



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

Guidelines for the Preparation of the Estimates of National Expenditure 2016

6 October 2015

This document is available at: www.treasury.gov.za/publications/guidelines/default.aspx

Contents

1. Introduction	1
2. Deadlines	2
3. Numbers style and database template	3
4. Information on completing the chapter	5
Annexure A: List of selected entities	15
Annexure B: Notes on the Appropriation Bill	16

1. Introduction

Estimates of National Expenditure (ENE) publications provide comprehensive information on how national government votes and entities have spent their budgets in the past, how they plan to spend their budgets in the future, and on resources generated. Information is provided for the past three financial years, the current financial year, and for the next three financial years that are referred to as the Medium Term Expenditure Framework (MTEF) period.

Each chapter in an abridged ENE publication relates to a specific budget vote. A self-contained, more detailed, e-publication is also compiled for every vote. The abridged ENE publication is the explanatory memorandum to the Appropriation Bill. The Appropriation Bill, when enacted, is the legal instrument for the appropriation of funds from the National Revenue Fund for the first year of the three-year MTEF period.

The ENE publications are comprised of detailed information regarding the allocations to each national government vote and the entities that report to the same executive authority. This financial information is coupled with performance information based on the 2014-2019 Medium Term Strategic Framework (MTSF), particularly as it is expressed in institutional strategic and annual performance plans, and in annual reports. Key performance indicators for each institution need to show what the institution aims to achieve by spending their budget allocations in a particular manner. The information is intended to help Parliament, the media, and the public to exercise effective oversight.

Compared to the abridged version of the ENE, the ENE e-publications provide more detailed vote information, including data on goods and services, transfers and subsidies, and programme-specific personnel expenditure. The abridged version of the ENE incorporates one additional table at the end of a chapter which shows expenditure on infrastructure, whereas the vote ENE e-publication additional tables also include summaries of expenditure on conditional grants to provinces and municipalities, departmental public private partnerships and on donor funding. Budget information is also provided for the entities that are not shown in detail in the abridged publication. Some e-publications also have more detailed information at the

level of service delivery site.

The 2016 ENE publications largely retain the scope of information presented in the 2015 publications. It is essential that officials from the finance, planning and other divisions within an institution work collaboratively to compile their ENE publication. The 2016 ENE guidelines assist institutions to complete their ENE publication.

2. Deadlines

ENE e-publications must be submitted in the format set out in these guidelines. The completed e-publication must be accompanied by a separate endorsement letter signed by the Accounting Officer. This letter must also state the **name** and **contact details** of **officials** that will **be available** to deal with **departmental** and **entity** ENE related queries **during December 2015** and **early January 2016**.

TABLE 1: CRITICAL DATES FOR THE 2016 ENE PROCESS

ITEM	DATE
National Treasury distributes ENE guidelines to institutions	6 October 2015
National Treasury provides information sessions for institutions	October 2015
Preliminary allocation letters issued to institutions	23 October 2015
Institutions submit first draft ENE database to National Treasury, including Appropriation Bill inputs	11 November 2015
Institutions submit first draft ENE chapter to National Treasury	13 November 2015
Cabinet-approved final allocation letters issued to departments	20 November 2015
Institutions receive comments on first draft ENE submissions	27 November 2015
Institutions submit revised database, including Appropriation Bill inputs	4 December 2015
Institutions submit: - second draft ENE chapter - entities annual reports (those which have not yet submitted)	8 December 2015
Institutions receive comments on second draft ENE submissions	December 2015
Institutions submit responses to comments on second draft and subsequent drafts of ENE chapters and databases	December 2015 – January 2016
Departments sign off ENE e-publication and the Appropriation Bill	8 - 12 February 2016
Budget tabled in Parliament	24 February 2016

3. Numbers style and database template

3.1 Numbers style

Institutions should present numbers in the chapter text as follows:

- Use a space to separate the last three digits if the number is below 999 thousand.
- Use a full stop to separate a number from the decimal number denoting the fraction of the number. Numbers should be rounded off to the first decimal place.

Examples

R75 000 (75 thousand rand)

R10.2 billion (10 billion and 200 million rand)

3.2 Database workbook

For each institution there is only **one database** workbook that is used throughout the 2016 MTEF Budget process. The database was distributed to institutions in June 2015 for 2016 MTEF allocation submission purposes. Institutions must update this database. Information contained in databases must correspond to allocation letters issued. Databases thus need to be updated should allocations be revised. Publication tables will be extracted directly from the database and inserted into the chapter by the National Treasury before chapters are submitted back to institutions for completion.

