

Estimates of National Expenditure

2010

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2010

**National Treasury
Republic of South Africa**

17 February 2010



Foreword

The Estimates of National Expenditure publication provides Parliament, departments and public entities, ministers, the media, civil society and the public with information about how tax payers' money is being spent: what it buys and for what purpose. Do not be concerned regarding the magnitude of this publication. Instead, let us use this unique reference tool to keep departments and agencies accountable and ensure that the expenditure of public funds achieves its intended policy outcomes, ultimately improving the welfare of our people.

Budgets link the policy choices that government makes with the services that are delivered to people – better budgeting plays an important role in improving service delivery. In line with the 2009 Medium Term Strategic Framework, government has adopted 12 desirable outcomes. At the output level, departments and agencies continue to set targets; for the first time these are in support of the attainment of officially stated outcomes. Budgeted spending on outputs and activities will increasingly reflect this.

Following the 2009 elections, a re-organisation of departments was proclaimed to give effect to the required government policy shifts and to accommodate the necessary changes in the programmes and activities of departments and entities. Several new national departments were created; some functions were transferred between departments. This also resulted in certain national departments being re-named to better capture the content of their new responsibilities. In terms of the new structure of government there are now 37 votes in the Estimates of National Expenditure publication, whereas in 2009 there were 34 votes.

This consolidated publication provides extensive vote level information on strategies and objectives. Legislation, policy developments and other factors affecting these are also noted. Information is presented in a format that aligns government's performance commitments with resource allocations. As with the 2009 Budget, we will publish booklets for individual votes that will provide full coverage of public entities and more detail on transfers and lower level institutional information.

Given the current economic climate, there are greater trade-offs in choosing between spending priorities or in the sequencing of programme implementation. Outputs and activities are constantly being re-evaluated to determine if more effective and cost efficient options are available. As a result, some programmes have to be delayed. Alongside the additions to spending, this publication also indicates details per national vote of savings amounting to R23 billion over the period ahead. These savings have been reallocated to other departments in order to augment funding for government's priorities.

All the figures, targets and outputs result from a wide ranging intergovernmental consultative process, leading to executive approval of additional spending allocations and savings. Many people have contributed to making this publication possible, especially my colleagues in national departments and agencies. Their collaboration and understanding during the allocation and publication processes has been invaluable. Thanks are also due to the dedicated National Treasury team for the publication of this useful resource.



Lesetja Kganyago
Director-General: National Treasury

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Introduction

Transparent and accountable governance is strengthened when comprehensive budget documents are tabled for public scrutiny and legislative oversight. The Estimates of National Expenditure provides relevant public sector financial information in a timely and systematic manner, linking performance targets to budgeted expenditure. Specifically, it serves to:

- provide members of Parliament with detailed information on how departments and public entities plan to spend the money that is to be authorised by the legislature
- enable Parliament and society to keep departments and agencies accountable for service delivery commitments that are set out in each chapter
- provide parliamentary committees with a valuable source of information that can assist them in performing their oversight functions.

Although it contains a large volume of information, the 2010 Estimates of National Expenditure presents a summarised account of the spending plans of all national departments and agencies for the next three financial years (2010/11 to 2012/13), expenditure outcomes for the past three years (2006/07 to 2008/09) and revised estimates for the current year (2009/10). Newly formed departments are covered in the same way. Information is also provided on legislation and mandates, policy, strategies, objectives and performance targets over the seven-year period – as well as any changes in these, particularly as they relate to trends in planned expenditure. This provides a platform for review that could result in new policy options or operational alternatives in the achievement of government's objectives.

In keeping with ongoing improvements in the way that public finances are managed and reported, both the quality of information and presentation of the 2010 Estimates of National Expenditure have been enhanced. Information on new departments is mostly covered by way of a separate chapter, although in some cases departments are accommodated within a shared vote and discussed together in the same chapter. Information on savings and cost effective service delivery is included under a separate heading following the strategic overview section. Spending on selected key mega infrastructure projects is discussed in text boxes in the expenditure trends sections of relevant votes. For some votes a new personnel table has been included, showing personnel numbers in relation to the different salary levels and other information, such as the number and type of posts on funded establishment and posts filled. The 2010 Estimates of National Expenditure booklets, which are published separately for each vote, provide more extensive coverage on transfers, public entities, goods and services and lower level institutional information.

Value for money

Budget accountability has historically focused mainly on targeting the performance of government departments and agencies at the output level. Government has now adopted an approach which provides a new methodology that is focused on the attainment of 12 desirable outcomes, using measurable outputs and well defined activities to achieve better value, as well as better value for money. The medium term expenditure framework (MTEF) for the next three years targets spending on government's official outcomes and simultaneously seeks to change the culture in the public service towards greater prudence and efficiency in order to obtain better value for money.

The Ministry for the National Planning Commission and the Ministry for Performance Evaluation and Monitoring are to ensure that planning and implementation in government institutions are focused on the achievement of outcomes and the improvement of performance. In line with this service delivery orientation, new functions and a reconfiguration of existing functions have led to a new national government structure. Taking account of the creation of new departments, 37 votes are now contained in the 2010 Estimates of National Expenditure. The table below provides a list of the new votes and alongside each, the department/s from which functions have been shifted in order to form the basis of the new department.

Newly created vote	Department/s from which all or some functions have been shifted
Agriculture, Forestry and Fisheries	Agriculture Water Affairs and Forestry Environmental Affairs and Tourism
Water Affairs	Water Affairs and Forestry
Human Settlements	Housing Water Affairs and Forestry
Environmental Affairs	Environmental Affairs and Tourism
Tourism	Environmental Affairs and Tourism
Basic Education	Education
Higher Education and Training	Education Labour (still exists)
Cooperative Governance and Traditional Affairs	Provincial and Local Government
Defence and Military Veterans	Defence
Economic Development	Trade and Industry (still exists)
Energy	Minerals and Energy
Mineral Resources	Minerals and Energy
International Relations and Cooperation	Foreign Affairs
Police	Safety and Security
Rural Development and Land Reform	Land Affairs Provincial and Local Government
Women, Children and People with Disabilities	The Presidency (still exists) Justice and Constitutional Development (still exists)

Savings

Given the shortfall in government revenue collection and the pressure on the available resources of the fiscus, this year's budget preparation has focused extensively on finding savings within departmental and agency baselines and on redirecting expenditure towards key priorities within these institutions. Savings arise from effecting changes in public sector spending habits and instituting cost-cutting measures. Over the period ahead, government is to reform procurement systems, rationalise public entities and review a range of programmes – in order to accommodate increased spending on government's priorities in the attainment of its desired outcomes.

During the Budget process, judgements on value for money in achieving outcomes are made by examining funding requests in relation to the implementation plans and costings presented, among other considerations. There is extensive consultation with departments, agencies and intergovernmental forums before proposals are presented to the ministers' committee on the budget¹, approved by Cabinet and then tabled in Parliament.

National departments undertook a rigorous budget baseline savings exercise, and identified R23 billion in savings over the medium term: R6.5 billion in 2010/11, R8.6 billion in 2011/12 and R7.9 billion in 2012/13.

1. A committee of cabinet ministers tasked with considering budgetary issues before they are presented to Cabinet.

About R2.6 billion in savings has been identified over the three years at local government level. Every endeavour was made to decrease spending on non-core goods and services, reschedule expenditure over time in the case of delays, effect exchange rate savings in respect of payments to foreigners, reduce transfers to certain public entities, improve financial management, reduce expenditure on administration in favour of frontline services and find alternative sources of financing.

Major savings amounts over the medium term expenditure framework period are:

- Defence and Military Veterans: R4.5 billion (cancellation of the A400M military aircraft contract)
- Social Development: R1.2 billion (slower uptake of social grants than anticipated and rationalisation of the South African Social Security Agency payments system)
- International Relations and Cooperation: R1.5 billion (revision of foreign costs and deferral of the building of the Pan African Parliament)
- Correctional Services: R4.8 billion (rescheduling of prison building plans)
- Transport: R3.4 billion (deferral of public transport infrastructure projects where planning and design have been delayed).

Additional allocations

The revised national Budget framework provides for additional expenditure by departments of R20.7 billion in 2010/11, R26 billion in 2011/12 and R39.9 billion in 2012/13. Including the government savings of R25.6 billion identified across all spheres, in total an additional R112.2 billion is allocated to government institutions to fund government's key priorities over the next three years. Of the R112.2 billion, national departments receive R56.2 billion (50.1 per cent): R13.1 billion in 2010/11, R18.2 billion in 2011/12 and R24.8 billion in 2012/13. Provinces and municipalities receive the remainder. Conditional grants to provinces and municipalities are reflected in both national budgets and the budgets of provinces or municipalities.

A summary of additional funding by national vote is provided below. Information on direct charges against the National Revenue Fund and the amounts for the provincial and local equitable shares are excluded. Adjustments to provincial and local conditional grants have been included. Details are only noted for national votes receiving relatively large additional allocations for implementing new programmes or extending existing programmes. The total amounts per vote in the discussion below represent the gross additional allocations, before the deduction of savings. This means that these total amounts are all bigger than the overall net change in the budget of a particular vote and therefore they do not balance to the amounts reflected in table 2. In the discussion that follows, these vote totals will be referred to as the *gross total allocation*, received over the MTEF period. In some instances, the savings on a specific vote exceed the *gross total allocation* to that vote and the overall net change in the budget is actually negative.

Central government and financial and administrative services

An amount of R448 million is the gross total allocation to **Parliament's** vote. This is mainly to enhance the capacity of the Office of the Speaker, including provision for the establishment of a budget office in terms of the Money Bills Amendment Procedure and Related Matters Act (2009). Also included is provision for increasing the capacity of the Parliamentary oversight committees.

National Treasury receives an addition of R1.1 billion for the neighbourhood development partnership grant for the regeneration of townships through the development of social and economic infrastructure. An amount of R1.5 billion is allocated in the first two years of the MTEF period for the recapitalisation of the Land Bank.

Social services

The gross total allocation to **Health** amounts to R8.8 billion, most of which is for transfers to the provinces. R8.4 billion is provided for the broadening of HIV and AIDS treatment programmes, in support of the rapid expansion of the antiretroviral treatment rollout. R50 million has been set aside for a mass immunisation campaign to combat measles and polio.

Social Development's gross total allocation is R12.5 billion, mainly this is for the extension of the child support grant up to 18 years of age, as a major intervention against child poverty.

Most of the gross total allocation of R3.1 billion to **Basic Education** is for transfers to provinces. An amount of R2.7 billion is allocated for the provision of workbooks in all official languages for grades R to 9, and R28 million is provided for national numeracy and literacy assessments for grades 3, 6 and 9. An additional R120 million is allocated for the national school nutrition programme.

A gross total allocation of R2.4 billion is set aside for **Higher Education and Training**, of which R1 billion is for subsidies for higher education institutions and R1.3 billion is a provincial conditional grant for further education and training colleges.

Justice, crime prevention and security

Police is allocated additional funding of R1.5 billion for an increase in police officers, the establishment of the Directorate for Priority Crime Investigation (the Hawks) and police station property management.

Gross total allocations to **Defence and Military Veterans** amount to R4.7 billion. R2.2 billion is for improving the South African National Defence Force remuneration system. R220 million is provided for expanding the military skills development system intake and R600 million for upgrading the *Landward Defence* programme.

Correctional Services is to receive gross total additional funding amounting to R2.8 billion. This covers the cost of the occupation specific salary dispensation for correctional officials and the impact of the general government employee wage increase.

Economic services and infrastructure

Human Settlements is to receive a R1 billion allocation for upgrading informal settlements and establishing community settlements. The rural household infrastructure grant is allocated R1.2 billion, specifically to support rural communities.

Funds for **Rural Development and Land Reform** are mostly for the rural development programme. An additional allocation of R860 million is for improving the quality of life within rural communities and broadening the base of agricultural production.

Energy receives a gross total allocation of R4.6 billion. R4.5 billion is to provide for part of the capital costs of building a pipeline for fuel from Durban to the Highveld. This allocation will be financed through the fuel levy imposed for this purpose.

Cooperative Governance and Traditional Affairs has a gross total allocation of R10.7 billion. The biggest vote allocation provides for an increase of R2.5 billion for the municipal infrastructure grant, to enable the further expansion of basic services infrastructure delivery aligned to government's 2014 universal access goals. R1.5 billion is allocated for the community work programme, within the expanded public works programme, which enables the non-governmental sector to assist government in providing guaranteed employment on a project basis.

A gross total allocation of R3.8 billion is set aside for **Trade and Industry**. Of this, R3.5 billion is shared equally by the clothing and textile sector and the automotive industry. A further R274 million is allocated for critical infrastructure and regulatory institutions such as the Competition Commission, the Companies and Intellectual Property Commission and other consumer orientated institutions.

Transport's R2.9 billion gross total addition includes funding for the secondary strategic road network, the Passenger Rail Agency of South Africa and the procurement of buses for the 2010 FIFA World Cup.

The main allocation of R500 million for the **Water Affairs** vote is for regional bulk infrastructure to roll out the basic services and water supply in support of human settlement development, in line with government's commitment to universal access by 2014. R498 million is also allocated for the working for water and working on fire programmes, within the expanded public works programme.

Overview of expenditure

The main Budget provides for total expenditure of R818.1 billion in 2010/11, increasing to R888.3 billion in 2011/12 and R964.3 billion in 2012/13. Non-interest expenditure comprises on average 90.1 per cent of total main Budget expenditure, and grows at an average annual rate of 7.6 per cent over the MTEF period. These budgeted estimates provide for a contingency reserve set aside to deal with unanticipated events, amounting to R6 billion in 2010/11, R12 billion in 2011/12 and R24 billion in 2012/13.

The allocations in the main Budget are detailed in the pages of this publication, with a consolidated account provided in the summary tables below.

Summary tables

Table 1: Main budget framework

Table 2: Additional allocation to national votes

Table 3: Expenditure by national vote

Table 4: Expenditure by economic classification

Table 5: Amounts to be appropriated from the National Revenue Fund

Table 6a: Conditional grants to provinces

Table 6b: Conditional grants to municipalities

Table 7: Training expenditure per vote

Table 8: Infrastructure expenditure per vote

Table 9: Personnel expenditure per vote

Table 10: Departmental receipts per vote

Table 1. Main budget framework 2006/07 to 2012/13

R million	Audited outcome			Revised estimate	Medium-term estimates		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Revenue (National Revenue Fund)							
Tax revenue (gross)	495 548.6	572 814.6	625 100.2	590 425.0	647 850.0	721 477.0	818 298.0
Departmental and other receipts, and repayments	10 843.3	11 671.7	12 616.2	8 982.6	10 380.3	11 483.2	12 379.4
Less: Southern Africa Customs Union payments	-25 194.9	-24 712.6	-28 920.6	-27 915.4	-14 991.3	-11 211.0	-22 781.0
Total revenue	481 197.0	559 773.8	608 795.7	571 492.1	643 239.0	721 749.2	807 896.4
<i>Percentage of GDP</i>	26.2%	26.9%	26.2%	23.3%	23.8%	24.3%	24.5%
Expenditure							
State debt cost	52 192.2	52 877.1	54 393.7	57 599.8	71 357.6	88 462.7	104 022.0
<i>Percentage of GDP</i>	2.8%	2.5%	2.3%	2.4%	2.6%	3.0%	3.2%
Current payments ¹	77 911.5	88 599.8	103 563.2	119 215.8	130 938.5	141 636.6	148 890.9
Transfers and subsidies	332 685.1	391 023.5	458 352.8	530 553.1	579 667.8	634 811.7	674 058.0
Payments for capital assets ¹	6 067.8	7 182.9	8 780.8	8 687.9	9 290.5	10 676.6	13 342.9
Payments for financial assets	1 335.8	1 812.5	10 972.9	32 760.0	20 888.6	750.0	–
Contingency reserve	–	–	–	–	6 000.0	12 000.0	24 000.0
Total expenditure	470 192.5	541 495.7	636 063.5	748 816.5	818 142.9	888 337.6	964 313.8
<i>Percentage of GDP</i>	25.6%	26.0%	27.4%	30.6%	30.3%	29.9%	29.3%
Budget deficit²	11 004.5	18 278.1	-27 267.7	-177 324.3	-174 904.0	-166 588.4	-156 417.4
<i>Percentage of GDP</i>	0.6%	0.9%	-1.2%	-7.2%	-6.5%	-5.6%	-4.7%
GDP	1 833 191.0	2 081 626.0	2 320 117.0	2 449 857.9	2 699 888.0	2 967 560.3	3 295 748.7

1. Excludes conditional grants to provinces and local government, which are included in transfers and subsidies.

2. A positive number reflects a surplus and a negative number a deficit.

Table 2. Additional allocation to national votes 2010/11 to 2012/13¹

R million	Medium term expenditure estimates			Total
	2010/11	2011/12	2012/13	
Central Government Administration	1 882.8	3 072.3	7 510.5	12 465.6
1 The Presidency	85.6	106.5	117.1	309.1
2 Parliament	145.9	150.0	152.5	448.4
3 Cooperative Governance and Traditional Affairs	1 206.7	2 557.8	6 958.5	10 723.1
4 Home Affairs	224.0	80.7	87.3	392.1
5 International Relations and Cooperation	92.6	105.6	115.4	313.5
6 Public Works	97.1	35.5	38.5	171.1
7 Women, Children and People with Disabilities	31.0	36.1	41.2	108.3
Financial and Administrative Services	1 826.9	1 837.5	1 381.0	5 045.4
8 Government Communication and Information System	24.5	25.3	25.7	75.4
9 National Treasury	1 721.7	1 660.0	1 298.6	4 680.3
10 Public Enterprises	38.7	3.2	3.5	45.4
11 Public Service and Administration	10.2	11.9	12.9	35.0
12 Statistics South Africa	31.9	137.2	40.3	209.4
Social Services	5 143.8	8 479.1	13 507.1	27 130.0
13 Arts and Culture	15.3	18.1	19.4	52.8
14 Basic Education	800.8	1 052.5	1 278.0	3 131.3
15 Health	1 930.7	2 896.1	3 998.8	8 825.6
16 Higher Education and Training	421.1	761.3	1 249.0	2 431.4
17 Labour	59.2	49.1	51.9	160.3
18 Social Development	1 910.3	3 694.0	6 900.6	12 505.0
19 Sport and Recreation South Africa	6.3	7.9	9.3	23.6
Justice, Crime Prevention and Security	3 899.4	4 730.2	6 437.0	15 066.6
20 Correctional Services	883.1	919.4	952.8	2 755.3
21 Defence and Military Veterans	1 092.7	1 400.3	2 190.1	4 683.2
22 Independent Complaints Directorate	2.2	4.6	5.8	12.7
23 Justice and Constitutional Development	358.9	529.2	686.1	1 574.1
24 Police	1 562.5	1 876.7	2 602.1	6 041.3
Economic Services and Infrastructure	4 296.7	5 684.4	8 184.8	18 166.0
25 Agriculture, Forestry and Fisheries	57.2	195.8	310.8	563.8
26 Communications	5.1	5.9	6.4	17.4
27 Economic Development	115.0	160.0	175.0	450.0
28 Energy	1 528.8	1 544.4	1 546.8	4 620.0
29 Environmental Affairs	88.8	111.3	216.6	416.7
30 Human Settlements	242.9	360.5	1 761.3	2 364.7
31 Mineral Resources	20.3	33.2	43.0	96.5
32 Rural Development and Land Reform	301.2	348.1	352.1	1 001.4
33 Science and Technology	34.7	40.8	93.7	169.2
34 Tourism	47.7	63.3	74.9	185.9
35 Trade and Industry	905.6	1 294.0	1 638.8	3 838.3
36 Transport	495.8	1 081.6	1 359.3	2 936.7
37 Water Affairs	453.7	445.6	606.1	1 505.4
Total	17 049.6	23 803.6	37 020.3	77 873.6

1. Excludes additional allocations on provincial equitable share and other direct charges against the National Revenue Fund.

Table 3. Expenditure by national vote 2006/07 to 2012/13

R million	Audited Outcome			Adjusted appropriation
	2006/07	2007/08	2008/09	2009/10
Central Government Administration				
1 The Presidency	224.4	651.4	312.4	694.8
2 Parliament	755.1	902.1	1 135.1	1 108.0
3 Cooperative Governance and Traditional Affairs	24 571.6	30 026.2	35 343.2	36 683.5
4 Home Affairs	2 546.9	3 241.7	4 666.6	5 263.8
5 International Relations and Cooperation	2 944.7	4 069.7	5 472.3	5 553.0
6 Public Works	3 025.8	3 402.3	4 197.0	5 890.1
7 Women, Children and People with Disabilities	49.6	52.5	61.9	68.2
Financial and Administrative Services				
8 Government Communication and Information System	293.1	380.9	427.5	496.8
9 National Treasury	16 171.0	18 966.2	31 312.1	62 845.6
10 Public Enterprises	2 589.8	4 604.0	3 265.1	3 991.2
11 Public Service and Administration	583.7	609.6	630.6	682.8
12 Statistics South Africa	1 096.6	1 054.3	1 323.1	1 715.2
Social Services				
13 Arts and Culture	1 329.9	1 585.8	2 114.5	2 632.1
14 Basic Education	1 571.6	2 165.3	3 284.4	4 474.4
15 Health	11 338.0	12 762.7	15 464.5	18 423.5
16 Higher Education and Training	14 292.2	15 997.3	18 765.9	20 696.6
17 Labour	1 343.3	1 431.5	1 507.2	1 709.2
18 Social Development	61 676.1	67 191.4	76 096.7	86 508.2
19 Sport and Recreation South Africa	886.5	5 048.0	4 871.4	2 883.9
Justice, Crime Prevention and Security				
20 Correctional Services	9 251.2	11 122.4	12 822.6	13 834.5
21 Defence and Military Veterans	23 817.6	25 180.1	27 801.3	31 325.3
22 Independent Complaints Directorate	65.3	80.9	99.3	116.5
23 Justice and Constitutional Development	5 853.8	7 194.0	8 244.4	9 721.0
24 Police	32 634.9	36 525.9	41 635.2	47 622.0
Economic Services and Infrastructure				
25 Agriculture, Forestry and Fisheries	2 711.0	3 858.6	3 465.0	3 874.5
26 Communications	1 319.6	1 911.8	2 328.6	2 470.5
27 Economic Development	238.7	245.1	220.4	316.2
28 Energy	1 930.8	2 189.1	2 918.4	3 756.9
29 Environmental Affairs	1 164.2	1 654.1	1 882.7	2 244.2
30 Human Settlements	7 178.2	8 716.1	11 147.4	14 036.2
31 Mineral Resources	676.8	758.2	811.6	925.1
32 Rural Development and Land Reform	3 724.6	5 896.6	6 663.7	6 401.4
33 Science and Technology	2 613.0	3 127.3	3 703.5	4 261.7
34 Tourism	853.5	1 065.1	1 211.8	1 155.7
35 Trade and Industry	3 566.1	5 050.2	4 836.6	6 085.9
36 Transport	13 360.4	16 331.6	24 838.6	24 238.5
37 Water Affairs	3 851.9	4 802.9	5 795.3	7 342.6
Total appropriation by vote	262 101.6	309 853.1	370 678.0	442 049.4
Plus:				
Direct charges against the National Revenue Fund				
President and Deputy President salary (The Presidency)	2.2	2.3	4.0	4.3
Members remuneration (Parliament)	223.3	240.7	356.9	376.7
State debt costs (National Treasury)	52 192.2	52 877.1	54 393.7	59 995.0
Provincial equitable share (National Treasury)	149 245.6	171 053.7	201 795.6	236 877.8
General fuel levy sharing with metros (National Treasury)	–	–	–	6 800.1
Skills levy and Setas (Higher Education and Training)	5 328.4	6 284.3	7 234.1	7 750.0
Judges and magistrates salaries (Justice and Constitutional Development)	1 099.3	1 184.5	1 601.1	1 669.7
Total direct charges against the National Revenue Fund	208 090.9	231 642.6	265 385.4	313 473.5
Contingency reserve	–	–	–	–
Projected underspending	–	–	–	-3 000.0
Total	470 192.5	541 495.7	636 063.5	752 522.9

Table 3. Expenditure by national vote 2006/07 to 2012/13

Revised estimate	Medium-term expenditure estimates			R million
	2009/10	2010/11	2011/12	
				Central Government Administration
691.8	722.6	772.2	810.5	The Presidency
1 108.0	1 179.2	1 238.6	1 288.4	Parliament
36 629.6	43 921.5	50 449.1	57 238.3	Cooperative Governance and Traditional Affairs
5 159.4	5 719.6	5 003.5	5 144.8	Home Affairs
5 508.0	4 824.4	5 087.0	5 393.0	International Relations and Cooperation
5 740.1	6 446.3	7 984.1	8 246.2	Public Works
68.2	97.8	108.3	114.9	Women, Children and People with Disabilities
				Financial and Administrative Services
496.8	546.2	507.1	515.4	Government Communication and Information System
62 512.7	50 219.9	33 127.9	34 265.6	National Treasury
3 991.2	350.6	186.8	196.2	Public Enterprises
681.0	651.5	657.1	684.1	Public Service and Administration
1 715.2	1 973.4	2 845.9	1 769.6	Statistics South Africa
				Social Services
2 440.1	2 406.7	2 417.4	2 562.7	Arts and Culture
4 197.9	6 166.2	7 549.8	8 099.3	Basic Education
18 025.5	21 497.0	23 707.9	25 844.7	Health
20 681.8	23 720.7	26 104.6	27 856.1	Higher Education and Training
1 674.4	1 783.9	1 866.6	1 942.5	Labour
86 108.2	95 929.1	105 715.4	114 023.7	Social Development
2 872.4	1 245.6	760.5	793.7	Sport and Recreation South Africa
				Justice, Crime Prevention and Security
13 834.5	15 129.0	16 027.4	18 277.2	Correctional Services
30 325.3	30 715.3	33 931.4	36 386.5	Defence and Military Veterans
116.5	129.3	144.1	152.4	Independent Complaints Directorate
9 673.3	10 250.5	11 083.7	11 730.6	Justice and Constitutional Development
47 622.0	52 556.4	56 916.6	60 390.8	Police
				Economic Services and Infrastructure
3 305.5	3 658.0	4 361.4	4 740.5	Agriculture, Forestry and Fisheries
2 354.5	2 114.0	1 814.1	1 630.4	Communications
316.2	418.6	494.4	520.3	Economic Development
3 740.2	5 535.4	5 739.6	5 538.7	Energy
2 244.2	2 607.8	2 817.5	3 058.7	Environmental Affairs
14 036.2	16 201.5	18 483.0	19 603.8	Human Settlements
924.0	1 030.0	1 112.1	1 168.0	Mineral Resources
6 401.4	6 769.6	7 972.9	8 360.1	Rural Development and Land Reform
4 261.7	4 615.5	4 968.8	4 560.2	Science and Technology
1 155.7	1 151.8	1 223.2	1 291.2	Tourism
5 988.8	6 150.1	6 757.4	7 264.0	Trade and Industry
24 164.1	25 086.3	27 960.1	29 169.5	Transport
6 969.8	7 996.6	9 090.2	9 628.2	Water Affairs
437 736.1	461 517.9	486 987.8	520 261.0	Total appropriation by vote
				Plus:
				Direct charges against the National Revenue Fund
4.3	4.6	4.8	5.1	President and Deputy President salary (The Presidency)
376.7	392.7	409.6	430.1	Members remuneration (Parliament)
57 599.8	71 357.6	88 462.7	104 022.0	State debt costs (National Treasury)
236 877.8	260 973.7	280 688.7	294 780.0	Provincial equitable share (National Treasury)
6 800.1	7 542.4	8 531.1	8 957.7	General fuel levy sharing with metros (National Treasury)
7 750.0	8 424.2	9 148.7	9 606.1	Skills levy and Setas (Higher Education and Training)
1 671.7	1 929.9	2 104.2	2 251.9	Judges and magistrates salaries (Justice and Constitutional Development)
311 080.3	350 625.0	389 349.8	420 052.9	Total direct charges against the National Revenue Fund
–	6 000.0	12 000.0	24 000.0	Contingency reserve
–	–	–	–	Projected underspending
748 816.5	818 142.9	888 337.6	964 313.8	Total

Table 4. Expenditure by economic classification 2006/07 to 2012/13

R million	Audited outcome			Adjusted appropriation
	2006/07	2007/08	2008/09	2009/10
Current payments				
Compensation of employees	49 574.2	56 243.2	64 973.4	76 392.8
Salaries and wages	41 022.9	46 738.9	53 788.3	63 755.1
Social contributions	8 551.3	9 504.3	11 185.1	12 637.7
Goods and services	28 335.8	32 354.3	38 587.4	44 065.4
Interest and rent on land	52 193.7	52 879.3	54 396.1	59 995.8
Interest (including interest on finance leases)	52 193.0	52 878.6	54 395.9	59 995.0
Rent on land	0.7	0.7	0.2	0.8
Total current payments	130 103.7	141 476.8	157 956.9	180 454.0
Transfers and subsidies to:				
Provinces and municipalities	205 438.3	243 233.9	289 397.3	345 879.0
Provinces	178 867.2	205 829.6	245 302.3	295 353.2
Provincial revenue funds	178 867.2	205 829.6	245 302.3	295 353.2
Municipalities	26 571.1	37 404.3	44 095.1	50 525.8
Municipal bank accounts	26 571.1	37 404.3	44 095.1	50 525.8
Departmental agencies and accounts	38 102.1	44 531.2	53 572.4	58 512.9
Social security funds	7.0	8.5	2 508.7	12.7
Departmental agencies (non-business entities)	38 095.0	44 522.7	51 063.6	58 500.3
Universities and technikons	11 056.0	12 003.8	13 897.7	15 437.4
Foreign governments and international organisations	919.3	936.0	1 010.6	1 266.8
Public corporations and private enterprises	13 424.4	18 764.3	20 170.1	20 061.4
Public corporations	9 872.3	14 155.2	14 694.3	17 851.2
Subsidies on products or production	4 101.1	3 691.7	4 676.1	5 188.9
Other transfers to public corporations	5 771.2	10 463.5	10 018.2	12 662.3
Private enterprises	3 552.1	4 609.0	5 475.8	2 210.2
Subsidies on products or production	3 339.6	4 111.4	5 193.5	1 855.1
Other transfers to private enterprises	212.5	497.6	282.3	355.1
Non-profit institutions	882.1	1 002.8	1 220.2	1 225.3
Households	62 862.9	70 551.4	79 084.5	91 029.5
Social benefits	59 569.1	65 170.5	73 611.2	85 989.9
Other transfers to households	3 293.8	5 381.0	5 473.3	5 039.6
Total transfers and subsidies	332 685.1	391 023.5	458 352.8	533 412.3
Payments for capital assets				
Buildings and other fixed structures	2 481.5	3 838.2	5 566.8	5 961.3
Buildings	2 376.9	3 325.7	4 893.8	4 843.3
Other fixed structures	104.6	512.5	673.0	1 118.0
Machinery and equipment	3 322.8	3 210.7	2 965.0	2 741.0
Transport equipment	1 522.3	1 528.0	1 419.6	1 467.8
Other machinery and equipment	1 800.5	1 682.7	1 545.4	1 273.1
Specialised military assets	-	-	-	27.6
Biological assets	0.7	11.2	2.7	1.1
Land and subsoil assets	31.5	27.4	49.0	-
Software and other intangible assets	231.4	95.5	197.4	167.4
Total payments for capital assets	6 067.8	7 182.9	8 780.8	8 898.3
Payments for financial assets	1 335.8	1 812.5	10 972.9	32 758.3
Total	470 192.5	541 495.7	636 063.5	755 522.9
Contingency reserve	-	-	-	-
Projected underspending	-	-	-	-3 000.0
Total	470 192.5	541 495.7	636 063.5	752 522.9

Table 4. Expenditure by economic classification 2006/07 to 2012/13

Revised estimate	Medium-term expenditure estimates			R million
	2009/10	2010/11	2011/12	
76 008.7	84 093.2	90 167.3	95 232.5	Current payments
				Compensation of employees
63 383.4	69 171.6	74 337.1	78 539.2	Salaries and wages
12 625.3	14 921.6	15 830.2	16 693.2	Social contributions
43 205.8	46 843.3	51 466.9	53 656.0	Goods and services
57 601.0	71 359.6	88 465.0	104 024.5	Interest and rent on land
57 600.2	71 358.7	88 464.1	104 023.5	Interest (including interest on finance leases)
0.8	0.8	0.9	1.0	Rent on land
176 815.6	202 296.0	230 099.3	252 913.0	Total current payments
				Transfers and subsidies to:
				Provinces and municipalities
345 167.9	381 726.9	417 237.3	442 587.4	Provinces
294 968.2	322 858.2	350 547.1	369 348.4	Provincial revenue funds
294 968.2	322 858.2	350 547.1	369 348.4	
50 199.7	58 868.7	66 690.2	73 239.0	Municipalities
50 199.7	58 868.7	66 690.2	73 239.0	Municipal bank accounts
57 114.3	58 456.5	65 123.0	68 388.7	Departmental agencies and accounts
12.7	11.6	12.4	13.0	Social security funds
57 101.6	58 445.0	65 110.6	68 375.7	Departmental agencies (non-business entities)
15 437.4	17 532.0	19 318.5	20 669.2	Universities and technikons
1 260.9	1 313.9	1 288.8	1 380.3	Foreign governments and international organisations
19 725.2	20 129.1	20 700.1	21 489.8	Public corporations and private enterprises
17 555.0	16 988.4	17 034.7	17 355.7	Public corporations
5 198.9	5 180.8	5 262.0	5 499.9	Subsidies on products or production
12 356.1	11 807.6	11 772.7	11 855.7	Other transfers to public corporations
2 170.1	3 140.7	3 665.4	4 134.1	Private enterprises
1 795.1	2 778.8	3 255.0	3 629.1	Subsidies on products or production
375.1	362.0	410.3	505.0	Other transfers to private enterprises
1 225.1	2 275.2	2 339.0	1 894.0	Non-profit institutions
90 622.4	98 234.2	108 805.0	117 648.6	Households
85 620.3	92 792.8	102 213.6	110 636.4	Social benefits
5 002.1	5 441.4	6 591.5	7 012.1	Other transfers to households
530 553.1	579 667.8	634 811.7	674 058.0	Total transfers and subsidies
				Payments for capital assets
5 862.9	5 994.9	7 237.3	9 660.6	Buildings and other fixed structures
4 743.8	4 537.4	4 836.4	6 935.7	Buildings
1 119.2	1 457.5	2 400.9	2 725.0	Other fixed structures
2 735.2	3 236.9	3 381.4	3 525.6	Machinery and equipment
1 467.8	1 352.7	1 474.3	1 690.0	Transport equipment
1 267.4	1 884.2	1 907.2	1 835.6	Other machinery and equipment
27.6	19.6	24.5	122.0	Specialised military assets
1.1	1.6	0.7	0.7	Biological assets
–	–	–	–	Land and subsoil assets
61.0	37.5	32.7	33.8	Software and other intangible assets
8 687.9	9 290.5	10 676.6	13 342.9	Total payments for capital assets
32 760.0	20 888.6	750.0	0.0	Payments for financial assets
748 816.5	812 142.9	876 337.6	940 313.8	Total
–	6 000.0	12 000.0	24 000.0	Contingency reserve
–	–	–	–	Projected underspending
748 816.5	818 142.9	888 337.6	964 313.8	Total

Table 5. Amounts to be appropriated from the National Revenue Fund for 2010/11

	Appropriated (including direct charges)	Current payments	Transfers and subsidies	Payments for capital assets	Payments for financial assets	To be appropriated	Increase/ Decrease ¹	
R million	2009/10	2010/11						
Central Government Administration								
1	The Presidency	609.6	343.0	371.9	12.2	–	727.2	117.6
2	Parliament	1 350.7	1 275.4	284.8	11.7	–	1 571.9	221.2
3	Cooperative Governance and Traditional Affairs	35 604.4	619.7	43 288.5	13.3	–	43 921.5	8 317.0
4	Home Affairs	5 050.6	3 992.4	1 587.8	139.3	–	5 719.6	669.0
5	International Relations and Cooperation	5 337.0	3 688.6	820.2	315.7	–	4 824.4	-512.6
6	Public Works	5 298.0	2 042.8	3 029.6	1 373.9	–	6 446.3	1 148.3
7	Women, Children and People with Disabilities	64.0	39.3	51.9	6.6	–	97.8	33.8
Financial and Administrative Services								
8	Government Communication and Information System	482.0	355.5	187.4	3.4	–	546.2	64.2
9	National Treasury	354 795.2	72 806.9	296 522.2	14.5	20 750.0	390 093.6	35 298.4
10	Public Enterprises	3 797.3	174.7	36.7	0.6	138.6	350.6	-3 446.8
11	Public Service and Administration	596.3	376.9	271.6	2.9	–	651.5	55.2
12	Statistics South Africa	1 608.6	1 871.5	3.8	98.1	–	1 973.4	364.8
Social Services								
13	Arts and Culture	2 623.5	311.1	2 089.1	6.6	–	2 406.7	-216.7
14	Basic Education	3 929.9	1 777.1	4 385.1	4.1	–	6 166.2	2 236.3
15	Health	17 058.1	1 063.0	20 403.3	30.7	–	21 497.0	4 438.9
16	Higher Education and Training	25 259.6	382.4	31 752.7	9.8	–	32 144.9	6 885.3
17	Labour	1 671.0	1 259.9	515.2	8.8	–	1 783.9	112.9
18	Social Development	86 408.3	543.0	95 376.0	10.1	–	95 929.1	9 520.7
19	Sport and Recreation South Africa	2 859.9	192.9	1 047.6	5.1	–	1 245.6	-1 614.3
Justice, Crime Prevention and Security								
20	Correctional Services	13 238.6	14 007.7	13.1	1 108.3	–	15 129.0	1 890.5
21	Defence and Military Veterans	32 024.4	23 099.0	6 830.1	786.2	–	30 715.3	-1 309.1
22	Independent Complaints Directorate	114.9	126.0	0.1	3.3	–	129.3	14.5
23	Justice and Constitutional Development	11 278.6	9 984.8	1 567.9	627.7	–	12 180.4	901.8
24	Police	46 409.7	49 336.4	438.4	2 781.7	–	52 556.4	6 146.7
Economic Services and Infrastructure								
25	Agriculture, Forestry and Fisheries	2 903.5	1 773.5	1 836.5	47.9	–	3 658.0	754.5
26	Communications	2 266.9	483.2	1 626.7	4.1	–	2 114.0	-152.9
27	Economic Development	292.5	95.2	318.6	4.8	–	418.6	126.1
28	Energy	3 742.3	202.1	5 328.7	4.6	–	5 535.4	1 793.1
29	Environmental Affairs	2 261.0	910.2	1 224.3	473.3	–	2 607.8	346.8
30	Human Settlements	14 020.0	599.5	15 442.8	159.3	–	16 201.5	2 181.5
31	Mineral Resources	904.9	607.3	408.7	14.1	–	1 030.0	125.1
32	Rural Development and Land Reform	6 109.4	1 878.1	4 871.6	19.8	–	6 769.6	660.2
33	Science and Technology	4 234.1	362.0	4 249.5	4.1	–	4 615.5	381.4
34	Tourism	1 109.1	196.1	953.3	2.4	–	1 151.8	42.8
35	Trade and Industry	6 051.7	1 142.9	4 992.6	14.7	–	6 150.1	98.4
36	Transport	23 734.8	743.4	24 301.3	41.6	–	25 086.3	1 351.4
37	Water Affairs	7 462.4	3 632.8	3 238.5	1 125.3	–	7 996.6	534.2
Total	732 562.8	202 296.0	579 667.8	9 290.5	20 888.6	812 142.9	79 580.2	

1. A positive number reflects an increase and a negative number a decrease.

Table 6a. Conditional grants to provinces 2006/07 to 2012/13 ¹

R million	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimates			
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13	
Central Government									
Administration									
3	Cooperative Governance and Traditional Affairs	–	–	29.7	–	–	–	–	
6	Public Works	710.1	836.6	889.3	1 501.2	1 401.2	1 483.8	1 962.0	2 060.1
Financial and Administrative Services									
9	National Treasury	4 983.5	6 276.2	7 384.5	13 449.2	13 449.2	11 314.9	13 091.2	14 007.6
Social Services									
13	Arts and Culture	–	163.2	344.6	440.6	440.6	512.7	543.4	570.8
14	Basic Education	1 242.5	1 376.9	2 114.1	2 575.4	2 575.4	3 931.4	5 048.1	5 447.4
15	Health	10 206.5	11 552.7	14 028.7	16 702.5	16 417.5	19 852.8	21 971.8	24 030.4
16	Higher Education and Training	1 973.7	2 435.3	3 005.8	3 168.3	3 168.3	3 772.7	3 972.0	4 169.1
19	Sport and Recreation South Africa	119.0	194.0	293.7	402.3	402.3	426.4	452.0	474.6
Economic Services and Infrastructure									
25	Agriculture, Forestry and Fisheries	401.1	761.7	898.0	973.7	973.7	1 116.9	1 437.1	1 508.9
30	Human Settlements	6 677.8	8 149.9	10 177.9	12 592.3	12 592.3	15 160.6	17 222.4	17 938.7
32	Rural Development and Land Reform	8.0	–	–	–	–	–	–	–
35	Trade and Industry	58.2	–	–	–	–	–	–	–
36	Transport	3 241.0	3 029.4	4 340.3	6 669.9	6 669.9	4 312.4	4 158.5	4 360.9
Total		29 621.6	34 775.9	43 506.6	58 475.4	58 090.4	61 884.5	69 858.4	74 568.4

1. Detail provided in the Division of Revenue Act (2010).

Table 6b. Conditional grants to municipalities 2006/07 to 2012/13 ¹

R million	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimates			
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13	
Central Government									
Administration									
3	Cooperative Governance and Traditional Affairs	6 138.4	8 954.1	9 308.4	11 633.5	11 633.5	12 740.9	15 293.3	18 557.9
6	Public Works	–	–	–	201.7	201.7	623.0	1 108.0	1 163.4
Financial and Administrative Services									
9	National Treasury	410.3	716.5	361.5	851.4	611.4	1 394.6	1 575.1	1 586.3
Social Services									
19	Sport and Recreation South Africa	600.0	4 605.0	4 295.0	2 168.7	2 168.7	512.6	–	–
Economic Services and Infrastructure									
28	Energy	390.7	462.5	589.1	1 108.0	1 092.2	1 240.1	1 376.6	1 151.4
36	Transport	518.0	1 174.0	2 928.7	2 428.0	2 428.0	3 709.9	4 436.1	4 136.7
37	Water Affairs	385.7	732.9	994.6	925.0	854.6	890.1	380.0	399.0
Total		8 443.1	16 645.0	18 477.3	19 316.2	18 990.1	21 111.1	24 169.1	26 994.8

1. Detail provided in the Division of Revenue Act (2010).

Table 7. Training expenditure per vote 2006/07 to 2012/13

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimates		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Central Government Administration							
1	1.5	2.3	1.4	1.9	2.2	2.4	2.6
2	10.7	10.6	11.9	10.1	10.4	14.2	15.0
3	1.7	2.3	1.7	1.8	2.4	2.6	2.7
4	35.6	32.4	34.0	35.1	30.9	28.2	28.5
5	4.0	13.1	8.1	12.4	14.4	14.1	14.1
6	12.8	15.2	22.0	26.1	27.5	28.5	29.9
Financial and Administrative Services							
8	2.4	4.7	4.2	3.7	4.4	4.2	4.4
9	9.3	16.1	16.9	33.6	19.8	20.4	21.2
10	0.8	1.6	1.7	2.2	1.9	2.0	2.0
11	2.0	2.2	3.7	2.6	3.6	3.5	3.7
12	7.7	11.9	14.0	21.2	45.1	42.1	40.0
Social Services							
13	2.4	3.1	4.5	2.1	2.3	2.4	2.5
14	1.6	2.8	6.5	1.7	2.5	2.4	2.5
15	5.5	9.5	1.8	4.5	5.5	6.1	6.6
16	1.8	2.5	2.9	1.9	2.6	2.8	2.9
17	8.9	6.5	8.9	8.3	8.9	9.3	9.8
18	2.2	1.7	1.8	2.3	2.5	2.6	2.8
19	0.5	0.9	0.9	1.1	1.1	1.1	1.1
Justice, Crime Prevention and Security							
20	111.4	125.6	76.0	89.5	64.0	100.5	105.6
21	85.6	87.4	117.7	113.6	145.6	151.0	167.0
22	0.5	0.6	0.6	0.7	0.7	0.8	0.8
23	12.4	18.3	37.5	86.4	78.9	83.6	89.4
24	807.5	966.0	1 124.0	1 006.5	1 386.6	1 449.0	1 514.2
Economic Services and Infrastructure							
25	27.3	20.3	24.2	16.4	20.0	21.8	23.3
26	3.1	3.7	6.0	9.0	9.4	9.9	10.4
27	–	–	–	–	0.1	0.2	0.2
28	0.6	0.7	1.6	2.1	3.5	3.9	4.1
29	2.3	2.1	2.2	2.3	2.5	2.7	2.9
30	2.0	1.2	2.9	12.9	14.1	15.2	16.1
31	1.5	1.7	3.8	9.1	3.5	3.9	4.1
32	11.6	9.0	9.4	11.9	12.6	13.3	13.9
33	1.0	3.6	5.2	6.5	5.1	5.4	5.6
34	1.5	1.4	1.5	1.0	1.0	1.0	1.1
35	3.2	1.0	2.5	9.3	11.0	11.5	12.0
36	3.0	3.2	1.8	3.9	4.0	4.0	4.1
37	37.0	38.9	40.8	63.1	65.7	67.3	70.7
Total	1 223.1	1 424.2	1 604.9	1 616.8	2 016.3	2 133.7	2 237.8

Table 8. Infrastructure expenditure per vote 2006/07 to 2012/13 ¹

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimates		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Central Government Administration							
2 Parliament	–	5.1	40.5	–	–	–	–
3 Cooperative Governance and Traditional Affairs	6 138.4	8 754.1	9 138.1	11 433.5	12 528.9	15 068.6	18 322.0
4 Home Affairs	45.1	61.4	68.0	56.1	67.2	132.5	129.8
5 International Relations and Cooperation	119.4	649.9	926.7	423.2	231.5	249.8	317.0
6 Public Works	414.1	488.0	988.4	1 220.6	1 303.9	1 603.9	1 634.7
Financial and Administrative Services							
9 National Treasury	5 035.7	6 327.3	7 768.0	9 910.6	12 569.9	14 486.6	15 405.0
Social Services							
13 Arts and Culture	312.1	281.2	448.6	801.4	557.8	455.6	483.0
14 Basic Education	–	–	–	–	80.0	200.0	210.0
15 Health	1 498.7	2 118.5	1 884.8	3 495.2	3 939.6	3 789.7	3 805.0
16 Higher Education and Training	90.5	77.5	54.8	37.0	32.0	26.0	22.0
17 Labour	78.5	64.4	37.6	56.8	25.9	34.6	0.0
19 Sport and Recreation South Africa	600.0	4 605.0	4 295.0	1 661.1	302.3	–	–
Justice, Crime Prevention and Security							
20 Correctional Services	794.8	1 087.0	1 035.5	1 012.5	1 108.3	1 163.1	2 675.6
21 Defence and Military Veterans	49.2	93.4	476.5	452.0	1 120.7	841.1	1 218.3
23 Justice and Constitutional Development	323.7	361.1	479.5	515.5	631.5	759.4	865.0
24 Police	510.5	727.0	843.3	1 049.7	1 118.2	1 235.3	1 544.6
Economic Services and Infrastructure							
25 Agriculture, Forestry and Fisheries	120.0	112.0	108.6	115.0	172.9	270.8	253.5
26 Communications	100.0	646.0	950.0	810.0	420.9	279.0	167.0
28 Energy	1 328.9	1 525.6	1 888.8	2 400.3	4 271.9	4 366.4	4 565.5
29 Environmental Affairs	199.8	405.7	437.4	512.3	656.7	664.8	693.0
30 Human Settlements	–	3 829.9	1 885.1	1 674.3	2 014.8	2 248.4	2 341.9
32 Rural Development and Land Reform	14.4	5.6	6.3	11.8	17.4	18.3	44.7
33 Science and Technology	175.0	272.0	408.0	699.3	745.7	801.0	254.4
35 Trade and Industry	468.0	911.0	967.5	1 283.3	769.9	721.4	758.6
36 Transport	5 801.6	7 934.8	10 601.2	12 799.8	14 131.7	16 038.7	16 542.4
37 Water Affairs	85.9	644.4	1 467.1	1 976.8	2 279.9	3 358.1	3 805.1
Total	24 304.4	41 988.0	47 205.2	54 408.3	61 099.7	68 813.1	76 057.9

1. Amounts include mega infrastructure projects and programmes (over R300 million per year for a minimum of three years, or R900 million total project cost), large projects and programmes (between R300 million and R50 million per year within a given MTEF period), small projects and programmes (less than R50 million per year). Infrastructure transfers to other spheres, agencies and entities, fixed installations transferred to households and maintenance and repair projects are also included. Details are provided in the additional tables in each vote.

Table 9. Personnel expenditure per vote 2006/07 to 2012/13

R million	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimates			
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13	
Central Government Administration									
1	The Presidency	100.5	118.7	144.3	187.4	184.4	218.1	242.4	258.2
2	Parliament	446.6	521.0	708.6	780.1	780.1	856.1	905.7	951.2
3	Cooperative Governance and Traditional Affairs	116.2	128.1	153.8	172.3	164.8	241.9	255.3	268.1
4	Home Affairs	844.7	1 087.0	1 296.0	1 659.1	1 659.1	1 896.2	2 134.8	2 243.7
5	International Relations and Cooperation	1 136.5	1 293.2	1 683.4	2 062.6	2 062.6	2 017.1	2 101.4	2 203.1
6	Public Works	613.6	746.4	916.6	1 012.2	1 012.2	1 121.4	1 201.7	1 249.6
7	Women, Children and People with Disabilities	3.8	4.8	5.9	10.0	10.0	15.7	27.5	29.9
Financial and Administrative Services									
8	Government Communication and Information System	84.1	116.2	114.0	137.1	136.9	147.0	157.5	166.3
9	National Treasury	230.9	272.7	321.0	438.5	408.5	538.5	573.0	598.6
10	Public Enterprises	47.2	56.0	70.4	81.4	81.4	88.0	93.5	98.3
11	Public Service and Administration	92.5	115.8	129.1	153.4	153.4	174.4	183.4	193.4
12	Statistics South Africa	414.9	472.0	700.7	1 015.8	1 015.8	891.0	1 065.1	992.5
Social Services									
13	Arts and Culture	95.1	107.2	126.8	146.3	141.3	149.0	159.4	168.7
14	Basic Education	117.0	150.4	186.3	229.9	251.4	255.4	273.8	288.1
15	Health	231.7	258.6	292.5	329.1	329.1	369.7	403.4	442.4
16	Higher Education and Training	131.7	146.2	174.8	203.3	203.6	228.9	245.8	261.1
17	Labour	435.4	497.9	491.3	632.6	611.2	738.4	760.6	811.4
18	Social Development	111.1	133.6	184.1	225.4	225.4	245.1	260.6	277.7
19	Sport and Recreation South Africa	30.1	43.4	54.5	67.6	59.6	75.3	73.7	77.4
Justice, Crime Prevention and Security									
20	Correctional Services	5 606.6	6 799.2	8 077.8	9 313.0	9 313.0	10 483.8	11 058.5	11 611.2
21	Defence and Military Veterans	9 037.6	9 735.9	10 620.0	12 223.2	12 223.2	13 450.4	14 630.1	15 686.9
22	Independent Complaints Directorate	36.8	45.7	58.0	66.5	66.5	74.1	85.5	90.4
23	Justice and Constitutional Development	3 619.7	4 250.9	5 326.2	6 277.1	6 233.7	6 834.7	7 375.3	7 846.8
24	Police	22 730.2	25 610.6	29 147.4	33 770.2	33 770.2	37 148.8	39 660.3	41 777.4
Economic Services and Infrastructure									
25	Agriculture, Forestry and Fisheries	717.4	778.8	908.8	1 138.5	938.5	1 144.2	1 244.2	1 380.2
26	Communications	99.0	97.7	108.0	147.4	147.4	160.4	169.2	177.9
27	Economic Development	–	–	–	12.6	12.6	59.5	78.0	89.8
28	Energy	49.7	68.2	84.6	113.1	112.1	133.0	140.4	142.8
29	Environmental Affairs	156.7	196.3	212.3	260.3	260.3	324.9	351.5	368.9
30	Human Settlements	81.4	107.3	136.9	217.4	217.4	290.2	313.4	328.9
31	Mineral Resources	196.4	222.3	245.5	287.6	287.0	352.3	392.1	414.7
32	Rural Development and Land Reform	406.0	476.4	614.2	954.8	954.8	1 072.2	1 141.5	1 199.8
33	Science and Technology	83.7	104.1	144.9	200.2	200.2	215.0	227.3	239.1
34	Tourism	102.8	130.8	106.4	89.6	89.6	98.5	112.1	160.6
35	Trade and Industry	283.6	327.5	383.1	513.0	469.0	557.8	590.4	628.5
36	Transport	111.2	131.3	182.6	221.0	221.0	259.4	282.2	296.6
37	Water Affairs	972.0	890.7	862.5	1 043.1	1 001.4	1 166.5	1 196.7	1 212.4
Total		49 574.2	56 243.2	64 973.4	76 392.8	76 008.7	84 093.2	90 167.3	95 232.5

Table 10. Departmental receipts per vote 2006/07 to 2012/13 ¹

R million	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimates			
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13	
Central Government Administration									
1	The Presidency	1.7	0.3	0.2	0.5	0.5	0.3	0.3	0.3
2	Parliament	41.9	51.7	55.2	16.3	17.8	15.5	11.9	11.5
3	Cooperative Governance and Traditional Affairs	6.8	0.7	0.8	0.6	0.6	0.6	0.6	0.6
4	Home Affairs	468.2	421.1	355.7	429.5	429.5	455.3	482.6	506.7
5	International Relations and Cooperation	46.3	65.1	43.6	39.2	18.4	31.2	33.3	33.2
6	Public Works	79.9	95.8	28.5	25.6	31.5	26.6	27.7	29.4
Financial and Administrative Services									
8	Government Communication and Information System	3.1	3.1	3.3	2.9	2.9	3.0	3.0	3.0
9	National Treasury	4 355.1	6 116.7	5 270.4	4 148.5	3 839.0	2 354.2	2 544.8	2 602.9
10	Public Enterprises	0.1	0.1	0.8	0.1	0.1	0.1	0.1	0.1
11	Public Service and Administration	1.8	2.7	1.0	0.9	0.9	0.7	0.7	0.7
12	Statistics South Africa	1.5	17.7	2.8	6.9	6.9	2.2	2.5	2.6
Social Services									
13	Arts and Culture	3.2	0.4	3.6	1.0	1.0	0.6	0.6	0.7
14	Basic Education	0.6	1.9	1.5	0.9	0.9	1.1	1.2	1.2
15	Health	33.3	41.2	31.2	33.7	33.7	31.5	32.8	32.9
16	Higher Education and Training	6.2	6.9	6.7	6.5	6.6	6.9	7.0	7.0
17	Labour	6.1	8.4	28.9	12.9	12.9	16.1	22.4	24.3
18	Social Development	865.3	237.0	16.5	0.2	20.2	510.2	10.2	10.2
19	Sport and Recreation South Africa	5.6	0.0	0.3	0.6	5.7	0.3	0.4	0.4
Justice, Crime Prevention and Security									
20	Correctional Services	100.0	136.3	80.5	131.2	136.7	143.4	152.0	161.0
21	Defence and Military Veterans	492.8	551.9	629.4	676.7	676.7	702.5	729.2	756.9
22	Independent Complaints Directorate	0.0	0.4	0.1	0.1	0.1	0.1	0.1	0.1
23	Justice and Constitutional Development	319.5	317.0	356.8	358.9	358.9	377.6	399.8	422.5
24	Police	251.9	345.1	376.5	332.6	332.6	341.7	321.3	324.5
Economic Services and Infrastructure									
25	Agriculture, Forestry and Fisheries	141.1	121.1	254.0	219.7	216.7	119.3	121.5	118.2
26	Communications	2 613.8	3 007.4	3 520.1	933.0	1 160.8	925.0	959.4	993.4
27	Economic Development	177.5	229.3	244.4	484.8	420.0	230.0	243.8	250.0
28	Energy	0.1	1.2	3.3	3.5	3.5	3.7	3.9	4.1
29	Environmental Affairs	4.9	4.7	8.5	2.7	2.7	0.8	0.8	0.8
30	Human Settlements	1.9	0.7	2.4	0.5	2.8	0.5	0.5	0.6
31	Mineral Resources	191.0	267.1	261.3	161.8	161.8	205.6	211.8	213.9
32	Rural Development and Land Reform	158.8	176.4	64.2	231.2	61.1	68.4	69.0	64.5
33	Science and Technology	1.0	0.2	0.3	1.0	1.0	0.1	0.1	0.1
35	Trade and Industry	66.6	94.2	64.9	66.7	67.0	108.3	114.9	120.2
36	Transport	330.4	362.5	215.8	231.7	116.6	127.8	137.4	144.3
37	Water Affairs	137.2	0.1	26.6	72.6	39.8	41.2	44.0	44.0
Total departmental receipts as per Estimates of National Expenditure		10 915.2	12 686.3	11 960.0	8 635.5	8 188.0	6 852.2	6 691.4	6 887.0
Less: Parliament (retained departmental receipts)		41.9	51.7	55.2	16.3	17.8	15.5	11.9	11.5
Plus: South African Revenue Service departmental receipts collection		-30.0	58.0	711.4	1 205.8	812.4	3 543.6	4 803.7	5 503.9
Total departmental receipts as per Budget Review		10 843.3	12 692.6	12 616.2	9 825.0	8 982.6	10 380.3	11 483.2	12 379.4

1. Departmental receipts exclude extraordinary receipts which are deposited into the National Revenue Fund. Extraordinary receipts are included in the Budget Review.

