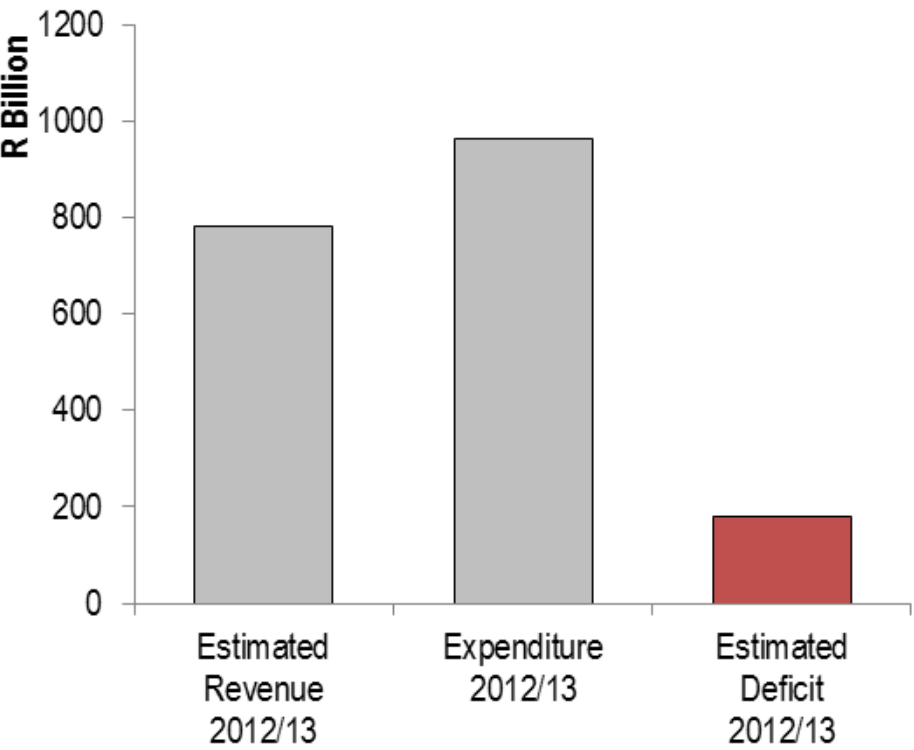


# Expenditure 2012/13

Standing Committee on Appropriations

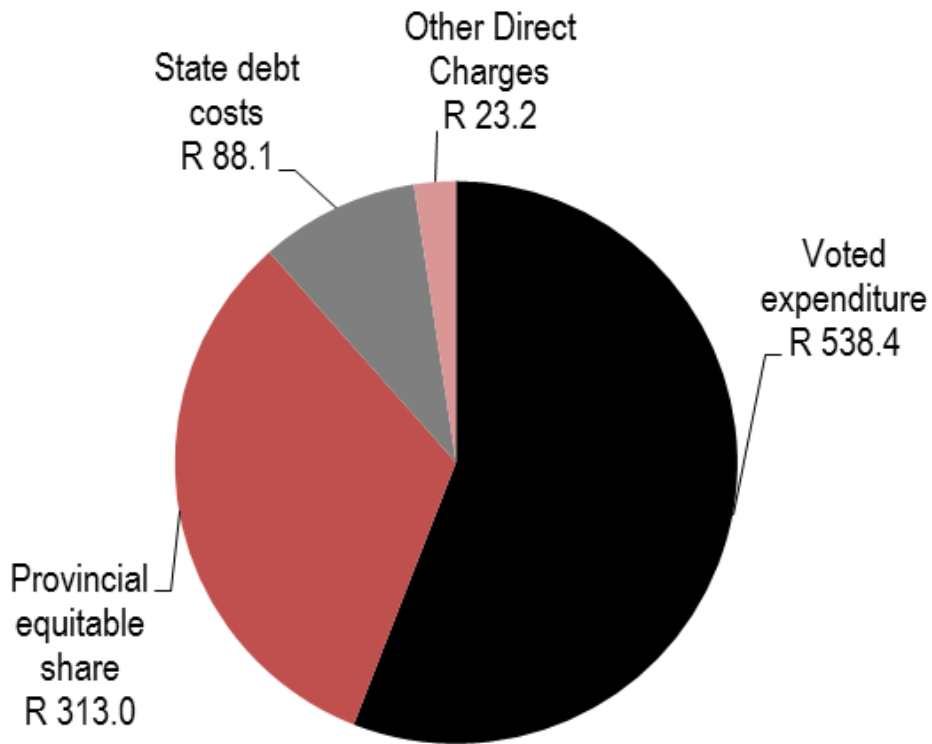


# Revenue and expenditure 2012/13



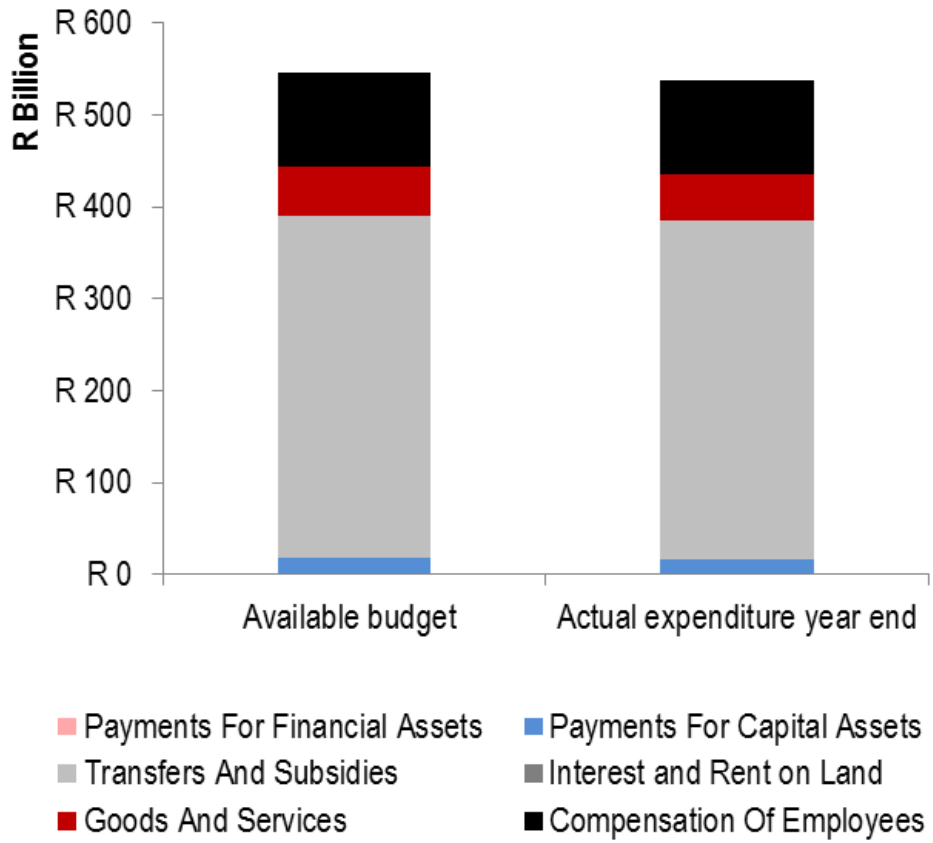
- ▶ The adjusted appropriation was set at R971.5 billion
- ▶ In Budget 2013, 2012/13 revenue estimated to be R782.5 billion, and expenditure estimated to be R967.0 billion
- ▶ Implying a main budget deficit of R184.5 billion
- ▶ Actual expenditure in 2012/13 was R962.7 billion – helping reduce the expected deficit outcome

