

# Information contained in each chapter

The Estimates of National Expenditure publication is tabled in Parliament by the Minister of Finance on the day the main Budget is tabled. It provides details about the expenditure appropriated in the Appropriation Bill, which is tabled on the same day.

Each chapter depicts a single vote. A vote specifies the total amount appropriated per department. A vote is one of the main segments of the Budget. By appropriating funds from the National Revenue Fund through the appropriation acts, Parliament authorises expenditure.

Votes are arranged into the following functional groupings to facilitate analysis of interdepartmental initiatives and service delivery.

- central government and administration
- financial and administrative services
- social services
- justice, crime prevention and security services
- economic services and infrastructure.

The groupings are informal and not consistent with the more rigorous functional classification of expenditure reported in terms of the standard chart of accounts.

**The chapter for each vote contains the following information:**

## Budget summary

This table shows the budgeted expenditure for the particular vote for the coming three financial years, that is for the medium term expenditure framework (MTEF) period.

R million	2009/10				2010/11	2011/12
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation	–	–	–	–	–	–
<b>Total</b>	–	–	–	–	–	–
Direct charges against the National Revenue Fund	–	–	–	–	–	–
<b>Total expenditure estimates</b>	–	–	–	–	–	–
Executive authority	Minister					
Accounting officer	Director-General / Chief Operating Officer					
Website address						

The 2009/10 **Total to be appropriated** shows the expenditure allocation for 2009/10 and corresponds with the information in the 2009 Appropriation Bill.

The totals to be appropriated by Parliament are categorised by economic classification into **current payments**, **transfers and subsidies**, and **payments for capital assets**.

**Current payments** are payments made by the department for its operational requirements, including for compensation of employees, goods and services, interest, rental of immovable property and financial transactions relating to assets and liabilities, but excluding transfers and subsidies, payments for capital assets and payments made under section 73 of the Public Finance Management Act (1999).

**Transfers and subsidies** are payments made by a national department to another organ of state or to a person or organisation outside government for which the department does not receive a direct benefit of similar value in

return. These include transfers to provinces and municipalities as payment for conditional grants and the provincial equitable share.

**Payments for capital assets** are payments made by a national department for assets that can be used continuously or repeatedly for more than one year and which are expected to have future economic benefits or service potential for the department. The payments must be classified as or deemed to be for capital assets in accordance with the Reference Guide to the New Economic Reporting Format (November 2003, Version 2) and the Asset Management Framework (April 2004, Version 3.3), issued by National Treasury under section 76 of the Public Finance Management Act.

Estimates for the two outer years of the expenditure framework, **2010/11** and **2011/12**, are also shown. These estimates are not included in the 2009 Appropriation Bill as they are merely indicative of expenditure levels in the outer years of the MTEF period. Parliament typically only appropriates or authorises expenditure for one financial year at a time. These forward estimates or indicative allocations do, however, form the basis for the planning of the 2010 Budget.

The **direct charges** against the National Revenue Fund are amounts appropriated in terms of statutes and do not require parliamentary approval. These include, for example, state debt costs.

The **executive authority** and **accounting officer** are specified as they are accountable for the vote.

## Aim

*The aim of the vote captures the department's strategic objectives or its administrative functions, and corresponds with the aim stated in the Appropriation Bill.*

## Programme purposes

Each vote is comprised of several programmes. The activities and functions performed by a department are typically divided into these programmes. Programme 1 is the *Administration* programme, which houses the administrative activities and functions required to keep the department operating. Each vote programme is listed individually with its purpose, as stated in the Appropriation Bill. The programme purpose outlines the activities and functions of the particular programme as per the approved programme structure, in terms of the Public Finance Management Act.

## Strategic overview: 2005/06 – 2011/12

This section describes the department's strategic direction over the period under review. It includes policy and mandate developments and legislative changes as well as a table of selected quantitative and trendable performance and operations indicators.

## Selected performance and operations indicators

Indicator	Programme	Past			Current	Projections		
		2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12

The table presents only a selected set of a department or entity's performance information and is not intended to provide a comprehensive view of performance.

**Indicators** are defined as specific numerical measurements that track progress towards achieving the goals of the department or entity. The indicators may reflect inputs, activities, outputs, outcomes or in certain instances explanatory information about the factors that could affect performance.

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

## Expenditure estimates

This table shows expenditure outcomes and estimates over a seven-year period, by vote programme and by economic classification item. Figures are mostly denoted in rand million unless otherwise indicated. Due to rounding off, the figures do not necessarily add up to the total.

