

2017 Appropriations Bill

Parliamentary

Budget
Office



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Purpose

- The Money Bills Amendment Procedure and Related Matters Act enables Parliamentary Committees to amend Money Bills
- The PBO supports Parliament in its oversight role by providing advice and analysis on Money Bills and related matters
- This presentation focuses on the 2017 Appropriations Bill only
- The analysis identifies:
 - Priority expenditure areas
 - Areas to consider for efficiency gains
 - Possible expenditure pressures
- The aim is to assist Members in making recommendations that will ensure effective, efficient and economical spending of resources within the fiscal framework and Division of Revenue Bill

Legislative Mandate

- The Minister must table the proposals setting out the aim and purpose and other performance information for each department, public entity or institution against its expected revenue and scheduled expenditure by programme and/or sub-programme and economic classification items of expenditure
- The relevant members of Cabinet must table updated strategic/annual performance plans for each department, public entity or institution, which must be referred to the relevant committee for consideration and report
- Any amendments to the Appropriations Bill must be in consultation with the relevant committee responsible for the department or entity affected
- Another committee must advise a Committee on Appropriations, before the passing of the Appropriation Bill if a sub-division of a main division within a vote must be appropriated conditionally, specifically or exclusively to ensure that the money requested for the main division will be spent effectively, efficiently and economically, provided that:
 - The conditions that need to be met are specified before the Committee on Appropriations recommends to the House that the funds be released

Appropriations Bill 2017

- Appropriate money from the National Revenue Fund for the requirements of the State for the 2017/18 financial year, disaggregated per vote
- List amounts that are specifically and exclusively appropriated
- Prescribes conditions for the spending of funds
- Determines the use of unspent funds
- Provides for the authorisation of expenditure before an adjustments appropriation is passed and before the commencement of the Appropriations Act for 2018/19
- Provides for the delegation of powers of the Minister of Finance

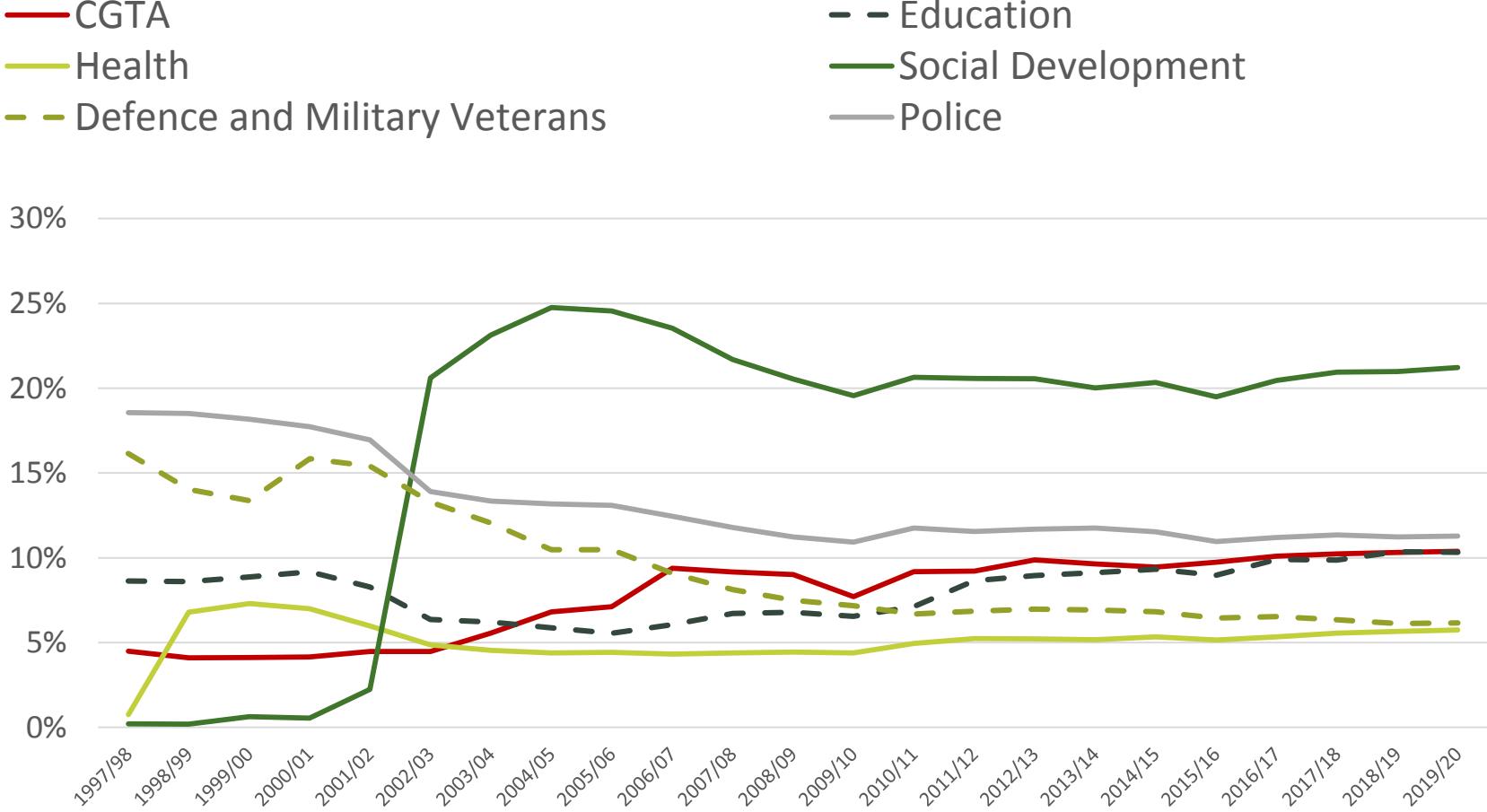
Appropriations from the National Revenue Fund for 2017/18

