

Introduction

The purpose of the Estimates of National Expenditure (ENE) is to provide a tool to enhance the accountability of the executive to Parliament and civil society, and to allow for the review and monitoring of government's service delivery and spending plans. By providing information that links service delivery to budgets, the ENE deepens the quality of trusteeship exercised over public funds allocated for government programmes.

In keeping with ongoing improvements to the way that public finances are managed and reported, changes have been made to the format of the 2007 ENE. Complementing the information on policy developments, service delivery objectives and targets – alongside three-year spending estimates - several chapters now also include the outcomes or desired results that government programmes will achieve.

Policy choices inform budgets

Medium-term budgeting is more than just numbers – it is about policy prioritisation, planning and reaching agreement on spending plans that support government's objectives.

Each year government undertakes a review of policy priorities and key spending programmes. This review, or budget process as it is commonly known, begins with the Minister of Finance inviting his Cabinet colleagues to present to the Ministers' Committee on the Budget (MinComBud¹) an overview of policy priorities that may need to be accommodated in the next MTEF. Following careful examination of budget proposals by Treasury budget analysts, and extensive consultation with departments and intergovernmental forums, a spending plan for the next three years is proposed to Cabinet. The budget process is run alongside the review of government's economic forecasts and fiscal policy, and is guided by the political oversight of the Ministers' Committee on the Budget.

Outcomes

To improve information on the link between the objectives of government and policy developments in departments, a number of chapters in the 2007 ENE provide a brief discussion on outcomes or the desired results to be achieved.

Outcomes refer to the impact or consequences that government programmes have on society. In other words, outcomes represent the likely or achieved short-term and medium term effects of the outputs delivered or produced. Some outcomes with their corresponding outputs, taken from chapters in the ENE, are illustrated in the table below:

Outcomes	Outputs
Poverty alleviation	Social assistance progressive realisation plan Land acquired for sustainable human settlement, and for industrial and economic development Short-term jobs offered by the expanded public works programme Reliable and sustainable supply of water provided for basic use and economic development
Economic growth and job creation	National freight information system operational by March 2008 New regulations for registering private FET institutions Rehabilitation of electricity infrastructure to improve quality of supply Establishment of indigenous knowledge systems research laboratories Increased regional intra-Africa trade and successful technical and business missions

The impact that programme outputs have on society (outcomes) also plays a significant role in government's decision to allocate additional resources for public programmes.

¹ The political committee that considers key policy and budgetary issues that pertain to the budget process before they are tabled in Cabinet.

Additional allocations

The budget process that started soon after the tabling of the 2006 Budget, resulted in the allocation of an additional R89,5 billion to government programmes to take forward key priorities over the next three years. The revised national budget framework provides for total additional spending by national departments of R7,3 billion in 2007/08, R8,4 billion in 2008/09 and R16,5 billion in 2009/10.

A summary of additional funding to national departments, including the adjustments made to provincial and local conditional grants, is provided here:

Central government and financial and administrative services

The **Department of Foreign Affairs** receives an additional R1,6 billion, of which R909 million takes into account foreign exchange adjustments due to the depreciation of the currency. South Africa's continued involvement in Africa is supported by a further allocation of R275 million for the African Renaissance Fund and R151 million for the African agenda.

The increase to the budget of the **Department of Home Affairs** totals R1,1 billion, which includes allocations of R113 million and R37 million to the Independent Electoral Commission and the Film and Publication Board, respectively. Of the total allocation to the department, R600 million is conditional on the approval of a service delivery improvement plan.

Of the total addition of R485 million to the **Department of Provincial and Local Government**, R400 million is added to the municipal infrastructure grant in 2007/08. The balance of R85 million will be allocated to various commissions and boards, the cities network, and for the improved co-ordination of disaster management.

The budget of the **Department of Public Works** is augmented by a further R764 million, of which R380 million will go towards critical maintenance and upgrading border posts, and R125 million to improve the department's capacity to manage the expanded public works programme. Smaller amounts totalling R259 million are allocated for human resources and IT capacity, and support to the construction industry.

The grants for provincial infrastructure, located in the budget of the **National Treasury**, are increased by R4,3 billion over the next three years. The transfer to the South African Revenue Service (SARS) is increased by R1,3 billion mainly for customs modernisation and the purchase of container scanners. A new capacity building initiative in municipalities – Siyenza Manje – will receive an initial allocation of R741 million over the next three years.

Statistics SA is allocated an additional R730 million, of which R230 million will support the labour and employment survey, and R340 million goes towards the population dynamics survey. The balance of R160 million will contribute to capacity and infrastructure for various surveys and preparations for the next census.

Social Services

The largest of the revisions in the social services cluster, totalling R4,6 billion, is made to the **Department of Education**. Part of this addition makes provision for an increase of R2,2 billion to the higher education subsidy, which now grows at an annual average rate of over 11 per cent over the next three years. R700 million is recommended for teacher training bursaries over the next three years, and R850 million to accelerate the adult literacy programme.

The social worker scholarship scheme administered by the **Department of Social Development** receives an additional R365 million. The department also receives a baseline increase to improve policy implementation, and an adjustment of R110 million to the South African Social Security Agency for the capital and operational costs of the management information system.

On top of the R600 million in the 2006 Adjustments Estimates of National Expenditure for 2010 FIFA World Cup stadiums, the **Department of Sports and Recreation** receives an additional R7,8 billion, which will be

awarded to host cities in the form of a local government conditional grant, subject to the provisions that will be contained in the 2007 Division of Revenue Bill.

