

150902pc Minerals



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

Standing Committee on Appropriations

1st Quarter Expenditure Report 2015/16 Financial Year

Accounts represent R22.8 billion. Compared to the same period in the previous financial year, total funds transferred at the end of quarter 1 is higher by 8.9 per cent.

Of the available budget for operations, departments have so far spent R45 billion, or 21.3 per cent. The largest single portion was R17.2 billion spent mainly on compensation and equipment for police services. Also significant is spending on compensation and equipment for defence and correctional services. Total funds spent on operational expenditure during quarter 1 were 9.6 per cent higher than in the same period in the previous financial year.

Operational expenditure

Operational Expenditure	2014/15			2015/16				
	Available budget ¹	April to June expenditure	April to June percentage spent	Main appropriation	Available budget ¹	April to June expenditure	April to June percentage spent	Expenditure growth 14/15 to 15/16 April to June ²
R million								
Department								
1. The Presidency	481.9	94.9	19.7%	510.3	509.7	93.7	18.4%	-1.3%
2. Parliament	1 154.8	238.0	20.6%	1 202.4	1 202.4	290.9	24.2%	22.2%
3. Communications	474.1	99.8	21.0%	70.7	70.7	10.4	14.8%	-89.5%
4. Cooperative Governance	2 698.5	572.1	21.2%	2 816.4	2 816.4	677.0	24.0%	18.3%
5. Home Affairs	5 461.7	1 148.1	21.0%	4 801.4	4 800.7	1 333.9	27.8%	16.2%
6. International Relations And Cooperation	5 270.6	1 240.8	23.5%	5 057.4	5 057.4	1 296.6	25.6%	4.5%
7. National Treasury	1 665.9	240.5	14.4%	1 964.5	1 964.5	371.8	18.9%	54.6%
8. Planning, Monitoring And Evaluation	323.6	36.6	11.3%	307.9	307.8	48.9	15.9%	33.6%
9. Public Enterprises	259.5	48.6	18.7%	267.4	267.4	46.6	17.4%	-4.0%
10. Public Service And Administration	483.1	94.6	19.6%	445.6	445.6	85.6	19.2%	-9.5%
11. Public Works	3 557.4	811.0	22.8%	910.8	910.8	234.4	25.7%	-71.1%
12. Statistics South Africa	2 225.2	381.0	17.1%	2 229.7	2 229.7	442.8	19.9%	16.2%
13. Women	114.9	25.5	22.2%	119.3	119.3	26.2	21.9%	2.4%
14. Basic Education	4 971.3	377.9	7.6%	4 477.3	4 477.3	849.4	19.0%	124.8%
15. Higher Education And Training	623.9	157.4	25.2%	7 813.5	7 813.5	1 576.9	20.2%	902.0%
16. Health	2 635.6	327.6	12.4%	3 019.5	3 019.5	462.3	15.3%	41.1%
17. Social Development	775.9	160.1	20.6%	774.3	774.3	171.1	22.1%	6.9%
18. Correctional Services	19 639.2	4 512.4	23.0%	20 497.1	20 497.1	4 665.0	22.8%	3.4%
19. Defence	35 437.4	7 078.3	20.0%	36 748.9	36 748.9	7 649.6	20.8%	8.1%
20. Independent Police Investigative Directorate	234.0	37.0	15.8%	234.4	234.3	53.5	22.9%	44.6%
21. Justice And Constitutional Development	12 930.8	2 450.6	19.0%	12 708.6	12 708.6	2 496.8	19.6%	1.9%
22. Office Of The Chief Justice And Judicial Administration	-	-	-	739.4	739.4	179.2	24.2%	-
23. Police	71 580.0	16 392.4	22.9%	75 465.2	75 465.2	17 154.4	22.7%	4.6%
24. Agriculture, Forestry And Fisheries	2 636.3	552.4	21.0%	2 682.5	2 679.4	621.2	23.2%	12.5%
25. Economic Development	136.4	26.1	19.1%	152.5	152.5	25.7	16.8%	-1.8%
26. Energy	522.8	99.5	19.0%	496.6	496.6	101.2	20.4%	1.7%
27. Environmental Affairs	1 784.6	331.3	18.6%	2 285.2	2 285.2	404.5	17.7%	22.1%
28. Labour	1 618.7	314.9	19.5%	1 730.7	1 730.7	351.8	20.3%	11.7%
29. Mineral Resources	751.8	175.2	23.3%	817.6	817.6	207.0	25.3%	18.2%
30. Science And Technology	469.5	101.8	21.7%	498.7	498.7	108.3	21.7%	6.3%
31. Small Business Development	-	-	-	167.3	167.3	27.3	16.3%	-
32. Telecommunications And Postal Services	-	-	-	684.7	684.7	95.9	14.0%	-
33. Tourism	382.8	77.5	20.3%	409.1	409.1	88.0	21.5%	13.5%
34. Trade And Industry	1 678.3	312.8	18.6%	1 509.8	1 509.8	311.8	20.7%	-0.3%
35. Transport	1 057.6	371.2	35.1%	1 065.6	1 065.6	322.8	30.3%	-13.0%
36. Water And Sanitation	9 083.5	895.7	9.9%	10 351.9	10 351.9	1 085.2	10.5%	21.2%
37. Arts And Culture	627.7	162.1	25.8%	647.6	647.6	121.3	18.7%	-25.1%
38. Human Settlements	680.9	113.5	16.7%	690.9	690.5	123.0	17.8%	8.4%
39. Rural Development And Land Reform	3 733.4	928.9	24.9%	3 642.8	3 642.8	731.0	20.1%	-21.3%
40. Sport And Recreation South Africa	271.6	39.2	14.4%	267.9	267.9	41.8	15.6%	6.6%
Sub Total	198 435.1	41 027.4	20.7%	211 283.5	211 278.3	44 984.8	21.3%	9.6%

