Vote 33

Transport

R thousand	2006/07 To be appropriated	2007/08	2008/09
MTEF allocations	**12 870 458**	**13 599 312**	**15 513 071**
of which:			
Current payments	538 852	541 013	581 736
Transfers and subsidies	12 293 670	13 016 765	14 889 045
Payments for capital assets	37 936	41 534	42 290
Statutory amounts	–	–	–
Executive authority	Minister of Transport		
Accounting officer	Director-General of Transport		

Aim

The aim of the Department of Transport is to lead the provision of an integrated, sustainable, reliable and safe transport system, through safety and economic regulation, planning, development, co-ordination, promotion and the implementation of transport policies and strategies.

Programme purposes

Programme 1: Administration

Co-ordinate and provide an effective, efficient strategic support and administrative service to the minister, director-general and department.

Programme 2: Transport Policy, Research and Economic Analysis

Effectively manage a national innovative research and development programme, analyse strategic policies, develop appropriate legislation, and provide economic advice and analysis for all modes of transport.

Programme 3: Transport Regulation and Accident and Incident Investigation

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

Programme 4: Integrated Planning and Inter-sphere Co-ordination

Manage and facilitate integrated planning and inter-sphere co-ordination for transport infrastructure and operations.

Programme 5: Freight Logistics and Corridor Development

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

Programme 6: Public Transport

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

Programme 7: Public Entity Oversight and Economic Regulation

Develop appropriate mandates and monitoring mechanisms for public entities. Develop and oversee transport economic regulation in line with broad economic and transport policies.

Strategic overview and key policy developments: 2002/03 – 2008/09

The overarching objective of the Department of Transport is the sustainable and efficient movement of people and goods, locally, in the Southern African Development Community (SADC) region and internationally, in a transport system that responds to the needs of both the first and second economies. As an enabler of economic growth, social inclusion and poverty alleviation, the transport system is important to South Africa's development. The affordable and efficient movement of people aids participation in socioeconomic activities, while the efficient and cost-effective movement of goods is critical to the growth and development of the economy and broadened access to markets.

Key elements of the department's strategic approach remain:

- restructuring public transport subsidies to better target poorer commuters irrespective of the mode of transport, and aligning subsidised transport services to support municipal integrated transport plans
- streamlining the freight logistics network along key freight movement corridors by promoting infrastructure investment and improved operational efficiency
- building capacity to monitor and oversee the public entities that report to the Minister of Transport
- developing the regulatory systems and capacity required to ensure that operators in the transport sector meet the required safety and security standards, and establishing a single economic regulator for the transport sector.

In addition, the need to prepare transport systems and operations to accommodate the increased demand for transport during the 2010 Soccer World Cup requires co-ordinating and facilitating transport planning and delivery across the spheres of government and ensuring that transport modes and public entities are guided by the vision of an integrated, efficient transport system.

Public transport infrastructure and operations for 2010 and beyond

To facilitate transport preparations for 2010, provinces and host cities prepared priority statements defining their transport infrastructure requirements for 2010 and beyond. A new conditional grant was introduced in 2005/06 to fund, initially, some of the more urgent public transport infrastructure projects for host cities. It is anticipated that the public transport infrastructure grant will fund infrastructure investment of R3,5 billion in all municipalities over the medium term. The department will consolidate all the 2010 transport plans into one national transport action agenda.

Public transport (rail, bus and taxi)

Key challenges to improving the quality of transport operations and broadening access to affordable public transport include: continuing to transform and formalise the minibus taxi industry through the taxi recapitalisation project; restructuring passenger rail operations and stepping up investment in passenger rail infrastructure, and appropriately targeting public transport subsidies.

Over 60 per cent of all commuter traffic is carried by the taxi industry in an ageing fleet. The first scrapping allowances under the reformulated taxi recapitalisation project will be paid during 2006/07, and it is anticipated that 60 000 vehicles will be scrapped over the medium-term expenditure framework (MTEF) period. The department will also support provinces to ensure that adequate capacity and systems are in place to administer operating licences for taxis, and to monitor and enforce compliance with traffic laws, taxi safety standards and operating licence conditions.

The largest allocations in the department are for public transport subsidies for rail and bus operations. The department is currently reviewing the public transport subsidy system to fund public transport operations more equitably across the modes, target poor commuters better, and promote competition among public transport operators. While the review will have long-term implications for public transport subsidies, the department continues to prioritise the transformation and rationalisation of the bus subsidy system, with a view to devolving bus subsidies to municipalities in the medium term. The bus system is subsidised by both national and municipal government and carries 20 per cent of commuters. There is scope to extend bus services, as the most cost-effective public transport service, along key metropolitan corridors, and many municipalities are promoting the development of dedicated busways as a key element of their strategic public transport networks.

Subsidised commuter rail carries 15 per cent of commuters (2,2 million passengers daily) and faces a backlog in investment in infrastructure. Passenger rail services are provided by a number of entities (South African Rail Commuter Corporation (SARCC) Ltd, Metrorail and Shosholoza Meyl), which are being restructured into a single entity to make passenger rail more efficient. From April 2006, Metrorail will be a subsidiary of the SARCC.

An interim rail plan, approved by Cabinet, defines a three-phase approach to ensuring that rail operations become financially viable over the medium term. In the short term, the rail operator will focus on stabilising and improving services along the busiest commuter corridors by investing in railway infrastructure, upgrading rolling stock, and improving stations and operations. In the medium term, a broader recovery phase will be implemented, with significant projects to renew the rail fleet, increase services, and improve fare collection. In the longer term, the focus will be on establishing a rail economic regulator, extending the range of rail operators, and growing the rail share of the public transport market.

The most significant investment in passenger rail for the last 20 years will be made through the Gautrain Rapid Rail Link. This is a public private partnership that will deliver a new rail service between Johannesburg, Tshwane and the Johannesburg International Airport. Public investment will be divided between a national contribution in the form of a new conditional grant on the transport vote and a provincial contribution by Gauteng. Construction is set to begin in early 2006, to deliver 80km of rail track and more than 25km of tunnels, bridges and viaducts.

Freight

The rate of investment in freight infrastructure has not kept up with growth in the South African economy, constraining future growth and improvements in service delivery. An unreliable rail network, reliance by many exporters on more costly road freight, and the poor throughput at most South African ports are not entirely because of inadequate infrastructure, but are also linked to outdated managerial and operational practices.

The freight logistics strategy will be implemented over the medium term to guide investment in infrastructure and to eliminate bottlenecks in freight logistics operations. The establishment of an independent ports regulator is also expected to have a positive impact on the efficiency of freight movement.

Roads

Road network integration is being intensified in accordance with the strategic framework for roads and its action plan. Over 3 000km of provincial roads were transferred to the South African National Roads Agency Limited (SANRAL) in 2005 for incorporation into the strategic national road system. Additional allocations of R1,9 billion have been made over the 2006 MTEF to enable better maintenance of the non-toll national network. Processes are under way to ensure integration of proposed SANRAL toll schemes with broader transport planning. Specific road clusters including access roads, the strategic public transport network, and the strategic secondary road network have been prioritised for improvement. Successful initiatives that promote job creation and skills development in the provincial roads sector, such as Zimbambele in KwaZulu-Natal, Gundo Lashu in Limpopo and Siyakha in Gauteng, will be replicated and extended through a partnership with the Department of Public Works, to strengthen the expanded public works programme.

Transport regulation

Regulation of the road traffic environment remains a priority. Particular attention has been given to setting up the Road Traffic Management Corporation (RTMC), which began operating in September 2005. The RTMC is responsible for traffic co-ordination, managing the national traffic information system, traffic information, and traffic training and education.

Driving licence and vehicle testing are other focus areas, especially efforts to eradicate irregular activities involving personnel at some driving licence testing centres and vehicle testing stations. With the co-operation of the Special Investigating Unit, investigations at these centres are identifying specific irregular practices. Through the Arrive Alive campaign, interventions to curb the number of road accidents during the festive season are being implemented, including intensified and co-ordinated traffic law enforcement, and road safety education and communication programmes. In partnership with the private sector, a total of 151 highly visible traffic patrol vehicles have been made available to traffic authorities, and will be deployed at notorious stretches of roads with high accident rates.

Road Accident Fund

The liabilities of the Road Accident Fund, including their short-term cash flow problems and the longer-term claims backlog, are good reason for reforming the system of compensation for road accident victims. A reform process started when the report of the Road Accident Fund Commission was published in 2003. The report’s recommendations have been assessed for their impact and implications, and the interdepartmental committee for road accident victims has recommended a policy change towards a no-fault benefit scheme. Subject to a Cabinet decision, work on a no-fault benefit scheme will start with the publication of a white paper in 2006. In the meantime, the Road Accident Fund received an urgent transfer of R2,7 billion that will ensure that it can meet its liabilities in 2005/06.

Expenditure estimates

Table 33.1 Transport

Programme		Audited outcome		Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
R thousand	2002/03	2003/04	2004/05	2005/06		2006/07	2007/08	2008/09
1. Administration	65 664	74 422	90 734	129 783	113 481	126 038	132 307	139 038
2. Transport Policy, Research and Economic Analysis	45 710	15 822	16 574	42 054	41 857	28 312	31 694	33 261
3. Transport Regulation and Accident and Incident Investigation	164 989	120 338	160 736	143 681	178 235	151 859	165 188	178 682
4. Integrated Planning and Inter-sphere Co-ordination	1 255 297	1 356 068	1 509 911	2 079 226	2 063 218	3 161 253	4 231 161	5 511 159
5. Freight Logistics and Corridor Development	1 897	29 942	3 755	19 023	15 096	27 846	18 739	19 983
6. Public Transport	4 087 066	4 447 197	4 694 267	5 431 431	5 250 458	9 165 827	8 817 314	9 418 820
7. Public Entity Oversight and Economic Regulation	97 561	188 754	203 891	2 895 807	2 891 252	209 323	202 909	212 128
Total	**5 718 184**	**6 232 543**	**6 679 868**	**10 741 005**	**10 553 597**	**12 870 458**	**13 599 312**	**15 513 071**
Change to 2005 Budget estimate				3 138 846	2 951 438	4 627 230	4 334 223	5 425 242

Economic classification								
Current payments	**361 223**	**370 915**	**450 837**	**579 047**	**540 234**	**538 852**	**541 013**	**581 736**
Compensation of employees	53 044	64 073	82 934	114 018	109 595	157 678	165 826	175 001
Goods and services	308 179	305 959	341 340	465 029	430 521	381 174	375 187	406 735
of which:								
Communication	*3 535*	*3 771*	*7 421*	*5 786*	*5 783*	*8 463*	*9 683*	*10 743*
Computer Services	*997*	*1 914*	*1 293*	*1 570*	*1 570*	*1 547*	*1 629*	*1 761*
Consultants, contractors and special services	*266 379*	*258 875*	*286 720*	*389 276*	*354 815*	*299 498*	*296 573*	*316 759*
Inventory	*4 268*	*4 716*	*6 763*	*9 927*	*9 912*	*14 009*	*15 807*	*17 314*
Maintenance repair and running cost	*80*	*86*	*1 168*	*750*	*750*	*1 361*	*1 591*	*1 885*
Operating leases	*6 980*	*7 969*	*9 752*	*9 940*	*9 939*	*11 903*	*1 668*	*2 897*
Travel and subsistence	*10 513*	*12 114*	*17 534*	*21 993*	*21 988*	*25 867*	*28 488*	*33 409*
Financial transactions in assets and liabilities	–	883	26 563	–	118	–	–	–
Transfers and subsidies	**5 355 199**	**5 827 968**	**6 214 956**	**10 147 470**	**9 997 432**	**12 293 670**	**13 016 765**	**14 889 045**
Provinces and municipalities	39 925	21 194	1 830	242 060	242 003	3 760 086	2 775 000	3 526 000
Departmental agencies and accounts	1 222 016	1 353 033	1 519 616	4 590 720	4 590 720	2 483 623	3 239 805	3 715 156
Universities and technikons	8 253	9 475	8 106	6 684	6 684	7 085	7 439	7 796
Public corporations and private enterprises	4 074 328	4 428 648	4 671 290	5 142 430	5 142 430	5 756 375	6 687 194	7 302 313
Foreign governments and international organisations	3 828	4 902	3 316	4 170	3 950	4 420	4 641	4 871
Non-profit institutions	6 779	10 542	10 524	11 306	11 306	11 975	12 575	13 793
Households	70	174	274	150 100	339	270 106	290 111	319 116
Payments for capital assets	**1 762**	**33 660**	**14 075**	**14 488**	**15 931**	**37 936**	**41 534**	**42 290**
Buildings and other fixed structures	–	28 000	–	11 462	11 462	34 779	38 221	38 796
Machinery and equipment	1 762	5 660	14 075	3 026	4 469	3 157	3 313	3 494
Total	**5 718 184**	**6 232 543**	**6 679 868**	**10 741 005**	**10 553 597**	**12 870 458**	**13 599 312**	**15 513 071**

Expenditure trends

Overall expenditure is expected to continue to increase rapidly, rising from R5,7 billion in 2002/03 to R15,5 billion in 2008/09, at an average annual rate of 18,1 per cent. Subsidies for public transport (including the new grant for the Gautrain) and funding for road infrastructure continue to drive expenditure upwards. New allocations for the taxi recapitalisation project, a one-off transfer payment to the Road Accident Fund, and public transport infrastructure in 2005/06 caused expenditure to increase by 20,4 per cent between 2004/05 and 2005/06.

The *Public Transport* programme, which funds bus and rail subsidies, including capital expenditure on rail, is expected to grow at an average rate of 20,1 per cent between 2005/06 and 2008/09, compared to a rate of 9,9 per cent between 2002/03 and 2005/06. In the 2006 Budget, additional allocations are made for the Gautrain (R7,2 billion) and passenger rail infrastructure (R1,6 billion) over the MTEF.

New funding for public transport infrastructure, initially in preparation for the 2010 Soccer World Cup, was appropriated in the 2006 Adjusted Estimates Budget, with R241,7 million in 2005/06. This increases to R700 million, R1 billion and R1,8 billion over the 2006 MTEF, most of which will be allocated to municipalities through a new conditional grant. A small portion will be transferred to the South African Rail Commuter Corporation for station upgrading projects that have been prioritised by municipalities.

Expenditure on national roads has grown steadily in recent years, increasing at a rate of 13,4 per cent from R1,2 billion in 2002/03 to R1,75 billion in 2005/06. It is expected to grow more rapidly over the MTEF, increasing at 26,1 per cent to reach R3,5 billion in 2008/09. In the 2006 Budget, additional allocations of R400 million, R600 million and R900 million were made over the MTEF for national road infrastructure and road infrastructure co-ordination.