Personnel related expenditure estimates should be prepared in line with the *2016 MTEF Guidelines for Costing and Budgeting for Compensation of Employees*, which can be obtained on the National Treasury's website: www.treasury.gov.za/publications/guidelines/default.aspx. The outcomes of discussions in the budget process, within function and technical groups, and with the Medium Term Expenditure Committee regarding amendments to personnel and other programme resources should be reflected in the costing of personnel budgets.

Data on **revised expenditure estimates** for the 2015/16 financial year should be based on the 2015 Adjustments Budget and on expenditure as at

30 September 2015, extrapolated to provide a realistic projection for the full financial year. Any estimated underspending reflected in the database must be supported by clear reasoning. **Departments should note that estimated overspending represents unauthorised expenditure and will not be allowed for publication.**

The **entities** listed in **Annexure A** have been selected for publication in the abridged ENE. Information for all entities will however be included in the ENE e-publications. All entities must submit electronic and hard copies of their 2014/15 annual reports with their first-draft database submissions.

Annexure B provides instructions for the accurate completion of the database to inform the **Appropriation Bill**. The information for the Appropriation Bill is extracted directly from the database.

Further guidance on completing the database worksheets is included in the database workbook itself and should be read before completion thereof.

For general enquiries regarding the completion of the chapter and for database completion enquiries, please refer to the contact people listed on the cover sheet of the institution's database.

4. Information on completing the chapter

[Vote number]

[Name of vote]

Budget summary

R million	2016/17					2017/18	2018/19
	Total	Current payments	Transfers and subsidies	Payments for capital assets	Payments for financial assets	Total	Total
MTEF allocation							
Programme name							
Programme name							
Subtotal							
Direct charge against the National Revenue Fund							
Item							
Total expenditure estimates							

Executive authority: Minister
Accounting officer: Director-General / Chief Operating Officer
Website address:

The Estimates of National Expenditure e-publications for individual votes are available on www.treasury.gov.za. These publications provide more comprehensive coverage of vote specific information, particularly about goods and services, transfers and subsidies, personnel, entities, donor funding, public private partnerships, conditional grants to provinces and municipalities, and expenditure information at the level of service delivery site, where appropriate.

Vote purpose

The purpose of the vote captures a department's mandate, objectives or administrative functions, as stated in the Appropriation Bill, 2016.

Mandate

The department's mandate must be captured, as contained in the relevant act(s) or policy document(s) that govern(s) the department's establishment and operations.

Selected performance indicators

Institutional performance indicators selected for inclusion in the 2016 ENE should be informed by performance dialogue and other discussions, held during the 2016 MTEF allocation decision-making process, including comments provided on draft institutional strategic and annual performance plans, by the Department of Planning, Monitoring and Evaluation and the National Treasury. Final updates and agreement on key performance indicators being reported in the ENE must be made prior to the submission of ENE chapters to the National Treasury.

The table should only contain the selection of the key performance indicators that represent the core functions of an institution, allowing a reader to see whether the institution is measuring the achievement of its main goals as well as whether its historical performance has been in line with achieving these main goals. The

selection should contain mostly outcome and output indicators, which are aligned to strategic and annual performance plans, as informed by the MTSF and Ministerial delivery agreements. Quantitative and qualitative indicators and targets must reflect trends and achievements over a number of years. As a general rule, quantitative indicators must have targets that are absolute values / numbers. The absolute values used for calculation must accompany any percentages used.

Table X.1 Performance indicators by programme and related outcome

Indicator	Programme	Outcome	Past			Current	Projections		
			2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19