1. After adjustments

2. Nominal

Closest
to 25%

Explanatory notes

The largest elements of operational expenditure to the end of quarter 1 in 2015/16 were on compensation and equipment for police, defence and correctional services. Operational expenditure has increased when compared to the same period in the previous financial year at a nominal rate of 9.6 per cent, which is equivalent to R4 billion. Expenditure growth was greatest within the department of Higher Education and Training, driven by the shift in responsibility for the running of Further Education and Training Colleges from

Transfers and Subsidies (Including Payments for Financial Assets)

Transfers; Payments for Financial Assets	2014/15			2015/16				
	Available budget ¹	April to June expenditure	April to June percentage spent	Main appropriation	Available budget ¹	April to June expenditure	April to June percentage spent	Expenditure growth 14/15 to 15/16 April to June ²
R million								
Department								
1. The Presidency	170.3	168.4	98.9%	0.1	0.7	0.6	92.6%	-99.6%
2. Parliament	353.4	78.4	22.2%	364.5	364.5	90.3	24.8%	15.1%
3. Communications	1 762.6	345.3	19.6%	1 210.2	1 210.2	308.1	25.5%	-10.8%
4. Cooperative Governance	60 755.4	120.9	0.2%	66 497.8	66 497.8	1 303.5	2.0%	978.3%
5. Home Affairs	1 762.0	775.6	44.0%	1 649.4	1 650.2	290.0	17.6%	-62.6%
6. International Relations And Cooperation	833.7	94.5	11.3%	641.2	641.2	250.7	39.1%	165.4%
7. National Treasury	25 038.1	4 621.2	18.5%	24 992.8	24 992.8	4 356.4	17.4%	-5.7%
8. Planning, Monitoring And Evaluation	410.2	0.1	0.0%	409.8	409.9	111.3	27.2%	132396.2%
9. Public Enterprises	63.4	0.1	0.2%	0.1	0.1	0.8	788.4%	514.4%
10. Public Service And Administration	391.9	102.2	26.1%	485.3	485.3	110.8	22.8%	8.5%
11. Public Works	2 563.9	974.3	38.0%	5 500.2	5 500.2	1 685.6	30.6%	73.0%
12. Statistics South Africa	17.3	7.6	43.8%	15.5	15.5	5.7	36.4%	-25.4%
13. Women	69.8	16.8	24.1%	67.7	67.7	16.9	25.0%	0.7%
14. Basic Education	14 718.6	5 633.4	38.3%	17 033.9	17 033.9	6 246.8	36.7%	10.9%