Further additional allocations in the 2006 Budget, of R94 million in 2006/07, R70 million in 2007/08 and R75 million in 2008/09, are for developing regional transport infrastructure, implementing the rural transport strategy, reforming the Road Accident Fund and for transport regulation.

Departmental receipts

Departmental receipts arise mainly from dividend payments from the Airports Company of South Africa (ACSA), in which the department is a shareholder, and from shared revenue from salvage tugs, which are responsible for providing oil pollution prevention services.

Total revenue during 2002/03 was R157,4 million. In 2003/04, a higher than normal dividend was received from ACSA and R49 million was recovered from a bus operator, resulting in the high revenue of R330,8 million. Earnings from the shared revenue from salvage tugs decreased in 2004/05 when a new contract was awarded for one tug instead of two.

Total revenue is forecast to grow steadily over the next three years to reach R227,1 million, due mainly to the projected inflation-linked growth in dividends.

Table 33.2 Departmental receipts

	Audited outcome			Adjusted appropriation	Medium-term receipts estimate		
R thousand	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
Departmental receipts	**157 434**	**330 787**	**183 596**	**182 788**	**199 210**	**208 661**	**227 190**
Sales of goods and services produced by department	37 725	34 063	13 133	24 230	26 410	27 221	29 638
Interest, dividends and rent on land	119 291	246 180	170 100	158 280	172 500	181 125	197 209
Financial transactions in assets and liabilities	418	50 544	363	278	300	315	343
Total	**157 434**	**330 787**	**183 596**	**182 788**	**199 210**	**208 661**	**227 190**

Programme 1: Administration

The *Administration* programme conducts the overall management of the department and provides centralised support services.

Expenditure estimates

Table 33.3 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R thousand	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
Minister 1	691	875	709	836	887	934	980
Management	11 575	15 819	25 267	44 356	39 822	41 322	43 294
Corporate Services	45 239	48 515	54 269	73 240	73 099	76 828	80 522
Property Management	8 159	9 213	10 489	11 351	12 230	13 223	14 242
Total	**65 664**	**74 422**	**90 734**	**129 783**	**126 038**	**132 307**	**139 038**
Change to 2005 Budget estimate				9 251	(1 162)	(1 039)	(6 149)
Economic classification							
Current payments	**55 398**	**62 661**	**80 362**	**121 508**	**117 258**	**123 127**	**129 417**
Compensation of employees	22 922	25 990	33 843	46 198	65 465	68 763	72 081
Goods and services	32 476	35 809	43 206	75 310	51 793	54 364	57 336
of which:							
Communication	*2 455*	*3 041*	*4 574*	*3 719*	*4 956*	*5 117*	*5 384*
Computer Services	*997*	*1 914*	*1 293*	*1 570*	*1 547*	*1 629*	*1 761*
Consultants, contractors and special services	*9 024*	*10 559*	*11 379*	*40 811*	*18 823*	*30 992*	*32 323*
Inventory	*1 387*	*1 363*	*1 668*	*2 066*	*2 255*	*2 483*	*2 675*
Maintenance repair and running cost	*80*	*86*	*905*	*750*	*1 159*	*1 349*	*1 582*
Operating leases	*6 955*	*7 942*	*9 154*	*9 911*	*11 197*	*851*	*907*
Travel and subsistence	*4 826*	*5 473*	*9 945*	*7 172*	*7 592*	*8 106*	*8 541*
Municipal services	*1 205*	*1 271*	*1 334*	*1 440*	*1 687*	*1 831*	*1 946*
Financial transactions in assets and liabilities	–	862	3 313	–	–	–	–
Transfers and subsidies	**8 504**	**9 661**	**8 389**	**6 927**	**7 376**	**7 708**	**8 078**
Provinces and municipalities	181	129	112	143	35	–	–
Departmental agencies and accounts	–	–	65	–	150	158	166
Universities and technikons	8 253	9 475	8 106	6 684	7 085	7 439	7 796
Households	70	57	106	100	106	111	116

1 Payable as from 1 April 2005. Salary: R 669 462. Car allowance: R 167 365.

Table 33.3 Administration (continued)

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R thousand	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
Payments for capital assets	**1 762**	**2 100**	**1 983**	**1 348**	**1 404**	**1 472**	**1 543**
Machinery and equipment	1 762	2 100	1 983	1 348	1 404	1 472	1 543
Total	**65 664**	**74 422**	**90 734**	**129 783**	**126 038**	**132 307**	**139 038**
Details of major transfers and subsidies:							
Departmental agencies and accounts							
Public entities							
Current	**–**	**–**	**65**	**–**	**150**	**158**	**166**
Transport Education and Training Authority	–	–	65	–	150	158	166
Universities and technikons							
Current	**8 253**	**9 475**	**8 106**	**6 684**	**7 085**	**7 439**	**7 796**
Universities of Pretoria, KwaZulu-Natal and Stellenbosch	8 253	9 475	8 106	6 684	7 085	7 439	7 796

Expenditure trends

Expenditure has grown rapidly, rising from R65,7 million in 2002/03 to R129,8 million in 2005/06, an average annual increase of 25,5 per cent. The growth is because: additional subdivisions were created, such as legal, internal audit and secretarial services; additional posts for senior managers were created; and additional amounts were allocated for communication and fraud prevention.

Over the MTEF, expenditure is expected to grow at a considerably slower rate of 2,3 per cent, reaching R139 million in 2008/09. This is largely because of the devolution of travel and subsistence budgets to the other programmes. These re-allocations are counterbalanced by additional funds from the Department of Public Works.

From 1 April 2006, costs for leases and accommodation charges will be devolved from the Department of Public Works to individual departments. The Department of Transport received the following amounts: R12,2 million in 2006/07, R13,2 million in 2007/08 and R14,2 million in 2008/09. Expenditure has been adjusted for 2002/03 to 2005/06.

Programme 2: Transport Policy, Research and Economic Analysis

The *Transport Policy, Research and Economic Analysis* programme develops and monitors transport policies and leads the department and its agencies in regional and international transport integration activities. The expanded focus on the region is in line with the objectives of the New Partnership for Africa's Development (Nepad) and reflects the strategic importance of regional transport networks. The programme uses multiple sources of data (including economic data, survey information on customer needs, and international benchmarking) to inform policy development, monitor and refine existing policies and implementation programmes, promote the development of regional transport infrastructure networks, and inform strategic decision-making.

Apart from the administration support component, there are four subprogrammes:

- *Policy Analysis* ensures transport policy development that is strategic, outcome-focused, integrated, inclusive, flexible and innovative, and monitors the impact and performance of the transport system.
- *Transport Economic Analysis* collates and analyses critical supply and demand-side data for all modes of transport, 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 the advancement of transport through research and knowledge management in the department.

Expenditure estimates

Table 33.4 Transport Policy, Research and Economic Analysis

Subprogramme		Audited outcome		Adjusted appropriation	Medium-term expenditure estimate		
R thousand	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
Transport Policy Analysis	23 299	8 218	4 311	7 541	6 809	7 173	7 527
Transport Economic Analysis	–	1 860	4 060	4 887	7 297	9 557	10 030
Legislation	498	856	714	4 405	3 818	4 019	4 219
Research and Development	21 336	4 888	4 301	7 504	5 627	5 924	6 218
Administration Support	577	–	3 188	17 717	4 761	5 021	5 267
Total	**45 710**	**15 822**	**16 574**	**42 054**	**28 312**	**31 694**	**33 261**
Change to 2005 Budget estimate				15 284	884	1 016	(141)
Economic classification							
Current payments	**43 748**	**11 772**	**16 245**	**41 637**	**27 909**	**31 279**	**32 825**
Compensation of employees	4 454	5 850	9 255	13 931	14 817	15 644	16 418
Goods and services	39 294	5 922	6 987	27 706	13 092	15 635	16 407
of which:							
Consultants, contractors and special services	*33 326*	*3 838*	*1 865*	*21 493*	*7 562*	*9 123*	*9 722*
Inventory	*–*	*–*	*419*	*636*	*734*	*782*	*813*
Travel and subsistence	*1 162*	*497*	*1 241*	*1 277*	*1 375*	*1 672*	*1 759*
Financial transactions in assets and liabilities	–	–	3	–	–	–	–
Transfers and subsidies	**1 962**	**3 328**	**21**	**35**	**8**	**–**	**–**
Provinces and municipalities	–	28	21	35	8	–	–
Departmental agencies and accounts	1 962	3 300	–	–	–	–	–
Payments for capital assets	**–**	**722**	**308**	**382**	**395**	**415**	**436**
Machinery and equipment	–	722	308	382	395	415	436
Total	**45 710**	**15 822**	**16 574**	**42 054**	**28 312**	**31 694**	**33 261**
Details of major transfers and subsidies:							
Departmental agencies and accounts							
Public entities							
Current	**1 962**	**3 300**	**–**	**–**	**–**	**–**	**–**
South African National Roads Agency Ltd (NMT)	1 962	3 300	–	–	–	–	–

Expenditure trends

Expenditure between 2002/03 and 2005/06 was uneven. The sharp increase to R45,7 million in 2002/03 is because of a one-off allocation for a transport survey. The rapid increase in expenditure after 2004/05 is because of the department's restructuring and the resulting expansion of the policy analysis and research functions in this programme. In 2005/06, expenditure was unusually high, as a result of a R13,4 million rollover and the reprioritisation of savings from other programmes to fund the African Union ministerial conference on air transport, hosted by South Africa in May 2005.

Between 2006/07 and 2008/09, expenditure is expected to level out and grow at an average rate of 8,4 per cent to reach R33,3 million in 2008/09. This growth is driven by the expansion of *Transport Economic Analysis* functions and the resultant increases in compensation of employees.

Service delivery objectives and indicators

Recent outputs

A discussion document on national maritime transport policy was completed, and the aviation policy review will result in the publication of the White Paper on National Aviation Policy in April 2006.

Analysis of the impact of transport on the economy

Preparatory work for the development of an economic performance indicator framework for the transport sector was done in 2004. During 2005, a wide range of stakeholders were consulted to prioritise the most relevant indicators for the framework. The department and relevant stakeholders also approved a transport research and innovation plan that will provide strategic focus to promote improved transport systems, processes and services.

BEE strategy

The integrated broad-based black economic empowerment (BEE) charter for the transport sector was finalised in November 2005, and sets targets for empowerment and participation through ownership, management and employment in companies throughout the transport sector value chain. The charter will ensure representivity for black women and designated groups across most of the BEE indicators.

Selected medium-term output targets

Transport Policy, Research and Economic Analysis

Measurable objective: Create an efficient transport system by developing policies that improve safety and travel times, reduce delays, and increase predictability, reliability and quality for local, regional and international services.

Subprogramme	Output	Measure/ Indicator	Target
Transport Policy Analysis	White Paper on National Maritime Transport Policy	White paper approved by Cabinet	December 2006
	Environmental policy framework	Framework completed and approved	March 2007
	Integrated transport sector BEE charter	BEE charter approved by Cabinet	March 2007
Transport Economic Analysis	Economic performance indicators framework	Baseline studies completed on the competitiveness of transport systems	March 2007
Legislation	New aviation policy and bill	Aviation bill completed	December 2006
	New national maritime transport bill	National maritime transport bill completed	April 2007
Research and Development	Innovation and advancement of transport through research	Implementation of the research, development and innovation strategy	March 2007
	National household travel survey	9 provincial technical reports completed	December 2006
		Planning for 2008 survey completed	March 2007

Programme 3: Transport Regulation and Accident and Incident Investigation

Reflecting the growing importance of regulation in the transport sector, the new *Transport Regulation and Accident and Incident Investigation* programme creates an enabling environment for safety and economic regulation across all transport modes.

Apart from the administration support component, there are five subprogrammes:

- *Road Transport Regulation*, through its road traffic management oversight role, enables, co-ordinates and promotes activities which include quality and safety in land transport, safety information systems and programmes, legislation, national inspectorates, and standards and guidelines.

- *Civil Aviation Transport Regulation* facilitates the development of an economically viable air transport industry, which is safe, efficient, environmentally friendly and compliant with international standards. It creates an enabling 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 for passengers and freight and also provides an oil pollution prevention service.
- *Rail Transport Regulation* develops, implements and maintains strategies and regulatory frameworks to ensure improved safety and efficiency in rail transport, including freight logistics.
- *Accident and Incident Investigation* collects, maintains and analyses data, and distributes regular reports on accidents and incidents in all modes of transport as an aid to strategic planning and measuring the success of policies implemented.