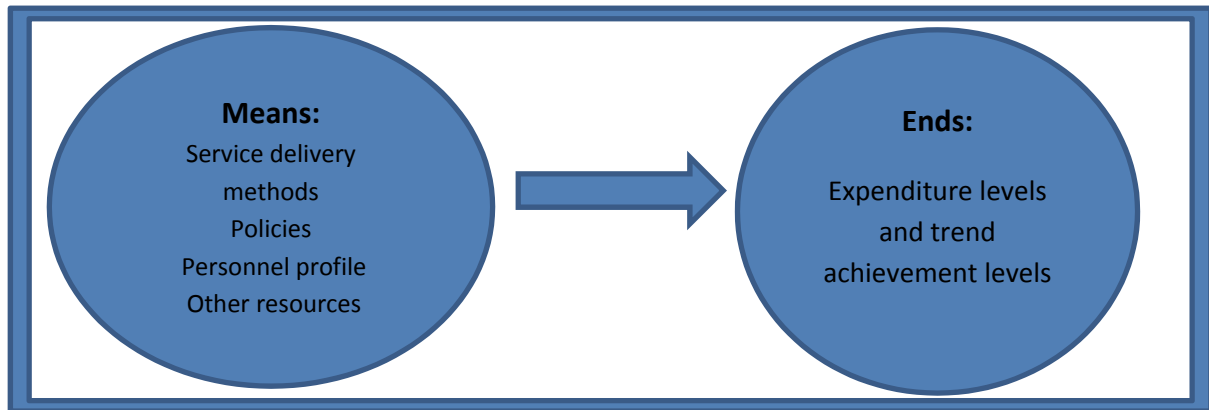
Example: Percentage of health facilities assessed against delivery standards per year: 40% (1 733 out of 4 332).

Expenditure analysis

This section should allow the reader to easily understand what each institution aims to **achieve** and how it is **planning** to spend its budget in support of this. The discussion in this section should thus be centred on the institution’s primary focus areas, including its policy and spending focus over the medium term, as contained in planning documents. The discussion should generally be **forward** looking; providing information for the 2016 MTEF period. Historical trends and performance should however be discussed if it enriches the explanation of what the institution aims to accomplish over the 2016 MTEF period. Information should be set out in a **succinct** and **concise** manner explaining the **main** trends in the data tables as well as the **links** between the different tables presented in the section and elsewhere in the chapter. This section is limited to **two** pages.

Significant increases or decreases in expenditure shown in data tables should be explained in terms of the underlying performance information, service delivery methods, policies, personnel profiles, and any other applicable factors.

Figure 1: The link between means and ends



In the write-up of this section institutions need to consider the following elements, as they apply to their unique circumstances, to illustrate the institutional expenditure plans and goals, and how institutions plan to achieve those goals using financial and human resources:

- The link between purpose / type of expenditure as the means and performance as the end, as shown in Figure 1 above;
- The linkages between the expenditure, personnel, and performance dimensions form the pivotal content of the expenditure analysis discussion;
- The alignment between institutional objectives / policies, the largest spending items by programme / subprogramme / economic classification, and the MTSF priorities as informed by the NDP. Significant cost drivers should thus be highlighted;
- Key Cabinet approved changes to baseline budgets, including the reprioritisation of budgets and their impact on key performance targets;
- Personnel trends;
- Key infrastructure projects;
- Past significant underspending recorded, together with its impact on past performance and how this affects future performance. This should include the reasons for past underspending together with remedies implemented to mitigate potential negative impacts on future performance; and
- Other pertinent explanatory factors.

Expenditure trends

Table X.2 [Vote expenditure trends by programme and economic classification]

Programmes														
1. Administration														
2. Programme name														
Programme														
	Annual budget	Adjusted appropriation	Audited outcome	Annual budget	Adjusted appropriation	Audited outcome	Annual budget	Adjusted appropriation	Audited outcome	Annual budget	Adjusted appropriation	Revised estimate	Outcome/Annual budget Average (%)	Outcome/Adjusted appropriation Average (%)
R million	2012/13			2013/14			2014/15			2015/16			2012/13 - 2015/16	
Programme 1														
Programme 2														
Subtotal														
Direct charge against the National Revenue Fund														
Total														
Change to 2015 Budget estimate														
Economic classification														
Current payments														
Compensation of employees														
Goods and services														
<i>of which:</i>														
<i>Economic classification item</i>														
<i>Economic classification item</i>														
<i>Economic classification item</i>														
<i>Economic classification item</i>														
<i>Economic classification item</i>														
Transfers and subsidies														
Payments for capital assets														
Payments for financial assets														
Total														

Expenditure estimates

Table X.3 [Vote expenditure estimates by programme and economic classification]

