



2023 ENE
**ESTIMATES OF
NATIONAL EXPENDITURE**
Guidelines



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA



**STAY
SAFE**

VACCINATE TO SAVE SOUTH AFRICA

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1. INTRODUCTION

Government sets out its spending plans in a three-year Medium-Term Expenditure Framework (MTEF), which is updated and tabled as part of the budget documents in Parliament annually. The 2023 Estimates of National Expenditure (ENE) publication will set out government's spending plans and related policy priorities for the 2023/24 to 2025/26 MTEF period.

The ENE publication provides explanatory information on government's expenditure as presented in annual appropriation legislation. The Appropriation Bill itemises national government spending by vote, main division within a vote (programme) and main economic classification¹. A vote specifies the total amount of money appropriated to a national government department. The transfers and subsidies from the vote to other public institutions are also included. Through the annual Appropriation Bill, the executive seeks Parliament's approval and adoption of its spending plans per vote for national government. The Appropriation Bill, when enacted, is the legal instrument for the withdrawal of voted funds from the National Revenue Fund² (NRF) for the first year of the three-year MTEF period.

The ENE publication must include information on how government institutions have spent their budgets in the past three financial years, current financial year and how they intend to use their allocations over the medium term to achieve their outputs, outcomes and goals.

The publication includes tables depicting non-financial performance indicators and targets, departmental receipts, and detailed expenditure estimates and trends by programme, subprogramme and economic classification for each department and other selected public

¹ Allocations are made by economic classification. The main categories of economic classification are: current payments (payments made for operational requirements such as those for compensation of employees; goods and services; and interest and rent on land); transfers and subsidies (Refer to SCOA Classification Circular 21); payments for capital assets (Refer to Modified Cash Standards Chapter 11); and payments for financial assets (loans or equity investments in public corporations and debt takeovers).

² Section 213(2) of the Constitution states that money may be withdrawn from the National Revenue Fund only – (a) in terms of an appropriation by an Act of Parliament; or (b) as a direct charge against the National Revenue Fund, when it is provided for in the Constitution or an Act of Parliament.

institutions³ over the MTEF. Brief explanatory narratives set out the institution's purpose (and that of its programmes), mandate, programme-level objectives and descriptions of subprogrammes. A more in-depth narrative must provide analyses of the institution's expected expenditure over the MTEF period.

The summary tables with historic main and adjusted appropriation and site service delivery expenditure information will be made available on National Treasury website and Vulekamali.

It is vital that relevant officials from the finance, human resources, planning, departmental programmes and other divisions within an institution work collaboratively to compile the ENE documents.

2. DEADLINES

Institutions must submit completed ENE databases in the format prescribed by the National Treasury. Shortly thereafter, institutions must submit the accompanying ENE chapter in the format set out in these guidelines. The completed chapter must be accompanied by a separate endorsement letter signed by the accounting officer, and in the case of public entities, such letter must be signed either by the Chief Executive Officer (CEO) or accounting authority. This letter must also state the **name** and **contact details** of **departmental** and **entity officials** that will **be available** to respond to ENE-related queries **during December 2022** and early **January 2023**.

³ Other public institutions include public entities, trading entities, government components and/or constitutional institutions.

TABLE 1: 2023 ENE: CRITICAL DATES

ITEM	DUE DATE
ENE guidelines issued to institutions	16 November 2022
Preliminary allocation letters	18 November 2022
2023 ENE databases issued to departments and other public institutions	22 November 2022
Departments submit draft ENE database, Human Resource Budget Plan inputs Departments submit electronic copies of their 2021/22 annual reports	08 December 2022
Public Institutions submit board-approved ¹ budgets to National Treasury in the database Entities submit electronic copies of their 2021/22 annual reports	08 December 2022
Departments submit draft ENE chapter to National Treasury	13 December 2022
Cabinet-approved allocation letters distributed to departments	December 2022
Departments and other public institutions with changes emanating from final allocation letters submit revised databases ²	December 2022
Departments submit responses to comments and subsequent drafts of ENE chapters and databases	December 2022/ January 2023
Departments sign off ENE chapters	February 2023
Budget tabled in Parliament	February 2023

1. *The accounting authority for a public entity must submit a budget of estimated revenue and expenditure for that financial year to the executive authority responsible for that public entity, at least six months before the start of the financial year.*

2. *The ENE database submitted by the department will be the only source used to compile the Appropriation Bill.*

For the 2023 ENE process there will be no cross - cutting information in the publication, below is an update on the reforms underway.

