

Vote 8

National Treasury

Amount to be appropriated	R9 993 215 000
Statutory appropriations	R166 955 018 000
Responsible Minister	Minister of Finance
Administering Department	National Treasury
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, economic, efficient, equitable and sustainable management of public finances.

Key objectives and programmes

Guided by Government's overall policy objectives of economic growth, increased employment, socio-economic development, improved service delivery, and transparent and accountable governance, the National Treasury's key objectives are:

- To advance economic growth and income redistribution through economic, fiscal and financial policies that stimulate investment and trade, create employment, and allocate budget resources appropriately
- To prepare a sound national budget and equitable division of resources between the three spheres of government
- To raise fiscal revenue equitably and efficiently through fair tax policies and other measures that ensure revenue stability, as well as the efficiency and competitiveness of the economy
- To manage Government's financial assets and liabilities soundly through prudent cash, financial and debt portfolio management, as well as asset restructuring
- To contribute to improved financial management through promoting and enforcing the transparent and effective management of revenue, expenditure, assets and liabilities in all spheres of government

The National Treasury Vote comprises eight programmes:

- *Administration* provides policy leadership and manages the National Treasury.
- *Economic Planning and Budget Management* provides macroeconomic, tax, and financial policy advice; conducts expenditure analysis and planning; coordinates the budget process; and oversees intergovernmental fiscal relations.
- *Asset and Liability Management* oversees public entities and Government's financial assets, and manages Government's debt and contingent liabilities.
- *Procurement Management, Financial Systems and PFMA Implementation and Coordination* regulates and oversees public sector procurement through policy formulation, managing general supply contracts and acquiring and supporting standardised financial systems for national and provincial government; and coordinates the implementation of the Public Finance Management Act (1 of 1999) (PFMA); and ensures that departments have the skills to comply with the Act.
- *Financial Accounting and Reporting* sets government accounting policy and standards, prepares consolidated financial statements, and seeks to improve and integrate financial management.
- *Provincial and Local Government Transfers* provides for grants to the provincial and local spheres of government.

- *Civil and Military Pensions, Contributions to Funds and Other Benefits* provides for pension and post-retirement medical benefit obligations to former employees of state departments and bodies, and for retired members of the military.
- *Fiscal Transfers* includes payments to various authorities and institutions under specific statutes and international agreements, such as the South African Revenue Service (SARS), the Development Bank of Southern Africa (DBSA), the Financial and Fiscal Commission (FFC), and signatories of the Rand Common Monetary Agreement.

Strategic overview and key policy developments: 1998/99 – 2004/05

The adoption of a macroeconomic policy framework in 1996 shaped the strategic agenda for the next five years. Aimed at attracting and encouraging investment, creating jobs, and positioning South Africa for participating competitively in the global economy, the policy framework laid the foundations for economic growth. Changes to fiscal and financial management included introducing multi-year budgeting; reforming the tax system and improving revenue collection; setting up new inter-governmental forums to facilitate planning and budgeting; improving debt management; reforming governance in departments and public entities; and creating a policy and regulatory environment supportive of public-private partnerships.

With the economy and public finances on a firm footing, the current challenge is to ensure that the benefits of the macro reforms filter through to the daily economic activities and fortunes of ordinary South Africans. The following strategic priorities merit particular mention:

- Economically, the National Treasury, following the direction set by the President in his State of the Nation speech in February 2001, and together with its partners in the Economic and Employment Cluster, is increasingly focused on microeconomic reforms in order to stimulate growth and job-creation.
- Fiscal policy, as set out in the 2002 Budget Review, reinforces economic growth through setting a moderate and affordable budget deficit and through tax reforms aimed at broadening the tax base and lowering tax rates. With this sound fiscal basis in place, Government is also able to increase expenditure on vital social and basic services.
- In its preparation of the 2002 Budget, Cabinet has prioritised addressing poverty and vulnerability. Treasury oversees a number of targeted poverty relief and job-creation allocations. Treasury also collaborates with the Department of Provincial and Local Government and other departments to coordinate the rural development and urban renewal programmes, and uses poverty relief and job-creation, among others, as criteria against which to assess budget submissions when advising Cabinet on spending options.
- In the 2001 Budget, Government prioritised enhancing of infrastructure investment and maintenance in order to drive economic growth and meet the needs of South Africans. The National Treasury has set up institutional links and processes to streamline flows of infrastructure funding. Private sector investment in public infrastructure is encouraged through the Public Private Partnership (PPP) Unit, which works closely with line departments.
- National Treasury, together with the Justice, Safety and Security, and Correctional Services departments, reviews policy and performance issues in the integrated justice system every year in order to ensure the optimal funding of this area of service delivery.
- The PFMA and Treasury's procurement reform initiatives aim to improve the integrity and transparency of procurement, while promoting black economic empowerment.
- Long-term growth requires appropriate human resource development policies. In order to help develop these policies, Treasury, together with the national and provincial departments of Education, assists in the development of appropriate financing mechanisms. The introduction of a wage incentive, announced in the 2001 Budget, will further strengthen skills development.

- The National Treasury has a number of initiatives aimed at improving the management of public finances and accountability. These include the extensive reforms of the budget process, and linking it to the departmental strategic planning processes; procurement reforms aimed at achieving greater value for money; overseeing inter-governmental fiscal relations in order to promote cooperative governance; and the publication of various reports and documents aimed at increasing the transparency of, and accountability for, public expenditure and economic policy. The Auditor-General has noted that there has been an improvement in several areas of financial management, which can mainly be attributed to the implementation of the PFMA.

Expenditure estimates

Table 8.1: National Treasury

Programme	Expenditure outcome					Medium-term expenditure estimate		
	Audited	Audited	Preliminary Outcome	Adjusted appropriation	Revised estimate			
R thousand	1998/99	1999/00	2000/01	2001/02		2002/03	2003/04	2004/05
1 Administration	45 970	46 171	103 663	77 269	55 180	77 516	82 678	87 764
2 Economic Planning and Budget Management	40 039	43 817	44 531	65 009	54 721	105 274	120 705	134 546
3 Asset and Liability Management	8 092	10 371	16 297	19 728	13 204	31 465	33 131	34 697
4 Procurement Management, Financial Systems and PFMA Implementation and Coordination	151 796	164 418	187 339	220 561	196 217	244 170	250 631	250 916
5 Financial Accounting and Reporting	75 694	110 329	126 995	90 340	40 087	146 092	154 683	163 833
6 Provincial and Local Government Transfers	1 200 000	1 488 600	1 170 000	2 234 000	2 234 000	2 405 000	2 992 000	3 346 240
7 Civil and Military Pensions, Contributions to Funds and Other Benefits	1 069 734	1 419 016	1 400 117	1 692 095	1 583 195	1 915 635	2 029 569	2 163 966
8 Fiscal Transfers	2 903 934	3 329 334	3 648 764	4 133 928	4 141 674	5 068 063	5 425 150	5 927 756
Subtotal	5 495 259	6 612 056	6 697 706	8 532 930	8 318 278	9 993 215	11 088 547	12 109 718
Change to 2001 Budget Estimate				(643 567)	(858 219)	153 665	727 998	
Direct charge on the National Revenue Fund	127 005 833	133 384 252	144 718 722	155 598 337	154 975 400	166 955 018	178 310 798	189 522 660
Provinces Equitable Share	84 336 533	89 094 552	98 397 841	107 460 337	107 460 337	119 452 086	128 466 030	137 089 096
State Debt Costs	42 669 300	44 289 700	46 320 881	48 138 000	47 515 063	47 502 932	49 844 768	52 433 564
Total	132 501 092	139 996 308	151 416 428	164 131 267	163 293 678	176 948 233	189 399 345	201 632 378
Change to 2001 Budget Estimate				3 323 877	2 700 940	4 744 062	7 073 074	

	Expenditure outcome					Medium-term expenditure estimate		
	Audited	Audited	Preliminary	Adjusted	Revised			
R thousand	1998/99	1999/00	Outcome	appropriation	estimate	2002/03	2003/04	2004/05
			2000/01	2001/02				
Economic classification								
Current	5 158 798	6 439 543	6 335 717	6 624 652	6 408 965	7 323 937	8 069 730	8 688 888
Personnel	76 808	80 424	82 817	113 837	78 571	161 592	180 800	200 059
Transfer payments	3 938 169	4 864 731	4 721 521	4 619 698	4 624 086	4 938 973	5 533 306	5 987 600
Other current	1 143 821	1 494 388	1 531 379	1 891 117	1 706 308	2 223 372	2 355 624	2 501 229
Capital	336 461	172 513	361 989	1 908 278	1 909 313	2 669 278	3 018 817	3 420 830
Transfer payments	325 499	151 668	301 525	1 891 898	1 895 256	2 657 916	3 007 789	3 410 651
Acquisition of capital assets	10 962	20 845	60 464	16 380	14 057	11 362	11 028	10 179
Total	5 495 259	6 612 056	6 697 706	8 532 930	8 318 278	9 993 215	11 088 547	12 109 718
Standard items of expenditure								
Personnel	76 808	80 424	82 817	113 837	78 571	161 592	180 800	200 059
Administrative	15 052	15 579	16 886	30 607	18 461	47 435	50 916	54 550
Inventories	4 618	4 793	5 294	8 100	8 100	10 497	10 828	11 663
Equipment	13 535	22 166	27 066	19 161	14 517	14 039	13 781	13 063
Land and buildings	-	-	34 451	-	-	-	-	-
Professional and special services	221 616	199 363	246 883	309 412	247 095	380 192	394 986	402 099
Transfer payments	4 263 668	5 016 399	5 023 046	6 511 596	6 519 344	7 596 889	8 541 095	9 398 251
Miscellaneous	899 962	1 273 332	1 261 263	1 540 217	1 432 190	1 782 571	1 896 141	2 030 033
Total	5 495 259	6 612 056	6 697 706	8 532 930	8 318 278	9 993 215	11 088 547	12 109 718

Expenditure trends

Transfer payments comprise an average 76,6 per cent of the total budget of the National Treasury between 1998/99 and 2004/05. Excluding *Provincial and Local Government Transfers, Civil and Military Pensions, Contributions to Funds and Other Benefits, and Fiscal Transfers*, the core budget of the Department is R604,5 million in 2002/03, R641,8 million in 2003/04 and R671,8 million in 2004/05.

