# Vote 9

## **Public Service and Administration**

	2007/08	2008/09	2009/10
R thousand	To be appropriated		
MTEF allocations			
Administration	79 251	83 590	92 373
Human Resource Management and Development	48 901	52 624	55 857
Management of Compensation	79 910	114 024	24 864
Information and Technology Management	40 286	42 359	44 606
Service Delivery Improvement	78 881	85 748	88 030
Governance	30 054	31 232	37 741
Total	357 283	409 577	343 471
Direct charges against the National Revenue Fund	_	_	_
Total expenditure estimates	357 283	409 577	343 471
Economic classification			
Current payments	335 291	384 995	318 029
Transfers and subsidies	18 868	21 844	22 857
Payments for capital assets	3 124	2 738	2 585
Total expenditure estimates	357 283	409 577	343 471
Executive authority	Minister for Public Service and Administration		
Accounting officer	Director-General of Public Service and Administ	ration	

## Aim

The aim of the Department of Public Service and Administration is to lead the modernisation of the public service by assisting government departments to implement their management policies, systems and structural solutions within a generally applicable framework of norms and standards, in order to improve service delivery.

## **Programme purposes**

## **Programme 1: Administration**

Provide policy, strategic leadership and overall management of the department.

## **Programme 2: Human Resource Management and Development**

Develop, implement and improve practices with respect to human resources management and development within the public service, thus ensuring the effective and efficient use of human capacity for service delivery.

#### **Programme 3: Management of Compensation**

Develop and implement compensation policies and guidelines for the public sector and ensure co-ordinated bargaining.

## **Programme 4: Information and Technology Management**

Ensure the effective use of information and IT in government, and facilitate the use of IT for modernising government and establishing e-government practices within an acceptable information security environment.

## **Programme 5: Service Delivery Improvement**

Engage in supportive interventions and partnerships which improve both efficiency and effectiveness and innovative learning and knowledge-based modes and practices of service delivery in the public service.

## **Programme 6: Governance**

Improve governance and public administration for improved service delivery in Africa and other participating countries worldwide, in support of the vision of efficiency and increased public participation in governance, by fighting corruption and carrying out participatory monitoring.

## Strategic overview: 2003/04 - 2009/10

The Department of Public Service and Administration (DPSA) is responsible for good governance and sound administration in the public service. Its strategic objective is a public service that is transparent in its decision-making processes and administrative practices. Over the medium term, the department will consolidate its work and programmes towards addressing identified priority areas, with the structure of the department's programmes recently refined for this. The department's operational strategy revolves around three functional areas: policy making and regulation; research, review and analysis; and management and service delivery improvement.

## Government Employees Medical Scheme

After extensive research, mandating and collective bargaining (since 1999), the Government Employees Medical Scheme (GEMS) was established with the policy objective of ensuring adequate, efficient, cost effective and equitable healthcare coverage to public service employees. By November 2006, the total number of registered principal members on GEMS was 52 594, and it is estimated that 40 per cent of these members were previously uncovered.

#### HIV and Aids

Another achievement is the implementation of the minimum standards for managing HIV and Aids in public service workplaces to manage the health and wellness of public service employees and mitigate the impact of HIV and Aids.

## Single public service

The major activities to form a single public service are:

- establishing a single public service consisting of all three spheres of government, with the draft Single Public Service Bill in the final stages
- integrating harmonised service delivery, which include conditions of service, employment practices and information systems.

#### Monitoring and evaluation

A critical and ongoing focus area is government's capacity to monitor and evaluate the implementation of government policies. Over the short to medium term, the Department of Public Service and Administration will assess the capacity of other departments and of government as a whole to implement the Accelerated and Shared Growth Initiative for South Africa (ASGISA).

The department has developed monitoring and evaluation tools, such as the public management watch and human resource utilisation reports, which are currently being implemented to establish a government wide monitoring and evaluation system.

## Policy and procedure on incapacity leave and ill-health retirement

In terms of the current collective agreements on leave, it is the employer's responsibility to investigate applications for temporary incapacity leave. Similarly, the employer must, in terms of the provisions of the Public Service Act (1994) read with the public service regulations, investigate cases of possible ill-health retirements. After a successful pilot project of nearly three years in the South African Police Service, the Department of Correctional Services and the Free State provincial government, the Minister for Public Service and Administration, on the recommendation of Cabinet, approved the expedited rollout of PILIR to the rest of the public service. This took place between April and August 2006 in phases, following training on PILIR and the related procedures and processes by health risk managers. Approximately 34 000 employees out of a target group of 58 000 have been trained, and the remainder should be trained by March 2007. The department will be responsible for managing PILIR during the first two years of the medium term. PILIR is anticipated to be decentralised to all provinces and departments by April 2009.

## Skills development

By its oversight of the Public Service Sector Education and Training Authority (PSETA) the department contributes to addressing the skills challenge facing the public service. PSETA will function as a public entity of the department from April 2007. The department also participates in the Joint Initiative for Priority Skills Acquisition (JIPSA) and does other work focusing on policy guidance and strategies for skills development, scarce skills deployment and retention.

## Recruitment and retention

A new wage policy for the public sector will be developed to improve the public sector's ability to recruit and retain appropriately skilled employees. Special attention will be given to occupation specific dispensations and to increasing the recruitment and retention of women and people with disabilities.

#### Information and ICT management

The department will continue to lead initiatives to improve public access to government services through the use of ICT, including further rollout of the Batho Pele e-Gateway portal and improving the portal content. The project was introduced to provide public online information on government services. Information on the portal is being translated into all official languages and the portal has been migrated to a robust infrastructure. Currently content is available in seven official languages, and translation into the remaining four will be completed by February 2007.

The portal currently provides citizens with the information and requirements for accessing a particular service. This is also available via other access channels, like the Thusong service centres and the Batho Pele Gateway call centre.

The e-government programme framework will also be implemented over the medium term, in an effort to modernise the public service to improve service delivery.

#### Batho Pele

The department's contribution to service delivery is through implementing Batho Pele and providing turnaround support to provinces and other national departments. The intervention in KwaZulu-Natal came to an end in June 2006. Support was also provided to the Department of Home Affairs in the same year. The immediate focus area for revitalising Batho Pele is establishing service delivery improvement plans, which will be followed by a project to institutionalise Batho Pele and specifically to cascade it to local government to ensure that services are effectively delivered to targeted communities.

#### Service delivery improvement

Other service delivery interventions include the community development workers programme, which will bring the front office of government closer to the general public.

#### Anti-corruption

In striving towards an ethical public service, which adheres to the rule of law and codes of conduct and has effective mechanisms to reverse and prevent corruption and maladministration, the department is hosting the Global Forum V on Fighting Corruption and Safeguarding Integrity in April 2007. Anti-corruption work and projects over the medium term will mainly be based on the national anti-corruption programme, with a focus on co-ordinating and monitoring implementation and working towards a broader sectoral anti-corruption programme. This work will also include a review of current anti-corruption policies.

