

Adjusted Estimates of National Expenditure

2008

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2008

National Treasury

Republic of South Africa

October 2008



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Introduction

The adjustments budget

The main budget tabled in the National Assembly by the Minister of Finance in February every year announces spending for three years going forward: that is for the years of the Medium Term Expenditure Framework (MTEF). The main budget also provides for a contingency reserve to deal with circumstances that cannot be anticipated at the time. The accompanying Appropriation Bill is also tabled by the Minister of Finance, in terms of which amounts allocated for the first year of the MTEF are appropriated for that year. This new financial year starts on the first day of April.

In the middle of the financial year, in the adjustments budget, any unused funds, mainly from the contingency reserve, and additional amounts approved may be allocated for particular types of spending, as described in section 30(2) of the Public Finance Management Act (1999) (PFMA).

- **The roll-over of unspent funds from the preceding financial year:** Typically, funds are rolled over when projects planned for completion by the end of the previous financial year have not been completed but are close to completion. Roll-overs are subject to the following restrictions in terms of the Treasury Regulations: Savings on compensation of employees may not be rolled over; a maximum of 5 per cent of a department's payments for good and services may be rolled over; savings on transfer payments and subsidies may not be rolled over for any purposes other than what the funds were originally voted for; and unspent funds on payments for capital assets may only be rolled over to finalise projects or assets acquisitions in progress.
- **Unforeseeable and unavoidable expenditure:** Unforeseeable and unavoidable expenditure is expenditure that could not be anticipated at the time of finalising the Estimates of National Expenditure (ENE) for the main budget. In accordance with the Treasury Regulations the following types of expenditure are not unforeseeable and unavoidable: expenditure that was known when finalising the ENE but could not be accommodated within allocations then; expenditure due to tariff adjustments and price increases; and expenditure to extend existing services or create new services that are not unforeseeable and unavoidable. An example of unforeseen and unavoidable expenditure is expenditure necessitated by adverse weather conditions. Unforeseeable and unavoidable expenditure is recommended by the national executive or any committee of Cabinet to whom this task has been assigned.
- **The utilisation of savings under a main division of a vote for defraying excess expenditure under another main division of the same vote, in terms of section 43 of the PFMA (virements):** The savings may not exceed 8 per cent of the amount appropriated under a main division (programme) of the vote. Amounts appropriated for capital expenditure may not be used to defray current expenditure. Specifically and exclusively appropriated amounts or amounts that were appropriated for transfer to another institution cannot be used in this way either, unless approved by Parliament.
- **Money to be appropriated for expenditure already announced by the minister during the tabling of the annual budget:** In certain instances an amount to be allocated over the three years of the MTEF for a specific purpose will be announced by the Minister of Finance when the main budget is tabled, but the specific details of annual allocations will be finalised later. This is normally when plans have not been finalised at the time of the main budget, as was the case in February when the minister announced money for economising on electricity usage and increasing electricity generation.
- **Adjustments required due to significant unforeseeable economic and financial events that affect the fiscal targets set by the annual budget:** Significantly higher inflation than anticipated in budget projections over the MTEF is an example of when technical adjustments of this nature may need to be made.
- **The shifting of funds between and within votes or to follow the transfer of functions, in terms of the section 42 of the PFMA:** These shifts are made when the assets or liabilities of a department are transferred to another department or institution in terms of legislation or following the reorganisation of functions. They

are also made when amounts have been incorrectly classified in terms of the Standard Chart of Accounts (SCOA) in the ENE at the time of the main budget.

- **Funds required for emergency situations, in terms of section 16 of the PFMA:** The Minister of Finance is authorised to approve the use of funds from the National Revenue Fund for expenditure of an exceptional nature which has not been appropriated. This is for cases when postponing the expenditure to a future parliamentary appropriation would seriously prejudice the public interest.

At the time of the adjustments budget, the Adjusted Estimates of National Expenditure accompanies the Adjustments Appropriation Bill. Both are tabled in the National Assembly by the Minister of Finance. Through this bill, the executive seeks Parliament's approval and adoption of its revised spending plans for the current financial year.

The Adjusted Estimates sets out the revised expenditure estimates of all national departments for the current financial year. It includes the amounts allocated at the time of the budget in the main Appropriation Act and the supplementary amounts allocated in the adjustments budget.

Summary of the adjustments for 2008/09

In addition to the Adjustments Appropriation Bill for 2008/09, the Minister of Finance tabled an Eskom Subordinate Loan Special Appropriation Bill, which recommends additional spending of R10 billion in 2008/09 in terms of section 30(2)(d) of the PFMA. The Eskom Bill in addition proposes amounts for appropriation in 2009/10 and 2010/11.

The Adjustments Appropriation Bill makes provision for an additional R25.9 billion of spending for 2008/09, comprised as follows:

• approved roll-overs	R2.4 billion
• unforeseeable and unavoidable expenditure	R11.2 billion
• unallocated amounts announced in the 2008 Budget	R0.2 billion
• costs relating to higher than expected inflation	R7.7 billion
• funds required for an emergency	R1.3 billion
• self-financing expenditure	R0.5 billion
• state debt costs	R2.7 billion

A contingency reserve of R6 billion was set aside in the main budget. The revised budget spending projections also make provision for about R5.5 billion in underspending at a national level (including savings explicitly declared). Offsetting this R11.5 billion against the R35.9 billion in expenditure contained in the Adjustments Appropriation and Eskom bills, the total estimated level of spending rises by R24.4 billion, from a budgeted R611.1 billion to a revised R635.5 billion.

