

Thus far the department only spent 34.9% of R127 million of its goods and services budget (R364 million). The line item on goods and services includes consultants, contractors, maintenance repairs and running costs, operating leases, travel and subsistence, and printing and publications. However the major portion of the line allocation goes to consultants and contractors. During the 2005/06 financial year the Department spent 91.5% of its current budget.

The current financial year's expenditure pattern in Education is similar to that of the previous financial year. Therefore the Committee is of the opinion that the department should examine the cause for this pattern and take appropriate measures.

The Department of Health's current expenditure at the end of the third quarter of the financial year was R394 million or 50.6%. The reason for this trend in expenditure is because of the slow spending on goods and services. During the 2005/06 financial year the Department only spent 81.8% of its goods and services budget. According to Chief Financial Officer of Health the major portion of this slow expenditure is the delay in the delivery of back orders of condoms.

The recurring under expenditure pattern in the line allocation to goods and services is significant therefore the Department should study the pattern and develop measures to arrest this under expenditure.

The Department of Agriculture's current expenditure at the end of the third quarter was R506 million or 53.78%. The reason for this trend in expenditure is because of the slow spending on goods and services (53.35%) and compensation of employees (62.8%). Cash flow projections received from Treasury project that the department will underspend its current budget by R62 million. During the 2005/06 financial year the Department spent only 82.8% of its goods and services budget and 83.9% of its compensation of employees budget.

The current financial year's expenditure pattern in the Department of Agriculture is similar to that of the previous financial year. Therefore the Committee is of the opinion that the department should examine the cause for this pattern and take appropriate measures.

The Department of Trade and Industry's current expenditure at the end of the third quarter of the financial year was R427 million, or 54% of the budget. Thus far the department spent 44.9% of its goods and services budget. During the 2005/06 financial year the Department spent only 77.5% of its goods and services line allocation.

In the Committee's opinion there is a risk of recurring under expenditure given the previous financial year's pattern. Measures should be taken by Department to arrest this expenditure pattern in the current budget.

3. Transfer Payments

Table 7 represents Departments' Transfer expenditure at the end of the third quarter of the 2006/07 financial year. Departments spent on average 72.54% of its Transfer budgets by the end of the third quarter. Departments spent on average 22.66% of their transfer budget during the first quarter, 25.6% during the second quarter and 26.01% during the third quarter.