## Governance and public administration in Africa and internationally

The department will promote the leadership role of South Africa in governance and public administration in Africa and support in these areas will be provided to post-conflict African governments, as is currently being done in the Democratic Republic of Congo in the form of a census and anti-corruption projects. In 2006, the department completed the African Peer Review Mechanism country self assessment. Over the medium term, it will oversee and drive the implementation of the programme of action within South Africa. The department will continue to provide support to the Minister for Public Service and Administration in her growing international role in governance and public administration.

**Table 9.1 Public Service and Administration** 

Programme				Adjusted	Revised			
	Audited outcome			appropriation	estimate	Medium-tern	n expenditure	estimate
R thousand	2003/04	2004/05	2005/06	2006/0	7	2007/08	2008/09	2009/10
1. Administration	38 478	44 228	58 616	59 406	59 406	79 251	83 590	92 373
Human Resource Management and Development	18 229	18 424	25 349	34 462	34 462	48 901	52 624	55 857
3. Management of Compensation	13 470	24 187	26 558	169 226	169 226	79 910	114 024	24 864
4. Information and Technology Management	65 677	19 869	21 957	38 037	38 037	40 286	42 359	44 606
5. Service Delivery Improvement	20 159	22 008	44 425	67 091	67 091	78 881	85 748	88 030
6. Governance	4 718	5 350	20 102	74 204	74 204	30 054	31 232	37 741
Total	160 731	134 066	197 007	442 426	442 426	357 283	409 577	343 471
Change to 2006 Budget estimate				116 816	116 816	101 548	134 519	
Economic classification				I .	1			
Current payments	103 798	130 554	188 698	362 710	362 710	335 291	384 995	318 029
Compensation of employees	49 757	58 758	72 088	93 463	93 463	99 044	105 496	111 390
Goods and services	54 041	71 796	116 593	269 247	269 247	236 247	279 499	206 639
of which:								
Communication	2 686	2 369	4 201	5 367	5 367	4 728	5 096	5 579
Computer services	2 746	3 349	8 185	22 953	22 953	22 664	24 094	25 518
Consultants, contractors and special services	19 909	27 097	38 568	135 507	135 507	116 311	152 985	71 017
Inventory	4 596	5 343	6 890	14 383	14 383	971	987	1 389
Maintenance, repairs and running costs	1 192	703	524	870	870	8 554	9 196	10 040
Operating leases	5 752	6 604	9 497	1 262	1 262	13 058	14 243	19 166
Travel and subsistence	8 458	13 813	25 616	57 336	57 336	31 686	32 192	31 915
Financial transactions in assets and liabilities	_	-	17	_	-	_	-	-
Transfers and subsidies	50 265	332	367	75 670	75 670	18 868	21 844	22 857
Provinces and municipalities	149	178	222	89	89	_	_	_
Departmental agencies and accounts	50 002	-	_	_	-	18 421	21 375	22 218
Public corporations and private enterprises	_	-	18	75 030	75 030	_	-	-
Foreign governments and international organisations	114	138	126	485	485	447	469	639
Households	-	16	1	66	66	-	-	_
Payments for capital assets	6 668	3 180	7 942	4 046	4 046	3 124	2 738	2 585
Machinery and equipment	6 642	3 116	7 929	3 945	3 945	2 873	2 406	2 249
Software and other intangible assets	26	64	13	101	101	251	332	336
Total	160 731	134 066	197 007	442 426	442 426	357 283	409 577	343 471

Expenditure increased rapidly between 2003/04 and 2006/07, from R160,7 million to R442,4 million, at an average annual rate of 40,1 per cent. This trend is more visible in the *Management of Compensation* and *Governance* programmes, where additional allocations were made to cover the implementation of the Government Employees Medical Scheme, the policy and procedure on incapacity leave and ill-health retirement, and the African Peer Review Mechanism.

The increase in the budget of the *Administration* programme over the medium term is mainly due to the devolution of funds from the Department of Public Works to departments.

The Public Sector Education Training Authority (PSETA) in the *Human Resource Management and Development* programme has been listed as a public entity from 2006/07.

There is a significant decrease in the budget of the *Management of Compensation* programme, from R169,2 million in 2006/07 to R24,9 million in 2009/10, due to PILIR, which will be decentralised and rolled out to national and provincial departments in 2009/10. Another major once-off cost was seed capital for GEMS, which will not be required over the medium term as the scheme becomes self-sustainable.

The former *Public Sector Anti-Corruption, International and African Affairs* and *Planning, Monitoring and Evaluation* programmes and the new *African Peer Review Mechanism* subprogramme will report as subprogrammes under the *Governance* programme. The sharp increase in the budget of *Governance*, from R4,7 million in 2003/04 to R74,2 million in 2006/7, is directly linked to hosting the Global Forum V, the national anti-corruption programme and the APRM process.

Expenditure on compensation of employees increased from R49,8 million to R93,5 million between 2003/04 and 2006/07, due to the department's focus on increasing its internal capacity. Expenditure on compensation of employees is expected to stabilise over the medium term at an average annual rate of 6 per cent. Transfers and subsidies shows a distorted decrease in 2004/05, due to the reduction of transfers to the State Information Technology Agency (SITA), and a sharp increase in 2006/07, due to a transfer to GEMS.

## **Departmental receipts**

The department estimates that it will receive revenue of about R187 000 in 2006/07, mostly generated from parking fees, interest on bursary debts, commissions and the private use of telephones. Receipts are estimated to remain relatively stable over the medium term. A once-off amount was received in 2003/04 from the Public Service Co-ordinating Bargaining Council, and once-off amounts were received in 2005/06 from the Centre for Public Service Innovation and the African Renaissance Fund.

**Table 9.2 Departmental receipts** 

				Adjusted			
	Aud	Audited outcome		appropriation	Medium-term receipts estimate		
R thousand	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Departmental receipts	8 774	863	11 841	187	181	188	191
Sales of goods and services produced by department	33	41	52	14	40	40	41
Transfers received	8 677	448	10 430	_	_	_	_
Interest, dividends and rent on land	_	-	3	2	-	-	-
Sales of capital assets	_	150	247	(4)	-	-	-
Financial transactions in assets and liabilities	64	224	1 109	175	141	148	150
Total	8 774	863	11 841	187	181	188	191

## **Programme 1: Administration**

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

## **Expenditure estimates**

**Table 9.3 Administration** 

Subprogramme				Adjusted			
	Auc	appropriation	Medium-term expenditure estimate				
R thousand	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Minister <sup>1</sup>	851	958	837	885	938	985	1 034
Management	5 733	6 061	9 540	11 290	11 846	13 018	13 678
Corporate Services	26 142	30 605	41 107	45 969	47 644	49 139	51 551
Property Management	5 752	6 604	7 132	1 262	18 823	20 448	26 110
Total	38 478	44 228	58 616	59 406	79 251	83 590	92 373
Change to 2006 Budget estimate				8 246	22 891	24 101	

<sup>1.</sup> Payable as from 1 April 2006. Salary: R707 956. Car allowance: R176 988.

