

ESTIMATES OF NATIONAL EXPENDITURE

GUIDELINES | **2021**



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

STAY
SAFE

PROTECT SOUTH AFRICA

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1. INTRODUCTION

Government sets out its spending plans in a three-year medium-term expenditure framework (MTEF), which is updated annually. The 2021 Estimates of National Expenditure (ENE) publications will set out government's spending plans for 2021/22 to 2023/24 MTEF.

The ENE publications provide explanatory information on government's expenditure as presented in annual appropriation legislation. The Appropriation Bill itemises national government spending by vote and main economic classification¹. A vote specifies the total amount of money appropriated to a national government department. The transfers and subsidies from the vote to other institutions are also included. Through the Appropriation Bill, the executive seeks Parliament's approval and adoption of its spending plans for national government votes. The Appropriation Bill, when enacted, is the legal instrument for the withdrawal of funds from the National Revenue Fund for the first year of the three-year MTEF period.

The ENE publications must include information on how government institutions have spent their budgets in previous years and how they intend to use their allocations over the medium term to achieve their outputs, outcomes and goals.

The publications include tables depicting non-financial performance indicators and targets, departmental receipts, and detailed expenditure estimates and trends by programme, subprogramme and economic classification for each department and for other selected public institutions². Brief explanatory narratives set out the institution's purpose (and that of its programmes), mandate, programme-level objectives and descriptions of subprogrammes. A more in-depth narrative must provide analyses of the institution's expected expenditure over the MTEF period.

¹ Allocations are made by economic classification. The main categories of economic classification are: current payments (payments made for operational requirements such as those for compensation of employees and goods and services); transfers and subsidies; payments for capital assets (assets that can be used for more than one year); and payments for financial assets (loans or equity investments in public corporations).

² Other public institutions include public entities, trading entities, government components and/or constitutional institutions.

The summary tables with historic main and adjusted appropriation, goods and services, infrastructure, conditional grants, public-private partnerships and site service delivery expenditure information will be made available online.

It is vital that officials from the finance, human resources, planning, programme and other divisions within an institution work collaboratively to compile the ENE.

2. DEADLINES

Institutions must submit completed ENE databases in the prescribed format. Shortly thereafter, institutions must submit the accompanying ENE publication in the format set out in these guidelines. The completed publication must be accompanied by a separate endorsement letter signed by the accounting officer, and in the case of public entities, either by the chief executive officer or accounting authority. This letter must also state the **name** and **contact details** of **departmental** and **entity officials** that will **be available** to respond to ENE-related queries **during December 2020** and early **January 2021**.

Table 1: 2021 ENE: Critical dates

ITEM	DUE DATE
ENE guidelines issued to institutions	27 November 2020
2021 ENE databases issued to departments and other public institutions	2 December 2020
Preliminary allocation letters issued to institutions	2 December 2020
Departments submit first draft ENE database, and human resource budget planning inputs Departments submit electronic copies of their 2019/20 annual reports	9 December 2020
Entities submit board-approved ¹ budgets to National Treasury in the database Entities submit electronic copies of their 2019/20 annual reports	9 December 2020
Departments submit first draft ENE chapter to National Treasury	11 December 2020
Cabinet-approved final allocation letters distributed to departments	December 2020
Departments and other public institutions with changes emanating from final allocation letters submit revised databases. ²	December 2020
Departments submit responses to comments on second draft and subsequent drafts of ENE chapters and databases	December 2020 – January 2021
Departments sign off ENE publication and the Appropriation Bill	February 2021
Budget tabled in Parliament	February 2021

1. The accounting authority for a public entity must submit a budget of estimated revenue and expenditure for that financial year to the executive authority responsible for that public entity, at least six months before the start of the financial year.

2. The ENE database submitted by the department will be the only source used to compile the Appropriation bill

3. TEXT STYLE, NUMBERS STYLE AND DATABASE TEMPLATE

3.1 Text style

In the narrative sections of the chapter:

- Programme and subprogramme names should be written in full, in italics, with each word beginning with a capital letter except the conjunctions, which must be written in all lower case.
- Conditional grants names should be written in full, in italics, in all lower case.

