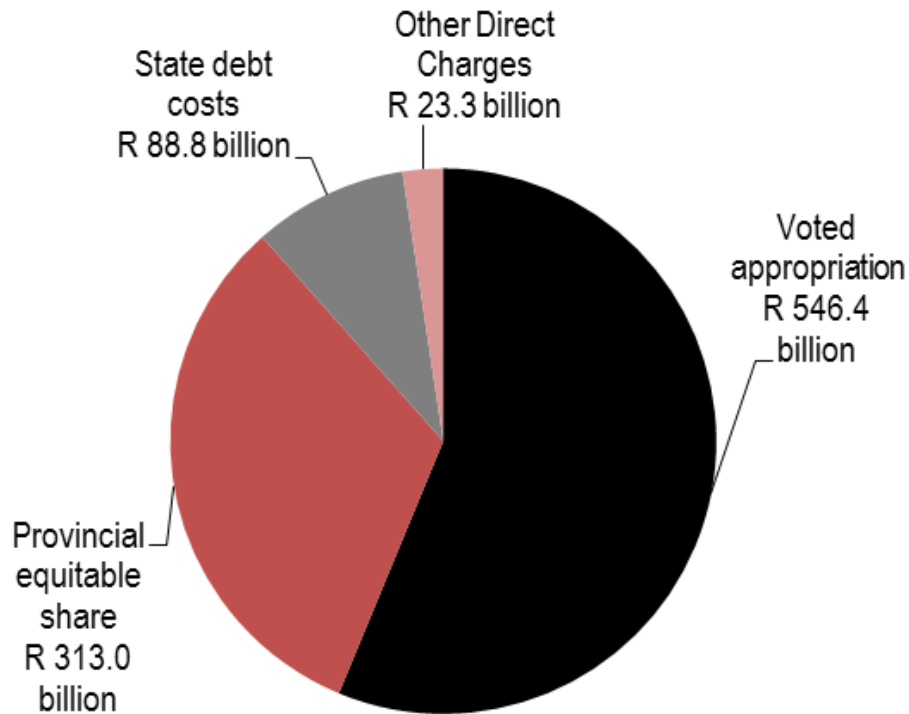


# 3<sup>rd</sup> Quarter Expenditure 2012/13

Standing Committee on Appropriations

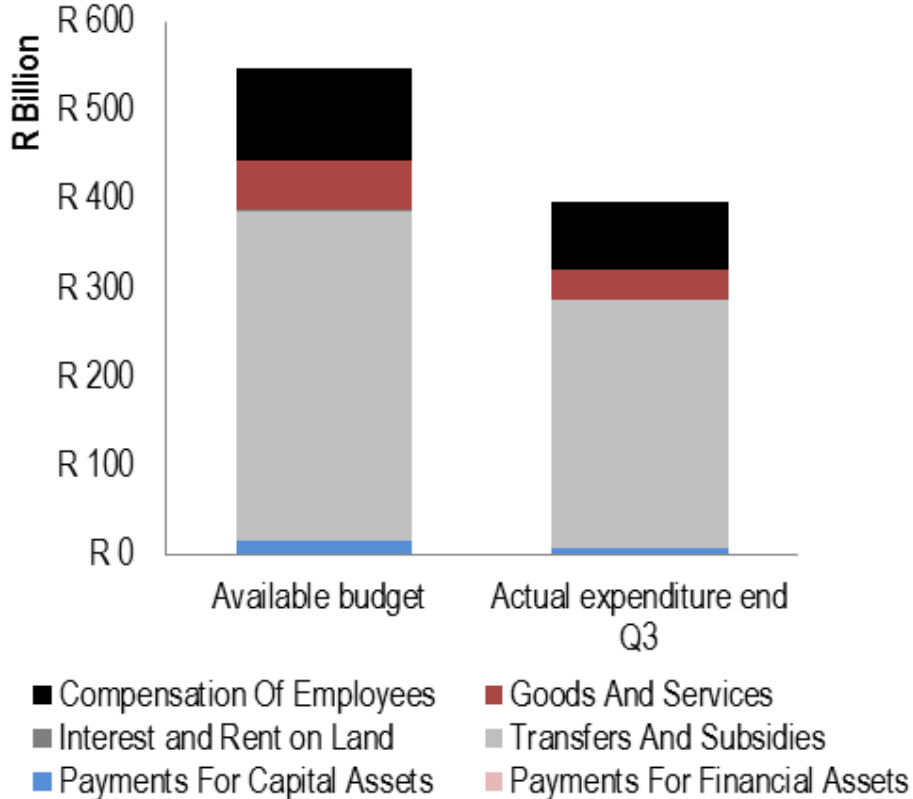


# National Budget 2012/13



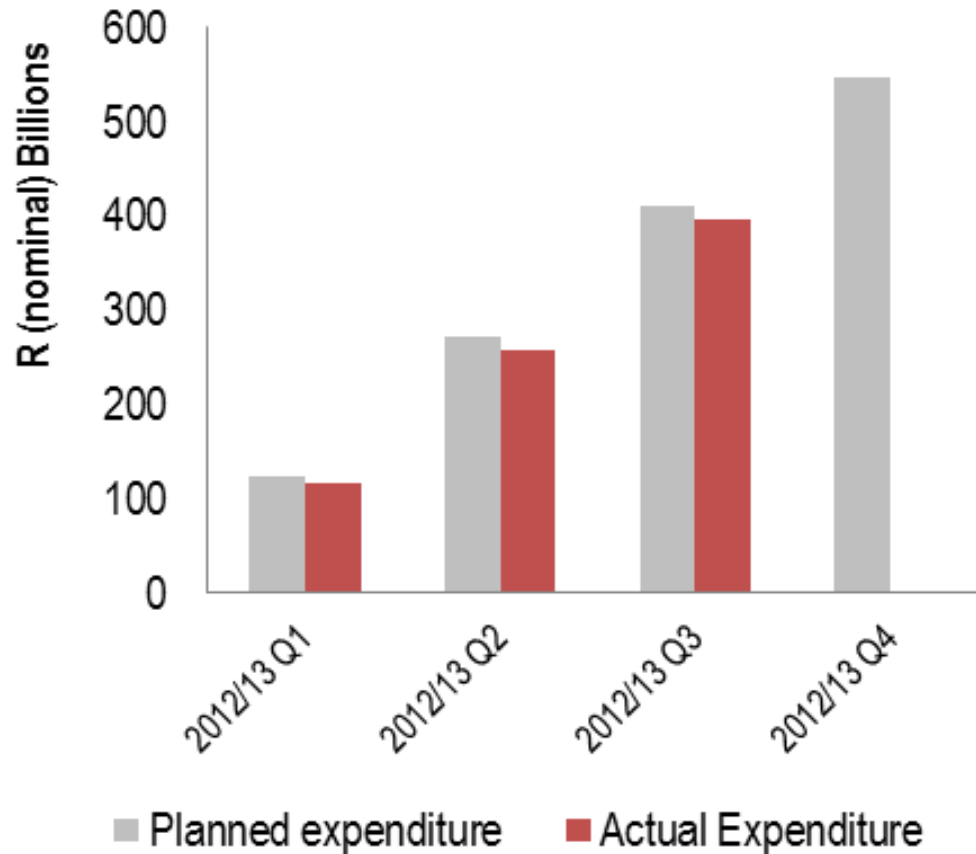
- ▶ The adjusted appropriation for 2012/13 was R971.5 billion
- ▶ The Provincial Equitable Share, State Debt costs and other direct charges against the national revenue fund make up 43.8 per cent of the national budget
- ▶ Excluding these payments the adjusted national budget amounts to R546.4 billion

# Budget and expenditure 2012/13



- ▶ National government spent R396.5 billion by the end of Q3 2012/13
- ▶ This is 72.6 per cent of the total available budget of R546.4 billion for the whole year
- ▶ Reflecting the structure of the budget, the majority of expenditure is under transfers and subsidies

# Comparison to scheduled drawings



- ▶ Total scheduled drawings to end Q3 were R411.7 billion
- ▶ Equivalent to 75.3 per cent of the available budget
- ▶ Expenditure lags scheduled drawings by R15.2 billion, or 2.8 per cent

# Comparison to scheduled drawings

Vote	2010/11	2011/12	2012/13		2012/13			
	Rand value deviation end year	Rand value deviation end year	Rand value lag end Q1	Rand value lad end Q2	Available budget	Actual expenditure end Q3	% of budget expended end Q3	Rand value lad end Q3
	R millions	R millions	R millions	R millions	R millions	R millions		R millions
3 Cooperative Governance and	R 115	R 1 984	R 318	R 667	R 54 855	R 38 739	70.6%	R 1 968
8 Women, Children and People	<b>-R 4</b>	<b>-R 23</b>	R 2	<b>-R 3</b>	R 193	R 136	70.3%	<b>-R 5</b>