Information contained in each chapter

The Estimates of National Expenditure publication describes in detail the planned spending of all national government departments for three years going forward: that is, the years of the medium term expenditure framework (MTEF). The Estimates of National Expenditure is tabled in Parliament by the Minister of Finance on the day the main Budget is tabled. It provides details about the allocation of expenditure to all national departments set out in the appropriation bill, which is tabled on the same day.

The appropriation bill is divided into votes. A vote generally specifies the total amount appropriated per department. Each chapter in the Estimates of National Expenditure relates to a vote. By appropriating funds from the National Revenue Fund through the approval of the appropriation bill, Parliament authorises expenditure.

Votes are arranged into the following functional groupings to facilitate analysis of interdepartmental initiatives and service delivery.

- central government administration
- financial and administrative services
- social services
- justice, crime prevention and security
- economic services and infrastructure.

These functional groupings are informal and are not the same as either the government's cluster system groupings or the standard chart of accounts' more rigorous classification of government functions.

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

The chapter for each vote contains the following information:

Budget summary

This table shows the budgeted expenditure for the vote for the MTEF period.

R million	2010/11					2011/12	2012/13
	Total to be Appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Payments for financial assets	Total	Total
MTEF allocation							
Programme name							
Programme name							
Programme name							
Subtotal							
Direct charge against the National Revenue Fund							
Item							
Item							
Total expenditure estimates							
Executive authority	Minister						
Accounting officer	Director-General / Chief Operating Officer						
Website address							

Due to rounding off, the figures do not necessarily add up to the total. Figures are mostly denoted in rand million unless otherwise indicated.

The **2010/11 total to be appropriated** shows the expenditure allocation for 2010/11 and corresponds with the information in the 2010 Appropriation Bill.

The totals to be appropriated by Parliament are categorised by economic classification into **current payments, transfers and subsidies, payments for capital assets and payments for financial assets**.

Current payments are payments made by the department for its operational requirements.

Transfers and subsidies are payments made by the department for which the department does not directly receive anything in return.

Payments for capital assets are payments made by a department for an asset that can be used for more than one year and from which future economic benefits or service potential are expected to flow.

Payments for financial assets mainly consist of payments made by departments as loans to public corporations or as equity investments in public corporations. The reason for expensing the payments rather than treating them as financing is that, unlike other financial transactions, the purpose of the transaction is not profit oriented. This column is only shown in departments where such payments have been budgeted for. Payments for theft and losses are included in this category; however, these payments are not budgeted for and will thus only appear in the historical information, which can be seen in the expenditure estimates table.

Estimates for the two outer years of the expenditure framework, **2011/12** and **2012/13**, are also shown. These estimates are not included in the 2010 Appropriation Bill as they are still only indicative of actual expenditure levels in the outer years of the MTEF period. Parliament typically only appropriates or authorises expenditure for one financial year at a time. These forward estimates or indicative allocations do, however, form the basis for the planning of the 2011 Budget.

Direct charges against the National Revenue Fund are amounts appropriated in terms of statutes and do not require parliamentary approval. They are not budgeted for in terms of a programme on a particular vote and include, for example, state debt costs.

The last lines of the table provide accountability information: the department's executive authority, accounting officer and website address.

Aim

The aim of the vote captures the department's mandate, strategic objectives or its administrative functions, and corresponds with the aim stated in the appropriation bill.

Programme purposes

Each vote is comprised of several programmes. The activities and functions performed by a department are typically divided into these programmes. Programme 1 is the *Administration* programme, which houses the administrative activities and functions required to keep the department operating. Each vote programme is listed individually with its purpose, as stated in the appropriation bill. The programme purpose outlines the activities and functions of the particular programme as per the approved budget programme structure, in terms of the Public Finance Management Act (1999).

Strategic overview: 2006/07 – 2012/13

This section describes the department's strategic direction over the period under review. It includes policy and mandate developments and legislative changes as well as a table of selected quantitative and trendable performance indicators.

Savings and cost effective service delivery

In this section, departments discuss details of the cost savings measures and reprioritisation of budgets effected in the 2009/10 financial year and to be effected over the MTEF period ahead.

Savings typically emanate from reduced expenditure on non-core goods and services, the rescheduling of expenditure over time in the case of delays, reduced transfers to certain public entities, improved financial management, reduced expenditure on administration in favour of frontline services and through seeking alternative sources of financing.

Selected performance indicators

Indicator	Programme	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13

The table presents only a selected set of a department or entity's performance information and is not intended to provide a comprehensive view of performance.

An **indicator** is a numerical measure that tracks a department's or entity's progress towards its goal. An indicator may measure inputs, activities, outputs, outcomes or in certain instances explanatory information relating to the internal or external environment.

The **programme** column links the indicator to the programme associated with it.

Expenditure estimates

This table shows expenditure outcomes and estimates over a seven-year period, by vote programme and by economic classification item.

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
R million								
1. Programme name								
2. Programme name								
3. Programme name								
Subtotal								
Direct charge against the National Revenue Fund								
Item								
Item								
Total								
Change to 2009 Budget estimate								

Economic classification

Current payments

Economic classification item			
Economic classification item			

Transfers and subsidies

Economic classification item			
Economic classification item			

Payments for capital assets

Economic classification item			
Economic classification item			

Payments for financial assets

Total			
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Expenditure is set out first by **programme** and then by **economic classification** over a seven-year period.

For comparability, where programme structures have been changed in recent years, expenditure has, where possible, been reallocated to the new approved programme structure for all seven years. The president's appointment of ministers and deputy ministers after the 2009 general elections has necessitated a reorganisation of national departments, including renaming departments and establishing new departments. As a result, functions may have shifted between departments as a whole or in part, and new functions may have been defined.

Audited outcomes are presented as they appear in the department or entity's annual financial statements, with amounts reallocated for any subsequent approved budget programme structure changes.

Adjusted appropriation includes the changes made to the appropriation voted in the 2009 main Budget for the financial year, with amounts reallocated for any subsequent approved programme structure changes. Changes are generally made mid-year at the time of the adjustments budget. These adjustments can only be made in terms of the circumstances listed in section 30 of the Public Finance Management Act (1999). Adjustments are included in the adjustments appropriation bill, which Parliament approves before expenditure can take place, and the details are published in the Adjusted Estimates of National Expenditure publication.

The **revised estimate** for 2009/10 represents National Treasury's current estimate, in consultation with the department, of expenditure outcomes. This does not imply a change in the amounts voted to departments in the 2009/10 adjusted appropriation; it is merely a more recent estimate of what the department will indeed spend.

The **medium-term expenditure estimates** are shown for 2010/11, 2011/12 and 2012/13. The spending figures for 2010/11 constitute the proposed appropriation to be funded from the National Revenue Fund that is contained in the main appropriation bill, which has to be considered by Parliament after it has been tabled. The medium-term expenditure estimates for 2011/12 and 2012/13 are indicative allocations, and will form the basis for planning the 2011 Budget.

Direct charges against the National Revenue Fund are amounts appropriated in terms of statutes and do not require parliamentary approval. They are not budgeted for in terms of a programme on a particular vote and include, for example, state debt costs.

The **totals**, which are the sum of the expenditure on programmes and direct charges, are also classified into current payments, transfers and subsidies, payments for capital assets and payments for financial assets.

Expenditure trends

The main expenditure trends and vote programme structure changes from 2006/07 to 2012/13 are described. Trends are generally represented over the MTEF period between 2009/10 and 2012/13, or over the entire period between 2006/07 and 2012/13.

An explanation of the spending focus over the MTEF period in relation to the strategic objectives and the performance targets that will be achieved over the period is given. Expenditure growth in the historical period is also typically compared to expenditure anticipated over the MTEF period. Reasons are given for trends that are identified, and the significant increases or decreases in expenditure are explained in terms of the underlying policies and service delivery objectives that inform the trends. A summary of the new (additional) allocations to the vote programme's baseline budget is given. The baseline is derived from the previous year's forward estimates. Expenditure on existing and new infrastructure is discussed.

Generally, unless otherwise indicated, average annual growth rates are reflected in nominal, not real, terms. Where inflationary growth has been excluded from the calculation and real growth estimates are provided, the consumer price index has been used to deflate the growth rate.

Departmental receipts

Departmental (non-tax) receipts for 2009/10 are described, as well as the anticipated receipts for the MTEF period.

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
Departmental receipts								
Economic classification item								
Economic classification item								
Total								

Information on each programme

Each programme section (with the exception of the *Administration* programme) opens with the purposes of the subprogrammes that form that programme. The details of functions performed within subprogrammes and the principle for distributing funds across spending areas within subprogrammes are also described.

Programme 1 is always *Administration*, which includes spending on the ministry, the director-general's office and central corporate services.

Objectives and measures

Objectives and measures are indicated for each programme. Objectives should include an explanation of strategic intent as well as specific interventions and progress measures. (Programme 1 (*Administration*) is generally exempt from providing objectives and measures.)

For example: Improve service to eligible citizens and residents (objective) by reducing the time taken to issue passports and travel documents (specific intervention) from 10 days in 2008/09 to 5 days in 2011/12 (progress measure).

Service delivery focus

Information is provided on recent achievements for each programme, including service delivery and operational achievements for the previous year and for the current financial year to date. Reports are given relative to the targets that were presented in previous Estimates of National Expenditure and Adjusted Estimates of National Expenditure publications.

Expenditure estimates (per programme)

Tables for each programme set out expenditure by subprogramme and economic classification over a seven-year period.

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Subprogramme name							
Subprogramme name							
Subprogramme name							
Total							
Change to 2009 Budget estimate							

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Economic classification							
Current payments							
Economic classification item							
Economic classification item							
Transfers and subsidies							
Economic classification item							
Economic classification item							
Payments for capital assets							
Economic classification item							
Economic classification item							
Payments for financial assets							
Total							

Expenditure trends (per programme)

Important expenditure trends for each programme are explained. The scope of the information provided in this section is similar to what is provided for the entire vote.

Public entities and other agencies

Where appropriate, the discussion of an entity is linked to a specific vote programme and is shown directly after the discussion of that programme.

The scope of information contained in the write-up on public entities is similar to what is reported for the department.

Information on each of the public entities generally consists of the following:

- key legislative mandates in terms of which the entity was established and within which it operates
- selected performance indicators relating to the entity's mandate
- planned deliverables for the next MTEF period
- key objectives achieved during the previous reporting periods
- financial data tables for the entity, focusing on the sources of funding for the entity, key spending areas and expenditure trends, and if applicable an analysis of some of the more important items on the entity's balance sheet
- reprioritisation and savings measures implemented.

Additional tables

Additional tables appear at the end of the vote. These include:

Summary of expenditure trends and estimates per programme and economic classification

This table shows the budgeted expenditure as well as the audited outcome and revised estimate for 2008/09 and 2009/10 respectively.

Summary of personnel numbers and compensation of employees

Employment information is provided in respect of the department. The amount spent by a department on compensation of employees is shown.

Information is provided on different categories of employees.

The **unit cost** refers to the average cost per person employed by the department. It is calculated by dividing the compensation figure by the personnel numbers.

Personnel numbers refers to the physical number (head count) of people employed by the department.

Details of establishment and personnel numbers per salary level

Employment information is provided in respect of the department. The amount spent by a department on compensation of employees is shown.

Information is provided on the number of posts in the department at different salary levels **per programme** as at 30 September 2009.

Number of posts on approved establishment refers to the number of departmental employment positions approved by the Department of Public Service and Administration.

Number of funded posts refers to the number of departmental employment positions which are provided within the budget.

Number of posts additional to the establishment typically refers to additional employment positions that have been allocated on an ad hoc basis and that do not form part of the approved departmental establishment.

Summary of expenditure on training

Information is provided on the funds spent on training, and the number of people trained by the department.

Summary of departmental public private partnerships projects

Disclosure notes with additional details are provided for the projects signed in terms of Treasury Regulation 16.

Public private partnerships refer to contractual arrangements in which a private party performs part of a government function and assumes the associated risks. In return, the private party receives a fee according to predefined performance criteria. A public private partnership may also be a project in which a private party uses state assets for its own commercial purposes, and government benefits from the profits generated by the enterprise.

Unitary fee refers to the total payment made to the private party for the provision of all types of services.

A **signed** project is a public private partnership project which has reached financial close and is being implemented.

Projects in preparation are in some stage of inception, feasibility or procurement, but have not yet reached financial close.

Project monitoring costs are associated with the ongoing evaluation and monitoring of public private partnerships in operation.

Advisory fees are costs related to the hiring of transaction advisors who assist government with feasibility studies and procurement in the public private partnership project process.

Revenue generated is shown in cases where public private partnership projects have revenue generating potential such as tourism projects or toll roads.

Summary of expenditure on infrastructure

The infrastructure table includes new and replacement assets, maintenance and repairs, upgrades and additions, and rehabilitation, renovation and refurbishment of assets.

Infrastructure transfers to other spheres, agencies and departments refers to transfers and grants to other government components for expenditure on infrastructure.

Fixed installations transferred to households shows the transfer of funds to individual South Africans to be used for the construction of fixed 'on-site' structures that enhance the welfare of households.

Maintenance on infrastructure refers to all maintenance, repairs and refurbishment expenditure on infrastructure that prolongs the life and retains the value of the infrastructure asset. This item does not include day-to-day maintenance.

In all tables a dash (-) indicates that information is unavailable or zero.

Vote 1

The Presidency

Budget summary

R million	2010/11					2011/12	2012/13
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Payments for financial assets	Total	Total
MTEF allocation							
Administration	227.5	213.6	2.0	11.9	–	249.9	276.3
Communications	30.0	30.0	–	0.1	–	32.9	37.6
Executive Coordination	465.1	94.8	370.0	0.3	–	489.4	496.6
Subtotal	722.6	338.5	371.9	12.2	–	772.2	810.5
Direct charge against the National Revenue Fund							
Salary of the president	2.4	2.4	–	–	–	2.5	2.7
Salary of the deputy president	2.2	2.2	–	–	–	2.3	2.4
Total expenditure estimates	727.2	343.0	371.9	12.2	–	777.0	815.6

Executive authority Minister in the Presidency: Performance Monitoring and Evaluation as well as Administration

Accounting officer Chief Operations Officer in the Presidency

Website address www.thepresidency.gov.za

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

Aim

The aim of the Presidency is to lead, manage and develop the strategic agenda of government and oversee and ensure its realisation by government as a whole.

Programme purposes

Programme 1: Administration

Purpose: Effective leadership, management and administrative support services to the principals and branches of the Presidency.

Programme 2: Communications

Purpose: A comprehensive communications, research, and knowledge and information management service to enable the Presidency to communicate effectively with all its stakeholders, including the public and government.

Programme 3: Executive Coordination

Purpose: Strengthen the strategic management and leadership capability of government by aligning the strategies of all spheres of government and state owned enterprises.

Strategic overview: 2006/07 – 2012/13

The main focus of the Presidency over the medium term is to ensure that government is efficient and geared to attaining its strategic priorities.

Two new ministries

Government has recognised the lack of integrated and aligned national planning and programmes across the three spheres. In response, the Presidency has established two new ministries, the National Planning Commission and the Ministry of Performance Management and Evaluation.

National planning

The National Planning Commission will be instituted in 2010 and will be responsible for developing a long term strategic plan and ensuring a common perspective on government's policy agenda, and for facilitating discussions on reaching South Africa's development goals in the medium to long term. The commission's work will be driven by South Africa's long term national strategic plan, commonly known as Vision 2025, which sets the national agenda and specifies how to achieve national goals and aspirations.

Monitoring and evaluation

Monitoring and evaluation activities enable government to reflect on the impact and effectiveness of policy choices and programme targets. In 2005, Cabinet approved an implementation plan to develop a monitoring and evaluation system across all national government departments, with the Presidency responsible for facilitating the implementation of the government wide monitoring and evaluation system and promoting the use of appropriate performance indicators to measure delivery. This function has been boosted by the new ministry, which will be responsible for monitoring the implementation of government strategy and programmes, and evaluating government performance, reporting, and facilitating the president's interaction with political principals. The Presidency will build a government wide monitoring and evaluation system and provide leadership on coordination and monitoring and evaluation policies. This function is designed to improve the quality of government services and help to remove obstacles to implementation.

Evolved and improved planning instruments

South Africa's planning system has evolved and improved since 1994 and now embodies a variety of planning instruments. The medium term strategic framework sets government's medium term strategic objectives. Government's electoral mandate constitutes the fundamental core of the framework and is reviewed annually to respond to local and international change. The medium term strategic framework and the annual reviews inform the three-year medium term expenditure framework and provide the basis for government's annual programme of action, as well as the planning and budgeting decisions made throughout government. The strategic framework also ensures that budgetary allocations reflect government's strategic priorities. The ministers' committee on the budget plays an important role in ensuring that allocations are aligned with government's priorities.

Current priorities

The Presidency will take a leadership role in accelerating economic growth, ensuring that planned infrastructure projects are implemented, and developing and implementing an integrated approach to rural development. Other priorities include: positioning South Africa globally; strengthening South Africa's skills and education base; improving the health profile of all South Africans, including through a national health insurance scheme and improving health care services; improving the capacity and efficiency of the criminal justice system; promoting nation building and social cohesion; promoting regional integration and peace and security; ensuring that government's 2010 FIFA World Cup commitments are implemented and that South Africa is well marketed beyond the event; and encouraging sustainable development and the use of alternative energy.

Improved communication channels

The Presidency is improving communication channels with its stakeholders and the media, and with the public through the new presidential hotline.

New structures

The functions of the *Gender, Disability and Children* subprogramme in *Executive Coordination* were shifted to the new Ministry for Women, Children and People with Disabilities, established after the 2009 elections. This

new ministry will consolidate, institutionalise and drive government's equity, equality and empowerment agenda on women, children and persons with disabilities, especially in rural and poor communities.

The National Youth Commission in the Presidency and the Umsobomvu Youth Fund in the Department of Labour have been dissolved and amalgamated into the new National Youth Development Agency.

Savings and cost effective service delivery

The Presidency's expenditure review has resulted in projected cost reductions of R19.9 million in 2010/11, R22.4 million in 2011/12 and R10.1 million in 2012/13. Projected expenditure on goods and services is reduced by 14.2 per cent, 15.7 per cent and 7.5 per cent and transfers and subsidies are reduced by R1 million in each year over the MTEF period. Savings in goods and services have been advertising in advertising, bursaries, catering, communication, contractors, legal costs, stationery and printing, travel and subsistence, and venues and facilities across all programmes.

Selected performance indicators

Table 1.1 The Presidency

Indicator	Programme	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Number of new districts' integrated development plans aligned with the national spatial development perspective and provincial growth and development plans	Executive Coordination	13	10	15	14	-	-	-
Number of households surveyed on income, consumption and expenditure in the national income dynamic survey per year	Executive Coordination	-	8 000	7 305	8 000	9 600	0	12 000
Number of research reports per year	Executive Coordination	-	-	-	-	0	1	1

Expenditure estimates

Table 1.2 The Presidency

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
R million								
1. Administration	158.0	162.2	213.0	240.7	240.7	227.5	249.9	276.3
2. Communications	14.1	16.2	20.5	35.6	32.6	30.0	32.9	37.6
3. Executive Coordination	52.3	473.0	78.9	418.4	418.4	465.1	489.4	496.6
Subtotal	224.4	651.4	312.4	694.8	691.8	722.6	772.2	810.5
Direct charge against the National Revenue Fund	2.2	2.3	4.0	4.3	4.3	4.6	4.8	5.1
Salary of the president	1.2	1.3	2.1	2.3	2.3	2.4	2.5	2.7
Salary of the deputy president	1.0	1.0	1.9	2.0	2.0	2.2	2.3	2.4
Total	226.5	653.7	316.4	699.1	696.1	727.2	777.0	815.6
Change to 2009 Budget estimate				377.6	374.6	392.2	422.4	464.3

Table 1.2 The Presidency (continued)

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
R million								
Economic classification								
Current payments	191.4	224.0	273.9	354.0	351.0	343.0	380.4	399.1
Compensation of employees	100.5	118.7	144.3	187.4	184.4	218.1	242.4	258.2
Goods and services	90.9	105.3	129.6	166.5	166.5	124.9	138.0	140.9
<i>of which:</i>								
Communication	9.4	10.6	11.8	13.4	13.4	9.7	11.4	12.3
Computer services	2.0	2.0	4.9	8.9	8.9	7.8	11.8	13.5
Consultants and professional services:	7.0	1.4	9.5	45.5	45.5	25.6	22.8	15.0
Business and advisory services								
Travel and subsistence	36.4	37.0	46.6	44.3	44.3	36.3	41.1	43.8
Transfers and subsidies	27.8	425.1	35.6	334.4	334.4	371.9	387.8	407.3
Provinces and municipalities	0.1	0.0	0.0	–	–	0.0	0.0	0.0
Departmental agencies and accounts	23.2	424.6	33.4	331.9	331.9	371.9	387.8	407.3
Public corporations and private enterprises	3.1	–	–	–	–	–	–	–
Non-profit institutions	0.4	–	–	–	–	–	–	–
Payments for capital assets	7.2	4.7	6.8	10.7	10.7	12.2	8.8	9.2
Machinery and equipment	7.2	4.7	6.8	10.7	10.7	12.2	8.8	9.2
Payments for financial assets	0.1	–	–	–	–	–	–	–
Total	226.5	653.7	316.4	699.1	696.1	727.2	777.0	815.6

Expenditure trends

Between 2006/07 and 2009/10, total expenditure increased from R226.5 million to R699.1 million at an average annual rate of 45.6 per cent. This accommodates the increase in compensation of employees and goods and services, mainly due to changes to the departmental structure and the increase in the number of ministers and support staff. Between 2006/07 and 2009/10, spending on transfers and subsidies increased at an average annual rate of 129.1 per cent due to the merger of the Umsobomvu Youth Fund and the National Youth Commission to form the National Youth Development Agency. Over the MTEF period, expenditure is projected to increase to R815.6 million in 2012/13 at an average annual rate of 5.4 per cent.

The 2010 Budget provides additional funds of R105.6 million in 2010/11, R131.5 million in 2011/12 and R147.1 million in 2012/13 for: administration capacity, advisers to political principals and office equipment for the Presidency (R30 million); the National Planning Commission (R20 million); the Ministry of Performance Management and Evaluation (R30 million); and salary adjustments (R5.6 million).

Spending over the MTEF period focuses on the integration and implementation of the programmes of the National Planning Commission and the Ministry of Performance Management and Evaluation.

Departmental receipts

Departmental receipts consist mainly of recovered advances and debts, and from renting out state property. The increase in revenue in 2006/07 is due to the sale of official vehicles.

Table 1.3 Departmental receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
Departmental receipts	1 738	289	233	502	502	311	331	337
Sales of goods and services produced by department	76	99	131	102	102	252	266	279
Sales of scrap, waste, arms and other used current goods	4	5	1	–	–	–	–	–
Interest, dividends and rent on land	4	19	4	10	10	16	19	13
Sales of capital assets	1 076	32	–	240	240	–	–	–
Transactions in financial assets and liabilities	578	134	97	150	150	43	46	45
Total	1 738	289	233	502	502	311	331	337

Programme 1: Administration

Expenditure estimates

Table 1.4 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Minister ¹	0.9	1.0	2.8	3.3	3.4	3.6	3.8
Management	105.5	114.0	145.9	164.3	160.0	172.0	184.1
Support Services to President	38.6	31.9	44.8	51.2	49.6	57.9	69.7
Support Services to Deputy President	13.0	15.3	19.5	21.9	14.5	16.4	18.7
Total	158.0	162.2	213.0	240.7	227.5	249.9	276.3
Change to 2009 Budget estimate				50.2	26.1	38.5	54.4

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

Economic classification

Current payments	142.5	153.4	200.4	225.1	213.6	239.4	265.2
Compensation of employees	71.5	81.7	98.3	123.1	136.0	150.9	160.0
Goods and services	71.0	71.7	102.1	102.1	77.6	88.5	105.2
<i>of which:</i>							
Communication	8.5	9.7	10.4	11.1	8.3	9.8	10.5
Computer services	2.0	2.0	4.6	4.8	6.1	9.5	11.0
Consultants and professional services:	2.0	1.3	2.0	6.5	3.7	1.4	10.8
Business and advisory services							
Travel and subsistence	28.4	28.6	38.2	34.7	23.3	26.3	28.2
Transfers and subsidies	8.5	4.4	6.2	5.3	2.0	2.0	2.1
Provinces and municipalities	0.1	0.0	0.0	–	0.0	0.0	0.0
Departmental agencies and accounts	4.0	4.0	4.0	3.0	2.0	2.0	2.1
Public corporations and private enterprises	3.1	–	–	–	–	–	–
Non-profit institutions	0.4	–	–	–	–	–	–
Households	0.9	0.4	2.2	2.3	–	–	–
Payments for capital assets	6.9	4.3	6.4	10.3	11.9	8.5	8.9
Machinery and equipment	6.9	4.3	6.4	10.3	11.9	8.5	8.9
Payments for financial assets	0.1	–	–	–	–	–	–
Total	158.0	162.2	213.0	240.7	227.5	249.9	276.3

Table 1.4 Administration (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	4.0	4.0	4.0	3.0	2.0	2.0	2.1
South African Chapter of the African Renaissance (SACAR)	1.0	1.0	1.0	–	–	–	–
Isigodlo Trust	3.0	3.0	3.0	3.0	2.0	2.0	2.1
Public corporations and private enterprises							
Public corporations							
Other transfers							
Current	3.1	–	–	–	–	–	–
Development Bank of Southern Africa	3.1	–	–	–	–	–	–
Non-profit institutions							
Current	0.4	–	–	–	–	–	–
Centre for African Renaissance Studies	0.4	–	–	–	–	–	–

Expenditure trends

Expenditure in the *Administration* programme increased from R158 million in 2006/07 to R240.7 million in 2009/10 at an average annual rate of 15.1 per cent. Growth over the medium term slows to an average annual rate of 4.7 per cent. Strong growth between 2006/07 and 2009/10 was mainly due to funds allocated in 2009/10 for additional capacity to support the new ministries and principals. The *Support Services to the President* subprogramme grew at an average annual rate of 9.9 per cent between 2006/07 and 2009/10. The strong growth of 40.6 per cent in 2009/10 is mainly due to the additional minister and the increase in capacity to support the minister. Spending by the *Management* subprogramme over the medium term is expected to grow at an average annual rate of 3.9 per cent, mainly due to the increase in operational costs to support the new principals and ministries.

Programme 2: Communications

- *Communications* provides communication services to the Presidency by assisting the president and the other principals to communicate effectively with the public and within government. This is done through research, speech writing, media liaison and the imbizo programmes.

The programme is structured around the following functions:

- research, drafting, speech writing, monitoring external communication, and writing services
- media liaison: communication support to the principals and external stakeholders on behalf of the Presidency
- public participation and public relations: management of public participation programmes such as imbizos; public relations services; and support for outreach events, including coordinating visits by the public to the Presidency; and events management
- internal communication services: branding the Presidency and providing information services to the Presidency staff and the public, including: the Presidency newsletter, the annual report, the intranet, the Presidency website, and library, and information management services
- public liaison (presidential hotline): providing an appeal mechanism for citizens whose complaints have not been attended to satisfactorily by other spheres of government or departments.

Funding in all subprogrammes is mainly used for compensation of employees, and related expenditure in goods and services.

Objectives and measures

- Ensure full compliance with the Promotion of Access to Information Act (2000) and its amendments by publishing it on the Presidency website by the end of February 2010.
- Improve the effectiveness of the presidential hotline by:
 - making hotline reports available to all directors-general and following up on backlogs on a monthly basis in accordance with targets agreed by Cabinet
 - publishing monthly reports for Cabinet.
- Increase the reach of the Presidency beyond traditional target audiences by establishing a presence in new media platforms, specifically Facebook, Twitter and mobile technology.
- Improve relations with the media through regular media briefings at the Union Buildings with 1 principal addressing at least 1 briefing per month on an ongoing basis.
- Improve the outreach of the principals by identifying and facilitating more platforms, with each principal addressing at least 2 per year.
- Improve national identity by improving the media profile and visibility of the national orders each year by at least 10 per cent of the coverage received in the preceding year.
- Highlight the role of the principals in international affairs by improving their annual media coverage each year by at least 15 per cent of the coverage received in the preceding year.

Service delivery focus

In 2009/10, the Presidency continued to facilitate direct communication between political principals and the public through imbizos. Several sectoral meetings were held with school principals, religious leaders, mayors and municipal managers, and members of the police force. These meetings, apart from those with religious leaders, have emphasised the new administration's service delivery expectations. In addition to drafting and writing principals' speeches, the *Communications* programme has compiled reports of all public and sectoral meetings that principals have engaged in since they came into office. An important project was compiling profiles of the recipients of national orders.

Media relations have improved since the president met executives and editors of the three major media houses. Other principals within the Presidency have also been more open with the media; for example the deputy president addressed the Cape Town Press Club in September 2009 and the Minister of the National Planning Commission invited the media to a briefing on the commission.

Launched in 2009/10, the presidential hotline is an appeal mechanism for citizens whose complaints have not been attended to satisfactorily by other spheres of government or departments. The hotline is housed in a public liaison unit and staffed by 21 full time personnel and 40 call centre agents employed by the State Information Technology Agency. This service has enabled hundreds of people to have problems attended to and resolved, and has set a new trend in citizen care.

Expenditure estimates

Table 1.5 Communications

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Communications	14.1	16.2	20.5	35.6	30.0	32.9	37.6
Total	14.1	16.2	20.5	35.6	30.0	32.9	37.6
Change to 2009 Budget estimate				11.3	4.4	5.7	9.1

Table 1.5 Communications (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Economic classification							
Current payments	14.0	16.1	20.4	35.6	30.0	32.8	37.6
Compensation of employees	7.3	10.0	11.9	22.7	21.5	23.5	24.7
Goods and services	6.7	6.1	8.5	12.9	8.4	9.3	12.9
<i>of which:</i>							
Communication	0.4	0.3	0.7	1.3	0.4	0.4	0.4
Computer services	0.0	–	0.3	4.1	1.6	2.2	2.4
Consultants and professional services:	–	0.1	–	0.5	0.4	0.4	3.3
Business and advisory services							
Travel and subsistence	3.5	2.5	3.3	3.7	3.6	3.7	4.0
Payments for capital assets	0.0	0.1	0.1	0.1	0.1	0.1	0.1
Machinery and equipment	0.0	0.1	0.1	0.1	0.1	0.1	0.1
Total	14.1	16.2	20.5	35.6	30.0	32.9	37.6

Expenditure trends

Expenditure increased at an average annual rate of 36.2 per cent from R14.1 million in 2006/07 to R35.6 million in 2009/10, due to the expansion of the *Communications* subprogramme with a 2009 adjustment allocation for the presidential hotline.

Spending over the medium term focuses on responding to growing communication responsibilities.

Programme 3: Executive Coordination

- *Policy Coordination* is responsible for: overseeing the development and implementation of policy in government through engaging with clusters of directors-general and other top officials; providing strategic support and advice to principals in the Presidency; and overseeing the government wide monitoring and evaluation system and the national spatial development perspective. *Policy Coordination* is in the process of expanding its responsibilities with the creation of the new *National Planning Commission* and *Performance, and Monitoring and Evaluation* subprogrammes.
- *Cabinet Office* facilitates Cabinet processes and ensures that Cabinet can operate effectively. This includes managing documentation and meetings, providing quality control services, and monitoring the implementation of cabinet decisions
- *National Youth Development Agency* transfers funds to the National Youth Development Agency which initiates, implements, facilitates and monitors youth development interventions aimed at reducing youth unemployment and promoting social cohesion. This new subprogramme was established due to the merging of the National Youth Commission and the Umsobomvu Youth Fund to create the National Youth Development Agency.

Funding in all subprogrammes is mainly used for compensation of employees, and related expenditure in goods and services.

Objectives and measures

- Provide clear and consistent policies in pursuit of government's developmental objectives of reducing poverty and inequality and creating a non-racial society by:
 - developing a long term national strategic plan and ensuring a common perspective on government's policy agenda for the future, taking into account major long term and spatial trends and dynamics
 - developing spatial guidelines for spatial planning and territorial development as a common reference point for interpreting spatial realities and the implications for government intervention and private sector activity

- producing a medium term strategic framework and annual programmes of action consistent with the department’s long term vision and electoral mandate
- aligning policy development horizontally and vertically while specifying activities, inputs, outputs and outcomes.
- Operationalise planning capacity at the centre of government by developing a long term development vision and a roadmap within 18 months.
- Improve government planning and policy making by reviewing and updating the medium term strategic framework every year to include outcomes, interventions and progress.
- Introduce and support government wide outcomes based performance management systems and translate these measures into a performance letter from the president to the relevant minister, groups of ministers, and ministers and members of the executive council for each sector.
- Report on government’s programme of action by leading a coordinated government wide monitoring and evaluation system and publishing a standardised set of development indicators every year.
- Strengthen the leading role of the Presidency in global governance, bilateral and multilateral relations, South-South cooperation, and the implementation of the African Agenda by engaging in international forums.
- Ensure the sustainable absorption of the unemployed into economic activity by supporting the development of a policy document on a new growth path over the MTEF period.

Service delivery focus

The lack of a national long term strategic plan has weakened government’s ability to provide clear and consistent policies, limited its capacity to mobilise society in pursuit of developmental objectives, and hampered efforts to prioritise resource allocations and drive the implementation of government’s objectives and priorities. In addition, weaknesses in the coordination of government have led to policy inconsistencies and, in several cases, poor service delivery. Government will rectify these weaknesses by working with all social partners to mobilise society in pursuit of objectives that are broadly accepted and enshrined in the Constitution. There will be more focus on planning and more attention to coordination, and related interventions aimed at remedying what has not worked. The Presidency has proposed a series of special reports on key issues that influence planning in light of concerns about the effectiveness of current policies and programmes. The annual programme of action will remain an important planning tool, but will focus more on measurable objectives. The medium term strategic framework will also give more attention to measurable objectives and timetables.

Progress with implementing the government wide monitoring and evaluation system includes re-establishing the monitoring and evaluation task team and creating a coordinated policy platform for monitoring and evaluation across government on an ongoing basis. The Presidency publishes annual development indicators aimed at providing an assessment of the progress made by South African society.

Expenditure estimates

Table 1.6 Executive Coordination

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Policy Coordination	23.0	40.3	36.3	76.6	82.8	90.5	77.0
Cabinet Office	10.0	12.1	13.2	12.9	12.3	13.0	14.5
National Youth Development Agency	19.2	420.6	29.4	328.9	370.0	385.9	405.1
Total	52.3	473.0	78.9	418.4	465.1	489.4	496.6
Change to 2009 Budget estimate				316.1	361.6	378.1	400.8

Table 1.6 Executive Coordination (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Economic classification							
Current payments	32.8	52.2	49.1	89.0	94.8	103.3	91.3
Compensation of employees	19.6	24.7	30.1	37.4	56.0	63.2	68.5
Goods and services	13.2	27.5	19.0	51.6	38.8	40.2	22.7
<i>of which:</i>							
Communication	0.5	0.6	0.7	0.9	1.0	1.3	1.5
Consultants and professional services: Business and advisory services	5.0	0.0	7.5	38.5	21.6	20.9	0.9
Travel and subsistence	4.5	5.8	5.1	5.8	9.4	11.0	11.7
Transfers and subsidies	19.2	420.6	29.4	329.1	370.0	385.9	405.1
Departmental agencies and accounts	19.2	420.6	29.4	328.9	370.0	385.9	405.1
Households	–	–	–	0.1	–	–	–
Payments for capital assets	0.2	0.2	0.3	0.4	0.3	0.2	0.2
Machinery and equipment	0.2	0.2	0.3	0.4	0.3	0.2	0.2
Total	52.3	473.0	78.9	418.4	465.1	489.4	496.6
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	19.2	420.6	29.4	328.9	370.0	385.9	405.1
National Youth Development Agency	19.2	420.6	29.4	328.9	370.0	385.9	405.1

Expenditure trends

Expenditure in the *Executive Coordination* programme increased at an average annual rate of 100 per cent from R52.3 million in 2006/07 to R418.4 million in 2009/10, with projected growth over the MTEF period at an average annual rate of 5.9 per cent to reach R496.6 million in 2012/13. The growth between 2006/07 and 2009/10 provided funding for policy coordination and the national income dynamics survey. The National Planning Commission and the Ministry of Performance Management and Evaluation are new and have impacted on the growth of expenditure in this programme. Expenditure for the Ministry of Performance Monitoring and Evaluation will be frontloaded and additional funding was made available through the 2009 adjustments budget. Funding for this ministry over the MTEF period has been set at R30 million, R35 million and R40 million.

Between 2006/07 and 2009/10, spending on transfers and subsidies grew at an average annual rate of 157.7 per cent due to the merger of the Umsobomvu Youth Fund and the National Youth Commission to form the National Youth Development Agency.

Spending over the medium term focuses on the operationalisation of the new ministries.

Additional tables

Table 1.A Summary of expenditure trends and estimates per programme and economic classification

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R million	2008/09		2008/09	2009/10			2009/10
1. Administration	184.0	200.2	213.0	190.5	50.2	240.7	240.7
2. Communications	22.8	23.1	20.5	24.3	11.3	35.6	32.6
3. Executive Coordination	79.1	88.4	78.9	390.5	28.0	418.4	418.4
Subtotal	285.8	311.7	312.4	605.3	89.5	694.8	691.8
Direct charge against the National Revenue Fund	2.5	5.0	4.0	4.3	-	4.3	4.3
Salary of the president	1.3	5.0	2.1	2.3	-	2.3	2.3
Salary of the deputy president	1.1	-	1.9	2.0	-	2.0	2.0
Total	288.3	316.7	316.4	609.6	89.5	699.1	696.1

Economic classification

Current payments	252.8	278.7	273.9	270.2	83.7	354.0	351.0
Compensation of employees	143.9	152.2	144.3	154.5	32.9	187.4	184.4
Goods and services	108.9	126.4	129.6	115.7	50.8	166.5	166.5
Transfers and subsidies	28.4	29.5	35.6	331.9	2.5	334.4	334.4
Departmental agencies and accounts	28.3	28.3	33.4	331.9	-	331.9	331.9
Public corporations and private enterprises	0.1	0.1	-	-	-	-	-
Households	-	1.0	2.2	-	2.5	2.5	2.5
Payments for capital assets	7.1	8.6	6.8	7.4	3.3	10.7	10.7
Machinery and equipment	6.6	8.6	6.8	7.4	3.3	10.7	10.7
Software and other intangible assets	0.5	-	-	-	-	-	-
Total	288.3	316.7	316.4	609.6	89.5	699.1	696.1

Table 1.B Summary of personnel numbers and compensation of employees

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Permanent and full time contract employees							
Compensation (R million)	98.1	113.3	140.9	186.7	217.1	241.3	257.0
Unit cost (R million)	0.2	0.2	0.3	0.4	0.3	0.4	0.4
<i>Administration</i>	0.2	0.2	0.2	0.3	0.3	0.3	0.3
<i>Communications</i>	0.3	0.3	0.3	0.7	0.4	0.4	0.4
<i>Executive Coordination</i>	0.3	0.3	0.3	0.4	0.6	0.7	-
Personnel numbers (head count)	443	479	512	497	636	636	636
Part time and temporary contract employees							
Compensation (R million)	2.0	4.8	3.1	0.7	-	-	-
Unit cost (R million)	0.2	0.2	0.3	0.2	-	-	-
Personnel numbers (head count)	9	20	12	3	-	-	-
Total for department							
Compensation (R million)	100.5	118.7	144.3	187.4	218.1	242.4	258.2
Unit cost (R million)	0.2	0.2	0.3	0.4	0.3	0.4	0.4
Personnel numbers (head count)	465	516	534	500	675	675	675

Table 1.C Summary of expenditure on training

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Compensation of employees (R million)	100.5	118.7	144.3	187.4	218.1	242.4	258.2
Training expenditure (R million)	1.5	2.3	1.4	1.9	2.2	2.4	2.6
Training as percentage of compensation	1.5%	1.9%	1.0%	1.0%	1.0%	1.0%	1.0%
Total number trained in department (head count)	197	97	93	–			
<i>of which:</i>							
<i>Employees receiving bursaries (head count)</i>	47	35	63	56			
<i>Leaverships trained (head count)</i>	11	12	11	–			
<i>Internships trained (head count)</i>	13	17	10	–			

Table 1.D Summary of departmental public private partnership (PPP) projects

Project description: National fleet project	Project annual unitary fee at time of contract	Budgeted expenditure	Medium-term expenditure estimate		
		2009/10	2010/11	2011/12	2012/13
R million					
Projects signed in terms of Treasury Regulation 16	–	15.9	16.7	18.3	19.6
PPP unitary charge ¹	–	15.9	16.7	18.3	19.6
Total	–	15.9	16.7	18.3	19.6

1. Phavis fleet services public private partnership. Disclosure notes for this project can be viewed in the public private partnership table of the Department of Transport's chapter.

Disclosure notes for projects signed in terms of Treasury Regulation 16

Project name	Phakisa World
Brief description	Phavis fleet services - Transport services
Duration of PPP agreement	5 years
Escalation index for unitary fee	n/a
Net Present Value of all payment obligations discounted at appropriate duration government bond yield	n/a
Variations / amendments to PPP agreement	n/a
Cost implications of variations/amendments	n/a
Significant contingent fiscal obligations including termination payments, guarantees, warranties and indemnities and maximum estimated value of such liabilities	n/a

Vote 2

Parliament

Budget summary

R million	2010/11				2011/12	2012/13
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	317.2	310.7	–	6.5	333.3	350.0
Legislation and Oversight	282.3	280.3	–	2.0	296.4	308.5
Public and International Participation	86.4	82.5	2.9	1.0	88.9	88.9
Members' Facilities	211.4	209.2	–	2.2	232.0	236.7
Associated Services	281.9	–	281.9	–	287.9	304.3
Subtotal	1 179.2	882.7	284.8	11.7	1 238.6	1 288.4
Direct charge against the National Revenue Fund						
Members' remuneration	392.7	392.7	–	–	409.6	430.1
Total expenditure estimates	1 571.9	1 275.4	284.8	11.7	1 648.2	1 718.6
Executive authority	Presiding officers					
Accounting officer	Secretary to Parliament					
Website address	www.parliament.gov.za					

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

Aim

The aim of Parliament is to provide the support services required by Parliament to fulfil its constitutional functions, to assist political parties represented in Parliament to secure administrative support and service constituents, and to provide members of Parliament with the necessary facilities.

Programme purposes

Programme 1: Administration

Purpose: Strategic leadership, institutional policy, overall management, administration and corporate services to Parliament's executive, management and staff.

Programme 2: Legislation and Oversight

Purpose: Procedural and administrative services for Parliament to carry out its core functions. Pass legislation and oversee executive action.

Programme 3: Public and International Participation

Purpose: Carry out Parliament's role in public and international participation and support for these activities.

Programme 4: Members' Facilities

Purpose: Telephone, travel and other facilities for members of Parliament in the National Assembly and National Council of Provinces.

Programme 5: Associated Services

Purpose: Financial support to political parties represented in Parliament, and to its leaders and constituency offices.

Strategic overview: 2006/07 – 2012/13

Parliament's role and ultimate objective is to represent the people of South Africa and ensure government by the people under the Constitution, as well as to represent the provinces in the national sphere of government. This is achieved through passing legislation, overseeing government action, facilitating public involvement, participating in and overseeing cooperative government, and participating in international relations.

Strategic objectives

Since 2005, Parliament's new vision and main objective has been to build a responsive and effective people's Parliament driven by the ideal of a better quality of life for South Africans. The fourth democratic Parliament, inaugurated in 2009, will emphasise strengthening the oversight function, increasing public participation, strengthening cooperative government, widening the role of Parliament in international relations, and continuing to build a people's Parliament.

Strengthen the oversight function

Much of Parliament's focus from 1994 was on ensuring the transformation of South Africa's legislative landscape. After 2004, Parliament increasingly focused on improving its oversight capacity to ensure sound governance and effective service delivery by the executive. Parliament will now implement the oversight model, establish mechanisms and processes for better oversight, create dedicated capacity to support content work and the skills development programme, and improve institutional knowledge management.

Increase public participation

Over the past decade, Parliament has developed a number of programmes and projects to educate citizens about the role and processes of Parliament, and undertaken initiatives to bring Parliament closer to citizens. Over the MTEF period, Parliament aims to improve its educational information and public access to Parliament. Constituency work by members of Parliament plays a major role in participatory democracy. Parliament will invest in developing tools and providing support services to assist members to perform their functions in constituencies.

Strengthen cooperative government

To further strengthen cooperative government, aspects of the Constitution relating to the cooperative governance role of Parliament require the development of processes and practice. For Parliament to play its role in intergovernmental relations and promote provincial interests on the national level, Parliament needs to establish protocols and mechanisms to guide and govern the relationship between the spheres of government and the organs of state.

Improve and expand international relations

The global environment and governance structure are constantly changing, and Parliament must respond by reviewing and improving its international role. Over the MTEF period, Parliament will prioritise improving cooperation and participation in regional, continental, and international forums. Parliament will also build internal capacity for international relations.

Build an effective and efficient institution

Parliament will continue to build an effective and efficient institution that is focused on improving service delivery by: improving institutional governance and policy; implementing modern systems and technologies; improving human resource capacity; cultivating an institutional culture that enables service delivery and better communication; and providing space, accommodation and facilities.

Savings and cost effective service delivery

Parliament has identified efficiency savings of R6.7 million in 2011/12 and R14.1 million in 2012/13. The specific areas targeted for cost reductions include communication, entertainment and travel. Parliament will continue to review policies relating to these areas to ensure that spending is kept at minimum levels.

Selected performance indicators**Table 2.1 Parliament**

Indicator	Programme	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Number of bills passed per year	Legislation and Oversight	28	45	80	23	40	40	30
Number of questions put to the executive per year	Legislation and Oversight	2 489	2 868	2 286	3 363	2 700	2 700	2 700
Number of annual reports tabled and scrutinised by committees	Legislation and Oversight	251	223	179	217	270	270	270
Number of oversight visits undertaken by committees per year	Legislation and Oversight	93	50	60	41	50	50	50
Number of debates held for the public consideration of issues per year	Public and International Participation	62	132	45	55	30	30	30
Number of visitors to Parliament per year	Public and International Participation	30 015	27 106	24 014	25 334	24 000	24 000	24 000
Number of international agreements adopted per year	Public and International Participation	55	34	51	9	50	30	40

Expenditure estimates**Table 2.2 Parliament**

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
R million								
1. Administration	263.1	271.9	397.2	292.2	292.2	317.2	333.3	350.0
2. Legislation and Oversight	129.1	163.1	203.5	233.0	233.0	282.3	296.4	308.5
3. Public and International Participation	71.5	72.2	130.4	98.9	98.9	86.4	88.9	88.9
4. Members' Facilities	134.5	149.5	158.6	225.2	225.2	211.4	232.0	236.7
5. Associated Services	156.8	245.4	245.4	258.7	258.7	281.9	287.9	304.3
Subtotal	755.1	902.1	1 135.1	1 108.0	1 108.0	1 179.2	1 238.6	1 288.4
Direct charge against the National Revenue Fund	223.3	240.7	356.9	376.7	376.7	392.7	409.6	430.1
Members' remuneration	223.3	240.7	356.9	376.7	376.7	392.7	409.6	430.1
Total	978.3	1 142.8	1 492.0	1 484.7	1 484.7	1 571.9	1 648.2	1 718.6
Change to 2009 Budget estimate				133.9	133.9	145.9	143.4	138.4

Table 2.2 Parliament (continued)

R million	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
Economic classification								
Current payments	807.0	876.8	1 166.4	1 197.8	1 197.8	1 275.4	1 347.2	1 401.9
Compensation of employees	446.6	521.0	708.6	780.1	780.1	856.1	905.7	951.2
Goods and services	360.4	355.8	457.8	417.8	417.8	419.3	441.5	450.7
<i>of which:</i>								
Communication	20.4	20.2	18.9	20.9	20.9	22.1	22.4	23.7
Consultants and professional service: Business and advisory services	50.5	49.8	51.9	69.9	69.9	65.8	43.8	46.3
Agency and support / outsourced services	7.2	7.1	7.0	6.8	6.8	18.2	20.2	21.4
Travel and subsistence	178.3	176.0	258.8	222.3	222.3	206.4	238.2	235.8
Transfers and subsidies	159.0	247.6	247.9	261.4	261.4	284.8	291.0	307.6
Provinces and municipalities	0.2	–	–	–	–	–	–	–
Foreign governments and international organisations	1.9	2.2	2.6	2.8	2.8	2.9	3.1	3.2
Non-profit institutions	156.8	245.4	245.4	258.7	258.7	281.9	287.9	304.3
Payments for capital assets	12.3	18.4	77.7	25.4	25.4	11.7	10.0	9.1
Buildings and other fixed structures	–	5.1	40.5	–	–	–	–	–
Machinery and equipment	11.9	12.0	37.2	25.4	25.4	7.5	10.0	9.1
Software and other intangible assets	0.4	1.3	–	–	–	4.2	–	–
Total	978.3	1 142.8	1 492.0	1 484.7	1 484.7	1 571.9	1 648.2	1 718.6

Expenditure trends

Total expenditure, including the direct charge against the National Revenue Fund for members' remuneration, increased from R978.3 million in 2006/07 to R1.5 billion in 2009/10, at an average annual rate of 14.9 per cent. Growth was highest in 2008/09 at 30.6 per cent, due to an additional allocation of R324 million from Parliament's retained earnings. These earnings were used for the 118th Inter-Parliamentary Union meeting in April 2009, aspects of hosting the fourth Parliament, capacity building, and to accommodate increases in public and international participation programmes.

Expenditure is expected to increase over the medium term, from R1.5 billion to R1.7 billion, at an average annual rate of 5 per cent, due to increases in salaries and inflation related escalations. The 2010 Budget sets out an additional allocation of R448.4 million over the medium term to accommodate the additional capacity required for supporting the oversight functions of committees, including researchers, content specialists and language interpreters, and to promote increased international and public participation.

Revenue retained by Parliament

Parliament is not required to return unspent funds to the National Revenue Fund, which means that all unspent funds from previous years have accumulated as retained earnings. Other revenue, such as interest collected and catering sales, is also reflected as part of retained earnings. The surplus in the retained earnings account decreased in 2008/09, as funds were used to finance certain strategic interventions. Income from interest earned on the surplus balance is also expected to decrease over the medium term.