#### Franchic classification

Current payments	37 272	42 365	55 704	57 372	78 371	82 704	91 553
Compensation of employees	16 274	19 281	23 935	29 253	29 767	31 388	32 458
Goods and services	20 998	23 084	31 754	28 119	48 604	51 316	59 095
of which:							
Communication	1 416	1 238	1 888	1 554	1 571	1 663	1 819
Computer services	2 746	3 252	2 876	6 208	5 003	5 311	5 675
Consultants, contractors and special services	430	794	3 895	3 599	2 887	2 927	3 083
Inventory	1 921	1 173	1 184	2 198	450	449	457
Maintenance, repairs and running costs	838	513	486	488	7 810	8 385	9 201
Operating leases	5 752	6 604	7 718	1 262	11 993	13 072	17 989
Travel and subsistence	4 055	3 941	6 608	7 003	7 713	8 349	8 921
Financial transactions in assets and liabilities	_	_	15	_	_	-	_
Transfers and subsidies	52	212	111	131	117	123	128
Provinces and municipalities	48	59	74	31	-	-	_
Foreign governments and international organisations	4	137	37	44	117	123	128
Households	_	16	_	56	_	_	_
Payments for capital assets	1 154	1 651	2 801	1 903	763	763	692
Machinery and equipment	1 154	1 610	2 801	1 872	699	691	607
Software and other intangible assets	_	41	-	31	64	72	85
Total	38 478	44 228	58 616	59 406	79 251	83 590	92 373

## **Expenditure trends**

The average annual increase in expenditure increased from 15,6 per cent between 2003/04 to 2006/07 to 15,9 per cent over the MTEF period, because of the devolution of funds from the Department of Public Works. The increase in 2005/06 was because the department relocated.

Historical information was adjusted to provide for the *Community Development Worker* programme, which will become a subprogramme in the *Service Delivery Improvement* programme from April 2007.

## **Programme 2: Human Resource Management and Development**

The *Human Resource Management and Development* programme aims to develop, implement and improve human resources management and development practices in the public service, thus ensuring the effective and efficient use of human capacity for service delivery.

Apart from *Management*, there are seven subprogrammes:

- Employment Practice and Career Management develops transversal policies, prescripts and interventions in the various areas of the senior and middle management service. It is also responsible for the strategic positioning and delivery model of the human resources function within the public service.
- Senior Management Service ensures that there is a professional management cadre in the public service by establishing and implementing competency based management and performance management systems and by developing transversal employment policies, prescripts and guidelines and other career practices for senior management service members.
- *Human Resource Planning* develops and implements integrated systems, processes, prescripts and guidelines to improve human resource planning at a macro level and within line departments to ensure a steady flow of productive public servants.
- Employment Equity ensures the development of policy and guidelines on employment equity in the public service through targeted strategies to remove barriers of access into and within the workplace for targeted groups and to prevent direct and indirect discrimination for designated groups.
- Employee Health and Wellness promotes and manages health and wellness in the public service and improves the quality of work life through focused strategies and a holistic framework.
- *Human Resource Development Strategy* aims to improve the competency levels of public servants through capacity development activities, such as internships, learnerships and skills programmes, to ensure a constant successive pool of productive and contributing employees.
- Public Service Education and Training Authority (PSETA) develops a co-ordinated framework for providing appropriate and adequate public service education and training.

**Table 9.4 Human Resource Management and Development** 

Subprogramme				Adjusted			
	Audited outcome			appropriation	Medium-term expenditure estimate		
R thousand	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Management	2 039	2 781	1 054	1 213	1 060	1 131	1 212
Employment Practice and Career Management	3 147	3 244	4 719	4 090	5 630	5 773	5 858
Senior Management Service	1 922	2 323	2 999	3 656	6 813	7 378	7 009
Human Resource Planning	_	_	-	504	1 623	1 753	2 227
Employment Equity	_	_	-	2 183	2 722	1 623	1 373
Employee Health and Wellness	3 158	3 271	6 608	7 049	7 202	7 499	8 455
Human Resource Development Strategy	1 966	1 602	2 301	5 043	5 430	6 092	7 505
Public Service Education and Training Authority	5 997	5 203	7 668	10 724	18 421	21 375	22 218
Total	18 229	18 424	25 349	34 462	48 901	52 624	55 857
Change to 2006 Budget estimate				(4 117)	2 867	2 869	

Table 9.4 Human Resource Management and Development (continued)

				Adjusted			
	Aud	lited outcome		appropriation	Medium-tern	n expenditure	estimate
R thousand	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Economic classification							
Current payments	17 793	17 530	24 325	33 874	29 912	30 766	33 022
Compensation of employees	10 600	10 917	12 471	15 053	17 279	18 346	18 776
Goods and services	7 193	6 613	11 852	18 821	12 633	12 420	14 246
of which:							
Communication	524	437	618	608	714	785	862
Consultants, contractors and special services	2 468	1 675	5 204	7 259	3 113	1 921	2 011
Inventory	1 094	1 011	872	1 397	75	84	94
Maintenance, repairs and running costs	83	4	6	38	137	105	111
Operating leases	_	_	344	_	22	24	26
Travel and subsistence	1 063	1 763	2 664	7 039	4 262	4 667	5 558
Financial transactions in assets and liabilities	_	_	2	_	_	-	-
Transfers and subsidies	32	33	40	26	18 477	21 434	22 328
Provinces and municipalities	32	33	38	17	-	-	_
Departmental agencies and accounts	_	_	-	_	18 421	21 375	22 218
Foreign governments and international organisations	_	-	2	_	56	59	110
Households	_	-	-	9	_	_	-
Payments for capital assets	404	861	984	562	512	424	507
Machinery and equipment	404	852	971	524	502	414	497
Software and other intangible assets	_	9	13	38	10	10	10
Total	18 229	18 424	25 349	34 462	48 901	52 624	55 857
Details of major transfers and subsidies:				-			
Departmental agencies and accounts							
Current	_	_	_	_	18 421	21 375	22 218
Public Service Education and Training Authority	_	_	_	_	18 421	21 375	22 218

Human Resource Management and Development's spending increased from R18,2 million in 2003/04 to R34,5 million in 2006/07 at an average annual rate of 23,6 per cent.

The main contributor to the increases in the budget from 2005/06 to 2008/09 is an additional allocation for the transfer to the PSETA.

A number of new subprogrammes will be introduced from 2007/08 and previous years' information has been adjusted accordingly. Additional allocations of R4,2 million, R4,9 million and R6,4 million in 2007/08, 2008/09 and 2009/10 were allocated across the different subprogrammes to fund their involvement in the capacity assessment project.

## Service delivery objectives and indicators

#### **Recent outputs**

A scarce skills framework was developed following the review of the public service remuneration framework in relation to professional and scarce skills occupations. The framework was implemented in selected departments, including provincial health departments, in an effort to ensure that the public service recruits and retains enough employees with the right competencies. Training on implementing the scarce skills framework was conducted between December 2005 and February 2006.

A sustainable pools programme aimed at accelerating the development of identified middle managers who can be promoted to senior management positions was developed, and implementation began in September 2006 in selected departments (the DPSA, the South African Management Development Institute, the Office of the Public Service Commission, the Department of Home Affairs and the Department of Trade and Industry) and provinces (Western Cape, KwaZulu-Natal and Mpumalanga). The programme will be expanded to the remaining provinces and departments over the medium term.