National Appropriations per economic classification in R'000	2017/18	% of total
Current payments	216 947 095	28.28%
Compensation of employees	151 119 457	19.70%
Goods and services	65 722 371	8.57%
Interest and rent on land	105 267	0.01%
Transfers and subsidies	529 240 190	69.00%
Payments for capital assets	15 831 466	2.06%
Payments for financial assets	5 019 117	0.65%
Total Appropriated	767 037 868	
Direct charges	636 177 512	45.34%
Grand Total	1 403 215 380	

Percentage of expenditure for selected departments

R million	2017/18	% of total
Cooperative Governance and Traditional Affairs	78 414.5	10.22%
Planning, Monitoring and Evaluation	923.5	0.12%
Public Service and Administration	897.1	0.12%
Higher Education and Training	52 307.6	6.82%
Health	42 625.7	5.56%
Social Development	160 707.8	20.95%
Police	87 025.1	11.35%
Economic Development	797.2	0.10%
Trade and Industry	9 274.8	1.21%
Transport	59 795.2	7.80%
Human Settlements	33 464.3	4.36%
Rural Development and Land Reform	10 184.2	1.33%
	767 037.9	100.00%

Changes to Appropriations for selected departments over time



Correlation between Admin cost and Transfers

	Admin cost	% Admin cost of Total	Transfers	% of Total Transfers	Total Appropriation
Communications	62 771	4.4%	1 324 888	93.0%	1 425 095
Cooperative Governance and Traditional Affairs	247 296	0.3%	74 060 839	94.4%	78 414 485
Public Works	493 810	7.0%	6 055 742	86.0%	7 038 130
Basic Education	416 283	1.8%	18 502 826	79.0%	23 408 620
Higher Education and Training	403 356	0.8%	43 452 720	83.1%	52 307 639
Health	512 838	1.2%	39 355 426	92.3%	42 625 722
Social Development	350 788	0.2%	159 833 252	99.5%	160 707 768
Economic Development	80 674	10.1%	656 240	82.3%	797 237
Energy	239 541	3.0%	7 551 241	93.1%	8 113 450
Small Business Development	127 614	8.8%	1 230 272	84.9%	1 449 796
Trade and Industry	731 820	7.9%	7 735 096	83.4%	9 274 795
Transport	406 857	0.7%	58 680 663	98.1%	59 795 180
Arts and Culture	266 509	6.0%	3 575 151	80.3%	4 449 845
Human Settlements	457 665	1.4%	32 531 261	97.2%	33 464 300
Total	48 709 680	6.4%	529 240 190	69.0%	767 037 868