3.2 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.
- In text, write out “per cent” instead of the “%” symbol.
- Use the non-breaking space (created by pressing control, shift and spacebar simultaneously) to ensure that numbers are kept together.

Examples

R75 000 (75 thousand rand)

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

3.3 Database

The 2021 ENE databases will be distributed to institutions, to complete the detailed information pertaining to the Cabinet-approved budget baseline changes.

Institutions must ensure that the information completed in databases **corresponds** to the **allocation letters** issued. At this stage, institutions may only make item-level budget realignment changes – which must **NOT** exceed 2 per cent of a programme’s indicative baseline. Substantial changes cannot be effected at this stage as they should have been included in the budget approval process for Cabinet’s endorsement.

Data on **revised expenditure estimates** for 2020/21 should be based on the 2020 Adjustments Budget and on expenditure as at 30 September 2020, extrapolated to provide a realistic projection for the full financial year. **Departments should note that estimated overspending represents unauthorised expenditure and must not be reflected in the databases.**

Annexure B provides instructions for the 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. As such, it is vitally important that the facility in each programme for items to be specifically and exclusively appropriated, be completed fully and accurately.

Further guidance on completing the database worksheets is either through a guidance video or included in the database itself and should be watched or read before completing the database.

For general enquiries regarding the completion of the chapter or the database, 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	2021/22					2022/23	2023/24
	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 www.domain.gov.za

The Estimates of National Expenditure publication will be available on www.treasury.gov.za. Additional tables in excel format can be found on www.treasury.gov.za and on www.vulekamali.gov.za.

Vote purpose

The purpose of the vote captures a department's mandate, objectives or administrative functions, as stated in the 2021 Appropriation Bill.

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

The performance indicators included for each department and other public institutions reporting to the same executive authority must show what the institution aims to achieve by spending its budget allocations. Performance information is intended to help Parliament and the public exercise effective institutional oversight. The table should contain only the **selection** of the key performance indicators that represents the substantial and core functions of an institution, allowing the reader to see the institution's measures of achievement of its outcomes, as well as whether its historical performance has been in line with achieving these outcomes.

Selected indicators for the ENE should contain mostly outcome and output performance indicators aligned with strategic and annual performance plans. The indicators must be consistent with the departments' significant spending items and priorities, and their wording must correspond with what is contained in the planning documents so that the reader can reference these documents to obtain further information, if required.

Institutional performance indicators selected for inclusion in the 2021 ENE should be informed by ongoing discussions, held during the 2021 MTEF allocation decision-making process with the Department of Planning, Monitoring and Evaluation (DPME) and National Treasury. Changes in the policy, mandate or strategy of departments and entities that will result in substantive amendments to performance indicators or targets in their 2021 annual performance plans should already be included in the draft ENE chapters. Accordingly, final updates and agreement with the DPME on selected

performance indicators reported in the ENE must be made prior to the submission of ENE chapters to National Treasury.

When selecting ENE indicators from the Annual Performance Plans (APP), institutions must focus on programmes which have significant budgets, those that represent the core mandate of an institution, and indicators from the Medium-Term Strategic Framework (MTSF). Programme 1: Administration indicators should not be selected for the ENE. Not more than ten indicators should be selected for the ENE.

Quantitative and qualitative indicators and targets must reflect trends and achievements over a period. 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. Standalone percentages will be permitted only for future targets, in cases where the absolute value cannot be predetermined. If there are any significant fluctuations in projections for the MTEF period that will have considerable bearing on expenditure, they should be elaborated on in the expenditure analysis.

