



National Treasury

Republic of South Africa

**Treasury Guidelines
Preparation of the Adjusted Estimates
of National Expenditure
2009**

August 2009

INTRODUCTION

The aim of the Adjusted Estimates of National Expenditure (AENE) is:

- to provide detailed information on revised spending projections for the current financial year, as provided for in section 30 of the Public Finance Management Act 1 of 1999 (PFMA), as well as actual mid-year expenditure; and
- to relate this information to the information published in the 2009 Estimates of National Expenditure (ENE).

The format for the 2009 AENE publication is similar to previous years and to maintain the link with the 2009 ENE, chapters will continue to include the two tables introduced in 2008:

- selected performance indicators as published in the 2009 ENE with actual achievements up to September 2009; and
- changes in estimated departmental receipts and actual mid-year departmental receipts.

What the departments need for the 2009 AENE

A template for compiling the AENE chapter is attached as Annexure A to the guidelines.

Accompanying the **AENE database**, departments will find information sheets with guidelines on

- how to complete the database; and
- how to complete the 2009 Adjustments Appropriation Bill.

Newly established departments

- New departments that have completed the full organisational design process, including obtaining approval for the new establishment and the new budget programme structures from the DPSA and Treasury respectively, by 11 September 2009 will have to submit the AENE chapter and database.

Shifting of funds and shifting of activities

- New departments that are to be included in the AENE should submit expenditure adjusted retrospectively to 1 April 2009, in respect of relevant programmes, subprogrammes and economic classification items. Revenue figures should also be adjusted retrospectively to 1 April 2009.
- Departments should submit requests for funding shortfalls experienced as result of funding the operational activities of new departments not accommodated in the baseline allocation. These transition costs will be treated as unforeseeable and unavoidable expenditure.

Performance information

- Performance indicators should be reported on as reflected in the 2009 ENE and where a particular programme for a new department did not have published indicators in the 2009 ENE; new indicators relating to that programme should be included.

Deadlines

Departments submit requests for additional funds due to unforeseeable and unavoidable ¹ expenditure	25 August 2009
Departments submit requests for National Treasury approval for the shifting of funds to follow a function shift	1 September 2009
Departments submit AENE chapter and database: - including requests for unforeseeable and unavoidable expenditure - excluding the expenditure and receipts database and text - excluding annual performance estimates for the first six months of 2009/10 Departments submit draft Adjustments Appropriation Bill	11 September 2009
Departments submit monthly expenditure report as at August 2009 (projections must include all adjustments) Deviations reflected in the monthly report must be equal to adjustments reflected in the AENE	15 September 2009
Allocation letters to departments	25 September 2009
Departments that requested additional unforeseeable and unavoidable funds submit final updates to AENE chapters, databases and Adjustments Appropriation Bill (including only approved additional funds)	30 September 2009
Departments submit expenditure and receipts in separate database and the monthly expenditure report for September 2009 Departments submit annual performance estimates for first six months of 2009/10	9 October 2009
AENE tabled in Parliament	27 October 2009

Technical Assistance

For **department specific queries**, contact the National Treasury Budget Analyst responsible for your department.

¹ The following will not be considered unforeseeable and unavoidable expenditure – (a) expenditure that, although known when finalising the estimates of expenditure, could not be accommodated within allocations; (b) tariff adjustments and price increases; and (c) extensions of existing services and the creation of new services that are not unforeseeable and unavoidable.

HOW TO WRITE THE AENE CHAPTER

Complete the attached chapter template (Annexure A), following the step by step instructions given here.

Numbers style

Use a **full stop** to separate a number from the decimal numbers denoting the fraction of the number. Provide three numbers after the decimal point, unless any of these are zero.

Use a **space** to separate thousands. Example: R75 000 (75 thousand rand) but R10.2 billion (10 billion and 200 million rand)

Vote [insert vote number] [insert department name]

Adjusted budget summary

[We will create this table from the database.]

R thousand	2009/10			
	Main appropriation	Adjusted appropriation	Decrease	Increase
Amount to be appropriated	-	-	-	-
<i>of which:</i>				
Current payments	-	-	-	-
Transfers and subsidies	-	-	-	-
Payments for capital assets	-	-	-	-
Direct charge against the National Revenue Fund	-	-	-	-
Executive authority	Minister of/for			
Accounting officer	Director-General of			

Aim

[Write the aim of the department exactly as it was published in the 2009 ENE, or as recently approved if it has changed due to the restructuring of national departments.]