Expenditure estimates

Table 33.5 Transport Regulation and Accident and Incident Investigation

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R thousand	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
Road Transport Regulation	32 954	19 042	56 316	32 380	35 423	38 830	43 223
Civil Aviation Regulation	9 273	10 141	10 533	14 000	15 263	15 450	16 213
Maritime Regulation	96 875	59 808	57 107	58 400	52 975	55 601	59 047
Rail Transport Regulation	3 478	3 253	3 583	1 798	4 008	7 114	11 229
Accident and Incident Investigation	19 557	23 871	26 210	33 766	40 698	44 525	45 121
Administration Support	2 852	4 223	6 987	3 337	3 492	3 668	3 849
Total	**164 989**	**120 338**	**160 736**	**143 681**	**151 859**	**165 188**	**178 682**
Change to 2005 Budget estimate				(173 270)	(182 095)	(184 143)	(201 670)
Economic classification							
Current payments	**160 694**	**108 728**	**143 609**	**133 927**	**141 603**	**154 438**	**167 401**
Compensation of employees	18 524	17 914	21 395	17 321	22 861	24 112	25 302
Goods and services	142 170	90 811	99 885	116 606	118 742	130 326	142 099
of which:							
Communication	*760*	*425*	*1 241*	*578*	*610*	*705*	*763*
Consultants, contractors and special services	*133 592*	*78 226*	*87 611*	*105 197*	*108 948*	*119 124*	*130 100*
Inventory	*2 215*	*1 055*	*4 053*	*1 147*	*1 328*	*1 490*	*1 566*
Travel and subsistence	*3 106*	*4 285*	*4 084*	*5 251*	*5 813*	*6 781*	*7 213*
Financial transactions in assets and liabilities	–	3	22 329	–	–	–	–
Transfers and subsidies	**4 295**	**10 218**	**9 916**	**9 254**	**9 736**	**10 204**	**10 709**
Provinces and municipalities	–	1	46	78	19	–	–
Departmental agencies and accounts	–	4 554	5 874	4 300	4 558	4 786	5 023
Foreign governments and international organisations	3 828	4 902	3 316	4 170	4 420	4 641	4 871
Non-profit institutions	467	644	524	706	739	777	815
Households	–	117	156	–	–	–	–

Table 33.5 Transport Regulation and Accident and Incident Investigation (continued)

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R thousand	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
Payments for capital assets	**–**	**1 392**	**7 211**	**500**	**520**	**546**	**572**
Machinery and equipment	–	1 392	7 211	500	520	546	572
Total	**164 989**	**120 338**	**160 736**	**143 681**	**151 859**	**165 188**	**178 682**
Details of major transfers and subsidies:							
Departmental agencies and accounts							
Public entities							
Current	**–**	**4 554**	**5 874**	**4 300**	**4 558**	**4 786**	**5 023**
Cross Border Agency	–	1 000	2 000	–	–	–	–
South African Maritime Safety Authority - Maritime Rescue Co-ordination Centre	–	3 554	3 874	4 300	4 558	4 786	5 023
Foreign governments and international organisations							
Current	**3 828**	**4 902**	**3 316**	**4 170**	**4 420**	**4 641**	**4 871**
Membership Fees: Southern African Transport Communication Commission	301	–	–	–	–	–	–
Membership Fees: African Civil Aviation Commission	285	1 719	–	600	636	668	701
Membership Fees: International Civil Aviation Organisation	3 242	2 197	2 169	2 300	2 438	2 560	2 687
Membership Fees: International Maritime Organisation	–	533	869	820	869	912	957
Membership Fees: Indian Ocean Memorandum of Understanding	–	172	–	180	191	201	211
Membership Fees: Cospas Sarsat Contribution	–	281	278	270	286	300	315
Non-profit institutions							
Current	**467**	**644**	**524**	**706**	**739**	**777**	**815**
National Sea Rescue Institute	467	494	524	556	589	618	650
Mountain Club of South Africa	–	50	–	50	50	53	55
Hamnet	–	50	–	50	50	53	55
Off Road Rescue	–	50	–	50	50	53	55

Expenditure trends

Expenditure declined from R165 million in 2002/03 to R120,3 million in 2003/04, largely because the new contract for oil pollution prevention services (signed in 2003/04) resulted in a significant reduction in the cost of this service. Expenditure for oil pollution prevention services (reflected under goods and services) declined from R89 million in 2002/03 to R51,6 million in 2003/04 and R34,6 million in 2004/05, after which the contract cost stabilises.

Excluding the contract for oil pollution prevention services, growth from 2002/03 to 2005/06 was 11,5 per cent per year, with a particularly sharp increase in expenditure in 2004/05. This was due to: the introduction of funding for special investigations into driver’s licence testing centres and for the national traffic information system (NaTIS) at R16,6 million per year; the establishment of a maritime security co-ordination centre at R5,2 million per year; the introduction of a maritime rescue co-ordination centre at R3,5 million per year; and the introduction of funding for new offices for permanent South African representatives at the International Civil Aviation Council in Canada and the International Maritime Organisation in the UK, at R3 million each per year.

Growth in expenditure is expected to be more stable from 2005/06 to 2008/09, at an average annual rate of 7,5 per cent, reaching R178,7 million in 2008/09. This includes additional allocations of R5 million, R10 million and R15 million for transferring the function of the commissioner for civil aviation (accident and incident investigations) to the department and for setting up a rail economic regulator.

Service delivery objectives and indicators

Recent outputs

The achievements of this new programme, with a clearer focus on regulating transport operations, reflect the strategic priority of improving safety and efficiency in all modes of transport.

Regulating road transport

During 2005/06, the Road Traffic Management Corporation began operating as the public entity responsible for co-ordinating road traffic management and safety operations across the three spheres of government. The RTMC also took over the management of traffic information, and delivery targets for the development and implementation of the new eNaTIS system in 2005/06 were largely achieved, with 80 per cent of hardware deployed, 90 per cent of the software development completed, and 70 per cent of data migration completed. The entire system will be operational in March 2006.

The regulations for transporting dangerous goods should be enforced by traffic law enforcement officers. To date, 5 000 officers have been trained to inspect and assess dangerous cargoes. The KwaZulu-Natal transport department has created a dedicated unit for dangerous goods law enforcement.

A number of new vehicle safety standards were introduced in 2005/06, including the definition of emergency exits and providing for designated emergency exits in public transport vehicles. Taxi vehicle safety standards were developed to improve passenger safety and ensure minimum casualties in motor accidents. The K53 practical driving licence test for motor vehicle drivers was improved.

Road safety

A collaborative festive season road safety campaign, involving Arrive Alive, the Road Accident Fund, the Road Traffic Management Corporation, provinces and local authorities was implemented. Extensive multimedia advertising and public relation campaigns supported provincial and local traffic enforcement activities. Despite this focused campaign, fatalities in December 2005 were 16,9 per cent higher than in 2004.

A total of 502 of 542 vehicle testing stations were inspected in 2005/06. The draft document on a best practice model for vehicle testing stations has been finalised and the model will be introduced in testing stations across the country.

Regulating civil aviation

In 2005, progress was made in the liberalisation of air transport services, and in developing and maintaining bilateral air services agreements with Madagascar, France, Switzerland and the UK. Egypt became the fourth country with whom South Africa has opened up air services.

Regulating the maritime environment

The National Ports Act (2005) was passed by Parliament. Through the interdepartmental working group, the department developed regulations for the safety of small vessels in inland waterways by requiring owners of small vessels to register their boats with the Department of Transport. The department began developing the maritime transport security legislation, using the current regulations as a basis for discussion. In future, all ports and port facilities will have to have security plans and these will be verified periodically by inspectors employed by the department.

Search and rescue matters

Following the conference in Italy on search and rescue and global maritime distress and safety systems, hosted by the International Maritime Organisation, South Africa will host a sub-regional marine rescue co-ordination centre that will be serve five countries in the Southern Africa region (Namibia, Angola, Madagascar, Mozambique and the Comores). The existing rescue co-ordination centres continued to carry out their search and rescue operation and co-ordination mandate, handling 174 incidents during 2005/06, in which 164 lives were saved.

Selected medium-term output targets

Transport Regulation and Accident and Incident Investigation

Measurable objective: Develop, implement and maintain regulatory frameworks to ensure improved safety, security and environmental sustainability across the transport sector and to ensure efficient transport services.

Subprogramme	Output	Measure/Indicator	Target
Road Transport Regulation	Regulation of driving standards	New K53 driving licence manual published	July 2006
Civil Aviation Regulation	Air transport liberalisation	Bilateral air services agreement with 1 other country	March 2007
Maritime Regulation	Independent port regulator	Port regulator regulations completed	June 2006
		Appointment of a board	July 2006
	Maritime transport security legislation	Maritime Transport Security Bill completed	June 2006
	Monitoring and enforcement of small vessel regulations	National small vessel database established	June 2006
Rail Transport Regulation	Rail economic regulator	Transitional regulatory capacity established	August 2006
Accident and Incident Investigation	Analysis and dissemination of road accident data	Frequency of publication and circulation of analytical reports	Monthly
	South African search and rescue (SASAR) manual	New SASAR policy manual completed and approved	April 2006
	Multilateral search and rescue agreement on the sub-regional Maritime Rescue Co-ordination Centre	Negotiation process with the relevant countries completed	April 2006
		Agreement signed	June 2006
	Draft search and rescue regulations	Regulations published	December 2006

Programme 4: Integrated Planning and Inter-sphere Co-ordination

The *Integrated Planning and Inter-sphere Co-ordination* programme promotes and monitors integrated transport planning and co-ordinates the development and maintenance of transport infrastructure for all transport modes. This includes roads, railways, airports, harbours, pipeline interchange facilities, and the associated power and communications systems. Because of the regional nature of transport networks, the programme will play an important role in promoting the development of integrated, well-managed, viable and sustainable transport infrastructure that meets the economic development goals of Nepad and the SADC region. The programme emphasises rural transport development, accessible transport development, and the promotion of feasible non-motorised transport.

Apart from the administration support component, there are four subprogrammes:

- *Transport Planning* is responsible for: implementing the National Land Transport Transition Act (2000), providing planning support and facilitating municipal and provincial transport plans, ensuring the restructuring of transport operations, and ensuring that transport plans are integrated across the spheres of government.
- *Integrated Delivery Programme* is responsible for implementing key departmental projects and supporting key national programmes, such as the integrated sustainable rural development programme, the urban renewal programme, the rural transport programme, and the expanded public works programme. In addition, the subprogramme is responsible for supporting the

establishment of transport authorities, managing the Transport Appeal Tribunal and facilitating the implementation of the National Land Transport Transition Act (2000).

- *Integrated Infrastructure and Network Development* is responsible for reviewing transport infrastructure plans, providing infrastructure planning support, developing frameworks and strategies for infrastructure development, implementing support for infrastructure projects, co-ordinating and implementing infrastructure provision, developing systems and processes for infrastructure management, contributing to regional transport infrastructure development for all modes of transport, and overseeing the South African National Roads Agency.
- *2010 Soccer World Cup Co-ordination* facilitates co-ordinated planning for transport infrastructure operations for the 2010 Soccer World Cup and beyond. This includes the administration of the new conditional grant for public transport infrastructure and systems that provides funding for municipal public transport infrastructure projects, with an initial focus on the potential host cities for the World Cup.

Expenditure estimates

Table 33.6 Integrated Planning and Inter-sphere Co-ordination

Subprogramme	**Audited outcome**			**Adjusted appropriation**	**Medium-term expenditure estimate**		
R thousand	**2002/03**	**2003/04**	**2004/05**	**2005/06**	**2006/07**	**2007/08**	**2008/09**
Transport Planning	49 319	53 383	45 915	24 286	23 067	25 693	27 559
Integrated Delivery Programme	–	645	1 128	18 076	47 281	48 064	49 347
Integrated Infrastructure and Network Development	1 203 064	1 293 047	1 450 037	1 790 461	2 382 710	3 148 792	3 625 114
2010 Soccer World Cup Coordination	–	–	–	241 710	702 340	1 002 464	1 802 587
Administration Support	2 914	8 993	12 831	4 693	5 855	6 148	6 552
Total	**1 255 297**	**1 356 068**	**1 509 911**	**2 079 226**	**3 161 253**	**4 231 161**	**5 511 159**
Change to 2005 Budget estimate				245 923	1 173 896	1 658 826	2 710 401
Economic classification							
Current payments	**10 489**	**11 412**	**18 407**	**69 074**	**133 898**	**150 493**	**161 845**
Compensation of employees	1 926	6 649	9 745	17 511	24 090	25 301	26 950
Goods and services	8 563	4 757	8 661	51 563	109 808	125 192	134 895
of which:							
Consultants, contractors and special services	*6 449*	*1 983*	*5 729*	*36 103*	*85 586*	*97 856*	*100 442*
Inventory	*358*	*1 173*	*380*	*3 917*	*7 498*	*8 561*	*9 631*
Travel and subsistence	*820*	*695*	*1 307*	*6 245*	*8 564*	*9 067*	*12 673*
Financial transactions in assets and liabilities	–	6	1	–	–	–	–
Transfers and subsidies	**1 244 808**	**1 343 958**	**1 487 389**	**1 998 224**	**2 992 083**	**4 041 929**	**5 309 964**
Provinces and municipalities	39 744	20 970	1 627	241 745	519 008	624 000	1 790 000
Departmental agencies and accounts	1 205 064	1 322 988	1 485 755	1 756 479	2 293 075	3 041 929	3 509 964
Public corporations and private enterprises	–	–	–	–	180 000	376 000	10 000
Households	–	–	7	–	–	–	–
Payments for capital assets	**–**	**698**	**4 115**	**11 928**	**35 272**	**38 739**	**39 350**
Buildings and other fixed structures	–	–	–	11 462	34 779	38 221	38 796
Machinery and equipment	–	698	4 115	466	493	518	554
Total	**1 255 297**	**1 356 068**	**1 509 911**	**2 079 226**	**3 161 253**	**4 231 161**	**5 511 159**

Table 33.6 Integrated Planning and Inter-sphere Co-ordination

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R thousand	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
Details of major transfers and subsidies:							
Provinces and municipalities							
Municipalities							
Current	**–**	**11 851**	**1 600**	**–**	**–**	**–**	**–**
National Land Transport Transition Act	–	11 851	1 600	–	–	–	–
Capital	**39 744**	**9 100**	**–**	**241 710**	**519 000**	**624 000**	**1 790 000**
Urban Transport Fund	39 744	9 100	–	–	–	–	–
Public Transport Infrastructure and Systems Fund	–	–	–	241 710	519 000	624 000	1 790 000
Departmental agencies and accounts							
Public entities							
Current	**783 992**	**825 862**	**937 455**	**1 191 146**	**1 494 123**	**1 962 579**	**2 253 020**
South African National Roads Agency Ltd	781 992	825 862	937 455	1 187 387	1 494 123	1 962 579	2 253 020
South African National Roads Agency Ltd - NMT (bicycle)	2 000	–	–	3 759	–	–	–
Capital	**421 072**	**497 126**	**548 300**	**565 333**	**798 952**	**1 079 350**	**1 256 944**
Urban Transport Fund	–	32 432	44 024	–	–	–	–
South African National Roads Agency Ltd	421 072	464 694	504 276	565 333	797 952	1 079 350	1 256 944
Cross Border Road Transportation Agency (PTIF)	–	–	–	–	1 000	–	–
Public corporations and private enterprises							
Public corporations							
Other transfers							
Capital	**–**	**–**	**–**	**–**	**180 000**	**376 000**	**10 000**
South African Rail Commuter Corporation (PTIF)	–	–	–	–	180 000	376 000	10 000

Expenditure trends

Expenditure grew rapidly between 2002/03 and 2005/06, rising at an average annual rate of 18,3 per cent. It is expected to grow even faster over the MTEF, at an average annual rate of 38,4 per cent.

Programme spending is dominated by allocations for the development, upgrading and maintenance of national roads through transfers to the South African National Roads Agency (SANRAL) and allocations for public transport infrastructure through the Public Transport Infrastructure Fund. The fund was introduced in 2005/06 as a new conditional grant to municipalities, with an initial allocation of R241,7 million, rising to R1,8 billion in 2008/09. Additional funding of R566 million over the MTEF will be transferred to the SARCC to upgrade key stations located close to 2010 Soccer World Cup stadiums as part of the public transport infrastructure allocation. SANRAL transfers rise from R1,2 billion in 2002/03, to R1,8 billion in 2005/06, and are expected to rise to R3,5 billion in 2008/09. Additional allocations to improve the road infrastructure framework amount to R400 million, R600 million and R900 million over the 2006 MTEF, most of which will be transferred to SANRAL for capital projects. The department will retain a small portion of this funding to commission studies, develop decision support systems and facilitate and oversee the implementation of the strategic framework for roads.

