

**National Budgets and Expenditure Report  
Third Quarter 2010-11 Financial Year**

---

**SUMMARY**

1. The Third Quarter 2010-11 National Budgets and Expenditure (NBE) Report produced by the National Treasury was submitted to the Standing Committee on Appropriations on 9 February 2011. The report provides summary level information of selected spending trends for the first nine months (April 1, 2010 – December 31, 2010) of the 2010/11 financial year.
2. The Third Quarter 2010-11 NBE Database is contained in Annexure 1. This detailed spending data formatted according to the Appropriation Act 2010-11, can be used by the committee to conduct detailed research and analysis of in-year spending patterns.
3. NBE data is sourced from the Section 40(4) PFMA reports submitted by Accounting Officers of national departments to the National Treasury in mid-January, 2011. Queries on spending or budget figures should therefore, in the first instance, be referred to the Accounting Officers the relevant departments.
4. The figures in the NBE Database and Report corresponds to Statement of National Revenue, Expenditure and Borrowing issued on January 28, 2011 in terms of Section 32 of the Public Finance Management Act, 1999 (PFMA). This statement is available on the treasury website at [www.treasury.gov.za](http://www.treasury.gov.za).

Overall expenditure trends

5. In aggregate, national departments spent R597.4 billion, or 73.1 per cent, of their adjusted budget of R817.7 billion for the first nine months of the 2010/11 financial year. This represents a spending increase of 7.1 per cent or R40.1 billion compared to the same period last year when national departments had spent R557.3 billion.
6. Aggregate expenditure trends for the 10 largest votes in terms of the adjusted appropriation (exclusive of transfer payments and payments for financial assets):
  - i. Vote 24: Police – Police spending is recorded at R38.6 billion, or 72.8 per cent, of the R53.5 billion available budget.
  - ii. Vote 21: Defence and Military Veterans – Defence and Military Veterans spending is recorded at R18.6 billion, or 70.3 per cent, of the R30.4 billion available budget.
  - iii. Vote 20: Correctional Services – Correctional Services spending is recorded at R10.1 billion, or 65.4 per cent, of the R15.4 billion available budget.
  - iv. Vote 23: Justice and Constitutional Development – Justice and Constitutional Development spending is recorded at R7.1 billion, or 69.1 per cent, of the R10.3 billion available budget.
  - v. Vote 37: Water Affairs – At the end of the third quarter year-to-date expenditure reported is R5.072 billion or 61.83%.

- vi. Vote 4: Home Affairs – Year-to-date the department spent R3.751 billion or 64.3 per cent of the available budget of R5.8 billion.
  - vii. Vote 5: International Relations and Cooperation – Spending is recorded at R2.5 billion, or 65.0% per cent, of the R3.8 billion adjusted appropriation.
  - viii. Vote 6: Public Works – As at December 2010, the department of Public Works had spent R3.7 billion or 50.6 per cent of the adjusted appropriation against a drawing benchmark of 56.5 per cent.
  - ix. Vote 12: Statistic South Africa – Statistics South Africa has spent R1.051 billion or 50.0% of the R2.101 billion adjusted appropriation.
  - x. Vote 32: Rural Development and Land Reform – RDLR spent R4.9 billion or 67% of the available budget of R7.3 billion. This is below the benchmark of 75%.
7. Compensation of employees expenditure trends for the 5 largest votes in terms of adjusted personnel appropriations:
- i. Vote 24: Police – Police compensation of employees is recorded at R28.9 billion, or 75.3 per cent, of the R38.4 billion available personnel budget.
  - ii. Vote 21: Defence and Military Veterans – Defence and Military Veterans compensation of employees is recorded at R12.3 billion, or 76 per cent of the R16.2 billion available personnel budget.
  - iii. Vote 20: Correctional Services – Correctional Services expenditure on compensation of employees is recorded at R7 billion, or 68.5 per cent, of the R10.2 billion available personnel budget
  - iv. Vote 23: Justice and Constitutional Development – Justice and Constitutional Development compensation of employees is recorded at R4.9 billion, or 69 per cent, of the R7.3 billion available personnel budget.
  - v. Vote 5 – International Relations and Cooperation – spending on compensation of employees is recorded at R1.3 billion, or 70.2% per cent, of the R1.9 billion adjusted personnel appropriation.
8. Capital payments expenditure trends for the 5 largest votes in terms of adjusted capital appropriations:
- i. Vote 24: Police – Police capital payments is recorded at R1.6 billion, or 59.7 per cent, of the R2.76 billion available capital budget
  - ii. Vote 6: Public Works – Payments for capital assets is recorded at R692.984 million or 45.7 per cent of the R1.5 billion adjusted capital appropriation. This is against a drawing benchmark of 66.2 per cent.
  - iii. Vote 20: Correctional Services – Correctional Services expenditure on capital payment is recorded at R419.9 million, or 43.2 per cent of the R972.1 million available capital budget
  - iv. Vote 37: Water Affairs – Water Affairs expenditure on capital payments is recorded at R801.5 million, or 71.64% of the available capital budget.
  - v. Vote 21: Defence and Military Veterans – Defence and Military Veterans' capital payment is recorded at R412.7 million, or 55 per cent, of the R750.6 million available capital budget

