

2013 Adjustments Appropriation Bill

25 October 2013



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

1. Components of an Adjustments Budget

- Public Finance Management Act, Act 1 of 1999 (PFMA), section 30(2), states that the adjustments budget may provide for:
 - *Significant and unforeseeable economic and financial events affecting the fiscal targets*
 - *Unforeseeable and unavoidable expenditure recommended by a committee of Cabinet*
 - *Any expenditure in terms of section 16, which governs the use of funds in emergency situations*
 - *Money to be appropriated for expenditure already announced by the Minister during the tabling of the annual budget for which the details of the annual allocations are now decided on*
 - *The shifting of funds between and within votes*
 - *Utilisation of unspent funds under a main division of a vote to defray increased expenditure on another main division in terms of section 43, which governs the use of virements*
 - *The roll-over of unspent funds from the preceding financial year*

2.1 2013 Adjustments Appropriation Bill

- The *Adjustments Appropriation Bill* provides for increases or decreases to allocations set out in the main Appropriation Act, including shifts in the projected breakdown of spending
- Adjustments to allocations to provinces and municipalities are set out in the *Division of Revenue Amendment Bill*
- The *Adjusted Estimates of National Expenditure* explains these changes in detail, together with midyear performance and expenditure information
- Shifts of allocated expenditure and other adjustments are subject to the PFMA and its regulations
- The adjustments budget serves both to effect necessary changes and contribute to in-year oversight and management

2.2 Structure of the Bill

- An aim is set out for each vote
- Bill is divided by vote and by main division within a vote (programme)
- Adjustments to allocations are divided into:
 - Current payments
 - Transfers and subsidies
 - Payments for capital assets
 - Payments for financial assets
- Further details of allocations are provided for some programmes
- Headings group some of these listed items
- Allocations marked with an * refer to specifically and exclusively appropriated amounts
- Conditional grants are specifically and exclusively appropriated

3. Personnel remuneration adjustments [s30(2)(a) of the PFMA]

	R million
National government	1 025.9
Defence and Military Veterans	60.9
Justice and Constitutional Development	72.3
Police	874.3
Other national departments	18.4
Provincial government	1 266.1
National Treasury	
Provincial equitable share	1 254.6
Higher Education and Training	
Further education and training colleges grant	11.5
Total	2 292.0

4. Unforeseeable and unavoidable expenditure [s30(2)(b) of the PFMA]

Vote and description of expenditure	R million
Cooperative Governance and Traditional Affairs	126.5
Repair of infrastructure damaged by floods in the Eastern Cape and Western Cape provinces	111.5
Gratuity payments for non-returning local government councillors	15.0
International Relations and Cooperation	150.0
Impact of the depreciation of the Rand on foreign currency denominated expenditure	
Public Enterprises	57.3
Eighth claim submitted by Denel Aerostructures for damages and losses in terms of the indemnity provided by government in respect of the A400M aircraft contract	
Public Service and Administration	13.4
Presidential Public Service Remuneration Review Commission	
Social Development	20.0
Substance abuse prevention	
Defence and Military Veterans	150.0
Deployment of troops in the Democratic Republic of the Congo	
Environmental Affairs	21.9
Replacement of laboratory infrastructure destroyed by fire	8.4
Reparation of infrastructure damaged by floods in the Kruger National Park	13.5
Tourism	20.0
Impact of the depreciation of the Rand on foreign currency denominated expenditure	
Total	558.9

5. Announced by the Minister of Finance in the 2013 Budget Speech [s30(2)(d) of the PFMA]

Vote and description of expenditure	R million
Various departments	114.4
Reparation of infrastructure damaged by floods in the Limpopo, Mpumalanga, KwaZulu-Natal and Western Cape provinces	
Communications	374.2
Provision of broadband connectivity to public schools	
Total	488.6

6. Roll-overs [s30(2)(g) of the PFMA]

Vote and description of expenditure	R million
Cooperative Governance and Traditional Affairs	72.0
Community work programme payment commitments	56.3
Local government equitable share: mostly for the completion of infrastructure projects	13.2
Municipal infrastructure grant for projects with financial commitments	2.5
International Relations and Cooperation	10.5
Hosting of the Brazil, Russia, India, China and South Africa summit	
Government Communication and Information System	39.8
Costs associated with the relocation of the department to a new building	
National Treasury	109.8
Provincial equitable share: mostly for property rate payments for provincially owned properties	
Basic Education	14.7
Technical secondary schools recapitalisation grant commitments	10.7
Dinaledi schools grant commitments	4.1
Health	22.2
South African National Aids Council	11.0
Equipment for forensic chemistry laboratories	7.2
Walter Sisulu University for tuition fees for medical students	4.0

