



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

Guidelines for the Preparation of the Estimates of National Expenditure 2017

October 2016

This document is available at: www.treasury.gov.za/publications/guidelines/default.aspx

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1. INTRODUCTION

The Estimates of National Expenditure (ENE) publications describe in detail the planned spending in all national government votes over three financial years, referred to as the medium term expenditure framework (MTEF) period.

The ENE publications are comprised of a consolidated version containing an abridged chapter for each vote; as well as separate, more detailed e-publications for each vote.

The abridged ENE publication is the explanatory memorandum to the Appropriation Bill and is tabled with it on Budget Day by the Minister of Finance. The Appropriation Bill itemises national government spending for the first financial year of the MTEF period. The Appropriation Bill allocates expenditure by vote. Generally a vote specifies the total amount of money appropriated to a single national government department, however a vote may contain more than one national government department. Through the Appropriation Bill, the executive seeks Parliament's approval and adoption of its national government vote spending plans. The Appropriation Bill, when enacted, is the legal instrument for the appropriation of funds from the National Revenue Fund for the first year of the three-year MTEF period.

All ENE publications provide comprehensive information on how institutions have spent their budgets in the past three years, as well as how institutions plan to spend the resources allocated to them over the upcoming MTEF period. Each chapter in the abridged ENE publication has a summary table showing expenditure on infrastructure. The ENE e-publications provide more detailed information than the relevant chapter in the abridged ENE, including on goods and services, transfers and subsidies, as well as on programme specific personnel expenditure. The ENE e-publications also have tables containing conditional grants to provinces and municipalities, departmental public private partnerships, and donor funding. Budget information is also provided for all entities that are not discussed in detail in the abridged publication. In some e-publications, more detailed information at the level of site service delivery is also included.

Key performance indicators included for each department, and entity reporting to the same executive authority, need to show what the institution aims to achieve by spending its budget allocations in a particular manner. Performance information should be based on government's 2014-2019 medium term strategic framework (MTSF), particularly as it is expressed in institutional strategic and annual performance plans, and in annual reports. The information is intended to help Parliament and the public exercise effective institutional oversight; therefore indicators published should be directly linked to the substantial and core functions of each institution.

The 2017 ENE publications largely retain the scope of information presented in the 2016 ENE publications. It is vital that officials from the finance, planning, programme and other divisions within an institution work collaboratively to compile their ENE publication. The 2017 ENE guidelines give direction to institutions for completing their ENE publication.

2. DEADLINES

Institutions must submit a fully completed ENE database in the prescribed format. Shortly thereafter, institutions must also submit an ENE e-publication in the format set out in these guidelines. The completed e-publication must be accompanied by a separate endorsement letter signed by the Accounting Officer. This letter must also state the **name** and **contact details** of **officials** that will be **available** to deal with **departmental** and **entity** ENE-related queries **during December 2016** and early **January 2017**.

Table 1: 2017 ENE: Critical dates

ITEM	DATE
ENE guidelines issued to institutions	October 2016
Information sessions with institutions on 2017 ENE guidelines and databases	October 2016
Preliminary allocation letters issued to institutions	28 October 2016
Institutions submit first draft ENE database, including Appropriation Bill inputs	11 November 2016
Institutions submit first draft ENE chapter to National Treasury	15 November 2016
Cabinet approved final allocation letters distributed to departments	18 November 2016
Institutions receive comments on first draft ENE submissions	23 November 2016
Institutions submit revised database, including Appropriation Bill inputs	2 December 2016
Institutions submit: - second draft ENE chapter - entities annual reports (those which have not yet submitted)	7 December 2016
Institutions receive comments on second draft ENE submissions	December 2016
Institutions submit responses to comments on second draft and subsequent drafts of ENE chapters and databases	December 2016 – January 2017
Departments sign off ENE e-publication and the Appropriation Bill	February 2017
Budget tabled in Parliament	February 2017

3. NUMBERS STYLE AND DATABASE TEMPLATE

3.1 Numbers style

Institutions should present numbers in the chapter text as follows:

- Use a space to separate the last three digits if the number is below one million.
- Use a full stop to separate a number from the decimal number denoting the fraction of the number. Numbers should be rounded off to the first decimal place.