15. Higher Education And Training	36 242.8	17 360.8	47.9%	34 030.5	34 030.5	17 344.9	51.0%	-0.1%
16. Health	31 265.0	7 596.5	24.3%	33 448.5	33 448.5	8 243.5	24.6%	8.5%
17. Social Development	127 817.7	30 473.4	23.8%	137 394.4	137 394.4	33 454.2	24.3%	9.8%
18. Correctional Services	82.6	18.9	22.8%	120.5	120.5	25.1	20.8%	32.7%
19. Defence	7 419.5	1 222.3	16.5%	7 830.5	7 830.5	1 792.8	22.9%	46.7%
20. Independent Police Investigative Directorate	0.8	0.1	11.3%	0.4	0.5	0.1	15.3%	-12.3%
21. Justice And Constitutional Development	2 231.1	524.3	23.5%	2 275.4	2 275.4	574.4	25.2%	9.6%
22. Office Of The Chief Justice And Judicial Administration	-	-	-	3.0	3.0	0.1	2.5%	-
23. Police	927.3	171.1	18.5%	911.9	911.9	225.8	24.8%	32.0%
24. Agriculture, Forestry And Fisheries	4 056.1	1 106.0	27.3%	3 700.5	3 703.6	1 070.9	28.9%	-3.2%
25. Economic Development	560.5	135.1	24.1%	733.2	733.2	184.9	25.2%	36.9%
26. Energy	6 915.0	1 123.0	16.2%	6 985.5	6 985.5	1 794.0	25.7%	59.8%
27. Environmental Affairs	3 895.8	754.9	19.4%	3 662.8	3 662.8	963.8	26.3%	27.7%
28. Labour	927.6	446.1	48.1%	956.2	956.2	427.0	44.7%	-4.3%
29. Mineral Resources	723.7	243.0	33.6%	800.9	800.9	254.9	31.8%	4.9%
30. Science And Technology	6 010.4	1 297.8	21.6%	6 983.4	6 983.4	2 389.7	34.2%	84.1%
31. Small Business Development	-	-	-	935.8	935.8	193.0	20.6%	-
32. Telecommunications And Postal Services	-	-	-	728.6	728.6	354.7	48.7%	-
33. Tourism	1 200.5	607.4	50.6%	1 391.1	1 391.1	515.0	37.0%	-15.2%
34. Trade And Industry	8 240.5	1 596.0	19.4%	8 083.9	8 084.0	1 303.5	16.1%	-18.3%
35. Transport	47 713.1	14 043.2	29.4%	52 291.7	52 291.7	13 923.8	26.6%	-0.8%
36. Water And Sanitation	4 563.9	472.7	10.4%	6 094.6	6 094.6	359.4	5.9%	-24.0%
37. Arts And Culture	2 897.1	549.0	19.0%	3 272.3	3 272.3	555.4	17.0%	1.2%
38. Human Settlements	28 736.7	3 410.3	11.9%	30 252.4	30 252.9	4 458.6	14.7%	30.7%
39. Rural Development And Land Reform	5 721.9	1 186.8	20.7%	5 736.8	5 736.8	752.3	13.1%	-36.6%
40. Sport And Recreation South Africa	698.8	201.1	28.8%	720.7	720.7	197.4	27.4%	-1.8%
Sub Total	437 758.8	97 478.5	22.3%	468 214.0	468 219.2	106 136.7	22.7%	8.9%

