

Annexure 1

2008 ENE notes and template

Chapter notes and template for 2008

The votes are arranged according to the functional groupings:

- central government and administration
- financial and administrative services
- social services
- justice and protection services
- economic services and infrastructure.

These groupings facilitate the analysis of interdepartmental initiatives and service delivery. The functional groupings in the ENE are informal and not consistent with the more rigorous functional classification of expenditure reported in the *Budget Review*.

The chapters for each of the 34 votes contain the following information:

Accountability information

<i>R thousand</i>	<i>2008/09</i>				<i>2009/10</i>	<i>2010/11</i>
	<i>Total to be appropriated</i>	<i>Current payments</i>	<i>Transfers and subsidies</i>	<i>Payments for capital assets</i>	<i>Total</i>	<i>Total</i>
<i>Programme 1</i>	-	-	-	-	-	-
<i>Programme 2</i>	-	-	-	-	-	-
<i>Programme 3</i>	-	-	-	-	-	-
<i>Programme 4</i>	-	-	-	-	-	-
<i>Programme 5</i>	-	-	-	-	-	-
<i>Programme 6</i>	-	-	-	-	-	-
<i>Programme 7</i>	-	-	-	-	-	-
<i>Programme 8</i>	-	-	-	-	-	-
<i>Programme 9</i>	-	-	-	-	-	-
<i>Programme 10</i>	-	-	-	-	-	-
<i>Total</i>	-	-	-	-	-	-
<i>Direct charges against the National Revenue Fund</i>	-	-	-	-	-	-
<i>Total expenditure estimates</i>	-	-	-	-	-	-
<i>Executive authority</i>						
<i>Accounting officer</i>						

The table above reflects the amounts to be appropriated by Parliament and provides an overall summary of the Appropriation Bill. The following amendments from what was done in previous years should be noted. For each programme, indicate amounts to be appropriated for 2008/09 with respect to:

- *current payments*
- *transfers and subsidies; and*
- *payment for capital assets.*

Show aggregate indicative allocations for 2009/10 and 2010/11 for each programme.

The amount **to be appropriated** reflects the expenditure allocation for 2008/09 and corresponds with the 2008 Appropriation Bill. Estimates for the two outer years of the expenditure framework, **2009/10** and **2010/11**, are also included. The appropriated totals are disaggregated into **current payments**, **transfers and subsidies**, and **payments for capital assets**.

The **executive authority** and **accounting officer** are specified to assign accountability.

Aim

The aim paragraph captures the social and economic outcomes that the department wishes to achieve, and corresponds with the Appropriation Bill.

Programme purposes *and objectives*

Each programme is listed individually together with its purpose, as stated in the Appropriation Bill. The measurable objectives are also indicated per programme.

Programme 1: Administration

Purpose: Detail

Programme 2: Name

Purpose: Detail

Measurable Objectives: Detail

-
-
-
-

Strategic overview and key policy developments: 2004/05 – 2010/11

(a maximum of 1000 words)

Introduction

Include a paragraph on the department's direction and expected results to be achieved.

This section describes the department's strategic direction over the period under review. It should closely mirror the strategic objectives of the department. Further guidance on strategic plans is provided in the ENE guidelines, paragraph 8. For this year, there is no requirement to provide outcomes, however the section on outputs has been moved to the strategic overview section and must be placed here bearing in mind the new table format.

Key policy developments

Include a paragraph on policy developments and legislative changes.

Recent achievements

Include paragraphs on achievements in 2006/07 and 2007/08.

Key performance indicators

Indicators	Performance						
	Past			Current	Projected		
	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
.....
.....
.....
.....

Expenditure estimates

The first table sets out expenditure first by **programme** and then by **economic classification**, showing:

- **audited outcomes** for 2004/05 to 2006/07;
- the **adjusted appropriation** and the **revised estimate** for 2007/08; and
- the **medium-term expenditure estimates** for 2008/09 to 2010/11.

Audited outcomes are presented as in the annual financial statements, with adjustments for any approved structural changes.

Adjusted appropriation as presented to Parliament, shows the amendments made to the appropriation voted in the main budget for the year, with adjustments for any approved structural changes.

The **revised estimate** for 2007/08 represents National Treasury's estimate, in consultation with departments, of estimated expenditure outcomes. This does not imply a change in the amount voted to the department in the 2006/07 adjusted appropriations.

The spending figures for 2008/09 make up the proposed appropriation that will form the basis for the main Appropriation Bill that has to be approved by Parliament to be funded from the National Revenue Fund. The direct charges on the National Revenue Fund - statutory appropriations - are amounts appropriated to be spent in terms of statutes and not requiring appropriation by vote.

Details of major transfers and subsidies are also provided.

The **medium-term expenditure estimates** for 2009/10 and 2010/11 will form the basis for planning the 2009 Budget.