Changes to programme purposes, objectives and measures

Changes to programme purposes, objectives and measures are published in the AENE to maintain the link between the departments' strategic plan and the adjusted budget.

The following are changes allowed in the AENE process:

- a shift of functions within a department or between departments;
- a change of mandate as a result of the new departmental structure;
- additional funds required for unforeseeable and unavoidable expenditure for which objectives and measures did not exist; and
- funds required for emergency situations for which objectives and measures did not exist.

To complete this section, follow the instructions below:

Programme [insert programme number]: [insert programme name]

Changed purpose: [insert new purpose]

Changed objectives and measures: [insert new objectives and measures]

[Insert explanation for changes]

Programme [insert programme number]: [insert programme name]

Changed purpose: [insert new purpose]

Changed objectives and measures: [insert new objectives and measures]

[Insert explanation for changes]

Mid-year performance status

To link back to the ENE, performance information will continue to be included in the AENE. This should include:

- recording and explaining any changes to performance indicators and estimates as published in the 2009 ENE; and
- reporting on the progress in the first six months of the financial year

In the table, list:

- all the performance indicators published in the 2009 ENE;
- the targets projected for the whole year for each indicator, as published in the 2009 ENE;
- what has been achieved in the first six months of the financial year for each indicator; and
- indicators that were not published in the 2009 ENE but relate to programmes for newly established departments.

[The table below is not in the database. Use the template below to provide the information].

Mid-year performance status

Indicators	Programme name	Annual performance			
		As published in the 2009 ENE	Programme linked to the indicator	Projected for 2009/10 as published in the 2009 ENE	Achieved in the first six months of 2009/10 (April to September)

Below this table:

- Explain any changes to indicators;
- Explain any changes to performance estimates;
- Discuss mid-year progress;
- Explain how rollover of funds, unforeseeable and unavoidable expenditure, use of funds in emergency situations in terms of Section 16 of the PFMA and funds shifted within or between votes to follow a transfer of function, impact on performance.

Adjusted Estimates of National Expenditure 2009

Table X.1 Adjusted Estimates

In this table adjusted expenditure is set out in accordance with the categories of expenditure specified in section 30(2) of the PFMA by programme and economic classification.

The main appropriation shows the total amount appropriated per programme in the Appropriation Act (2009)

The additional appropriation consists of a variety of categories:

Roll-overs are funds appropriated in 2008/09 but not spent and reappropriated in 2009/10;

Unforeseeable and unavoidable expenditure is expenditure that could not be anticipated at the time of finalising the inputs for the *2009 Estimates of National Expenditure* for the main budget;

Virements and Shifts

Virements is the concept of utilising savings or underspending from amounts appropriated under one main division towards the defrayment of excess expenditure under another main division within the same vote; and

Shifts is the concept of utilising savings or underspending towards the defrayment of excess expenditure within a main division between different segments (subprogramme and economic classification) of the main division. Shifts include the reallocation of funds incorrectly allocated during the 2009 ENE process.

Function shifts is funds shifted between or within votes to follow the transfer of functions; and

Other adjustments include: expenditure already announced in the budget speech of the Minister of Finance but not allocated at that stage; adjustments due to significant and unforeseeable economic and financial events; use of funds in emergency situations; declared savings and; self-financing expenditure, which refers to expenditure financed from unforeseen revenue paid into the National Revenue Fund.

The total additional appropriation is the sum of all the additional funds to be appropriated.

The adjusted appropriation is the total adjusted funds to be appropriated

[We will create this table from the database.]