Table 2.3 Departmental receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
Opening balance of surplus account	251 755	322 334	377 336	154 495	123 271	142 783	163 283	180 223
Parliamentary receipts	41 888	51 735	55 190	16 312	17 812	20 500	16 940	16 489
Sales of goods and services produced	20 975	16 599	16 698	12 812	12 812	13 000	13 440	13 989
Interest, dividends and rent on land	21 011	35 136	38 492	3 500	5 000	7 500	3 500	2 500
Sales of capital assets	(98)	–	–	–	–	–	–	–
Other revenue	1 192	640	(465)	–	850	–	–	–
(Net) Local and foreign aid assistance	1 192	640	(465)	–	850	–	–	–
Adjustments to revenue account	(5 527)	211	46 627	–	850	–	–	–
Increase/(decrease) to direct charges appropriation	(5 962)	(1 672)	45 843	–	–	–	–	–
Other adjustments	(2 211)	275	(58)	–	–	–	–	–
Amounts recovered	2 646	1 608	842	–	850	–	–	–
Changes in retained revenue¹	33 026	2 416	(324 193)	–	–	–	–	–
Closing balance of surplus account	322 334	377 336	154 495	170 807	142 783	163 283	180 223	196 712

1. Changes in retained revenue is the unspent portion of the appropriation

Programme 1: Administration

Expenditure estimates

Table 2.4 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Office of the Speaker	13.2	17.8	27.1	22.5	35.5	37.2	39.1
Office of the Chairperson	8.8	11.8	17.4	14.1	17.5	18.4	19.3
Office of the Secretary	137.6	145.9	203.3	120.0	151.5	159.1	167.0
Corporate Services	43.8	35.1	35.6	70.6	45.2	47.4	49.8
Institutional Support	59.7	61.2	113.8	65.0	67.5	71.2	74.7
Total	263.1	271.9	397.2	292.2	317.2	333.3	350.0
Change to 2009 Budget estimate				44.4	52.2	50.9	53.4

Economic classification

Current payments	256.0	257.0	322.7	276.1	310.7	330.1	347.2
Compensation of employees	115.2	146.9	183.0	214.0	222.6	241.9	254.0
Goods and services	140.8	110.1	139.6	62.1	88.0	88.2	93.3
<i>of which:</i>							
Communication	8.0	6.2	3.5	4.0	4.2	4.5	4.7
Consultants and professional service: Business and advisory services	19.7	15.4	16.6	16.1	18.4	19.5	20.6
Agency and support / outsourced services	2.8	2.2	2.2	0.8	5.9	7.2	7.6
Travel and subsistence	69.6	54.5	79.2	29.9	32.0	26.9	28.4
Transfers and subsidies	0.1	–	–	–	–	–	–
Provinces and municipalities	0.1	–	–	–	–	–	–
Payments for capital assets	7.0	14.9	74.6	16.0	6.5	3.2	2.8
Buildings and other fixed structures	–	5.1	40.5	–	–	–	–
Machinery and equipment	6.9	8.6	34.1	16.0	2.3	3.2	2.8
Software and other intangible assets	0.1	1.3	–	–	4.2	–	–
Total	263.1	271.9	397.2	292.2	317.2	333.3	350.0

Expenditure trends

Between 2006/07 and 2009/10, expenditure grew from R263.1 million to R292.2 million, at an average annual rate of 3.6 per cent. Growth in total expenditure in the *Administration* programme was moderate over this period. However, expenditure in some of the subprogrammes was significant. For example, expenditure in the *Office of the Speaker*, *Office of the Chairperson* and *Corporate Services* subprogrammes grew at an average annual rate of 19.5 per cent, 17 per cent and 17.2 per cent over the period. These increases were due to expenditure on ICT infrastructure for an electronic document management system and a system to manage travel arrangements, the renewal of office equipment, and payments to the Department of Public Works for the refurbishment of buildings used by Parliament. In 2008/09, Parliament used its retained earnings for capacity building in finance management and in its internal audit and legal services units, which explains the 46.1 per cent increase.

The 98.3 per cent increase in expenditure in the *Corporate Service* subprogramme in 2009/10 can be attributed to an additional allocation of R44.4 million for expenditure relating to hosting the fourth Parliament, restructuring the constitutional and legal service unit, and higher than expected salary increases. In 2010/11, Parliament reprioritised funds from capital expenditure in the *Corporate Services* subprogramme to compensation of employees and goods and services in the *Office of the Speaker*, *Office of the Chairperson* and *Office of the Secretary* subprogrammes for recruiting and employing staff with specialised skills. This resulted in the significant growth in these subprogrammes' expenditure in that year.

Over the medium term, expenditure is expected to grow at an average annual rate of 6.2 per cent, and is expected to reach R350 million. This is due to salary increases and to accommodate inflation. The *Office of the Secretary* subprogramme receives an additional allocation of R26.8 million per year over the MTEF period to be used for strengthening capacity in the constitutional and legal service unit, the finance and management office, the Parliamentary democracy office, and the internal audit section.

Programme 2: Legislation and Oversight

- *National Assembly* provides procedural advice and guidance for the proceedings of the National Assembly. Funding in this subprogramme is used for administrative services to the National Assembly and for support for its programmes, research activities and events.
- *National Council of Provinces* provides procedural advice and guidance for the proceedings of the National Council of Provinces. Funding in this subprogramme is used for administrative services to the National Council of Provinces and for support for its programmes, research activities and events.
- *Legislation and Oversight* provides procedural advice and research and administrative services to committee proceedings. Funding in this subprogramme is used for administrative services to the legislation and oversight unit and for support for its programmes, research activities, and events.

Objectives and measures

- Strengthen Parliament's oversight function by:
 - developing protocols for assessing the performance of all state organs by 2014
 - developing guidelines for select and portfolio committees for joint planning and coordination, and implementing rules, systems and capacity for such planning and coordination by the end of the fourth Parliament in 2014.
- Ensure the continuous cultivation and preservation of institutional knowledge and access to it by developing an institutional knowledge management strategy and policy and the requisite systems by 2014.

Service delivery focus

In 2009, 23 bills were passed in Parliament. In 2009, 217 annual reports were tabled (42 from national departments, 9 from constitutional bodies, and 166 from public entities) and 41 oversight visits conducted by committees of Parliament.

To enhance support to committees, in 2009/10 Parliament appointed 12 content advisors to assist committees: 9 to assist portfolio committees and 3 to assist select committees.

The research unit produced 417 research papers in 2009 to enable members to respond to their constitutional responsibilities effectively.

Expenditure estimates

Table 2.5 Legislation and Oversight

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
National Assembly	7.5	8.4	15.1	13.7	21.6	22.7	23.8
National Council of Provinces	15.6	26.5	22.2	22.8	27.8	29.2	30.7
Legislation and Oversight	106.0	128.2	166.3	196.6	232.8	244.5	254.0
Total	129.1	163.1	203.5	233.0	282.3	296.4	308.5
Change to 2009 Budget estimate				45.2	82.5	84.0	85.5
Economic classification							
Current payments	127.5	160.8	202.0	227.3	280.3	293.8	306.4
Compensation of employees	78.8	99.8	127.5	152.2	185.3	195.5	205.3
Goods and services	48.7	61.1	74.5	75.1	95.0	98.3	101.2
<i>of which:</i>							
Communication	2.8	3.5	3.9	3.6	3.8	4.0	4.2
Consultants and professional services:	6.8	8.6	8.3	20.7	12.5	12.1	12.8
Business and advisory services							
Agency and support / outsourced services	1.0	1.2	1.2	1.3	7.3	7.8	8.2
Travel and subsistence	24.1	30.2	39.2	31.3	43.0	44.3	44.1
Payments for capital assets	1.6	2.3	1.5	5.7	2.0	2.6	2.1
Machinery and equipment	1.2	2.3	1.5	5.7	2.0	2.6	2.1
Software and other intangible assets	0.3	–	–	–	–	–	–
Total	129.1	163.1	203.5	233.0	282.3	296.4	308.5

Expenditure trends

Expenditure increased from R129.1 million in 2006/07 to R233 million in 2009/10, at an average annual rate of 21.8 per cent. Growth was more significant in 2007/08 and 2008/09, at 26.3 per cent and 24.8 per cent, due to capacity building for committees, the installation of new and more advanced ICT equipment in committee rooms, and the implementation of the language policy, which requires that all official languages are represented equally in Parliament.

In 2009/10, Parliament received an additional allocation of R45.2 million for the appointment of language practitioners and content advisors due to the increase in Parliamentary committees and to support the implementation of the language policy. This resulted in an increase in spending of 18.2 per cent in the *Legislation and Oversight* subprogramme in that year.

Over the medium term, the programme's budget is expected to grow at an average annual rate of 9.8 per cent to reach R308.5 million. The *Legislation and Oversight* subprogramme receives an additional allocation of R46.2 million per year over the MTEF period for appointing sessional interpreters in the language services section and 40 content advisors to committees, and for providing training to new committee members.

The spending focus over the medium term is on strengthening the oversight role of Parliament by building the capacity required to assist committees to perform their duties efficiently and effectively.

Programme 3: Public and International Participation

- *Public Affairs* provides education and information, public relations, media relations, and events management. Funding is mainly for projects and programmes to promote public education and participation in Parliamentary processes.
- *International Relations* provides protocol services, administration for bilateral and multilateral meetings and services for official visits. Funding is mainly for projects and programmes to facilitate Parliament's engagement in international relations.

Objectives and measures

- Improve public participation and involvement in Parliamentary processes by developing a public participation model by 2014.
- Improve public education programmes by developing a module on Parliament for learning institutions from grade R to tertiary level by 2013.
- Continue to increase public participation through an annual People's Assembly and the Taking Parliament to the People programme twice a year.

Service delivery focus

In 2009/10, 55 debates were held on matters of concern, and 3 joint sittings were held. One of the joint sittings focused on the preparation for the 2010 FIFA World Cup. Parliament adopted 9 international agreements.

Parliament conducted the Amazwi Abesifazane (Voice of Women) national workshop in all 9 provinces as well as the annual People's Assembly and Taking Parliament to the People programmes.

In 2009/10, Parliament's educational tours attracted 24 549 visitors from various public spheres. Presentations and workshops to over 2 050 participants provided information and education to communities. Parliament produced a number of publications that promote African oral tradition and heritage, including 2 500 books and 400 CDs and DVDs. The books were distributed to 268 libraries.

After restructuring in 2007/08, 22 critical posts were filled in 2008/09 in the areas of information and content, media, and public education. Parliament also appointed 10 office bearers to chapter 9 institutions.

In 2009/10, Parliament organised and participated in a 3-day international women's conference held at the Pan African Parliament. The international relations unit provided content advice for compiling the conference report. Parliament also participated in the 2008 parliamentary hearing at the United Nations, the second Commonwealth women's parliamentary conference, and the parliamentary conference of the World Trade Organisation.

Expenditure estimates

Table 2.6 Public and International Participation

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Public Affairs	54.5	52.6	110.4	51.6	40.9	40.9	40.9
International Relations	17.1	19.6	20.0	47.3	45.5	48.0	48.0
Total	71.5	72.2	130.4	98.9	86.4	88.9	88.9
Change to 2009 Budget estimate				31.2	14.7	13.1	9.3

Table 2.6 Public and International Participation (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Economic classification							
Current payments	66.5	69.7	127.2	94.6	82.5	84.1	83.9
Compensation of employees	11.1	12.6	18.5	13.5	30.2	31.9	33.5
Goods and services	55.5	57.2	108.7	81.1	52.3	52.2	50.5
<i>of which:</i>							
Communication	3.1	3.2	3.6	2.8	3.0	2.2	2.3
Consultants and professional service: Business and advisory services	7.8	8.0	8.5	7.0	7.4	6.2	6.6
Agency and support / outsourced services	1.1	1.1	0.9	1.0	1.1	1.1	1.2
Travel and subsistence	27.4	28.3	77.1	55.9	26.1	27.0	23.8
Transfers and subsidies	1.9	2.2	2.6	2.8	2.9	3.1	3.2
Foreign governments and international organisations	1.9	2.2	2.6	2.8	2.9	3.1	3.2
Payments for capital assets	3.1	0.3	0.6	1.6	1.0	1.8	1.8
Machinery and equipment	3.1	0.3	0.6	1.6	1.0	1.8	1.8
Total	71.5	72.2	130.4	98.9	86.4	88.9	88.9
Details of selected transfers and subsidies							
Foreign governments and international organisations							
Current	1.9	2.2	2.6	2.8	2.9	3.1	3.2
International associations	1.9	2.2	2.6	2.8	2.9	3.1	3.2

Expenditure trends

Between 2006/07 and 2009/10, expenditure grew from R71.5 million to R98.9 million at an average annual rate of 11.4 per cent. The large increase in the *International Relations* subprogramme of 136.5 per cent in 2009/10 was due to additional funding allocated in the 2009 adjustments budget to increase Parliament's participation in international forums such as the G20, the Southern African Development Community Parliamentary Forum and the Pan African Parliament, among others. In 2008/09, expenditure was also high in the *Public Affairs* subprogramme, due to additional funding from Parliament's retained earnings to fund public participation programmes, such as the People's Assembly and Taking Parliament to the People.

Over the medium term, the programme's budget is expected to decrease at an average annual rate of 3.5 per cent to reach R88.9 million. This is due to the reprioritisation of funds away from the programme in 2009/10 and 2010/11 to fund more urgent priorities in other programmes, especially capacity building in the *Legislation and Oversight* programme.

The spending focus over the MTEF period will be on strengthening Parliament's cooperation and participation in international forums and on building the related capacity.

Programme 4: Members' Facilities

- *National Assembly Members' Facilities* provides support and facilities to members to enable them to carry out their legislative mandate efficiently and effectively.
- *National Council of Provinces Members' Facilities* provides support and facilities to members to enable them to carry out their legislative mandate efficiently and effectively.

Objectives and measures

- Support the operational activities of members by providing operational facilities to 349 members of the National Assembly and 54 members of the National Council of Provinces as required.

Service delivery focus

In 2008/09, Parliament provided support and operational facilities to all members of the National Assembly and National Council of Provinces. Travel transactions were captured and processed with a 3-day turnaround.

Expenditure estimates

Table 2.7 Members' Facilities

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
National Assembly Members' Facilities	115.2	136.4	141.3	191.0	177.3	192.8	198.5
National Council of Provinces Members' Facilities	19.3	13.1	17.3	34.3	34.1	39.2	38.2
Total	134.5	149.5	158.6	225.2	211.4	232.0	236.7
Change to 2009 Budget estimate				13.2	(12.6)	(4.7)	(11.8)
Economic classification							
Current payments	133.7	148.6	157.6	223.1	209.2	229.6	234.2
Compensation of employees	18.3	21.2	22.6	23.7	25.3	26.8	28.4
Goods and services	115.5	127.4	135.0	199.4	183.9	202.8	205.8
<i>of which:</i>							
Communication	6.5	7.2	8.0	10.6	11.1	11.7	12.4
Consultants and professional service:	16.2	17.9	18.5	26.1	27.5	6.0	6.4
Business and advisory services							
Agency and support / outsourced services	2.3	2.6	2.7	3.7	3.9	4.1	4.4
Travel and subsistence	57.1	63.0	63.4	105.3	105.3	140.0	139.5
Transfers and subsidies	0.1	-	-	-	-	-	-
Provinces and municipalities	0.1	-	-	-	-	-	-
Payments for capital assets	0.6	0.9	1.0	2.1	2.2	2.4	2.5
Machinery and equipment	0.6	0.9	1.0	2.1	2.2	2.4	2.5
Total	134.5	149.5	158.6	225.2	211.4	232.0	236.7

Expenditure trends

Expenditure grew from R134.5 million in 2006/07 to R225.2 million in 2009/10 at an average annual rate of 18.7 per cent, due to an increase in members' benefits, including travel, medical aid contributions and other logistical facilities.

Over the medium term, expenditure is expected to grow at a much slower rate of 1.7 per cent to reach R236.7 million. The slow growth is due to Parliament reprioritising funds to programmes with increased spending pressures, such as the *Public and International Participation* programme.

The spending focus over the MTEF period is on the continued provision of operational facilities to members of Parliament.

Programme 5: Associated Services

- *Political Party Support* provides and facilitates financial support to political parties by transferring payments according to policy to enable them to carry out their legislative mandate efficiently and effectively.
- *Constituency Support* provides and facilitates financial support to constituency offices by transferring payments according to policy to enable them to carry out their legislative mandate efficiently and effectively.

- *Party Leadership Support* provides and facilitates financial support to political leadership by transferring payments according to policy to enable them to carry out their legislative mandate efficiently and effectively.

Expenditure estimates

Table 2.8 Associated Services

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Political Party Support	47.5	52.3	52.3	55.0	66.6	61.2	64.7
Constituency Support	105.7	188.0	188.0	198.4	209.3	220.8	233.4
Party Leadership Support	3.6	5.0	5.0	5.3	6.0	5.9	6.2
Total	156.8	245.4	245.4	258.7	281.9	287.9	304.3
Change to 2009 Budget estimate				–	9.0	–	2.0

Economic classification

Transfers and subsidies	156.8	245.4	245.4	258.7	281.9	287.9	304.3
Non-profit institutions	156.8	245.4	245.4	258.7	281.9	287.9	304.3
Total	156.8	245.4	245.4	258.7	281.9	287.9	304.3

Details of selected transfers and subsidies

Non-profit institutions							
Current	156.8	245.4	245.4	258.7	281.9	287.9	304.3
Constituency Allowance	105.7	188.0	188.0	198.4	209.3	220.8	233.4
Political Party Support	47.5	52.3	52.3	55.0	66.6	61.2	64.7
Party Leadership Support	3.6	5.0	5.0	5.3	6.0	5.9	6.2

Expenditure trends

Expenditure in this programme is dominated by transfer payments to political parties, as required by the Constitution and in line with Parliament's policy. Spending grew from R156.8 million in 2006/07 to R258.7 million in 2009/10, at an average annual rate of 18.2 per cent. Growth was more significant in 2007/08, at 56.5 per cent, due to an increase in the allowances of constituencies, political parties and their leaders.

Over the medium term, the budget is expected to grow moderately at an average annual rate of 5.6 per cent to reach R304.3 million in 2012/13. The 2010 Budget sets out an additional allocation of R9 million per year over the MTEF period for increasing allowances to political parties.

The spending focus over the medium term is on strengthening constituencies and increasing financial support to political parties.

Additional tables

Table 2.A Summary of expenditure trends and estimates per programme and economic classification

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R million	2008/09		2008/09	2009/10			2009/10
1. Administration	215.7	224.9	397.2	247.8	44.4	292.2	292.2
2. Legislation and Oversight	178.3	178.3	203.5	187.8	45.2	233.0	233.0
3. Public and International Participation	64.5	64.5	130.4	67.8	31.2	98.9	98.9
4. Members' Facilities	183.0	183.0	158.6	212.0	13.2	225.2	225.2
5. Associated Services	263.1	263.1	245.4	258.7	–	258.7	258.7
Subtotal	904.5	913.8	1 135.1	974.1	133.9	1 108.0	1 108.0
Direct charge against the National Revenue Fund	254.0	311.0	356.9	376.7	–	376.7	376.7
Members' remuneration	254.0	311.0	356.9	376.7	–	376.7	376.7
Total	1 158.5	1 224.8	1 492.0	1 350.7	133.9	1 484.7	1 484.7

Economic classification

Current payments	879.2	945.5	1 166.4	1 081.8	116.0	1 197.8	1 197.8
Compensation of employees	553.6	619.9	708.6	725.7	54.4	780.1	780.1
Goods and services	325.6	325.6	457.8	356.1	61.7	417.8	417.8
Transfers and subsidies	265.7	265.7	247.9	261.4	–	261.4	261.4
Foreign governments and international organisations	2.6	2.6	2.6	2.8	–	2.8	2.8
Non-profit institutions	263.1	263.1	245.4	258.7	–	258.7	258.7
Payments for capital assets	13.6	13.6	77.7	7.5	17.9	25.4	25.4
Buildings and other fixed structures	–	–	40.5	–	–	–	–
Machinery and equipment	13.6	13.6	37.2	7.5	17.9	25.4	25.4
Total	1 158.5	1 224.8	1 492.0	1 350.7	133.9	1 484.7	1 484.7

Table 2.B Summary of personnel numbers and compensation of employees

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Permanent and full time contract employees							
Compensation (R million)	204.1	257.7	327.4	305.8	436.1	467.1	490.5
Unit cost (R million)	0.2	0.2	0.3	0.2	0.3	0.4	0.4
<i>Administration</i>	0.2	0.2	0.2	0.3	0.3	0.3	0.4
<i>Legislation and Oversight</i>	0.2	0.2	0.3	0.3	0.4	0.4	0.4
<i>Public and International Participation</i>	0.3	0.2	0.3	0.2	0.4	0.4	0.4
Personnel numbers (head count)	934	1 179	1 224	1 235	1 329	1 332	1 336
Total for department							
Compensation (R million)	205.1	259.2	329.1	307.7	438.1	469.2	492.7
Unit cost (R million)	0.2	0.2	0.3	0.2	0.3	0.3	0.4
Personnel numbers (head count)	964	1 209	1 259	1 275	1 359	1 362	1 366

Table 2.C Detail of approved establishment and personnel numbers according to salary level¹

	Personnel post status as at 30 September 2009			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid year ²	Medium-term estimate		
				2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Department	1 555	1 235	–	934	1 179	1 224	1 235	1 329	1 332	1 336
Salary level 1 – 6	2	2	–	425	155	68	2	2	–	–
Salary level 7 – 10	962	790	–	449	846	923	790	825	830	834
Salary level 11 – 12	487	328	–	47	141	163	328	372	372	372
Salary level 13 – 16	104	115	–	13	37	70	115	130	130	130
Administration	792	712	–	537	711	736	712	721	721	721
Salary level 1 – 6	2	2	–	350	139	65	2	2	–	–
Salary level 7 – 10	550	493	–	152	445	514	493	493	495	495
Salary level 11 – 12	171	138	–	29	102	115	138	138	138	138
Salary level 13 – 16	69	79	–	6	25	42	79	88	88	88
Legislation and Oversight	643	442	–	358	415	415	442	523	526	530
Salary level 1 – 6	–	–	–	70	10	–	–	–	–	–
Salary level 7 – 10	387	268	–	271	375	375	268	303	306	310
Salary level 11 – 12	236	158	–	16	25	28	158	202	202	202
Salary level 13 – 16	20	16	–	1	5	12	16	18	18	18
Public and International Participation	120	81	–	39	53	73	81	85	85	85
Salary level 1 – 6	–	–	–	5	6	3	–	–	–	–
Salary level 7 – 10	25	29	–	26	26	34	29	29	29	29
Salary level 11 – 12	80	32	–	2	14	20	32	32	32	32
Salary level 13 – 16	15	20	–	6	7	16	20	24	24	24

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

2. As at 30 September 2009.

Table 2.D Summary of expenditure on training

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Compensation of employees (R million)	205.1	259.2	286.4	325.3	463.5	496.0	521.0
Training expenditure (R million)	10.7	10.6	11.9	10.1	10.4	14.2	15.0
Training as percentage of compensation	5.2%	4.1%	4.2%	3.1%	2.2%	2.9%	2.9%
Total number trained in department (head count)	357	705	650	655			
<i>of which:</i>							
Employees receiving bursaries (head count)	102	80	80	80			

Table 2.E Summary of expenditure on infrastructure

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2006/07	2007/08	2008/09		2010/11	2011/12	2012/13
R million										
Departmental infrastructure										
Spatial Utilisation project	Refurbished office buildings	Various	-	-	5.1	40.5	-	-	-	-
Total			-	-	5.1	40.5	-	-	-	-

Vote 3

Cooperative Governance and Traditional Affairs

Budget summary

R million	2010/11				2011/12	2012/13
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	188.1	184.8	0.2	3.1	197.7	205.1
Policy, Research and Knowledge Management Support	50.1	47.4	–	2.7	51.4	53.1
Governance and Intergovernmental Relations	43 570.8	299.7	43 266.8	4.3	50 076.5	56 850.6
National Disaster Management Centre	41.6	38.7	–	2.9	42.8	44.2
Traditional Affairs	70.9	49.1	21.4	0.4	80.8	85.3
Total expenditure estimates	43 921.5	619.7	43 288.5	13.3	50 449.1	57 238.3

Executive authority

Minister of Cooperative Governance and Traditional Affairs

Accounting officer

Director-General of Cooperative Governance and Traditional Affairs

Website address

www.cogta.gov.za

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

Aim

The aim of the Department of Cooperative Governance and Traditional Affairs is to improve cooperative governance across the three spheres of government, in partnership with institutions of traditional leadership, thereby ensuring that provinces and municipalities carry out their service delivery and development functions effectively.

Programme purposes

Programme 1: Administration

Purpose: Management, leadership and administration of the department.

Programme 2: Policy, Research and Knowledge Management Support

Purpose: Specialised support services to the department in the areas of research and knowledge management, policy formulation, monitoring and evaluation, and information and business technologies.

Programme 3: Governance and Intergovernmental Relations

Purpose: Improve vertical and horizontal coordination and alignment between the three spheres of government. Promote public participation in governance through regulatory mechanisms as well as oversight, intervention and support programmes to provinces, municipalities and associated institutions.

Programme 4: National Disaster Management Centre

Purpose: An integrated and coordinated system of disaster management with special emphasis on prevention, mitigation and preparedness by national, provincial and municipal organs of state, statutory functionaries and other role players involved in disaster management.

Programme 5: Traditional Affairs

Purpose: Improve the developmental capacity and capability of the institution of Traditional Affairs.

Strategic overview: 2006/07 – 2012/13

Established in May 2009, the Department of Cooperative Governance and Traditional Affairs extends the mandate of its predecessor, the Department of Provincial and Local Government. Lessons learnt over the last 15 years from implementing the principles of cooperative governance, as espoused in the Constitution, provide the basis for the expanded mandate and revised functions of the new department. The new department will place greater emphasis on strengthening coordination across the three spheres of government, supporting local and provincial government, improving regulatory compliance, and building capacity in traditional leadership institutions. Further emphasis will be placed on working with partners, stakeholders and communities outside of government as a way of deepening cooperative governance in South Africa.

In the period under review, the department and its predecessor have made considerable effort to improve the way in which all three spheres of government work in order to provide seamless and integrated service delivery across the spheres.

Strategic priorities for 2009-2014

Based on the expanded mandate of the department, five strategic priorities have been identified for the period 2009 – 2014: building a developmental state in provincial and local government that is efficient, effective and responsive; strengthening accountability and clean government; accelerating service delivery and supporting the vulnerable; improving the developmental capability of traditional leadership institutions; and fostering development partnerships, social cohesion and community mobilisation.

Coordinated approach to development across all spheres of government

Significant headway has been made in developing planning mechanisms that guide a holistic and coordinated approach to development across government. In 2008/09, all municipalities had adopted their integrated development plans within the legislated timeframes. Moreover, additional attention has been given to aligning the provincial growth and development strategies with municipal integrated development plans, based on the principles of the national spatial development perspective.

To achieve its strategic objectives, over the medium term the department will concentrate on reviewing the legislative and regulatory framework that governs intergovernmental relations. The review will inform a comprehensive set of facilitative legal reforms, including the refinement of the public participation system to achieve an effective ward governance system. To support the reforms, the department will bolster its monitoring and evaluation capabilities by establishing a computerised monitoring, reporting and evaluation system and continuing to implement operation clean audit 2014.

The department has supported provincial and local government through a series of institutional reforms. In provincial government, the capacity of provincial departments of local government and offices of premiers has been reviewed to establish their ability to coordinate, facilitate and support the implementation of programmes in local government.

Promoting universal access to basic services

Promoting universal access to basic services for all citizens remains a key government priority. Here, substantial progress has been made in reducing the infrastructure backlog. Statistics from sector departments indicate that as at December 2009, access to basic water services had increased to 92 per cent, the eradication of backlogs in

basic sanitation to 69 per cent, refuse collection to 64 per cent, and access to basic electricity to 81 per cent. 244 258 buckets, or 96.8 per cent of the backlog of 252 254 buckets identified in February 2005, had been eradicated by July 2009.

Spending on the municipal infrastructure grant increased from R5.9 billion in 2006/07 to R9.1 billion in 2008/09, reflecting an improvement in municipalities' ability to spend on infrastructure. As at December 2009, the department had assisted 46 district and 6 metropolitan municipalities to develop comprehensive infrastructure plans that guide the building, rehabilitation and maintenance of economic and social infrastructure in their geographical areas.

Institutionalising traditional leadership

The institution of traditional leadership is an integral part of the social and economic fabric in rural areas and has an important role to play in promoting good governance and improving the life of traditional communities, as well as the Khoi-San communities. To reinforce the role of traditional leadership and its importance in South African society, the proclamation to establish the Department of Traditional Affairs was issued in December 2009. The responsibilities for traditional affairs will continue to reside in the Department of Cooperative Governance and Traditional Affairs throughout 2010/11 while the structure and operations of the Department of Traditional Affairs are being finalised.

The community work programme

The community work programme moves to the Department of Cooperative Governance and Traditional Affairs in 2010/11. It aims to provide work opportunities to historically marginalised communities.

Local government turnaround strategy

Province wide assessments of each of the 283 municipalities resulted in a consolidated report on the state of local government. This report informed the development of a local government turnaround strategy, which was approved by Cabinet in December 2009. The department will focus on driving and coordinating the turnaround strategy.

Coordinating disaster management

Through the national disaster management centre, the department continues to support all three spheres of government in implementing the Disaster Management Act (2002). Provincial disaster management centres were established in 7 provinces in 2009, and municipal disaster management centres are being established in all 46 district municipalities and 6 metropolitan municipalities. Five of the 2010 FIFA World Cup host cities have been assisted with the development of disaster management plans and operational procedures.

Savings and cost effective service delivery

The department has identified efficiency savings over the MTEF period of R58.1 million. Savings are driven by decreases in expenditure on travelling, venues and facilities, consultants and catering. A large proportion of the savings will be derived from low priority, once-off programmes to ensure that the savings exercise does not impact adversely on key outputs. Savings from once-off programmes are expected to reach R58.1 million between 2010/11 to 2012/13. Savings from reducing subsistence and travelling costs are driven by the department's review of standards for hotel accommodation and reducing car hire to a lower grade. Where possible, air travel will be reduced and staff will travel in economy class. Savings on consultants have also been identified, where the department has made permanent appointments, which also retains expertise.

Selected performance indicators

Table 3.1 Cooperative Governance and Traditional Affairs

Indicator	Programme	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Total number of district municipalities supported in implementing local economic development strategies (total 46 districts)	Governance and Intergovernmental Relations	–	–	–	14 (30%)	34 (74%)	46 (100%)	46 (100%)
Total number of provinces supported with the intergovernmental relations capacity building programme (total 9 provinces)	Governance and Intergovernmental Relations	–	–	–	6 (66%)	9 (100%)	9 (100%)	9 (100%)
Total number of districts supported with the intergovernmental relations capacity building programme (total 46 districts)	Governance and Intergovernmental Relations	–	–	–	23 (50%)	34 (74%)	46 (100%)	46 (100%)
Percentage of municipalities with integrated development plans drafted in accordance with development planning outcomes (total 283 municipalities)	Governance and Intergovernmental Relations	–	224 (79%)	240 (85%)	260 (92%)	277 (98%)	283 (100%)	283 (100%)
Total number of traditional leadership institutions supported through capacity building programmes (total 840)	Traditional Affairs	–	–	–	0 (0%)	200 (23%)	350 (41%)	600 (71%)
Amount spent by municipalities on municipal infrastructure grants by end of municipal financial year and as a percentage of total municipal infrastructure grant allocation for that financial year	Governance and Intergovernmental Relations	R5.6bn (96%)	R8.7bn (100%)	R9.4bn (100%)	R11.1bn (100%)	R12.5bn (100%)	R15.1bn (100%)	R18.2bn (100%)
Total number of households reached with basic services funded by the municipal infrastructure grant:	Governance and Intergovernmental Relations							
- water		610 293	815 293	1 million	1.2 million	1.4 million	1.6 million	1.8 million
- sanitation		343 942	445 070	566 070	687 070	808 070	929 070	1.05 million
- roads		521 636	669 636	817 636	965 636	1 113 636	1.3 million	1.5 million
- community lighting		236 183	312 183	388 183	464 183	540 186	616 186	692 168
Percentage of indigent households accessing free basic services:	Governance and Intergovernmental Relations							
- water		73%	77%	85 %	87%	90%	100%	– ¹
- electricity		60%	73%	85%	87%	89%	100%	–
Total number of municipalities receiving support on financial management	Governance and Intergovernmental Relations	75 27%	120 42%	160 57%	200 71%	234 83%	283 100%	283 100%
Total number of fully functional disaster management centres across the three spheres of government (total 62: 1 national, 9 in provinces, 46 in districts, 6 in metros)	National Disaster Management Centre	2 provinces	5 provinces	9 provinces	12 (19%)	30 (48%)	40 (64%)	53 (85%)
Total number of additional nodal municipalities with strategic local economic development projects reflected in the integrated development plan budgets for public sector investments	Governance and Intergovernmental Relations	–	6	2	4	6	6	6
Total number of work opportunities created through the community works programme	Governance and Intergovernmental Relations	–	–	–	–	57 368	77 635	101 916

1. Targets will have been achieved in 2011/12

Expenditure estimates

Table 3.2 Cooperative Governance and Traditional Affairs

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
R million								
1. Administration	113.5	125.4	143.3	164.8	162.4	188.1	197.7	205.1
2. Policy, Research and Knowledge Management Support	35.6	39.3	40.9	40.6	38.8	50.1	51.4	53.1
3. Governance and Intergovernmental Relations	24 346.0	29 789.6	35 020.7	36 326.1	36 320.4	43 570.8	50 076.5	56 850.6
4. National Disaster Management Centre	37.6	26.1	82.1	98.7	58.7	41.6	42.8	44.2
5. Traditional Affairs	38.9	45.7	56.3	53.3	49.3	70.9	80.8	85.3
Total	24 571.6	30 026.2	35 343.2	36 683.5	36 629.6	43 921.5	50 449.1	57 238.3
Change to 2009 Budget estimate				1 076.5	1 022.5	1 379.9	2 695.7	7 097.1

Table 3.2 Cooperative Governance and Traditional Affairs (continued)

R million	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
Economic classification								
Current payments	301.6	325.0	358.1	499.0	445.1	619.7	713.4	815.2
Compensation of employees	116.2	128.1	153.8	172.3	164.8	241.9	255.3	268.1
Goods and services	185.5	196.8	204.3	326.7	280.3	377.8	458.1	547.1
<i>of which:</i>								
<i>Consultants and professional services:</i>	<i>56.1</i>	<i>52.8</i>	<i>46.8</i>	<i>68.7</i>	<i>62.3</i>	<i>41.4</i>	<i>43.7</i>	<i>44.2</i>
<i>Business and advisory services</i>								
<i>Inventory: Materials and supplies</i>	–	–	0.0	58.5	58.5	151.3	209.0	274.4
<i>Lease payments</i>	38.1	37.1	34.1	35.6	35.6	37.9	39.6	40.8
<i>Travel and subsistence</i>	32.6	34.4	40.7	43.0	43.0	47.7	51.9	56.5
Interest and rent on land	–	–	0.1	–	–	–	–	–
Transfers and subsidies	24 256.7	29 691.8	34 975.5	36 171.2	36 171.2	43 288.5	49 720.7	56 406.2
Provinces and municipalities	24 196.4	29 629.8	34 897.8	35 989.1	35 989.1	42 908.7	49 233.3	55 792.4
Departmental agencies and accounts	49.7	56.6	67.5	78.1	78.1	83.2	88.2	92.6
Foreign governments and international organisations	3.0	0.1	0.1	0.1	0.1	0.5	0.5	0.5
Non-profit institutions	6.8	4.5	8.3	8.3	8.3	9.1	10.4	10.9
Households	0.7	0.8	1.8	95.5	95.5	287.0	388.3	509.7
Payments for capital assets	13.0	7.8	9.2	13.3	13.3	13.3	15.0	16.9
Machinery and equipment	4.8	6.8	9.2	13.3	13.3	10.6	12.3	14.1
Software and other intangible assets	8.1	1.1	–	–	–	2.7	2.7	2.8
Payments for financial assets	0.3	1.6	0.4	0.0	0.0	–	–	–
Total	24 571.6	30 026.2	35 343.2	36 683.5	36 629.6	43 921.5	50 449.1	57 238.3

Expenditure trends

Expenditure increased substantially from R24.6 billion in 2006/07 to R36.7 billion in 2009/10, at an average annual rate of 14.3 per cent. This growth is mainly due to increases in the equitable share and the municipal infrastructure grant, which collectively accounted for the largest portion of departmental expenditure. Over the MTEF period, expenditure is expected to grow at an average annual rate of 16 per cent to reach R57.2 billion in 2012/13.

In 2009/10, the department's programme structure was changed to align its budget with its new mandate. The *Intergovernmental Relations* and *Traditional Leadership and Institutions* subprogrammes shifted out of the *Policy, Research and Knowledge Management Support* programme, which reduces expenditure in that programme by R30.4 million in 2009/10.

The *Governance and Intergovernmental Relations* programme consolidates all expenditure related to the operation of the intergovernmental system, and now includes expenditure on transfers to provincial and national departments, and the coordination of and transfers to public entities. Over the 2010 MTEF period, expenditure in this programme is expected to increase from R36.3 billion in 2009/10 to R56.9 billion in 2012/13, growing at an average annual rate of 16.1 per cent.

Expenditure in the *National Disaster Management Centre* programme increased from R37.6 million in 2006/07 to R98.7 million in 2009/10 at an average annual rate of 38 per cent, and is expected to decrease to R44.2 million in 2012/13 at an average annual rate of 23.5 per cent. The higher expenditure in 2009/10 is due to an allocation in the adjustments budget of R60 million for disaster management national readiness for the 2010 FIFA World Cup.

In 2010/11, expenditure on traditional affairs will remain in the department's budget. However, provision is made for establishing the new Department of Traditional Affairs in 2010/11. Expenditure by the new Department of Traditional Affairs is expected to grow from R70.9 million in 2010/11 to R85.3 million in 2012/13 at an average annual rate of 9.7 per cent. The significant increase between 2010/11 and 2011/12 is for setting up the new department and its support services.

Over the medium term, the department will focus on increasing access to basic services through infrastructure development. To achieve this, the department receives additional allocations of: R2.5 billion for the municipal infrastructure grant, R6.7 billion for the local government equitable share and R1.5 billion for the community work programme.

Expenditure in compensation of employees increased from R116.2 million in 2006/07 to R164.8 million in 2009/10, at an average annual rate of 12.4 per cent. This strong growth is the result of the increase in staff, from 568 in 2006/07 to 582 in 2009/10, due to the department's drive to fill vacant positions and reduce its reliance on consultants. As at September 2009, the vacancy rate for the department was 26.5 per cent, which equated to 154 vacant funded positions. These vacancies will be addressed in the new structure and new positions will be advertised in the 2010/11 financial year. 26.3 per cent of the total staff complement is in the *Governance and Intergovernmental Relations* programme, 49.3 per cent in *Administration* and 8.3 per cent in *Policy, Research and Knowledge Management*. As a result of the consolidation of all intergovernmental activities into the *Governance and Intergovernmental* programme, staff numbers increase strongly, from 130 in 2006/07 to 153 in 2009/10, at an average annual rate of 5.6 per cent. Over the MTEF period, positions filled on the funded establishment are projected to increase from 657 posts in 2010/11 to 825 posts in 2012/13, as the department develops internal capacity to support provincial and local government.

Infrastructure spending

The department does not incur any direct infrastructure development expenditure. It makes transfers through the municipal infrastructure grant to finance expenditure on basic infrastructure by municipalities. The transfers are used by municipalities for infrastructure projects in the areas of water, sanitation, electricity and roads. Allocations for the grant increased from R5.9 billion in 2006/07 to R11.4 billion in 2009/10 at an average annual rate of 24.4 per cent in the *Governance and Intergovernmental Relations* programme. This growth in funding reflects government's policy decision to eradicate the backlogs in the delivery of basic services and meet its millennium development goal commitments. Over the MTEF period, allocations for the municipal infrastructure grant are expected to increase to R18.3 billion, at average annual rate of 17 per cent.

Departmental receipts

Departmental receipts accrue from the collection of parking fees, commission on insurance policy premiums, and subsidies vehicle and bursary repayments. The increase of 12.2 per cent in revenue collection in 2008/09, from financial transactions in assets and liabilities, was due to receivable losses recovered from accidents or lost assets paid for by officials. Over the MTEF period, revenue is expected to increase marginally from R602 000 to R649 000, at an average annual rate of 2.5 per cent.

Table 3.3 Departmental receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
Departmental receipts	6 830	731	820	602	602	627	633	649
Sales of goods and services produced by department	109	125	150	144	144	148	150	155
Sales of scrap, waste, arms and other used current goods	1	–	–	–	–	16	18	22
Interest, dividends and rent on land	6	3	2	3	3	3	3	4
Sales of capital assets	–	337	–	–	–	–	–	–
Transactions in financial assets and liabilities	6 714	266	668	455	455	460	462	468
Total	6 830	731	820	602	602	627	633	649

Programme 1: Administration

Expenditure estimates

Table 3.4 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Minister ¹	0.8	1.0	1.4	1.7	1.8	1.9	2.0
Deputy Minister ¹	0.7	0.9	1.1	1.4	1.5	1.6	1.7
Management	25.5	30.4	35.0	51.3	49.5	50.9	52.7
Corporate Services	55.0	56.9	67.9	71.9	80.9	86.5	89.5
Communication and Liaison	10.6	9.3	11.2	12.1	26.3	27.1	28.0
Office Accommodation	20.6	25.3	26.2	26.5	28.0	29.7	31.2
Special Functions: Authorised Losses	0.3	1.6	0.4	0.0	–	–	–
Total	113.5	125.4	143.3	164.8	188.1	197.7	205.1
Change to 2009 Budget estimate				21.5	36.8	38.7	38.2

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

Economic classification

Current payments	111.2	121.4	139.9	160.0	184.8	194.2	201.5
Compensation of employees	43.3	47.2	57.8	74.1	104.6	110.4	116.0
Goods and services	67.9	74.3	82.1	85.9	80.2	83.8	85.6
of which:							
Consultants and professional services:	6.5	4.3	5.8	5.1	4.3	4.2	3.7
Business and advisory services							
Lease payments	24.0	29.3	29.3	27.1	29.1	30.5	31.4
Travel and subsistence	9.2	7.5	10.5	15.9	12.2	12.8	13.3
Interest and rent on land	–	–	0.1	–	–	–	–
Transfers and subsidies	0.8	0.8	0.9	2.7	0.2	0.2	0.2
Provinces and municipalities	0.0	0.0	0.0	0.1	0.1	0.1	0.1
Non-profit institutions	0.1	–	–	–	–	–	–
Households	0.7	0.8	0.9	2.6	0.1	0.1	0.1
Payments for capital assets	1.2	1.5	2.1	2.1	3.1	3.2	3.3
Machinery and equipment	1.0	1.3	2.1	2.1	3.1	3.2	3.3
Software and other intangible assets	0.2	0.3	–	–	–	–	–
Payments for financial assets	0.3	1.6	0.4	0.0	–	–	–
Total	113.5	125.4	143.3	164.8	188.1	197.7	205.1

Expenditure trends

Between 2006/07 and 2009/10, expenditure grew from R113.5 million to R164.8 million at an average annual rate of 13.3 per cent. The substantial growth is due to increases in the minister's and the deputy minister's salaries, and inflation related salary adjustments. Additional expenditure was incurred in procuring office accommodation due to an increase in staff numbers.

Worth noting is the centralisation of the new *Communication and Liaison* subprogramme in the *Administration* programme, and the shift of the monitoring and evaluation function to the *Policy, Research and Knowledge Management* programme. Expenditure in the *Communication and Liaison* subprogramme is expected to increase from R12.1 million to R28.2 million over the MTEF period at an average annual rate of 32.5 per cent, as a result of the consolidation of the communication function into the *Administration* programme.

Over the MTEF period, the budget is expected to increase from R164.8 million in 2009/10 to R205.1 million in 2012/13 at an average annual rate of 7.6 per cent, as a result of the combined effect of the expansion in personnel and inflation related adjustments. The spending focus over the MTEF period will be on strengthening the department's capacity and capability.

Programme 2: Policy, Research and Knowledge Management Support

- *Management: Research and Policy*.
- *Policy, Methods and Research* undertakes applied research and supports policy making in the department.
- *Knowledge and Information Management* manages knowledge and disseminates information throughout the department.
- *Information and Business Technologies* provides the department with project and programme management methodologies and tools.

Funding in these subprogrammes is mainly used for compensation of employees and goods and services.

Objectives and measures

- Strengthen, mainstream and rationalise monitoring and evaluation for provincial and local government by providing guidelines for monitoring and evaluation and reporting by March 2011.
- Improve the department's implementation capability and information management system by introducing information and business technologies by March 2011.

Service delivery focus

In 2009, the department focused on promulgating regulations and finalising various policy frameworks, such as: the national funding framework for ward councillors, which was gazetted in April 2009 and aims to deepen democracy by setting out the norms and standards for ward committee funding, and a framework, published in August 2009, for out-of-pocket expenses for ward councillors. Regulations on the disciplinary code and procedures for senior managers were published for public comment in November 2009. The Municipal Property Rates Amendment Act (2009) was introduced in Parliament in September 2009 and aims to extend the validity of a valuation roll and supplementary valuation rolls from 4 years to 6 years.

Throughout 2009, assessments of municipalities were conducted. These assessments informed the local government turnaround strategy, which was approved by Cabinet in December 2009.

Establishing a functional computerised monitoring, reporting and evaluation system with a data repository and early warning mechanisms will be critical for enhancing oversight in provincial and local government and supporting national monitoring and evaluation. The system will be established by March 2011.

Expenditure estimates

Table 3.5 Policy, Research and Knowledge Management Support

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Management Research and Policy	1.3	1.1	2.3	2.9	2.9	2.9	3.0
Policy, Methods and Research	6.3	9.0	13.7	13.8	17.0	17.5	18.1
Knowledge and Information Management	16.2	15.9	11.9	11.4	14.8	15.2	15.7
Information and Business Technologies	11.8	13.3	13.0	12.4	15.5	15.8	16.2
Total	35.6	39.3	40.9	40.6	50.1	51.4	53.1
Change to 2009 Budget estimate				(1.9)	4.8	3.6	2.9
Economic classification							
Current payments	33.1	35.6	36.9	37.8	47.4	48.7	50.3
Compensation of employees	17.4	14.6	18.4	20.1	18.5	19.5	20.4
Goods and services	15.6	21.0	18.4	17.6	28.9	29.2	29.9
<i>of which:</i>							
<i>Consultants and professional services:</i>	7.8	5.5	4.5	4.0	11.5	11.6	11.9
<i>Business and advisory services</i>							
<i>Lease payments</i>	0.2	1.1	0.1	0.2	0.1	0.1	0.1
<i>Travel and subsistence</i>	2.2	2.9	4.3	2.9	6.1	6.1	6.3

Table 3.5 Policy, Research and Knowledge Management Support (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Payments for capital assets	2.6	3.7	4.0	2.8	2.7	2.7	2.8
Machinery and equipment	2.4	3.7	4.0	2.8	1.0	1.0	1.0
Software and other intangible assets	0.1	0.0	–	–	1.7	1.7	1.8
Total	35.6	39.3	40.9	40.6	50.1	51.4	53.1

Expenditure trends

Expenditure increased from R35.6 million in 2006/07 to R40.6 million in 2009/10, at an average annual rate of 4.4 per cent. This is mainly due to the changes in the budget structure related to the restructuring of the former Department of Provincial and Local Government into the new Department of Cooperative Governance and Traditional Affairs. The monitoring and evaluation and ICT functions, which were previously housed in the *Administration* programme, were shifted to the *Policy, Research and Knowledge Management* programme, resulting in a small increase in this programme's budget.

Over the MTEF period, expenditure is expected to increase to R53.1 million, at an average annual rate of 9.4 per cent in 2012/13. The growth can be explained by the expansion of the department to strengthen its policy, research and monitoring and evaluation functions. Efforts will be directed at developing the monitoring and evaluations systems and acquiring the appropriate technology in 2010/11, which will result in a 23.5 per cent increase in the programme's expenditure in that year. The spending focus over the MTEF period will be on strengthening output, developing the knowledge base for policy making and on establishing information management systems.

Programme 3: Governance and Intergovernmental Relations

- *Management: Municipal and Provincial Government.*
- *Provincial and Local Government Support* establishes evidence based regulatory mechanisms and oversight and support programmes for provincial and municipal government to facilitate effective development planning and service delivery.
- *Infrastructure and Economic Development* provides strategic leadership in national development planning, land planning and spatial information for provincial and local government.
- *Intergovernmental Relations Coordination and Fiscal Relations* improves intergovernmental coordination, ensures oversight, and provides intervention and support programmes.
- *Governance and Public Participation* creates an enabling environment for good governance and public participation by supporting provinces and municipalities in strengthening their governance and coordinating capability.
- *Community Work Programme* contributes to developing public assets in poor communities and provides income security for participants, provides work experience, enhances dignity, and promotes social and economic inclusion.
- *Equitable Share Transfer* refers to the share of nationally raised revenue payable to the local government sphere in terms of section 214 of the Constitution.
- *Municipal Systems Improvement Grant* assists municipalities with building in-house capacity to perform their functions and stabilise institutional and governmental systems.
- *Municipal Infrastructure Grant Transfer* supplements municipal capital budgets to eradicate the backlog in municipal infrastructure for providing services to poor households. Funds are largely used to build, repair and rehabilitate basic services infrastructure.
- *South African Local Government Association Transfer*, transfers funds to the South African Local Government Association, the recognised local government body in terms of the Organised Local Government Act (1997).

- *Municipal Demarcation Board Fiscal Transfer* provides funding to the Municipal Demarcation Board, which is a constitutional body established in terms of the Municipal Demarcation Board Act (1998).
- *South African Cities Network Fiscal Transfer* enables further cooperation between South African cities and maximises benefits through the exchange of information.
- *United Cities and Local Government of Africa and peer learning* is an association of municipalities and national and regional local government associations in Africa.

Funding in these subprogrammes is mainly used to accelerate service delivery by augmenting the capital budget of municipalities, for transfer payments to public entities, and for the payment of wages through the community work programme.

Objectives and measures

- Improve vertical and horizontal coordination and alignment by reviewing the Intergovernmental Relations Framework Act (2005) and other related legislation, interventions, and oversight support programmes by March 2011.
- Strengthen the capacity of municipalities by supporting them in the development and implementation of municipal specific turnaround strategies by March 2011.
- Reform the regulatory and support mechanisms for municipal councils and ward committees by developing funding mechanisms for municipal councils and ward committees by March 2011.
- Improve governance by supporting all provincial government departments and municipalities through the development and implementation of anti-corruption policies and programmes by March 2011.
- Strengthen provinces' capacity to oversee the financial performance of municipalities by developing province specific audit remedial plans by March 2011.
- Improve intergovernmental relations by developing a draft coordination model and communicating the model to key stakeholders by March 2011.
- Improve infrastructure development by supporting local government to develop comprehensive infrastructure plans in 26 district areas by March 2011.
- Facilitate the alignment of provincial growth and development strategies and integrated development plans with the medium term strategic framework and the national plan by reviewing and implementing the framework for integrated development planning before March 2011.
- Support government's international relations and cooperation policy obligations in relation to cooperative governance by implementing bilateral agreements and programmes by March 2011.
- Promote community development in the most marginalised communities by creating and maintaining public infrastructure through the community work programme in order to provide 57 368 work opportunities by 2011.

Service delivery focus

A review of the White Paper on Local Government was mandated by Cabinet in 2007 and the final report was presented to Cabinet in July 2008. Operation clean audit 2014 was launched in July 2009 to complement a campaign to manage municipal debt, and improve the quality of financial statements. Targeted support by the department and implementing audit remedial plans will be instrumental to ensure that all provinces and municipalities achieve a clean audit by 2014.

Between March and September 2009, capacity building workshops aimed at improving understanding of the intergovernmental relations framework were held in 4 provinces and 23 districts. In 2009, 202 functionaries from 67 municipalities were trained to use Gapskill, a web based tool aimed at improving human resource planning in local government. A summit on women in provincial and local government was held in August 2009 to highlight the contribution of women in the sector.

Over the medium term, the department will work closely with the National Planning Commission to improve planning alignment across the three spheres of government. Municipalities in all provinces will be supported to develop and implement comprehensive infrastructure plans to improve infrastructure provision. In

implementing the local economic development strategy over the MTEF period, the focus will be on improving governance and reducing red tape in district municipalities, and on increasing the number of local economic development projects. The focus will also be on the implementation of Community Work Programme aimed at creating work opportunities for local people.

Expenditure estimates

Table 3.6 Governance and Intergovernmental Relations

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Management: Municipal and Provincial Government	1.4	2.6	7.1	6.7	9.5	9.8	10.1
Provincial and Local Government Support and Intervention	71.1	61.1	56.6	59.2	16.0	16.4	17.0
Infrastructure and Economic Development	7.5	5.8	4.5	4.4	38.2	31.1	32.2
Intergovernmental Relations coordination and Fiscal relation	20.5	23.6	24.7	24.8	30.3	39.2	40.6
Governance and Public Participation	11.2	21.2	21.3	16.8	7.1	7.3	7.5
Community Work Programme	–	–	–	159.0	490.3	663.6	871.1
Equitable share transfers	18 057.9	20 675.6	25 559.7	24 355.5	30 167.7	33 939.9	37 234.4
Municipal Systems Improvement Grant	200.0	200.0	200.0	200.0	212.0	224.7	236.0
Municipal infrastructure grant transfer	5 938.4	8 754.1	9 091.1	11 433.5	12 528.9	15 068.6	18 322.0
South African Local Government Association fiscal transfer	19.5	20.5	22.1	23.3	24.6	26.1	27.4
Municipal Demarcation Board fiscal transfers	16.8	20.7	25.4	34.6	37.2	39.4	41.4
South African Cities Network fiscal transfers	1.6	4.4	4.7	4.8	5.1	5.4	5.7
United Cities and Local Government of Africa transfers	–	–	3.6	3.5	4.0	5.0	5.2
Total	24 346.0	29 789.6	35 020.7	36 326.1	43 570.8	50 076.5	56 850.6
Change to 2009 Budget estimate				999.2	1 338.1	2 654.3	7 057.3
Economic classification							
Current payments	101.9	113.2	112.6	179.4	299.7	373.1	461.2
Compensation of employees	44.2	51.8	61.1	60.3	69.5	73.4	77.2
Goods and services	57.6	61.4	51.6	119.1	230.2	299.7	384.0
<i>of which:</i>							
<i>Consultants and professional services:</i>	26.9	25.3	20.5	29.2	15.1	14.9	15.0
<i>Business and advisory services</i>	–	–	0.0	58.5	151.2	209.0	274.4
<i>Inventory: Materials and supplies</i>	–	–	0.0	58.5	151.2	209.0	274.4
<i>Lease payments</i>	0.5	0.4	0.7	0.4	1.7	1.8	2.0
<i>Travel and subsistence</i>	12.4	12.4	10.9	11.3	20.3	22.0	25.3
Transfers and subsidies	24 242.5	29 675.5	34 907.3	36 146.3	43 266.8	49 697.8	56 382.1
Provinces and municipalities	24 196.4	29 629.8	34 850.7	35 989.0	42 908.6	49 233.2	55 792.3
Departmental agencies and accounts	36.3	41.1	47.5	57.9	61.8	65.5	68.8
Foreign governments and international organisations	3.0	0.1	0.1	0.1	0.5	0.5	0.5
Non-profit institutions	6.7	4.5	8.3	8.3	9.1	10.4	10.9
Households	0.0	–	0.6	91.0	286.8	388.2	509.6
Payments for capital assets	1.7	0.9	0.7	0.3	4.3	5.7	7.3
Machinery and equipment	1.0	0.8	0.7	0.3	4.3	5.7	7.3
Software and other intangible assets	0.6	0.1	–	–	–	–	–
Total	24 346.0	29 789.6	35 020.7	36 326.1	43 570.8	50 076.5	56 850.6

Table 3.6 Governance and Intergovernmental Relations (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Details of selected transfers and subsidies							
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	18 257.9	20 875.6	25 759.7	24 555.5	30 379.7	34 164.6	37 470.4
Local Government Equitable Share	18 057.9	20 675.6	25 559.7	24 355.5	30 167.7	33 939.9	37 234.4
Municipal Systems Improvement Grant	200.0	200.0	200.0	200.0	212.0	224.7	236.0
Capital	5 938.4	8 754.1	9 091.1	11 433.5	12 528.9	15 068.6	18 322.0
Municipal Infrastructure Grant	5 938.4	8 754.1	9 091.1	11 433.5	12 528.9	15 068.6	18 322.0
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	36.3	41.1	47.5	57.9	61.8	65.5	68.8
South African Local Government Association	19.5	20.5	22.1	23.3	24.6	26.1	27.4
Municipal Demarcation Board	16.8	20.7	25.4	34.6	37.2	39.4	41.4
Foreign governments and international organisations							
Current	3.0	0.1	0.1	0.1	0.5	0.5	0.5
Commonwealth Local Government Forum	3.0	0.1	0.1	0.1	0.5	0.5	0.5
Non-profit institutions							
Current	6.7	4.4	8.3	8.3	9.1	10.4	10.9
South African Cities Network	1.6	4.4	4.7	4.8	5.1	5.4	5.7
United Cities and Local Government of Africa	5.1	–	3.6	3.5	4.0	5.0	5.2
Households							
Social benefits							
Current	–	–	0.6	91.0	286.8	388.2	509.6
Community Work Programme	–	–	0.6	91.0	286.8	388.2	509.6

Expenditure trends

Expenditure in this programme is dominated by transfers to local government, public entities and other agencies, which comprise 99.5 per cent of the department's budget in 2009/10. Spending on transfers and subsidies increased at an average annual rate of 14.2 per cent from R24.2 billion 2006/07 to R36.1 billion in 2009/10, and is expected to increase further over the MTEF period at an average annual rate of 16.1 per cent to reach R56.4 billion. The growth is attributable to the shift of local government transfers and entities into this programme from other programmes.

