

Vote 8

National Treasury

	Main appropriation	Adjusted appropriation	Decrease	Increase
Amount to be appropriated	R13 990 708 000	R14 172 795 000		R182 087 000
Statutory appropriations	R187 831 191 000	R186 555 191 000	R1 276 000 000	
Responsible minister	Minister of Finance			
Administering department	National Treasury			
Accounting officer	Director-General of National Treasury			

Aim

The aim of National Treasury is to promote economic development, good governance, social progress and rising living standards through the accountable, economical, equitable and sustainable management of public finances.

Changes to programme purposes and measurable objectives

No changes were made to programme purposes and measurable objectives.

Adjusted Estimates of National Expenditure 2005

Table 8.1: National Treasury

Programme		2005/06					
R thousand	Main appropriation	Additional appropriation				Total additional appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable /unavoidable	Virement	Other adjustments		
1.Administration	111 816	–	–	28 000	(855)	27 145	138 961
2.Economic Planning and Budget Management	151 761	7 837	–	9 246	1 105	18 188	169 949
3.Asset and Liability Management	49 722	5 000	–	(23 879)	–	(18 879)	30 843
4.Financial Management and Systems	281 999	–	–	14 277	–	14 277	296 276
5.Financial Accounting and Reporting	85 634	–	–	(27 644)	–	(27 644)	57 990
6.Provincial and Local Government Transfers	4 279 513	–	–	–	–	–	4 279 513
7.Civil and Military Pensions, Contributions to Funds and Other Benefits	2 178 805	–	–	–	(98 000)	(98 000)	2 080 805
8. Fiscal Transfers	6 851 458	169 000	–	–	98 000	267 000	7 118 458
Subtotal	13 990 708	181 837	–	–	250	182 087	14 172 795
Direct charge on the National Revenue Fund	187 831 191	–	–	–	(1 276 000)	(1 276 000)	186 555 191
Provincial Equitable Share	134 706 191	–	–	–	–	–	134 706 191
State Debt Costs	53 125 000	–	–	–	(1 276 000)	(1 276 000)	51 849 000
Total	201 821 899	181 837	–	–	(1 275 750)	(1 093 913)	200 727 986

2005/06							
R thousand	Main appropriation	Additional appropriation					Adjusted appropriation
		Roll-overs	Unforeseeable /unavoidable	Virement	Other adjustments	Total additional appropriation	
Economic classification							
Current payments	55 199 879	12 837	–	(15 026)	(1 373 750)	(1 375 939)	53 823 940
Compensation of employees	1 672 492	–	–	(38 003)	(98 000)	(136 003)	1 536 489
Goods and services	402 387	12 837	–	22 977	250	36 064	438 451
Interest and rent on land	53 125 000	–	–	–	(1 276 000)	(1 276 000)	51 849 000
Transfers and subsidies to:	146 609 329	169 000	–	5 956	98 000	272 956	146 882 285
Provinces and municipalities	138 985 831	–	–	484	–	484	138 986 315
Departmental agencies and accounts	6 402 817	152 000	–	–	98 000	250 000	6 652 817
Universities and technikons	–	–	–	5 000	–	5 000	5 000
Foreign governments and international organisations	436 896	7 000	–	–	–	7 000	443 896
Public corporations and private enterprises	40 000	10 000	–	500	–	10 500	50 500
Non-profit institutions	58	–	–	–	–	–	58
Households	743 727	–	–	(28)	–	(28)	743 699
Payments for capital assets	12 691	–	–	9 070	–	9 070	21 761
Machinery and equipment	12 417	–	–	8 043	–	8 043	20 460
Software and other intangible assets	274	–	–	1 027	–	1 027	1 301
Total	201 821 899	181 837	–	–	(1 275 750)	(1 093 913)	200 727 986

Details of adjustments to Estimates of National Expenditure 2005

Roll-overs – R181,837 million

Programme 2: Economic Planning and Budget Management

R7,837 million has been rolled over for the pilot rollout of the infrastructure delivery improvement programme (R6,5 million) and for consultants for the economic impact study and the foreign ownership of South African banks study (R1,337 million).

