



Parliament

The figures reflected above for Parliament is money requested by Parliament and not expenditure figures. Parliament had a budget of R601 million for current expenditure and requested R670 million. The amount requested is 11% higher than Parliaments budget.

Department of Arts and Culture

It is the mandate of the Department of Arts and Culture to create an environment. That is conducive to the growth and development of South Africa's arts, culture and heritage landscape. For this reason, its main functions include the improvement, reorientation and expansion of the arts and culture sector in serving South Africa's needs. The Department's flagship projects are to celebrate and commemorate some significant dates and events marking milestones in South Africa's progress to freedom¹¹.

In the year under review, the Department's current expenditure was R309 million or 128% in comparison to 106.6% during the 2005/06 financial year. This resulted in an over expenditure of R69 million for the 2006/07 financial year. The Department's explanation at the end of the third quarter for this high rate of expenditure was that they received additional responsibilities during the year for which they had not budgeted for. Examples of this are the anniversary of the Woman's March and the 16 June youth uprising (National Youth Day). The Department asked National Treasury for an additional R37 million to finance these activities but only received R5 million. Using virements, the Department shifted money between projects to fund these events.

The Department stated that according to their records, total current expenditure up to 31 March 2007 was R253.172 million after virements. The Department's total current budget for the financial year was R253.207 million.

Department of Foreign Affairs

The Department of Foreign Affairs is charged with the responsibility of promoting South Africa's national interests and values abroad. It does this through various efforts including bilateral and multilateral interactions. Apart from the relevant legal framework, such as the Constitution, its mandate and priority areas are informed by mechanisms, such as the State of the Nation Address as well as interaction with relevant ministries especially within the International Relations, Peace and Security Cluster (IRPS).

In the year under review, the Department's current expenditure was R2.25 billion or 100.62% in comparison to 98.5% during the 2005/06 financial year. This resulted in an over expenditure of R14 million for the 2006/07 financial year. **According to National Treasury the Department over spent its budget for goods and services by R87 million as a result of unfavourable forex movements, which affected spending in foreign missions.**



However, it under spent by R45.6 million its compensation of employees budget as a result of vacant posts. The Department's current expenditure increased gradually throughout the financial year from R426 million or 19.07% during the first quarter, R565 million or 25.26% during the second quarter, R484 million or 21.62% in the third quarter, to R776 million or 34.67% in the fourth quarter.

The Department of Sport and Recreation South Africa

The Department is the lowest spending department with current expenditure at R109.7 million or 62.19% of its current budget. The Department under spent its current budget by R66.7 million. Goods and services account for R58 million of under expenditure and compensation of employees R9 million. Delays in the finalisation of staff appointments as well as "savings" incurred by not filling the vacant posts were given by the Department as the reason for under expenditure for compensation of employees. The filling of vacancies is currently underway and should be concluded by June 2007. Under expenditure on goods and services is directly linked to the under expenditure on compensation of employees, as well as invoices for goods and services received after 31st of March that will be processed in the new financial year. **According to National Treasury, funds under programme 1,2,3 and 4 were shifted from compensation of employees as huge "savings" was incurred under compensation of employees due to numerous posts that were not filled during the year. These funds were mainly shifted to programme 1 for upgrading of SRSA's new building, for transfers to sports federations in programme 2 and to offset costs of the Women in Sports national games.**

Department of Transport

The Department of Transport positions itself as the "Heartbeat of the South African Economy"¹² and is responsible for the establishment of a national transport system. The national transport system enables all spheres of Government to fulfil the mandate of providing a reliable, efficient, integrated, safe, cost-effective and environmentally sustainable transport infrastructure and service for people and freight. Transport and transport systems serve not only as conduits for mobility, but also as vehicles for economic growth, poverty alleviation and social inclusion. The Department has a crucial role as a catalyst in stimulating, improving and sustaining economic growth in South Africa.