Changes to the projections made in the 2001 Budget include increases of R2,5 billion in 2002/03 and R3,1 billion in 2003/04. Although these increases are offset by reduction in the baseline as a result of the transfer of the National Development Agency to the Department of Social Development and the shift of conditional grants to the provincial equitable share and other departments, additional allocations accommodate:

- Increased provision for SARS for adapting to a revised tax policy, as well as for the re-engineering of their business process
- The establishment of the Financial Intelligence Centre
- An adjustment to the Secret Services baseline allocation, including inflation and related adjustments, as well as the carry-through costs of funds shifted in 2001/02 from the Safety and Security budget
- Funding of the South African contribution to the debt relief initiative for highly indebted poor countries
- An additional allocation for government contributions to medical schemes for retired civil servants
- Inflation and related adjustments for the Department's core function programmes
- Additional allocations to provinces through the Provincial Infrastructure Conditional Grant

Departmental receipts

The main items of departmental revenue are interest on government deposits and interest and dividends received from the South African Reserve Bank. Receipts in 2000/01 also included a transfer from the Department of Safety and Security for the sale of equipment. Financial transactions include the repayment of a loan by the Auditor-General, recovery of departmental debt from previous years, and uncashed state warrant vouchers (cheques). All revenue is transferred to the National Revenue Fund.

Table 8.2: Departmental receipts

	Revenue outcome				Medium-term revenue estimate		
	Audited	Audited	Preliminary	Adjusted			
	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05
R thousand							
Non-tax revenue	2 005 800	1 046 358	1 154 108	1 147 042	960 469	987 210	1 012 951
Property income	1 983 092	1 028 403	1 134 590	1 130 363	957 560	984 070	1 009 580
<i>Of Which</i>							
- Interest	1 193 305	795 820	690 525	752 363	758 560	764 070	769 580
- Dividends	789 787	232 175	444 065	378 000	199 000	220 000	240 000
Sales of goods and services	20 000	14 891	12 427	14 149	169	190	211
Fines, penalties and forfeits	2 503	2 929	7 021	2 500	2 700	2 900	3 100
Voluntary transfers	-	-	43	-	-	-	-
Miscellaneous	205	135	27	30	40	50	60
Transactions in non-financial assets (capital revenue)	-	-	4 346	-	-	-	-
Financial transactions (recovery of loans and advances)	12 697	87 128	26 038	25 070	26 100	24 130	25 160
Total departmental receipts	2 018 497	1 133 486	1 184 492	1 172 112	986 569	1 011 340	1 038 111

Programme 1: Administration

Administration provides for the strategic management of the National Treasury, and for administrative support services. It develops appropriate leadership and policy for Treasury's core business operations. The policy function resides with the Minister, the Deputy Minister, Director-General and management, while a Corporate Services division works with management to ensure that the administrative functions are executed effectively.

Expenditure estimates

Table 8.3: Administration

Subprogramme	Expenditure outcome				Medium-term expenditure estimate		
	Audited	Audited	Preliminary	Adjusted			
	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05
R thousand							
Minister ¹	503	518	598	646	685	722	759
Deputy Minister ²	409	425	442	477	506	533	560
Management	3 319	5 011	9 653	7 232	8 585	9 111	10 328
Corporate Services	41 739	40 217	58 519	68 913	67 614	72 179	75 977
Sector Education and Training Authority	-	-	-	-	126	133	140
Government Motor Transport	-	-	-	1	-	-	-
Capital Works	-	-	34 451	-	-	-	-
Total	45 970	46 171	103 663	77 269	77 516	82 678	87 764
Change to 2001 Budget Estimate				8 870	6 603	6 295	

¹ Payable as from 1 April 2001. Salary: R516 812. Car allowance: R129 203.

² Payable as from 1 April 2001. Salary: R381 871 Car allowance: R95 468.

	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome		2002/03	2003/04	2004/05
R thousand	1998/99	1999/00	2000/01	2001/02			
Economic classification							
Current	44 674	43 068	52 839	68 474	74 525	78 533	84 772
Personnel	25 758	23 065	23 079	34 117	35 976	35 317	37 998
Transfer payments	–	–	–	276	126	133	140
Other current	18 916	20 003	29 760	34 081	38 423	43 083	46 634
Capital	1 296	3 103	50 824	8 795	2 991	4 145	2 992
Transfer payments	–	–	–	–	–	–	–
Acquisition of capital assets	1 296	3 103	50 824	8 795	2 991	4 145	2 992
Total	45 970	46 171	103 663	77 269	77 516	82 678	87 764
Standard items of expenditure							
Personnel	25 758	23 065	23 079	34 117	35 976	35 317	37 998
Administrative	5 080	5 930	7 536	13 786	13 023	14 250	15 129
Inventories	1 264	1 026	1 902	2 244	2 452	2 182	2 434
Equipment	2 944	3 517	16 658	9 412	3 653	4 841	3 708
Land and buildings	–	–	34 451	–	–	–	–
Professional and special services	10 630	12 030	19 893	16 234	22 286	25 955	28 355
Transfer payments	–	–	–	276	126	133	140
Miscellaneous	294	603	144	1 200	–	–	–
Total	45 970	46 171	103 663	77 269	77 516	82 678	87 764

Policy developments

The merger of the departments of Finance and State Expenditure to form the National Treasury dominated the administrative policy agenda in 2001/02. With the new structure largely in place, priorities now include staffing the new divisions, developing the human resource policies and procedures required for employment equity, and improving systems. Specific challenges include introducing performance management, making better use of information technology, and establishing a comprehensive capacity-building programme.

The National Treasury is one of the pilot departments to spearhead procurement reform in Government. This involves implementing an electronic tender system to test the feasibility of e-procurement in Government.

Expenditure trends

The restructuring of Corporate Services and the Office of the Director-General in the *Administration* programme will be phased in over the next three years. This, together with increased IT needs, results in an average growth of about 4,3 per cent per year over the medium term.

Programme 2: Economic Planning and Budget Management

Economic Planning and Budget Management provides advice and professional support to the Minister of Finance on: fiscal policy and financial regulation; tax policy; overseeing financial management in the three spheres of Government; coordinating South Africa's international financial relations; and managing the annual budget process. The four subprogrammes reflect the organisation of these functions:

- Public Finance is responsible for the Treasury's sectoral economic and fiscal analysis work and for overseeing departmental budgetary and financial management. This work is supported by a Technical Assistance Team, co-funded by the European Union until March 2004, providing project management and capacity-building support for key initiatives.
- Budget Coordination is responsible for fiscal policy advice, budget reform, expenditure planning, coordinating international technical assistance and donor finance, promoting public-private partnerships, and developing public finance statistics.
- Intergovernmental Relations coordinates fiscal relations between national, provincial and local government; promotes sound provincial and local government finances; and contributes to capacity-building in the provincial and local government spheres.
- Economic Policy is responsible for macroeconomic analysis and policy advice; managing international financial relations, tax policy analysis and advice, and financial regulation.

Expenditure estimates

Table 8.4: Economic Planning and Budget Management

Subprogramme	Expenditure outcome				Medium-term expenditure estimate		
	Audited	Audited	Preliminary	Adjusted			
R thousand	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05
Public Finance	6 996	7 143	9 320	14 203	29 011	32 604	35 118
Budget Coordination	14 730	16 292	10 964	13 735	28 387	33 099	37 676
Intergovernmental Relations	6 324	7 273	7 739	10 643	17 660	20 465	22 898
Economic Policy	11 989	13 109	16 508	26 428	30 216	34 537	38 854
Total	40 039	43 817	44 531	65 009	105 274	120 705	134 546
Change to 2001 Budget Estimate				(10 000)	28 567	35 998	

Economic classification

Current	35 247	42 055	42 593	61 786	102 582	117 810	131 518
Personnel	25 358	29 365	29 491	40 539	69 172	80 711	91 036
Transfer payments	–	–	–	–	–	–	–
Other current	9 889	12 690	13 102	21 247	33 410	37 099	40 482
Capital	4 792	1 762	1 938	3 223	2 692	2 895	3 028
Transfer payments	–	–	–	–	–	–	–
Acquisition of capital assets	4 792	1 762	1 938	3 223	2 692	2 895	3 028
Total	40 039	43 817	44 531	65 009	105 274	120 705	134 546

Standard items of expenditure

Personnel	25 358	29 365	29 491	40 539	69 172	80 711	91 036
Administrative	4 681	4 782	4 796	8 476	13 369	14 518	15 624
Inventories	1 280	1 844	999	3 080	3 768	4 033	4 301
Equipment	5 201	2 081	2 186	4 669	2 929	3 140	3 278
Land and buildings	–	–	–	–	–	–	–
Professional and special services	3 025	5 101	6 826	8 245	16 036	18 303	20 307
Transfer payments	–	–	–	–	–	–	–
Miscellaneous	494	644	233	–	–	–	–
Total	40 039	43 817	44 531	65 009	105 274	120 705	134 546

Policy developments

As Government's broader economic policy stance has shifted from stabilisation to growth, the focus of fiscal policy analysis is now on growth-enabling policy measures and strengthening infrastructure planning and financing. Budget reform remains focused on the quality and content of

medium-term expenditure planning and reporting. Steps are also being taken to include special funds, agencies and general government entities in the medium-term budget planning process.

Substantial progress has been made in developing a coherent framework for reforming municipal financial management. This includes a completed project to modernise accounting and financial reporting standards for municipalities. In addition, legislation to regulate municipal finances is currently being finalised. In 2001, a constitutional amendment was passed to enable municipalities to bind future councils to loan agreements. During early 2002, amendments to allow national and provincial intervention in financial emergencies will be submitted to Parliament.