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Table 1: Summary of the 2008/09 Revised National Budget

	Main Appropriation (ENE)	Additional Appropriation (AENE)	Adjusted Appropriation
R thousand			
Appropriation by vote	345 307 566	26 094 335	371 401 901
Main appropriation	345 307 566		345 307 566
Total adjustments		26 094 335	26 094 335
Roll-overs		2 361 355	2 361 355
Unforeseeable and unavoidable expenditure of which : Road Accident Fund		8 921 251	8 921 251
		2 500 000	2 500 000
Salary adjustment (National)		1 962 586	1 962 586
Inflation adjustment		2 149 401	2 149 401
Section 30(2)d items (unallocated in budget speech)		10 200 000	10 200 000
- Eskom		10 000 000	10 000 000
- Retrofitting government buildings		20 000	20 000
- Demand side management		180 000	180 000
Self-financing		499 742	499 742
Direct charges against the National Revenue Fund	259 788 340	9 822 947	269 611 287
State debt cost	51 236 000	2 690 000	53 926 000
Provincial equitable share	199 376 977	4 632 947	204 009 924
- Unforeseeable and unavoidable expenditure		1 050 000	1 050 000
- Salary adjustment		3 019 000	3 019 000
- Inflation adjustment		563 947	563 947
Skills levy and Setas	7 529 600	-	7 529 600
Remuneration of public office bearers	1 645 763	2 500 000	4 145 763
- Unforeseeable and unavoidable expenditure		2 500 000	2 500 000
Subtotal	605 095 906	35 917 282	641 013 188
Contingency reserve	6 000 000	(6 000 000)	-
Projected under spending		(4 339 208)	(4 339 208)
Declared savings		(1 208 323)	(1 208 323)
Total Estimated Expenditure Level	611 095 906	24 369 751	635 465 657
Main budget revenue	625 352 975	1 177 299	626 530 274
Tax revenue	642 268 600	-	642 268 600
Departmental revenue	12 005 000	(667 438)	11 337 562
Less: Estimate of SACU payments	(28 920 625)	1 844 737	(27 075 888)
Budget balance	14 257 069		(8 935 383)

Table 2: Adjusted appropriations per vote and revised estimates of direct charges against the National Revenue Fund - 2008/09

Vote number and title	Main appropriation	Additional appropriation				Total additional appropriation	Adjusted appropriation	
		Roll-overs	Unforeseeable /unavoidable	Virement	Other adjustments			
R thousand								
Central Government Administration								
1	The Presidency	290 040	7 471	10 351	–	3 873	21 695	311 735
2	Parliament	904 532	–	–	–	9 267	9 267	913 799
3	Foreign Affairs	4 340 708	500 000	535 000	–	194 079	1 229 079	5 569 787
4	Home Affairs	4 505 019	104 592	139 963	–	67 034	311 589	4 816 608
5	Public Works	4 141 402	123 811	–	–	36 779	160 590	4 301 992
Financial and Administrative Services								
6	Government Communication and Information System	418 255	17 654	–	–	3 923	21 577	439 832
7	National Treasury	21 318 192	4 100	4 906	–	10 096 966	10 105 972	31 424 164
8	Public Service and Administration	412 306	5 169	–	–	2 733	7 902	420 208
9	Public Service Commission	111 172	–	–	–	2 500	2 500	113 672
10	Public Administration Leadership and Management Academy	105 527	–	–	–	–	–	105 527
11	Statistics South Africa	1 272 219	32 601	–	–	18 570	51 171	1 323 390
Social Services								
12	Arts and Culture	2 117 082	10 877	22 300	–	10 058	43 235	2 160 317
13	Education	18 857 546	36 111	394 002	–	461 711	891 824	19 749 370
14	Health	15 100 845	373 836	300 000	–	76 488	750 324	15 851 169
15	Labour	1 732 911	25 487	–	–	(10 792)	14 695	1 747 606
16	Social Development	76 007 974	11 800	500 000	–	34 377	546 177	76 554 151
17	Sport and Recreation South Africa	3 496 248	11 278	1 400 000	–	2 160	1 413 438	4 909 686
Justice and Protection Services								
18	Correctional Services	11 671 834	205 600	–	–	461 386	666 986	12 338 820
19	Defence	28 233 155	240 000	100 000	–	(674 128)	(334 128)	27 899 027
20	Independent Complaints Directorate	98 497	–	–	–	–	–	98 497
21	Justice and Constitutional Development	8 341 432	54 885	–	–	119 208	174 093	8 515 525
22	Safety and Security	40 453 243	–	–	–	1 039 066	1 039 066	41 492 309
Economic Services and Infrastructure								
23	Agriculture	2 534 671	186 377	216 700	–	–	403 077	2 937 748
24	Communications	1 723 605	–	607 904	–	–	607 904	2 331 509
25	Environmental Affairs and Tourism	3 061 686	–	109 000	–	35 871	144 871	3 206 557
26	Housing	10 586 523	91 468	–	–	250 496	341 964	10 928 487
27	Land Affairs	6 659 396	–	–	–	–	–	6 659 396
28	Minerals and Energy	3 595 423	1 950	–	–	188 868	190 818	3 786 241
29	Provincial and Local Government	34 193 880	–	768 856	–	676 271	1 445 127	35 639 007
30	Public Enterprises	3 007 862	–	259 516	–	2 000	261 516	3 269 378
31	Science and Technology	3 703 972	–	–	–	17 743	17 743	3 721 715
32	Trade and Industry	5 102 605	10 012	–	–	14 276	24 288	5 126 893
33	Transport	20 508 528	37 276	2 235 473	–	1 711 563	3 984 312	24 492 840
34	Water Affairs and Forestry	6 699 276	269 000	17 280	–	51 060	337 340	7 036 616
Total appropriation by vote		345 307 566	2 361 355	7 621 251	–	14 903 406¹	24 886 012	370 193 578
Plus:								
Total direct charges against the National Revenue Fund		259 788 340	–	3 550 000	–	6 272 947	9 822 947	269 611 287
President and Deputy President salaries (The Presidency)		2 455	–	–	–	–	–	2 455
Members remuneration (Parliament)		253 979	–	2 500 000	–	–	2 500 000	2 753 979
State debt cost (National Treasury)		51 236 000	–	–	–	2 690 000	2 690 000	53 926 000
Provincial equitable share (National Treasury)		199 376 977	–	1 050 000	–	3 582 947	4 632 947	204 009 924
Skills levy and Setas (Labour)		7 529 600	–	–	–	–	–	7 529 600
Judges and Magistrates salaries (Justice and Constitutional Development)		1 389 329	–	–	–	–	–	1 389 329
Total		605 095 906	2 361 355	11 171 251	–	21 226 353	34 708 959	639 804 865
Contingency reserve		6 000 000	–	–	–	(6 000 000)	(6 000 000)	–
Projected underspending		–	–	–	–	(4 339 208)	(4 339 208)	(4 339 208)
Total		611 095 906	2 361 355	11 171 251	–	10 887 145	24 369 751	635 465 657

