Vote 36

Transport

Budget summary

	2010/11				2011/12	2012/13
R million	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	213.9	203.2	9.0	1.7	218.4	227.0
Transport Policy and Economic Regulation	49.0	48.5	–	0.5	51.2	54.0
Transport Regulation and Accident and Incident Investigation	196.2	183.3	12.2	0.7	218.6	230.1
Integrated Planning and Inter-sphere Coordination	7 018.2	114.0	6 865.9	38.3	8 935.7	9 719.2
Transport Logistics and Corridor Development	30.1	30.0	–	0.1	31.5	33.3
Public Transport	17 429.6	151.0	17 278.5	0.1	18 354.7	18 747.5
Public Entity Oversight and Border Operations and Control	149.3	13.4	135.7	0.2	150.1	158.4
Total expenditure estimates	**25 086.3**	**743.4**	**24 301.3**	**41.6**	**27 960.1**	**29 169.5**
Executive authority	Minister of Transport					
Accounting officer	Director-General of Transport					
Website address	www.transport.gov.za					

The Estimates of National Expenditure booklets for individual votes are available on www.treasury.gov.za. They provide more comprehensive coverage of vote specific information, particularly about goods and services, transfers, public entities and lower level institutional information.

Aim

The aim of the Department of Transport is to lead the provision of an integrated, sustainable, reliable and safe transport system through planning, development, coordination, promotion and the implementation of transport policies, regulations and strategies.

Programme purposes

Programme 1: Administration

Purpose: Coordinate an effective, efficient strategic support and administrative service to the ministry, director-general and department.

Programme 2: Transport Policy and Economic Regulation

Purpose: Effectively manage a national innovative research and development programme. Develop and analyse strategic policies. Develop appropriate legislation. Economic advice and analysis for all modes of transport.

Programme 3: Transport Regulation and Accident and Incident Investigation

Purpose: Create an enabling regulatory environment in the areas of safety, security and environmental compliance. Manage accident and incident investigations for all modes of transport.

Programme 4: Integrated Planning and Intersphere Coordination

Purpose: Manage and facilitate integrated planning and intersphere coordination for infrastructure and operations.

Programme 5: Transport Logistics and Corridor Development

Purpose: Manage the implementation of the transport logistics strategy and the development of freight movement corridors.

Programme 6: Public Transport

Purpose: Develop practices and norms that will increase access to appropriate and quality public transport to meet the socioeconomic needs of both rural and urban passengers.

Programme 7: Public Entity Oversight and Border Operations and Control

Purpose: Develop appropriate mandates and monitoring mechanisms to oversee public entities and border operations and control.

Strategic overview: 2006/07 – 2012/13

The Department of Transport ensures transport operations and infrastructure that facilitate the movement of goods and people to support government's objectives of equitable and sustained socioeconomic growth. This is achieved through comprehensive policy and regulatory frameworks, intended to: reduce transport costs; contribute to environmental sustainability by decreasing carbon emissions; eradicate backlogs in road, rail, aviation and maritime infrastructure; improve access to transport through greater spatial integration; reduce freight transit times; and develop the regulatory capacity required to enforce the safety standards and reduce accidents in all modes of transport.

Key policy developments

Land transport legislation

The National Land Transport Act (2009) clarifies the concurrent roles and responsibilities of the different spheres of government in relation to public transport. It also consolidates public transport planning, service delivery, regulation and monitoring in the municipal sphere, establishes the national and provincial public transport regulators and enhances overall transport regulatory functions. The regulations required by the act to support the transformation of public transport management were published in December 2009. The legislation and regulatory framework will support the implementation of the 2007 public transport strategy.

Passenger rail system

The incorporation of the Shosholoza Meyl train service and the Autopax long distance bus services into the Passenger Rail Agency of South Africa (which replaces the South African Rail Commuter Corporation) has been finalised in the Legal Succession to the South African Transport Service Amendment Act (2009). Autopax will continue to provide long distance bus services that complement the long distance rail services provided though Shosholoza Meyl. For the 2010 FIFA World Cup, additional funding and loan facilities have been approved for buying buses to transport FIFA delegates and football fans.

Road traffic management and regulation

The National Road Traffic Amendment Act (2008) and the Cross Border Transport Amendment Act (2008) allow for better road traffic enforcement and improved cross border regulation. The pilot project for the implementation of the Administrative Adjudication of Road Traffic Offences Act (1998), a demerit point system for traffic offences, has been rolled out in the municipal areas of Tshwane and Johannesburg. Over the MTEF period, the system will be extended to all municipal areas following the establishment of the Road Traffic Infringement Agency, expected in 2010/11 as required by legislation, which will administer the system.

Civil aviation

The Civil Aviation Act (2009) was promulgated to harmonise and rationalise safety and security legislation for aviation to ensure compliance with International Civil Aviation Organisation standards, and the Air Services

Licensing Amendment Act (2008) addresses corporate governance issues relating to the Air Services Licensing Council. The department plans to implement the airlift strategy and improve aviation safety and compliance with the standards set by the Federal Aviation Administration's international aviation safety assessment, and by the International Civil Aviation Organisation. The Federal Aviation Administration is the aviation authority in the United States. It conducts assessments of countries whose airlines operate to the Unites States to assess their compliance with international standards and recommended practices laid out by the International Civil Aviation Organisation, which is an organ of the United Nations. Aviation safety and security on flights will be prioritised during the 2010 FIFA World Cup.

Road Accident Fund

The Road Accident Fund Amendment Act (2005) came into effect in August 2008 with the publication of regulations guiding, primarily, the assessment of injuries. The act creates an equitable, affordable and sustainable system for victims of road accidents and their families. In November 2009, Cabinet approved the policy to provide for benefits to road accident victims as a form of social security and to move away from the current fault based systems.

Savings and cost effective service delivery

The department has identified efficiency savings over the medium term in goods and services: R99.5 million in 2010/11, R118.4 million in 2011/12, and R111 million in 2012/13. Expenditure will be cut in communications, IT systems, road transport regulation, the national freight logistics strategy, and as a result of the delay in the establishment of the Rail Economic Regulator. The national transport master plan will be concluded. In addition, savings have been made on current transfers to the South African Roads Agency and the Passenger Rail Agency of South Africa of R120 million in 2010/11, R121.5 million in 2011/12, and R72.5 million in 2012/13 each.

Future allocations in the public transport infrastructure and systems grant have been reprioritised in each year of the MTEF period to allow cities to plan their public transport systems and reduce under-expenditure on this grant.

Selected performance indicators

Table 36.1 Transport

Indicator	Programme	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Number of integrated rapid public transport network and operational plans developed per year in metros and large cities	Public Transport	0	0	4	5	3	2	2
Number of taxis scrapped per year	Public Transport	1 990	11 429	9208	11,616	9 164	8 682	9 117
Number of fatal road accidents per year	Transport Regulation and Accident and Incident Investigation	12 577	11 653	10 488	9 439	8 495	7 646	6 881
Number of bicycles procured and distributed per year	Integrated Planning and Intersphere Coordination	10 690	5 980	21 600	15 000	15 000	15 000	15 800
Number of districts with improved rural transport in integrated sustainable rural development nodes per year	Integrated Planning and Intersphere Coordination	3	3	3	3	3	4	6

Expenditure estimates

Table 36.2 Transport

Programme				Adjusted	Revised			
	Audited outcome			appropriation	estimate	Medium-term expenditure estimate		
R million	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
1. Administration	156.0	182.3	235.9	239.8	239.8	213.9	218.4	227.0
2. Transport Policy and Economic Regulation	19.1	17.6	32.6	54.5	32.7	49.0	51.2	54.0
3. Transport Regulation and Accident and Incident Investigation	187.6	209.6	466.7	395.7	395.7	196.2	218.6	230.1
4. Integrated Planning and Inter-sphere Coordination	2 404.3	3 430.5	5 238.1	5 884.5	5 884.5	7 018.2	8 935.7	9 719.2
5. Transport Logistics and Corridor Development	17.9	13.0	22.2	29.3	13.2	30.1	31.5	33.3
6. Public Transport	10 444.5	12 312.3	16 179.8	17 452.4	17 452.4	17 429.6	18 354.7	18 747.5
7. Public Entity Oversight and Border Operations and Control	131.1	166.4	2 663.2	182.4	145.9	149.3	150.1	158.4
Total	**13 360.4**	**16 331.6**	**24 838.6**	**24 238.5**	**24 164.1**	**25 086.3**	**27 960.1**	**29 169.5**
Change to 2009 Budget estimate				503.7	429.3	(394.0)	39.2	–
Economic classification								
Current payments	**558.9**	**573.0**	**989.6**	**1 020.8**	**946.4**	**743.4**	**778.3**	**816.2**
Compensation of employees	111.2	131.3	182.6	221.0	221.0	259.4	282.2	296.6
Goods and services	447.7	441.7	807.0	799.8	725.4	484.1	496.1	519.5
of which:								
Consultants and professional services: Business and advisory services	*300.3*	*339.5*	*575.0*	*578.6*	*578.6*	*298.8*	*305.5*	*320.6*
Consultants and professional services: Infrastructure and planning	*0.0*	*–*	*67.0*	*48.7*	*10.8*	*38.0*	*43.9*	*45.8*
Lease payments	*13.7*	*14.2*	*16.6*	*18.4*	*18.4*	*19.3*	*20.3*	*21.3*
Travel and subsistence	*22.4*	*26.8*	*45.3*	*34.1*	*34.1*	*36.1*	*31.8*	*33.4*
Transfers and subsidies	**12 764.0**	**15 748.3**	**23 829.3**	**23 214.0**	**23 214.0**	**24 301.3**	**27 125.2**	**28 294.0**
Provinces and municipalities	3 759.1	4 203.4	7 269.0	9 097.9	9 097.9	8 022.3	8 594.6	8 497.5
Departmental agencies and accounts	2 459.5	3 688.9	6 814.1	5 974.4	5 974.4	6 985.9	8 898.6	9 680.7
Universities and technikons	10.1	9.2	7.8	8.2	8.2	8.7	9.2	9.6
Foreign governments and international organisations	2.8	3.6	4.9	5.1	5.1	5.4	5.7	6.0
Public corporations and private enterprises	6 420.2	7 267.2	9 258.2	7 482.4	7 482.4	8 765.2	9 128.5	9 587.0
Non-profit institutions	12.2	3.8	14.1	15.1	15.1	16.0	17.0	17.8
Households	100.0	572.2	461.2	630.9	630.9	497.7	471.6	495.2
Payments for capital assets	**37.5**	**3.2**	**5.7**	**3.8**	**3.8**	**41.6**	**56.5**	**59.4**
Buildings and other fixed structures	–	–	–	–	–	37.7	52.4	55.0
Machinery and equipment	37.5	3.2	5.7	3.8	3.8	3.9	4.1	4.4
Payments for financial assets	**0.1**	**7.1**	**14.1**	**–**	**–**	**–**	**–**	**–**
Total	**13 360.4**	**16 331.6**	**24 838.6**	**24 238.5**	**24 164.1**	**25 086.3**	**27 960.1**	**29 169.5**

Expenditure trends

Expenditure increased significantly from R13.4 billion in 2006/07 to R24.2 billion in 2009/10, at an average annual rate of 22 per cent. This growth is mainly attributable to: grant expenditure on the Gautrain rapid rail link, public transport infrastructure and systems, a once-off transfer of R2.5 billion in 2008/09 to the Road Accident Fund, and increased allocations for passenger rail infrastructure. In addition, spending on transport infrastructure continued to grow, with allocations for the maintenance and upgrading of national roads increasing from R833 million in 2006/07 to R2.8 billion in 2009/10 at an average annual rate of 50.6 per cent. Disaster management funding of R1.2 billion was allocated to Western Cape in 2008/09 and 2009/10, and KwaZulu-Natal in 2008/09 for stormwater damage to roads and bridges caused by floods.

Over the medium term, expenditure is expected to increase strongly from R24.2 billion to R29.2 billion, at an average annual rate of 6.4 per cent. In 2011/12, the national contribution to the development phase of the Gautrain rapid rail link ends. Investment in road transport infrastructure continues over the MTEF period, with allocations for the South African National Roads Agency rising at an average annual rate of 19.3 per cent. Capital expenditure on public transport and rail infrastructure are expected to grow strongly over the medium term at an average annual rates of 19.5 per cent and 11 per cent respectively.

Expenditure on business advisory services increased in 2008/09 due to rollovers of R37 million and R165 million allocated in the adjustments budget as self-financing expenditure for maintenance of the electronic national traffic information system from the system's transaction fees. Expenditure in compensation of employees increased by 21 per cent in 2009/10 due to higher than budgeted wage increases and the filling of vacant posts and the appointment of contract employees in lieu of vacant posts. Expenditure on contractors includes R19.5 million in 2009/10 for transport services during the presidential inauguration.

Additional allocations over the medium term include:

- R750 million in 2011/12 and R750 million 2012/13 to the South African National Roads Agency for the incorporation of provincial roads critical to coal haulage on the strategic secondary road network and R318.9 million for inflationary adjustments
- R394 million to the Passenger Rail Agency of South Africa for the upgrade and overhaul of rolling stock and signalling infrastructure
- R297 million to the Passenger Rail Agency of South Africa to pay the state guaranteed loan for the intercity buses
- R236.2 million to the Road Traffic Management Corporation for operational expenditure
- R103 million for the national commitment towards foreign exchange and local price variations relating to the Gautrain concession agreement
- R7.5 million for the establishment of the National Public Transport Regulator
- R45 million for the Arrive Alive campaign
- R35.1 million for adjustments to compensation of employees and for the deputy minister's office.

Expenditure in compensation of employees increased from R111.2 million in 2006/07 to R221 million in 2009/10, at an average annual rate of 25.7 per cent. This significant growth is the result of the increase in the number of staff, from 367 in 2006/07 to 670 in 2009/10, driven by the filling of vacant posts, the appointment of contract employees in lieu of vacant posts and general increases in salaries.

Infrastructure spending

The department transfers funds to entities, provinces and municipalities for infrastructure development. These include substantial transfers to Gauteng for the Gautrain rapid rail link, to municipalities through the public transport infrastructure and systems grant to improve public transport, such as the bus rapid transit systems, and to the Passenger Rail Agency of South Africa and the South African National Roads Agency for the maintenance and upgrading of the passenger rail and national roads systems. Further transfers are made to provinces for the Sani Pass roads project and overload control infrastructure, and to municipalities for improving rural transport infrastructure.

Between 2006/07 and 2009/10, these transfers increased from R5.8 billion to R12.8 billion, at an average annual rate of 30.2 per cent. Over the medium term, transfers for infrastructure investment are expected to grow at an average annual rate of 8.9 per cent to reach R16.5 billion.

Rea Vaya bus rapid transit in Johannesburg

The City of Johannesburg started rolling out the Rea Vaya bus rapid transit system in August 2009. Initial services include the trunk route from Regina Mundi to Ellis Park, and a number of feeder and complementary routes, including the inner city circular route and feeders from Mofolo Park, Protea Glen, Naledi, Eldorado Park and Dobsonville. During construction for the first phase, 4 000 jobs were created.