6.1 Roll-overs [s30(2)(g) of the PFMA] cont.

Vote and description of expenditure	R million
Labour	30.0
Payment of verified costs relating to office accommodation leases in 2012/13	
Defence and Military Veterans	153.6
Termination costs of the contract with Denel Personnel Solutions/Atlas Manpower Group	
Energy	28.1
Commitments in respect of non-grid electricity connections for households	
Human Settlements	120.5
Commitments relating to the 2012/13 rural household infrastructure indirect grant	100.5
Capitalisation of the Community Schemes Ombud Service	20.0
Transport	104.8
Finalisation of the refurbishment of the Mthatha Airport	
Water Affairs	188.0
Short term measures for managing acid mine drainage	108.5
Regional bulk infrastructure indirect grant for projects with financial commitments	58.0
Hartebeespoort Dam integrated biological remediation programme commitments	21.5
Total	894.1

7. Self-financing expenditure

Vote and description of expenditure	R million
Home Affairs Expenditure incurred to issue official documentation, which is defrayed by revenue generated from the issuing of the documents	426.9
Correctional Services Supplement to budget for offender gratuities, which is funded from revenue generated from hiring out offender labour	0.4
Defence and Military Veterans Expenditure for defence activities, which is funded from selling equipment and spares procured through the special and general defence accounts	50.4
Trade and Industry Unitary payment in respect of the public private partnership for shared campus accommodation, which is funded from unitary part-payments received from public entities	30.0
Total	507.7

8. Declared unspent funds

Vote and description of expenditure	R million
National Treasury	323.7
Employment Creation Facilitation Fund	303.2
Common monetary area compensation payments	20.5
Health	200.0
National health indirect grant for infrastructure projects	
Social Development	2 000.0
Decrease in social grants payment estimates	
Communications	46.0
112 emergency call centres	
Energy	123.0
Mainly from the solar water geyser programme	
Environmental Affairs	250.0
Green Fund	
Human Settlements	20.0
National informal settlement upgrading support programme	
Trade and Industry	50.0
Investment incentives for special economic zones	
Transport	20.0
Transfer for taxi recapitalisation	
Total	3 032.7

9. Revised National Budget Expenditure 2013/14

R thousand	Main appropriation (ENE)	Adjustments appropriation (AENE)	Adjusted appropriation (AENE)
Appropriation by vote	588 682 084	344 286	589 026 370
Main appropriation	588 682 084		
Total adjustments		344 286	
Roll-overs		784 304	
Unforeseeable and unavoidable expenditure		558 938	
National public sector salary adjustment		1 037 370	
Announced and unallocated in the 2013 Budget		488 644	
Self-financing		507 724	
Declared unspent funds		(3 032 694)	
Direct charges against the National Revenue Fund	462 362 527	2 004 456	464 366 983
<i>Of which:</i>			
State debt costs	99 741 449	743 051	100 484 500
Provincial equitable share:	337 572 412	1 364 405	338 936 817
- Originally budgeted	337 572 412		
- Salary adjustment		1 254 615	
- Roll-overs		109 790	
Skills levy and sector education and training authorities	12 403 000	(103 000)	12 300 000
Subtotal	1 051 044 611	2 348 742	1 053 393 353
Funds reserved for allocation in the 2013 Budget but in the final instance not allocated	30 000	(30 000)	
Contingency reserve	4 000 000	(4 000 000)	
Projected underspending		(3 500 000)	(3 500 000)
Local government repayment to the National Revenue Fund		(500 000)	(500 000)
Total estimated expenditure	1 055 074 611	(5 681 258)	1 049 393 353

9. Conclusion

- R5.7bn downward adjustment in total estimated spending for 2013/14
 - R5.5bn in additional appropriations:
 - R2.3bn for compensation of employees
 - R558.9m for unforeseeable and unavoidable expenditure
 - R894.1m for roll-overs
 - R488.6m for allocation of amounts announced by the Minister of Finance in the 2013 Budget Speech
 - R507.7m in self-financing expenditure
 - R743.1m for projected state debt costs
 - Offset by the following, amounting to R11.2bn:
 - R4bn contingency reserve
 - R3bn in declared unspent funds
 - R500m as a local government repayment into the NRF
 - R3.5bn in projected underspending and recovery of local govt unspent amounts
 - a R103m decrease in skills levy and expenditure by sector education and training authorities
- Total level of spending decreases by R5.7 billion from a budgeted R1 055.1 billion to a revised R1 049.4 billion

Thank-you