

Introduction

The Estimates of National Expenditure is tabled in conjunction with the Appropriation Bill, and serves to:

- *provide members of Parliament with information on how departments plan to spend the money that is authorised by the legislature*
- *help Parliament and society to keep departments accountable to the service delivery commitments made in each of the chapters*
- *provide parliamentary committees with a valuable source of information that can assist them in performing their oversight functions.*

In keeping with ongoing improvements to the way that public finances are managed and reported, several changes have been made to the format of the 2006 ENE, which also reflect several reforms that come into effect on 1 April 2006. The main reform is the transfer of office accommodation costs from the Department of Public Works to individual departments, which makes an important managerial function the responsibility of departmental accounting officers.

The 2006 ENE extends the coverage of government accounts with more extensive reporting on the activities and financial performance of public entities.

Reporting on service delivery commitments

The Estimates of National Expenditure details:

- the budgets of national departments for the next three financial years
- expenditure outcomes for the past three years
- the revised estimates for the current financial year that ends on 31 March 2006.

The seven-year coverage of expenditure is provided alongside key achievements and future service delivery commitments. The ENE presents the above information for each of the 34 national votes, and aims to improve accountability and transparency, and facilitate the review and monitoring of government's spending plans and service delivery.

Service delivery commitments are presented primarily as measurable objectives for each spending programme, as required by section 27 of the Public Finance Management Act (1999). While the format of programme objectives will differ, depending on the type of service that is delivered, a measurable objective provides a clear statement of the impact that the programme will have on the public. It should also provide an indication of the key outputs delivered and the level of performance that can be expected. Some measurable objectives are set out here to show how they can vary in format and content.

Sample of measurable objectives published in 2006 ENE

Vote	Programme	Measurable objective
Department of Trade and Industry	Consumer and Corporate Regulation	Business certainty and access to redress by economic citizens, through the provision of appropriate policy framework, legislation and regulation, as well as efficient and fair regulatory services.
Department of Transport	Transport Policy, Research and Economic Analysis	Create an efficient transport system by developing policies that improve safety, travel times, reduce delays, increase service predictability for the region and international spheres and domestic users.
Department of Safety and Security	Visible Policing	Discourage all crimes, through providing a proactive and responsive policing service that will prevent the priority crimes rate from increasing.
Statistics South Africa	Economic Statistics	Inform economic decision-making by providing accurate, relevant and timely economic statistical information through the application of internationally acclaimed practices.

This is a sample of the more than 150 measurable objectives contained in the ENE, which also reports on about 780 key outputs and targets that relate to the specific objectives. The measurable objective for the *Visible Policing* programme, for example, is reported alongside the key outputs and targets that the programme plans to achieve. One such target is that the SAPS will *recover at least 85% of stolen firearms*. The programme will also establish *sector policing at 169 high contact crime stations* over the MTEF period. Another example of a service delivery target published in the ENE commits the *Consumer and Corporate Regulations* programme to *resolve at least 1 000 consumer complaints within 3 days*.

When considered in conjunction with strategic plans and annual reports, the ENE should add to the array of tools that members of Parliament use to hold departments accountable to specific service delivery commitments.

Managing state property more efficiently

Funds that were previously allocated to the Department of Public Works will be devolved to user departments from 1 April 2006. This is in keeping with the provisions of the White Paper on Public Works, which states that, '*... in future, the annual capital and expenditure budgets of all national departments will include provisions for their individual accommodation requirements*'.

With the implementation of this reform, individual votes will report separately the actual cost of maintenance, property rates, and municipal services and leasing. These costs are shown under the *Administration* programme's *Property Management* subprogramme.

This type of reporting increases transparency and allows for greater accountability. More importantly, it provides an incentive for managers to make informed decisions about office accommodation that may be more affordable and more conducive to the type of service that is provided, and also lead to the more efficient use of space.

With the exception of the South African Police Service, departments that occupy state property will enter into an agreement with the Department of Public Works to provide a property management service, in terms of which the user department pays amounts earmarked on its budget to the Department of Public Works for maintenance, property rates, and municipal services and leasing.

As the capacity to manage properties increases, more departments may decide to take full control of their own maintenance, lease and rental agreements, and the payment of municipal services.

Expenditure framework

Government's budget is set within a medium-term expenditure framework (MTEF). While retaining an annual appropriation to spending programmes in 2006/07, the planning and budgeting framework also includes the estimated amounts that government will spend in 2007/08 and 2008/09. The longer

budget horizon of the MTEF provides greater certainty and assures the public that money has been set aside for service delivery commitments. In particular, the framework provides better coverage of budget commitments for funding medium-term projects, such as infrastructure investments and policies that are phased in over a two- to three-year period.

In the 2005 Budget, the Minister of Finance also tabled an estimate of government expenditure for 2006/07 and 2007/08, in addition to the budget for 2005/06. Following the tabling of the 2005 Budget in February last year, government reviewed its policies and spending programmes and agreed to allocate an additional R30,5 billion, or 29,7 per cent of new money, to national departments to take forward key priorities over the next three years.

The revised national budget framework provides for total additional spending by national departments of R6,3 billion in 2006/07, R9,4 billion in 2007/08 and R14,7 billion in 2008/09. A summary of additional funding to national departments is provided here:

Additional allocations

Additional amounts of R27 million in 2006/07, R29 million in 2007/08 and R26 million in 2008/09 are allocated to **The Presidency** to improve capacity, host the disabled persons international conference, and initiate a national income dynamics study. R10 million is included in the first year to make provision for the 30th commemoration of June 16.

Parliament's baseline over the medium-term period rises by R135 million to expand capacity, strengthen the oversight role of committees through improving research capacity, and implement various projects to improve service delivery.