Expenditure on goods and services increased from R8,6 million in 2002/03 to R51,6 million in 2005/06, largely due to an additional allocation for a special overload control unit (R10 million) and the reprioritisation of funds for a rural transport strategy (R9,8 million) in 2005/06. Capital expenditure will also grow as a result of additional allocations for rural transport (R30 million per year) and regional infrastructure network development (R45 million, R30 million and R30 million) over the medium term.

Expenditure on compensation of employees has grown especially rapidly, rising from R1,9 million in 2002/03 to R17,5 million in 2005/06, an average increase of 108,7 per cent, as a result of the department's restructuring in 2004 and a significant increase in the number of employees in this programme.

Service delivery objectives and indicators

Recent outputs

Implementation of the National Land Transport Transition Act

While the first phase of municipal transport plans (the collection of current public transport records) has been completed in all municipalities, and almost all planning authorities will have finalised their integrated transport plans by March 2006, many of these plans do not satisfy the requirements of the National Land Transport Transition Act (2000). Seven out of nine provinces have submitted their provincial land transport frameworks for approval by the Minister of Transport.

During 2005/06, the department focused on helping metropolitan municipalities establish transport authorities as required by the act. A study to evaluate the Ethekhwini transport authority – which was established in March 2004 and remains the only transport authority in the country - will guide the development of other transport authorities.

The act is being amended, based on the findings of a review by the parliamentary portfolio committee. The amendment bill has been approved by Cabinet and will be processed through the national and provincial legislatures in 2006. The main changes proposed are: extending the transport planning cycle from one to two years, incorporating light delivery vehicles into the public transport domain (where appropriate), and regulating metered taxis and tourist transport.

Road infrastructure

The action plan for the strategic framework for roads has been completed, and is being implemented under the guidance of the roads co-ordinating body. Key priorities include access road development, improving the national and strategic secondary networks, developing and standardising information and decision support systems, reclassifying the road network system and strengthening co-ordination and delivery mechanisms.

The Platinum Highway was officially opened in October 2005, completing the coast-to-coast link from Maputo to Walvis Bay, as part of the Trans-Kalahari Corridor.

Transport infrastructure

A public transport interchange in Inanda-Ntuzuma-Kwamashu in KwaZulu-Natal was completed in December 2004. The Galeshewe bicycle path in Kimberley, Northern Cape, and the first phase of the Baragwanath public transport interchange in Johannesburg, Gauteng, were completed in 2005. The implementation of the rural transport strategy has begun with the construction of access roads in three rural municipalities (Greater Tubatse in Limpopo, Umkhanyakude in KwaZulu-Natal, and OR Tambo in Eastern Cape). Two of these projects fall under the expanded public works programme, and contribute to scaling up the programme by accelerating road maintenance programmes through labour intensive methods.

In 2005/06, 52 public transport infrastructure projects to the value of R1,9 billion were approved for funding in 18 municipalities through the new public transport infrastructure and systems conditional grant. These include: capital spending on station upgrades; constructing and upgrading public transport interchanges and other road-based public transport infrastructure in strategic corridors; non-motorised transport infrastructure and facilities, including pedestrian and cycle ways; and public transport systems.

Non-motorised transport

Non-motorised transport is being actively promoted through the Shova Kalula bicycle project, which has resulted in the delivery of 14 121 bicycles countrywide. The project to promote animal drawn carts is in its second phase of implementation, with cart prototypes being refined to meet South African Bureau of Standards standards.

2010 transport action agenda

The 2010 transport action agenda, articulating the transport vision, objectives and a plan for the 2010 Soccer World Cup, is in its final stage of development. Priority statements defining transport infrastructure projects were finalised by all potential host municipalities in 2005, and the department will now focus on helping these municipalities develop plans for transport operations during the World Cup.

Selected medium-term output targets

Integrated Planning and Inter-sphere Coordination

Measurable objective: Fully established, integrated transport plans that will incrementally improve public transport services and related infrastructure for social and regional development.

Subprogramme	Output	Measure/Indicator	Target
Transport Planning	Municipal transport plans that address transport service constraints and infrastructure backlogs	Number of municipal transport plans completed	95% of municipalities with adequate integrated transport plans
	Implementation of the National Land Transport Transition Act (2000)	Framework for National Land Transport Bill approved by Cabinet	December 2009
Integrated Delivery Programme	Provision and integration of public transport services	Number of transport authorities established	2 new transport authorities
		Number of public transport facilities built	2 new public transport interchanges
	Non-motorised Transport delivery	Number of bicycles delivered through the Shova Kalula bicycle project	50 000 bicycles
	Expanded public works programme implementation plan	Percentage of provincial infrastructure grant funding spent on labour intensive access road projects	10% of provincial infrastructure budgets
Integrated Infrastructure and Network Development	Road infrastructure strategic framework	Percentage of strategic secondary road network upgraded	20% by March 2008
	National overload control strategy	Number of operators incorporated into the load accreditation programme	5 main freight industries incorporated by December 2006
2010 Soccer World Cup Co-ordination	Planning for transport operations during 2010 Soccer World Cup	Operational plans completed for all host cities and transport entities	October 2006

Programme 5: Freight Logistics and Corridor Development

The *Freight Logistics and Corridor Development* programme, established in 2004/05, aims to reduce the cost of doing business in South Africa by making the freight logistics sector more efficient, reliable and cost effective.

Apart from the administration support component, there are four subprogrammes:

- *National 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 co-ordinating integrated infrastructure planning, forecasting demand and undertaking scenario planning.

- *Eastern Corridor* and *Western Corridor* implement projects in the freight corridors. These will be targeted at improving the efficiency of the corridors and integrating secondary and tertiary corridors into a seamless logistics system that supports the geographic expansion of economic activity in the country and in the region.
- *Border Operations and Control* is responsible for co-ordinating the development and maintenance of transport infrastructure at border posts.

Expenditure estimates

Table 33.7 Freight Logistics and Corridor Development

Subprogramme				Adjusted			
	Audited outcome			appropriation	Medium-term expenditure estimate		
R thousand	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
National Logistics Strategy	1 897	29 942	3 755	7 773	13 614	5 618	6 004
Eastern Corridor	–	–	–	4 903	5 421	4 740	5 063
Western Corridor	–	–	–	4 435	4 905	4 183	4 468
Border Operations and Control	–	–	–	–	1 540	1 620	1 700
Administration Support	–	–	–	1 912	2 366	2 578	2 748
Total	**1 897**	**29 942**	**3 755**	**19 023**	**27 846**	**18 739**	**19 983**
Change to 2005 Budget estimate				–	3 075	3 231	3 098
Economic classification							
Current payments	**1 897**	**1 803**	**3 714**	**18 945**	**27 779**	**18 674**	**19 913**
Compensation of employees	1 387	1 335	544	6 477	9 242	9 706	10 334
Goods and services	510	468	3 170	12 468	18 537	8 968	9 579
of which:							
Consultants, contractors and special services	*445*	*399*	*3 170*	*11 646*	*17 354*	*7 568*	*8 031*
Transfers and subsidies	**–**	**54**	**1**	**18**	**5**	**–**	**–**
Provinces and municipalities	–	54	1	18	5	–	–
Payments for capital assets	**–**	**28 085**	**40**	**60**	**62**	**65**	**70**
Buildings and other fixed structures	–	28 000	–	–	–	–	–
Machinery and equipment	–	85	40	60	62	65	70
Total	**1 897**	**29 942**	**3 755**	**19 023**	**27 846**	**18 739**	**19 983**

Expenditure trends

Expenditure increased especially rapidly from 2002/03 to 2005/06, from R1,9 million to R19 million, an average annual increase of 115,6 per cent, as additional funds were allocated for developing freight transport policy and implementation strategies. Expenditure peaked in 2003/04 because of a one-off allocation of R28 million for revitalising railway branch lines in Umtata, Eastern Cape. In the 2005 Budget R5 million was allocated in 2005/06 and R10 million in 2006/07 for developing freight logistics strategies and pilot implementation projects. This allowed for the introduction of the *Eastern* and *Western Corridor* subprogrammes in 2005/06 and *Border Operations and Control* in 2006/07.

Service delivery objectives and indicators

Recent outputs

Since the introduction of this programme in 2004/05, most of the performance targets have been met.

The Department of Transport leads the interdepartmental task team responsible for developing and implementing a freight logistics strategy. A draft green paper, outlining a new vision for freight logistics in South Africa, was presented to Cabinet in January 2005. The minister launched the national freight logistics strategy in September 2005. Work is now being done to develop corridor freight plans, and to engage social partners through the National Economic and Development Labour Council to strengthen the implementation of the strategy.

Corridor development

The roads on the Bakwena Platinum Corridor from Tshwane to the Botswana border have been upgraded. This will reduce export and shipping times by several days. The upgrading and rehabilitation of the section of the N4 highway on the Maputo Development Corridor, between Pretoria and the Gauteng-Mpumalanga border, is nearly complete. The N2 road upgrade to support the Coega industrial development zone is under way.

The department has also started setting up a corridor forum in each province to oversee the development of corridor strategies. KwaZulu-Natal, Mpumalanga and Western Cape have established corridor forums.

Freight operational efficiency

The department is rolling out two national projects that are key to implementing the national freight logistics strategy. The national freight databank project collects, collates and consolidates all available freight statistics on the movement of goods and services in the country. The national freight information systems project integrates information on the movement of goods and services across various systems (including accident statistics, SANRAL’s traffic numbers and others) and generates reports customised to users’ needs. The customs management subcommittee of the Trans-Kalahari Corridor has started piloting shorter customs processes for freight moving between Gauteng, Walvis Bay and Botswana.

Selected medium-term output targets

Freight Logistics and Corridor Development

Measurable objective: Efficient freight logistic operations that ensure the speedy, cost-effective and reliable movement of goods along a regional network of freight movement corridors, supported by integrated freight infrastructure planning, adequate infrastructure investment, and a national freight information system.

Subprogramme	Output	Measure/Indicator	Target
National Logistics Strategy	National freight logistics strategy	Strategy adopted by Cabinet	June 2006
		National freight databank established	October 2006
		National freight information system operational	March 2007
Eastern Corridor and Western Corridor	Corridor mapping	Map of physical and virtual flows in the corridors completed	September 2006
	Efficiency gains in the movement of freight	Complete modelling of customs processes on key corridors	March 2007
Border Operations and Control	Analysis of system inefficiencies in regional and international movement of goods and passengers	Industry consultation on system analysis	October 2006
	Operational improvements in public entities responsible for movement of goods and passengers	Operational improvement performance agreements signed with public entities	March 2007

Programme 6: Public Transport

The role of the *Public Transport* programme is to bring about change in the public transport system by developing a system that will ensure the provision of safe, reliable, affordable and accessible public transport.

Apart from the administration support component, there are four subprogrammes:

- *Public Transport Strategy and Monitoring* is responsible for developing public transport strategies and leading the initiation of projects. The main priority is the strategic review of passenger transport in South Africa, which proposes options for accelerating the transformation of passenger transport service delivery.
- *Public Transport Management* oversees the payment of bus subsidies, and facilitates the transformation of the subsidised bus industry and system. It oversees the payment of rail commuter subsidies, manages the passenger rail integration process, drives projects to improve public transport infrastructure, and facilitates the optimisation of the rail commuter system in a sustainable and cost-effective manner.
- *Taxi Recapitalistion Project Office* facilitates the transformation of the taxi industry and the taxi recapitalisation project.
- *Public Transport Business Development* develops the business case for public transport while concentrating on issues relating to the commuter rail merger, turnaround strategies for passenger rail, the integration of public transport operations to maximise subsidy, and developing the business case and analysis for new public transport developments.

Expenditure estimates

Table 33.8 Public Transport

Subprogramme				**Adjusted**			
	Audited outcome			**appropriation**	**Medium-term expenditure estimate**		
R thousand	**2002/03**	**2003/04**	**2004/05**	**2005/06**	**2006/07**	**2007/08**	**2008/09**
Public Transport Strategy and Monitoring	–	–	–	4 087	3 903	4 096	4 477
Public Transport Management	4 077 980	4 428 648	4 671 683	5 160 735	8 828 736	8 474 088	9 041 327
Taxi Recapitalisation Project Office	6 497	9 898	10 000	260 600	326 236	331 798	364 978
Public Transport Business Development	–	–	–	1 595	1 324	1 387	1 516
Administration Support	2 589	8 651	12 584	4 414	5 628	5 945	6 522
Total	**4 087 066**	**4 447 197**	**4 694 267**	**5 431 431**	**9 165 827**	**8 817 314**	**9 418 820**
Change to 2005 Budget estimate				145 851	3 423 309	2 653 423	2 707 576
Economic classification							
Current payments	**6 426**	**8 302**	**12 683**	**128 241**	**67 079**	**53 189**	**58 383**
Compensation of employees	1 724	4 282	5 864	9 069	14 478	15 212	16 477
Goods and services	4 702	4 008	5 902	119 172	52 601	37 977	41 906
of which:							
Consultants, contractors and special services	*3 944*	*501*	*4 216*	*112 621*	*44 934*	*29 619*	*32 071*
Inventory	*222*	*1 037*	*162*	*1 923*	*2 015*	*2 289*	*2 419*
Travel and subsistence	*165*	*769*	*560*	*1 426*	*1 672*	*1 865*	*2 171*
Financial transactions in assets and liabilities	–	12	917	–	–	–	–

Table 33.8 Public Transport (continued)

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R thousand	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
Transfers and subsidies	**4 080 640**	**4 438 558**	**4 681 310**	**5 303 071**	**9 098 621**	**8 763 992**	**9 360 291**
Provinces and municipalities	–	12	15	41	3 241 010	2 151 000	1 736 000
Public corporations and private enterprises	4 074 328	4 428 648	4 671 290	5 142 430	5 576 375	6 311 194	7 292 313
Non-profit institutions	6 312	9 898	10 000	10 600	11 236	11 798	12 978
Households	–	–	5	150 000	270 000	290 000	319 000
Payments for capital assets	**–**	**337**	**274**	**119**	**127**	**133**	**146**
Machinery and equipment	–	337	274	119	127	133	146
Total	**4 087 066**	**4 447 197**	**4 694 267**	**5 431 431**	**9 165 827**	**8 817 314**	**9 418 820**

Details of major transfers and subsidies:							
Provinces and municipalities							
Provinces							
Provincial revenue funds							
Capital	**–**	**–**	**–**	**–**	**3 241 000**	**2 151 000**	**1 736 000**
Gautrain Rapid Rail Link	–	–	–	–	3 241 000	2 151 000	1 736 000
Public corporations and private enterprises							
Public corporations							
Subsidies on production or products							
Current	**1 536 419**	**1 695 148**	**1 843 550**	**2 156 377**	**2 131 542**	**2 259 119**	**2 485 031**
South African Rail Commuter Corporation	1 536 419	1 695 148	1 843 550	2 156 377	2 131 542	2 259 119	2 485 031
Capital	**691 000**	**665 000**	**655 000**	**688 300**	**1 029 598**	**1 516 078**	**2 017 686**
South African Rail Commuter Corporation	691 000	665 000	655 000	688 300	1 029 598	1 516 078	2 017 686
Private enterprises							
Subsidies on production or products							
Current	**1 846 909**	**2 068 500**	**2 172 740**	**2 297 753**	**2 415 235**	**2 535 997**	**2 789 596**
Bus subsidies	1 846 724	2 068 500	2 172 740	2 297 753	2 415 235	2 535 997	2 789 596
Taxi	185	–	–	–	–	–	–
Non-profit institutions							
Current	**6 312**	**9 898**	**10 000**	**10 600**	**11 236**	**11 798**	**12 978**
Taxi : Santaco	6 286	9 898	10 000	10 600	11 236	11 798	12 978
Taxi : Council for Scientific Industrial Research	26	–	–	–	–	–	–
Households							
Other transfers							
Current	**–**	**–**	**5**	**150 000**	**270 000**	**290 000**	**319 000**
Taxi Recapitalisation	–	–	–	150 000	270 000	290 000	319 000
Leave Gratuity	–	–	5	–	–	–	–

Expenditure trends

Expenditure on the *Public Transport* programme, accounting for the bulk of the department's budget, is expected to grow at an average annual rate of 14,9 per cent between 2002/03 and 2008/09, reaching R9,4 billion in 2008/09.