The biggest proportion of expenditure is for the local government equitable share which represents 67.3 per cent of total transfers over the MTEF period, or R125.7 billion. The local government equitable share is an integral funding instrument. It supplements municipal revenue to allow municipalities to provide free basic services to poor households, and funds institutional capacity and support for weaker municipalities in remote rural areas.

Expenditure relating to the Southern African Development Community (SADC) local government desk and the consolidation of the SADC local government agenda resulted in additional funding of R9 million between 2010/11 and 2011/12.

Programme 4: National Disaster Management Centre

- *Management: Head of Disaster.*
- *Legislation, Policy and Compliance Management* develops and provides implementation support for disaster management policies and legislative frameworks across all spheres of government.

- *Implementation Coordination and Support* develops and implements disaster management operational systems and coordinates disaster management capacity building and strategic research.
- *Intelligence Systems and Support* creates and manages the implementation of disaster management intelligence and capability systems.
- *Disaster Relief Transfer* allocates and coordinates relief funding when a disaster has occurred.

Funding in these subprogrammes is mainly used for recruiting disaster management volunteers in municipalities to increase disaster management capacity in the local sphere of government.

Objectives and measures

- Improve the proactive and responsive capability of the national disaster management centre by establishing the 2 remaining provincial disaster management centres by March 2011.
- Strengthen and update the legislative framework for fire services by submitting amended legislation to Cabinet for approval by March 2011, in order to address new policy issues which are not addressed in the existing legislation.
- Ensure that a coordinated and effective disaster risk management system for the 2010 FIFA World Cup is in place by developing provincial and municipal operational plans, establishing provincial coordinating teams, conducting training and simulation exercises, and reviewing priority areas and contingency plans by March 2010.

Service delivery focus

Preparations for the 2010 FIFA World Cup will be supported by assisting national and provincial government departments, host cities and other stakeholders with disaster management operational and contingency plans for the 2010 FIFA World Cup. Forums such as the interministerial committee, the technical coordination committee and the host cities forum will be targeted during their scheduled sittings.

To date, the national disaster management centre has been established and 7 provincial centres. Centres have been established in 5 out of 9 host cities and host city disaster management contingency plans for natural and technological disasters are in place. The department will support the remaining host cities to establish these centres in 2010/11.

The department is conducting a national education, training and research needs and resources analysis through the national disaster management centre. The analysis will inform the development and implementation of a national education and training framework for disaster risk management in South Africa by 2011/12. All disaster management stakeholders will be targeted. In 2009, the department developed regulations for recruiting disaster management volunteers in municipalities for increasing disaster management capacity.

Expenditure estimates

Table 3.7 National Disaster Management Centre

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Management: Head of Disaster	–	–	–	–	3.3	3.4	3.5
Legislation, Policy and Compliance Management	14.4	7.2	16.4	16.0	5.9	6.0	6.2
Implementation Coordination and Support	23.2	17.8	9.6	71.0	13.5	13.9	14.4
Intelligence Systems and Support	–	1.2	9.1	11.7	18.8	19.4	20.0
Disaster Relief Transfers	–	–	47.0	–	–	–	–
Total	37.6	26.1	82.1	98.7	41.6	42.8	44.2
Change to 2009 Budget estimate				60.9	–	(1.1)	(1.8)

Table 3.7 National Disaster Management Centre (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Economic classification							
Current payments	30.1	24.9	33.2	92.4	38.7	39.8	41.2
Compensation of employees	3.2	4.4	5.6	4.9	18.1	19.1	20.0
Goods and services	26.9	20.4	27.5	87.5	20.6	20.8	21.2
<i>of which:</i>							
<i>Consultants and professional services:</i>							
<i>Business and advisory services</i>	9.5	11.3	9.2	25.9	7.4	7.3	7.4
<i>Lease payments</i>	13.2	6.0	3.9	7.5	6.8	6.9	7.1
<i>Travel and subsistence</i>	0.6	1.3	1.1	6.2	2.9	3.0	3.1
Transfers and subsidies	0.0	0.0	47.0	0.0	-	-	-
Provinces and municipalities	0.0	-	47.0	-	-	-	-
Payments for capital assets	7.5	1.2	1.9	6.3	2.9	2.9	3.0
Machinery and equipment	0.3	0.5	1.9	6.3	1.9	1.9	1.9
Software and other intangible assets	7.2	0.7	-	-	1.0	1.0	1.0
Total	37.6	26.1	82.1	98.7	41.6	42.8	44.2
Details of selected transfers and subsidies							
Provinces and municipalities							
Provinces							
Provincial Revenue Funds							
Current	-	-	29.7	-	-	-	-
Internally Displaced People Management grant	-	-	29.7	-	-	-	-
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	-	-	17.3	-	-	-	-
Internally Displaced People Management grant	-	-	17.3	-	-	-	-

Expenditure trends

The disaster management function was previously performed as a subprogramme *Disaster Management* in the *Systems and Capacity Building* programme. It has been elevated to programme status.

Expenditure increased from R37.6 million in the 2006/07 to R98.7 million in 2009/10 at an average annual rate of 38 per cent. The growth was mostly due to an additional R60 million to implement disaster management contingency plans for the 2010 FIFA World Cup. Funding to the *Intelligence Systems and Support* subprogramme increased to support the establishment of 13 fully functional centres (1 national, 7 in provinces, in 5 of the host cities).

Over the MTEF period, expenditure is expected to decrease at an average annual rate of 23.5 per cent to reach R44.2 million in 2012/13. The decrease is as a result of the once-off allocation of R60 million.

Programme 5: Traditional Affairs

- *Management: Head of Traditional Affairs.*
- *Policy and Legislation for Traditional Affairs* focuses on research and policy making related to traditional affairs, including the institution of traditional leadership.
- *Institutional Support and Coordination* focuses on providing comprehensive support for and coordinating all activities related to traditional affairs, and promoting the role and place of the institution of traditional leadership, including Khoi-San leadership, in the South African governance system.
- *Commission for the Promotion and Protection of the Rights of Cultural, Religious and Linguistic Communities* is a constitutional body established in terms of the Cultural, Religious and Linguistic Communities Act (2002).

- *Commission on Traditional Leadership Disputes and Claims* was established in terms of the Traditional Leadership Framework Governance Act (2003).
- *National House of Traditional Leaders Fiscal Transfers* was established in terms of the Constitution to represent the interests of traditional communities and advise government on policies and programmes impacting them.

Objectives and measures

- Ensure the functionality of the Department of Traditional Affairs by establishing its corporate capacity and capability by recruiting suitable trained and skilled staff and training them by December 2010.
- Ensure better alignment and standardisation in the regulatory, institutional and support framework for traditional affairs across provinces and municipalities by March 2011.
- Ensure that that traditional communities and Khoi-San communities are empowered by reviewing and developing the national support programme for traditional communities and Khoi-San communities and their governance structures by March 2011 in order to align the programme to the needs identified.
- Promote and integrate the role and place of traditional affairs, the institution of traditional leadership, including Khoi-San leadership, in the South African governance system by establishing synergetic relations with other governance structures across the three spheres of government by March 2011.
- To support well functioning traditional leadership institutions across the continent by ensuring that the institution of traditional leadership, including the Khoi-San leadership, plays a central role where relevant in the SADC region and continental forums by March 2011.
- Promote traditional knowledge by establishing a comprehensive, user friendly database by March 2011.

Service delivery focus

Progress has been made in positioning the institution of traditional leadership to partner with government in accelerating development and promoting service delivery. The Department of Traditional Affairs was proclaimed in December 2009 to play a strategic role in assisting the institution of traditional leadership and the Khoi-San leadership to transform themselves into central government partners in developing their communities. The department is also expected to coordinate the activities of the Department of Traditional Affairs with those of government to that ensure the needs of traditional and Khoi-San communities are met. These needs include governance, access to indigenous knowledge systems, traditional courts and indigenous law, traditional healers and medicine, African traditional communities protocols, indigenous languages, and other valued cultural practices.

The Traditional Leadership Governance and Framework Amendment Bill and the National House of Traditional Leaders Bill were passed by Parliament in November 2009. The Khoi-San policy was approved in 2009 and drafting legislation on the recognition of Khoi-San communities and leadership will start before March 2010.

Expenditure estimates

Table 3.8 Traditional Affairs

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Management: Head of Traditional Affairs	–	–	–	–	4.6	5.8	6.1
Policy and Legislation for Traditional Affairs	6.0	6.6	9.9	14.0	7.9	10.1	10.6
Institutional, Support and Coordination	–	–	–	–	7.7	9.9	10.4
Commission for the Promotion and Protection of the Rights of Cultural, Religious and Linguistic Communities	13.4	15.4	20.0	20.3	21.4	22.7	23.8
Commission on Traditional Leadership Disputes and Claims	10.0	10.6	11.5	9.9	10.5	11.1	11.7
National House of Traditional Leaders Fiscal Transfers	9.5	13.2	14.9	9.2	18.9	21.2	22.7
Total	38.9	45.7	56.3	53.3	70.9	80.8	85.3
Change to 2009 Budget estimate				(3.2)	0.2	0.1	0.5

Table 3.8 Traditional Affairs (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Economic classification							
Current payments	25.4	29.8	35.6	29.4	49.1	57.6	60.9
Compensation of employees	8.0	10.1	10.9	12.9	31.2	32.9	34.4
Goods and services	17.4	19.7	24.7	16.6	17.8	24.7	26.5
<i>of which:</i>							
<i>Consultants and professional services:</i>	5.4	6.4	6.8	4.4	3.2	5.6	6.1
<i>Business and advisory services</i>							
<i>Lease payments</i>	0.1	0.3	0.1	0.3	0.2	0.2	0.3
<i>Travel and subsistence</i>	8.1	10.4	13.8	6.7	6.1	7.9	8.5
Transfers and subsidies	13.4	15.4	20.2	22.1	21.4	22.7	23.8
Provinces and municipalities	0.0	–	–	–	–	–	–
Departmental agencies and accounts	13.4	15.4	20.0	20.3	21.4	22.7	23.8
Households	0.0	–	0.2	1.8	–	–	–
Payments for capital assets	0.1	0.4	0.5	1.8	0.4	0.5	0.5
Machinery and equipment	0.1	0.4	0.5	1.8	0.4	0.5	0.5
Total	38.9	45.7	56.3	53.3	70.9	80.8	85.3
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	13.4	15.4	20.0	20.3	21.4	22.7	23.8
Commission for the Promotion and Protection of the Rights of Cultural, Religious and Linguistic Communities	13.4	15.4	20.0	20.3	21.4	22.7	23.8

Expenditure trends

Expenditure in this programme has increased from R38.9 million in 2006/07 to R53.3 million in 2009/10, at an average annual rate of 11.1 per cent. Expenditure is expected to increase at an average annual rate of 17 per cent over the MTEF period, due to additional funds received for the establishment of the Department of Traditional Affairs. The increase in the *National House of Traditional Leaders* subprogramme was mainly due to additional funding for travel and accommodation after the chamber was moved from Pretoria to Cape Town.

Over the MTEF period, spending will focus on establishing the Department of Traditional Affairs.

Additional tables

Table 3.A Summary of expenditure trends and estimates per programme and economic classification

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R million	2008/09		2008/09	2009/10			2009/10
1. Administration	150.2	150.7	143.3	143.4	21.5	164.8	162.4
2. Policy, Research and Knowledge Management Support	44.4	43.7	40.9	42.5	(1.9)	40.6	38.8
3. Governance and Intergovernmental Relations	33 828.0	35 223.6	35 020.7	35 324.3	1 001.8	36 326.1	36 320.4
4. National Disaster Management Centre	108.4	153.4	82.1	37.8	60.9	98.7	58.7
5. Traditional Affairs	62.8	67.7	56.3	56.5	(3.2)	53.3	49.3
Total	34 193.9	35 639.0	35 343.2	35 604.4	1 079.1	36 683.5	36 629.6

Economic classification

Current payments	370.3	371.5	358.1	379.9	119.2	499.0	445.1
Compensation of employees	166.4	154.3	153.8	194.1	(21.8)	172.3	164.8
Goods and services	204.0	217.2	204.3	185.7	141.0	326.7	280.3
Interest and rent on land	–	–	0.1	–	–	–	–
Transfers and subsidies	33 816.7	35 259.4	34 975.5	35 216.4	954.8	36 171.2	36 171.2
Provinces and municipalities	33 746.0	35 186.0	34 897.8	35 131.5	857.6	35 989.1	35 989.1
Departmental agencies and accounts	66.0	67.5	67.5	78.1	–	78.1	78.1
Foreign governments and international organisations	–	–	0.1	0.1	0.0	0.1	0.1
Public corporations and private enterprises	0.1	0.1	–	–	–	–	–
Non-profit institutions	4.7	4.7	8.3	4.8	3.5	8.3	8.3
Households	–	1.1	1.8	1.9	93.6	95.5	95.5
Payments for capital assets	6.8	8.1	9.2	8.2	5.1	13.3	13.3
Machinery and equipment	6.8	8.1	9.2	8.2	5.1	13.3	13.3
Payments for financial assets	–	0.0	0.4	–	0.0	0.0	0.0
Total	34 193.9	35 639.0	35 343.2	35 604.4	1 079.1	36 683.5	36 629.6

Table 3.B Summary of personnel numbers and compensation of employees

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Permanent and full time contract employees							
Compensation (R million)	116.2	128.1	153.8	174.1	241.9	255.3	268.1
Unit cost (R million)	0.3	0.3	0.3	0.3	0.4	0.4	0.3
<i>Administration</i>	0.2	0.2	0.3	0.5	0.4	0.4	0.3
<i>Policy, Research and Knowledge Management Support</i>	0.2	0.2	0.3	0.4	0.3	0.3	0.3
<i>Governance and Intergovernmental Relations</i>	0.2	0.2	0.2	0.4	0.4	0.3	0.3
<i>National Disaster Management Centre</i>	0.2	0.2	0.3	0.3	0.4	0.3	0.3
<i>Traditional Affairs</i>	0.2	0.2	0.3	0.3	0.4	0.4	0.3
Personnel numbers (head count)	415	509	524	581	657	723	825
Total for department							
Compensation (R million)	116.2	128.1	153.8	174.1	241.9	255.3	268.1
Unit cost (R million)	0.3	0.2	0.3	0.3	0.4	0.3	0.3
Personnel numbers (head count)	415	535	554	613	691	759	825

Table 3.C Detail of approved establishment and personnel numbers according to salary level ¹

	Personnel post status as at 30 September 2009			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid year ²	Medium-term estimate		
				2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Department	582	582	149	568	559	549	428	657	723	825
Salary level 1 – 6	161	161	37	158	150	145	126	176	190	210
Salary level 7 – 10	154	154	61	178	165	149	116	225	256	303
Salary level 11 – 12	118	118	31	87	102	114	82	104	120	145
Salary level 13 – 16	149	149	20	145	142	141	104	152	157	167
Administration	186	186	52	204	192	178	162	297	310	346
Salary level 1 – 6	64	64	11	74	68	59	58	92	94	102
Salary level 7 – 10	55	55	20	61	58	51	47	105	110	127
Salary level 11 – 12	25	25	13	28	27	26	24	38	44	53
Salary level 13 – 16	42	42	8	41	39	42	33	62	62	64
Policy, Research and Knowledge Management Support	62	62	16	70	71	61	51	56	58	65
Salary level 1 – 6	20	20	4	18	18	20	15	21	21	22
Salary level 7 – 10	13	13	6	19	17	13	10	17	18	20
Salary level 11 – 12	14	14	3	11	14	14	12	7	8	11
Salary level 13 – 16	15	15	3	22	22	14	14	11	11	12
Governance and Intergovernmental Relations	267	267	71	232	234	247	153	178	217	250
Salary level 1 – 6	59	59	19	51	48	51	35	40	50	57
Salary level 7 – 10	63	63	30	72	68	63	38	56	75	91
Salary level 11 – 12	65	65	15	39	49	62	34	35	41	47
Salary level 13 – 16	80	80	7	70	69	71	46	47	51	55
National Disaster Management Centre	22	22	–	19	20	22	17	50	55	63
Salary level 1 – 6	3	3	–	1	3	3	3	16	16	17
Salary level 7 – 10	8	8	–	11	7	8	6	14	17	21
Salary level 11 – 12	7	7	–	2	5	5	5	9	11	13
Salary level 13 – 16	4	4	–	5	5	6	3	11	11	12
Traditional Affairs	45	45	10	43	42	41	45	76	83	101
Salary level 1 – 6	15	15	3	14	13	12	15	7	9	12
Salary level 7 – 10	15	15	5	15	15	14	15	33	36	44
Salary level 11 – 12	7	7	–	7	7	7	7	15	16	21
Salary level 13 – 16	8	8	2	7	7	8	8	21	22	24

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

2. As at 30 September 2009.

Table 3.D Summary of expenditure on training

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Compensation of employees (R million)	116.2	141.3	166.4	174.1	241.9	255.3	268.1
Training expenditure (R million)	1.7	2.3	1.7	1.8	2.4	2.6	2.7
Training as percentage of compensation	1.4%	1.6%	1.0%	1.0%	1.0%	1.0%	1.0%
Total number trained in department (head count)	331	501	–	–	–	–	–
<i>of which:</i>							
Internships trained (head count)	–	26	–	–	–	–	–

Table 3.E Summary of expenditure on infrastructure

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2006/07	2007/08	2008/09		2010/11	2011/12	2012/13
R million										
Infrastructure transfers to other spheres, agencies and departments										
Municipal infrastructure grant	Water, sanitation, roads and electricity	Various	–	5 938.4	8 754.1	9 138.1	11 433.5	12 528.9	15 068.6	18 322.0
	Building in house capacity	Various	200.0	200.0	–	–	–	–	–	–
Total			200.0	6 138.4	8 754.1	9 138.1	11 433.5	12 528.9	15 068.6	18 322.0

Vote 4

Home Affairs

Budget summary

R million	2010/11				2011/12	2012/13
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	1 470.9	1 371.8	1.3	97.8	1 468.8	1 483.3
Services to Citizens	1 446.0	1 401.2	3.3	41.5	1 386.2	1 429.3
Immigration Services	1 219.7	1 219.4	0.3	–	1 238.5	1 275.8
Transfers to Agencies	1 583.0	–	1 583.0	–	910.1	956.4
Total expenditure estimates	5 719.6	3 992.4	1 587.8	139.3	5 003.5	5 144.8

Executive authority Minister of Home Affairs

Accounting officer Director-General of Home Affairs

Website address www.dha.gov.za

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

Aim

The aim of the Department of Home Affairs is to efficiently determine and safeguard identity and status, and regulate migration to ensure security, promote development and fulfil its international obligations.

Programme purposes

Programme 1: Administration

Purpose: Overall management of the department and centralised support services.

Programme 2: Services to Citizens

Purpose: Secure, efficient and accessible services and documents for citizens and lawful residents.

Programme 3: Immigration Services

Purpose: Facilitate and regulate the secure movement of people into and out of the Republic of South Africa through ports of entry, determine the status of asylum seekers, and regulate refugee affairs.

Programme 4: Transfers to Agencies

Purpose: Financial support to the Film and Publication Board, the Government Printing Works and the Electoral Commission.

Strategic overview: 2006/07 – 2012/13

The Department of Home Affairs fulfils its civic function by acting as the custodian of citizenship and identity. The department also regulates immigration, which is critical for development and security. It enforces the

Immigration Act (2002) and determines the status of asylum seekers and refugees in accordance with its international obligations and the Bill of Rights.

The department has identified three key strategic priorities over the MTEF period: to affirm, record and secure the identity of all citizens and other individuals who live in South Africa; to facilitate and regulate immigration in the interest of national security and development; and to ensure that department officials respond to the needs of all citizens by delivering an accessible, honest, caring and efficient service.

Key priorities

Inclusive citizenship

In line with its strategic priority relating to citizenship, the department will launch national campaigns to register the births of all citizens and issue identity documents to all citizens 16 years or older. The national birth registration and ID campaigns will strengthen inclusive citizenship and nation building. Going forward, this must be supported by ensuring that all citizens have access to excellent levels of service, which will require ongoing investment in training, information systems and infrastructure.

Immigration policy

To effectively implement its immigration policy, the department will continue to improve the security of business processes and systems, as well as improve the permitting system for temporary and permanent residence permits, and section 22 asylum permits. The department has also identified specific immigration policy issues to be addressed through stakeholder engagement, including: clarifying the distinction between asylum seekers and economic migrants; documenting all people living in South Africa; and a responsive and secure permitting system that minimises risks while enabling the immigration of persons who can help grow the economy.

Service delivery

In May 2007, against the backdrop of many years of consistent poor performance, the Department of Home Affairs implemented the turnaround strategy to transform the department into an efficient, service oriented organisation. From the outset, the strategy was designed around what citizens want and need. Significant achievements such as the reduced turnaround time for key documents are underpinned by better control over many operational areas, including the use of management information.

In 2008/09, the department developed a draft macro policy framework to define the department's role and align the department with government priorities. This work informed the formulation of the department's strategic goals. In November 2008, the Minister of Home Affairs approved the discussion of the framework with other departments before presenting it to Cabinet.

The department has identified the following key priorities to ensure that the turnaround strategy is sustainable and builds on what has already been achieved: leadership, management and governance, skilled staff with the right values, integrated business processes and systems, facilitative infrastructure, and a favourable working environment.

In phase 1, in the second half of 2007, the turnaround strategy focused on defining new processes to improve service delivery and realise benefits in the short term. The agenda for phase 1 was: vision and design; contracts and security; planning and reporting; finance and risk; track and trace; identity document process; governance and operations; permits and refugees; IT; employee relationship; and strategic initiative governance.

The main focus of phase 2 was on implementing the new model for the department, designed in phase 1. The aim was to implement the new model without disrupting services and in way that is sustainable beyond 2009. Phase 2 consisted of 5 functional work streams (civic services, immigration services, support services, finance, and IT) and 55 projects.

Measures against corruption

The department will implement strategies to prevent, detect and take action against corruption and crime. Sound financial management, better information systems and better use of technology will also be prioritised over the medium term.

Amending legislation

The department intends developing a policy that distinguishes between asylum seekers and economic migrants. The majority of illegal foreigners from the South African Development Community (SADC), in particular Zimbabwean nationals, are not asylum seekers but looking for work. At present, economic migrants use the asylum seekers process and consequently many applications are rejected. To implement the policy on economic migrants requires amending the Immigration Act (2002).

The department is doing research to establish at what age the fingerprints of children can be taken. Taking children's fingerprints before they are eligible for an identity document will ensure that only South African citizens are on the national population register, and will eliminate the need for authentication and speed up the identity document application process. The Identification Act (1997) would have to be amended to do this.

Completing the turnaround strategy for building the new Department of Home Affairs

The Department of Home Affairs is a healthier and more efficient organisation than it was in June 2007 when the turnaround strategy was implemented.

Core projects implemented to improve service delivery and customer experience

Civic services

- Rolling out late registration involves registering citizens who are 15 years and older and not on the national population register. 82 000 registrations were done in 2008 and 2009. The target is to register an estimated 700 000 by the end of 2011.
- As a result of the new passport system and machine, the average turnaround time for issuing passports was reduced from 41 days in 2008 to 19 days in 2009, with some passports issued in less than 10 days.
- Redesigning the registration process for births, marriages and deaths (including certificate decentralisation), was completed by the end of 2009 and security features were added on abridged certificates. Now birth registrations are finalised in 8 days in 82 per cent of cases.
- The contact centre was bolstered to answer calls in less than a minute. More than 1 million contacts were handled in 2009 and more than 96 per cent of calls were answered within 20 seconds. The number of agents for the back office or second line queries was increased from 22 to 39 by the end of 2009.
- Model offices for each different office type were designed, using the centre of excellence principle. Designs were completed for six office types by the end of 2009, as well as the human resource model and resource plan.
- The department's footprint (including in the Thusong service centres) has been extended by establishing 68 new service points since August 2007.
- The reach and effectiveness of mobile units has been improved, including ensuring that they reach remote locations. 73 per cent use of mobile units had been achieved by the end of 2009.
- The online verification system to verify the identity of clients on application had been implemented at 226 offices by the end of 2009.
- The average turnaround time for re-issuing an identity document is now 30 days, from 56 days in 2008, and for first issue it is 90 days, from 127 days in 2008.

Immigration services

- Meeting immigration needs for the 2010 FIFA World Cup includes complying with the FIFA guarantees and introducing permanent changes to immigration structures, standard operating procedures, and the technological platform used to perform day-to-day immigration functions. Many of the 2010 FIFA World Cup projects were tested and implemented during the FIFA 2009 Confederations Cup. The remaining projects will be completed by the end of April 2010.
- One day processing of asylum seekers' applications at refugee status determination offices across the country has been sustained since October 2009, and all six offices are functioning optimally.
- The large account unit was set up to facilitate the processing of corporate permits and reduce the turnaround times for temporary and permanent residence permits. 52 large account units have been established since July 2007. A track and trace system for permit applications has also been implemented and the adjudication of temporary residence permits has been centralised to a single hub.
- Transforming the Inspectorate requires identifying standardised inspection processes and training all inspectorate staff. A case management system was designed and implemented in 2009, and a standardised reporting tool and new governance model were introduced.
- The operating costs of the Lindela facility have been reduced by reducing the occupancy rate and amortising the improvements that the department has made to the facility. The department has successfully negotiated with a service provider the provision of medical screening and primary health care facilities as well as registration facilities for the deportees' property without additional cost to the department.
- Transforming port control involves adhering to the 1.5 – 2 minute processing time per traveller at OR Tambo, Cape Town and Durban international airports. An operations improvement programme was piloted at OR Tambo International Airport (South Africa's main port of entry, with the highest volumes) and will now be rolled out to other key air, land and maritime ports of entry. This is a key project for ensuring improved standards of service delivery before the 2010 FIFA World Cup.

Service delivery improvement projects were also successfully implemented in support services, finance and IT.

Conclusion

While there are still many challenges for the Department of Home Affairs, valuable lessons have been learnt since June 2007, and transformation efforts over the past two years have resulted in significant gains and concrete improvements. The complete benefits of the new Department of Home Affairs will be seen in years to come. For now, the department has been set on the road to recovery.

Savings and cost effective service delivery

Before the turnaround strategy started, the department had recognised that operational efficiency requires modern, integrated information systems and communication networks, especially at service delivery points. Although the turnaround strategy reduced the time to issue enabling documents, this did not translate into significant cost savings. However, the department has identified efficiency savings in non-service delivery areas amounting to R85.2 million in 2010/11, R84.2 million in 2011/12 and R64.4 million in 2012/13. These savings are on advertising, catering and entertainment, travel and subsistence, and facilities and venues.

In addition, the department started implementing the Who Am I Online project in 2008/09 as part of its long term strategy to eliminate waste, reduce the cost of providing services to the public, and be generally more efficient and effective. The project aims to switch from a manual paper based system to a paperless environment where all transactions are processed online and in real time. This will reduce future costs for paper forms, courier services and the maintenance of outdated or obsolete systems, which will be replaced. These cost reductions have not yet been quantified.

Selected performance indicators

Table 4.1 Home Affairs

Indicator	Programme	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Number of new birth, death and marriage registrations per year	Services to Citizens	2 136 887	2 058 126	2 144 575	2 251 803	2 364 393	2 482 613	2 606 743
Number of days taken to issue all passports and travel documents	Services to Citizens	50	41	10	10	10	5	5
Number of passports and travel documents issued per year	Services to Citizens	1 006 701	1 081 771	1 189 948	1 308 942	1 439 837	1 583 820	1 663 011
Number of days to issue an identity document (first issue)	Services to Citizens	–	127	60	90	40	40	40
Number of days to issue an identity document (second issue)	Services to Citizens	–	98	56	30	30	30	30
Number of identity documents issued per year	Services to Citizens	1 986 000	1 986 000	3 972 000	1 986 000	1 986 000	2 085 000	2 189 565
Number of days to issue section 22 asylum permits	Immigration Services	6	5	1	1	1	1	1
Number of months to issue refugee status determinations	Immigration Services	–	12	6	6	6	6	6
Number of days to issue refugee identity documents	Immigration Services	–	180	90	90	90	45	45
Total number of permanent and temporary residence permits issued	Immigration Services	43 595	117 436	84 979	40 100	80 000	85 000	90 000
Total number of arrivals and departures cleared	Immigration Services	26 028 987	27 509 891	27 547 297	28 984 996	57 969 992	30 500 000	31 200 000
Clearance time (minutes) for entry and exit of travellers	Immigration Services	–	1.5-2	1.5-2	1.5-2	1.5-2	To be discontinued.	–
Number of illegal foreigners deported per year	Immigration Services	266 067	245 294	312 142	200 000	224 000	257 000	295 600
Number of months to issue permanent residence permits	Immigration Services	24	24	12	6	6	6	6
Number of weeks to issue temporary residence permits: work, business, and corporate	Immigration Services	8	8	6	4	4	3	3
Number of weeks to issue temporary residence permits: study, treaty, exchange, and retired persons	Immigration Services	6	6	4	1	1	1	1
Number of days to issue temporary residence permits: visitors, medical, and asylum transit	Immigration Services	1	1	1	1	1	1	1
Number of days to issue temporary residence permits: intra-company transfer	Immigration Services	6	6	4	10	10	10	10

Expenditure estimates

Table 4.2 Home Affairs

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
R million								
1. Administration	643.8	890.2	1 352.8	1 314.9	1 314.9	1 470.9	1 468.8	1 483.3
2. Services to Citizens	968.3	930.1	1 151.3	1 381.4	1 277.0	1 446.0	1 386.2	1 429.3
3. Immigration Services	571.7	806.9	952.2	1 255.6	1 255.6	1 219.7	1 238.5	1 275.8
4. Transfers to Agencies	363.1	614.7	1 210.3	1 311.9	1 311.9	1 583.0	910.1	956.4
Total	2 546.9	3 241.7	4 666.6	5 263.8	5 159.4	5 719.6	5 003.5	5 144.8
Change to 2009 Budget estimate				213.2	108.8	138.8	(3.5)	23.0

Table 4.2 Home Affairs (continued)

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
R million								
Economic classification								
Current payments	1 771.2	2 368.9	3 139.3	3 713.9	3 713.9	3 992.4	3 976.4	4 071.2
Compensation of employees	844.7	1 087.0	1 296.0	1 659.1	1 659.1	1 896.2	2 134.8	2 243.7
Goods and services	926.6	1 282.0	1 843.2	2 054.8	2 054.8	2 096.2	1 841.7	1 827.5
<i>of which:</i>								
Computer services	191.5	127.2	247.5	291.1	291.1	265.2	272.9	265.5
Contractors	20.0	101.1	96.0	233.9	233.9	237.5	146.5	146.5
Lease payments	0.2	93.7	165.5	316.3	316.3	497.3	335.8	334.3
Travel and subsistence	242.4	257.6	235.2	188.5	188.5	177.7	168.1	162.6
Transfers and subsidies	368.2	625.8	1 221.8	1 316.5	1 316.5	1 587.8	915.3	961.9
Provinces and municipalities	1.0	0.5	0.6	–	–	–	–	–
Departmental agencies and accounts	363.1	614.7	1 210.3	1 311.9	1 311.9	1 583.0	910.1	956.4
Payments for capital assets	397.4	220.3	305.0	233.4	129.0	139.3	111.8	111.8
Buildings and other fixed structures	45.9	–	–	–	–	–	–	–
Machinery and equipment	233.1	178.7	164.2	94.0	94.0	139.3	111.8	111.8
Software and other intangible assets	118.4	41.6	140.7	139.4	35.0	–	–	–
Payments for financial assets	10.0	26.7	0.5	–	–	–	–	–
Total	2 546.9	3 241.7	4 666.6	5 263.8	5 159.4	5 719.6	5 003.5	5 144.8

Expenditure trends

Expenditure increased from R2.5 billion in 2006/07 to R5.3 billion in 2009/10, at an average annual rate of 27.4 per cent, mainly as a result of additional allocations made for: capacity building, an increase in the number of Department of Home Affairs offices, the refurbishment of existing offices, the department's repair and maintenance programme, the Who Am I Online project, design and planning for the 2010 FIFA World Cup, the transformation of port control, the new passport system, and the Electoral Commission. In particular, the 27.3 per cent increase in expenditure in 2007/08 was due to service delivery improvement initiatives such as a track and trace system, the contact centre, and a queue management system. The 44 per cent increase in expenditure in 2008/09 related to transfers to the Electoral Commission to prepare for the 2009 elections, as well as increased allocations to the Film and Publication Board to expand its monitoring, research and compliance capabilities, and to the Government Printing Works for a new production facility.

Over the medium term, expenditure is expected to decline from R5.3 billion in 2009/10 to R5.1 billion in 2012/13 at an average annual rate of 0.8 per cent, due to a downwards adjustment to the allocation for the Electoral Commission in non-election years.

The department receives an additional allocation of R150 million in 2010/11 for the Electoral Commission to prepare for the 2011 local government elections. The department also receives R192.1 million over the medium term for salary adjustments. The entities also receive the following salary adjustments over the medium term: Electoral Commission, R30.4 million; Film and Publication Board, R3.5 million; and the Government Printing Works, R16.1 million.

Infrastructure spending

In 2008/09, the department implemented the Who Am I Online project. The total cost is estimated at R2.2 billion over 5 years. R390.4 million has been spent since 2008/09, and the following amounts have been allocated over the MTEF period: R394.3 million, R299.3 million and R298.6 million. Although only partial funding has been allocated for the project, National Treasury has approved the business case for the total lifecycle cost of R2.2 billion beyond the MTEF period.

Who Am I Online

In 2008 the department started with the implementation of the Who Am I Online project, an integrated IT system which will enable the department to process transactions for issuing identity documents, birth, death and marriage certificates, passports, visa permits, section 22 asylum permits, refugee identity documents, citizenship certificates and permanent and temporary residence permits. The system allows transactional processing and simultaneously supports information about photographs, fingerprints, signatures and voice recordings, demographic information, and scanned supporting documents.

Objectives and measures

- Replace outdated and obsolete legacy systems and improve overall system security.
- Improve agility through the use of workflow and by compliance with service oriented architecture.
- Improve integrity by enforcing business rules.
- Introduce the general live capture concept, with highly configurable counters housing integrated client service consoles backed by fault tolerant controllers for offline processing at any office to address queuing and other aspects of the customer experience.
- Revitalise all enabling documents (including passports, identity documents, certificates, permits and warrants).
- Review and realign all legislation administered by the department to enable the new technological solutions.

Achievements

- Preparation for the testing environment at the ID factory was completed.

Steps for 2010/11

- Operationalise the production environment and related connectivity.
- Expedite the office readiness assessments at selected ports of entry.
- Address the expectations of various stakeholders.

While tangible evidence of developments and investments may be lacking at present, the significant progress that has been made will be seen as soon as the production environment is operationalised.

Departmental receipts

Revenue is mainly generated from fees charged for issuing passports and other official documents. A 20.8 per cent increase in revenue is expected in 2009/10, due to the projected increase in the demand for identity documents before the national, provincial and local government elections, and increases in the demand for travel documents related to the 2010 FIFA World Cup.

Table 4.3 Departmental receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
Departmental receipts	468 239	421 123	355 673	429 489	429 489	455 256	482 575	506 704
Sales of goods and services produced by department	445 765	369 460	304 891	415 126	415 126	440 031	466 436	489 758
Sales of scrap, waste, arms and other used current goods	2	12	13	–	–	–	–	–
Fines, penalties and forfeits	18 035	28 788	17 094	14 164	14 164	15 014	15 915	16 711
Interest, dividends and rent on land	154	1 783	608	199	199	211	224	235
Sales of capital assets	1	–	–	–	–	–	–	–
Transactions in financial assets and liabilities	4 282	21 080	33 067	–	–	–	–	–
Total	468 239	421 123	355 673	429 489	429 489	455 256	482 575	506 704

Programme 1: Administration

Expenditure estimates

Table 4.4 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Minister ¹	0.8	1.0	1.6	1.7	1.8	1.9	2.0
Deputy Minister ¹	0.7	0.7	1.3	1.4	1.5	1.6	1.7
Management	67.7	77.4	100.1	107.7	115.1	122.5	123.8
Strategic Support	45.1	198.5	414.6	177.9	112.6	119.8	122.4
Corporate Services	395.1	438.8	636.9	816.4	997.6	903.0	906.9
Human Resources	90.7	94.9	113.7	105.7	105.0	106.0	107.9
Financial Services	75.1	99.9	107.4	121.5	126.4	129.0	131.6
Government Motor Transport	17.7	3.4	21.5	22.0	23.3	24.7	24.7
Information Services	146.0	224.4	225.1	183.9	221.4	230.1	230.0
Transversal IT Projects	65.6	16.3	169.2	383.4	521.5	416.6	416.0
Office Accommodation	134.4	173.8	198.2	209.7	242.3	319.9	326.5
Total	1 038.9	1 329.0	1 989.7	2 131.4	2 468.6	2 375.1	2 393.5
Change to 2009 Budget estimate				117.3	(8.5)	(17.1)	(12.8)

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

Economic classification

Current payments	504.4	831.6	1 224.1	1 261.6	1 371.8	1 375.6	1 390.0
Compensation of employees	140.7	160.0	180.6	229.2	290.0	308.8	324.6
Goods and services	363.7	671.6	1 043.5	1 032.4	1 081.8	1 066.8	1 065.4
of which:							
Computer services	78.7	95.0	170.5	154.2	141.3	173.5	172.2
Contractors	17.5	32.7	29.3	105.6	26.5	33.3	33.2
Lease payments	0.2	93.7	164.1	315.1	495.7	334.5	333.0
Travel and subsistence	61.3	49.3	65.3	67.6	62.0	77.5	77.0
Transfers and subsidies	1.2	2.7	2.2	1.3	1.3	1.4	1.5
Provinces and municipalities	0.5	0.5	0.6	–	–	–	–
Households	0.7	2.3	1.6	1.3	1.3	1.4	1.5
Payments for capital assets	138.1	29.1	126.0	52.0	97.8	91.7	91.7
Buildings and other fixed structures	45.9	–	–	–	–	–	–
Machinery and equipment	83.3	22.3	63.0	52.0	97.8	91.7	91.7
Software and other intangible assets	8.8	6.8	63.0	–	–	–	–
Payments for financial assets	0.0	26.7	0.5	–	–	–	–
Total	643.8	890.2	1 352.8	1 314.9	1 470.9	1 468.8	1 483.3

Expenditure trends

Expenditure increased from R643.8 million in 2006/07 to R1.3 billion in 2009/10, at an average annual rate of 26.9 per cent, for the refurbishment of the department's offices and information systems. The significant increases of 38.3 per cent in 2007/08 and 52 per cent in 2008/09 were mainly for the repair and maintenance of offices and expanded capacity in support services. The decrease of 2.8 per cent in 2009/10 was due to the reallocation of funds for the turnaround strategy to the *Services to Citizens* and *Immigration Services* programmes. The significant increases of 28.2 per cent between 2008/09 and 2009/10 in expenditure for the subprogramme *Corporate Services* was because the allocations for Who Am I Online were moved from the *Immigration Services* programme to this programme. The increases of 45.1 per cent between 2007/08 and 2008/09 were due to the amounts allocated for the Who Am I Online project.

Over the MTEF period, spending is estimated to increase at an average annual rate of 4.1 per cent to reach R1.5 billion in 2012/13, mainly to provide for increased capacity in support services. The spending focus over the MTEF period will be on the implementation of the Who Am I Online project.

Programme 2: Services to Citizens

- *Management.*
- *Status Services* regulates all matters relating to the national population register. These include: maintaining an accurate register of all citizens and immigrants who have acquired the right to permanent residence; registering births, deaths and marriages; providing travel and citizenship documents; providing financial assistance to citizens abroad who wish to return to South Africa but have no means of doing so; and determining and granting citizenship. Funding is mainly used to cover the costs of issuing identity documents to first time applicants.
- *Identification* oversees issues relating to identity, such as fingerprints, photographs and identity documents. Once personal details are recorded in the national population register, identity documents are issued. The subprogramme is responsible for storing fingerprints in the central database of the automated fingerprint identification system and for its overall administration. Funding is mainly used for salaries and other personnel related costs.
- *Hanis* includes projects designed to develop, establish and maintain national identity systems. The subprogramme is responsible for the overall maintenance of existing systems and for ensuring that they are rehabilitated when the technology becomes obsolete. Funding is mainly used for monthly maintenance costs.
- *Civic Channel Management* is a multichannel service for resolving customer queries. Funding is used to employ 102 front office agents and 22 back office agents. The number of agents will be increased in line with the high demand for the services provided by the customer service centre.
- *Provincial Civic Services* provides for civic services in the provinces and the necessary support functions. Provincial offices are responsible for collecting applications for and processing enabling documents. Funding is mainly used for salaries and other personnel related costs.

Objectives and measures

- Improve the accuracy and reliability of the national population register by discontinuing the late registration of births process by the end of 2012.
- Improve specified services and products to eligible citizens and residents by reducing the time taken to issue valid documents:
 - unabridged birth, marriage and death certificates: from 60 days in 2009/10 to 5 days in 2012/13
 - passports and travel documents: from 10 days in 2009/10 to 5 days in 2012/13
 - first issue of an identity document: from 45 days in 2009/10 to 40 days in 2012/13.
- Maintain service delivery levels by maintaining the turnaround time for the second issue of an identity document at 30 days from 2009/10 to 2012/13.

Service delivery focus

The department has reduced the turnaround time for re-issuing identity documents to 30 days through operations management, process reviews and an identity document track and trace system. However, the turnaround time for first issues has increased to 90 days (compared to the target of 60 days), because first issues require birth records, permanent residence or naturalisation to be verified, which takes up to 2 months, and implementing the biometric access control management system resulted in slower mass data inputs. The average turnaround time for passports is 19 days. The target of 10 days could not be achieved due to difficulties with the new passport system.

Online fingerprint verification had been introduced at 226 offices by the end of September 2009. This technology enables front office personnel to verify the identity of clients on application, reducing the need to forward applications to the central identity document production facility in Tshwane. Temporary identity certificates can be issued on the spot. In 2008/09, the department opened 45 new service points (20 permanent service points, 7 district offices and 18 Thusong service centres). An audit of the number of offices in the department is currently under way, which will determine how many more offices will be opened.

The contact centre handled 1 163 832 contacts (calls, faxes, and emails) in 2008/09. The abandonment rate was less than 1 per cent, and 96.25 per cent of calls were answered within 20 seconds. Currently, 110 trained call agents handle close to 135 000 contacts a month. From April to November 2009, 1 074 528 contacts were handled, and 96.08 per cent of calls were answered within 20 seconds. This means that more than 1 million queries a year can now be taken out of the department's offices and resolved through the call centre. The department has also increased staff at the office for second line queries from 22 to 39.

The slow turnaround time for unabridged birth, marriage and death certificates (approximately 60 days) is due to outdated record management systems.

Expenditure estimates

Table 4.5 Services to Citizens

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Management	4.0	5.0	27.4	29.3	74.8	26.4	26.9
Status Services	67.0	84.2	97.3	192.9	205.7	114.4	116.0
Population Register	26.3	32.2	37.6	45.4	52.3	55.7	57.8
Travel Document and Citizenship	40.7	47.5	55.5	48.5	50.2	47.3	46.9
EDMS	–	–	–	3.3	3.2	3.3	3.3
National Population Register	–	–	–	13.3	9.1	8.2	8.0
Passport System	–	4.5	4.2	82.4	90.8	–	–
Identification	94.5	99.0	112.9	118.4	127.0	135.2	140.0
Identification	39.6	42.1	46.2	50.1	53.5	57.2	59.9
Identity Documents	55.0	56.8	66.7	68.3	73.5	78.1	80.1
Hanis	276.9	221.7	214.7	227.9	107.4	103.7	103.8
Hanis Identification Infrastructure	118.0	71.6	57.2	60.1	66.7	74.4	74.5
Hanis DRS	112.6	24.2	27.4	25.7	40.7	29.3	29.4
Hanis Techno Refresh	–	118.6	130.1	37.7	–	–	–
Back Record Conversion	46.3	–	–	–	–	–	–
Smart ID Card	–	7.3	–	104.4	–	–	–
Civc Channel Management	99.0	28.1	48.1	128.0	194.1	214.6	218.7
Customer Service Centre	2.6	7.4	34.9	105.8	102.0	108.6	108.5
Footprint Development and Hospitals	–	–	–	0.8	5.4	5.7	6.0
Mobile Units (Maintenance)	96.4	20.6	13.2	20.6	64.6	16.1	15.8
Mobile Units Optimisation	–	–	–	0.8	22.1	84.2	88.4
Provincial Civic Services	426.7	492.2	650.9	684.8	737.1	791.8	823.8
Kwazulu-Natal	49.2	57.3	77.3	90.9	102.5	109.3	113.8
Mpumalanga	33.4	39.1	50.4	35.6	52.2	61.0	63.4
Free State	30.1	36.1	45.8	51.9	54.3	57.9	60.2
Northern Cape	15.1	21.1	28.4	32.1	36.7	39.2	40.7
North West	45.9	52.5	67.4	73.2	75.8	81.0	84.3
Eastern Cape	63.6	73.7	93.6	94.0	96.8	103.3	107.2
Western Cape	38.8	44.1	61.6	71.4	74.8	79.8	83.1
Gauteng	95.0	110.8	148.6	149.9	156.2	166.8	173.6
Limpopo	55.6	57.6	77.7	85.7	87.8	93.7	97.6
Total	968.3	930.1	1 151.3	1 381.4	1 446.0	1 386.2	1 429.3
Change to 2009 Budget estimate				22.7	(8.4)	2.4	13.2

Table 4.5 Services to Citizens (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Economic classification							
Current payments	712.6	777.8	1 010.2	1 233.9	1 401.2	1 382.7	1 425.7
Compensation of employees	411.3	475.4	622.6	744.3	845.4	962.4	1 011.5
Goods and services	301.3	302.4	387.6	489.6	555.8	420.3	414.2
of which:							
Computer services	112.8	32.1	34.0	40.1	41.2	36.4	35.5
Contractors	2.1	67.8	66.0	127.8	210.4	112.7	112.9
Lease payments	–	0.0	0.0	0.8	0.8	0.6	0.6
Travel and subsistence	59.1	63.3	80.3	52.0	53.4	42.9	41.6
Transfers and subsidies	2.4	4.8	7.3	3.1	3.3	3.5	3.6
Provinces and municipalities	0.3	–	–	–	–	–	–
Households	2.1	4.8	7.3	3.1	3.3	3.5	3.6
Payments for capital assets	252.5	147.4	133.8	144.4	41.5	–	–
Machinery and equipment	143.0	141.7	59.0	40.0	41.5	–	–
Software and other intangible assets	109.6	5.7	74.8	104.4	–	–	–
Payments for financial assets	0.8	–	–	–	–	–	–
Total	968.3	930.1	1 151.3	1 381.4	1 446.0	1 386.2	1 429.3

Expenditure trends

Expenditure increased from R968.3 million in 2006/07 to R1.4 billion in 2009/10 at an average annual rate of 12.6 per cent, mainly to provide for compensation of employees. Over the medium term, spending is estimated to increase marginally, at an average annual rate of 1.1 per cent.

Expenditure in the *Provincial Civic Services* subprogramme accounts for a significant portion of overall spending at frontline offices. Spending is expected to increase steadily at an average annual rate of 6.4 per cent, from R684.8 million in 2009/10 to R823.8 million in 2012/13. The large initial capital investment required to start the call centre is reflected in expenditure in the *Civic Channel Management* subprogramme for 2006/07, and explains the significant decline of 71.7 per cent in expenditure in 2007/08. The 166.1 per cent increase in expenditure on the programme in 2009/10 and over the medium term is mainly for increasing the number of call centre agents. The increases of 10.8 per cent in expenditure for compensation of employees over the medium term is due to the 225 additional personnel planned to be recruited in this programme.

Programme 3: Immigration Services

- *Management*.
- *Admissions* controls visas, the admission of travellers at ports of entry, the processing of applications for permanent and temporary residence permits, as well as work, study and other temporary permits. Funding is mainly used for salaries and other personnel related costs.
- *Immigration Control* deals with immigration matters in foreign countries, detects, detains and deports illegal immigrants in terms of the Immigration Act (2002), and provides policy directives on immigration matters. The subprogramme is responsible for: developing the strategy for deporting illegal immigrants; the operational management of services at the Lindela holding facility, which includes accommodation, catering, security and medical services for offenders; and liaising with embassies on the deportation of illegal immigrants. Funding is mainly used for salaries, operational costs for the holding facility, and transportation costs for deportees.
- *Provincial Immigration Control* provides for the delivery of immigration services in the provinces and the necessary support functions. Funding is distributed based on the number of employees at each province.
- *Refugee Affairs* considers and processes refugee asylum cases in line with the Refugees Act (1998). The subprogramme is responsible for processing and issuing section 22 asylum permits, referring appeals to the standing committee on refugee affairs for adjudication, and handing over unsuccessful applicants to

immigration control for deportation. There are five refugee reception offices: Pretoria (Marabastad), Johannesburg (Crown Mines), Durban, Cape Town and Port Elizabeth. Funding is mainly used for salaries and office equipment.

- *Foreign Missions* delivers core immigration functions in foreign countries. The subprogramme also acts as a portal for communication and information, communicates policies and procedures determined by civic services, and manages enquiries from foreign offices. Funding is mainly used for salaries in foreign missions and office and other equipment.

Objectives and measures

- Improve immigration control and services by reducing the time taken to issue valid documents:
 - refugee identity documents: from 3 months in 2009/10 to 45 days by the end of 2012/13
 - temporary residence permits (work, business, corporate): from 4 weeks in 2009/10 to 3 weeks in 2012/13.
- Maintain the standard of immigration control and services over the MTEF period:
 - section 22 asylum permits: same day
 - refugee status determination: 6 months
 - permanent residence permits: 6 months
 - temporary residence permits (study, treaty, exchange, retired persons): 1 week
 - temporary residence permits (visitors, medical, asylum transit): 1 day
 - temporary residence permits (intra-company transfer): 10 days
 - clearance time for movement of South African and foreign travellers through land and air border posts: 1.5-2 minutes per traveller by increasing the number of immigration officers from 1 433 in 2009/10 to 1 986 by 2012/13 at ports of entry.
- Expand service delivery to large corporate accounts by growing the number of accounts serviced from 70 in 2009/10 to 100 in 2011/12.

Service delivery focus

Since the inception of the large account unit in July 2007, the servicing of corporate clients has grown very quickly. At the end of 2008/09, there were 53 corporate clients in the unit. The target for additional clients will increase from 10 to 20 in 2010/11.

Targeted turnaround times for applications for temporary residence permits and permanent residence permits have been met through better management, and the backlog has been eliminated. Asylum seekers at refugee status determination offices nationally have been processed within a day since October 2009. All 6 of these offices are functioning at optimal service levels. The new law enforcement strategy provides a foundation for implementing a uniform and standardised policy on dealing with illegal immigrants.

The advanced passenger profiling target of 1.5-2 minutes per traveller is being adhered to at OR Tambo International Airport, and Cape Town and Durban international airports. Proposals to change current operational practices at OR Tambo, the largest port of entry, were approved in March 2009 and include a new shift roster system and other operational management changes. Similar systems are being implemented at Cape Town and Durban. The department's 2010 project team is improving operations at key air, land and maritime ports by revising the roster system, implementing revised management models and improving the customer experience, to comply with FIFA guarantees.