Rea Vaya infrastructure at Ellis Park is complete. In relation to Soccer City, it is envisaged that three new stations and a dedicated bus lane should be complete by May 2010. The route will connect major health care and educational institutions.

Key aspects for the success of the system as whole will be appropriate quality and design solutions, improved traffic engineering and traffic signals, enhanced attractiveness of station precincts, upkeep of safety and security, and alignment to other modes of transport, including the Gautrain rapid rail link. In addition, it will be crucial to build strong institutions, including the operating companies and Rea Vaya management in the city, and strong station management, fare collection, control centre functions.

The construction of roads and stations has been primarily funded by the national public transport infrastructure and systems grant. Between 2005/06 and 2009/10, R1.2 billion from this grant was spent on Rea Vaya. Over the medium term, another R3.1 billion is allocated. The City of Johannesburg has also received grant funding for planning and capacitation from the Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) and the United Nations Development Programme’s Global Environment Fund.

Departmental receipts

Revenue collected by the department is mainly derived from dividends received from the Airports Company of South Africa.

Table 36.3 Departmental receipts

	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
R thousand	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
Departmental receipts	**330 424**	**362 450**	**215 806**	**231 703**	**116 646**	**127 797**	**137 425**	**144 297**
Sales of goods and services produced by department	9 662	9 906	200 089	11 303	578	11 982	12 580	13 209
Sales of scrap, waste, arms and other used current goods	–	–	3	–	–	–	–	–
Fines, penalties and forfeits	46	16	7	–	–	–	–	–
Interest, dividends and rent on land	231 617	109 069	368	110 400	122	115 420	124 430	130 652
Sales of capital assets	–	–	–	–	2	–	–	–
Transactions in financial assets and liabilities	89 099	243 459	15 339	110 000	115 944	395	415	436
Extraordinary receipts	**667 661**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Special restructuring proceeds from ACSA	667 661	–	–	–	–	–	–	–
Total	**998 085**	**362 450**	**215 806**	**231 703**	**116 646**	**127 797**	**137 425**	**144 297**

Programme 1: Administration

Table 36.4 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R million	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Minister [1]	1.3	1.1	1.7	1.7	1.8	1.9	2.0
Deputy Minister [1]	–	–	–	1.5	1.5	1.6	1.7
Management	72.3	81.6	79.7	96.3	69.2	71.3	72.0
Corporate Services	70.8	87.2	142.3	123.2	124.2	125.3	132.1
Office Accommodation	11.7	12.4	12.3	17.1	17.2	18.3	19.2
Total	**156.0**	**182.3**	**235.9**	**239.8**	**213.9**	**218.4**	**227.0**
Change to 2009 Budget estimate				8.7	(16.9)	(16.9)	–

1. From 2008/09, the current payments relating to the total remuneration package of political office bearers are shown, before this, only salary and car allowance are included. Administrative and other subprogramme expenditure may in addition include payments for capital assets as well as transfers and subsidies.

Economic classification	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Current payments	**144.4**	**169.3**	**223.9**	**229.7**	**203.2**	**207.0**	**215.1**
Compensation of employees	46.6	55.7	77.7	89.5	102.4	110.6	114.7
Goods and services	97.9	113.6	146.2	140.1	100.8	96.4	100.3
of which:							
Consultants and professional services: Business and advisory services	*22.2*	*44.8*	*48.5*	*19.9*	*5.0*	*5.3*	*5.5*
Lease payments	*12.9*	*13.5*	*14.2*	*16.9*	*17.7*	*18.6*	*19.6*
Travel and subsistence	*8.5*	*10.7*	*16.4*	*10.1*	*10.9*	*4.4*	*4.7*
Transfers and subsidies	**10.6**	**9.6**	**8.4**	**8.5**	**9.0**	**9.5**	**10.0**
Departmental agencies and accounts	0.1	0.1	0.0	0.2	0.2	0.2	0.2
Universities and technikons	10.1	9.2	7.8	8.2	8.7	9.2	9.6
Households	0.4	0.3	0.6	0.1	0.1	0.1	0.1
Payments for capital assets	**1.0**	**2.1**	**3.3**	**1.6**	**1.7**	**1.8**	**1.9**
Machinery and equipment	1.0	2.1	3.3	1.6	1.7	1.8	1.9
Payments for financial assets	**0.0**	**1.3**	**0.3**	**–**	**–**	**–**	**–**
Total	**156.0**	**182.3**	**235.9**	**239.8**	**213.9**	**218.4**	**227.0**

Details of selected transfers and subsidies	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Universities and technikons							
Current	**10.1**	**9.2**	**7.8**	**8.2**	**8.7**	**9.2**	**9.6**
Universities of Pretoria, KwaZulu-Natal and Stellenbosch	10.1	9.2	7.8	8.2	8.7	9.2	9.6

Expenditure trends

Expenditure in the *Administration* programme grew at an average annual rate of 15.4 per cent, from R156 million in 2006/07 to R239.8 million in 2009/10. This was due to the shifting of funds from other programmes to cater for the expansion of internal audit staff, skills development costs, activities for World Remembrance Day (for road traffic victims), and the Arrive Alive and October Transport Month campaigns. A significant part of this increase was in compensation of employees spending, which grew at an average annual rate of 24.3 per cent between 2006/07 and 2009/10. The staff complement increased and the vacancy rate decreased from 31.8 per cent in 2007/08 to 18.7 per cent in 2008/09. A total of 110 contract employees were appointed and 52 interns were employed. Expenditure on business advisory services increased in 2008/09 due to rollovers of R37 million.

Over the MTEF period, the programme's expenditure is expected to decline marginally, at an average annual rate of 1.8 per cent, partly due to the strong decrease of 10.5 per cent in expenditure on goods and services. The decline is the result of cuts in the programme budget for items such travelling and advertisements, and a reduction in contractor expenditure expenses. Expenditure in the *Management* subprogramme is expected to decrease in 2010/11 due to savings in communication expenditure, mainly for the October Transport Month.

A deputy minister was appointed to the department in 2009/10. Spending in the new *Deputy Minister* subprogramme is projected to grow from R1.5 million in 2009/10 to R1.7 million in 2012/13.

Programme 2: Transport Policy and Economic Regulation

- *Transport Policy Analysis* ensures that transport policies are developed, analysed and implemented, and monitors the impact and performance of the transport system.
- *Transport Economic Analysis* collates and analyses critical supply and demand data for all modes of transport, facilitates transformation within the sector through the Integrated Transport Sector Broad Based Black Economic Empowerment (BEE) Charter, and provides economic data for the department's priority areas.
- *Legislation* collates and converts information from policies into legislation.
- *Research and Development* promotes innovation and technology and the advancement of transport services and operations though research and knowledge management.
- *Economic Regulation* reviews and develops regulatory strategies on competition, pricing and investment to improve the overall performance of the transport system.
- *Administration Support.*

Funding in all subprogrammes is disbursed in accordance with supply chain management principles.

Objectives and measures

- Support an effective and efficient transport system by developing a transport performance indicator database that will assist in measuring the economic performance in the sector by 2012.
- Improve research and development in the transport sector by assessing, approving and evaluating the research projects of the department's centres of development (tertiary institutions providing transport related studies) to improve policy making on an ongoing basis.
- Improve economic efficiencies in the transport sector by:
  - establishing the Rail Economic Regulator and ultimately a single transport regulator by March 2012
  - monitoring administered prices and services efficiency on an ongoing basis.

Service delivery focus

The department made the research compendium of 400 public transport research documents available online in August 2009. The department assisted finalising the Integrated Transport Sector BEE Charter, which was gazetted in August 2009. 11 focus groups were held in 2008 to understand the difficulties faced by historically marginalised communities in accessing transport services and infrastructure. The draft non-motorised transport policy was made available for public consultation in all provinces in 2009.

Economic regulation requires information on transport related indicators and the impact of changes in economic variables on the sector and across the economy. Studies to examine the impact of fuel prices on different modes of transport and to assess the impact of public transport subsidies on the economy were finalised in 2009.

Expenditure estimates

Table 36.5 Transport Policy and Economic Regulation

Subprogramme				Adjusted			
	Audited outcome			appropriation	Medium-term expenditure estimate		
R million	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Transport Policy Analysis	3.7	5.6	8.1	8.1	9.5	10.0	10.6
Transport Economic Analysis	8.0	5.9	8.4	16.4	14.1	14.8	15.6
Legislation	1.2	1.6	2.1	3.6	4.4	4.6	4.9
Research and Development	4.5	2.9	5.7	8.6	9.3	9.9	10.4
Administration Support	1.6	1.6	6.8	7.0	5.3	5.2	5.5
Economic Regulation	0.2	–	1.5	10.7	6.4	6.7	7.1
Total	**19.1**	**17.6**	**32.6**	**54.5**	**49.0**	**51.2**	**54.0**
Change to 2009 Budget estimate				2.9	(3.1)	(3.6)	–

Economic classification							
Current payments	**18.8**	**17.3**	**32.2**	**54.0**	**48.5**	**50.6**	**53.4**
Compensation of employees	12.7	12.5	18.5	25.3	29.9	31.5	33.4
Goods and services	6.2	4.8	13.7	28.7	18.6	19.1	20.0
of which:							
Consultants and professional services: Business and advisory services	*2.1*	*1.4*	*6.9*	*21.0*	*10.6*	*10.7*	*11.2*
Lease payments	*0.1*	*0.1*	*0.2*	*0.6*	*0.6*	*0.6*	*0.7*
Travel and subsistence	*1.7*	*1.5*	*2.3*	*2.5*	*2.6*	*2.8*	*2.9*
Transfers and subsidies	**0.1**	**0.2**	**0.0**	**–**	**–**	**–**	**–**
Households	0.1	0.2	0.0	–	–	–	–
Payments for capital assets	**0.1**	**0.1**	**0.4**	**0.5**	**0.5**	**0.6**	**0.6**
Machinery and equipment	0.1	0.1	0.4	0.5	0.5	0.6	0.6
Total	**19.1**	**17.6**	**32.6**	**54.5**	**49.0**	**51.2**	**54.0**

Expenditure trends

Between 2006/07 and 2009/10, spending in the *Transport Policy and Economic Regulation* programme grew significantly from R19.1 million to R54.5 million, at an average annual rate of 41.9 per cent. The increase was largely in consultants and professional services spending, which grew by 115.4 per cent, from R2.1 million in 2006/07 to R21 million in 2009/10. This substantive increase is driven by payments to service providers for developing new policy relating to scholar transport and non-motorised transport. Funds were also shifted to the programme to finance the establishment of the Rail Economic Regulator. Spending on the *Transport Economic Analysis* subprogramme grew significantly from 2006/07 to 2009/10 at an average annual rate of 26.8 per cent, due to the filling of vacant posts.

Over the medium term, expenditure is expected to decline marginally to R54 million. This is due to the strong decline in expenditure on goods and services over the medium term at an average annual rate of 11.3 per cent, from R28.7 million to R20 million. This decrease is offset by the increase in expenditure in compensation of employees over the same period, from R25.3 million to R33.4 million, at an average annual rate of 9.7 per cent. The decrease in expenditure on goods and services is due to delays in establishing the Rail Economic Regulator and a reduction in outsourced services as vacant posts in the programme are filled.

Programme 3: Transport Regulation and Accident and Incident Investigation

- *Road Transport Regulation* enables, coordinates and promotes the review and development of road transport legislation, the development of standards and guidelines, the management of safety information systems and programmes, the management of the national traffic information system, and oversight of the inspectorates for driver's licence and vehicle testing stations and the transportation of dangerous goods.

- *Civil Aviation Regulation* facilitates the development of an economically viable air transport industry that is safe, secure, efficient, environmentally friendly and compliant with international standards. It creates an enabling regulatory environment for promoting and developing domestic and international air transport for passengers and freight.
- *Maritime Regulation* facilitates the development of an economically viable maritime industry that is safe, secure, efficient, environmentally friendly and compliant with international standards. It creates an enabling environment for promoting and developing international and domestic maritime transport, improving the prevention and combating of oil pollution, and protecting life and property at the sea.
- *Rail Transport Regulation* develops, implements and maintains strategies and regulatory frameworks to ensure improved safety and efficiency in rail transport and freight logistics.
- *Accident and Incident Investigation* collects, maintains and analyses data, and distributes regular reports on accidents and incidents in all modes of transport. It further facilitates search and rescue services.
- *Administration Support.*

Funding for goods and services in the regulation subprogrammes is allocated in accordance with supply chain management principles, while service level agreements guide the allocation of funds for search and rescue services in the *Accident and Incident Investigation* subprogramme.

Objectives and measures

- Reduce road accident fatalities and serious injuries by 50 per cent by 2015, in line with the millennium development goals, by implementing the 2006 road safety strategy and managing the national traffic information system.
- Contribute to a safe, secure and environmentally friendly aviation industry by establishing the Aviation Investigation Board and appeals committees in terms of the Civil Aviation Act (2009) by 2010/11.
- Contribute to a safe, secure, environmentally friendly and efficient maritime industry by developing regulations aimed at ensuring compliance with International Maritime Organisation mandatory instruments and national legislation, on an ongoing basis.
- Measure the success of policies and procedures and enable the provision of search and rescue services by researching and annually distributing reports on accidents and incidents in all modes of transport.

Service delivery focus

In support of implementing best practice models at driver's licence testing centres, vehicle testing stations and registering authorities, driving lessons will be provided at high school level to introduce a culture of obeying traffic rules. This development is pending approval from the Education Council. Once agreed on, it is expected to take 18 to 24 months to incorporate into the Grade 12 curriculum. The agreement is expected to be reached in 2010/11.

The department facilitated the conclusion of 108 bilateral air services agreements between 1990 and 2009. Of these, 43 are active and used by airlines in accordance with the airlift strategy. The purpose of these agreements is to allow foreign airplanes to operate in other countries. Due to economic and traffic demand considerations, 64 agreements are not being used, but provide significant additional future capacity. In response to the findings of safety and security audits and corrective action plans developed by the International Civil Aviation Organisation and the Federal Aviation Administration in 2007 and 2008, the department started revising and rationalising aviation safety and security legislation, which culminated in passing the Civil Aviation Act (2009).

The second African Union conference of ministers responsible for maritime transport was held in Durban in 2009. The conference resolutions deal with piracy, armed robbery at sea and the illegal dumping of toxic waste along the African coastline. Directives on the requirements of the National Ports Act (2005) were developed and gazetted in August 2009. The directives include guidelines on complaints, appeals and hearings against the regulator, tariff evaluation, and frameworks for conducting economic reviews for all South African ports. Port consultative committees were launched in the 7 commercial ports of South Africa.