In the year under review, the Department's current expenditure was R479 million or 66.07% in comparison to 71.1% during the 2005/06 financial year. This resulted in an under expenditure of R246 million for the 2006/07 financial year. A large fraction of this amount is under expenditure on goods and services. The Department only spent 8.6% of its current budget during the final quarter of financial year. The Department's current expenditure remained low throughout the financial year. It spent R105 million or 14.51% of its current budget during the first quarter, R185 million or 25.47% during the second quarter, R126 million or 17.44% in the third quarter, and R62 million or 8.64% in the fourth quarter. The



Department in its reply stated that the figures in the Section 32 report do not balance with theirs. According to the Departments records the amount for current expenditure was R611.716 million.

Department of Trade and Industry

Industrial and trade policy are generally a key component in the socio-economic strategy of developing economies. Trade promotion and domestic industrial growth has been recognised as a means of achieving increased employment, incomes, living standards, and technological and skills diffusion.¹³ Socio-economic transformation cannot be achieved except through industrial expansion and trade as a starting point. The DTI is working towards a transformed and adaptive economy that is characterised by a higher level of economic growth that generates employment and reduces levels of inequalities.¹⁴ The long-term goal of the DTI is to generate employment and equity.

In the year under review, the Department's current expenditure was R626 million or 79.27% of the adjusted appropriation, in comparison to the 83.6% expenditure during the 2005/06 financial year. The Department's expenditure increased gradually throughout the financial year from R114 million or 12.58% during the first quarter, R147 or 19.38% during the second quarter, R166 million or 29.68% in the third quarter, to R199 million or 39.90% in the fourth quarter. **The Department moved R116 million via Virements from its current budget mostly to its transfer budget (mostly to the Small Enterprise Development Agency, East London Industrial Development Zone and the Small and Medium Enterprise Development Programme). As a result the department spent 98% of its current budget.**

Department of Health

The aim of the Department of Health is to promote the health of all the people of South Africa through a caring and effective national health system based on the primary health care approach¹⁵. In the year under review, the Department's total current expenditure was R660 million or 84.75% of the adjusted appropriation, in comparison to the 88.4% during the 2005/06 financial year. The Department under spent its current budget by 119 million or 15.25%. The Department under spent its goods and services budget by R113 million and its compensation of employees budget by R8 million. The Department's expenditure remained below 20% per quarter except for the fourth quarter where it spent 34% of its budget.

Reasons given by the Department for under expenditure is the high rate of vacancies within the Department. **The under expenditure on goods and services was as a result of a variety of items e.g. for the tender for Khomanani (R56 million) and printing costs in the HIV and Aids Directorate (R12 million).** To a lesser degree, some under spending was directly linked to the high vacancy rate. The Department also under spent because of tenders for goods and services that ran over into the next financial year. Unlike



previous years (2005/06 R40 million, and 2005/05 it was R25 million) the Department spent almost its entire budget for condoms.

5. TRANSFER PAYMENTS

Transfers and subsidies include all unrequited payments made by the government unit. A payment is unrequited provided that the government unit does not receive anything directly in return for the transfer to the other party. Both current and capital transfers are included in this item.

Table 3 represents departments' overall transfer payments per quarter for the 2006/07 financial year. During the first quarter departments transferred R39 billion or 22.66%, during the second quarter R44 billion or 25.6%, during the third quarter R46.6 billion or 26.01% and during the fourth quarter R47 billion or 26.3% of their transfer budgets based on the adjusted appropriations. Departments transferred R176.95 billion or 98.93% during the 2006/07 financial year, which resulted in a 1.17% or R2 billion under expenditure.