## SECTORAL ANALYSIS

The following analysis highlights slower or faster than expected spending patterns in certain programmes and subprogrammes.

### 1. Central Government and Administration Services

**Table 1: Central Government and Administration Services Spending Year-to-Date ('000)**

	Main appropriation	Total Adjustments Appropriation	Available budget	Year-to-date actual expenditure	Percent of budget expended
1 THE PRESIDENCY	722,613	84,850	807,463	616,298	76.3%
2 PARLIAMENT	1,571,900	22,400	1,594,300	1,096,276	68.8%
3 COGTA	43,921,470	651,649	44,573,119	33,582,456	75.3%
4 HOME AFFAIRS	5,719,584	114,806	5,834,390	3,750,745	64.3%
5 DIRCO	4,824,426	(108,608)	4,715,818	2,605,467	55.2%
6 PUBLIC WORKS	6,446,325	918,472	7,364,797	5,280,648	71.7%
7 WC&PD	97,790	-	97,790	-	-

#### Vote 4: Home Affairs

- **Programme 1: Administration** – Expenditure in this programme amount to R814.7 million or 55.1 per cent of the adjusted appropriation of R1.5 billion. The under spending is 19 per cent of the drawing benchmark of 74.0 per cent mainly due to Unspent funds due the payments for Office Accommodation, and contractual monthly commitments did not materials as anticipated which includes WAIO.
- **Programme 2: Services to Citizens** – Expenditure in this programme amount to R1 332 billion or 90.6 per cent of the available budget of R1.5 billion. This spending is 19.5 per cent over the benchmark of 71.1 per cent. This is mainly due to, Logis cannot split the Provincial Civic and Immigration expenditure between the 70 per cent and 3 per cent ratio and this resulted in high spending. Virements will be done to shift funds at end of financial year.
- **Programme 3: Immigration Services** – Expenditure in this programme amount to R710.652 million or 54.9 per cent of the adjusted appropriation of R1.5 billion. Spending is 12 per cent over the drawings benchmark of 44.2 per cent. National Treasury approved that the Department proceed with the payment of the outstanding debts from previous years owed to suppliers and not budgeted for in 2010/11
- **Programme 4: Transfers to Agencies** – spending in this programme amount to R893.671 million or 56.2 per cent of the adjusted appropriation.

#### Vote 6: Public Works

- The Department of Public Works has currently spent 71.7% of its adjusted appropriation budget against a drawing benchmark of 80.2 per cent. The bulk of this underspending is recorded under **Programmes 2: Immovable Asset Management** and **Programme 3: Expanded Public Works Programme**: mainly as a result of the lack of sufficient technical and management capacity by the department for efficiently negotiating and implementing projects under programme 2 and also because of failure by municipalities and provinces to meet quarterly EPWP performance thresholds in order to qualify for EPWP incentives under programme 3.

