

Annexure A

**2006/07 outcome and half-year
spending estimates for 2007/08**

Table A.1 Expenditure by vote, 2006/07 and 2007/08 financial year

	2006/07				2007/08		
	Main budget	Adjusted budget	Audited outcome	Over(-)/ Under(+)	Main budget	Adjusted budget ¹	Actual spending April to September
R million							
CENTRAL GOVERNMENT ADMINISTRATION							
1 The Presidency	256	239	236	3	255	272	110
2 Parliament	782	782	755	27	836	836	326
3 Foreign Affairs	3 042	3 042	2 945	97	3 856	4 119	1 543
4 Home Affairs	2 800	2 800	2 547	253	3 315	3 521	1 168
5 Provincial and Local Government	24 903	25 392	24 576	817	28 844	30 037	10 702
6 Public Works	3 080	3 117	3 026	91	3 693	3 759	1 970
FINANCIAL AND ADMINISTRATIVE SERVICES							
7 Government Communication and Information System	288	295	293	1	376	384	186
8 National Treasury	15 571	16 753	16 171	582	19 708	19 748	8 957
9 Public Service and Administration	326	442	429	13	357	384	161
10 Public Service Commission	96	97	96	1	105	108	49
11 SA Management Development Institute	59	59	58	1	71	131	37
12 Statistics South Africa	1 074	1 162	1 060	101	1 100	1 157	419
SOCIAL SERVICES							
13 Arts and Culture	1 318	1 330	1 330	0	1 608	1 608	831
14 Education	14 129	14 299	14 250	49	16 001	16 387	11 671
15 Health	11 270	11 454	11 338	116	12 655	13 091	6 187
16 Labour	1 513	1 493	1 454	40	2 033	2 038	876
17 Social Development	62 005	62 382	61 676	706	67 232	67 229	35 083
18 Sport and Recreation South Africa	352	960	887	73	3 157	5 067	1 581
JUSTICE AND PROTECTION SERVICES							
19 Correctional Services	10 631	9 832	9 251	580	10 742	11 384	4 856
20 Defence	23 830	23 903	23 818	85	25 922	26 292	10 456
21 Independent Complaints Directorate	66	66	65	1	81	81	35
22 Justice and Constitutional Development	6 270	6 479	6 005	473	7 278	7 539	3 085
23 Safety and Security	32 558	32 521	32 521	0	35 917	36 386	16 584
ECONOMIC SERVICES AND INFRASTRUCTURE							
24 Agriculture	1 958	2 368	2 219	149	2 281	3 470	968
25 Communications	1 280	1 322	1 320	3	1 424	1 924	625
26 Environmental Affairs and Tourism	2 018	2 062	2 060	2	2 591	2 791	1 571
27 Housing	6 861	7 334	7 166	168	8 878	8 982	3 815
28 Land Affairs	4 852	3 730	3 726	5	5 679	5 928	2 780
29 Minerals and Energy	2 548	2 635	2 608	27	2 966	2 975	1 522
30 Public Enterprises	683	2 870	2 590	280	1 064	4 605	985
31 Science and Technology	2 614	2 617	2 613	4	3 142	3 144	1 531
32 Trade and Industry	3 666	3 942	3 805	137	4 846	5 479	2 467
33 Transport	12 870	13 747	13 360	386	15 858	16 544	6 660
34 Water Affairs and Forestry	4 477	4 660	4 306	355	5 306	5 863	2 174
	260 049	266 186	260 558	5 628	299 178	313 264	141 972
State debt cost	52 049	52 588	52 192	396	52 916	52 937	26 723
Equitable share	150 753	150 753	150 753	–	171 271	172 862	89 061
Other direct charges against the National Revenue Fund	6 774	6 802	6 653	149	7 508	8 311	3 390
Unallocated and contingency reserve	3 100	–	–	–	3 000	–	–
Less: Projected underspending	–	–	–	–	–	-5 000	–
Total	472 725	476 330	470 156	6 174	533 873	542 374	261 146