Table 3: Transfer Payments

R'000	% Tran. Exp for 1st Quarter	% Tran. Exp for 2nd Quarter	% Tran. Exp for 3rd Quarter	% Tran. Exp for 4th Quarter	Total Transfer Budget	Transfer Exp.	% Transfer Exp.	Over / under exp.	% Over / under exp.
Voted Amounts	21.85%	24.68%	26.01%	26.30%	179,040,127	176,954,125	98.83%	2,086,002	1.17%
Central Government Administration	6.10%	29.73%	22.31%	38.33%	27,335,372	26,372,400	96.48%	962,972	3.52%
The Presidency	30.27%	20.11%	19.77%	44.57%	24,350	27,936	114.73%	-3,586	-14.73%
Parliament	0.00%	0.00%	25.35%	41.52%	158,439	105,948	66.87%	52,491	33.13%
Foreign Affairs	34.94%	4.23%	16.74%	23.54%	486,668	386,705	79.46%	99,963	20.54%
Home Affairs	35.19%	20.87%	21.34%	22.94%	366,869	368,124	100.34%	-1,255	-0.34%
Provincial and Local Government	3.54%	29.83%	23.42%	39.98%	25,065,919	24,256,988	96.77%	808,931	3.23%
Public Works	38.55%	44.40%	1.79%	14.74%	1,233,127	1,226,699	99.48%	6,428	0.52%
Financial and Administrative Services	17.16%	20.12%	30.89%	28.65%	17,464,158	16,909,036	96.82%	555,122	3.18%
Gov. Communications and Info. Services	36.75%	41.97%	0.87%	20.44%	93,284	93,309	100.03%	-25	-0.03%
National Treasury	19.53%	20.25%	30.75%	27.58%	14,504,429	14,229,026	98.10%	275,403	1.90%
Public Enterprises	4.34%	16.63%	33.53%	35.38%	2,766,752	2,486,629	89.88%	280,123	10.12%
Public Service and Administration	5.18%	94.86%	0.04%	0.61%	75,670	76,197	100.70%	-527	-0.70%
Public Service Commission	44.57%	25.00%	7.61%	7.61%	92	78	84.78%	14	15.22%
S A Management Development Institute	25.36%	24.93%	24.83%	24.84%	23,069	23,059	99.96%	10	0.04%



R'000	% Tran. Exp for 1st Quarter	% Tran. Exp for 2nd Quarter	% Tran. Exp for 3rd Quarter	% Tran. Exp for 4th Quarter	Total Transfer Budget	Transfer Exp.	% Transfer Exp.	Over / under exp.	% Over / under exp.
Statistics South Africa	33.87%	0.58%	30.74%	20.42%	862	738	85.61%	124	14.39%
Social Services	31.60%	24.67%	24.65%	18.84%	88,712,069	88,493,542	99.75%	218,527	0.25%
Arts and Culture	20.15%	23.17%	25.82%	24.91%	1,085,349	1,020,641	94.04%	64,708	5.96%
Education	48.37%	25.51%	19.12%	7.01%	13,708,060	13,708,672	100.00%	-612	0.00%
Health	23.76%	25.34%	24.98%	25.73%	10,631,194	10,610,188	99.80%	21,006	0.20%
Labour	31.36%	10.31%	47.69%	13.13%	400,408	410,375	102.49%	-9,967	-2.49%
Social Development	29.75%	24.72%	25.58%	19.73%	62,110,322	61,968,355	99.77%	141,967	0.23%
Sport and Recreation South Africa	7.80%	6.13%	29.49%	56.40%	776,736	775,311	99.82%	1,425	0.18%
Justice and Protection Services	8.69%	26.27%	25.67%	40.53%	9,906,665	10,021,910	101.16%	-115,245	-1.16%
Correctional Services	33.99%	19.24%	32.13%	25.82%	33,277	36,998	111.18%	-3,721	-11.18%
Defence	6.28%	26.70%	26.21%	43.01%	8,691,707	8,882,836	102.20%	-191,129	-2.20%
Independent Complaints Directorate	36.92%	20.00%	-12.31%	84.62%	65	84	129.23%	-19	-29.23%
Justice and Constitutional Dev.	27.45%	24.79%	23.11%	23.98%	805,888	800,485	99.33%	5,403	0.67%
Safety and Security	22.14%	20.06%	18.10%	19.95%	375,728	301,507	80.25%	74,221	19.75%
Econ. Services & Infrastructure Dev.	15.58%	22.64%	29.94%	30.54%	35,621,863	35,157,237	98.70%	464,626	1.30%
Agriculture	15.24%	29.15%	26.33%	23.57%	1,373,213	1,292,027	94.09%	81,186	5.91%
Communications	6.84%	23.00%	43.64%	26.60%	1,005,688	1,006,504	100.08%	-816	-0.08%
Environmental Affairs and Tourism	37.12%	28.17%	21.18%	14.80%	1,484,869	1,503,739	101.27%	-18,870	-1.27%
Housing	19.79%	28.54%	27.16%	22.27%	7,065,891	6,907,527	97.76%	158,364	2.24%
Land Affairs	12.35%	18.94%	30.08%	35.74%	2,570,985	2,496,628	97.11%	74,357	2.89%
Minerals and Energy	12.55%	28.46%	30.72%	27.81%	2,109,432	2,099,746	99.54%	9,686	0.46%
Science and Technology	20.90%	26.69%	26.46%	27.03%	2,268,551	2,293,136	101.08%	-24,585	-1.08%
Trade and Industry	10.59%	26.93%	26.93%	34.98%	3,119,065	3,101,078	99.42%	17,987	0.58%
Transport	13.45%	16.87%	33.90%	34.79%	12,984,052	12,854,326	99.00%	129,726	1.00%
Water Affairs and Forestry	11.55%	16.81%	22.40%	46.95%	1,640,117	1,602,526	97.71%	37,591	2.29%