#### Vote 7: Women, Children and People with Disabilities

- As seen from the table above, the Department has not been reporting expenditure to National Treasury. However, according to BAS (Vulindlela), as from November 2010 to date the department has spent R 50.784 of its available budget, which is 48 per cent of the budget.

## 2. Financial and Administrative Services

**Table 2: Financial and Administrative Services Spending Year-to-Date ('000)**

	Main appropriation	Total Adjustments Appropriation	Available budget	Year-to-date actual expenditure	Percent of budget expended
8 GCIS	546,184	4,000	550,184	390,250	70.9%
9 NATIONAL TREASURY	50,219,916	(10,502)	50,209,414	35,017,392	69.7%
10 PUBLIC ENTERPRISES	350,590	204,959	555,549	463,884	83.5%
11 DPSA	651,484	7,169	658,653	449,407	68.2%
12 STATISTICS SOUTH AFRICA	1,973,398	127,981	2,101,379	1,058,252	50.4%

### Vote 8: Government Communication and Information System

- GCIS has spent 70.9% of its adjusted appropriation. The notable slower/faster spending are in programme 1; 3; 5 and 6:
  - Programme 1: Administration** – Spent 61.0% of its available budget. The slower spending is mainly due to delays in DPW sending claims through to GCIS.
  - Programme 3, Government and Media Liaison – Spent 61.0% of its available budget. The slower spending is mainly due to delays in the invoicing of the GCIS news reporters' payments to courier and travel agents for distribution and for travel expenses.
  - Programme 5: Communication Service Agency** – Spent 65.9% of its available budget. The slower spending is mainly due to delays in the Energy and Efficiency campaign 2010/11.
  - Programme 6 - International Marketing and Media Development** – Spent 82% of its available budget. The faster spending is mainly due to the completion of the 2010 FIFA World Cup marketing activities

### Vote 9: National Treasury

- National Treasury has spent 69.7% of its adjusted appropriation. The notable slower spending programmes in National Treasury are as follows:
  - Slow spending by municipalities on the capital projects funded by the **Neighbourhood Development Partnership grant**.
  - Slow spending on the **Infrastructure Development Improvement Programme** is due to the drafting of contracts taking a substantial amount of time, provinces generally not meeting the minimum qualifying criteria and the limited number of appropriately qualified consultants available to provide technical assistance. There is a possibility of underspending of between R2 billion and R3 billion in the Infrastructure Grant to Provinces.
  - Delays in the procurement of appropriate resources have resulted in slower than anticipated spending on transversal systems, including the Integrated Financial Management System.
  - Unfilled positions, particularly in the Accountant General's office, owing to difficulties encountered in attracting suitably qualified personnel, as well as decreased operational expenses emanating from the implementation of cost containment measures also contribute to the projected underspending.

### Vote 11: Public Service and Administration

- The DPSA's expenditure to date is R449.4 million or 68.2 per cent. The slower than anticipated expenditure is occurring in **Programme 1: Administration**, which has spent 37.28% of the available budget to date. The slow spending is also notable under the ICT Infrastructure

subprogramme, with expenditure to date of R7.154 million or 23.7 per cent of the available budget. This is as a result of delays in retrieving invoices from SITA. Expenditure is expected to increase significantly in the fourth quarter as the department is expecting to process most of their invoices in this period.

#### Vote 12: Statistics South Africa

- Notable lower /faster spending at the end of the third quarter is in programme 3, 5 6 and 7.
  - **Programme 3: Population and Social Statistics** – Spent 51.8% of its adjusted appropriation. The lower spending is mainly due to the delays in finalising the Census 2011 tender process as well as savings generated within the programme to fund the underfunded Income and Expenditure survey in programme 6.
  - **Programme 5: Statistical Support and Informatics** – Spent 46.5% of its adjusted appropriation. The lower spending in programme 5 is mainly due to software licences which are expected to be paid in the last quarter.
  - **Programme 6: Corporate Relations** – Spent 80.4% of its adjusted appropriation. The higher spending is mainly due to the appointment of the fieldworkers for the Income and Expenditure survey which is currently underfunded. Savings were identified within the department to fund the project.
  - **Programme 7: Survey Operations**: Spent 24.0% of its adjusted appropriation. The lower spending is mainly due to delays in the finalisation of the Census 2011 project which may result in some of the orders to be delivered in the next year.