Much of the current work of the Economic Policy subprogramme is focused on South Africa's long-term growth and development challenges. The New Partnership for Africa's Development (NEPAD) initiative will be a central priority in the years ahead, particularly in the areas of economic governance and the mobilisation of private capital flows. Regional initiatives include developing a memorandum of understanding between Southern African Development Community (SADC) member states on macroeconomic convergence and regional integration, and concluding the South African Customs Union (SACU) revenue sharing negotiations. At the level of multilateral development finance institutions, the *Economic Planning and Budget Management* programme makes significant contributions to policy debates within the International Monetary Fund (IMF), the World Bank, the African Development Bank and the G-20.

Expenditure trends

Strong growth in the medium-term expenditure estimates for *Economic Planning and Budget Management* provides for a marked expansion of capacity in these areas of the National Treasury's work. Personnel recruitment and operational expenditure will be prioritised in the following areas: international relations, particularly associated with NEPAD; tax policy; financial regulation; and budget coordination. There is also more support for municipal budgeting and financial restructuring, public-private partnerships, fiscal and public expenditure analysis, and technical support for infrastructure planning and project management.

Key outputs, indicators and targets

Economic Planning and Budget Management

Subprogramme	Output	Output measure/indicator	Target
Public Finance	Sectoral and departmental policy advice and expenditure analysis	Timely and relevant analysis and advice	Measurable indicators for all budget programmes
	Analysis of budget submissions	Quality of expenditure estimates	
	Project management support	Improved project and financial management	More effective and efficient public service delivery
Budget Coordination	Annual budget framework and division of revenue	Integrity of budget framework	Broadening scope of budget and public finance statistics
	Budget documentation and public finance statistics	Quality of budget documentation	
	Public-private partnership agreements	Value for money and risk transfer	Growth in public-private partnership agreements and international cooperation
	International cooperation agreements	Contribution to RDP objectives	
Intergovernmental Relations	Equitable division of revenue between spheres	Integrity of inter-governmental financial relations	Streamlined financial relations with provinces and municipalities
	Provincial and local government grants and fiscal framework	Improved provincial and municipal financial management	Sound and sustainable local and provincial finances
	Support for provincial and municipal financial development		
Economic Policy	Macroeconomic policy and advice	Coherence of economic policy	Sustainable growth and development
	Financial policy advice, legislation and regulations	Deepening of financial markets	
	Tax policy analysis and advice	Tax reform and policy proposals	Robust tax performance Effective international representation of South Africa
	International financial relations	International participation	

Ongoing budget reform has led to the increased availability of budget information and analysis, and Treasury is more transparent and accessible to Parliament and civil society. Key outputs of Budget Coordination include the annual 'Medium Term Budget Policy Statement' and the 'Budget Review'. The annual 'Estimates of National Expenditure' provides Parliament and civil society with in-depth reviews of spending and service delivery in national departments. The annual publication from Intergovernmental Relations, the 'Intergovernmental Fiscal Review' provides an in-depth account of developments in provincial and municipal finances and service delivery.

Programme 3: Asset and Liability Management

Asset and Liability Management manages Government's asset and liability portfolio. Four subprogrammes – Asset Management, Liability Management, Financial Operations, and Strategy and Risk Management – cover two major areas of responsibility.

The programme is responsible for cash management in Government and for providing support for the restructuring and financial management of state assets, especially government business enterprises. This includes coordinating the borrowing activities of public entities, advising public entities on the financial aspects of restructuring, and monitoring corporate governance in the public and parastatal sectors. The programme keeps a database of the financial assets and liabilities of national Government, and monitors guarantees and other contingent liabilities.

The programme also manages Government's domestic and foreign debt portfolios, ensuring that risk is minimised, repayments are made, and the most favourable terms obtained. This contributes to the orderly functioning and development of the domestic debt capital market and manages Government's exposure to financial risks.

Expenditure estimates

Table 8.5: Asset and Liability Management

Subprogramme	Expenditure outcome				Medium-term expenditure estimate		
	Audited 1998/99	Audited 1999/00	Preliminary outcome 2000/01	Adjusted appropriation 2001/02	2002/03	2003/04	2004/05
R thousand							
Asset Management	1 537	1 970	3 096	4 444	5 767	6 074	6 361
Liability Management	6 555	8 401	13 201	15 284	11 966	12 598	13 194
Financial Operations	–	–	–	–	8 862	9 332	9 772
Strategy and Risk Management	–	–	–	–	4 870	5 127	5 370
Total	8 092	10 371	16 297	19 728	31 465	33 131	34 697
Change to 2001 Budget Estimate				1 820	11 464	11 227	
Economic classification							
Current	7 464	10 005	11 429	19 114	30 601	32 028	33 484
Personnel	5 460	6 805	7 366	9 331	16 242	17 108	17 932
Transfer payments	–	–	–	–	–	–	–
Other current	2 004	3 200	4 063	9 783	14 359	14 920	15 552
Capital	628	366	4 868	614	864	1 103	1 213
Transfer payments	–	–	–	–	–	–	–
Acquisition of capital assets	628	366	4 868	614	864	1 103	1 213
Total	8 092	10 371	16 297	19 728	31 465	33 131	34 697

R thousand	Expenditure outcome				Medium-term expenditure estimate		
	Audited	Audited	Preliminary	Adjusted	2002/03	2003/04	2004/05
	1998/99	1999/00	outcome				
			2000/01	2001/02			
Standard items of expenditure							
Personnel	5 460	6 805	7 366	9 331	16 242	17 108	17 932
Administrative	936	1 138	1 813	2 060	4 813	4 893	5 122
Inventories	249	193	182	663	2 063	2 158	2 183
Equipment	751	384	4 904	824	1 037	1 299	1 430
Land and buildings	-	-	-	-	-	-	-
Professional and special services	621	1 762	1 994	6 850	7 310	7 673	8 030
Transfer payments	-	-	-	-	-	-	-
Miscellaneous	75	89	38	-	-	-	-
Total	8 092	10 371	16 297	19 728	31 465	33 131	34 697

Policy developments

Interest costs and risks associated with funding make a substantial demand on the scarce resources available to the country. Prudent management of the total government loan debt of approximately R442,7 billion is therefore critical. It is also necessary to strive to maintain liquidity under conditions of a declining government funding requirement.

Measures like the announcement of zero auctions, the development of a full yield curve of inflation linked bonds, and continued switches and buy-backs of bonds, will be used to maintain and enhance the liquidity of the government securities market. A new programme to facilitate separate trading of registered interest and principal of securities will also be implemented. South Africa's participation in the international capital markets remains a key priority. Since last year, about R33 billion has been raised in foreign bond markets, further establishing Government as a reliable issuer of bonds denominated in Euro, US Dollar and Japanese Yen.

The risk management framework that has been introduced seeks to quantify and limit exogenous risk, as well as develop a debt benchmark for Government, which has consequences for the composition of the debt portfolio.

Efforts to coordinate inter-governmental cash requirements through the Corporation for Public Deposits are ongoing. This will contribute to lower borrowing costs at the national and provincial level, and help to optimise Government's credit risk management.

Ongoing support to public enterprises should bolster Government's accelerated privatisation programme. In addition to anticipated privatisation receipts, dividend receipts will bolster public coffers following the progress made in normalising the dividend policies and tax status of all major commercial public enterprises.

Expenditure trends

Spending on *Asset and Liability Management* is expected to increase by an average annual rate of 20,7 per cent over the medium term, due to the expansion of its subprogrammes. Increased expenditure between 1998/99 and 2001/02 was due to the implementation of new risk management approaches, the establishment of a formal cash management function, and a revised set of guidelines for granting borrowing powers to general government bodies and issuing government guarantees.

Key outputs, indicators and targets

Asset and Liability Management

Subprogramme	Output	Output measure/indicator	Target
Asset Management	Management of process to maximise financial proceeds from the restructuring of state assets	Restructuring receipts, meeting targets and taking place within the planned timeframe	Level of proceeds and compliance with timeframes
	Quarterly consolidated borrowing programme and debt management profile	Quality programme and profile on time	Quarterly
Liability Management	A successful borrowing strategy for Government	Government's planned borrowing requirements are met	March 2003
	Meet all debt obligations	A comprehensive investor relations programme All payments made on time	March 2003 March 2003
Financial Operations	Sound internal controls and reporting	Annual audits outcome and deadlines met	March 2003
	Efficient cash management	Publish a revised framework Implement intergovernmental cash coordination	June 2002 April 2002
	Improve operational efficiency of the Asset and Liability Management division	Implement debt recording system Produce an information system strategy	April 2002 December 2002
Strategy and Risk Management	Implement debt benchmark recommendations	Achieve management of debt in relation to the benchmarks	April 2002
	Implement performance management system	Proper reporting framework and compliance procedures in place	April 2002
	Produce annual portfolio review	Quality, timeliness and dissemination	March 2003

During 2001, the emphasis was on reducing the interest burden of government debt and improving cash management to manage risks prudently in volatile market conditions. In addition, progress was made in creating the conditions for restructuring state assets like M-Cell, Transnet and Eskom.

Programme 4: Procurement Management, Financial Systems and PFMA Implementation and Coordination

The *Procurement Management, Financial Systems and PFMA Implementation and Coordination* programme manages and regulates Government's procurement and supply chain, implements and maintains standardised financial systems, and coordinates the implementation of the PFMA and associated capacity-building initiatives. There are four subprogrammes:

- The Office of the State Tender Board regulates the procurement process for goods and services.
- Procurement Management develops and regulates policy on moveable assets in the public sector; and monitors, trains and advises departments on procurement and supply chain management.
- PFMA Implementation Unit coordinates the implementation activities and training initiatives of the National Treasury and reports to Cabinet and Parliament on the implementation of the PFMA.
- Financial Systems provides for maintaining and enhancing existing financial management systems, and for replacing outdated systems with solutions that comply with the PFMA and Generally Recognised Accounting Practices (GRAP).