Expenditure estimates

Table 36.6 Transport Regulation and Accident and Incident Investigation

Subprogramme				Adjusted			
	Audited outcome			appropriation	Medium-term expenditure estimate		
R million	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Road Transport Regulation	78.5	95.0	281.4	250.1	43.8	48.8	51.5
Civil Aviation Regulation	12.9	20.5	62.3	26.2	27.7	29.0	30.7
Maritime Regulation	60.4	56.0	80.3	71.0	72.3	76.6	80.4
Rail Transport Regulation	0.3	0.6	1.1	2.2	3.5	3.6	3.8
Accident and Incident Investigation	30.4	34.9	35.4	38.8	43.2	54.5	57.2
Administration Support	5.0	2.5	6.3	7.5	5.8	6.2	6.6
Total	**187.6**	**209.6**	**466.7**	**395.7**	**196.2**	**218.6**	**230.1**
Change to 2009 Budget estimate				200.1	(11.8)	(5.6)	9.2
Economic classification							
Current payments	**178.5**	**195.8**	**447.3**	**383.5**	**183.3**	**205.0**	**215.8**
Compensation of employees	22.6	26.6	37.0	36.4	44.1	52.5	56.1
Goods and services	155.9	169.2	410.3	347.1	139.3	152.5	159.7
of which:							
Consultants and professional services: Business and advisory services	*109.6*	*151.9*	*306.6*	*275.2*	*80.2*	*84.9*	*89.2*
Consultants and professional services: Infrastructure and planning	*0.0*	*–*	*67.0*	*48.8*	*38.0*	*43.9*	*45.8*
Lease payments	*0.5*	*0.3*	*1.7*	*0.3*	*0.4*	*0.4*	*0.4*
Travel and subsistence	*6.5*	*9.5*	*17.8*	*12.4*	*13.0*	*14.6*	*15.3*
Transfers and subsidies	**8.4**	**9.5**	**11.0**	**11.5**	**12.2**	**12.9**	**13.6**
Departmental agencies and accounts	4.6	4.8	5.0	5.2	5.5	5.9	6.2
Foreign governments and international organisations	2.8	3.6	4.9	5.1	5.4	5.7	6.0
Non-profit institutions	1.0	1.0	1.1	1.2	1.2	1.3	1.4
Households	0.0	0.1	0.1	–	–	–	–
Payments for capital assets	**0.6**	**0.5**	**0.8**	**0.7**	**0.7**	**0.7**	**0.7**
Machinery and equipment	0.6	0.5	0.8	0.7	0.7	0.7	0.7
Payments for financial assets	**0.0**	**3.8**	**7.6**	**–**	**–**	**–**	**–**
Total	**187.6**	**209.6**	**466.7**	**395.7**	**196.2**	**218.6**	**230.1**
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	**4.6**	**4.8**	**5.0**	**5.2**	**5.5**	**5.9**	**6.2**
South African Maritime Safety Authority	4.6	4.8	5.0	5.2	5.5	5.9	6.2
Foreign governments and international organisations							
Current	**2.6**	**3.3**	**4.5**	**4.8**	**5.1**	**5.4**	**5.6**
African Civil Aviation Commission	–	0.6	0.7	0.7	0.8	0.8	0.9
Indian Ocean Memorandum of Understanding	0.2	0.6	0.7	0.2	0.2	0.2	0.3
International Civil Aviation Organisation	2.0	2.2	2.7	2.8	3.0	3.2	3.3
International Maritime Organisation	0.4	0.0	0.4	1.0	1.1	1.1	1.2
Non-profit institutions							
Current	**0.8**	**0.8**	**1.0**	**1.0**	**1.0**	**1.1**	**1.2**
National Sea Rescue Institute	0.8	0.8	1.0	1.0	1.0	1.1	1.2

Expenditure trends

Expenditure in this programme grew significantly between 2006/07 to 2009/10, at an average annual rate of 28.2 per cent, from R187.6 million in 2006/07 to R395.7 million in 2009/10. The growth was due to increased expenditure on consultants, including expenditure on the electronic national traffic information system.

R198.8 million of this expenditure was funded by electronic national traffic information system transaction fees for vehicle registrations. These fees are used to maintain and develop the electronic national traffic information system.

Expenditure on goods and services increased significantly, from R155.9 million 2006/07 to R347.1 million 2009/10, at an average annual rate of 30.6 per cent due to increased expenditure on the maintenance of the electronic national traffic information system in 2008/09 and the reprioritisation of funds to host the Africa-Indian Ocean regional aviation navigation conference.

Over the MTEF period, total expenditure is projected to decline substantially, at an average annual rate of 5 per cent, to reach R230.1 million. This is largely due to the reduction in expenditure on goods and services. The reduction will not be as significant as currently shown, as additional allocations are expected to be made in the adjusted budget every year of the MTEF period for the maintenance of the electronic national traffic information system, as was previously the case.

Expenditure in the *Road Transport Regulation* subprogramme grew at an average annual rate of 94.3 per cent, from R78.5 million in 2006/07 to R250.1 million in 2009/10. Over the MTEF period, this subprogramme is expected to decrease to R51.5 million, at an average annual rate of 41 per cent. This is mainly due to additional expenditure on the maintenance of the electronic national traffic information system in 2009/10 and savings on consultants over the medium term. Expenditure in the *Civil Aviation Regulation* subprogramme increased from R12.9 million in 2006/07 to R26.2 million in 2009/10, at an average annual rate of 26.5 per cent. Funds were reprioritised in this subprogramme for civil aviation investigations. However, spending over the medium term in this subprogramme is expected to rise marginally to R30.7 million, due to a decline in expenditure on civil aviation security. Spending in the *Accident and Incident Investigation* subprogramme is expected to grow at an average annual rate of 13.8 per cent over the MTEF period, mainly because the civil aviation accident and investigation function has been moved from the South African Civil Aviation Authority to the department.

Programme 4: Integrated Planning and Intersphere Coordination

- *Transport Planning* is responsible for: implementing the National Land Transport Act (2009); developing the national transport master plan; and providing planning support to facilitate municipal and provincial transport planning and alignment.
- *Integrated Delivery Programme* supports the achievement of the key national priorities of job creation, access to education and rural development by: aligning the development of transport infrastructure with the extended public works programme; reducing the travel time of learners to their schools by distributing bicycles through the Shova Kalula project; and providing support for rural transport infrastructure to district municipalities. The subprogramme is also responsible for establishing transport authorities and managing the Transport Appeal Tribunal.
- *Integrated Infrastructure and Network Development* reviews transport infrastructure plans, assists with infrastructure planning, develops frameworks and strategies for infrastructure development, provides support for infrastructure projects, coordinates and implements infrastructure projects, develops systems for infrastructure management, and advances regional transport infrastructure development for all modes of transport. The subprogramme also oversees the South African National Roads Agency, and funding for national non-toll roads is transferred to this entity.
- *Administration Support.*

Objectives and measures

- Improve transport planning by developing a master plan, driven by national, provincial and municipal statutory plans, by March 2010, to facilitate and support integrated investment and services across all three spheres of government.
- Improve infrastructure planning and management by implementing the road infrastructure strategic framework for South Africa, aimed at improving the management of the road network and road conditions by March 2010.

- Support rural transport infrastructure investment by planning, supporting and funding key pilot projects by 2012/13.

Service delivery focus

Phases 1 to 3 of the national transport master plan 2050 were completed by November 2009 and provide: reports on the status of transportation; provincial analyses of constraints in providing demand responsive and qualitative transportation systems; 3 scenarios on land use; and supply and demand forecasts up to 2050. The fourth and final phase will be finalised in March 2010 and will outline the action plan for policies, institutions and infrastructure facilities. Road shows will take place in April 2010.

The National Land Transport Act (2009) replaced the National Land Transport Transition Act (2000) in April 2009. In 2010/11, the National Public Transport Regulator will provide regulatory services for inter-provincial public and tourist transport. A standardised procedure manual is being developed to enable all regulatory entities to administer applications for and dispense operating licences. The manual is expected to be finalised in February 2010.

The process of reclassifying roads into the 6 functional classes set out in the road infrastructure strategic framework is ongoing, and guidelines are currently being aligned with the road access management system. This process started in February 2009 and will conclude in 2010/11.

The department, as the responsible party for overload control, will focus on providing weighing infrastructure and encouraging industry self regulation and information sharing over the medium term. Provincial awareness workshops are now held to promote using the road transport management system. A 20-year loads monitoring report, to be updated annually, will be completed in March 2010.

The national airports development plan is being finalised for consultation and Cabinet approval.

Expenditure estimates

Table 36.7 Integrated Planning and Intersphere Coordination

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R million	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Transport Planning	7.4	13.7	31.5	33.9	27.2	22.3	23.8
Integrated Delivery Programme	14.0	12.1	50.8	54.8	57.2	60.2	63.1
Integrated Infrastructure and Network Development	2 380.4	3 402.8	5 150.9	5 788.2	6 927.8	8 847.3	9 626.0
Administration Support	2.4	1.9	4.9	7.5	6.0	5.9	6.2
Total	**2 404.3**	**3 430.5**	**5 238.1**	**5 884.5**	**7 018.2**	**8 935.7**	**9 719.2**
Change to 2009 Budget estimate				145.7	(97.0)	644.2	–
Economic classification							
Current payments	**41.9**	**38.2**	**88.3**	**105.0**	**114.0**	**114.7**	**120.7**
Compensation of employees	14.8	17.1	19.1	27.8	32.6	34.3	36.1
Goods and services	27.2	21.1	69.2	77.3	81.4	80.4	84.6
of which:							
Consultants and professional services: Business and advisory services	*20.0*	*14.9*	*58.3*	*68.0*	*71.7*	*70.2*	*73.9*
Travel and subsistence	*3.2*	*2.8*	*5.8*	*4.6*	*4.9*	*5.1*	*5.4*
Transfers and subsidies	**2 327.1**	**3 392.0**	**5 143.2**	**5 779.2**	**6 865.9**	**8 767.9**	**9 542.8**
Provinces and municipalities	0.0	–	1 083.2	171.1	21.4	11.1	11.7
Departmental agencies and accounts	2 327.1	3 391.9	4 060.0	5 608.1	6 844.5	8 756.8	9 531.1
Payments for capital assets	**35.2**	**0.3**	**0.5**	**0.3**	**38.3**	**53.1**	**55.7**
Buildings and other fixed structures	–	–	–	–	37.7	52.4	55.0
Machinery and equipment	35.2	0.3	0.5	0.3	0.6	0.7	0.7
Payments for financial assets	**–**	**0.0**	**6.2**	**–**	**–**	**–**	**–**
Total	**2 404.3**	**3 430.5**	**5 238.1**	**5 884.5**	**7 018.2**	**8 935.7**	**9 719.2**

Table 36.7 Integrated Planning and Intersphere Coordination (continued)

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R million	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Details of selected transfers and subsidies							
Provinces and municipalities							
Provinces							
Provincial Revenue Funds							
Capital	**–**	**–**	**1 074.3**	**161.3**	**11.0**	**–**	**–**
Sani Pass Roads Grant	–	–	30.0	34.3	–	–	–
Overload Control Grant	–	–	8.8	10.1	11.0	–	–
Transport Disaster Management Grant	–	–	1 035.5	116.9	–	–	–
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Capital	**–**	**–**	**8.9**	**9.8**	**10.4**	**11.1**	**11.7**
Rural Transport Services and Infrastructure Grant	–	–	8.9	9.8	10.4	11.1	11.7
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	**1 494.1**	**1 962.6**	**2 160.0**	**2 760.6**	**2 779.3**	**2 944.2**	**3 146.5**
South African National Roads Agency Ltd	1 494.1	1 962.6	2 160.0	2 760.6	2 779.3	2 944.2	3 146.5
Capital	**833.0**	**1 429.4**	**1 900.0**	**2 847.5**	**4 065.2**	**5 812.6**	**6 384.6**
South African National Roads Agency Ltd: Secondary road network	–	–	–	–	–	750.0	750.0
South African National Roads Agency Ltd	833.0	1 429.4	1 900.0	2 847.5	4 065.2	5 062.6	5 634.6

Expenditure trends

Expenditure increased significantly from 2006/07 to 2009/10 at an average annual rate of 34.8 per cent, from R2.4 billion in 2006/07 to R5.9 billion in 2009/10. The robust growth is due to once-off allocations of R1 billion in 2008/09 and R116.9 million in 2009/10 for the disaster management grant to repair storm water damage to roads and bridges caused by floods in KwaZulu-Natal and Western Cape. Expenditure in this programme is dominated by expenditure in the *Integrated Infrastructure and Network Development* subprogramme, which makes transfer payments to the South African National Roads Agency. The agency's expenditure in 2009/10 also includes a rollover amount of R13.1 million which increased the baseline. Expenditure in 2009/10 also includes a self-financing allocation of R6.9 million that the Urban Transport Fund surrendered to the National Revenue Fund when the former closed down. The allocation was used to fund commitments that the department took over from the Urban Transport Fund. The department projects possible over-expenditure on this programme in 2009/10.

A budget structure change approved in 2009/10 and effective from April 2010 moved the *2010 Soccer World Cup Coordination* subprogramme and the public transport infrastructure and systems grant from this programme to the *Public Transport* programme. The grant provides R12.2 billion over the medium term for municipal public transport. The purpose of the grant will refocus from 2010 onwards from 2010 FIFA World Cup host cities to general public transport, which required that the budget structure be changed.

Expenditure on transfers and subsidies to the South African National Roads Agency is projected to grow significantly over the medium term, from R5.6 billion to R9.5 billion at an average annual rate of 19.3 per cent. Over the medium term, savings of R120 million, R121.5 million and R72.5 million on transfer payments to the agency have been identified. These savings are made up of R250 million identified as efficiency savings and R64 million in current transfers to the agency that has been reprioritised for compensation of employees spending in the department.

Additional amounts of R750 million in 2011/12 and R750 million in 2012/13 are allocated to the agency to incorporate provincial secondary roads related to the coal haulage network into the national network and restore and maintain them.

Over the medium term, R7.5 million is allocated to establish the National Public Transport Regulator.

Public entity

South African National Roads Agency

Strategic overview: 2006/07 – 2012/13

The South African National Roads Agency was established in terms of the Companies Act (1973), and is listed as a schedule 3A public entity in terms of the Public Finance Management Act (1999). The agency is a corporate entity operating at arm's length from government, with the Minister of Transport its sole shareholder. It is responsible for the existing national road network of 16 170km with an estimated asset value of over R140 billion. The agency's main activities relate to financing, managing, controlling, planning, developing, maintaining and rehabilitating the national road network, as provided for in the South African National Roads Agency and National Roads Act (1998).

As part of ongoing efforts to upgrade, maintain and improve the national road network, the agency has initiated a number of significant projects. The first phase of 185km of the Gauteng freeway improvement project will be completed over the MTEF period. The tolling of this phase will begin in April 2011. A further 376km of new roads, upgrades and improvements is scheduled to start in 2012. A number of new toll projects, including the N17 from Springs to Ermelo, the R30 from Bloemfontein to Kroonstad (via Welkom), ring roads around Nelspruit and Polokwane, as well as the interchange at the Dube trade port are under construction. Other new toll projects include the R512/N4, the extension of the N3, and the Huguenot tunnel and R300 in Western Cape.

Savings and cost effective service delivery

All South African National Road Agency projects are identified and prioritised using an advanced asset management system. This ensures the cost effective allocation of resources across the national road network at all times. The agency's focus on preventative maintenance minimises the need for costly reconstruction and continuously generates substantial cost savings.