Programmes								
1. Administration								
2. Programme name								
Programme								
	Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
R million	2015/16	2012/13 - 2015/16	2015/16	2016/17	2017/18	2018/19	2015/16 - 2018/19	2015/16 - 2018/19
Programme 1								
Programme 2								
Subtotal								
Direct charge against the National Revenue Fund								
Total								
Change to 2015 Budget estimate								
Economic classification								
Current payments								
Compensation of employees								
Goods and services								
<i>of which:</i>								
<i>Economic classification item</i>								
<i>Economic classification item</i>								
<i>Economic classification item</i>								
<i>Economic classification item</i>								
<i>Economic classification item</i>								
<i>Economic classification item</i>								
Transfers and subsidies								
Payments for capital assets								
Payments for financial assets								
Total								

Personnel information

Table X.4 Vote personnel numbers and cost by salary level and programme¹

Programmes													
1. Administration													
2. Programme name													
3. Programme name													
Number of funded posts	Number of posts additional to the establishment	Number and cost ² of personnel posts filled / planned for on funded establishment									Number		
		Actual		Revised estimate		Medium-term expenditure estimate					Average growth rate (%)	Salary level/total: Average (%)	
		2014/15		2015/16		2016/17		2017/18		2018/19		2015/16 - 2018/19	
		Number	Unit Cost	Number	Unit Cost	Number	Unit Cost	Number	Unit Cost	Number	Unit Cost		
Department													
Salary level ¹													
1 – 6													
7 – 10													
11 – 12													
13 – 16													
Other													
Programme													
Programme 1													
Programme 2													
Total													

1. Data has been provided by the department and may not necessarily reconcile with official government personnel data.

2. Rand million.

Departmental receipts

Table X.5 Departmental receipts by economic classification

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Average growth rate (%)	Receipt item/ total: Average (%)	Medium-term receipts estimate			Average growth rate (%)	Receipt item/ total: Average (%)
	2012/13	2013/14	2014/15					2015/16	2016/17	2017/18		
Departmental receipts												
Economic classification												
Item												
Lower level classification												
Item												
Economic classification												
Item												
Lower level classification												
Item												
Lower level classification												
Item												
Total												

Programme [number]: [Programme name]

Programme purpose

The purpose of each programme must be stated as set out in the Appropriation Bill, 2016. In terms of the Public Finance Management Act (1999) (PFMA), the programme purpose outlines the activities and functions of a particular programme, as per the approved budget programme structure. Where approved budget structures remain unchanged from last year's publication, programme purposes should in most cases remain unchanged from the Appropriation Act, 2015. Programme 1 is called 'Administration' in all departments and in most entities. The purpose of this programme is to: 'Provide strategic leadership, management and support services to the institution'.

This standard wording should be used for the purpose, unless the programme performs functions in addition to this. In which case the additional functions should either be moved to the relevant service delivery programme and set out there; or the additional functions should be stipulated as part of the programme purpose after the standard description. Each programme purpose should be unique, that is, the same purpose should not be duplicated across institutional programmes. The word 'develop' in the programme purpose will generally only be applicable for a year or two, after that it should be replaced with what the programme aims to achieve, given that it has already 'developed' the relevant function. The word 'develop' should only be retained if the permanent purpose of the programme is to develop policies, for example.

Objectives

Objectives should be listed and include an explanation of the strategic intent as well as of specific interventions and progress measures. Objectives must be broadly aligned to departmental strategic and annual performance plans, as informed by the National Development Plan, and articulated in the MTSF and ministerial delivery agreements. Departments must however only include selected strategic objectives from the annual performance plan. Institutions need to include objectives for Programme 1: Administration **only** if the programme includes functions in addition to the standard functions.

Subprogrammes

List subprogrammes and provide a brief description of the key activities carried out by each subprogramme, with the exception of Programme 1: Administration, **unless** additional functions are performed in the subprogramme.

Expenditure trends and estimates

Table X.6 [Programme name] expenditure trends and estimates by subprogramme and economic classification

Subprogramme	Audited outcome			Adjusted appropriation	Average growth rate (%)	Expenditure/ Total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/ Total: Average (%)
	2012/13	2013/14	2014/15				2015/16	2016/17	2017/18		
R million											
Subprogramme name											
Subprogramme name											
Subprogramme name											
Total											
Change to 2015											
Budget estimate											
Economic classification											
Current payments											
Economic classification item											
Transfers and subsidies											
Economic classification item											
Payments for capital assets											
Economic classification item											
Payments for financial assets											
Total											
Proportion of total programme expenditure to vote expenditure											