### 3. Social Services

**Table 3: Social Services Spending Year-to-Date ('000)**

	Main appropriation	Total Adjustments Appropriation	Available budget	Year-to-date actual expenditure	Percent of budget expended
13 ARTS AND CULTURE	2,406,720	34,525	2,441,245	1,707,422	69.9%
14 BASIC EDUCATION	6,166,200	5,799	6,171,999	4,075,328	66.0%
15 HEALTH	21,496,985	164,527	21,661,512	16,016,979	73.9%
16 HIGHER EDUCATION AND TRAINING	23,720,698	55,504	23,776,202	22,213,320	93.4%
17 LABOUR	1,783,889	51,934	1,835,823	850,900	46.3%
18 SOCIAL DEVELOPMENT	95,929,061	12,000	95,941,061	73,898,555	77.0%
19 SPORT AND RECREATION SA	1,245,589	7,900	1,253,489	1,062,901	84.8%

#### a. Health and Social Development

#### Vote 15: Health

- Year-to-date spending data shows that the Department has spent 74.3 percent of the total budget compared to the 75 percent that is the benchmark for 9 months. It is however projected that the Department will under spend at least by R283 million by the end of 2010/11 financial year due to slow spending in goods and services and transfers.
  - Transfers: Slow spending on transfers is mainly due to delay in implementation of Hospital Revitalisation projects and transfers for Love life.
  - Goods and services: Slow spending emanates from consultancy, travel and subsistence, and venues and facilities. This is due to delay in awarding the tender for Primary Health Care Audits, procuring the condoms, payment invoices for World TB Day event, and travel & subsistence receipts by the Department International Relations and Cooperation.

Vote 18: Social Development

- Year-to-date spending data shows that the Department spent 77 per cent of their total budget compared to the 75 per cent that could be expected after 9 months. This faster than expected spending is mainly due to the advances that were paid during March 2010 related to the 2010/11 financial year for the Social Assistance transfers. It is however projected that the Department will underspend by the end of March 2011 by about R1.1 billion, due to fewer beneficiaries applying for social assistance grants than anticipated and a review of 500,000 social grant beneficiaries by SASSA that found a significant number of grants were lapsed and of those that were lapsed, a large number haven't applied for their grants to be reinstated.

b. Education and Related

Vote 13: Department of Arts & Culture

- **Programme 5: Heritage Institutions**, Sub-programme & Item: Capital Works of Heritage Institutions: Spent 52.9 per cent of allocation by the end of quarter 3. Slow spending is attributed to a lack of capacity in this subprogramme to manage the infrastructure budget; the department planned projects which were the responsibility of the provincial departments of arts and culture and payments to the Department of Public Works are delayed due to non-receipt of invoices as projects have not been completed.

Vote 14: Department of Basic Education

- **Programme 2: Curriculum, Support and Monitoring**: Spending amounts to R406.9 million or 30.12 per cent of the R1.4 billion adjusted appropriation. The slow spending in goods and services, where 28 per cent or R341.6 million of the available R1.2 billion has been spent, is mainly because the invoices for the printing and distribution of workbook 1 for all grades 1-6 learners had not yet been received. Workbook 2 is currently being developed and will be printed and distributed to schools when done.
- Transfers to provinces: R30.8 million or 33.5 per cent of the available R80 million for the Technical Schools conditional grant has been transferred to provinces thus far. Expenditure on this grant by 7 provinces has been very slow. The department has thus withheld transfers to provinces and will review this decision in February 2011 if assured that the procurement challenges in provinces have been addressed.

Vote 16: Department of Higher Education & Training

- **Programme 5: Skills Development**: R8 million or 30.8 per cent of the available R26.2 million goods and services adjusted budget has been spent. This slow spending is mainly due to delays in the formal establishment of the Quality Council for Trades and Occupations (QCTO). An overall under expenditure is thus expected in this programme.