¹ Other adjustments of R14.903 billion includes savings declared by departments to the amount of R1.208 billion

Table 2 (continued): Adjusted appropriations per vote and revised estimates of direct charges against the National Revenue Fund - 2008/09

Economic classification	Additional appropriation					Total additional appropriation	Adjusted appropriation
	Main appropriation	Roll-overs	Unforeseeable /unavoidable	Virement	Other adjustments		
R thousand							
Current payments							
Compensation of employees	63 323 262	–	2 556 289	(84 279)	1 618 718	4 090 728	67 413 990
Goods and services	38 147 767	384 863	881 998	(191 236)	379 771	1 455 396	39 603 163
Interest and rent on land	51 236 804	–	–	(10)	2 690 000	2 689 990	53 926 794
Financial transactions in assets and liabilities	–	–	235 000	37	–	235 037	235 037
Total current payments	152 707 833	384 863	3 673 287	(275 488)	4 688 489	8 471 151	161 178 984
Transfers and subsidies to:							
Provinces and municipalities	279 979 820	508 750	4 966 331	287 354	4 641 257	10 403 692	290 383 512
Departmental agencies and accounts	50 052 593	267 052	1 588 417	541 631	594 030	2 991 130	53 043 723
Universities and technikons	13 588 474	–	–	(85 769)	350 014	264 245	13 852 719
Public corporations and private enterprises	18 876 723	10 012	280 616	(200 839)	10 702 682	10 792 471	29 669 194
Foreign governments and international organisations	976 138	–	–	26 102	(1 788)	24 314	1 000 452
Non-profit institutions	1 683 767	15 751	–	47 786	(303 424)	(239 887)	1 443 880
Households	79 759 719	97 531	660 600	(770 268)	(7 356)	(19 493)	79 740 226
Total transfers and subsidies	444 917 234	899 096	7 495 964	(154 003)	15 975 415	24 216 472	469 133 706
Payments for capital assets							
Buildings and other fixed structures	3 900 588	1 015 589	–	9 333	503 840	1 528 762	5 429 350
Machinery and equipment	2 531 226	61 807	2 000	(60 951)	3 517	6 373	2 537 599
Heritage assets	–	–	–	–	–	–	–
Specialised military assets	–	–	–	–	–	–	–
Biological and cultivated assets	595	–	–	–	320	320	915
Software and other intangible assets	185 757	–	–	(321)	4 772	4 451	190 208
Land and subsoil assets	852 673	–	–	481 430	–	481 430	1 334 103
Total payments for capital assets	7 470 839	1 077 396	2 000	429 491	512 449	2 021 336	9 492 175
Total	605 095 906	2 361 355	11 171 251	–	21 176 353	34 708 959	639 804 865
Contingency reserve	6 000 000				(6 000 000)	(6 000 000)	–
Projected underspending					(4 339 208)	(4 339 208)	(4 339 208)
Total	611 095 906	2 361 355	11 171 251	–	10 837 145	24 369 751	635 465 657

Table 3: Funds rolled over from 2007/08 to 2008/09

Vote and description of expenditure	R thousand
1 The Presidency R4.028 million for relocating to additional accommodation. R3.443 million for outstanding commitments on administrative costs.	7 471
3 Foreign Affairs R500 million for the head office project (early works agreement).	500 000
4 Home Affairs R54.234 million for the voice over internet protocol to improve global connectivity for South African missions abroad. R31.658 million for reconfiguring and improving the existing passport dispatching system. R18.7 million for Hanis Techno Refresh project.	104 592
5 Public Works R66.165 million for infrastructure for the Re Kgabisa Tshwane programme. R18.8 million for the Lebombo port of entry redevelopment project. R38.846 million for the Prestige programme for purchasing land from the City of Cape Town for building a hall.	123 811
6 Government Communication and Information Systems R154 000 for upgrading the switchboard system. R2.5 million for advertising second economy programmes by the South African Broadcasting Corporation. R15 million for communication campaigns on saving electricity and on renewable energy sources.	17 654
7 National Treasury R4.1 million to the South African Revenue Service for the business registration reform project.	4 100
8 Public Service and Administration R2.336 million for the roll out of phase 2 and 3 of HR Connect projects. R2.833 million for investigating the EQUATE job evaluation system.	5 169
11 Statistics South Africa R32.601 million for the dwelling frame project.	32 601
12 Arts and Culture R4.231 million for 2010 FIFA World Cup projects. R6.646 million for community libraries (conditional grants).	10 877
13 Education R5 million for the PPP agreement for enlarging the new head office building to eliminate future unitary fee payments. R3.221 million for the HIV and Aids conditional grant. R22 million for the special tuition programme. R5.72 million for the ICT feasibility study. R170 000 for the FET colleges recapitalisation conditional grant.	36 111
14 Health R21.752 million for upgrading and commissioning the Civitas building. R13 million for loveLife. R1.751 million for outstanding commitments to HIV and Aids NGOs. R16 million for the Global Fund to Fight AIDS, TB and Malaria. R182.541 million for the forensic pathology services conditional grant. R2.952 million for the national health laboratory services. R3.062 million for the health professional training and development conditional grant. R132.136 million for the hospital revitalisation conditional grant. R642 000 for the national tertiary services conditional grant.	373 836

Table 3: Funds rolled over from 2007/08 to 2008/09 (continued)