Table X.1:

Programme		2009/10							
R thousand	Main appropriation	Additional appropriation					Total additional appropriation	Adjusted appropriation	
		Roll-overs	Unforeseeable /unavoidable	Virement shifts	Function shifts	Other adjustments			
1. Administration									
2									
Subtotal									
Direct charge against the National Revenue Fund									
Departmental Total									
Economic classification									
Current payments									
Compensation of employees									
Goods and services									
Interest and rent on land									
Financial transactions in assets and liabilities									
Unauthorised expenditure									
Transfers and subsidies									
Provinces and municipalities									
Departmental agencies and accounts									
Universities and technikons									
Public corporations and private enterprises									
Foreign governments and international organisations									
Non-profit institutions									
Households									
Payments for capital assets									
Buildings and other fixed structures									
Machinery and equipment									
Heritage assets									
Specialised military assets									
Biological and cultivated assets									
Software and other intangible assets									
Land and subsoil assets									
Total									

Details of Adjustments to Estimates of National Expenditure 2009

Roll-over of funds - [write full amount: R00.000 million]

- For each programme, explain what the roll-over of funds will be used for.
- There is no need to explain why the roll-over of funds were approved.

Unforeseeable and unavoidable expenditure - [write full amount: R00.000 million]

- For each programme, explain what the unforeseeable and unavoidable expenditure will be used for.

Virements or shifts within a department

Table X.2 Virements

[We will create this table from the database.]

Table X.2: Details on virements per programme and economic classification

From			To		
Programme / economic classification	Motivation	R thousand	Programme / economic classification	Motivation	R thousand
1. Administration / Current payments – Compensation of employees	Non-critical posts at head office were not filled	(12 656)	1. Administration / Current payments – Goods and services	For lease payments	12 545
			1. Administration / Payments for capital assets – Machinery and equipment	For purchase of office equipment such as photocopiers	111
2. Civic and immigration services / Payments for capital assets – Machinery and equipment	Funds earmarked for the new passport system were reclassified	(130 000)	2. Civic and immigration services / Current payments – Goods and services	To purchase software for a new database	20 000
			3. Transfers to agencies / Transfers and subsidies – Departmental agencies and accounts	To Government Printing Works for purchase of a new passport system	110 000
2. Civic and immigration services / Payments for capital assets – Software and other intangible assets	Funds earmarked for HANIS Smart ID Card was reclassified	(213 430)	2. Civic and immigration services / Current payments – Goods and services	For production of HANIS Smart ID card	205 430
	Funds earmarked for civic services	(20 000)		Creation of new client contact centre.	8 000
				To develop a system for asylum management process	20 000
Total for vote		(376 086)			376 086

Other adjustments – [write full amount: R00.000 million]

Expenditure already announced in the budget speech of the Minister of Finance but not allocated at that stage

Programme [insert programme number]: [insert programme name]

Additional funding of R00.000 million has been allocated to cover costs related to [explain what the funds will be used for].

Adjustments due to significant and unforeseeable economic and financial events

Programme [insert programme number]: [insert programme name]

Additional funding of R00.000 million has been allocated to cover costs related to [insert expenditure category], R00.000 million for [insert expenditure category], etc.

Funds shifted between votes to follow the transfer of functions in terms of section 42 of the PFMA and Treasury Regulation 6.5

Programme [insert programme number]: [insert programme name]

R00.000 million will be transferred to the Department of [insert department name] for [explain what the funds will be used for]. Or

R00.000 million will be received from the Department of [insert department name] for [explain what the funds will be used for].

Funds shifted within a vote to follow a functions shift within the same vote

Programme [insert programme number]: [insert programme name]

R00.000 million will be shifted to programme [insert other programme number] following the shift of the [insert name of function, e.g. monitoring, research, IT, etc.] function. Or

R00.000 million will be received from programme [insert other programme number] following the shift of the [insert name of function, e.g. monitoring, research, IT, etc.] function.

Use of funds in emergency situations in terms of section 16 of the PFMA

Programme [insert programme number]: [insert programme name]

R00.000 million will be used for [insert what the funds will be used for].

Self-financing expenditure

Programme [insert programme number]: [insert programme name]

R00.000 million has been realised from [insert source of funds] and will be used for [insert what funds will be used for]. The funds have been surrendered into the National Revenue Fund.

Declared savings

Programme [insert programme number]: [insert programme name]

Savings of R00.000 million due to [insert reason for saving] have been declared.

Gifts, donations and sponsorships – [write full amount: R00.000 million]

The department will make a donation of R00.000 million to [insert name of institution] for [insert what donation will be used for].

Amounts forming a direct charge against the National Revenue Fund – [write full amount: R00.000 million]

Include amounts for rollover of funds, unforeseeable and unavoidable expenditure, virements, and other adjustment as defined above. Follow the same format as explained above.