Vote 19: Sport and Recreation

- **Programme 2: Sport Support Services**: Spending amounts to R58 million or 57.2 per cent of the R102 million adjusted appropriation. Payment to sport federations is slow as only 18 per cent or R4.9 million of the available budget has been spent, mainly because the federations have failed to submit required documents, including business plans. These transfers are expected to be made as planned in the final quarter.

#### 4. Justice, Crime Prevention and Security

**Table 4: Justice, Crime Prevention and Security Spending Year-to-Date ('000)**

	Main appropriation	Total Adjustments Appropriation	Available budget	Year-to-date actual expenditure	Percent of budget expended
20 CORRECTIONAL SERVICES	15,129,043	298,422	15,427,465	10,116,848	65.6%
21 DOD&MV	30,715,333	(272,742)	30,442,591	21,568,333	70.8%
22 ICD	129,335	2,100	131,435	93,346	71.0%
23 DOJ&CD	10,250,483	513,962	10,764,445	6,624,730	61.5%
24 POLICE	52,556,440	973,300	53,529,740	38,993,670	72.8%

##### Vote 20: Correctional Services

- **Programme 7: Facilities:** Expenditure in this programme is very low at R290.9 million or 32.3 per cent of the available budget of R917.2 million. This is mainly due to the slow implementation of capital works projects by the Department of Public Works

##### Vote 21: Defence and Military Veterans

- **Programme 3: Landward Defence:** Expenditure on the Landward Defence programme is high at 81.4 per cent. The reason for this is that expenditure of R447.4 million was wrongly posted against Departmental agencies and accounts. Expenditure on Compensation of Employees is 80.2 per cent which can be attributed to the new salary dispensation implemented in December 2009.
- **Programme 4: Air Defence, Programme 7: Defence Intelligence, Programme 8: General Support** programmes is low at 60.2 per cent, 63.5 per cent and 64 per cent respectively. Expenditure on most of the Air Defence subprogrammes is relatively low with expenditure on Transfers and Subsidies at 39.2 per cent and Machinery and equipment at 41.6 per cent. On the General Support programme, expenditure on Buildings and other fixed structures is low at 48.1 per cent and on machinery and equipment at 40.4 per cent. The low expenditure on subprogrammes can be attributed to the fact that the department implemented cost savings measures to fund the new SANDF salary dispensation.

##### Vote 22: Independent Complaints Directorate

- **Programme 2: The Complaints, Processing, Monitoring & Investigations:** This programme spent 46.5 per cent of the Goods and Services budget whilst the **Programme 3: Information Management & Research** programme incurred expenditure of 50.2 per cent of its Goods & Services. This under-expenditure is primarily due to the relocation of the ICD to a new head office in September 2010. There were subsequent delays in processing and paying of invoices. Furthermore, invoices from DPW were received late which resulted in the last quarter's accommodation charges being paid in January.

##### Vote 23: Justice and Constitutional Development

- Slow spending occurred on **Programme 3: State Legal Services** (60.9 per cent), **Programme 4: National Prosecuting Authority** (64.6 per cent) and Direct Charges (69.4 per cent). The slow spending within the State Legal Services programme can be attributed to the delays in the establishment of Constitutional Development subprogramme as a result of interview processes that are still in progress while underspending on National Prosecuting Authority can be attributed to the late payment of OSD Phase II which will be corrected during the last quarter of 2010/11.

Vote 24: Police

- **Programme 1: Administration** (Management sub-programme), spent R55m (101.3 per cent) at year-to-date of the available budget of R54.3 million. This is mainly due to early retirement packages for senior officials who had resigned.
- The **Integrated Justice Programme** which had an allocated budget of R1.16 billion only spent to date R252 million (21.6 per cent) and the department attributes this to the slow procurement by SITA which will only occur in the later part of the year.