Table 7: Transfer Payments to date

R'000	1st Quarter Tran. Exp	% Tran. Exp for 1st Quarter	Second Quarter Tran. Exp	% Tran. Exp for 2nd Quarter	3rd Quarter Tran. Exp	% Tran. Exp for 3rd Quarter	Total Transfer Budget	Transfer Expenditure to date	% Transfer Expenditure to date
Voted Amounts	39,111,755	22.66%	44,194,094	25.60%	46,563,109	26.01%	179,040,127	129,868,958	72.54%
Central Government Administration	1,668,539	6.22%	8,127,379	30.29%	6,098,011	22.31%	27,335,372	15,893,929	58.14%
The Presidency	7,371	27.91%	4,897	18.55%	4,815	19.77%	24,350	17,083	70.16%
Parliament	0	0.00%	0	0.00%	40,160	25.35%	158,439	40,160	25.35%
Foreign Affairs	170,064	35.02%	20,609	4.25%	81,490	16.74%	486,668	272,163	55.92%
Home Affairs	129,109	35.75%	76,575	21.20%	78,290	21.34%	366,869	283,974	77.40%
Provincial and Local Government	886,638	3.61%	7,477,791	30.43%	5,871,179	23.42%	25,065,919	14,235,608	56.79%
Public Works	475,357	38.76%	547,507	44.65%	22,077	1.79%	1,233,127	1,044,941	84.74%
Financial and Administrative Services	2,997,448	21.71%	3,513,538	25.45%	5,393,904	30.89%	17,464,158	11,904,890	68.17%
Gov. Communications and Info. Services	34,278	36.83%	39,150	42.05%	815	0.87%	93,284	74,243	79.59%
National Treasury	2,833,028	21.61%	2,936,831	22.41%	4,459,459	30.75%	14,504,429	10,229,318	70.53%
Public Enterprises	120,041	20.66%	459,996	79.16%	927,596	33.53%	2,766,752	1,507,633	54.49%
Public Service and Administration	3,918	957.95%	71,783	17550.85%	33	0.04%	75,670	75,734	100.08%
Public Service Commission	41	44.57%	23	25.00%	7	7.61%	92	71	77.17%
S A Management Development Institute	5,850	25.37%	5,750	24.93%	5,729	24.83%	23,069	17,329	75.12%
Statistics South Africa	292	35.96%	5	0.62%	265	30.74%	862	562	65.20%
Social Services	28,035,327	32.10%	21,885,096	25.06%	21,863,575	24.65%	88,712,069	71,783,998	80.92%
Arts and Culture	218,649	20.23%	251,483	23.27%	280,200	25.82%	1,085,349	750,332	69.13%
Education	6,629,915	48.94%	3,497,409	25.82%	2,620,515	19.12%	13,708,060	12,747,839	93.00%
Health	2,525,565	24.21%	2,693,736	25.82%	2,655,162	24.98%	10,631,194	7,874,463	74.07%
Labour	125,585	33.67%	41,277	11.07%	190,943	47.69%	400,408	357,805	89.36%
Social Development	18,475,028	29.93%	15,353,557	24.88%	15,887,718	25.58%	62,110,322	49,716,303	80.05%
Sport and Recreation South Africa	60,585	35.16%	47,634	27.64%	229,037	29.49%	776,736	337,256	43.42%
Justice and Protection Services	861,374	8.75%	2,602,396	26.43%	2,542,887	25.67%	9,906,665	6,006,657	60.63%
Correctional Services	11,311	34.97%	6,403	19.79%	10,692	32.13%	33,277	28,406	85.36%
Defence	545,663	6.32%	2,320,840	26.87%	2,277,948	26.21%	8,691,707	5,144,451	59.19%
Independent Complaints Directorate	24	33.33%	13	18.06%	-8	-12.31%	65	29	44.62%

R'000	1st Quarter Tran. Exp	% Tran. Exp for 1st Quarter	Second Quarter Tran. Exp	% Tran. Exp for 2nd Quarter	3rd Quarter Tran. Exp	% Tran. Exp for 3rd Quarter	Total Transfer Budget	Transfer Expenditure to date	% Transfer Expenditure to date
Justice and Constitutional Dev.	221,208	27.55%	199,752	24.87%	186,249	23.11%	805,888	607,209	75.35%
Safety and Security	83,168	22.14%	75,388	20.06%	68,006	18.10%	375,728	226,562	60.30%
Econ. Services & Infrastructure Dev.	5,549,067	15.94%	8,065,685	23.17%	10,664,732	29.94%	35,621,863	24,279,484	68.16%
Agriculture	209,338	20.08%	400,263	38.40%	361,564	26.33%	1,373,213	971,165	70.72%
Communications	68,788	7.10%	231,332	23.88%	438,907	43.64%	1,005,688	739,027	73.48%
Environmental Affairs and Tourism	551,151	39.68%	418,217	30.12%	314,560	21.18%	1,484,869	1,283,928	86.47%
Housing	1,398,014	21.56%	2,016,801	31.11%	1,919,149	27.16%	7,065,891	5,333,964	75.49%
Land Affairs	317,423	8.34%	486,845	12.79%	773,479	30.08%	2,570,985	1,577,747	61.37%
Minerals and Energy	264,688	13.18%	600,420	29.89%	648,086	30.72%	2,109,432	1,513,194	71.73%
Science and Technology	474,141	20.62%	605,540	26.33%	600,366	26.46%	2,268,551	1,680,047	74.06%
Trade and Industry	330,237	11.44%	839,873	29.09%	840,015	26.93%	3,119,065	2,010,125	64.45%
Transport	1,745,837	14.20%	2,190,766	17.82%	4,401,167	33.90%	12,984,052	8,337,770	64.22%
Water Affairs and Forestry	189,450	11.60%	275,628	16.88%	367,439	22.40%	1,640,117	832,517	50.76%

Table 8 illustrates Departments' with the highest Transfer expenditure at the end of the second quarter.