Expenditure estimates

Table 8.6: Procurement Management, Financial Systems and PFMA Implementation and Coordination

Subprogramme	Expenditure outcome				Medium-term expenditure estimate		
	Audited	Audited	Preliminary	Adjusted			
R thousand	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05
Office of the State Tender Board	12 481	11 916	15 462	12 598	13 186	14 689	15 922
Procurement Management	3 171	3 113	3 787	8 954	11 706	12 366	13 133
PFMA Implementation Unit	–	–	1 156	4 759	9 399	9 718	9 809
Financial Systems	136 144	149 389	166 934	194 250	209 879	213 858	212 052
Total	151 796	164 418	187 339	220 561	244 170	250 631	250 916
Change to 2001 Budget Estimate				(4 380)	5 154	(876)	

Economic classification

Current	147 753	159 648	185 065	217 907	242 401	249 018	249 214
Personnel	16 684	17 560	19 490	23 970	27 655	29 778	31 348
Transfer payments	–	–	–	–	–	–	–
Other current	131 069	142 088	165 575	193 937	214 746	219 240	217 866
Capital	4 043	4 770	2 274	2 654	1 769	1 613	1 702
Transfer payments	–	–	–	–	–	–	–
Acquisition of capital assets	4 043	4 770	2 274	2 654	1 769	1 613	1 702
Total	151 796	164 418	187 339	220 561	244 170	250 631	250 916

Standard items of expenditure

Personnel	16 684	17 560	19 490	23 970	27 655	29 778	31 348
Administrative	3 939	3 126	2 334	4 609	4 831	5 005	5 553
Inventories	1 696	1 510	1 907	1 531	1 521	1 725	1 978
Equipment	4 396	5 178	3 023	3 133	2 788	2 514	2 641
Land and buildings	–	–	–	–	–	–	–
Professional and special services	124 831	136 752	160 402	187 318	207 375	211 609	209 396
Transfer payments	–	–	–	–	–	–	–
Miscellaneous	250	292	183	–	–	–	–
Total	151 796	164 418	187 339	220 561	244 170	250 631	250 916

Policy developments

Progress with procurement management has been made in a number of areas.

- During November 2000, Cabinet directed that four pilot departments be selected to spearhead procurement reforms. Cabinet further directed that a Common Service Provider be established in the National Treasury to replace the State Tender Board and the Office of the State Tender Board. Considerable progress has been made in implementing these directives.
- Regulations issued for the Preferential Procurement Policy Framework Act (5 of 2000) were promulgated in August 2001. The Regulations promote uniformity in the preference systems applied by all organs of state, and will increase the procuring of goods and services from historically disadvantaged individuals and enterprises.
- An electronic tender evaluation and contract management solution has been procured. This will be piloted in the National Treasury, with a view to implementing an e-procurement system in Government.
- A high level management information system to be implemented over the next few years will enable Government to obtain information about total procurement in Government and to monitor the extent to which procurement reform objectives are being achieved.

Significant revisions of governance practices in recent years have had a fundamental impact on public sector management and associated IT solutions. This has necessitated an analysis of existing financial applications (Financial Management System (FMS), Basic Accounting System (BAS), Logis and Persal) to determine their suitability. A new Enterprise Application Solution will need to be phased in over time, but, in the interim, existing systems will be maintained, and enhanced in certain areas. The priorities over the medium term are: full migration from the FMS to the BAS; implementing a Standard Chart of Accounts; providing for compliance with PFMA requirements for financial statements, debtors, creditors, and asset management functions; and increased user support and training. Progress is being made in securing appropriate training to improve public finance management.

Expenditure trends

The projected increase in expenditure in 2002/03 in the programme is due to the restructuring of the Office of the State Tender Board. The intention is to create a Common Service Provider and to align government procurement with the requirements of the PFMA. The increase is also the result of training and capacity-building initiatives related to implementing the PFMA and the expected roll-out of the Basic Accounting System.

Key outputs, indicators and targets

Procurement Management, Financial Systems and PFMA Implementation and Coordination

Subprogramme	Output	Output measure/indicator	Target
Procurement Management	Regulating and monitoring supply chain management policy in Government and managing general supply contracts on behalf of national Government	Completing procurement strategy for Government	30 September 2002
		Issue regulations and manuals for supply chain management	1 April 2002
Financial Systems	Implementing, maintaining and enhancing financial management systems	Availability and stability of financial systems within working hours	98% system availability during working hours
		Roll-out of new Enterprise Application Solution on scheduled date	October 2003
		Extent of implementation of BAS in national departments	100% by March 2003
PFMA Implementation Unit	Coordinating implementation and training initiatives of the National Treasury as well as monitoring implementation of the PFMA in other institutions	Report bi-annually to Cabinet and the Standing Committee on Public Accounts on progress in implementing the PFMA and improving financial management	30 September 2002 and 31 March 2003
		Training material evaluated and accredited relevant to government needs	100%

The past year saw new approaches piloted, many key reforms implemented, and considerable progress in the use of new IT applications that facilitate improved procurement and financial procedures. The new preferential procurement framework has significantly transformed common systems and approaches.

Programme 5: Financial Accounting and Reporting

Financial Accounting and Reporting develops new, and enhances existing, accounting policies and practices in order to ensure compliance with GRAP standards; improve timeousness, accuracy and efficiency of financial reporting; and provide mechanisms for improved financial accountability.

The programme consists of the following subprogrammes:

- Financial Reporting for National Accounts is responsible for accounting of the National Revenue and RDP Fund, banking services for national Government, developing and implementing accounting policies, and preparing consolidated financial statements.

- Financial Management Improvement incorporates financial management improvement and training as well as internal audit services. It also assists the Institute for Public Finance and Auditing.
- Service Charges provides for bank service charges for the deposit accounts of all departments.
- Audit provides for compensation for shortfalls of statutory bodies and municipalities in certain instances in terms of the Auditor-General Act (12 of 1995).
- Integrated Financial Systems identifies, acquires and implements integrated financial systems to meet the requirements of Section 216 (1) of the Constitution and the PFMA.
- Management Information Systems Vulindlela enables accurate and timely reporting in terms of the PFMA in accordance with the Government Financial Statistics classifications.

Expenditure estimates

Table 8.7: Financial Accounting and Reporting

Subprogramme	Expenditure outcome				Medium-term expenditure estimate		
	Audited	Audited	Preliminary	Adjusted			
	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05
R thousand							
Financial Reporting for National Accounts	5 853	6 243	4 416	9 633	30 081	33 655	36 693
Financial Management Improvement	61 360	63 157	78 292	11 738	12 568	14 429	17 271
Investment of Public Monies	-	-	-	1	1	1	1
Service Charges	3 465	19 723	3 335	5 319	5 532	5 781	6 128
Audit	5 016	6 316	9 825	7 593	7 897	8 252	8 623
Integrated Financial Systems	-	-	-	26 567	50 000	50 000	50 000
Management Information System: Vulindlela	-	14 890	31 127	29 488	40 012	42 564	45 116
Contingent Liabilities (reinsurance liabilities)	-	-	-	1	1	1	1
Total	75 694	110 329	126 995	90 340	146 092	154 683	163 833
Change to 2001 Budget Estimate				(27 927)	(4 069)	(160 914)	

	Expenditure outcome				Medium-term expenditure estimate		
	Audited	Audited	Preliminary	Adjusted			
	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05
R thousand							
Current	75 491	99 485	126 435	89 246	143 046	153 411	162 589
Personnel	3 548	3 629	3 391	5 880	12 547	17 886	21 745
Transfer payments	5 016	69 473	86 755	10 511	7 898	8 253	8 624
Other current	66 927	26 383	36 289	72 855	122 601	127 272	132 220
Capital	203	10 844	560	1 094	3 046	1 272	1 244
Transfer payments	-	-	-	-	-	-	-
Acquisition of capital assets	203	10 844	560	1 094	3 046	1 272	1 244
Total	75 694	110 329	126 995	90 340	146 092	154 683	163 833
Standard items of expenditure							
Personnel	3 548	3 629	3 391	5 880	12 547	17 886	21 745
Administrative	416	603	301	1 676	11 399	12 250	13 122
Inventories	129	220	296	582	693	730	767
Equipment	243	11 006	295	1 123	3 632	1 987	2 006
Land and buildings	-	-	-	-	-	-	-
Professional and special services	62 826	20 377	32 609	65 248	104 390	107 795	111 440
Transfer payments	5 016	69 473	86 755	10 511	7 898	8 253	8 624
Miscellaneous	3 516	5 021	3 348	5 320	5 533	5 782	6 129
Total	75 694	110 329	126 995	90 340	146 092	154 683	163 833

Policy developments

The Financial Management Improvement subprogramme has been implementing Section 216 of the Constitution by preparing financial statements in line with GRAP, and implementing GRAP standards as determined by the Accounting Standards Board. It has also set out to define and improve the format and content of financial statements as required by the PFMA. This is being benchmarked against international best practice.

Priority areas are:

- Having accessible information to enable accounting officers to assess their departments' financial position and condition, and allowing for the timing and volume of current and future cash flows and borrowings to be evaluated and predicted
- Developing a framework and issuing guidelines to enhance financial controls and reporting
- Developing policy and guidelines for identifying, valuing, and recording assets in asset registers
- Accrediting training institutions and training material for the training of financial staff
- Improving accounting and reporting on the National Revenue Fund and the RDP Fund, taking further the process that led to the publication of the first set of financial statements for government departments for the year ended 31 March 2001
- Determining the policy for compensating the Auditor-General for shortfalls in the audit of statutory bodies and municipalities
- Identifying and procuring integrated financial systems to replace the current transversal systems in order to meet statutory requirements

Expenditure trends

Spending on Financial Reporting for National Accounts rises sharply from R9,6 million in 2001/01 to R30,1 million in 2002/03 in order to restructure to implement and monitor GRAP. The spending on Integrated Financial Systems increases from R26,6 million to R50,0 million in 2002/03 to provide for the technical resources needed to develop the business requirements and to determine the capacity of the technical infrastructure throughout Government. The budget for the Management Information System: Vulindlela subprogramme increases from R29,5 million to R40,0 million as additional functionality is provided to support the reporting requirements of the PFMA and Government Financial Statistics.