10 National Treasury	R 2 949	R 2 477	R 302	R 663	R 21 178	R 14 236	67.2%	R 1 098
11 Public Enterprises	R 18	R 7	R 189	R 606	R 1 377	R 1 005	73.0%	<b>-R 32</b>
15 Basic Education	R 657	R 1 197	R 542	R 1 340	R 16 204	R 11 165	68.9%	R 1 596
30 Environmental Affairs	R 98	R 93	<b>-R 307</b>	R 23	R 5 175	R 3 579	69.2%	<b>-R 54</b>
31 Human Settlements	R 200	R 229	R 1 000	R 2 739	R 25 138	R 17 027	67.7%	R 1 690
33 Rural Development and Land	R 157	R 139	R 656	R 1 440	R 8 974	R 5 491	61.2%	R 1 493
38 Water Affairs	R 263	R 784	R 786	R 1 731	R 8 993	R 4 469	49.7%	R 1 482
<b>Government Total</b>	R 9 505	R 11 409	R 7 678	R 14 076	R 546 379	R 396 531	72.6%	R 15 208

- ▶ Cells highlighted in yellow were amongst the ten highest variances at each year, or quarter, end
- ▶ Funds written in red text indicate spending scheduled drawings at each year, or quarter, end

# Summary of largest lags

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- ▶ Cooperative governance and Traditional Affairs –equitable share grants withheld to refund the National Revenue Fund for unspent conditional grants not relinquished by municipalities in previous financial years, together with slow spending in the Disaster relief grants
- ▶ National Treasury – mainly relating to slower-than projected spending on Civil and Military Pensions for post-retirement medical benefits and payments to the non-statutory forces (NSF), as well as spending delays in the ECFF-Jobs Fund
- ▶ Basic Education – delays regarding the School Infrastructure Backlogs Grant