Justice, Crime Prevention and Security Services

The security cluster departments receive additional funds totalling R7,6 billion, and an amount of R5,1 billion that is reprioritised within the cluster. Total reprioritised funds amount to R6,2 billion from the baseline of the **Department of Correctional Services**, of which R2,8 billion is rescheduled in the department's baseline.

Reprioritised funds from the Department of Correctional Services

Total available for reprioritisation	R6,157 billion
Reprioritised within DCS	R2,767 billion
Reallocated within the JCPS cluster	R2,345 billion
Reallocated outside the cluster	R1,045 billion

The **Department of Defence** receives the largest portion of additional funding within the justice, crime prevention and security cluster totalling R6,2 billion to sustain its general modernisation programme and also to provide further support for military skills training and recruitment. An amount of R2 billion compensates the department for upward revisions to foreign exchange projections that relate to the strategic arms procurement programme.

The capacity of the **Department of Safety and Security** to sustain recruitment levels, train new police and civilian staff, and improve working conditions is supported with an additional allocation of R1,1 billion, alongside an additional R665 million to ensure adequate and appropriate policing during the 2010 FIFA World Cup. Improved capacity for effective policing in the form of infrastructure and maintenance, and a vehicle deployment system receives R556 million over the next three years.

R473 million in 2007/08, R635 million in 2008/09 and R836 million in 2009/10 is added to the baseline of the **Department of Justice and Constitutional Development** to improve capacity and further support the department's ability to reduce case backlogs. Of this amount, R270 million is earmarked to improve the capacity of the Special Investigations Unit and the Legal Aid Board. Over the next three years the department is allocated R277 million towards the modernisation of the justice system.

Economic Services

The **Department of Science and Technology** receives additional funding of R1,2 billion. This includes government's 10 per cent commitment in support of the international bid for the Square Kilometre Array telescope, which receives a total of R500 million by 2009/10. Additional funding to Science and Technology also increases the transfers to several science institutions in support of training in science and engineering, and innovation and research.

An amount of R933 million is proposed for the recapitalisation of Denel in 2007/08, which follows an amount of R567 million included in the 2006/07 adjustments budget for the entity.

The **Department of Trade and Industry** receives an additional R1,7 billion, of which R300 million will support the film and TV incentive scheme. Support for small enterprises is provided through an increase in transfers to Khula Enterprise Finance and the Small Enterprise Development Agency (SEDA) of R105 million and R150 million, respectively, over the MTEF period.

Various adjustments are also made to the baselines of the departments of **Agriculture, Communications and Environmental Affairs**. These revisions include support for Sentech's digitisation project.

Urban development and planning

The **Department of Minerals and Energy** receives a total increase of R1,7 billion over the MTEF period, of which R1 billion is designated as an increase for the electrification programme.

The integrated housing and human settlements grant is increased by R2,7 billion over the next three years. This will enable the **Department of Housing** to sustain the rollout of two pilot housing projects – N2 Gateway and Soweto on Sea. Provision is also made in the new funding to make inflation linked adjustments to the housing subsidy and to address the problem of blocked housing projects.

The additional allocation to the **Department of Transport** totals R12,4 billion. Of this amount, transfers to the South African Rail Commuter Corporation (SARCC) and the South African National Roads Agency Limited (SANRAL) are increased over the MTEF period by R1,9 billion and R1,5 billion respectively. These adjustments increase the total transfer to the SARCC to R4 billion in 2007/08, rising to R6,2 billion in 2009/10. The transfer to the National Roads Agency totals R3,4 billion in 2007/08, rising to R5,5 billion in 2009/10.

The additional funding to the department also provides for an increase of R4,3 billion to the public transport infrastructure and systems grant and the national contribution to the Gautrain Rapid Rail Link project.

The **Department of Water Affairs and Forestry** receives a total budget increase of R3,2 billion, of which R2,1 billion is earmarked for sanitation and waste disposal infrastructure projects.

Overview of expenditure

The main budget provides for total expenditure of R533,9 billion in 2007/08, increasing to R650,3 billion in 2009/10. Real non-interest expenditure grows strongly at a rate of 7,7 per cent over the MTEF period. 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.

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Table 1. Main budget framework, 2003/04 – 2009/10

	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
	Audited outcome			Revised estimate	Medium-term estimates		
R million							
Revenue (National Revenue Fund)							
Tax revenue (gross)	302 508	354 980	417 334	489 662	556 562	606 870	659 820
Departmental and other receipts, and repayments	6 646	6 202	8 559	11 346	11 093	11 371	11 246
Less: SACU payments	(9 723)	(13 328)	(14 145)	(25 172)	(23 053)	(27 075)	(29 551)
Total revenue	299 431	347 854	411 748	475 836	544 602	591 166	641 515
<i>Percentage of GDP</i>	23.2%	24.3%	26.1%	27.1%	28.1%	27.6%	27.0%
Expenditure							
State debt cost	46 313	48 851	50 912	52 178	52 916	52 967	50 915
<i>Percentage of GDP</i>	3.6%	3.4%	3.2%	3.0%	2.7%	2.5%	2.1%
Current payments ¹	58 121	63 796	71 134	80 037	91 413	99 193	109 296
Transfers and subsidies	219 891	250 548	287 702	332 707	379 897	427 013	469 109
Payments for capital assets ¹	4 384	5 346	7 012	5 693	6 647	7 026	7 981
Contingency reserve	–	–	–	–	3 000	8 000	13 000
Total expenditure	328 709	368 541	416 760	470 614	533 873	594 198	650 301
<i>Percentage of GDP</i>	25.5%	25.8%	26.4%	26.8%	27.5%	27.7%	27.3%
Budget deficit ²	-29 278	-20 687	-5 012	5 221	10 728	-3 032	-8 787
<i>Percentage of GDP</i>	-2.3%	-1.4%	-0.3%	0.3%	0.6%	-0.1%	-0.4%
<i>Gross domestic product</i>	1 288 952	1 430 673	1 580 119	1 755 340	1 938 934	2 141 747	2 379 299