Parliament

The figures reflected above for Parliament is money requested by Parliament and not expenditure figures. Parliament had a budget of R158 million for transfer expenditure and requested R106 million for transfers. The amount requested is 33% lower than Parliaments transfer budget.

The Presidency



As the executive manager of Government, the Presidency is at the top of the system of Government in the country. The main function of the Presidency is to organise the governance of the country. To this end, its main objective is to facilitate an integrated and co-ordinated approach to governance, by developing and managing the strategic agenda of Government and overseeing and ensuring the realisation of that agenda as a whole.¹⁶

In the year under review, transfer payments by the Presidency were R27 million or 114.73%, in comparison to 100% during the 2005/06 financial year. The Department overspent its transfer budget by R3.5 million or 14.73%. The National Youth Commission is the main recipient of transfer funds. The bulk of transfer payments happened during the first and fourth quarter of the financial year. **During the financial year the Presidency moved R3.5 million from goods and services to its transfer budget. Treasury approval was granted to use "savings" to make a contribution to the SA Mali Timbuktu Project and to the Centre for African Renaissance Studies. As a result the Presidency spent 100% of its transfer budget.** The Department transferred R7.4 million or 30.27% during the first quarter, R4.9 million or 20.11% during the second quarter, R4.8 million or 19.77% in the third quarter, to R10.9 million or 39.90% in the fourth quarter.

Department of Correctional Services

The Department of Correctional Services is responsible for 'enforcing court sentences, detaining inmates in safe custody while maintaining their human dignity and developing their sense of social responsibility, and promoting the general development of all inmates and persons subject to community corrections'.¹⁷

The Department's total transfer payment at the end of the 2006/07 financial year was R37 million or 111.18% of the adjusted appropriation, in comparison to 96.3% during the 2005/06 financial year. The Department over spent its transfer budget by R3.7 million or 11.18%. The Department transferred R11 million or 33.99% of its budget during the first quarter, R6.4 million or 19.24% during the second quarter, R10.7 million or 32.13% in the third quarter, and R8.6 million or 25.82% in the fourth quarter. **Transfer payments constitute a very small amount of the Departments total budget of R9.8 billion.**

Department of Defence

In the year under review, the Department's total transfer payment was R8.88 billion or 102.2% of the adjusted appropriation, in comparison to 100% during the 2005/06 financial year. The Department over spent its transfer budget by R191 million or 2.2%. The majority of this over expenditure occurred on the departmental agencies and accounts line budget. The Department transferred R546 million or 6.28% of its budget during the first quarter, R2.3 billion or 26.70% during the second quarter, R2.28 billion or 26.21% in the third quarter, and R3.7 billion or 40.01% in the fourth quarter.



The Department explained that this pattern of expenditure was due to contractual agreements, especially transfers made under Programme 9 of the Department (Special Defence Account). A billion rand was transferred during the last month of the financial year for the acquisition of strategic armaments that was delivered during that month. This pattern was reflected in the cash flow projections the Department provided treasury at the start of the financial year.

Department of Foreign Affairs

The Department of Foreign Affairs is charged with the responsibility of promoting South Africa's national interests and values abroad. It does this through various efforts including bilateral and multilateral interactions. Apart from the relevant legal framework, such as the Constitution, its mandate and priority areas are informed by mechanisms such as the State of the Nation Address as well as interaction with relevant ministries especially within the International Relations, Peace and Security Cluster (IRPS).