Examples

R75 000 (75 thousand rand)

R10.2 billion (10 billion and 200 million rand)

3.2 Database workbook

The 2017 ENE database will be distributed to institutions, for them to complete the detailed information pertaining to the Cabinet approved allocations.

Institutions **must** ensure that the information completed in databases **corresponds** to **allocation letters** issued. Institutions may then at this stage, make lower-level budget realignment changes. These changes must, however, be confined to technical budget changes of a small magnitude that do **NOT** exceed 2 per cent of a programme budget. More substantial changes cannot be effected at this stage as they require Cabinet endorsement and should thus have been included in the budget approval process.

Data on **revised expenditure estimates** for the 2016/17 financial year should be based on the 2016 Adjustments Budget and on expenditure as at 30 September 2016, extrapolated to provide a realistic projection for the full financial year. Any estimated underspending reflected in the database must be supported by clear reasoning. **Departments should note**

that estimated overspending represents unauthorised expenditure and will not be allowed for publication.

The **entities** listed in **Annexure A** have been selected for publication in the abridged ENE. Information for all entities will however be included in the ENE e-publications. Electronic and hard copies of the 2015/16 annual reports for all entities must be submitted with the first-draft database submissions.

Annexure B provides instructions for accurate completion of the database, for it to inform the **Appropriation Bill**. The information for the Appropriation Bill is extracted directly from the database and must be suitable for enactment.

Further guidance on completing the database worksheets is included in the database workbook itself and should be read before completing the database.

For general enquiries regarding the completion of the chapter and for database completion enquiries, please refer to the relevant contact people listed on the cover sheet of the database.

4. INFORMATION ON COMPLETING THE CHAPTER

[Vote number]

[Name of vote]

Budget summary

R million	2017/18					2018/19	2019/20
	Total	Current payments	Transfers and subsidies	Payments for capital assets	Payments for financial assets	Total	Total
MTEF allocation							
Administration							
Programme name							
Subtotal							
Direct charge against the National Revenue Fund							
Item							
Total expenditure estimates							
Executive authority	Minister						
Accounting officer	Director-General / Chief Operating Officer						
Website address							

The Estimates of National Expenditure e-publications for individual votes are available on www.treasury.gov.za. These publications provide more comprehensive coverage of vote specific information, particularly about goods and services, transfers and subsidies, personnel, entities, donor funding, public private partnerships, conditional grants to provinces and municipalities, and expenditure information at the level of site service delivery, where appropriate.

Vote purpose

The purpose of the vote captures a department's mandate, objectives or administrative functions, as stated in the Appropriation Bill, 2017.

Mandate

The institution's mandate must be captured, as contained in the relevant act(s) or policy document(s) that govern(s) the department's establishment and its operations.

Selected performance indicators

Institutional performance indicators selected for inclusion in the 2017 ENE should be informed by ongoing discussions, held during the 2017 MTEF allocation decision-making process with the Department of Planning Monitoring and Evaluation (DPME) and the National Treasury. Changes in policy, mandate or strategy of departments and entities which will result in substantive amendments to performance indicators or targets in the 2017 Annual Performance Plan, should already be included in the draft ENE chapters. Accordingly, final updates and agreement with DPME on key performance indicators being reported in the ENE must be made prior to the submission of ENE chapters to the National Treasury.

The table should only contain the **selection** of the key performance indicators that represents the substantial and core functions of an institution, allowing a reader to see the institution's measures of the achievement of its main goals, as well as whether its historical performance has been in line with achieving these main goals. The selection should contain mostly outcome and output indicators, which are aligned to strategic and Annual Performance Plans, as **informed** by the 2014-2019 MTSF and Ministerial delivery agreements. Indicators must correspond to those contained in planning documents, such that the reader can reference these documents to obtain further information, if required. Departments cannot arbitrarily change their performance indicators and targets during the Adjusted Estimates of National Expenditure (AENE) process.