Programme 3: Asset and Liability Management

R5 million has been rolled over for the reviews of treasury operations in state owned enterprises (SOEs) and of the mandates for developmental financial institutions (DFIs).

Programme 8: Fiscal Transfers

R169 million has been rolled over for: a transfer to the Development Bank of Southern Africa (DBSA) for the Apex Fund (R10 million); a transfer to the secret services to conclude the capital project for the Crime Intelligence division of the South African Police Service (SAPS) (R10 million); to implement non-statutory force dispensation and severance packages in the civilian intelligence services (R142 million); and to provide for a transfer to the Vaccine Fund (R7 million) as agreed with the Global Alliance for Vaccines and Immunisation.

Virements

Table 8.2: National Treasury (Net effect of all virements)

From	R thousand	To	R thousand
Programme			
3 Asset and Liability Management	23 879	1 Administration	28 000
5 Financial Accounting and Reporting	27 644	2 Economic Planning and Budget Management	9 246
		4 Financial Management and Systems	14 277
Economic classification item			
Compensation of employees	38 003	Goods and services	22 977
		Transfers and subsidies	5 956
		Machinery and equipment	8 043
		Software and other intangible assets	1 027

Details of savings

Programme 3: Asset and Liability Management

Underspending of R23,879 million is mainly attributable to the delay in starting the reviews of treasury operations in SOEs and of the mandates for DFIs, and in developing treasury systems.

Programme 5: Financial Accounting and Reporting

Savings of R27,644 million, as a result of vacant posts and related costs, were realised under compensation of employees (R3,184 million), machinery and equipment (R1,528 million) and goods and services (R22,932 million). The bulk of the savings under goods and services was for travel and subsistence (R13,604 million), including for a planned international trip to learn more about accrual accounting that did not materialise.

Utilisation of savings

Programme 1: Administration

R28 million has been used to refurbish the department's buildings, set up a service desk, design better business processes and enhance capacity.

Programme 2: Economic Planning and Budget Management

R9,246 million has been used to roll out the infrastructure delivery improvement programme.

Programme 4: Financial Management and Systems

R14,277 million has been used to implement the second phase of the integrated financial management system (IFMS).

Virements within a programme

Programme 1: Administration

Due to vacant positions, R8,495 million has been shifted from compensation of employees to goods and services to fund consultants.

Programme 2: Economic Planning and Budget Management

Due to vacant positions, R3,41 million has been shifted from compensation of employees to goods and services to fund consultants, and to transfers and subsidies to increase the provision for Regional Services Council levies and introduce the new transfer payment to the Centre for Development and Enterprise.

Programme 3: Asset and Liability Management

Due to vacant positions R1,778 million has been shifted from compensation of employees to machinery and equipment.

Programme 4: Financial Management and Systems

Due to vacant positions R21,136 million has been shifted from compensation of employees to goods and services to fund consultants.

Other adjustments – R250 000

Shifting of funds between votes

Programme 2: Economic Planning and Budget Management

R250 000 has been shifted from the Department of Home Affairs to jointly fund the home affairs tariff review project, which is being managed by the Treasury and conducted by Price Waterhouse and Coopers.

Shifting of funds within a vote

R855 000 has been shifted from *Programme 1: Corporate Services* to *Programme 2: Economic Planning and Budget Management* for the Policy Board for Financial Services and Regulation.

A saving of R98 million on *Programme 7: Civil and Military Pensions, Contributions to Funds and Other Benefits* resulted from the regularisation of the pre-1992 medical aid benefits. This saving would have been surrendered to the National Revenue Fund, but has been shifted to *Programme 8: Fiscal Transfers* (Secret Services subprogramme) for the implementation of non-statutory forces dispensation and severance packages in the civilian intelligence services.