# Summary of largest lags

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- ▶ Human Settlements – the payment schedule for the Urban Settlements Development Grant (USDG) is slower than the department prepared for. The lagging payments are expected to be made by year end.
- ▶ Rural Development and Land Reform – slower than expected spending on the Restitution and Land Reform grants due to lengthy legal and planning processes
- ▶ Water Affairs – late submission of invoices for work done on bulk water distribution projects, together with delays to the purchase of machinery and equipment, including water pipes, for water services projects

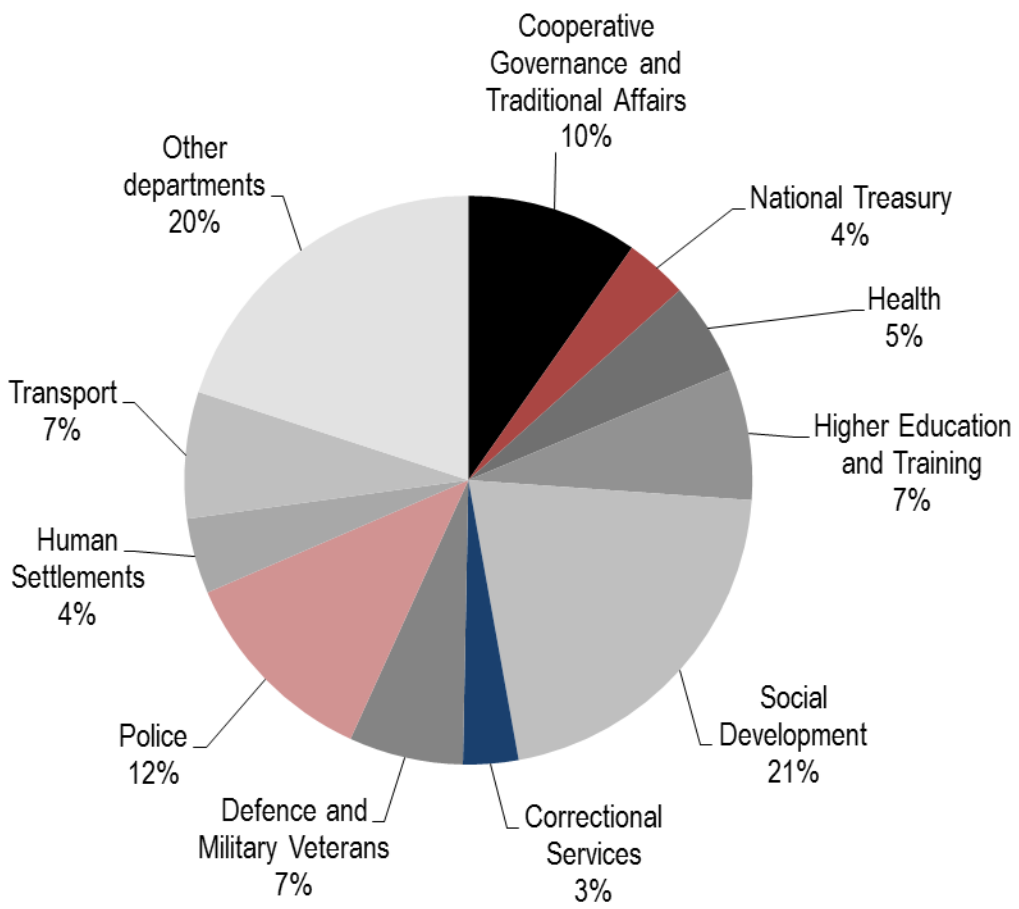
# Expenditure ahead of scheduled drawings

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- ▶ Women, Children and People with Disabilities – higher costs associated with the appointments made within the department over the last two financial years. Additional funding was provided in the AENE to help mitigate this issue
- ▶ Public Enterprises – early payment of deed of settlement obligations to Alexkor Ltd
- ▶ Environmental Affairs – once off payment for VAT on the new polar vessel (SA Agulhas II), together with increased spending under EPWP and Working with Water programmes, to catch up with backlogs from the previous financial year.