Expenditure estimates

Table 4.6 Immigration Services

Subprogramme	Audited outcome			Adjusted	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Management	41.1	38.9	72.6	62.8	84.6	84.3	85.6
Admissions	27.6	20.6	23.0	233.1	144.2	33.0	34.1
Permits	12.8	9.3	12.8	15.4	18.1	19.3	20.1
Port Control	12.6	9.0	4.2	5.0	4.9	7.3	7.5
National Border Priorities	2.3	2.2	1.8	1.7	1.8	1.9	1.9
2010 Project Manager (Plan)	–	0.1	4.2	210.9	119.4	4.5	4.4
Immigration Control	168.6	196.8	216.8	223.3	210.3	224.0	221.4
Law Enforcement	3.1	6.3	6.4	7.9	13.6	14.5	15.1
Deportation	9.7	5.7	16.1	16.1	16.6	17.6	17.6
Lindela Holding Facility	155.8	184.7	194.2	199.3	180.1	191.9	188.8
Provincial Immigration Control	255.2	329.2	424.5	471.3	513.5	588.1	613.7
Kwazulu-Natal	25.0	30.7	36.9	47.0	53.4	61.9	64.5
Mpumalanga	30.3	41.2	49.9	47.5	56.9	77.4	80.9
Free State	25.0	33.2	40.6	45.1	47.9	59.8	62.5
Northern Cape	12.4	16.8	18.7	23.2	26.1	30.5	31.7
North West	30.0	37.6	47.8	53.1	56.3	60.4	63.0
Eastern Cape	27.4	32.1	38.1	41.4	43.5	47.2	49.0
Western Cape	20.7	27.3	38.8	46.8	50.8	55.5	58.0
Gauteng	52.5	72.6	107.5	113.4	122.2	132.4	138.3
Limpopo	31.8	37.7	46.2	53.7	56.4	63.1	65.8
Refugee Affairs	47.0	89.3	134.2	111.4	101.3	133.1	137.0
Refugee Affairs Services	4.6	5.9	20.9	30.7	14.6	15.5	15.8
National Immigration Information System	–	42.0	54.6	10.2	11.2	36.9	37.0
Refugee Backlog Project	26.4	25.0	1.6	–	–	–	–
Refugee Reception Offices	9.0	10.2	49.6	61.1	65.6	70.1	73.5
Boards and Committees	7.0	6.2	7.5	9.4	9.9	10.5	10.7
Foreign Missions	32.2	132.2	81.2	153.8	165.7	176.0	184.1
Total	571.7	806.9	952.2	1 255.6	1 219.7	1 238.5	1 275.8
Change to 2009 Budget estimate				60.5	(10.5)	(5.1)	5.0

Economic classification

Current payments	554.2	759.5	905.0	1 218.4	1 219.4	1 218.1	1 255.5
Compensation of employees	292.6	451.5	492.9	685.6	760.8	863.5	907.6
Goods and services	261.5	308.0	412.1	532.8	458.6	354.6	347.9
of which:							
Computer services	0.0	0.1	42.9	96.8	82.6	62.9	57.8
Contractors	0.4	0.6	0.7	0.4	0.6	0.5	0.4
Lease payments	–	0.0	1.4	0.4	0.8	0.7	0.6
Travel and subsistence	122.1	145.0	89.6	68.9	62.4	47.7	44.0
Transfers and subsidies	1.5	3.6	2.0	0.3	0.3	0.3	0.3
Provinces and municipalities	0.2	–	–	–	–	–	–
Households	1.3	3.6	2.0	0.3	0.3	0.3	0.3
Payments for capital assets	6.8	43.8	45.1	37.0	–	20.1	20.1
Machinery and equipment	6.8	14.8	42.2	2.0	–	20.1	20.1
Software and other intangible assets	–	29.0	2.9	35.0	–	–	–
Payments for financial assets	9.2	–	0.0	–	–	–	–
Total	571.7	806.9	952.2	1 255.6	1 219.7	1 238.5	1 275.8

Expenditure trends

Expenditure increased from R571.7 million in 2006/07 to R1.3 billion in 2009/10 at an average annual rate of 30 per cent, mainly for higher costs for detaining and deporting illegal immigrants, for implementing the advanced passenger profiling system, and for employing additional immigration officers ahead of the 2010 FIFA World Cup. The shift in 2008/09 of the *Foreign Missions* subprogramme from the *Administration*

programme to this programme also accounts for increased spending in this programme. The significant increase in expenditure of 310.4 per cent between 2006/07 and 2007/08 in the *Foreign Missions* subprogramme was for the payment of outstanding claims for services provided by the Department of International Relations and Cooperation to foreign missions.

Over the MTEF period, expenditure is estimated to increase marginally, at an average annual rate of 0.5 per cent, rising to R1.2 billion in 2010/11 and R1.3 billion in 2012/13. The increase provides for 2010 FIFA World Cup preparations, organisational implementation, and the expansion of provincial services by increasing the number of district offices. Expenditure in the *Provincial Immigration Control* subprogramme is for personnel related costs, which account for 43.7 per cent of the overall spending for the programme. The spending focus over the MTEF period will be on recruiting an estimated 100 additional immigration officers.

Programme 4: Transfers to Agencies

Through its three subprogrammes, this programme makes transfers to the Film and Publication Board, the Government Printing Works and the Electoral Commission.

Expenditure estimates

Table 4.7 Transfers to Agencies

Subprogramme	Audited outcome			Adjusted appropriation 2009/10	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09		2010/11	2011/12	2012/13
R million							
Film and Publication Board	12.9	19.2	33.5	39.8	55.2	61.9	64.8
Government Printing Works	0.2	110.2	137.4	334.8	97.2	129.0	135.7
Electoral Commission	350.0	485.3	1 039.4	937.2	1 430.5	719.2	755.9
Total	363.1	614.7	1 210.3	1 311.9	1 583.0	910.1	956.4
Change to 2009 Budget estimate				12.7	166.1	16.4	17.5

Economic classification

Transfers and subsidies	363.1	614.7	1 210.3	1 311.9	1 583.0	910.1	956.4
Departmental agencies and accounts	363.1	614.7	1 210.3	1 311.9	1 583.0	910.1	956.4
Total	363.1	614.7	1 210.3	1 311.9	1 583.0	910.1	956.4

Details of selected transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Total	363.1	614.7	1 210.3	1 311.9	1 583.0	910.1	956.4
Film and Publication Board	12.9	19.2	33.5	39.8	55.2	61.9	64.8
Government Printing Works	0.2	110.2	137.4	334.8	97.2	129.0	135.7
Electoral Commission	350.0	485.3	1 039.4	937.2	1 430.5	719.2	755.9

Expenditure trends

Most of the expenditure in this programme relates to the transfers made to the Electoral Commission. The large increase in the allocation to the commission between 2008/09 and 2010/11 is driven by the elections cycle. The increases of 38.6 per cent in 2007/08 and 114.2 per cent in 2008/09 provided for preparations for the 2009 national elections.

The increase of 143.6 per cent in 2009/10 provided the Government Printing Works with the necessary funds to procure a new passport system. The R460 million machine is able to print 3 000 passports per hour.

The Film and Publication Board also receives transfer payments from the department. The increase of 74.5 per cent between 2007/08 and 2008/09 was mainly for implementing the IT system, conducting research, and establishing the anti-child pornography hotline.

Public entities and other agencies

Government Printing Works

Strategic overview: 2006/07 – 2012/13

The Government Printing Works provides security printing services to the South African government and SADC governments. The Government Printing Works was initially established as a trading account in the Department of Home Affairs, but in September 2008 its conversion to a government component in terms of the Public Service Act (2007) was approved, and in June 2009 its new status was formalised. The conversion was to allow the entity to start operating on sound business principles, setting it on the path to full profitability in the next three years. The chief executive was appointed as accounting officer with effect from April 2008.

The Government Printing Works aims to position itself as the security printer of choice in Africa. Its three key strategic thrusts over the medium term are:

Technological upgrade: The Government Printing Works has not fully recapitalised its machinery and equipment for many years, but advances in printing technology have made it necessary. An asset replacement programme has been developed and involves replacing all the old technology over the MTEF period. While new passport printing equipment has been implemented, at a cost of R460 million, the remaining aspects of the recapitalising programme depend on securing enough funding, from different sources including from the fiscus.

A new production facility: A high security environment is critical to the Government Printing Works. Currently accommodated in two separate buildings, the entity aims to acquire more secure and suitable accommodation over the medium term.

An effective marketing and business strategy: The Government Printing Works needs an aggressive marketing and business operations improvement strategy for it to become competitive and more cost effective.

Savings and cost effective service delivery

The implementation of the new passport system in August 2008 has contributed significantly to savings and effective service delivery, as the maintenance costs for the new machine will be much lower.

Another driver of cost saving will be the implementation of the enterprise resource planning system, which replaces the obsolete and outdated production and financial systems towards the end of 2009/10. In the 2009 Budget, the following savings were identified, mainly from subsistence and travel: R939 000 in 2010/11 and R1.2 million in 2011/12.

Selected performance indicators

Table 4.8 Government Printing Works

Indicator	Programme/Activity	Past			Current 2009/10	Projections		
		2006/07	2007/08	2008/09		2010/11	2011/12	2012/13
Number of editions of government and provincial gazettes published per year	Production and publications	2 300	2 064	2 520	2 772	2 857	2 943	3 090
Number of new passports printed	Production and publications	1 041 478	1 140 978	1 298 394	750 000	787 500	826 875	868 218
Number of new identity documents printed	Production and publications	2 080 114	2 345 146	2 579 660	2 708 643	2 844 075	2 986 278	3 135 591
Number of birth new certificates*	Production and publications	7.5 million	–	–	–	–	–	–
Number of new marriage certificates*	Production and publications	4 515	–	–	–	–	–	–
Number of days to recover outstanding debt	Financial management	260	230	125	110	90	60	60

* From 2008/09, this indicator will not be reported by the Government Printing Works but by the Department of Home Affairs. This decision was a result of the department's turnaround strategy.

Service delivery focus

A proudly South African security paper product, compliant with International Aviation Organisation requirements, was developed by 2 South African paper mills in 2008. A specimen was endorsed by the

government security cluster and the product is now part of the new South African passport, launched in April 2009.

Expenditure estimates

Table 4.9 Government Printing Works: Programme information

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Printing of provincial and government gazettes	482.2	409.3	503.9	646.1	744.0	812.3	846.8
Total expense	482.2	409.3	503.9	646.1	744.0	812.3	846.8

Table 4.10 Government Printing Works: Financial information

Statement of financial performance R million	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Revenue							
Non-tax revenue	482.5	321.9	364.9	296.7	704.3	779.6	861.9
Sale of goods and services other than capital assets	475.7	306.8	349.9	295.0	704.3	779.6	861.9
<i>of which:</i>							
<i>Admin fees</i>	–	0.2	0.2	–	–	–	–
<i>Printing and publications</i>	475.7	306.6	349.6	295.0	704.3	779.6	861.9
<i>Other non-tax revenue</i>	6.8	15.1	15.1	1.6	0.0	0.0	0.0
Transfers received	0.2	110.3	160.9	334.8	97.2	129.0	135.7
Total revenue	482.7	432.1	525.9	631.5	801.5	908.6	997.6
Expenses							
Current expense	482.2	409.3	503.9	646.1	744.0	812.3	846.8
Compensation of employees	69.2	41.2	42.0	44.9	65.1	89.4	94.0
Goods and services	401.0	361.3	435.7	528.0	580.2	578.9	572.4
Depreciation	12.0	6.8	26.2	73.2	98.6	144.0	180.4
Total expenses	482.2	409.3	503.9	646.1	744.0	812.3	846.8
Surplus / (Deficit)	0.4	22.9	21.9	(14.6)	57.6	96.3	150.8
Statement of financial position							
Carrying value of assets	25.5	53.0	348.7	380.9	513.3	542.6	512.2
<i>of which: Acquisition of assets</i>	1.8	34.3	322.0	105.3	231.1	173.3	150.0
Inventory	96.0	104.7	126.4	200.5	177.1	123.3	125.3
Receivables and prepayments	139.2	129.8	141.0	162.0	212.3	210.6	218.8
Cash and cash equivalents	167.0	276.8	103.3	233.4	185.2	286.6	486.6
Total assets	427.7	564.3	719.3	976.8	1 087.9	1 163.1	1 342.9
Capital and reserves	342.5	361.1	383.0	383.0	383.0	383.0	383.0
Trade and other payables	83.3	91.3	108.5	513.3	625.2	629.2	667.4
Provisions	1.9	1.9	4.1	95.1	36.8	11.7	2.4
Liabilities not classified elsewhere	–	110.0	223.7	(14.6)	42.9	139.2	290.0
Total equity and liabilities	427.7	564.3	719.3	976.8	1 087.9	1 163.1	1 342.9

Expenditure trends

The Government Printing Works generates revenue mainly from printing identity documents, forms, examination papers and passports. Revenue from this source is expected to increase over the MTEF period, from R289.7 million to R861.7 million, at an average annual rate of 42.4 per cent. The significant increase is due to a bigger product portfolio and an increase in profit margins, both of which are a result of the asset replacement programme.

The Department of Home Affairs transfers funds to the Government Printing Works only to service bank charges. However, additional transfers of R110 million in 2007/08, R130 million in 2008/09 and R210 million in 2009/10 were for the new passport machine. Further transfers of R56.8 million in 2009/10 and R93.7 million in 2010/11 are for the new production facility.

Expenditure is expected to increase over the MTEF period from R646.1 million to R846.8 million, at an average annual rate of 9.4 per cent. Key cost drivers are raw material, personnel expenditure, depreciation, and stores and warehousing.

Over the MTEF period, spending will focus on accelerating the asset replacement programme. Recapitalisation started in 2007 with the new passport equipment. Further spending over the MTEF period will be channelled into converting the Government Printing Works to a government component.

Electoral Commission

Strategic overview: 2006/07 – 2012/13

The Electoral Commission is a chapter 9 constitutional institution reporting directly to Parliament. In line with its mandate, the commission manages the national, provincial and municipal elections, ensures that those elections are free and fair, and declares the results within a prescribed period.

The Electoral Commission was established in terms of the Electoral Commission Act (1996), which sets out the composition, powers, functions and duties of the commission, as well as the establishment, composition, powers, functions and duties of the electoral court. The act has since been amended to remove the commission's responsibility for municipal demarcation, which is now in the mandate of the Municipal Demarcation Board. The amendments also changed the provisions for commissioners' term of office and the registration of parties.

The legislation required by the Constitution to manage national and provincial elections is found in the Electoral Act (1998). There have been a number of amendment acts, one of which limited South Africans living abroad from registering and voting in national and provincial elections. Some of these provisions were subsequently declared unconstitutional and the commission established facilities which allowed South Africans living abroad to vote in the 2009 national elections. The Local Government: Municipal Electoral Act (2000) regulates municipal elections, which allow for a hybrid of ward and proportional representation. There have been no amendments to this act.

The commission aims to continuously entrench itself as the focal point in the delivery of free and fair, cost effective elections. This is not only the core of its constitutional mandate, but also an important factor in its interaction with other chapter 9 and associated institutions and other election management bodies.

The Electoral Commission's operational strategy is determined by the elections cycles. This means that its focus is on democracy education in the years between main electoral events. The commission faces ongoing challenges for increasing voter registration so that more citizens will participate in elections. The portfolio committee on international relations and cooperation and the standing committee on public accounts have raised concerns with the commission that more intensive voter and democracy education programmes are needed. They also advised that these interventions must be ongoing and visible in non-election cycles. The commission has responded by introducing expanded and new voter and democracy education programmes.

The commission aims to improve the overall performance of presiding officers during the voting and counting process, as well as reduce the time taken to count ballots and to process results for the 2011 elections. It will include additional training days in the training strategy for the 2011 elections, and to prepare for the 2011 elections the commission will recruit and train a projected 196 000 election officials.

Savings and cost effective service delivery

The commission is currently implementing a number of cost saving measures to reduce expenditure and ensure proper budget management practices without compromising the integrity of electoral processes. These measures are not aimed at cutting the commission's budget, activities or expenditure in general, but at reprioritising expenditure to projects that need additional funding to prepare for the 2011 municipal elections.

Expenditure controls are being introduced for car rentals, travel and subsistence, accommodation, events, catering, telephone costs, promotional items, and the appointment of temporary staff. The e-procurement system has also been enhanced to ensure continued cost effective and transparent procurement processes.

Selected performance indicators

Table 4.11 Electoral Commission

Indicator	Programme/Activity	Past			Current	Projected		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Number of liaisons with other Chapter 9 institutions per year	Strategic objective 1: Position the commission as a global leader in electoral democracy	2	1	2	5	5	10	10
Number of liaisons with elections management bodies per year	Strategic objective 1: Position the commission as a global leader in electoral democracy	13	16	15	15	15	15	10
Number of elections observed per year	Strategic objective 1: Position the commission as a global leader in electoral democracy	4	4	4	4	4	10	10
Number of registered voters in elections per year	Strategic objective 3: Maintain systems and procedures which will ensure an accurate and up-to-date national voters' roll	20 627 654	20 291 743	22 000 00	23 181 997	23 599 273	22 999 273	22 399 73
Percentage of registered voters who cast their vote (baseline: 89% in 1999)	Strategic objective 5: Deliver well run elections which produce credible results	–	–	N/A	1	–	N/A	N/A
Number of voter education interventions per year	Strategic objective 6: Educate and inform civil society to optimise citizen participation in democracy and electoral processes	231 118	–	254 000	246 170	253 555	261 161	268 996
Number of research projects on electoral systems per year	Strategic objective 5: Deliver well run elections which produce credible results	2	–	3	2	3	4	4
Number of party liaison interventions per year	Strategic objective 4: Implement and promote effective electoral processes that will facilitate the participation of political parties and candidates in the management and delivery of free and fair elections	988	449	1 482	1 234	2 517	1 234	1 234
Number of voting stations per year	Strategic objective 3: Maintain systems and procedures which will ensure an accurate and up-to-date national voters' roll	18 873	18 873	20 000	20 000	20 500	20 500	N/A
Number of schools as voting stations	Strategic objective 3: Maintain systems and procedures which will ensure an accurate and up-to-date national voters' roll	11 688	–	11 868	N/A	12 048	N/A	N/A
Number of meetings with provincial infrastructure task teams per year	Strategic objective 3: Maintain systems and procedures which will ensure an accurate and up-to-date national voters' roll	6	–	6	2	40	20	20
Number of election officials trained per year	Strategic objective 7: Develop and maintain effective business processes (for legal services, human resources management, support services, financial management, and ICT services)	176 000	386	68 149	133 127	196 000	2 800	2 800
Number of training and development interventions per year	Strategic objective 7: Develop and maintain effective business processes (for legal services, human resources management, support services, financial management, and ICT services)	107	98	391	330	440	550	450
Percentage of materials and equipment distributed accurately to voting stations	Strategic objective 5: Deliver well run elections which produce credible results	1	1	1	1	1	1	1

Table 4.11 Electoral Commission (continued)

Indicator	Programme / Activity	Past			Current	Projected		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Total number of local delivery structures in place and appropriately equipped for all electoral events	Strategic objective 5: Deliver well run elections which produce credible results	237	237	237	237	237	237	237
Availability of ICT Services	Strategic objective 7: Develop and maintain effective business processes (for legal services, human resources management, support services, financial management, and ICT services)	1	1	1	1	1	1	1

Service delivery focus

The Electoral Commission embarked on 2 targeted registration projects before the 2009 national and provincial elections to ensure that voters whose place of residence had changed could re-register in the correct voting district. The commission also opened all its 19 726 voting stations for 2 main registration drives in November 2008 and February 2009. On certification of the voters' roll for 2009, 23 181 997 voters were registered, exceeding the commission's target by more than a million.

The number of voting districts has increased since the 1999 elections to improve access to voting stations and decrease queuing time. The 19 726 districts for the 2009 elections represent a 35 per cent increase from 1999, and a 16 per cent increase from 2004. The commission expects to have 20 500 districts for the 2011 municipal elections, given the anticipated increase in the number of wards.

The 2009 elections registered a 77.3 per cent voter turnout, which is a significant improvement on 2004. Only 1.3 per cent of ballots were registered as spoilt, indicating the high level of voter education.

The results of the 2009 elections were announced on 25 April 2009, well within the legislated 7 days.

Expenditure estimates

Table 4.12 Electoral Commission: Programme information

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Commission Services - Strat Object 1	139.3	8.9	2.3	8.5	5.9	5.7	6.0
Electoral Matters: Delim; Voters Roll; Voting Station Inf. - Strat Object 3	1.0	1.1	32.9	31.6	54.5	5.2	5.5
Electoral Matters: Party Liaison and Candidate Nomination - Strat Object 4	0.6	1.8	1.2	7.8	4.7	1.8	1.9
Electoral Matters: Logistics; Infrastructure; Voting; Counting - Strat Object 5	52.0	53.8	205.1	344.5	638.4	53.6	66.3
Outreach: Communications; Civic Education; Research; Knowledge Man - Strat Object 6	10.3	16.5	161.7	86.1	203.6	62.0	65.2
Other programmes	254.8	298.1	532.3	479.6	546.5	611.9	632.1
Total expense	458.0	380.1	935.4	958.2	1 453.5	740.2	776.9

Table 4.13 Electoral Commission: Financial information

Statement of financial performance R million	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Revenue							
Non-tax revenue	18.0	26.8	30.1	21.0	23.0	21.0	21.0
<i>Other non-tax revenue</i>	18.0	26.8	30.1	21.0	23.0	21.0	21.0
Transfers received	477.4	486.9	1 039.4	937.2	1 430.5	719.2	755.9
Total revenue	495.4	513.6	1 069.5	958.2	1 453.5	740.2	776.9
Expenses							
Current expense	457.3	379.8	933.8	956.9	1 451.3	738.6	775.2
Compensation of employees	139.4	159.0	276.8	286.6	457.7	333.6	353.9
Goods and services	296.2	202.5	622.2	627.6	947.7	359.0	377.0
Depreciation	21.6	18.3	34.8	42.8	45.9	46.0	44.4
Transfers and subsidies	0.7	0.4	1.6	1.3	2.2	1.6	1.7
Total expenses	458.0	380.1	935.4	958.2	1 453.5	740.2	776.9
Surplus / (Deficit)	37.5	133.5	134.1	-	-	-	-
Statement of financial position							
Carrying value of assets	67.6	102.5	294.7	279.2	273.6	239.9	208.4
<i>of which: Acquisition of assets</i>	11.8	52.6	229.5	27.2	40.3	12.3	12.9
Inventory	0.8	1.3	54.8	31.5	61.5	51.5	41.5
Receivables and prepayments	17.0	12.4	10.8	10.0	10.0	10.0	10.0
Cash and cash equivalents	174.4	290.6	237.3	230.4	252.5	279.6	307.7
Assets not classified elsewhere	-	-	1.1	-	-	-	-
Total assets	259.7	406.8	598.8	551.1	597.6	581.0	567.6
Accumulated surplus/deficit	196.7	331.2	465.3	445.9	445.9	445.9	445.9
Trade and other payables	48.5	63.4	132.7	102.5	147.0	132.4	121.1
Provisions	2.9	0.3	0.8	2.7	4.7	2.7	0.7
Managed funds	11.6	11.3	-	-	-	-	-
Liabilities not classified elsewhere	-	0.6	0.0	-	-	-	-
Total equity and liabilities	259.7	406.8	598.8	551.1	597.6	581.0	567.6

Expenditure trends

The Electoral Commission is funded mainly by a transfer from the Department of Home Affairs, but also generates some non-tax revenue from various sources, including sponsorships, political party registration fees and interest received. The 30.2 per cent decrease in non-tax revenue between 2008/09 and 2009/10 was because before an election year there is an increase in the number of political parties registering to participate in the election. After that, revenue stays constant until the next election cycle.

Expenditure is mainly influenced by the elections cycle, peaking during preparations for an election and then decreasing to fund regular activities in non-election cycles. Expenditure grew significantly at an average annual rate of 32.7 per cent, from R458 million in 2006/07 to R1.1 billion in 2009/10, to cater for national and provincial elections in 2009. Over the medium term, expenditure is expected to decrease to R776.9 million in 2012/13, at an average annual rate of 10.1 per cent, due to the start of a non-election cycle. The commission receives an additional allocation of R150 million in 2010/11 for preparations for the 2011 local government elections. This will be its spending focus over the medium term.

Additional tables

Table 4.A Summary of expenditure trends and estimates per programme and economic classification

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R million	2008/09		2008/09	2009/10			2009/10
1. Administration	1 178.3	1 390.6	1 352.8	1 197.6	117.3	1 314.9	1 314.9
2. Services to Citizens	1 182.6	1 225.8	1 151.3	1 358.7	22.7	1 381.4	1 277.0
3. Immigration Services	1 016.2	989.9	952.2	1 195.1	60.5	1 255.6	1 255.6
4. Transfers to Agencies	1 127.9	1 210.3	1 210.3	1 299.1	12.7	1 311.9	1 311.9
Total	4 505.0	4 816.6	4 666.6	5 050.6	213.2	5 263.8	5 159.4

Economic classification

Current payments	3 124.7	3 442.9	3 139.3	3 548.4	165.5	3 713.9	3 713.9
Compensation of employees	1 431.6	1 439.5	1 296.0	1 608.6	50.4	1 659.1	1 659.1
Goods and services	1 693.1	2 003.5	1 843.2	1 939.8	115.1	2 054.8	2 054.8
Transfers and subsidies	1 132.1	1 214.5	1 221.8	1 303.8	12.7	1 316.5	1 316.5
Provinces and municipalities	–	–	0.6	–	–	–	–
Departmental agencies and accounts	1 127.9	1 210.3	1 210.3	1 299.1	12.7	1 311.9	1 311.9
Households	4.2	4.2	10.8	4.6	–	4.6	4.6
Payments for capital assets	248.2	159.2	305.0	198.5	35.0	233.4	129.0
Buildings and other fixed structures	68.0	–	–	–	–	–	–
Machinery and equipment	44.9	44.9	164.2	94.0	–	94.0	94.0
Software and other intangible assets	135.3	114.2	140.7	104.4	35.0	139.4	35.0
Payments for financial assets	–	–	0.5	–	–	–	–
Total	4 505.0	4 816.6	4 666.6	5 050.6	213.2	5 263.8	5 159.4

Table 4.B Detail of approved establishment and personnel numbers according to salary level ¹

Department	Personnel post status as at 30 September 2009			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid year ²	Medium-term estimate		
				2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
Department	–	9 259	–	7 647	7 689	8 557	9 375	9 886	10 537	10 537
Salary level 1 – 6	–	6 739	–	5 762	5 746	6 323	7 830	7 165	7 749	7 749
Salary level 7 – 10	–	2 233	–	1 723	1 688	2 030	1 331	2 414	2 479	2 479
Salary level 11 – 12	–	161	–	84	173	131	130	166	167	167
Salary level 13 – 16	–	126	–	78	82	73	84	141	142	142
Administration	–	1 095	–	1 205	1 105	915	965	1 260	1 260	1 260
Salary level 1 – 6	–	616	–	789	713	524	661	655	655	655
Salary level 7 – 10	–	326	–	323	263	286	190	436	436	436
Salary level 11 – 12	–	93	–	52	87	69	67	96	96	96
Salary level 13 – 16	–	60	–	41	42	36	47	73	73	73
Services to Citizens	–	4 846	–	3 797	3 934	4 505	5 038	5 170	5 539	5 539
Salary level 1 – 6	–	3 709	–	2 961	3 041	3 488	4 434	4 000	4 351	4 351
Salary level 7 – 10	–	1 075	–	799	826	970	557	1 110	1 128	1 128
Salary level 11 – 12	–	34	–	19	45	30	31	34	34	34
Salary level 13 – 16	–	28	–	18	22	17	16	26	26	26
Immigration Services	–	3 318	–	2 645	2 650	3 137	3 372	3 456	3 738	3 738
Salary level 1 – 6	–	2 414	–	2 012	1 992	2 311	2 735	2 510	2 743	2 743
Salary level 7 – 10	–	832	–	601	599	774	584	868	915	915
Salary level 11 – 12	–	34	–	13	41	32	32	36	37	37
Salary level 13 – 16	–	38	–	19	18	20	21	42	43	43

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

2. As at 30 September 2009.

Table 4.C Summary of expenditure on infrastructure

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2006/07	2007/08	2008/09		2010/11	2011/12	2012/13
R million										
Departmental infrastructure										
Phuthaditshaba	Newly constructed Department of Home Affairs building	Tender	10.9	-	-	-	5.4	5.4	-	-
Taung	Newly constructed Department of Home Affairs building	Design	5.4	-	-	2.7	2.7	2.7	-	-
Sebokeng	Newly constructed Department of Home Affairs building	Tender	2.1	-	-	-	2.1	-	-	-
Repair and maintenance programme group 1 renewal	Major upgrade of 14 Department of Home Affairs facilities	Feasibility	62.5	-	39.2	12.3	8.7	2.3	-	-
Repair and maintenance programme group 2 ongoing	Repair and maintenance programme group 2 ongoing	Various	113.4	45.1	21.1	35.4	5.0	6.8	-	-
Repair and maintenance programme group 2 ongoing	Major upgrade and revamp of 9 facilities in terms of Occupational Health and Safety Act (1993) and compliance with Department of Home Affairs new corporate requirements	Identification	129.4	-	-	-	-	-	66.3	63.0
Backlog repairs at Department of Home Affairs offices	Buildings repaired in terms of requirements of the Occupational Health and Safety Act (1993) and compliance with Department of Home Affairs new corporate requirements. This will be a once off project per financial year.	Various	43.5	-	-	18.9	12.0	12.6	-	-
Department of Home Affairs office expansion plan	In collaboration with Government Communication and Information System and the South African Social Security Agency, Department of Home Affairs will participate in the Thusong service centre initiative. Approximately 77 offices of the 172 new proposed offices will be catered for under this initiative.	Various	48.0	-	-	-	15.7	32.3	-	-
Refurbishment	180 offices in total, therefore 60 offices for financial year	Various	88.1	-	-	-	-	-	43.1	44.9
Soweto regional office centre of excellence	Newly constructed Department of Home Affairs building	Various	14.1	-	-	-	-	-	7.3	6.9
Welkom regional office	Newly constructed Department of Home Affairs building	Various	12.2	-	-	-	-	-	6.3	5.9
Dendron regional office in Bochum	Newly constructed Department of Home Affairs building	Feasibility	8.8	-	-	-	-	-	4.5	4.3

Table 4.C Summary of expenditure on infrastructure (continued)

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2006/07	2007/08	2008/09		2010/11	2011/12	2012/13
R million										
Maintenance										
Planned maintenance	Upgrade of Department of Home Affairs facilities such as painting, repairs and installing new counters.	Various	21.7	-	1.1	1.4	4.5	5.0	5.0	4.8
Total			560.1	45.1	61.4	68.0	56.1	67.2	132.5	129.8

Vote 5

International Relations and Cooperation

Budget summary

R million	2010/11				2011/12	2012/13
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	1 020.0	777.2	–	242.8	1 080.2	1 141.8
International Relations and Cooperation	2 786.8	2 714.3	13.1	59.4	2 849.3	3 042.3
Public Diplomacy and Protocol Services	232.9	197.1	22.3	13.5	230.4	243.4
International Transfers	784.7	–	784.7	–	927.1	965.6
Total expenditure estimates	4 824.4	3 688.6	820.2	315.7	5 087.0	5 393.0

Executive authority

Minister of International Relations and Cooperation

Accounting officer

Director-General of International Relations and Cooperation

Website address

www.dfa.gov.za

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

Aim

The aim of the Department of International Relations and Cooperation is to formulate, coordinate, implement and manage South Africa's foreign policy and international relations programmes.

Programme purposes

Programme 1: Administration

Purpose: Develop overall policy and manage the department.

Programme 2: International Relations and Cooperation

Purpose: Promote relations with foreign countries. Participate in international organisations and institutions in line with South Africa's national values and foreign policy objectives.

Programme 3: Public Diplomacy and Protocol Services

Purpose: Communicate South Africa's role and position in international relations in the domestic and international arenas. Provide protocol services.

Programme 4: International Transfers

Purpose: Fund membership fees and transfers to international organisations.

Strategic overview: 2006/07 – 2012/13

After the 2009 national elections, the Department of Foreign Affairs changed to the Department of International Relations and Cooperation. The name change is in line with international trends, and is informed by the need for greater clarity on the department's mandate. In this regard, over and above its normal functions the department will engage in dynamic partnerships for development and cooperation.

The overall mandate of the Department of International Relations and Cooperation is to meet South Africa's foreign policy objectives by: monitoring developments in the international environment; communicating government's policy positions, developing and advising government on policy options, creating mechanisms and avenues for achieving objectives; protecting South Africa's sovereignty and territorial integrity; assisting South African citizens abroad; and assisting partner departments in managing complex international dynamics.

The main goal over the medium term is to ensure that South Africa's foreign relations contribute to an environment that is conducive to sustainable economic growth and development and serve as a basis for addressing government's identified urgent priorities as stated in the medium term strategic framework.

In support of government's key targets, outlined in the medium term strategic framework, the department's priority will be to pursue African development and enhanced international cooperation.

Key strategic priorities

Consolidation of the African Agenda

Over the MTEF period, South Africa will continue to contribute towards: strengthening the African Union's (AU) governance, capacity and structures; promoting integration and development through the Southern African Development Community (SADC); promoting the implementation of the New Partnership for Africa's Development (NEPAD); supporting peace, security and stability and post-conflict reconstruction initiatives; and strengthening bilateral relations.

Another priority will be establishing the South African Development Partnership Agency, which will be responsible for coordinating all South African development assistance to Africa and implementing South Africa's international development cooperation and partnership policy. This will involve cooperation with developed and developing countries. Focusing mainly on South Africa's work in Africa, the agency will articulate South Africa's objectives in joint programmes with countries of the South and seek to strengthen its relationship with northern partners, mainly through trilateral cooperation. The agency will operate under the Department of International Relations and Cooperation.

Strengthening South-South relations

Ongoing efforts to strengthen South-South relations have resulted in high level intercontinental engagements in recent years. These are critical for promoting solidarity and strengthening interdependence among developing countries in addressing common socioeconomic challenges, such as poverty, education, health, population growth, and issues relating to women and children. Cooperation in the scientific, technical and trade fields has also strengthened, and this is evident in South Africa's participation in the upcoming intercontinental partnerships with South America and India.

South Africa will continue to participate in forums such as the India-Brazil-South Africa Dialogue Forum, the New Asian-African Strategic Partnership, the Indian Ocean Rim Association for Regional Cooperation and the Forum on China-Africa Cooperation, and groupings such as the G77 and the Non-Aligned Movement.

Strengthening North-South relations

The department will focus on trade agreements with North America, the North American free trade area and the European Union (EU), and participate in new forums promoting North-South cooperation, such as the EU-Africa and EU-Latin America partnerships, the Tokyo International Conference on African Development and the Africa-Turkey Korea-Africa forum. Another issue that will require attention is South Africa's ongoing participation in the commonwealth youth programme, with funding having changed from voluntary pledges to

assessed contributions. This implies even more participation by South Africa in the programmes and issues that affect youth internationally.

Participation in the global system of governance

Through its participation in international forums, notably the United Nations (UN) and its agencies, South Africa works actively towards global, political and socioeconomic stability and security within the multilateral system, and promotes human rights and international law. South Africa will continue to participate in international dialogues on disarmament, non-proliferation and arms control, and climate change, and in the G8 summits.

Strengthening political and economic relations

Strengthening South Africa's bilateral relations, particularly with African countries, is a key strategic objective over the MTEF period. The focus will be on strengthening economic cooperation to promote South Africa's trade, investment and tourism potential. The department is coordinating efforts across the national, provincial and local spheres of government, with other stakeholders to compile terms of reference for coordinating its international work, and a strategy for marketing and branding South Africa abroad. The department will continue to promote South Africa as the host of the 2010 FIFA World Cup in both the build-up phase and during the event. The department is ready to respond to the increased inflow of visitors.

Savings and cost effective service delivery

Over the MTEF period, savings of R771.4 million are expected to be realised from foreign exchange rate gains. Allocations of R384 million in 2010/11 and R138 million in 2011/12 for the construction of the Pan African Parliament have been removed from the department's baseline. Alternative methods of funding will be explored. This will not impact negatively on service delivery, as Parliament will continue to operate at Gallagher Estate in Midrand, Gauteng. The transfer payment to the African Renaissance Fund has been reduced by R30 million, R60 million, and R80 million over the medium term. The funds have been allocated to other urgent government priorities. The reduction in the fund's baseline is also not expected to hamper service delivery, as it still has enough funds for all its projects.

Efficiency savings of R36 million in 2010/11 and R34 million in 2011/12 have been identified in the following areas: catering and entertainment; travel costs, through enhanced control measures to rationalise domestic travel; administrative support services, by improving the department's ICT and by implementing voice over internet protocol; mobile phone use, through a review of administrative policies, including suspending services to mobile phones once a certain expenditure limit is reached. Savings have been identified in areas where expenditure was not cost effective and did not create value for money, so the reduced funding is not expected to have a negative impact on service delivery.

Selected performance indicators

Table 5.1 International Relations and Cooperation

Indicator	Programme	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Total number of diplomatic missions abroad:	International Relations and Cooperation	119	121	123	123	123	123	123
- Africa	International Relations and Cooperation	43	45	46	46	46	46	46
- Asia and Middle East	International Relations and Cooperation	31	31	33	32	32	32	32
- Americas and Caribbean	International Relations and Cooperation	18	18	18	18	18	18	18
- Europe	International Relations and Cooperation	27	27	27	27	27	27	27
Number of bilateral agreements signed with foreign countries per year	International Relations and Cooperation	108	54	59	65	72	67	67

Table 5.1 International Relations and Cooperation (continued)

Indicator	Programme	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Number of countries assisted with post-conflict reconstruction and development per year	International Relations and Cooperation	12	12	12	5	5	7	7
Number of countries assisted with democratic election processes per year	International Relations and Cooperation	2	2	4	4	3	5	5
Number of incoming and outgoing visits facilitated per year	Public Diplomacy and Protocol Services	324	216	333	350	369	374	374
Number of people facilitated through the VIP lounges at international airports (OR Tambo and Cape Town) per year	Public Diplomacy and Protocol Services	18 000	24 141	25 178	26 780	26 958	25 340	25 340
Number of international conferences hosted by South Africa per year	Public Diplomacy and Protocol Services	5	5	5	4	5	6	6
Number of foreign representatives in South Africa per year	Public Diplomacy and Protocol Services	282	285	285	286	487	289	289
Amount of membership fees for international organisations per year	International Transfers	R99.8m	R116.2m	R131.9m	R132.8m	R352.1m	R340.2m	R361.8m

Expenditure estimates

Table 5.2 International Relations and Cooperation

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
R million								
1. Administration	537.1	1 181.3	1 638.4	1 207.7	1 162.7	1 020.0	1 080.2	1 141.8
2. International Relations and Cooperation	1 887.0	2 122.8	2 652.8	3 072.0	3 072.0	2 786.8	2 849.3	3 042.3
3. Public Diplomacy and Protocol Services	118.4	141.5	152.6	257.6	257.6	232.9	230.4	243.4
4. International Transfers	402.2	624.1	1 028.4	1 015.6	1 015.6	784.7	927.1	965.6
Total	2 944.7	4 069.7	5 472.3	5 553.0	5 508.0	4 824.4	5 087.0	5 393.0
Change to 2009 Budget estimate				215.9	170.9	(647.6)	(414.0)	(158.3)

Economic classification

Current payments	2 289.2	2 687.9	3 334.9	4 042.7	4 042.7	3 688.6	3 825.0	4 023.1
Compensation of employees	1 136.5	1 293.2	1 683.4	2 062.6	2 062.6	2 017.1	2 101.4	2 203.1
Goods and services	1 152.7	1 394.4	1 650.7	1 980.1	1 980.1	1 671.4	1 723.6	1 820.0
<i>of which:</i>								
Lease payments	493.6	535.5	455.9	822.5	822.5	691.7	721.9	746.2
Property payments	–	0.8	–	156.9	156.9	143.5	140.0	148.8
Travel and subsistence	208.7	279.8	186.7	302.0	302.0	210.0	224.8	279.8
Operating expenditure	119.3	273.3	471.7	194.8	194.8	126.1	128.9	86.4
Interest and rent on land	–	0.3	0.8	–	–	–	–	–
Transfers and subsidies	440.0	653.5	1 061.0	1 040.0	1 040.0	820.2	964.4	1 004.4
Provinces and municipalities	20.6	23.3	16.3	24.4	24.4	22.3	23.5	24.2
Departmental agencies and accounts	150.0	300.0	698.9	631.4	631.4	401.1	555.4	570.5
Foreign governments and international organisations	252.2	324.1	329.4	384.3	384.3	383.7	371.7	395.1
Households	17.2	6.2	16.4	–	–	13.1	13.8	14.6
Payments for capital assets	215.4	728.1	1 043.2	470.3	425.3	315.7	297.6	365.5
Buildings and other fixed structures	119.4	649.9	926.7	423.2	378.2	231.5	249.8	317.0
Machinery and equipment	92.6	61.1	81.5	47.1	47.1	84.2	47.8	48.6
Land and sub-soil assets	–	16.3	35.0	–	–	–	–	–
Software and other intangible assets	3.4	0.8	–	–	–	–	–	–
Payments for financial assets	0.1	0.3	33.1	–	–	–	–	–
Total	2 944.7	4 069.7	5 472.3	5 553.0	5 508.0	4 824.4	5 087.0	5 393.0

Expenditure trends

Expenditure grew from R2.9 billion in 2006/07 to R5.6 billion in 2009/10 at an average annual rate of 23.5 per cent. This growth was mainly due to: the construction of the new head office building; increased contributions to the African Renaissance and International Cooperation Fund, which aims to finance the extension of peacekeeping and developmental initiatives in Africa; the acquisition of properties to expand domestic and international property management portfolios; improvements in the department's ICT infrastructure; and strengthening missions' capacity.

Expenditure is expected to decrease marginally over the MTEF period at an average annual rate of 0.3 per cent. This is as a result of a decrease in the capital payments budget subsequent to the completion of the head office building in 2009/10 and fewer foreign property acquisitions over the MTEF period. The department will concentrate on completing existing capital projects before embarking on new projects, due to prevailing economic conditions and government spending priorities.

The department receives an additional R314 million over the MTEF period, which includes R76.5 million for the payment of unitary fees for the new head office campus and R237 million for inflation related adjustments in compensation of employees.

Infrastructure spending

Infrastructure spending increased from R119.4 million in 2006/07 to R423.2 million in 2009/10 at an average annual rate of 52.5 per cent. The construction of the new head office building was completed in August 2009 and the department relocated from 7 buildings in and around Pretoria in September 2009. With the new building, the department will have all its units under one roof. This will greatly improve coordination in the department, and in turn have a positive impact on service delivery.

The department has initiated construction projects in Maseru (Lesotho), Addis Ababa (Ethiopia), Abuja (Nigeria) and Lilongwe (Malawi). In addition, the department will acquire property in New Delhi (India), London (United Kingdom) and Lagos (Nigeria), and will build a protocol lounge at the new international airport in Durban.

Over the MTEF period, the department will use the available funds to complete construction and acquisitions projects already under way. The total available for capital projects over the MTEF period is R798.3 million.

Refurbishment projects to the value of R245.8 million are planned for the MTEF period and will include electrical works, renovations and the structural upgrading of buildings and lifts. Refurbishments are planned in Washington, Harare, Tokyo, London, Windhoek, The Hague, Berne, Madrid, Paris, Munich, Copenhagen and Kinshasa.

Departmental receipts

Departmental receipts are generated from: interest earned from mission bank accounts; rent on state owned property; refunds received through value added tax refunds from missions, related to previous financial years; foreign exchange gains; and the sale of capital items, such as redundant furniture and fixtures. Over the MTEF period, revenue is expected to decrease from R39.2 million in 2009/10 to R33.2 million in 2012/13 due to the global recession and the strengthening of the rand against the major currencies.

Table 5.3 Departmental receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
Departmental receipts	46 282	65 056	43 607	39 173	18 439	31 191	33 252	33 152
Sales of goods and services produced by department	–	2 332	521	565	430	653	686	686
Sales of scrap, waste, arms and other used current goods	382	539	34 580	–	4	–	–	–
Interest, dividends and rent on land	3 131	2 116	5 565	6 962	870	7 310	7 676	7 676
Sales of capital assets	1 168	4 958	2 242	1 948	1 147	2 045	2 148	3 651
Transactions in financial assets and liabilities	41 601	55 111	699	29 698	15 988	21 183	22 742	21 139
Total	46 282	65 056	43 607	39 173	18 439	31 191	33 252	33 152

Programme 1: Administration

Expenditure estimates

Table 5.4 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Minister ¹	0.9	0.9	1.6	1.7	1.8	1.9	2.0
Deputy Ministers ¹	1.4	1.5	2.7	2.8	3.0	3.2	3.3
Management	46.6	62.1	68.8	78.6	83.9	86.9	91.3
Corporate Services	325.9	418.7	531.4	575.3	560.2	589.5	568.0
Diplomatic Academy	–	–	–	62.6	69.1	73.2	79.3
Foreign and Domestic Properties Management	118.2	650.1	973.2	423.2	231.5	249.8	317.0
Office Accommodation	44.1	48.1	60.7	63.5	70.6	75.8	80.8
Total	537.1	1 181.3	1 638.4	1 207.7	1 020.0	1 080.2	1 141.8
Change to 2009 Budget estimate				214.6	(269.0)	(33.8)	112.3

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

Economic classification

Current payments	364.6	530.1	644.1	779.7	777.2	826.1	820.4
Compensation of employees	141.0	168.5	197.9	266.7	298.0	314.4	330.1
Goods and services	223.7	361.4	445.4	513.0	479.2	511.7	490.3
<i>of which:</i>							
Lease payments	55.2	74.7	71.7	173.4	153.3	168.5	177.0
Travel and subsistence	60.4	76.0	18.1	71.0	25.6	27.1	28.7
Operating expenditure	16.2	106.0	199.6	150.8	115.2	117.6	74.3
Interest and rent on land	–	0.3	0.8	–	–	–	–
Transfers and subsidies	1.5	1.1	4.6	–	–	–	–
Provinces and municipalities	0.1	0.1	–	–	–	–	–
Households	1.4	1.1	4.6	–	–	–	–
Payments for capital assets	171.0	650.3	988.7	428.0	242.8	254.1	321.3
Buildings and other fixed structures	118.2	629.6	926.7	423.2	231.5	249.8	317.0
Machinery and equipment	49.5	3.7	27.0	4.8	11.3	4.3	4.3
Land and sub-soil assets	–	16.3	35.0	–	–	–	–
Software and other intangible assets	3.4	0.7	–	–	–	–	–
Payments for financial assets	(0.0)	(0.2)	1.1	–	–	–	–
Total	537.1	1 181.3	1 638.4	1 207.7	1 020.0	1 080.2	1 141.8

Expenditure trends

Expenditure increased from R537.1 million in 2006/07 to R1.2 billion in 2009/10, at an average annual rate of 31 per cent. The *Foreign and Domestic Property Management* subprogramme contributed to this increase due to the construction of the head office building and the initiation of capital projects in missions. This also explains the significant increases in capital payments, of about 280.3 per cent in 2007/08 and 52 per cent in 2008/09. Expenditure on improving the department's ICT infrastructure also contributed to this growth, and explains the growth in expenditure on goods and services at an average annual rate of 31.9 per cent.

Expenditure over the MTEF period is expected to decrease marginally at an average annual rate of 1.9 per cent. This decrease is due to the completion of the head office building and some of the capital projects in missions, which both result in decreases in the *Foreign and Domestic Property Management* subprogramme.

The medium term spending focus in this programme will mainly be on completing capital projects in missions. The department will also continue improving ICT infrastructure for better communication and coordination with the missions.

Programme 2: International Relations and Cooperation

- *Bilateral Relations Management* is a management component at head office responsible for developing and monitoring policy. It also provides support to the diplomatic missions abroad. The subprogramme represents 10 per cent of the total budget of the programme, and funding is mainly used for head office support functions, including personnel.
- *Diplomatic Representation* implements foreign policy and oversees the activities of all South African missions worldwide. It is also the main cost driver of this programme and represents more than half of the total budget of the department. Funding in this programme is mainly used for the day-to-day running of the missions.

Objectives and measures

- Contribute towards strengthening the AU and its structures by:
 - providing financial and technical support for the operationalisation of the African Court of Justice and AU financial institutions by 2012/13
 - providing financial support for the operations of the Pan African Parliament and the construction of the permanent headquarters by 2012/13.
- Contribute towards the political and economic integration of African regions by supporting the implementation of the outcomes of the tripartite summit of the Common Market for Eastern and Southern Africa, the East African Community and the SADC for the establishment of a free trade area covering the tripartite countries by January 2012.
- Contribute towards improving governance and capacity in the SADC secretariat over the next 3 years by implementing the job evaluation plan of the SADC secretariat and assisting with recruitment process.
- Contribute towards NEPAD's process for socioeconomic development in Africa by actively participating in the African peer review mechanism, submitting the African peer review mechanism country report regularly (when required), and assisting other countries with preparing their reports.
- Increase South African representation in Africa by establishing a new mission by 2010/11.
- Strengthen bilateral, trilateral and multilateral interests and relations in the India-Brazil-South Africa Dialogue Forum by continuous active participation in forum structures and hosting the forum summit in 2010/11.
- Contribute to strengthening political solidarity, economic cooperation and socio-cultural relations with Asian countries by actively participating in New Asian-African Strategic Partnership structures during the MTEF period.
- Strengthen North-South economic and political relations and cooperation to advance the African Agenda by engaging with the G8 and the Tokyo international conference on African development over the next 3 years.

Service delivery focus

In August 2008, South Africa hosted and chaired the launch of the SADC regional free trade area as part of efforts towards economic development and regional integration, and facilitated the adoption of a global political agreement for political and economic stabilisation in Zimbabwe.

South Africa, as host to the Pan African Parliament, continued to provide technical and logistical support to the parliament. However, funding for the construction of the new parliament building was suspended while the department, National Treasury and the Department of Public Works consider alternative funding options. It is expected that a decision will be made by the end of 2009/10. A host country agreement for the NEPAD office was also concluded in October 2008.

As part of its contribution to post-conflict reconstruction and development, South Africa entered a general cooperation agreement with the Democratic Republic of the Congo in 2009 to promote political, economic and social cooperation between the 2 countries. South Africa also coordinated peace processes in Burundi, which included providing funding through the African Renaissance Fund.

In strengthening South-South cooperation, South Africa participated in the India-Brazil-South Africa ministerial communiqué in May 2008 and summit in October 2008, resulting in the expansion of cooperation between the 3 countries. South Africa also participated in the UN Conference on Trade and Development held in Ghana in April 2008. In terms of North-South cooperation, South Africa participated in the G8 Hokkaido Summit in Japan in 2008. With agricultural liberalisation as a key objective, South Africa continues to play a key role in working towards a successful conclusion of the Doha negotiations.

On the global governance level, South Africa participated in, among others, a meeting with the International Atomic Energy Agency on nuclear disarmament and non-proliferation in 2008 and a G20 summit in the wake of the global recession in November 2008, which culminated in a declaration and action plan. South Africa also contributed R17 million for humanitarian assistance to regions such as Southern Sudan, the Democratic Republic of the Congo, the Horn of Africa, Guinea Bissau, the Caribbean, the People's Republic of China, and Gaza, as well as the UN Central Emergency Response Fund.

South Africa continued to strengthen political and economic relations by: celebrating 10 years of bilateral relations with China in 2009 and initiating efforts to close the trade deficit between the 2 countries by negotiating the partnership for growth and development agreement; and facilitating the signing of a preferential trade agreement between the Southern African Customs Union and the Common Market of the South in 2008. The South Africa-EU strategic partnership was strengthened in 2008 through a trade, development and cooperation agreement.

Expenditure estimates

Table 5.5 International Relations and Cooperation

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Bilateral Relations Management	307.0	348.1	400.4	401.3	285.8	292.2	299.5
<i>Africa Multilateral Head Office</i>	110.1	113.3	35.4	43.2	46.0	48.7	51.5
<i>Africa Bilateral Head Office</i>	41.8	55.5	101.4	78.3	83.3	88.2	93.2
<i>America Head Office</i>	22.1	27.9	32.0	27.7	29.5	31.2	33.0
<i>Europe Head Office</i>	20.6	24.0	27.8	29.6	31.5	33.3	35.2
<i>Asia and Middle-East Head Office</i>	32.7	39.0	38.5	44.0	46.8	49.5	52.4
<i>Multilateral Head Office</i>	79.6	88.3	165.3	178.5	48.8	41.2	34.3
Diplomatic Representation	1 580.0	1 774.7	2 252.4	2 670.7	2 501.0	2 557.2	2 742.8
<i>Africa Multilateral Missions</i>	20.4	22.3	29.0	30.1	32.0	33.9	35.9
<i>Africa Bilateral Missions</i>	386.4	465.9	591.2	682.1	725.7	768.5	812.3
<i>America Missions</i>	240.1	256.9	326.0	392.1	417.2	441.8	467.0
<i>Europe Missions</i>	506.0	567.1	719.9	801.6	439.6	394.1	460.3
<i>Asia and Middle-East Missions</i>	381.4	401.2	496.0	691.6	735.9	759.3	798.7
<i>Multilateral Missions</i>	45.7	61.2	90.3	73.3	150.6	159.5	168.6
Total	1 887.0	2 122.8	2 652.8	3 072.0	2 786.8	2 849.3	3 042.3
Change to 2009 Budget estimate				(56.6)	(428.4)	(391.5)	(259.7)
Economic classification							
Current payments	1 830.3	2 054.2	2 556.2	3 029.7	2 714.3	2 792.0	2 983.5
Compensation of employees	948.6	1 073.2	1 424.2	1 724.1	1 585.2	1 646.9	1 724.5
Goods and services	881.7	981.0	1 132.0	1 305.7	1 129.1	1 145.0	1 259.1
<i>of which:</i>							
<i>Lease payments</i>	436.0	458.7	382.0	646.7	535.5	550.3	565.8
<i>Property payments</i>	–	–	–	156.9	143.5	140.0	148.8
<i>Travel and subsistence</i>	122.5	166.5	127.8	160.9	145.2	157.1	208.3
<i>Operating expenditure</i>	101.1	160.1	265.9	29.0	7.7	8.2	8.8
Transfers and subsidies	13.2	10.9	11.9	–	13.1	13.8	14.6
Provinces and municipalities	0.1	6.8	1.2	–	–	–	–
Households	13.1	4.2	10.7	–	13.1	13.8	14.6

Table 5.5 International Relations and Cooperation (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Economic classification							
Payments for capital assets	43.3	57.2	52.7	42.3	59.4	43.5	44.2
Buildings and other fixed structures	1.2	0.0	–	–	–	–	–
Machinery and equipment	42.0	57.0	52.7	42.3	59.4	43.5	44.2
Software and other intangible assets	0.0	0.2	–	–	–	–	–
Payments for financial assets	0.2	0.5	32.1	–	–	–	–
Total	1 887.0	2 122.8	2 652.8	3 072.0	2 786.8	2 849.3	3 042.3

Expenditure trends

Expenditure grew at an average annual rate of 17.6 per cent from R1.9 billion in 2006/07 to R3.1 billion in 2009/10. This was due to an increase in the number of missions (from 119 in 2006/07 to 123 in 2009/10) and to strengthening the capacity of missions that previously operated on a smaller scale. This capacity building drive also explains the significant growth in current payments at an average annual rate of 18.3 per cent over the same period. Expenditure for supporting the operations of the Pan African Parliament also contributed to the growth.

Expenditure is expected to decrease marginally over the MTEF period at an average annual rate of 0.3 per cent, due to an expected strengthening of the Rand against other major currencies. As expenditure in this programme is significantly affected by exchange rate fluctuations, the strengthening of the Rand is expected to offset increases in expenditure incurred in foreign currencies.

Over the MTEF period, the department will focus on strengthening capacity for small scale missions to improve service delivery. The department will also continue to support the activities of missions and the implementation of foreign policy.

Programme 3: Public Diplomacy and Protocol Services

- *Public Diplomacy* liaises with the media, engages with national stakeholders, and promotes South Africa's policies and programmes both nationally and internationally. Funding mainly relates to logistical costs for promotions, policies and programmes.
- *Protocol* deals with protocol administration, protocol ceremonial services, state visits, diplomatic liaison, and intergovernmental or provincial protocol services. The subprogramme organises international conferences and ensures the availability of guesthouses for visitors. Funding is used to cover costs relating to the presidential inauguration, the facilitation of incoming and outgoing state visits, and training on protocol matters.