Almost all expenditure is on public transport subsidies. The bus and rail subsidies over the seven-year period account for an average of 86,2 per cent of the programme's budget. Bus subsidies are expected to increase at an average annual rate of 7,1 per cent, from R1,8 billion in 2002/03 to R2,8 billion in 2008/09. Expenditure on rail subsidies and rail capital is expected to increase at an average annual rate of 12,5 per cent, rising from R2,2 billion in 2002/03 to R4,5 billion in 2008/09.

This includes the additional allocations in the 2006 Budget of R200 million, R500 million and R900 million for passenger rail infrastructure over the medium term.

Transfer payments for the taxi transformation project, including the legalisation and democratisation of the taxi industry, grew at an average annual rate of 18,9 per cent between 2002/03 and 2005/06, from R6,3 million to R10,6 million respectively. These allocations grow to R13 million over the MTEF, when the focus will shift to the implementation of the taxi recapitalisation project.

The 2005 Budget provided additional allocations for taxi recapitalisation: R250 million for 2005/06, R315 million for 2006/07 and R320 million for 2007/08, which grows by 10 per cent to R352 million in 2008/09. A portion of the funds will be used for planning and systems development, while the rest will be used for paying scrapping allowances to taxi owners who scrap their old vehicles.

The 2006 Budget introduces the national contribution to the Gautrain Rapid Rail Link, amounting to R7,1 billion over the MTEF period, which will be paid as a conditional grant to the Gauteng province.

Service delivery objectives and indicators

Recent outputs

The strategic role that efficient public transport services play in driving economic growth is reflected in increased expenditure and expanded functions in this programme. As a result of the organisational change required to implement this expanded mandate, many of the performance targets for 2005/06 were not achieved.

Strategic review of passenger transport process

A strategic review of passenger transport was initiated in 2005/06. Some topics prioritised in the review are subsidy analysis and reform options, a national public transport electronic fare collection and information platform, an implementation strategy for travel demand management, integrated public transport networks in metropolitan areas, and rural passenger transport. It is expected that initial results will be available early in 2006, and that the review will be completed by March 2007.

Bus subsidies to BEE companies

Before 1994, a few large bus companies received the majority of government's bus subsidy budget. By November 2003, the proportion of bus subsidies paid to BEE bus companies reached 60 per cent, three years ahead of target. By March 2004, 55 per cent of all contracts had been converted to either tendered or negotiated contracts, and the remaining contracts are expected to be converted by April 2007. There is currently a moratorium on new tendered contracts to allow bus operations time to transform to meet the new requirements of subsidised service contracts.

Taxi recapitalisation

New systems and law enforcement strategies, as well as the infrastructure (computer equipment, and buildings), to manage and administer the payment of a scrapping allowance to taxi owners will be finalised and established in early 2006. The new vehicle safety requirements have been approved and manufacturers must comply with the new requirements from January 2006. The tender for the contract to administer scrapping allowances will be finalised by March 2006.

Commuter rail services

The tender for constructing the Khayelitsha rail extension has been awarded and the required land secured. Construction is scheduled to be completed in June 2006, including the construction of two new rail stations, four road over-rail bridges, four pedestrian bridges, the transport network connectivity and two transport interchanges.

The programme for refurbishing rolling stock is continuing and is now based on increasing refurbishment to 480 coaches per year, which amounts to 15,3 per cent of the operational fleet.

To ensure an integrated approach to addressing the challenges of commuter rail and the backlogs in commuter rail investments, an interim national passenger rail plan was completed in June 2005 and presented to Cabinet for approval. To facilitate the merger between the South African Rail Commuter Corporation and Metrorail operations, a due diligence on both organisations was completed in June 2005 and a business plan for consolidation has been finalised. Commuter rail entities will be merged in April 2006 and should be fully consolidated by the end of 2006/07.

Selected medium-term output targets

Public Transport

Measurable objective: Increased provision of safe, reliable and more affordable public transport, that aims to benefit the most vulnerable passengers.

Subprogramme	Output	Measure/Indicator	Target
Public Transport Strategy and Monitoring	Passenger transport strategy and implementation plan	Comprehensive strategy and implementation plan approved by Cabinet	December 2006
	Gautrain Rapid Rail Link	Integration plan for the Gautrain Rapid Rail Link completed	July 2006
Public Transport Management	Restructured bus operations	Proportion of contracts tendered or negotiated	100% by 2007/08
	Restructured and safer commuter rail service	National passenger rail plan	June 2006
	Restructured and consolidated passenger rail services	New passenger rail entity established	April 2006
Taxi Recapitalisation Project Office	Safer and more sustainable taxi services	Systems and support structure for taxi recapitalisation in place	August 2005
		Number of old taxi vehicles scrapped	10 000 by March 2007
			60 000 by March 2009
Public Transport Business Development	Business case for improving public transport	Number of business cases and feasibility studies completed for specific public transport initiatives	3 cases by March 2007

Programme 7: Public Entity Oversight and Economic Regulation

Reflecting the growing importance of regulation in the transport sector, the new *Public Entity Oversight and Economic Regulation* programme creates an enabling environment for safety and economic regulation across all transport modes.

Apart from the administrative support component, there are two subprogrammes:

- *Public Entity Oversight*, through monitoring and evaluation processes, oversees public entities' compliance with government policy in relation to their strategies, business plans, corporate governance, financial management and operational plans. It also manages the reform and development of public entities to improve service delivery.
- *Economic Regulation* is responsible for reviewing and developing regulatory strategies on competition, pricing and investment to improve the performance of the transport system.

Expenditure estimates

Table 33.9 Public Entity Oversight and Economic Regulation

Subprogramme				Adjusted			
	Audited outcome			appropriation	Medium-term expenditure estimate		
R thousand	**2002/03**	**2003/04**	**2004/05**	**2005/06**	**2006/07**	**2007/08**	**2008/09**
Public Entity Oversight	96 135	186 818	200 412	2 894 139	204 532	197 870	206 838
Economic Regulation	–	–	–	–	2 200	2 316	2 431
Administration Support	1 426	1 936	3 479	1 668	2 591	2 723	2 859
Total	**97 561**	**188 754**	**203 891**	**2 895 807**	**209 323**	**202 909**	**212 128**
Change to 2005 Budget estimate				2 895 807	209 323	202 909	212 128
Economic classification							
Current payments	**82 571**	**166 237**	**175 817**	**65 715**	**23 326**	**9 813**	**11 952**
Compensation of employees	2 107	2 053	2 288	3 511	6 725	7 088	7 439
Goods and services	80 464	164 184	173 529	62 204	16 601	2 725	4 513
of which:							
Communication	*320*	*305*	*273*	*282*	*1*	*3*	*3*
Consultants, contractors and special services	*79 599*	*163 369*	*172 750*	*61 405*	*16 291*	*2 291*	*4 070*
Inventory	*86*	*88*	*81*	*83*	*3*	*5*	*6*
Operating leases	*25*	*27*	*28*	*29*	*18*	*25*	*25*
Travel and subsistence	*434*	*395*	*397*	*405*	*288*	*401*	*409*
Transfers and subsidies	**14 990**	**22 191**	**27 930**	**2 829 941**	**185 841**	**192 932**	**200 003**
Provinces and municipalities	–	–	8	–	1	–	–
Departmental agencies and accounts	14 990	22 191	27 922	2 829 941	185 840	192 932	200 003
Payments for capital assets	**–**	**326**	**144**	**151**	**156**	**164**	**173**
Machinery and equipment	–	326	144	151	156	164	173
Total	**97 561**	**188 754**	**203 891**	**2 895 807**	**209 323**	**202 909**	**212 128**
Details of major transfers and subsidies:							
Departmental agencies and accounts							
Social security funds							
Current	**–**	**–**	**–**	**2 700 000**	**–**	**–**	**–**
Road Accident Fund	–	–	–	2 700 000	–	–	–
Public entities							
Current	**14 990**	**22 191**	**27 922**	**129 941**	**185 840**	**192 932**	**200 003**
Railway Safety Regulator	–	10 000	15 000	20 000	21 200	22 260	23 361
Road Traffic Management Corporation	3 324	–	–	96 243	150 120	155 427	160 643
South African Maritime Safety Authority	6 224	6 504	6 894	7 308	7 747	8 133	8 535
South African Civil Aviation Authority	5 442	5 687	6 028	6 390	6 773	7 112	7 464

Expenditure trends

Expenditure by this programme is marked by a one-off allocation of R2,7 billion in 2005/06 as a transfer payment to the Road Accident Fund to address a liquidity crisis resulting largely from the scheduling of payments to claimants and debt associated with the diesel rebate due to the South African Revenue Service.

Excluding the transfer payment to the RAF, expenditure grew rapidly at an average annual rate of 26,1 per cent between 2002/03 and 2005/06, largely because of the introduction of additional funding of R50 million per year from 2004/05for the Arrive Alive campaign. In addition, during 2003/04, R50,7 million was reprioritised from savings in other programmes to fund the migration to the new NaTIS system and an additional one-off allocation for the new NaTIS system of R50 million in 2004/05.

During the MTEF, expenditure is expected to grow at a lower average annual rate of 2,7 per cent. The 2006 Budget includes additional funding for the Railway Safety Regulator of R10 million in 2003/04 growing to R20 million in 2005/06, and a one-off allocation of R14 million in 2006/07 for the development of a new road accident benefit scheme and for related legislative amendments.

Expenditure on goods and services declines over the seven-year period, while transfer payments increase from 2005/06, reflecting the transfer of functions from the department to the Road Traffic Management Corporation.

Service delivery objectives and indicators

Recent outputs

Overseeing public entities

The department uses shareholder compacts as a governance instrument to better position public entities to provide services or perform functions that are in line with government's agenda. Shareholder compacts were signed between the Minister of Transport and each of the transport public entities in 2005/06. These are used to address issues such as the capital restructuring strategy for the Airports Company of South Africa, the consolidation strategy for the South Africa Rail Commuter Corporation and Metrorail, the first business plan for the Road Traffic Management Corporation, improved service delivery by the Road Accident Fund and the establishment plan for the Independent Port Regulator.

Road Accident Benefit Scheme

The Road Accident Fund Amendment Bill was passed in both houses of Parliament in October 2005. While this introduces a more equitable and reasonable system for compensating victims of road accidents, the anticipated savings resulting from the new limits placed on benefits will not allow the Road Accident Fund to significantly improve its financial position. There is still a need to transform the benefit scheme completely. An interdepartmental committee for road accident victims, with the support of an expert group and international experts, has finalised a policy framework, comparative analysis, risk analysis and implementation plan for introducing a no-fault system of compensation for road accident victims. Cabinet has approved the policy proposal to shift to a no-fault benefit scheme.

Selected medium-term output targets

Public Entity Oversight and Economic Regulation

Measurable objective: Develop, implement and maintain regulatory frameworks in line with the broader economical and industrial strategies to promote improved performance of the transport sector.

Subprogramme	Output	Measure/Indicator	Target
Public Entity Oversight	Performance agreements between government and public entity boards	Performance agreements with measurements signed by public entity boards and translated into implementation plans	July 2006
	Governance and performance management systems	Frequency of monitoring reports by public entities against agreed measurement criteria	Quarterly reports
	New benefit scheme for victims of road accidents	White Paper on the New Road Accident Benefit Scheme	May 2006
Economic Regulation	Review of the transport regulatory environment and its impact on competitiveness	Phase 1 of the review completed (analysis of regulatory environment for all transport modes)	October 2006

Public entities reporting to the minister

South African Rail Commuter Corporation

The purpose of the South African Rail Commuter Corporation Limited (SARCC), established under the legal succession to the South African Transport Services Act (1988), is to ensure that rail commuter services are provided in the public interest and to promote rail as the primary mode of mass commuter transport.

2005/06 marked the beginning of a major transformation phase for the rail commuter business in South Africa, with the consolidation of passenger rail operators. A Cabinet decision to consolidate the passenger rail entities - SARCC, Metrorail and Shosholoza Meyl - into a single structure, reporting to the Department of Transport, is being implemented.

The SARCC's main source of revenue is the transfer government provides to cover operations and capital expenditure. It received transfers of R2,71 billion in 2005/06, inclusive of capital transfers and VAT. Over the 2006 MTEF, these allocations will grow by 12,5 per cent annually.

The SARCC also generates income through its wholly owned subsidiary, Intersite (Pty) Ltd, which acts as the property management agent for the SARCC. Intersite generates income through commercial property leases at stations, other property leases - such as billboards in railway reserves - and the disposal of unused property.

In order to turn commuter rail operations around, an interim rail plan has been completed. The SARCC will implement the first phase of this plan to stabilise operations on key commuter corridors. Several initiatives have been launched to help reduce crime: the reintroduction of the railway police (SAPS); the close circuit television (CCTV) pilot projects in the Western Cape (to be rolled out nationally under the leadership of SAPS); and SAPS mobile units. The SARCC continues to channel most of its resources towards upgrading, refurbishing and maintaining rolling stock and infrastructure. In 2005/06, 458 coaches have been overhauled.