5. Economic Services and Infrastructure

**Table 1: Economic Service and Infrastructure Spending Year-to-Date ('000)**

	Main appropriation	Total Adjustments Appropriation	Available budget	Year-to-date actual expenditure	Percent of budget expended
25 DAFF	3,657,984	295,870	3,953,854	3,058,426	77.4%
26 COMMUNICATIONS	2,113,999	24,002	2,138,001	965,280	45.1%
27 ECONOMIC DEVELOPMENT	418,597	-	418,597	265,656	63.5%
28 ENERGY	5,535,390	174,274	5,709,664	4,084,431	71.5%
29 ENVIRONMENTAL AFFAIRS	2,607,794	(119,280)	2,488,514	1,698,879	68.3%
30 HUMAN SETTLEMENTS	16,201,481	90,278	16,291,759	12,052,509	74.0%
31 MINERAL RESOURCES	1,030,016	(34,174)	995,842	703,761	70.7%
32 RDLR	6,781,864	526,379	7,308,243	4,860,156	66.5%
33 SCIENCE AND TECHNOLOGY	4,615,541	(487,558)	4,127,983	2,966,864	71.9%
34 TOURISM	1,151,836	31,980	1,183,816	855,520	72.3%
35 TRADE AND INDUSTRY	6,150,108	44,100	6,194,208	3,821,520	61.7%
36 TRANSPORT	25,086,262	202,821	25,289,083	19,255,388	76.1%
37 WATER AFFAIRS	7,996,592	79,001	8,075,593	3,091,220	38.3%

a. Economic Services

Vote 10: Public Enterprises

- **All programmes** in aggregate year-to-date expenditure amounts to R463.884 million, or 83.5 per cent of the R555.549 million adjusted budget appropriations, this is above the benchmark target of 75%.

Vote 25: Agriculture, Forestry and Fisheries

- **Programme 3: Agriculture Support Services:** Programme expenditure at the end of the third quarter amounts to R1, 549 billion, or 87.21 per cent, of the R1, 776 billion adjusted appropriation, which is faster than expected due to the third payment in respect of CASP which was scheduled for October 2010, and the R50 million once off payment for disaster in the Western Cape.
- **Programme 4: Trade and Agricultural Development:** This programme spent R64.6 million, or 65.76 per cent of the R98.2 million adjusted appropriation. Spending is slower than expected as a result of an amount of R20 million for the farmer register project which was allocated as per the Adjustments Estimate and was not spent in the third quarter.
- **Programme 5: Food Safety and Bio-Security:** This programme spending is recorded at R247.3 million or 67.68% of the adjusted appropriation of R365.3 million. The slower than expected spending is due to an amount of R18.9 million, which was included in the Adjustments Estimates in respect of Classical Swine Fever and Foot and Mouth disease that could not be spent in the third quarter.
- **Programme 6: Forestry:** This programme spending is recorded at R342 million or 60.84% of the R562.5 million adjusted appropriation. The slower than expected spending is due to an



amount of R51.6 million for commercial forestry in Mpumalanga was included in the Adjustments Estimate and was not spend in this quarter.

#### Vote 27: Economic Development

- **All programmes** in aggregate year-to-date expenditure is R265.7 million, or 64 per cent of the total R418.6 million adjusted budget allocation. This is lower than the benchmark of 75 per cent and is mainly due to the high number of vacancies. The department has however made progress this year in filling vacancies.

#### Vote 29: Environmental Affairs

- **Programme 1: Administration:** This programme had slowest spending, at end of 3rd quarter 60% or R164 million of the allocated R270 million budgeted spent and this was due to the office accommodation payment documents received late from DPW.
- **Programme 3: Climate Change:** This programme has a slow spending at 61% or R349 million at end of December 2010 due to the replacement Antarctic Vessel payment to be done at the end of financial year.

#### Vote 31: Minerals Resources

- **Programme 2: Mine Safety and Health:** Spent R97.2 million or 68% per cent of the available budget of R142 million. Spending is slower than expected due to the number of unfilled inspector posts as a results of shortage in skills.
- **Programme 3: Mineral Regulation:** Spent R129 million or 61% of the available budget of R212 million. Spending is slower than expected due to slow progress with the rehabilitation of derelict and ownerless mines project.
- **Programme 4: Mineral Policy and Promotion:** Spent R308 million or 73.7% of the available budget of R429 million. Slower than expected spending is because the transfer to Industrial Development Corporation (IDC) has not being made due to delays with administration of small scale mining projects; and the assistance to mines subsidies that have not realised as anticipated due to financial difficulties and inability to treat contaminated water .