Objectives and measures

- Provide logistical, media and communication support to the ministry through daily updates to missions abroad and through international and local media briefings, conferences and interviews within 10 days of an event.
- Facilitate incoming and outgoing visits by providing protocol and diplomacy services for hosting international conferences and summits, including the NEPAD heads of state implementation committee, and the annual AU foreign ministers' meeting.

Service delivery focus

The *Public Diplomacy* subprogramme continued its marketing activities with the aim of building and projecting a positive image of South Africa. Key activities in 2008/09 included the SADC ministerial and heads of state summits, the South African tourism indaba, 2 imbizo outreach campaigns in KwaZulu-Natal, an exhibition during its 2008 budget vote, and an investment conference in 2009 in Eastern Cape.

In 2008/09, the *Protocol* subprogramme coordinated 160 ceremonial events, managed 255 incoming and outgoing visits and assisted in 2010 FIFA World Cup related events. The department also assisted provinces and local governments in managing 364 outgoing visits and 51 incoming visits.

In 2008/09, the department provided training sessions on protocol etiquettes and FIFA protocol for the 2010 FIFA World Cup host cities and for premiers' offices in the host provinces. The department also actively participated in, and in some cases was the major driver of, a number of 2010 FIFA World Cup and 2009 FIFA Confederations Cup related events such as the 2009 FIFA Confederations Cup draw show and the 500 days countdown celebrations in 2009.

Expenditure estimates

Table 5.6 Public Diplomacy and Protocol Services

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Public Diplomacy	25.8	23.5	36.8	49.6	48.5	52.3	58.2
Protocol	92.6	118.0	115.9	208.0	184.3	178.1	185.2
Total	118.4	141.5	152.6	257.6	232.9	230.4	243.4
Change to 2009 Budget estimate				42.3	79.9	71.2	60.1

Economic classification

Current payments	94.2	103.5	134.6	233.2	197.1	206.9	219.2
Compensation of employees	46.9	51.4	61.3	71.8	134.0	140.1	148.5
Goods and services	47.3	52.1	73.4	161.4	63.1	66.8	70.7
<i>of which:</i>							
Lease payments	2.4	2.1	2.2	2.4	2.9	3.1	3.3
Property payments	–	0.8	–	–	–	–	–
Travel and subsistence	25.9	37.3	40.9	70.1	39.2	40.5	42.9
Operating expenditure	1.9	7.2	6.2	15.0	3.1	3.1	3.3
Transfers and subsidies	23.1	17.4	16.2	24.4	22.3	23.5	24.2
Provinces and municipalities	20.4	16.4	15.1	24.4	22.3	23.5	24.2
Households	2.7	0.9	1.1	–	–	–	–
Payments for capital assets	1.1	20.7	1.8	–	13.5	–	–
Buildings and other fixed structures	–	20.2	–	–	–	–	–
Machinery and equipment	1.1	0.4	1.8	–	13.5	–	–
Total	118.4	141.5	152.6	257.6	232.9	230.4	243.4

Details of selected transfers and subsidies

Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	20.4	16.4	15.1	24.4	22.3	23.5	24.2
Diplomatic missions	20.4	16.4	15.1	24.4	22.3	23.5	24.2

Expenditure trends

Expenditure increased from R118.4 million in 2006/07 to R257.6 million in 2009/10 at an average annual rate of 29.6 per cent, due to a significant increase in the number of incoming and outgoing state visits, which in turn increased the demand for protocol services. The department provides protocol advice and support to other government departments, non-governmental organisations, the private sector and the 2010 FIFA World Cup local organising committee. The increase in 2009/10 is also due to an allocation of R60 million to the *Protocol* subprogramme for the presidential inauguration in May 2009.

The department has been building capacity to respond to the increased demand for protocol and diplomatic services, hence the significant growth in compensation of employees. Between 2006/07 and 2009/10,

expenditure on compensation of employees grew at an average annual rate of 15.2 per cent. The growth trend will continue over the MTEF period, at an average annual rate of 27.4 per cent, with the highest increase in 2010/11 at 86.5 per cent.

Expenditure is expected to decrease marginally over the MTEF period at an average annual rate of 1.9 per cent, as no further expenses for the presidential inauguration are expected. In this period, facilitating and coordinating protocol services for 2010 FIFA World Cup events will continue to be the department's major focus. The department will also continue to: implement identified media liaison interventions; provide speech writing and other strategic communication services; implement the marketing communication plan; manage and maintain guesthouses and state protocol lounges; and improve the planning, execution and management of international state events.

Programme 4: International Transfers

- *International* funds fees and contributions to various international organisations.

Expenditure estimates

Table 5.7 International Transfers

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
International Organisations	402.2	624.1	1 028.4	1 015.6	784.7	927.1	965.6
Total	402.2	624.1	1 028.4	1 015.6	784.7	927.1	965.6
Change to 2009 Budget estimate				15.6	(30.0)	(60.0)	(70.9)
Economic classification							
Transfers and subsidies	402.2	624.1	1 028.4	1 015.6	784.7	927.1	965.6
Departmental agencies and accounts	150.0	300.0	698.9	631.4	401.1	555.4	570.5
Foreign governments and international organisations	252.2	324.1	329.4	384.3	383.7	371.7	395.1
Total	402.2	624.1	1 028.4	1 015.6	784.7	927.1	965.6
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	150.0	300.0	698.9	631.4	401.1	555.4	570.5
African Renaissance and International Cooperation Fund	150.0	300.0	698.9	631.4	401.1	555.4	570.5
Foreign governments and international organisations							
Current	251.6	323.5	328.2	383.0	382.3	370.4	393.7
African Union	85.0	110.4	118.5	151.2	159.0	152.1	160.8
India Brazil South Africa Trust Fund	5.4	10.1	7.4	7.7	8.1	8.1	8.5
New Partnership for Africa's Development	30.0	30.0	31.6	30.0	34.6	34.6	36.5
Other International Organisations	4.1	0.2	1.0	1.1	1.1	1.1	1.2
United Nations Development Programme	–	5.5	5.2	5.4	5.6	5.6	5.9
African, Caribbean and Pacific Group of states	3.1	3.2	3.7	3.8	3.9	3.9	4.2
Commonwealth	7.0	8.1	17.7	8.6	9.4	9.4	9.9
Southern African Development Community	25.3	29.6	30.8	35.1	33.3	33.3	35.2
United Nations	64.3	86.1	79.4	91.2	91.9	86.9	91.8
Bacterial and Toxic Weapons Convention	–	–	0.5	0.5	0.5	0.5	0.5
Comprehensive Test Ban Treaty	2.4	2.9	5.5	5.8	6.0	6.0	6.4
Humanitarian Aid	17.8	34.0	24.1	40.5	25.7	25.7	27.1
South Centre Capital Fund	0.5	1.0	1.1	1.2	1.2	1.2	1.3
United Nations Development Programme in Southern Africa	6.6	1.3	1.1	1.1	1.2	1.2	1.2
United Nations Children's Fund	0.2	0.4	0.2	–	0.2	0.2	2.4
United Nations Convention on the Law of Sea	–	0.6	0.5	–	0.6	0.6	0.6

Expenditure trends

Expenditure in this programme grew from R402.2 million in 2006/07 to R1 billion in 2009/10 at an average annual rate of 36.2 per cent. The growth was due to the recapitalisation of the African Renaissance and International Cooperation Fund to increase funding for post-conflict reconstruction and development initiatives in Burundi and the Democratic Republic of the Congo, and for economic reconstruction programmes in Zimbabwe.

Over the MTEF period, expenditure is expected to decrease marginally at an average annual of rate of 1.7 per cent. This is mainly due to the reduction in the transfer payment to the African Renaissance Fund to enable government to fund other urgent priorities.

Additional tables

Table 5.A Summary of expenditure trends and estimates per programme and economic classification

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R million	2008/09		2008/09	2009/10			2009/10
1. Administration	1 049.9	1 715.4	1 638.4	993.1	214.6	1 207.7	1 162.7
2. International Relations and Cooperation	2 410.7	2 662.3	2 652.8	3 128.6	(56.6)	3 072.0	3 072.0
3. Public Diplomacy and Protocol Services	147.3	159.3	152.6	215.3	42.3	257.6	257.6
4. International Transfers	732.8	1 032.8	1 028.4	1 000.0	15.6	1 015.6	1 015.6
Total	4 340.7	5 569.8	5 472.3	5 337.0	215.9	5 553.0	5 508.0
Economic classification							
Current payments	2 980.9	3 244.4	3 334.9	3 993.4	49.3	4 042.7	4 042.7
Compensation of employees	1 456.9	1 458.4	1 683.4	2 013.3	49.3	2 062.6	2 062.6
Goods and services	1 523.9	1 785.9	1 650.7	1 980.1	–	1 980.1	1 980.1
Interest and rent on land	–	–	0.8	–	–	–	–
Transfers and subsidies	767.6	1 067.6	1 061.0	1 024.4	15.6	1 040.0	1 040.0
Provinces and municipalities	22.7	22.7	16.3	24.4	–	24.4	24.4
Departmental agencies and accounts	398.9	698.9	698.9	631.4	–	631.4	631.4
Foreign governments and international organisations	333.9	333.9	329.4	368.7	15.6	384.3	384.3
Public corporations and private enterprises	12.0	12.0	–	–	–	–	–
Households	–	–	16.4	–	–	–	–
Payments for capital assets	592.3	1 257.8	1 043.2	319.3	151.0	470.3	425.3
Buildings and other fixed structures	486.7	1 117.2	926.7	272.2	151.0	423.2	378.2
Machinery and equipment	105.6	105.6	81.5	47.1	–	47.1	47.1
Land and sub-soil assets	–	35.0	35.0	–	–	–	–
Payments for financial assets	–	–	33.1	–	–	–	–
Total	4 340.7	5 569.8	5 472.3	5 337.0	215.9	5 553.0	5 508.0

Table 5.B Summary of personnel numbers and compensation of employees

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Permanent and full time contract employees							
Compensation (R million)	1 136.5	1 293.2	1 683.4	2 062.6	2 037.1	2 121.4	2 228.1
Unit cost (R million)	0.3	0.3	0.4	0.5	0.4	0.5	0.5
<i>Administration</i>	<i>0.2</i>	<i>0.2</i>	<i>0.2</i>	<i>0.3</i>	<i>0.3</i>	<i>0.3</i>	<i>0.3</i>
<i>International Relations and Cooperation</i>	<i>0.3</i>	<i>0.3</i>	<i>0.4</i>	<i>0.5</i>	<i>0.5</i>	<i>0.5</i>	<i>0.6</i>
<i>Public Diplomacy and Protocol Services</i>	<i>0.2</i>	<i>0.2</i>	<i>0.2</i>	<i>0.3</i>	<i>0.4</i>	<i>0.4</i>	<i>0.4</i>
Personnel numbers (head count)	4 313	4 493	4 504	4 521	4 533	4 549	4 549
Personnel numbers (head count)	83	89	13	12	10	9	9
Total for department							
Compensation (R million)	1 136.5	1 293.2	1 683.4	2 062.6	2 037.1	2 121.4	2 228.1
Unit cost (R million)	0.3	0.3	0.4	0.5	0.4	0.5	0.5
Personnel numbers (head count)	4 396	4 582	4 517	4 533	4 543	4 558	4 558

Table 5.C Detail of approved establishment and personnel numbers according to salary level ¹

	Personnel post status as at 30 September 2009			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid year ²	Medium-term estimate		
				2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Department	4 533	4 492	119	4 313	4 493	4 504	4 521	4 533	4 549	4 549
Salary level 1 – 6	480	477	86	412	396	413	403	480	480	480
Salary level 7 – 10	3 333	3 300	19	3 289	3 518	3 478	3 494	3 333	3 349	3 349
Salary level 11 – 12	440	436	10	387	352	371	381	440	440	440
Salary level 13 – 16	280	279	4	225	227	242	243	280	280	280
Administration	1 060	1 056	119	737	756	827	818	1 060	1 060	1 060
Salary level 1 – 6	354	354	86	293	289	299	291	354	354	354
Salary level 7 – 10	526	522	19	329	346	403	394	526	526	526
Salary level 11 – 12	120	120	10	77	86	85	89	120	120	120
Salary level 13 – 16	60	60	4	38	35	40	44	60	60	60
International Relations and Cooperation	3 115	3 092	-	3 345	3 498	3 416	3 437	3 115	3 131	3 131
Salary level 1 – 6	53	53	-	65	59	57	56	53	53	53
Salary level 7 – 10	2 589	2 566	-	2 822	3 021	2 914	2 936	2 589	2 605	2 605
Salary level 11 – 12	274	274	-	285	238	256	259	274	274	274
Salary level 13 – 16	199	199	-	173	180	189	186	199	199	199
Public Diplomacy and Protocol Services	358	344	-	231	239	261	266	358	358	358
Salary level 1 – 6	73	70	-	54	48	57	56	73	73	73
Salary level 7 – 10	218	212	-	138	151	161	164	218	218	218
Salary level 11 – 12	46	42	-	25	28	30	33	46	46	46
Salary level 13 – 16	21	20	-	14	12	13	13	21	21	21

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

2. As at 30 September 2009.

Table 5.D Summary of expenditure on training

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Compensation of employees (R million)	1 136.5	1 293.2	1 683.4	2 062.6	2 037.1	2 121.4	2 228.1
Training expenditure (R million)	4.0	13.1	8.1	12.4	14.4	14.1	14.1
Training as percentage of compensation	0.4%	1.0%	0.5%	0.6%	0.7%	0.7%	0.6%
Total number trained in department (head count)	1 117	1 139	1 139	1 139			
<i>of which:</i>							
Employees receiving bursaries (head count)	95	95	9	9			
Learnerships trained (head count)	79	42	42	42			

Table 5.E Summary of departmental public private partnership (PPP) projects

Project description: Department of international Relations and Cooperation office campus	Project annual unitary fee at time of contract	Budgeted expenditure	Medium-term expenditure estimate			
			2009/10	2010/11	2011/12	2012/13
R million						
Projects signed in terms of Treasury Regulation 16	109.9	109.9	143.5	140.0	148.8	
PPP unitary charge	109.9	109.9	143.5	140.0	148.8	
Total	109.9	109.9	143.5	140.0	148.8	

Disclosure notes for projects signed in terms of Treasury Regulation 16

Project name	DIRCO Office Campus
Brief description	DIRCO Office Campus
Date PPP agreement was signed	Estimated date: 13 March 2009
Duration of PPP agreement	25 years
Escalation index for unitary fee	CPIX
Net Present Value of all payment obligations discounted at appropriate duration government bond yield	Unitary fee and its cost implication is subjected to CPIX adjustments

Table 5.F Summary of expenditure on infrastructure

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2006/07	2007/08	2008/09		2010/11	2011/12	2012/13
R million										
Departmental infrastructure										
Head Office Campus	Construction of headquarter for the department	Handed over	965.5	-	300.0	665.5	-	-	-	-
Addis Ababa	Chancery and three residences	Construction	-	26.5	66.6	-	-	-	-	-
Washington (Refurbishment of Chancery)	Functional and effective office accommodation	Feasibility	205.4	-	59.4	-	79.2	41.0	30.7	28.2
New Delhi (Acquisition of Land)	Land for the construction of a Chancery	Various	370.0	-	35.0	-	130.0	34.0	4.5	35.0
Refurbishment at Missions	Refurbishment of infrastructure	Various	60.2	43.1	49.0	40.6	125.2	49.0	33.7	63.2
Brussels (Acquisition of Chancery)	Functional and effective office accommodation and staff housing	Various	-	-	93.6	-	-	-	-	-
Abuja (Construction of Chancery and Official Residence)	Functional and effective office accommodation and official residence	Construction	122.3	2.7	57.1	26.1	42.6	19.4	-	-
Pan African Parliament	Functional and effective office accommodation and Parliamentary facilities	Feasibility	-	-	48.0	-	-	-	-	-
Maseru (Construction of Chancery and Staff Housing)	Functional and effective office accommodation and staff housing	Construction	105.2	22.6	35.9	46.4	8.6	-	-	-
Dar es Salaam (Construction of Chancery)	Functional and effective office accommodation	Design	49.5	0.1	1.8	0.9	9.0	28.0	12.5	-
Kigali (Construction of Chancery and Official Residence)	Functional and effective office accommodation and official residence	Design	49.5	-	0.6	0.8	3.7	5.5	22.8	27.0
Mbabane (Construction of Chancery)	Functional and effective office accommodation	Feasibility	39.0	-	-	-	2.5	3.5	18.0	10.0
Riyadh (Acquisition of Land)	Land for the construction of a Chancery	Handed over	-	-	10.6	-	-	-	-	-
Bujumbura (Acquisition of Chancery)	Functional and effective office accommodation	Construction	-	-	4.9	-	-	-	-	-
Gaborone (Acquisition of Chancery)	Functional and effective office accommodation	Construction	-	-	22.7	-	-	-	-	-
Lilongwe (Construction of Chancery and staff Housing)	Functional and effective office accommodation and staff housing	Design	68.8	0.1	0.9	1.4	5.6	19.5	32.0	15.0
Mbabane (Construction of staff housing)	Functional and effective staff housing	Design	78.0	0.2	2.5	1.2	7.5	22.0	33.5	15.5
Kigali	-	-	-	0.1	2.2	-	-	-	-	-
Gaborone (Construction of Official Residence)	Functional and effective Official Residence	Design	23.0	24.0	0.2	1.4	3.5	-	12.0	11.0
Riyadh (Construction of Chancery and Official Residence)	Functional and effective office accommodation and official residence	Feasibility	75.0	-	-	-	1.8	2.7	25.0	35.0
Bamako (Construction of Chancery, Official Residence and Staff housing)	Functional and effective office accommodation and official residence	Feasibility	48.0	-	0.2	-	0.8	2.2	4.5	15.0

Table 5.F Summary of expenditure on infrastructure (continued)

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2006/07	2007/08	2008/09		2010/11	2011/12	2012/13
R million										
Dakar (Construction of Chancery)	Functional and effective office accommodation	Feasibility	48.0	-	-	-	0.8	2.2	18.0	27.0
Montivideo (Construction of staff housing)	Functional and effective staff housing	Feasibility	4.5	-	-	-	0.8	-	-	-
Luanda (Construction of Chancery)	Functional and effective office accommodation	Feasibility	9.5	-	-	-	1.5	2.5	2.5	35.0
Tokyo and New York	-	-	-	-	1.0	-	-	-	-	-
Total			2 321.3	119.4	649.9	926.7	423.2	231.5	249.8	317.0

Vote 6

Public Works

Budget summary

R million	2010/11				2011/12	2012/13
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	663.1	653.9	1.2	8.1	752.1	790.2
Immovable Asset Management	4 250.7	1 078.5	1 807.7	1 364.5	4 787.0	4 898.3
Expanded Public Works Programme	1 479.1	276.8	1 201.0	1.4	2 386.7	2 496.6
Property and Construction Industry Policy Regulations	31.5	31.5	–	–	35.2	36.7
Auxiliary and Associated Services	21.9	2.1	19.8	–	23.2	24.3
Total expenditure estimates	6 446.3	2 042.8	3 029.6	1 373.9	7 984.1	8 246.2
Executive authority	Minister of Public Works					
Accounting officer	Director-General of Public Works					
Website address	www.publicworks.gov.za					

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

Aim

The aim of the Department of Public Works is to provide for and manage the accommodation, housing, land and infrastructure needs of national departments; lead and direct the implementation of the national expanded public works programme; and promote growth, job creation and transformation in the construction and property industries

Programme purposes

Programme 1: Administration

Purpose: Strategic leadership and support services, including the accommodation, and overall management of the department.

Programme 2: Immovable Asset Management

Purpose: Provide and manage government's immovable property portfolio in support of government's social, economic, functional and political objectives.

Programme 3: Expanded Public Works Programme

Purpose: Ensure the creation of work opportunities and the provision of training for unskilled, marginalised and unemployed people in South Africa by coordinating the implementation of the expanded public works programme.

Programme 4: Property and Construction Industry Policy Regulations

Purpose: Promote the growth and transformation of the construction and property industries. Promote uniformity and best practice in construction and immovable asset management in the public sector.

Programme 5: Auxiliary and Associated Services

Purpose: Provide for various services, including: compensation for losses on the government assisted housing scheme; assistance to organisations for the preservation of national memorials; and meeting protocol responsibilities for state functions.

Strategic overview: 2006/07 – 2012/13

The mandate of the Department of Public Works is articulated in the Government Immovable Asset Management Act (2007). The objective of the act is to ensure efficient and effective immovable asset management within government, to improve service delivery. The Department of Public Works is thus responsible for the provision of official accommodation for all national departments and all members of Parliament, providing construction and property management services to client departments at the national level. The department is also responsible for providing leadership for and coordinating the expanded public works programme.

Addressing departments' accommodation needs

The department's responsibilities include the acquisition, planning, maintenance and disposal of immovable assets, on behalf of the state. The programmes are mainly undertaken on behalf of the national departments, including the prestige portfolio, which provides accommodation for all members of Parliament.

Due to the maintenance backlog in government infrastructure, the department is developing a national infrastructure maintenance strategy responsive to the needs of a developmental state. It is currently developing the maintenance guidelines.

The department is also planning to rehabilitate unused and underutilised government buildings as a key project in helping to meet the work opportunities targets in the expanded public works programme. 105 buildings countrywide have been identified for rehabilitation. The focus of the first phase of the project is office accommodation for government departments and state owned enterprises, while the second phase will include residential accommodation.

In line with the requirements of the Occupational Health and Safety Act (1993), government is prioritising the revamping of public buildings to meet the needs of people living with disabilities. 190 buildings have been identified nationally for remodelling in 2010/11, which will involve constructing access ramps, converting existing lifts and toilets, and putting up signage.

The expanded public works programme

The expanded public works programme is intended to generate 4.5 million work opportunities in the next five years, including the 500 000 work opportunities created in 2009/10. Through the maintenance and capital works programmes, the department is expected to play a direct role in supporting the expanded public works programme in meeting its multi-year targets.

Energy efficient installations

In an effort to make government a more efficient user of energy, the department will retrofit a limited number of public buildings. The target for 2010/11 is to retrofit 12 per cent of state buildings with energy efficient installations.

Implementing BEE charters in the construction and property sectors

The Construction Sector Charter on Black Economic Empowerment has been gazetted in terms of section 9 of the Broad-Based Black Economic Empowerment Act (2003). A charter council constitution is presently being developed and will be finalised by February 2010. In relation to the Property Sector Transformation Charter, a council was established and an application for the gazetting of the charter, as prescribed by section 9, was submitted to the Department of Trade and Industry. The process may be finalised by the middle of 2010. The department's role in these two charters is to assist in transformation in the built environment.

Scarce skills capacity training intervention

As part of the department's contribution towards the national skills development and national human resource development strategies, an intensive capacity building programme is being implemented through departmental programmes. The programme focuses on learnerships, internships and developing young professionals.

Valuations and state immovable assets

As a compliance measure, the department has developed a valuations model based on depreciated replacement costs. The department will continue with this programme and is targeting 136 089 immovable assets in 2010/11.

Key policy developments

Over the MTEF period, the department plans to conduct reviews of the following pieces of departmental legislation: the Built Environment Professions Bill, the Expropriation Bill, and the Government Immovable Asset Management Act (2007) so that it can be extended to local government.

Savings and cost effective service delivery

The department has identified efficiency savings of R59.2 million in 2010/11, R65.9 million in 2011/12 and R93.1 million in 2012/13 from the following programmes and items:

The *Administration* programme: savings of R24.4 million in 2010/11, R31.1 million in 2011/12 and R35.3 million in 2012/13 have been identified in goods and services from advertising, communication, computer services, agency and support, outsourced services, and travel and subsistence.

The *Immovable Asset Investment and Management* programme: efficiency savings of R31.2 million in 2010/11, R31.1 million in 2011/12 and R53.7 million in 2012/13 have been identified in goods and services from: minor assets; communication; agency and support/outsourced services; consultant and professional services, including business advisory services; material and supplies, and other consumables under inventory; travel and subsistence; and training and development.

The *Property and Construction Industry Policy and Regulations* programme: efficiency savings of R3.6 million in 2010/11, R3.7 million in 2011/12 and R4.1 million in 2012/13 have been identified in goods and services from travel and subsistence, infrastructure and planning under consultant and professional services, and agency and support/outsourced services.

The department will implement the following measures to ensure that the services delivered by the department are not negatively impacted on due to the efficiency savings implemented:

- The department has refined its forward planning to reduce the number of meetings during the year, which will reduce travel and accommodation costs.
- The department will appoint more permanent staff to reduce expenditure on consultants. The new staff will be trained to manage particular service delivery programmes.

Selected performance indicators

Table 6.1 Public Works

Indicators	Programme	Past			Current	Projected		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Number of state owned buildings to be made accessible to people with disability per year	Immovable Asset Investment Management	-	-	76	200	64	70	75
Number of state owned buildings rehabilitated per year	Immovable Asset Investment Management	-	-	25	64	64	70	75
Percentage reduction in electricity consumption in state owned buildings due to retrofittings	Immovable Asset Investment Management	-	-	1% (13 800 kw/h)	1% (17 180 kw/h)	3% (37 180 kw/h)	7% (65 000 kw/h)	10% (68 000 kw/h)
Percentage of asset register with complete and accurate data and information out of the present 108 752 properties	Immovable Asset Investment Management	-	-	40% (43 500)	50% (54 376)	70% (76 126)	90% (97 876)	100% (108 752)
Number of youths participating in the national youth service programme per year	Expanded Public Works Programme	-	4 466	2 859	2 500	6 000	6 000	6 000
Number of learners participating in the Vuk'uphile learnership	Expanded Public Works Programme	1 600	1 635	1 000	556	1 000	1 000	1000
Total number of municipalities reporting on expanded public works programme targets	Expanded Public Works Programme	33	71	98	105	140	170	200
Total number of expanded public works programme opportunities created on provincial access roads	Expanded Public Works Programme	-	58 913	74 616	61 176	100 000	115 000	130 000

Expenditure estimates

Table 6.2 Public Works

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
R million								
1. Administration	625.2	733.7	801.6	689.0	689.0	663.1	752.1	790.2
2. Immovable Asset Management	2 269.2	2 498.1	3 213.6	4 516.2	4 466.2	4 250.7	4 787.0	4 898.3
3. Expanded Public Works Programme	70.4	126.6	133.0	608.5	508.5	1 479.1	2 386.7	2 496.6
4. Property and Construction Industry Policy Regulations	40.4	30.9	33.4	33.8	33.8	31.5	35.2	36.7
5. Auxiliary and Associated Services	20.6	13.0	15.4	42.6	42.6	21.9	23.2	24.3
Total	3 025.8	3 402.3	4 197.0	5 890.1	5 740.1	6 446.3	7 984.1	8 246.2
Change to 2009 Budget estimate				592.1	442.1	(152.4)	(201.2)	-

Economic classification

	1 319.1	1 476.8	1 660.3	1 931.4	1 931.4	2 042.8	2 300.3	2 402.0
Current payments								
Compensation of employees	613.6	746.4	916.6	1 012.2	1 012.2	1 121.4	1 201.7	1 249.6
Goods and services	705.5	730.4	743.6	919.2	919.2	921.3	1 098.6	1 152.4
<i>of which:</i>								
Contractors	9.0	5.1	14.5	45.2	45.2	82.2	130.3	100.7
Agency and support / outsourced services	105.7	107.0	79.5	98.4	98.4	89.1	121.7	135.9
Lease payments	180.8	187.3	181.3	217.8	217.8	227.9	247.5	264.9
Property payments	123.0	112.3	132.5	125.5	125.5	148.6	153.9	172.4
Transfers and subsidies	1 230.6	1 404.2	1 510.7	2 448.8	2 348.8	3 029.6	3 988.8	4 169.4
Provinces and municipalities	710.6	836.6	889.3	1 702.9	1 602.9	2 106.8	3 070.0	3 223.5
Departmental agencies and accounts	502.9	552.2	604.1	680.7	680.7	711.5	733.1	751.5

Table 6.2 Public Works (continued)

R million	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
Transfers and subsidies								
Foreign governments and international organisations	13.3	12.7	13.7	16.5	16.5	17.5	18.5	19.4
Public corporations and private enterprises	–	–	–	5.0	5.0	10.5	9.2	9.6
Non-profit institutions	–	–	–	40.5	40.5	179.8	154.4	161.5
Households	3.8	2.7	3.5	3.3	3.3	3.5	3.7	3.9
Payments for capital assets	447.7	521.3	1 026.0	1 509.8	1 459.8	1 373.9	1 695.1	1 674.8
Buildings and other fixed structures	414.1	488.0	988.4	1 462.3	1 412.3	1 303.9	1 603.9	1 634.7
Machinery and equipment	29.3	28.9	37.5	42.4	42.4	64.9	85.7	34.4
Software and other intangible assets	4.3	4.4	0.1	5.1	5.1	5.1	5.4	5.7
Payments for financial assets	28.3	–	–	–	–	–	–	–
Total	3 025.8	3 402.3	4 197.0	5 890.1	5 740.1	6 446.3	7 984.1	8 246.2

Expenditure trends

Overall expenditure has increased at an average annual rate of 24.9 per cent, from R3 billion in 2006/07 to R6 billion in 2009/10. This increase is driven by the increase in transfers and subsidies, which grew from R1.2 billion in 2006/07 to R2.4 billion in 2009/10 at an average annual rate of 25.8 per cent. This was mainly due to the implementation of the second phase of the expanded public works programme at the beginning of 2009/10 and an allocation adjustment of R353 million for the devolution of property rate funds to provinces grant.

Over the MTEF period, spending is expected to increase to R8.2 billion in 2012/13, at an average annual rate of 11.9 per cent due to the increase in expenditure for the second phase of the expanded public works programme, which is projected to increase from R1.5 billion in 2010/11 to R2.5 billion in 2012/13.

The 2010 Budget provided for additional allocations of R97 million in 2010/11, R35.5 million in 2011/12 and R38.5 million in 2012/13 for the following programmes and items: *Immovable Asset Management* (R27.1 million in 2010/11, R31.7 million in 2011/12 and R34.8 million in 2012/13) for the annual salary related inflation adjustment; *Expanded Public Works Programme* (R69.6 million in 2010/11, R3.4 million in 2011/12 and R3.3 million in 2012/13) towards performance based incentive grants to provinces and municipalities; and *Property and Construction Industry Policy Regulations* (R340 million in 2010/11, R414 million in 2011/12 and R454 million in 2012/13) for the annual salary related inflation adjustment.

Infrastructure spending

Large infrastructure project spending: In-land ports of entry

Redevelopment projects for key commercial land ports of entry were initiated by the Border Control Operational Coordinating Committee and the Department of Public Works to facilitate the movement of people and goods between South Africa and neighbouring countries.

The Lebombo land port of entry between Mozambique and South Africa forms part of the Maputo development corridor, which is meant to answer the needs related to the broader economic development and sociopolitical stability of the SADC region. The focus on the first phase was to make provision for the influx of people and commercial traffic passing through the border post in 2010 and beyond. The immediate requirement will be to segment people, light vehicles and cargo. The cost of the 2010 contingency plan for the border post is estimated at R60 million, which will also form part of future developments towards a one stop border post.

The redevelopment of the Golela inland port of entry will conclude in 2010/11. It is estimated that R40 million will be required to complete the remainder of the project ahead of the 2010 FIFA World Cup. Once Swaziland completes the expansion of the neighbouring border post, it is expected that revenue generated from the new infrastructure will enhance the economy of both countries.

The redevelopment of the Skilpadshek inland port of entry is scheduled for completion in 2010/11 with an estimated R115 million required to finish the project. The completion of this project is expected to enhance trade and tourism between South Africa and Botswana.

All inland ports of entry have contracts which incorporate minor but critical capital works, with repair and facilities management requirements estimated to cost R226 million in 2010/11. These projects ensure that the border post infrastructure remains functional and supportive of the border control operational coordinating committee and the department's operations, preventing disruptions of services to the public.

Small infrastructure project spending: Rehabilitation of unused and underutilised government buildings

The second phase of the project for the central government office started in February 2009 and will continue for 18 months. The project has been allocated R40.5 million in 2009/10 and the allocation for 2010/11 is R108 million. The central government office is currently unoccupied and in a reasonably good condition. However, it needs to be upgraded to allow the Department of Public Works to vacate the leased building and move into state owned accommodation.

Small infrastructure project spending: Refurbishment and maintenance of government buildings

The Department of Public Works has 1 488 refurbishment and maintenance projects for various client departments in process. R2.2 billion in 2010/2011 and R2.9 billion in 2011/2012 are allocated for these projects. Each project is valued at less than R50 million. The underlying objective is to improve the condition of buildings to ensure that clients using these facilities are able to function adequately.

Mega projects: Civitas building in Pretoria

The project began in 2007 and is expected to be finalised by March 2010. The project currently has an allocation of R776.8 million. The project seeks to improve the condition of the building by upgrading it to a usable condition to provide accommodation for the Department of Health, which will be vacating its leased building to move into the new building, paying user accommodation charges that will be used to maintain the building. The allocation in 2010/11 for this project is R53.1 million to cater for the final accounts of the project.

Departmental receipts

The department generates revenue mainly through letting properties and official quarters, and the sale of state owned land and buildings. Buildings that have been sold include redundant military bases and properties that are no longer cost effective to maintain.

Table 6.3 Departmental receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
Departmental receipts	79 937	95 818	28 510	25 581	31 538	26 628	27 695	29 357
Sales of goods and services produced by department	25 497	20 505	24 614	21 123	24 102	20 970	21 469	22 757
Sales of scrap, waste, arms and other used current goods	15	449	21	–	476	504	529	561
Fines, penalties and forfeits	3	2	1	2	2	3	4	5
Interest, dividends and rent on land	1 877	572	552	597	1 681	620	643	681
Sales of capital assets	26 582	67 664	940	1 000	3 184	1 500	1 700	1 802
Transactions in financial assets and liabilities	25 963	6 626	2 382	2 859	2 093	3 031	3 350	3 551
Total	79 937	95 818	28 510	25 581	31 538	26 628	27 695	29 357

Programme 1: Administration

Expenditure estimates

Table 6.4 Administration

Subprogramme	Audited outcome			Adjusted	Medium-term expenditure estimate			
	2006/07	2007/08	2008/09	appropriation	2009/10	2010/11	2011/12	2012/13
R million								
Minister ¹	1.0	1.0	2.5	1.7	1.8	1.9	2.0	
Deputy Minister ¹	0.8	0.7	1.3	1.4	1.5	1.6	1.7	
Management	64.8	92.7	159.4	99.2	99.7	99.5	105.1	
Corporate Services	310.4	362.4	420.9	269.1	209.1	274.5	285.1	
Office Accommodation	248.3	277.0	217.4	317.5	351.0	374.5	396.4	
Total	625.2	733.7	801.6	689.0	663.1	752.1	790.2	
Change to 2009 Budget estimate				(89.0)	(117.9)	(129.2)	–	

1. From 2008/09, the current payments relating to the total remuneration package of political office bearers are shown, before this, only salary and car allowance are included.

Administrative and other subprogramme expenditure may in addition include payments for capital assets as well as transfers and subsidies.

Economic classification

Current payments	614.3	718.2	789.4	684.0	653.9	742.4	780.7
Compensation of employees	163.9	209.1	279.1	158.7	162.8	170.9	179.5
Goods and services	450.4	509.1	510.4	525.3	491.1	571.5	601.3
<i>of which:</i>							
Contractors	2.6	1.1	1.1	1.0	0.5	1.3	1.4
Agency and support / outsourced services	29.8	30.7	29.0	30.0	10.4	18.6	17.5
Lease payments	158.7	173.7	166.0	194.4	204.9	223.4	237.6
Property payments	101.6	110.8	130.2	123.1	146.1	151.2	169.6
Transfers and subsidies	0.7	0.5	0.5	1.1	1.2	1.2	1.3
Provinces and municipalities	0.1	0.0	0.0	–	–	–	–
Households	0.6	0.5	0.5	1.1	1.2	1.2	1.3
Payments for capital assets	10.1	15.0	11.7	3.9	8.1	8.5	8.2
Machinery and equipment	5.9	10.8	11.7	(1.1)	3.1	3.2	2.7
Software and other intangible assets	4.2	4.2	–	5.0	5.0	5.3	5.5
Total	625.2	733.7	801.6	689.0	663.1	752.1	790.2

Expenditure trends

Between 2006/07 and 2009/10, expenditure increased at an average annual rate of 1.8 per cent, from R625.2 million to R689 million. Expenditure in this programme is dominated by current payments for compensation of employees and goods and services, and lease payments. Spending in the *Office Accommodation* subprogramme increased from R248.3 million in 2006/07 to R317.5 million in 2009/10. Funds in this programme will be utilised for the provision of leadership and support services, including accommodation needs and the overall management of the department.

Over the MTEF period, expenditure in this programme is expected to increase to R790.2 million in 2012/13 at an average annual rate of 4.7 per cent. This increase is mainly for expenditure in compensation of employees and goods and services for the *Office Accommodation* subprogramme.

Programme 2: Immovable Asset Management

- *Infrastructure (Public Works)* funds the acquisition of infrastructure for the Department of Public Works, the prestige portfolio, and the mandate of the border control operational coordinating committee. Funds are distributed on the basis of priorities as determined by the department.

- *Strategic Asset Investment Analysis* provides for the strategic management of immovable assets owned or used for delivering various government services expected to yield functional, economic and social benefits to the state. The distribution of funds is governed by the compensation and administration requirements of the entity.
- *Operations Management* funds the implementation of acquisition and construction of infrastructure for the Department of Public Works and client departments. The distribution of funds is governed by the compensation and administration of the unit.
- *Prestige Management* funds the allocation for activities relating to the ministers' and deputy ministers' residences.
- *Property Management* funds the allocation for devolution of property rates funds to provinces grant. This is a conditional grant allocated to all public works provincial departments to cover the cost of property rates charges of all provincial government buildings.
- *Augmentation of the Property Management Trading Entity* is a special subprogramme for receiving funds to be transferred to the entity. Funds are used on the basis of the requirements for the entity.
- *Construction Industry Development Board* provides strategic direction for the sustainable growth, reform and improvement of the construction sector and enhances the sector's role in the economy. The board promotes an enabling, regulatory and developmental framework for effective infrastructure delivery, improved industry performance, sustainable growth and transformation.
- *Council for the Built Environment* focuses on improving stakeholder relations, aligning professions to the national imperative, protecting the public, improving performance of the skills pipeline, and regulating the council and the 6 professional councils. The council recognises the importance of partnerships in executing some of its programmes and works with government and its entities, the private sector, professional councils, professional institutes or voluntary associations as well as non-governmental organisations in the built environment.
- *Parliamentary Village Management Board* provides financial assistance to the board.

Objectives and measures

- Lead in the implementation of the government wide immovable asset management by:
 - facilitating the completion of 30 user asset management plans annually
 - completing the annual custodial asset management plan for the Department of Public Works.
- Support government initiatives on land reform, housing, agriculture and rural development by providing the asset register database on land quarterly.
- Ensure that all basic property information is gathered and captured on the property management information system by achieving a 20 per cent improvement towards a complete and accurate immovable asset register by March 2011.
- Provide immovable asset investment option analyses by completing 80 per cent of annual requests for project investment analyses.
- Provide immovable asset valuations by ensuring that 80 per cent of immovable assets in the portfolio are valued annually in accordance with the approved accounting valuation model.

Service delivery focus

Over the MTEF period, the portfolio performance and monitoring unit will continue ensuring that government buildings are accessible to people with disabilities, having upgraded 76 buildings in 2008/09. Another focus area for the unit will be to improve on energy efficiency to reduce energy consumption, having achieved a reduction of 13 800kw/h in 2008/09. The portfolio analysis unit will intensify and support the options analysis process aligned to government wide immovable asset management and National Treasury's requirements to optimise the state's asset portfolio and its investment decisions.

The new asset register management unit will be responsible for enhancing the asset register, which is the core instrument that will enable the department to carry out its mandate effectively and efficiently. The key accounts management unit represents the client's interest in providing appropriate accommodation for clients to

effectively deliver on their mandates. The focus is on project planning and budgeting, and advising clients in the pre-construction phase. This unit facilitated the completion of the first group of annual user asset management plans in 2009/10 year and will ensure that these are completed and submitted to National Treasury on an annual basis.

Expenditure estimates

Table 6.5 Immovable Asset Management

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Infrastructure (Public Works)	414.1	488.0	988.4	1 462.3	1 303.9	1 603.9	1 634.7
Property Management	710.3	836.6	889.3	1 369.7	1 096.2	1 162.0	1 220.1
Strategic Asset Investment Analysis	72.8	74.5	98.2	152.4	198.1	258.6	259.2
Operations Management	543.0	519.4	606.3	822.9	873.3	943.9	953.3
Prestige Management	–	–	–	–	38.0	46.0	40.0
Special Projects	26.1	27.4	28.9	30.4	32.0	42.0	42.0
Construction Industry Development Board	40.0	49.9	41.9	59.3	63.7	66.0	66.9
Council for the Built Environment	7.2	23.9	26.3	24.2	25.5	27.1	27.4
Parliamentary Village Management Board	5.7	2.4	6.3	6.6	7.0	7.4	7.8
Augmentation of the Property Management Trading Entity	450.0	476.0	528.0	588.4	613.0	630.2	646.8
Total	2 269.2	2 498.1	3 213.6	4 516.2	4 250.7	4 787.0	4 898.3
Change to 2009 Budget estimate				807.0	188.6	195.3	–

Economic classification

Current payments	587.8	601.6	705.6	981.2	1 078.5	1 206.8	1 261.2
Compensation of employees	426.5	496.0	580.4	779.9	854.9	919.6	965.3
Goods and services	161.4	105.6	125.2	201.3	223.6	287.2	295.8
<i>of which:</i>							
Contractors	5.7	3.8	13.1	26.4	75.5	122.4	91.4
Agency and support / outsourced services	22.7	14.3	6.4	8.0	7.5	10.0	21.0
Lease payments	21.8	13.4	15.1	23.1	22.5	23.7	26.8
Property payments	21.4	1.5	2.3	2.4	2.5	2.7	2.8
Transfers and subsidies	1 215.8	1 390.9	1 494.9	2 030.4	1 807.7	1 895.0	1 971.6
Provinces and municipalities	710.4	836.6	889.3	1 349.7	1 096.2	1 162.0	1 220.1
Departmental agencies and accounts	502.9	552.2	602.5	678.4	709.1	730.6	748.9
Households	2.4	2.0	3.1	2.2	2.3	2.5	2.6
Payments for capital assets	437.3	505.6	1 013.0	1 504.7	1 364.5	1 685.2	1 665.6
Buildings and other fixed structures	414.1	488.0	988.4	1 462.3	1 303.9	1 603.9	1 634.7
Machinery and equipment	23.0	17.5	24.5	42.2	60.4	81.1	30.7
Software and other intangible assets	0.1	0.1	0.1	0.1	0.1	0.2	0.2
Payments for financial assets	28.3	–	–	–	–	–	–
Total	2 269.2	2 498.1	3 213.6	4 516.2	4 250.7	4 787.0	4 898.3

Details of selected transfers and subsidies

Provinces and municipalities							
Provinces							
Provincial Revenue Funds							
Current	710.1	836.6	889.3	1 349.7	1 096.2	1 162.0	1 220.1
Devolution of Property Rate Funds to Provinces Grant	710.1	836.6	889.3	1 349.7	1 096.2	1 162.0	1 220.1

Table 6.5 Immovable Asset Management (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	502.9	552.2	602.5	678.4	709.1	730.6	748.9
Property Management Trading Entity: Augmentation of the Trading Entity	450.0	476.0	528.0	588.4	613.0	630.2	646.8
Parliamentary Villages Management Board	5.7	2.4	6.3	6.6	7.0	7.4	7.8
Construction Industry Development Board	40.0	49.9	41.9	59.3	63.7	66.0	66.9
Council for Built Environment	7.2	23.9	26.3	24.2	25.5	27.1	27.4

Expenditure trends

Between 2006/07 and 2009/10, spending in this programme increased at an average annual rate of 25.8 per cent, from R2.3 billion to R4.5 billion. The increase was due to an increase in transfers and subsidies, and expenditure for buildings and other fixed structures.

Over the MTEF period, spending on departmental agencies and accounts is expected to increase from R678.4 million in 2009/10 to R748.9 million in 2012/13, at an average annual rate of 3.4 per cent. This allocation includes expenditure for the Construction Industry Development Board, the property management trading entity, the Council for the Built Environment and the Parliamentary Village Management Board.

Spending over the MTEF period will focus on providing and managing government's immovable property portfolio to support government's social, economic, functional and political objectives. Transfers to the entities are also budgeted for in this programme.

Programme 3: Expanded Public Works Programme

- *Expanded Public Works Programme* promotes the use of government expenditure to create additional employment opportunities by introducing labour intensive delivery methods and additional employment and skills programmes for the participation of the unemployed in the delivery of needed services. Funds for the performance based incentives to municipalities and provinces are distributed on the basis of their ability to absorb unskilled labour in the expanded public works programme projects.

Objectives and measures

- Increase the Department of Public Work's participation in the implementation of the expanded public work programme by:
 - training 6 000 youth in artisan trades of the built environment by 2014
 - facilitating the exit of youth trained through the National Youth Service programme by ensuring that at least 15 per cent of the youth trained are placed annually.
- Increase the number of public bodies reporting on the implementation of the expanded public works programme by ensuring that at least 200 municipalities are reporting on the expanded public works programme by March 2013.
- Support different public bodies to implement the expanded public works programme in different sectors to contribute the following work opportunities and full-time equivalents by March 2014:
 - 2 374 000 work opportunities (903 478 full-time equivalents) in the infrastructure sector
 - 1 156 000 work opportunities (325 652 full-time equivalents) in the environment sector
 - 750 000 work opportunities (513 043 full-time equivalents) in the social sector
 - 640 000 work opportunities (278 261 full-time equivalents) in the non-state sector.

Service delivery focus

The expanded public works programme is a national programme that includes the infrastructure, economic, social, and environmental and cultural sectors. Departments that were identified as coordinators for these 4 sectors are responsible for ensuring that sector business plans are prepared and consolidated by implementing bodies such as municipalities, provinces, national departments and state owned enterprises.

In 2008/09, the Department of Public Works prepared a business plan to implement the expanded public works programme throughout national and provincial departments. The business plan's focus is on the infrastructure sector, and more specifically, the maintenance of public buildings and facilities that are used by government to deliver services to the public. The principles of the business plan are informed by experiences from a number of programmes that are currently being implemented by various provincial departments, such as: Zivuseni (Gauteng), Saamstaan (Western Cape), Gundo Lasho (Limpopo), Asisebenze (KwaZulu-Natal works), Zibambele (KwaZulu-Natal transport) and Vukuzakhe (Eastern Cape).

Through the expanded public works programme, the Department of Public Works will continue to coordinate and develop policy frameworks in the 4 sectors. The expanded public works programme unit in the department will also provide technical support to public bodies in all the sectors to assist in implementing the programme. The support will include assisting with identifying and designing suitable projects and reporting on the work opportunities created by the projects.

Expenditure estimates

Table 6.6 Expanded Public Works Programme

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Expanded Public Works Programme	70.4	126.6	133.0	608.5	1 479.1	2 386.7	2 496.6
Total	70.4	126.6	133.0	608.5	1 479.1	2 386.7	2 496.6
Change to 2009 Budget estimate				(126.2)	(216.2)	(259.9)	-
Economic classification							
Current payments	70.1	126.0	131.9	208.7	276.8	313.7	321.1
Compensation of employees	11.9	29.6	47.8	63.8	93.0	99.1	92.2
Goods and services	58.2	96.4	84.1	144.9	183.8	214.6	229.0
<i>of which:</i>							
<i>Contractors</i>	<i>0.3</i>	<i>0.3</i>	<i>0.2</i>	<i>5.5</i>	<i>5.9</i>	<i>6.3</i>	<i>7.6</i>
<i>Agency and support / outsourced services</i>	<i>42.8</i>	<i>54.5</i>	<i>34.7</i>	<i>51.2</i>	<i>63.0</i>	<i>83.8</i>	<i>88.0</i>
Transfers and subsidies	0.0	-	-	398.7	1 201.0	2 071.6	2 174.5
Provinces and municipalities	0.0	-	-	353.2	1 010.6	1 908.0	2 003.4
Public corporations and private enterprises	-	-	-	5.0	10.5	9.2	9.6
Non-profit institutions	-	-	-	40.5	179.8	154.4	161.5
Payments for capital assets	0.2	0.6	1.1	1.2	1.4	1.4	1.0
Machinery and equipment	0.2	0.6	1.1	1.2	1.4	1.4	1.0
Total	70.4	126.6	133.0	608.5	1 479.1	2 386.7	2 496.6
Details of selected transfers and subsidies							
Provinces and municipalities							
Provinces							
Provincial Revenue Funds							
Current	-	-	-	151.4	387.6	800.0	840.0
Expanded Public Works Programme incentive grant to provinces for the Social Sector	-	-	-	-	56.6	-	-
Expanded Public Works Programme incentive to provincial government	-	-	-	151.4	331.0	800.0	840.0

Table 6.6 Expanded Public Works Programme (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	-	-	-	201.7	623.0	1 108.0	1 163.4
Expanded Public Works Programme incentive grant for municipalities	-	-	-	201.7	623.0	1 108.0	1 163.4
Public corporations and private enterprises							
Public corporations							
Current	-	-	-	5.0	10.5	9.2	9.6
Independent Development Trust	-	-	-	5.0	10.5	9.2	9.6
Non-profit institutions							
Current	-	-	-	40.5	179.8	154.4	161.5
Non-state sector	-	-	-	40.5	179.8	154.4	161.5

Expenditure trends

Between 2006/07 and 2009/10, expenditure increased at an average annual rate of 105.2 per cent from R70.4 million to R608.5 million. The increase is due to the implementation of the second phase of the national expanded public works programme in 2009/10. The additional allocation for the expanded public works programme is for conditional grants to both provinces and local government, and non-profit institutions. Amounts allocated for incentive grants in the expanded public works programme in 2009/10 were: R201.7 million to local government, R151.4 million to provincial government, and R190 million to non-profit institutions.

Over the 2010 MTEF period, the budget is expected to increase to R2.5 billion at an average rate of 60 per cent due to additional allocations for the capacity and the social sector.

The following additional allocations have been made for the expanded public works programme over the MTEF period:

- capacity for the expanded public works programme incentive grant for local government: R10 million in 2010/11
- expanded public works programme incentive grant for the social sector: R56.6 million in 2010/11.

Spending over the MTEF period will focus on coordinating the implementation of the expanded public works programme.

Programme 4: Property and Construction Industry Policy Regulation

- *Construction Industry Development Programme* creates an enabling environment for transforming the reconstruction and development industry.
- *Property Industry Development Programme* provides leadership and guidance on the transformation of the property industry, and promotes uniformity and best practice on immovable asset management in the public sector. It also sets best practice standards for the compilation and maintenance of immovable asset registers and the administration of rights over state and private land.

Objectives and measures

- Promote transformation, growth and development in the construction and property industries by:
 - developing strategies on job creation and poverty alleviation annually
 - establishing of a national task team to coordinate the implementation of the national contractor development programme by the end of June 2010.
- Regulate the construction and property industries and related professions by:

- submitting the bill arising out of the review of the Expropriation Act (1975) to ensure consistency with the Constitution, to Parliament in the fourth quarter of 2010/11
- Establish Agrément South Africa as a juristic person by submitting the bill to Parliament by September 2010.
- Promote uniformity and best practice in the lifecycle management of state immovable assets by providing guidance on the extension and implementation of the government wide immovable asset programme to the Department of Cooperative Governance and Traditional Affairs, and provinces in 2010/11.

Service delivery focus

The programme is jointly managed by the department and its entity, the Construction Industry Development Board. It entails registering and empowering contractors through various developmental interventions such as the national contractor development programme and the construction contact centres.

The Construction Sector Charter on Black Economic Empowerment was gazetted in terms of section 9 of the Broad Based Black Economic Empowerment Act (2003). The Property Sector Charter Council's constitution is currently being negotiated.

The department participates fully in the Property Sector Charter Council and an application for the gazetting of the Property Sector Transformation Charter as prescribed by section 9 was lodged in 2009/10 with the Department of Trade and Industry. It is envisaged that this process will be finalised by mid-2010.

Expenditure estimates

Table 6.7 Property and Construction Industry Policy Regulations

Subprogramme	Audited outcome			Adjusted	Medium-term expenditure estimate			
	2006/07	2007/08	2008/09	appropriation	2009/10	2010/11	2011/12	2012/13
R million								
Construction Industry Development Programme	39.7	30.5	20.7	22.4	20.7	23.5	23.8	
Property Industry Development Programme	0.8	0.4	12.7	11.3	10.9	11.7	12.9	
Total	40.4	30.9	33.4	33.8	31.5	35.2	36.7	
Economic classification								
Current payments	40.2	30.8	33.2	33.6	31.5	35.1	36.7	
Compensation of employees	11.2	11.8	9.4	9.9	10.7	12.0	12.6	
Goods and services	28.9	19.0	23.7	23.7	20.8	23.1	24.1	
<i>of which:</i>								
Agency and support / outsourced services	10.5	7.5	9.4	9.2	8.2	9.3	9.4	
Transfers and subsidies	0.1	–	0.0	–	–	–	–	
Households	0.1	–	0.0	–	–	–	–	
Payments for capital assets	0.1	0.1	0.2	0.1	0.0	0.0	0.0	
Machinery and equipment	0.1	0.1	0.2	0.1	0.0	0.0	0.0	
Total	40.4	30.9	33.4	33.8	31.5	35.2	36.7	

Expenditure trends

Spending in the *Property Industry Development* subprogramme grew by 141.7 per cent between 2006/07 and 2009/10 due to the expansion of the property development sector to cater for the growing demand to regulate and transform the sector and absorb previously disadvantaged individuals into the mainstream economy. Over the MTEF period, total expenditure is expected to increase to R36.7 million in 2012/13 at an average annual rate of 2.8 per cent, due to adjustments for inflation.

Spending over the MTEF period will focus on promoting the growth and transformation of the construction and property industries.

Programme 5: Auxiliary and Associated Services

- *Compensation for Losses* provides compensation for losses in the state housing guarantee scheme when public servants fail to fulfil their obligations.
- *Assistance to Organisations for Preservation of National Memorials* provides funding to the Commonwealth War Graves Commission and to the United Nations for maintaining national memorials.
- *State Functions* provides for the acquisition of logistical facilities for state functions.