Amounts forming a direct charge on the National Revenue Fund – (R1,276 billion)

State debt costs

It is estimated that state debt costs will be R1,276 billion less than originally budgeted, mainly as a result of lower interest payments due to lower Treasury Bill rates and lower exchange rates.

Expenditure 2004/05 and preliminary expenditure 2005/06

Table 8.3: National Treasury

Programme	2004/05				2005/06		
	Expenditure outcome				Preliminary expenditure		
R thousand	Adjusted appropriation	Apr 2004 - Sep 2004	Apr 2004 - Mar 2005	Apr 04 - Mar 05 % of adjusted appropriation	Adjusted appropriation	Apr 2005 - Sep 2005	% change 04/05 - 05/06 Apr - Sep
1. Administration	143 598	45 197	89 346	62,2	138 961	55 168	22,1
2. Economic Planning and Budget Management	150 864	67 002	135 734	90,0	169 949	76 106	13,6
3. Asset and Liability Management	53 876	12 201	26 261	48,7	30 843	14 348	17,6
4. Financial Management and Systems	351 730	108 697	226 416	64,4	296 276	99 272	(8,7)
5. Financial Accounting and Reporting	65 180	13 505	31 902	48,9	57 990	18 402	36,3
6. Provincial and Local Government Transfers	3 934 260	1 704 183	3 934 260	100,0	4 279 513	1 928 554	13,2
7. Civil and Military Pensions, Contributions to Funds and Other Benefits	2 063 966	929 795	1 921 320	93,1	2 080 805	1 040 859	11,9
8. Fiscal Transfers	7 258 442	3 209 756	7 124 664	98,2	7 118 458	3 116 575	(2,9)
Subtotal	14 021 916	6 090 336	13 489 903	96,2	14 172 795	6 349 284	4,3

R thousand	2004/05 Expenditure outcome				2005/06 Preliminary expenditure		
	Adjusted appropriation	Apr 2004 - Sep 2004	Apr 2004 - Mar 2005	Apr 04 - Mar 05 % of adjusted appropriation	Adjusted appropriation	Apr 2005 - Sep 2005	% change 04/05 - 05/06 Apr - Sep
Direct charge on the							
National Revenue Fund	213 700 774	107 603 941	212 934 966	99,6	186 555 191	95 506 989	(11,2)
Provincial Equitable Share	164 083 774	83 185 122	164 083 774	100,0	134 706 191	70 047 219	(15,8)
State Debt Costs	49 617 000	24 418 819	48 851 192	98,5	51 849 000	25 459 770	4,3
Total	227 722 690	113 694 277	226 424 869	99,4	200 727 986	101 856 273	(10,4)
Current payments	51 697 559	25 241 047	50 550 375	97,8	53 823 940	26 399 134	4,6
Compensation of employees	1 555 816	665 228	1 362 273	87,6	1 536 489	792 142	19,1
Goods and services	524 743	156 551	336 296	64,1	438 451	147 207	(6,0)
Interest and rent on land	49 617 000	24 418 819	48 851 192	98,5	51 849 000	25 459 770	4,3
Financial transactions in assets and liabilities	-	449	614	-	-	15	(96,7)
Transfers and subsidies to:	175 991 767	88 449 750	175 864 510	99,9	146 882 285	75 449 693	(14,7)
Provinces and municipalities	168 018 606	84 889 550	167 957 529	100,0	138 986 315	71 976 086	(15,2)
Departmental agencies and accounts	6 782 379	3 125 580	6 765 737	99,8	6 652 817	3 075 179	(1,6)
Universities and technikons	-	-	795	-	5 000	-	-
Foreign governments and international organisations	462 046	90 784	366 907	79,4	443 896	53 644	(40,9)
Public corporations and private enterprises	40 001	-	68 665	171,7	50 500	-	-
Non-profit institutions	55	-	56	101,8	58	-	-
Households	688 680	343 836	704 821	102,3	743 699	344 784	0,3
Payments for capital assets	33 364	3 480	9 984	29,9	21 761	7 446	114,0
Machinery and equipment	20 840	3 104	8 378	40,2	20 460	6 543	110,8
Software and other intangible assets	12 524	376	1 606	12,8	1 301	903	140,2
Total	227 722 690	113 694 277	226 424 869	99,4	200 727 986	101 856 273	(10,4)