Vote and description of expenditure	R thousand
15 Labour R11.97 million for repair and maintenance programme in the Gauteng South sheltered employment factory in Village Main. R6.817 million for Employment Services for South Africa (ESSA) processes. R6.7 million for upgrading security at the Institute of the National Development of Learnerships, Employment Skills and Labour Assessments (INDLELA).	25 487
16 Social Development R1 million for the Planned Parenthood Association. R5 million for an integrated management information system for the Appeals Tribunal. R5.8 million for improving monitoring and evaluation of the social development information system.	11 800
17 Sport and Recreation South Africa R1.286 million has been rolled over for club development training. R6.337 million for training volunteers for the 2010 FIFA World Cup. R3.655 million for the mass sport and recreation participation programme conditional grant.	11 278
18 Correctional Services R205.6 million for the ongoing construction of the Kimberley correctional centre.	205 600
19 Defence R12.8 million to settle outstanding invoices for vehicles and to convert panel vans into ambulances. R66.084 million for repairing and maintaining facilities. R124.593 million for upgrading and constructing buildings. R6.8 million to settle outstanding invoices for buses. R29.723 million to settle outstanding invoices for spare parts and 60mm and 81mm mortar bombs.	240 000
21 Justice and Constitutional Development R54.885 million to continue providing facilities for people with disabilities at all courts.	54 885
23 Agriculture R3.206 million for CASP projects. R93.300 million for finalising payments in respect of the Classical Swine Fever Campaign. R87.837 million for Agricultural Disasters Management. R2.034 million for LandCare projects.	186 377
26 Housing R3.3 million for furniture and audiovisual equipment for the newly refurbished office in Cape Town. R2.568 million to Hlaniki/Wits Business School for the councillor training programme. R11 million for the media campaigns administered by the Government Communication and Information Systems for the department. R74.6 million on the integrated housing and human settlement development grant for completing various housing projects.	91 468
28 Minerals and Energy R1.950 million for the completion of the technical audit of electrification projects which is outsourced to Eskom.	1 950
32 Trade and Industry R3.8 million for the black business supplier development Programme for incentive scheme claims. R6.212 million for the critical infrastructure programme for claims for approved infrastructure applications.	10 012
33 Transport R5 million for the Arrive Alive campaign. R764 000 for the women and gender audit project. R497 000 for aligning the transport sector charters with the code of good practice. R8.27 million for oil pollution prevention. R6.945 million for developing the national airports development plan. R1.8 million for guidelines standards and monitoring for integrated transport planning. R14 million for restructuring the Road Accident Fund.	37 276
34 Water Affairs and Forestry R260 million for phase 2A of the construction of the De Hoop Dam. R9 million for the municipal drought relief grant.	269 000
Total	2 361 355

Table 4: Unforeseeable and unavoidable expenditure

Vote and description of expenditure	R thousand
1 The Presidency Additional funding due to unexpected increase in administrative capacity as well as funding for the war room on poverty.	10 351 10 351
2 Parliament Political Office Bearers Pension Fund.	2 500 000 2 500 000
3 Foreign Affairs Review of budget exchange rates. Recapitalisation of the African Renaissance Fund to be used for the acquisition of agricultural inputs for Zimbabwe.	535 000 235 000 300 000
4 Home Affairs Additional funds for the Displaced People Project. Special dispensation for SADC nationals in terms of section 31(2) of the Immigration Act, 2002 (Act 13 of 2002). Advanced Passenger Processing and Information system (APP/ API) for the 2010 FIFA World Cup. Additional funds for the Electoral Commission for election result scanners in preparation for the 2009 National and Provincial elections.	139 963 21 656 15 000 50 000 53 307
7 National Treasury Additional funding for Crime Intelligence inflation adjustment to the fuel budget. Provincial Equitable Share:- Vaccines for preparatory and piloting activities. Occupational Specific Dispensation for nurses (OSD).	1 054 906 4 906 50 000 1 000 000
12 Arts and Culture Funds allocated for crucial capital expenditure projects for the Robben Island Museum to keep its World Heritage Site status.	22 300 22 300
13 Education Allocated for the disaster management conditional grant for storm damage to schools. Allocated for the national school nutrition programme to ensure that the targeted 7 million school learners will be fed on all school days during the current financial year. Additional funds for the Kha Ri Gude mass literacy campaign.	394 002 22 002 265 000 107 000
14 Health Funds allocated for HIV and Aids for the introduction of the Preventing Mother to Child Transmission (PMTCT) dual therapy programme and shortfalls on treatment programmes.	300 000 300 000
16 Social Development Amount is allocated to provide short term social relief to communities and households facing undue hardship.	500 000 500 000
17 Sport and Recreation South Africa Adjustment to the 2010 FIFA World Cup Stadium Development Grant.	1 400 000 1 400 000
19 Defence Additional funds for the Peace support operation in Burundi.	100 000 100 000

Table 4: Unforeseeable and unavoidable expenditure (continued)

Vote and description of expenditure	R thousand
23 Agriculture	216 700
Compensation payable in terms of a court order.	21 100
Funds to finalise payments in respect of the Classical Swine Fever Combating Campaign.	70 600
Agricultural Disaster Management Grant for veldt fires (R40 million) and Floods (R9 million).	49 000
Funds allocated to provide agricultural starter packs to vulnerable households to mitigate the impact of high food prices.	76 000
24 Communications	607 904
Additional funding for the Universal Services and Access Agency of South Africa (USAASA).	7 904
Funding request for the unforeseen expenditure of the "last mile" Access Network between the 2010 FIFA World Cup stadium venues and the Telkom National Network.	600 000
25 Environmental Affairs and Tourism	109 000
Additional funding for cash flow adjustment for Expanded Public Works Programme (EPWP) projects	109 000
29 Provincial and Local Government	768 856
Funds allocated for the rehabilitation of infrastructure destroyed by flooding in the Western Cape and Eastern Cape in November 2007	281 498
Funds for the rehabilitation of infrastructure damaged by flooding in Western Cape in July 2008.	22 186
Allocation for the recovery and rehabilitation of infrastructure damaged by the storm in KwaZulu-Natal in June 2008.	418 125
Costs incurred by various stakeholders in managing the temporary accommodation for internally displaced people.	47 047
30 Public Enterprises	259 516
Indemnity claim by Denel Saab Aerostructures (DSA) under the Indemnity Agreement between Government, Saab and Denel	259 516
33 Transport	3 535 473
Special adjustment for the Road Accident Fund.	2 500 000
Disaster Management grant for roads, bridges and storm water damage due to recent floods in KwaZulu-Natal and Western Cape.	1 035 473
34 Water Affairs and Forestry	17 280
R9.68 million has been allocated for the Working for Water programme, and R7.6 million for Working on Fire.	17 280
Total	12 471 251