Source: National Treasury

Correlation between Admin cost and Transfers: Social Development

R'000	Compensation of employees	Goods and services	Transfers and subsidies	Payments for capital assets	Grand Total	% of total
Administration	193 366	152 907	1 929	2 586	350 788	0.22%
Social Assistance			151 580 232		151 580 232	94.32%
Social Security Policy and Administration	65 951	55 745	7 208 035	2 906	7 332 637	4.56%
Welfare Services Policy Development and Implementation Support	139 344	127 869	783 156	4 886	1 055 255	0.66%
Social Policy and Integrated Service Delivery	78 150	50 038	259 900	768	388 856	0.24%
Total	476 811	386 559	159 833 252	11 146	160 707 768	
% of total	0.30%	0.24%	99.5%	0.01%	100.0%	

Source: National Treasury

Administration as a percentage of total expenditure without transfers = 40.1%

Correlation between Admin cost and Transfers: DPME

Programmes R'000	Compensation of employees	Goods and services	Transfers and subsidies	Payments for capital assets	Grand Total	% of total
Administration	82 018	69 817	0	16 470	168 305	18.2%
National Planning Coordination	35 046	18 551	0	950	54 547	5.9%
Sector Planning and Monitoring	47 196	4 857	0	100	52 153	5.6%
Public Sector Monitoring and Capacity Development	34 054	5 122	0	935	40 111	4.3%
Frontline and Citizen-Based Service Delivery and Monitoring	36 662	20 191	0	110	56 963	6.2%
Evidence and Knowledge Systems	28 322	80 762	0	337	109 421	11.8%
National Youth Development	5 639	3 511	432 806	40	441 996	47.9%
Total spending	268 937	202 811	432 806	18 942	923 496	100.0%
Percentage of total	29.1%	22.0%	46.9%	2.1%	100.0%	

Administration as a percentage of total expenditure without transfers = 34.3%

Administration as a percentage of total expenditure without transfers and consultants = 41.9%

Correlation between Admin cost and Transfers: Human Settlements

Programmes R'000	Compensation of employees	Goods and services	Transfers and subsidies	Payments for capital assets	Financial assets	Total	% of total
Administration	224 770	229 367	46	3 482	0	457 665	1.4%
Human Settlements Policy, Strategy and Planning	63 892	26 016	2 772	893	0	93 573	0.3%
Human Settlements Delivery Support	74 700	131 699	9 822	1 081	0	217 302	0.6%
Housing Development Finance	19 895	7 015	32 518 621	229	150 000	32 695 760	97.7%
Total spending	383 257	394 097	32 531 261	5 685	150 000	33 464 300	100.0%
Percentage of total	1.15%	1.18%	97.21%	0.02%	0.45%	100.0%	

