

# 2013 Appropriation Bill

*Select Committee on Appropriations*

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**national treasury**

Department:  
National Treasury  
REPUBLIC OF SOUTH AFRICA

# 2013 Appropriation Bill

- 2013 Appropriation Bill was tabled in Parliament at the time of the Budget – 27 February 2013
- Bill provides for the appropriation of money from the National Revenue Fund in terms of section 213 of the Constitution, 1996 and section 15 of the Public Finance Management Act (PFMA), 1999
- Spending is subject to the PFMA and the provisions of the Appropriation Bill itself
- For transfers to sub-national government, the Division of Revenue Bill (DORB) also contains provisions in terms of which spending must take place

# 2013 Appropriation Bill (cont.)

- Parliament is asked to pass the Bill so that the President can assent to it and the Act can be promulgated before the end of July
- This is necessary, as prior to that departments will need to incur expenditure in terms of section 29 of the PFMA, which makes provision for spending before an annual budget is passed:
  - Up to end July, expenditure may not exceed 45% of the 2012/13 financial year budget
  - After July, monthly expenditure can only amount to 10% of the 2012/13 budget
- Departmental activities may thus be constrained should there be delays in the Appropriation Act coming into effect

# Structure of the Bill

- Bill is divided by vote and by main division within a vote (i.e. by programme)
- An aim is set out for each vote and a purpose is set out for each programme
- Allocations are categorised in terms of:
  - Current payments
    - Compensation of employees
    - Goods and Services
    - Other
  - Transfers and subsidies
  - Payments for capital assets
  - Payments for financial assets
- Allocations marked with an asterisk refer to specifically and exclusively appropriated allocations
- Conditional grants are specifically and exclusively appropriated and are also listed in the Division of Revenue Bill, 2013

# Focus of the 2013 Budget

- The 2013 Budget focuses on national development and fiscal sustainability
- Within a constrained fiscal environment, the Budget continues to support government's commitment to broadening service delivery and expanding investment in infrastructure
- In order to create the fiscal space to fund investment in key areas, government at all levels contributed to making funds available via reprioritisation

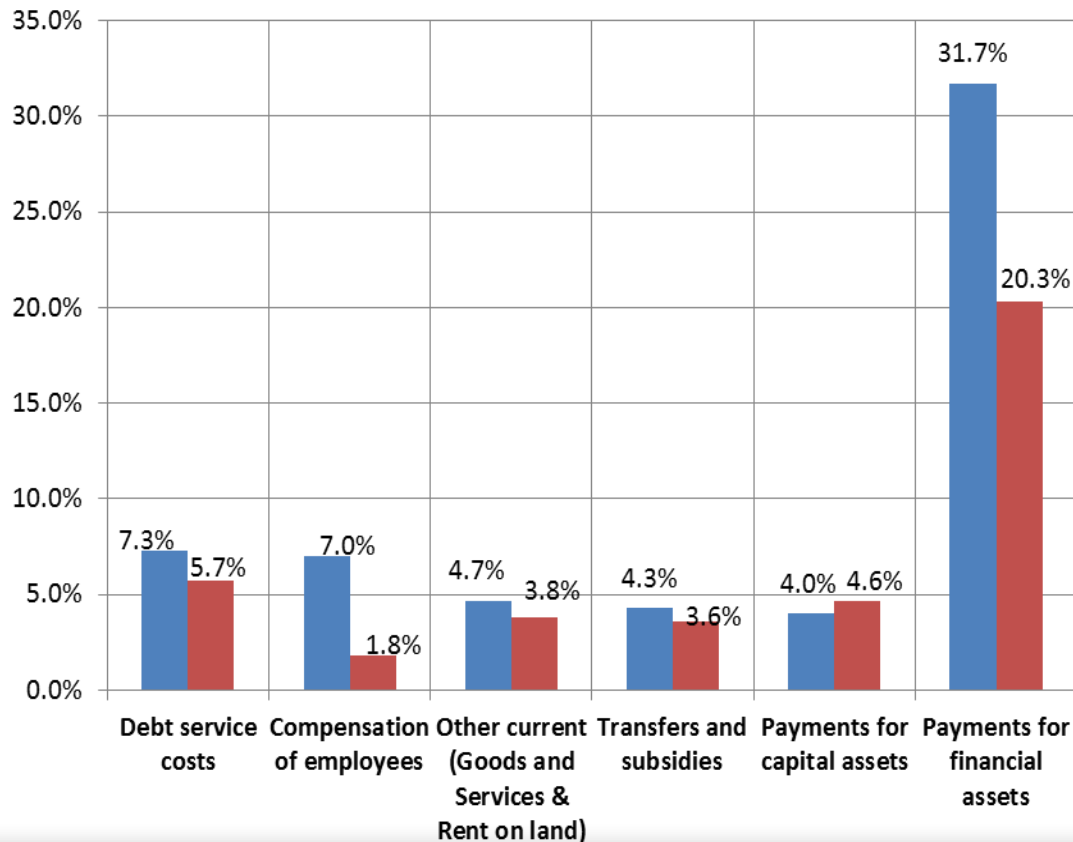
# Efficient and Effective Spending

- Provincial and national departments and public entities were asked to identify areas of inefficient and non-priority expenditure
- Expenditure reductions were effected through government seeking efficiencies in delivering planned services at lower costs, reducing allocations to programmes performing below expected levels, and through decreasing outputs in lower priority programmes; in order to fund the delivery of new or expanded services
- Funds made available for allocation amount to R117.2 billion for the 2013 MTEF period, of which
  - R52.1 billion is due to expenditure reductions effected;
  - R37.2 billion is made available to compensate mainly for general inflation costs; and
  - R27.9 billion is due to the drawdown from the contingency reserve