Key outputs, indicators and targets

Financial Accounting and Reporting

Subprogramme	Output	Output measure/indicator	Target
Financial Reporting on National Accounts	Monthly expenditure and consolidation reports	Timely publishing of reports	30 days after month-end and 6 months after year-end
Financial Management Improvement	Implementing GRAP, internal audit policies and guidelines; establishing an asset register; and implementing accounting policies and practices	GRAP standards implementation Timely issuing of accounting policies and practices for standards issued Issuing of guidelines for asset register	20% by March 2003 March 2003 1 April 2002
Integrated Financial Systems	Implementing integrated systems to support GRAP as required by the PFMA	Systems identified and request for proposal issued	December 2002

A notable innovation is the implementation of electronic banking payments as a mechanism to minimise fraud. Other innovations being explored are a fraud detection tool, and implementing service charges to ensure a cost-effective and efficient banking service for national Government.

Programme 6: Provincial and Local Government Transfers

Provincial and Local Government Transfers designs, manages and monitors the National Treasury's own conditional transfers to provincial and local governments. There are two subprogrammes:

- Conditional Grants to Provinces provides for the transfer and monitoring of the Provincial Infrastructure Grant that supports accelerated infrastructure development and maintenance for roads, schools, health facilities and rural development.
- Conditional Grants to Municipalities provides for the piloting of budget and financial reforms as well as the implementation of the pending Municipal Finance Management Bill. It is also responsible for the design, transfer and monitoring of the Local Government Financial Management Grant and the Local Government Restructuring Grant.

Expenditure estimates

Table 8.8: Provincial and Local Government Transfers

Subprogramme	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome		2001/02	2002/03	2003/04
R thousand	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05
Conditional Grants to Provinces	1 200 000	1 488 600	895 000	1 824 000	1 950 000	2 514 000	2 852 840
Conditional Grants to Municipalities	-	-	275 000	410 000	455 000	478 000	493 400
Total	1 200 000	1 488 600	1 170 000	2 234 000	2 405 000	2 992 000	3 346 240
Change to 2001 Budget Estimate				(723 877)	(617 000)	(70 000)	
Economic classification							
Current	1 200 000	1 488 600	1 170 000	834 000	455 000	478 000	493 400
Personnel	-	-	-	-	-	-	-
Transfer payments	1 200 000	1 488 600	1 170 000	834 000	454 230	476 915	492 149
Other current	-	-	-	-	770	1 085	1 251
Capital	-	-	-	1 400 000	1 950 000	2 514 000	2 852 840
Transfer payments	-	-	-	1 400 000	1 950 000	2 514 000	2 852 840
Acquisition of capital assets	-	-	-	-	-	-	-
Total	1 200 000	1 488 600	1 170 000	2 234 000	2 405 000	2 992 000	3 346 240
Standard items of expenditure							
Personnel	-	-	-	-	-	-	-
Administrative	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-
Equipment	-	-	-	-	-	-	-
Land and buildings	-	-	-	-	-	-	-
Professional and special services	-	-	-	-	770	1 085	1 251
Transfer payments	1 200 000	1 488 600	1 170 000	2 234 000	2 404 230	2 990 915	3 344 989
Miscellaneous	-	-	-	-	-	-	-
Total	1 200 000	1 488 600	1 170 000	2 234 000	2 405 000	2 992 000	3 346 240

Policy developments

All grants to provincial and local government spheres from nationally raised revenue must be in terms of the annual Division of Revenue Act, and the grants covered under this programme comprise a small share of the revenues transferred in that Act.

In line with the policy to rationalise grants to the different spheres, previous Treasury grants to provinces have been shifted: the Supplementary Grant has been phased into the provincial equitable share allocation, and an amount for hospital financial management has been shifted to the national Department of Health.

The Provincial Infrastructure Grant is a result of the decision to prioritise the funding of the construction and maintenance of infrastructure.

The two local government conditional grants, on the other hand, are aimed at supporting budget and financial management reforms and the modernisation of municipalities' structures and organisation.

The Local Government Restructuring Grant is targeted at large municipalities with annual budgets greater than R300 million and where restructuring will impact on national economic stability and development. Thirty pilot municipalities have started to implement the reform programme funded by the Local Government Financial Management Grant. Government intends to secure international technical expertise to assist in implementing municipal financial management reforms. Approximately 37 per cent of this grant will be managed through an agency agreement with the DBSA, for which it will also receive a management fee.

Expenditure trends

The downward adjustment to the 2001 Budget allocation for 2002/03 and 2003/04 is the net result of the shift of the Supplementary Conditional Grant to the provincial equitable share and the additions to the provincial and local government conditional grants.

Over the medium term the programme grows by 14,4 per cent per year, chiefly as a result of the increase of the Provincial Infrastructure Grant from R800 million in 2001/02 to R2,9 billion in 2004/05.

Key outputs, indicators and targets

Provincial and Local Government Transfers

Subprogramme	Output	Output measure/indicator	Target
Conditional Grants to Provinces	Additional funding for provincial infrastructure development	The grant has clear and transparent conditions Payments on time as per conditions Quarterly reporting on compliance, transfers and spending	100% of payments and reporting as per stated criteria and conditions
Conditional Grants to Municipalities	Funding of municipal financial management reforms and restructuring	The two grants contain clear and transparent conditions Payments on time as per conditions Regular reporting as per each grant	100% of payments and reporting as per stated criteria and conditions

Payment rates and reporting have improved over the past year, and the flow of conditional grants has been substantially simplified. This sets the stage for further consolidation of capacity and capital grants in the coming year.

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

The key objectives of the *Civil and Military Pensions, Contributions to Funds and Other Benefits* programme are to provide for the payment of pension and other benefits in the public sector.

- Civil Pensions and Contributions to Funds provides for the payment of benefits out of pension and other funds to the beneficiaries of various public sector bodies in terms of various statutes, collective bargaining agreements and other commitments.
- Military Pensions and Other Benefits provides for the payment of military pension benefits and medical claims arising from treatment for disability, medical assistive devices, and other related expenses, in keeping with statutory and contractual commitments.

Expenditure estimates

Table 8.9: Civil and Military Pensions, Contributions to Funds and Other Benefits

Subprogramme	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate		
	Audited	Audited	Preliminary Outcome		2002/03	2003/04	2004/05
R thousand	1998/99	1999/00	2000/01	2001/02			
Civil Pensions and Contributions to Funds	935 171	1 280 073	1 266 514	1 536 874	1 780 358	1 893 828	2 027 581
Military Pensions and Other Benefits	134 563	138 943	133 603	155 221	135 277	135 741	136 385
Total	1 069 734	1 419 016	1 400 117	1 692 095	1 915 635	2 029 569	2 163 966
Change to 2001 Budget Estimate				(30 000)	14 274	203 583	
Economic classification							
Current	1 069 734	1 419 016	1 400 117	1 692 095	1 915 635	2 029 569	2 163 966
Personnel	-	-	-	-	-	-	-
Transfer payments	154 718	128 992	117 527	132 881	116 572	116 644	116 742
Other current	915 016	1 290 024	1 282 590	1 559 214	1 799 063	1 912 925	2 047 224
Capital	-	-	-	-	-	-	-
Transfer payments	-	-	-	-	-	-	-
Acquisition of capital assets	-	-	-	-	-	-	-
Total	1 069 734	1 419 016	1 400 117	1 692 095	1 915 635	2 029 569	2 163 966
Standard items of expenditure							
Personnel	-	-	-	-	-	-	-
Administrative	-	-	106	-	-	-	-
Inventories	-	-	8	-	-	-	-
Equipment	-	-	-	-	-	-	-
Land and buildings	-	-	-	-	-	-	-
Professional and special services	19 683	23 341	25 159	25 517	22 025	22 566	23 320
Transfer payments	154 718	128 992	117 527	132 881	116 572	116 644	116 742
Miscellaneous	895 333	1 266 683	1 257 317	1 533 697	1 777 038	1 890 359	2 023 904
Total	1 069 734	1 419 016	1 400 117	1 692 095	1 915 635	2 029 569	2 163 966

Policy developments

The ongoing consolidation of programmes has created a sound basis for aligning the budget structure to the programme's aim and objectives, and for ensuring that the related functions are grouped together and in line with the provisions of the PFMA.

Expenditure trends

The government contribution to medical schemes for retired civil servants carries the largest expenditure burden in this programme, growing from R1,0 billion in 2001/02 to R1,4 billion in 2004/05. Special pensions payments also increased after 1998/99 because of the accelerated adjudication of applications.

Key outputs, indicators and targets

Civil and Military Pensions, Contributions to Funds and Other Benefits

Subprogramme	Output	Output measure/indicator	Target
Civil Pensions and Contributions to Funds	Payment of pensions benefits and contributions to funds	Payment of pensions and contributions accurately and timeously	Pension benefits paid to 15 713 beneficiaries on the 1 st working day of each month Payment of contributions to medical aid schemes for 72 800 members by the end of the month following the month when the expenses were incurred Payment of fees to 989 members of the Political Office Bearer's Pension fund by the 7 th working day each month
Military Pensions and Other Benefits	Payment of military pension benefits and payments to service providers for medical expenses	Payment of pensions and to service providers accurately and timeously	Correct payment of pension benefits to 7 953 eligible beneficiaries on the 1 st working day of each month Payment of military medical benefits claims when claims by service providers have been received

Programme 8: Fiscal Transfers

Fiscal Transfers makes funds available to public authorities and other institutions, where this is applicable under the various statutory provisions which govern the financial relations between Government and the particular authority or institution. This includes international development institutions of which Government is a member, such as the African Development Bank.

Domestic transfers are made to the DBSA, SARS and the FFC for the fulfilment of their statutory obligations. In addition, funds are paid to augment the Secret Services Account to finance intelligence gathering, and for the establishment and running of a Financial Intelligence Centre.