The senior management service (SMS) was reviewed, and the report and its recommendations will be presented to Cabinet early in 2007. The SMS performance management development system (PMDS) was also reviewed, and Batho Pele principles were incorporated into the new system. Implementation of the new PMDS began at the beginning of 2006/07.

Institutionalisation of the health and wellness programme across the public service is in progress. In the medium term, this work will be expanded to local government. The communication strategy is currently being rolled out in the electronic and print media. The department also hosted employee health and wellness indabas in 2005 and 2006. A programme to mitigate the impact of the HIV and Aids stigma was developed and is being implemented. The voluntary SMS competency assessment framework is in place in 60 departments, and 700 candidates were assessed between March and September 2006.

Research to inform the human resource development strategy for the public service was completed in February 2007 and the strategy will be completed in October and November 2007. The gender and access (disability) strategy frameworks were launched in 2006/07 to improve and sustain employment equity in the public service.

## Selected medium-term output targets

#### **Human Resources Management and Development**

**Measurable objective**: Ensure effective and appropriate use of human resources through targeted interventions that improve management and overall capacity.

Subprogramme	Output	Measure/Indicator	Target
Employment Practice and Career Management	Develop framework for strategic repositioning of HR functions in line departments	HR functions restructured and realigned by line departments.	December 2007
Senior Management Service	Implement a strategic framework for the development of the developmental assessment centres for senior management	Effective and efficient HR planning	December 2007
Human Resources Planning	Develop integrated HR planning system	Implementation of system in line departments	September 2007
Employment Equity	Roll out strategic framework for job access and gender equity	Guidelines and implementation plans rolled out to line departments	December 2007
Employee Health and Wellness	Develop holistic monitoring and evaluation framework for employee health and wellness programmes	Monitoring and evaluation tool implemented	July 2007
Human Resource Development Strategy	Implement HRD strategy II in public service	HR steering committee established	March 2008

## **Programme 3: Management of Compensation**

The *Management of Compensation* programme was previously included in the *Integrated Human Resources* programme. It develops and implements compensation policies and guidelines, and ensures co-ordinated bargaining.

Apart from *Management* there are three subprogrammes:

- Remuneration and Job Evaluation develops, implements and maintains policies, practices and systems on remuneration, job evaluation and grading.
- Conditions of Service develops, implements and maintains policies and practices on conditions of service.
- Negotiations and Labour Relations sets labour relations policies for the public service. It engages with employee representatives to improve labour relations and to facilitate stable relations between the state as employer and unions representing public servants. It also provides for an appropriate negotiations framework for negotiating on behalf of the state as employer.

## **Expenditure estimates**

**Table 9.5 Management of Compensation** 

Subprogramme				Adjusted			
	Auc	lited outcome		appropriation	Medium-tern	n expenditure	estimate
R thousand	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Management	-	-	_	1 157	1 554	6 600	6 823
Remuneration and Job Evaluation	5 318	14 037	20 955	159 315	70 146	98 918	8 600
Conditions of Service	1 899	1 732	2 399	3 829	2 752	2 751	3 620
Negotiations and Labour Relations	6 253	8 418	3 204	4 925	5 458	5 755	5 821
Total	13 470	24 187	26 558	169 226	79 910	114 024	24 864
Change to 2006 Budget estimate				68 559	58 390	89 096	
Economic classification							
Current payments	13 429	24 158	25 526	94 177	79 818	113 857	24 683
Compensation of employees	7 689	9 481	9 695	10 310	10 329	11 872	12 160
Goods and services	5 740	14 677	15 831	83 867	69 489	101 985	12 523
of which:							
Communication	281	244	350	344	631	678	730
Consultants, contractors and special services	3 020	9 153	12 093	78 188	63 880	96 381	6 719
Inventory	145	165	124	830	42	44	47
Maintenance, repairs and running costs	157	168	6	184	297	301	304
Operating leases	_	_	317	_	43	47	51
Travel and subsistence	1 327	3 781	1 195	2 794	2 813	2 607	2 777
Transfers and subsidies	23	29	31	75 012	30	32	65
Provinces and municipalities	23	29	31	12	-	-	-
Public corporations and private enterprises	_	_	_	75 000	-	_	-
Foreign governments and international organisations	_	-	_	_	30	32	65
Payments for capital assets	18	-	1 001	37	62	135	116
Machinery and equipment	_	_	1 001	37	_	_	_
Software and other intangible assets	18	_	-	-	62	135	116
Total	13 470	24 187	26 558	169 226	79 910	114 024	24 864
Details of major transfers and subsidies:							
Public corporations							
Current	_	-	-	75 000	-	-	_
Government Employees Medical Scheme	_	_	_	75 000	_	_	_

## **Expenditure trends**

Expenditure increased from R13,5 million in 2003/04 to R169,2 million in 2006/07, due to additional allocations for GEMS (R15 million in 2005/06 and R75 million in 2006/07) and PILIR (R78 million in 2006/07). Despite the R60 million and R90 million for 2007/08 and 2008/09 for PILIR, the programme budget will decrease sharply after 2006/07, due to the rollout of PILIR.

## Service delivery objectives and indicators

## **Recent outputs**

The personnel expenditure review was completed in September 2006. The findings and recommendations will inform the revised remuneration policy for the public service, which will have a specific focus on professional and scarce skills occupations. The department has reviewed and made recommendations on other areas of remuneration, including contract workers, the foreign service, and the pay progression system.

GEMS is fully operational and membership enrolment started in January 2006. In November 2006, the scheme had a registered membership base of 52 594 principal members. It is estimated that 40 per cent of these members were previously uncovered.

Following the review of macro benefits, a housing allowance that caters for officials who rent accommodation was implemented in July 2005.

The policy and procedure on incapacity leave and ill-health retirement (PILIR) was developed and piloted in three departments. Cabinet approved the rollout of PILIR to the rest of the public service in 2005, and PILIR is now implemented in all government departments. The training of officials who are responsible for implementing PILIR is in progress. Special interventions are being made in provinces and departments experiencing challenges.

## Selected medium-term output targets

#### **Management of Compensation**

**Measurable objective:** Ensure that appropriate remuneration and conditions of service policies and practices are developed and implemented in order to attract, recruit and retain high calibre skilled employees.

Subprogrammes	Output	Measure/Indicator	Target
Remuneration and Job	Occupational specific dispensations for	Dispensations for selected health professional occupations and	July 2007
Evaluation	selected occupations	occupations in which legal qualifications are required, developed and implemented	
		Refine and update the EQUATE job evaluation system	April 2009
Conditions of Service	Strengthening of benefits offered by the	Leave policy developed and implemented	April 2008
	public service	Post-retirement dispensation for the public service developed and implemented	April 2008
		PILIR decentralised to the level of departments	March 2009
Negotiations and Labour	Multi-term agreement on the improvement of	Agreement concluded in the Public Service Co-ordinating	July 2007
Relations	conditions of service	Bargaining Council	

## **Programme 4: Information and Technology Management**

The *Information and Technology Management* programme aims to ensure the effective use of information and IT in government, and facilitate the use of IT for modernising government and establishing e-government practices.