1. Includes Special Adjusted Appropriation Act.

Table A.2 Expenditure by province, 2006/07 and 2007/08 financial year

	2006/07					2007/08	
	Main budget	Adjusted budget	Preliminary outcome	Over(-)/ Under(+)	Deviation from adjusted budget	Main budget	Actual spending April to September
R million							
Eastern Cape	26 827	27 530	26 923	607	2.2%	31 009	13 615
Education	13 065	13 122	12 873	249	1.9%	14 726	6 515
Health	6 893	7 337	7 257	80	1.1%	8 143	3 721
Social Development	763	741	750	-10	-1.3%	952	382
Other functions	6 107	6 330	6 043	287	4.5%	7 188	2 996
Free State	11 626	11 883	12 297	-414	-3.5%	13 309	6 241
Education	5 272	5 333	5 346	-12	-0.2%	5 692	2 721
Health	3 250	3 369	3 461	-92	-2.7%	3 643	1 848
Social Development	418	446	443	3	0.6%	453	191
Other functions	2 686	2 734	3 047	-313	-11.4%	3 520	1 481
Gauteng	34 500	35 136	34 748	388	1.1%	40 312	17 652
Education	12 282	12 262	11 623	639	5.2%	14 543	6 746
Health	10 404	10 748	11 115	-366	-3.4%	12 052	5 596
Social Development	982	1 006	1 012	-6	-0.6%	1 404	535
Other functions	10 832	11 120	10 998	121	1.1%	12 312	4 775
KwaZulu-Natal	37 192	37 429	36 955	474	1.3%	43 515	21 022
Education	16 209	16 136	16 234	-98	-0.6%	18 577	9 228
Health	11 737	11 819	11 664	155	1.3%	13 413	6 894
Social Development	895	1 000	942	59	5.9%	1 000	444
Other functions	8 351	8 473	8 116	358	4.2%	10 525	4 455
Limpopo	22 899	23 722	23 908	-186	-0.8%	25 312	11 777
Education	11 067	11 399	11 367	32	0.3%	11 948	5 938
Health	5 448	5 554	5 832	-278	-5.0%	6 096	2 924
Social Development	432	395	401	-6	-1.5%	439	200
Other functions	5 953	6 374	6 308	66	1.0%	6 829	2 715
Mpumalanga	12 805	12 832	12 690	142	1.1%	16 211	7 250
Education	6 218	6 326	6 273	53	0.8%	7 956	3 731
Health	2 912	3 032	3 013	19	0.6%	3 595	1 583
Social Development	430	334	319	15	4.5%	498	218
Other functions	3 244	3 140	3 085	55	1.7%	4 163	1 718
Northern Cape	4 395	4 510	4 569	-59	-1.3%	5 663	2 668
Education	1 644	1 648	1 643	5	0.3%	2 267	1 114
Health	1 291	1 316	1 407	-91	-6.9%	1 460	745
Social Development	215	223	218	5	2.3%	304	132
Other functions	1 245	1 323	1 301	21	1.6%	1 632	677
North West	14 400	15 532	15 017	515	3.3%	14 412	6 893
Education	6 305	6 780	6 686	94	1.4%	5 324	2 984
Health	3 428	3 616	3 479	137	3.8%	3 755	1 641
Social Development	428	420	368	51	12.2%	608	170
Other functions	4 240	4 717	4 484	233	4.9%	4 726	2 098
Western Cape	18 376	19 458	18 850	608	3.1%	20 717	9 745
Education	6 988	7 116	6 920	195	2.7%	7 685	3 546
Health	6 323	6 476	6 420	57	0.9%	7 095	3 449
Social Development	727	728	720	8	1.2%	892	409
Other functions	4 337	5 138	4 790	347	6.8%	5 045	2 341
Total	183 020	188 031	185 956	2 075	1.1%	210 460	96 863
Education	79 051	80 122	78 963	1 158	1.4%	88 719	42 523
Health	51 686	53 269	53 648	-379	-0.7%	59 252	28 401
Social Development	5 289	5 293	5 173	120	2.3%	6 550	2 682
Other functions	46 994	49 347	48 171	1 176	2.4%	55 940	23 256

Glossary

Adjustments estimate	Presentation to Parliament of the amendments to be made to the appropriations voted in the main budget for the year.
Appropriation	The approval by Parliament of spending from the National Revenue Fund, or by a provincial legislature from the Provincial Revenue Fund.
Balance of payments	A summary statement of all the international transactions of the residents of a country with the rest of the world over a particular time period.
Baseline	The initial allocations used during the budget process, derived from the previous year's forward estimates.
Budget balance	The difference between budgeted expenditure and budgeted revenue. If expenditure exceeds revenue, the budget is in deficit – or, if the reverse is true, it is in surplus.
Capital gains tax	Tax levied on the profits realised from the disposal of capital assets or investments by a taxpayer. A capital gain is the excess of the selling price over the original purchase price of a capital asset.
Capital flow	A flow of investments in and out of the country.
Conditional grants	Allocations of money from one sphere of government to another, conditional on certain services being delivered or on compliance with specified requirements.
Consolidated expenditure	Total expenditure by national and provincial government, social security funds and selected public entities, including transfers and subsidies to municipalities, businesses or other entities.
Consumption expenditure	Expenditure on goods and services, including salaries, which are used up within a short period of time, usually a year.
Contingency reserve	An amount set aside, but not allocated in advance, to accommodate changes to the economic environment and to meet unforeseen spending pressures.
CPIX inflation	A measurement of the price increases of a basket of consumer goods and services. This measure differs from the consumer price index in that it excludes mortgage costs. See also <i>inflation</i> .
Current account (of the balance of payments)	The difference between total exports and total imports, also taking into account service payments and receipts, interest, dividends and transfers. The current account can be in deficit or surplus. See also <i>trade balance</i> .