In the year under review, the Department's total transfer payment was R387 million or 79.46% of the adjusted appropriation, in comparison to 99.4% during the 2005/06 financial year. The Department under spent its transfer budget by R100 million or 20.54%. A large part of these transfers was meant for public corporations and private enterprises. The Department transferred R170 million or 34.94% of its transfer budget during the first quarter, R21 million or 4.23% during the second quarter, R81.5 million or 16.74% in the third quarter, and R115 million or 23.54% in the fourth quarter.

Reasons given by the Department for the rate of under expenditure includes:

- "Savings" on capital projects for Addis Ababa and Maseru due to the rainy season and also to the unforeseen site conditions.
- "Savings" on maintenance works for Lilongwe, Brussels, Sao Paulo and Windhoek, which were not finalized due to the fact that the contracts were finalised and awarded in January 2007.
- The African Union Membership fee was not paid in full and other transfer were not made due to cash flow problems, since the Department is obliged to pay for partner departments abroad. The Department states that this has huge cash flow implications, because the refunds from these departments are not received in full within the given financial year. This has resulted in a situation where there was not enough cash for the Department to meet some of its obligations.

Department of Safety and Security

The aim of the Department of Safety and Security, which consists of the South African Police Service and the Safety and Security Secretariat, is 'to prevent, combat and investigate crime, maintain public order, protect and secure the inhabitants of South Africa and their property and enforce the law'.¹⁸



The Departments total transfer payment at the end of the 2006/07 financial year was R301.5 million or 80.25% of the adjusted appropriation, in comparison to 81.3% during the 2005/06 financial year. The Department under spent its transfer budget by R74 million or 19.75%. The Department transferred R83 million or 22.14% of its transfer budget during the first quarter, 75 million or 20.06% during the second quarter, R68 million or 18.10% in the third quarter, and R75 million or 19.95% in the fourth quarter. The Department had a total budget of R32.5 billion and under spent it by R1 000. **Transfer payments constitute a very small amount of the Departments total budget of R32.5 billion.**

Department of Public Enterprises

The Department of Public Enterprise (DPE) has oversight responsibilities over the affairs and performance of state-owned enterprises (SOE). In this role it acts as the shareholder-representative of government, ensuring that state-owned enterprises are commercially viable and contribute to the growth of the country's economy¹⁹. In the year under review, the Department's total transfer payment was R2.487 billion or 89.88% of the adjusted appropriation, in comparison to 99.9% during the 2005/06 financial year. The Department under spent its transfer budget by R280 million or 10.12%. Almost the entire amount is under expenditure on the foreign governments and international organisations line budget. The Department transferred R120 million or 4.34% of its transfer budget during the first quarter, R460 million or 16.63% during the second quarter, R928 million or 33.53% in the third quarter, and R9.79 million or 35.38% in the fourth quarter.

The Department in its reply stated that transfer payments for the PBMR, InfraCo and Alexkor were approved in the adjusted estimates. The PBMR and Alexkor allocations were transferred during December 2006 and January 2007, in addition, a further transfer to Alexkor was made in March (R1.9m), whereas transfer payments to Infraco (R627m) was only approved for payment by National Treasury during the last week in March 2007.

The amount of R280 million under expenditure referred to was in respect of VAT on a transfer payment in the sum of R2billion made to Denel in the previous year. The Department was advised by National Treasury to make provision for this amount in the adjusted estimates. During the latter period of the year, the Department contacted National Treasury and raised its concerns regarding this provision / payment as the transfer to Denel was of a capital nature where shares were issued to the Department. Subsequently, the Department consulted with SARS together with National Treasury and it was established that capital transfers where shares are issued do not attract VAT and that the funds should not be disbursed to the entity.

6. Capital Expenditure (capex)

Capital assets comprise five main categories namely buildings and other fixed assets, machinery and equipment, cultivated assets, software and other intangible assets, as well as land and sub-



soil assets. Expenditure on goods, such as small tools worth less than R5000, is not included under capital expenditure. Purchases of such goods are categorised as goods and services.