Foreign transfer payments are made to the Highly Indebted Poor Countries Initiative, which provides debt relief to poor countries in terms of a bilateral agreement between the donor countries; the World Bank Group, the African Development Bank, and the African Development Fund; and Lesotho and Namibia in respect of the Rand monetary area agreement.

Expenditure estimates

Table 8.10: Fiscal Transfers

Subprogramme	Expenditure outcome				Adjusted appropriation	Medium-term expenditure estimate		
	Audited 1998/99	Audited 1999/00	Preliminary outcome 2000/01	2001/02		2002/03	2003/04	2004/05
R thousand								
Lesotho and Namibia	130 054	137 659	145 277	118 180	122 664	126 431	129 132	
Development Bank of Southern Africa	–	–	–	1	1	1	1	
World Bank Group	–	–	–	1	1	1	1	
Highly Indebted Poor Countries Initiative	–	–	44 242	45 000	45 000	49 000	53 900	
African Development Bank	40 175	33 496	32 094	97 000	133 373	129 567	154 316	
South African Revenue Service	1 933 893	2 316 779	2 529 114	2 863 181	3 417 296	3 575 354	3 862 495	
Financial and Fiscal Commission	3 800	5 850	7 994	9 258	9 038	9 679	10 259	
Secret Services ¹	796 012	835 550	890 043	991 307	1 305 690	1 498 117	1 704 932	
Financial Intelligence Centre	–	–	–	10 000	35 000	37 000	12 720	
Total	2 903 934	3 329 334	3 648 764	4 133 928	5 068 063	5 425 150	5 927 756	
Change to 2001 Budget Estimate				141 927	708 672	702 685		

¹ Amount specifically and exclusively appropriated.

Subprogramme	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome		2001/02	2002/03	2003/04
R thousand	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05
Economic classification							
Current	2 578 435	3 177 666	3 347 239	3 642 030	4 360 147	4 931 361	5 369 945
Personnel	-	-	-	-	-	-	-
Transfer payments	2 578 435	3 177 666	3 347 239	3 642 030	4 360 147	4 931 361	5 369 945
Other current	-	-	-	-	-	-	-
Capital	325 499	151 668	301 525	491 898	707 916	493 789	557 811
Transfer payments	325 499	151 668	301 525	491 898	707 916	493 789	557 811
Acquisition of capital assets	-	-	-	-	-	-	-
Total	2 903 934	3 329 334	3 648 764	4 133 928	5 068 063	5 425 150	5 927 756

Standard items of expenditure

Personnel	-	-	-	-	-	-	-
Administrative	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-
Equipment	-	-	-	-	-	-	-
Land and buildings	-	-	-	-	-	-	-
Professional and special services	-	-	-	-	-	-	-
Transfer payments	2 903 934	3 329 334	3 648 764	4 133 928	5 068 063	5 425 150	5 927 756
Miscellaneous	-	-	-	-	-	-	-
Total	2 903 934	3 329 334	3 648 764	4 133 928	5 068 063	5 425 150	5 927 756

Policy developments

During 2001, Government actively participated in the negotiations around additions to the funding available from the World Bank and the African Development Bank at below world market rates. South Africa participates in replenishing International Development Association and African Development Fund resources, contributing R70 million in the most recent round.

In August 2001, Government increased its shareholding in the African Development Bank from 1,0 per cent to 4,1 per cent, making it the fifth largest shareholder. South Africa currently represents Lesotho, Malawi, Mauritius, Swaziland and Zambia on the Board of Directors.

The African Development Bank's lending strategy in South Africa was revised during 2000. It added capacity-building in the public sector to the existing focus areas of provincial and municipal infrastructure, medium-scale enterprises in the private sector, and multilateral projects for the promotion of regional integration.

During October 2001, Botswana, Lesotho, Swaziland and South Africa concluded negotiations on the new Southern Africa Customs Union dispensation. The countries agreed to a new institutional arrangement and a new revenue sharing formula for the common customs area. The renegotiated SACU agreement is expected to come into effect during 2003/04.

At the 2000 Annual Meeting of the World Bank and IMF, Government pledged to contribute R200 million to the financing of the Highly Indebted Poor Country Initiative, to be paid in five equal instalments. In addition, Government has contributed R7,5 million to the Highly Indebted Poor Country Trust Fund for the Poverty Reduction and Growth Facility of the IMF. As part of the country's commitment under the initiative to grant debt relief to bilateral debtors, Government has approved the total cancellation of bilateral official debt owed.

The Financial Intelligence Centre Act (38 of 2001) provides for the formation of the Financial Intelligence Centre. The aim of the Centre is to track irregular financial practices such as money-

laundering, organised criminal activities such as drug dealing, bank heists and robbery, and white collar crime. The Financial Intelligence Centre is a priority for Government as this type of criminal activity has the power to undermine the country's financial systems. The Centre will be established during the first quarter of 2002.

Expenditure trends

Transfers to SARS and the Secret Services form the bulk of spending on the programme between 1998/99 and 2004/05. Growth in expenditure increases at an average annual rate of 12,7 per cent over the medium term, reflecting the priority of building additional capacity in tax administration.

Secret Services rises from R1,3 billion in 2002/03 to R1,7 billion in 2004/05. It includes allocations for: the National Intelligence Agency (R868 million in 2002/03, R1,0 billion in 2003/04, and R1,1 billion in 2004/05); the South African Secret Service (R362 million in 2002/03, R405 million in 2003/04 and R454 million in 2004/05); and the *Detective Service and Crime Intelligence* programme of the South African Police Service (R76 million in 2002/03, R89 million in 2003/04 and R103 million in 2004/05.)

Key outputs, indicators and targets

Fiscal Transfers

Subprogramme	Output	Output measure/indicator	Target
South African Revenue Service	Efficient tax administration with high level of compliance and customer satisfaction	Roll-out of 5 processing centres	Western Cape – May 2002 Gauteng East – September 2002 Gauteng West – November 2002 Bloemfontein and Port Elizabeth – March 2002
		Timely processing of tax returns and registration of taxpayers	March 2003
		Timely solving of complaints, queries and requests received	March 2003
		Revenue collection	Optimise revenue collection to exceed the target
	A productive and effective customs system with high levels of compliance	Average clearance and processing times at borders and ports	March 2003
	Enhance compliance with customs regulations	Timely solving of smuggling cases followed by successful prosecutions	March 2003
Financial and Fiscal Commission	Advice and recommendations in terms of the legislation	Quality and timeliness of recommendations to the legislatures	March 2003
Financial Intelligence Centre	Ensure compliance measures are adhered to	Appointment of compliance officers and introduction of compliance measures	20% by December 2002
	Provide guidance to combat money-laundering activities	Awareness programmes – 5 training seminars	March 2003
	Monitor and analyse financial transactions	Analysis of transaction activities revealing patterns of laundering activity	120 suspicious transaction reports analysed per month in 2002/03
	Scope, design and install IT systems	Design and acquisition of IT systems and implementation	75% of the IT systems by 2005

Public entities reporting to the Minister

South African Revenue Service

South African Revenue Service (SARS) has continued to make significant progress in enhancing its administrative capacity in order to become a world class tax and customs administrator capable of effectively responding to the challenges of globalisation. Tax collections in 2001/02 are

estimated to exceed the original budget estimate by more than 6 per cent, attributable in part to more effective revenue collection and enforcement.

In 2001, SARS launched Siyakha, its most expansive transformation programme to date. The programme aims to overhaul the operational infrastructure through business process re-engineering. The start of the pilot programme in KwaZulu-Natal saw the streamlining of activities to enhance taxpayer service delivery through the establishment of a Taxpayer Service Centre, a Processing Centre and a Compliance Centre.

Other achievements included:

- Sustained revenue collection in excess of the target
- Introducing e-filing and payments
- Implementing Capital Gains Tax and changing the nature of taxation from source-based to residence-based
- Adopting a risk management approach to compliance
- Registering with the South Africa Qualifications Authority to enhance SARS's skills capacity through focused and accredited training and development
- Unqualified audit report on own accounts

The roll-out of the Siyakha programme will continue during 2002. This underpins SARS's efforts to exceed collection targets, improve border controls and facilitate international trade. A further initiative will be measuring the tax gap (the difference between tax payable and tax paid) and adopting strategies to reduce it. This exercise will be aligned with a systematic approach to understanding and broadening the tax base in order to sustain a competitive tax environment.

The Development Bank of Southern Africa

The Development Bank of Southern Africa (DBSA), a Schedule 2 major public entity, is governed by the Development Bank of Southern Africa Act (13 of 1997). The DBSA is a development finance institution wholly owned by the South African Government. The callable capital of the Bank – provided by Government – is R4,8 billion and the paid-up capital R200,0 million. At 31 March 2001, it had total assets of R17,7 billion. The Bank is self-sustaining and raises capital on the local and international capital markets. It has investment grade international credit ratings from Standard and Poor's (BBB-) and Moody's (Baa3), on par with the South African sovereign rating and a domestic credit rating for long-term debt of AAA.

Financial Services Board

The Financial Services Board is a statutory body in terms of the Financial Services Board Act (97 of 1990). It supervises control over the activities of non-banking financial services and acts in an advisory capacity to the Minister of Finance. The Board is financed by the financial services industry, with no contribution from Government.

The Financial Services Board supervises those institutions and services in terms of 16 Parliamentary Acts which entrust regulatory functions to the Registrar of Long- and Short-term Insurance, Friendly Societies, Pension Funds, Unit Trust Companies, Stock Exchanges and Financial Markets. Functions include regulatory control over insider trading and the participation bonds industry, certain trust and depository institutions, and central security depositories responsible for the safe custody of securities. These functions are carried out under the office of the Executive Officer acting with other members of the executive and heads of the various departments. The Board is also responsible for the financial supervision of the Road Accident Fund.