For comparability, where programme structures have been changed in recent years, expenditure has, where possible, been reallocated for all years according to the new approved programme structure.

Expenditure trends

The main expenditure trends and programme structure changes in the vote over the seven-year period are described, giving effect to policy development and service delivery objectives.

Where appropriate, average annual growth rates are calculated. Unless indicated otherwise, these reflect nominal growth rates rather than real growth. Where real growth estimates are provided, the growth rate is deflated by CPIX.

Expenditure trends over the 7-year period should be summarised in this section and provide a detailed trend analysis for the period under review. The text provided must be aligned to the tables and explain significant increases or decreases in historical expenditure or over the medium-term in relation to policy developments and service delivery objectives. Refer to 2007 ENE guidelines for an example on how to calculate expenditure trends and analyse them.

A concise summary of the new allocations to the programme's baseline, as approved by Cabinet, is also provided.

Unless otherwise stated, the change in expenditure for a department over the MTEF period refers to the average annual growth rate between 2007/08 and 2010/11.

Efficiency savings

A separate sheet has been provided in the database for identification of efficiency savings per programme and per economic classification. The total amount should equal the amount provided in the departmental allocation letter. Although the table will not be published in the ENE, the data should be used in the written section to discuss significant efficiency savings per vote. Specific amounts per programme may also be highlighted in the discussion; however you must refrain from discussing each and every category of efficiency saving under every programme.

Infrastructure spending

This section should contain spending progress on infrastructure investment. For example, progress on projects such as, De Hoop Dam, the Vaal River Augmentation Project, Gautrain, 2010 Soccer World Cup, and Pebble Bed Modular Reactor (PBMR) etc. Departments should also include information on the service delivery outputs. Budget analysts may request the inclusion of specific information relevant to a particular project.

Departments are also reminded to include only items and amounts from their own vote, in order to prevent double counting. If for example, the Department of Public Works (DPW) undertakes a project for a particular client department from DPW funds, then the item should not appear in the infrastructure schedule of the client department. However, if DPW has implemented an infrastructure function of a client department from funds within the client department's vote, then this should only be reflected as expenditure in the infrastructure table of the client department. (See definitions below)

Mega infrastructure projects and programmes (over R300 million)

Mega projects or programmes: estimated to cost more than R300 million per year for a minimum of three years, or R900 million total project cost, and should be reported as a single line item. Each project should be identified by a project name and a brief description of the project content. Infrastructure transfers should be excluded from this line item and should be reported separately under infrastructure transfers to other spheres, agencies and departments.

Large infrastructure projects and programmes (between R50 million and R300 million)

Large projects or programmes: estimated to cost between R300 million and R50 million per year within a given MTEF. Each project should be identified by a project name and a brief description of the project content. This should include own or internal construction as well as contracted infrastructure. Infrastructure transfers should be excluded from this line item and should be reported separately under infrastructure transfers to other spheres, agencies and departments.

Groups of small projects (below R50 million)

Small projects or programmes: estimated to cost less than R50 million per annum. Large numbers of small, but similar projects, not necessarily part of the same programme, each below R50 million, should be grouped together and reported as a single item. Projects may be grouped together by distinct type, location, or any other category that is sensible. Examples of small projects that are reported as one expenditure line include, "the construction of 2 consular facilities in Burundi", or "the upgrading of 5 police stations in Limpopo", or "tarring of 3 gravel roads in the Kruger Park, totalling 5km".

Infrastructure transfers to other spheres, agencies and departments

Transfers and grants for expenditure on infrastructure should be treated in the same way for reporting purposes, as the above categories. Where possible, the infrastructure table should also reflect whether the item is a transfer or grant, and should describe the nature of the infrastructure delivered / to be delivered. The item should reflect transfers by departments to other departments, entities, agencies, parastatals, and other spheres of government.

Infrastructure/fixed installations transferred to households

This item records expenditure or transfer of funds to individual South Africans to be used for the construction of fixed 'on-site' structures serving to enhance the welfare of households. An example is the construction of VIP toilets via the DWAF CWSS sub-programme, as well as the top structure component of the housing programme. Note that this section does not conform to the definition of infrastructure given above, as it seeks to account for capital expenditure directly for the benefit of households as opposed to the benefit of 'the community at large'. The sum total of these projects is therefore recorded separately.

Service delivery outputs

This should give a brief idea of why the project was, or is, to be undertaken and its contribution to government service delivery. Examples are the number of people to be served by the infrastructure, for example, a 300-bed hospital serving a catchments area of 3 00 000 people a year, or a road serving a capacity of 1 000 vehicles per hour, etc.

Customised text box per vote

Departmental programmes which relate to government's broad strategic priorities may be included here. Discuss progress in implementing priority programmes and include tables featuring trends for the 7-year period. Information to be featured in this part should be concurred between the budget analysts and the Department. The customised box should not exceed half a page.

Departmental receipts

All departmental receipts for 2007/08 are described, as well as the anticipated revenue for the new MTEF period.