The e-publications also contain the following table by programme:

Personnel information

Table X.7 [Programme name] personnel numbers and cost by salary level¹

Programme name	Number of posts estimated for 31 March 2016		Number and cost ² of personnel posts filled / planned for on funded establishment												Number				
	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2014/15		2015/16		2016/17		2017/18		2018/19		2015/16 - 2018/19						
			Number	Cost	Unit cost	Number	Cost	Unit cost	Number	Cost	Unit cost	Number	Cost	Unit cost	Number	Cost	Unit cost		
Salary level ¹																			
1 – 6																			
7 – 10																			
11 – 12																			
13 – 16																			
Other																			

1. Data has been provided by the department and may not necessarily reconcile with official government personnel data.

2. Rand million.

Entities

This section provides a brief account of each entity's focus, including expenditure trends and estimates, personnel trends, and performance information. The categorisation of programme / objective / activity should be discussed and agreed upon with National Treasury prior to the submission of the ENE chapter.

[Name of entity]

Mandate

Describe the entity's legislative mandate.

Selected performance indicators

Table X.8 [Entity name] performance indicators by programme/objective/activity and related outcome

Indicator	Programme/ Objective/ Activity	Outcome	Past			Current	Projections		
			2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19

Performance indicators listed in the table should be aligned to the institution's annual performance plan or corporate plan. Only the key indicators that reflect the core function of the entity should be presented.

Expenditure analysis

Refer to pages 6 and 7 of these guidelines for the format requirements for this section. Entities which generate own revenue should in addition also discuss revenue trends and their contribution to spending, performance and the achievement of institution's objectives. This section is limited to 1 page.

Programmes/objective/activity

Table X.9 [Entity name] expenditure trends and estimates by programme/objective/activity

R million	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/ Total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/ Total: Average (%)
	2012/13	2013/14	2014/15				2015/16	2016/17	2017/18		
Programme/objective/activity name											
Programme/objective/activity name											
Programme/objective/activity name											
Total											

Statements of historical financial performance and position

Table X.10 [Entity name] statements of historical financial performance and position

Statement of financial performance									
	Budget	Audited outcome	Budget	Audited outcome	Budget	Audited outcome	Budget estimate	Revised estimate	Outcome/ Budget Average (%)
R million	2012/13		2013/14		2014/15		2015/16		2012/13 - 2015/16
Revenue									
Non-tax revenue									
Economic classification item									
Transfers received									
Total revenue									
Expenses									
Current expenses									
Economic classification item									
Transfers and subsidies									
Total expenses									
Surplus/(Deficit)									
Statement of financial position									
Balance sheet item									
Total assets									
Balance sheet item									
Total equity and liabilities									

Statements of estimates of financial performance and position

Table X.11 [Entity name] statements of estimates of financial performance and position

Statement of financial performance		Revised estimate	Average growth rate (%)	Expenditure/ Total: Average (%)	Medium-term estimate			Average growth rate (%)	Expenditure/ Total: Average (%)
					2015/16	2012/13 - 2015/16	2016/17		
R million									
Revenue									
Non-tax revenue									
Economic classification item									
Transfers received									
Total revenue									
Expenses									
Current expenses									
Economic classification item									
Transfers and subsidies									
Total expenses									
Surplus/(Deficit)									
Statement of financial position									
Balance sheet item									
Total assets									
Balance sheet item									
Total equity and liabilities									

Personnel information

Table X.12 Entity name personnel numbers and cost by salary level¹

Salary level	Number of posts estimated for 31 March 2016		Number and cost ¹ of personnel posts filled / planned for on funded establishment												Number	
	Number of funded posts	Number of posts on approved establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/ total: Average (%)
			2014/15		2015/16		2016/17		2017/18		2018/19		2015/16 - 2018/19			
			Number	Cost	Unit cost	Number	Cost	Unit cost	Number	Cost	Unit cost	Number		Cost		
1 - 6																
7 - 10																
11 - 12																
13 - 16																

1. Rand million.

Other entities

Provide a bulleted list including the name and description of the entities for which details will only be published in the ENE e-publications. Each description should be a brief paragraph detailing what the entity does and its total budget for the 2016/17 financial year.