Table 4 represents departments' overall capital expenditure per quarter for the 2006/07 financial year. During the first quarter departments spent R589 million or 9.86%, during the second quarter they spent R826 million or 13.82%, during the third quarter they spent R1.8 billion or 29.65% and during the fourth quarter they spent R3.2 billion or 53.82% of their capital budgets based on the adjusted appropriations. Departments spent R6.45 billion during the 2006/07 financial year, which resulted in a 6.94% or R419 million over expenditure.

Table 4: Capital Expenditure

R'000	% Cap. Exp for 1st Quarter	% Cap. Exp for 2nd Quarter	% Cap. Exp for 3rd Quarter	% Cap. Exp for 4th Quarter	Total Capital Budget	Capital Exp.	% Capital Exp.	over / under exp.	% over / under exp.
Voted Amounts	9.77%	13.69%	29.65%	53.82%	6,031,759	6,450,415	106.94%	-418,656	-6.94%
Central Government Administration	5.53%	5.01%	15.04%	51.44%	1,462,127	1,126,215	77.03%	335,912	22.97%
The Presidency	1.97%	28.69%	29.64%	62.92%	6,397	7,882	123.21%	-1,485	-23.21%
Parliament	10.60%	5.59%	2.05%	9.22%	22,486	6,174	27.46%	16,312	72.54%
Foreign Affairs	4.46%	10.52%	17.12%	35.68%	317,895	215,454	67.78%	102,441	32.22%
Home Affairs	3.65%	4.98%	11.50%	53.73%	596,804	440,779	73.86%	156,025	26.14%
Provincial and Local Government	6.26%	8.39%	35.61%	114.80%	7,616	12,571	165.06%	-4,955	-65.06%
Public Works	8.21%	1.23%	17.98%	59.36%	510,929	443,355	86.77%	67,574	13.23%
Financial and Administrative Services	11.25%	13.08%	15.65%	43.53%	81,050	67,682	83.51%	13,368	16.49%
Gov. Communications and Info. Services	28.05%	38.53%	36.37%	62.03%	2,510	4,141	164.98%	-1,631	-64.98%
National Treasury	5.26%	7.64%	14.15%	38.55%	20,275	13,299	65.59%	6,976	34.41%
Public Enterprises	12.75%	49.05%	25.50%	61.96%	1,835	2,739	149.26%	-904	-49.26%
Public Service and Administration	28.74%	30.40%	39.10%	44.56%	4,046	5,778	142.81%	-1,732	-42.81%
Public Service Commission	10.75%	7.90%	11.57%	75.28%	1,582	1,669	105.50%	-87	-5.50%
S A Management Development Institute	37.30%	14.82%	12.39%	45.42%	2,389	2,626	109.92%	-237	-9.92%
Statistics South Africa	10.10%	11.30%	13.17%	42.74%	48,413	37,430	77.31%	10,983	22.69%
Social Services	8.18%	17.83%	65.17%	26.87%	90,330	106,644	118.06%	-16,314	-18.06%
Arts and Culture	0.00%	0.00%	0.79%	0.00%	4,796	38	0.79%	4,758	99.21%
Education	18.82%	12.95%	10.51%	13.53%	9,338	5,210	55.79%	4,128	44.21%
Health	7.41%	13.16%	112.52%	22.51%	43,903	68,317	155.61%	-24,414	-55.61%