# Expenditure 2012/13



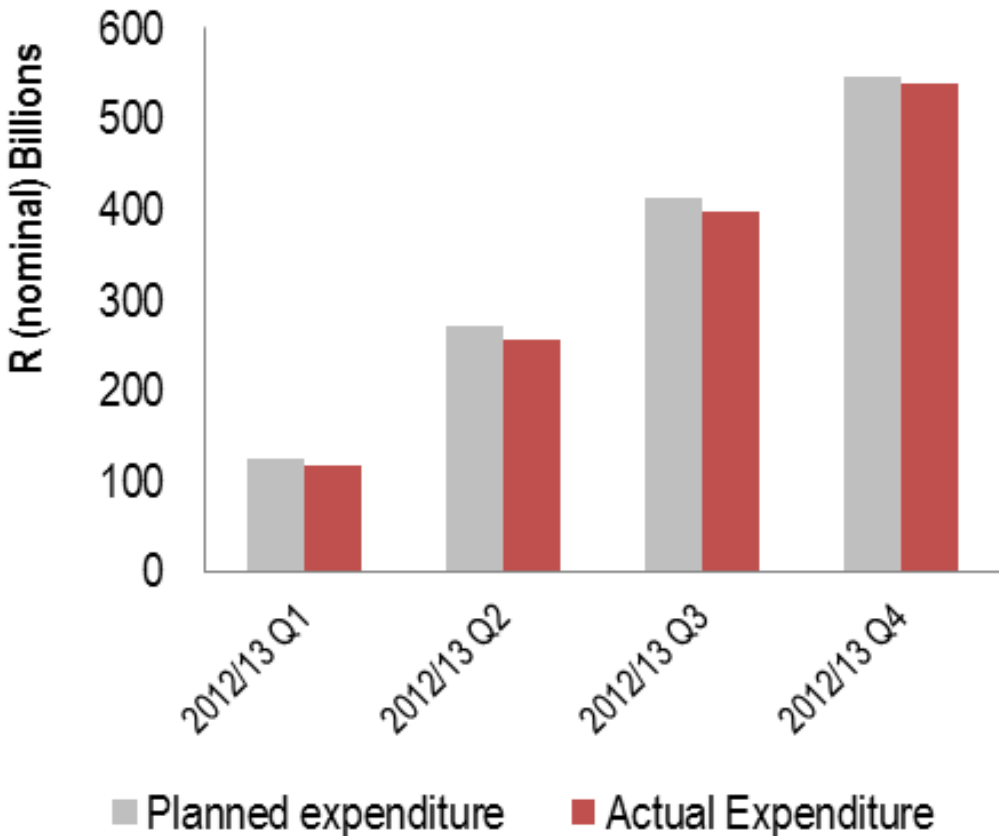
- ▶ 44.1 per cent of the R962.7 billion expenditure was for the Provincial Equitable Share, State Debt costs and other direct charges against the national revenue fund
- ▶ Expenditure against voted appropriations amounted to R538.4 billion

# Budget and expenditure 2012/13



- ▶ National government spent R538.4 billion in 2012/13
- ▶ 98.5 per cent of the appropriation ceiling of R546.4 billion for the whole year
- ▶ R8.0 billion retained by the exchequer
- ▶ Reflecting the structure of the budget, the majority of expenditure is under transfers and subsidies

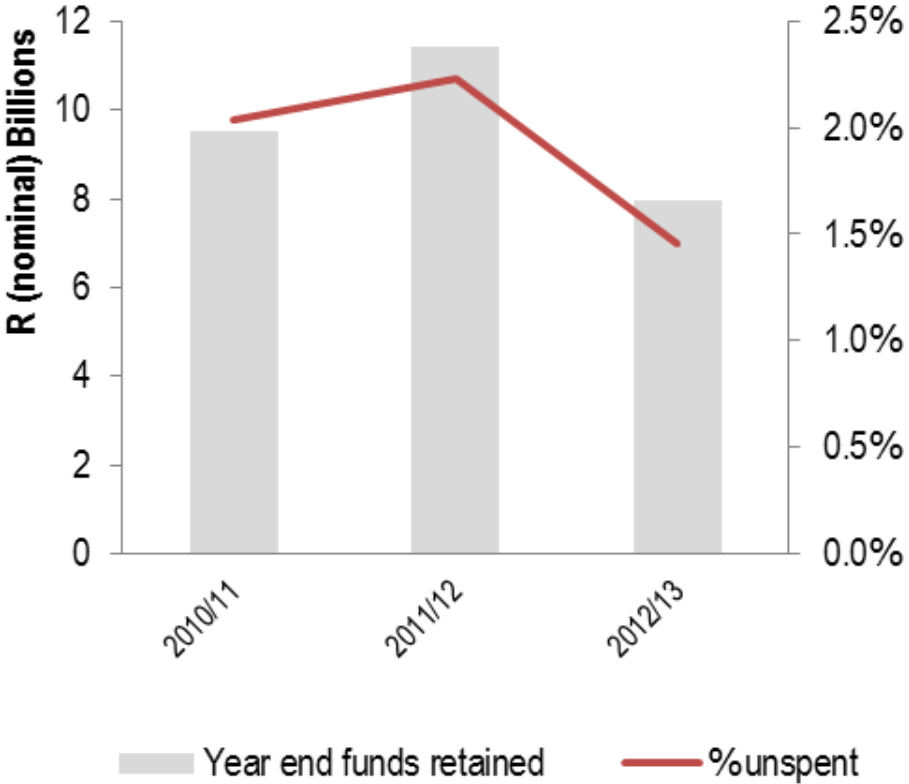
# Scheduled drawings and available budget