CROSS CUTTING PRIORITIES REFORM UPDATE
<p>Gender Responsive Budgeting (GRB)</p> <p>Implementation of phase 1 of the GRB roadmap is well underway. The Department of Women, Youth and Persons with Disabilities (DWYPD) participated for the first time in technical and function group budget meetings during the 2023 MTEF process, alongside the core members of the Medium-Term Expenditure Committee (MTEC). Another big milestone in phase 1 of the roll out is the development of the GRB Guidelines/Implementation Framework in consultation with DWYPD and the Department of Planning, Monitoring and Evaluation (DPME). The guidelines provide a starting point towards ensuring common understanding of GRB, related key concepts and the roles and responsibilities of key role players within government to improve coordination and implementation of the reform. The development of the tagging framework will start early 2023, which aims to provide a more practical guide on how gender related budget and spending data will be collected in the budgeting cycle. Workshops will be held with departments on the GRB guidelines, thereafter the first pilot departments for GRB roll out will be identified.</p>

Climate Budget Tagging (CBT)

Report on the CBT pilot for the three spheres of government has been finalised and the next phase of the CBT project will be adding more departments across the spheres of government and refining the tagging methodology in line with lessons from the report.

Science Technology and Innovation (STI)

Terms of reference have been developed for the STI budget reform coordination governance structure, and inputs have been made by key stakeholders, including the Department of Performance, Monitoring and Evaluation (DPME) and the National Treasury. The introduction of the STI budget coordination process will give STI more prominence in the intergovernmental planning and is expected to improve the coordination of public funding for STI across government.

Strategic plans and annual performance plans remain an important basis for clarification of departments' approach for all the three reforms.

3. TEXT STYLE, NUMBERS STYLE AND DATABASE TEMPLATE

3.1 Text style

In the narrative sections of the chapter:

- Programme and subprogramme names should be written in full, in italics, in title case – major words (nouns, verbs, adjectives, pronouns, etc.) should begin with a capital letter and minor words (conjunctions, prepositions, articles, etc.) should be lower case.
- Conditional grants names should be written in full, in italics, in lower case.

3.2 Numbers style

Institutions should present numbers in the chapter text as follows:

- Use a **non-breaking space (press control, shift and spacebar simultaneously)** in thousands (below 1 million) to ensure that numbers are kept together. Do not use commas (,) to separate rand thousands.
- Use a **decimal point (full stop), not a decimal comma**. Numbers should be rounded off to the first decimal place.
- In text, write out “per cent” instead of the symbol (%).
- Use a space to separate thousands.

Example

R75 000 (75 thousand rand)

3.3 Database

The 2023 ENE databases will be distributed to institutions to complete the detailed information pertaining the budget baseline changes. Further guidance on completing the database worksheets is either through a guidance video or included in the database itself and should be watched or read before completing the database.

Departments must ensure that the information completed in databases **corresponds** to the **allocation letters** issued. At this stage, institutions may only make operational item-level budget realignment changes, which must **NOT** affect strategic policy priorities discussed during the budget process. Substantial changes cannot be effected at this stage as they should have been included in the budget approval process for Cabinet's endorsement.

Data on the **revised expenditure estimates** for 2022/23 should be based on the 2022 Adjustments Budget (2022 AENE) (this includes all other adjustments for 2022/23 financial year) as well as allocations approved after the Adjustments Budget in terms of section 6 of the Appropriation Act, 2022 and on expenditure as at 30 September 2022, extrapolated to provide a realistic projection for the full financial year outcome. Any projected underspending and the reasons must be populated in the database by departments and entities, the projection serves as an indicator for any possible rollover at the end of the financial year. **Departments should note that estimated overall overspending represents unauthorised expenditure and are encouraged to stay within budget.**

Annexure A provides instructions for the accurate completion of the database, for it to inform the **Appropriation Bill**. The information for the Appropriation Bill is extracted directly from the database and must be correct. **As such, it is important that the facility in each programme for items to be specifically and exclusively appropriated, be completed fully and accurately.**

For general enquiries regarding the completion of the chapter or the database, please refer to the relevant National Treasury contact person(s) listed on the cover sheet/information of the ENE database.