Selected expenditure trends for first half of 2005/06 financial year

Expenditure in the first six months of 2005/06 amounted to R101,856 billion, or 50,7 per cent of the adjusted appropriation of R200,728 billion for the year as a whole.

The main decreases are related to lower budgeted allocations for financial management and systems, fiscal transfers and state debt costs.

Payments for capital assets reflect a substantial increase due to the refurbishment of departmental buildings.

Summary of transfers and subsidies and conditional grants

Table 8.4 Summary of transfers and subsidies per programme

Table 8.5 Summary of conditional grants to provinces

Table 8.6 Summary of conditional grants to local government

Table 8.4: Summary of transfers and subsidies per programme

2005/06							
		Additional appropriation					
	Main	Roll-	Unforeseeable	Virement	Other	Total	Adjusted
R thousand	appropriation	overs	/unavoidable		adjustments	additional	appropriation
1.Administration	284	–	–	54	–	54	338
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	34	–	–	82	–	82	116
Regional Services Council levies	34	–	–	82	–	82	116
Departmental agencies and accounts							
Public entities							
Current	140	–	–	–	–	–	140
Finance, Accounting, Management, Consulting and other Financial Services (Fasset) Sector Education and Training Authority	140	–	–	–	–	–	140
Households							
Social benefits							
Current	110	–	–	(28)	–	(28)	82
Education and Training Development external bursaries	110	–	–	(28)	–	(28)	82
2.Economic Planning and Budget	6 059	–	–	5 735	–	5 735	11 794
Management							
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	59	–	–	235	–	235	294
Regional Services Council levies	59	–	–	235	–	235	294
Departmental agencies and accounts							
Public entities							
Current	6 000	–	–	–	–	–	6 000
Project Development Facility-Trading Account	6 000	–	–	–	–	–	6 000
Universities and technikons							
Current	–	–	–	5 000	–	5 000	5 000
University of Cape Town	–	–	–	5 000	–	5 000	5 000
Public corporations and private enterprises							
Private enterprises							
Other transfers							
Current	–	–	–	500	–	500	500
Centre for Development and Enterprises	–	–	–	500	–	500	500
3.Asset and Liability Management	7	–	–	46	–	46	53
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	7	–	–	46	–	46	53
Regional Services Council levies	7	–	–	46	–	46	53
4.Financial Management and Systems	21	–	–	73	–	73	94
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	21	–	–	73	–	73	94
Regional Services Council levies	21	–	–	73	–	73	94