Apart from *Management*, there are three current subprogrammes:

- *E-govt Architecture and Integration* provides support and leadership to national and provincial departments and to SITA to develop a government wide architecture and system integration plan.
- Government Chief Information Officer Operations develops policies, strategies and regulations on ICT across the public service; oversees SITA; provides secretarial services to the Government Information Technology Officers' Council and oversees all ICT initiatives in the public service.
- Information and Communication Technology Programme Management supports all national and provincial departments on significant transversal projects and e-government projects.

**Table 9.6 Information and Technology Management** 

Subprogramme	A	!4I4		Adjusted	Madiana tam		4! 4 .	
	Auc	ited outcome		appropriation	Medium-term expenditure estimate			
R thousand	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	
Management	581	1 189	2 253	1 406	1 613	1 785	1 881	
E-govt Architecture and Integration	_	-	-	2 446	2 494	2 597	2 996	
Government Chief Information Officer Operations	_	-	-	5 273	5 762	6 025	6 295	
Information and Communication Technology Programme	15 094	18 680	19 704	28 912	30 417	31 952	33 434	
State Information Technology Agency	50 002	_	-	_	_	_	_	
Total	65 677	19 869	21 957	38 037	40 286	42 359	44 606	
Change to 2006 Budget estimate				13 323	14 496	15 232		

Table 9.6 Information and Technology Management (continued)

Aud	ited outcome		Adjusted appropriation	Medium-tern	n expenditure	estimate
2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
10 870	19 717	21 297	37 778	40 166	42 218	44 425
2 576	3 633	5 385	8 550	9 310	9 709	10 383
8 294	16 084	15 912	29 228	30 856	32 509	34 042
154	146	262	238	365	386	397
_	_	3 531	14 092	14 851	15 596	16 375
7 010	14 336	8 606	12 953	11 972	12 720	13 389
22	3	9	78	27	50	33
_	_	110	_	_	_	_
371	643	951	896	1 365	1 401	1 430
50 010	11	16	5	20	21	41
8	11	16	5	-	-	_
50 002	_	_	_	_	_	_
_	_	_	_	20	21	41
4 797	141	644	254	100	120	140
4 797	127	644	254	100	120	140
_	14	_	-	_	-	_
65 677	19 869	21 957	38 037	40 286	42 359	44 606
	2003/04  10 870  2 576 8 294  154 7 010 22 371  50 010  8 50 002 4 797 4 797	10 870 19 717 2 576 3 633 8 294 16 084  154 146	2003/04         2004/05         2005/06           10 870         19 717         21 297           2 576         3 633         5 385           8 294         16 084         15 912           154         146         262           -         -         3 531           7 010         14 336         8 606           22         3         9           -         -         110           371         643         951           50 010         11         16           8         11         16           50 002         -         -           -         -         -           4 797         141         644           4 797         127         644           -         14         -	Audited outcome         appropriation           2003/04         2004/05         2005/06         2006/07           10 870         19 717         21 297         37 778           2 576         3 633         5 385         8 550           8 294         16 084         15 912         29 228           154         146         262         238           -         -         3 531         14 092           7 010         14 336         8 606         12 953           22         3         9         78           -         -         110         -           371         643         951         896           50 010         11         16         5           8         11         16         5           50 002         -         -         -           -         -         -         -           4 797         141         644         254           4 797         127         644         254           -         14         -         -	Audited outcome         appropriation         Medium-term           2003/04         2004/05         2005/06         2006/07         2007/08           10 870         19 717         21 297         37 778         40 166           2 576         3 633         5 385         8 550         9 310           8 294         16 084         15 912         29 228         30 856           154         146         262         238         365           -         -         3 531         14 092         14 851           7 010         14 336         8 606         12 953         11 972           22         3         9         78         27           -         -         110         -         -           371         643         951         896         1 365           50 010         11         16         5         20           8         11         16         5         20           8         11         16         5         -           50 002         -         -         -         -           -         -         -         -         -           50 002	Audited outcome         appropriation         Medium-term expenditure           2003/04         2004/05         2005/06         2006/07         2007/08         2008/09           10 870         19 717         21 297         37 778         40 166         42 218           2 576         3 633         5 385         8 550         9 310         9 709           8 294         16 084         15 912         29 228         30 856         32 509           154         146         262         238         365         386           -         -         3 531         14 092         14 851         15 596           7 010         14 336         8 606         12 953         11 972         12 720           22         3         9         78         27         50           -         -         110         -         -         -           371         643         951         896         1 365         1 401           50 010         11         16         5         20         21           8         11         16         5         -         -         -           50 002         -         -         -

The average annual growth of the programme's budget increases at 5,5 per cent over the MTEF period, including an additional allocation for completing the CabEnet project. There was a sharp decrease in spending between 2003/04 and 2004/05, due to the reduction in the transfer to SITA.

## Service delivery objectives and indicators

#### **Recent outputs**

Research on current e-government architecture frameworks and tools will be completed in February 2007 and on South African government systems and standards in November 2007.

A draft memorandum of understanding to facilitate implementation of the chief information officer (CIO) exchange programme has been developed and is currently being consulted on, as is a code of ethics for CIOs.

The department has developed a set of documents, consulted on in 2005, which are aimed at eliminating fragmented service delivery across the three spheres of government, improving public convenience in accessing government services, and increasing the productivity of civil servants.

To improve public access to government services through the use of ICT, the department has continued to roll out the Batho Pele e-Gateway portal, reaching 23 Thusong service centres against the target of 65. The content of the portal has been translated into seven of the official languages. The other languages will be done by the end of 2006/07. Information on provincial and local government has been updated.

The web co-existence strategy has been developed and consultation with stakeholders is in progress. Currently each department has its own website and is responsible for updating info. The intention is to have a central point to ensure updates are automatically made across departmental websites. In addition, the disaster recovery plans for transversal systems have been developed and tested, and are being consulted with the Government Information Technology Officers' Council.

#### Selected medium-term output targets

## **Information and Technology Management**

**Measurable objective**: Improve access to government services by providing a single, 24 hour IT window in a steady and efficient manner.

Subprogrammes	Output	Measure/Indicator	Target
Architecture and Integration	Government wide enterprise	Enterprise architecture framework developed	November 2008
-	architecture	Existing systems architecture documented	January 2009
Government Chief Officer	SITA IT informational library	Library implemented	January 2008
Operations	Standard IT plans	Single standard IT plan adopted across government	June 2008
	IT policy framework	Revised minimum interoperability standards	March 2008
ICT Programme Management	General service counters (GSC)	65 GSCs rolled out to Thusong service centres	December 2007
		Content on the portal broadened and enhanced to include services information from provincial and local departments	September 2008
	Improvement to transversal systems	Establish link for co-existence of government websites with the portal	March 2008

## **Programme 5: Service Delivery Improvement**

The Service Delivery Improvement programme engages in supportive interventions and partnerships to improve efficiency and effectiveness, innovative learning, and knowledge-based modes and practices of service delivery.