To achieve savings of R314.1 million on operational expenditure, some projects have been delayed or the scope of work reduced. This has been done in conjunction with the asset management system to ensure that critical projects are not affected.

Selected performance indicators

Table 36.8 South African National Roads Agency

Indicator	Programme/Activity	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/10	2010/11	2010/11	2011/12
Smooth travel exposure index: percentage travel on roads with low roughness	Strengthening and improvements	98%	97%	95%	95%	95%	95%	95%
Ad hoc maintenance, routine maintenance, and periodic and special maintenance as percentage of total maintenance	Maintenance	98%	97%	95%	95%	95%	95%	95%
Kilometre network expansion	New facilities	678	0	44	0	2 045	0	0

Service delivery focus

Current maintenance contracts for the national road network include resurfacing 2 734km of roads, strengthening 1 937km and improving 463km. In 2009/10, the following progress was made in the toll road development programme: construction work on the N1 Polokwane bypass, the N4 Nelspruit bypass, the N17 from Springs to Ermelo, and the R30 from Bloemfontein to Kroonstad; and phase 1 of the Gauteng freeway improvement project (185 km) and the N2 Dube trade port interchange. In 2008/09, the total value of work allocated to small, medium and micro enterprises (SMME) was R1.8 billion. 75 per cent of the work was carried out by black owned SMMEs. In 2008/09, the agency created jobs amounting to 39 148 980 person hours, equating to 29 529 full time jobs, and awarded contracts to the value of R18.2 billion for completion over the MTEF period.

Through the public private partnerships, the agency has proactively sought alternative sources of finance for road infrastructure and opportunities to reduce dependence on tax based revenues. In 2008/09, concessionaires spent R677 million on the maintenance, rehabilitation and reinforcement of 1 374km of toll roads. Accumulated expenditure to date is R6.9 billion.

The South African National Roads Agency retained its Moody's AA2.Za/P-1.za national scale credit issue rating for non-guaranteed funds and also received a global scale issuer rating of A3–long term and P2–short term in August 2009. In 2009, the agency's approved borrowing programme was increased by R31.9 billion and has been guaranteed by government. As a result, the agency launched its new domestic medium term note programme in August 2009, through which financing options for new and upgraded toll routes are increased.

A key focus over the MTEF period will be the completion of the Gauteng freeway improvement project and the implementation of the new electronic open road tolling system. The open road tolling project is due to start in April 2011. Lane additions and interchange upgrades are required.

Expenditure estimates

Table 36.9 South African National Roads Agency: Programme information

	Audited outcome			Revised estimate	Medium-term estimate		
R million	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Maintenance	2 104.3	2 305.4	2 285.7	2 287.3	3 843.9	3 809.7	1 883.5
Strengthening	505.6	984.8	1 612.9	2 073.4	3 520.4	4 010.4	2 769.0
Improvements	349.3	1 186.9	6 201.2	8 039.3	7 612.2	3 550.9	2 193.1
New Facilities	213.2	297.0	1 763.9	2 940.7	3 209.3	1 809.1	1 137.7
Total expense	**3 172.5**	**4 774.0**	**11 863.7**	**15 340.7**	**18 185.8**	**13 180.1**	**7 983.3**

Table 36.10 South African National Roads Agency: Financial information

Statement of financial performance	Audited outcome			Revised estimate	Medium-term estimate		
R million	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Revenue							
Non-tax revenue	**1 410.9**	**1 987.9**	**3 179.5**	**1 814.0**	**2 016.2**	**4 796.2**	**5 427.0**
Sale of goods and services other than capital assets *of which:*	1 184.6	1 537.7	1 687.7	1 814.0	2 016.2	4 796.2	5 427.0
Tollgate fees	1 117.1	1 226.7	1 330.0	1 626.9	1 829.2	4 609.1	5 240.0
Other sales	67.5	311.0	357.8	187.0	187.0	187.0	187.0
Other non-tax revenue	226.2	450.2	1 491.8	–	–	–	–
Transfers received	1 578.9	1 841.8	1 934.4	5 787.4	6 844.5	8 756.8	9 531.1
Total revenue	**2 989.8**	**3 829.7**	**5 113.9**	**7 601.4**	**8 860.7**	**13 553.0**	**14 958.1**
Expenses							
Current expense	**3 020.5**	**3 487.2**	**4 101.1**	**5 726.6**	**8 067.6**	**12 024.5**	**13 600.4**
Compensation of employees	50.5	58.1	83.6	108.2	116.7	122.4	130.9
Goods and services	2 104.3	2 248.7	2 174.8	3 281.9	3 909.4	6 851.0	7 325.0
Depreciation	236.0	461.2	521.6	814.6	1 138.4	1 420.1	1 602.4
Interest, dividends and rent on land	629.7	719.2	1 321.1	1 521.8	2 903.0	3 631.0	4 542.0
Total expenses	**3 020.5**	**3 487.2**	**4 101.1**	**5 726.6**	**8 067.6**	**12 024.5**	**13 600.4**
Surplus / (Deficit)	**(30.7)**	**342.5**	**1 012.9**	**1 874.8**	**793.1**	**1 528.5**	**1 357.7**
Statement of financial position							
Carrying value of assets	8 026.7	14 385.7	23 909.5	29 115.8	44 430.5	51 962.4	56 532.1
of which: Acquisition of assets	1 068.2	2 828.6	8 971.6	6 020.9	16 453.1	8 952.0	6 172.1
Investments	318.6	294.2	290.8	875.9	800.0	500.0	500.0
Receivables and prepayments	167.7	548.0	2 530.4	617.2	600.0	900.0	1 200.0
Cash and cash equivalents	1 313.3	1 462.1	3 872.9	3 470.3	1 709.7	2 209.7	3 100.1
Total assets	**9 826.3**	**16 690.0**	**30 603.7**	**34 079.2**	**47 540.2**	**55 572.2**	**61 332.2**

Table 36.10 South African National Roads Agency: Financial information (continued)

Statement of financial performance	Audited outcome			Revised estimate	Medium-term estimate		
R million	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Accumulated surplus/deficit	(3 252.8)	(2 902.8)	(1 890.0)	(15.1)	850.8	2 452.0	3 882.5
Capital and reserves	1 091.0	1 091.0	1 091.0	1 091.0	1 091.0	1 091.0	1 091.0
Borrowings	6 200.0	6 718.8	16 205.1	20 849.9	30 970.7	34 674.4	38 079.8
Post-retirement benefits	7.1	6.8	6.9	6.9	7.0	7.1	7.2
Trade and other payables	868.4	5 278.3	6 510.7	3 348.9	5 852.6	8 579.5	9 503.5
Managed funds	277.6	239.4	204.1	294.4	265.0	265.0	265.0
Liabilities not classified elsewhere	4 635.0	6 258.5	8 475.9	8 503.1	8 503.1	8 503.1	8 503.1
Total equity and liabilities	**9 826.3**	**16 690.0**	**30 603.7**	**34 079.2**	**47 540.2**	**55 572.2**	**61 332.2**

Expenditure trends

The South African National Roads Agency finances its operations from 2 distinct revenue sources, government transfers and toll income. These are ring fenced to fund the non-toll and toll operations respectively and no cross-subsidisation is required.

Over the MTEF period, the following transfers are allocated for non-toll national road infrastructure: R6.8 billion, R8.7 billion and R9.5 billion.

For the toll operations, the agency raises funding through its medium term note programme in the domestic market, which carries a government guarantee to reduce the cost of borrowing. The loans are repaid with income collected on declared toll routes. The agency also raised €120 million from the European Investment Bank. The 141.2 per cent increase in borrowings in 2008/09 has been applied to, among others, the Gauteng freeway improvement project, the N17 from Springs to Ermelo, the R30 from Bloemfontein to Kroonstad (via Welkom), and the interchange at the new Dube trade port. Over the MTEF period, borrowings will increase by a further 22.2 per cent, as these projects are being completed. It should be noted that on newly declared toll routes, toll income will only start once the upgrades are completed. Hence, funding and borrowing costs will continue to increase until then. The impact on revenue is reflected in the significant 53 per cent growth in income in 2011/12, due to the start of the open road toll in April 2011. Estimated revenue from the Gauteng freeway improvement project is R300 million per month.

Total revenue increased substantially between 2006/07 and 2009/10 at an average annual rate of 36.5 per cent, from R3 billion in 2006/07 to R7.6 billion in 2009/10. It is expected to increase to R15 billion in 2012/13, at an average annual rate of 25.3 per cent. Expenditure increased at an average annual rate of 23.8 per cent from R3 billion to R5.7 billion in the same period. It is expected to increase to R13.6 billion over the medium term, at an average annual rate of 33.4 per cent.

The increase in cash and cash equivalents between 2007/08 and 2008/09 is due to the funding requirements for the toll operations. To ensure that the South African National Roads Agency does not risk significant cash shortages to pay its contractors, it carries a liquidity buffer of around 3 months' expenditure. This policy has proved to be adequate and prudent in the global economic downturn.

Programme 5: Transport Logistics and Corridor Development

- *National Freight Logistics Strategy* is responsible for developing strategies to unblock bottlenecks in the freight logistics system. It will oversee the implementation of a national freight logistics strategy by coordinating integrated infrastructure planning, forecasting demand and undertaking scenario planning. Financial support to provincial freight forums is based on memorandums of understanding between the department and provincial departments.
- *Eastern Corridor and Western Corridor* implements projects in the freight corridors. These are aimed at improving the efficiency of the corridors into a seamless logistics system that supports the geographic expansion of economic activity in South Africa and the Southern African Development Community (SADC) region.
- *Administration Support.*

Objectives and measures

- Promote the seamless and integrated movement of cargo to achieve systems costs reduction and reduce transit and turnaround times by half by developing appropriate corridor mapping tools to ensure interoperability by 2014.
- Enhance and promote the participation of the second economy players in the mainstream economy as well as encourage private sector participation and investment by developing appropriate institutional and regulatory frameworks for freight transport by 2014.

Service delivery focus

The national freight databank for all 9 provinces, which provides an analysis of freight movement statistics, was completed in 2009. In 2010/11, the department will begin updating the current databank on a national scale for all modes of transport for a range of corridor information. The development of the national freight information system has been stalled and is expected to be finalised by 2012.

The department has started developing sub-sectoral strategic intervention areas for implementing the national freight logistics strategy in rail, roads, air and ports to remove current system blockages, increase freight movement capacity and improve performance. Strategic intervention areas in rail, roads and air are expected to be implemented by 2011. Interventions in ports sector will be implemented by 2012.

The provincial freight logistics forums have gained momentum. The forums include the different spheres of government, agencies, state owned enterprises, organised labour, the private sector and communities. 2010 FIFA World cup host cities were assisted in integrating their freight plans into overall transport plans. These plans were submitted to FIFA in October 2008 and contributed to the success of the FIFA Confederations Cup in 2009. Site visits were conducted to Beit Bridge, Lebombo, Maseru Bridge and Nakop land border posts to get first hand information on the sources of congestion and delays. A draft freight movement optimisation plan was compiled.

Expenditure estimates

Table 36.11 Transport Logistics and Corridor Development

Subprogramme	**Audited outcome**			**Adjusted appropriation**	**Medium-term expenditure estimate**		
R million	**2006/07**	**2007/08**	**2008/09**	**2009/10**	**2010/11**	**2011/12**	**2012/13**
National Freight Logistics Strategy	7.2	1.4	4.8	15.4	15.4	15.8	16.7
Eastern Corridor	7.5	7.7	11.5	3.7	4.4	4.7	5.0
Western Corridor	2.6	2.2	3.2	7.5	7.1	7.5	8.0
Administration Support	0.6	1.7	2.7	2.7	3.3	3.5	3.7
Total	**17.9**	**13.0**	**22.2**	**29.3**	**30.1**	**31.5**	**33.3**
Change to 2009 Budget estimate				(2.5)	(8.9)	(8.8)	–
Economic classification							
Current payments	**17.8**	**12.9**	**22.0**	**29.0**	**30.0**	**31.4**	**33.3**
Compensation of employees	3.9	4.3	6.8	12.3	15.5	16.4	17.5
Goods and services	13.9	8.6	15.2	16.6	14.5	15.1	15.8
of which:							
Consultants and professional services: Business and advisory services	*11.1*	*6.9*	*12.9*	*13.0*	*10.6*	*11.0*	*11.5*
Travel and subsistence	*1.5*	*0.9*	*0.9*	*1.9*	*2.0*	*2.1*	*2.2*
Payments for capital assets	**0.1**	**0.0**	**0.2**	**0.3**	**0.1**	**0.1**	**0.1**
Machinery and equipment	0.1	0.0	0.2	0.3	0.1	0.1	0.1
Total	**17.9**	**13.0**	**22.2**	**29.3**	**30.1**	**31.5**	**33.3**

Expenditure trends

Spending increased from R17.9 million in 2006/07 to R29.3 million in 2009/10 at an average annual rate of 17.8 per cent, mainly due to higher expenditure on personnel. Expenditure in compensation of employees grew significantly from 2006/07 to 2009/10 at an average annual rate of 46.6 per cent, from R3.9 million in 2006/07 million to R12.3 million in 2009/10, as a result of concerted efforts to fill vacant posts. The vacancy rate of the programme decreased as a result, from 41.7 per cent in 2006/07 to 26 per cent in 2008/09. However, the programme continues to under spend on its appropriated budget. Only 49.4 per cent of the appropriated budget was spent 2007/08 and 31.2 per cent in 2008/09. Further underspending is expected in 2009/10 as a result of difficulties in procuring appropriate service providers.

Over the medium term, expenditure is projected to grow marginally at an average annual rate of 4.4 per cent to reach R33.3 million, as expenditure on consultants and professional services and compensation of employees stabilises.

Programme 6: Public Transport

- *Public Transport Strategy and Monitoring* develops public transport strategies and leads the initiation of related implementation projects. Its main priority is to oversee the implementation of the public transport strategy. Funding for goods and services is based on supply chain principles.
- *Public Transport Management* oversees the payment of rail commuter subsidies and capital transfers to the Passenger Rail Agency of South Africa, manages the passenger rail integration process and facilitates the transformation of the industry.
- *Taxi Recapitalisation Project Office* manages taxi related matters, liaises with the industry, intervenes to ensure that the formalisation process is on track, facilitates training and development, and develops regulatory frameworks. The implementation of the taxi recapitalisation project is a key priority, and funds for scrapping old taxis are paid in accordance with the taxi recapitalisation programme.
- *Public Transport Business Development* develops the business case for public transport and focuses on the integration of public transport operations to maximise the subsidy. It also develops the business case and analysis for new public transport developments. Funding for goods and services is based on supply chain management principles.
- *Public Transport Infrastructure and Systems* facilitates coordinated planning and monitors the spending and performance of public transport infrastructure and operations in metropolitan municipalities and large cities.
- *Administration Support*

Objectives and measures

- Sustain access to safe, reliable and affordable public transport for all public transport users by facilitating the establishment of a public transport integration committee in each province by August 2010.
- Align and integrate the taxi recapitalisation programme with national and provincial rail services, metropolitan rapid public transport corridor services and subsidised provincial bus services by facilitating the development of operational plans for integrated rapid public transport networks in metropolitan and large municipalities and redefining the taxi recapitalisation project by 2013.
- Promote the orderly and sustainable development of transport infrastructure by monitoring and supporting the implementation of the 2010 action plan in accordance with FIFA guarantees.