R'000	% Cap. Exp for 1st Quarter	% Cap. Exp for 2nd Quarter	% Cap. Exp for 3rd Quarter	% Cap. Exp for 4th Quarter	Total Capital Budget	Capital Exp.	% Capital Exp.	over / under exp.	% over / under exp.
Labour	3.45%	42.77%	36.61%	57.02%	19,356	27,068	139.84%	-7,712	-39.84%
Social Development	26.48%	11.63%	18.84%	11.79%	6,190	4,255	68.74%	1,935	31.26%
Sport and Recreation South Africa	1.08%	1.84%	2.93%	20.17%	6,747	1,756	26.03%	4,991	73.97%
Justice and Protection Services	11.31%	16.76%	32.03%	57.44%	3,668,251	4,311,811	117.54%	-643,560	-17.54%
Correctional Services	6.85%	16.93%	14.86%	41.53%	1,168,197	936,549	80.17%	231,648	19.83%
Defence	12.51%	16.67%	23.56%	92.86%	298,250	434,245	145.60%	-135,995	-45.60%
Independent Complaints Directorate	30.89%	11.87%	12.56%	150.88%	1,871	3,858	206.20%	-1,987	-106.20%
Justice and Constitutional Dev.	21.30%	15.58%	29.81%	36.68%	616,934	637,768	103.38%	-20,834	-3.38%
Safety and Security	10.47%	17.12%	47.18%	70.49%	1,582,999	2,299,391	145.26%	-716,392	-45.26%
Econ. Services & Infrastructure Dev.	10.55%	15.21%	44.14%	44.90%	730,001	838,063	114.80%	-108,062	-14.80%
Agriculture	31.24%	36.11%	37.78%	84.07%	52,503	99,341	189.21%	-46,838	-89.21%
Communications	18.84%	11.83%	3.28%	85.24%	6,990	8,331	119.18%	-1,341	-19.18%
Environmental Affairs and Tourism	38.83%	41.57%	31.17%	-28.26%	16,842	14,031	83.31%	2,811	16.69%
Housing	9.53%	7.24%	13.64%	44.92%	5,528	4,164	75.33%	1,364	24.67%
Land Affairs	1.42%	7.05%	64.35%	133.32%	174,480	359,694	206.15%	-185,214	-106.15%
Minerals and Energy	6.53%	35.33%	41.45%	60.90%	4,716	6,801	144.21%	-2,085	-44.21%
Science and Technology	6.88%	0.70%	93.25%	0.55%	143,681	145,661	101.38%	-1,980	-1.38%
Trade and Industry	4.42%	25.24%	8.37%	41.98%	32,328	25,868	80.02%	6,460	19.98%
Transport	2.02%	6.17%	68.30%	-43.06%	37,936	12,684	33.44%	25,252	66.56%
Water Affairs and Forestry	14.66%	22.89%	7.57%	18.21%	254,997	161,488	63.33%	93,509	36.67%

Independent Complaints Directorate

The Independent Complaints Directorate (ICD) was established in April 1997 to investigate complaints of brutality, criminality and misconduct against members of the South African Police Service (SAPS) and the Municipal Police Service (MPS)²⁰. The Directorate's total capital expenditure at the end of the 2006/07 financial year was R3.9 million or 206.20% of the adjusted appropriation, in comparison to 113.2% during the 2005/06 financial year. The Directorate over spent its capital budget by R2 million or 106.2%. They overspent their machinery and equipment budget by R1.4 million and their software and other intangible assets line budget by R618 thousand. The Directorate spent more than its total capital budget in the fourth quarter (150%).

Department of Land Affairs



The aim of the Department of Land Affairs is to create and maintain an equitable and sustainable land distribution that results in social and economic development for all South Africans.²¹ The Department's total capital expenditure at the end of the 2006/07 financial year was R359.7 million or 206.15% of the adjusted appropriation, in comparison to 66.9% during the 2005/06 financial year. The Department over spent its capital budget by R185 million or 106.15%, R180 million being over expenditure on the land and subsoil assets line budget. The Department spent R2.5 million or 1.42% of its capital budget during the first quarter, R12 million or 7.05% during the second quarter, R112 million or 64.35% in the third quarter, and R233 million or 133% in the fourth quarter. The Department spent more than its total capital budget during the final quarter of the financial year.

Department of Agriculture

The agricultural sector has a potential to assist in the fight toward poverty alleviation. It plays a critical role in producing food for the poor, especially in the rural areas. The challenge facing the agricultural sector is that of providing sufficient food for the nation. Beside food security, the other challenges facing the Department of Agriculture (DoA) are widespread drought, outbreaks of animal diseases, skewed participation in the sector and shortage of skills.