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

2. A positive number reflects a surplus and a negative number a deficit.

Table 2. Allocation of additional funds 2007/08 – 2009/10

R million	2007/08	2008/09	2009/10	Total
	Medium-term expenditure estimates			
Central Government Administration	1 922	2 129	4 886	8 936
1. Presidency	–	–	–	–
2. Parliament	1	1	5	7
3. Foreign Affairs	447	443	732	1 622
4. Home Affairs	261	418	380	1 058
5. Provincial and Local Government	1 020	1 025	3 440	5 485
6. Public Works	193	243	328	764
Financial and Administrative Services	1 923	2 376	3 921	8 220
7. Government Communication and Information System	56	44	48	148
8. National Treasury	1 599	2 032	3 413	7 044
9. Public Service and Administration	80	112	33	224
10. Public Service Commission	4	4	4	12
11. SA Management Development Institute	14	19	29	62
12. Statistics South Africa	170	166	394	730
Social Services	4 576	6 693	6 836	18 105
13. Arts and Culture	74	108	175	357
14. Education	658	1 536	2 396	4 590
15. Health	640	1 241	1 932	3 813
16. Labour	436	21	26	483
17. Social Development	10	(127)	800	683
18. Sport and Recreation South Africa	2 758	3 914	1 507	8 179
Justice and Protection Services	2 899	4 399	5 723	13 022
19. Correctional Services	953	966	1 011	2 929
20. Defence	1 256	2 283	2 706	6 245
21. Independent Complaints Directorate	7	12	16	35
22. Justice and Constitutional Development	325	478	659	1 461
23. Safety and Security	358	661	1 332	2 351
Economic Services and Infrastructure	5 772	7 729	11 443	24 945
24. Agriculture	88	85	65	238
25. Communications	131	117	130	377
26. Environmental Affairs and Tourism	178	154	156	488
27. Housing	302	1 134	1 294	2 730
28. Land Affairs	1	1	5	7
29. Minerals and Energy	249	454	959	1 662
30. Public Enterprises	946	13	15	974
31. Science and Technology	234	389	606	1 229
32. Trade and Industry	888	340	448	1 676
33. Transport	2 259	4 063	6 062	12 384
34. Water Affairs and Forestry	497	979	1 704	3 180
Total	17 092	23 327	32 809	73 228

Table 3. Expenditure by national vote 2003/04 to 2009/10

R thousand	Audited outcome			Adjusted appropriation
	2003/04	2004/05	2005/06	2006/07
Central Government Administration				
Presidency	142 699	167 694	190 091	238 865
Parliament	448 541	580 768	673 842	782 133
Foreign Affairs	2 163 769	2 393 085	2 687 711	3 042 149
Home Affairs	2 022 015	2 069 443	3 172 075	2 800 405
Provincial and Local Government	9 456 254	13 138 230	15 976 128	25 392 288
Public Works	2 028 279	2 248 778	2 354 255	3 116 762
Financial and Administration Services				
Government Communication and Information System	185 989	211 291	253 573	294 580
National Treasury	12 140 073	13 535 362	13 100 727	16 752 901
Public Service and Administration	160 731	134 066	197 007	442 426
Public Service Commission	69 272	76 976	91 054	97 003
South African Management Development Institute	36 938	34 387	55 387	58 918
Statistics South Africa	300 266	371 234	643 917	1 161 781
Social Services				
Arts and Culture	924 057	1 113 751	1 121 025	1 330 139
Education	10 557 016	11 340 379	12 436 807	14 299 176
Health	7 735 555	8 454 861	9 937 084	11 453 993
Labour	1 071 848	1 163 530	1 295 909	1 493 495
Social Development	39 357 272	47 766 267	55 067 840	62 382 425
Sport and Recreation South Africa	224 087	282 530	436 842	959 946
Justice and Protection Services				
Correctional Services	7 849 714	8 828 792	9 631 216	9 831 512
Defence	20 504 686	20 201 343	23 510 541	23 902 904
Independent Complaints Directorate	41 280	46 984	54 506	65 906
Justice and Constitutional Development	4 236 415	4 670 011	5 153 538	6 478 647
Safety and Security	22 692 887	25 414 522	29 360 784	32 521 231
Economic Services and Infrastructure				
Agriculture	1 194 776	1 408 183	1 906 831	2 367 630
Communications	840 965	1 654 036	1 034 425	1 322 306
Environmental Affairs and Tourism	1 455 644	1 660 500	1 775 686	2 061 804
Housing	4 559 955	4 808 423	5 248 753	7 333 726
Land Affairs	1 635 880	2 021 990	2 876 896	3 730 196
Minerals and Energy	1 812 453	1 876 428	2 191 613	2 635 100
Public Enterprises	83 966	678 686	2 671 483	2 869 923
Science and Technology	1 391 582	1 632 877	2 041 272	2 617 093
Trade and Industry	2 349 229	2 521 895	3 056 440	3 942 028
Transport	6 232 543	6 679 868	10 409 892	13 746 790
Water Affairs and Forestry	4 251 462	3 857 677	3 803 965	4 660 303
Total appropriation by vote	170 158 100	193 044 846	224 419 115	266 186 484
Plus:				
Direct charges against the National Revenue Fund				
State debt cost (National Treasury)	46 312 940	48 851 192	50 911 999	52 588 080
Provincial equitable share (National Treasury)	107 538 362	120 884 502	135 291 632	150 752 930
Skills development programme (Labour)	3 777 008	4 725 396	4 883 330	5 500 000
Judges and Magistrates salaries (Justice and Constitutional Development)	191 331	203 903	211 719	229 218
Members remuneration (Parliament)	729 703	829 355	1 040 098	1 071 056
President and Deputy President salaries (Presidency)	1 744	2 001	2 012	2 154
Total direct charges against the National Revenue Fund	328 709 188	368 541 195	416 759 905	476 329 922
Contingency reserve	-	-	-	-
Projected underspending	-	-	-	(2 100 000)
Total	328 709 188	368 541 195	416 759 905	474 229 922