Table 5: Unallocated expenditure announced during the tabling of the 2008 Budget

Vote and description of expenditure	R thousand
5 Public Works Additional funding of R20 million has been allocated to cover costs for retrofitting government buildings in line with the strategy for conserving energy.	20 000 20 000
7 National Treasury Additional funding of R10 billion will be allocated to cover costs related to enhancing Eskom's balance sheet and enabling the building of infrastructure for sustainable electricity.	10 000 000 10 000 000
28 Minerals and Energy Additional funding of R180 million has been allocated for the roll out by Eskom of the energy demand side management programme. The principal focus is replacing incandescent light bulbs with compact fluorescent light bulbs as part of the strategy to mitigate against the current electricity emergency situation.	180 000 180 000
Total	10 200 000

Table 6: Details of self-financing expenditure

Vote and description of expenditure	R thousand
6 Government Communication and Information Systems R150 000 has been received from South African Broadcasting Corporation (SABC) and R60 000 from Standard Bank for the annual Government Communicators Awards ceremony. The funds have been surrendered to the National Revenue Fund.	210 210
3 Foreign Affairs Revenue to be received from the private party in the PPP agreement as part payment for the early works construction on the head office campus.	165 519 165 519
18 Correctional Services The adjustment of R2.718 million refers to monies collected for the hiring out of offender labour at a rate prescribed by the Departmental Tariff Policy and approved by National Treasury. The full amount collected is deposited into the National Revenue Fund and 33.33 per cent (R906 000) is re-allocated to the Department to supplement the budget for the payment of gratuities to offenders.	906 906
19 Defence R120.480 million generated from sales in 2007/08 of equipment and spares procured through the Special Defence Account has been deposited into the National Revenue Fund.	120 480 120 480
33 Transport R165 million was approved to fund the maintenance and the ongoing development of the eNaTIS system. The relevant transaction fees were surrendered to the National Revenue Fund because the function of managing the eNaTIS system was not yet transferred to the Road Traffic Management Corporation, which collects the transaction fees.	165 000 165 000
34 Water Affairs Total amount of R835 000 has been received as a donation from Eskom R400 000, Rand Water R350 000, Umgeni Water R20 000 and Trans-Caledon Tunnel Authority R65 000; these funds will be utilised for Women in Water Awards. An amount of R46.792 million is required towards operational cost for the Lowveldt plantations. The revenue for the operations of these plantations now accrues to the National Revenue Fund following the closure of the Industrial Plantation Trading Account.	47 627 835 46 792
Total	499 742

Table 7: Details of declared savings and projected underspending

Vote and description of saving	R thousand
Declared savings	
7 National Treasury	68 680
Saving of R18.680 million on the transfer payment for the Neighbourhood Development Partnership Grant is due to slower spending that has been declared by municipalities.	18 680
Savings of R50 million has been declared on the transfer payment directly to the Development Bank of Southern Africa for the municipalities for the financial management grant.	50 000
15 Labour	10 792
Savings of R6.7 million have been declared due to the suspension of the security upgrading at INDLELA because the grounds are situated in a dolomite area. Savings of R4.092 million have been declared due to vacant posts.	10 792
19 Defence	1 128 851
Due to delays in the delivery of strategic defence equipment the allocation for this equipment was reduced by R1 966.400 million and will be added back in 2009/10. R837.549 million not requisitioned for the Strategic Defence Procurement programme this year is to be reallocated in 2008/09. The net effect is a reduction in the department's 2008/09 baseline of R1 128.851 million.	1 128 851
Projected underspending	4 339 208
Total	5 547 531