3.4 Human Resource Budget Plan

In planning for their personnel establishments over the MTEF, institutions must take note of the latest allocation letters and the 2023 MTEF Compensation of Employees (COE) Guidelines. However, note that inflation parameters have since been updated with the latest projections from National Treasury's forecast. Furthermore, the implementation of the last wage offer by government will require careful consideration and planning for personnel particularly over the MTEF, as these will have further cost implications for any additional human resources employed.

Personnel information is an integral part of the data submission and the departments are encouraged to ensure that there is coordination between human resources and finance department for timely submission. Moreover, there **must** be alignment between the ENE database and the HRBP.

4. INFORMATION ON COMPLETING THE CHAPTER

[Vote number]

[Name of vote]

Budget summary

R million	2023/24					2024/25	2025/26
	Current payments	Transfers and subsidies	Payments for capital asset	Financial assets	Total	Total	Total
MTEF allocation							
Administration							
Programme name							
Subtotal							
Direct charge against the National Revenue Fund							
Item							
Total expenditure estimates							
Executive authority	Minister						
Accounting officer	Director-General / Chief Operating Officer						
Website	www.domain.gov.za						

1. The Estimates of National Expenditure and additional tables in Excel format can be found at www.treasury.gov.za and www.vulekamali.gov.za.

Vote purpose

The purpose of the vote captures a department's mandate, objectives or administrative functions, as stated in the 2023 Appropriation Bill.

Mandate

The institution's mandate must be captured, as contained in the relevant act(s) or policy document(s) that govern(s) the department's establishment and its operations.

Selected performance indicators

The performance indicators included for each department and other public institutions reporting to the same executive authority must show what the institution aims to achieve by spending its budget allocations. Performance information is intended to help Parliament and the public to exercise effective institutional oversight. The table should contain only the **selection** of the key performance indicators that represents the substantial and core functions of an institution, allowing the reader to see the sector/ institution's measures of achievement of its outcomes, as well as whether its historical performance has been in line with achieving these outcomes.

Selected indicators for the ENE should contain mostly outcome and output performance indicators aligned with strategic and annual performance plans. The indicators must be consistent with the departments' significant spending items and priorities, and their wording must correspond with what is contained in the planning documents so that the reader can reference these documents to obtain further information, if required.

Institutional performance indicators selected for inclusion in the 2023 ENE should be informed by ongoing discussions, held during the 2023 MTEF allocation decision-making process with the DPME and National Treasury. Changes in the policy, mandate or strategy of departments and entities that will result in substantive amendments to performance indicators or targets in their 2023 annual performance plans should already be included in the draft ENE chapters. Accordingly, final updates and agreement with the DPME and the National Treasury on selected performance indicators reported in the ENE must be made prior to the submission of ENE chapters to National Treasury.

When selecting ENE indicators from the Annual Performance Plans (APP), institutions must focus on programmes which have significant budgets allocation, those that represent the core mandate of an institution, and indicators from the Medium-Term Strategic Framework (MTSF). Programme 1: Administration indicators should not be selected for the ENE. **Not more than ten indicators should be selected for the ENE.**

Quantitative and qualitative indicators and targets must reflect trends and achievements over a period. As a rule, quantitative indicators must have targets that are absolute values/numbers. Where percentages are used for performance targets, they must be accompanied by the absolute values that form the basis of the calculation. Standalone percentages will be permitted only for future targets, in cases where the absolute value cannot be predetermined. If there are any significant fluctuations in projections for the MTEF period that will have considerable bearing on expenditure, they should be elaborated on in the expenditure analysis.

Table X.1 Performance indicators by programme and related outcome

Indicator	Programme	MTSF Priority	Audited performance			Estimated performance	MTEF targets		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26

Expenditure analysis

This section is in the form of a narrative discussion that outlines what an institution aims to achieve over the medium term and how it plans to spend its budget in support of this. The expenditure analysis section is limited to a minimum of two paragraphs and maximum of two pages depending on the size of the department.