Quantitative and qualitative indicators and targets must reflect trends and achievements over a period of time. As a general rule, quantitative indicators must have targets that are absolute values / numbers.

Where percentages are used for performance targets, they must be accompanied by the absolute values that form the basis of the calculation. Stand-alone percentages will only be permitted for future targets, in cases where the absolute value cannot be predetermined.

Table X.1 Performance indicators by programme and related outcome

Indicator	Programme	Outcome	Past			Current	Projections		
			2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20

Expenditure analysis

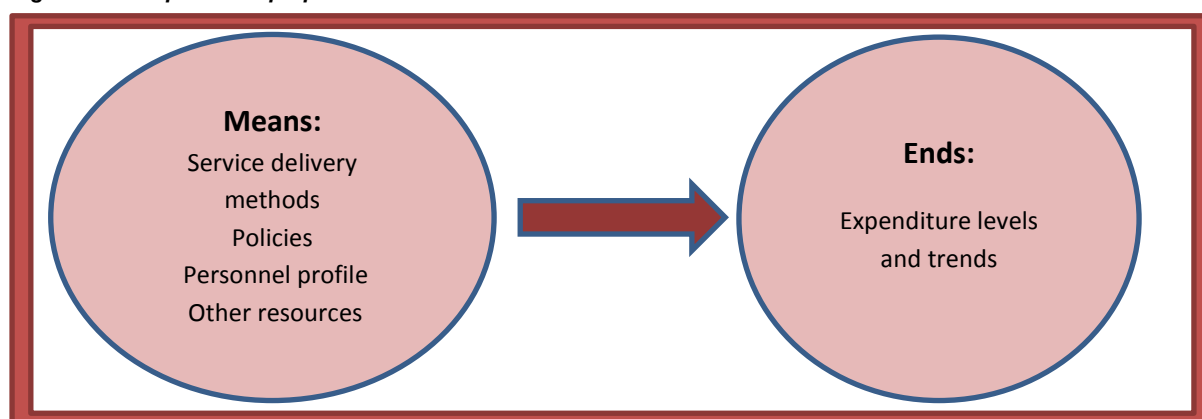
This section is in the form of a narrative discussion that must outline what an institution aims to achieve over the medium term and how it is planning to spend its budget in support of this. The expenditure analysis section is limited to two pages.

The discussion should centre on the institution’s primary focus areas, including its policy and spending focus over the period, as contained in planning documents. A summary must be provided of how the institution’s objectives and spending items are aligned with the objectives of the national development plan, as set out in the 2014-2019 MTSF outcomes. A summary of key Cabinet approved changes to the vote’s baseline budget must also be provided.

The discussion should generally be **forward** looking, providing information forecast for the 2017 MTEF period. Historical spending and performance trends should however be highlighted if they have a significant bearing on what the institution aims to accomplish over the 2017 MTEF period. Information should be set out in a **succinct** and **concise** manner explaining the **main** trends in the data tables as well as the **links** between the different tables presented in **this section** and **elsewhere** in the **chapter**.

Significant increases or decreases in expenditure, including in the past, must be explained in terms of the institution’s underlying performance outcomes, service delivery methods, policies, personnel profiles, and any other applicable factors. When monetary amounts are stated, they should be contextualised relative to spending totals.

Figure 1: For a particular purpose/outcome: The link between means and ends



In a nutshell: in the write-up of this section, institutions need to **consider** the following elements, as they apply to their **unique** circumstances, to illustrate the institutional outcomes and expenditure plans and, how institutions plan to achieve those outcomes using financial and human resources:

- The link between purpose / type of expenditure as the means and performance as the end, as shown in Figure 1 above;
- The linkages between the expenditure, personnel, and performance dimensions form the pivotal content of the expenditure analysis discussion;

- The alignment between institutional objectives / policies, the largest spending items by programme / subprogramme / economic classification, and the 2014-2019 MTSF priorities as informed by the NDP. Significant cost drivers should thus be highlighted;
- Key Cabinet approved changes to baseline budgets, including the reprioritisation of budgets and their impact on key performance targets;
- Personnel trends underlying the adherence to the Compensation of Employees expenditure ceiling;
- Key infrastructure projects;
- Past significant underspending recorded, together with its impact on past performance and how this affects future performance. This should include the reasons for past underspending together with remedies implemented to mitigate potential negative impacts on future performance; and
- Other pertinent explanatory factors.