Information on each programme

Each programme section opens with a brief description of the programme and subprogrammes, which delineates, for the purpose of the Public Finance Management Act, the activities and functions that may be accommodated within the approved programme structure.

Programme 1: Administration

Programme 1 is always *Administration*, which includes spending on the ministry, the director-general's office and central corporate services.

Expenditure estimates (per programme)

Tables for each programme set out expenditure by **subprogramme** and **economic classification**. The table shows:

- **audited outcomes** for 2004/05 to 2006/07;
- the **adjusted appropriation** and **revised estimates** for 2007/08; and
- the **medium-term expenditure estimates** for 2008/09 to 2010/11.

Expenditure trends (per programme)

Important expenditure trends for each programme are explained over the seven-year period. Highlight significant reprioritisation by reflecting changes in the division of expenditure between programmes. A detailed summary of the changes to the programme’s baseline, as approved by Cabinet, is also provided.

Unless otherwise stated, the change in expenditure for a programme or subprogramme over the MTEF period refers to the average annual growth rate between 2007/08 and 2010/11.

Service delivery objectives and indicators

The section on measurable objectives has been relocated to the discussion on programme purpose and objectives. The section on service delivery objectives has been moved to the strategic overview section and will feature indicators agreed between the department and the National Treasury.

Trading entities

The instructions below apply to trading entities as well as public entities and agencies.

Public entities **and agencies**

Your submission must consist of two parts; a detailed data submission summarising the entity’s financial outcomes for previous financial years and budget information over the MTEF period. Further you must discuss key policy initiatives and service delivery objectives and indicators as well as financial information. Ensure that the policy initiatives relate to financial data presented. For example, if you discuss the adoption of a new policy initiative in the text, you must show corresponding resource allocation in the tables. Provide the following information:

- Indicate the key mandate as stated in the legislation by which the entity was established, followed by a short discussion on the key priorities for the upcoming MTEF period.*
- Highlight the key objectives achieved during the previous reporting period and indicate some service delivery indicators. Include information on planned deliverables and how they will be achieved over the MTEF period. The same table must be used as that used to show departments’ indicators in the strategic overview section. An average of 10 indicators per entity is recommended. A key performance indicator definition should be provided separately to National Treasury for each indicator including the title and a brief explanation of what the indicator is, with enough detail to give a general understanding of the indicator.*

Key performance indicators

Indicators	Performance						
	Past			Current	Projected		
	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
.....
.....
.....
.....

- *Include a section on infrastructure delivery activities if the entity is involved in infrastructure projects. You are required to briefly discuss the nature and progress of these activities.*
- *Discuss financial data being presented for the entity. This text should focus on the sources of funding for the entity, key spending areas and material changes in important spending numbers. An analysis of some of the more important items on the balance sheet of the entity, such as cash balances, provisions and reserves must be provided.*

All public entities are required to complete and submit a detailed financial data template (provided by the National Treasury), that contains details of the Statement of Financial Performance (Income Statement) and Income and Cash Flow statements as well as the Statement of Financial Position (Balance Sheet). The first part of the schedule provides a summary of the Statement of Financial Performance (Income Statement) of the entity, followed by a cash flow summary. The last part of the schedule is related to information from the Statement of Financial Position (Balance Sheet). Medium Term Estimates of this information must also be provided.

The Statement of Financial Performance (Income Statement), cash flow and Statement of Financial Position (Balance Sheet) contained in the schedules are further expanded to include additional detailed information. Entities are requested to use the definitions provided in the “notes” sheet of the data file as well as the definitions provided in the annexures which were previously provided.

Entities will also be required to complete a detailed “transactions in capital assets” data sheet, the aggregates of which have been linked back to the “detail” sheet to avoid completing the same information twice. Entities receiving official development assistance funds must complete summary information on the receipt and utilisation of various donor funds on the appropriate sheet in the annexures.

The schedules must be completed for each public entity listed in Schedules 1, 2, 3A, 3B, 3C, 3D of the Public Finance Management Act (Act 1 of 1999, as amended by Act 29 of 1999) This requirement does not apply to Transnet, Eskom, and Telkom. These schedules represent the detailed format which is required for comprehensive analysis and is supported by a summary format (publication table) that will be published in the ENE.

The information in the schedule must be aligned with the reporting periods of a department, i.e. for the period 1 April to 31 March. This is important to prevent distortions when expressing the consolidated financial performance and positions of a department together with its associated entities.

Annexures

Standard detailed tables are included in the annexure to each vote. These include:

- Summary of expenditure trends and estimates per programme and economic classification
- Summary of personnel numbers and compensation of employees
- Summary of expenditure on training
- Summary of conditional grants to provinces and local government (municipalities)
- Summary of official development assistance expenditure
- Summary of expenditure on infrastructure
- Summary of departmental public-private partnerships projects