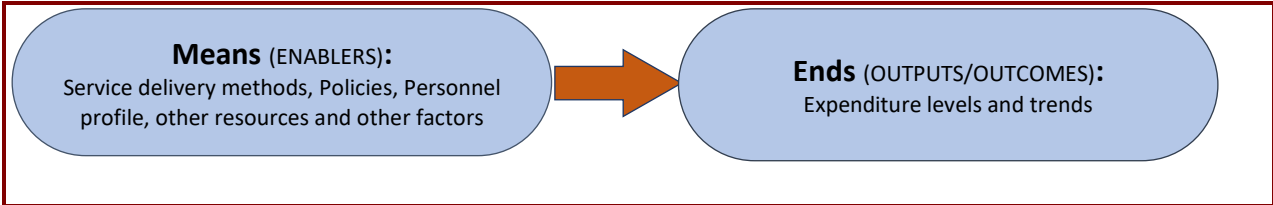
The discussion should centre on the department’s primary focus areas, including its policy and spending focus over the period, as contained in strategic planning documents. The discussion should generally be **forward** looking, providing information as forecast for the 2023 MTEF period,

for which the growth rate is calculated from 2022/23 to 2025/26. Narrative on historical spending and performance trends should be included if they have a significant bearing on what the institution aims to accomplish over the 2023 MTEF period. Information should be set out in a **succinct** and **concise** manner, explaining the **main** trends in the data tables as well as the **links** between the different tables presented in **this section** and **elsewhere** in the **chapter**.

The complexity of this section does not allow a formula to be imposed, but the logic of it follows a structure that typically flows from broader policy to the institution’s primary focus areas, then details spending in relation to those focus areas.

Significant increases or decreases in expenditure, in the past or over the 2023 MTEF period, must be explained in terms of the institution’s underlying performance outcomes, service delivery methods, policies, personnel profiles, and any other applicable factors. When monetary amounts are stated, they should be contextualised relative to spending totals. Personnel, as a major spending area, should be integrated into the narrative.

Figure 1: For a particular outcome: The link between means and ends



As demonstrated in figure 1 above, in the write-up of this section, institutions must **consider** the link between purpose/type of expenditure as the means and performance as the end, as they apply to their **unique** circumstances to illustrate the institutional outcomes and expenditure plans. Institutions must also present how they plan to achieve those outcomes using the available financial and human resources. These must include key Cabinet-approved changes to baseline budgets, the reallocation of budgets and their impact on key performance targets, any applicable key infrastructure projects, and any other pertinent explanatory factors.

Expenditure trends and estimates

Table X.2 Vote expenditure trends by programme and economic classification

Programmes											
1. Programme name											
2. Programme name											
3. Programme name											
Programme											
	Audited outcome			Adjusted appropriation	Average growth rate (%)	Average: Expenditure/ Total (%)	Medium-term expenditure estimates			Average growth rate (%)	Average: Expenditure/ Total (%)
	R million	2019/20	2020/21	2021/22	2022/23	2019/20 - 2022/23	2023/24	2024/25	2025/26	2022/23 - 2025/26	2025/26
Programme 1											
Programme 2											
Programme 3											
xxxx											
Total											
Change to 2022											
Budget estimate											
Economic classification											
Current payments											
Economic classification item											
Transfers and subsidies											
Economic classification item											
Payments for capital assets											
Economic classification item											
Payments for financial assets											
Total											
Proportion of total programme expenditure to vote expenditure											

1. Tables with expenditure trends, annual budget, adjusted appropriation and audited outcome are available at www.treasury.gov.za and www.vulekamali.gov.za.

Transfers and subsidies expenditure trends and estimates

Table X.3 Vote transfers and subsidies trends and estimates

	Audited outcome			Adjusted appropriation	Average growth rate (%)	Average: Expenditure/ Total (%)	Medium-term expenditure estimates			Average growth rate (%)	Average: Expenditure/ Total (%)
	R thousand	2019/20	2020/21	2021/22	2022/23	2019/20 - 2022/23	2023/24	2024/25	2025/26	2022/23 - 2025/26	2025/26
Economic classification item											
Current/Capital											
Transfer name											
Transfer name											
Transfer name											
Economic classification item											
Current/Capital											
Transfer name											
Transfer name											
Transfer name											
Transfer name											
Total											

