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**PARLIAMENT**  
 OF THE REPUBLIC OF SOUTH AFRICA

Administration costs per Vote

Parliamentary

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## Purpose

This report aims to provide Members with a comparative analysis of the proportion of total appropriations (including and excluding transfers and subsidies) allocated for administration per national department. The report further provides administration costs per capita.

## Introduction

The Parliamentary Budget Office presented their analysis of the 2017 Appropriations Bill to the Standing Committee on Appropriations on 19 May 2017. The analysis presented included the proportion of administration/support services costs for selected departments. This analysis specifically, provides Members with the administration/support services costs as a proportion of the total appropriation (including direct charges) and per capita costs for each national department. The analysis also included support services costs as a proportion of the total appropriations, excluding transfers and subsidies, per national department – transfers and subsidies include all payments made by a government unit of which the unit does not receive anything directly in return for the transfer to the other party.

## Background

The purpose of programmes within the budgetary system is to enable Parliament to link the allocation of funds to the performance of specific functions or the delivery of a particular category (or group) of services within the department's mandate.

A programme for support services, which provides support services to all programmes within the department, is typically included in the budget. An enabling programme performs functions which, while not delivering public services directly, facilitate or enable other programmes to provide services. In some cases, such a programme functions merely as a structure to transfer funds to subordinate institutions, who are tasked with providing services to the public on behalf of government. While service delivery programmes are those responsible for delivering services directly to the public.

Each department should have a single programme entitled "Administration" – typically classified as programme 1. The Administration programme's functions should be limited and confined to providing support services for the department as a whole. Its activities are, therefore, focused on creating an enabling environment in which the department can proceed with the work specific to its mandate. Typical support services programme activities are Human Resources, department-wide Information Technology services and other common services that are usually classified under corporate services.

The Administration programme should include exclusively support services, unless there is an agreement with the National Treasury to include some of the specific functions of a department or entity in programme 1.

The Administration programme normally includes sub-programmes for:

- The Ministry or Member of Executive Council (MEC)
- Departmental Management: includes the costs of the Director-General and the programme manager of the Administration programme

- Corporate Services: includes sub-programmes for Human Resources, Legal Services, Communications, Information Technology and Other support services (based on the department's discretion)
- Finance Administration: includes management of the Office of the Chief Financial Officer
- Internal Audit
- Office Accommodation
- Residential accommodation

## Methodology

The estimated expenditure on "Programme 1: Administration", as a proportion of the total appropriation to the department, has been calculated for the 2017/18 financial year. In the case of Parliament's budget, the administration/support services costs include the estimated expenditure on Strategic Leadership and Governance.

The calculation of the administration ratio was reproduced after deducting transfers and subsidies from the total budget per national department.

Estimated departmental personnel numbers for 2017/18, have been used to calculate the per capita administration/support services cost. Total administration cost (programme 1) has been divided by the estimated personnel numbers for 2017/18.

Table 1 (Annexure) shows the actual numbers and calculations per department. The table was compiled from the 2017 National Treasury Budget and Appropriations Bill database.

## Analysis and Findings

Table 1 shows the total funds appropriated, including direct charges, per national department. The table includes the appropriation values by economic classification as well as the estimated personnel numbers for each national department for 2017/18. Programme 1: Administration has been included in the table to show the proportion of total costs appropriated for support services.

National government estimates to spend R48.7 billion or 3.5 per cent of the total appropriation, including direct charges, on support services in 2017/18. This proportion increases to 12.1 per cent after the deduction of transfers and subsidies from the total amount appropriated.

Total per capita spending on support services is not shown in the table. This omission is due to incomplete personnel numbers for Statistics South Africa and Agriculture, Forestry and Fisheries.

The per capita administration cost for the Department of Higher Education and Training is also not included. A per capita cost calculation would not be a true reflection of the cost of support services per capita due to the potential overstated personnel numbers. Not all Higher Education and Training personnel are situated at the head office.