▶ The apparent lags behind projected expenditure in quarters 2 and 3 are significantly reduced by year end 2012/13

# Summary of budget and expenditure 2012/13

- ▶ No department exceeded their available budget in 2012/13
- ▶ Total funds retained by the exchequer are at their lowest level in the previous three financial years



# Summary of budget and expenditure 2012/13

Vote	2010/11	2011/12	2012/13				
	Rand value retained year end	Rand value retained year end	Rand value lag end Q1	Rand value lag end Q2	Rand value lag end Q3	Expenditure ceiling	Rand value retained year end
	R millions	R millions	R millions	R millions	R millions	R millions	R millions
3 Cooperative Governance and Local Authorities	R 115	R 1 984	R 318	R 667	1 968	R 54 855	R 1 412
7 Public Works	R 635	R 768	R 229	R 407	761	R 7 891	R 564
15 Basic Education	R 657	R 1 197	R 542	R 1 340	1 596	R 16 204	R 1 403
19 Social Development	R 873	R 1 145	R 942	R 475	363	R 112 144	R 1 028
21 Correctional Services	R 729	R 333	R 412	R 408	564	R 17 700	R 388
31 Human Settlements	R 200	R 229	R 1 000	R 2 739	1 690	R 25 138	R 640
37 Transport	R 214	R 321	R 117	R 113	776	R 39 647	R 318
38 Water Affairs	R 263	R 784	R 786	R 1 731	1 482	R 8 993	R 352
<b>Government Total</b>	<b>R 9 505</b>	<b>R 11 409</b>	<b>R 7 678</b>	<b>R 14 076</b>	<b>15 005</b>	<b>R 546 379</b>	<b>R 7 991</b>

- ▶ Cells highlighted in yellow were amongst the eight highest variances at each quarter or year end

# Summary of budget and expenditure 2012/13

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- ▶ Cooperative governance and Traditional Affairs – a portion of equitable share and municipal infrastructure grants withheld from municipalities
- ▶ Basic Education – delays regarding the School Infrastructure Backlogs Grant
- ▶ Social Development – lower take up of social grants than projected and improved efficiency in the administration of social grants
- ▶ Human Settlements – withholding of the Human Settlement Development grant from Eastern Cape and Limpopo due to slow spending in these provinces

