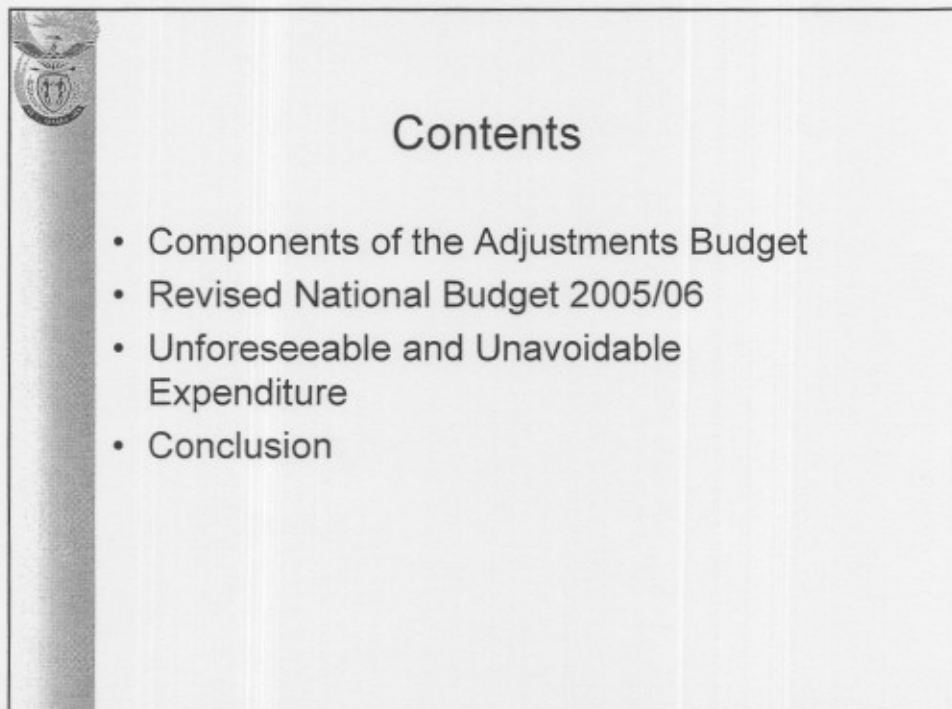
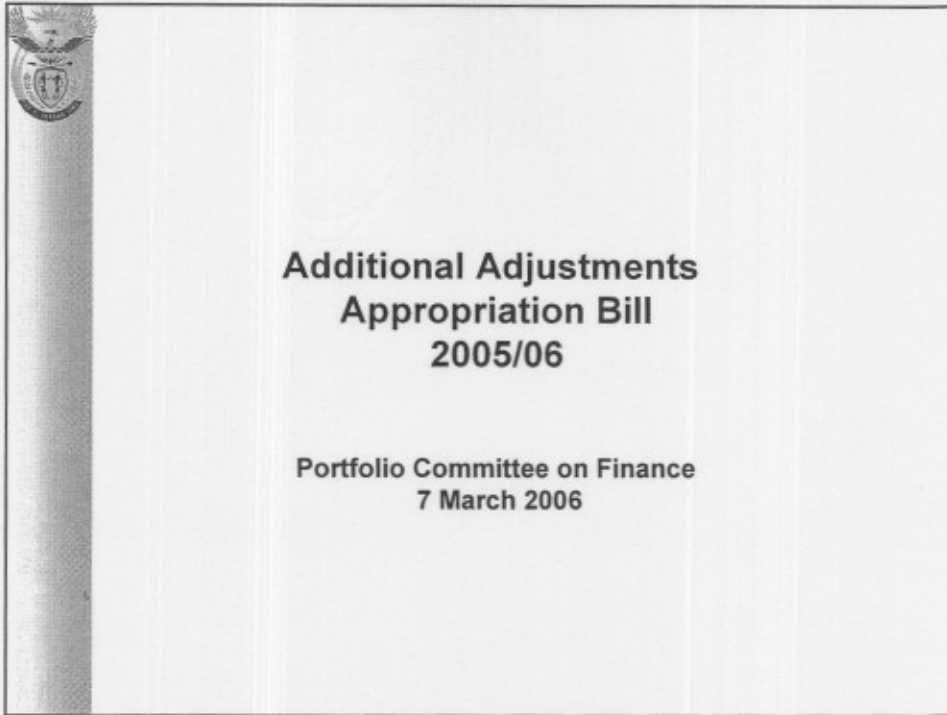