Table 8: Highest Transfer Expenditure to date

R'000	1st Quarter Tran. Exp	% Tran. Exp for 1st Quarter	Second Quarter Tran. Exp	% Tran. Exp for 2nd Quarter	3rd Quarter Tran. Exp	% Tran. Exp for 3rd Quarter	Total Transfer Budget	Transfer Expenditure to date	% Transfer Expenditure to date
Public Service and Administration	3,918	957.95%	71,783	17550.85%	33	0.04%	75,670	75,734	100.08%
Education	6,629,915	48.94%	3,497,409	25.82%	2,620,515	19.12%	13,708,060	12,747,839	93.00%
Labour	125,585	33.67%	41,277	11.07%	190,943	47.69%	400,408	357,805	89.36%
Environmental Affairs and Tourism	551,151	39.68%	418,217	30.12%	314,560	21.18%	1,484,869	1,283,928	86.47%
Correctional Services	11,311	34.97%	6,403	19.79%	10,692	32.13%	33,277	28,406	85.36%

The department reflecting the highest percentage of transfer payments is Public Service and Administration. The Departments transfer budget increased from R409 thousand to R75.7 million via the Adjusted Estimates. The Department transferred R70 million to the Government Employees Medical Scheme to enable GEMS to meet their financial obligations. A further transfer of R5 million was made to Public Corporations and private enterprises. The Department transferred R33 thousand during the third quarter. The Department has no additional obligation to transfer funds during this financial year.

The Department of Education's adjusted transfer budget is R13.7 billion. Transfer expenditure at the end of the third quarter of the 2006/07 financial year was R12.7 billion, or 93%. The department plans transferring an additional R964 million over the next three months, R628 million to

universities and technikons and R310 million to provinces and municipalities. The current expenditure pattern compares favourably with the previous financial year's performance when the Department spent 92.85% of its transfer budget by the end of the third quarter. At the end of the previous financial year the Department had transferred 99% of its budget.

The Department of Labour's transfer expenditure at the end of the third quarter of the 2006/07 financial year was R357.8 million, or 89.36% of its transfer budget. The department transferred nearly half of its budget during the third quarter of the financial year. The department plans transferring R42 million during the final quarter of the financial year.

The Department of Environmental Affairs and Tourism's transfer expenditure at the end of the third quarter of this financial year was R1.28 billion, or 86.47% of its adjusted transfer budget in comparison to 79.89% at the end of the third quarter of the 2005/06 financial year. At the end of the 2005/06 financial year the Department spent 100% of its transfer budget. The risk of under or over expenditure by the department is minimal.

The Department of Correctional Services transfer expenditure at the end of the third quarter of this financial year was R28.4 million, or 85.36% of its adjusted transfer budget of R33 million. The department plans transferring an additional R7 million during the final quarter of the financial year. During the previous financial year the department spent 151.18% of its transfer budget at the end of the third quarter. At the end of the 2005/06 financial year the Department spent 168.86% of its transfer budget. The committee will monitor the departments transfer expenditure over the final quarter to prevent a repeat of last years expenditure pattern.

Table 9 illustrates Departments' with the lowest Transfer expenditure at the end of the second quarter.

Table 9: Lowest Transfer Expenditure to date

R'000	1st Quarter Tran. Exp	% Tran. Exp for 1st Quarter	Second Quarter Tran. Exp	% Tran. Exp for 2nd Quarter	3rd Quarter Tran. Exp	% Tran. Exp for 3rd Quarter	Total Transfer Budget	Transfer Expenditure to date	% Transfer Expenditure to date
Parliament	0	0.00%	0	0.00%	40,160	25.35%	158,439	40,160	25.35%
Sport and Recreation South Africa	60,585	35.16%	47,634	27.64%	229,037	29.49%	776,736	337,256	43.42%
Independent Complaints Directorate	24	33.33%	13	18.06%	-8	-12.31%	65	29	44.62%
Water Affairs and Forestry	189,450	11.60%	275,628	16.88%	367,439	22.40%	1,640,117	832,517	50.76%
Public Enterprises	120,041	20.66%	459,996	79.16%	927,596	33.53%	2,766,752	1,507,633	54.49%

Parliament's transfer expenditure at the end of the third quarter of this financial year was R40 million, or 25.35% of its adjusted transfer budget in comparison to 75.26% at the end of the third quarter of the 2005/06 financial year. At the end of the 2005/06 financial year the Parliament spent 100.36% of its transfer budget.