Source: National Treasury

Administration as a percentage of total expenditure without transfers = 49.1%

Correlation between Admin cost and Transfers: Health

National Share per programme in R'000	Compensation of employees	Goods and services	Transfers and subsidies	Capital assets	Total	% share of National share	% share of grand total
Administration	197 170	308 819	2 252	4 597	512 838	10.0%	1.2%
National Health Insurance, Health Planning and Systems Enablement	114 740	585 328	28 401	6 618	735 087	14.4%	1.7%
HIV and AIDS, Tuberculosis, and Maternal and Child Health	79 420	453 331	171 423	16 267	720 441	14.1%	1.7%
Primary Health Care Services	185 583	70 501	2 960	5 255	264 299	5.2%	0.6%
Hospitals, Tertiary Health Services and Human Resource Development	128 470	187 048	0	830 177	1 145 695	22.4%	2.7%
Health Regulation and Compliance Management	54 649	39 625	1 629 998	2 699	1 726 971	33.8%	4.1%
Total	760 032	1 644 652	1 835 034	865 613	5 105 331	100.0%	12.0%
% share of total	14.9%	32.2%	35.9%	17.0%	100.0%		
Provincial Share	Compensation of employees	Goods and services	Transfers and subsidies	Capital assets	Total	% share of provincial share	% share of grand total
HIV and AIDS, Tuberculosis, and Maternal and Child Health			17 557 903		17 557 903	46.8%	41.2%
Hospitals, Tertiary Health Services and Human Resource Development			19 962 489		19 962 489	53.2%	46.8%
Total			37 520 392		37 520 392		
Grand total			39 355 426		42 625 723		
% share of total			95.3%		92.3%		

Administration as a percentage of total expenditure without transfers = 15.7%

Administration as a percentage of total expenditure without transfers and consultants, contractors and Agency and support = 20.2%

Preliminary expenditure as at 31 March 2017

	Adjusted expenditure	Preliminary expenditure as at end March 2017	% spend of revised estimate as at end March	Main budget 2017/18	% increase from preliminary actual
The Presidency	489 775	475 597	97.1%	495 169	4.1%
Cooperative Governance and Traditional Affairs	73 021 906	69 904 986	95.7%	78 414 485	12.2%
International Relations and Cooperation	6 838 651	6 536 883	95.6%	6 574 879	0.6%
Public Enterprises	267 976	253 777	94.7%	266 696	5.1%
Public Service and Administration	779 846	762 649	97.8%	897 144	17.6%
Statistics South Africa	2 538 108	2 448 616	96.5%	2 146 313	-12.3%
Basic Education	22 413 461	21 260 654	94.9%	23 408 620	10.1%
Social Development	147 933 229	146 206 805	98.8%	160 707 768	9.9%
Police	80 984 851	80 984 836	100.0%	87 025 128	7.5%
Labour	2 842 877	2 752 719	96.8%	3 065 821	11.4%
Small Business Development	1 318 439	1 197 496	90.8%	1 449 796	21.1%
Telecommunications and Postal Services	2 417 412	2 075 690	85.9%	1 614 206	-22.2%
Tourism	2 009 516	1 921 124	95.6%	2 140 156	11.4%
Water and Sanitation	15 524 597	15 543 455	100.1%	15 107 449	-2.8%
Total appropriation	723 132 353	715 003 919	98.9%	767 037 868	7.3%

Discussion of the Bill

- Amounts that are specifically and exclusively appropriated:
 - Total compensation of employees to all votes
 - Conditional grants, which are mainly transfers and in-kind allocations to (provinces, local government, households, NPOs, etc.)
 - The amount and purpose for which it was appropriated can only be amended by or in terms of an Act of Parliament
 - In-kind allocations are made by* :
 - Corporate Governance and Traditional Affairs: R103.2 million (municipal systems improvement)
 - National Treasury: R27.7 million (neighbourhood development partnership)
 - Basic Education: R2.6 billion (School Infrastructure backlog)
 - Health: R828.7 million (5 different amounts)
 - Water and Sanitation: R3.4 billion (Regional bulk and water services infrastructure)