Personnel information

Table X.4 Vote personnel numbers and cost by salary level and programme¹

Programmes														
1. Administration														
2. Programme name														
3. Programme name														
Number of posts estimated for 31 March 2023		Number and cost ² of personnel posts filled / planned for on funded establishment										Average growth rate of personnel posts (%)	Average: Salary level/ Total (%)	
Number of funded posts	Number of posts additional to the establishment	Actual		Revised estimate			Medium-term expenditure estimates					2022/23 – 2025/26		
		2021/22		2022/23			2023/24		2024/25		2025/26			
Department		Number	Unit Cost	Unit cost	Number	Unit Cost	Unit cost	Number	Unit Cost	Unit cost	Number	Unit Cost	Unit cost	
Salary level														
1 – 6														
7 – 10														
11 – 12														
13 – 16														
Other														
Programme														
Programme 1														
Programme 2														
Total														

1. Data has been provided by the department and may not necessarily reconcile with official government personnel data.

2. Rand million.

Departmental receipts

Table X.5 Departmental receipts by economic classification

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Average growth rate (%)	Average: Receipt item/ Total (%)	Medium-term receipts estimates			Average growth rate (%)	Average: Receipt item/ Total (%)
	2019/20	2020/21	2021/22	2022/23	2019/20 - 2022/23	2023/24	2024/25	2025/26	2022/23 - 2025/26	2025/26		
Departmental receipts												
Economic classification Item												
Lower level classification Item												
Economic classification Item												
Lower level classification Item												
Lower level classification Item												
Total												

Programme [number]: [Programme name]

Programme purpose

The purpose of each programme must be stated as set out in the 2022 Appropriation Act (Act no 7 of 2022) unless there is a new approved budget structure. The programme purpose outlines the functions and activities of a particular programme, as per the approved budget programme structure. Where approved budget structures remain unchanged from last year's publication, programme purposes should remain unchanged from the Appropriation Act, 2022.

Programme 1 is called "Administration" in all departments. It comprises the administrative functions and activities required to keep the department operating. It includes the ministry, deputy ministry, director-general's office and central corporate services. The purpose of this programme is to: "Provide strategic leadership, management and support services to the

department". This standard wording should be used for the purpose, unless the programme performs functions in addition to this. In this case, the additional functions should either be moved to the relevant service delivery programme and be set out there, or stipulated as part of the programme purpose after the standard description. Except for programme 1, programme purposes may not be duplicated across institutional programmes.

Objectives

The objectives for each programme should be listed explaining its strategic intent, as well as the specific interventions and progress measures relevant to that objective. Objectives must be broadly aligned with institutional strategic plans and annual performance plans, as informed by ministerial delivery agreements. Departments must, however, include only **selected** relevant strategic objectives from the annual performance plan. Institutions need to include objectives for Programme 1: Administration **only** if the programme includes functions that are not administrative.

Subprogrammes

The programme's subprogrammes should be listed providing a brief description of the key activities carried out by each subprogramme, with the exception of Programme 1: Administration, **unless** additional functions are performed in that particular subprogramme. Brief explanatory notes must be provided on transfers to entities or partner organisations, and on subsidies, incentives or financial assistance programmes, where applicable.

Expenditure trends and estimates

Table X.6 [Administration] expenditure trends and estimates by subprogramme and economic classification

Subprogramme	Audited outcome			Adjusted appropriation 2022/23	Average growth rate (%) 2019/20 - 2022/23	Average: Expenditure/ Total (%)	Medium-term expenditure estimates			Average growth rate (%) 2022/23 - 2025/26	Average: Expenditure/ Total (%)
	2019/20	2020/21	2021/22				2023/24	2024/25	2025/26		
R million											
Subprogramme name											
Subprogramme name											
Subprogramme name											
Total											
Change to 2022 Budget estimate											
Economic classification											
Current payments											
Economic classification item											
Transfers and subsidies											
Economic classification item											
Payments for capital assets											
Economic classification item											
Payments for financial assets											
Total											
Proportion of total programme expenditure to vote expenditure											

Personnel information

Table X.7 [Administration] personnel numbers and cost by salary level¹

Number of posts estimated for 31 March 2023		Number and cost ² of personnel posts filled / planned for on funded establishment											Average growth rate of personnel posts (%)	Average: Salary level/ total (%)	
Number of funded post	Number of posts additional to the establishment	Actual		Revised estimate			Medium-term expenditure estimates								
		2021/22		2022/23			2023/24		2024/25		2025/26				
		Number	Unit cost	Number	Unit cost	Number	Unit cost	Number	Unit cost	Number	Unit cost	Number	Unit cost		
Programme name		Number	Unit cost	Number	Unit cost	Number	Unit cost	Number	Unit cost	Number	Unit cost	Number	Unit cost	2022/23 – 2025/26	
Salary level															
1 – 6															
7 – 10															
11 – 12															
13 – 16															
Other															

1. Data has been provided by the department and may not necessarily reconcile with official government personnel data.

2. Rand million.

Public Entities

The information requirements for entities are based on the different basis of accounting used. Entities' statements of financial performance, financial position and cash flow are provided.