Expenditure estimates

Table 6.8 Auxiliary and Associated Services

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Compensation for Losses	0.6	0.1	–	1.8	1.9	2.1	2.2
Assistance to Organisations for Preservation of National Memorials	13.3	12.7	13.7	16.5	17.5	18.5	19.4
State Functions	6.6	0.2	0.1	22.1	0.1	0.1	0.1
Sector Education and Training Authority	–	–	1.6	2.2	2.3	2.5	2.6
Total	20.6	13.0	15.4	42.6	21.9	23.2	24.3
Change to 2009 Budget estimate				0.4	(7.0)	(7.4)	–
Economic classification							
Current payments	6.6	0.2	0.1	23.9	2.1	2.2	2.3
Goods and services	6.6	0.2	0.1	23.9	2.1	2.2	2.3
of which:							
Contractors	0.4	–	0.1	12.3	0.3	0.4	0.4
Transfers and subsidies	13.9	12.8	15.3	18.7	19.8	21.0	22.0
Departmental agencies and accounts	–	–	1.6	2.2	2.3	2.5	2.6
Foreign governments and international organisations	13.3	12.7	13.7	16.5	17.5	18.5	19.4
Households	0.6	0.1	–	0.0	0.0	0.0	0.0
Total	20.6	13.0	15.4	42.6	21.9	23.2	24.3

Expenditure trends

Expenditure increased at an average annual rate of 27.4 percent, from R20.6 million in 2006/07 to R42.6 million in 2009/10. This is mainly due to the once-off costs arising from the inauguration of the president in 2009/10.

Over the MTEF period, expenditure is expected to decrease to R24.3 million in 2012/13, at an average annual rate of 17 per cent, due to the fact that the next presidential inauguration is expected to take place in 2014/15.

Spending over the MTEF period will focus on providing various services including compensation for losses, assistance to organisations for the preservation of national memorials, and meeting protocol responsibilities for state functions.

Public entity and other agencies

Property management trading entity

Strategic overview: 2006/07 – 2012/13

The property management trading entity originates from the 2006 decision that accommodation related costs be devolved by the Department of Public works to client departments. The devolution of these budgets aimed to ensure the long term sustainability of the Department of Public Works and its immovable assets as well as compliance with the Public Finance Management Act (1999), which requires the full cost of a service to be visible on each department's budget.

At the end 2008/09, 94.2 per cent of all invoices issued had been paid. An additional R81 million outstanding from previous years was also recovered. The entity has been operating on a modified cash basis of accounting, but will start reporting on accrual accounting from April 2010. The main challenges are inadequate billing and accounting systems and the incomplete immovable asset register. The asset valuation model for valuing assets is still pending approval by the accountant-general. The model will be implemented to reflect the value of the entity's assets in the next annual financial statements.

The department has engaged National Treasury and other stakeholders to discuss the way forward for the property management trading entity's operations. It is looking at establishing a government component which will still form part of the department. Short term priorities include finalising the structure, improving financial management (specifically revenue management), re-evaluating business processes and policies, as well as identifying, acquiring and implementing supportive IT. The asset register has been implemented and other accounting systems now have to be procured for invoicing, accounting and reporting. A task team has been established for this.

Savings and cost effective service delivery

The property management trading entity will focus on implementing systems to improve its invoicing, which should improve revenue collection and make more money available for projects. Compensation of employees and goods and services costs are still carried by the department. Projects and properties (leases) are procured through a supply chain management structure, which ensures the best possible rates.

Selected performance indicators

Table 6.9 Property management trading entity

Indicators	Description	Programme/Activity	Past			Current	Projections		
			2006/07	2007/08	2008/09	2009/0	2010/11	2011/12	2012/13
Amount of revenue collected	Amount of revenue projected in line with budget	Revenue management	R 3 930 335	R 4 694 048	R 4 283 244	R 5 308 319	R 5 966 758	R 6 624 630	R 7 353 820
Average number of days to collect outstanding money	Age analysis of period between issue of invoice and receipt of money	Revenue management	60	60	60	60	60	60	60
Amount invoiced outstanding at the end of per year	Money not received at the end of the financial year	Revenue management	R 148 734	R 32 861	R 143 015	R 152 699	R 10 000	R 5 000	-

Service delivery focus

By the end of the 2008/09, 94.2 per cent of all invoices issued were paid and an additional R81 million outstanding from the previous year was recovered. Some invoices will not be paid by the end of 2009/10 due to disputes from some clients. The entity overspent its budget and reported a deficit at the end of 2008/09, but it did not overspend its budget on invoices issued.

In 2009/10, the entity received R5.3 billion in revenue for accommodation charges (state owned and private), an augmentation of R588 million from the Department of Public Works and a management fee collected on the administration of municipal services accounts. Over the MTEF period, these funds will be used to pay property rates, for cleaning and gardening services and maintenance. The cost of rehabilitating unutilised buildings will be R249 million. A further R5.5 billion will be spent over the MTEF period on municipal services and capital works on behalf of clients.

The entity has 1 600 projects currently running on its planned maintenance programme, of which 523 are currently under construction, 102 are out to tender and 577 are in the planning stage. The rest of the projects are in different stages of investigation and initiation. Municipal services invoices are sent out on a monthly basis to 35 clients, detailing payments made to local governments on behalf of the relevant client.

Expenditure estimates

Table 6.10 Property management trading entity: Objective information

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Repair, Renovate, Refurbish & Maintenance of buildings	1 463.0	1 695.5	1 992.7	2 486.4	1 718.7	1 941.5	2 201.5
Operating Leases	1 493.8	1 610.9	1 884.9	200.1	1 163.7	1 215.9	1 221.7
Property Rates	1 034.8	1 206.0	409.6	538.6	592.5	651.7	716.9
Cleaning & Gardening Services (DPW & Justice)	55.0	81.1	107.8	119.8	155.7	202.4	263.2
Other objectives	48.7	33.0	16.2	25.1	44.5	56.2	6.3
Total expense	4 095.3	4 626.5	4 411.3	3 369.9	3 675.1	4 067.7	4 409.5

Table 6.11 Property management trading entity: Financial information

Statement of financial performance R million	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Revenue							
Non-tax revenue	3 480.3	4 218.0	3 755.2	4 719.9	5 353.8	5 994.4	6 707.0
Sale of goods and services other than capital assets <i>of which:</i>	3 476.6	4 211.1	3 745.6	4 714.9	5 348.8	5 989.4	6 702.0
Property management fees	1 336.0	4 211.1	3 745.6	2 217.6	2 407.7	2 607.2	2 812.4
Other sales	2 140.6	–	–	2 497.3	2 941.1	3 382.3	3 889.6
Other non-tax revenue	3.7	7.0	9.7	5.0	5.0	5.0	5.0
Transfers received	450.0	476.0	528.0	588.4	613.0	630.2	646.8
Total revenue	3 930.3	4 694.0	4 283.2	5 308.3	5 966.8	6 624.6	7 353.8
Expenses							
Current expense	3 060.6	3 416.2	4 001.6	2 831.3	3 082.6	3 416.0	3 692.7
Goods and services	3 048.7	3 407.6	3 989.5	2 816.2	3 066.3	3 398.4	3 673.6
Interest, dividends and rent on land	11.9	8.6	12.2	15.1	16.3	17.6	19.1
Transfers and subsidies	1 034.8	1 210.3	409.6	538.6	592.5	651.7	716.9
Total expenses	4 095.3	4 626.5	4 411.3	3 369.9	3 675.1	4 067.7	4 409.5
Surplus / (Deficit)	(165.0)	67.6	(128.0)	1 938.4	2 291.7	2 556.9	2 944.3
Statement of financial position							
Carrying value of assets	–	–	–	4 416.7	6 678.4	9 235.3	12 179.6
<i>of which: Acquisition of assets</i>	–	–	–	1 938.4	2 291.7	2 556.9	2 944.3
Receivables and prepayments	849.0	1 177.4	1 508.4	1 208.4	908.4	608.4	308.4
Cash and cash equivalents	–	0.8	–	–	376.5	426.5	476.5
Assets not classified elsewhere	3.7	8.0	8.0	–	–	–	–
Total assets	852.7	1 186.1	1 516.3	5 625.1	7 963.3	10 270.2	12 964.5
Accumulated surplus/deficit	(165.0)	(130.8)	(268.5)	4 081.3	6 678.4	9 235.3	12 179.6
Trade and other payables	1 017.7	1 310.0	1 783.2	1 543.9	1 284.9	1 034.9	784.9
Liabilities not classified elsewhere	–	7.0	1.7	–	–	–	–
Total equity and liabilities	852.7	1 186.1	1 516.3	5 625.1	7 963.3	10 270.2	12 964.5

Expenditure trends

Revenue has increased from R3.9 billion in 2006/07 to R5.3 billion in 2009/10, at an average annual rate of 10.5 per cent and is expected to increase to R7.3 billion in 2012/13, at an average annual rate of 11.5 per cent over the MTEF period. This increase is informed by a 15 per cent increase in accommodation charges, while the leases and municipal services budget only received a 6 per cent increase. The difference between the budget increase and the real increase will have to be funded by the clients. The budgets for future years will be negotiated between the property management trading entity and its clients on a more detailed basis and will be calculated according to the actual space occupied and services used by the client. Revenues for the property management trading entity are generated from receipts received in relation to accommodation charges, municipal service fees and the augmentation of the trading entity.

Expenditure decreased from R4.1 billion in 2006/07 to R3.4 billion in 2009/10, at an average annual rate of 6.3 per cent, and is expected to increase to R4.4 billion over the MTEF period. This is due to the devolution of the budget for property rates to provinces.

Additional tables

Table 6.A Summary of expenditure trends and estimates per programme and economic classification

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R million	2008/09		2008/09	2009/10			2009/10
1. Administration	687.3	741.9	801.6	778.0	(89.0)	689.0	689.0
2. Immovable Asset Management	3 195.5	3 300.7	3 213.6	3 799.3	716.9	4 516.2	4 466.2
3. Expanded Public Works Programme	199.3	200.1	133.0	651.3	(42.8)	608.5	508.5
4. Property and Construction Industry Policy Regulations	33.4	33.4	33.4	33.8	–	33.8	33.8
5. Auxiliary and Associated Services	25.9	25.9	15.4	35.6	7.0	42.6	42.6
Total	4 141.4	4 302.0	4 197.0	5 298.0	592.1	5 890.1	5 740.1
Economic classification							
Current payments	1 580.3	1 612.1	1 660.3	1 879.2	52.2	1 931.4	1 931.4
Compensation of employees	811.5	828.3	916.6	887.5	124.7	1 012.2	1 012.2
Goods and services	768.8	783.8	743.6	991.7	(72.5)	919.2	919.2
Transfers and subsidies	1 512.7	1 512.7	1 510.7	2 150.6	298.2	2 448.8	2 348.8
Provinces and municipalities	889.3	889.3	889.3	1 349.7	353.2	1 702.9	1 602.9
Departmental agencies and accounts	604.6	604.6	604.1	700.7	(20.0)	680.7	680.7
Foreign governments and international organisations	15.5	15.5	13.7	16.5	–	16.5	16.5
Public corporations and private enterprises	0.1	0.1	0.0	–	5.0	5.0	5.0
Non-profit institutions	–	–	–	80.5	(40.0)	40.5	40.5
Households	3.2	3.2	3.5	3.3	–	3.3	3.3
Payments for capital assets	1 048.4	1 177.2	1 026.0	1 268.2	241.7	1 509.8	1 459.8
Buildings and other fixed structures	1 031.2	1 155.0	988.4	1 220.6	241.7	1 462.3	1 412.3
Machinery and equipment	17.2	17.2	37.5	42.4	–	42.4	42.4
Software and other intangible assets	–	5.0	0.1	5.1	–	5.1	5.1
Total	4 141.4	4 302.0	4 197.0	5 298.0	592.1	5 890.1	5 740.1

Table 6.B Summary of personnel numbers and compensation of employees

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Permanent and full time contract employees							
Compensation (R million)	599.5	731.6	901.0	995.8	1 104.2	1 183.6	1 230.4
Unit cost (R million)	0.1	0.1	0.2	0.2	0.2	0.2	0.2
<i>Administration</i>	0.4	0.4	0.5	0.2	0.2	0.3	0.3
<i>Immovable Asset Management</i>	0.1	0.1	0.1	0.2	0.2	0.2	0.2
<i>Expanded Public Works Programme</i>	0.2	0.2	0.2	0.3	0.4	0.4	0.4
<i>Property and Construction Industry Policy Regulations</i>	0.6	0.5	0.4	0.4	0.4	0.4	0.5
Personnel numbers (head count)	4 479	5 142	5 685	5 654	5 681	5 681	5 681
Part time and temporary contract employees							
Compensation (R million)	9.2	9.8	10.3	10.8	11.3	11.9	12.6
Unit cost (R million)	0.1	0.4	0.4	0.4	0.4	0.4	0.5
Personnel numbers (head count)	62	27	27	27	27	27	27
Total for department							
Compensation (R million)	613.6	746.4	916.6	1 012.2	1 121.4	1 201.7	1 249.6
Unit cost (R million)	0.1	0.1	0.2	0.2	0.2	0.2	0.2
Personnel numbers (head count)	4 682	5 487	6 030	5 999	6 026	6 026	6 026

Table 6.C Summary of expenditure on training

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Compensation of employees (R million)	613.6	746.4	916.6	1 012.2	1 121.4	1 201.7	1 249.6
Training expenditure (R million)	12.8	15.2	22.0	26.1	27.5	28.5	29.9
Training as percentage of compensation	2.1%	2.0%	2.4%	2.6%	2.5%	2.4%	2.4%
Total number trained in department (head count)	4 200	4 200	4 200	–			
<i>of which:</i>							
<i>Employees receiving bursaries (head count)</i>	600	600	562	–			
<i>Learnerships trained (head count)</i>	236	172	172	–			
<i>Internships trained (head count)</i>	141	318	312	–			

Table 6.D Summary of departmental public private partnership (PPP) projects

Project description: National fleet project	Project annual unitary fee at time of contract	Budgeted expenditure	Medium-term expenditure estimate		
		2009/10	2010/11	2011/12	2012/13
R million					
Projects signed in terms of Treasury Regulation 16	119.3	25.0	26.2	27.6	28.9
PPP unitary charge ¹	119.3	25.0	26.2	27.6	28.9
Total	119.3	25.0	26.2	27.6	28.9

1. Phavis fleet services public private partnership. Disclosure notes for this project can be viewed in the public private partnership table of the Department of Transport's chapter.

Table 6.E Summary of expenditure on infrastructure

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2006/07	2007/08	2008/09		2010/11	2011/12	2012/13
R million										
Departmental infrastructure										
Phase 3 of the parliamentary complex extension	Construction of office accommodation	Identification	1 238.8	-	-	-	-	-	-	23.0
Phase 1 of the parliamentary complex extension	Construction of parking facility	Identification	444.0	-	-	-	35.6	-	-	-
Phase 2 of the parliamentary complex extension	Construction of office accommodation	Identification	798.3	-	-	-	16.7	-	-	-
Redevelopment of Lebombo border post	Redevelopment	Design	470.1	-	19.3	17.1	13.7	272.0	119.1	-
Redevelopment of Skilpadshok border post	Redevelopment	Construction	308.3	5.1	5.9	30.7	88.3	-	-	-
Upgrading and construction of various centres	Upgrading and construction of departmental accommodation	Various	-	54.1	39.7	55.3	93.6	93.6	93.6	99.7
Dolomite risk management at various centres	Dolomite risk management	Various	-	65.3	43.6	55.2	160.0	160.0	160.0	170.0
Upgrading of disabled facilities at various centres	Upgrading of disabled facilities	Various	-	-	-	1.1	15.0	15.0	15.0	-
Border control projects at various centres	Border control projects	Various	-	197.6	185.5	400.2	548.2	449.5	578.5	441.8
Upgrading and construction at various centres	Upgrading and construction of prestige accommodation	Various	-	76.1	157.9	237.3	331.4	191.6	244.8	536.0
Re Kgabisa Tshwane programme	Development of a national government precinct	Various	-	15.9	36.1	191.6	12.6	240.0	240.0	245.0
Total			3 259.5	414.1	488.0	988.4	1 220.6	1 303.9	1 603.9	1 634.7

Vote 7

Women, Children and People with Disabilities

Budget summary

R million	2010/11				2011/12	2012/13
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	24.5	19.2	–	5.3	24.5	26.0
Women Empowerment and Gender Equality	59.0	6.6	51.9	0.4	64.6	68.2
Children's Rights and Responsibilities	7.1	6.7	–	0.4	9.6	10.3
Rights of People with Disabilities	7.1	6.7	–	0.4	9.6	10.3
Total expenditure estimates	97.8	39.3	51.9	6.6	108.3	114.9
Executive authority	Minister Of Women, Children and People with Disabilities					
Accounting officer	Director-General of Women, Children and People with Disabilities					
Website address	www.thepresidency.gov.za					

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

Aim

The aim of the Department of Women, Children and People with Disabilities is to drive, accelerate and oversee government's equity, equality and empowerment agenda on women, children and people with disabilities especially in poor and rural communities.

Programme purposes

Programme 1: Administration

Purpose: Effective leadership, management and administrative support services to the minister and other branches in the department.

Programme 2: Women Empowerment and Gender Equality

Purpose: Facilitate the translation of national and international instruments into empowerment and socioeconomic development programmes, as well as to oversee and report comprehensively on the national realisation of women's rights and the progressive realisation of equality.

Programme 3: Children's Rights and Responsibilities

Purpose: Consolidation of the children's rights agenda and alignment of conceptual frameworks and strategies across the three spheres of government to advance delivery against Constitutional and international instruments.

Programme 4: Rights of People with Disabilities

Purpose: Strengthen strategic leadership and management of the national and international instruments for the realisation of the rights of people with disabilities.

Strategic overview: 2009/10 – 2012/13

The intention to establish this new department was announced in May 2009. This was a response to the realisation that the operating authority and budget of the former offices on the status of women, rights of the child and status of people with disabilities in The Presidency had not been adequate in providing the necessary strategic leadership and management of the issues affecting these groups. The new structure will thus ensure that each of the three areas has the necessary authority to: interface effectively in government and civil society; secure critical competencies and technical skills; and to advance equality, empowerment and the development of women, children and people with disabilities.

Main objective

The department's main objective is to formulate and lead the strategic agenda of government on women empowerment and gender equality, children's rights and responsibilities, and the rights and equality of people with disabilities. In realising its main objectives the department aims to: collaborate with civil society to ensure conditions for integrated transformation in the three sectors; improve government's capacity to align planning across the three spheres of government; monitor policy implementation and the realisation of sector specific targets for attaining the national goal to halve poverty and unemployment by 2014; and develop global partnerships to strengthen the development of women, children and people with disabilities.

Policy focus over the medium term

The following priority imperatives will shape the outputs of the department over the medium term: the consolidation and management of a national vision and national strategy to ensure coherence in the protection of the rights and development of women, children and people with disabilities; leadership in the development, management and oversight of compliance obligations in relation to matters affecting women, children and disabilities at the national, regional and international levels; and the development of indicators and systems for disaggregated data on women, children and disabilities, to feed into the broader government wide monitoring and evaluation system.

The department will place particular emphasis on facilitating access to rights and development opportunities for women, children and people with disabilities in poor and rural communities, especially in relation to the protection of the rights of HIV and AIDS infected and affected people in the three groups. It will also focus on making sure that issues affecting women, children and people with disabilities become part of the broader African agenda.

The department is developing policies, systems and procedures aimed at ensuring that national departments, provinces and municipalities support the delivery of the department's mandate.

Selected performance indicators

Table 7.1 Women, Children and People with Disabilities

Indicator	Past			Current	Projections		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Number of legislation implementation analysis reports per year	-	-	-	-	1	1	1
Percentage of provinces and municipalities with women, children and people with disabilities mainstreaming in provincial growth strategies, integrated development plans and implementation plans:	-	-	-	-	-		
- provinces						50%	100%
- municipalities						25%	75%
Percentage of provinces and municipalities with disaggregated data in delivery databases:	-	-	-	-			
- provinces					20%	50%	100%
- municipalities					10%	30%	75%
Percentage of provinces and municipalities in compliance with national, regional and international obligations and accountabilities standards for women, children and people with disabilities:	-	-	-	-			
- provinces					20%	50%	50%
- municipalities					10%	30%	30%

Table 7.1 Women, Children and People with Disabilities (continued)

Indicator	Past			Current	Projections		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Percentage of profiles of strategic public private partnerships for the advancement of the rights of women, children and people with disabilities:	-	-	-	-			
- provinces					10%	30%	50%
- municipalities					20%	40%	60%
Percentage of improvements registered in the rights of women, children and people with disabilities in information submitted during the reporting cycle	-	-	-	-			
- women and children					10%	20%	40%
- people with disabilities					15%	25%	50%

Expenditure estimates

Table 7.2 Women, Children and People with Disabilities

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
R million								
1. Administration	-	-	-	4.2	4.2	24.5	24.5	26.0
2. Women Empowerment and Gender Equality	41.2	43.2	50.9	54.1	54.1	59.0	64.6	68.2
3. Children's Rights and Responsibilities	4.1	5.6	4.6	5.0	5.0	7.1	9.6	10.3
4. Rights of People with Disabilities	4.3	3.7	6.5	5.0	5.0	7.1	9.6	10.3
Total	49.6	52.5	61.9	68.2	68.2	97.8	108.3	114.9
Change to 2009 Budget estimate				68.2	68.2	97.8	108.3	114.9

Economic classification

Current payments	11.8	12.8	15.7	19.1	19.1	39.3	50.8	56.0
Compensation of employees	3.8	4.8	5.9	10.0	10.0	15.7	27.5	29.9
Goods and services	8.0	8.0	9.8	9.0	9.0	23.5	23.3	26.0
<i>of which:</i>								
Property payments	-	-	-	-	-	2.7	2.9	3.1
Travel and subsistence	3.4	3.1	3.4	4.1	4.1	10.0	10.8	12.5
Operating expenditure	0.2	0.1	0.0	2.2	2.2	2.1	1.8	1.9
Venues and facilities	1.5	2.6	2.2	1.6	1.6	3.3	2.8	3.1
Transfers and subsidies	37.8	39.7	46.2	49.1	49.1	51.9	55.2	57.9
Departmental agencies and accounts	37.8	39.7	46.2	49.1	49.1	51.9	55.2	57.9
Payments for capital assets	0.1	-	0.0	-	-	6.6	2.3	0.9
Buildings and other fixed structures	-	-	-	-	-	5.3	1.1	0.4
Machinery and equipment	0.1	-	0.0	-	-	1.3	1.3	0.5
Total	49.6	52.5	61.9	68.2	68.2	97.8	108.3	114.9

Expenditure trends

Between 2006/07 and 2009/10, the following were subprogrammes within the Presidency: the Office on the Status of Women, the Office on the Rights of the Child and the Office on the Status of People with Disabilities. These subprogrammes have now been moved into the Department of Women, Children and People with Disabilities, whose mandate includes operating these subprogrammes.

Expenditure grew at an average annual rate of 11.2 per cent between 2006/07 and 2009/10, from R49.6 million to R68.2 million. Over the MTEF period, expenditure is expected to increase substantially at an average annual rate of 19 per cent to reach R114.9 million in 2012/13. The anticipated substantial increase in the department's expenditure over this period is due to the initial costs in setting up the department, which include operating and support systems for the new minister, recruitment of staff, capital expenditure relating to the refurbishment of premises, setting up of IT infrastructure, and mandate implementation costs.

Programme 1: Administration

Expenditure estimates

Table 7.3 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Minister ¹	-	-	-	4.2	1.8	1.9	2.0
Management	-	-	-	-	6.9	7.9	8.4
Corporate Services	-	-	-	-	13.7	12.0	12.8
Office Accommodation	-	-	-	-	2.2	2.7	2.8
Total	-	-	-	4.2	24.5	24.5	26.0
Change to 2009 Budget estimate				4.2	24.5	24.5	26.0

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

Economic classification

Current payments	-	-	-	4.2	19.2	23.4	25.6
Compensation of employees	-	-	-	4.2	9.9	12.7	13.7
Goods and services	-	-	-	-	9.4	10.7	11.9
of which:							
Property payments	-	-	-	-	2.7	2.9	3.1
Travel and subsistence	-	-	-	-	3.3	4.2	4.9
Operating expenditure	-	-	-	-	0.5	0.5	0.6
Venues and facilities	-	-	-	-	0.5	0.5	0.6
Payments for capital assets	-	-	-	-	5.3	1.1	0.4
Buildings and other fixed structures	-	-	-	-	5.3	1.1	0.4
Total	-	-	-	4.2	24.5	24.5	26.0

Expenditure trends

Over the MTEF period, the *Administration* programme will be incurring significant initial expenditure for setting up the department. Expenditure is set to increase from R4.2 million in 2009/10 to R26 million in 2012/13, at an average annual rate of 84.1 per cent. This will provide for expenses related to moving the department into its own offices, refurbishment, IT infrastructure, and office furniture, equipment and fittings.

Programme 2: Women Empowerment and Gender Equality

- *Policy and Planning* covers the policy review and planning functions necessary for the translation of policy into women empowerment, and transformation and socioeconomic development programmes in the three spheres of government.
- *Mainstreaming and Capacity Development* covers the functions required for integrated action and synergy among government, civil society and the private sector.
- *Monitoring and Evaluation and Research* covers the functions of tracking delivery on constitutional, regional and international mandates.
- *Commission for Gender Equality*

Funding in these subprogrammes will mainly be used for compensation of employees and goods and services such as office equipment.

Objectives and measures

- Accelerate the empowerment of women over the MTEF period by:
 - mainstreaming women empowerment and gender equality considerations into governance processes in all three spheres of government
 - developing and maintaining a monitoring and evaluation framework
 - adapting international and continental instruments into local gender equity initiatives
 - developing and managing women empowerment and gender equality catalytic projects
 - facilitating public private partnerships in the interests of women.

Service delivery focus

Over the medium term, this programme will use the assigned authority, related skills, competencies and funding to consolidate gender equality achievements and systems and advance empowerment and gender equality.

Expenditure estimates

Table 7.4 Women Empowerment and Gender Equality

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
R million							
Policy and Planning for Gender Equity	–	–	–	–	2.0	2.8	3.0
Mainstreaming and Capacity Development for Gender Equity	3.5	3.5	4.7	5.0	2.9	3.8	4.1
Monitoring and Evaluation and Research for Gender Equality	–	–	–	–	2.1	2.9	3.1
Commission for Gender Equality	37.8	39.7	46.2	49.1	51.9	55.2	57.9
Total	41.2	43.2	50.9	54.1	59.0	64.6	68.2
Change to 2009 Budget estimate				54.1	59.0	64.6	68.2
Economic classification							
Current payments	3.5	3.5	4.7	5.0	6.6	9.1	10.1
Compensation of employees	1.9	1.7	1.8	2.0	1.9	4.9	5.4
Goods and services	1.6	1.8	2.8	3.0	4.7	4.2	4.7
<i>of which:</i>							
<i>Travel and subsistence</i>	0.7	0.3	1.0	1.4	2.2	2.2	2.5
<i>Operating expenditure</i>	0.1	0.0	–	0.7	0.5	0.4	0.5
<i>Venues and facilities</i>	0.1	0.5	0.6	0.5	0.9	0.8	0.8
Transfers and subsidies	37.8	39.7	46.2	49.1	51.9	55.2	57.9
Departmental agencies and accounts	37.8	39.7	46.2	49.1	51.9	55.2	57.9
Payments for capital assets	–	–	–	–	0.4	0.4	0.2
Machinery and equipment	–	–	–	–	0.4	0.4	0.2
Total	41.2	43.2	50.9	54.1	59.0	64.6	68.2
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	37.8	39.7	46.2	49.1	51.9	55.2	57.9
Commission for Gender Equality	37.8	39.7	46.2	49.1	51.9	55.2	57.9

Expenditure trends

The largest portion of this programme's budget is taken up by transfer payments to the Commission for Gender Equality, which increased from R37.8 million in 2006/07 to R49.1 million in 2009/10, at an average annual rate of 9.2 per cent, and is expected to increase to R57.9 million in 2012/13, at an average annual rate of 5.7 per cent.

Over the medium term, overall programme expenditure is anticipated to increase at an average annual rate of 8 per cent, from R54.1 million in 2009/10 to R68.2 million in 2012/13, to cater for increased staff capacity to deliver on the programme's mandate.

Programme 3: Children's Rights and Responsibilities

- *Policy and Planning* covers the policy review and planning functions required to align children's rights and responsibilities at the three spheres of government.
- *Mainstreaming and Capacity Development* deals with functions required for integrated action on children's rights and synergy in government, including collaboration with civil society and the private sector.
- *Monitoring and Evaluation and Research* covers the functions of tracking delivery on constitutional, regional and international mandates.

Funding in these subprogrammes will mainly be used for compensation of employees and goods and services.

Objectives and measures

- Ensure the realisation of children's rights and responsibilities over the MTEF period by:
 - providing leadership and support for planning, coordination, oversight and comprehensive reporting in the national children's rights and responsibilities programme
 - developing and maintaining a children's rights and responsibilities monitoring and evaluation framework
 - developing and managing catalytic projects for children's rights and responsibilities
 - facilitating public private partnerships in the interests of children
 - participating in sectoral coordination and in country children's rights forums.

Service delivery focus

Over the medium term, this programme will use the assigned authority, related skills, competencies and funding to consolidate children's rights achievements and systems and advance delivery on the rights and age appropriate responsibilities of children.

Expenditure estimates

Table 7.5 Children's Rights and Responsibilities

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Policy and Planning for the Promotion and Protection of Children's Rights	–	–	–	–	2.0	2.8	3.0
Mainstreaming and Capacity Development for the Promotion and Projection of Children's Rights	4.1	5.6	4.6	5.0	3.0	3.9	4.2
Monitoring and Evaluation and Research for the Protection of Children's rights	–	–	–	–	2.1	2.9	3.1
Total	4.1	5.6	4.6	5.0	7.1	9.6	10.3
Change to 2009 Budget estimate				5.0	7.1	9.6	10.3
Economic classification							
Current payments	4.1	5.6	4.6	5.0	6.7	9.1	10.2
Compensation of employees	1.3	1.8	1.8	2.0	2.0	5.0	5.4
Goods and services	2.9	3.9	2.8	3.0	4.7	4.2	4.7
<i>of which:</i>							
Travel and subsistence	1.0	1.5	–	1.4	2.2	2.2	2.5
Operating expenditure	0.0	0.0	0.0	0.7	0.5	0.4	0.5
Venues and facilities	1.1	1.8	0.9	0.5	0.9	0.8	0.8
Payments for capital assets	–	–	0.0	–	0.4	0.4	0.2
Machinery and equipment	–	–	0.0	–	0.4	0.4	0.2
Total	4.1	5.6	4.6	5.0	7.1	9.6	10.3

Expenditure trends

Expenditure grew from R4.1 million in 2006/07 to R5 million in 2009/10, at an average annual rate of 6.3 per cent. Over the medium term, expenditure is expected to increase significantly at an average annual rate of 27.7 per cent, from R5 million to R10.3 million, to cater for the appointment of staff to deliver on the programme's mandate.

Programme 4: Rights of People with Disabilities

- *Policy and Planning* covers the policy review and planning functions required to align conceptualisation at the three spheres of government, and ensures equity and quality of life for people with disabilities.
- *Mainstreaming and Capacity Development* covers the functions required for integrated action on disabilities and synergy in government and in collaboration with civil society and the private sector.
- *Monitoring and Evaluation and Research* covers the functions of tracking delivery on constitutional, regional and international mandates.

Funding in these subprogrammes will mainly be used for compensation of employees and goods and services.

Objectives and measures

- Ensure the progressive realisation of the rights of people with disabilities over the MTEF period by:
 - reviewing and facilitating amendments to policies and legislation with the potential to advance the rights of people with disabilities
 - developing and maintaining a monitoring and evaluation framework for the rights of people with disabilities
 - adapting continental and international instruments on people with disabilities into local initiatives
 - developing and managing catalytic projects for the rights and responsibilities of people with disabilities in line with constitutional and international mandates
 - facilitating public private partnerships in the interests of people with disabilities
 - coordinating and participating in forums on the rights of people with disabilities regionally and internationally.

Service delivery focus

Over the medium term, this programme will use the assigned authority, related skills, competencies and funding to consolidate the achievements in the rights of disabled people rights, as well as systems to advance delivery on the rights, equality and development of people with disabilities.

Expenditure estimates

Table 7.6 Rights of People with Disabilities

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Policy and Planning for equalization of opportunities for people with disabilities	–	–	–	–	2.0	2.8	3.0
Mainstreaming and Capacity Development for equalization of opportunities of people with disabilities	4.3	3.7	6.5	5.0	3.0	3.9	4.2
Monitoring and Evaluation and Research for equalization of opportunities of people with disabilities	–	–	–	–	2.1	2.9	3.1
Total	4.3	3.7	6.5	5.0	7.1	9.6	10.3
Change to 2009 Budget estimate				5.0	7.1	9.6	10.3

Table 7.6 Rights of People with Disabilities (continued)

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Economic classification							
Current payments	4.2	3.7	6.5	5.0	6.7	9.1	10.2
Compensation of employees	0.7	1.3	2.3	2.0	2.0	5.0	5.4
Goods and services	3.5	2.4	4.3	3.0	4.7	4.2	4.7
<i>of which:</i>							
Travel and subsistence	1.7	1.3	2.4	1.4	2.2	2.2	2.5
Operating expenditure	0.1	0.0	0.0	0.7	0.5	0.4	0.5
Venues and facilities	0.4	0.3	0.7	0.5	0.9	0.8	0.8
Payments for capital assets	0.1	–	–	–	0.4	0.4	0.2
Machinery and equipment	0.1	–	–	–	0.4	0.4	0.2
Total	4.3	3.7	6.5	5.0	7.1	9.6	10.3

Expenditure trends

Expenditure grew from R4.3 million in 2006/07 to R5 million in 2009/10, at an average annual rate of 5.1 per cent. Over the medium term, expenditure is expected to increase significantly at an average annual rate of 27.7 per cent, from R5 million to R10.3 million, mainly to cater for the appointment of staff to deliver on the programme's mandate.

Additional tables

Table 7.A Summary of expenditure trends and estimates per programme and economic classification

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R million	2008/09		2008/09	2009/10			2009/10
1. Administration	–	–	–	–	4.2	4.2	4.2
2. Women Empowerment and Gender Equality	–	–	50.9	54.1	–	54.1	54.1
3. Children's Rights and Responsibilities	–	–	4.6	5.0	–	5.0	5.0
4. Rights of People with Disabilities	–	–	6.5	5.0	–	5.0	5.0
Total	–	–	61.9	64.0	4.2	68.2	68.2

Economic classification

Current payments	–	–	15.7	14.9	4.2	19.1	19.1
Compensation of employees	–	–	5.9	5.9	4.2	10.0	10.0
Goods and services	–	–	9.8	9.0	–	9.0	9.0
Transfers and subsidies	–	–	46.2	49.1	–	49.1	49.1
Departmental agencies and accounts	–	–	46.2	49.1	–	49.1	49.1
Total	–	–	61.9	64.0	4.2	68.2	68.2

Vote 8

Government Communication and Information System

Budget summary

R million	2010/11				2011/12	2012/13
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	135.7	134.5	–	1.2	128.9	136.2
Policy and Research	19.3	19.3	–	0.0	18.0	16.9
Government and Media Liaison	30.5	30.2	–	0.3	32.6	35.2
Provincial Coordination and Programme Support	59.5	58.9	–	0.5	65.7	69.1
Communication Service Agency	73.3	72.5	–	0.9	59.0	63.1
International Marketing and Media Development	187.4	–	187.4	–	159.2	148.8
Government Publication	34.3	34.3	–	0.0	37.5	39.4
Communication Resource Centre	6.1	5.7	–	0.4	6.2	6.6
Total expenditure estimates	546.2	355.5	187.4	3.4	507.1	515.4

Executive authority

Minister in the Presidency: Performance, Monitoring and Evaluation as well as Administration

Accounting officer

Chief Executive Officer: Government Communication and Information System

Website address

www.gcis.gov.za

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

Aim

The aim of the Government Communication and Information System is to provide a comprehensive communication service on behalf of government to facilitate the involvement of the majority of South Africans in governance, reconstruction and development, nation building and reconciliation.

Programme purposes

Programme 1: Administration

Purpose: Overall management of the department.

Programme 2: Policy and Research

Purpose: Conduct communication research as well as monitoring and analysis of media coverage of government policies and programmes towards more effective government communications.

Programme 3: Government and Media Liaison

Purpose: Coordinate effective, integrated and comprehensive communication and media liaison services across government.

Programme 4: Provincial Coordination and Programme Support

Purpose: Promote and support communication in all spheres of government.

Programme 5: Communication Service Agency

Purpose: Provide core communication services to the government, both in-house and through outsourcing.

Programme 6: International Marketing and Media Development

Purpose: Market South Africa internationally. Promote local media development and diversity.

Programme 7: Government Publication

Purpose: Produce a magazine that provides citizens with information on economic and other opportunities created by government and how these can be accessed.

Programme 8: Communication Resource Centre

Purpose: Monitor and analyse international media coverage of the country as part of the Government Communication and Information System's leadership in the strategic communication of government.

Strategic overview: 2006/07 – 2012/13

Key strategic objectives

The Government Communication and Information System is responsible for leading and coordinating government's communication system to ensure that the public is informed about government's policies, plans and programmes. The emphasis is on communication about socioeconomic development and direct dialogue, especially with people in disadvantaged communities.

The department markets South Africa abroad through the International Marketing Council. Through the Media Development and Diversity Agency, which develops community and small media, the department also ensures that historically disadvantaged communities gain access to the media.

Outcomes of the 2007 review

The Government Communication and Information System reviewed the government wide communication system in 2007. The review involved extensive research and consultation, and working with a reference team of external experts. Achievements and challenges in effective government communication were assessed. Models of government communication in other countries were explored. The review made recommendations for common messaging in government, coordinating media monitoring, and local and international content analysis, all of which are being taken forward. Other recommendations include the development of communication policy guidelines, a generic performance scorecard for government communicators to use, and a review of the Government Communication and Information System structure. In immediate response to the recommendations on structure, the communication resource centre, previously in the International Marketing Council, has been integrated into the department.

The 2010 FIFA World Cup project unit

The Government Communication and Information System's 2010 FIFA World Cup project unit will be required to intensify its operations in the build-up to the event. The unit coordinates and integrates government communication about government guarantees to FIFA. The unit liaises with a range of government departments, the International Marketing Council of South Africa, the FIFA local organising committee, FIFA itself and the host cities, as well as the 2010 national communication partnership, which represents a range of public and private sector institutions committed to ensuring that South Africa's reputation building efforts leverage off the 2010 FIFA World Cup event effectively.

Thusong service centres relocating

As a result of the comprehensive 2009 review of Thusong service centres, done by National Treasury's technical assistance unit and the Department of Public Service and Administration, the Thusong service centres programme will be shifted to the Department of Cooperative Governance and Traditional Affairs from April 2010.

Broadening access to information

The provision of information products for major government campaigns in all official languages will continue to be a key focus area. To meet the objectives of the Draft National Language Policy Bill, which include empowering communities with easily accessible information in all official languages, the department established a translation unit in April 2008, which is presently expanding. The department has also increased its use of community radio in getting its message across.

Building partnerships

Over the medium term, the department will continue to build communication partnerships with communicators in government departments and in community forums that have expertise in improving government communication. These partnerships are intended to improve the quality of government information.

Key priority over the medium term

The department's priority over the medium term is to ensure that the government wide communication system disseminates information on programmes and services that will enable communities to participate in bettering their lives. Communication will be directed at speeding up economic growth, improving the health profile of all South Africans, intensifying the fight against crime and corruption, and boosting international cooperation by supporting communication about international forums

Savings and cost effective service delivery

Over the medium term, baseline efficiency savings of R11.4 million (2010/11), R23 million (2011/12) and R40.4 million (2012/13) have been identified in goods and services and transfers to public entities. The main savings per programmes are: *Policy and Research* R4 million and R4.3 million in the two outer years, related to second economy programmes; *Communication Service Agency* R15.3 million and R13.4 million in the two outer years, related to the energy efficiency campaign and 16 Days of Activism for No Violence Against Women and Children; and *International Marketing and Media Development* R2.8 million and R21 million in the two outer years, related to the Media Development and Diversity Agency.

The department has reduced costs in, among others: catering, venues and facilities, by holding workshops in government owned venues; advertising, by advertising only senior posts or scarce skills posts in newspapers and others in the Department of Public Service and Administration circulars; and resettlement costs, by recruiting in the province where the post is.

Over the MTEF period, cost reductions will continue, especially in telephone costs, catering, operating payments and venues and facilities, without hampering service delivery.

Selected performance indicators

Table 8.1 Government Communication and Information System

Indicator	Programme	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Number of ward liaison visits to identify community communication and information needs per year	Provincial Coordination and Programme Support	–	–	–	10 989	6 534	6 534	6 534
Number of communication and information interventions aligned with needs of government communicators' forum per year	Provincial Coordination and Programme Support	2 155	3 443	2 496	5 914	4 356	2 970	2 970
Number of communication materials, such as pamphlets, distributed per year	Provincial Coordination and Programme Support	4 862	5 646	7 033	6 600	5 500	5 500	5 500
Number of media briefings per year	Communication Service Agency	287	206	90	130	140	140	140
Number of radio advertisements and dramas produced per year	Communication Service Agency	40	40	45	133	15	15	15
Number of video programmes produced per year	Communication Service Agency	9	18	13	13	13	13	13
Number of requests for photographic coverage handled per year	Communication Service Agency	–	383	600	600	600	600	600
Number of live broadcasts on community radio stations per year	Communication Service Agency	30	59	35	50	100	100	100
Number of radio talk shows arranged per year	Communication Service Agency	39	7	40	50	37	37	37
Number of government and national events covered by video per year	Communication Service Agency	66	195	100	150	150	150	150
Number of graphic designs produced per year	Communication Service Agency	100	162	100	100	100	100	100
Number of copies of Vuk'uzenzele magazine published per year	Government Publication	8.9 million	9.5 million	10 million	9.5 million	9.5 million	9.5 million	9.5 million
Number of international media coverage reports per year	Communication Resource Centre	252	244	246	357	450	450	450
Number of regular and ad hoc responses to news items	Communication Resource Centre	47	48	42	48	48	48	48
Number of rapid responses to media coverage	Communication Resource Centre	486	474	398	551	720	720	720

Expenditure estimates

Table 8.2 Government Communication and Information System

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	
R million								
1. Administration	70.9	105.7	102.5	114.4	116.3	135.7	128.9	136.2
2. Policy and Research	12.1	18.0	19.6	19.0	19.0	19.3	18.0	16.9
3. Government and Media Liaison	16.6	18.6	20.3	28.3	28.3	30.5	32.6	35.2
4. Provincial Co-ordination and Programme Support	38.8	45.3	50.4	58.1	58.1	59.5	65.7	69.1
5. Communication Service Agency	32.7	37.8	48.0	60.7	58.8	73.3	59.0	63.1
6. International Marketing and Media Development	93.0	123.1	154.3	178.0	178.0	187.4	159.2	148.8
7. Government Publication	29.0	32.5	32.4	33.4	33.4	34.3	37.5	39.4
8. Communication Resource Centre	–	–	–	4.7	4.7	6.1	6.2	6.6
Total	293.1	380.9	427.5	496.8	496.8	546.2	507.1	515.4
Change to 2009 Budget estimate				14.8	14.8	13.1	2.3	1.4

Table 8.2 Government Communication and Information System (continued)

R million	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
Economic classification								
Current payments	193.5	252.2	269.0	315.5	315.4	355.5	345.4	363.4
Compensation of employees	84.1	116.2	114.0	137.1	136.9	147.0	157.5	166.3
Goods and services	109.5	136.1	155.0	178.5	178.5	208.4	187.9	197.1
<i>of which:</i>								
Advertising	15.0	13.3	20.8	41.3	38.4	30.7	12.3	13.8
Consultants and professional services:	11.2	18.4	1.9	2.7	2.7	21.0	21.2	21.3
Business and advisory services								
Lease payments	10.3	10.7	12.2	17.7	17.7	20.7	37.1	39.3
Operating expenditure	7.1	9.9	35.5	40.1	39.3	43.6	41.4	43.9
Transfers and subsidies	93.3	123.3	154.6	178.2	178.3	187.4	159.2	148.8
Provinces and municipalities	0.1	–	–	–	–	–	–	–
Departmental agencies and accounts	93.0	123.1	154.3	178.0	178.0	187.4	159.2	148.8
Payments for capital assets	4.2	5.3	3.7	3.0	3.0	3.4	2.5	3.1
Machinery and equipment	3.3	4.6	3.7	3.0	3.0	3.4	2.5	3.1
Software and other intangible assets	0.9	0.7	–	0.1	0.1	–	–	–
Payments for financial assets	2.1	0.0	0.2	–	–	–	–	–
Total	293.1	380.9	427.5	496.8	496.8	546.2	507.1	515.4

Expenditure trends

Total expenditure increased from R293.1 million in 2006/07 to R496.8 million in 2009/10, at an average annual rate of 19.2 per cent. This was mainly due to funds devolved from the Department of Public Works for office accommodation, departmental activities in preparation for the 2010 FIFA World Cup, government's initiatives in the second economy, additional capacity at provincial offices, and the increase in the transfer to the International Marketing Council for the 2010 FIFA World Cup.

A significant part of the department's expenditure is made up of transfer payments to the International Marketing Council and the Media Development and Diversity Agency. These transfers constitute 34 per cent of total expenditure between 2006/07 and 2009/10, and are expected to constitute 5.8 per cent over the medium term.

Over the MTEF period, expenditure is expected to increase marginally to R515.4 million, at an average annual rate of 1.2 per cent. This is mainly due to funds allocated for a communication programme. The substantial increase of 18.6 per cent in spending in the *Administration* programme in 2010/11 is for once-off start-up costs for a new head office building and once-off IT infrastructure upgrading at provincial offices.

The department's establishment has increased steadily between 2006/07 and 2009/10. Over the MTEF period, personnel numbers will remain stable, between 400 and 520 posts. The shift of the communication resource centre from the International Marketing Council increased the establishment by 9. The department receives R4.5 million in 2010/11, R5.3 million in 2011/12 and R5.7 million in 2012/13 as additional funds to cover salary adjustments. A further R20 million per year is allocated for a communication programme through the Consumer News and Business Channel Africa.

Departmental receipts

Departmental revenue is mainly derived from the sale of photos and videos, interest on outstanding debt, and the sale of advertising space in Vuk'uzenzele magazine. It is estimated that departmental revenue will be R3 million per year over the MTEF period.

Table 8.3 Departmental receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
Departmental receipts	3 060	3 134	3 341	2 947	2 947	2 954	2 979	2 999
Sales of goods and services produced by department	1 925	2 653	3 064	2 477	2 477	2 470	2 470	2 470
Sales of scrap, waste, arms and other used current goods	–	4	–	–	–	–	–	–
Interest, dividends and rent on land	244	137	197	210	210	211	222	232
Transactions in financial assets and liabilities	891	340	80	260	260	273	287	297
Total	3 060	3 134	3 341	2 947	2 947	2 954	2 979	2 999

Programme 1: Administration

Table 8.4 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Management	6.5	5.8	8.0	8.5	8.5	9.7	10.5
Corporate Services	55.0	89.7	82.3	89.1	107.3	83.0	89.2
Office Accommodation	9.4	10.2	12.2	16.9	19.9	36.1	36.6
Total	70.9	105.7	102.5	114.4	135.7	128.9	136.2
Change to 2009 Budget estimate				1.9	(3.7)	5.5	22.6

Economic classification

Current payments	66.5	102.2	100.2	113.0	134.5	127.9	134.8
Compensation of employees	31.1	54.3	43.4	51.1	52.1	53.3	57.3
Goods and services	35.4	47.8	56.8	61.8	82.3	74.7	77.4
<i>of which:</i>							
Advertising	1.5	2.7	3.0	2.8	1.7	0.6	0.7
Consultants and professional services:	1.6	3.8	0.4	1.2	0.4	0.3	0.4
Business and advisory services							
Lease payments	9.7	10.2	11.9	16.4	19.4	35.8	37.8
Operating expenditure	0.7	1.2	3.9	3.3	2.8	1.8	1.9
Transfers and subsidies	0.0	0.2	0.0	0.1	–	–	–
Households	0.0	0.2	0.0	0.1	–	–	–
Payments for capital assets	2.5	3.4	2.1	1.4	1.2	0.9	1.5
Machinery and equipment	1.8	2.7	2.1	1.4	1.2	0.9	1.5
Software and other intangible assets	0.7	0.7	–	–	–	–	–
Payments for financial assets	1.9	0.0	0.1	–	–	–	–
Total	70.9	105.7	102.5	114.4	135.7	128.9	136.2

Expenditure trends

Total expenditure for this programme increased from R70.9 million in 2006/07 to R114.4 million in 2009/10 at an average annual rate of 17.3 per cent, mainly due to rentals for Thusong service centres.

Over the medium term, expenditure is estimated to increase to R136.2 million at an average annual rate of 6 per cent, due to the higher than expected salary increases. Expenditure on the office accommodation subprogramme is expected to increase in 2011/12 due to once-off expenditure for the new head office start-up.

Programme 2: Policy and Research

- *Management.*
- *Policy* analyses the media environment and the communication implications of government policies and programmes, and works with an interdepartmental team to profile economic opportunities made available by government. Funding in this subprogramme will mainly be used for statistical analysis and 2010 FIFA World Cup content analysis to guide government and the economic cluster.
- *Research* assesses perceptions of government performance, identifies information needs and communication preferences, and pre-tests communication messages and products or initiatives and assesses their impact on the public. Funding in this subprogramme will mainly be used for research on public perceptions and media preferences.

Objectives and measures

- Inform government's communication strategy and decisions by analysing the communication environment on a weekly, monthly and quarterly basis, and continuously conducting communication research.
- Promote effective media engagement locally and internationally by:
 - conceptualising a customised qualification for government communicators in all three spheres of government over the MTEF period
 - building the capacity of senior officials on effective media engagement over the MTEF period.

Service delivery focus

The tracker research project, ongoing qualitative research and various ad hoc research projects continue to assist government to keep track of the mood, perceptions and information needs of the public and improve government communication products and initiatives. In 2008/09, 5 national government departments and the International Marketing Council subscribed to the tracker research project.

The economic opportunities publication was updated in 2008 and a 12-page insert on province specific programmes was included. In the first half of 2008/09, a radio programme profiling government's second economy programmes and people who have accessed them was broadcast on all South African Broadcasting Corporation stations and public broadcasters. From December 2008 to January 2009, a television series was broadcast on national television promoting second economy initiatives. This was supported by more than 400 community workshops nationwide on available economic opportunities.

Expenditure estimates

Table 8.5 Policy and Research

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Management	0.9	1.8	1.2	1.9	1.9	2.2	2.7
Policy	3.6	6.7	8.9	8.4	9.3	6.0	5.0
Research	7.5	9.4	9.5	8.7	8.1	9.9	9.2
Total	12.1	18.0	19.6	19.0	19.3	18.0	16.9
Change to 2009 Budget estimate				0.1	(0.7)	(3.3)	(5.5)

Economic classification

Current payments	11.9	17.8	19.5	19.0	19.3	18.0	16.9
Compensation of employees	4.8	5.1	6.0	8.0	8.1	9.9	9.4
Goods and services	7.1	12.8	13.5	11.0	11.2	8.1	7.5
<i>of which:</i>							
<i>Consultants and professional services:</i>	6.0	8.4	–	–	–	–	–
<i>Business and advisory services</i>							
<i>Operating expenditure</i>	0.0	0.0	0.6	3.5	4.0	0.8	1.1

Table 8.5 Policy and Research (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Payments for capital assets	0.1	0.1	0.1	0.0	0.0	–	–
Machinery and equipment	0.1	0.1	0.1	0.0	0.0	–	–
Total	12.1	18.0	19.6	19.0	19.3	18.0	16.9

Expenditure trends

Expenditure increased substantially from R12.1 million in 2006/07 to R19 million in 2009/10, at an average annual rate of 16.2 per cent. This was mainly due to second economy initiatives.

Expenditure is expected to decrease to R16.9 million at an average annual rate of 3.8 per cent over the MTEF period, due to the discontinuation of second economy initiatives.

Programme 3: Government and Media Liaison

- *Management.*
- *National Liaison* promotes integrated and comprehensive interdepartmental coordination on communication matters and assists, where possible, to improve the communication environment. Funding in this subprogramme will mainly be used for BuaNews, coordinating a government forum for all departments, and for ministerial meetings on government programmes.
- *International and Media Liaison* analyses ongoing media liaison services and coordinates external communication and marketing programmes in collaboration with national departments and other stakeholders. This includes proactive communication on behalf of government departments, as well as rapid response reactive communication. The subprogramme is also responsible for coordinating international visits, including non-media visits. Funding in this subprogramme will mainly be used for facilitating visits from various countries, organising workshops for journalists from abroad, and travelling to local and international media briefings.
- *News Services* provides government news and information and development related news and information to community, national and the international mainstream media. Funding in this subprogramme will mainly be used for employing youth journalists countrywide.
- *Parliamentary Liaison* provides media liaison and communication services to government in the parliamentary precinct and also provides government information to members of parliament and the public through the information resource centre in Cape Town. Funding in this subprogramme will mainly be used for media support and the information resource centre.

Objectives and measures

- Manage communication activities across government by convening 3 government communicators' forum meetings in 2010/11.
- Ensure consistent media reporting on the work of government through providing communication and media liaison support to government departments by convening national and provincial communication forums and frequently liaising with parliamentary correspondents.
- Improve cooperation and good working relations between government and the media by convening at least 1 high level meeting per year between Cabinet and private media editors.
- Effectively communicate government's programme of action by producing case studies and feature articles and disseminating them to the media via 3 email editions a day and continuously updating the BuaNews website.

Service delivery focus

In 2008/09, BuaNews produced 3 editions every weekday, on weekends and on public holidays. By the end of September 2009, the use of BuaNews articles by mainstream internet users had increased, and the number of hits on the BuaNews website increased from 211 027 in April 2009 to 551 671 by the end of September 2009. The website was redesigned in 2006 to include more feature buttons and is updated throughout the day.

3 government communicators' forum meetings took place in 2008/09. Since new communicators joined government after the elections, 2 induction sessions took place in 2009. To plan ahead for communication, 30 communication planning meetings took place weekly. All communication clusters' strategies were drafted and there were media briefings for directors-general on the progress of the clusters. Following research in 2008, the Government Communicators' Handbook was improved by improving the flow of information.