Expenditure trends

Table X.2 [Vote expenditure trends by programme and economic classification]

Programmes						
1. Administration						
2. Programme name						
Programme	Annual budget Adjusted appropriation Audited outcome	Annual budget Adjusted appropriation Audited outcome	Annual budget Adjusted appropriation Audited outcome	Annual budget Adjusted appropriation Revised estimate	Average: Outcome/Annual budget (%)	Average: Outcome:/Adjusted appropriation (%)
R million	2013/14	2014/15	2015/16	2016/17	2013/14 -	2016/17
Programme 1						
Programme 2						
Subtotal						
Direct charge against the National Revenue Fund						
Total						
Change to 2016 Budget estimate						
Economic classification						
Current payments						
Compensation of employees						
Goods and services						
of which:						
Economic classification item						
Economic classification item						
Economic classification item						
Economic classification item						
Economic classification item						
Transfers and subsidies						
Payments for capital assets						
Payments for financial assets						
Total						

Expenditure estimates

Table X.3 [Vote expenditure estimates by programme and economic classification]

Programmes								
1. Administration								
2. Programme name								
Programme	Revised estimate	Average growth rate (%)	Average: Expenditure/ Total (%)	Medium-term expenditure estimate			Average growth rate (%)	Average: Expenditure/ Total (%)
				2016/17	2013/14 - 2016/17	2017/18		
R million								
Programme 1								
Programme 2								
Subtotal								
Direct charge against the National Revenue Fund								
Total								
Change to 2016 Budget estimate								
Economic classification								
Current payments								
Compensation of employees								
Goods and services of which:								
Economic classification item								
Economic classification item								
Economic classification item								
Economic classification item								
Economic classification item								
Transfers and subsidies								
Payments for capital assets								
Payments for financial assets								
Total								

Personnel information

Table X.4 Vote personnel numbers and cost by salary level and programme ¹

Programmes													
1. Administration													
2. Programme name													
3. Programme name													
Department	Salary level ¹	Number of posts estimated for 31 March 2017	Number of posts additional to the establishment	Number and cost ² of personnel posts filled / planned for on funded establishment							Number		
				Actual		Revised estimate		Medium-term expenditure estimate			Average growth rate (%)	Average: Salary level/Total (%)	
				2015/16	Unit	2016/17	Unit	2017/18	2018/19	2019/20			2016/17 - 2019/20
Number	Cost	Number	Cost	Number	Cost	Number	Cost	Number	Cost	Unit			
	1 - 6												
	7 - 10												
	11 - 12												
	13 - 16												
	Other												
	Programme												
	Programme 1												
	Programme 2												
	Total												

1. Data has been provided by the department and may not necessarily reconcile with official government personnel data.

2. Rand million.

Departmental receipts

Table X.5 Departmental receipts by economic classification

	Audited outcome			Adjusted estimate	Revised estimate	Average growth rate (%)	Average: Receipt item/ Total (%)	Medium-term receipts estimate			Average growth rate (%)	Average: Receipt item/ Total (%)
	2013/14	2014/15	2015/16					2016/17	2017/18	2018/19		
R thousand												
Departmental receipts												
Economic classification Item												
Lower level classification Item												
Economic classification Item												
Lower level classification Item												
Lower level classification Item												
Total												

Programme [number]: [Programme name]

Programme purpose

The purpose of each programme must be stated as set out in the Appropriation Bill, 2017. The programme purpose outlines the activities and functions of a particular programme, as per the approved budget programme structure. Where approved budget structures remain unchanged from last year's publication, programme purposes should remain unchanged from the Appropriation Act, 2016.