2005/06							
R thousand	Main appropriation	Additional appropriation				Total additional appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable /unavoidable	Virement	Other adjustments		
5.Financial Accounting and Reporting	19 041	–	–	48	–	48	19 089
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	6	–	–	48	–	48	54
Regional Services Council levies	6	–	–	48	–	48	54
Departmental agencies and accounts							
Public entities							
Current	19 035	–	–	–	–	–	19 035
Accounting Standards Board	4 733	–	–	–	–	–	4 733
Audit (Auditor-General)	14 302	–	–	–	–	–	14 302
6.Provincial and Local Government Transfers	4 279 513	–	–	–	–	–	4 279 513
Provinces and municipalities							
Provinces							
Provincial revenue funds							
Capital	3 730 773	–	–	–	–	–	3 730 773
Provincial Infrastructure Grant	3 730 773	–	–	–	–	–	3 730 773
Municipalities							
Municipal bank accounts							
Current	548 740	–	–	–	–	–	548 740
Local Government Restructuring	350 000	–	–	–	–	–	350 000
Financial Management: Municipalities	132 500	–	–	–	–	–	132 500
Financial Management: Development Bank of Southern Africa	66 240	–	–	–	–	–	66 240
7.Civil and Military Pensions, Contributions to Funds and Other Benefits	746 755	–	–	–	–	–	746 755
Foreign governments and international organisations							
Current	3 080	–	–	–	–	–	3 080
United Kingdom Tax	3 080	–	–	–	–	–	3 080
Non-profit institutions							
Current	58	–	–	–	–	–	58
SA Legion	58	–	–	–	–	–	58
Households							
Social benefits							
Current	743 617	–	–	–	–	–	743 617
Civil Pensions	601 581	–	–	–	–	–	601 581
Military Pensions	142 036	–	–	–	–	–	142 036
8.Fiscal Transfers	6 851 458	169 000	–	–	98 000	267 000	7 118 458
Departmental agencies and accounts							
Public entities							
Current	558 316	142 000	–	–	98 000	240 000	5 798 316
South African Revenue Service	803 868	–	–	–	–	–	3 803 868
Secret Services Account	1 715 216	142 000	–	–	98 000	240 000	1 955 216
Financial Intelligence Centre	19 572	–	–	–	–	–	19 572
Financial and Fiscal Commission	19 660	–	–	–	–	–	19 660
Capital	819 326	10 000	–	–	–	10 000	829 326
South African Revenue Services	450 434	–	–	–	–	–	450 434
Secret Services Account	364 847	10 000	–	–	–	10 000	374 847
Financial Intelligence Centre	4 045	–	–	–	–	–	4 045

2005/06							
	Main appropriation	Additional appropriation				Total additional appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable /unavoidable	Virement	Other adjustments		
R thousand							
Foreign governments and international organisations							
Current	279 500	7 000	–	–	–	7 000	286 500
Lesotho, Namibia & Swaziland	276 500	–	–	–	–	–	276 500
Commonwealth Fund for Technical Cooperation	3 000	–	–	–	–	–	3 000
The Vaccine Fund	–	7 000	–	–	–	7 000	7 000
Capital	154 316	–	–	–	–	–	154 316
African Development Bank	154 316	–	–	–	–	–	154 316
Public corporations and private enterprises							
Public corporations							
Other transfers							
Current	40 000	10 000	–	–	–	10 000	50 000
Development Bank of Southern Africa	40 000	10 000	–	–	–	10 000	50 000
STATUTORY AMOUNTS	134 706 191	–	–	–	–	–	134 706 191
Provinces and municipalities							
Provinces							
Provincial revenue funds							
Current	134 706 191	–	–	–	–	–	134 706 191
Provincial Equitable Share	134 706 191	–	–	–	–	–	134 706 191
Total	146 609 329	169 000	–	5 956	98 000	272 956	146 882 285

Table 8.5: Summary of conditional grants to provinces ¹

2005/06							
	Main appropriation	Additional appropriation				Adjusted appropriation	
		Roll-overs	Unforeseeable /unavoidable	Virement	Other adjustments		Total additional appropriation
R thousand							
6.Provincial and Local Government Transfers							
Provincial Infrastructure Grant	3 730 773	–	–	–	–	–	3 730 773
Total	3 730 773	–	–	–	–	–	3 730 773

¹ Main appropriation detail provided in the Division of Revenue Act, 2005Table 8.6: Summary of conditional grants to local government (municipalities) ¹

2005/06							
R thousand	Main appropriation	Additional appropriation				Total additional appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable /unavoidable	Virement	Other adjustments		
6.Provincial and Local Government Transfers							
Local Government and Financial Management Restructuring Grants							
Local Government Restructuring	350 000	–	–	–	–	–	350 000
Financial Management	132 500	–	–	–	–	–	132 500
Financial Management	66 240	–	–	–	–	–	66 240
Total	548 740	–	–	–	–	–	548 740

¹ Main appropriation detail provided in the Division of Revenue Act, 2005