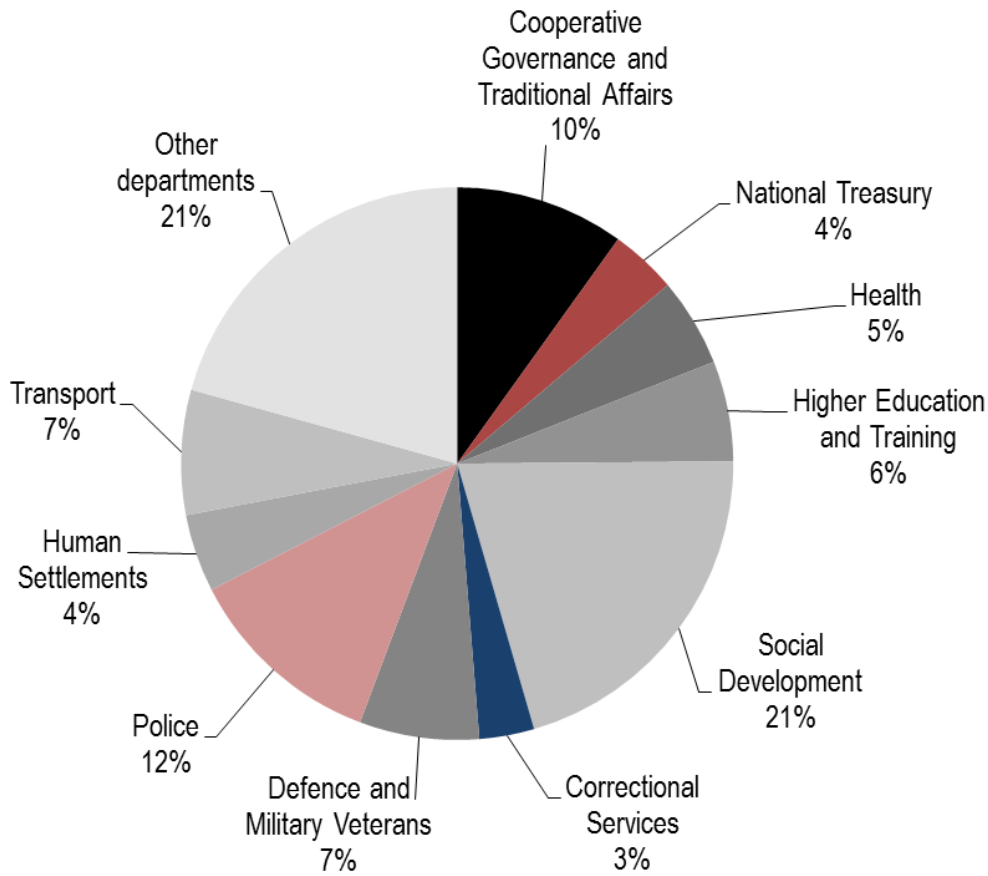


# Summary of budget and expenditure 2012/13

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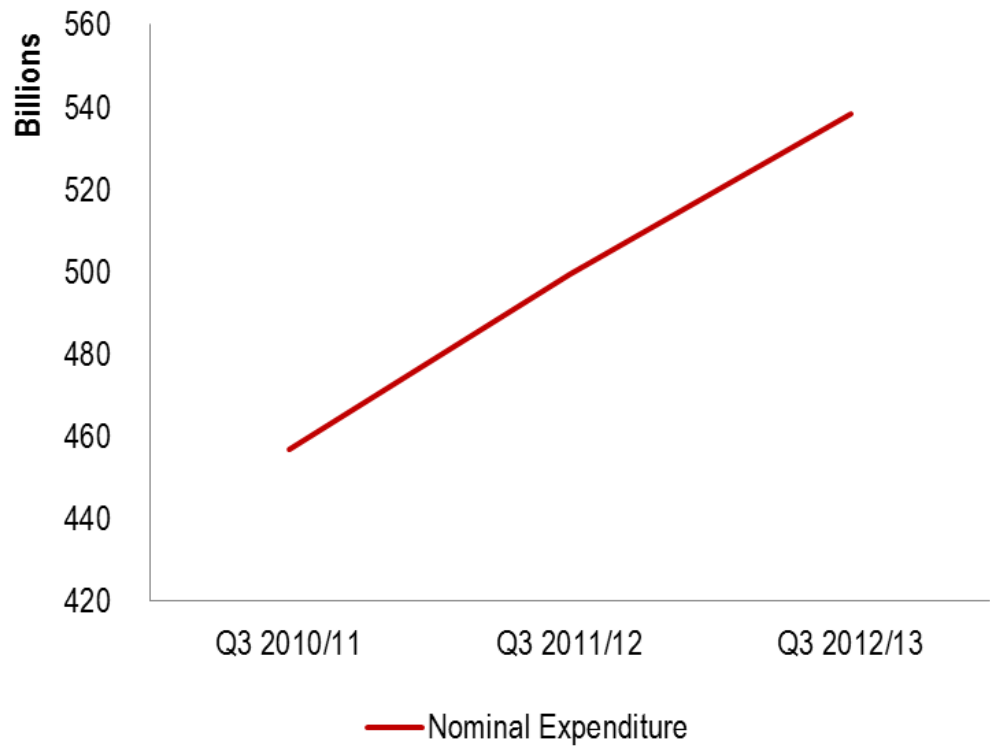
- ▶ Correctional Services – funded vacancies and lower procurement of IT infrastructure than expected
- ▶ Public Works – delayed implementation of various turnaround projects and infrastructure projects
- ▶ Water Affairs – awaiting the submission of invoices for materials and equipment ordered outside the country for the Regional Bulk Infrastructure Grant and Acid Mine Drainage projects
- ▶ Transport – delays processing payments for the Mthatha refurbishment project and the withholding of the Public Transport Infrastructure and Systems grant to the City of Johannesburg because of slow spending in the city and a lower than expected number of taxis scrapped in the taxi recapitalization programme

# Expenditure 2012/13



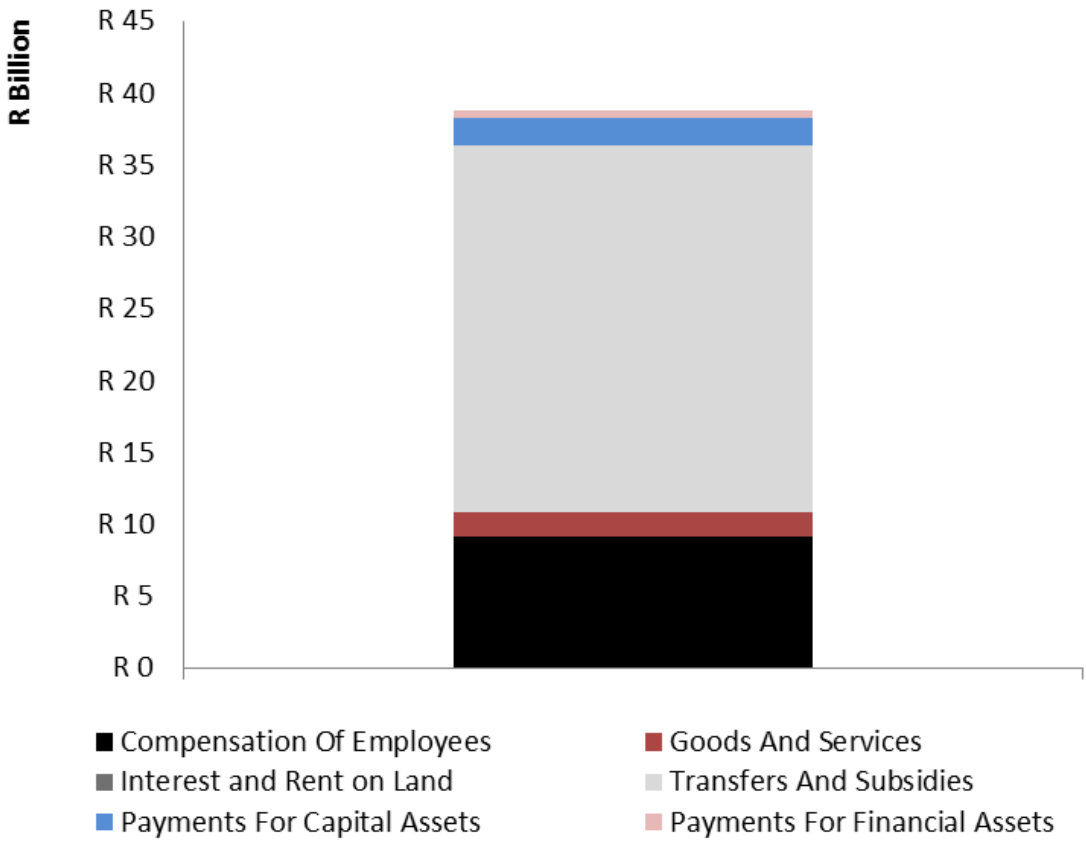
- ▶ The Department of Social Development (Vote 19) spent the most – the majority being for social grants
- ▶ Next are the departments of Police (Vote 25) and Cooperative Governance and Traditional Affairs (Vote 3) –mainly for wages for police services and the local government equitable share respectively
- ▶ The ten departments illustrated separately make up 79.3 per cent of total spending in 2012/13

