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**Analysis Of The Appropriation Bill [B2 – 2006]****1. Appropriation Bill**

The 2006 Appropriation Bill was tabled in order to allocate money to the different National Government Departments and structures in respect of the financial year ending 31 March 2007.

The Appropriation Bill divides R260 billion of the National Revenue Fund among Departments, 31% of which is current expenditure, 67% transfers and 2% capital expenditure.

**TABLE 1: PERCENTAGE ALLOCATION PER VOTE – 2006/07**

R'000	Budget	% Of Total Budget
<b>Voted Amounts</b>	260 025 664	100.00%
<b>Central Government Administration</b>		
The Presidency	255 923	0.10%
Parliament	782 133	0.30%
Foreign Affairs	3 042 149	1.17%
Home Affairs	2 800 405	1.08%
Provincial and Local Government	24 903 440	9.58%
Public Works	3 080 181	1.18%
<b>Financial and Administrative Services</b>		
Government Communications and Information Services	288 037	0.11%
National Treasury	15 547 945	5.98%
Public Enterprises	683 457	0.26%
Public Service and Administration	325 610	0.13%
Public Service Commission	96 328	0.04%
S A Management Development Institute	58 918	0.02%
Statistics South Africa	1 074 483	0.41%
<b>Social Services</b>		
Arts and Culture	1 318 476	0.51%
Education	14 129 233	5.43%
Health	11 269 966	4.33%
Labour	1 512 749	0.58%
Social Development	62 005 460	23.85%

Sport and Recreation South Africa	352 153	0.14%
<b>Justice and Protection Services</b>		
Correctional Services	10 630 712	4.09%
Defence	23 830 105	9.16%
Independent Complaints Directorate	65 906	0.03%
Justice and Constitutional Development	6 269 880	2.41%
Safety and Security	32 557 731	12.52%
<b>Economic Services and Infrastructure Development</b>		
Agriculture	1 957 648	0.75%
Communications	1 280 194	0.49%
Environmental Affairs and Tourism	2 018 053	0.78%
Housing	6 860 883	2.64%
Land Affairs	4 852 196	1.87%
Minerals and Energy	2 548 272	0.98%
Science and Technology	2 614 093	1.01%
Trade and Industry	3 665 912	1.41%
Transport	12 870 458	4.95%
Water Affairs and Forestry	4 476 545	1.72%

Table 1 indicates the allocation of National Revenue between National Departments, which amounts to R260 billion. In addition, Table 2 indicates Departments that have been allocated the bulk of the Budget, while Table 3 indicates Departments with the lowest allocation of funds. In this regard, the Department of Social Development has received the biggest portion of the Budget, indicating the effect of the Social Security Grants moving from Provincial Government to the South African Social Security Agency.

**TABLE 2: DEPARTMENTS WITH THE HIGHEST BUDGET ALLOCATIONS**

R'000	Budget	% Of Total Budget
Social Development	62 005 460	23.85%
Safety and Security	32 557 731	12.52%
Provincial and Local Government	24 903 440	9.58%
Defence	23 830 105	9.16%
National Treasury	15 547 945	5.98%
Education	14 129 233	5.43%

Table 2 adequately reflects the National Government's budgetary priorities, which are aligned to the State of the Nation Address and the Budget Speech.

**TABLE 3: DEPARTMENTS WITH THE LOWEST BUDGET ALLOCATIONS**

R'000	Budget	% Of Total Budget
S A Management Development Institute	58 918	0.02%
Independent Complaints Directorate	65 906	0.03%
Public Service Commission	96 328	0.04%
The Presidency	255 923	0.10%

Table 3 also indicates that Departments falling under the Central Government Administration and Financial and Administrative Services clusters received the least. This is due to the fact that these Departments have coordination

and administration responsibilities, and are not necessarily responsible for implementation.

It is crucial to note that several Departments, such as Education and Agriculture may appear to have received a smaller share from the Appropriation Bill. This is due to the fact that the expenditure for these sectors normally takes priority at sub-national level. For example, Education expenditure at national level is mostly spent on transfers to tertiary institutions. School education is budgeted for at Provincial Government level. Therefore, in order to get the complete picture of the allocation for Education, Agriculture, and other Departments providing for provincial competencies, it is necessary to consider the provincial budgets as well.

