

Annexure A: Definitions

This list of definitions is preliminary. The final version will be presented when the national norms and standards for service delivery measures have been finalised.

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| Activities | Actions or steps taken to carry out a programme or produce an output. |
| Category A municipality | A metropolitan municipality that has exclusive executive and legislative authority in its area. |
| Category B municipality | A local municipality that shares municipal executive and legislative authority in its area with a district municipality within whose area it falls |
| Category C municipality | A district municipality that has municipal executive and legislative authority in an area that includes more than one municipality |
| Effectiveness | The extent to which policy objectives, operational goals and other intended effects are achieved. |
| Input | A resource used by a department to produce its outputs; this includes labour, other goods and services, capital assets, financial assets and intangible assets. |
| Objective | A statement of specific results to be achieved over a specified period. An objective can be "to provide public ordinary school education to 456 789 learners during the next financial year". It can also be "to increase the pass rate by 6 per cent". |
| Key measurable objective | An objective for the most important measurable results that will be achieved in terms of service delivery. "To provide public ordinary school education for 456 789 learners" is a key measurable objective for the department of education. A key measurable objective can also be "an increase in the pass rate of 6 per cent". |
| Output | The final goods or services produced by a department for use by consumers outside the department. "To provide public ordinary school education to 456 789 learners" will be the output that verifies that the key measurable objective "to provide public ordinary school education to 456 789 learners" has been achieved. "To increase the pass rate by 6 per cent" is not an output, but it can be an indicator that the quality of the service is increasing. |
| Outcome | A measurable change in the general state of well-being in the community, which government wants to achieve or at least pursue through various policy actions. The outcome of providing public ordinary education could be a decrease in unemployment and an increase in wage income. |
| Performance measure | A quantitative parameter used to measure expected outcomes in terms of the general performance dimensions of quantity, quality, cost and timeliness. "To provide public ordinary school education to 456 789 learners" is a quantitative performance measure. "To increase the pass rate" is a quality measure. |
| Service delivery measure | Quantitative information about how much service a programme has delivered. "To have provided public ordinary school education to 456 789 learners" is a measure of output. |
| Service delivery indicators | Should it be impossible to quantify the service delivery, an indicator can be used - generally an outcomes measure that verifies the result of service delivery. For road safety issues, the "improvement in road safety" may be a more relevant measurable objective than "the number of speed traps" or "information campaigns". The "improvement in road safety" will be the service delivery indicator for the road safety programme. A service delivery indicator can also be defined as a performance indicator. |
| Quality indicators | The quality of a service can rarely be quantified. Indicators such as the teacher/learner ratio, pass rate or drop-out rates must be used to give some impression of quality. |

GLOSSARY

APPENDIX B

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| Accounting officer | The civil servant in a government department who is accountable to the Legislature for the financial management issues of the department. The accounting officer is usually the head of department and is appointed in terms of section 36 of the Public Finance Management Act, 1999 (Act No. 1 of 1999), as amended by Act No. 29 of 1999 |
| Adjustments estimate | Presentation to the Legislature of the amendments to be made to the appropriations voted in the main budget for the year |
| Agency payments | Payments made by one government department to another in the same or different sphere of government to pay for services administered by the department receiving the payments. Agency payments do not form part of the budget of the department receiving the payment |
| Appropriation | The approval by the Legislature of spending from the Provincial Revenue Fund |
| Baseline allocations | The initial allocations used during the budget process, derived from the previous year's forward estimates |
| Budget deficit | The difference between budgeted expenditure and budgeted revenues |
| Conditional Grants | Allocation 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, excluding allocations to local governments other than agency payments |
| Consumer price inflation (CPI) | Price increases as measured by the consumer price index (CPI), which reflects the prices of a representative basket of consumer goods and services |
| Consumption expenditure | Expenditure on goods and services that are used up within a short period of time, usually a year. Salaries absorb most of Government's consumption expenditure |
| Contingency reserve | An amount that is set aside and not allocated in advance, in order to accommodate changes to the economic environment and to meet unforeseen spending pressures |
| Debt interest/service costs | The cost of interest on government debt |
| Division of revenue | The allocation of funds between the spheres of government as required by the Constitution |
| Equitable shares | The allocation of revenue to the national, provincial and local spheres of government as required by the Constitution |
| 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 |
| Fiscal policy | Policy on tax, spending and borrowing by government |

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| Fiscal year | The twelve months upon which government budgets are based, beginning 01 April and ending 31 March of the subsequent calendar year |
| 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, excludes imported goods, and includes intermediate goods such as machines |
| Government debt | The total amount of money owed by government |
| 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, such as work within the household |
| Horizontal division | The division of revenue between the provincial sphere of government |
| Improvement in conditions of service (ICS) | The sum set aside to meet the costs of pay increases for public servants. The distribution of improvements in conditions of service depends on the agreements between the Government as employer and the public service unions |
| Inflation | The rate of increase of prices |
| Investment | The flow of expenditure on new capital goods |
| Macro-economics | The branch of economics that deals with the whole economy - including issues like growth, inflation, unemployment and the balance of payments |
| Medium-term expenditure framework (MTEF) | The three-year spending plans of national and provincial governments published at the time of the budget |
| Micro-economics | The branch of economics that deals with the behaviour of individual firms and consumers |
| Ministers' Committee on the Budget (Mincombud) | The political committee that considers key policy and budgetary issues that pertain to the budget process before they are tabled in the National Cabinet |
| MinMEC | A MinMEC is a political forum where national and provincial departments in the same sector discuss policy issues. It consists of the national Minister and the nine provincial MECs, supported by key departmental officials |
| Monetary policy | Policy in relation to interest rates, the exchange rate and the supply of money in the economy. Monetary policy is usually focused mainly on keeping control of inflation |
| National Budget | The projected revenue and expenditure which flows through the National Revenue Fund. It does not include spending by provinces or local government from their own revenues |

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| National Budget Council | A body established to co-ordinate financial relations between national and provincial government, comprising the Minister and Deputy Minister of Finance and the nine provincial MECs for finance |
| Outcomes | The effect on individuals and communities as a result of the activities of government |
| Outputs | Goods and services delivered by government |
| Primary sector | The agricultural and mining sectors of the economy |
| Public sector | National government. Provincial government, local government, extra-budgetary governmental institutions, social security funds and non-financial public enterprises |
| Provincial Medium-term Committee Committee (MTEC) | The technical committee responsible for evaluating the MTEF budget submissions of national departments and making recommendations to the Executive Council regarding MTEF budget allocations to provincial departments |
| Public-Private Partnerships (PPP) | A contractual arrangement whereby 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 (PSBR) | The consolidated cash borrowing requirement of general government and public enterprises |
| Real expenditure | The level of expenditure after taking account of inflation |
| Remuneration | The costs of personnel including salaries, housing allowances, car allowances and other benefits received by personnel |
| Saving | The difference between income and spending |
| Statutory appropriations | Amounts appropriated to be spent in terms of statutes and not requiring appropriation by vote, e.g. the salaries and allowances of political office-bearers |
| Unallocated reserves | Potential expenditure provision not allocated to a particular use. Mainly consists of the contingency reserve and amounts of money left unallocated by provinces |
| Vertical division | The division of revenue between spheres of government |