The Department of Sport and Recreation South Africa's transfer budget increased from R172 million to R776.7 million via the Adjusted Estimates. The Department received an additional R600 million which was announced in the budget speech by the Minister of Finance but not allocated at that stage. The money was allocated for the construction of 2010 FIFA World Cup stadia in host cities. The R600 million should be transferred to provinces and municipalities. The Department's transfer expenditure at the end of the third quarter was R337 million, or 43.42% of its adjusted transfer budget. It is important to note that provinces and municipalities will have to send these transferred funds before the end of their financial year.

The Independent Complaints Directorate transfer expenditure at the end of the third quarter was R29 thousand or 44.62% of its transfer budget, which is only R65 thousand. The low rate of transfer expenditure is because of the slow transfer of funds to departmental agencies and accounts. At the end of the third quarter of the previous financial year the Department spent 45.64% of its transfer budget and eventually spent 85.91% of its budget by the end of the 2005/06 financial year.

The Department of ^{Water Affairs} Public Enterprises' transfer budget is R1.6 billion. Transfer expenditure at the end of the third quarter was R833 million, or 50.76% of the transfer budget. The functions in the Water Services programme have been shifted to Local Government and the appropriate water service institutions. However the Committee has not yet been able to ascertain whether the funds have followed this shift. The department plans to transfer an additional R589 million in the final quarter of the financial year. This will result in an under expenditure of the transfer budget of R265 million, more specifically the departmental agencies and accounts budget within the transfer budget. The committee will monitor the department's transfer expenditure over the final quarter of the financial year.

The Department of Public Enterprises' transfer budget increased from R581 million to R2.766 billion via the Adjusted Estimates. The main increase in the Department's transfer budget is in the Corporate Strategy and Structure programme, due to the once off payment to the Pebble Bed Modular Reactor and money allocated to InfraCo to buy full service network national long distance network from Eskom/Transtel. The Department thus far spent R1.5 billion or 54.49% of its transfer budget. The department plans transferring R1.256 billion during the final quarter of the 2006/07 financial year.

4. Capital Expenditure (capex)

Table 10 represents departments' overall Capital expenditure at the end of the third quarter of the 2006/07 financial year. Departments' spent on average 53.12% of their Capital budgets at the end of the third quarter. They spent on average 9.86% of their Capital budgets during the first quarter, 13.82% during the second quarter and 29.65% during the third quarter. Average departmental expenditure on Capital budgets is much lower than Current 67.24% and Transfer expenditure, which is 72.54%.