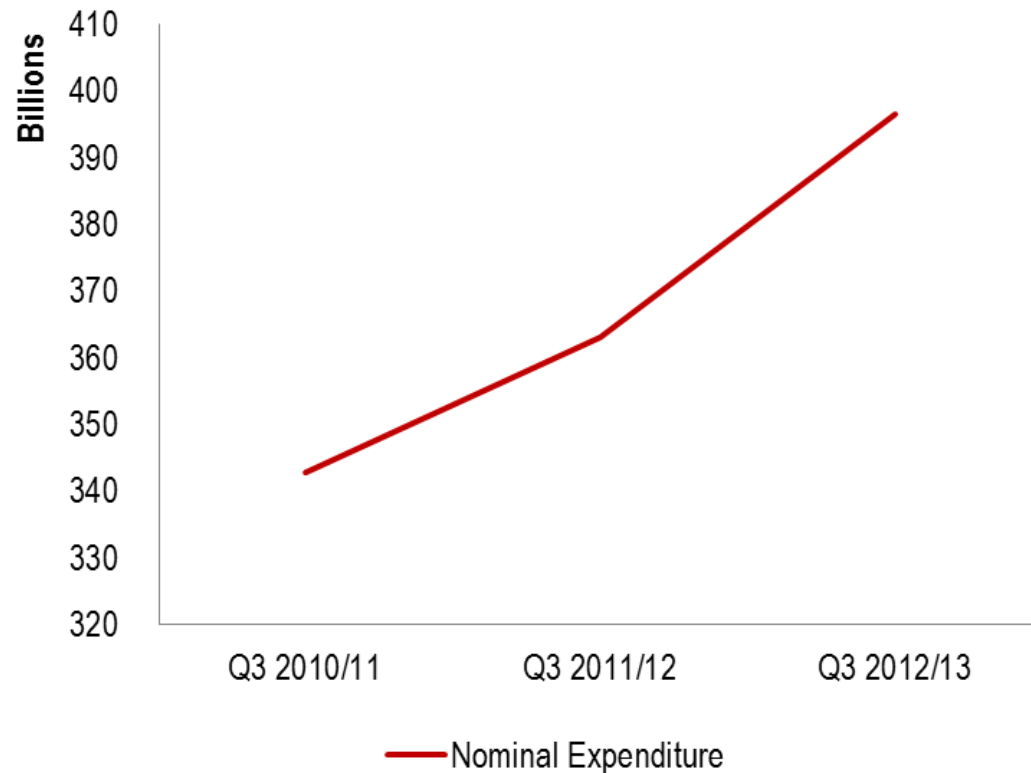


# Expenditure Q3 2012/13



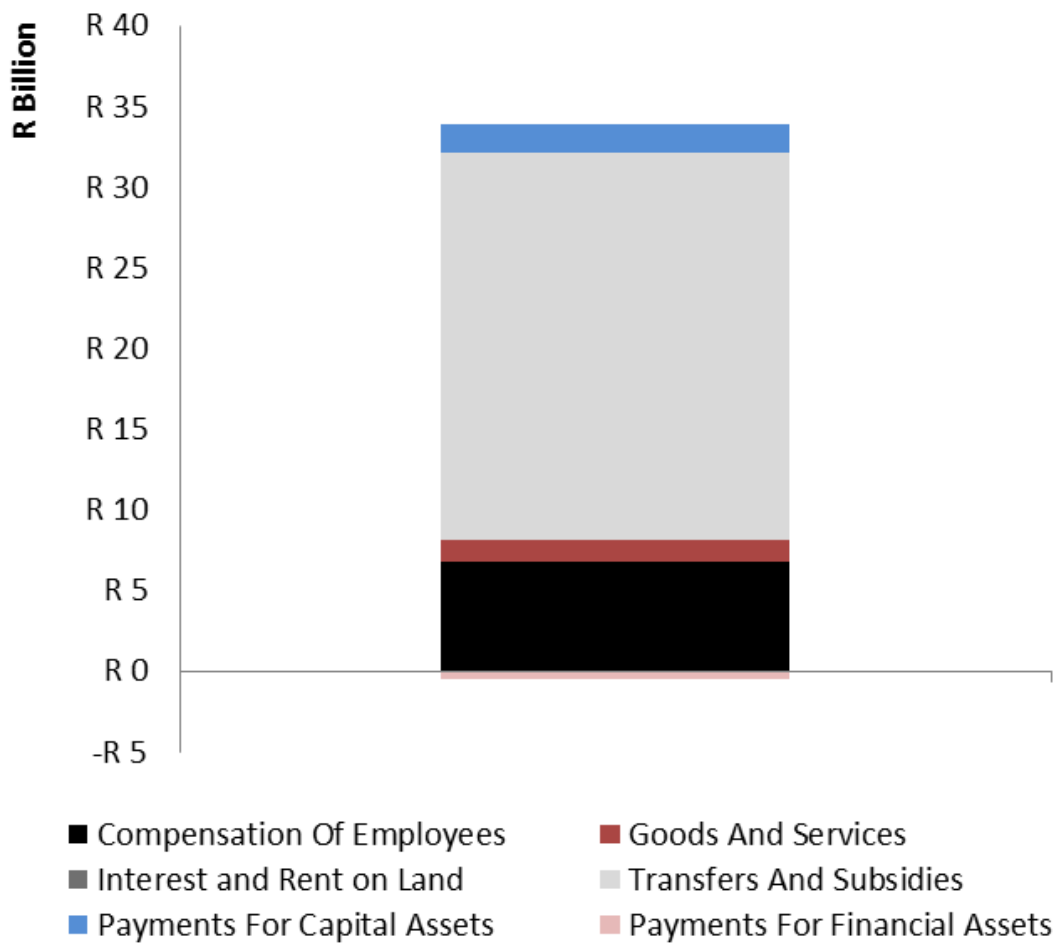
- ▶ The Department of Social Development (Vote 19) has the highest spend – the majority being for social grants
- ▶ Next are the departments of Police (Vote 25) and Cooperative Governance and Traditional Affairs (Vote 3) –mainly for wages for police services and the local government equitable share respectively
- ▶ The ten departments illustrated separately make up 80 per cent of total spending to end Q3

# Comparison to previous financial year



- ▶ Expenditure of R396.5 billion by the end of Q3 2012/13
- ▶ Representing a nominal increase of R33.5 billion when compared to national government expenditure over the same period in 2011/12
- ▶ Equivalent to a 9.2 per cent increase

# Comparison to previous financial year



- ▶ 71.6 per cent of the increased expenditure is under transfers and subsidies
- ▶ 20.2 per cent of increased expenditure is under Compensation of Employees
- ▶ 5.5 per cent of increased expenditure is under Payments For Capital Assets