Apart from *Management*, there are five subprogrammes:

- Government Internal Consulting Services provides targeted technical support, such as advisory services and direct intervention, to departments and provinces to improve institutional efficiency and effectiveness in service delivery.
- Centre for Public Service Innovation aims to influence the work culture in government and develop an environment which supports innovation.
- *Macro-organisation of the State* advises the minister on the macro-organisation of the state to improve service delivery and good governance.
- Research, Learning and Knowledge Management facilitates learning, knowledge management and research in support of improving service delivery by reforming the public service.
- Community Development Workers ensures the smooth co-ordination and implementation of the community development workers project in the public service and local governments.

**Table 9.7 Service Delivery Improvement** 

Subprogramme				Adjusted			
	Aud	lited outcome		appropriation	Medium-tern	n expenditure	estimate
R thousand	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Management	1 653	3 699	2 473	1 690	2 230	2 311	2 323
Government Internal Consulting Services	13 404	10 086	13 649	36 181	25 125	25 549	26 945
Centre for Public Service Innovation	_	_	4 139	5 408	12 029	13 617	13 691
Macro-Organisation of the State	2 595	4 908	16 026	15 024	29 812	34 196	34 288
Research, Learning and Knowledge Management	2 507	3 315	8 138	7 736	8 629	8 984	9 109
Community Development Workers	_	_	_	1 052	1 056	1 091	1 674
Total	20 159	22 008	44 425	67 091	78 881	85 748	88 030
Change to 2006 Budget estimate				377	(1 103)	(1 476)	

Table 9.7 Service Delivery Improvement (continued)

				Adjusted			
	Audited outcome			appropriation	Medium-term expenditure estimate		
R thousand	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Economic classification							
Current payments	19 832	21 459	42 902	66 199	77 842	84 723	87 207
Compensation of employees	10 575	13 001	16 420	21 072	23 807	25 039	27 248
Goods and services	9 257	8 458	26 482	45 127	54 035	59 684	59 959
of which:							
Communication	279	280	883	1 368	830	913	910
Consultants, contractors and special services	6 336	69	6 285	11 443	28 307	32 143	35 795
Inventory	1 317	2 802	3 294	5 882	88	82	51
Maintenance, repairs and running costs	92	15	14	22	207	265	290
Operating leases	_	_	798	_	1 000	1 100	1 100
Travel and subsistence	536	2 819	9 898	18 733	9 530	10 328	7 891
Transfers and subsidies	32	39	86	51	45	47	60
Provinces and municipalities	32	39	50	17	_	_	_
Public corporations and private enterprises	_	_	18	30	_	-	_
Foreign governments and international organisations	_	_	17	4	45	47	60
Households	_	_	1	_	_	_	_
Payments for capital assets	295	510	1 437	841	994	978	763
Machinery and equipment	287	510	1 437	809	889	863	648
Software and other intangible assets	8	_	-	32	105	115	115
Total	20 159	22 008	44 425	67 091	78 881	85 748	88 030

Expenditure increased sharply, from R20,2 million in 2003/04 to R67,1 million in 2006/07, at an average annual rate of 49,3 per cent. This trend is visible across all subprogrammes, but especially in *Government Internal Consulting Services*, whose budget includes additional allocations for provincial interventions and for the integrated public service delivery programme. The programme budget is expected to reach R88 million in 2009/10, growing at the much lower average annual rate of 9,5 per cent over the 2007 MTEF period.

The Community Development Worker subprogramme is a new subprogramme in the Service Delivery Improvement programme. Provision for this was previously made in the Administration programme.

## Service delivery objectives and indicators

## **Recent outputs**

In 2005, in collaboration with the Office of the Public Service Commission, the department assisted KwaZulu-Natal. Among other interventions, officials reviewed affected provincial departments to establish whether they have the capacity and capability to deliver on their mandates. The recommendations of the review report were implemented in five departments between September 2005 and June 2006.

Support was also provided to the Democratic Republic of Congo through a census project and a sustainability strategy. An agreement between Sweden and South Africa on assisting the DRC to develop their public service was concluded in May 2006.

In 2005/06, 286 senior management service members were exposed to Project Khaedu and 444 in 2006/07. The project exposes senior management service members to the coalface of service delivery.

In preparation for the July 2006 Cabinet lekgotla, the department completed capacity assessments of the following departments or sectors: health, education, justice and constitutional development, trade and industry,

transport, environmental affairs and tourism, and housing. The department completed capacity assessment reports for the departments of agriculture, trade and industry, transport, and minerals and energy, and for provincial economic departments for the January 2007 lekgotla. In addition, the department has been requested to assess government's capacity to implement ASGISA, and is supporting the minister in her capacity as member of the Joint Initiative on Priority Skills Acquisition (JIPSA).

Over 900 officials have been trained in change management since 2005, using the Batho Pele change management toolkit. The programme is currently being cascaded to local government.

Draft legislation for public entities (or state controlled institutions) was developed by a work group comprising the DPSA and National Treasury, and is currently being consulted on. The department also provided support to a number of departments on organisational structures, staffing norms, job descriptions, and the powers and functions of senior officials, such as hospital CEOs.

The department amended the public service regulations to require executing authorities to consult with the DPSA before approving their organisational structures, aiming for greater synergy on organisational structuring in the public service. A guide is being developed to assist departments with organisational structuring.

Information sharing and learning networks were hosted for managers and practitioners within the public service, including the fourth and fifth Service Delivery Academy and the third and fourth Public Service Conversation. The department has continued to publish the Service Delivery Review journal.

The Ministry of Public Service and Administration has implemented the community development workers (CDWs) programme nationally. Since the programme's inception in 2003, 3 323 CDWs have completed the learnerships, with 1 039 being fully employed as public servants. The community development workers programme and the frontline staff training programme were officially launched in November 2005.

#### Selected medium-term output targets

#### **Service Delivery Improvement**

**Measurable Objective**: Improve service delivery through targeted interventions to selected departments and the provision of supportive frameworks and learning products.

Subprogramme	Output	Measure/Indicator	Target
Government Internal Consulting Service	Improved service delivery in public service through supporting implementation of Batho Pele revitalisation	Implementation of service delivery improvement plans	March 2008
	programme and other service delivery improvement programmes	Development of access strategy co-ordination mechanism	March 2009
Centre for Public Service Innovation	Enabling environment for innovation in public service to improve delivery	A barometer of public service innovations	June 2007
Macro-Organisation of the State	Governance of public entities	Policy framework for governance and administration of public sector institutions finalised, and appropriate support provided to legal services in compilation of draft legislation for public entities	March 2008
	Improved quality of organisational structures for better governance and service delivery	Organisational structures of departments assessed as per approved regulation and feedback provided to departments on the baseline structures submitted as per directive	March 2008
	Co-ordination of the single public service initiative	Approval of legislative framework	March 2009
Community Development Workers	Trained community development workers (CDWs)	Number of newly recruited CDWs trained on the new CDW learnership by December 2007	1 000 CDWs

## **Programme 6: Governance**

Governance aims to improve governance and public administration for improved service delivery in Africa and other participating countries worldwide, in support of the vision of efficiency and increased public participation in governance, by fighting corruption and carrying out participatory monitoring.