The **Department of Foreign Affairs** receives a further R229 million in 2006/07, R370 million in 2007/08 and R367 million in 2008/09, mainly to recapitalise the African Renaissance Fund and contribute to the African Union. These adjustments will also increase South Africa's representation in Asia, and be used to acquire new properties for diplomatic purposes. R50 million of the amount in 2007/08 will go towards constructing new accommodation for the department.

The turnaround strategy implemented by the **Department of Home Affairs** receives a further R410 million over the MTEF. The Independent Electoral Commission receives an additional R468 million over the MTEF to prepare and manage the national and provincial elections scheduled for 2009.

The **Department of Provincial and Local Government** is allocated an additional R57 million over the MTEF to support Project Consolidate and deepen the capacity of the Commission on Traditional Leadership Disputes and Claims, and the Commission for the Promotion and Protection of the Rights of Cultural, Religious and Linguistic Communities.

Additional amounts of R780 million in 2006/07, R957 million in 2007/08 and R1,1 billion in 2008/09 to the **Department of Public Works** support the transfer of accommodation costs to relevant departments, and contribute to reducing the maintenance backlog. A total of R300 million will go to the implementation of the Tshwane inner city programme over the next three years. An additional R380 million is allocated for rehabilitating and improving facilities at border posts. **Government Communications and Information Systems** receives an additional R133,6 million over the MTEF to provide for the launch of a government magazine, the continued rollout of multipurpose community centres, and increased transfers to the International Marketing Council and the Media Development and Diversity Agency.

The additional R2,4 billion allocated to **National Treasury** will fund the replacement of outdated financial management systems and provide for a transfer to the Vaccine Fund. Of these adjustments, R970 million is allocated to the South African Revenue Service to strengthen revenue collection and customs operations. The new neighbourhood development partnership grant will receive R50 million

in 2006/07 for planning and establishment, and thereafter be allocated R950 million in 2007/08 and R1,5 billion in 2008/09 to fund municipal projects.

An additional R75 million is allocated to the **Department of Public Enterprises** over the next three years to strengthen internal capacity, and support the Joint Project Facility. In addition, the department will receive R580 million to provide further funding for the Pebble Bed Modular Reactor company.

In 2006/07, the allocation to **Public Service and Administration** includes R78 million for implementing an incapacity leave and ill-health retirement management framework. Amounts of R60 million, R70 million and R80 million are allocated for strengthening departmental capacity over the MTEF.

Statistics South Africa receives R168 million in 2006/07, R123 million in 2007/08 and R232 million in 2008/09 to do a community survey in 2006/07 and 2007/08 and a national census in 2008/09.

An additional allocation of R994 million is made to the **Department of Arts and Culture** over the next three years. As part of this allocation, R565 million is allocated to finalise work on shifting library services from municipalities to provinces and to provide for recapitalising the service in 2007/08 and 2008/09. A baseline adjustment of R170 million is made for cultural institutions. The Pan South African Language Board is allocated an additional R30 million.

The **Department of Education** receives an additional R350 million in 2006/07, R650 million in 2007/08 and R1 billion in 2008/09 to increase the level of funding to higher education institutions. The department also receives R112 million over the next three years for maths and science teacher development and implementing the new curriculum for grades 10 to 12. A further R400 million is allocated for the recapitalisation of further education and training colleges over the MTEF.

The **Department of Health** receives an additional R34 million for the rollout of the Risk Equalisation Fund. Conditional grants set aside for hospital revitalisation and forensic pathology increase by R1,4 billion and R1,5 billion, respectively, over the next three years.

The **Department of Social Development** will receive an additional R60 million to launch the Inspectorate for Social Security Assistance that will oversee and regulate the South African Social Security Agency. Social assistance transfers will increase by R650 million in 2006/07, R800 million in 2007/08 and R950 million in 2008/09. A further R100 million is added to the existing social assistance administration conditional grant. An additional R100 million is also allocated over the next three years to improve the integrity of grant administration, especially related to fraud prevention and detection, and eligibility reviews of grant recipients.

Sports and Recreation South Africa receives R471 million over baseline to increase participation in sports and recreation programmes, and more specifically, to extend the mass participation programme to educators and learners. Of these amounts, a further R35 million is included to support government's role in co-ordinating major sporting events.

Additional allocations of R110 million to the **Department of Correctional Services** are for ICT facilities.

Revisions to the **Department of Defence** baselines of R876 million in 2006/07, R1,4 billion in 2007/08 and R2,1 billion in 2008/09 support its ongoing infrastructure and equipment modernisation programme, military skills development and improvements in health services. Savings of R633 million is realised through the strategic defence procurement package.

The **Independent Complaints Directorate** receives a further R4 million in 2006/07, R7 million in 2007/08 and R13 million in 2008/09, primarily to strengthen its oversight role.

Additional allocations of R350 million in 2006/07, R550 million in 2007/08 and R900 million in 2008/09 to the **Department of Justice and Constitutional Development** support the effective and

efficient management of court cases, and efforts to modernise the justice system to improve service delivery.

The **Department of Safety and Security** receives a further R3,6 billion over the MTEF to increase police capacity provide for the introduction of a paid reservist system, and assist SAPS with preparations for the 2010 Soccer World Cup.

R431 million in additional allocations to the **Department of Communications** represent an increase in transfer payments to the Independent Communications Authority of South Africa, and to Sentech to upgrade its signal distribution infrastructure.

An additional allocation of R865 million over the medium term to the **Department of Environmental Affairs and Tourism** will provide for a range of infrastructure projects and for tourism marketing and promotion.

Additional resources totalling R3 billion over the next three years will provide for a step up in the integrated housing and human settlement development grant. In the **Department of Housing**, the *Social Housing* programme receives an increase of R110 million in 2006/07, R180 million in 2007/08 and R280 million in 2008/09.