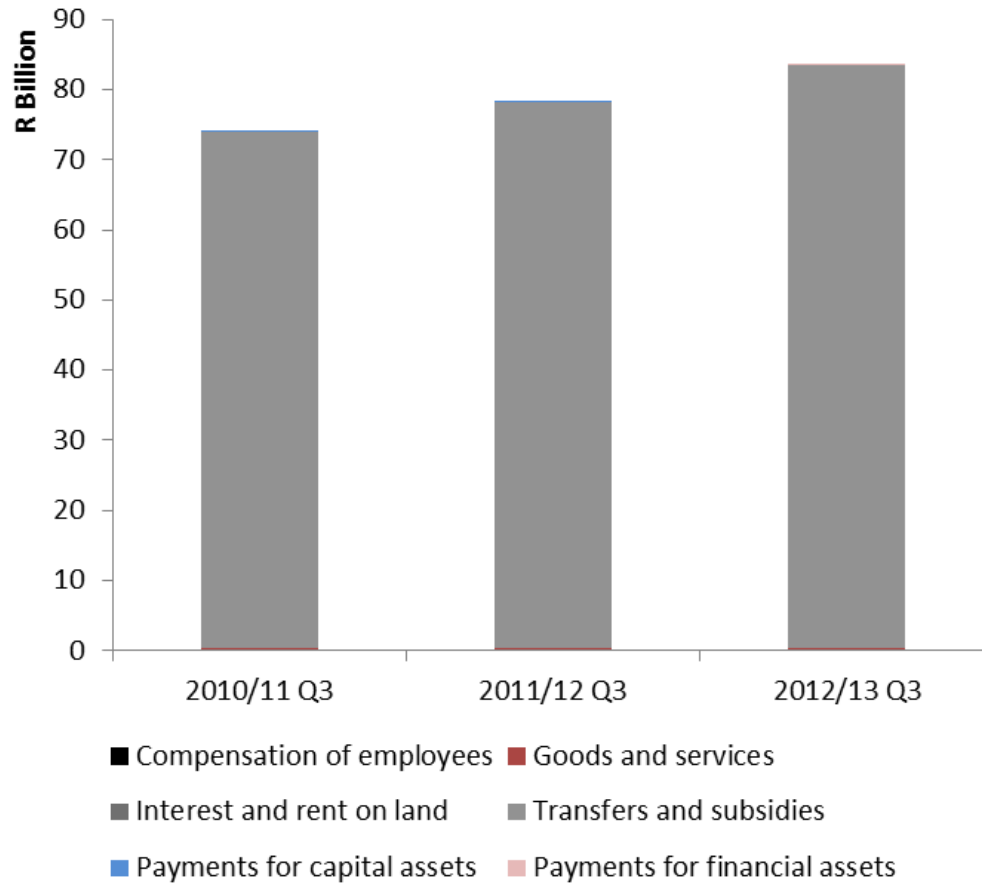


# Expenditure increases over R1 billion between Q3 2011/12 and 2012/13

Vote	2011/12		2012/13			
	Available budget	Nominal expenditure end Q3	Available budget	Nominal expenditure end Q3	Expenditure increase from Q3 last year	% expenditure increase from Q3 last year
	R millions		R millions	R millions	R millions	Per cent
3 Cooperative Governance and Traditional Affairs	R 48 205	R 31 619	R 54 855	R 38 739	R 7 120	22.5%
15 Basic Education	R 14 081	R 9 263	R 16 204	R 11 165	R 1 901	20.5%
16 Health	R 25 968	R 19 725	R 28 057	R 21 068	R 1 343	6.8%
17 Higher Education and Training	R 28 300	R 26 623	R 31 586	R 29 528	R 2 906	10.9%
19 Social Development	R 104 284	R 78 140	R 112 144	R 83 439	R 5 299	6.8%
21 Correctional Services	R 16 687	R 11 449	R 17 700	R 12 466	R 1 017	8.9%
22 Defence and Military Veterans	R 34 349	R 24 513	R 37 889	R 25 798	R 1 285	5.2%
25 Police	R 58 551	R 41 606	R 63 389	R 46 489	R 4 883	11.7%
37 Transport	R 41 517	R 26 401	R 39 647	R 28 539	R 2 138	8.1%
<b>Government Total</b>	<b>R 510 930</b>	<b>R 363 062</b>	<b>R 546 379</b>	<b>R 396 531</b>	<b>R 33 469</b>	<b>9.2%</b>