Except for programme 1, programme purposes may not be duplicated across institutional programmes. The word 'develop' in the programme purpose will generally only be applicable for a year or two. In subsequent years, it should be replaced with what the programme aims to achieve, given that it has already 'developed' the relevant function. However, if the permanent purpose of the programme is to 'develop' policies for instance, then it can be retained as such.

Programme 1 is called 'Administration' in all departments and in most entities. It comprises the administrative functions and activities required to keep the department operating. It includes the ministry, deputy ministry; the director general's office and central corporate services. The purpose of this programme is to: 'Provide strategic leadership, management and support services to the department'. This standard wording should be used for the purpose, unless the programme performs functions in addition to this. In this case, the additional functions should either be moved to the relevant service delivery programme and be set out there, or stipulated as part of the programme purpose after the standard description.

Objectives

List the objectives and for each one, explain the institution's strategic intent, as well as specific interventions and progress measures relevant to that objective. Objectives must be broadly aligned to institutional strategic plans and annual performance plans, as informed by ministerial delivery agreements and the national development plan and articulated in the 2014-2019 MTSF. Departments must however only include **selected** relevant strategic objectives from the annual performance plan. Institutions need to include objectives for Programme 1: Administration **only** if the programme includes functions in addition to the standard administrative functions.

Subprogrammes

List subprogrammes and provide a brief description of the key activities carried out by each subprogramme, with the exception of Programme 1: Administration, **unless** additional functions are performed in that particular subprogramme.

Expenditure trends and estimates

Table X.6 [Administration] expenditure trends and estimates by subprogramme and economic classification

Subprogramme	Audited outcome			Adjusted appropriation 2016/17	Average growth rate (%)		Medium-term expenditure estimate			Average growth rate (%)	
	2013/14	2014/15	2015/16		2013/14 - 2016/17	2017/18	2018/19	2019/20	2016/17 - 2019/20		
R million											
Subprogramme name											
Subprogramme name											
Subprogramme name											
Total											
Change to 2016											
Budget estimate											
Economic classification											
Current payments											
Economic classification item											
Transfers and subsidies											
Economic classification item											
Payments for capital assets											
Economic classification item											
Payments for financial assets											
Total											
Proportion of total programme expenditure to vote expenditure											

The e-publication also contains the following table by programme:

Personnel information

Table X.7 [Administration] personnel numbers and cost by salary level¹

Programme name	Number of posts estimated for 31 March 2017		Number and cost ² of personnel posts filled / planned for on funded establishment									Number		
	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate			Average growth rate (%)	Average: Salary level/total (%)	
			2015/16	2016/17	2017/18	2018/19	2019/20	2016/17 - 2019/20						
			Number	Cost	Unit cost	Number	Cost	Unit cost	Number	Cost	Unit cost	Number	Cost	Unit cost
Salary level ¹														
1 - 6														
7 - 10														
11 - 12														
13 - 16														
Other														

1. Data has been provided by the department and may not necessarily reconcile with official government personnel data.

2. Rand million.

Entities ¹

The information provided for an entity is similar to that which is reported on for a department. However, given that the basis of accounting used by entities is different from that used by departments, entities' statements of financial performance and financial position are provided.

The categorisation of expenditure in terms of programme / objective / activity should be discussed and agreed upon with National Treasury prior to the submission of the ENE chapter.

[Name of entity]

Mandate

Describe the entity's legislative mandate.

¹ This section has been compiled with the latest available information from the entities concerned.

Selected performance indicators

Table X.8 [Entity name] performance indicators by programme/objective/activity and related outcome

Indicator	Programme/Objective/ Activity	Outcome	Past			Current	Projections		
			2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20

Performance indicators listed in the table should be aligned to the institution's annual performance plan or corporate plan. Only the key indicators that reflect the substantial and core function of the entity should be presented.