Table 3. Expenditure by national vote 2003/04 to 2009/10

Revised estimate	Medium-term expenditure estimates			R thousand
	2006/07	2007/08	2008/09	
				Central Government Administration
230 865	254 741	263 026	271 748	Presidency
632 374	835 714	882 889	929 220	Parliament
3 022 149	3 856 363	4 088 038	4 665 358	Foreign Affairs
2 496 914	3 314 589	4 160 130	4 301 017	Home Affairs
25 389 975	28 844 175	32 477 946	39 262 113	Provincial and Local Government
3 108 198	3 693 120	4 122 101	4 708 448	Public Works
				Financial and Administration Services
294 580	375 812	389 553	426 726	Government Communication and Information System
16 504 030	19 708 178	21 840 682	24 005 300	National Treasury
442 426	357 283	409 577	343 471	Public Service and Administration
96 383	105 357	110 506	116 965	Public Service Commission
58 918	71 126	75 954	87 221	South African Management Development Institute
1 103 333	1 100 289	1 250 996	1 545 356	Statistics South Africa
				Social Services
1 330 139	1 608 019	2 083 924	2 368 107	Arts and Culture
14 255 176	16 000 923	18 226 271	19 400 945	Education
11 356 643	12 655 132	13 943 763	15 199 430	Health
1 433 244	2 032 865	1 698 385	1 790 112	Labour
61 870 291	67 232 108	73 220 351	79 269 425	Social Development
922 159	3 157 222	4 364 439	1 980 002	Sport and Recreation South Africa
				Justice and Protection Services
9 224 512	10 742 331	11 365 798	12 267 765	Correctional Services
23 876 304	25 922 255	28 016 354	28 631 770	Defence
61 906	80 891	95 367	110 663	Independent Complaints Directorate
5 885 751	7 277 770	8 166 452	9 228 310	Justice and Constitutional Development
32 521 231	35 917 470	39 143 474	43 568 788	Safety and Security
				Economic Services and Infrastructure
2 327 630	2 281 166	2 384 956	2 400 414	Agriculture
1 317 019	1 423 533	1 476 894	1 517 241	Communications
2 027 104	2 590 771	2 786 277	2 969 774	Environmental Affairs and Tourism
6 915 726	8 877 608	10 585 351	12 528 809	Housing
3 330 196	5 678 519	5 995 335	5 190 876	Land Affairs
2 516 498	2 966 113	3 408 012	4 147 078	Minerals and Energy
2 869 923	1 063 966	140 703	149 910	Public Enterprises
2 617 093	3 142 479	3 639 497	4 088 361	Science and Technology
3 842 028	4 845 583	4 667 364	5 291 423	Trade and Industry
13 101 639	15 857 923	19 576 364	21 454 558	Transport
3 866 303	5 306 347	6 604 984	7 871 308	Water Affairs and Forestry
260 848 660	299 177 741	331 661 713	362 088 012	Total appropriation by vote
				Plus:
				Direct charges against the National Revenue Fund
52 178 000	52 916 000	52 967 000	50 915 000	State debt cost (National Treasury)
150 752 930	171 271 393	193 473 825	215 784 312	Provincial equitable share (National Treasury)
5 500 000	6 000 000	6 500 000	6 825 000	Skills development programme (Labour)
222 812	242 380	253 979	266 678	Judges' and magistrates' salaries (Justice and Constitutional Development)
1 109 739	1 263 518	1 339 329	1 419 689	Members' remuneration (Parliament)
2 154	2 219	2 352	2 469	President and Deputy President salaries (Presidency)
470 614 295	530 873 251	586 198 198	637 301 160	Total direct charges against the National Revenue Fund
-	3 000 000	8 000 000	13 000 000	Contingency reserve
-	-	-	-	Projected underspending
470 614 295	533 873 251	594 198 198	650 301 160	Total