# Comparison to previous financial years



- ▶ Expenditure of R538.4 billion by the end of 2012/13
- ▶ Representing a nominal increase of R38.9 billion when compared to national government expenditure over the same period in 2011/12
- ▶ Equivalent to a 7.8 per cent increase

# Comparison to previous financial year



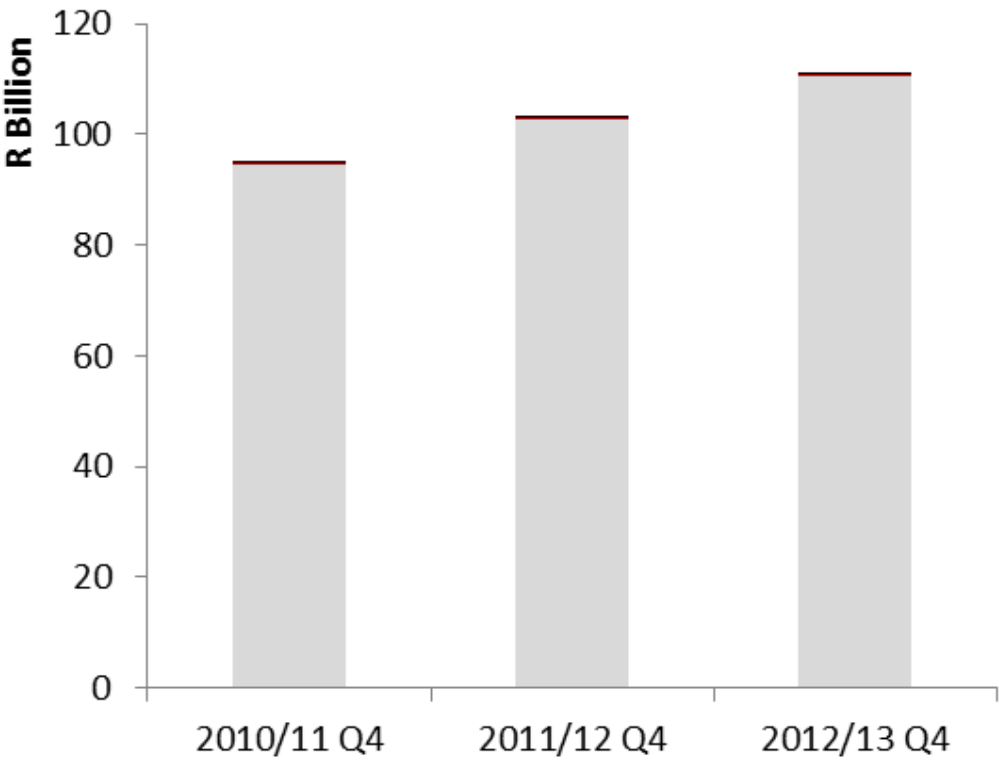
- ▶ 65.7 per cent of the increased expenditure is under transfers and subsidies
- ▶ 23.6 per cent of increased expenditure is under Compensation of Employees
- ▶ 5.0 per cent of increased expenditure is under Payments For Capital Assets

# Expenditure increases and decreases over R1 billion between 2011/12 and 2012/13

Vote	2010/11 Available budget	2011/12		2012/13			
		Available budget	Nominal expenditure year end	Available budget	Nominal expenditure year end	Expenditure increase from previous year	% expenditure increase from previous year
	R millions	R millions		R millions	R millions	R millions	Per cent
3 Cooperative Governance and Tradition	R 44 573	R 48 205	R 46 221	R 54 748	R 53 336	R 7 115	15.4%
13 Statistics South Africa	R 2 101	R 3 730	R 3 674	R 1 762	R 1 762	-R 1 913	-52.1%
15 Basic Education	R 6 172	R 14 081	R 12 885	R 16 204	R 14 801	R 1 917	14.9%
16 Health	R 21 662	R 25 968	R 25 714	R 28 057	R 27 894	R 2 180	8.5%
17 Higher Education and Training	R 23 776	R 28 300	R 28 282	R 31 586	R 31 582	R 3 301	11.7%
19 Social Development	R 95 941	R 104 284	R 103 139	R 112 144	R 111 116	R 7 977	7.7%
22 Defence and Military Veterans	R 30 443	R 34 349	R 34 333	R 37 889	R 37 705	R 3 372	9.8%
24 Justice and Constitutional Development	R 10 787	R 11 582	R 11 574	R 13 021	R 13 021	R 1 447	12.5%
25 Police	R 53 530	R 58 551	R 57 933	R 63 389	R 63 157	R 5 223	9.0%
31 Human Settlements	R 16 292	R 22 826	R 22 597	R 25 138	R 24 498	R 1 901	8.4%
36 Trade and Industry	R 6 194	R 6 877	R 6 801	R 8 351	R 8 286	R 1 485	21.8%
37 Transport	R 25 289	R 41 517	R 41 197	R 39 647	R 39 330	-R 1 867	-4.5%
<b>Government Total</b>	<b>R 466 339</b>	<b>R 510 930</b>	<b>R 499 522</b>	<b>R 546 295</b>	<b>R 538 303</b>	<b>R 38 782</b>	<b>7.8%</b>

- ▶ Cells highlighted in green represent the ten highest R value expenditures at year end in both years
- ▶ Documented increases/decreases are nominal