Expenditure analysis

Pages 5 and 6 of these guidelines specify the format requirements for this section.

Entities which generate their own revenue should also discuss revenue trends and the contribution of revenue to spending, performance and the achievement of institution's objectives. This section is limited to one page.

Programmes/objectives/activities

Table X.9 [Entity name] expenditure trends and estimates by programme/objective/activity

	Audited outcome			Revised estimate	Average growth rate (%)		Medium-term expenditure estimate			Average growth rate (%)		Average Expenditure/ Total (%)	
	2013/14	2014/15	2015/16		2013/14	2016/17	2017/18	2018/19	2019/20	2016/17	2019/20		
R million													
Programme/objective/activity name													
Programme/objective/activity name													
Programme/objective/activity name													
Total													

Statements of historical financial performance and position

Table X.10 [Entity name] statements of historical financial performance and position

Statement of financial performance									
	Audited outcome		Audited outcome		Audited outcome		Budget estimate	Revised estimate	Average: Outcome/ Budget (%)
	Budget	2013/14	Budget	2014/15	Budget	2015/16			
R million									2013/14 - 2016/17
Revenue									
Non-tax revenue									
Economic classification item									
Transfers received									
Total revenue									
Expenses									
Current expenses									
Economic classification item									
Transfers and subsidies									
Total expenses									
Surplus/(Deficit)									
Statement of financial position									
Balance sheet item									
Total assets									
Balance sheet item									
Total equity and liabilities									

Statements of estimates of financial performance and position

Table X.11 [Entity name] statements of estimates of financial performance and position

Statement of financial performance		Revised estimate	Average growth rate (%)		Medium-term estimate			Average growth rate (%)		Average Expenditure/Total (%)	
			2016/17	2013/14 - 2016/17	2017/18	2018/19	2019/20	2016/17 - 2019/20	2016/17 - 2019/20		
R million											
Revenue											
Non-tax revenue											
<i>Economic classification item</i>											
Transfers received											
Total revenue											
Expenses											
Current expenses											
<i>Economic classification item</i>											
Transfers and subsidies											
Total expenses											
Surplus/(Deficit)											
Statement of financial position											
Balance sheet item											
Total assets											
Balance sheet item											
Total equity and liabilities											

Personnel information

Table X.12 Entity name personnel numbers and cost by salary level

Number of posts estimated for 31 March 2017		Number and cost ¹ of personnel posts filled / planned for on funded establishment									Number	
Number of funded posts	Number of posts on approved establishment	Actual			Revised estimate			Medium-term expenditure estimate			Average growth rate (%)	Average Salary level/Total (%)
		2015/16	2016/17	2017/18	2018/19	2019/20						
Entity name		Number	Cost	Unit cost	Number	Cost	Unit cost	Number	Cost	Unit cost	Number	Cost
Salary level												
1 - 6												
7 - 10												
11 - 12												
13 - 16												

1. Rand million.

Other entities

Provide a bulleted list including the name and description of each entity for which details will only be published in the ENE e-publications. Each description should be a brief paragraph detailing what the entity does and its total budget for the 2017/18 financial year.

Example:

The **Film and Publication Board** regulates and controls the creation, production, possession, exhibition and distribution of certain films, interactive computer games and publications in terms of the Film and Publication Act (1996). The Board is also responsible for monitoring age-restricted business premises for compliance with their licence and registration terms. The board's total budget for 2017/18 is R00.0 million.

Additional tables

The database includes templates to create additional tables, which must be completed.