Table 10: Capital Expenditure to date

R'000	1st Quarter Cap. Exp	% Cap. Exp for 1st Quarter	Second Quarter Cap. Exp	% Cap. Exp for 2nd Quarter	3rd Quarter Cap. Exp	% Cap. Exp for 3rd Quarter	Total Capital Budget	Capital Expenditure to date	% Capital Expenditure to date
Voted Amounts	589,412	9.86%	825,833	13.82%	1,788,589	29.65%	6,031,759	3,203,834	53.12%
Central Government Administration	80,876	4.96%	73,186	4.49%	219,976	15.04%	1,462,127	374,038	25.58%
The Presidency	126	2.01%	1,835	29.23%	1,896	29.64%	6,397	3,857	60.29%
Parliament	2,384	10.49%	1,257	5.54%	460	2.05%	22,486	4,101	18.24%
Foreign Affairs	14,178	3.56%	33,447	8.41%	54,411	17.12%	317,895	102,036	32.10%
Home Affairs	21,766	3.66%	29,726	5.00%	68,653	11.50%	596,804	120,145	20.13%
Provincial and Local Government	477	7.87%	639	10.55%	2,712	35.61%	7,616	3,828	50.26%
Public Works	41,945	6.96%	6,282	1.05%	91,844	17.98%	510,929	140,071	27.41%
Financial and Administrative Services	9,116	14.42%	10,599	16.78%	12,685	15.65%	81,050	32,400	39.98%
Gov. Communications and Info. Services	704	34.90%	967	47.95%	913	36.37%	2,510	2,584	102.95%
National Treasury	1,066	8.49%	1,550	12.35%	2,868	14.15%	20,275	5,484	27.05%
Public Enterprises	234	50.21%	900	193.14%	468	25.50%	1,835	1,602	87.30%
Public Service and Administration	1,163	53.50%	1,230	56.57%	1,582	39.10%	4,046	3,975	98.25%
Public Service Commission	170	10.75%	125	7.90%	183	11.57%	1,582	478	30.21%
S A Management Development Institute	891	37.30%	354	14.81%	296	12.39%	2,389	1,541	64.50%
Statistics South Africa	4,888	11.63%	5,473	13.03%	6,375	13.17%	48,413	16,736	34.57%
Social Services	7,391	10.53%	16,109	22.95%	58,869	65.17%	90,330	82,369	91.19%
Arts and Culture	0	0.00%	0	0.00%	38	0.79%	4,796	38	0.79%
Education	1,757	26.88%	1,209	18.49%	981	10.51%	9,338	3,947	42.27%
Health	3,255	11.61%	5,778	20.60%	49,400	112.52%	43,903	58,433	133.10%
Labour	667	2.95%	8,278	36.63%	7,086	36.61%	19,356	16,031	82.82%
Social Development	1,639	29.06%	720	12.77%	1,166	18.84%	6,190	3,525	56.95%
Sport and Recreation South Africa	73	2.83%	124	4.82%	198	2.93%	6,747	395	5.85%
Justice and Protection Services	414,991	11.20%	614,904	16.59%	1,174,836	32.03%	3,668,251	2,204,731	60.10%
Correctional Services	79,995	5.87%	197,751	14.49%	173,630	14.86%	1,168,197	451,376	38.64%
Defence	37,303	12.51%	49,716	16.67%	70,268	23.56%	298,250	157,287	52.74%
Independent Complaints Directorate	578	32.11%	222	12.33%	235	12.56%	1,871	1,035	55.32%
Justice and Constitutional Dev.	131,400	28.63%	96,144	20.94%	183,912	29.81%	616,934	411,456	66.69%
Safety and Security	165,715	10.47%	271,071	17.12%	746,791	47.18%	1,582,999	1,183,577	74.77%
Econ. Services & Infrastructure Dev.	77,038	15.20%	111,035	21.92%	322,223	44.14%	730,001	510,296	69.90%

	1st Quarter Cap. Exp	% Cap. Exp for 1st Quarter	Second Quarter Cap. Exp	% Cap. Exp for 2nd Quarter	3rd Quarter Cap. Exp	% Cap. Exp for 3rd Quarter	Total Capital Budget	Capital Expenditure to date	% Capital Expenditure to date
R'000									
Agriculture	16,403	49.62%	18,961	57.35%	19,837	37.78%	52,503	55,201	105.14%
Communications	1,317	18.84%	827	11.83%	229	3.28%	6,990	2,373	33.95%
Environmental Affairs and Tourism	6,540	46.51%	7,001	49.78%	5,250	31.17%	16,842	18,791	111.57%
Housing	527	13.40%	400	10.17%	754	13.64%	5,528	1,681	30.41%
Land Affairs	2,486	4.49%	12,299	22.22%	112,285	64.35%	174,480	127,070	72.83%
Minerals and Energy	308	6.53%	1,666	35.33%	1,955	41.45%	4,716	3,929	83.31%
Science and Technology	9,880	7.38%	1,005	0.75%	133,987	93.25%	143,681	144,872	100.83%
Trade and Industry	1,429	16.14%	8,160	92.17%	2,707	8.37%	32,328	12,296	38.04%
Transport	767	2.02%	2,341	6.17%	25,912	68.30%	37,936	29,020	76.50%
Water Affairs and Forestry	37,381	17.98%	58,375	28.07%	19,307	7.57%	254,997	115,063	45.12%

Table 11 illustrates Departments' with the highest Capital expenditure at the end of the second quarter.