Table X.1 Performance indicators by programme and related outcome

Indicator	Programme	MTSF Priority	Audited performance			Estimated performance	MTEF targets		
			2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24

Expenditure analysis

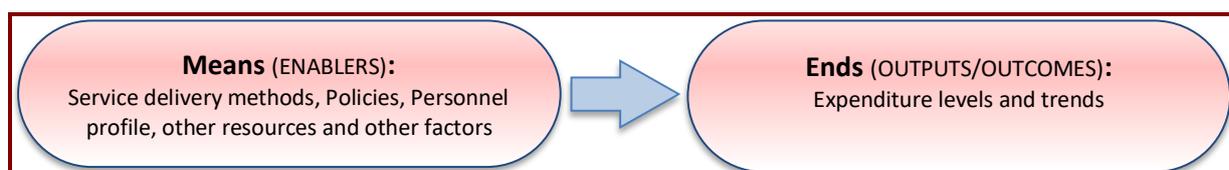
This section is in the form of a narrative discussion that outlines what an institution aims to achieve over the medium term and how it plans to spend its budget in support of this. The expenditure analysis section is limited to two paragraphs.

The discussion should centre on the institution's primary focus areas, including its policy and spending focus over the period, as contained in strategic planning documents. The discussion should generally be **forward** looking, providing information as forecast for the 2021 MTEF period, for which the growth rate is calculated from 2021/22 to 2023/24. Historical spending and performance trends should be included if they have a significant bearing on what the institution aims to accomplish over the 2021 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**.

The complexity of this section does not allow a formula to be imposed, but the logic of it follows a structure that typically flows from broader policy to the institution's primary focus areas, then details spending in relation to those focus areas.

Significant increases or decreases in expenditure, in the past or over the 2021 MTEF period, 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. Personnel, as a major spending area, should be integrated into the narrative.

Figure 2: For a particular purpose/outcome: The link between means and ends



As demonstrated in figure 2 above, in the write-up of this section, institutions must **consider** the link between purpose/type of expenditure as the means and performance as the end, as they apply to their **unique** circumstances to illustrate the institutional outcomes and expenditure plans. Institutions must also present how they plan to achieve those outcomes using financial and human resources. These must include key Cabinet-approved changes to baseline budgets, the reallocation of budgets and their impact on key performance targets, any applicable key infrastructure projects, and any other pertinent explanatory factors.

Expenditure trends and estimates

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

Programmes											
1. Programme name											
2. Programme name											
3. Programme name											
Programme											
R million	Audited outcome			Adjusted appropriation 2020/21	Average growth rate (%)		Medium-term expenditure estimates			Average growth rate (%)	
	2017/18	2018/19	2019/20		2017/18 - 2020/21	2021/22	2022/23	2023/24	2020/21 - 2023/24	Average: Expenditure/ Total (%)	
Programme 1											
Programme 2											
Programme 3											
xxxx											
Total											
Change to 2020											
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											

1. Tables with expenditure trends inclusive of annual budgets, adjusted appropriations and audited outcomes are available online, on www.treasury.gov.zg and www.vulekamali.gov.zg.

Transfers and subsidies expenditure trends and estimates

Table X.3 Vote transfers and subsidies trends and estimates

Table X.3 Vote transfers and subsidies trends and estimates											
R thousand	Audited outcome			Adjusted appropriation 2020/21	Average growth rate (%)		Medium-term expenditure estimates			Average growth rate (%)	
	2017/18	2018/19	2019/20		2017/18 - 2020/21	2021/22	2022/23	2023/24	2020/21 - 2023/24	Average: Expenditure/ Total (%)	
Economic classification item											
Current/Capital											
Transfer name											
Transfer name											
Transfer name											
Economic classification item											
Current/Capital											
Transfer name											
Transfer name											
Transfer name											
Transfer name											
Total											

Personnel information

Table X.4 Vote personnel numbers and cost by salary level and programme¹

Programmes										
1. Administration										
2. Programme name										
3. Programme name										
Number of posts estimated for 31 March 2021		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 estimates			Average growth rate (%)	Average: Salary level/ Total (%)
		2019/20	Unit cost	2020/21	Unit cost	2021/212	2022/23	2023/24		
Department		Number	Cost	Unit cost	Number	Cost	Unit cost	Number	Cost	Unit cost
Salary level										
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

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Average growth rate (%)	Average: Receipt item/ Total (%)	Medium-term receipts estimates			Average growth rate (%)	Average: Receipt item/ Total (%)
	2017/18	2018/19	2019/20					2020/21	2021/22	2022/22		
Departmental receipts												
Economic classification												
Item												
<i>Lower level classification</i>												
Item												
Economic classification												
Item												
<i>Lower level classification</i>												
Item												
<i>Lower level classification</i>												
Item												
Total												

Programme [number]: [Programme name]

Programme purpose

The purpose of each programme must be stated as set out in the 2020 Appropriation Act (Act no 7 of 2020) unless there is a new approved budget structure. The programme purpose outlines the functions and activities 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, 2020.