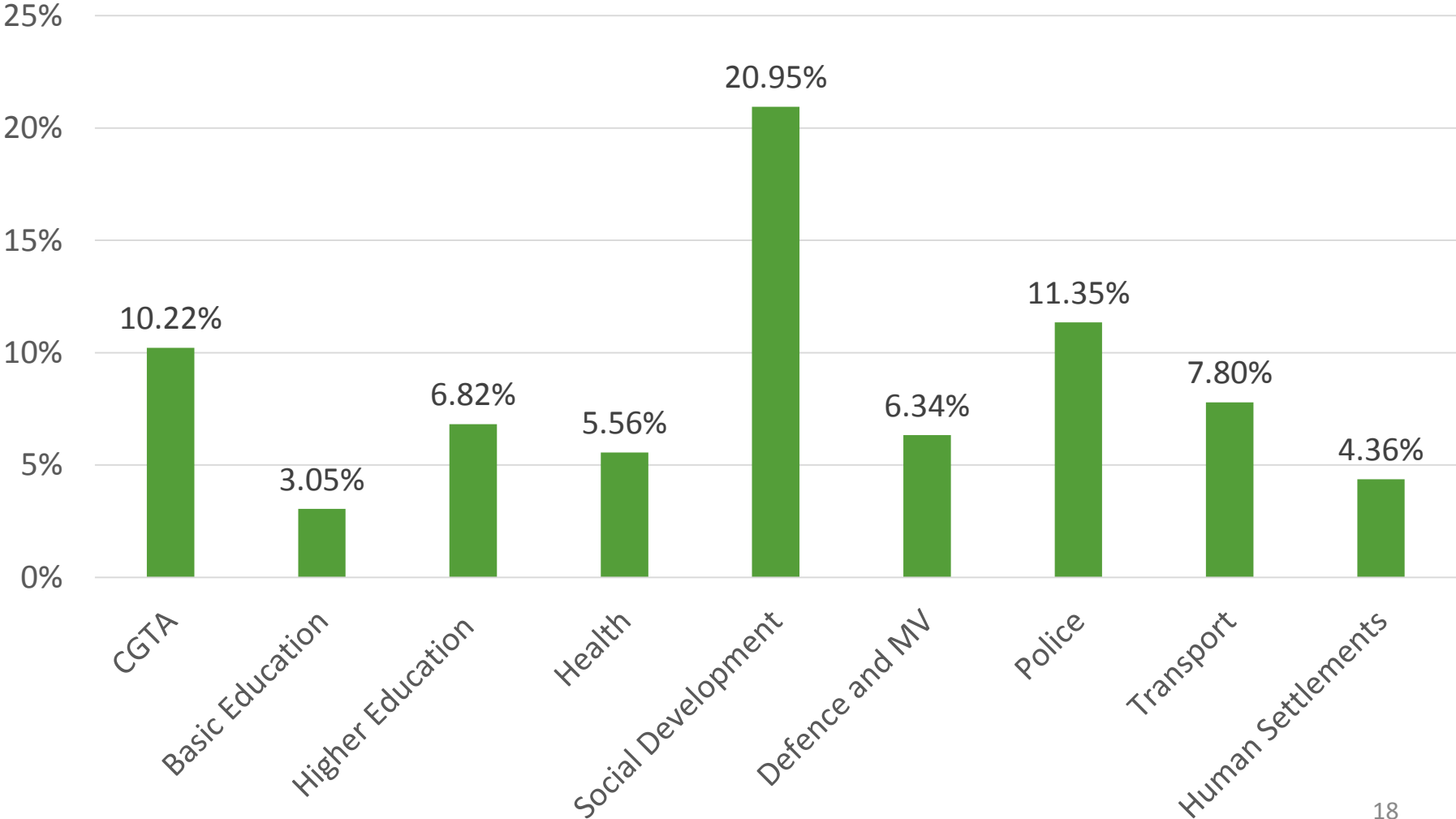
Discussion of the Bill (cont.)