1. After adjustments

2. Nominal

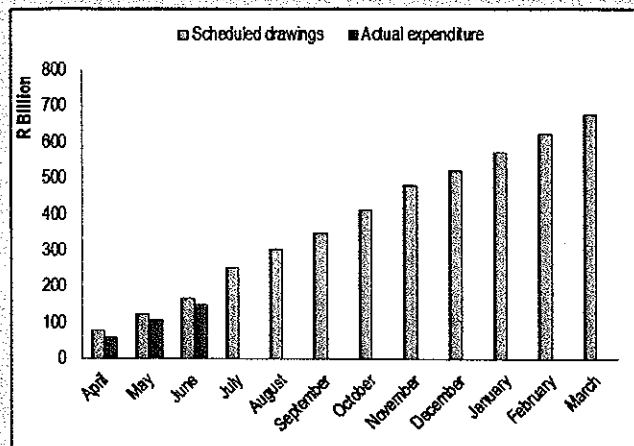
Explanatory notes

The largest element of total funds transferred to the end of quarter 1 in 2015/16 was for social grants transferred to households through the department of Social Development. Following these, university subsidies from the department of Higher Education and Training make up the next largest element. The departments of Transport and Health transferred the next greatest level of funds during quarter 1, primarily to Provinces and Departmental Agencies for transport infrastructure and operations, and for Health grants to Provinces, respectively.

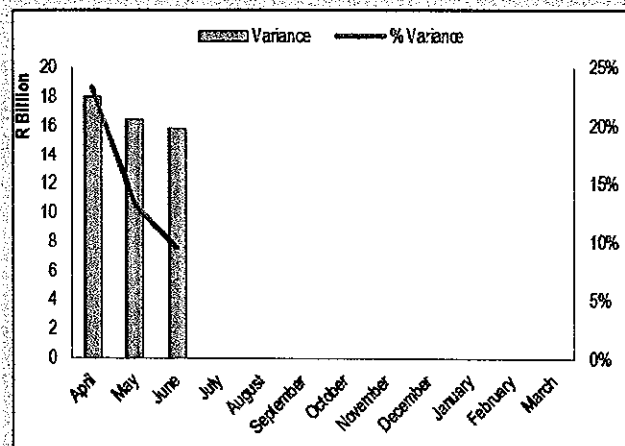
Scheduled drawings

The complete main/adjusted budget is not made available to departments at the beginning of the year but instead the funds are drawn from the National Revenue Fund on a monthly basis. Before the beginning of the financial year, departments submit a schedule for these drawings which is used here as a proxy for planned spending. The comparisons of scheduled drawings to actual expenditure below are used to estimate whether spending is on track.

Scheduled drawings and actual expenditure total budget 2015/16 (nominal R value)



Variance between scheduled drawings and actual expenditure 2015/16 (nominal R value)



National departments have spent and transferred R151 billion to the end of quarter 1, whilst having scheduled drawings of R157 billion leaving a lag of R6.3 billion at this point in the year. The largest lag is R1 billion under the department of Basic Education mainly due to delays in delivery of the workbooks, Kha Ri Gude project and School infrastructure backlogs grant. The other largest lags are under the departments of Rural development and Land Reform, Police and Social Development. Detail is provided in the reports below. Spending against scheduled drawings will be monitored throughout the year.

The department of Cooperative Governance spent or transferred R1.2 billion more than scheduled during quarter 1 mainly due to approved advances transferred to municipalities for the local government equitable share, to provide for outstanding municipal service accounts. Spending is expected to return to scheduled levels in the next quarter. Human Settlements, International Relations and Cooperation, Home Affairs, Public Works, the Independent Police Investigative Directorate and Parliament also spent or transferred more than scheduled during quarter 1. Detail is provided in the reports below. Spending against scheduled drawings will be monitored throughout the year.