Table 8: Expenditure outcome 2007/08 and preliminary expenditure 2008/09

Vote number and title	2007/08 Expenditure outcome					2008/09 Preliminary expenditure		
	Adjusted appropriation	Apr 2007 - Sep 2007	Apr 07 - Sep 07 % of adjusted appropriation	Apr 2007 - Mar 2008	Apr 07 - Mar 08 % of adjusted appropriation	Adjusted appropriation	Apr 2008 - Sep 2008	Apr 08 - Sep 08 % of adjusted appropriation
R thousand								
Central Government Administration								
1 The Presidency	272 101	109 731	40.3	264 200	97.1	311 735	160 546	51.5
2 Parliament	835 714	325 823	39.0	902 093	107.9	913 799	450 781	49.3
3 Foreign Affairs	4 119 063	1 543 061	37.5	4 069 733	98.8	5 569 787	2 338 783	42.0
4 Home Affairs	3 520 898	1 167 697	33.2	3 241 727	92.1	4 816 608	1 721 417	35.7
5 Public Works	3 759 464	1 970 196	52.4	3 402 283	90.5	4 301 992	1 709 536	39.7
Financial and Administrative Services								
6 Government Communication and Information System	384 012	185 682	48.4	380 916	99.2	439 832	211 573	48.1
7 National Treasury	19 748 367	8 956 972	45.4	18 966 168	96.0	31 424 164	9 949 880	31.7
8 Public Service and Administration	384 063	161 148	42.0	370 383	96.4	420 208	163 726	39.0
9 Public Service Commission	108 164	49 331	45.6	108 134	100.0	113 672	57 327	50.4
10 Public Administration Leadership and Management Academy	131 126	36 652	28.0	131 113	100.0	105 527	62 453	59.2
11 Statistics South Africa	1 157 286	418 877	36.2	1 056 998	91.3	1 323 390	564 601	42.7
Social Services								
12 Arts and Culture	1 607 769	830 473	51.7	1 585 849	98.6	2 160 317	1 148 343	53.2
13 Education	16 386 752	11 670 595	71.2	16 241 326	99.1	19 749 370	14 509 118	73.5
14 Health	13 091 136	6 187 213	47.3	12 762 731	97.5	15 851 169	7 502 585	47.3
15 Labour	2 037 865	876 157	43.0	1 948 621	95.6	1 747 606	786 138	45.0
16 Social Development	67 229 108	35 082 859	52.2	67 191 404	99.9	76 554 151	37 197 230	48.6
17 Sport and Recreation South Africa	5 067 207	1 581 408	31.2	5 048 000	99.6	4 909 686	2 877 166	58.6
Justice and Protection Services								
18 Correctional Services	11 384 409	4 856 371	42.7	11 122 379	97.7	12 338 820	6 114 626	49.6
19 Defence	26 291 785	10 456 009	39.8	25 180 113	95.8	27 899 027	11 672 219	41.8
20 Independent Complaints Directorate	80 891	35 223	43.5	80 891	100.0	98 497	46 372	47.1
21 Justice and Constitutional Development	7 538 667	3 084 782	40.9	7 373 766	97.8	8 515 525	3 831 654	45.0
22 Safety and Security	36 386 105	16 584 380	45.6	36 386 105	100.0	41 492 309	19 821 082	47.8
Economic Services and Infrastructure								
23 Agriculture	3 469 603	968 270	27.9	3 328 417	95.9	2 937 748	1 172 046	39.9
24 Communications	1 924 483	624 680	32.5	1 911 778	99.3	2 331 509	660 592	28.3
25 Environmental Affairs and Tourism	2 790 521	1 571 460	56.3	2 788 757	99.9	3 206 557	1 742 283	54.3
26 Housing	8 982 358	3 814 747	42.5	8 586 272	95.6	10 928 487	5 345 770	48.9
27 Land Affairs	5 928 269	2 780 269	46.9	5 897 497	99.5	6 659 396	3 518 051	52.8
28 Minerals and Energy	2 974 937	1 521 729	51.2	2 947 367	99.1	3 786 241	1 118 099	29.5
29 Provincial and Local Government	30 036 751	10 702 202	35.6	30 029 716	100.0	35 639 007	12 327 756	34.6
30 Public Enterprises	4 605 089	985 327	21.4	4 603 984	100.0	3 269 378	1 580 258	48.3
31 Science and Technology	3 144 229	1 531 287	48.7	3 127 280	99.5	3 721 715	2 069 129	55.6
32 Trade and Industry	5 479 433	2 467 415	45.0	5 295 351	96.6	5 126 893	2 417 285	47.1
33 Transport	16 543 932	6 659 586	40.3	16 331 627	98.7	24 492 840	11 540 685	47.1
34 Water Affairs and Forestry	5 862 513	2 174 305	37.1	5 385 396	91.9	7 036 616	2 985 095	42.4
Total expenditure by vote	313 264 070	141 971 917	45.3	308 048 375	98.3	370 193 578	169 374 205	45.8
Plus:								
Total direct charges against the National Revenue Fund	234 109 618	119 173 614	50.9	233 450 418	99.7	269 611 287	132 002 524	49.0
President and Deputy President salaries (The Presidency)	2 219	1 078	48.6	2 316	104.4	2 455	1 172	47.7
Members remuneration (Parliament)	242 380	121 192	50.0	240 708	99.3	2 753 979	120 689	4.4
State debt cost (National Treasury)	52 937 000	26 722 842	50.5	52 877 060	99.9	53 926 000	28 119 800	52.1
Provincial equitable share (National Treasury)	172 861 501	89 061 126	51.5	172 861 501	100.0	204 009 924	99 688 500	48.9
Skills development programme (Labour)	6 800 000	2 696 306	39.7	6 284 306	92.4	7 529 600	3 455 566	45.9
Judges and Magistrates salaries (Justice and Constitutional Development)	1 266 518	571 070	45.1	1 184 527	93.5	1 389 329	616 797	44.4
Total	547 373 688	261 145 531	47.7	541 498 793	98.9	639 804 865	301 376 729	47.1

Table 8 (continued): Expenditure outcome 2007/08 and preliminary expenditure 2008/09

Economic classification	2007/08					2008/09		
	Expenditure outcome					Preliminary expenditure		
R thousand	Adjusted appropriation	Apr 2007 - Sep 2007	Apr 07 - Sep 07 % of adjusted appropriation	Apr 2007 - Mar 2008	Apr 07 - Mar 08 % of adjusted appropriation	Adjusted appropriation	Apr 2008 - Sep 2008	Apr 08 - Sep 08 % of adjusted appropriation
Current payments								
Compensation of employees	58 460 510	27 389 203	46.9	57 606 498	98.5	67 413 990	30 781 237	45.7
Goods and services	34 099 009	12 969 097	38.0	32 311 378	94.8	39 603 163	17 056 000	43.1
Interest and rent on land	52 937 768	26 723 812	50.5	52 878 361	99.9	53 926 794	28 119 913	52.1
Financial transactions in assets and liabilities	14	18 489	132 064.3	179 565	1 282 607.1	235 037	25 553	10.9
Total current payments	145 497 301	67 100 601	46.1	142 975 802	98.3	161 178 984	75 982 702	47.1
Transfers and subsidies to:								
Provinces and municipalities	243 989 505	117 324 690	48.1	243 236 557	99.7	290 383 512	137 575 960	47.4
Departmental agencies and accounts	45 305 020	20 497 456	45.2	43 299 241	95.6	53 043 723	23 461 625	44.2
Universities and technikons	11 975 329	9 316 162	77.8	12 003 773	100.2	13 852 719	11 004 158	79.4
Public corporations and private enterprises	20 542 517	7 809 529	38.0	20 809 609	101.3	29 669 194	9 823 100	33.1
Foreign governments and international organisations	1 046 970	277 515	26.5	936 154	89.4	1 000 452	278 291	27.8
Non-profit institutions	1 307 062	406 311	31.1	959 448	73.4	1 443 880	543 344	37.6
Households	69 360 712	36 224 965	52.2	69 312 346	99.9	79 740 226	38 726 097	48.6
Total transfers and subsidies	393 527 115	191 856 628	48.8	390 557 128	99.2	469 133 706	221 412 575	47.2
Payments for capital assets								
Buildings and other fixed structures	4 847 248	1 017 491	21.0	3 691 882	76.2	5 429 350	2 149 382	39.6
Machinery and equipment	2 448 750	824 029	33.7	3 213 139	131.2	2 537 599	948 331	37.4
Heritage assets	-	-	-	8 772	-	-	-	-
Biological and cultivated assets	1 040	1 050	101.0	11 155	1 072.6	915	2 482	271.3
Software and other intangible assets	203 172	47 953	23.6	191 811	94.4	190 208	15 752	8.3
Land and subsoil assets	849 062	297 779	35.1	849 104	100.0	1 334 103	865 505	64.9
Total payments for capital assets	8 349 272	2 188 302	26.2	7 965 863	95.4	9 492 175	3 981 452	41.9
Total	547 373 688	261 145 531	47.7	541 498 793	98.9	639 804 865	301 376 729	47.1