Table 4. Economic classification of expenditure 2003/04 to 2009/10

R thousand	Audited outcome			Adjusted appropriation
	2003/04	2004/05	2005/06	2006/07
Current payments				
Compensation of employees	38 523 603	41 392 335	45 572 673	53 037 975
Salaries and wages	30 296 196	32 885 601	36 356 691	42 416 516
Social contributions	8 227 407	8 506 734	9 215 982	10 621 459
Goods and services	19 428 745	21 702 765	25 247 094	29 373 927
Interest and rent on land	46 347 455	48 851 805	50 912 197	52 589 829
Interest	46 340 744	48 851 193	50 911 999	52 588 080
Rent on land	6 711	612	198	1 749
Financial transactions in assets and liabilities	134 226	700 357	314 445	3 703
Unauthorised expenditure	-	-	-	-
Total current payments	104 434 029	112 647 262	122 046 409	135 005 434
Transfers and subsidies to:				
Provinces and municipalities	134 845 465	152 463 094	171 195 539	206 749 741
Provinces	122 673 126	137 835 558	153 781 948	178 304 984
Provincial Revenue Funds	122 673 126	137 835 558	153 781 948	178 304 984
Provincial agencies and funds	-	-	-	-
Municipalities	12 172 339	14 627 536	17 413 591	28 444 757
Municipalities	12 172 339	14 627 536	17 413 591	28 444 757
Municipal agencies and funds	-	-	-	-
Departmental agencies and accounts	27 132 535	29 194 645	37 529 900	38 197 193
Social security funds	18 010	12 070	2 712 495	19 601
Departmental agencies (non-business entities)	27 114 525	29 182 575	34 817 405	38 177 592
Universities and technikons	8 382 933	9 328 397	9 784 308	11 022 603
Public corporations and private enterprises	7 970 988	9 928 090	12 558 188	14 698 721
Public corporations	5 187 841	6 802 134	9 101 882	11 000 260
Subsidies on products or production	3 755 564	3 924 796	4 281 430	5 484 087
Other transfers	1 432 277	2 877 338	4 820 452	5 516 173
Private enterprises	2 783 147	3 125 956	3 456 306	3 698 461
Subsidies on products or production	2 644 668	2 909 289	3 231 691	3 402 769
Other transfers	138 479	216 667	224 615	295 692
Foreign governments and international organisations	795 741	680 293	852 006	977 932
Non-profit institutions	485 003	574 509	850 446	970 788
Households	40 278 804	48 379 173	54 931 113	62 677 138
Social benefits	38 465 243	46 523 328	52 427 552	59 085 308
Other transfers to households	1 813 561	1 855 845	2 503 561	3 591 830
Total transfers and subsidies	219 891 469	250 548 201	287 701 500	335 294 116
Payments for capital assets				
Buildings and other fixed structures	2 206 203	2 623 475	2 877 794	3 124 893
Buildings	1 712 758	2 225 600	2 392 239	2 922 829
Other fixed structures	493 445	397 875	485 555	202 064
Machinery and equipment	2 157 587	2 648 744	3 867 141	2 666 297
Transport equipment	926 136	1 071 312	1 385 885	1 072 161
Other machinery and equipment	1 231 451	1 577 432	2 481 256	1 594 136
Cultivated assets	89	271	179	-
Software and other intangible assets	18 553	73 243	266 882	122 182
Land and subsoil assets	1 258	-	-	117 000
Total payments for capital assets	4 383 690	5 345 733	7 011 996	6 030 372
Total	328 709 188	368 541 195	416 759 905	476 329 922
Unallocated	-	-	-	-
Contingency reserve	-	-	-	-
Projected underspending	-	-	-	(2 100 000)
Total	328 709 188	368 541 195	416 759 905	474 229 922

Table 4. Economic classification of expenditure 2003/04 to 2009/10

Revised estimate	Medium-term expenditure estimates			R thousand
	2006/07	2007/08	2008/09	
51 295 114	57 809 353	62 164 956	67 471 788	Current payments
40 905 860	46 390 130	49 984 066	54 413 250	Compensation of employees
10 389 254	11 419 223	12 180 890	13 058 538	Salaries and wages
28 736 227	33 602 709	37 027 047	41 812 959	Social contributions
52 179 749	52 916 768	52 967 805	50 915 850	Goods and services
52 178 000	52 916 000	52 967 000	50 915 000	Interest and rent on land
1 749	768	805	850	Interest
3 703	-	-	-	Rent on land
-	-	-	-	Financial transactions in assets and liabilities
				Unauthorised expenditure
132 214 793	144 328 830	152 159 807	160 200 597	Total current payments
205 744 398	237 950 010	272 067 498	301 090 108	Transfers and subsidies to:
177 886 984	202 765 115	229 295 875	254 444 296	Provinces and municipalities
177 886 984	202 765 115	229 295 875	254 444 296	Provinces
-	-	-	-	Provincial Revenue Funds
27 857 414	35 184 895	42 771 623	46 645 812	Provincial agencies and funds
27 857 414	35 184 895	42 771 623	46 645 812	Municipalities
-	-	-	-	Municipalities
37 839 493	43 901 750	48 762 086	52 520 511	Municipal agencies and funds
14 801	12 131	12 856	13 536	Departmental agencies and accounts
37 824 692	43 889 619	48 749 230	52 506 975	Social security funds
11 028 103	11 967 790	13 333 704	14 701 375	Departmental agencies (non-business entities)
14 614 977	14 860 577	14 589 894	17 276 152	Universities and technikon
11 057 232	10 671 693	10 369 940	12 676 368	Public corporations and private enterprises
5 464 087	5 828 994	6 864 379	8 667 482	Public corporations
5 593 145	4 842 699	3 505 561	4 008 886	Subsidies on products or production
3 557 745	4 188 884	4 219 954	4 599 784	Other transfers
3 276 030	3 593 300	3 915 391	4 261 891	Private enterprises
281 715	595 584	304 563	337 893	Subsidies on products or production
981 041	941 847	988 800	1 016 627	Other transfers
870 727	1 393 594	1 754 384	2 079 958	Foreign governments and international organisations
61 627 802	68 881 857	75 516 193	80 434 567	Non-profit institutions
58 606 053	64 080 317	69 733 465	75 440 198	Households
3 021 749	4 801 540	5 782 728	4 994 369	Social benefits
				Other transfers to households
332 706 541	379 897 425	427 012 559	469 119 298	Total transfers and subsidies
2 637 027	3 319 412	4 202 301	4 792 698	Payments for capital assets
2 451 963	3 186 014	3 956 404	4 545 748	Buildings and other fixed structures
185 064	133 398	245 897	246 950	Buildings
2 800 762	2 465 522	2 312 734	2 648 214	Other fixed structures
1 337 628	1 338 487	1 282 988	1 406 600	Machinery and equipment
1 463 134	1 127 035	1 029 745	1 241 614	Transport equipment
579	500	535	10 214	Other machinery and equipment
137 593	524 509	510 262	530 139	Cultivated assets
117 000	337 053	-	-	Software and other intangible assets
				Land and subsoil assets
5 692 961	6 646 996	7 025 832	7 981 265	Total payments for capital assets
470 614 295	530 873 251	586 198 198	637 301 160	Total
-	1 000 000	2 000 000	3 000 000	Unallocated
-	2 000 000	6 000 000	10 000 000	Contingency reserve
-	-	-	-	Projected underspending
470 614 295	533 873 251	594 198 198	650 301 160	Total