The **Department of Minerals and Energy** receives a further allocation of R400 million for increased capacity and a step up in the transfers to the Nuclear Energy Corporation of South Africa and the National Nuclear Regulator.

The **Department of Science and Technology** receives an additional R428 million in 2006/07, R465 million in 2007/08 and R675 million in 2008/09, mainly for targeted research and development, and to retain and train scientists. Additional resources also include an amount of R158 million in 2006/07 for new office accommodation for the department.

An addition of R2,3 billion to the **Department of Trade and Industry** over the next three years provides support to industrial development zones and the development of an industrial policy for the country. Additional resources also make provision for a further transfer of R580 million to the Pebble Bed Modular Reactor company in 2006/07.

The **Department of Transport** is allocated an additional R694 million, R1,2 billion and R1,9 billion over the MTEF for road infrastructure, and for the recapitalisation of passenger rail networks and coaches. Of these allocations, R239 million is earmarked for the restructuring of the Road Accident Fund, transport regulation, and a rural transport strategy. The new public transport infrastructure and systems grant to local government receives R700 million in 2006/07, R1 billion in 2007/08 and R1,8 billion in 2008/09. A total of R7,1 billion is allocated as a conditional grant for the Gautrain Rapid Rail Link.

The **Department of Water Affairs and Forestry** receives an additional R599 million in 2006/07, R543 million in 2007/08 and R1 billion in 2008/09 for the construction of the De Hoop Dam and the refurbishment of water schemes.

Overview of expenditure

The main budget provides for total expenditure of R472,7 billion in 2006/07, increasing to R571,3 billion in 2008/09. Real non-interest expenditure grows strongly at a rate of 7 per cent a year over the MTEF. The estimates also include a contingency reserve to deal with unforeseen circumstances. This provides for allocations that may be voted in the Adjusted Estimates of National Expenditure later in the year to provide for expenditure that is currently unforeseen and that is unavoidable. In subsequent budgets, any unused funds in the contingency reserve may be drawn down to accommodate adverse macroeconomic developments, make funds available following natural or other disasters, or respond to any new government priorities.

How all these funds are allocated is detailed in the pages of this publication, with a consolidated account provided in the summary tables here.

Table 1: Main budget framework

Table 2: Additional allocation to national votes

Table 3: Expenditure by national vote: 2002/03 to 2008/09

Table 4: Economic classification of expenditure: 2002/03 to 2008/09

Table 5: Amounts to be appropriated from the National Revenue Fund for 2006/07

Table 6a: Conditional grants to provinces

Table 6b: Conditional grants to local government (municipalities)

Table 7: Training expenditure per vote

Table 8: Infrastructure spending by vote

Table 1 Main budget framework, 2002/03 – 2008/09

	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
	Audited outcome			Revised estimate	Medium-term estimates		
R million							
Revenue (National Revenue Fund)							
Tax revenue (gross)	282 210	302 508	354 980	417 050	456 786	501 670	558 106
Departmental & other receipts, and repayments	4 558	6 646	6 202	8 180	9 320	10 677	11 436
Less: SACU payments	-8 259	-9 723	-13 328	-14 145	-19 744	-20 344	-22 451
Total revenue	278 508	299 431	347 854	411 085	446 362	492 003	547 091
<i>Percentage of GDP</i>	<i>23.2%</i>	<i>23.4%</i>	<i>24.5%</i>	<i>26.4%</i>	<i>26.0%</i>	<i>26.1%</i>	<i>26.1%</i>
Expenditure							
State debt cost	46 808	46 313	48 851	51 160	52 049	53 324	55 716
<i>Percentage of GDP</i>	<i>3.9%</i>	<i>3.6%</i>	<i>3.4%</i>	<i>3.3%</i>	<i>3.0%</i>	<i>2.8%</i>	<i>2.7%</i>
Current payments ¹	52 948	57 854	63 450	72 809	82 481	89 667	96 444
Transfers and subsidies	187 496	220 104	250 826	289 353	329 319	363 582	402 077
Payments for capital assets ¹	4 273	4 439	5 414	5 653	6 376	7 601	9 030
Contingency reserve	–	–	–	–	2 500	5 000	8 000
Total expenditure	291 524	328 709	368 541	418 976	472 725	519 174	571 268
<i>Percentage of GDP</i>	<i>24.3%</i>	<i>25.7%</i>	<i>26.0%</i>	<i>26.9%</i>	<i>27.6%</i>	<i>27.5%</i>	<i>27.3%</i>
Deficit	-13 016	-29 278	-20 687	-7 891	-26 363	-27 171	-24 177
<i>Percentage of GDP</i>	<i>-1.1%</i>	<i>-2.3%</i>	<i>-1.5%</i>	<i>-0.5%</i>	<i>-1.5%</i>	<i>-1.4%</i>	<i>-1.2%</i>
<i>Gross domestic product</i>	<i>1 198 344</i>	<i>1 281 438</i>	<i>1 419 991</i>	<i>1 559 580</i>	<i>1 714 528</i>	<i>1 884 866</i>	<i>2 095 911</i>

1. Excludes conditional grants to provinces and local government, which are included in transfers and subsidies.

Table 2 Allocation of additional funds to national departments, including conditional grants, 2006/07 – 2008/09