Table 11: Highest Capital Expenditure to date

	1st Quarter Cap. Exp	% Cap. Exp for 1st Quarter	Second Quarter Cap. Exp	% Cap. Exp for 2nd Quarter	3rd Quarter Cap. Exp	% Cap. Exp for 3rd Quarter	Total Capital Budget	Capital Expenditure to date	% Capital Expenditure to date
R'000									
Health	3,255	11.61%	5,778	20.60%	49,400	112.52%	43,903	58,433	133.10%
Environmental Affairs and Tourism	6,540	46.51%	7,001	49.78%	5,250	31.17%	16,842	18,791	111.57%
Agriculture	16,403	49.62%	18,961	57.35%	19,837	37.78%	52,503	55,201	105.14%
Gov. Communications and Info. Services	704	34.90%	967	47.95%	913	36.37%	2,510	2,584	102.95%
Science and Technology	9,880	7.38%	1,005	0.75%	133,987	93.25%	143,681	144,872	100.83%

The Department of Health spent the highest percentage of its Capital budget by the end of the third quarter. The Department's capital budget increased by R15.8 million via the adjustment estimates. Capital expenditure at the end of the third quarter was R58 million, or 133% of the capex. During the third quarter the department spent R49.4 million, this is more than its total capital budget for the 2006/07 financial year. The Committee intends engaging the department in the next quarter to clarify the expenditure patterns.

The Department of Environmental Affairs and Tourism capital budget is R16.8 million. Capital expenditure at the end of the third quarter was R18.79 million or 111.57% of its capital budget. The Committee intends engaging the department in the next quarter to clarify the expenditure patterns.

The Department of Agriculture's capital budget increased from R33 million to R52.5 million via the adjusted estimates. Capital expenditure at the end of the third quarter was R55.2 million, or 105.14%. The Department spent 222.1% of its capital budget at the end of the 2005/06 financial year. It overspent its R44.6 million budget by R56 million.

In the Committee's opinion the department's pattern of capital expenditure will echo the previous year's over expenditure. In the next quarter the Committee intends engaging the Department to clarify the reasons for this pattern.

Government Communications and Information Services capital budget is R2.51 million. Capital expenditure at the end of the third quarter was R2.58 million, or 102.95% of the budget. The department plans spending an additional R1.3 million during the final quarter of the financial year. The Department spent 113.84% of its capital budget by the end of the 2005/06 financial year. The committee will monitor the expenditure of the department during the final quarter of the financial year.

The Department of Science and Technology's capital budget increased from R133.8 million to R143.6 million via the adjusted estimates. Capital expenditure at the end of the third quarter was R144.8 million, or 100.83% of its capital budget. The Department spent R134 million of its capital budget during the third quarter and plans spending R77 thousand during the final quarter. R133 million under the line item of buildings and other fixed structures was allocated to the Department for the construction of a new head office. The Department spent 335% of its capital budget at the end of the 2005/06 financial year.

The committee will be monitoring the expenditure patterns of the department during the final quarter of the financial year. The Committee is of the opinion that stronger measures should be implemented by the Department to arrest this pattern of over expenditure.

Table 12 illustrates Departments with the lowest Capital expenditure at the end of the second quarter.

Table 12: Lowest Capital Expenditure to date

R'000	1st Quarter Cap. Exp	% Cap. Exp for 1st Quarter	Second Quarter Cap. Exp	% Cap. Exp for 2nd Quarter	3rd Quarter Cap. Exp	% Cap. Exp for 3rd Quarter	Total Capital Budget	Capital Expenditure to date	% Capital Expenditure to date
Arts and Culture	0	0.00%	0	0.00%	38	0.79%	4,796	38	0.79%
Sport and Recreation South Africa	73	2.83%	124	4.82%	198	2.93%	6,747	395	5.85%
Parliament	2,384	10.49%	1,257	5.54%	460	2.05%	22,486	4,101	18.24%
Home Affairs	21,766	3.66%	29,726	5.00%	68,653	11.50%	596,804	120,145	20.13%
National Treasury	1,066	8.49%	1,550	12.35%	2,868	14.15%	20,275	5,484	27.05%