Table 5. Amounts to be appropriated from the National Revenue Fund for 2007/08

	Appropriated (including direct charges	Current payments	Transfers and subsidies	Payments for capital assets	To be appropriated	Increase/ (Decrease)
R thousand	2006/07	2007/08				
Central Government Administration						
Presidency	258 036	225 357	24 716	6 887	256 960	(1 076)
Parliament	1 011 351	817 206	247 903	12 985	1 078 094	66 743
Foreign Affairs	3 042 149	2 772 176	640 153	444 034	3 856 363	814 214
Home Affairs	2 800 405	2 079 228	508 523	726 838	3 314 589	514 184
Provincial and Local Government	24 903 440	352 077	28 486 832	5 266	28 844 175	3 940 735
Public Works	3 080 181	1 465 430	1 412 142	815 548	3 693 120	612 939
Financial and Administration Services						
Government Communication and Information System	288 037	250 515	123 087	2 210	375 812	87 775
National Treasury	218 373 195	55 600 869	188 282 812	11 890	243 895 571	25 522 376
Public Service and Administration	325 610	335 291	18 868	3 124	357 283	31 673
Public Service Commission	96 328	103 663	27	1 667	105 357	9 029
South African Management Development Institute	58 918	40 293	29 216	1 617	71 126	12 208
Statistics South Africa	1 074 483	1 076 763	1 176	22 350	1 100 289	25 806
Social Services						
Arts and Culture	1 318 476	256 233	1 346 644	5 142	1 608 019	289 543
Education	14 129 233	731 023	15 265 892	4 008	16 000 923	1 871 690
Health	11 269 996	860 193	11 760 745	34 194	12 655 132	1 385 136
Labour	7 012 749	1 159 812	6 835 993	37 060	8 032 865	1 020 116
Social Development	62 005 460	389 836	66 832 820	9 452	67 232 108	5 226 648
Sport and Recreation South Africa	352 153	197 638	2 958 604	980	3 157 222	2 805 069
Justice and Protection Services						
Correctional Services	10 630 712	9 678 717	30 859	1 032 755	10 742 331	111 619
Defence	23 830 105	15 930 305	9 607 151	384 799	25 922 255	2 092 150
Independent Complaints Directorate	65 906	76 527	48	4 316	80 891	14 985
Justice and Constitutional Development	7 312 545	7 102 825	1 006 417	432 046	8 541 288	1 228 743
Safety and Security	32 557 731	33 589 016	320 076	2 008 378	35 917 470	3 359 739
Economic Services and Infrastructure						
Agriculture	1 957 648	921 407	1 308 824	50 935	2 281 166	323 518
Communications	1 280 194	321 689	1 094 301	7 543	1 423 533	143 339
Environmental Affairs and Tourism	2 018 053	639 646	1 947 449	3 676	2 590 771	572 718
Housing	6 860 883	393 596	8 477 441	6 571	8 877 608	2 016 725
Land Affairs	4 852 196	1 265 561	4 014 373	398 585	5 678 519	826 323
Minerals and Energy	2 548 272	574 130	2 382 824	9 159	2 966 113	417 841
Public Enterprises	683 457	129 421	933 620	925	1 063 966	380 509
Science and Technology	2 614 093	222 226	2 917 799	2 454	3 142 479	528 386
Trade and Industry	3 665 912	871 828	3 956 163	17 592	4 845 583	1 179 671
Transport	12 870 458	722 666	15 093 723	41 534	15 857 923	2 987 465
Water Affairs and Forestry	4 476 545	3 175 667	2 030 204	100 476	5 306 347	829 802
Total	469 624 910	144 328 830	379 897 425	6 646 996	530 873 251	61 248 341

Table 6a. Summary of conditional grants to provinces¹

R thousand	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimates		
	2003/04	2004/05	2005/06	2006/07	2006/07	2007/08	2008/09	2009/10
Central Government								
Administration								
Provincial and Local Government	259 552	220 459	40 689	-	-	-	-	-
Financial Management and Administration Services								
National Treasury	2 534 488	3 348 362	2 984 113	4 983 498	4 983 498	6 164 025	6 846 707	7 996 707
Social Services								
Arts and Culture	-	-	-	-	-	180 000	338 000	466 000
Education	1 135 930	990 504	1 248 444	1 712 507	1 712 507	1 905 633	2 201 392	1 501 344
Health	6 783 153	7 443 544	8 907 346	10 206 542	10 206 542	11 320 982	12 543 229	13 725 822
Sport and Recreation South Africa	-	9 000	24 000	119 000	119 000	194 000	290 000	402 250
Economic Services and Infrastructure								
Agriculture	66 400	343 800	410 000	401 138	401 138	461 725	483 887	529 827
Housing	4 355 239	4 589 137	4 867 876	6 822 169	6 404 169	8 237 946	9 852 842	11 530 823
Land Affairs	-	6 250	8 000	8 000	8 000	-	-	-
Trade and Industry	-	-	-	58 200	58 200	-	-	-
Transport	-	-	-	3 241 000	3 241 000	3 029 411	3 265 993	2 507 211
Total	15 134 762	16 951 056	18 490 468	27 552 054	27 134 054	31 493 722	35 822 050	38 659 984