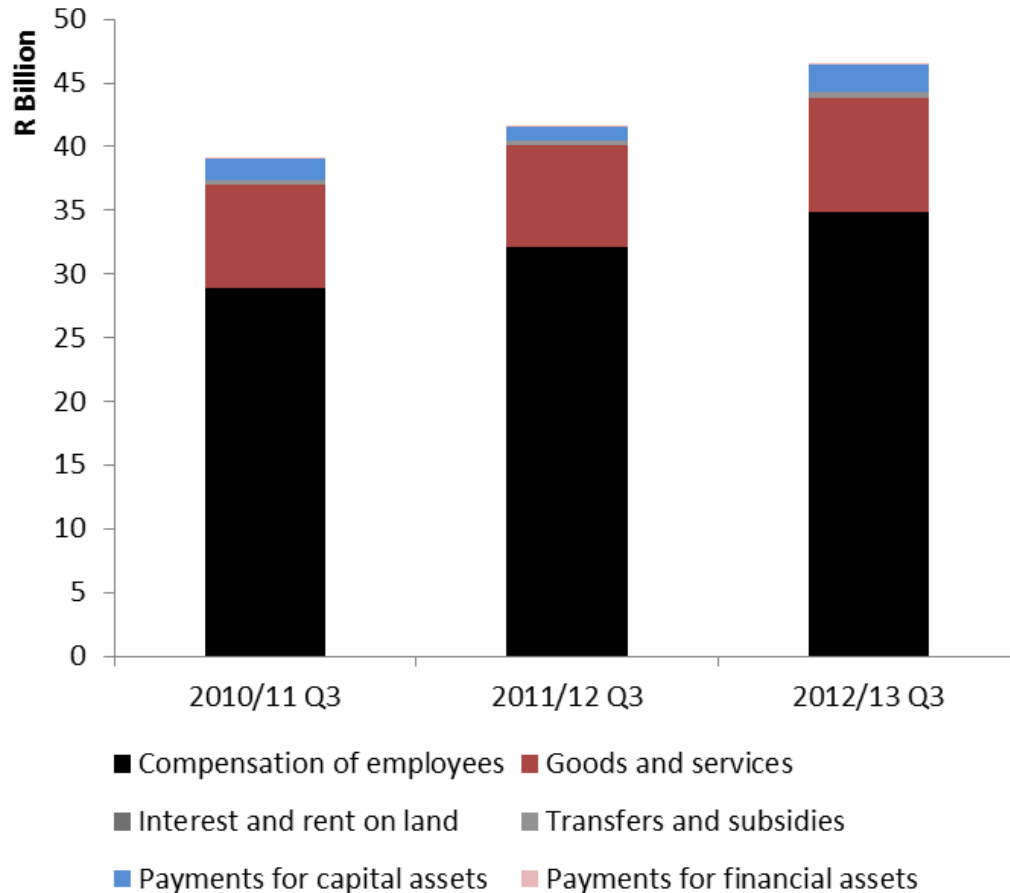
- ▶ Cells highlighted in green represent the ten highest R value expenditures at end Q3 in both years
- ▶ Documented increases are nominal

# Social Development



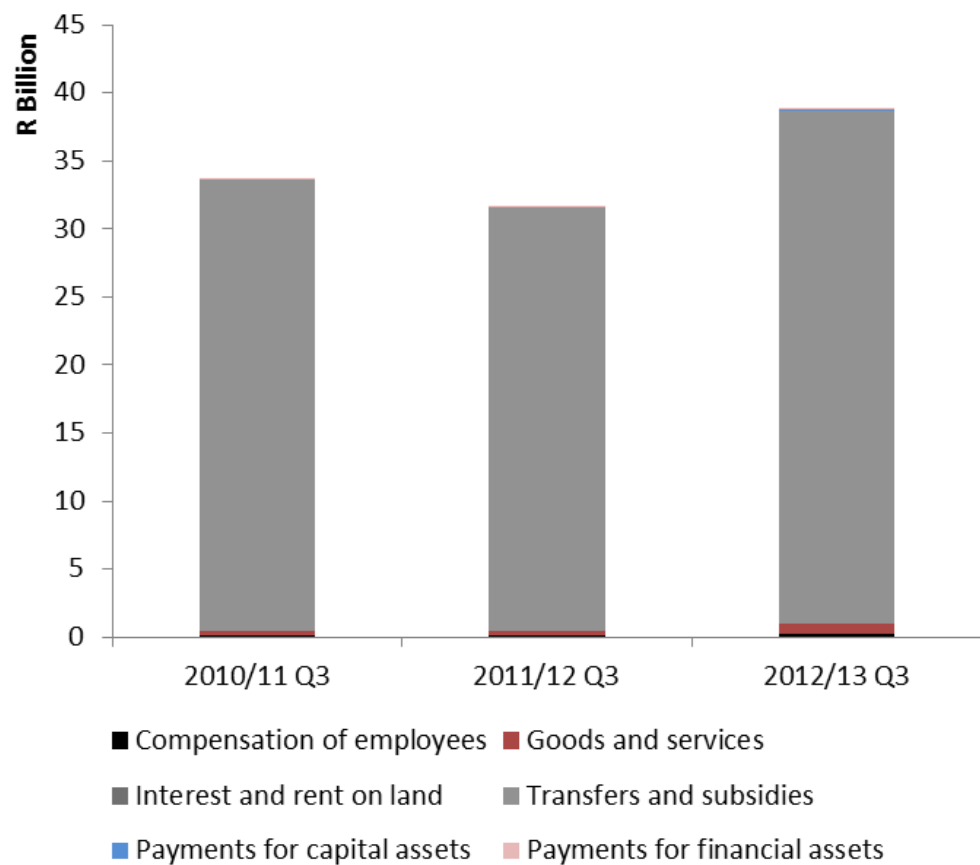
- ▶ R83.4 billion spent by the end of Q3 primarily on Social Grant transfers
- ▶ A nominal increase of R5.3 billion compared to spending to end Q3 in 2011/12
- ▶ Or an increase of 6.8 per cent
- ▶ Increases have allowed the number of beneficiaries to increase