Service delivery focus

Bus specifications and fleet size and related procurement needs for the 2010 FIFA World Cup were finalised in January 2010. Detailed operational plans and alignment with host city operational plans for all provinces are in place. The tender for an operational company to provide services was advertised in January 2010.

In February 2009, Cabinet approved the turnaround strategy for the 9 operating licence boards, the taxi industry, the taxi regulatory framework and the taxi recapitalisation policy. These frameworks will be discussed with the Minister of Finance to develop an appropriate funding model in 2010/11.

Several meetings with cities on the intersphere alignment of integrated rapid public transport network norms and standards for electronic fare collection were conducted in 2009/10. Inputs from the road show will help to finalise the integrated rapid public transport network plan in Johannesburg, Nelson Mandela Bay metropolitan municipality, Tshwane and Cape Town.

Expenditure estimates

Table 36.12 Public Transport

Subprogramme				Adjusted			
	Audited outcome			appropriation	Medium-term expenditure estimate		
R million	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Public Transport Strategy and Monitoring	4.7	2.8	4.2	22.8	10.0	7.8	8.2
Public Transport Management	9 505.1	9 831.4	12 535.4	13 540.2	12 580.8	13 302.1	13 963.7
Taxi Recapitalisation Project Office	231.8	679.8	575.7	754.9	626.8	606.6	636.7
Public Transport Business Development	–	0.4	1.9	1.9	2.4	2.6	2.7
Administration Support	3.6	2.2	3.0	6.0	5.9	6.2	6.5
Public Transport Infrastructure and Systems	699.3	1 795.7	3 059.6	3 126.7	4 203.7	4 429.5	4 129.7
Total	**10 444.5**	**12 312.3**	**16 179.8**	**17 452.4**	**17 429.6**	**18 354.7**	**18 747.5**
Change to 2009 Budget estimate				144.0	(317.0)	(627.2)	–
Economic classification							
Current payments	**153.4**	**135.2**	**162.0**	**191.8**	**151.0**	**155.4**	**163.0**
Compensation of employees	8.6	11.6	18.0	21.7	26.3	27.8	29.2
Goods and services	144.7	123.6	144.0	170.1	124.6	127.6	133.7
of which:							
Consultants and professional services: Business and advisory services	*134.0*	*119.7*	*139.7*	*164.4*	*118.7*	*121.4*	*127.2*
Travel and subsistence	*1.0*	*1.2*	*1.5*	*1.7*	*1.8*	*1.9*	*2.0*
Transfers and subsidies	**10 291.0**	**12 175.0**	**16 017.5**	**17 260.5**	**17 278.5**	**18 199.2**	**18 584.4**
Provinces and municipalities	3 759.0	4 203.4	6 185.8	8 926.8	8 000.9	8 583.5	8 485.9
Departmental agencies and accounts	1.0	130.0	100.0	206.6	–	–	–
Public corporations and private enterprises	6 420.2	7 267.2	9 258.2	7 482.4	8 765.2	9 128.5	9 587.0
Non-profit institutions	11.2	2.9	13.0	14.0	14.8	15.7	16.5
Households	99.5	571.6	460.5	630.8	497.6	471.5	495.0
Payments for capital assets	**0.2**	**0.2**	**0.3**	**0.1**	**0.1**	**0.1**	**0.2**
Machinery and equipment	0.2	0.2	0.3	0.1	0.1	0.1	0.2
Payments for financial assets	**–**	**1.9**	**–**	**–**	**–**	**–**	**–**
Total	**10 444.5**	**12 312.3**	**16 179.8**	**17 452.4**	**17 429.6**	**18 354.7**	**18 747.5**
Details of selected transfers and subsidies							
Provinces and municipalities							
Provinces							
Provincial Revenue Funds							
Current	**–**	**–**	**–**	**3 531.9**	**3 863.0**	**4 153.2**	**4 360.9**
Public Transport Operations Grant	–	–	–	3 531.9	3 863.0	4 153.2	4 360.9
Capital	**3 241.0**	**3 029.4**	**3 266.0**	**2 976.7**	**438.4**	**5.3**	**–**
Gautrain Rapid Rail Link	3 241.0	3 029.4	3 266.0	2 976.7	438.4	5.3	–
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Capital	**518.0**	**1 174.0**	**2 919.8**	**2 418.2**	**3 699.5**	**4 425.0**	**4 125.0**
Public Transport Infrastructure and Systems Grant	518.0	1 174.0	2 919.8	2 418.2	3 699.5	4 425.0	4 125.0

Table 36.12 Public Transport (continued)

R million	Audited outcome 2006/07	2007/08	2008/09	Adjusted appropriation 2009/10	Medium-term expenditure estimate 2010/11	2011/12	2012/13
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Capital	**–**	**130.0**	**100.0**	**206.6**	**–**	**–**	**–**
South African National Roads Agency Ltd (Public Transport Infrastructure and Systems Fund)	–	130.0	100.0	206.6	–	–	–
Public corporations and private enterprises							
Public corporations							
Subsidies on production or products							
Current	**2 751.3**	**2 259.1**	**3 049.6**	**3 185.8**	**3 154.9**	**3 343.7**	**3 565.9**
Passenger Rail Agency of South Africa	2 751.3	2 259.1	3 049.6	3 185.8	2 754.9	3 343.7	3 565.9
Passenger Rail Agency of South Africa	–	–	–	–	400.0	–	–
Public corporations and private enterprises							
Public corporations							
Other transfers							
Capital	**1 208.6**	**2 172.1**	**2 367.7**	**4 296.5**	**5 610.3**	**5 784.8**	**6 021.1**
Passenger Rail Agency of South Africa	1 029.6	1 696.1	2 367.7	3 831.8	4 813.3	5 784.8	6 021.1
Passenger Rail Agency of South Africa: Autopax	–	–	–	–	797.0	–	–
Passenger Rail Agency of South Africa: Public Transport Infrastructure and Systems Fund	179.0	476.0	–	464.8	–	–	–
Public corporations and private enterprises							
Private enterprises							
Subsidies on production or products							
Current	**2 460.3**	**2 836.0**	**3 840.9**	**–**	**–**	**–**	**–**
Bus Subsidies	2 460.3	2 836.0	3 840.9	–	–	–	–
Non-profit institutions							
Current	**11.2**	**2.9**	**13.0**	**14.0**	**14.8**	**15.7**	**16.5**
South African National Taxi Council	11.2	2.9	13.0	14.0	14.8	15.7	16.5
Households							
Other transfers to households							
Current	**99.5**	**571.6**	**460.5**	**630.8**	**497.6**	**471.5**	**495.0**
Taxi Recapitalisation	99.5	571.6	460.5	630.8	497.6	471.5	495.0

Expenditure trends

Expenditure in the *Public Transport* programme is dominated by transfers and subsidies mainly in the following subprogrammes: *Public Transport Management* for the Gautrain rapid rail link, the Passenger Rail Agency of South Africa and the public transport operations grants (bus subsidies); *Taxi Recapitalisation Projects Office* for recapitalisation; *Public Transport Infrastructure and Systems* for the public transport infrastructure and systems grant.

Between 2006/07 and 2009/10, overall expenditure grew strongly at an average annual rate of 18.7 per cent, from R10.4 billion to R17.5 billion. The strong growth was due to increased allocations for the taxi recapitalisation process and rail infrastructure and operations. Expenditure on goods and services decreased in 2009/10 due to the reprioritisation of funds from the Autopax project office, which has been taken over by the Passenger Rail Agency of South Africa, to fund the Africa-Indian Ocean regional air navigation conference, and due to efficiency savings, which resulted in the reduction of the allocation to the *Public Transport Strategy and Monitoring* subprogramme. The department projects possible over-expenditure on this programme in 2009/10.

Over the MTEF period, overall expenditure is expected to grow to R18.7 billion at an average annual rate of 2.4 per cent. This is due to an increase in expenditure on transfers and subsidies to the Passenger Rail Agency of South Africa. These transfers and subsidies are expected to grow strongly, from R7.5 billion in 2009/10 to

R9.6 billion in 2012/13, at an average annual rate of 9.6 per cent. R797 million is included in the Passenger Rail Agency of South Africa's capital budget for Autopax buses in 2010/11. The increase over the medium term is also due to an increase in expenditure on the public transport operations grant, which is expected to grow at an average annual rate of 7.3 per cent.

Between 2006/07 and 2009/10, national government's contribution to the Gautrain rapid rail link was R12.5 billion. It is expected that R443.7 million in contributions will be made in 2010/11 and 2011/12, when the project will have been completed in 2011/12. Expenditure in 2009/10 includes an additional allocation of R144 million for the Gautrain rapid rail link to account for the inflation and foreign exchange adjustment in terms of the public private partnership contract.

The *2010 Soccer World Cup Coordination* subprogramme, was allocated R20.9 billion over the 7-year period to support public transport infrastructure development in large metros and cities. From 2010/11, the subprogramme has been renamed *Public Transport Infrastructure and Systems* and shifted to the *Public Transport* programme as a subprogramme. Over the medium term, previous allocations to the public transport infrastructure systems grant were reduced by R2.6 billion to limit underspending and allow municipalities to finalise operational and financing plans for their rapid public transport network services.

The budget provides additional allocations for:

- R218 million in 2011/12 and R176 million in 2012/13 for the Passenger Rail Agency of South Africa for the upgrade and overhaul of rolling stock and signalling infrastructure
- R97.7 million in 2010/11 and R5.3 million in 2011/12 for the Gautrain concession agreement to fund foreign exchange differences and local prices variations
- R297 million for the Passenger Rail Agency of South Africa to pay the state guarantee loan for intercity buses.

Public entity

Passenger Rail Agency of South Africa

Strategic overview: 2006/07 – 2012/13

The Passenger Rail Agency of South Africa was established in March 2009 to consolidate and streamline the operations, personnel and assets of a number of different passenger transport entities, including: the South African Rail Commuter Corporation, Metrorail, Intersite Property Management Services, Shosholoza Meyl and Autopax. Service delivery in the passenger rail sector entails the progressive development of the corridor over time, and enhancing the travelling experience by integrating services with other modes of transport and managing stations in a customer friendly manner.

Over the past 2 years, before it was formally established in 2009, the agency has been consolidating the entities, executing the turnaround strategy, forging a common set of values among the merging entities, implementing the safety management system and safety plan, and upgrading infrastructure and rolling stock.

Investments in infrastructure by the agency's predecessor, the South African Rail Commuter Corporation, have yielded some important results over the period under review. These include higher investments in infrastructure and rolling stock between 2006/07 and 2009/10, which resulted in a reduction of fatalities and injuries. A monitoring system which analyses the availability and reliability of services, subsidy per passenger kilometre, safety performance, customer satisfaction and passenger trips was set up to provide regular and accurate information for better decision making.

To improve cost-efficiency in operations, over the next 7 years, the Passenger Rail Agency of South Africa aims to increase patronage levels, recapitalise its property portfolio, maximise income from current and future leases, and re-balance the fare structure to maximise income while achieving government's socioeconomic objectives.

Over the MTEF period, the emphasis will be on both capital investment and operations. This means: ensuring service excellence from Metrorail, Shosholoza Meyl and Autopax; managing property and asset development; and upgrading and modernising the Passenger Rail Agency of South Africa's key transport systems.

Savings and cost effective service delivery

The Passenger Rail Agency of South Africa has implemented a cost containment strategy to ensure operational efficiencies in all business units. Efficiency savings have been identified in both core and administrative functions: off-peak and weekend services where ridership is less than 40 per cent have been reduced; labour agreements and agreements with Transnet have been renegotiated; stations and maintenance depots have been integrated; and personnel structures have been streamlined. Savings from administrative functions will be made by capturing synergies from shared services, minimising travel and accommodation costs, conducting supplier price reviews and prudently managing internal budgets.

Selected performance indicators

Table 36.13 Passenger Rail Agency of South Africa

Indicator	Programme/Activity	Past			Current*	Projections		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Percentage of Metrorail trains arriving on time (0-5 minutes)	Metrorail operations	86.6%	86.4%	87.7%	87.0%	90%	90.5%	91%
Percentage of Shosholoza Meyl trains arriving on time (0-30 minutes)	Shosholoza Meyl operations	–	33%	32%	34%	60%	75%	85%
Percentage of Metrorail trains cancelled	Metrorail operations	2.3%	1.8%	1.8%	2.0%	1.8%	1.4%	1.3%
Number of rolling stock coaches refurbished each year	Metrorail and Shosholoza Meyl operations							
- Metrorail		310	489	709	531	450	450	450
- Shosholoza Meyl		–	–	–	30	40	50	60
Customer service index	Metrorail, Shosholoza Meyl and Autopax operations							
- agency as a whole		–	–	–	72%	75%	75%	75%
- Metrorail		–	71%	73%	72%	75%	75%	75%
- Shosholoza Meyl		–	–	–	81%	81%	81%	81%
- Autopax		–	–	–	83%	83%	83%	83%
Percentage lease and rental income growth: Intersite	Revenue strategy	–	–	-	0%	20%	30%	40%

Service delivery focus

To improve customer satisfaction, the accelerated rolling stock investment programme was set up to purchase new coaches and overhaul and refurbish existing ones. Between 2006/07 and 2008/09, 1 508 coaches were upgraded and overhauled, and another 531 is committed in 2009/10.

Over the medium term, the agency will continue improving service delivery on both commuter and intercity regional corridors by increasing train set capacity (a train set consists of motor coaches and plain trailers), reducing service headways, and improving customer service by applying total station management approaches on the Tshwane-Johannesburg, Naledi-Johannesburg, Cape Town-Khayelitsha and KwaMashu-Durban-Umlazi corridors.

Shosholoza Meyl train arrivals are expected to improve over the medium term with an in-depth analysis of train delays underway. Capacity will have been created for train operations and incident/interface management, and there will be a 24-hour presence in the national command centre of Transnet Freight Rail. Further steps over the MTEF period will be taken, including the conclusion of negotiations with Transnet Freight Rail on the access and haulage agreement that includes service levels and standards for Shosholoza Meyl trains and simplifying measurements across the agency through cross-functional teams and focuses.