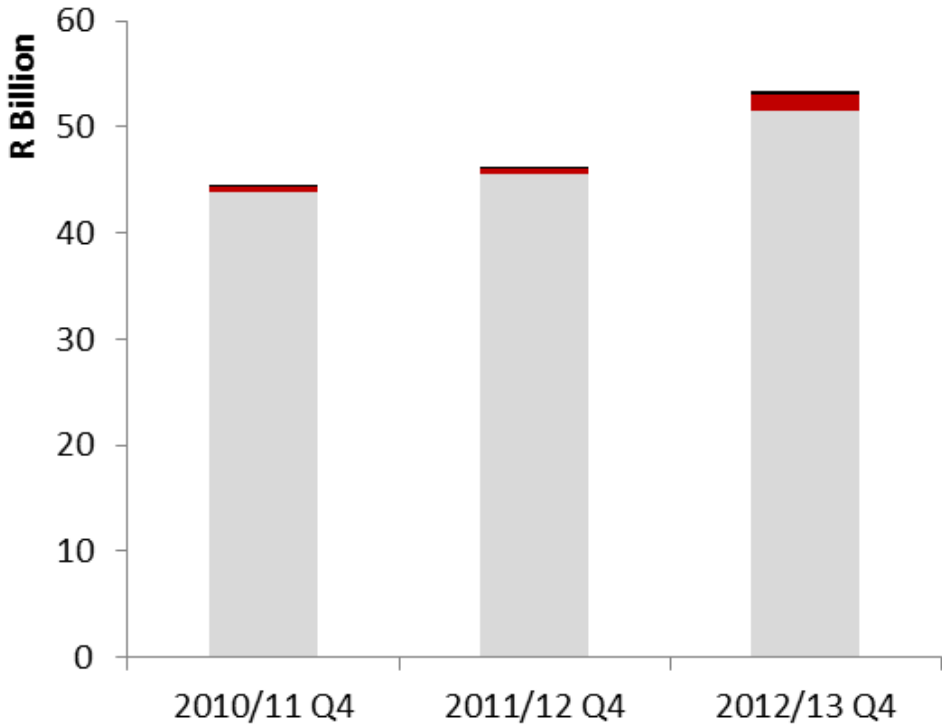
# Social Development



- Compensation of employees
- Goods and services
- Interest and rent on land
- Transfers and subsidies
- Payments for capital assets
- Payments for financial assets

- ▶ R111.1 billion spent by year end primarily on Social Grant transfers
- ▶ A nominal increase of R8.0 billion compared to spending in 2011/12
- ▶ An increase of 7.7 per cent
- ▶ Increases have allowed the number of beneficiaries to increase

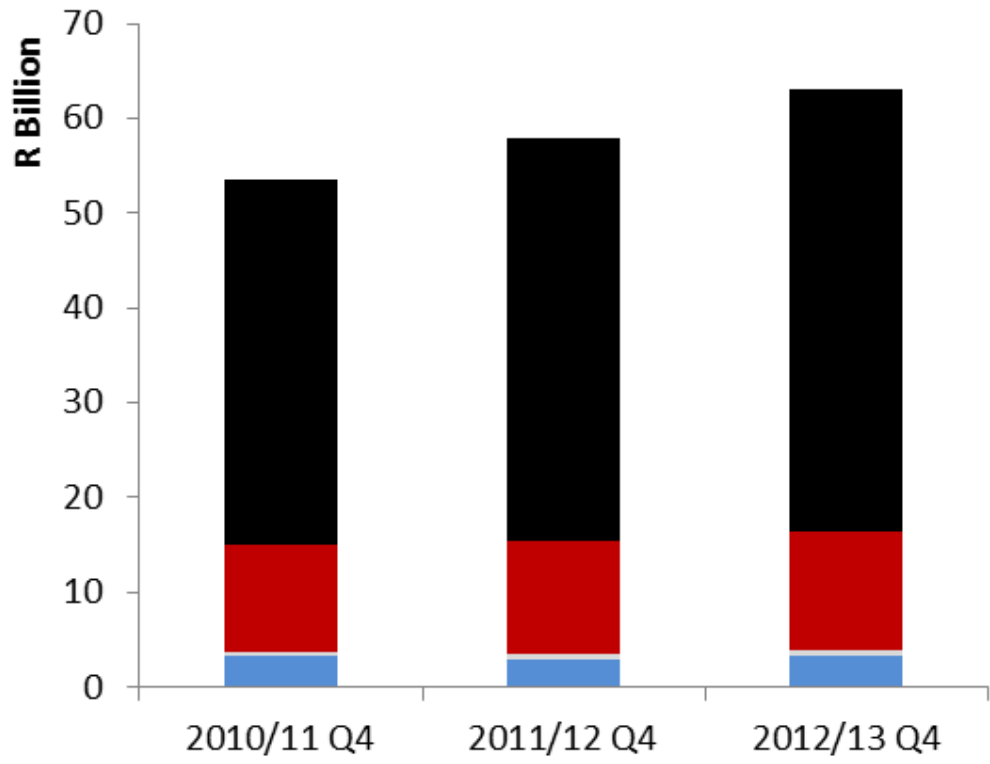
# Cooperative Governance and Traditional Affairs



- ▶ R53.4 billion spent by year end primarily on transfers for the Local Government Equitable Share and the Municipal Infrastructure Grant
- ▶ A nominal increase of R7.2 billion compared to spending to 2011/12
- ▶ An increase of 15.6 per cent
- ▶ Mainly to allow higher spending by municipalities on infrastructure and the expansion of free basic services

Compensation of employees
  Goods and services  
 Interest and rent on land
  Transfers and subsidies  
 Payments for capital assets
  Payments for financial assets