The SARCC's focus over this medium term is: refurbishing over 500 coaches in 2006/2007; infrastructure projects, such as station upgrading, signaling, and telecommunications; introducing an integrated fare collection system; and rolling out CCTV surveillance systems in and around stations and coaches.

Table 33.10 Financial summary for the South African Rail Commuter Corporation Limited (SARCC)

	Outcome				Medium-term estimate		
	Audited	Audited	Audited	Estimated outcome			
R Thousand	**2002/03**	**2003/04**	**2004/05**	**2005/06**	**2006/07**	**2007/08**	**2008/09**
INCOME STATEMENT							
Revenue							
Non-tax revenue	**362 636**	**419 153**	**442 297**	**409 208**	**452 706**	**472 234**	**505 061**
Transfers received	**1 545 919**	**1 678 840**	**1 715 910**	**1 905 381**	**2 131 542**	**2 259 119**	**2 485 031**
Total revenue	**1 908 555**	**2 097 993**	**2 158 207**	**2 314 589**	**2 584 248**	**2 731 353**	**2 990 092**
Expenses							
Current expense	**819 478**	**949 490**	**805 757**	**1 050 026**	**1 424 263**	**1 512 586**	**1 614 604**
Compensation of employees	64 204	72 929	84 057	94 582	100 257	106 272	112 649
Goods and services	341 623	488 546	316 122	420 747	752 162	794 688	847 724
Depreciation	227 775	205 488	226 840	281 424	298 309	316 208	335 180
Interest, dividends and rent on land	185 876	182 527	178 738	253 273	273 535	295 418	319 051
Transfers and subsidies	**1 223 367**	**1 290 917**	**1 373 212**	**1 442 419**	**1 522 372**	**1 606 034**	**1 693 490**
Total expenses	**2 042 845**	**2 240 407**	**2 178 969**	**2 492 445**	**2 946 636**	**3 118 619**	**3 308 094**
Surplus / (Deficit)	**(134 290)**	**(142 414)**	**(20 762)**	**(177 856)**	**(362 387)**	**(387 267)**	**(318 002)**
Tax payment	**3 695**	**3 296**	**(10 474)**	**1 095**	**1 840**	**1 840**	**1 840**

Table 33.10 Financial summary for the South African Rail Commuter Corporation Limited (SARCC) (continued)

	Outcome				Medium-term estimate		
	Audited	Audited	Audited	Estimated outcome			
R thousand	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
BALANCE SHEET							
Carrying value of assets	5 797 378	6 045 195	6 656 235	7 187 486	8 098 775	9 674 645	11 367 150
Investments	302 815	585 692	429 675	473 675	523 675	553 675	573 675
Receivables and prepayments	68 815	83 868	77 616	72 237	86 344	101 809	117 671
Cash and cash equivalents	586 350	398 199	659 300	861 602	973 350	787 594	688 595
Total assets	**6 755 358**	**7 112 954**	**7 822 826**	**8 595 000**	**9 682 144**	**11 117 722**	**12 747 091**
Capital and reserves	4 351 390	4 124 003	4 113 715	3 934 764	3 570 537	3 181 430	2 861 588
Borrowings	114 408	216 357	197 905	184 267	171 267	158 267	145 267
Trade and other payables	613 765	427 477	445 162	701 000	1 075 982	1 164 305	1 266 323
Provisions	91 421	111 450	143 088	148 057	158 676	170 003	182 088
Managed funds	1 584 374	2 233 667	2 922 956	3 626 912	4 705 682	6 443 717	8 291 825
Total equity and liabilities	**6 755 358**	**7 112 954**	**7 822 826**	**8 595 000**	**9 682 144**	**11 117 722**	**12 747 091**

Data provided by the South African Rail Commuter Corporation Limited

South African National Roads Agency

The National Roads Act (1998) charges the South African National Roads Agency Limited (SANRAL) with the principal tasks of strategically planning, designing, constructing, operating, rehabilitating and maintaining national roads to the highest standards. It is a corporate entity operating at arm's length from government, with the Minister of Transport as its single shareholder. SANRAL is responsible for the existing national road network of 14 100km and an estimated asset value in excess of R40 billion.

SANRAL finances its operations from various sources, currently earning two-thirds of its income from government transfers. Over the 2006 MTEF, transfers are expected to increase by 26 per cent from R1,7 billion in 2005/06 to R3,5 billion in 2008/09 due to additional allocations for the road infrastructure framework. Other sources of revenue include loans raised by SANRAL in the capital markets and income earned through PPPs, particularly toll charges. SANRAL is also expected to generate revenue from the development and management of its assets, which are substantial. However, liabilities are also significant and must be managed prudently to maintain the financial sustainability of the entity.

Over the medium term, SANRAL will ensure that the primary road network under its jurisdiction is efficiently managed and maintained to international standards. SANRAL will also increase capital expenditure as a proportion of the total budget for national roads.

Table 33.11 Financial summary for the South African National Roads Agency Limited (SANRAL)

	Outcome				Medium-term estimate		
	Audited	Audited	Audited	Estimated outcome			
R Thousand	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
INCOME STATEMENT							
Revenue							
Non-tax revenue	**596 444**	**742 875**	**916 831**	**938 000**	**986 000**	**1 073 000**	**1 150 000**
Sale of goods and services other	5 417	1 568	2 532	7 000	10 000	15 000	15 000
of which:							
Non-market est. sales	*5 417*	*1 568*	*2 532*	*7 000*	*10 000*	*15 000*	*15 000*
Other non-tax revenue	*591 027*	*741 307*	*914 299*	*931 000*	*976 000*	*1 058 000*	*1 135 000*
Transfers received	**680 818**	**574 596**	**1 292 662**	**1 283 805**	**896 902**	**1 229 652**	**1 011 635**
Total revenue	**1 277 262**	**1 317 471**	**2 209 493**	**2 221 805**	**1 882 902**	**2 302 652**	**2 161 635**
Expenses							
Current expense	**1 810 690**	**2 439 421**	**1 803 110**	**2 560 030**	**3 153 221**	**3 442 551**	**4 176 893**
Compensation of employees	25 471	35 744	37 840	39 695	46 456	51 003	55 005
Goods and services	979 701	956 349	1 071 459	1 639 312	2 157 524	2 247 389	2 753 204
Depreciation	228 265	502 953	99 238	291 383	358 568	555 219	779 334
Interest, dividends and rent on land	577 253	944 375	594 573	589 640	590 673	588 940	589 350
Total expenses	**1 810 690**	**2 439 421**	**1 803 110**	**2 560 030**	**3 153 221**	**3 442 551**	**4 176 893**
Surplus / (Deficit)	**(533 428)**	**(1 121 950)**	**406 383**	**(338 225)**	**(1 270 319)**	**(1 139 899)**	**(2 015 258)**
BALANCE SHEET SUMMARY							
Carrying value of assets	5 912 751	6 446 066	6 685 177	6 993 198	8 314 249	12 675 312	17 498 862
Investments	827 718	798 955	1 237 289	440 000	460 000	480 000	500 000
Receivables and prepayments	113 235	141 145	147 074	298 173	327 990	360 789	396 868
Cash and cash equivalents	145 284	394 616	1 006 568	400 010	400 010	400 010	400 010
Total assets	**6 998 988**	**7 780 782**	**9 076 108**	**8 131 381**	**9 502 249**	**13 916 111**	**18 795 740**
Capital and reserves	(1 036 047)	(2 416 885)	(2 010 502)	(2 348 727)	(3 619 046)	(4 758 945)	(6 774 203)
Borrowings	4 842 177	6 113 076	6 968 015	6 002 458	7 231 932	10 931 816	15 226 774
Post retirement benefits	3 781	4 450	5 094	6 500	7 500	8 000	8 500
Trade and other payables	2 939 581	3 772 765	3 861 240	4 314 255	5 748 868	7 626 145	10 249 474
Provisions	3 667	3 757	2 299	3 100	3 200	3 300	3 400
Managed funds	245 829	303 619	249 962	153 795	129 795	105 795	81 795
Total equity and liabilities	**6 998 988**	**7 780 782**	**9 076 108**	**8 131 381**	**9 502 249**	**13 916 111**	**18 795 740**

Data provided by the South African National Roads Agency Limited

Road Accident Fund

In terms of the Road Accident Fund Act (1996), the Road Accident Fund (RAF) compensates victims of motor vehicle accidents for injuries, loss of income or loss of financial support. The Road Accident Fund Amendment Bill has been passed by Parliament and the National Council of Provinces and will be promulgated in 2006.

The fund gets its money from a fuel levy included in the price of petrol and diesel, which is paid by drivers of motor vehicles.

In 2005/06 the RAF received a large transfer of R2,7 billion from government to address its liquidity problems. This generates a surplus of R1,7 billion that will partially offset the future deficit over the 2006 MTEF.

In 2005/06, the RAF received 185 773 new claims from victims of road accidents (11 per cent more claims than the previous year), and finalised only 90 116 claims. As a result of the slow progress in finalising claims, the claims backlog grew to 443 399, at an estimated value of R25 billion. With the number of road accidents rising every year, the RAF faces the challenge of significantly reducing claims administration time in order to reduce the claims backlog. Further, measures are needed to ensure its future financial sustainability.

Key strategic objectives for the coming period are: minimising the cost of administration and service providers (thus maximising funds available for payment of compensation); promoting good governance and effectively managing risk; fostering positive stakeholder relations through proactive engagement; and developing, with stakeholders, a sustainable economic model and proposals to restore the RAF to financial health.

Table 33.12 Summary of revenue and expenses for the Road Accident Fund (RAF)

	Audited	Audited	Preliminary Outcome	Estimated Outcome	Medium-term estimate		
R Thousand	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
Revenue							
Tax revenue	3 219 025	3 861 810	4 565 918	5 527 986	6 629 593	6 894 776	7 170 567
Non-tax revenue	44 601	32 098	57 874	63 415	43 426	18 374	2
Sale of capital assets	21	102	–	–	–	–	–
Transfers received	–	–	–	2 700 000	–	–	–
Total revenue	**3 263 647**	**3 894 010**	**4 623 792**	**8 291 401**	**6 673 019**	**6 913 150**	**7 170 569**
Expenses							
Current expenses	3 537 272	4 402 858	5 570 634	6 609 548	7 147 852	8 162 530	8 538 296
Compensation of employees	238 890	312 301	321 116	343 211	503 814	586 357	614 136
Goods and services	180 696	107 960	172 853	184 746	271 197	315 630	330 582
Transfer payments and subsidies	3 117 662	3 982 597	5 076 665	6 058 598	6 200 087	7 215 895	7 557 742
Other expenditure	24	–	–	22 993	172 754	44 648	35 836
Capital expenditure	37 898	10 522	5 158	6 325	18 863	19 806	20 796
Transfer payments	–	–	–	–	–	–	–
Fixed assets	37 898	10 522	5 158	6 325	18 863	19 806	20 796
Total Expenses	**3 575 170**	**4 413 380**	**5 575 792**	**6 615 873**	**7 166 715**	**8 182 336**	**8 559 092**
Surplus / (Deficit)	**(311 523)**	**(519 370)**	**(952 000)**	**1 675 528**	**(493 696)**	**(1 269 186)**	**(1 388 523)**

Audited financial statements for 2001/02 adjusted for 12 months.
Data provided by the Road Accident Fund

Cross-Border Road Transport Agency

The Cross-Border Road Transport Agency (CBRTA) was established in terms of the Cross-Border Road Transport Act (1998). Its main function is to regulate cross border road transport through issuing various permits for both freight and passenger transport. This is done in close co-operation with neighbouring countries in the SADC region. The agency is further mandated to facilitate the implementation of various regional agreements, such as the SADC protocol and the SACU memorandum of understanding.

The CBRTA receives most of its revenue from permit fees, but the department made transfer payments of R2 million in 2004/05 to fund the upgrading of computers to improve the agency's operations. The agency faces declining revenue largely as a result of failing to enforce the permitting system. Over the medium term, it will focus on improving revenue collection, reducing fraud and corruption, and reducing labour costs. As a result of increases in the movement of goods across borders, revenue is anticipated to increase gradually over the medium term.

South African Maritime Safety Authority

The South African Maritime Safety Authority (SAMSA) was established under the South African Maritime Safety Authority Act (1998). Its mandate is: to ensure safety of life and property at sea; to prevent and combat pollution from ships; and to promote South Africa's maritime interests.

SAMSA's responsibilities include: administering a number of maritime-related statutes covering such areas as ship registration, seafarer training and certification, ship safety and security, and the protection of the marine environment from pollution from ships; and co-ordinating maritime search and rescue.

SAMSA's major source of funding is levies raised at ports (70 per cent of total income). These are collected by the National Ports Authority for a 2,5 per cent fee. The major spending area is employee costs (between 60 and 70 per cent of total expenses). In previous years, SAMSA has underspent on its employee budget due to vacant posts and the restructuring process. The increase in employee costs from 2005/06 to 2006/07 is related to filling vacant positions and providing for a performance-based bonus system. SAMSA has accumulated reserves of close to R70 million. It has been agreed with industry to reduce these reserves to an acceptable level (six months operating expenditure) over the next few years.

Key priorities for the coming MTEF include: strengthening SAMSA's governance systems; building organisational capacity for better service delivery; facilitating the growth and transformation of South Africa's maritime industry; promoting safe and secure maritime transport; strengthening marine environment protection; building sustainable stakeholder partnerships; and strengthening regional, and international, cooperation.

South African Civil Aviation Authority

The South African Civil Aviation Authority (CAA) was established in terms of the South African Civil Aviation Authority Act (1998). The CAA is a statutory body with the primary function of controlling and regulating civil aviation in South Africa and overseeing the safety and security of the aviation industry.

In terms of its enabling legislation, the CAA is mandated to generate its funding requirements from user fees, a charge on departing scheduled passengers and a fuel levy payable by the general aviation industry. The CAA continues to conduct the full accident and incident responsibilities on behalf of the Department of Transport and receives an annual payment for these services. No price increases occur during the 2006 financial year and the CAA was deregistered for VAT in April 2005, which resulted in a decrease in the safety charge. Projected revenue for 2006/07 includes no price increases. The budget for 2006/07 reflects a change from the targeted retention funding model, which was based on a five-year horizon over which surplus funds were generated in early years and then consumed in later years.

In 2006/07, the CAA will focus on the increase in staff capacity to enable the organisation to perform its safety and security oversight activities. Expenses will also be directed to improve operational efficiency, coupled with deliberate efforts to maintain the safety standards required by the International Civil Aviation Organisation. Changes to the accounting standard for fixed assets will further affect the disclosed amounts for depreciation.