# Consolidated expenditure by economic classification

## Average real growth in consolidated expenditure

■ 2009/10 to 2012/13 ■ 2012/13 to 2015/16



- Payments for financial assets is still the fastest growing area of expenditure
- Payments for capital assets shows an increase in growth
- Compensation of employees growth declines
- Other current payments shows moderation in growth
- Growth in Transfers and subsidies declines slightly
- Debt service costs growth to remain relatively stable

# Infrastructure investment

- Infrastructure investment supports long-term growth and development
- R827.1 billion in public-sector infrastructure expenditure over next three years
- On the vote appropriation level, R104 billion is included in the 2013 Appropriation Bill

## Infrastructure expenditure estimates: 2013/14 to 2015/16

R million	Medium-term expenditure estimates			MTEF
	2013/14	2014/15	2015/16	
37 Transport	27 241	32 479	36 768	96 487
31 Human Settlements	26 168	28 366	30 485	85 019
3 Cooperative Governance and Traditional Affairs	14 061	13 804	14 407	42 271
15 Basic Education	8 808	10 564	13 216	32 587
38 Water Affairs	6 263	8 189	10 194	24 646
16 Health	5 847	6 337	6 527	18 711
29 Energy	3 776	4 053	5 736	13 565
17 Higher Education and Training	2 150	2 700	3 300	8 150
24 Justice and Constitutional Development	1 162	1 241	1 203	3 606
25 Police	1 037	1 100	1 150	3 286
Other votes	7 453	7 047	7 196	21 695
<b>Total vote infrastructure estimates</b>	<b>103 963</b>	<b>115 879</b>	<b>130 180</b>	<b>350 023</b>
Other general government infrastructure investments	29 042	24 471	26 297	79 809
<b>General government</b>	<b>133 005</b>	<b>140 350</b>	<b>156 477</b>	<b>429 832</b>
State-owned companies	129 806	130 730	136 710	397 246
<b>Total public-sector infrastructure estimates</b>	<b>262 811</b>	<b>271 080</b>	<b>293 187</b>	<b>827 078</b>



# Social infrastructure

- **Investments in social infrastructure**
  - R2.4 billion (R7.9 billion over MTEF) for the recapitalisation of the Development Bank of Southern Africa (DBSA) to allow it to grow its assets and loan disbursements, in support of its refocused mandate on core infrastructure funding, of which a large component is local socio-economic development
  - R160 million (R685 million over MTEF) is allocated to the Social Housing Regulatory Authority to increase delivery on medium density rental housing
  - R200 million in 2013/14 for the Magalies Water project for the establishment of bulk water scheme services in the Pilansberg area
  - R312 million (R1.9 billion over MTEF) to the Municipal Water Infrastructure grant for water treatment, distribution, demand management and other support for rural municipalities
  - R171 million (R1.5 billion over MTEF) to the De Hoop Dam bulk distribution system for the completion of pipelines
  - R150 million in 2013/14 to manage acid mine water drainage

# Largest components of 2013 Appropriation Bill - Vote shares

- Total Appropriation Bill appropriation amounts to R588.7 billion, of which
  - R2.6 billion (R10.9 billion over MTEF) for compensation of employees adjustment, to cover the costs of the improved conditions of service for the public sector
  - Social Development (20.5% of total Bill appropriation) includes social assistance grants to the value of R113 billion (19.2% of total Bill appropriation)
  - Police (11.5% of total Bill appropriation) – includes the Visible Policing programme to the value of R31.5 billion (5.4% of total Bill appropriation)
  - Cooperative Governance and Traditional Affairs (9.9% of total Bill appropriation) – includes Local Government Equitable Share transfer to the value of R40.6 billion (6.9% of total Bill appropriation)
  - Transport (7.2% of total Bill appropriation) includes the Road Transport programme to the value of R19.5 billion (3.3% of total Bill appropriation),
    - *of which:* R275 million (R1.4 billion over MTEF) in additional allocations to SANRAL for national road upgrades; and
    - R250 million (R3.3 billion over MTEF) in additional allocations for PRASA to invest in rolling stock and signalling infrastructure

# Largest components of 2013 Appropriation Bill - Vote shares (cont.)

- Defence and Military Veterans (6.8% of total Bill appropriation) – includes the Landward Defence programme to the value of R13.9 billion (2.4% of total Bill appropriation)
- Higher Education and Training (5.8% of total Bill appropriation) – includes transfers to higher education institutions to the value of R22.1 billion (3.8% of total Bill appropriation); *and*
  - R150 million (R1.7 billion over MTEF) in additional allocations to build two new universities, in Mpumalanga and in the Northern Cape
- Health (5.2% of total Bill appropriation) – includes the Hospitals, Tertiary Health Services and Human Resource Development programme to the value of R17.9 billion (3.0% of total Bill appropriation)
- Science and Technology (1.1% of total Bill appropriation) *of which*:
  - R300 million (R1.1 billion over MTEF) in additional allocations for the design and pre-construction phase of the Square Kilometre Array project
  - R120 million (R605 million over MTEF) in additional allocations to the National Research Foundation for the modernisation of laboratories and to purchase equipment
- Communications (0.3% of total Bill appropriation) *of which*:
  - R277 million in additional allocations in 2013/14 to Sentech for the roll-out of infrastructure for digital terrestrial television

# Thank-you