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
R million								
1. Administration	-	-	-	-	-	-	-	-
<b>Subtotal</b>								
Direct charge against the National Revenue Fund	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-	-	-
Change to 2008 Budget estimate				-	-	-	-	-
<b>Economic classification</b>								
Current payments	-	-	-	-	-	-	-	-
Transfers and subsidies	-	-	-	-	-	-	-	-
Payments for capital assets	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-	-	-

Expenditure is set out first by **programme** and then by **economic classification** over a seven-year period.

**Audited outcomes** are presented as they appear in the department or entity's annual financial statements, with amounts reallocated for any subsequent approved budget programme structure changes.

**Adjusted appropriation** shows the changes made to the appropriation voted in the main Budget for the year, with amounts reallocated for any subsequent approved programme structure changes. Changes are generally made mid-year at the time of the adjustments Budget. These adjustments can only be made in terms of the circumstances listed under section 30 of the Public Finance Management Act. Adjustments are included in the Adjustments Appropriation Bill, which Parliament approves before expenditure can take place, and the details are published in the Adjusted Estimates of National Expenditure publication.

The **revised estimate** for 2008/09 represents National Treasury's current estimate, in consultation with the department, of expenditure outcomes. This does not imply a change in the amount voted to the department in the 2008/09 adjusted appropriation; it is merely a more recent estimate of what the department will indeed spend.

The medium-term expenditure estimates are shown for the 2009/10, 2010/11 and 2011/12.

The spending figures for 2009/10 constitute the proposed appropriation to be funded from the National Revenue Fund that is contained in the main Appropriation Bill, which has to be approved by Parliament after it has been tabled.

The **medium-term expenditure estimates** for 2010/11 and 2011/12 are indicative allocations, and will form the basis for planning the 2010 Budget.

The **direct charges** against the National Revenue Fund are amounts appropriated in terms of statutes and do not require parliamentary approval. These include, for example, state debt costs.

The **totals**, which are the sum of the expenditure on programmes and direct charges, are also classified into current payments, transfers and subsidies and payments for capital assets.

For comparability, where programme structures have been changed in recent years, expenditure has, where possible, been reallocated to the new approved programme structure for all the years.

## Expenditure trends

The main expenditure trends and vote programme structure changes from 2005/06 to 2011/12 are described. The trends may be represented over the MTEF period between 2008/09 and 2011/12, or over the entire period between 2005/06 and 2011/12.

Expenditure growth in the historical period is also typically compared to expenditure anticipated over the MTEF period. Reasons and explanations are given for trends that are identified, and the significant increases or decreases in expenditure are explained in terms of the underlying policies and service delivery objectives that inform the trends. A summary of the new (additional) allocations to the vote programme's baseline budget is given. The baseline is derived from the previous year's forward estimates. Significant efficiency savings, programme expenditure reductions and reprioritisations are discussed. Savings have been effected on non-essential expenditure through limiting foreign travel and expenditure, marketing, entertainment, consultancy services and curbing wasteful spending in general. Explanations are given for a range of cost saving measures focused on goods and services, foreign travel and other excessive expenditure.

Generally, unless otherwise indicated, average annual growth rates are reflected in nominal, not real, terms. Where inflationary growth has been excluded from the calculation and real growth estimates are provided, the consumer price index has been used to deflate the growth rate.

## Departmental receipts

Departmental (non-tax) receipts for 2008/09 are described, as well as the anticipated receipts for the MTEF period.

### Departmental receipts

	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
R thousand								
Departmental receipts	-	-	-			-	-	-
Total	-	-	-			-	-	-

## Information on each programme

Each programme section (with the exception of the *Administration* programme) opens with the purposes of the subprogrammes that form the basis of that programme. The unit of service delivery and the principle for distributing funds across service centres is also described.

Programme 1 is always *Administration*, which includes spending on the ministry, the director-general's office and central corporate services.

## Objectives and measures

Objectives and measures are indicated for each programme. Objectives should include an explanation of strategic intent as well as specific interventions and progress measures. (Programme 1 (*Administration*) is generally exempt from providing objectives and measures.)

For example: Improve public health (objective) by increasing the number of mice trapped each year from 100 to 150 (progress measure) through the design and rollout of a new mouse trap (specific intervention) before March 2010 (progress measure).

## Service delivery and spending focus

The MTEF spending focus is described for the programme as a whole. The activities, transfers, subsidies or subcomponents are described for each programme, capturing how funding allocated to a particular subprogramme is ultimately used.