#### Vote 34: Tourism

- **Programme 1: Administration:** This programme which constitutes 15% of the department's total budget experienced slow expenditure amounting to R77 million or 43% of the programme's budget. This is due to the additional funds received for the Department's new Head Office building which is anticipated to be disbursed towards the end of the financial year.
- **Programme 2: Tourism Development:** This programme has a budget of R332 million of which 49% was spent by end of December 2010. The slow spending was due to the increase in expenditure towards the EPWP.
- **Programme 3: Tourism Growth:** This programme had spent majority of its budget by the end of December 2010 with 92% expenditure, with a large portion of funds going to SA Tourism for international tourism marketing.

#### Vote 35: Trade and Industry.

- **Programme 5: Consumer and Corporate Regulation:** Year-to-date expenditure of R3.821 billion or 61.7 per cent of the R6.194 billion budget allocation is lower than the benchmark of 75 per cent due to projects not commencing on schedule as the department has not to appointed service providers in time and outstanding invoices for advertising under Programme 8: Communication and Marketing.

b. Urban Development and Infrastructure

Vote 26: Communications

- There is an under expenditure of R448.5 million mainly attributed to lower than expected expenditure under current payment of R167.2 million or 42.52 per cent of the projected expenditure due to most critical position such as Director-General and CFO occupied on an acting level which caused delays in implementation of projects. The major under-spending was on **Programme 5: ICT Infrastructure Development** due to the decision to close down 112 Emergency Call Centre which is allocated R111.9 million. The project is being revived.
- Furthermore transfers and subsidies contributed to lower than expected expenditure with under expenditure amounting to R279.4 million or 27.47 per cent in **Programme 4: ICT Enterprise Development** due to transfers not effected to entities such as the R150 million to Telkom which did not go through due to Telkom not submitting drawdown schedule.

Vote 30: Human Settlements

- The department of human settlements spent R12.1 billion or 73.98 per cent of an adjusted appropriated amount of R16.3 billion in the year to December 2010. The expenditure is driven by transfers to provinces for the **Human Settlements Development Grant**, where R11.5 billion or 76.6 per cent of an adjusted appropriated amount of R15 billion has been transferred.
- The department is experiencing slower than expected expenditure on the **Rural Household Infrastructure Grant**, where R10 million or 10 per cent of an adjusted appropriated amount of R100 million is been spent. The slow expenditure relates to implementation delays in the start-up of the programme.

Vote 36: Transport

- **Programme 1: Administration** – Expenditure is already at 98.0 per cent in the management subprogramme and 80.4 per cent in the corporate services subprogramme. It is expected that these subprogrammes will lead to over expenditure of the total department due to high communication expenditure.

Vote 37: Water Affairs

- In most programmes for **current payments** there slower than expected expenditures of R739.879 million as the department has spent only 19.83% of the current payment allocations due to:
  - Unfilled vacant posts which require technical; engineering and scientific skills that the Department is finding difficult to appoint;
  - Delays by service providers in submitting invoices for goods and services already rendered and
  - Delays in approving Training and Development plans which attributed to under expenditure.
- Service providers have been contracted to fast track the service delivery and avoid expenditure spike in March 2011.
- **Programme 5: Water Sector Regulation** – Sub programme: Water Use also contributes to the under expenditure due to the delays experienced in obtaining approval of terms of references for various projects to strengthen the use of water efficiency, upgrading of water use license authorisation tracking systems and the Climate Survey programme which was put on hold. However, approval has now been granted and the expenditure is expected to be disbursed in the last quarter of the financial year.

**ANNEXURE 1:**

**Third Quarter 2010-11 National Budgets and Expenditure Database**

See Excel database submitted with NBE Report.