# Police

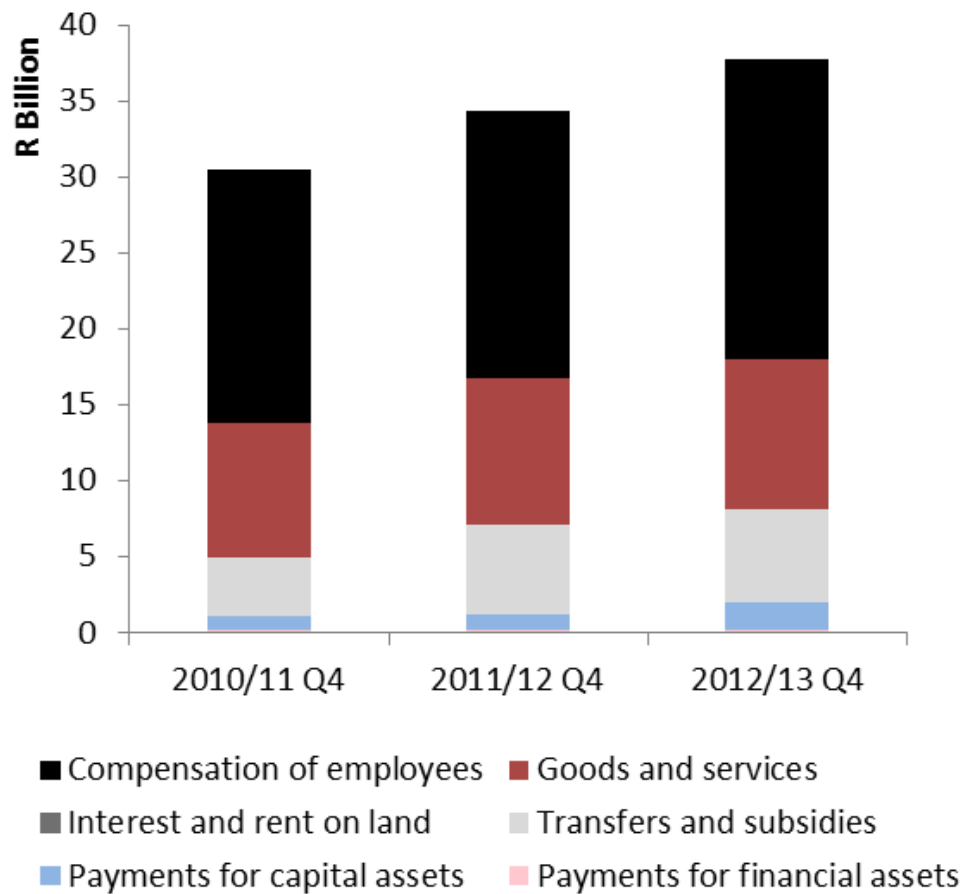


■ Compensation of employees ■ Goods and services  
■ Interest and rent on land ■ Transfers and subsidies  
■ Payments for capital assets ■ Payments for financial assets

- ▶ R63.2 billion spent by year end primarily on salaries, together with equipment, for police services
- ▶ A nominal increase of R5.2 billion compared to spending 2011/12
- ▶ An increase of 9.0 per cent
- ▶ Mainly to cover improved conditions of service

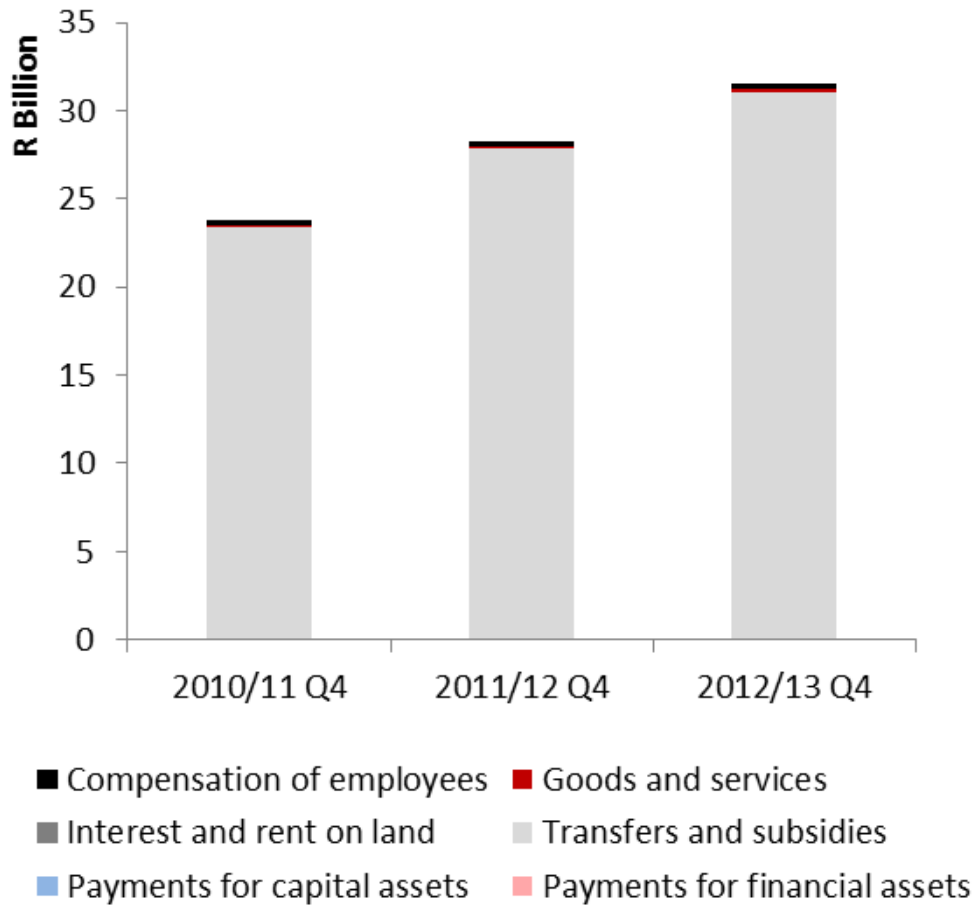


# Defence and Military Veterans



- ▶ R37.7 billion spent by year end primarily on salaries, together with equipment, for military services
- ▶ A nominal increase of R3.4 billion compared to 2011/12
- ▶ An increase of 9.8 per cent
- ▶ Improvement of conditions of service, completion of strategic defence procurement programme and border safeguarding

# Higher Education and Training



- ▶ R31.6 spent billion by year end primarily on transfers to Higher Education Institutions
- ▶ A nominal increase of R3.3 billion when compared to 2011/12
- ▶ Or an increase of 11.7 per cent
- ▶ Primarily for increases in transfers to Higher Education Institutions to allow increased enrolment and graduations at Universities