Apart from *Management* there are four subprogrammes:

• *Public Sector Anti-Corruption* establishes and implements strategies to fight corruption and improve ethical conduct in the public service.

- International and African Affairs establishes and maintains bilateral and multilateral relations on governance and public administration by implementing global and continental programmes and projects for improving governance and public administration.
- Monitoring and Evaluation manages a system for planning, monitoring and evaluating the programmes that enable the transformation of the public sector.
- African Peer Review Mechanism ensures the adoption of policies, standards and practices that lead to political stability, high economic growth, sustainable development and accelerated sub-regional and continental economic integration through sharing experiences and reinforcing successful and best practice, including identifying deficiencies and assessing capacity building needs.

## **Expenditure estimates**

**Table 9.8 Governance** 

Subprogramme				Adjusted	Adjusted			
	Aud	lited outcome		appropriation	Medium-term expenditure estimate			
R thousand	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	
Management	_	-	-	1 006	1 298	1 511	1 461	
Public Sector Anti-Corruption	1 482	1 800	5 348	36 180	6 088	5 998	6 778	
International and African Affairs	3 236	3 550	8 125	8 448	8 305	9 217	9 520	
Monitoring and Evaluation	_	_	2 293	4 171	7 363	9 506	9 982	
African Peer Review Mechanism	_	_	4 336	24 399	7 000	5 000	10 000	
Total	4 718	5 350	20 102	74 204	30 054	31 232	37 741	
Change to 2006 Budget estimate				30 428	4 007	4 697		
Economic classification			l					
Current payments	4 602	5 325	18 944	73 310	29 182	30 727	37 139	
Compensation of employees	2 043	2 445	4 182	9 225	8 552	9 142	10 365	
Goods and services	2 559	2 880	14 762	64 085	20 630	21 585	26 774	
of which: Computer services	_	5	238	924	1 805	2 518	2 787	
Consultants, contractors and special services	645	1 070	2 485	22 065	6 152	6 893	10 020	
Inventory	64	95	1 302	3 659	311	322	734	
Maintenance, repairs and running costs	_	_	3	60	76	90	101	
Operating leases	_	_	210	_	_	_	_	
Travel and subsistence	1 106	866	4 300	20 871	6 003	4 840	5 338	
Other	712	820	6 024	15 251	5 666	6 251	6 933	
Transfers and subsidies	116	8	83	445	179	187	235	
Provinces and municipalities	6	7	13	7	_	_	_	
Foreign governments and international organisations	110	1	70	437	179	187	235	
Households	_	_	_	1	_	_	_	
Payments for capital assets	-	17	1 075	449	693	318	367	
Machinery and equipment	_	17	1 075	449	683	318	357	
Software and other intangible assets	_	-	-	-	10	_	10	
Total	4 718	5 350	20 102	74 204	30 054	31 232	37 741	
Details of major transfers and subsidies:								
Foreign governments and international organisations								
Current	110	1	70	437	179	187	235	
International Institute of Administrative Services	19	-	3	20	21	22	23	
International Personnel Management Association ( IPMA)	_	-	-	4	4	4	4	
Commonwealth Association for Public Administration and Management	16	-	20	24	25	26	27	
African Association for Public Administration and Management	_	-	-	48	15	16	17	
Centre for Training and Research in Administration for Development	75	-	-	289	92	97	101	
Gifts and donations	_	1	47	52	22	22	63	

This programme is a combination of the previous *Public Sector Anti-Corruption, International and African Affairs* and *Planning, Monitoring and Evaluation* programmes. A new subprogramme has been created, namely *African Peer Review Mechanism*, whose functions were previously included in the *International and African Affairs* subprogramme, to take into account the department's increasing involvement in this area.

The programme's expenditure will decrease significantly over the medium term, from R74,2 million in 2006/07 to R37,7 million in 2009/10, due to the completion of the Global Forum V on Fighting Corruption and Safeguarding Integrity and the national anti-corruption programme, both once-off projects, reflected in the sharp increase in the *Public Sector Anti-Corruption* subprogramme's expenditure from 2005/06 to 2006/07.

Additional allocations of R5 million in 2007/08, R5 million in 2008/09 and R10 million in 2009/10 are for the *African Peer Review Mechanism* subprogramme.

## Service delivery objectives and indicators

## **Recent outputs**

Preparations to host Global Forum V in April 2007 are well under way. International and Africa organising committees have been established and preparatory conferences for the region have been convened. Parliament has also approved accession to the Organisation for Economic Co-operation and Development (OECD) Anti-bribery Convention. The department, in collaboration with other departments and the anti-corruption co-ordinating committee, developed and distributed guidelines on minimum anti-corruption capacity.

The department hosted public administration departments from Ghana, Rwanda, Ethiopia, China, Sudan and the DRC between 2004 and the first quarter of 2006 to promote information sharing, policy learning and best practices.

Through the planning, monitoring and evaluation unit, the Department of Public Service and Administration has continued its working relationship with the Presidency to implement the government-wide monitoring and evaluation system through the governance and administration cluster. The department has developed a draft human resource utilisation report, using data from multiple sources, including PERSAL. The final report will be presented to the governance and administration cluster and to Cabinet.

The African Peer Review Mechanism country self-assessment report and preliminary programme of action were submitted to the continental APRM secretariat and panel of eminent persons in June 2006. South Africa hosted the country review mission in July 2006. A draft review report for South Africa was received in November 2006, and in line with the APRM base documents, the government submitted its comment to the review panel. The final review report, the final plan of action, and government's final comment will be presented to the APRM forum of heads of state and government implementation committee in July 2007.

#### Selected medium-term output targets

#### Governance

**Measurable Objective:** Develop and implement policies, systems and guidelines that will measure programme policy implementation, advance accountability and assure a better life for all in South Africa and the region.

Subprogrammes	Output	Measure/Indicator	Target
International and	Enhanced bilateral and multilateral relations in Africa and the world on	Framework and strategy to guide the	March 2008
African Affairs	governance and public administration programmes	bilateral relations developed	
Monitoring and	Implement and maintain system to contribute to improved governance,	Frequency of publishing of :	
Evaluation	participation, and evidence based decision making. Promote learning to	HR utilisation report	Annually
	enhance effectiveness of public sector organisations and institutions through	Capacity assessment reports to Cabinet	July 2007 and
	accountability reporting	makgotla	January 2008
		PMW reports	Quarterly
African Peer Review	Implementation of the programme of action emanating from the APRM process	Submission of monitoring report	July 2008
Public Sector Anti-	Implementation of anti-corruption strategies at public service, national and	Public sector anti-corruption strategy	March 2009
corruption	global levels	developed	
		Impact appraisal report on the national	December 2007
		anti-corruption framework	

## Public entities and other agencies

## **State Information Technology Agency**

The State Information Technology Agency (SITA) was established in 1999 to consolidate and co-ordinate the state's information technology resources to save costs through scale, to increase delivery capabilities and to improve interoperability. SITA was established in terms of the SITA Act (88 of 1998) as amended by Act 38 of 2002. SITA is funded from providing services as stipulated in the service level agreements referred to in the legislation.