Annexure A: Direct Charges against the National Revenue Fund

Direct Charges	2014/15			2015/16				
	Available budget ¹	April to June expenditure	April to June percentage spent	Main appropriation	Available budget ¹	April to June expenditure	April to June percentage spent	Expenditure growth 14/15 to 15/16 April to June ²
R million								
Salary Of The President	3.0	0.7	22.1%	3.1	3.1	0.7	21.1%	-0.2%
Salary Of The Deputy President	2.5	0.2	8.6%	2.6	2.6	0.7	24.9%	206.9%
Members' Remuneration	481.0	95.3	19.8%	503.1	503.1	103.9	20.6%	9.0%
Provincial Equitable Share	362 468.1	90 617.0	25.0%	382 673.5	382 673.5	95 668.4	25.0%	5.6%
Debt-Service Costs	114 485.0	20 198.1	17.6%	126 440.4	126 440.4	19 579.0	15.5%	-3.1%
General Fuel Levy Sharing With Metropolitan Municipalities	10 190.2	-	0.0%	10 658.9	10 658.9	-	0.0%	-
National Revenue Fund Payments	310.9	67.8	21.8%	121.0	121.0	-	0.0%	-100.0%
Sector Education And Training Authorities	11 071.7	2 551.4	23.0%	11 752.7	11 752.7	2 664.4	22.7%	4.4%
National Skills Fund	2 767.1	637.8	23.0%	2 937.3	2 937.3	666.0	22.7%	4.4%
Judges' Salaries	856.0	220.2	25.7%	873.7	873.7	160.5	18.4%	-27.1%
Magistrates' Salaries	1 874.3	404.6	21.6%	1 880.8	1 880.8	408.8	21.7%	1.0%
Sub total	504 509.6	114 793.1	22.8%	537 847.2	537 847.2	119 252.2	22.2%	3.9%

1. After adjustments

2. Nominal

Operational expenditure

The largest element of operational expenditure to the end of quarter 1 in 2015/16 was R88.6 million spent under the Administration programme mainly on goods and services and compensation of employees. The next largest element was R49 million under the Mineral Regulation programme, followed by R42.9 million under the Mine Health And Safety programme, primarily for compensation of employees.

Figure 1 – Comparison of nominal expenditure at end Q1 2014/15 and end Q1 2015/16, by programme

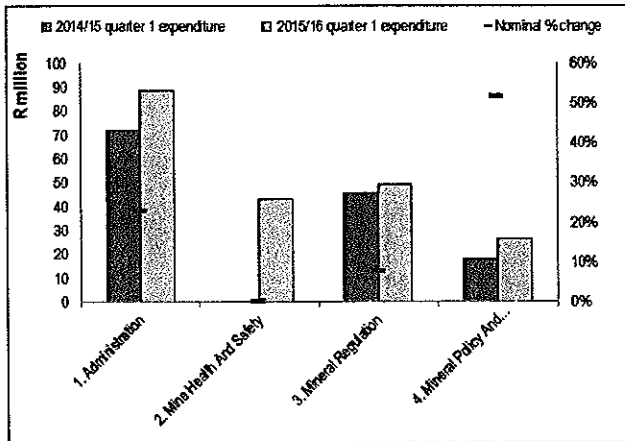
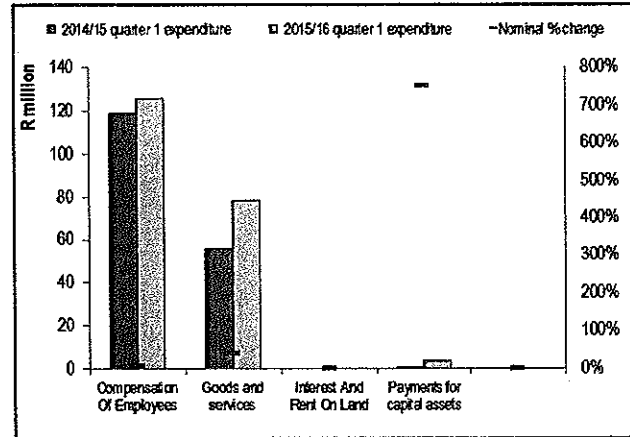