# Police



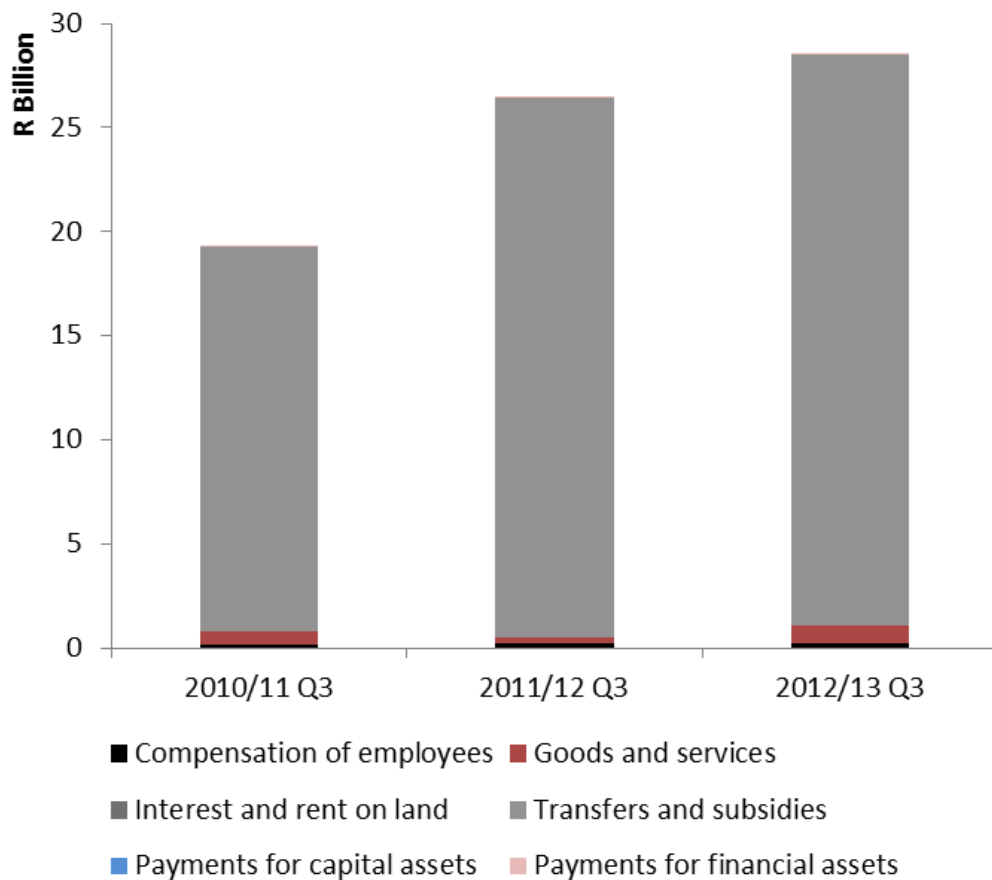
- ▶ R46.5 billion spent by the end of Q3 primarily on salaries, together with equipment, for police services
- ▶ A nominal increase of R4.9 billion compared to spending to end Q3 2011/12
- ▶ Or an increase of 11.7 per cent
- ▶ Mainly to cover improved conditions of service for the police service

# Cooperative Governance and Traditional Affairs



- ▶ R38.7 billion spent by the end of Q3 primarily on transfers for the Local Government Equitable Share and the Municipal Infrastructure Grant
- ▶ A nominal increase of R7.1 billion compared to spending to end Q3 2011/12
- ▶ Or an increase of 22.5 per cent
- ▶ Mainly to allow higher spending by municipalities on infrastructure and the expansion of free basic services

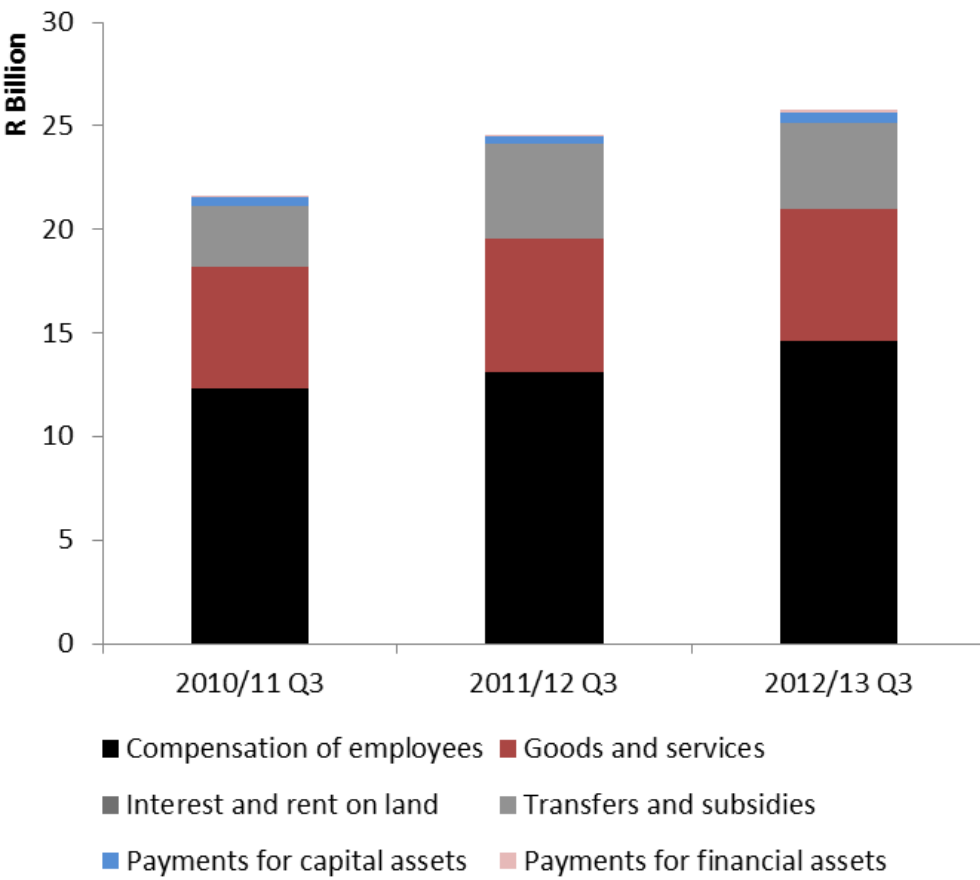
# Transport



- ▶ R28.6 billion spent by the end of Q3 primarily for transfers for transport infrastructure maintenance, construction and operation
- ▶ A nominal increase of R2.1 billion compared to spending to end Q3 2011/12
- ▶ Or an increase of 8.1 per cent
- ▶ Mainly for road transport and public transport projects