# Health, Basic Education and Human Settlements

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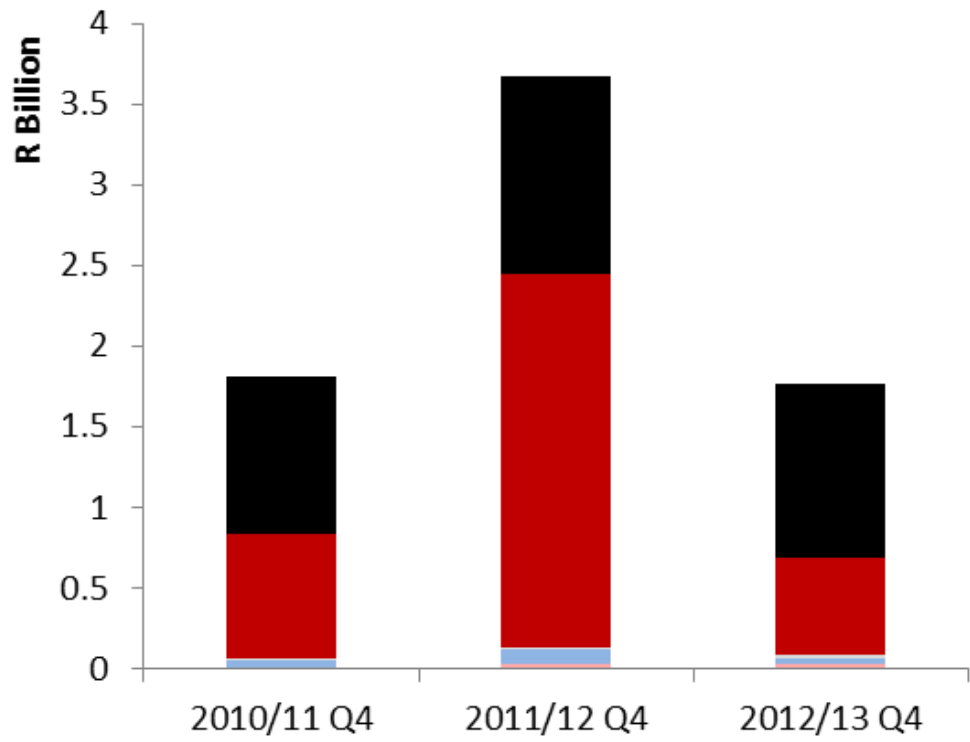
- ▶ Health spent R27.9 billion by year end, representing a nominal increase of R2.2 billion or 8.5 per cent, when compared to 2011/12
- ▶ The majority of the increase was for the Comprehensive HIV and AIDS grant
  
- ▶ Basic Education spent R14.8 billion in 2012/13, representing a nominal increase of R1.9 billion or 14.9 per cent, when compared to 2011/12
- ▶ The majority of the increase was for the Education Infrastructure, School Infrastructure backlogs, and National School Nutrition Programme grants
  
- ▶ Human Settlements spent R24.5 billion in 2012/13, representing a nominal increase of R1.9 billion or 8.4 per cent, when compared to 2011/12
- ▶ The majority of the increase was for increases to the Urban Settlements and Human Settlements Development grants

# Trade and Industry

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- ▶ Trade and Industry spent R8.3 billion in 2012/13, representing a nominal increase of R1.5 billion or 21.8 per cent, when compared to 2011/12
- ▶ The majority of the increase is for the Manufacturing Development Incentives to local and foreign investors

# Statistics South Africa



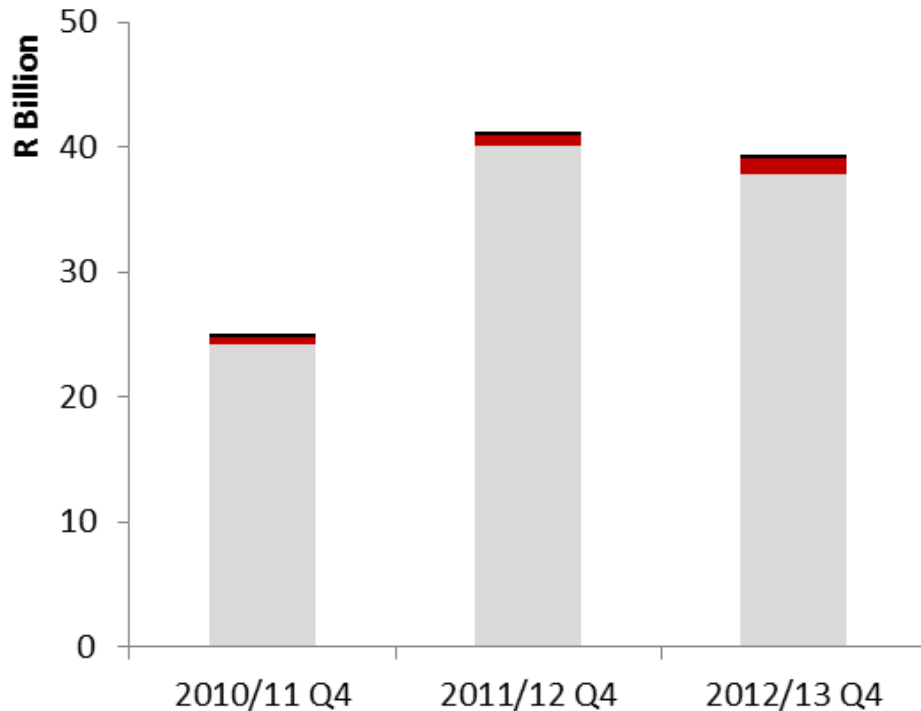
- ▶ R1.8 billion spent in 2012/13 representing a nominal decrease of R1.9 billion compared to 2011/12
- ▶ Or a decrease of 52.1 per cent
- ▶ Primarily due to cessation in survey operations for the census

Compensation of employees
  Goods and services

Interest and rent on land
  Transfers and subsidies

Payments for capital assets
  Payments for financial assets

# Transport



- ▶ R39.3 billion spent in 2012/13 representing a nominal decrease of R1.9 billion compared to 2011/12
- ▶ Or a decrease of 4.5 per cent
- ▶ Mainly due to reductions in the transfer to the Road Traffic Infringement Agency for operations

■ Compensation of employees   ■ Goods and services  
■ Interest and rent on land   ■ Transfers and subsidies  
■ Payments for capital assets   ■ Payments for financial assets

# Concluding remarks

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- ▶ 2012/13 national expenditure indicates:
- ▶ A portion of equitable share and municipal infrastructure funds withheld from municipalities
- ▶ Delays to schools infrastructure projects (though expenditure on schools infrastructure has grown significantly compared to the same period last year)
- ▶ Lower than projected uptake of Social Grants and improved efficiency in Social Grant administration
- ▶ Overall National Government expenditure has increased by R38.9 billion or 7.8 per cent when compared to the 2011/12
- ▶ Significant drivers include increases to the Local Government Equitable Share, increased Social Grant payments, improved conditions of service for the Police and Military, higher University Subsidies, increased grants to HIV and AIDS, Schools Infrastructure projects and increases to Urban and Human Settlements development grants