R thousands	2006/07	2007/08	2008/09	Total
	Medium-term estimates			
Central Government Administration	1 317	1 759	2 532	5 608
1. The Presidency	27	29	26	82
2. Parliament	40	45	50	135
3. Foreign Affairs	229	370	367	966
4. Home Affairs	78	130	670	878
5. Provincial and Local Government	23	28	6	57
6. Public Works	920	1 157	1 413	3 490
Financial and Administrative Services	1 536	2 075	2 982	6 593
7. Government Communication and Information System	27	47	59	133
8. National Treasury	593	1 809	2 538	4 940
9. Public Enterprises	600	25	30	655
10. Public Service and Administration	147	70	80	297
11. Public Service Commission	1	1	1	3
12. SA Management Development Institute	–	–	–	–
13. Statistics South Africa	168	123	274	565
Social Services	1 799	2 925	4 188	8 912
14. Arts and Culture	58	280	656	994
15. Education	385	787	1 340	2 512
16. Health	577	792	907	2 276
17. Labour	–	–	–	–
18. Social Development	660	910	1 090	2 660
19. Sport and Recreation South Africa	119	156	195	470
Justice and Protection Services	1 740	2 943	5 131	9 814
20. Correctional Services	–	40	70	110
21. Defence	876	1 384	2 053	4 313
22. Independent Complaints Directorate	4	7	13	24
23. Justice and Constitutional Development	350	550	900	1 800
24. Safety and Security	510	962	2 095	3 567
Economic Services and Infrastructure	7 166	7 673	10 081	24 920
25. Agriculture	–	–	–	–
26. Communications	135	105	105	345
27. Environmental Affairs and Tourism	109	322	434	865
28. Housing	800	1 200	1 500	3 500
29. Land Affairs	–	–	–	–
30. Minerals and Energy	94	152	154	400
31. Science and Technology	428	465	675	1 568
32. Trade and Industry	366	565	765	1 696
33. Transport	4 635	4 321	5 411	14 367
34. Water Affairs and Forestry	599	543	1 037	2 179
Total	13 558	17 375	24 914	55 847

Table 3 Expenditure by national vote 2002/03 to 2008/09

R thousand	Audited outcome			Adjusted appropriation
	2002/03	2003/04	2004/05	2005/06
Central Government Administration				
The Presidency	138 790	142 699	167 694	216 463
Parliament	307 361	448 541	580 768	672 412
Foreign Affairs	2 370 814	2 163 769	2 393 085	2 737 130
Home Affairs	1 430 029	2 022 015	2 069 443	3 119 074
Provincial and Local Government	6 569 957	9 456 254	13 138 230	15 978 993
Public Works	1 745 369	2 024 509	2 244 409	2 358 871
Financial and Administration Services				
Government Communication and Information System	158 531	185 989	211 291	258 276
National Treasury	9 862 981	12 111 911	13 509 961	14 194 467
Public Enterprises	210 531	83 966	678 686	2 675 908
Public Service and Administration	138 604	155 921	128 537	188 433
Public Service Commission	61 961	69 272	76 976	92 435
South African Management Development Institute	30 740	36 938	34 387	57 047
Statistics South Africa	376 310	300 266	371 234	741 357
Social Services				
Arts and Culture	609 905	924 057	1 113 751	1 133 020
Education	9 326 444	10 557 016	11 340 379	12 629 916
Health	7 135 936	7 735 555	8 454 861	10 039 399
Labour	1 336 574	1 071 848	1 163 530	1 382 305
Social Development	30 223 068	39 357 272	47 766 267	56 121 745
Sport and Recreation South Africa	172 629	224 087	282 530	458 912
Justice and Protection Services				
Correctional Services	7 505 453	7 849 714	8 828 792	9 888 887
Defence	19 472 911	20 504 686	20 201 343	23 516 178
Independent Complaints Directorate	35 583	41 280	46 984	54 791
Justice and Constitutional Development	3 986 575	4 236 415	4 670 011	5 456 030
Safety and Security	20 380 135	22 692 887	25 414 522	29 361 276
Economic Services and Infrastructure				
Agriculture	933 263	1 194 776	1 408 183	1 996 592
Communications	895 349	849 545	1 663 933	1 046 828
Environmental Affairs and Tourism	1 384 299	1 455 644	1 660 500	1 782 839
Housing	4 218 095	4 559 955	4 808 423	5 272 509
Land Affairs	1 102 318	1 635 880	2 021 990	3 927 132
Minerals and Energy	1 867 016	1 812 453	1 876 428	2 271 580
Science and Technology	1 101 446	1 391 582	1 632 877	2 044 455
Trade and Industry	2 107 166	2 349 229	2 521 895	3 332 556
Transport	5 718 184	6 232 543	6 679 868	10 741 005
Water Affairs and Forestry	3 743 405	4 251 462	3 857 677	4 022 512
Total appropriation by vote	146 657 733	170 129 938	193 019 445	229 771 329
Plus:				
Direct charges on the National Revenue Fund				
State debt cost (National Treasury)	46 807 724	46 312 940	48 851 192	51 849 000
Provincial equitable share (National Treasury)	93 895 283	107 538 362	120 884 502	135 291 632
Skills development programme (Labour)	3 259 460	3 777 008	4 725 396	4 934 000
Judges and Magistrates salaries (Justice and Constitutional Development)	699 235	729 703	829 355	849 977
Members remuneration (Parliament)	172 829	191 331	203 903	213 149
President and Deputy President salaries (The Presidency)	1 684	1 744	2 001	1 993
Total direct charges on the National Revenue Fund	291 493 948	328 681 026	368 515 794	422 911 080
Standing appropriations	30 021	28 162	25 401	22 000
Unallocated	-	-	-	-
Contingency reserve	-	-	-	-
Projected underspending	-	-	-	(2 500 000)
Total	291 523 969	328 709 188	368 541 195	420 433 080