Example: The **Film and Publication Board** regulates and controls the creation, production, possession, exhibition and distribution of certain films, interactive computer games and publications in terms of the Film and Publication Act (1996). The Board is also responsible for monitoring age-restricted business premises for compliance with their licence and registration terms. The Board's total budget for 2016/17 is R95.8 million.

Additional tables

The database will include templates to create the following tables:

- Summary of expenditure on infrastructure
- Summary of conditional grants to provinces and municipalities
- Summary of departmental public private partnership projects
- Summary of donor funding
- Summary of department-specific expenditure information

Annexure A: List of selected entities

Department	Entity Name
Agriculture, Forestry and Fisheries	Agricultural Research Council
Communications	South African Broadcasting Corporation
Defence	Armaments Corporation of South Africa
Economic Development	Industrial Development Corporation of South Africa
Energy	Central Energy Fund
	South African Nuclear Energy Corporation
Environmental Affairs	South African National Parks
Health	National Health Laboratory Service
Higher Education and Training	National Skills Fund
	National Student Financial Aid Scheme
	Sector Education and Training Authorities Consolidation
Human Settlements	National Home Builders Registration Council
Home Affairs	Electoral Commission
Justice and Constitutional Development	Legal Aid South Africa
Labour	Compensation Fund, including Reserve Fund
	Unemployment Insurance Fund
National Treasury	Development Bank of Southern Africa
	Land and Agricultural Development Bank of South Africa
	South African Revenue Service
Telecommunication and Postal Services	State Information Technology Agency
	South African Post Office
Public Works	Property Management Trading Entity
Social Development	South African Social Security Agency
Trade and Industry	National Lotteries Board
Transport	Airports Company of South Africa
	Passenger Rail Agency of South Africa
	Road Accident Fund
	The South African National Roads Agency
Water Affairs and Sanitation	Rand Water
	The Water Services Trading Entity
	Trans-Caledon Tunnel Authority
	Umgeni Water
	Water Boards Consolidation

Annexure B: Notes on the Appropriation Bill

The 2016 Appropriation Bill will be presented by vote and main division (programme) within a vote. The Budget database will be the only source of Appropriation Bill information. Any items that need to be listed in the Appropriation Bill, including name changes, specifically and exclusively appropriated items, and others, must thus be accurately captured in the database.

1. Vote and programme purposes

The vote's purpose should capture the department's mandate, objectives or administrative functions in a concise manner.

A programme purpose outlines the activities and functions of the particular programme as per the approved budget programme structure.

General guidance:

- Programme names and purposes as contained in the Appropriation Bill should be duplicated in the ENE chapters.
- Where approved budget structures remain unchanged from last year's publication, programme purposes should in most cases remain unchanged from the Appropriation Act, 2015.
- Programme 1 is called 'Administration' in all departments. The purpose of this programme is to: 'Provide strategic leadership, management and support services to the department'. This standard wording should be used for the purpose, unless the programme performs functions in addition to this. In which case the additional functions should either be moved to the relevant service delivery programme and set out there; or the additional functions should be stipulated as part of the programme purpose after the standard description.
- Each programme purpose should be unique, that is, the same purpose should not be duplicated across institutional programmes.
- The word 'develop' in the programme purpose will generally only be applicable for a year or two, after that it should be replaced with what the programme aims to achieve, given that it has already 'developed' the relevant function. The word 'develop' should only be retained if the permanent purpose of the programme is to develop policies, for example.

Programme / item allocations are set out by economic classification, into:

- Current payments, comprising of:
 - Compensation of employees,
 - Goods and services, and
 - Other
- Transfers and subsidies;
- Payments for capital assets; and
- Payments for financial assets.

General guidance:

- Compensation of employees payable to employees that are working on capital projects, such as on buildings and other fixed structures, should be budgeted under payments for capital assets.
- Insurance payments on vehicles, non-life insurance premiums, and payments to insurance brokers are not classified as transfer payments but rather as goods and services payments.
- Operating leases are classified as goods and services.
- Finance lease transactions are classified as payments for capital assets.
- The recapitalisation of an entity should be listed as a payment for financial assets.
- The classification of budgeted items should be in line with the Standard Chart of Accounts (SCOA), available on <http://scoa.treasury.gov.za>.