Public Investment Commissioners

The Public Investment Commissioners (PIC) is a statutory body governed in terms of the Public Investment Commissioners Act (45 of 1984) as amended. The Minister of Finance is responsible for appointing the Board, and the Board is responsible for overseeing the activities of the Secretariat and its investment portfolio. The PIC is effectively self-funded and produces its own annual report, which is tabled in Parliament.

The PIC invests and manages surplus funds on behalf of various public sector bodies. Previously the PIC was restricted to the role of a government administrative agency, investing all deposits in gilts and semi-gilts. In 1995 this was extended to include equities and property.

Annexure

Vote 8: National Treasury

Table 8.11: Summary of expenditure trends and estimates per programme

Table 8.12: Summary of expenditure trends and estimates per economic classification

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Table 8.14: Summary of transfers and subsidies per programme

Table 8.15: Summary of personnel numbers and costs

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Table 8.18: Summary of conditional grants to provinces

Table 8.19: Summary of conditional grants to local government (municipalities)

Table 8.11: Summary of expenditure trends and estimates per programme

	Expenditure outcome			Main appropriation	Adjustments appropriation			Revised estimate	Medium-term expenditure estimate				
	Audited	Audited	Preliminary outcome		Rollovers from 2000/01	Other adjustments	Adjusted appropriation		Current	Capital	Total	2003/04	2004/05
	1998/99	1999/00	2000/01										
R thousand													
1 Administration	45 970	46 171	103 663	68 399	–	8 870	77 269	55 180	74 525	2 991	77 516	82 678	87 764
2 Economic Planning and Budget Management	40 039	43 817	44 531	75 009	–	(10 000)	65 009	54 721	102 582	2 692	105 274	120 705	134 546
3 Asset and Liability Management	8 092	10 371	16 297	17 908	–	1 820	19 728	13 204	30 601	864	31 465	33 131	34 697
4 Procurement Management, Financial Systems and PFMA Implementation and Coordination	151 796	164 418	187 339	224 941	–	(4 380)	220 561	196 217	242 401	1 769	244 170	250 631	250 916
5 Financial Accounting and Reporting	75 694	110 329	126 995	118 267	–	(27 927)	90 340	40 087	143 046	3 046	146 092	154 683	163 833
6 Provincial and Local Government Transfers	1 200 000	1 488 600	1 170 000	834 000	–	1 400 000	2 234 000	2 234 000	455 000	1 950 000	2 405 000	2 992 000	3 346 240
7 Civil and Military Pensions, Contributions to Funds and Other Benefits	1 069 734	1 419 016	1 400 117	1 722 095	–	(30 000)	1 692 095	1 583 195	1 915 635	–	1 915 635	2 029 569	2 163 966
8 Fiscal Transfers	2 903 934	3 329 334	3 648 764	3 992 001	45 000	96 927	4 133 928	4 141 674	4 360 147	707 916	5 068 063	5 425 150	5 927 756
Subtotal	5 495 259	6 612 056	6 697 706	7 052 620	45 000	1 435 310	8 532 930	8 318 278	7 323 937	2 669 278	9 993 215	11 088 547	12 109 718
Direct charge on the National Revenue													
Fund	127 005 833	133 384 252	144 718 722	154 398 337	–	1 200 000	155 598 337	154 975 400	166 955 018	–	166 955 018	178 310 798	189 522 660
Provinces Equitable Share	84 336 533	89 094 552	98 397 841	106 260 337	–	1 200 000	107 460 337	107 460 337	119 452 086	–	119 452 086	128 466 030	137 089 096
State Debt Costs	42 669 300	44 289 700	46 320 881	48 138 000	–	–	48 138 000	47 515 063	47 502 932	–	47 502 932	49 844 768	52 433 564
Total	132 501 092	139 996 308	151 416 428	161 450 957	45 000	2 635 310	164 131 267	163 293 678	174 278 955	2 669 278	176 948 233	189 399 345	201 632 378
Change to 2001 Budget Estimate							2 680 310	1 842 721			4 897 727	7 801 072	

Table 8.12: Summary of expenditure trends and estimates per economic classification

R thousand	Expenditure outcome			Main appropriation	Adjustments appropriation			Revised estimate	Medium-term expenditure estimate				
	Audited	Audited	Preliminary outcome		Rollovers from 2000/01	Other adjustments	Adjusted appropriation		Current	Capital	Total		
	1998/99	1999/00	2000/01	2001/02			2002/03			2003/04	2004/05		
Current	5 158 798	6 439 543	6 335 717	6 385 702	45 000	193 950	6 624 652	6 408 965	7 323 937	-	7 323 937	8 069 730	8 688 888
Personnel	76 808	80 424	82 817	118 307	-	(4 470)	113 837	78 571	161 592	-	161 592	180 800	200 059
Salaries and wages	51 853	53 912	56 994	81 470	-	(4 470)	77 000	49 915	119 584	-	119 584	137 238	154 630
Other	24 955	26 512	25 823	36 837	-	-	36 837	28 656	42 008	-	42 008	43 562	45 429
Transfer payments	3 938 169	4 864 731	4 721 521	4 311 615	45 000	263 083	4 619 698	4 624 086	4 938 973	-	4 938 973	5 533 306	5 987 600
Subsidies to business enterprises	-	-	-	-	-	-	-	-	-	-	-	-	-
Other levels of government													
social security funds	-	-	-	-	-	-	-	-	-	-	-	-	-
universities and technikons	-	-	-	-	-	-	-	-	-	-	-	-	-
extra-budgetary institutions	2 448 381	3 040 007	3 167 720	3 406 271	-	75 773	3 482 044	3 486 432	4 192 608	-	4 192 608	4 756 062	5 187 052
provincial government	1 200 000	1 520 030	970 000	124 000	-	300 000	424 000	424 000	-	-	-	-	-
local government	-	-	275 000	410 000	-	-	410 000	410 000	454 230	-	454 230	476 915	492 149
Households and non-profit institutions	159 734	167 035	129 282	140 474	-	-	140 474	140 474	124 470	-	124 470	124 897	125 366
Foreign countries and international credit institutions	130 054	137 659	179 519	230 870	45 000	(112 690)	163 180	163 180	167 665	-	167 665	175 432	183 033
Other	1 143 821	1 494 388	1 531 379	1 955 780	-	(64 663)	1 891 117	1 706 308	2 223 372	-	2 223 372	2 355 624	2 501 229
Capital	336 461	172 513	361 989	666 918	-	1 241 360	1 908 278	1 909 313	-	2 669 278	2 669 278	3 018 817	3 420 830
Transfer payments	325 499	151 668	301 525	656 898	-	1 235 000	1 891 898	1 895 256	-	2 657 916	2 657 916	3 007 789	3 410 651
Other levels of government	-	-	-	300 000	-	1 100 000	1 400 000	1 400 000	-	1 950 000	1 950 000	2 514 000	2 852 840
Other capital transfers	325 499	151 668	301 525	356 898	-	135 000	491 898	495 256	-	707 916	707 916	493 789	557 811
Movable capital	10 962	20 845	26 013	10 020	-	6 360	16 380	14 057	-	11 362	11 362	11 028	10 179
Motor vehicles (transport)	-	824	407	451	-	-	451	451	-	-	-	-	-
Equipment - Computers	6 176	17 530	4 366	7 538	-	-	7 538	7 538	-	3 283	3 283	2 377	2 531
Equipment - Other office equipment	11	2 207	9 005	1 242	-	6 360	7 602	5 279	-	953	953	235	253
Other	4 775	284	12 235	789	-	-	789	789	-	7 126	7 126	8 416	7 395
Fixed capital	-	-	34 451	-	-	-	-	-	-	-	-	-	-
Land	-	-	-	-	-	-	-	-	-	-	-	-	-
Buildings	-	-	34 451	-	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	5 495 259	6 612 056	6 697 706	7 052 620	45 000	1 435 310	8 532 930	8 318 278	7 323 937	2 669 278	9 993 215	11 088 547	12 109 718

Table 8.13: Summary of expenditure trends and estimates per standard item

	Expenditure outcome			Main appropriation	Adjustments appropriation			Revised estimate	Medium-term expenditure estimate				
	Audited	Audited	Preliminary outcome		Rollovers from 2000/01	Other adjustments	Adjusted appropriation		Current	Capital	Total		
	1998/99	1999/00	2000/01	2001/02			2002/03			2003/04	2004/05		
R thousand													
Personnel	76 808	80 424	82 817	118 307	-	(4 470)	113 837	78 571	161 592	-	161 592	180 800	200 059
Administrative	15 052	15 579	16 886	31 723	-	(1 116)	30 607	18 461	47 435	-	47 435	50 916	54 550
Inventories	4 618	4 793	5 294	8 500	-	(400)	8 100	8 100	10 497	-	10 497	10 828	11 663
Equipment	13 535	22 166	27 066	12 801	-	6 360	19 161	14 517	2 677	11 362	14 039	13 781	13 063
Land and buildings	-	-	34 451	-	-	-	-	-	-	-	-	-	-
Professional and special services	221 616	199 363	246 883	342 559	-	(33 147)	309 412	247 095	380 192	-	380 192	394 986	402 099
Transfer payments	4 263 668	5 016 399	5 023 046	4 968 513	45 000	1 498 083	6 511 596	6 519 344	4 938 973	2 657 916	7 596 889	8 541 095	9 398 251
Miscellaneous	899 962	1 273 332	1 261 263	1 570 217	-	(30 000)	1 540 217	1 432 190	1 782 571	-	1 782 571	1 896 141	2 030 033
Total	5 495 259	6 612 056	6 697 706	7 052 620	45 000	1 435 310	8 532 930	8 318 278	7 323 937	2 669 278	9 993 215	11 088 547	12 109 718