Programme 1 is called "Administration" in all departments. It comprises the administrative functions and activities required to keep the department operating. It includes the ministry, deputy ministry, 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. Except for programme 1, programme purposes may not be duplicated across institutional programmes.

Objectives

The objectives for each programme should be listed explaining its strategic intent, as well as the specific interventions and progress measures relevant to that objective. Objectives must be broadly aligned with institutional strategic plans and annual performance plans, as informed by ministerial delivery agreements. Departments must, however, include only **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

The programme's subprogrammes should be listed providing 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. Brief explanatory notes must be provided on transfers to entities or partner organisations, and on subsidies, incentives or financial assistance programmes, where applicable.

Expenditure trends and estimates

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

Subprogramme	Audited outcome			Adjusted appropriation	Average growth rate (%)	Average: Expenditure/ Total (%)	Medium-term expenditure estimates			Average growth rate (%)	Average: Expenditure/ Total (%)
	2017/18	2018/19	2019/20				2020/21	2021/22	2022/23		
R million											
Subprogramme name											
Subprogramme name											
Subprogramme name											
Total											
Change to 2020											
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											

Personnel information

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

Number of posts estimated for 31 March 2021		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 estimates			Average growth rate (%)	Average: Salary level/ total (%)	
		2019/20		2020/21		2021/22		2022/23		2023/24			
		Number	Unit Cost cost	Number	Unit Cost cost	Number	Unit Cost cost	Number	Unit Cost cost	Number			Unit Cost cost
Programme name												2020/21 - 2023/24	
Salary level													
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

The information requirements for entities are based on the different basis of accounting used. Entities' statements of financial performance, financial position and cash flow 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]

Selected performance indicators

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

Indicator	Programme/Objective/Activity	MTSF priority	Audited performance			Estimated performance	MTEF targets		
			2017/18	2018/19	2019/20		2020/21	2021/22	2022/23

Performance indicators listed in the table should be aligned with the institution's annual performance or corporate plans. Only the key indicators, as agreed with the executive authority and National Treasury, that reflect the substantial and core functions of the entity should be presented.

Entity overview

The expenditure analysis section should outline the entity's legislative mandate as provided in its strategic and annual planning documents. The narrative should briefly detail what the entity does, what it aims to achieve over the medium term and how it plans to spend its budget in support of this.

The narrative should indicate the entity's allocations/transfers over the MTEF period and whether expenditure is expected to increase or decrease, with brief justification. Revenue trends should be discussed for entities that generate their own revenue, and be linked to spending, performance and the achievement of the institution's objectives.

The narrative for entities experiencing liquidity problems may be expanded to include the entity's liquidity and solvency status. In such cases, this narrative should indicate whether the entity may continue to operate as a going concern and include a very brief description of the turnaround plan approved by the accounting authority.

Programmes/Objectives/Activities

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

R million	Audited outcome			Revised estimate	Average growth rate (%)	Average: Expenditure/ Total (%)	Medium-term expenditure estimates			Average growth rate (%)	Average: Expenditure/ Total (%)
	2017/18	2018/19	2019/20		2017/18 - 2020/21	2021/22	2022/23	2023/24	2019/20 - 2023/24		
Programme/objective/activity name											
Programme/objective/activity name											
Programme/objective/activity name											
Total											

Statements of historical financial performance, cash flow and financial position

Table X.10 [Entity name] statements of estimates of historical financial performance, cash flow and position