- Conditions for appropriations may be imposed for effective management
 - Allocations may be stopped if conditions are not met
 - This must be disclosed in the National Treasury quarterly report to the relevant Parliamentary Committee
- Use of unspent funds
 - The Minister may not approve the re-allocation of unspent:
 - Transfers and subsidies for another purpose
 - Payment for capital assets for compensation
- Appropriations are disaggregated per main division and per vote as contained in the budget
 - The economic classification and other disaggregation of the R1.7 billion to Parliament needs to be done in terms of the Financial Management of Parliament Act, 2009 as amended

In summary

- Oversight is also in terms of adherence to legislation
- Need advise from other committees on amendments to provide for efficient, effective and economic expenditure
- Specific and exclusively appropriated funds can only be revised through approval of Parliament (Appropriations Committee)
- Percentage of total allocations provides an indication of priority expenditure
- Correlation between administration costs and transfers could identify possibilities for efficiency gains
- Preliminary expenditure numbers as at 31 March 2017 gives an indication of possible pressures on the budgets of departments for 2017/18

Percentage of Appropriations to selected departments



Correlation between Admin cost and Transfers

	Admin cost	% Admin cost of Total	Transfers	% of Total Transfers	Total Appropriation
Parliament	116 192	6.79%	414 690	24.22%	1 711 947
Home Affairs	2 259 495	32.02%	1 446 205	20.50%	7 055 539
International Relations and Cooperation	1 556 613	23.68%	625 545	9.51%	6 574 879
Planning, Monitoring and Evaluation	168 305	18.22%	432 806	46.87%	923 496
Public Enterprises	155 468	58.29%	10	0.00%	266 696
Public Service and Administration	230 662	25.71%	442 525	49.33%	897 144
Public Works	493 810	7.02%	6 055 742	86.04%	7 038 130
Statistics South Africa	687 527	32.03%	13 205	0.62%	2 146 313
Women	83 029	40.27%	78 267	37.96%	206 163
Independent Police Investigative Directorate	87 111	34.10%	613	0.24%	255 482
Police	18 636 413	21.41%	1 037 025	1.19%	87 025 128
Labour	885 562	28.88%	1 160 710	37.86%	3 065 821
Grand Total	48 709 680	6.35%	529 240 190	69.00%	767 037 868

Correlation between Admin cost and Transfers: PSA

Programmes R'000	Compensation of employees	Goods and services	Transfers and subsidies	Payments for capital assets	Grand Total	% of total
Administration	117 160	111 339	520	1 643	230 662	25.7%
Policy Development, Research and Analysis	26 965	7 246	0	235	34 446	3.8%
Labour Relations and Human Resource Management	49 761	19 882	0	450	70 093	7.8%
Government Chief Information Officer	16 025	5 342	0	146	21 513	2.4%
Service Delivery Support	31 589	19 995	196 065	278	247 927	27.6%
Governance of Public Administration	34 211	12 084	245 940	268	292 503	32.6%
Total spending	275 711	175 888	442 525	3 020	897 144	100%
Percentage of total	30.7%	19.6%	49.3%	0.3%	100.0%	

Source: National Treasury

Administration as a percentage of total expenditure without transfers = 50.7%

Correlation between Admin cost and Transfers: Women

Programmes R'000	Compensation of employees	Goods and services	Transfers and subsidies	Payments for capital assets	Grand Total	% of total
Administration	50 163	30 136	1	2 729	83 029	40.3%
Social Transformation and Economic Policy, Stakeholder Coordination and Knowledge	8 028	8 267	78 266	375	94 936	46.0%
	13 709	13 777	0	712	28 198	13.7%
Total spending	71 900	52 180	78 267	3 816	206 163	100.0%
Percentage of total	34.9%	25.3%	38.0%	1.9%	100.0%	

Source: National Treasury

Administration as a percentage of total expenditure without transfers = 64.9%

Correlation between Admin cost and Transfers: Economic Development

R'000	Compensation of	Goods and services	Transfers and	Payments for capital	Grand Total	% of total
Administration	44 918	35 281	0	475	80 674	10.1%
Growth Path and Social Dialogue	29 533	5 525	0	551	35 609	4.5%
Investment, Competition and Trade	15 621	8 912	656 240	181	680 954	85.4%
Total	90 072	49 718	656 240	1 207	797 237	797 238
% of total	11.3%	6.2%	82.3%	0.2%	100.0%	100.0%

Source: National Treasury

Administration as a percentage of total expenditure without transfers = 57.2%