1. Detail provided in the Division of Revenue Bill (2007).

Table 6b. Summary of conditional grants to municipalities¹

R thousand	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimates		
	2003/04	2004/05	2005/06	2006/07	2006/07	2007/08	2008/09	2009/10
Central Government								
Administration								
Provincial and Local Government	2 593 163	4 942 918	5 947 161	6 956 148	6 956 148	7 748 564	8 253 090	9 330 230
Public Works	262 357	-	-	-	-	-	-	-
Financial Management and Administration Services								
National Treasury	645 000	516 900	387 500	640 250	640 250	995 250	1 650 000	1 849 990
Social Services								
Sport and Recreation South Africa	121 878	133 840	-	600 000	600 000	2 700 000	3 800 000	1 300 000
Economic Services and Infrastructure								
Minerals and Energy	245 091	196 102	297 497	391 130	355 097	467 827	595 637	897 008
Transport	9 100	-	241 710	519 000	169 990	1 174 000	3 170 000	2 325 000
Water Affairs and Forestry	1 294 500	341 145	164 512	500 000	300 000	550 000	600 000	462 000
Total	5 171 089	6 130 905	7 038 380	9 606 528	9 021 485	13 635 641	18 068 727	16 164 228

1. Detail provided in the Division of Revenue Bill (2007).

Table 7. Training expenditure per vote 2003/04 to 2009/10

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimates		
	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Central Government Administration							
Presidency	770	886	900	1 000	869	869	1 016
Parliament	2 938	5 116	5 362	13 916	11 773	12 474	13 217
Foreign Affairs	2 341	3 386	20 928	18 255	13 284	15 064	15 966
Home Affairs	7 046	20 033	27 017	31 683	40 187	45 002	48 355
Provincial and Local Government	2 679	2 686	1 600	1 390	1 937	2 034	2 135
Public Works	7 046	14 451	7 965	21 000	26 500	31 500	33 075
Financial and Administration Services							
Government Communication and Information System	2 969	3 472	2 351	2 395	3 842	3 975	4 234
National Treasury	6 417	5 439	17 483	17 460	24 286	26 221	27 239
Public Service and Administration	1 280	1 445	1 600	2 398	2 166	2 250	2 330
Public Service Commission	393	658	372	805	883	924	999
South African Management Development Institute	172	222	215	251	265	279	295
Statistics South Africa	3 366	2 942	3 202	12 290	10 856	12 320	23 703
Social Services							
Arts and Culture	638	670	690	750	860	903	967
Education	6 116	497	1 782	2 289	2 519	2 435	3 395
Health	1 237	1 386	1 158	1 855	4 410	4 631	4 861
Labour	6 342	8 379	6 273	5 861	9 036	9 489	9 966
Social Development	682	953	1 120	1 248	1 987	2 112	2 204
Sport and Recreation South Africa	267	461	409	1 632	1 574	1 659	1 710
Justice and Protection Services							
Correctional Services	52 066	77 021	107 886	117 433	132 317	140 216	149 155
Defence	76 047	64 006	73 901	77 413	70 343	79 406	82 682
Independent Complaints Directorate	245	392	414	440	465	489	514
Justice and Constitutional Development	38 395	21 878	11 755	27 596	20 214	21 231	24 214
Safety and Security	369 101	436 556	626 157	667 454	736 869	803 187	881 097
Economic Services and Infrastructure							
Agriculture	6 363	5 258	6 621	7 658	10 401	16 430	11 802
Communications	2 968	3 995	3 772	3 311	3 005	3 485	4 065
Environmental Affairs and Tourism	1 175	1 865	2 054	2 309	2 542	2 700	2 867
Housing	951	2 504	5 563	5 728	5 898	6 080	5 725
Land Affairs	8 456	9 331	12 153	13 506	12 824	13 560	12 450
Minerals and Energy	5 028	3 856	4 915	5 184	5 995	6 756	7 585
Public Enterprises	1 313	877	714	915	1 077	1 180	1 284
Science and Technology	2 452	2 681	4 479	4 940	5 001	5 299	5 888
Trade and Industry	10 802	4 318	12 883	11 767	13 009	13 460	15 148
Transport	3 013	1 760	2 049	3 431	3 637	3 855	4 085
Water Affairs and Forestry	43 261	36 003	40 647	44 012	46 463	48 755	51 207
Total	674 335	745 383	1 016 390	1 129 575	1 227 294	1 340 230	1 455 435