Information is provided on recent achievements for each programme, including service delivery and operational achievements for previous years and for the current financial year to date. Reports are given relative to the targets that were presented in previous Estimates of National Expenditure publications.

## Expenditure estimates (per programme)

Tables for each programme set out expenditure by **subprogramme** and **economic classification** over a seven-year period.

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
	-	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-	-
Change to 2008 Budget estimate				-	-	-	-
<b>Economic classification</b>							
<b>Current payments</b>	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	-	-	-	-	-	-	-
<b>Payments for capital assets</b>	-	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-	-

## Expenditure trends (per programme)

Important expenditure trends for each programme are explained. The scope of the information provided in this section is similar to what is provided for the entire vote.

## Public entities and other agencies

Where appropriate, the discussion of an entity is linked to a specific vote programme and is shown directly after the discussion on that programme.

The scope of information contained in the write-up on public entities is similar to what is reported for the department.

Information on each of the public entities consists of the following:

- key legislative mandates in terms of which the entity was established and within which it operates
- key priorities for the MTEF period and the strategic focus
- selected performance and operations indicators relating to the entity's mandate
- financial data tables for the entity, focusing on the sources of funding for the entity, key spending areas and expenditure trends, and if applicable an analysis of some of the more important items on the entity's balance sheet
- key objectives achieved during the previous reporting periods and planned deliverables for the next MTEF period.

## Additional tables

Additional tables giving standard details appear at the end of the vote. These include:

### Summary of expenditure trends and estimates per programme and economic classification

This table shows the budgeted expenditure and the actual outcome or revised estimate for 2007/08 and 2008/09.

### Summary of personnel numbers and compensation of employees

Labour employment information is provided for the department. The amount spent by a department on compensation of employees is shown.

Information is provided on different categories of employees: **permanent, full time contract workers; part time and temporary contract workers** and **interns**. Information on **learnerships** is also provided.

The **unit cost** refers to the average cost per person employed by the department. It is calculated by dividing the compensation figure by the personnel numbers.

**Personnel numbers** refers to the physical number (head count) of people employed by the department.

### Summary of expenditure on training

Information is provided on the funds spent on training, and the number of people trained by the department.

### Summary of conditional grants to provinces and municipalities

A conditional grant refers to an allocation made by the national government, from its nationally raised revenue, to a province, local government or municipality, on condition that certain requirements or services are met.

### Summary of departmental public private partnerships projects

Disclosure notes with additional details are provided for projects signed in terms of Treasury Regulation 16.

**Public private partnerships** refer to contractual arrangements in which a private party performs part of a government function and assumes the associated risks. In return, the private party receives a fee according to predefined performance criteria. A public private partnership may also be a project in which a private party uses state assets for its own commercial purposes, and government benefits from the profits generated by the enterprise.

**Unitary fee** refers to the combined payment made to the private party for the provision of both the infrastructure and related services.

A **signed** project is a public private partnership project which has reached financial close and is being implemented.

**Projects in preparation** are in some stage of inception, feasibility or procurement, but have not yet reached financial close.

**Advisory fees** are costs related to the hiring of transaction advisors who assist government with feasibility studies and procurement in the public private partnership project process.

**Revenue generated** is shown in cases where public private partnership projects have revenue generating potential such as tourism projects or toll roads.

**Project monitoring costs** are associated with the ongoing evaluation and monitoring of public private partnerships in operation.

## Summary of donor funding

Donor funding is funding received by the department over and above the allocations provided in appropriation legislation.

**Donor funding** comprises official development assistance and other local and international donations.

**Official development assistance** is an official resource flow from the international donor community to South Africa in the form of grants, technical cooperation and financial cooperation.

The **programme** column links the donor funding to the vote programme that is associated with it.

The **spending focus** shows what the department aims to achieve by using the funding.

## Summary of expenditure on infrastructure

The infrastructure table includes new and replacement assets, maintenance and repairs, upgrades and additions, and rehabilitation, renovations and refurbishment of assets.

**Mega** projects or programmes are projects or programmes that are estimated to cost more than R300 million per year for a minimum of three years or have a total cost of R900 million or more.

**Large** projects or programmes are projects or programmes that are estimated to cost between R50 million and R300 million per year over the MTEF period.

**Small** projects or programmes are projects or programmes estimated to cost less than R50 million per year. These may be grouped together or shown separately.

**In the tables a dash ( - ) indicates that information is unavailable or zero.**