## Annexure

Table 1: Summary of the 2017/18 appropriations

## Amounts to be appropriated from the National Revenue Fund for 2017/18

R million	Current payments	Personnel expenditure	Transfers and subsidies	Payment for capital assets	Payment for financial assets	Total appropriated	Programme 1: Administration	Admin as a share of total appropriation	Admin as a share of total appropriation excl. transfers	Personnel numbers	Admin cost per capita
	2017/18	'2017/18	'2017/18 Estimates				2017/18 Estimates			R'000	
1 The Presidency	487.2	318.4	0.0	14.3	–	501.5	449.0	89.5%	89.5%	623	720.7
2 Parliament	1 849.6	1 341.8	414.7	3.9	–	2 268.2	187.4	8.3%	10.1%	1 389	134.9
3 Communications	100.2	76.7	1 324.9	0.0	–	1 425.1	62.8	4.4%	62.6%	98	640.5
4 Cooperative Governance and Traditional Affairs	4 346.2	338.9	74 060.8	7.5	–	78 414.5	247.3	0.3%	5.7%	539	458.8
5 Home Affairs	5 547.9	3 198.2	1 446.2	61.4	–	7 055.5	2 259.5	32.0%	40.3%	9 528	237.1
6 International Relations and Cooperation	5 654.7	2 914.0	625.5	294.6	–	6 574.9	1 556.6	23.7%	26.2%	4 618	337.1
7 National Treasury	164 689.2	799.3	476 694.5	15.7	5 256.7	646 656.0	414.3	0.1%	0.2%	1 172	353.5
8 Planning, Monitoring and Evaluation	471.7	268.9	432.8	18.9	–	923.5	168.3	18.2%	34.3%	434	387.8
9 Public Enterprises	263.8	166.9	0.0	2.9	–	266.7	155.5	58.3%	58.3%	220	706.7
10 Public Service and Administration	451.6	275.7	442.5	3.0	–	897.1	230.7	25.7%	50.7%	445	518.3
11 Public Works	960.4	486.4	6 055.7	22.0	–	7 038.1	493.8	7.0%	50.3%	795	621.1
12 Statistics South Africa	1 858.3	1 352.2	13.2	274.8	–	2 146.3	687.5	32.0%	32.2%	–	–
13 Women	124.1	71.9	78.3	3.8	–	206.2	83.0	40.3%	64.9%	105	790.8
14 Basic Education	2 446.6	476.7	18 502.8	2 459.2	–	23 408.6	416.3	1.8%	8.5%	701	593.8
15 Higher Education and Training	8 845.8	8 425.4	60 094.2	9.1	–	68 949.1	403.4	0.6%	4.6%	36 415	

