



Treasury Guidelines & 2007 Budget process

July 2006



Highlights

- Ministers' Committee will consider and decide on policy priorities that may require new funding
- 2007 process focuses on spending performance, baseline estimates, programme structure and measurable objectives
- Detailed plans required for new spending proposals
- Budget evaluation undertaken through close collaboration between Departments and Budget Analysts.



Covered today...

- Overview of critical dates in budget process
- Baseline assessment and reprioritisation
- Programme evaluation and format of new database
- New spending proposals



Critical dates in budget process

CFO letter, MTEF baseline and guidelines	7 July 2006
DG letter and guidelines	7 July
Feedback on March 'spike'	14 July
MinComBud consider policy priorities	19 July
Budget submission	16 August
MTEC	September
Finalise programme structure	29 September
Adjustments Budget	24 October
Cabinet approval of 2007 MTEF	15 November
Budget	February 2007



Baseline Assessment



Growth trends

	2007/08	2008/09	2009/10
Central administration	11,5%	12,8%	10,5%
Financial & administrative	12,3%	7,3%	3,6%
Social Services	8,3%	8,9%	5,9%
Protection Services	5%	6,9%	6,8%
Economic Services	11,6%	10,9%	5,8%

- Overall growth of 9,4% in 2007/08, 10,1% in 2008/09 and 6,7% in 2009/10
- Funding level may be ahead of spending and delivery capacity – 2005/06 outcome and March ‘spike’ exercise
- May be cases where medium-term baseline estimates are adjusted downwards



Reprioritisation within baseline

- Strong growth in medium-term baseline allows for extensive reprioritisation
- First step – show changes to budget structure as in 2006 Appropriation Bill
 - CFO and DG letter, and attachments
- Opportunity for departments to:
 - Evaluate growth trends
 - Propose changes to programme structure and measurable objectives
- Remember that: new funding will focus on key priorities and plans, instead of overall increases to all departments



Programme evaluation and format of database



Definition of programme

- OECD:

A group of activities intended to contribute to an identifiable set of government objectives (for example crop development). A programme should have an identifiable target population; a defined budget, staffing and other necessary resources; and clearly defined objectives and outputs

- Another definition:

A programme is a group of independent, but closely related services or activities, designed to achieve common goals or objectives



Programme evaluation

- Current budget structure for many departments limit proper evaluation
- Main division not always the same as programme
- Opportunity for departments to structure their budgets to better reflect programme objectives, and also improve evaluation
- Outcome may result in changes to programme structure
- Joint exercise between departments and Treasury budget analysts



New database

- Supports new approach and provides greater flexibility
- Improves budget evaluation
- Clear split between non-recurrent and recurrent
- Departments and budget analysts decide on level of disaggregation
- Includes schedule for infrastructure and new funding



New spending proposals



New spending proposals

- Aligned with policy priorities and include:
 - Detailed costing
 - Spending plans over the MTEF
 - Legislative plans where applicable
 - Administrative plans (consider personnel, accommodation and other administrative costs)
 - Implementation plans
- Should also be practical and affordable
- Attempt to reach agreement with Treasury budget analysts on new funding



Thank you