Table 8. Infrastructure spending per vote 2003/04 to 2009/10 ¹

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimates		
	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Central Government Administration							
Foreign Affairs	67 440	27 296	42 820	261 000	325 294	321 734	330 790
Home Affairs	26 345	20 094	72 339	104 913	53 500	55 994	47 049
Provincial and Local Government	2 286 762	4 439 942	5 436 161	6 265 300	7 548 564	8 053 090	9 130 230
Public Works	271 069	284 426	327 180	493 450	798 450	1 031 208	1 205 639
Financial and Administration Services							
National Treasury	2 546 488	3 354 699	3 004 113	5 033 498	6 664 025	8 346 707	9 646 707
Social Services							
Arts and Culture	211 474	286 569	205 593	309 501	276 925	486 923	392 269
Education	42 805	-	-	-	-	-	-
Health	382 820	838 005	1 047 218	1 269 099	1 934 153	2 318 531	2 537 000
Labour	38 323	29 157	37 173	78 344	86 749	51 112	33 224
Sport and Recreation South Africa	-	-	-	600 000	2 700 000	3 800 000	1 300 000
Justice and Protection Services							
Correctional Services	609 448	1 064 222	1 368 914	983 392	673 426	679 861	897 902
Defence	130 012	154 143	191 542	111 887	416 618	561 565	569 007
Justice and Constitutional Development	258 017	270 483	317 975	268 134	404 622	443 303	500 750
Safety and Security	314 479	368 369	446 569	508 185	727 019	1 225 665	1 355 917
Economic Services and Infrastructure							
Agriculture	36 614	40 088	60 736	47 970	66 683	59 604	61 609
Communications	-	-	100 000	150 000	150 000	-	-
Environmental Affairs and Tourism	269 326	237 364	158 002	169 776	325 556	395 090	12 000
Housing	4 246 239	4 473 597	4 843 480	6 349 949	8 237 946	9 852 842	11 530 823
Land Affairs	8 391	2 624	6 032	8 129	9 524	6 912	10 670
Minerals and Energy	1 040 640	992 861	1 080 966	1 284 295	1 485 910	1 836 395	2 467 778
Science and Technology	-	-	-	353 000	520 000	950 606	837 568
Trade and Industry	168 838	128 039	101 501	459 742	1 001 540	911 361	1 266 794
Transport	1 129 694	1 159 276	1 495 343	5 768 550	7 934 839	10 820 623	11 698 337
Water Affairs and Forestry	2 306 730	599 672	627 672	711 040	801 021	1 724 310	1 966 955
Total	16 391 954	18 770 926	20 971 329	31 589 154	43 142 364	53 933 436	57 799 018

1. 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.

Table 9. Summary of personnel expenditure per vote 2003/04 to 2009/10

R thousand	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimates		
	2003/04	2004/05	2005/06	2006/07		2007/08	2008/09	2009/10
Central Government Administration								
Presidency	73 176	83 915	89 698	108 123	103 123	131 350	140 372	147 113
Parliament	343 789	391 684	401 182	522 932	432 433	507 081	531 915	558 510
Foreign Affairs	953 354	1 011 746	1 072 371	1 180 869	1 180 869	1 478 959	1 564 128	1 654 251
Home Affairs	660 348	648 772	717 940	974 000	875 000	1 209 866	1 391 007	1 525 346
Provincial and Local Government	51 846	71 918	99 367	118 294	115 981	149 295	156 758	164 597
Public Works	420 645	450 944	542 766	655 829	619 506	709 544	755 749	814 433
Financial and Administration Services								
Government Communication and Information System	55 239	63 062	75 018	84 521	84 503	113 823	105 007	112 700
National Treasury	1 386 436	1 362 273	1 456 217	1 564 213	1 505 223	1 784 224	1 878 601	1 971 833
Public Service and Administration	49 757	58 758	72 088	93 463	93 463	99 044	105 496	111 390
Public Service Commission	46 071	50 442	57 008	63 056	63 056	74 265	77 979	81 878
South African Management Development Institute	8 268	7 876	10 956	14 617	14 254	17 494	19 423	22 409
Statistics South Africa	154 711	195 052	302 052	489 045	439 472	565 294	618 064	735 477
Social Services								
Arts and Culture	56 872	71 952	82 525	95 081	98 081	118 247	128 628	137 050
Education	160 981	174 565	188 818	216 922	212 967	263 295	255 621	250 589
Health	177 743	190 808	209 138	240 030	230 030	251 826	265 777	280 982
Labour	337 965	371 495	425 317	497 464	469 629	568 716	608 196	647 365
Social Development	65 037	84 029	93 203	126 746	116 151	169 386	178 905	188 465
Sport and Recreation South Africa	14 742	14 907	26 886	40 226	33 783	51 079	53 683	56 182
Justice and Protection Services								
Correctional Services	5 013 476	5 135 988	5 091 829	5 792 138	5 692 138	6 517 950	6 870 451	7 227 052
Defence	7 192 733	7 722 601	8 196 352	9 085 985	9 085 985	9 474 247	9 952 787	10 525 924
Independent Complaints Directorate	20 686	24 909	30 235	39 559	35 559	47 757	56 181	66 822
Justice and Constitutional Development	2 673 108	2 969 625	3 266 508	3 901 500	3 729 974	4 504 399	5 087 794	5 721 197
Safety and Security	16 286 720	17 712 498	20 206 063	23 569 040	22 857 055	25 216 385	27 507 809	30 413 416
Economic Services and Infrastructure								
Agriculture	273 086	320 093	357 132	490 029	462 820	500 191	541 471	583 080
Communications	57 264	68 849	88 362	99 597	97 790	107 914	114 577	120 311
Environmental Affairs and Tourism	139 390	163 795	209 664	265 352	235 652	296 230	311 042	326 613
Housing	39 886	50 449	62 288	90 516	90 516	107 973	125 363	192 366
Land Affairs	284 692	322 056	361 005	460 136	340 136	671 863	579 913	611 717
Minerals and Energy	176 742	190 783	217 070	289 389	252 662	323 503	348 882	375 089
Public Enterprises	30 088	34 970	42 442	54 005	52 005	62 010	65 830	69 262
Science and Technology	45 710	58 205	65 125	86 957	86 957	112 964	119 047	126 530
Trade and Industry	200 161	203 946	230 555	303 434	303 434	323 457	343 223	358 555
Transport	64 073	82 934	96 852	143 678	126 678	180 826	190 001	199 375
Water Affairs and Forestry	1 008 808	1 026 436	1 128 641	1 281 229	1 158 229	1 098 896	1 115 276	1 093 910
Total	38 523 603	41 392 335	45 572 673	53 037 975	51 295 114	57 809 353	62 164 956	67 471 788