The Department's capital budget increased from R33 million to R52.5 million through the adjusted estimates. Capital expenditure at the end of the fourth quarter was R99 million, or 189.21%. The result was an over expenditure by the Department of R46 million or 89.21%. During the 2005/06 financial year, the Department spent 222.1% of its capital budget of R44.6 million leading to a capital over expenditure of R56 million. The Department spent R16.4 million or 31.24% of its capital budget during the first quarter, R19 million or 36.11% during the second quarter, R19.8 million or 37.78% in the third quarter, and R44 million or 84.07% in the fourth quarter.

Department of Safety and Security

The Department's capital expenditure at the end of the fourth quarter was R2.299 billion, or 145.26%. This resulted in an over expenditure by the Department of R716 million or 45.26%. During the 2005/06 financial year, the Department spent 143% of its capital budget of R1.399 billion leading to a capital over expenditure of R601 million. The Department spent R166 million or 10.47% of its capital budget during the first quarter, R271 million or 17.12% during the second quarter, R746 million or 47.18% in the third quarter, and R1.1 billion or 70.49% during the fourth quarter. However, the Department had a total budget of R32.5 billion and under spent it by R1 000. **After the Adjustment Estimates the Department moved R716 million to its capital budget mostly from its compensation of employees budget.**

Department of Defence

The Department's capital expenditure at the end of the fourth quarter was R434 million, or 145.60%. The result was an over expenditure by the Department of R136 million or 45.6%.

previous financial year. The Department planned to spend R4.4 million during the final quarter of the financial year. The Department in its response to questions by the committee at the end of the third quarter stated that it expected large claims during the final quarter of the financial year for the development of Freedom Park.

In response to queries by the Committee based on expenditure at the end of the 2006/07 financial year the Department replied that according to their records their capital budget was R202.7 million and expenditure at the end of the financial year was R202.6 million. There is a clear discrepancy between the budget allocations in the 2007 Adjusted Appropriation budget for the Department and the Department's records. According to the Department, its current budget equals R253.2 million (R239.994 million in the Adjusted Estimates); its transfer still in progress and furniture for new staff that still need to be acquired.

Department of Transport

The Department of Transport has a crucial role as a catalyst in stimulating, improving and sustaining economic growth in South Africa. The Department's capital expenditure at the end of the fourth quarter was R12.7 million, or 33.44%. The result was an under expenditure by the Department of R25 million or 66.56%. During the 2005/06 financial year, the Department spent 175% of its capital budget of R14.5 million. The Department in its response stated that



the figures in the Section 32 report do not balance with the Department's records. According to the Department's records, the amount for capital expenditure was R37.6 million.

7. CONCLUDING COMMENTS

At the end of the 2006/07 financial year average departmental expenditure was 98.02% (97.67% 2005/06, 97.65% 2004/05). This translates to an under expenditure by departments of approximately R5.3 billion during the last financial year (R5.4 billion 2005/06, 3.6 billion 2004/05). Departments spent on average 95.55% of their current budgets, 98.83% of their transfer budgets and 106.94% of their capital budgets by the end of 2006/07 financial year.

8. RECOMMENDATIONS

Sources

- Budget Speech of Minister Trevor Manuel 2006/2007
- Statements of National and Provincial Revenue, Expenditure and Borrowing, January 2007, National Treasury.
- Statements of National and Provincial Revenue, Expenditure and Borrowing, February 2007, National Treasury.
- Statements of National and Provincial Revenue, Expenditure and Borrowing, March 2007, National Treasury.
- Cash Flow projections 2006/07 financial year.
- Estimates of National Expenditure 2006
- Estimates of National Expenditure 2007
- Joint Budget Committee terms of reference
- Joint Budget Committee strategic plan

¹ National Treasury (2007).

² These percentages are based on the main appropriations for the 2006/07 financial year

³ Strategic Plan of Parliament, 2004-2009

⁴ Estimates of National Expenditure (2007)

⁵ The Constitution of the Republic of South Africa, 1996.

⁶ Department of Defence, 1996.

⁷ Public Finance Management Act, No 1, 1999. (1999).

⁸ Strategic Plan, 200506-2009/10.

⁹ Estimates of National Expenditure, 2007

¹⁰ Estimates of National Expenditure (2007)

¹¹ Department of Arts and Culture Strategic Plan 1 April 2004 – 31 March 2007

¹² Department of Transport (2006a).

¹³ Minister of Trade and Industry (2007)