The capital budget for the Department of Arts and Culture is R4.8 million of which only R38 thousand or 0.79% was spent by the end of the third quarter compared to 1.72% in the previous financial year. The department plans spending R4.4 million during the final quarter of the financial year. The Departments entire capital budget is intended for machinery and equipment. The Department spent 100.3% of its capital budget at the end of the 2005/06 financial year. An explanation will be sought to determine why the Department spends almost its entire budget during the final quarter of the financial year.

The Department of Sport and Recreation South Africa's capital budget increased from R2.575 million to R6.7 million via the adjustment estimates. The Departments' entire capital budget is intended for machinery and equipment. Capital expenditure at the end of the third quarter was R395 thousand, or 5.85% of its capital budget compared to 12.01% during the previous financial year. The department plans spending R6.4million during the final quarter. The Department spent 214% of its capital budget at the end of the 2005/06 financial year.

The committee will be monitoring the expenditure patterns of the department during the final quarter of the financial year. The Committee is of the opinion that stronger measures should be implemented by the Department to alter its pattern of expenditure.

Parliament's capital budget is R22.5 million. Capital expenditure at the end of the third quarter was R4 million, or 18.24% of the capital budget compared to 210% during the previous financial year. Cash flow projections show that Parliament plans spending an additional R2.3 million during the final quarter. This will result in an under expenditure by Parliament of its capital budget. R22.4 million of its capital budget is allocated to machinery and equipment. The Committee intends engaging with the Parliament in the next quarter to clarify this situation.

The capital budget for the Department Home Affairs is R596.8 million of which only R120 million or 20.13% was spent by the end of the third quarter compared to 47.7% at the end of the third quarter of the previous financial year. Cash flow projections shows that the department is expected to under spend its capital budget by R230 million. The Department spent 92.5% of its capital budget at the end of the 2005/06 financial year. The current expenditure pattern at the end of the third quarter gives rise for concern, as there is a risk of under expenditure. The Committee intends engaging with the Department in the next quarter to clarify this pattern.

National Treasury's capital budget increased from R12.6 million to R20.3 million via the adjustment estimates. Capital expenditure at the end of the third quarter was R5.5 million, or 27% of its capital budget. Treasury plans spending R14.8 million during the final quarter of the financial year. They spent 80.6% of its capital budget at the end of the 2005/06 financial year. The current expenditure pattern at the end of the third quarter gives rise for concern, as there is a risk of under expenditure. The Committee intends monitoring Treasuries expenditure over the next quarter.

5. Conclusion

Departments spent on average 67.24% of their current budgets, 72.54% of their transfer budgets and 53.12% of their capital budgets by the end of the third quarter of the 2006/07 financial year. This translates to a total expenditure of R187.6 billion or 70.48%. Cash flow projections provided by National Treasury shows that departments' forecast spending R75.4 billion during the final quarter. As a result there will be an under expenditure of R3.2

billion or 1.2% of the national budget. Having studied the expenditure patterns the Committee has identified several areas of concern. These are:

- The slow expenditure of capital budgets.
- The ability of provinces and municipalities as well as departmental agencies to spend transfer funds they receive in the final quarter before the end of the financial year.
- Departments having to spend a large part of their budget during the final quarter of the financial year.
- Projected under expenditure by Parliament, Home Affairs, Justice and Constitutional Development and Water Affairs and Forestry.

Sources

- Budget Speech of Minister Trevor Manuel 2006/2007
 - Statements of National and Provincial Revenue, Expenditure and Borrowing, October 2006, National Treasury.
 - Statements of National and Provincial Revenue, Expenditure and Borrowing, November 2006, National Treasury.
 - Statements of National and Provincial Revenue, Expenditure and Borrowing, December 2006, National Treasury.
 - Cash Flow projections 2006/07 financial year.
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