Table 9: Summary of revised departmental receipts for the 2008/09 financial year

Vote number and title		2008/09			
		Budget estimate	Adjusted estimate	Actual receipts Apr – Sep 2008	% of Adjusted estimate
R thousand					
Central Government Administration					
1	The Presidency	123	234	90	38.5
2	Parliament	36 440	36 440	27 044	74.2
3	Foreign Affairs	40 045	21 401	12 204	57.0
4	Home Affairs	568 505	407 883	143 444	35.2
5	Public Works	35 635	23 000	11 284	49.1
Financial and Administrative Services					
6	Government Communication and Information System	2 797	2 697	1 961	72.7
7	National Treasury	5 701 245	5 084 709	2 116 148	41.6
8	Public Service and Administration	503	510	203	39.8
9	Public Service Commission	233	233	77	33.0
10	Public Administration Leadership and Management Academy	70	106	79	74.5
11	Statistics South Africa	1 774	2 680	1 931	72.1
Social Services					
12	Arts and Culture	558	5 706	5 551	97.3
13	Education	7 103	7 231	3 877	53.6
14	Health	5 961	5 630	2 413	42.9
15	Labour	8 332	27 128	7 588	28.0
16	Social Development	144	2 394	2 330	97.3
17	Sport and Recreation South Africa	55	224	185	82.6
Justice and Protection Services					
18	Correctional Services	130 086	131 154	81 201	61.9
19	Defence	505 353	474 728	106 070	22.3
20	Independent Complaints Directorate	60	60	18	30.0
21	Justice and Constitutional Development	398 404	398 404	79 403	19.9
22	Safety and Security	288 220	323 839	172 750	53.3
Economic Services and Infrastructure					
23	Agriculture	72 030	218 273	145 085	66.5
24	Communications	3 233 618	3 218 929	2 420 462	75.2
25	Environmental Affairs and Tourism	1 087	4 412	4 147	94.0
26	Housing	661	1 053	375	35.6
27	Land Affairs	190 590	204 404	36 665	17.9
28	Minerals and Energy	199 875	198 120	71 513	36.1
29	Provincial and Local Government	135	395	298	75.4
30	Public Enterprises	70	70	44	62.9
31	Science and Technology	70	106	59	55.7
32	Trade and Industry	251 504	289 858	141 320	48.8
33	Transport	266 008	186 528	25 531	13.7
34	Water Affairs and Forestry	92 031	92 031	46 680	50.7
Total departmental receipts as per Adjusted Estimates of National Expenditure		12 039 325	11 370 570	5 668 030	49.8
Less: Parliament (retained departmental receipts)		36 440	36 440	27 044	74.2
Plus: SARS departmental receipts collection		2 115	3 432	1 800	52.4
Total departmental revenue as per Medium Term Budget Policy Statement		12 005 000	11 337 562	5 642 786	49.8
Direct National Revenue Fund receipts (Extra-ordinary receipts)					
Restructuring proceeds from SASRIA (National Treasury)				1 811 858	
Structure levy account and blocked rand levy account from SARB (National Treasury)				492	
Exchange control forfeits from SARB (National Treasury)				662	
Total direct Revenue Fund receipts				1 813 012	

Table 9 (continued): Summary of revised departmental receipts for the 2008/09 financial year

Economic classification	2008/09			
	Budget estimate	Adjusted estimate	Actual receipts Apr – Sep 2008	% of Adjusted estimate
R thousand				
Departmental receipts				
Sales of goods and services other than capital assets	3 455 410	3 098 351	1 566 349	50.6
Transfers received	200	3 391	1 175	34.7
Fines, penalties and forfeits	435 019	437 381	159 208	36.4
Interest, dividends and rent on land	7 285 067	6 810 754	3 363 570	49.4
Sales of capital assets	148 832	99 176	3 385	3.4
Financial transactions in assets and liabilities	714 797	921 517	574 343	62.3
Total departmental receipts as per Adjusted Estimates of National Expenditure	12 039 325	11 370 570	5 668 030	49.8

Information contained in each chapter

Each chapter reflects a single vote. A vote is one of the main segments into which the appropriation acts are divided. A vote specifies the total amount appropriated per department.

Votes are arranged into the following functional groupings to facilitate analysis of interdepartmental initiatives and service delivery. (Note: These functional groupings are informal and are not consistent with the more rigorous functional classification of expenditure in terms of the standard chart of accounts.)

- Central Government Administration
- Financial and Administrative Services
- Social Services
- Justice and Protection Services
- Economic Services and Infrastructure.

Adjusted budget summary

This table links to the original appropriations in the main budget, showing the adjustments to appropriations in the adjustments budget, by economic classification.

The main appropriation reflects the total rand amount voted for 2008/09 at the time of the main budget.

The adjusted appropriation reflects the total adjusted rand amount to be voted for 2008/09.

Current payments are payments made by a national department for its operational requirements, including for compensation of employees, goods and services, interest, rental of immovable property, and financial transactions relating to assets and liabilities, but excluding transfers and subsidies, payments for capital assets and payments made under section 73 of the PFMA.