Statement of financial performance	Audited outcome			Revised estimate	Average growth rate (%)	Average: Expenditure/ Total (%)	Medium-term expenditure estimate			Average growth rate (%)	Average: Expenditure/ Total (%)
	2017/18	2018/19	2019/20		2017/18 - 2020/21	2021/22	2022/23	2023/24	2020/21 - 2023/24		
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)											
Cash flow statement											
Cash flow from operating activities											
Receipts											
Non-tax revenue											
<i>Economic classification item</i>											
Transfers received											
Total receipts											
Payments											
Current payment											
<i>Economic classification item</i>											
Transfers and subsidies											
Total payments											
Net cash flows from operating activities											
Net cash flow from advancing activities											
<i>Item</i>											
Net cash flow from investing activities											
<i>Item</i>											
Net cash flow from financing activities											
<i>Item</i>											
Net increase / (decrease) in cash and cash equivalents											
Statement of financial position											
Balance sheet item											
Total assets											
Balance sheet item											
Total equity and liabilities											

Personnel information

Table X.11 Entity name personnel numbers and cost by salary level

Number of posts estimated for 31 March 2021		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 estimates			Average growth rate (%)	Average: Salary level/ Total (%)						
		2019/20		Unit cost	2020/21		Unit cost	2021/22		Unit cost			2022/23		Unit cost	2023/24		Unit cost
Entity name	Salary level	Number	Cost	Unit cost	Number	Cost	Unit cost	Number	Cost	Unit cost	Number	Cost	Unit cost	Number	Cost	Unit cost	2020/21 - 2023/24	
1 – 6																		
7 – 10																		
11 – 12																		
13 – 16																		

1. Rand million.

Additional tables

The following additional tables will be made available online only, on www.treasury.gov.za and www.vulekamali.gov.za:

- Vote expenditure trends by programme and economic classification
- Vote expenditure estimates by programme and economic classification
- Summary of goods and services expenditure trends and estimates
- 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 site service delivery expenditure information

Annexure A: Notes on the Appropriation Bill

The 2021 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 database to be included 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, 2020.
- 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 this 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 – the same purpose should not be duplicated across institutional programmes.
- The word "develop" in the programme purpose will generally be applicable only 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 be retained only 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:
 - Compensation of employees
 - Goods and services
 - Interest and rent on land
- Transfers and subsidies
- Payments for capital assets
- Payments for financial assets.

General guidance:

- The classification of budgeted items should be in line with the Standard Chart of Accounts, available at <http://scoa.treasury.gov.za>.
- Herewith is the correct treatment of the following items that are commonly confused:
 - Capitalised compensation of employees (payments to employees working on capital projects) and goods and services (payments to consultants/contractors working on capital projects) are classified as payments for capital assets.
 - Operating leases are classified as goods and services. This item excludes payments in respect of public-private partnership projects.
 - Finance leases, including in respect of public-private partnership projects, are classified as payments for capital assets.
 - Where a department pays an entity to produce current or capital goods or deliver services on its behalf, the payment is classified as goods and services or as a payment for capital assets as opposed to transfers and subsidies.
 - Bursaries for non-employees are classified as transfers to households, whereas bursaries for employees are classified as goods and services.
 - Research projects done for departments by higher education institutions or other government entities are classified as goods and services.
 - The recapitalisation of an entity is classified as a payment for financial assets.

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 allocations³ and allocations-in-kind, 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”.

³ Conditional allocations are commonly referred to as conditional grants, while allocations-in-kind are commonly referred to as indirect grants in budget documentation.

Transfer and/or subsidy names:

- When one institution receives a 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 a 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, “Various institutions” should be used.
- When a category of institutions receives the transfer, the category name should be used.
 - 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 uppercase.

Transfer/subsidy purposes:

- The transfer purpose should describe what the transfer will be used for in a concise brief manner.
 - 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 receives 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 used 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 repeat 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 uppercase, with the rest of the words in lowercase.
- 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 “Households”:
 - 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 “Municipal bank accounts”:
 - 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 the allocation letter must have an asterisk (*) next to them in the Appropriation Bill. All conditional grants and allocations for a vote’s spending on compensation of employees are specifically and exclusively appropriated. As such, it is vitally important that the facility in each programme of the ENE workbook / database, for items to be specifically and exclusively appropriated, be completed fully and accurately.

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ESTIMATES OF NATIONAL EXPENDITURE

GUIDELINES | 2021

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