Table 3 Expenditure by national vote 2002/03 to 2008/09

Revised estimate	Medium-term expenditure estimates			R thousand
	2005/06	2006/07	2007/08	
				Central Government Administration
193 463	255 923	269 592	278 622	The Presidency
499 570	782 133	835 727	881 889	Parliament
2 612 130	3 042 149	3 409 363	3 645 538	Foreign Affairs
2 940 674	2 800 405	3 053 800	3 742 585	Home Affairs
15 978 267	24 903 440	27 824 445	31 453 046	Provincial and Local Government
2 148 870	3 080 181	3 494 610	3 873 159	Public Works
				Financial and Administration Services
252 576	288 037	319 456	345 893	Government Communication and Information System
13 957 967	15 547 945	18 510 385	19 769 440	National Treasury
2 675 908	683 457	117 966	127 703	Public Enterprises
188 433	325 610	255 735	275 058	Public Service and Administration
92 095	96 328	101 531	106 573	Public Service Commission
57 047	58 918	57 126	56 954	South African Management Development Institute
711 462	1 074 483	930 189	1 084 996	Statistics South Africa
				Social Services
1 129 220	1 318 476	1 534 019	1 975 924	Arts and Culture
12 611 734	14 129 233	15 342 923	16 690 271	Education
9 788 672	11 269 996	12 015 132	12 702 763	Health
1 349 902	1 512 749	1 596 865	1 677 385	Labour
55 788 952	62 005 460	67 222 108	73 347 351	Social Development
458 912	352 153	399 222	450 439	Sport and Recreation South Africa
				Justice and Protection Services
9 768 887	10 630 712	11 767 489	12 451 186	Correctional Services
23 516 178	23 830 105	24 665 776	25 733 754	Defence
54 791	65 906	73 891	83 367	Independent Complaints Directorate
5 456 030	6 269 880	6 953 270	7 688 202	Justice and Constitutional Development
29 361 276	32 557 731	35 559 045	38 482 774	Safety and Security
				Economic Services and Infrastructure
1 911 592	1 957 648	2 193 490	2 299 656	Agriculture
1 042 690	1 280 194	1 305 073	1 373 612	Communications
1 766 839	2 018 053	2 412 771	2 632 277	Environmental Affairs and Tourism
5 255 509	6 860 883	8 575 608	9 450 890	Housing
2 963 366	4 852 196	5 677 519	5 994 335	Land Affairs
2 271 580	2 548 272	2 716 913	2 954 312	Minerals and Energy
2 044 455	2 614 093	2 908 479	3 250 497	Science and Technology
3 145 533	3 665 912	3 957 583	4 327 364	Trade and Industry
10 553 597	12 870 458	13 599 312	15 513 071	Transport
3 758 912	4 476 545	4 809 347	5 625 984	Water Affairs and Forestry
226 307 085	260 025 664	284 465 760	310 346 870	Total appropriation by vote
				Plus:
				Direct charges on the National Revenue Fund
51 160 000	52 049 000	53 324 000	55 716 000	State debt cost (National Treasury)
135 291 632	150 752 930	167 701 393	187 099 825	Provincial equitable share (National Treasury)
4 934 000	5 500 000	6 000 000	6 500 000	Skills development programme (Labour)
1 047 296	1 042 665	1 114 547	1 182 789	Judges and Magistrates salaries (Justice and Constitutional Development)
211 876	229 218	241 367	253 979	Members remuneration (Parliament)
1 989	2 113	2 219	2 352	President and Deputy President salaries (The Presidency)
418 953 878	469 601 590	512 849 286	561 101 815	Total direct charges on the National Revenue Fund
22 000	23 320	24 486	26 029	Standing appropriations
–	600 000	1 300 000	2 140 000	Unallocated
–	2 500 000	5 000 000	8 000 000	Contingency reserve
–	–	–	–	Projected underspending
418 975 878	472 724 910	519 173 772	571 267 844	Total

Table 4 Economic classification of expenditure 2002/03 to 2008/09

R thousand	Audited outcome			Adjusted appropriation
	2002/03	2003/04	2004/05	2005/06
Current payments				
Compensation of employees	35 699 944	38 525 892	41 447 275	48 882 299
Salaries and wages	28 031 735	30 316 452	32 867 932	38 731 761
Social contributions	7 668 209	8 209 440	8 579 342	10 150 539
Goods and services	17 388 648	19 435 113	21 648 828	25 355 012
Interest and rent on land	46 841 591	46 347 455	48 851 805	51 850 650
Interest	46 835 819	46 340 744	48 851 193	51 849 000
Rent on land	5 772	6 711	612	1 650
Financial transactions in assets and liabilities	51 760	111 419	691 991	1 200
Unauthorised expenditure	-	-	-	-
Total current payments	99 981 943	104 419 879	112 639 899	126 089 161
Transfers and subsidies to:				
Provinces and municipalities	116 059 247	135 065 945	152 623 682	172 347 990
Provinces	107 375 564	122 833 791	137 928 601	154 691 889
Provincial Revenue Funds	107 317 364	122 673 126	137 835 558	154 528 280
Provincial agencies and funds	58 200	160 665	93 043	163 609
Municipalities	8 683 683	12 232 154	14 695 081	17 656 101
Municipal bank accounts	8 683 683	12 232 154	14 695 063	17 656 101
Municipal agencies and funds	-	-	18	-
Departmental agencies and accounts	24 813 841	26 987 529	29 057 611	37 482 355
Social security funds	344 983	18 010	12 013	2 714 001
Departmental agencies (non-business entities)	24 468 858	26 969 519	29 045 598	34 768 354
Universities and technikons	7 528 529	8 382 933	9 328 397	9 933 311
Public corporations and private enterprises	7 267 427	7 784 493	9 798 720	12 385 735
Public corporations	4 879 098	5 001 346	6 681 093	8 863 973
Subsidies on products or production	3 752 124	3 755 564	3 924 796	4 290 181
Other transfers	1 126 974	1 245 782	2 756 297	4 573 792
Private enterprises	2 388 329	2 783 147	3 117 627	3 521 762
Subsidies on products or production	2 338 106	2 644 668	2 909 289	3 165 003
Other transfers	50 223	138 479	208 338	356 759
Foreign governments and international organisations	700 792	817 578	709 244	1 019 454
Non-profit institutions	325 759	484 999	574 509	576 136
Households	30 543 886	40 298 589	48 369 862	57 187 410
Social benefits	29 217 477	38 465 238	46 506 605	53 276 361
Other transfers to households	1 326 409	1 833 351	1 863 257	3 911 049
Total transfers and subsidies	187 239 481	219 822 066	250 462 025	290 932 391
Payments for capital assets				
Buildings and other fixed structures	2 194 552	2 261 307	2 691 101	3 267 110
Buildings	1 734 511	1 712 877	2 262 303	2 594 574
Other fixed structures	460 041	548 430	428 798	672 536
Machinery and equipment	2 043 091	2 157 632	2 656 671	2 402 625
Transport equipment	676 138	926 136	1 063 079	939 206
Other machinery and equipment	1 366 953	1 231 496	1 593 592	1 463 419
Cultivated assets	63	89	271	25
Software and other intangible assets	17 686	18 795	65 827	219 768
Land and subsoil assets	17 132	1 258	-	-
Total payments for capital assets	4 272 524	4 439 081	5 413 870	5 889 528
Total	291 493 948	328 681 026	368 515 794	422 911 080
Standing appropriations	30 021	28 162	25 401	22 000
Unallocated	-	-	-	-
Contingency reserve	-	-	-	-
Projected underspending	-	-	-	(2 500 000)
Total	291 523 969	328 709 188	368 541 195	420 433 080