Expenditure estimates

Table 36.14 Passenger Rail Agency of South Africa: Programme information

	Audited outcome			Revised estimate	Medium-term estimate		
R million	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
SARCC/Metrorail operations	4 301.2	4 806.8	5 989.1	4 085.1	3 830.6	4 074.7	4 298.6
Shosholoza Meyl operations	–	–	–	1 210.9	1 150.2	1 192.8	1 389.8
Autopax Operations	–	–	–	489.6	1 046.7	1 203.5	1 244.4
Other programmes	–	–	–	1 264.2	2 043.2	2 205.0	2 496.7
Total expense	**4 301.2**	**4 806.8**	**5 989.1**	**7 049.8**	**8 070.7**	**8 676.0**	**9 429.5**

Table 36.15 Passenger Rail Agency of South Africa: Financial information

Statement of financial performance	Audited outcome			Revised estimate	Medium-term estimate		
R million	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Revenue							
Non-tax revenue	**1 813.6**	**2 033.8**	**2 386.1**	**2 873.4**	**3 609.8**	**3 824.8**	**4 144.7**
Sale of goods and services other than capital assets *of which:*	1 518.8	1 522.3	1 713.6	2 831.0	3 599.3	3 815.0	4 134.3
Sales by market establishments	1 325.6	1 471.2	1 661.1	2 604.0	3 370.6	3 573.3	3 875.4
Other sales	193.2	51.1	52.5	227.1	228.7	241.7	258.9
Other non-tax revenue	294.7	511.5	672.5	42.4	10.5	9.8	10.4
Transfers received	2 751.3	2 259.1	2 549.6	3 904.1	4 460.9	4 851.2	5 284.8
Total revenue	**4 564.9**	**4 292.9**	**4 935.7**	**6 777.5**	**8 070.7**	**8 676.0**	**9 429.5**
Expenses							
Current expense	**4 301.2**	**4 630.1**	**5 772.1**	**7 049.8**	**8 070.7**	**8 676.0**	**9 429.5**
Compensation of employees	1 620.4	1 986.3	2 333.1	2 789.2	2 670.9	2 904.8	3 070.0
Goods and services	2 101.1	1 956.8	2 663.5	3 355.6	3 865.6	4 049.6	4 435.4
Depreciation	545.1	655.3	737.7	865.5	1 453.3	1 654.8	1 866.2
Interest, dividends and rent on land	34.6	27.7	31.2	39.4	81.0	66.9	57.9
Transfers and subsidies	–	176.7	217.0	–	–	–	–
Total expenses	**4 301.2**	**4 806.8**	**5 989.1**	**7 049.8**	**8 070.7**	**8 676.0**	**9 429.5**
Surplus / (Deficit)	**263.6**	**(513.9)**	**(1 053.4)**	**(272.3)**	**–**	**–**	**–**
Statement of financial position							
Carrying value of assets	7 071.2	8 613.3	11 600.4	15 031.9	19 203.6	23 393.9	27 614.7
of which: Acquisition of assets	1 104.1	2 217.2	3 767.7	4 297.0	5 625.0	5 845.0	6 087.0
Inventory	56.4	104.3	129.7	194.4	202.1	210.2	218.6
Receivables and prepayments	360.2	309.7	517.9	391.2	403.8	414.3	428.7
Cash and cash equivalents	1 870.8	2 015.3	1 159.9	842.5	1 114.3	1 468.3	1 806.7
Assets not classified elsewhere	–	36.8	13.4	–	–	–	–
Total assets	**9 358.6**	**11 079.4**	**13 421.2**	**16 460.0**	**20 923.8**	**25 486.6**	**30 068.7**
Accumulated surplus/deficit	3 303.9	(1 472.1)	(2 525.5)	(2 797.8)	(2 797.8)	(2 797.8)	(2 797.8)
Capital and reserves	4 716.9	4 248.3	4 248.3	4 248.3	4 248.3	4 248.3	4 248.3
Borrowings	160.6	132.9	104.3	–	–	–	–
Post-retirement benefits	75.7	44.5	51.1	3.2	3.5	3.7	3.8
Trade and other payables	848.8	1 019.4	2 248.1	2 307.3	2 430.6	2 633.2	2 823.2
Provisions	252.7	487.2	530.5	355.8	377.1	399.6	423.5
Liabilities not classified elsewhere	–	6 619.2	8 764.4	12 343.2	16 662.2	20 999.6	25 367.7
Total equity and liabilities	**9 358.6**	**11 079.4**	**13 421.2**	**16 460.0**	**20 923.8**	**25 486.6**	**30 068.7**

Expenditure trends

The Passenger Rail Agency of South Africa receives transfers for the subsidisation of rail services, capital transfers, and fare revenue from Metrorail, Shosholoza Meyl and Autopax. Rental income is generated from Intersite Property Management Services. Total revenue grew at an average annual rate of 14.8 per cent between 2006/7 and 2009/10, from R4.6 billion to R6.8 billion. This was due to additional fare revenue of R877 million projected by Autopax and Shosholoza Meyl for 2009/10. Over the MTEF period, revenue is expected to grow at an average annual rate of 11.6 per cent to reach R9.4 billion. This increase is due to the incorporation of Shosholoza Meyl and Autopax.

In 2009/10, expenditure increased by 17.7 per cent from R6 billion to R7 billion. The transfer of Shosholoza Meyl and Autopax to the Passenger Rail Agency of South Africa impacted expenditure trends significantly between 2008/09 and 2009/10. Expenditure on maintenance increased by 32 per cent in 2009/10, from R666.8 million to R878.4 million as result of the amalgamation of passenger rail infrastructure. Compensation of employees expenditure rose significantly, due to the transfer of additional staff from Transnet for Shosholoza Meyl and Autopax operations.

Over the medium term, expenditure is expected to increase to R9.4 billion at an average annual rate of 10.2 per cent. The strong growth is attributable to the continued consolidation of the South African Rail Commuter Corporation, Metrorail, Shosholoza Meyl, Autopax and Intersite Property Management Services into the agency.

Programme 7: Public Entity Oversight and Border Operations and Control

- *Public Entity Oversight* oversees public entities' compliance with government policy, corporate governance, and financial management and performance, through monitoring and evaluations processes. It also manages policy and legislation development, and the reform of public entities to improve service delivery.
- *Border Operations and Control* is responsible for the oversight and monitoring of all modes of transport including land border posts, sea ports and aviation airspace.
- *Administration Support.*

This programme transfers funds to public entities and monitors expenditure based on a shareholder compact between the entity and the Minister of Transport. Goods and services expenditure is based on supply chain management principles.

Objectives and measures

- Ensure effective financial and non-financial oversight of the department's public entities by developing the electronic performance management system by March 2011.
- Ensure alignment between legislative mandates and entities' strategic and corporate plans by concluding shareholder compacts and reviewing performance agreements on an ongoing basis.
- Ensure regulatory compliance by providing ongoing governance and financial oversight and policy and business performance advice to the public entities on an ongoing basis on their corporate financial proposals and implementation plans.
- Ensure the efficient movement of people and cargo across ports of entry by finalising a border control oversight framework integrating all modes of transport, including land border posts, sea ports and aviation airspace by March 2010.

Service delivery focus

Shareholder compacts outlining key performance areas for public entities were concluded in June 2009 and are monitored and evaluated through entities' quarterly and annual reports.

The expected finalising of the performance management system in June 2009 was delayed due to the appointment of the service provider from the State Information Technology Agency. This appointment was finalised in December 2009 along with the user requirements analysis report. The project will have begun in January 2010 with full implementation expected by the end of 2010/11.

The Road Accident Fund Amendment Act (2005) was promulgated with regulations in August 2008. A memorandum of understanding between the Road Accident Fund and the department, which governs their interaction on the joint communication campaign for the amendment act, was finalised in July 2008. The first phase of the campaign, which entailed developing the campaign, was completed in August 2008, and the second phase was suspended due to a constitutional challenge by the Law Society of South Africa in 2009. The challenge is expected to be argued in 2010/11.

A draft no-fault policy was developed and approved for consultation by Cabinet in November 2009. From early 2009 until August, consultations were held with affected national departments, such as the Department of Tourism, the Department of Labour, the Department of Health, the Department of Social Development, National Treasury and the Road Accident Fund through the Compensation Fund and Unemployment Insurance Fund.

Expenditure estimates

Table 36.16 Public Entity Oversight and Border Operations and Control

Subprogramme				Adjusted			
	Audited outcome			appropriation	Medium-term expenditure estimate		
R million	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Public Entity Oversight	130.8	165.1	2 660.6	177.0	144.4	144.9	153.0
Border Operations and Control	–	–	0.2	2.2	1.3	1.3	1.4
Administration	0.2	0.8	2.5	3.2	3.6	3.8	4.0
Economic Regulation	–	0.6	–	–	–	–	–
Total	**131.1**	**166.4**	**2 663.2**	**182.4**	**149.3**	**150.1**	**158.4**
Change to 2009 Budget estimate				4.7	60.6	57.1	(9.2)
Economic classification							
Current payments	**4.1**	**4.3**	**13.9**	**27.9**	**13.4**	**14.2**	**14.9**
Compensation of employees	2.1	3.5	5.6	8.0	8.6	9.1	9.6
Goods and services	2.0	0.8	8.3	19.9	4.8	5.1	5.3
of which:							
Consultants and professional services: Business and advisory services	*1.2*	*0.0*	*2.2*	*17.1*	*1.9*	*2.0*	*2.1*
Travel and subsistence	*0.1*	*0.2*	*0.4*	*0.8*	*0.9*	*0.9*	*1.0*
Transfers and subsidies	**126.8**	**162.0**	**2 649.1**	**154.3**	**135.7**	**135.7**	**143.3**
Departmental agencies and accounts	126.8	162.0	2 649.1	154.3	135.7	135.7	143.3
Payments for capital assets	**0.2**	**0.1**	**0.2**	**0.2**	**0.2**	**0.2**	**0.2**
Machinery and equipment	0.2	0.1	0.2	0.2	0.2	0.2	0.2
Total	**131.1**	**166.4**	**2 663.2**	**182.4**	**149.3**	**150.1**	**158.4**
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	**126.8**	**162.0**	**149.1**	**154.3**	**135.7**	**135.7**	**143.3**
Railway Safety Regulator	21.2	27.3	33.4	37.3	35.6	37.5	39.3
Road Traffic Management Corporation	90.5	93.0	89.6	83.6	73.6	78.9	83.6
South African Maritime Safety Authority	7.7	12.9	8.5	12.1	9.4	10.0	10.5
South African Civil Aviation Authority	7.4	28.9	7.5	7.8	8.2	–	–
Ports Regulator	–	–	10.2	13.6	8.8	9.4	9.8

Expenditure trends

Expenditure increased strongly between 2006/07 and 2009/10 at an average annual rate of 11.6 per cent, from R131.1 million to R182.4 million. In 2008/09, R2.5 billion was allocated to the Road Accident Fund to finance its liquidity crisis and to assist with payments to claimants.

Expenditure for 2009/10 includes the rollover of R7.8 million for the following: R681 000 for the electronic management system, R1.1 million for consultants on the no-fault policy for the Road Accident Fund, and R6 million for legal council to represent the minister in legal action taken against the Road Accident Fund Amendment Act (2005) and regulations. An additional once-off amount of R3.2 million is also included in the expenditure for 2009/10 for transfer payments to the South African Maritime Safety Authority for a long range identification and tracking system.

Expenditure is expected to decrease to R158.4 million over the MTEF period, at an average annual rate of 4.6 per cent. This is due to expenditure on goods and services which is projected to decline significantly at an average annual rate of 35.5 per cent, from R19.9 million in 2009/10 to R5.3 million in 2012/13. The decrease is due to reprioritising for savings and because the Arrive Alive public communications campaign is now being funded from within the department.

The transfers to the South African Civil Aviation Authority are being discontinued from 2011/12, as they were allocated to the accident and investigation function which will be moved into the *Transport Regulation and Accident and Incident Investigation* programme.

Public entities

Air Traffic and Navigation Services Company

Strategic overview: 2006/07 – 2012/13

The Air Traffic and Navigation Services Company was established in terms of the Air Traffic and Navigation Services Act (1993). Its core mandate is to provide safe, orderly and efficient air traffic, navigational and associated services.

Over the medium term, the company has identified the following key result areas: exceeding the International Civil Aviation Organisation's equipment availability targets in order to meet the demand for efficient air navigation services; improving the company's financial position; and influencing international policy development and promoting regional services. Regarding the latter, the Air Traffic and Navigation Services Company is chairing the committee to establish a SADC air traffic navigation body that will operate on a commercial basis, and has committed its training academy to play a role in transferring professional aviation skills in the Africa-Indian Ocean region. These priorities are driven by the company's strategy of reducing the cost to customers, reversing the financial impact of the recession, and aiming to be the leading air navigation service provider in Africa.

Savings and cost effective service delivery

The company has identified 3 expenditure areas for cost containment: consultants, contracts, and travel expenses. The consultants' budget for the rest of 2009/10 has been centralised in the chief executive's cost centre, so all consultant services must first be approved by the chief executive. The company has entered into single global support contracts to reduce staff requirements and is closely monitoring travel expenditure.

Selected performance indicators

Table 36.17 Air Traffic and Navigation Services Company

Indicator	Past			Current	Projections		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Number of incidents per 100 000 movements	3.5	3.5	3	2.3	2	2	2
Capacity improvement at OR Tambo International Airport to increase runway throughput/hour	56	56	56	60	60	60	60
Air traffic controller vacancy rate	7.3%	12.5%	16.8%	9.1%	8%	6.8%	5.2%

Service delivery focus

The company's aim was to exceed International Civil Aviation Organisation equipment availability targets. The targets were: 99.64 per cent for communication, 98.7 per cent for navigation and 99.7 per cent for surveillance. The achievements were: 99.69 per cent for communication, 99.27 per cent for navigation and 99.39 per cent for surveillance equipment.

Over the medium term, the organisation will: continue to implement the safety management system to ensure achievement of the safety imperative of 2 incidents per 100 000 movements by 2010/11; minimise delay in achieving the targets of limiting the organisation's contribution to flight delays to 1 second per flight and 23 seconds per delayed flight; and ensure equipment and systems availability of 99.74 per cent for communications, 99.45 per cent for navigation and 99.87 per cent for surveillance.