Figure 2 – Comparison of nominal expenditure at end Q1 2014/15 and end Q1 2015/16, by economic classification

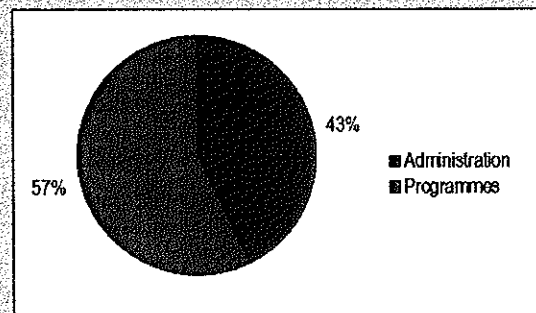


Operational expenditure has grown at a nominal rate of 18.2 per cent, or R31.8 million, when compared to the same period in the previous financial year. Rand value expenditure growth has been greatest in the Administration programme, mainly driven by increased spending on goods and services. The Mineral Policy and Promotion and Mineral Regulation programmes show the next highest growths also primarily due to increases in spending on goods and services.

Administration

42.8 per cent of operational expenditure from April to June was on Administration, representing R88.6 million, mainly for goods and services and compensation of employees. Expenditure under this programme has increased by R16.5 million, or 22.8 per cent, when compared with the same period last year primarily due to additional spending on goods and services (mainly for operating leases, and travel and subsistence).

The main cost drivers under Administration are legal costs: Payment of previous and current financial year invoices for operating leases on office accommodation and Travel and Subsistence claims. Other cost drivers include audit fees, training and development and fleet services.



Programme 2: Mine Health and Safety – Operational expenditure to the end of quarter 1 was R42.9 million, the majority of which was spent on compensation of employees. Spending under this programme cannot be compared to the previous financial year due to the departmental structure change in 2013/14. The main cost drivers under this programme are compensation of employees due to salary adjustments, Travel and Subsistence claims relating to previous financial year which were paid in the current financial year, as well as legal costs and fleet services due to an increase in inspectors conducting occupational health and safety inspections, mine audits and ensuring compliance with legislations in the mines and the amendments of the Mine Health and Safety Act which required consultations with various stakeholders.

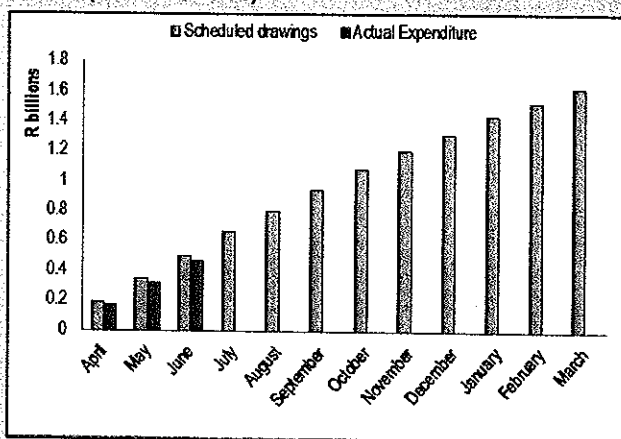
Programme 3: Mineral Regulation – Operational expenditure to the end of quarter 1 was R49 million, the majority of which was spent on compensation of employees. Expenditure under this programme has increased by R3.4 million, or 7.5 per cent, when compared with the same period last year primarily due to additional spending on these items. The main cost driver in this programme was on operating payments due to additional staff that were employed during the year for the advancement of NEMA (National Environment Management Act) Act. The increase in expenditure on compensation of employees relates to salary adjustments. Other cost drivers include: Travel expenditure and communication costs.