**Amounts to be appropriated from the National Revenue Fund for 2017/18**

R million	Current payments	Personnel expenditure	Transfers and subsidies	Payment for capital assets	Payment for financial assets	Total appropriated	Programme 1: Administration	Admin as a share of total appropriation	Admin as a share of total appropriation excl. transfers	Personnel numbers	Admin cost per capita	Admin cost per capita
	2017/18	'2017/18	"2017/18 Estimates				2017/18 Estimates					
16 Health	2 404.7	760.0	39 355.4	865.6	–	42 625.7	512.8	1.2%	15.7%	1 504	0.3	341.0
17 Social Development	863.4	476.8	159 833.3	11.1	–	160 707.8	350.8	0.2%	40.1%	836	0.4	419.6
18 Correctional Services	21 744.7	15 776.7	128.0	941.4	–	22 814.1	4 150.9	18.2%	18.3%	39 635	0.1	104.7
19 Defence and Military Veterans	38 022.0	26 448.0	9 180.1	1 416.7	–	48 618.8	5 380.8	11.1%	13.6%	69 609	0.1	77.3
20 Independent Police Investigative Directorate	254.7	186.2	0.6	0.2	–	255.5	87.1	34.1%	34.2%	388	0.2	224.5
21 Justice and Constitutional Development	15 014.5	10 578.0	2 717.6	1 195.2	–	18 927.3	2 129.3	11.2%	13.1%	23 415	0.1	90.9
22 Office of the Chief Justice and Judicial Administration	1 844.4	1 524.0	59.3	80.9	–	1 984.6	199.0	10.0%	10.3%	2 644	0.1	75.3
23 Police	82 388.0	66 196.8	1 037.0	3 600.1	–	87 025.1	18 636.4	21.4%	21.7%	193 431	0.1	96.3
24 Agriculture, Forestry and Fisheries	2 921.5	2 105.8	3 774.6	111.0	–	6 807.0	902.5	13.3%	29.8%	–		–
25 Economic Development	139.8	90.1	656.2	1.2	–	797.2	80.7	10.1%	57.2%	127	0.6	635.2
26 Energy	557.9	318.2	7 551.2	4.3	–	8 113.5	239.5	3.0%	42.6%	548	0.4	437.1
27 Environmental Affairs	2 193.8	1 035.1	4 488.9	165.5	–	6 848.2	863.0	12.6%	36.6%	2 068	0.4	417.3
28 Labour	1 817.6	1 224.5	1 160.7	87.5	–	3 065.8	885.6	28.9%	46.5%	3 094	0.3	286.2
29 Mineral Resources	846.7	572.8	921.1	11.7	–	1 779.4	317.7	17.9%	37.0%	1 067	0.3	297.8
30 Science and Technology	575.8	315.5	6 960.5	21.0	–	7 557.2	383.7	5.1%	64.3%	449	0.9	854.6

Amounts to be appropriated from the National Revenue Fund for 2017/18

	Current	Personnel	Transfers	Payment for	Payment for	Total	Programme 1: Administration	Admin as a	Admin as a	Personne	Admin	Admin
	payments	expenditure	and subsidies	capital assets	financial assets	appropriat ed		share of total appropriation	share of total appropriation excl. transfers	l numbers	cost per capita	cost per capita
R million	2017/18	'2017/18	"2017/18 Estimates				2017/18 Estimates					R'000
31 Small Business Development	217.0	137.5	1 230.3	2.6	–	1 449.8	127.6	8.8%	58.1%	217	0.6	588.1
32 Telecommunications and Postal Services	795.5	214.7	806.7	12.0	–	1 614.2	194.2	12.0%	24.1%	296	0.7	656.2
33 Tourism	635.9	271.9	1 392.0	112.2	–	2 140.2	219.1	10.2%	29.3%	488	0.4	449.0
34 Trade and Industry	1 511.7	902.4	7 735.1	28.0	–	9 274.8	731.8	7.9%	47.5%	1 379	0.5	530.7
35 Transport	1 110.0	450.0	58 690.7	4.5	–	59 805.2	406.9	0.7%	36.5%	710	0.6	573.0
36 Water and Sanitation	3 301.5	1 651.9	8 114.5	3 691.5	–	15 107.4	1 628.4	10.8%	23.3%	3 540	0.5	460.0
37 Arts and Culture	631.4	232.5	3 575.2	243.3	–	4 449.8	266.5	6.0%	30.5%	393	0.7	678.1
38 Human Settlements	777.4	383.3	32 531.3	5.7	150.0	33 464.3	457.7	1.4%	49.1%	644	0.7	710.7
39 Rural Development and Land Reform	3 910.1	2 194.6	6 249.3	24.9	–	10 184.2	1 721.6	16.9%	43.8%	4 359	0.4	395.0
40 Sport and Recreation South Africa	268.3	106.1	796.1	2.2	–	1 066.6	136.9	12.8%	50.6%	211	0.6	648.6
<b>Total</b>	<b>382 845.3</b>	<b>154 664.6</b>	<b>999 131.9</b>	<b>15 831.5</b>	<b>5 406.7</b>	<b>1 403 215.4</b>	<b>48 709.7</b>	<b>3.5%</b>	<b>12.1%</b>	<b>408 134</b>		