Expenditure estimates

Table 36.18 Air Traffic and Navigation Services Company: Financial information

Statement of financial performance	Audited outcome			Revised estimate	Medium-term estimate		
R million	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Revenue							
Non-tax revenue	**592.7**	**637.3**	**672.6**	**729.9**	**959.4**	**1 153.6**	**1 316.8**
Sale of goods and services other than capital assets *of which:*	562.3	616.4	636.0	702.2	935.1	1 127.4	1 287.1
Tariff revenue	562.3	616.4	636.0	702.2	935.1	1 127.4	1 287.1
Other non-tax revenue	30.4	20.9	36.6	27.7	24.3	26.2	29.7
Total revenue	**592.7**	**637.3**	**672.6**	**729.9**	**959.4**	**1 153.6**	**1 316.8**
Expenses							
Current expense	**505.3**	**577.6**	**598.9**	**1 091.3**	**1 458.7**	**1 568.9**	**1 698.6**
Compensation of employees	251.3	305.5	327.2	389.3	529.2	544.3	575.1
Goods and services	126.1	132.4	143.3	568.1	758.4	790.6	843.7
Depreciation	83.8	71.8	83.8	100.5	124.8	139.4	147.0
Interest, dividends and rent on land	12.1	38.4	21.9	22.5	34.7	44.5	57.7
Transfers and subsidies	10.9	14.0	12.5	12.7	13.8	14.7	16.2
Total expenses	**516.2**	**591.5**	**611.4**	**1 104.1**	**1 472.5**	**1 583.7**	**1 714.8**
Surplus / (Deficit)	**76.5**	**45.8**	**61.1**	**(374.1)**	**(513.1)**	**(430.0)**	**(398.0)**
Statement of financial position							
Carrying value of assets	772.7	937.2	1 016.3	1 107.8	1 167.9	1 306.0	1 528.3
of which: Acquisition of assets	218.7	236.3	162.9	192.1	184.9	277.4	369.4
Investments	11.9	13.2	14.2	13.5	13.6	13.6	13.7
Inventory	0.7	0.6	0.7	0.9	1.3	1.5	1.6
Receivables and prepayments	71.7	76.2	99.9	95.7	120.7	141.9	160.2
Cash and cash equivalents	82.2	45.4	40.8	58.3	38.9	90.5	128.1
Assets not classified elsewhere	–	–	–	17.2	23.5	32.6	47.1
Total assets	**939.3**	**1 072.7**	**1 171.9**	**1 293.6**	**1 366.0**	**1 586.1**	**1 879.1**
Accumulated surplus/deficit	641.2	496.3	557.4	585.4	615.3	744.4	937.7
Capital and reserves	–	190.6	190.6	190.6	190.6	190.6	190.6
Borrowings	169.2	261.0	322.6	386.0	403.8	486.7	577.4
Trade and other payables	98.1	90.3	77.8	109.2	130.7	143.4	156.7
Provisions	30.9	34.4	23.5	22.3	25.5	21.0	16.7
Total equity and liabilities	**939.3**	**1 072.7**	**1 171.9**	**1 293.6**	**1 366.0**	**1 586.1**	**1 879.1**

Expenditure trends

Revenue increased from R592.7 million in 2006/07 to R730 million in 2009/10, at an average annual rate of 7.2 per cent. This was due to tariff increases and an increase in traffic movements. A new network called Nafisat was also introduced in 2008, which increased the company's sundry revenue. Over the MTEF period, revenue is expected to grow at an average annual rate of 21.7 per cent to reach R1.3 billion. This is due to the combination of tariff increases and growth in movement.

Expenditure increased substantially from R516.2 million in 2006/07 to R1.1 billion in 2009/10, at an average annual rate of 28.8 per cent. Over the MTEF period, expenditure is expected to increase significantly at an average annual rate of 15.8 per cent. This is mainly due to increases in compensation of employees spending driven by annual salaries increases, increased staff, and the external recruitment drive to retain critical skills in the company.

Travel costs are expected to rise at an average annual rate of 9.4 per cent over the medium term, as new candidate air traffic controllers are trained and equipped on different systems countrywide. Additional travel costs will also be incurred in the drive to recruit controllers externally. Further, repairs and maintenance expenditure is expected to increase over the medium term at an average annual rate of 18.1 per cent from R48.4 million to R79.8 million, due to additional maintenance for older electronic systems and the additional cost of running the air traffic control towers at the Durban and La Mercy airports concurrently for 6 months in 2010/11. Expenditure on communication is expected to grow at an average annual rate of 14.6 per cent from R29.3 million to R44.1 million. This is mainly due to an increase in satellite costs, the additional data lines that will be required as the Air Traffic Navigation Services Company expands, and other communication related expenses over the medium term.

Over the MTEF period, the entity expects to increase its earnings before interest, depreciation and amortisation by 198 per cent, while raising retained earnings to an average of R733 million. The 3 year average return on capital employed is expected to be 12.3 per cent, which will slightly exceed the target of 12.1 per cent. Capital expenditure will be funded through loans while maintaining a gearing ratio below 55 per cent.

Airports Company of South Africa

Strategic overview: 2006/07 – 2012/13

The Airports Company of South Africa is regulated in terms of the Airports Company Act (1993) and the Companies Act (1973), and is listed as a schedule 2 public entity in terms of the Public Finance Management Act (1999). The company's core function is to facilitate the movement of passengers and goods at South Africa's airports.

The focus over the MTEF period is to improve the availability, reliability, safety and security of infrastructure and transport services in response to rapidly growing demand. At the end of 2011/12, the 10 airports in the company's network should facilitate 44.4 million passengers (a 28.5 per cent increase on 2007/08) and handle 611 631 aircraft landings (a 17.8 per cent increase on 2007/08).

Selected performance indicators

Table 36.19 Airports Company of South Africa

Indicator	Programme/Activity	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Cost to income efficiency ratio	Overall	56%	63%	69%	62%	56%	48%	47%
Efficiency factor: approved tariff as factor of revenue	Periodic repairs and maintenance activity	2%	2%	2%	2%	2%	2%	2%
Corporate social investment	Corporate services	R4.7m	R7.5m	R24.1m	R24.6m	R35m	R42m	R50.4m
Cost benefit efficiency ratio	Airport infrastructure development	0.60	0.56	0.62	0.79	0.66	0.59	0.55
Number of passengers accommodated at national airports per year	Airport infrastructure development	16 411 544	18 199 031	16 796 610	15 779 952	16 772 001	17 510 559	18 874 502
Number of planes accommodated at national airports per year	Airport infrastructure development	270 650	290 696	279 545	274 133	280 986	291 101	306 905

Service delivery focus

Following the global economic downturn, the company experienced a significant decline in passenger numbers, which decreased by 7.7 per cent in 2009 (compared to a 10.6 per cent increase in 2008).

In 2009, domestic traffic, which accounts for 70 per cent of the total passenger traffic, recorded a 10.4 per cent drop, and international traffic, which yields higher returns, declined, by 0.74 per cent (compared to a 9.9 per cent increase in 2008). Aircraft landings decreased by 3.8 per cent in 2009 (compared to the 7.5 per cent increase in 2008).

Growth in revenue from non-aviation sources, which now accounts for approximately 54 per cent of total income, has softened the impact of the decline in aviation income. Overall, revenue increased from R2.8 billion in 2006/07 to an estimated R4.2 billion in 2009/10 at an average annual rate of 14.5 per cent.

Infrastructure investments included the central terminal building at OR Tambo International Airport (2009), Durban's new international airport at La Mercy (2010) and the central terminal building in Cape Town (2009).

Port Elizabeth, Bloemfontein, Upington, Kimberley and East London international airports are developed and upgraded.

Expenditure estimates

Table 36.20 Airports Company of South Africa Limited: Financial information

Statement of financial performance	Audited outcome			Revised estimate	Medium-term estimate		
R million	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Revenue							
Non-tax revenue	**2 771.2**	**2 948.1**	**3 052.4**	**4 164.3**	**6 527.6**	**7 391.2**	**8 080.1**
Sale of goods and services other than capital assets *of which:*	2 497.9	2 657.9	3 007.7	3 359.3	6 015.8	7 391.2	8 080.1
Airline charges	2 490.4	2 657.9	3 007.7	3 359.3	6 015.8	7 391.2	8 080.1
Other sales	7.5	–	–	–	–	–	–
Other non-tax revenue	273.3	290.2	44.8	805.0	511.8	–	–
Total revenue	**2 771.2**	**2 948.1**	**3 052.4**	**4 164.3**	**6 527.6**	**7 391.2**	**8 080.1**
Expenses							
Current expense	**2 117.4**	**2 228.5**	**2 653.4**	**4 310.1**	**5 260.8**	**5 712.0**	**5 850.8**
Compensation of employees	376.0	445.7	521.3	675.5	815.1	874.4	970.4
Goods and services	510.1	646.1	868.3	895.6	1 238.5	1 285.5	1 400.6
Depreciation	454.9	567.0	746.2	1 018.0	1 290.9	1 387.8	1 397.5
Interest, dividends and rent on land	303.7	258.4	343.5	1 608.3	1 592.8	1 444.6	1 126.9
Total expenses	**2 117.4**	**2 228.5**	**2 653.4**	**4 310.1**	**5 260.8**	**5 712.0**	**5 850.8**
Surplus / (Deficit)	**653.8**	**719.7**	**399.1**	**(145.8)**	**1 266.7**	**1 679.2**	**2 229.4**
Statement of financial position							
Carrying value of assets	10 245.2	14 589.9	20 258.5	25 142.8	25 467.4	25 230.6	26 693.6
of which: Acquisition of assets	1 715.4	4 528.0	5 946.3	5 902.3	1 615.5	1 150.9	2 860.5
Investments	87.0	145.3	250.4	236.0	236.0	236.0	236.0
Inventory	1.9	1.8	0.5	0.5	0.5	0.5	0.5
Receivables and prepayments	494.2	998.0	1 066.5	460.2	229.9	399.4	484.4
Cash and cash equivalents	1 905.1	16.9	828.0	168.0	300.8	369.6	404.0
Total assets	**12 733.4**	**15 751.9**	**22 403.9**	**26 007.5**	**26 234.5**	**26 236.1**	**27 818.4**
Accumulated surplus/deficit	5 971.2	6 555.8	6 954.9	7 337.4	8 091.8	9 769.8	11 997.6
Capital and reserves	736.5	737.3	732.1	744.0	744.0	744.0	744.0
Borrowings	4 459.1	5 193.7	11 271.3	15 983.8	16 383.1	14 366.9	13 172.8
Post-retirement benefits	57.8	70.5	89.3	89.3	89.3	89.3	89.3
Trade and other payables	1 467.1	2 842.1	2 796.4	1 341.2	926.5	1 266.0	1 814.7
Provisions	40.4	48.0	48.2	–	–	–	–
Liabilities not classified elsewhere	1.4	304.6	511.8	511.8	–	–	–
Total equity and liabilities	**12 733.4**	**15 751.9**	**22 403.9**	**26 007.5**	**26 234.5**	**26 236.1**	**27 818.4**

Expenditure trends

The main sources of revenue are from aeronautical and non-aeronautical commercial activities. Additional revenue may be raised in future through airports concessions.

Revenue increased from R2.8 billion in 2006/07 to R4.2 billion in 2009/10 at an average annual rate of 14.5 per cent, and is expected to increase to R8.1 billion over the medium term at an average annual rate of 24.7 per cent. The significant growth over the medium term is due to the projected increase in sales of goods and services.

Expenditure increased from R2.1 billion in 2006/07 to R4.3 billion in 2009/10, at an average annual rate of 26.7 per cent. Over the medium term, expenditure is expected to increase to R5.9 billion in 2012/13, at an average annual rate of 10.7 per cent. The substantial growth in the earlier period is due to interest, dividends and rent on land expenditure increasing by 368.3 per cent, from R343.5 million in 2008/09 to R1.6 billion in 2009/10. This growth is expected to slow to an average annual rate of 11.2 per cent over the medium term, to R1.1 billion in 2012/13. The increase in interest paid is due to an increase in borrowings of 53 per cent between 2006/07 and 2009/10. It is expected that borrowings, and consequently interest, will decline over the MTEF period at an average annual rate of 6.2 per cent.

In 2006/07, the company paid dividends of R898.9 million to the Department of Transport, which included a special dividend of R667.6 million as part of a correction of its financial structure. This payment is reflected in the decrease in capital and reserves for that year. The company will also continue infrastructure expenditure through developments at OR Tambo International Airport, Cape Town International Airport and Durban International Airport.

Road Accident Fund

Strategic overview: 2006/07 – 2012/13

The Road Accident Fund provides compensation for loss of earnings and support, general damage, and medical and funeral costs to victims of road accidents caused by the negligent or wrongful driving of another vehicle. Since the promulgation of the Road Accident Fund Amendment Act (2005), compensation has been limited to earnings and loss of support, and compensation for pain and suffering is available only to the seriously injured. Due to the delayed impact of legislation, the amendments have implications for the personal insurance required by road users as a discretionary social security protection.

Despite the progress made on both a strategic and operational level in recent years, the Road Accident Fund continues to face a number of challenges. In summary these are: dissatisfied and disillusioned stakeholders; the inability to effectively process claims; fraud and corruption; costly administration and service providers; an unsustainable economic model; and poor financial health.

The fund has a clear, 3-part strategy, which can be summarised as: transforming the business plan comprehensively; supporting enabling legislative reform; and working with National Treasury to ensure that sufficient funding is available for road accident victims.

Guided by its vision of peace of mind for its customers, the Road Accident Fund aims to, among others: inform its customers about its services, including their limits; deliver services and pay claims quickly, efficiently and without waste; and contribute to a high standard of roads, road safety and post accident care. A managed transition to a transformed Road Accident Fund will begin from April 2010.

Savings and cost effective service delivery

It is envisaged that the following will result in cost savings and cost effective service delivery: an in-house litigation department will deal with magistrate's court matters to save on the fund's own legal costs, currently in the order of R1 billion (2009/10); increasing the fund's presence at both public and private hospitals will increase the number of direct (no attorneys) claims and thus save on the R1.5 billion (2008/09) costs for plaintiff attorneys; and the Road Accident Fund Amendment Act (2005) will bring about a decrease in claims, estimated at between 25 per cent and 33 per cent.

Selected performance indicators

Table 36.21 Road Accident Fund

Indicator	Programme/Activity	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Number of claims finalised per year	Payment of compensation claims to accident victims	260 903	355 647	330 453	250 699	214 038	198 341	209 787
Cost to compensation ratio*	Other	44%	47%	–	–	–	–	–
Cost to fuel levy income ratio*	Other	–	–	38%	33%	34%	33%	32%

** Ratio changed in 2008/09*

Service delivery focus

The fund implemented an integrated systems applications and products enterprise resource planning system and has partially implemented the claims system. Full implementation is planned for April 2010. Implementing these systems will ensure that claims are processed and paid much faster. The fund opened hospital based offices where claims are being generated and more offices will be opened in future. These will provide claimants with advice and ensure quicker claims lodgements.