Table 4 Economic classification of expenditure 2002/03 to 2008/09

Revised estimate	Medium-term expenditure estimates			R thousand
	2005/06	2006/07	2007/08	
47 914 575	54 080 725	58 866 978	62 971 152	Current payments
37 959 422	43 350 817	47 166 164	50 317 676	Compensation of employees
9 955 154	10 729 908	11 700 814	12 653 477	Salaries and wages
25 154 648	28 616 064	30 986 759	33 447 822	Social contributions
51 170 738	52 050 749	53 324 768	55 716 806	Goods and services
51 160 000	52 049 000	53 324 000	55 716 000	Interest and rent on land
10 738	1 749	768	806	Interest
38 526	–	–	–	Rent on land
–	–	–	–	Financial transactions in assets and liabilities
				Unauthorised expenditure
124 278 487	134 747 538	143 178 505	152 135 780	Total current payments
172 145 644	204 414 189	228 554 886	255 177 650	Transfers and subsidies to:
154 489 608	177 101 383	196 978 817	218 315 778	Provinces and municipalities
154 395 999	176 679 371	196 350 704	217 481 422	Provinces
93 609	422 012	628 113	834 356	Provincial Revenue Funds
17 656 036	27 312 806	31 576 069	36 861 872	Provincial agencies and funds
17 656 036	27 312 806	31 376 069	36 501 872	Municipalities
–	–	200 000	360 000	Municipal bank accounts
37 418 586	36 891 901	39 311 065	42 849 722	Municipal agencies and funds
2 714 001	11 601	12 131	12 856	Departmental agencies and accounts
34 704 585	36 880 300	39 298 934	42 836 866	Social security funds
9 933 311	10 840 705	11 668 590	12 622 504	Departmental agencies (non-business entities)
12 280 737	11 063 442	11 619 911	12 518 585	Universities and technikons
8 813 973	7 451 477	7 884 578	8 475 545	Public corporations and private enterprises
4 290 181	4 747 093	5 475 468	6 343 951	Public corporations
4 523 792	2 704 384	2 409 110	2 131 594	Subsidies on products or production
3 466 764	3 611 965	3 735 333	4 043 039	Other transfers
3 164 942	3 335 169	3 448 432	3 745 305	Private enterprises
301 822	276 796	286 901	297 734	Subsidies on products or production
938 582	976 430	1 088 975	1 206 764	Other transfers
576 205	1 005 831	1 243 096	1 431 421	Foreign governments and international organisations
55 729 070	63 685 529	69 583 743	75 729 195	Non-profit institutions
52 974 108	59 058 759	64 102 790	69 893 015	Households
2 754 962	4 626 770	5 480 953	5 836 180	Social benefits
				Other transfers to households
289 022 135	328 878 027	363 070 264	401 535 841	Total transfers and subsidies
2 821 436	3 317 020	3 952 146	4 641 907	Payments for capital assets
2 333 574	3 059 385	3 518 766	4 304 320	Buildings and other fixed structures
487 862	257 635	433 380	337 587	Buildings
2 646 249	2 610 929	2 585 001	2 702 169	Other fixed structures
1 199 878	1 066 956	1 113 143	1 167 214	Machinery and equipment
1 446 371	1 543 973	1 471 858	1 534 955	Transport equipment
158	–	–	–	Other machinery and equipment
185 413	47 926	63 299	86 049	Cultivated assets
–	150	70	70	Software and other intangible assets
				Land and subsoil assets
5 653 256	5 976 025	6 600 516	7 430 194	Total payments for capital assets
418 953 878	469 601 590	512 849 286	561 101 815	Total
22 000	23 320	24 486	26 029	Standing appropriations
–	600 000	1 300 000	2 140 000	Unallocated
–	2 500 000	5 000 000	8 000 000	Contingency reserve
–	–	–	–	Projected underspending
418 975 878	472 724 910	519 173 772	571 267 844	Total