The categorisation of expenditure in terms of programme/objective/activity should be discussed and agreed upon with National Treasury prior to the submission of the ENE chapter.

[Name of entity]

Selected performance indicators

Table X.8 [Entity name] performance indicators by programme/objective/activity and related MTSF outcome

Indicator	Programme/Objective/Activity	MTSF priority	Audited performance			Estimated performance	MTEF targets		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26

Performance indicators listed in the table should be aligned with the institution's annual performance or corporate plans. Only the key indicators, as agreed with the executive authority and National Treasury, that reflect the substantial and core functions of the entity should be presented.

Public Entity overview

The expenditure analysis section should outline the entity's legislative mandate as provided in the founding legislation of the public entity. The narrative should briefly detail what the entity does, what it aims to achieve over the medium term and how it plans to spend its budget in support of this.

The narrative should indicate the entity's allocations/transfers over the MTEF period and whether expenditure is expected to increase or decrease, with a brief justification. Revenue

trends should be discussed for entities that generate their own revenue, and be linked to spending, performance and the achievement of the institution’s objectives.

The narrative for entities experiencing liquidity problems may be expanded to include the entity’s liquidity and solvency status and the period. In such cases, this narrative should indicate whether the entity may continue to operate as a going concern and include a very brief description of the turnaround plan approved by the accounting authority and progress thus far.

Programmes/Objectives/Activities

Table X.9 [Entity name] expenditure trends and estimates by programme/objective/activity

	Audited outcome			Revised estimate	Average growth rate (%)	Average: Expenditure/ Total (%)	Medium-term expenditure estimates			Average growth rate (%)	Average: Expenditure/ Total (%)
	2019/20	2020/21	2021/22		2019/20 - 2022/23	2023/24	2024/25	2025/26	2022/23 - 2025/26		
R million											
Programme/objective/activity name											
Programme/objective/activity name											
Programme/objective/activity name											
Total											

Statements of financial performance, cash flow and financial position

Table X.10 [Entity name] statements of financial performance, cash flow and financial position

Statement of financial performance	Audited outcome			Revised estimate	Average growth rate (%)	Average: Expenditure/ Total (%)	Medium-term expenditure estimates			Average growth rate (%)	Average: Expenditure/ Total (%)
	2019/20	2020/21	2021/22		2019/20 - 2022/23	2023/24	2024/25	2025/26	2022/23 - 2025/26		
R million											
Revenue											
Non-tax revenue											
<i>Economic classification item</i>											
Transfers received											
Total revenue											
Expenses											
Current expenses											
<i>Economic classification item</i>											
Transfers and subsidies											
Total expenses											
Surplus/(Deficit)											
Cash flow statement											
Cash flow from operating activities											
Receipts											
Non-tax revenue											
<i>Economic classification item</i>											
Transfers received											
Total receipts											
Payments											
Current payment											
<i>Economic classification item</i>											
Transfers and subsidies											
Total payments											
Net cash flows from operating activities											
Net cash flow from advancing activities											
<i>Item</i>											
Net cash flow from investing activities											
<i>Item</i>											
Net cash flow from financing activities											
<i>Item</i>											
Net increase / (decrease) in cash and cash equivalents											
Statement of financial position											
Balance sheet item											
Total assets											
Balance sheet item											
Total equity and liabilities											

Personnel information

Table X.11 Entity name personnel numbers and cost by salary level

Number of posts estimated for 31 March 2023		Number and cost ¹ of personnel posts filled / planned for on funded establishment											Average growth rate of personnel posts (%)	Average: Salary level/ Total (%)
Number of funded posts	Number of posts on approved establishment	Actual		Revised estimate			Medium-term expenditure estimates							
		2021/22		2022/23			2023/24		2024/25		2025/26			
Entity name	Salary level	Number	Unit Cost cost	Number	Unit Cost cost	Number	Unit Cost cost	Number	Unit Cost cost	Number	Unit Cost cost	Number	Unit Cost cost	
	1 – 6													
	7 – 10													
	11 – 12													
	13 – 16													