Tables for:

- Summary of expenditure on infrastructure
- Summary of conditional grants to provinces and municipalities
- Summary of departmental public private partnership projects
- Summary of donor funding
- Summary of department-specific expenditure information

Annexure A: List of selected entities

Department	Entity Name
Agriculture, Forestry and Fisheries	Agricultural Research Council
Communications	South African Broadcasting Corporation
	Independent Communications Authority of South Africa
Defence	Armaments Corporation of South Africa
Economic Development	Industrial Development Corporation of South Africa
Energy	Central Energy Fund
	South African Nuclear Energy Corporation
Environmental Affairs	South African National Parks
Health	National Health Laboratory Service
Higher Education and Training	National Skills Fund
	National Student Financial Aid Scheme
	Sector Education and Training Authorities Consolidation
Human Settlements	National Home Builders Registration Council
Home Affairs	Electoral Commission
	Government Printing Works
Justice and Constitutional Development	Legal Aid South Africa
Labour	Compensation Fund, including Reserve Fund
	Unemployment Insurance Fund
National Treasury	Development Bank of Southern Africa
	Land and Agricultural Development Bank of South Africa
	South African Revenue Service
Telecommunication and Postal Services	State Information Technology Agency
	South African Post Office
Public Works	Property Management Trading Entity
Social Development	South African Social Security Agency
Trade and Industry	National Gambling Board
Transport	Airports Company of South Africa
	Passenger Rail Agency of South Africa
	Road Accident Fund
	The South African National Roads Agency
Water and Sanitation	Rand Water
	The Water Trading Entity
	Trans-Caledon Tunnel Authority
	Umgeni Water
	Consolidated Water Boards

Annexure B: Notes on the Appropriation Bill

The 2017 Appropriation Bill will be presented by vote and main division within a vote (programme). The Budget database will be the only source of Appropriation Bill information. Any items that need to be listed in the Appropriation Bill, including name changes, specifically and exclusively appropriated items, and others, must thus be accurately captured in the database.

1. Vote and programme purposes

The vote's purpose should capture the department's mandate, objectives or administrative functions in a concise manner.

A programme purpose outlines the activities and functions of the particular programme as per the approved budget programme structure.

General guidance:

- Programme names and purposes as contained in the Appropriation Bill should be duplicated in the ENE chapters.
- Where approved budget structures remain unchanged from last year's publication, programme purposes should largely remain unchanged from the Appropriation Act, 2016.
- Programme 1 is called 'Administration' in all departments. The purpose of this programme is to: 'Provide strategic leadership, management and support services to the department'. This standard wording should be used for the purpose, unless the programme performs functions in addition to this. In which case the additional functions should, either be moved to the relevant service delivery programme and set out there; or the additional functions should be stipulated as part of the programme purpose after the standard description.
- Each programme purpose should be unique, that is, the same purpose should not be duplicated across institutional programmes.
- The word 'develop' in the programme purpose will generally only be applicable for a year or two, after that it should be replaced with what the programme aims to achieve, once it has 'developed' the relevant function. The word 'develop' should only be retained if the permanent purpose of the programme is to develop policies, for example.

Programme / item allocations are set out by economic classification, into:

- Current payments, comprising of:
 - Compensation of employees,
 - Goods and services, and
 - Interest and rent on land.
- Transfers and subsidies;
- Payments for capital assets; and
- Payments for financial assets.

General guidance:

- Capitalised compensation of employees, that is compensation payable to employees working on capital projects, such as on buildings and other fixed structures, should be budgeted under payments for capital assets.
- Operating leases are classified as goods and services.

- Finance lease transactions are classified as payments for capital assets.
- The recapitalisation of an entity should be listed as a payment for financial assets.
- The classification of budgeted items should be in line with the Standard Chart of Accounts (SCOA), available on <http://scoa.treasury.gov.za>.

2. Transfers and subsidies items specifically listed

Transfers and subsidies listed under programmes are grouped and listed under specific headings. Headings are Standard Chart of Accounts level 2 items, with the exception of conditional allocations² and allocations-in-kind¹, in which case the heading ‘Conditional allocation/s to provinces / local government’ or ‘Allocation-in-kind to provinces / local government’ is used. A concise description of the purpose of the transfer is indicated after the colon that follows the transfer name, with the exception of conditional allocations and allocations-in-kind as well as prizes and awards. In the case of conditional allocations and allocations-in-kind, only the name of the allocation is stated, as extensive information pertaining to the purpose of the allocation is contained in the Division of Revenue Bill. The names of conditional allocations and allocations-in-kind should be identical to what has been listed in the corresponding Division of Revenue Bill. In the case of prizes or awards, a purpose need not be stated if the name is descriptive in itself and specifies that it is a gift/s / donation/s / prize/s or award/s, for example: ‘South Africa Youth Water Prizes’.