Table 5 Amounts to be appropriated from the National Revenue Fund for 2006/07

	Appropriated (including statutory amounts)	Current payments	Transfers and subsidies	Payments for capital assets	To be appropriated	Increase/ (Decrease)
R thousand	2005/06	2006/07				
Central Government Administration						
The Presidency	215 456	225 352	26 407	6 277	258 036	42 580
Parliament	885 561	830 570	158 061	22 720	1 011 351	125 790
Foreign Affairs	2 595 071	2 158 818	485 579	397 752	3 042 149	447 078
Home Affairs	2 972 711	1 844 348	361 169	594 888	2 800 405	(172 306)
Provincial and Local Government	15 580 777	322 600	24 574 782	6 058	24 903 440	9 322 663
Public Works	5 554 051	1 251 595	1 226 310	602 276	3 080 181	(2 473 870)
Financial and Administration Services						
Government Communication and Information System	249 130	192 937	93 083	2 017	288 037	38 907
National Treasury	201 821 899	54 476 774	163 860 550	12 551	218 349 875	16 527 976
Public Enterprises	91 983	101 905	581 086	466	683 457	591 474
Public Service and Administration	167 726	323 027	409	2 174	325 610	157 884
Public Service Commission	82 050	94 654	92	1 582	96 328	14 278
South African Management Development Institute	57 047	33 466	23 063	2 389	58 918	1 871
Statistics South Africa	691 257	1 031 654	812	42 017	1 074 483	383 226
Social Services						
Arts and Culture	1 082 699	232 999	1 080 681	4 796	1 318 476	235 777
Education	12 397 064	575 864	13 546 832	6 537	14 129 233	1 732 169
Health	9 825 237	808 864	10 433 090	28 042	11 269 996	1 444 759
Labour	6 313 977	1 117 202	5 872 945	22 602	7 012 749	698 772
Social Development	56 549 127	277 304	61 722 516	5 640	62 005 460	5 456 333
Sport and Recreation South Africa	203 628	177 242	172 336	2 575	352 153	148 525
Justice and Protection Services						
Correctional Services	9 234 085	9 234 476	32 348	1 363 888	10 630 712	1 396 627
Defence	22 459 432	14 896 326	8 635 529	298 250	23 830 105	1 370 673
Independent Complaints Directorate	49 522	64 034	72	1 800	65 906	16 384
Justice and Constitutional Development	5 922 038	6 050 504	803 017	459 024	7 312 545	1 390 507
Safety and Security	28 456 995	30 599 004	375 728	1 582 999	32 557 731	4 100 736
Economic Services and Infrastructure						
Agriculture	1 684 738	882 202	1 042 387	33 059	1 957 648	272 910
Communications	1 017 503	304 320	968 884	6 990	1 280 194	262 691
Environmental Affairs and Tourism	1 723 111	615 129	1 388 862	14 062	2 018 053	294 942
Housing	5 191 712	373 512	6 483 438	3 933	6 860 883	1 669 171
Land Affairs	3 881 513	990 648	3 806 189	55 359	4 852 196	970 683
Minerals and Energy	2 117 585	534 923	2 008 633	4 716	2 548 272	430 687
Science and Technology	1 986 639	180 770	2 299 469	133 854	2 614 093	627 454
Trade and Industry	3 076 331	769 869	2 887 190	8 853	3 665 912	589 581
Transport	7 602 159	538 852	12 293 670	37 936	12 870 458	5 268 299
Water Affairs and Forestry	3 557 412	2 635 794	1 632 808	207 943	4 476 545	919 133
Total	415 297 225	134 747 538	328 878 027	5 976 025	469 601 590	54 304 365

Table 6a Summary of conditional grants to provinces¹

R thousand	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimates		
	2002/03	2003/04	2004/05	2005/06	2005/06	2006/07	2007/08	2008/09
Central Government								
Administration								
Provincial and Local Government	241 244	259 552	220 459	–	40 700	–	–	–
Financial Management and Administration Services								
National Treasury	1 950 000	2 534 488	3 348 362	3 730 773	3 730 773	4 118 119	5 324 025	5 696 707
Social Services								
Education	936 100	1 135 930	990 504	1 048 444	1 248 444	1 712 507	1 899 633	2 195 392
Health	6 353 263	6 783 153	7 443 544	8 665 835	8 906 855	10 033 366	10 720 982	11 343 229
Social Development	10 800	–	–	526 391	–	–	–	–
Sport and Recreation South Africa	–	–	9 000	24 000	24 000	119 000	154 000	205 000
Economic Services and Infrastructure								
Agriculture	24 000	66 400	343 800	290 000	410 000	344 500	461 725	483 887
Housing	3 906 674	4 355 239	4 589 137	4 867 876	4 867 876	6 349 949	7 937 946	8 721 382
Land Affairs	–	–	6 250	8 000	8 000	8 000	–	–
Transport	–	–	–	–	–	3 241 000	2 151 000	1 736 000
Total	13 422 081	15 134 762	16 951 056	19 161 319	19 236 648	25 926 441	28 649 311	30 381 597

1. Detail provided in the Division of Revenue Act (2006).

Table 6b Summary of conditional grants to local government (municipalities)¹

R thousand	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimates		
	2002/03	2003/04	2004/05	2005/06	2005/06	2006/07	2007/08	2008/09
Provincial and Local Government	1 959 030	2 593 163	4 902 185	5 636 161	5 947 161	6 465 300	7 348 564	8 253 090
Public Works	259 820	262 357	–	–	–	–	–	–
Financial Management and Administration Services								
National Treasury	306 000	704 830	585 898	548 740	548 740	598 657	1 498 657	1 700 000
Social Services								
Sport and Recreation South Africa	83 780	121 878	133 840	–	–	–	–	–
Economic Services and Infrastructure								
Minerals and Energy	224 763	245 091	196 102	258 000	313 132	391 130	406 627	457 637
Transport	39 744	9 100	–	–	241 710	519 000	624 000	1 790 000
Water Affairs and Forestry	1 042 511	1 294 500	341 145	172 292	164 512	500 000	550 000	600 000
Total	3 915 648	5 230 919	6 159 170	6 615 193	7 215 255	8 474 087	10 427 848	12 800 727

