

# 2014 Adjustments Appropriation Bill

## 24 October 2014



**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*
  - *The shifting of funds between and within votes*
  - *Utilisation of unspent funds under a main division of a vote to defray increased expenditure in 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 2014 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 economic classification of this 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 national changes in detail, together with midyear performance and expenditure information
- Expenditure allocations 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 stated in terms of:
  - 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

## 2.3 2014 National Macro Organisation of the State

Vote	Department
Communications	Department of Communications Department of Telecommunications and Postal Services
Government Communication and Information System	Government Communication and Information System Department of Communications
Trade and Industry	Department of Trade and Industry Department of Small Business Development

- Votes listed in column 1 contain funds for departments listed in column 2, which are in the process of being created / reconstituted
- New votes with adjustments appropriations:
  - Vote 39: Planning, Monitoring and Evaluation
  - Vote 42: Water and Sanitation
  - Vote 43: Women

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

<b>Vote and description of expenditure</b>	<b>R million</b>
<b>Cooperative Governance and Traditional Affairs</b>	<b>161.0</b>
Repair of infrastructure damaged by disasters	157.0
Establishment of the Traditional Affairs deputy ministry	4.0
<b>International Relations and Cooperation</b>	<b>350.0</b>
Impact of the depreciation of the Rand on foreign currency denominated expenditure	
<b>Government Communication and Information System</b>	<b>12.0</b>
Establishment of the Communications ministry and deputy ministry	
<b>Public Enterprises</b>	<b>63.1</b>
Ninth claim submitted by Denel Aerostructures for damages and losses in terms of the indemnity provided by government in respect of the A400M aircraft contracts	
<b>Health</b>	<b>32.6</b>
Ebola control and prevention measures in South Africa; including the deployment of mobile laboratories, experts, training and technical support to Ebola affected countries	
<b>Labour</b>	<b>19.0</b>
Establishment of the Labour deputy ministry	4.0
Compensation Fund: Administration of public servant occupational diseases and on-duty injuries claims	15.0

# 3.1 Unforeseeable and unavoidable expenditure [s30(2)(b) of the PFMA]

Vote and description of expenditure	R million
<b>Communications</b>	<b>23.2</b>
Satellite connectivity, broadcast services and telecommunications network solutions for the funeral of the late President Nelson Mandela	
<b>Environmental Affairs</b>	<b>12.0</b>
Establishment of the Environmental Affairs ministry and deputy ministry	
<b>Mineral Resources</b>	<b>4.3</b>
Relocation of the Gauteng Regional Office due to fire damage sustained to the office building	
<b>Trade and Industry</b>	<b>33.7</b>
Establishment of the Department of Small Business Development	
<b>Transport</b>	<b>44.2</b>
Expenditure incurred for the funeral of the late President Nelson Mandela	
<b>Water and Sanitation</b>	<b>34.6</b>
Lekwa-Taemane local municipality: Operations and maintenance of the waste water treatment and bulk water treatment plants	19.6
Madidi and Giyani: Borehole augmentation projects	15.0
<b>Total</b>	<b>789.6</b>

# 4. Announced by the Minister of Finance in the 2014 Budget Speech [s30(2)(d) of the PFMA]

<b>Vote and description of expenditure</b>	<b>R million</b>
<b>Communications</b>	<b>620.0</b>
Digital broadcast migration	
<b>Total</b>	<b>620.0</b>



# 5. Shift of funds between votes to follow the transfer of functions [s30(2)(e) of the PFMA]

Function\:	From:	To:
Water affairs	Department of Water Affairs	Department of Water and Sanitation
Sanitation	Department of Human Settlements	Department of Water and Sanitation
Children People with disabilities	Department of Women, Children and People with Disabilities	Department of Social Development
Women	Department of Women, Children and People with Disabilities	Department of Women
Performance, monitoring and evaluation	Department of Performance Monitoring and Evaluation	Department of Planning, Monitoring and Evaluation
National Planning Commission National Youth Development Agency Youth desk	The Presidency	Department of Planning, Monitoring and Evaluation

# 6. Virements [s30(2)(f) of the PFMA]

- Virements over R100 million:

## Vote 22: Defence and Military Veterans

FROM:	Motivation	R thousand	TO:	Motivation	R thousand
<b>Programme 1: Administration</b>			<b>Programme 3: Landward Defence</b>		
Goods and services	Underspending on accommodation charges	-368 925	Compensation of employees	Improved conditions of service	368 925

## Vote 33: Rural Development and Land Reform

FROM:	Motivation	R thousand	TO:	Motivation	R thousand
<b>Programme 5: Land Reform</b>			<b>Programme 1: Administration</b>		
Goods and services	Cost containment measures effected on business and advisory services	-140 000	Goods and services	New ICT posts, new chief directorate posts and property management	140 000