Transfers to Households to the end of quarter 1 were R0.2 million, all of which was to the Employee Social Benefits: Leave Gratuities, and Employee Ex-Gratia Payments: Funeral Costs transfers. This represents a decrease of R0.7 million, or 76.5 per cent, when compared with the same period last year.

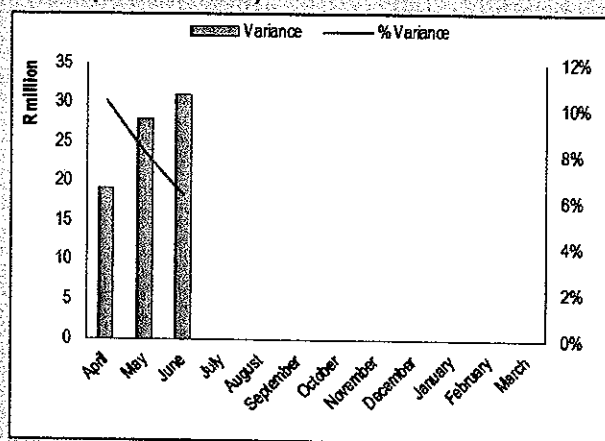
Scheduled drawings

The complete main/adjusted budget is not made available to the department at the beginning of the year but instead the funds are drawn from the National Revenue Fund on a monthly basis. Before the beginning of the financial year, departments submit a schedule for these drawings which is used here as a proxy for planned spending. The comparisons of scheduled drawings to actual expenditure below are used to estimate whether spending is on track.

Scheduled drawings and actual expenditure total budget 2015/16 (nominal R value)



Variance between scheduled drawings and actual expenditure 2015/16 (nominal R value)



The department has spent R462 million to the end of quarter 1, whilst originally scheduling drawings of R492.9 million leaving a lag of R30.9 million at this point in the year. This is mainly due to compensation of employees: delays in filling of vacant posts as well as salary increases for SMS members have not yet been implemented, and Transfer Payments: transfers to the Industrial Development Corporation (IDC) in support of small scale mining did not take place as anticipated. The submission for the payment has been drafted and routed for sign off, therefore funds will flow in the 2nd quarter of the financial year if approved.

Specifically Appropriated Transfers

Appropriation Act	2014/15			2015/16				Expenditure growth 14/15 to 15/16
	Available budget ¹	April to June expenditure	April to June percentage spent	Main appropriation	Available budget ¹	April to June expenditure	April to June percentage spent	
R million								
Transfers and Subsidies								
<i>Of which:</i>								
Departmental agencies and accounts								
Mining Qualification Authority: Operations	5.2	3.2	11.0%	1.3	1.3	0.3	22.9%	-90.6%
South African Diamond and Precious Metal Regulator: Operations	47.8	11.9	24.9%	50.5	50.5	12.4	24.5%	4.2%
Council for Geoscience: Capital	27.8	15.8	56.8%	35.0	35.0	19.6	55.9%	24.1%
Council for Geoscience: Operations	260.1	99.0	38.1%	290.9	290.9	108.1	37.2%	9.2%
Households								
Employee Ex-gratia Payments: Funeral costs	0.3	0.1	33.3%	0.3	0.3	0.1	37.6%	0.0%
Employee Social Benefits: Leave gratuities	1.1	0.3	27.3%	1.1	1.1	0.3	27.1%	0.0%
Private enterprises								
Marginal Mines: Water management solutions subsidies	19.1	-	0.0%	5.0	5.0	-	0.0%	-
Public corporations								
Council for Mineral Technology: Capital	50.1	27.4	54.7%	64.4	64.4	22.0	34.2%	-19.7%
Council for Mineral Technology: Operations	288.4	84.7	29.4%	326.4	326.4	92.6	28.4%	9.3%
Industrial Development Corporation of South Africa: Implementation of small scale mining projects	18.2	18.2	100.0%	26.1	26.1	26.1	100.2%	43.4%

1. After adjustments

2. Nominal