1. Detail provided in the Division of Revenue Act (2006).

Table 7 Summary of training expenditure per vote 2002/03 to 2008/09

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimates		
	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
Central Government Administration							
The Presidency	532	770	886	900	1 000	1 240	1 500
Parliament	500	2 938	5 116	7 135	8 253	8 690	8 690
Foreign Affairs	2 718	2 341	3 386	7 354	10 695	13 182	17 281
Home Affairs	5 912	7 046	20 033	27 191	31 831	35 495	38 659
Provincial and Local Government	1 047	2 679	2 686	1 600	1 390	1 463	1 537
Public Works	6 979	7 046	14 451	7 965	21 000	26 500	31 500
Financial and Administration Services							
Government Communication and Information System	1 462	2 969	3 472	2 612	2 634	2 892	3 030
National Treasury	5 851	6 417	5 439	5 984	6 580	7 240	7 962
Public Enterprises	1 965	1 313	877	714	857	921	1 008
Public Service and Administration	1 046	1 280	1 445	1 600	2 179	2 289	2 412
Public Service Commission	519	393	658	507	867	649	758
South African Management Development Institute	191	172	222	215	251	265	279
Statistics South Africa	3 534	3 366	2 942	3 202	12 290	12 643	13 378
Social Services							
Arts and Culture	624	638	670	690	750	789	818
Education	2 646	6 116	497	1 782	2 289	2 519	2 444
Health	725	1 237	1 386	1 158	4 200	4 410	4 631
Labour	7 002	6 342	37 470	7 937	8 159	8 559	8 980
Social Development	571	682	953	1 120	1 248	1 317	1 385
Sport and Recreation South Africa	343	267	461	409	1 632	1 805	2 024
Justice and Protection Services							
Correctional Services	53 467	52 066	77 021	107 886	113 463	124 905	139 243
Defence	47 340	76 047	64 006	73 901	77 413	77 955	81 893
Independent Complaints Directorate	325	245	392	414	440	465	489
Justice and Constitutional Development	37 545	36 198	10 351	10 991	11 482	12 061	12 749
Safety and Security	350 757	369 101	436 556	481 832	554 719	577 455	625 201
Economic Services and Infrastructure							
Agriculture	2 979	6 363	5 258	6 621	7 658	8 051	8 586
Communications	3 294	2 968	3 995	3 772	3 311	3 466	3 675
Environmental Affairs and Tourism	1 099	1 175	1 865	2 227	2 391	2 542	2 700
Housing	2 399	951	2 504	5 563	5 728	5 898	6 080
Land Affairs	7 128	8 456	9 331	10 042	10 211	9 721	10 118
Minerals and Energy	3 283	5 028	3 856	4 915	5 184	5 495	5 756
Science and Technology	212	2 452	2 681	4 479	4 939	5 000	5 300
Trade and Industry	4 016	10 802	4 318	12 883	12 235	12 788	13 145
Transport	4 086	3 832	3 508	3 287	3 431	3 637	3 855
Water Affairs and Forestry	38 151	43 261	36 003	40 647	44 012	46 463	48 755
Total	600 248	672 957	764 695	849 535	974 721	1 028 770	1 115 821

Table 8 Summary of infrastructure spending per vote 2002/03 to 2008/09

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimates		
	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
Central Government Administration							
Foreign Affairs	87 700	77 602	56 703	132 000	253 000	316 000	223 000
Home Affairs	19 542	28 992	35 952	20 376	104 913	53 500	55 994
Provincial and Local Government	1 865 199	2 286 762	4 439 942	5 436 161	6 265 300	7 148 564	8 053 090
Public Works	155 027	316 832	342 849	439 165	556 297	814 550	1 004 500
Financial and Administration Services							
National Treasury	1 984 920	2 546 488	3 354 699	3 750 773	4 168 119	6 274 025	7 196 707
Social Services							
Arts and Culture	90 449	216 544	286 569	216 086	305 008	244 064	451 522
Education	12 822	42 805	–	–	–	–	–
Health	158 480	382 820	838 005	1 047 218	1 280 284	1 539 296	1 801 264
Justice and Protection Services							
Correctional Services	676 213	493 371	879 805	982 950	1 007 570	1 057 886	1 137 227
Defence	140 736	130 012	154 143	197 522	210 281	482 633	644 472
Justice and Constitutional Development	271 138	258 017	270 483	317 975	268 134	293 622	305 977
Safety and Security	256 840	314 479	368 369	446 569	498 185	708 494	1 188 165
Economic Services and Infrastructure							
Agriculture	33 115	36 614	40 088	60 736	47 970	48 183	50 107
Communications	36 710	–	–	100 000	150 000	150 000	–
Environmental Affairs and Tourism	237 000	269 326	237 364	158 002	169 776	325 556	395 090
Housing	3 800 674	4 246 239	4 473 597	4 843 480	6 349 949	7 937 946	8 721 382
Land Affairs	2 745	8 391	2 624	8 461	9 129	9 524	10 162
Minerals and Energy	225 000	245 000	251 000	313 000	1 368 000	1 423 000	1 600 000
Science and Technology	–	–	–	–	243 000	265 000	385 000
Trade and Industry	58 200	164 482	93 043	268 640	491 942	701 540	911 361
Transport	1 112 072	1 129 694	1 159 276	1 495 343	5 767 550	5 746 428	6 834 627
Water Affairs and Forestry	2 024 758	2 307 630	600 572	627 672	802 322	940 070	988 055
Total	13 249 340	15 502 100	17 885 083	20 862 129	30 316 729	36 479 881	41 957 702

Amounts include Mega infrastructure projects and programmes (over R250 million), other large infrastructure projects (over R20 million), groups of small projects or programmes, infrastructure transfers to other spheres, agencies and departments, fixed installations transferred to households and capital infrastructure maintenance. Details are provided in the annexure to each vote.