1. Rand million.

Additional tables

The following additional tables will be made available online only, on www.treasury.gov.za and www.vulekamali.gov.za:

- Vote expenditure trends by programme and economic classification
- Vote expenditure estimates by programme and economic classification
- Summary of goods and services expenditure trends and estimates
- Summary of expenditure on infrastructure
- Summary of conditional grants to provinces and municipalities
- Summary of departmental public-private partnership projects
- Summary of donor funding
- Summary of site service delivery expenditure information

Annexure A: Notes on the Appropriation Bill

The 2023 Appropriation Bill will be presented by vote and main division within a vote (programme), and main economic classification. The Budget database will be the only source of Appropriation Bill information. Any items that need to be listed in the Appropriation Bill, including name changes, specifically and exclusively appropriated items, and others, must thus be accurately captured in the relevant areas provided in the database.

1. Vote and programme purposes

The vote's purpose should capture the department's mandate, objectives or administrative functions in a concise manner.

A programme purpose outlines the activities and functions of the particular programme as per the approved budget programme structure.

General guidance:

- Programme names and purposes as contained in the database to be included in the Appropriation Bill should be duplicated in the ENE chapters.
- Where approved budget structures remain unchanged from last year's publication, programme purposes should largely remain unchanged from the Appropriation Act, 2022.
- Programme 1 is called "Administration" in all departments. The purpose of this programme is to: "Provide strategic leadership, management and support services to the department". This standard wording should be used for the purpose, unless the programme performs functions in addition to this. In this case, the additional functions should either be moved to the relevant service delivery programme and set out there, or the additional functions should be stipulated as part of the programme purpose after the standard description.
- Each programme purpose should be unique – the same purpose should not be duplicated across institutional programmes.
- The word "develop" in the programme purpose will generally be applicable only for a year or two. After that, it should be replaced with what the programme aims to achieve

once it has “developed” the relevant function. The word “develop” should be retained only if the permanent purpose of the programme is to develop policies, for example.

Programme/item allocations are set out by economic classification, into:

- Current payments, comprising:
 - Compensation of employees
 - Goods and services
 - Interest and rent on land
- Transfers and subsidies
- Payments for capital assets
- Payments for financial assets.

General guidance:

- The classification of budgeted items should be in line with the Standard Chart of Accounts, available at <http://scoa.treasury.gov.za>.
- Herewith is the correct treatment of the following items that are commonly confused:
 - Capitalised compensation of employees (payments to employees working on capital projects) and goods and services (payments to consultants/contractors working on capital projects) are classified as payments for capital assets.
 - Operating leases are classified as goods and services. This item excludes payments in respect of public-private partnership projects.
 - Finance leases, including in respect of public-private partnership projects, are classified as payments for capital assets.
 - Where a department purchases movable assets for distribution (as a form of support), or for donation (in line section 21.1 of the Treasury Regulations), the payment is classified as goods and services (Inventory Assets for Distribution) as opposed to transfers and subsidies. This includes purchases of movable assets by implementing agencies for distribution on behalf of the department.
 - Donations in the form of cash should still be classified as transfers and subsidies.
 - Where a department pays an entity to produce current or capital goods or deliver services on its behalf, the payment is classified as goods and services or as a payment for capital assets as opposed to transfers and subsidies.
 - Bursaries for non-employees are classified as transfers to households, whereas bursaries for employees are classified as goods and services.
 - Research projects done for departments by higher education and training institutions or other government entities are classified as goods and services.

- The recapitalisation in a form of purchase of equity and debt takeover of an entity are classified as a payment for financial assets and will always be specifically and exclusively earmarked funds.