## **2. Adjustments Appropriation Bill [B37-2005]**

The Adjustments Appropriation Bill was introduced to appropriate adjusted funds for the following Departments. Most Departments applied for additional allocations, with the exception of Parliament and the Department of Labour, who applied for rollovers. A total of R4.25 billion was appropriated by the Adjustments Appropriation Bill.

## **3. Additional Adjustments Appropriation Bill [B4-2006]**

The Additional Adjustment Appropriation Bill [B4-2006] was introduced in order to appropriate additional funds to the Departments of Public Enterprises and Transport in respect of the 2005/06 financial year. In this regard, an amount of R2 billion was appropriated from the National Revenue Fund to be transferred by the Department of Public Enterprises to DENEL (Pty) Ltd to restructure and refocus its business.

The Department of Transport was also appropriated an additional amount of R2.7 billion, to be transferred to the Road Accident Fund. The funds are aimed at enabling the Fund to proceed with scheduled payments to successful claimants and to settle an outstanding payment to the South African Revenue Service (SARS).

## **Conclusion**

The Appropriation Bill adequately reflects Government's priorities. The Government Budget prioritises Social Development, particularly social security, which is presently the Government's most important poverty alleviation tool. It also gives priority to safety and security, including crime prevention.

The 2006 Appropriation Bill does not deflect much from the 2005 document, in which the Departments with the highest allocations were Social Development (24.65%), and Safety and Security (12.97%). Appendix 1 provides a breakdown of budget allocations between Departments in 2005/06.

## Sources

- Adjustments Appropriation Act 2005.
- Additional Adjustments Appropriation Bill, [B4-2006]
- Appropriation Bill, [B2 – 2006].

## Appendix 1

TABLE 4: PERCENTAGE ALLOCATION PER VOTE – 2005/06

R'000	2005/06 Revised Estimate	% Of Revised Budget
<b>Voted Amounts</b>	226 307 085	100.00%
<b>Central Government Administration</b>		0.00%
The Presidency	193 463	0.09%
Parliament	499 570	0.22%
Foreign Affairs	2 612 130	1.15%
Home Affairs	2 940 674	1.30%
Provincial and Local Government	15 978 267	7.06%
Public Works	2 148 870	0.95%
<b>Financial and Administrative Services</b>		0.00%
Government Communications and Information Services	252 576	0.11%
National Treasury	13 957 967	6.17%
Public Enterprises	2 675 908	1.18%
Public Service and Administration	188 433	0.08%
Public Service Commission	92 095	0.04%
S A Management Development Institute	57 047	0.03%
Statistics South Africa	711 462	0.31%
<b>Social Services</b>		
Arts and Culture	1 129 220	0.50%
Education	12 611 734	5.57%
Health	9 788 672	4.33%
Labour	1 349 902	0.60%
Social Development	55 788 952	24.65%
Sport and Recreation South Africa	458 912	0.20%
<b>Justice and Protection Services</b>		
Correctional Services	9 768 887	4.32%
Defence	23 516 178	10.39%
Independent Complaints Directorate	54 791	0.02%
Justice and Constitutional Development	5 456 030	2.41%
Safety and Security	29 361 276	12.97%
<b>Economic Services and Infrastructure Development</b>		
Agriculture	1 911 592	0.84%

Communications	1 042 690	0.46%
Environmental Affairs and Tourism	1 766 839	0.78%
Housing	5 255 509	2.32%
Land Affairs	2 963 366	1.31%
Minerals and Energy	2 271 580	1.00%
Science and Technology	2 044 455	0.90%
Trade and Industry	3 145 533	1.39%
Transport	10 553 597	4.66%
Water Affairs and Forestry	3 758 912	1.66%

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1,000	1,000	Communications
1,000	1,000	Governmental Affairs and Tourism
1,000	1,000	Health
1,000	1,000	Land Affairs
1,000	1,000	Minerals and Energy
1,000	1,000	Science and Technology
1,000	1,000	Trade and Industry
1,000	1,000	Transport
1,000	1,000	Water Affairs and Forestry