④

060307 pc finance
(060307 treasury)





Adjustments Budget, PFMA (30)

“ The minister may table an adjustments budget in the National Assembly as and when necessary”



Components of the Adjustments Budget, PFMA (30)

- Significant unforeseeable economic and financial events
- Unforeseeable and unavoidable expenditure, TR (6.6)
- Emergency Situations, PFMA (16)
- Expenditure already announced in the Budget Speech, but not appropriated to a vote (Budget Speech)
- Shifting of funds between Votes, TR (6.5)
- Virement within Votes, PFMA (43), TR (6.3)
- Roll-over of unspent funds from the preceding financial year, TR (6.4)



Unforeseeable and Unavoidable Expenditure

Expenditure that could not be anticipated at the time of budget preparation


The following request would not be considered as being unforeseeable and unavoidable:

- Expenditure that although known when finalising the estimates of expenditure, could not be accommodated within allocations
- Tariff adjustments and price increases
- Extensions of existing services and the creation of new services that are not unforeseeable and unavoidable




Revised National Budget 2005/06

| | | | |
|--|----------------|------------------|----------------|
| Statutory expenditure | 193 891 | (1 245) | 192 646 |
| State debt cost | 53 125 | (1 965) | 51 160 |
| Provincial equitable share | 134 706 | 585 | 135 291 |
| Sectoral education and training authorities and National Skills Fund | 5 000 | (66) | 4 934 |
| Other | 1 060 | 201 | 1 261 |
| Appropriation by vote | 221 406 | 8 370 | 229 776 |
| Main appropriation | 221 406 | (590) | 220 816 |
| Roll-overs | - | 1 446 | 1 446 |
| Unforeseeable and unavoidable expenditure | - | 5 751 | 5 751 |
| Infrastructure investment projects | - | 1 063 | 1 063 |
| Self-financing | - | 700 | 700 |
| Standing Appropriations | 22 | - | 22 |
| Subtotal | 415 319 | 7 125 | 422 444 |
| Contingency Reserve and other unallocated amounts | 2 500 | (2 500) | - |
| Less: Projected savings and under-spending | - | (3 469) | (3 469) |
| Total Estimated Expenditure Level | 417 819 | 1 156 | 418 975 |



Unforeseeable and Unavoidable Expenditure

| 2005/06 Financial Year | R billions |
|---|------------|
| Department of Public Enterprises Denel | 2,70 |
| Department of Transport Road Accident Fund | 2,07 |
| Total | 4,7 |

- 
- ## Public Enterprises
- Transfer to Denel R2,0 billion
 - recapitalisation of the entity
 - Aerostructures
 - Dynamics
 - Optronics
 - Munitions
 - restructure and refocus its business
 - Correct product portfolio
 - Operational effectiveness and facility utilisation
 - Disposal of non-core businesses
 - Disposal of excess capacity
 - Upgrade product to international standards



Department of Transport

- Transfer to Road Accident Fund R2,7 billion
 - high accident rate
- Utilization of funds
 - scheduled payments to successful claimants
 - overdue payment to SARS



Conclusion

- Portfolio Committee on Finance considers the Additional Adjustments Appropriation Bill
- Total additional adjustments from national departments amount to R2,0 bn for Denel and R2,7 bn for Road Accident Fund
- Adjustments are offset against contingency reserve, unallocated amounts, declared savings and projected under-spending
- Adjustments resulted in a increase in expenditure from R418 bn to R419 bn