2. Transfers and subsidies items specifically listed

Transfers and subsidies listed under programmes are grouped and listed under specific headings. Headings are Standard Chart of Accounts level 2 items, with the exception of conditional allocations¹ and allocations-in-kind¹, in which case the heading 'Conditional allocations to provinces / local government' or 'Allocation-in-kind to provinces / local government' is used. A concise description of the purpose of the transfer is indicated after the colon that follows the transfer name, with the exception of conditional allocations and allocations-in-kind as well as prizes and awards. In the case of conditional allocations and allocations-in-kind, only the name

¹ Conditional allocations are commonly referred to as conditional grants, while allocations-in-kind are commonly referred to as indirect grants in budget documentation.

of the allocation is stated, as extensive information pertaining to the purpose of the allocation is contained in the Division of Revenue Bill. The names of conditional allocations and allocations-in-kind should be identical to what has been listed in the corresponding Division of Revenue Bill. In the case of prizes or awards, a purpose need not be stated if the name is descriptive in itself and specifies that it is a gift/s / donation/s / prize/s or award/s, for example: 'South Africa Youth Water Prizes'.

Transfer and / or subsidy name

- When one institution receives the transfer and or subsidy, the official name of the entity or institution as listed in the schedules to the PFMA should be listed (abbreviations should not be used).
- When the transfer and or subsidy is for various institutions, whose names are not yet known or the quantum of funds allocated to each individual institution is not known, the name 'Various Institutions' should be utilised.
- When a category of institutions receive the transfer, the category name should be utilised.
 - Commonly used categories:
 - University Subsidies (Higher Education and Training vote only)
 - International Organisations
 - Non-governmental Organisations
 - Social Assistance Transfers
 - Civil Pensions
 - National Bodies
- The first letter of each word of the transfer or subsidy name should be written in upper case.

Transfer / subsidy purpose

- The transfer purpose should describe what the transfer will be used for in a concise brief manner.
 - Commonly used purposes:
 - Operations
 - Membership fee/s
 - Research and development
 - Policy development

- Subsidy/ies
- Facilitation of public funds for projects
- Machinery and equipment (this is applicable if the capital transfer payment is in respect of machinery and equipment)
- Building and upgrading of infrastructure (this is applicable if the capital transfer payment is in respect of infrastructure)
- Maintenance of infrastructure (this is applicable if the current transfer payment is in respect of infrastructure)
- When the transfer / subsidy name is 'Various Institutions', the purpose will commonly include the project / subprogramme name, for example: manufacturing development incentives.
- When a category of institutions receive the transfer, a category purpose should be stated after the colon.
 - Commonly used category purposes:
 - Membership fees
 - Operations
 - Social grants
 - Civil pensions and benefits
 - Category purposes must be followed by a long dash after which the names of the specific institutions or grants should appear.
- The purpose of transferring funding to higher education institutions should distinguish between general subsidy funding and funding that will be utilised for particular purposes, for example, General Subsidies; Subsidies for Public Economics Conference; Subsidies for Research Chair in Transport Engineering; and Subsidies for Language Policy Unit.
- The purpose should not merely be a repeat of the transfer name.
- The purpose should not include the words, 'contribution to', 'payment for', 'transfer to' or words of a similar nature, as this is inherently stated.
- There must be consistency across votes in respect of the wording used for purposes that are essentially the same.
- The first letter of the programme purpose should be in upper case, with the remainder of the words in lower case.

- Relevant information on the transfer's governance and rules should be available on request, however, such information is not included in the Appropriation Bill.
- Commonly used transfer names and purposes:
 - Under the Households heading:
 - Employee Social Benefits: Leave gratuity/ies
 - Employee Social Benefits: Post-retirement benefits
 - Employee Social Benefits: Severance package/s
 - Employee Social Benefits: Ex-service benefits
 - Employee Social Benefits: Injury on duty
 - Bursaries for Non-employees: [Specify] (Examples are: heritage studies; studies in cadastral science, surveys and mappings; studies in finance and economics; studies in official statistics; housing scholarship programme)
 - Claims Against the State: Civil claims instituted against the department for possible compensation (Police vote)
 - Under the Municipal Bank Accounts heading:
 - Vehicle Licences: Licence fees paid to municipalities
 - Under Departmental agencies and accounts:
 - Communication: Radio and television licences
 - Sector Education and Training Authority: Operations

3. Specifically and exclusively appropriated items

Items indicated as being 'specifically and exclusively appropriated' in an allocation letter must have an asterisk "*" next to them in the appropriation bill. All conditional allocations are specifically and exclusively appropriated.