Expenditure for 2008/09 and preliminary expenditure for 2009/10

Table X.3: Expenditure trends

[We will create this table from the separately submitted database.] [This database will be distributed in September 2009.]

Table X.3: Expenditure trends

Programme	2008/09					2009/10		
	Expenditure outcome					Preliminary expenditure		
	Adjusted appropriation	Apr 2008 - Sep 2008	Apr 08 - Sep 08 % of adjusted appropriation	Apr 2008- Mar 2009	Apr 08 - Mar 09 % of adjusted appropriation	Adjusted appropriation	Apr 2009 - Sep 2009	Apr 09 - Sep 09 % of adjusted appropriation
R thousand								
1. Administration								
2								
3								
0								
Subtotal								
Direct charge against the National Revenue Fund								
Total								
Economic classification								
Current payments								
Compensation of employees								
Goods and services								
Interest and rent on land								
Financial transactions in assets and liabilities								
Unauthorised expenditure								
Transfers and subsidies								
Provinces and municipalities								
Departmental agencies and accounts								
Universities and technikons								
Public corporations and private enterprises								
Foreign governments and international organisations								
Non-profit institutions								
Households								
Payments for capital assets								
Buildings and other fixed structures								
Machinery and equipment								
Heritage assets								
Specialised military assets								
Biological and cultivated assets								
Software and other intangible assets								
Land and subsoil assets								
Total								

Selected expenditure trends for the first half of 2009/10

A paragraph on expenditure trends will be compiled from the information captured in the expenditure database.

Departmental receipts

Table X.4 Receipts

[We will create this table from the database.] [This database will be distributed separately in September 2009.]

Table X.4: Receipts

R thousand	2008/09				2009/10			
	Adjusted estimate	Receipts outcome		Receipts outcome		Preliminary receipts		
		Apr 08 - Sep 08	Apr 08 - Sep 08 % of adjusted estimate	Apr 08 - Mar 09	Apr 08 - Mar 09 % of adjusted estimate	Budget estimate	Adjusted estimate	Apr 09 - Sep 09
Departmental receipts								
Sales of goods and services other than capital assets								
Transfers received								
Fines, penalties and forfeits								
Interest, dividends and rent on land								
<i>Of which:</i>								
<i>Dividends</i>								
Sales of capital assets								
Financial transactions in assets and liabilities								
Total departmental receipts								
Revenue Fund receipts (non-departmental receipts)								
Restructuring proceeds from SASRIA								
Structure levy account and blocked rand levy account from SARB								
Exchange control forfeits from SARB								
Total								

A paragraph on deviations from the information published in the 2009 ENE will be compiled from the information captured in the receipts database.

Changes to transfers and subsidies, and conditional grants

Table X.5 Summary of changes to transfers and subsidies per programme

[We will create this table from the database.]

2009/10								
R thousand	Main appropriation	Roll-overs	Unforeseeable / unavoidable	Additional appropriation			Total additional appropriation	Adjusted appropriation
				Virements	Function Shifts	Other adjustments		
1 Programme name			-			-		-
Name of transfer								
Name of transfer								
2 Programme name			-			-		-
Name of transfer								
Name of transfer								
3.....			-			-		-
Total transfers and			-			-		-

Table X.6 Summary of changes to conditional grants: Provinces

[We will create this table from the database.]

2009/10								
R thousand	Main appropriation	Additional appropriation					Total additional appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable / unavoidable	Virements	Function Shifts	Other adjustments		
1 Programme name	-	-	-	-	-	-	-	-
Name of conditional								
Name of conditional								
2 Programme name	-	-	-	-	-	-	-	-
Name of conditional								
Name of conditional								
3.....	-	-	-	-	-	-	-	-
Total conditional grants: Provinces		-	-	-	-	-	-	-

Table X.7 Summary of changes to conditional grants: Local government

[We will create this table from the database.]

2009/10								
R thousand	Main appropriation	Additional appropriation					Total additional appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable / unavoidable	Virements	Function Shifts	Other adjustments		
1 Programme name	-	-	-	-	-	-	-	-
Name of conditional								
Name of conditional								
2 Programme name	-	-	-	-	-	-	-	-
Name of conditional								
Name of conditional								
3.....	-	-	-	-	-	-	-	-
Total conditional grants: Local		-	-	-	-	-	-	-