Transfer and / or subsidy name

- When one institution receives the transfer and or subsidy, the official name of the entity or institution as listed in the schedules to the PFMA should be listed (abbreviations should not be used).
- When the transfer and or subsidy is for various institutions, whose names are not yet known or the quantum of funds allocated to each individual institution is not known, the name ‘Various institutions’ should be utilised.
- When a category of institutions receive the transfer, the category name should be utilised.
 - Commonly used categories:
 - University Subsidies (Higher Education and Training vote only)
 - International Organisations
 - Non-governmental Organisations
 - Social Assistance Transfers
 - Civil Pensions
 - National Bodies
- The first letter of each word of the transfer or subsidy name should be written in upper case.

Transfer / subsidy purpose

- The transfer purpose should describe what the transfer will be used for in a concise brief manner.

² Conditional allocations are commonly referred to as conditional grants, while allocations-in-kind are commonly referred to as indirect grants in budget documentation.

- Commonly used purposes:
 - Operations
 - Membership fee/s
 - Research and development
 - Policy development
 - Subsidy/ies
 - Facilitation of public funds for projects
 - Machinery and equipment (this is applicable if the capital transfer payment is in respect of machinery and equipment)
 - Building and upgrading of infrastructure (this is applicable if the capital transfer payment is in respect of infrastructure)
 - Maintenance of infrastructure (this is applicable if the current transfer payment is in respect of infrastructure)
- When the transfer / subsidy name is ‘Various institutions’, the purpose will commonly include the project / subprogramme name, for example: manufacturing development incentives.
- When a category of institutions receive the transfer, a category purpose should be stated after the colon.
 - Commonly used category purposes:
 - Membership fees
 - Operations
 - Social grants
 - Civil pensions and benefits
 - Category purposes must be followed by a long dash after which the names of the specific institutions or grants should appear.
- The purpose of transferring funding to higher education institutions should distinguish between general subsidy funding and funding that will be utilised for particular purposes, for example, General Subsidies; Subsidies for Public Economics Conference; Subsidies for Research Chair in Transport Engineering; and Subsidies for Language Policy Unit.
- The purpose should not merely be a repeat of the transfer name.
- The purpose should not include the words, ‘contribution to’, ‘payment for’, ‘transfer to’ or words of a similar nature, as this is inherently stated.
- There must be consistency across votes in respect of the wording used for purposes that are essentially the same.
- The first letter of the programme purpose should be in upper case, with the remainder of the words in lower case.
- Relevant information on the transfer’s governance and rules should be available on request, however, such information is not included in the Appropriation Bill.
- Commonly used transfer names and purposes:
 - Under the Households heading:

- Employee Social Benefits: Leave gratuity/ies
- Employee Social Benefits: Post-retirement benefits
- Employee Social Benefits: Severance package/s
- Employee Social Benefits: Ex-service benefits
- Employee Social Benefits: Injury on duty
- Bursaries for Non-employees: [Specify] (Examples are: heritage studies; studies in cadastral science, surveys and mappings; studies in finance and economics; studies in official statistics; housing scholarship programme)
- Claims Against the State: Civil claims instituted against the department for possible compensation (Police vote)
- Under the Municipal Bank Accounts heading:
 - Vehicle Licences: Licence fees paid to municipalities
- Under Departmental agencies and accounts:
 - Communication: Radio and television licences
 - Sector Education and Training Authority: Operations

3. Specifically and exclusively appropriated items

Items indicated as being ‘specifically and exclusively appropriated’ in an allocation letter must have an asterisk ‘*’ next to them in the appropriation bill. All conditional grant and vote ‘compensation of employees’ allocations are specifically and exclusively appropriated.