2. Transfers and subsidies items specifically listed

Transfers and subsidies listed under programmes are grouped and listed under specific headings. Headings are Standard Chart of Accounts level 2 items, with the exception of conditional allocations and allocations-in-kind⁴, in which case the heading “Conditional allocation/s to provinces/local government” or “Allocation-in-kind to provinces/local government” is used. A concise description of the purpose of the transfer is indicated after the colon that follows the transfer name, with the exception of conditional allocations and allocations-in-kind, as well as **prizes and awards**. In the case of conditional allocations and allocations-in-kind, only the name of the allocation is stated, as extensive information pertaining to the purpose of the allocation is contained in the Division of Revenue Bill. The names of conditional allocations and allocations-in-kind should be identical to what has been listed in the corresponding Division of Revenue Bill. In the case of prizes or awards, a purpose need not be stated if the name is descriptive in itself and specifies that it is a gift/s, donation/s, prize/s or award/s, for example: “South Africa Youth Water Prizes”.

Transfer and/or subsidy names:

- When one institution receives a transfer and/or subsidy, the official name of the entity or institution as listed in the schedules to the PFMA should be listed (abbreviations should not be used).
- When a transfer and / or subsidy is for various institutions, whose names are not yet known or the quantum of funds allocated to each individual institution is not known, “Various institutions” should be used.
- When a category of institutions receives the transfer, the category name should be used.
 - Commonly used categories:
 - University subsidies (higher education and training vote only)
 - International organisations

⁴ Conditional allocations are commonly referred to as conditional grants, while allocations-in-kind are commonly referred to as indirect grants in budget documentation.

- Non-governmental organisations
- Social assistance transfers
- Civil pensions
- National bodies

Transfer/subsidy purposes:

- The transfer purpose should describe what the transfer will be used for in a concise brief manner.
 - Commonly used purposes:
 - Operations
 - Membership fee/s
 - Research and development funding
 - Policy development funding
 - Subsidy/ies
 - Facilitation of public funds for projects
 - Machinery and equipment (this is applicable if the capital transfer payment is in respect of machinery and equipment)
 - Building and upgrading of infrastructure (this is applicable if the capital transfer payment is in respect of infrastructure)
 - Maintenance of infrastructure (this is applicable if the current transfer payment is in respect of infrastructure)
- When the transfer/subsidy name is “Various institutions”, the purpose will commonly include the project/subprogramme name, for example: Manufacturing development incentives.
- When a category of institutions receives the transfer, a category purpose should be stated after the colon.
 - Commonly used category purposes:
 - Membership fees
 - Operations
 - Social grants
 - Civil pensions and benefits
 - Category purposes must be followed by a long dash (–), after which the names of the specific institutions or grants should appear.

- The purpose of transferring funding to higher education and training institutions should distinguish between general subsidy funding and funding that will be used for particular purposes, for example: General subsidies; Subsidies for public economics conference; Subsidies for research chair in transport engineering; and Subsidies for language policy unit.
- The purpose should not merely repeat the transfer name.
- The purpose should not include the words “contribution to”, “payment for”, “transfer to” or words of a similar nature, as this is inherently stated.
- There must be consistency across votes in respect of the wording used for purposes that are essentially the same.
- The first letter of the programme purpose should be in uppercase, with the rest of the words in lowercase.
- Relevant information on the transfer’s governance and rules should be available on request; however, such information is not included in the Appropriation Bill.
- Commonly used transfer names and purposes:
 - Under “Households”:
 - Employee social benefits: Leave gratuity/ies
 - Employee social benefits: Post-retirement benefits
 - Employee social benefits: Severance package/s
 - Employee social benefits: Ex-service benefits
 - Employee social benefits: Injury on duty
 - Bursaries for non-employees: [Specify] (Examples are: heritage studies; studies in cadastral science, surveys and mappings; studies in finance and economics; studies in official statistics; housing scholarship programme)
 - Claims against the state: Civil claims instituted against the department for possible compensation (police vote)
 - Under “Municipal bank accounts”:
 - Vehicle licences: Licence fees paid to municipalities
 - Under “Departmental agencies and accounts”:
 - Communication: Radio and television licences
 - Sector education and training authority: Operations

3. Specifically and exclusively appropriated items

Items indicated as being “specifically and exclusively appropriated” in the allocation letter must have an asterisk (*) next to them in the Appropriation Bill. All conditional grants, allocations for a vote’s spending on compensation of employees and recapitalisation of an entity are specifically and exclusively appropriated. As such, it is important that the facility in each programme of the ENE database, for items to be specifically and exclusively appropriated, be completed fully and accurately.

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2023 ENE

**ESTIMATES OF
NATIONAL EXPENDITURE**

Guidelines

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