Transfers and subsidies are payments made by a national department to another organ of state or to a person or organisation outside government, for which the department does not receive a direct benefit of similar value in return, and include the payment of conditional grants.

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

Direct charges against the National Revenue Fund are indicated, and may also be revised.

Accountability information on the executive authority and accounting officer is also provided.

Aim

The aim of the vote reflects the department's social and economic objectives or its administrative functions.

Changes to programme purposes, objectives and measures

To maintain the link between the department's strategic plan and its adjusted budget, any changes to programme purposes, objectives and measures are noted. Programme 1: *Administration* is exempt from providing objectives and measures.

Mid-year performance status

Managing, monitoring and measuring performance are integral to improving service delivery. The table presents only a selected set of a department's performance indicators, and is not intended to provide a comprehensive analysis of performance.

Indicators are defined as specific numerical measurements that track progress towards achieving the goals of the department. Indicators may reflect inputs, activities, outputs, outcomes or in certain instances explanatory information relating to the internal or external environment. The selected performance indicators published in the 2008 ENE are updated with actual achievements for the first half of the financial year.

Any changes to indicators or performance estimates are explained below the table. These changes would typically be caused by funding adjustments being tabled in the adjustments budget.

Adjusted Estimates of National Expenditure 2008

In this table adjusted expenditure is set out in accordance with the categories of expenditure specified in section 30(2) of the PFMA by programme and economic classification.

The main appropriation shows the total amount appropriated per programme in the Appropriation Act (2008).

The additional appropriation consists of a variety of categories:

- **Roll-overs** are funds appropriated in 2007/08 but not spent, and reappropriated in 2008/09.
- **Unforeseeable and unavoidable expenditure** is expenditure that could not be anticipated at the time of finalising the inputs for the *Estimates of National Expenditure 2008*.
- **Virements** are savings generated under one main division or programme of a vote that are used to defray excess expenditure under another main division of the same vote.
- **Other adjustments** include: expenditure already announced in the budget speech of the Minister of Finance but not allocated at that stage; adjustments due to significant and unforeseeable economic and financial events; funds shifted between votes or to follow the transfer of functions; funds shifted within a vote; use of funds in an emergency, self-financing expenditure; and declared savings. Self-financing expenditure refers to expenditure financed from unforeseen revenue paid into the National Revenue Fund in respect of activities of a department. Declared savings are amounts that will remain unspent by departments that they explicitly indicate they will not be requiring to be allocated.

The total additional appropriation is the sum of all the additional funds to be voted.

The adjusted appropriation is the total adjusted funds to be voted (main budget allocation and adjustments budget amendments).

Details of adjustments to the Estimates of National Expenditure 2008

Explanations are given by programme for:

- Roll-over of funds
- Unforeseeable and unavoidable expenditure
- Virements
- Other adjustments
- Gifts, donations and sponsorships
- Amounts forming a direct charge against the National Revenue Fund

Expenditure 2007/08 and preliminary expenditure 2008/09

The table shows the expenditure outcome for 2007/08 and preliminary expenditure for the first six months of 2008/09 per programme and economic classification.

In respect of 2007/08, the **adjusted appropriation, April 2007 to September 2007** expenditure and **April 2007 to March 2008** expenditure are given in rand amounts.

Each of the expenditure amounts are also indicated as a percentage:

April 2007 to September 2007 percentage of adjusted appropriation shows the expenditure outcome for the first half of 2007/08 as a percentage of the total adjusted appropriation for that year.

April 2007 to March 2008 percentage of adjusted appropriation shows the expenditure outcome for the whole of 2007/08 as a percentage of the total adjusted appropriation for that year.

In respect of 2008/09, the **adjusted appropriation** and **April 2008 to September 2008** expenditure are given in rand amounts.

The expenditure amounts are also indicated as a percentage:

April 2008 to September 2008 percentage of adjusted appropriation shows the expenditure outcome for the first half of 2008/09 as a percentage of the total adjusted appropriation for that year.

Selected expenditure trends for the first half of 2008/09

Expenditure trends show whether expenditure is in line with appropriations. Mid-year preliminary expenditure for 2008/09 is compared to mid-year expenditure for 2007/08. Explanations are given for significant changes in expenditure compared to 2007/08.

Departmental receipts

This table shows projected departmental revenue for 2008/09.

The **budget estimate** of revenue receipts, **adjusted estimate** of receipts and **actual receipts April 2008 to September 2008** are given in rand amounts.

Percentage of adjusted estimate shows the actual receipts for the first half of 2008/09 as a percentage of the total adjusted estimate for that year.

Any deviations from information published in the 2008 ENE are explained in the text that follows.

Changes to transfers and subsidies, and conditional grants

These tables show changes to transfers and subsidies and to conditional grants (provinces and local government).

Tables: Summary of changes to transfers and subsidies per programme

Summary of changes to conditional grants: Provinces

Summary of changes to conditional grants: Municipalities.

The main appropriation shows the total amount appropriated per programme in the Appropriation Act (2008).

The additional appropriation consists of a variety of categories:

- **Roll-overs** are funds appropriated in 2007/08 but not spent, and reappropriated in 2008/09.
- **Unforeseeable and unavoidable expenditure** is expenditure that could not be anticipated at the time of finalising the inputs for the *Estimates of National Expenditure 2008*.

- **Virements** are savings generated under one main division or programme of a vote that are used to defray excess expenditure under another main division of the same vote.
- **Other adjustments** include: expenditure already announced in the budget speech of the Minister of Finance but not allocated at that stage; adjustments due to significant and unforeseeable economic and financial events; funds shifted between votes or to follow the transfer of functions; funds shifted within a vote; use of funds in an emergency, self-financing expenditure; and declared savings. Self-financing expenditure refers to expenditure financed from unforeseen revenue paid into the National Revenue Fund in respect of activities of a department. Declared savings are amounts that will remain unspent by departments that they explicitly indicate they will not be requiring to be allocated.

The total additional appropriation is the sum of all the additional funds to be voted.

The adjusted appropriation is the total adjusted funds to be voted (main budget allocation and adjustments budget change).