Expenditure estimates

Table 36.22 Road Accident Fund: Programme information

	Audited outcome			Revised estimate	Medium-term estimate		
R million	2006/07	2007/08	2008/09	2009/10	2010/11	20011/12	2012/13
Compensation	3 989.0	6 497.4	7 819.8	7 410.6	7 919.7	9 254.3	10 828.0
RAF legal and other	664.5	795.2	987.6	1 239.6	1 324.8	1 548.0	1 811.2
Claimants legal and other	1 003.1	1 237.4	1 597.5	1 889.2	2 019.0	2 359.3	2 760.4
Supplier claims	462.9	469.9	757.6	439.1	469.2	548.3	641.6
Other programmes	3 016.4	6 991.7	12 913.3	7 578.6	75.6	(1 112.5)	(2 678.0)
Total expense	**9 135.8**	**15 991.7**	**24 075.8**	**18 557.2**	**11 808.3**	**12 597.4**	**13 363.2**

Table 36.23 Road Accident Fund: Financial information

Statement of financial performance	Audited outcome			Revised estimate	Medium-term estimate		
R million	2006/07	2007/08	2008/09	2009/10	2010/11	20011/12	2012/13
Revenue							
Non-tax revenue	**264.4**	**182.7**	**573.7**	**63.1**	**22.4**	**22.7**	**21.4**
Other non-tax revenue	264.4	182.7	573.7	63.1	22.4	22.7	21.4
Tax revenue: Fuel levy	7 012.8	8 222.0	11 345.4	11 494.9	13 129.2	15 167.8	17 614.8
Total revenue	**7 277.2**	**8 404.7**	**11 919.1**	**11 557.9**	**13 151.5**	**15 190.5**	**17 636.3**
Expenses							
Current expense	**505.6**	**603.3**	**783.7**	**1 012.0**	**1 073.0**	**1 125.8**	**1 150.7**
Compensation of employees	397.1	426.1	534.1	635.5	665.4	689.4	682.4
Goods and services	104.7	148.8	217.2	342.3	372.0	398.8	430.3
Depreciation	3.7	12.6	8.5	14.3	18.5	22.4	26.8
Interest, dividends and rent on land	0.0	15.8	24.0	19.9	17.1	15.2	11.1
Transfers and subsidies	8 630.2	15 388.3	23 292.0	17 545.2	10 735.3	11 471.6	12 212.5
Total expenses	**9 135.8**	**15 991.7**	**24 075.8**	**18 557.2**	**11 808.3**	**12 597.4**	**13 363.2**
Surplus / (Deficit)	**(1 858.6)**	**(7 586.9)**	**(12 156.7)**	**(6 999.3)**	**1 343.2**	**2 593.1**	**4 273.1**

Table 36.23 Road Accident Fund: Financial information (continued)

	Audited outcome			Revised estimate	Medium-term estimate		
R million	2006/07	2007/08	2008/09	2009/10	2010/11	20011/12	2012/13
Statement of financial position							
Carrying value of assets	131.0	129.5	158.6	254.3	275.8	295.4	312.6
of which: Acquisition of assets	18.2	97.5	67.2	110.0	40.0	42.0	44.0
Inventory	–	2.1	2.9	3.2	3.6	3.9	4.3
Receivables and prepayments	1 672.3	1 972.9	2 012.9	2 347.3	2 676.4	3 085.2	3 574.8
Cash and cash equivalents	2 404.4	1 192.4	1 090.7	259.4	283.7	266.8	254.1
Total assets	**4 207.6**	**3 296.9**	**3 265.2**	**2 864.3**	**3 239.5**	**3 651.4**	**4 145.8**
Accumulated surplus/deficit	(20 299.7)	(27 886.7)	(40 043.4)	(47 042.6)	(45 699.4)	(43 106.3)	(38 833.3)
Capital and reserves	58.9	58.9	79.9	79.9	79.9	79.9	79.9
Post-retirement benefits	20.2	22.0	24.8	29.6	31.0	32.1	31.7
Trade and other payables	105.7	419.5	434.2	481.2	497.5	544.1	597.2
Provisions	190.6	233.6	209.5	249.3	261.1	270.5	267.7
Managed funds	23 935.4	30 339.5	42 500.4	49 067.0	48 069.6	45 831.3	42 002.6
Liabilities not classified elsewhere	196.5	110.1	59.8	–	–	–	–

Total equity and liabilities	**4 207.6**	**3 296.9**	**3 265.2**	**2 864.3**	**3 239.5**	**3 651.4**	**4 145.8**

Expenditure trends

Revenue increased from R7.3 billion 2006/07 to R11.6 billion in 2009/10 at an average annual rate of 16.7 per cent, due to increased fuel sales and a 17 cent increase in the fuel levy in 2009/10. Despite increases in revenue, the claims backlog was only reduced by 12 per cent, from 297 072 claims in 2008/09 to 261 390 claims in 2009/10.

Expenditure increased at an average annual rate of 26.6 per cent, from R9.1 billion in 2006/07 to R18.6 billion in 2009/10, and is expected to decrease at an average annual rate of 10.4 per cent over the medium term to reach R13.4 billion. The increase between 2006/07 and 2009/10 is largely driven by a R5.2 billion transfer from the department in 2005/06 and 2008/09 to address liquidity problems in order for claims to be paid. In addition, the average value of claims paid increased by 25 per cent between 2007/08 and 2008/09, largely due to the finalisation of high value non-supplier claims. The increases in the administration costs between 2009/10 and 2012/13 are mainly due to inflation related adjustments. There are no major increases in staff planned and these costs are expected. The increase in staff costs over the MTEF period relate to annual salary increases.

To ensure sufficient liquidity to meet its claims the Road Accident Fund fuel levy will be increased by 8 cents from April 2010. However, to ensure that support for road users is affordable, reasonable, equitable and sustainable, the Department of Transport has developed a draft policy for a no-fault road accident benefit scheme as recommended by the Road Accident Fund Commission. These reforms are critical to address the growing net liability of the fund, which has seen the provisions for outstanding claims grow at an average annual rate of 39 per cent between 2006/07 and 2008/09, while the contingent liability has grown from R20.3 billion to R40 billion over the same period, and is projected to reach R47 billion in 2009/10.

Claims expenditure is expected to increase over the MTEF period as a result of the fund’s continuous effort to reduce the claims.

Additional tables

Table 36.A Summary of expenditure trends and estimates per programme and economic classification

Programme	Appropriation		Audited	Appropriation			Revised
	Main	Adjusted	outcome	Main	Additional	Adjusted	estimate
R million	2008/09		2008/09	2009/10			2009/10
1. Administration	170.5	245.2	235.9	231.0	8.7	239.8	239.8
2. Transport Policy and Economic Regulation	37.7	47.2	32.6	51.6	2.9	54.5	32.7
3. Transport Regulation and Accident and Incident Investigation	255.9	432.6	466.7	195.6	200.1	395.7	395.7
4. Integrated Planning and Inter-sphere Coordination	7 769.5	8 767.0	8 297.7	5 738.8	145.7	5 884.5	5 884.5
5. Transport Logistics and Corridor Development	22.2	35.1	22.2	31.8	(2.5)	29.3	13.2
6. Public Transport	12 073.5	12 277.2	13 120.2	17 308.3	144.0	17 452.4	17 452.4
7. Public Entity Oversight and Border Operations and Control	179.3	2 688.6	2 663.2	177.7	4.7	182.4	145.9
Total	**20 508.5**	**24 492.8**	**24 838.6**	**23 734.8**	**503.7**	**24 238.5**	**24 164.1**
Economic classification							
Current payments	**790.7**	**1 044.4**	**989.6**	**794.4**	**226.4**	**1 020.8**	**946.4**
Compensation of employees	196.2	230.2	182.6	212.8	8.2	221.0	221.0
Goods and services	594.5	814.2	807.0	581.6	218.2	799.8	725.4
Transfers and subsidies	**19 675.5**	**23 445.0**	**23 829.3**	**22 936.8**	**277.2**	**23 214.0**	**23 214.0**
Provinces and municipalities	6 436.0	7 519.2	7 269.0	8 837.0	260.9	9 097.9	9 097.9
Departmental agencies and accounts	4 342.8	6 828.5	6 814.1	5 958.1	16.3	5 974.4	5 974.4
Universities and technikons	7.8	7.8	7.8	8.2	–	8.2	8.2
Foreign governments and international organisations	4.9	4.9	4.9	5.1	–	5.1	5.1
Public corporations and private enterprises	8 410.9	8 611.4	9 258.2	7 482.4	–	7 482.4	7 482.4
Non-profit institutions	14.1	14.1	14.1	15.1	–	15.1	15.1
Households	459.1	459.1	461.2	630.9	–	630.9	630.9
Payments for capital assets	**42.3**	**3.5**	**5.7**	**3.7**	**0.1**	**3.8**	**3.8**
Buildings and other fixed structures	38.8	–	–	–	–	–	–
Machinery and equipment	3.5	3.5	5.7	3.7	0.1	3.8	3.8
Payments for financial assets	**–**	**–**	**14.1**	**–**	**–**	**–**	**–**
Total	**20 508.5**	**24 492.8**	**24 838.6**	**23 734.8**	**503.7**	**24 238.5**	**24 164.1**

Table 36.B Detail of approved establishment and personnel numbers according to salary level [1]

	Personnel post status as at 30 September 2009			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid year [2]	Medium-term estimate		
				2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Department	**671**	**543**	**75**	**367**	**431**	**520**	**671**	**671**	**671**	**671**
Salary level 1 – 6	129	113	52	118	141	168	129	129	129	129
Salary level 7 – 10	263	217	10	139	149	182	263	263	263	263
Salary level 11 – 12	143	113	5	64	78	102	143	143	143	143
Salary level 13 – 16	136	100	8	46	63	68	136	136	136	136
Administration	**300**	**250**	**24**	**177**	**197**	**244**	**300**	**300**	**300**	**300**
Salary level 1 – 6	76	64	17	88	99	129	76	76	76	76
Salary level 7 – 10	126	111	5	64	68	78	126	126	126	126
Salary level 11 – 12	54	39	2	22	27	33	54	54	54	54
Salary level 13 – 16	44	36	–	3	3	4	44	44	44	44

Table 36.B Detail of approved establishment and personnel numbers according to salary level [1] (continued)

	Personnel post status as at 30 September 2009			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid year [2]	Medium-term estimate		
				2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Transport Policy and Economic Regulation	**67**	**57**	**16**	**42**	**40**	**52**	**67**	**67**	**67**	**67**
Salary level 1 – 6	14	14	13	13	14	12	14	14	14	14
Salary level 7 – 10	14	11	2	8	5	10	14	14	14	14
Salary level 11 – 12	18	18	1	13	12	15	18	18	18	18
Salary level 13 – 16	21	14	–	8	9	15	21	21	21	21
Transport Regulation and Accident and Incident Investigation	**117**	**96**	**14**	**58**	**85**	**97**	**117**	**117**	**117**	**117**
Salary level 1 – 6	14	10	13	6	10	10	14	14	14	14
Salary level 7 – 10	62	51	–	31	46	54	62	62	62	62
Salary level 11 – 12	23	22	–	10	15	20	23	23	23	23
Salary level 13 – 16	18	13	1	11	14	13	18	18	18	18
Integrated Planning and Inter-sphere Co-ordination	**85**	**65**	**6**	**45**	**52**	**58**	**85**	**85**	**85**	**85**
Salary level 1 – 6	10	10	3	6	5	6	10	10	10	10
Salary level 7 – 10	28	21	2	16	16	19	28	28	28	28
Salary level 11 – 12	28	19	–	14	15	19	28	28	28	28
Salary level 13 – 16	19	15	1	9	16	14	19	19	19	19
Transport Logistics and Corridor Development	**34**	**23**	**1**	**11**	**11**	**21**	**34**	**34**	**34**	**34**
Salary level 1 – 6	2	2	1	–	1	–	2	2	2	2
Salary level 7 – 10	15	10	–	7	4	10	15	15	15	15
Salary level 11 – 12	7	4	–	–	2	4	7	7	7	7
Salary level 13 – 16	10	7	–	4	4	7	10	10	10	10
Public Transport	**50**	**37**	**10**	**28**	**37**	**37**	**50**	**50**	**50**	**50**
Salary level 1 – 6	10	10	2	5	10	9	10	10	10	10
Salary level 7 – 10	13	9	1	11	8	9	13	13	13	13
Salary level 11 – 12	10	8	1	5	6	8	10	10	10	10
Salary level 13 – 16	17	10	6	7	13	11	17	17	17	17
Public Entity Oversight and Border Operations and Control	**18**	**15**	**4**	**6**	**9**	**11**	**18**	**18**	**18**	**18**
Salary level 1 – 6	3	3	3	–	2	2	3	3	3	3
Salary level 7 – 10	5	4	–	2	2	2	5	5	5	5
Salary level 11 – 12	3	3	1	–	1	3	3	3	3	3
Salary level 13 – 16	7	5	–	4	4	4	7	7	7	7

1. Data has been provided by the department and may not necessarily reconcile with official government personnel data.
2. As at 30 September 2009.

Table 36.C Summary of expenditure on training

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Compensation of employees (R million)	143.7	131.3	230.2	214.2	210.9	223.4	230.7
Training expenditure (R million)	3.0	3.2	1.8	3.9	4.0	4.0	4.1
Training as percentage of compensation	2.1%	2.5%	0.8%	1.8%	1.9%	1.8%	1.8%
Total number trained in department (head count)	240	317	347	–			
of which:							
Employees receiving bursaries (head count)	*160*	*140*	*28*	*–*			
Learnerships trained (head count)	*7*	*7*	*6*	*–*			
Internships trained (head count)	*28*	*30*	*35*	*39*			
Households receiving bursaries (R million)	–	–	2.2	–	8.7	9.2	9.7
Households receiving bursaries (head count)	–	–	17	–			

Table 36.D Summary of departmental public private partnership (PPP) projects

Project description: National fleet project R million	**Project annual unitary fee at time of contract**	**Budgeted expenditure**	**Medium-term expenditure estimate**		
		2009/10	**2010/11**	**2011/12**	**2012/13**
Projects signed in terms of Treasury Regulation 16	**–**	**4.4**	**4.7**	**4.9**	**5.1**
PPP unitary charge	–	4.4	4.7	4.9	5.1
Total	**–**	**4.4**	**4.7**	**4.9**	**5.1**

Disclosure notes for projects signed in terms of Treasury Regulation 16

Project name	National Fleet Project.
Brief description	Provision of Fleet Management Services.
Date PPP agreement was signed	October 2006.
Duration of PPP agreement	5 Years, to be extended.
Escalation index for unitary fee	5
Variations / amendments to PPP agreement	None.
Cost implications of variations/amendments	None. In the event of a material breach by the department of transport, the private party may seek the difference between the value of the vehicle and any finance outstanding.

Table 36.E Summary of expenditure on infrastructure

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R million				2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Infrastructure transfers to other spheres, agencies and departments										
South African National Roads Agency	Development and upkeep of the national network	Various	–	833.0	1 429.4	1 900.0	2 847.5	4 065.2	5 812.6	6 384.6
Passenger Rail Agency of South Africa	Passenger rail infrastructure maintenance and rehabilitation	Construction	–	1 029.6	1 696.1	2 367.7	3 831.8	5 110.3	5 784.8	6 021.1
Gautrain rapid rail link	National contribution for the construction of the Gautrain rapid rail link	Construction	–	3 241.0	3 029.4	3 266.0	2 976.7	438.4	5.3	–
Public transport infrastructure and systems grant	Public transport infrastructure systems for municipality	Various	–	518.0	1 174.0	2 919.8	2 418.2	3 699.5	4 425.0	4 125.0
Public transport infrastructure and systems grant for Passenger Rail Agency of South Africa	Improved railway stations	Construction	–	179.0	476.0	–	464.8	–	–	–
Public transport infrastructure and systems grant for South African National Road Agency	Road maintenance for 2010 projects	Various	–	–	130.0	100.0	206.6	–	–	–
Public transport infrastructure and systems grant Passenger Rail Agency of South Africa	Purchase of busses	Various	–	–	–	–	–	797.0	–	–
Sani Pass roads grant	Construction of road to Lesotho	Various	–	–	–	30.0	34.3	–	–	–
Overload control grant	Infrastructure for law enforcement in respect of overloaded vehicles	Various	–	–	–	8.8	10.1	11.0	–	–
Rural transport services and infrastructure grant	Rural public transport infrastructure	Various	–	–	–	8.9	9.8	10.4	11.1	11.7
Public transport infrastructure and systems grant for Cross Border Road Transport Agency	Boarder infrastructure	Various	–	1.0	–	–	–	–	–	–
Total			**–**	**5 801.6**	**7 934.8**	**10 601.2**	**12 799.8**	**14 131.7**	**16 038.7**	**16 542.4**