Urban Transport Fund

The Urban Transport Fund (UTF) was established in terms of the Urban Transport Act (1977). The fund is responsible for: promoting transport planning; providing, improving and maintaining public transport facilities; assisting suburban railway services; urban transport research; and transport engineering and transport economics training.

Major recent achievements include the allocation of funding for corridor development projects and the development of public transport facilities in some of the urban renewal nodes. The UTF contributed to upgrading sections of the Khulani corridor to address the storm water management system, partnered with the City of Johannesburg to provide public transport facilities at the

Baragwanath node, and helped the City of Cape Town with the development of the Khayelitsha rail extension and the planning and design of two stations.

Over the 2006 MTEF, the UTF will be involved in: training provincial and local government officials on the contents of the National Land Transport Transitional Act (2000); developing transport plans in preparation for the 2010 Soccer World Cup; integrating transport functions and preparing integrated transport plans for a transport authority; and developing public transport models that can be replicated.

Road Traffic Management Corporation

The Road Traffic Management Corporation (RTMC) was established in terms of section 3 of the Road Traffic Management Corporation (RTMC) Act (1999), and began with the preparation of a business plan and strategy for its operationalisation in April 2005. The corporation was established at its own offices early in September 2005. In addition to entrenching an effective partnership between national, provincial and local spheres of government in the management of road traffic matters, the main purpose of the RTMC is to improve the quality and safety of road traffic.

The RTMC's operations are funded exclusively through a transfer payment from the Department of Transport. Operational priorities for the 2006 MTEF include: establishing a road traffic law enforcement inspectorate; establishing a traffic academy for traffic officials, and continuously revising the training; and enhancing and extending road safety programmes and projects for communities and schools, which will include a school driver education and training programme. The planned expenditure on these projects over the next three years is: R144 million; R153 million and R169 million. An annual amount of R35 million for the Arrive Alive road safety campaign is also budgeted for over the medium term.

Some of the planned key delivery areas for the 2006 MTEF include: replacing the national traffic information system (NaTIS) with the new eNaTIS; additional information support systems, including establishing a Central Accident Bureau for accident data and a supporting geographical information system (GIS); and a computerised learners' licence testing system.

Railway Safety Regulator

In line with government's commitment to keep the railways safe, secure and operating in an environmentally responsible manner, the Railway Safety Regulator (RSR) was established in 2002 with the promulgation of the National Railway Safety Regulator Act (2002). The regulator's core mandate is to oversee safety in the railway transport industry. It oversees and monitors all matters relating to railway safety, developing regulations and standards for safety in railways, conducting railway safety audits and inspections, conducting expert investigations into occurrences impacting on railway safety, and issuing railway safety permits.

The Railway Safety Management Regulations of July 2004 paved the way for the development of the safety management system by rail operators. The regulations outline a systematic and comprehensive process for the management of railway safety and safety management reports.

The RSR is set to increase its scope of work in response to the further development of regulations and standards while at the same time setting up a fully functional institution to implement, promote and enforce the National Railway Safety Regulator Act (2002). Selected priorities include: developing technical and operational standards for rail safety; determining a fee structure for granting safety permits to railway operators; issuing railway safety permits to railway operators in order to legalise operations; developing the national information monitoring system; developing quarterly safety reports based on occurrence reports from the industry; supporting the implementation of the freight logistics strategy; developing safety standards for the Gautrain Rapid Rail Link; and participating in initiatives to harmonise railway safety in the SADC region.

Air Traffic and Navigation Services Company

The Air Traffic and Navigation Services Company Limited (ATNS), established in terms of the Air Traffic and Navigation Company Act (1993), is responsible for safe, orderly and efficient air traffic, and navigational and associated services in its area of control. It provides extensive air traffic information services and related aeronautical support services in the major airspace and at 21 airports throughout South Africa. The company college is a well-established facility currently used by a large number of African countries for air traffic services training as well as for technical training for equipment support.

ATNS does not receive government transfers and gets its funding from its operations. Air traffic service fees contribute 90 per cent of total revenue earned, revenue from the VSAT satellite communication system in the SADC region contributes 4 per cent, and the other 6 per cent is earned from technical maintenance services and other sources. Billed revenue for 2005/06 reflects an increase of 21 per cent compared to the last financial year. Over and above the 12,6 per cent tariff increase, there has been volume growth of 8,6 per cent. Operational expenditure is only 5 per cent higher.

A number of initiatives to increase airspace capacity are currently under way, including:

- reduced final approach and terminal area radar separations
- automated sequencing
- early turn-outs to the east at Johannesburg International Airport
- the quantification of benefits derived from these service delivery improvements.

Table 33.12 Financial summary for the Air Traffic and Navigation Services Company Limited (ATNS)

	Outcome				Medium-term estimate		
	Audited	Audited	Audited	Estimated outcome			
R Thousand	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
INCOME STATEMENT SUMMARY							
Revenue							
Non-tax revenue	**3 306**	**6 441**	**4 494**	**7 192**	**8 521**	**9 436**	**10 203**
Sale of goods and services other than capital	–	2 961	1 188	1 070	1 307	1 248	1 224
of which:							
Admin fees	*–*	*2 961*	*1 188*	*1 070*	*1 307*	*1 248*	*1 224*
Sales by market establishments	*327 839*	*369 674*	*457 318*	*546 769*	*594 832*	*643 491*	*668 260*
Other non-tax revenue	*3 306*	*3 479*	*3 306*	*6 123*	*7 214*	*8 188*	*8 979*
Transfers received	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total revenue	**331 145**	**376 115**	**461 812**	**553 961**	**603 353**	**652 926**	**678 463**
Expenses							
Current expense	**289 295**	**325 278**	**382 471**	**423 503**	**488 466**	**540 257**	**569 991**
Compensation of employees	133 749	169 374	203 390	213 090	240 791	270 555	294 256
Goods and services	99 246	103 938	111 738	118 593	137 970	145 289	149 046
Depreciation	53 469	50 011	63 196	82 812	93 741	106 021	111 333
Interest, dividends and rent on land	2 830	1 955	4 147	9 008	15 964	18 392	15 355
Transfers and subsidies	**11 972**	**14 066**	**10 164**	**11 363**	**13 691**	**15 036**	**16 531**
Total expenses	**301 266**	**339 343**	**392 635**	**434 865**	**502 157**	**555 293**	**586 522**
Surplus / (Deficit)	**29 878**	**36 772**	**69 177**	**119 096**	**101 196**	**97 634**	**91 941**

Table 33.12 Financial summary for the Air Traffic and Navigation Services Company Limited (ATNS) (continued)

	Outcome				Medium-term estimate		
	Audited	Audited	Audited	Estimated outcome			
R Thousand	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
BALANCE SHEET SUMMARY							
Carrying value of assets	445 884	535 085	569 704	614 487	746 569	810 897	751 764
Investments	91 650	14 620	4 685	63 521	66 584	–	82 238
Inventory	–	–	195	656	656	656	656
Receivables and prepayments	47 960	54 927	66 875	73 374	78 871	90 109	94 672
Cash and cash equivalents	77 950	41 915	76 554	121 761	71 963	78 506	82 487
Total assets	**663 443**	**646 548**	**718 012**	**873 800**	**964 643**	**980 168**	**1 011 817**
Capital and reserves	384 636	385 559	458 463	543 021	614 856	684 184	749 521
Borrowings	173 001	149 107	156 339	217 959	217 770	181 864	145 818
Trade and other payables	93 738	93 098	76 170	83 344	93 698	68 137	61 299
Provisions	12 069	18 783	27 040	29 476	38 319	45 983	55 179
Total equity and liabilities	**663 443**	**646 548**	**718 012**	**873 800**	**964 643**	**980 168**	**1 011 817**

Data provided by the Air Traffic and Navigation Services Company Limited

Airports Company of South Africa

The Airports Company South Africa Limited (ACSA) was established in 1993 with the enactment of the Airports Company Act (1993). The core business of the company is providing airport operational services (aeronautical business), which includes infrastructure, aviation safety and security services, and commercial activities (non-aeronautical business). Airport development solutions, retail, property and advertising activities are also catered for.

ACSA's activities are self-financing through airline charges and user fees from air passengers. Revenue increased by 5,3 per cent, from R1,9 billion in 2004/05 to R2 billion in 2005/06. The increase is mainly due to growth of 45,5 per cent in non-aeronautical revenue and 14,7 per cent in aeronautical business (12 per cent in departing passengers and 2,7 per cent aircraft movements).

In 2004/05, ACSA invested R492 million in infrastructure development. Infrastructural projects include the revamping of the Johannesburg International Airport to make provision for rapid exit, and renovations at the Cape Town International Airport with the construction of the multistorey parking facility. Capital investment will significantly increase in 2005/06 due to the introduction of wide-bodied aircraft in 2007/08 and in the run up to the 2010 Soccer World Cup.

The key priority of ACSA in the next five years is delivering its capital programme, with the disbursement of R5,2 billion for infrastructure development. In embarking upon a capital restructuring programme, ACSA aims to unlock value for shareholders by reducing the cost of capital developments, among others. The company will also focus on improving passenger and airline service delivery and maintaining high standards of aviation safety and security services.

Table 33.13 Financial summary for the Airports Company of South Africa Limited (ACSA)

	Outcome				Medium-term estimate		
	Audited	Audited	Audited	Estimated outcome			
R Thousand	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
INCOME STATEMENT SUMMARY							
Revenue							
Non-tax revenue	**1 684 482**	**1 855 885**	**1 957 164**	**2 227 195**	**2 458 978**	**2 748 037**	**3 088 310**
Sale of goods and services other than capital assets	1 658 391	1 803 594	1 907 793	2 199 391	2 458 978	2 748 037	3 088 310
of which:							
Sales by market establishments	*1 535 555*	*1 797 489*	*1 903 563*	*2 197 711*	*2 458 978*	*2 748 037*	*3 088 310*
Non-market est. sales	*122 836*	*6 105*	*4 230*	*1 680*	–	–	–
Other non-tax revenue	*26 091*	*52 291*	*49 371*	*27 804*	–	–	–
Total revenue	**1 684 482**	**1 855 885**	**1 957 164**	**2 227 195**	**2 458 978**	**2 748 037**	**3 088 310**
Expenses							
Current expense	**933 062**	**839 836**	**727 748**	**2 342 621**	**1 901 119**	**2 107 418**	**2 349 073**
Compensation of employees	275 728	266 162	306 657	317 692	375 549	407 973	441 904
Goods and services	324 106	249 856	101 502	419 674	495 501	538 039	582 696
Depreciation	152 377	214 560	225 629	275 390	297 954	326 962	350 873
Interest, dividends and rent on land	180 851	109 258	93 960	1 329 865	732 115	834 444	973 600
Transfers and subsidies	**36 833**	**76 985**	**68 873**	**67 823**	**66 364**	**74 492**	**80 840**
Total expenses	**969 895**	**916 821**	**796 622**	**2 410 444**	**1 967 483**	**2 181 910**	**2 429 913**
Surplus / (Deficit)	**714 587**	**939 064**	**1 160 542**	**(183 249)**	**491 495**	**566 127**	**658 397**
BALANCE SHEET SUMMARY							
Carrying value of assets	3 484 888	3 744 514	4 021 050	4 983 400	5 876 299	6 786 215	7 387 312
Investments	100 296	13 525	9 503	56 679	39 649	39 649	39 649
Inventory	606	1 224	1 247	1 432	–	–	–
Receivables and prepayments	225 307	285 218	323 928	192 649	235 741	262 384	294 591
Cash and cash equivalents	–	–	58 041	2 069	22 136	25 154	28 399
Total assets	**3 811 097**	**4 044 481**	**4 413 769**	**5 236 229**	**6 173 825**	**7 113 402**	**7 749 951**
Capital and reserves	2 900 683	3 012 452	3 386 220	2 767 579	2 951 650	3 184 700	3 466 231
Borrowings	454 121	461 691	289 047	2 093 935	2 551 691	3 149 123	3 421 878
Post retirement benefits	43 115	23 333	31 122	31 121	–	–	–
Trade and other payables	306 525	467 059	475 484	217 012	522 833	630 703	711 601
Provisions	106 653	79 946	231 896	126 582	147 651	148 876	150 241
Total equity and liabilities	**3 811 097**	**4 044 481**	**4 413 769**	**5 236 229**	**6 173 825**	**7 113 402**	**7 749 951**

Data provided by the Airports Company of South Africa Limited.

Annexure

Vote 33: Transport

Table 33.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 thousand	2004/05		2004/05	2005/06			2005/06
1. Administration	76 751	89 040	90 734	120 532	9 251	129 783	113 481
2. Transport Policy, Research and Economic Analysis	31 523	31 523	16 574	26 770	15 284	42 054	41 857
3. Transport Regulation and Accident and Incident Investigation	172 623	190 917	160 736	121 144	22 537	143 681	178 235
4. Integrated Planning and Inter-sphere Co-ordination	1 555 713	1 557 862	1 509 911	1 833 303	245 923	2 079 226	2 063 218
5. Freight Logistics and Corridor Development	8 695	8 695	3 755	19 023	–	19 023	15 096
6. Public Transport	4 709 848	4 697 732	4 694 267	5 285 580	145 851	5 431 431	5 250 458
7. Public Entity Oversight and Economic Regulation	203 891	203 891	203 891	195 807	2 700 000	2 895 807	2 891 252
Total	**6 759 044**	**6 779 660**	**6 679 868**	**7 602 159**	**3 138 846**	**10 741 005**	**10 553 597**

Economic classification							
Current payments	**497 029**	**525 812**	**450 837**	**531 975**	**47 072**	**579 047**	**540 234**
Compensation of employees	99 633	99 633	82 934	108 618	5 400	114 018	109 595
Goods and services	397 396	426 179	341 340	423 357	41 672	465 029	430 521
Financial transactions in assets and liabilities	–	–	26 563	–	–	–	118
Transfers and subsidies	**6 239 562**	**6 231 395**	**6 214 956**	**7 059 909**	**3 087 561**	**10 147 470**	**9 997 432**
Provinces and municipalities	250	2 399	1 830	350	241 710	242 060	242 003
Departmental agencies and accounts	1 530 836	1 530 836	1 519 616	1 890 720	2 700 000	4 590 720	4 590 720
Universities and technikons	6 306	8 106	8 106	6 684	–	6 684	6 684
Public corporations and private enterprises	4 686 590	4 671 290	4 671 290	4 996 579	145 851	5 142 430	5 142 430
Foreign governments and international organisations	4 970	4 970	3 316	4 170	–	4 170	3 950
Non-profit institutions	10 525	13 709	10 524	11 306	–	11 306	11 306
Households	85	85	274	150 100	–	150 100	339
Payments for capital assets	**22 453**	**22 453**	**14 075**	**10 275**	**4 213**	**14 488**	**15 931**
Buildings and other fixed structures	17 938	17 938	–	7 249	4 213	11 462	11 462
Machinery and equipment	4 515	4 515	14 075	3 026	–	3 026	4 469
Total	**6 759 044**	**6 779 660**	**6 679 868**	**7 602 159**	**3 138 846**	**10 741 005**	**10 553 597**