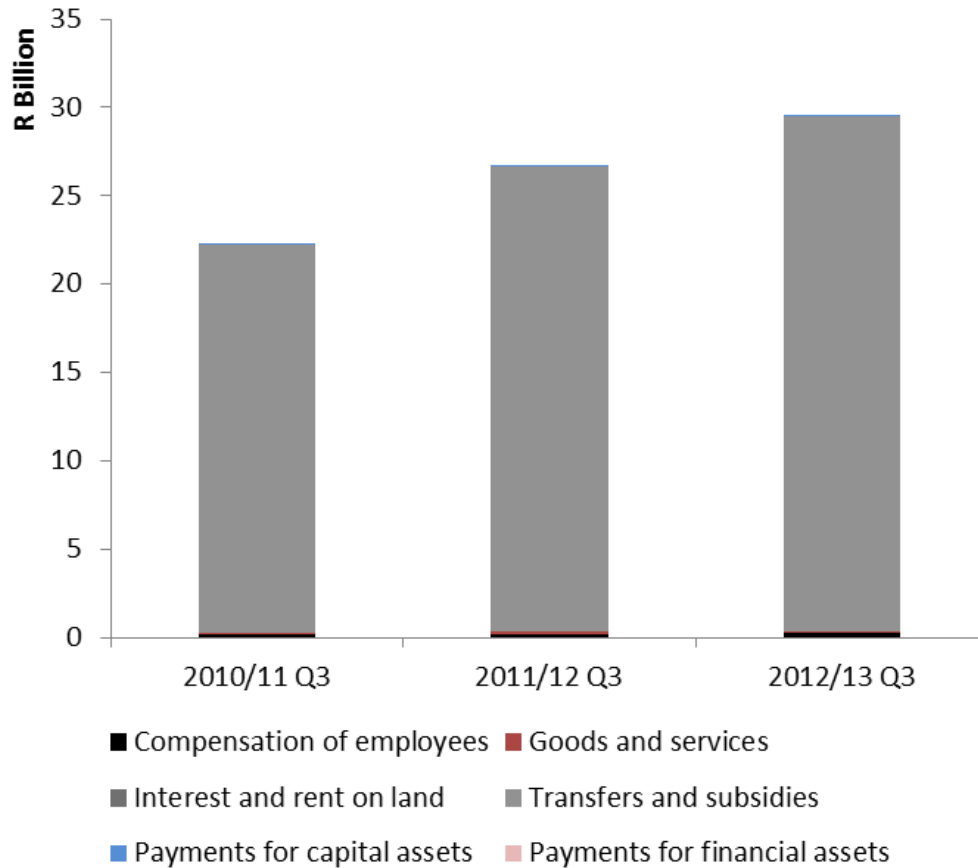


# Defence and Military Veterans



- ▶ R25.8 billion spent by the end of Q3 primarily on salaries, together with equipment, for military services
- ▶ A nominal increase of R1.3 billion compared to spending to end Q3 2011/12
- ▶ Or an increase of 5.2 per cent
- ▶ Acquisitions and upgrades of weapons systems and technology as the strategic defence procurement programme reaches its final stages

# Higher Education and Training



- ▶ R29.5 spent billion by the end of Q3 primarily on transfers to Higher Education Institutions
- ▶ A nominal increase of R2.9 billion when compared to end Q3 2011/12
- ▶ Or an increase of 10.9 per cent
- ▶ Primarily for increases in transfers to Higher Education Institutes to allow increased enrolment and graduations at Universities

# Health, Basic Education and Correctional Services

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- ▶ Health spent R21.1 billion by the end of Q3, representing a nominal increase of R1.3 billion or 6.8 per cent, when compared to end Q3 2011/12
  - ▶ The majority of the increase falls under the Comprehensive HIV and AIDS grant
  
  - ▶ Basic Education spent R11.1 billion by the end of Q3, representing a nominal increase of R1.9 billion or 20.5 per cent, when compared to end Q3 2011/12
  - ▶ The majority of the increase falls under the Schools Infrastructure, and Schools Infrastructure backlogs, grants
  
  - ▶ Correctional Services spent R12.5 billion by the end of Q3, representing a nominal increase of R1.0 billion or 8.9 per cent, when compared to end Q3 2011/12
  - ▶ The majority of the increase falls under Compensation of Employees to cover improvements in conditions of service
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# Concluding remarks

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- ▶ 3<sup>rd</sup> Quarter national expenditure indicates:
- ▶ Under-spending is possible on land restitution and rural development and schools infrastructure projects (though expenditure on schools infrastructure has grown significantly compared to the same period last year)
- ▶ Overall National Government expenditure has increased by R33.5 billion or 9.2 per cent when compared to the same period last year
- ▶ 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, and increased spending on Transport and Schools Infrastructure projects