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

<b>Vote and description of expenditure</b>	<b>R million</b>
<b>Cooperative Governance and Traditional Affairs</b>	<b>80.2</b>
Municipal infrastructure grant for projects with financial commitments	
<b>Basic Education</b>	<b>9.7</b>
Learner teacher support material, first aid kits and scales for schools	
<b>Social Development</b>	<b>10.5</b>
Setting up of provincial food distribution centres	
<b>Energy</b>	<b>18.9</b>
Integrated national electrification programme for non-grid electrification service to provide electrification connection to households	8.9
Study on the energy footprint and energy savings potential in heavy industry	5.0
Fuel sampling and testing project	5.0
<b>Science and Technology</b>	<b>9.7</b>
Building of the Cofimvaba Science Centre	
<b>Water and Sanitation</b>	<b>28.7</b>
Upgrading of data storage infrastructure	4.0
Regional bulk infrastructure indirect grant for projects with financial commitments	18.6
Municipal water infrastructure grant for projects with financial commitments	1.5
Scientific and technical support in respect of drinking water quality, waste water and water use efficiency	4.7
<b>Total</b>	<b>157.7</b>

# 8. Self-financing expenditure

<b>Vote and description of expenditure</b>	<b>R million</b>
<b>Home Affairs</b>	<b>600.0</b>
Expenditure incurred to issue official documentation, which is defrayed by revenue generated from the issuing of the documents	
<b>Health</b>	
Expenditure incurred for the establishment of the South African Health Products Regulatory Authority, which is funded from revenue collected by the Medicine Control Council	<b>25.5</b>
<b>Correctional Services</b>	<b>0.7</b>
Expenditure for offender gratuities, which is funded from revenue generated by hiring out offender labour	
<b>Defence and Military Veterans</b>	<b>25.6</b>
Expenditure for defence activities, which is funded from selling equipment and spares procured through the special defence account	
<b>Energy</b>	
Expenditure incurred for skills development and training, which is defrayed by revenue received from the Energy and Water Sector Education and Training Authority and the Chemical Industries Sector Education and Training Authority for the provision of learnership programmes and special development projects	<b>3.3</b>
<b>Trade and Industry</b>	<b>50.0</b>
Unitary payment in respect of the public private partnership for shared campus accommodation, which is funded from unitary part-payments received from public entities	
<b>Total</b>	<b>705.1</b>

# 9. Declared unspent funds

<b>Vote and description of expenditure</b>	<b>R million</b>
<b>National Treasury</b>	<b>561.1</b>
Employment Creation Facilitation	
<b>Health</b>	<b>113.0</b>
National health grant: indirect grant for health facility revitalisation	
<b>Social Development</b>	<b>250.0</b>
Decrease in social grants payment estimates	
<b>Tourism</b>	<b>78.9</b>
Tourism incentive programme	
<b>Total</b>	<b>1 002.9</b>

# 10. Revised National Budget Expenditure 2014/15

	Main appropriation (ENE)	Adjustments appropriation (AENE)	Adjusted appropriation (AENE)
R thousand			
<b>Appropriation by vote</b>	<b>635 349 395</b>	<b>1 269 532</b>	<b>636 618 927</b>
Main appropriation	635 349 395		
<b>Total adjustments</b>		<b>1 269 532</b>	
Roll-overs		157 724	
Unforeseeable and unavoidable expenditure		789 618	
Unallocated and announced in the 2014 Budget		620 000	
Self-financing		705 127	
Declared unspent funds		(1 002 937)	
<b>Direct charges against the National Revenue Fund</b>	<b>504 213 004</b>	<b>(342 156)</b>	<b>503 870 848</b>
<i>Of which:</i>			
Debt service costs	362 468 075	(415 491)	362 052 584
National Revenue Fund payments	–	310 857	310 857
Deputy President's salary	–	2 478	2 478
Skills levy and sector education and training authorities	13 440 000	(240 000)	13 200 000
<b>Subtotal</b>	<b>1 139 562 399</b>	<b>927 376</b>	<b>1 140 489 775</b>
Unallocated reserves	3 000 000	(3 000 000)	–
National government projected underspending	–	(3 650 000)	(3 650 000)
Local government repayment to the National Revenue Fund	–	(500 000)	(500 000)
<b>Total estimated expenditure</b>	<b>1 142 562 399</b>	<b>(6 222 624)</b>	<b>1 136 339 775</b>

# 11. Conclusion

- R6.2bn downward adjustment in total estimated spending for 2014/15
  - R2.6bn in additions:
    - R789.6m for unforeseeable and unavoidable expenditure
    - R157.7m for roll-overs
    - R620m for an allocation announced by the Minister of Finance in the 2014 Budget Speech
    - R705.1m in self-financing expenditure
    - R313.3m for direct charges against the National Revenue Fund
  - Offset by the following, amounting to R8.8bn:
    - R3bn in unallocated reserves
    - R1bn in declared unspent funds
    - R4.2bn in projected underspending and the recovery of local government unspent amounts
    - R240m in decreased skills levy and sector education and training authorities' expenditure
    - R415.5m decrease in projected state debt costs
- Total level of spending decreases from a budgeted R1 142.6 billion to a revised R1 136.3 billion

# Thank-you