Table 33.B Summary of personnel numbers and compensation of employees

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimates		
	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
A. Permanent and full-time contract employees							
Compensation (R thousand)	53 044	64 073	82 549	113 668	157 307	165 433	174 584
Unit cost (R thousand)	161	135	164	226	274	288	304
Compensation as % of total	100.0%	100.0%	99.5%	99.7%	99.8%	99.8%	99.8%
Personnel numbers (head count)	330	473	504	504	574	574	574
C. Interns							
Compensation of interns (R thousand)	–	–	385	350	371	393	417
Unit cost (R thousand)	–	–	23	29	13	13	12
Number of interns	11	19	17	12	28	30	35
Total for department							
Compensation (R thousand)	**53 044**	**64 073**	**82 934**	**114 018**	**157 678**	**165 826**	**175 001**
Unit cost (R thousand)	**156**	**130**	**159**	**221**	**262**	**275**	**287**
Personnel numbers (head count)	**341**	**492**	**521**	**516**	**602**	**604**	**609**

Table 33.C Summary of expenditure on training

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimates		
	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
Training and staff development							
Expenditure (R thousand)	3 616	3 451	3 011	2 864	3 036	3 218	3 411
Number of employees trained (head count)	250	252	260	117	211	250	250
Bursaries (employees)							
Expenditure (R thousand)	470	381	497	423	395	419	444
Number of employees (head count)	65	37	42	28	41	52	60
Total	**4 086**	**3 832**	**3 508**	**3 287**	**3 431**	**3 637**	**3 855**
Number of employees	**315**	**289**	**302**	**145**	**252**	**302**	**310**

Table 33.D Summary of conditional grants to provinces and local government (municipalities)[1]

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R thousand	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
Conditional grants to provinces							
6. Public Transport							
Gautrain Rapid Rail Link	–	–	–	–	3 241 000	2 151 000	1 736 000
Total	**–**	**–**	**–**	**–**	**3 241 000**	**2 151 000**	**1 736 000**
Conditional grants to local government (municipalities)							
4. Integrated Planning and Inter-sphere Co-ordination							
Urban Transport Fund Grant	39 744	9 100	–	–	–	–	–
Public Transport Infrastructure and Systems Grant	–	–	–	241 710	519 000	624 000	1 790 000
Total	**39 744**	**9 100**	**–**	**241 710**	**519 000**	**624 000**	**1 790 000**

1 Detail provided in the Division of Revenue Act (2006).

Drought management

Due to ongoing drought conditions, substantial funds have been made available to local government for emergency water provision. For 2003/04, an additional amount of R278 million was provided for drought relief. For 2004/05 and 2005/06, additional amounts of R50 million and R20 million were provided.

Transfer of water services

The process of transferring water services to water services institutions gathered momentum. 36 transfer agreements have been signed and overall progress on the programme is 83 per cent. 659 staff members have been transferred and 572 have been seconded to local authorities. A comprehensive audit of all water services schemes to be transferred was carried out, including 317 grouped schemes, of which 128 have been transferred. Most of these were inherited from the previous homelands, and 196 were schemes that the department built after 1994.

International relations

The department supports Nepad principles and is involved in various African and international water services programmes in the SADC region. The department also mobilises international support where appropriate, and has participated in the Commonwealth Human Ecology Council biannual meeting. There have been initiatives to exchange technical information on water services and water resources with China and various developing countries.

Selected medium-term output targets

Water Services

Measurable objective: Ensure effective, efficient and sustainable use and supply of water and sanitation services by institutions that are accountable and responsive to the community that they serve.

Subprogramme	Output	Measure/Indicator	Target
Provisioning Policies and Water and Sanitation Services	Basic and free water supply and sanitation reports.	Number of additional people provided with basic water supply	1,5 million people
		Number of additional households with basic sanitation	350 000 households
		Percentage of the population with access to free basic water and sanitation increased	85% of population with access to free basic water and 30% with access to free basic sanitation
Water Sector Policies and Water Sector Support	Alignment of legislation with strategic framework for water services	Promulgation of revised Water Services Act	June 2007.
	Development and implementation of support policies and strategies in place	Free basic sanitation strategy developed	March 2006
		Regulatory strategy completed	February 2006
	Sector plans	Percentage of water sector authorities which submit water services development programmes	100%
		Percentage of water sector authorities undertaking project feasibility studies	90% of water sector authorities
	Monitor sector performance	Frequency of reports	Annually
	Functional management information systems	Regulatory monitoring system in place	March 2007
	Audits and assessments	Frequency of sector assessment report	Annually

Subprogramme	Output	Measure/Indicator	Target
Institutional Policies and Institutional Support	Efficient and sustainable water services institutions	Strategy for institutional reform in place	October 2006
		Sector support strategy in place	March 2006
		Percentage of water service authorities, water service providers and water boards with improved functioning	50% of water service authorities, 70% of water service providers and 80% of water boards
		Funding agreements for all municipalities reflected in Division of Revenue Act.	March 2007
		Capacity building grants in place	March 2007
		Frequency of reports on the effectiveness of support	Quarterly
	Skills development	Advocacy and training programmes implemented	March 2007
Transfer Policies and Transfer of Functions	Transfer water schemes	Frequency of reports on institutions' compliance with transfer policies	Quarterly
	Effective transfer of water services schemes to appropriate institutions	Number of schemes transferred and agreements in place	317 schemes
	Monitor compliance with conditions of agreements	Number of agreements implemented	57 agreements
Africa Initiative and Africa Participation	Support to water services programmes in Africa to achieve millennium development and World Summit on Sustainable Development targets	Frequency of millennium development goals target progress reports	Annually
	Ensure proactive engagement with Nepad and SADC water services initiatives	Number of international water services forums	Forums in all SADC countries
Water Services Administration	Effective water services sector leadership	Institutional framework and support services for water services institutions in place and new units fully functional	March 2006
Water Services Support	Administration for water services management within the regions	Compliance with public service regulations and procedures, as well as the Public Finance Management Act (1999)	100% compliance
Operations of Water Services	Reliable and sustainable supply of water provided for basic use and economic development	Percentage water supplied for basic use and economic development	80% compliance

Programme 4: Forestry

The *Forestry* programme promotes the conservation of plantation and indigenous forests and their commercial and community uses to achieve social and economic benefits and to promote rural development, through policy development, regulation, facilitation and monitoring and evaluation.

There are 12 subprogrammes, which reflect the organisational restructuring the department has undergone:

- *Forestry Oversight* develops policies to support sustainable forest management, oversees the sector and ensures that policy and law at all levels of government are coherent. This includes international liaison on sustainable forest management and governance.
- *Forestry Governance* supports sustainable forest management by monitoring forestry management and ensuring that there is sufficient capacity at a local level for the implementation of forestry legislation.
- *Forestry Development* develops strategies and programmes that support BEE, forest enterprise development and that enable communities to make use of tree and forest resources to improve their livelihoods. This includes international liaison, which promotes forestry development in South Africa, in the SADC region and in Africa.
- *Community Empowerment* supports the implementation of programmes that enable communities to participate in the benefits of forestry to generate economic growth and sustain livelihoods.
- *Fire Regulation and Oversight* supports rural socioeconomic development through developing systems and strategies for preventing, managing and monitoring veld and forest fires. It is a

new subprogramme and is an area of growing importance in the department, as full-scale implementation of the Veld and Forest Fires Act (1998) achieved.

- *Fire Governance* provides technical advice to, and support for, the organisation and operation of local institutions to prevent and manage veld and forest fires.
- *State Forest Transfer and Regulation* deals with the transfer, and post-transfer administration and regulation, of state forests. It includes the management of delegations and legal agreements on state forests and the collection and management of lease rentals.
- *State Forest Administration and Oversight* implements and negotiates the transfer of state forests and monitors the post-transfer management of forests and relations with stakeholders.
- *State Forest Management* deals with the sustainable development and management of state forests by the department to optimise their social and economic benefits.
- *Sustainable Forest Management* ensures the sustainable management of state forests to optimise social and economic benefits in rural areas and ensure the sustainable management of state indigenous forests in a participatory manner.
- *Forestry Management and Support* funds efficient general administration and management support for the programme.
- *Forestry Support Services* provides support services (human resources and financial management and general administration) for regional forestry activities.

Expenditure estimates

Table 34.7 Forestry

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R thousand	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
Forestry Oversight	14 000	5 779	13 927	15 440	18 192	20 643	21 366
Forestry Governance	1 840	1 900	1 953	2 067	2 102	2 207	2 313
Forestry Development	650	308	658	9 002	10 153	12 677	13 285
Community Empowerment	22 700	17 142	21 968	24 000	21 552	22 892	23 991
Fire Regulation & Oversight	246	350	560	757	3 015	6 983	7 318
Fire Governance	800	935	1 005	1 376	2 191	2 301	2 412
State Forest Transfer and Regulation	950	980	1 080	1 149	8 177	8 206	8 629
State Forest Administration & Oversight	18 216	19 014	20 271	22 615	23 293	24 720	25 907
State Forest Management	2 100	2 226	2 010	2 000	2 113	1 938	2 031
Sustainable Forest Management	314 909	312 568	321 723	308 203	268 366	285 149	298 444
Forestry Management and Support	1 280	1 813	1 972	1 043	1 682	1 787	1 873
Forestry Support Services	25 600	48 592	79 502	27 891	37 564	31 042	32 689
Total	**403 291**	**411 607**	**466 629**	**415 543**	**398 400**	**420 545**	**440 258**
Change to 2005 Budget estimate				42 354	2 937	5 309	(6 536)
Economic classification							
Current payments	**397 416**	**391 199**	**392 257**	**389 644**	**390 161**	**412 377**	**431 703**
Compensation of employees	276 066	259 720	251 213	276 588	245 327	258 454	271 193
Goods and services	120 838	129 322	140 482	111 461	143 143	153 215	159 768
of which:							
Communication	*3 863*	*4 181*	*4 204*	*4 630*	*4 662*	*4 896*	*5 100*
Computer Services	*2 230*	*2 644*	*2 815*	*3 065*	*1 022*	*1 072*	*1 100*
Consultants, contractors and special services	*25 321*	*27 488*	*28 200*	*29 890*	*28 503*	*30 076*	*31 958*
Inventory	*23 789*	*24 841*	*26 594*	*27 205*	*34 864*	*36 608*	*38 000*
Maintenance repair and running cost	*1 751*	*1 893*	*2 502*	*3 157*	*3 249*	*3 785*	*4 000*
Travel and subsistence	*33 233*	*37 723*	*39 858*	*41 395*	*51 238*	*53 799*	*55 436*
Interest and rent on land	512	2 157	562	1 595	1 691	708	742

Table 34.7 Forestry (continued)

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R thousand	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
Transfers and subsidies	**389**	**17 180**	**71 347**	**17 504**	**226**	**–**	**–**
Provinces and municipalities	388	394	896	523	226	–	–
Departmental agencies and accounts	1	16 786	31 906	16 981	–	–	–
Public corporations and private enterprises	–	–	38 481	–	–	–	–
Households	–	–	64	–	–	–	–
Payments for capital assets	**5 486**	**3 228**	**3 025**	**8 395**	**8 013**	**8 168**	**8 555**
Machinery and equipment	5 486	3 228	2 737	8 395	8 013	8 168	8 555
Total	**403 291**	**411 607**	**466 629**	**415 543**	**398 400**	**420 545**	**440 258**

Details of major transfers and subsidies:							
Public entities							
Current	**1**	**16 786**	**31 906**	**16 981**	**–**	**–**	**–**
Industrial Plantation Trading Account	1	16 786	–	–	–	–	–
South African Forestry Company Limited	–	–	31 906	16 981	–	–	–
Public corporations							
Current	**–**	**–**	**38 481**	**–**	**–**	**–**	**–**
YORKOR Ltd	–	–	38 481	–	–	–	–

Expenditure trends

Expenditure is heavily influenced by spending on commercial and indigenous forests under the department's control.

Expenditure increases from R403,3 million in 2002/03 to R440,2 million in 2008/09, an average annual increase of 1 per cent, with peak spending in 2004/05 at R466,6 million. The increase was mainly due to a R38 million claim granted to Yorkcor in terms of a court judgement on the cancellation of a long-term timber supply contract.

The industrial plantation trading account ceased to operate in 2002/03, and the revenue linked to state-owned forestry enterprises was paid to the National Revenue Fund. The revenue recovered from forestry operations was reassigned to the department for 2003/04, 2004/05 and 2005/06 to cover operating costs for Mpumalanga commercial forestry.

Service delivery objectives and indicators

Recent outputs

Transfers of forests

The transfer of forests to other entities is proceeding. The Komatiland transaction over plantations in Mpumalanga and Limpopo is currently the subject of a Competition Commission tribunal. The outcome of the tribunal will only be known next year.

The transfer of category B plantations, Manzengwenya and Mbazwane, has been delayed by land reform considerations. It is likely to be resolved and the transfer effected by 2005/06.

Significant progress has been made in terms of the review of policy and procedures for the transfer of category B and C plantations. The policy has been amended and updated, and plantations

Table 33.E Summary of official development assistance expenditure

Donor	Project	Cash/ kind	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R thousand			2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
Local									
Road Accident Fund	Arrive Alive	Cash	26 241	–	–	–	–	–	–
Total			**26 241**	**–**	**–**	**–**	**–**	**–**	**–**

Table 33.F Summary of expenditure on infrastructure

Description	Service delivery outputs	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R thousand		2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
Infrastructure transfers to other spheres, agencies and departments								
SARCC Rolling Stock		480 289	463 895	587 640	613 202	989 137	1 603 718	1 719 871
SARCC Signalling, buildings, perways		210 711	201 105	67 360	75 098	220 461	288 360	307 812
SANRAL Road projects		421 072	464 694	504 276	565 333	797 952	1 079 350	1 256 944
Public Transport Infrastructure Fund		–	–	–	241 710	519 000	624 000	1 790 000
Gautrain Rapid Rail Link		–	–	–	–	3 241 000	2 151 000	1 760 000
Total		**1 112 072**	**1 129 694**	**1 159 276**	**1 495 343**	**5 767 550**	**5 746 428**	**6 834 627**