The 2006 financial results showed a material improvement on those of 2005. The company continues to show strong growth with gross revenues up by 11,7 per cent from the previous year at R2,9 billion, compared to R2,6 billion in 2005. Revenue has grown from R1,4 billion from 2002. Cost containment initiatives that were started last year are bearing fruit. Gross profit, at R563,3 million, is 13,7 per cent higher than the previous year, growing from R188 million in 2002. Surplus for the year is up by 17,4 per cent at R81,3 million, growing from R69,2 million in 2002. Net surplus before tax, at R114,7 million, is up by 13,8 per cent from the previous year, and net surplus for the year after tax, at R33,4 million, is 5,7 per cent higher than the previous year. The gross profit margin, at 19,1 per cent, is slightly higher than the previous year's 18,8 per cent. Operating expenditure grew from R410,8 million in 2005 to R488,3 million in 2006, an increase of 18,9 per cent.

Cash flow from operating activities, at R508,9 million, is 48,7 per cent up from the previous year's R342,3 million.

The strategic focus for the forthcoming period is aimed at:

- developing and implementing the organisation structure, processes, policies, standards, procedures and resources required to deliver quality services
- fully exploiting rapid technological advancements to facilitate ICT-led transformation of government service delivery, improving the effectiveness and efficiency of government departments and promoting citizen participation and social inclusion.

Table 9.9 Financial summary for the State Information Technology Agency

	Outcome				Medium-term estimate			
_	Audited	Audited	Audited	Estimated				
				outcome				
R thousand	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	
Revenue								
Non-tax revenue	2 330 407	2 661 340	2 991 094	2 915 000	3 265 000	3 755 000	4 392 745	
IT Services	854 034	955 969	1 092 736	1 255 866	1 404 494	1 616 584	1 892 344	
Infrastructure (mainframe,	551 021	957 390	1 028 951	1 472 772	1 647 070	1 895 790	2 219 177	
network, etc.)								
Other non-tax revenue	925 352	747 981	869 407	186 362	213 436	242 626	281 224	
Total revenue	2 330 407	2 661 340	2 991 094	2 915 000	3 265 000	3 755 000	4 392 745	
Expenses								
Current expense	2 285 882	2 555 673	2 875 607	2 763 884	2 780 653	3 494 991	4 195 001	
Compensation of employees	916 388	994 435	1 048 168	1 198 261	1 276 197	1 371 912	1 509 103	
Goods and services	1 243 881	1 426 983	1 685 380	1 540 041	1 477 595	2 094 875	2 656 283	
Depreciation	121 237	128 432	136 663	19 915	20 911	21 957	23 054	
Interest, dividends and rent on	4 376	5 823	5 397	5 667	5 950	6 247	6 560	
land								
Transfers and subsidies	3 059	4 770	6 054	6 357	6 675	7 009	7 359	
Total expenses	2 305 516	2 592 072	2 915 090	2 815 031	2 837 328	3 567 000	4 273 860	
Surplus / (Deficit)	24 891	69 268	76 004	99 969	427 672	188 000	118 885	

Source: State Information Technology Agency

## **Additional tables**

Table 9.A Summary of expenditure trends and estimates per programme and economic classification

Programme	Approp	riation	Audited		Revised		
	Main	Adjusted	outcome	Main	Additional	Adjusted	estimate
R thousand	Main         Adjusted         outcome         Main         Additional         Adjusted           2005/06         2005/06         2006/07           46 853         58 752         58 616         51 160         8 246         59 406           opment         31 551         24 333         25 349         38 579         (4 117)         34 462           26 014         27 722         26 558         100 667         68 559         169 226		2006/07				
1. Administration	46 853	58 752	58 616	51 160	8 246	59 406	59 406
2. Human Resource Management and Development	31 551	24 333	25 349	38 579	(4 117)	34 462	34 462
3. Management of Compensation	26 014	27 722	26 558	100 667	68 559	169 226	169 226
4. Information and Technology Management	36 113	29 113	21 957	24 714	13 323	38 037	38 037
5. Service Delivery Improvement	38 508	44 478	44 425	66 714	377	67 091	67 091
6. Governance	9 219	20 405	20 102	43 776	30 428	74 204	74 204
Total	188 258	204 803	197 007	325 610	116 816	442 426	442 426
Current payments Compensation of employees	<b>184 503</b>	<b>196 322</b>	<b>188 698</b>	<b>323 027</b> 93 463	39 683	<b>362 710</b> 93 463	<b>362 710</b>
Economic classification							
Compensation of employees	70 421	72 233	72 088	93 463	_	93 463	93 463
Goods and services	114 082	124 070	116 593	229 564	39 683	269 247	269 247
Financial transactions in assets and liabilities	-	19	17	-	-	_	-
Transfers and subsidies	361	520	367	409	75 261	75 670	75 670
Provinces and municipalities	205	246	222	147	(58)	89	89
Departmental agencies and accounts	2	2	_	2	(2)	_	_
Public corporations and private enterprises	-	18	18	-	75 030	75 030	75 030
Foreign governments and international organisations	154	253	126	260	225	485	485
Households	-	1	1	-	66	66	66
Payments for capital assets	3 394	7 961	7 942	2 174	1 872	4 046	4 046
Machinery and equipment	3 214	7 944	7 929	1 908	2 037	3 945	3 945
Software and intangible assets	180	17	13	116	(15)	101	101
Land and subsoil assets	_	-	-	150	(150)	_	_
Total	188 258	204 803	197 007	325 610	116 816	442 426	442 426

Table 9.B Summary of personnel numbers and compensation of employees

				Adjusted			
	Audited outcome			appropriation	Medium-term	stimates	
<del>-</del>	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
A. Permanent and full-time contract employees							
Compensation (R thousand)	49 713	58 736	72 048	93 388	98 969	105 421	111 315
Unit cost (R thousand)	210	179	240	250	241	245	251
Personnel numbers (head count)	237	328	300	374	410	431	443
C. Interns							
Compensation of interns	44	22	40	75	75	75	75
Unit cost (R thousand)	2	2	2	3	3	3	3
Number of interns	22	11	20	25	25	25	25
Total for department							
Compensation (R thousand)	49 757	58 758	72 088	93 463	99 044	105 496	111 390
Unit cost (R thousand)	192	173	225	234	228	231	238
Personnel numbers (head count)	259	339	320	399	435	456	468

Table 9.C Summary of expenditure on training

				Adjusted			
	Audited outcome			appropriation	Medium-term	stimates	
	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Training and staff development							
Expenditure (R thousand)	1 060	1 164	1 313	2 111	1 879	1 963	2 040
Number of employees trained (head count)	72	113	120	146	158	149	171
Bursaries (employees)							
Expenditure per programme (R thousand)	220	281	287	287	287	287	290
Number of employees (head count)	33	61	61	61	61	61	61
Total	1 280	1 445	1 600	2 398	2 166	2 250	2 330
Number of employees	105	174	181	207	219	210	232