Debt service costs	The cost of interest on government debt.
Depreciation (capital)	A reduction in the value of fixed capital as a result of wear and tear or redundancy.
Depreciation (exchange rate)	A reduction in the external value of a currency.
Division of revenue	The allocation of funds between the spheres of government as required by the Constitution. See also <i>equitable share</i> .
Economic cost	The cost of an alternative that must be forgone to pursue a certain action. Put another way, the benefits that could have been received by taking an alternative action.
Equitable share	The allocation of revenue to the national, provincial and local spheres of government as required by the Constitution. See also <i>division of revenue</i> .
FIFA	The Fédération Internationale de Football Association – the international governing body of football.
Financial and Fiscal Commission (FFC)	An independent body established by the Constitution to make recommendations to Parliament and provincial legislatures about financial issues affecting the three spheres of government.
Financial account (of the balance of payments)	A statement of all financial transactions between a country and the rest of the world, including portfolio and fixed investment flows and movements in foreign reserves.
Financial year	The 12 months according to which companies and organisations budget and account.
Fiscal policy	Policy on taxation, public spending and borrowing by government.
Fiscal space	The ability of a government’s budget to provide additional resources for a desired programme without jeopardising fiscal or debt sustainability.
Foreign direct investment (FDI)	The acquisition of controlling interest by governments, institutions or individuals of a business in another country.
GDP inflation	A measure of the total increase in prices in the whole economy. Unlike CPI inflation, GDP inflation includes price increases in goods that are exported and intermediate goods such as machines, but excludes imported goods.
Gross domestic product (GDP)	A measure of the total national output, income and expenditure in the economy. GDP per head is the simplest overall measure of welfare, although it does not take account of the distribution of income, nor of goods and services that are produced outside the market economy.
Gross fixed capital formation	The addition to a country’s fixed capital stock over a specific period, before provision for depreciation. See also <i>capital formation</i> .

Inflation	An increase in the general level of prices.
Inflation targeting	A monetary policy framework intended to achieve price stability over a certain period of time. The Reserve Bank and government agree on a target rate or range of inflation to be maintained over a stipulated period.
Medium-term Expenditure Committee (MTEC)	The technical committee responsible for evaluating the MTEF budget submissions of national departments and recommending allocations.
Medium-term expenditure framework (MTEF)	The three-year spending plans of national and provincial governments published at the time of the Budget.
Money supply	The total stock of money in an economy.
National budget	The projected revenue and expenditures that flow through the National Revenue Fund. It does not include spending by provinces or local government from their own revenues.
National Revenue Fund	The consolidated account of national government into which all taxes, fees and charges collected by SARS and departmental revenue must be paid.
Nominal exchange rates	The current rate of exchange between the rand and foreign currencies. The “effective” exchange rate is a trade-weighted average of the rates of exchange with other currencies.
Non-interest expenditure	Total expenditure by government less debt service costs.
Primary sector	The agricultural and mining sectors of the economy.
Private sector credit extension	Credit provided to the private sector by banks. This includes all loans, credit card balances and leases.
Public private partnership (PPP)	A contractual arrangement 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.
Public sector borrowing requirement	The consolidated cash borrowing requirement of general government and public enterprises.
Real effective exchange rate	A measure of the rate of exchange of the rand relative to a trade-weighted average of South Africa’s trading partners’ currencies, adjusted for price trends in South Africa and the countries included.
Real expenditure	Expenditure measured in constant prices, i.e. after taking account of inflation.
Repurchase (repo) rate	The rate at which the Reserve Bank lends to commercial banks.
Reserves (foreign exchange)	Holdings of foreign exchange, either by the Reserve Bank only, or by the Reserve Bank and domestic banking institutions.

Seasonally adjusted and annualised	The process of removing the seasonal volatility (monthly or quarterly) from a time series. This provides a measure of the underlying trend in the data.
Southern African Customs Union (SACU) Agreement	An agreement that allows for the unrestricted flow of goods and services, and a sharing of customs and excise revenue, between South Africa, Botswana, Namibia, Lesotho and Swaziland.
Southern African Development Community (SADC)	A regional governmental organisation that promotes collaboration, economic integration and technical cooperation throughout Southern Africa.
Terms of trade	An index measuring the ratio of export prices to import prices.
Trade balance	The monetary record of a country's net imports and exports of physical merchandise. See also <i>current account</i> .
Unit labour costs	The cost of labour per unit of output. Calculated by dividing average wages by productivity (output per worker per hour).