Table 8.14: Summary of transfers and subsidies per programme

	Expenditure outcome				Adjusted appropriation	Medium-term expenditure estimate				
	Audited	Audited	Preliminary outcome			Current	Capital	Total		
	1998/99	1999/00	2000/01	2001/02	2002/03			2003/04	2004/05	
R thousand										
1 Administration	-	-	-	276	126	-	126	133	140	
Sector Education and Training Authority	-	-	-	276	126	-	126	133	140	
5 Financial Accounting and Reporting	5 016	69 473	86 755	10 511	7 898	-	7 898	8 253	8 624	
Financial Management Improvement										
Financial and Personnel Systems	-	31 430	75 000	-	-	-	-	-	-	
Audit										
Statutory bodies	5 016	38 043	11 755	9 631	7 898	-	7 898	8 253	8 624	
Financial Management Improvement										
Institute for Public Finance and Auditing (IPFA)	-	-	-	880	-	-	-	-	-	

	Expenditure outcome				Adjusted appropriation	Medium-term expenditure estimate				
	Audited	Audited	Preliminary outcome	2001/02		Current	Capital	Total	2003/04	2004/05
	1998/99	1999/00	2000/01			2002/03				
R thousand										
6 Provincial and Local Government Transfers	1 200 000	1 488 600	1 170 000	2 234 000	454 230	1 950 000	2 404 230	2 990 915	3 344 989	
Conditional Grants to Provinces										
Provincial Infrastructure	-	-	300 000	800 000	-	1 550 000	1 550 000	2 314 000	2 852 840	
Flood Rehabilitation	-	-	595 000	600 000	-	400 000	400 000	200 000	-	
Supplementary allocation	-	-	-	124 000	-	-	-	-	-	
Mpumalanga (s100(1)(a) of the Constitution)	-	-	-	300 000	-	-	-	-	-	
Northern Cape Legislature	-	69 000	-	-	-	-	-	-	-	
Adjustments Estimate (accumulated debt)	1 200 000	1 419 600	-	-	-	-	-	-	-	
Conditional Grants to Municipalities										
Local Government Restructuring	-	-	225 000	350 000	300 000	-	300 000	315 000	342 900	
Financial Management: Municipalities	-	-	50 000	60 000	111 000	-	111 000	101 000	79 000	
Financial Management: DBSA	-	-	-	-	43 230	-	43 230	60 915	70 249	
7 Civil and Military Pensions, Contributions to Funds and Other Benefits	154 718	128 992	117 527	132 881	116 572	-	116 572	116 644	116 742	
Civil Pensions and Contributions to Funds										
Contribution to Provident Funds for Associated Institutions	481	608	503	666	696	-	696	727	771	
United Kingdom Tax	1 573	1 565	808	2 511	2 624	-	2 624	2 742	2 907	
Contribution to Closed Pension Fund	37 784	11 217	-	-	-	-	-	-	-	
Military Pensions and Other Benefits										
Military Pensions: Ex-Servicemen	55 909	54 162	52 062	62 652	45 158	-	45 158	44 090	42 175	
South African Citizen Force	58 929	61 388	64 103	67 000	68 042	-	68 042	69 031	70 833	
South African Legion	40	50	50	50	50	-	50	52	55	
Civil Protection	2	2	1	2	2	-	2	2	1	

R thousand	Expenditure outcome				Medium-term expenditure estimate					
	Audited	Audited	Preliminary	Adjusted	Current	Capital	Total	2003/04	2004/05	
	1998/99	1999/00	outcome							appropriation
			2000/01	2001/02						
8 Fiscal Transfers	2 903 934	3 329 334	3 648 764	4 133 928	4 360 147	707 916	5 068 063	5 425 150	5 927 756	
Lesotho and Namibia	130 054	137 659	145 277	118 180	122 664	–	122 664	126 431	129 132	
Development Bank of Southern Africa	–	–	–	1	1	–	1	1	1	
World Bank Group	–	–	–	1	–	1	1	1	1	
Highly Indebted Poor Countries Initiative	–	–	44 242	45 000	45 000	–	45 000	49 000	53 900	
African Development Bank	40 175	33 496	32 094	97 000	–	133 373	133 373	129 567	154 316	
South African Revenue Service	1 933 893	2 316 779	2 529 114	2 863 181	2 867 754	549 542	3 417 296	3 575 354	3 862 495	
Financial and Fiscal Commission	3 800	5 850	7 994	9 258	9 038	–	9 038	9 679	10 259	
Secret Services ¹	796 012	835 550	890 043	991 307	1 305 690	–	1 305 690	1 498 117	1 704 932	
Financial Intelligence Centre	–	–	–	10 000	10 000	25 000	35 000	37 000	12 720	
Total	4 263 668	5 016 399	5 023 046	6 511 596	4 938 973	2 657 916	7 596 889	8 541 095	9 398 251	

¹ Amount specifically and exclusively appropriated.

Table 8.15: Summary of personnel numbers and costs¹

Personnel numbers	1998/99	1999/00	2000/01	2001/02	2002/03
1 Administration	144	149	136	258	216
2 Economic Planning and Budget Management	141	151	161	209	243
3 Asset and Liability Management	41	41	42	57	71
4 Procurement Management, Financial Systems and PFMA Implementation and Coordination	119	119	119	182	168
5 Financial Accounting and Reporting	82	82	70	38	53
Total	527	542	528	744	751
Total personnel cost (R thousand)	76 808	80 424	82 817	113 837	161 592
Unit cost (R thousand)	145.7	148.4	156.9	153.0	215.2

¹ Full-time equivalent

Table 8.16: Summary of expenditure on training

	Expenditure outcome		Adjusted appropriation	Medium-term expenditure estimate		
	Audited	Preliminary outcome				
	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05
R thousand						
1 Administration	984	959	1 144	744	784	846
2 Economic Planning and Budget Management	326	764	1 118	1 026	1 178	1 315
3 Asset and Liability Management	242	420	191	306	320	335
4 Procurement Management, Financial Systems and PFMA Implementation and Coordination	53	35	718	1 126	1 278	1 415
5 Financial Accounting and Reporting	223	369	1 287	2 649	2 663	2 617
Total	1 828	2 547	4 458	5 851	6 223	6 528

Table 8.17: Summary of information and communications technology expenditure

	Adjusted appropriation	Medium-term expenditure estimate		
	2001/02	2002/03	2003/04	2004/05
R thousand				
1 Administration	10 888	11 347	11 932	12 454
Technology	1 498	1 521	1 649	1 714
Hardware	972	985	1 072	1 113
Software and licences	474	482	521	542
Audio-visual equipment	52	54	56	59
Systems	-	-	-	-
IT services	9 390	9 826	10 283	10 740
Consulting	-	-	-	-
Outsourcing	9 390	9 826	10 283	10 740

R thousand	Adjusted appropriation	Medium-term expenditure estimate		
	2001/02	2002/03	2003/04	2004/05
2 Economic Planning and Budget Management	9 904	6 009	6 985	8 633
Technology	2 943	1 047	1 225	1 951
Hardware	2 638	821	1 009	1 650
Software and licences	275	204	195	258
Audio-visual equipment	30	22	21	43
Systems	-	-	-	-
IT services	6 961	4 962	5 760	6 682
Consulting	-	-	-	-
Outsourcing	6 961	4 962	5 760	6 682
3 Asset and Liability Management	5 518	5 679	6 066	6 739
Technology	564	646	765	811
Hardware	564	646	765	811
Software and licences	-	-	-	-
Audio-visual equipment	-	-	-	-
Systems	-	-	-	-
IT services	4 954	5 033	5 301	5 928
Consulting	-	-	-	-
Outsourcing	4 954	5 033	5 301	5 928
4 Procurement Management, Financial Systems and PFMA Implementation and Coordination	258 927	273 647	278 450	277 896
Technology	2 440	1 913	1 907	1 807
Hardware	1 268	877	881	728
Software and licences	1 082	971	962	1 012
Audio-visual equipment	90	65	64	67
Systems	-	-	-	-
IT services	256 487	271 734	276 543	276 089
Consulting	-	-	-	-
Outsourcing	256 487	271 734	276 543	276 089

R thousand	Adjusted appropriation	Medium-term expenditure estimate		
	2001/02	2002/03	2003/04	2004/05
5 Financial Accounting and Reporting	8 023	11 463	11 329	12 319
Technology	458	2 092	438	369
Hardware	400	2 034	354	268
Software and licences	58	58	84	101
Audio-visual equipment	-	-	-	-
Systems	-	-	-	-
IT services	7 565	9 371	10 891	11 950
Consulting	-	-	-	-
Outsourcing	7 565	9 371	10 891	11 950
Total	293 260	308 145	314 762	318 041

Table 8.18: Summary of conditional grants to provinces¹

R thousand	Expenditure outcome			Adjusted Appropriation Adjusted Appropriation	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome		2001/02	2002/03	2003/04
	1998/99	1999/00	2000/01				
5 Financial Accounting and Reporting							
Financial and Personnel Systems	-	31 430	75 000	-	-	-	-
6 Provincial and Local Government Transfers							
Infrastructure Grant	-	-	300 000	800 000	1 550 000	2 314 000	2 852 840
Flood Rehabilitation	-	-	595 000	600 000	400 000	200 000	-
Supplementary allocation	-	-	-	124 000	-	-	-
Northern Cape Legislature	-	69 000	-	-	-	-	-
Mpumalanga (s100(1)(a) of the Constitution)	-	-	-	300 000	-	-	-
Adjustments Estimate (accumulated debt)	1 200 000	1 419 600	-	-	-	-	-
Total	1 200 000	1 520 030	970 000	1 824 000	1 950 000	2 514 000	2 852 840

¹ Detail provided in the Division of Revenue Act, 2002.

Table 8.19: Summary of conditional grants to local government (municipalities)¹

R thousand	Expenditure outcome			Adjusted appropriation Adjusted appropriation	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome		2001/02	2002/03	2003/04
	1998/99	1999/00	2000/01				
6 Provincial and Local Government Transfers							
Local Government Restructuring	-	-	225 000	350 000	300 000	315 000	342 900
Financial Management	-	-	50 000	60 000	154 230	161 915	149 249
Total	-	-	275 000	410 000	454 230	476 915	492 149

¹ Detail provided in the Division of Revenue Act, 2002.