Expenditure estimates

Table 8.6 Government and Media Liaison

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Management	3.7	4.3	4.5	8.6	7.0	7.2	8.0
National Liaison	3.8	4.0	5.2	5.8	10.0	10.8	11.4
International and Media Liaison	3.4	3.8	4.1	6.1	5.8	6.5	6.9
News Services	3.7	4.1	4.1	5.1	5.7	6.1	6.5
Parliamentary Liaison	2.0	2.4	2.4	2.8	2.0	2.2	2.4
Total	16.6	18.6	20.3	28.3	30.5	32.6	35.2
Change to 2009 Budget estimate				4.0	5.0	5.5	6.7
Economic classification							
Current payments	16.3	18.1	19.9	27.8	30.2	32.6	34.7
Compensation of employees	10.8	12.0	14.0	17.3	23.9	25.6	27.0
Goods and services	5.5	6.1	5.9	10.5	6.3	7.1	7.8
<i>of which:</i>							
Advertising	–	–	0.3	4.3	0.3	0.4	0.4
Consultants and professional services: Business and advisory services	1.1	1.3	0.4	0.2	–	0.2	0.2
Payments for capital assets	0.3	0.4	0.4	0.5	0.3	–	0.5
Machinery and equipment	0.3	0.4	0.4	0.5	0.3	–	0.5
Total	16.6	18.6	20.3	28.3	30.5	32.6	35.2

Expenditure trends

Total expenditure on this programme increased significantly at an average annual rate of 19.6 per cent, from R16.6 million in 2006/07 to R28.3 million in 2009/10. This was mainly due to inflation related increases.

Expenditure is expected to increase over the MTEF period to R35.2 million at an average annual rate of 7.5 per cent, due to an inflation adjustment, South African Press Association subscription costs, the imbizo programme, media briefings on government action, and BuaNews.

Spending over the MTEF period will focus on South African Press Association, subscription costs, communicators' forums, media briefings, BuaNews, and hosting the annual government communicators awards event.

Programme 4: Provincial Coordination and Programme Support

- *Management.*
- *Provincial Coordination* is responsible for managing and coordinating partnerships and stakeholders in support of provincial directorates, providing strategic guidance and support to provincial offices, and

strengthening the government communication system provincially and locally. Funding in this subprogramme will mainly be used to strengthen government communication through information sessions and communication projects.

- *Provincial Liaison* is responsible for government information centres and communication partnerships in municipalities, implementing local communication and information campaigns aligned with government communication programmes, and supporting and strengthening local communication partnerships along with distributing government information material. It is also responsible for creating awareness of and promoting Thusong service centres. Funding in this subprogramme will mainly be used for creating awareness through seminars and campaigns and for distributing government information material.

Objectives and measures

- Address the communication and information needs of communities through monthly ward liaisons, information sessions and communication interventions.
- Improve access to government services and information by implementing 1 promotion drive per Thusong service centre per year.

Service delivery focus

The rollout of Thusong service centres has continued over the past 3 years. The planned clean-up of the first generation Thusong service centres has also continued, but this has largely been overtaken by a comprehensive review of the programme by National Treasury's technical assistance unit and the Department of Public Service and Administration in 2009. As a result of the review, the programme will be relocated to the Department of Cooperative Governance and Traditional Affairs from April 2010. The Government Communication and Information System will, however, play a key role in marketing the centres.

51 centres are now connected through the ICT blueprint but departments are not making their services live at the centres in a meaningful way. 17 centres now have general service counters as first entry points. It has been proposed that the centres be moved to and managed by municipalities. The plan to complete the re-branding of centres, launched in 2009, was put on hold, and the training of public servants on customer care has not materialised due to funding challenges. 15 new Thusong service centres were established in 2008/09, bringing the number of operational centres by the end of March 2009 to 137, 5 short of the annual target due to construction delays. By the end of October 2009, this had risen to 139 centres, with 2 centres operationalised and 10 operationalised in December 2009. In 2008, progress was made in setting up the first urban mall (a world class and fully functional mall in a township) at Maponya in Soweto. The service centre will be officially launched in 2010/11.

In December 2008, the ninth annual assessment workshop for the Thusong service centres programme was held with national, provincial and local stakeholders. In 2008/09, district communication forums were established as points of integrated communication planning, with implementation in 37 districts countrywide.

By March 2009, 5 914 communication interventions through ward liaison visits and information sessions had been conducted, double the 2007/08 achievement. By September 2009, 2 267 information sessions had taken place, and 3 092 ward liaison visits. In 2008/09, 1 387 new distribution points were established, but the programme undertook an audit of functional points.

In April 2009, the coordination of the imbizo programme was transferred to this programme and the programme was re-branded as government's public participation weeks. Emphasis will be placed on ensuring that every event held in these weeks will be linked to an effective feedback strategy, which will be a priority area for expenditure.

Expenditure estimates

Table 8.7 Provincial Coordination and Programme Support

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Management	1.0	1.2	1.0	1.4	1.3	1.7	1.7
Provincial Coordination	6.6	5.4	3.5	7.7	9.0	9.6	10.1
Provincial Liaison	31.2	38.7	45.9	49.1	49.2	54.4	57.4
Total	38.8	45.3	50.4	58.1	59.5	65.7	69.1
Change to 2009 Budget estimate				0.8	(2.7)	(0.3)	(0.3)

Economic classification

Current payments	38.0	44.4	49.8	57.8	58.9	65.1	69.0
Compensation of employees	24.6	29.7	34.3	38.9	39.1	42.7	45.2
Goods and services	13.4	14.7	15.5	18.9	19.9	22.4	23.8
<i>of which:</i>							
Advertising	0.1	0.2	1.2	4.5	6.2	6.4	6.9
Consultants and professional services:	0.5	0.3	0.0	0.0	0.0	0.0	0.0
Business and advisory services							
Lease payments	0.4	0.4	0.2	0.3	0.3	0.3	0.3
Operating expenditure	0.1	0.2	0.5	0.5	0.6	0.7	0.8
Transfers and subsidies	0.1	0.1	0.2	0.2	-	-	-
Households	0.1	0.1	0.2	0.2	-	-	-
Payments for capital assets	0.5	0.8	0.4	0.2	0.5	0.6	0.2
Machinery and equipment	0.5	0.8	0.4	0.2	0.5	0.6	0.2
Payments for financial assets	0.2	0.0	0.0	-	-	-	-
Total	38.8	45.3	50.4	58.1	59.5	65.7	69.1

Expenditure trends

Expenditure increased at an average annual rate of 14.4 per cent from R38.8 million in 2006/07 to R58.1 million in 2009/10, mainly due to operational costs such as travel and subsistence, and inventory at provincial offices.

Expenditure is expected to increase over the medium term to R69.1 million, at an average annual rate of 5.9 per cent. The increase is to cater for the higher than expected salary adjustments. The focus over the MTEF period will be on public communication interventions, including travelling to outlying districts.

Programme 5: Communication Service Agency

- *Management.*
- *Marketing* manages government's corporate identity, develops strategies for marketing, public relations and advertising campaigns, manages the government distribution network, and provides a media bulk buying service.
- *Product Development* develops products for government campaigns and projects, produces videos and radio programmes, does graphic design and layout, and provides photographic services for national and provincial departments.
- *Content Development* develops content for individual and transversal campaign products, provides editorial services and language translations, and produces the South African Yearbook and its side products.

Objectives and measures

- Support key government information campaigns by: producing graphic design products, radio advertisements, radio dramas and community radio programmes; broadcasting live coverage of events; and providing photographic coverage of events on an ongoing basis.

- Provide leadership in government communication and ensure improved performance by compiling 4 advertising spending reports per year over the next 3 years.
- Produce 45 000 copies of the South Africa Yearbook and 20 000 copies of the Pocket Guide to South Africa annually.
- Profile the work of government by documenting the programme in The Presidency in the electronic and print media.

Service delivery focus

In 2008/09, 45 000 copies of the South Africa Yearbook 2008/09 and 20 000 copies of the Pocket Guide to South Africa were printed. Bulk distribution of these products was undertaken to government departments, embassies in South Africa and South African missions abroad, schools, public libraries, and tertiary institutions. As in preceding years, the Government Communication and Information System contributed to multimedia products for campaigns, celebrations and awards, including the state of the nation address and the presidential inauguration.

Expenditure estimates

Table 8.8 Communication Service Agency

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Management	2.2	2.4	2.5	2.8	2.9	3.3	3.5
Marketing	15.6	16.7	23.1	34.5	49.7	29.3	31.0
Product Development	10.2	12.7	11.3	12.0	9.0	13.3	14.2
Content Development	4.8	6.1	11.0	11.4	11.7	13.1	14.5
Total	32.7	37.8	48.0	60.7	73.3	59.0	63.1
Change to 2009 Budget estimate				7.9	18.1	(2.6)	(1.5)
Economic classification							
Current payments	31.9	37.3	47.2	59.8	72.5	58.0	62.1
Compensation of employees	10.1	11.9	13.0	15.1	15.9	17.5	18.4
Goods and services	21.8	25.4	34.2	44.7	56.6	40.5	43.7
<i>of which:</i>							
Advertising	10.6	8.4	16.2	29.5	22.5	4.9	5.8
Consultants and professional services: Business and advisory services	1.3	2.4	0.7	0.9	20.2	20.1	20.1
Lease payments	0.0	0.1	0.0	0.1	0.1	0.1	0.1
Operating expenditure	1.1	0.2	3.5	4.1	7.0	6.3	6.7
Transfers and subsidies	0.1	–	0.0	–	–	–	–
Households	0.1	–	0.0	–	–	–	–
Payments for capital assets	0.6	0.6	0.7	0.9	0.9	0.9	1.0
Machinery and equipment	0.5	0.5	0.7	0.9	0.9	0.9	1.0
Software and other intangible assets	0.1	0.0	–	0.1	–	–	–
Total	32.7	37.8	48.0	60.7	73.3	59.0	63.1

Expenditure trends

Expenditure increased from R32.7 million in 2006/07 to R60.7 million in 2009/10, at an average annual rate of 23 per cent. This was mainly due to the increased dissemination of information on government's programme of action and on the energy efficiency campaign.

Over the medium term, expenditure is expected to decrease to R43.1 million at an average annual rate of 10.8 per cent, as spending on the presidential inauguration in 2009/10 was once-off and there will be a decrease in spending on the energy efficiency campaign.

Programme 6: International Marketing and Media Development

- *International Marketing Council* funds the International Marketing Council.
- *Media Development and Diversity Agency* funds the Media Development and Diversity Agency.

Expenditure estimates

Table 8.9 International Marketing and Media Development

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
International Marketing Council	83.4	111.1	139.7	161.4	170.1	140.1	148.8
Media Development and Diversity Agency	9.6	12.0	14.6	16.6	17.3	19.1	–
Total	93.0	123.1	154.3	178.0	187.4	159.2	148.8
Change to 2009 Budget estimate				(4.7)	(8.2)	(8.2)	(26.8)

Economic classification

Transfers and subsidies	93.0	123.1	154.3	178.0	187.4	159.2	148.8
Departmental agencies and accounts	93.0	123.1	154.3	178.0	187.4	159.2	148.8
Total	93.0	123.1	154.3	178.0	187.4	159.2	148.8

Details of selected transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
International Marketing Council	83.4	111.1	139.7	161.4	170.1	140.1	148.8
Media Development and Diversity Agency	9.6	12.0	14.6	16.6	17.3	19.1	–

Expenditure trends

The *International Marketing Council* subprogramme receives its funding mainly from the department. Funding increased from R83.4 million in 2006/07 to R161.4 million in 2009/10, at an average annual rate of 24.6 per cent. This was mainly to accommodate 2010 FIFA World Cup marketing activities. Over the medium term, expenditure is expected to decrease from R161.4 million in 2009/10 to R148.8 million in 2012/13 at an average annual rate of 2.8 per cent, due to the completion of 2010 FIFA World Cup marketing activities in 2010/11. The spending focus over the MTEF period will be on promoting local media development and marketing activities.

The allocation to *Media Development and Diversity Agency* subprogramme increased from R9.6 million in 2006/07 to R16.6 million in 2009/10, at an average annual rate of 19.9 per cent. This was due to new posts and higher overall administrative costs. The department will have phased out the transfer to the *Media Development and Diversity Agency* subprogramme by the end of 2011/12.

Programme 7: Government Publication

- *Vuk'uzenzele Magazine* produces and distributes Vuk'uzenzele magazine every second month in A4 hard copy, Braille and online. It provides citizens with information on socioeconomic and other opportunities and how these can be accessed.

Objectives and measures

- Improve unmediated and direct communication by government to the public by:
 - maintaining the print run and distribution of Vuk'uzenzele magazine at 1.6 million every second month
 - updating the electronic version of Vuk'uzenzele every second month

- disseminating the Braille version to the virtually impaired individuals and organisations every second month.

Service delivery focus

In 2008/09, a combined total of 3.6 million copies of the fifth and sixth editions of Vuk'uzenzele, including the state of the nation address, were printed. The magazine was distributed in all provinces, including in peri-urban, rural and deep rural areas, with a particular focus on the poorer sectors. Vuk'uzenzele is audited by the Audit Bureau of Circulation. The print and distribution target for 2009/10 was 9.5 million.

Expenditure estimates

Table 8.10 Government Publication

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Vukuzenzele Magazine	29.0	32.5	32.4	33.4	34.3	37.5	39.4
Total	29.0	32.5	32.4	33.4	34.3	37.5	39.4
Change to 2009 Budget estimate				0.1	(0.8)	(0.5)	(0.5)
Economic classification							
Current payments	28.9	32.4	32.4	33.4	34.3	37.4	39.4
Compensation of employees	2.5	3.2	3.3	3.7	4.1	4.4	4.6
Goods and services	26.4	29.3	29.1	29.7	30.3	33.1	34.8
<i>of which:</i>							
Advertising	2.8	1.6	0.2	0.1	0.1	0.1	0.1
Consultants and professional services:	0.7	2.1	0.4	0.4	0.5	0.6	0.6
Business and advisory services							
Operating expenditure	5.1	8.2	26.9	28.4	28.9	31.5	33.2
Payments for capital assets	0.1	0.0	0.0	–	0.0	0.0	–
Machinery and equipment	0.1	0.0	0.0	–	0.0	0.0	–
Total	29.0	32.5	32.4	33.4	34.3	37.5	39.4

Expenditure trends

Total expenditure for this programme is projected to grow from R29 million to R39.4 million over the 7-year period, at an average annual rate of 5.2 per cent. A significant part of this increase is due to inflation related salary adjustments.

Programme 8: Communication Resource Centre

- *Communication Resource Centre* is a new programme housing functions which were shifted out of the International Marketing Council.
- *Communication Resource Centre* monitors and analyses international media coverage on South Africa, participates in rapid response discussions that analyse international and local media environments, makes reactive and proactive communication recommendations on issues affecting government and the country, drafts and contributes to developing communication content, and produces regular and ad hoc analytical reports on media coverage.

Objectives and measures

- Monitor and analyse international media coverage on South Africa by tracking international and local media coverage through daily monitoring and analysis and produce regular weekly and ad hoc analytical reports.
- Make regular rapid response recommendations on issues in the media environment which may require reactive and proactive communication by preparing the daily rapid response agenda and recommendations.

- Draft regular communication content through weekly participation in and contributions to the Government Communication and Information System's content hub discussions, developing content, responding to recommendations, and analysing international media coverage.

Service delivery focus

Local and international developments and changes over the past 10 years, such as the election of the new South African president and hosting the 2010 FIFA World Cup, form the background for the day-to-day activities of the communication resource centre. The most important activity is daily tracking and analysis of international media coverage of South Africa. Since 2004, specialised media search and research facilities have allowed the centre to access leading national and international sources in English and other language media, across all platforms. The centre provided extensive media reports and analyses to its stakeholders, and in collaboration with the Government Communication and Information System, hosted daily teleconferences to further analyse the issues covered in the media. These in-depth discussions assisted government and other communicators in their ongoing assessment of the media environment and allowed for reactive and proactive communication.

Expenditure estimates

Table 8.11 Communication Resource Centre

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Communication Resource Centre	-	-	-	4.7	6.1	6.2	6.6
Total	-	-	-	4.7	6.1	6.2	6.6
Change to 2009 Budget estimate				4.7	6.1	6.2	6.6
Economic classification							
Current payments	-	-	-	4.7	5.7	6.2	6.6
Compensation of employees	-	-	-	2.9	3.9	4.2	4.4
Goods and services	-	-	-	1.8	1.9	2.0	2.2
<i>of which:</i>							
Lease payments	-	-	-	0.8	0.7	0.8	0.8
Payments for capital assets	-	-	-	-	0.4	-	-
Machinery and equipment	-	-	-	-	0.4	-	-
Total	-	-	-	4.7	6.1	6.2	6.6

Expenditure trends

The *Communication Resource Centre* programme was incorporated into the department in April 2009. Expenditure over the medium term is expected to increase marginally over the MTEF period to reach R6.6 million. The increase is due to inflation related salary adjustments. Over the medium term, the spending focus will be on capacity development and the higher than anticipated salary adjustments.

Additional tables

Table 8.A Summary of expenditure trends and estimates per programme and economic classification

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R million	2008/09		2008/09	2009/10			2009/10
1. Administration	101.1	104.5	102.5	112.5	1.9	114.4	116.3
2. Policy and Research	17.2	19.3	19.6	18.9	0.1	19.0	19.0
3. Government and Media Liaison	22.7	22.3	20.3	24.3	4.0	28.3	28.3
4. Provincial Coordination and Programme Support	49.0	49.5	50.4	57.3	0.8	58.1	58.1
5. Communication Service Agency	41.5	57.3	48.0	52.8	7.9	60.7	58.8
6. International Marketing and Media Development	154.3	154.3	154.3	182.7	(4.7)	178.0	178.0
7. Government Publication	32.5	32.7	32.4	33.4	0.1	33.4	33.4
8. Communication Resource Centre	–	–	–	–	4.7	4.7	4.7
Total	418.3	439.8	427.5	482.0	14.8	496.8	496.8

Economic classification

	2008/09	2008/09	2008/09	2009/10	2009/10	2009/10	2009/10
Current payments	261.7	282.4	269.0	296.7	18.8	315.5	315.4
Compensation of employees	113.6	118.2	114.0	131.2	5.9	137.1	136.9
Goods and services	148.0	164.2	155.0	165.6	12.9	178.5	178.5
Transfers and subsidies	154.3	154.3	154.6	182.7	(4.5)	178.2	178.3
Departmental agencies and accounts	154.3	154.3	154.3	182.7	(4.7)	178.0	178.0
Households	–	0.0	0.3	–	0.2	0.2	0.4
Payments for capital assets	2.3	3.1	3.7	2.5	0.5	3.0	3.0
Machinery and equipment	2.3	3.1	3.7	2.5	0.4	3.0	3.0
Software and other intangible assets	–	–	–	–	0.1	0.1	0.1
Payments for financial assets	–	–	0.2	–	–	–	–
Total	418.3	439.8	427.5	482.0	14.8	496.8	496.8

Table 8.B Summary of personnel numbers and compensation of employees

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Permanent and full time contract employees							
Compensation (R million)	83.6	115.3	113.2	136.2	146.2	156.6	165.4
Unit cost (R million)	0.2	0.3	0.3	0.3	0.3	0.3	0.3
<i>Administration</i>	0.2	0.3	0.2	0.3	0.3	0.3	0.3
<i>Policy and Research</i>	0.3	0.3	0.3	0.4	0.4	0.5	0.4
<i>Government and Media Liaison</i>	0.2	0.2	0.3	0.3	0.4	0.4	0.4
<i>Provincial Coordination and Programme Support</i>	0.2	0.2	0.2	0.2	0.2	0.3	0.3
<i>Communication Service Agency</i>	0.2	0.3	0.3	0.3	0.3	0.3	0.4
<i>Government Publication</i>	0.3	0.4	0.5	0.4	0.5	0.5	0.5
<i>Communication Resource Centre</i>	–	–	–	0.3	0.4	0.5	0.5
Personnel numbers (head count)	423	430	449	492	490	490	490
Total for department							
Compensation (R million)	84.1	116.2	114.0	137.1	147.0	157.5	166.3
Unit cost (R million)	0.2	0.3	0.2	0.3	0.3	0.3	0.3
Personnel numbers (head count)	448	455	474	517	515	515	515

Table 8.C Detail of approved establishment and personnel numbers according to salary level ¹

	Personnel post status as at 30 September 2009			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid year ²	Medium-term estimate		
				2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Department	482	491	12	423	436	468	480	505	505	505
Salary level 1 – 6	106	107	11	94	108	117	103	109	109	109
Salary level 7 – 10	254	257	–	220	209	239	257	264	264	264
Salary level 11 – 12	79	83	–	66	74	64	77	84	84	84
Salary level 13 – 16	43	44	1	43	45	48	43	48	48	48
Administration	180	180	11	154	169	186	170	184	184	184
Salary level 1 – 6	66	66	11	52	68	74	61	66	66	66
Salary level 7 – 10	70	70	–	61	57	67	68	71	71	71
Salary level 11 – 12	27	27	–	24	23	23	24	28	28	28
Salary level 13 – 16	17	17	–	17	21	22	17	19	19	19
Policy and Research	21	21	1	18	18	20	21	22	22	22
Salary level 1 – 6	3	3	–	3	3	3	3	3	3	3
Salary level 7 – 10	8	9	–	7	7	8	8	9	9	9
Salary level 11 – 12	6	6	–	5	5	5	6	6	6	6
Salary level 13 – 16	4	3	1	3	3	4	4	4	4	4
Government and Media Liaison	61	61	–	51	50	53	55	61	61	61
Salary level 1 – 6	8	8	–	11	9	9	8	8	8	8
Salary level 7 – 10	32	32	–	25	26	29	30	32	32	32
Salary level 11 – 12	16	16	–	10	11	10	13	16	16	16
Salary level 13 – 16	5	5	–	5	4	5	4	5	5	5
Provincial Co-ordination and Programme Support	159	159	–	148	144	154	167	168	168	168
Salary level 1 – 6	18	18	–	15	16	20	20	20	20	20
Salary level 7 – 10	118	118	–	109	101	112	124	124	124	124
Salary level 11 – 12	12	12	–	12	16	11	12	12	12	12
Salary level 13 – 16	11	11	–	12	11	11	11	12	12	12
Communication Service Agency	52	52	–	42	46	48	49	52	52	52
Salary level 1 – 6	10	10	–	12	11	10	9	10	10	10
Salary level 7 – 10	25	25	–	17	17	22	24	25	25	25
Salary level 11 – 12	13	13	–	9	14	12	13	13	13	13
Salary level 13 – 16	4	4	–	4	4	4	3	4	4	4
Government Publication	9	9	–	10	9	7	9	9	9	9
Salary level 1 – 6	1	1	–	1	1	1	1	1	1	1
Salary level 7 – 10	1	1	–	1	1	1	1	1	1	1
Salary level 11 – 12	5	5	–	6	5	3	5	5	5	5
Salary level 13 – 16	2	2	–	2	2	2	2	2	2	2
Communication Resource Centre	–	9	–	–	–	–	9	9	9	9
Salary level 1 – 6	–	1	–	–	–	–	1	1	1	1
Salary level 7 – 10	–	2	–	–	–	–	2	2	2	2
Salary level 11 – 12	–	4	–	–	–	–	4	4	4	4
Salary level 13 – 16	–	2	–	–	–	–	2	2	2	2

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

2. As at 30 September 2009.

Table 8.D Summary of expenditure on training

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Compensation of employees (R million)	84.1	116.2	114.0	137.1	147.0	157.5	166.3
Training expenditure (R million)	2.4	4.7	4.2	3.7	4.4	4.2	4.4
Training as percentage of compensation	2.9%	4.0%	3.7%	2.7%	3.0%	2.7%	2.7%
Total number trained in department (head count)	262	370	381	381			
<i>of which:</i>							
<i>Employees receiving bursaries (head count)</i>	211	71	135	135			
<i>Learnerships trained (head count)</i>	10	10	10	11			
<i>Internships trained (head count)</i>	25	25	25	25			

Vote 9

National Treasury

Budget summary

R million	2010/11					2011/12	2012/13
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Payments for financial assets	Total	Total
MTEF allocation							
Administration	243.7	234.5	1.9	7.3	–	253.2	261.8
Public Finance and Budget Management	341.8	320.6	19.9	1.3	–	352.7	363.8
Asset and Liability Management	67.1	66.3	–	0.8	–	72.4	76.1
Financial Management and Systems	498.7	497.9	–	0.8	–	508.8	516.7
Financial Accounting and Reporting	228.4	172.3	52.6	3.5	–	238.6	248.7
Economic Policy and International Financial Relations	124.7	118.9	5.0	0.8	–	135.3	141.9
Provincial and Local Government Transfers	12 834.5	–	12 834.5	–	–	14 766.3	15 698.9
Civil and Military Pensions, Contributions to Funds and Other Benefits	2 590.9	38.8	2 552.2	–	–	2 668.4	2 751.9
Fiscal Transfers	33 290.1	–	12 540.1	–	20 750.0	14 132.2	14 205.7
Subtotal	50 219.9	1 449.3	28 006.1	14.5	20 750.0	33 127.9	34 265.6
Direct charge against the National Revenue Fund							
Provincial Equitable Share	260 973.7	–	260 973.7	–	–	280 688.7	294 780.0
State Debt Costs	71 357.6	71 357.6	–	–	–	88 462.7	104 022.0
General fuel levy sharing with metros	7 542.4	–	7 542.4	–	–	8 531.1	8 957.7
Total expenditure estimates	390 093.6	72 806.9	296 522.2	14.5	20 750.0	410 810.4	442 025.2
Executive authority	Minister of Finance						
Accounting officer	Director-General of the National Treasury						
Website address	www.treasury.gov.za						

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

Aim

The aim of National Treasury is to promote economic development, good governance, social progress and rising living standards through the accountable, economical, equitable and sustainable management of public finances.

Programme purposes

Programme 1: Administration

Purpose: Strategic management and administrative support to National Treasury, providing managerial leadership to the work of the department.

Programme 2: Public Finance and Budget Management

Purpose: Analysis and advice on fiscal policy and public finances, intergovernmental financial relations and expenditure planning and priorities. Manage the annual budget process and provide public finance management support.

Programme 3: Asset and Liability Management

Purpose: Manage government's annual funding programme in a manner that ensures prudent cash management and an optimal portfolio of debt and other fiscal obligations. Promote and enforce prudent financial management of state owned entities through financial analysis and oversight.

Programme 4: Financial Management and Systems

Purpose: Manage and regulate government's supply chain processes and implement and maintain standardised financial systems.

Programme 5: Financial Accounting and Reporting

Purpose: Promote and enforce transparency and effective management in respect of revenue, expenditure, and assets and liabilities of departments, public entities, constitutional institutions and local government thus facilitating accountability and governance.

Programme 6: Economic Policy and International Financial Relations

Purpose: Provide specialist policy analysis and advisory services in the areas of macroeconomics, microeconomics, the financial sector, taxation, regulatory reform, regional integration and international financial relations.

Programme 7: Provincial and Local Government Transfers

Purpose: Manage conditional grants to the provincial and local spheres of government.

Programme 8: Civil and Military Pensions, Contributions to Funds and Other Benefits

Purpose: Provide for pension and post-retirement medical benefit obligations to former employees of state departments and bodies, and for similar benefits to retired members of the military.

Programme 9: Fiscal Transfers

Purpose: Transfer funds to other countries and multilateral and domestic institutions and public entities, including international development institutions of which South Africa is a member.

Strategic overview: 2006/07 – 2012/13

The legislative mandate of National Treasury is documented in chapter 2 of the Public Finance Management Act (1999). Chapter 13 of the Constitution defines the role of National Treasury as that of ensuring transparency, accountability and sound financial controls in the management of the country's public finances.

As the custodian of public funds, National Treasury continues to: promote government's fiscal policy framework; coordinate intergovernmental financial and fiscal relations; manage the budget preparation process which includes revenue, expenditure, assets and liability management; exercise control over the implementation of the national budget, including any adjustment budgets; facilitate the implementation of the Division of Revenue Act; monitor the implementation of provincial budgets, enforce effective financial management; and contribute to employment creation.

Fiscal reform, public finances and budget management

Government has committed itself to rooting out waste, promoting cost efficiency and phasing out ineffective programmes, and much of National Treasury's work in this area will give effect to this.

Provision for strong growth in infrastructure spending and public employment programmes has mitigated some of the worst effects of the prevailing economic downturn. In addition, the budget for the 2009 – 2013 medium term expenditure framework makes significant provision for priorities such as education, health and social assistance, and other programmes directly impacting on the poor. Investing in the people of the country will make a positive contribution to the South African economy in the longer term and will assist in economic growth and development initiatives.

The budget office is continuously improving the quality and usability of budget documents such as the Budget Review and the Estimates of National Expenditure.

There is a need to improve the structure of departmental votes to make objectives measurable. A project will be initiated to work closely with other departments to improve the monitoring of measurable objectives and indicators, to make it easier to monitor both financial and non-financial information.

Ensuring that government provides and receives value for money is a necessary focus in the prevailing economic climate. A comprehensive expenditure review will be conducted jointly with The Presidency to identify opportunities for future improvements in public spending. The aim is to improve the quality of spending and to free up resources to fund new government priorities. Capacity is also being developed to evaluate capital projects and support departments.

Strengthening intergovernmental fiscal relations

Intergovernmental fiscal relations are an important component in the governmental system. With the legal and policy frameworks now firmly in place, the focus can shift to efficient coordination between the relevant spheres of government, especially in the areas of capacity building and improved service delivery.

Siyenza Manje, the capacity building and support programme being implemented in municipalities since 2007/08, is being undertaken by the Development Bank of Southern Africa. The project aims to build capacity and sustainability in under capacitated municipalities. National Treasury co-funds the rollout while the Development Bank of Southern Africa employs the necessary expertise. Additional funds have been allocated to this important initiative to speed up the hiring of experts and young professionals with academic qualifications and expertise in the areas where there are skills shortages in the local government sphere.

Managing public sector debt and government assets

National Treasury is responsible for the prudent management of government's financial assets and liabilities, including the domestic and foreign debt portfolios. Government's debt management policies remain focused on financing government's gross borrowing requirements at the lowest possible cost and within market risk benchmarks, while also supporting the broader macroeconomic objectives and enhanced coordination of borrowing by state owned entities. National Treasury also seeks to improve the operational efficiency of state owned entities through financial analysis and oversight, and ensuring their alignment with key policy imperatives in the relevant sector. Major interventions and restructuring, particularly of Eskom, Telkom, the South African Broadcasting Corporation, South African Airways, Denel and Transnet are needed, as these are key economic contributors.

Financial and regulatory management reform

Development finance institutions have an important role to play in the delivery of infrastructure. Government will be guided by the review of development finance institutions to provide strategic direction to this sector in the period ahead. This will further assist in optimising the allocation of government's financial resources.

Organisational capacity building

The attraction and retention of skills continues to be a challenge in spite of improvements in the already successful internship programme to add to the talent pool. The sourcing and retention of scarce skills in particular remains problematic. The recently launched training outside of public practice programme that provides a way for prospective chartered accountants to receive training suggests that there is real potential for more collaboration between National Treasury, the South African Institute of Chartered Accountants and the local government metros to expand the programme to a wider public sector base.

Key policy developments

Social security and retirement reform

Recent global economic events have indicated that government needs to play a more prominent role in addressing rising income inequality, which could have negative effects, including economic, social and political instability. Government's policy must therefore focus on reducing this imbalance through sustained job creation, combating the abuse of market power and ensuring greater income security.

Over the MTEF period, National Treasury will be advancing the work currently in progress on social security and retirement reform to increase adequate coverage of all citizens when they retire. A public consultative process will be undertaken to ensure maximum participation in the process. Combating income inequality alone will not provide adequate security in a volatile economic climate, which exacerbates unemployment and whose impacts are more strongly felt among poorer communities. In South Africa, only 42 per cent of the population between the ages of 15 and 64 are employed. This compares unfavourably with other emerging economies such as Brazil and China, where two-thirds of the population in the same age range are employed. According to Statistics South Africa's quarterly labour force survey, almost half of young South Africans have never worked and less than 30 per cent of the adult population is employed. Reforms are thus envisaged in the areas of education, health, retirement and social security to provide the required balancing mechanisms as part of the reform process.

Strengthening global financial regulation

In response to the global economic downturn, the G20 established the Financial Stability Board in 2009, as a coordinated effort to improve the regulation of the financial services industry globally. In 2010, work will be undertaken to align South Africa's financial sector policy and regulations with the recommendations of the G20 process.

The intention is to improve and strengthen regulation in key areas by: developing a systemic risk approach to financial regulation to reduce risks posed by hedge funds and over the counter derivatives; raising the quality and level of capital held by banks to improve their resilience to market volatility; strengthening adherence to international standards through a transparent peer review process; and improving global accounting standards.

Review of the Division of Revenue Bill

Continuing to implement the Municipal Finance Management Act (2003), finalising the regulatory framework for the transfer of assets of municipalities and budget preparation remains a priority. The annual Division of Revenue Bill is constantly being reviewed to ensure that the grant system contributes to better and quicker decision making, improved accountability and accelerated service delivery.

Monitoring compliance with the Public Finance Management Act and the Municipal Finance Management Act

The financial management capability maturity model has highlighted the areas needing further attention for maintaining the momentum in implementing the two acts. The model involves a survey instrument to evaluate the financial management capability of departments.

The results of these assessments will provide National Treasury, provincial treasuries and accounting officers with a clear indication of what strategies need to be developed to improve financial management within departments. These results will also be analysed and detailed reports will be provided to the standing committee on public accounts and to the standing committees on finance and appropriations. National Treasury will assist provincial and municipal accounting officers and develop plans that are aimed at addressing financial management in accordance with the results of these assessments, thus ensuring a structured and focused approach.

Regional integration in the Southern African Development Community and support for the development of African countries

National Treasury's engagement in Africa will continue to promote integration and development through the Southern African Development Community (SADC) and promoting new partnerships. The regional integration process of deliberations in the political, social and economic spheres is a priority and it is expected that the requisite strategic plans will soon be implemented. This applies specifically to the southern and eastern parts of the continent, and the Common Market for Eastern and Southern Africa.

Savings and cost effective service delivery

The department will realise efficiency savings on its operational budget of R45.5 million, R53.5 million and R30 million for 2010/11, 2011/12 and 2012/13. This can be attributed to efficient allocations for consultants, cellular phones, catering, external venues and facilities, accommodation and travelling. The implementation of

austerity measures has been enhanced with an increase in the utilisation of internal capacity in terms of personnel, and venues and facilities for workshops. Further cuts of R51.4 million, R66.4 million and R110.7 million for 2010/11, 2011/12 and 2012/13 were also made to the department's public entities to enforce the implementation of efficiency savings.

Selected performance indicators

Table 9.1 National Treasury

Indicator	Programme	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Value of government gross annual borrowing	Asset and Liability Management	R34.8bn	R16.1bn	R49.7bn	R193.5bn	R191.7bn	R184.1bn	R195.6bn
Cost to service debt as a percentage of GDP	Asset and Liability Management	2.8%	2.5%	2.3%	2.4%	2.6%	3.0%	3.2%
Net loan debt as a percentage of GDP	Asset and Liability Management	26.1%	23.2%	22.7%	28.2%	33.1%	37.3%	39.8%
Number of training courses and workshops presented on the implementation of financial management reforms per year	Financial Accounting and Reporting	81	217	128	80	100	150	200
Number of individuals trained per year to assist with the implementation of financial management reforms	Financial Accounting and Reporting	2 084	4 204	3 200	1 600	2 000	3 000	4 000
Percentage of identified transversal contracts with strategic sourcing principles introduced per year	Financial Management and Systems	72% (42)	80% (47)	85% (35)	100% (20)	100% (37)	100% (59)	100% (59)
Number of beneficiaries receiving special pension payments per year	Civil and Military Pensions, Contributions to Funds and Other Benefits	6 112	6 234	6 359	6 486	6 616	7 200	7 400
Number of beneficiaries receiving post-retirement medical benefits per year	Civil and Military Pensions, Contributions to Funds and Other Benefits	67 141	68 417	69 767	71 117	72 467	72 467	73 817
Number of contributions to medical aid schemes paid on behalf of members per year	Civil and Military Pensions, Contributions to Funds and Other Benefits	72 799	67 780	71 169	74 627	76 119	79 500	82 881
Number of military pension benefits paid to beneficiaries per year	Civil and Military Pensions, Contributions to Funds and Other Benefits	6 885	4 630	6 468	7 024	7 054	7 054	7 244
Number of technical assistants assigned to each province per year to assist in building infrastructure delivery capacity through the infrastructure delivery improvement programme	Public Finance and Budget Management	23	30	34	34	34	34	34
Number of municipalities receiving allocations from the financial management grant per year	Provincial and Local Government Transfers	41	44	283	283	283	283	283
Total number of neighbourhood development partnership grant projects granted award status	Provincial and Local Government Transfers	33	72	80	90	96	100	90
Total number of neighbourhood development partnership grant projects under construction	Provincial and Local Government Transfers	–	4	7	15	40	50	45
Real growth in consolidated national and provincial public spending (excluding interest costs)	Public Finance and Budget Management	10.2%	9.2%	9.4%	10.3%	1.0%	1.1%	1.7%

Expenditure estimates

Table 9.2 National Treasury

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
R million								
1. Administration	161.6	177.6	203.7	238.3	230.4	243.7	253.2	261.8
2. Public Finance and Budget Management	138.5	212.0	244.1	253.7	252.1	341.8	352.7	363.8
3. Asset and Liability Management	41.3	57.8	62.5	66.2	57.7	67.1	72.4	76.1
4. Financial Management and Systems	190.8	261.4	272.7	499.4	466.4	498.7	508.8	516.7
5. Financial Accounting and Reporting	71.4	105.2	203.0	149.8	138.9	228.4	238.6	248.7
6. Economic Policy and International Financial Relations	68.9	93.2	90.3	103.5	91.5	124.7	135.3	141.9
7. Provincial and Local Government Transfers	5 443.7	6 992.7	7 826.0	14 410.6	14 170.6	12 834.5	14 766.3	15 698.9
8. Civil and Military Pensions, Contributions to Funds and Other Benefits	2 048.7	2 176.8	2 331.3	4 920.3	4 901.3	2 590.9	2 668.4	2 751.9
9. Fiscal Transfers	8 006.0	8 889.3	20 078.6	42 203.8	42 203.8	33 290.1	14 132.2	14 205.7
Subtotal	16 171.0	18 966.2	31 312.1	62 845.6	62 512.7	50 219.9	33 127.9	34 265.6
Direct charge against the National Revenue Fund	201 437.8	223 930.8	256 189.3	303 672.8	301 277.7	339 873.7	377 682.5	407 759.7
Provincial Equitable Share	149 245.6	171 053.7	201 795.6	236 877.8	236 877.8	260 973.7	280 688.7	294 780.0
State Debt Costs	52 192.2	52 877.1	54 393.7	59 995.0	57 599.8	71 357.6	88 462.7	104 022.0
General fuel levy sharing with metros	–	–	–	6 800.1	6 800.1	7 542.4	8 531.1	8 957.7
Total	217 608.8	242 896.9	287 501.4	366 518.4	363 790.4	390 093.6	410 810.4	442 025.2
Change to 2009 Budget estimate				11 723.2	8 995.2	20 145.6	30 931.3	(807.6)

Economic classification

Current payments	52 838.6	53 738.2	55 317.2	61 249.1	58 761.1	72 806.9	89 967.8	105 575.9
Compensation of employees	230.9	272.7	321.0	438.5	408.5	538.5	573.0	598.6
Goods and services	415.6	588.4	602.5	815.7	752.8	910.9	932.1	955.2
<i>of which:</i>								
Computer services	168.0	245.1	253.4	472.7	436.6	462.8	464.0	467.0
Consultants and professional services:	112.1	176.5	134.9	152.5	124.5	222.0	236.4	246.3
Business and advisory services								
Lease payments	18.3	25.6	19.6	23.5	23.5	23.6	25.0	24.3
Travel and subsistence	26.4	38.7	43.9	37.3	36.3	58.1	59.3	62.3
Interest and rent on land	52 192.2	52 877.1	54 393.7	59 995.0	57 599.8	71 357.6	88 462.7	104 022.0
Transfers and subsidies	164 752.5	189 141.0	222 174.3	274 253.0	274 013.0	296 522.2	320 080.4	336 436.4
Provinces and municipalities	154 639.6	178 046.4	209 541.6	257 978.5	257 738.5	281 225.6	303 886.1	319 331.5
Departmental agencies and accounts	7 203.1	8 218.6	9 518.4	10 568.7	10 568.7	11 891.4	12 673.8	13 416.3
Universities and technikons	3.5	2.3	5.5	5.5	5.5	5.5	5.5	5.5
Foreign governments and international organisations	576.6	503.8	550.5	549.0	549.0	566.8	593.0	667.8
Public corporations and private enterprises	312.2	222.3	246.8	267.4	267.4	282.6	296.7	311.6
Non-profit institutions	–	0.1	–	0.1	0.1	0.1	0.1	0.1
Households	2 017.5	2 147.4	2 311.5	4 883.8	4 883.8	2 550.2	2 625.3	2 703.5
Payments for capital assets	11.4	13.0	9.4	16.3	16.3	14.5	12.1	13.0
Machinery and equipment	11.4	13.0	9.4	16.3	16.3	14.5	12.1	13.0
Payments for financial assets	6.3	4.7	10 000.5	31 000.0	31 000.0	20 750.0	750.0	–
Total	217 608.8	242 896.9	287 501.4	366 518.4	363 790.4	390 093.6	410 810.4	442 025.2

Expenditure trends

Between 2006/07 and 2009/10, non-statutory expenditure increased significantly from R16.2 billion to R62.5 billion, at an average annual rate of 57.2 per cent, mainly due to payments to Eskom for the subordinated loan of R10 billion in 2008/09 and R30 billion in 2009/10. Most of National Treasury's direct expenditure goes towards transfer payments. These include provincial and local government transfers, civil and military pension payments, and transfers to the South African Revenue Service and the South African Secret Service.

Expenditure is expected to decrease substantially over the MTEF period, from R62.8 billion to R34.3 billion, at an average annual rate of 18.3 per cent. This is mainly due to the phasing out of the Eskom subordinated loan. The marginal increase in spending on the operational budget is mainly due to the annual effect of adjustments to expenditure in compensation of employees, enhancement of the infrastructure delivery implementation programme and implementation of a fraud prevention plan.

The department is responsible for the main statutory transfers to provincial governments. More information on these transfers can be found in chapter 7 and annexure E of the 2010 Budget Review and the 2010 Division of Revenue Bill. The National Treasury vote also includes a provision for servicing government's debt obligations, which are a direct charge against the National Revenue Fund in terms of section 73 of the Public Finance Management Act (1999).

The personnel establishment expanded from 767 in 2006/07 to 1 167 in 2009/10. This is due to the filling of vacant posts and structural changes made to enhance service delivery focus. Over the MTEF period, the number of personnel will increase marginally from 1 167 in 2009/10 to 1 211 in 2012/13.

Departmental revenue

The main items of revenue are the interest on government deposits and dividends received from the South African Reserve Bank. Over the medium term, revenue is expected to decrease from R3.8 billion to R2.6 billion mainly due to a once-off receipt in 2009/10 on asset forfeits. Interest on exchequer investments is affected by domestic and international interest rates, exchange rates and the level of government's cash balances.

Table 9.3 Departmental receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
Departmental receipts	4 355 125	5 095 776	5 270 354	4 148 462	2 839 024	2 354 152	2 544 833	2 602 918
Sales of goods and services produced by department	36 274	45 215	49 273	123 615	88 554	84 903	60 151	40 400
Sales of scrap, waste, arms and other used current goods	–	–	7	–	–	6	5	18
Interest, dividends and rent on land	4 281 186	4 884 243	4 953 175	3 394 377	2 120 000	2 012 000	2 212 000	2 312 000
Sales of capital assets	309	–	324	2	2	–	–	–
Transactions in financial assets and liabilities	37 356	166 318	267 575	630 468	630 468	257 243	272 677	250 500
National Revenue Fund receipts	–	1 020 877	–	–	1 000 000	–	–	–
Levy Accounts from SARB	–	1 020 877	–	–	1 000 000	–	–	–
Total	4 355 125	6 116 653	5 270 354	4 148 462	3 839 024	2 354 152	2 544 833	2 602 918

Programme 1: Administration

Expenditure estimates

Table 9.4 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Minister ¹	0.9	1.0	1.4	1.7	1.8	1.9	2.0
Deputy Minister ¹	0.7	0.8	1.0	1.4	1.5	1.6	1.7
Management	35.0	43.7	47.6	53.9	52.4	55.2	58.4
Corporate Services	88.0	95.8	106.1	130.1	136.3	141.2	144.2
Office Accommodation	37.0	36.5	47.7	51.2	51.7	53.2	55.6
Total	161.6	177.6	203.7	238.3	243.7	253.2	261.8
Change to 2009 Budget estimate				49.6	43.8	41.4	-

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

Economic classification

Current payments	154.1	167.4	199.0	226.4	234.5	244.4	252.4
Compensation of employees	52.0	61.1	69.8	101.4	120.1	126.6	134.3
Goods and services	102.1	106.3	129.2	125.0	114.4	117.8	118.1
of which:							
Computer services	13.9	18.3	21.0	19.2	11.8	12.4	11.8
Consultants and professional services:							
Business and advisory services	22.0	19.6	11.2	10.7	4.0	3.6	2.5
Lease payments	17.1	17.8	18.2	21.6	19.9	20.8	19.4
Travel and subsistence	6.7	9.9	12.0	10.9	12.2	11.8	13.1
Transfers and subsidies	0.8	2.6	1.5	1.4	1.9	1.9	1.9
Departmental agencies and accounts	0.2	0.2	0.3	0.4	0.3	0.3	0.3
Households	0.6	2.4	1.2	1.0	1.6	1.6	1.6
Payments for capital assets	4.1	7.4	3.1	10.5	7.3	6.8	7.5
Machinery and equipment	4.1	7.4	3.1	10.5	7.3	6.8	7.5
Payments for financial assets	2.6	0.1	0.1	-	-	-	-
Total	161.6	177.6	203.7	238.3	243.7	253.2	261.8

Expenditure trends

Between 2006/07 and 2009/10, expenditure increased from R161.6 million to R238.3 million, at an average annual rate of 13.8 per cent, mainly due to the rollout of the integrated document management system, recruitment drive initiatives, capacitating of the internal audit unit, increased legal costs and the centralisation of internship intakes.

Over the MTEF period, expenditure is expected to increase marginally at an average annual rate of 3.2 per cent, from R238.3 million in 2009/10 to R261.8 million in 2012/13, mainly due to higher than expected salary adjustments.

Programme 2: Public Finance and Budget Management

- *Public Finance* provides financial and budgetary analysis of government programmes, advises on policy and service delivery trends, and manages National Treasury's relations with other national departments.
- *Budget Office* provides fiscal policy advice, oversees expenditure planning and the national budget process, leads the budget reform programme, coordinates international technical assistance and donor finance, supports public private partnership projects, and compiles public finance statistics.
- *Intergovernmental Relations* coordinates fiscal relations between national, provincial and local government, and promotes sound provincial and municipal budgetary planning, reporting and financial management.

- *Technical and Management Support* includes advisory and capacity building initiatives focused on public private partnerships, project management, infrastructure service delivery and public finance information systems. A dedicated unit supports budgetary planning related to the 2010 FIFA World Cup.

Funding for all subprogrammes will mainly be used for compensation of employees and related expenditure in goods and services.

Objectives and measures

- Give effect to government's economic, fiscal, social and development goals by preparing a budget framework and medium term expenditure recommendations annually.
- Contribute to improved financial management by promoting sound planning, budgeting and project management, including support to public finance reforms in provinces and municipalities on an ongoing basis.
- Promote public and private investment in infrastructure and public services by providing ongoing technical support for public private partnerships, advising on financing alternatives for municipal development, and providing technical assistance for neighbourhood development projects.
- Promote transparency and accountability by annually publishing the Budget Review, Estimates of National Expenditure, provincial and local government budget and expenditure reviews, the medium term budget policy statement and appropriation legislation, containing relevant, accurate and clear financial information and associated indicators of service delivery and performance according to the various guidelines.
- Promote improved planning and analysis of public expenditure and service delivery and the appropriate use of public and private financial resources for social and economic development and infrastructure investment by analysing expenditure and performance information and compiling quarterly reports.
- Develop the policy framework for social security, retirement and health insurance arrangements through a dedicated project management unit by the end of 2011.
- Contribute to policy development, planning and improved financial management through advice and technical assistance in support of public service delivery, infrastructure development and improved public administration across all spheres of government by 2011.

Service delivery focus

Improved guidelines on planning, budgeting and programme budget structures and performance information were developed, and will be piloted and rolled out in 2010/11. An in-depth review of government expenditure aimed at improved efficiency and effectiveness of public service delivery to ensure value for money in government programmes and project implementation was proposed in 2009/10. In 2009, a preliminary report by the government task team, including both short and medium term savings proposals to effect savings, was published.

Through the intergovernmental relations division, National Treasury has played a major role in compiling municipal and provincial budgets and quarterly reports. These publications have assisted in building the oversight information base required for political office bearers and public stakeholders to play a more meaningful oversight role.

Expenditure estimates

Table 9.5 Public Finance and Budget Management

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Public Finance	25.8	31.6	33.4	47.0	59.0	61.7	55.2
Budget Office	28.3	29.9	38.4	42.5	48.1	50.4	53.8
Intergovernmental Relations	26.2	30.4	36.2	35.4	41.3	43.4	46.4
Technical and Management Support	58.3	120.1	136.0	128.8	193.4	197.2	208.5
Total	138.5	212.0	244.1	253.7	341.8	352.7	363.8
Change to 2009 Budget estimate				45.2	131.5	135.2	–

Table 9.5 Public Finance and Budget Management (continued)

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Economic classification							
Current payments	129.7	204.6	221.7	232.3	320.6	330.8	341.3
Compensation of employees	71.9	89.7	107.3	130.6	156.0	163.2	164.5
Goods and services	57.8	114.9	114.3	101.7	164.7	167.7	176.8
<i>of which:</i>							
Computer services	–	0.3	1.2	0.4	0.5	0.4	0.4
Consultants and professional services:	33.5	90.7	75.0	74.0	132.4	135.7	143.2
Business and advisory services							
Lease payments	0.5	0.6	0.6	0.6	0.8	0.8	0.9
Travel and subsistence	7.6	8.0	9.7	8.9	12.4	12.4	12.6
Transfers and subsidies	6.6	6.0	20.5	19.6	19.9	20.7	21.2
Provinces and municipalities	0.1	–	–	–	–	–	–
Departmental agencies and accounts	6.0	6.0	20.0	18.9	19.4	20.2	20.7
Universities and technikons	–	–	0.5	0.5	0.5	0.5	0.5
Public corporations and private enterprises	0.5	–	–	–	–	–	–
Households	–	–	–	0.3	–	–	–
Payments for capital assets	2.3	1.4	1.9	1.7	1.3	1.2	1.2
Machinery and equipment	2.3	1.4	1.9	1.7	1.3	1.2	1.2
Total	138.5	212.0	244.1	253.7	341.8	352.7	363.8

Details of selected transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	6.0	6.0	20.0	18.9	19.4	20.2	20.7
Technical Assistance Unit Trading Entity	–	–	20.0	18.9	19.4	20.2	20.7
Project Development Facility Trading Account	6.0	6.0	–	–	–	–	–
Universities and technikons							
Current	–	–	0.5	0.5	0.5	0.5	0.5
University of Pretoria: International Public Finance Conference	–	–	0.5	0.5	0.5	0.5	0.5

Expenditure trends

Between 2006/07 and 2009/10, expenditure increased substantially at an average annual rate of 22.3 per cent, from R138.5 million to R253.7 million. This was mainly due to increases in professional and advisory capacity for technical assistance projects and the implementation of the infrastructure delivery improvement programme. Increases are mainly in compensation of employees and consultants.

Over the MTEF period, expenditure is expected to increase from R253.7 million in 2009/10 to R363.8 million in 2012/13, at an average annual rate of 12.8 per cent, due to the continuous enhancement of the implementation of the infrastructure delivery improvement programme to provincial departments. The programme will address problems relating to the planning and project management of infrastructure delivery.

Programme 3: Asset and Liability Management

- *Management.*
- *Asset Management* promotes the optimal allocation and use of financial resources and sound corporate governance in state owned entities.
- *Liability Management* provides for government's funding needs, manages domestic and foreign debt, and contributes to the development of domestic capital markets.

- *Financial Operations* provides for the prudent management of cash in all spheres of government, efficient accounting of debt and investment transactions, supplying reliable systems and providing quality information.
- *Strategy and Risk Management* develops and maintains a risk management framework.

Funding for all subprogrammes will mainly be used for compensation of employees and related expenditure in goods and services.

Objectives and measures

- Oversee state owned entities by reviewing corporate plans and annual reports.
- Finance government's gross borrowing requirements of R191.7 billion by March 2011 by borrowing money from domestic and international markets.
- Improve the affordability of government debt by reducing the net loan debt and the cost to service debt to 33.1 per cent and 2.6 per cent of GDP by March 2011.
- Ensure that government's liquidity requirements are met by forecasting R2.3 trillion of annual cash flows and coordinating intergovernmental cash needs.
- Enable government to manage financial risks and attract investment by reviewing credit, debt, country ratings and contingent liability risk benchmarks and ensuring adherence to these standards by March 2011.

Service delivery focus

National Treasury financed the higher gross borrowing requirement that arose from the weaker fiscal position after the economic recession. A major portion of funding was raised in domestic capital markets through issuing treasury bills and government bonds. In 2009/10, government also secured a US\$2 billion global bond, which matures in 2019. Government and the state owned entities' borrowing programmes were also coordinated effectively in 2009/10.

The Development Bank of Southern Africa's callable capital was approved to increase from R4.8 billion to R20 billion and the Development Bank of Southern Africa Act (1997) will be amended accordingly. To facilitate the bank's borrowing until legislative amendments can be finalised, a R15.2 billion guarantee, which will terminate once the amendment act is promulgated, was granted in 2009/10. In the same year, a memorandum of understanding on the bank's commitment to deepen the developmental impact through callable capital was developed.

Expenditure estimates

Table 9.6 Asset and Liability Management

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Management	11.3	16.5	22.7	17.6	13.1	14.2	15.4
Asset Management	8.6	16.1	11.9	16.9	19.5	20.9	21.9
Liability Management	9.1	9.2	10.5	11.6	13.3	14.1	14.8
Financial Operations	7.9	11.3	11.0	13.0	13.3	15.0	15.2
Strategy and Risk Management	4.4	4.8	6.4	7.0	8.0	8.2	8.8
Total	41.3	57.8	62.5	66.2	67.1	72.4	76.1
Change to 2009 Budget estimate				1.8	(0.2)	3.3	-

Table 9.6 Asset and Liability Management (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Economic classification							
Current payments	40.5	55.3	61.9	65.9	66.3	71.6	75.3
Compensation of employees	26.0	30.1	33.4	41.3	48.6	51.7	54.5
Goods and services	14.5	25.3	28.5	24.5	17.7	19.9	20.8
<i>of which:</i>							
Computer services	2.3	4.1	2.5	6.0	4.9	4.8	4.5
Consultants and professional services:	6.2	15.0	17.0	10.1	4.0	5.8	6.7
Business and advisory services							
Travel and subsistence	1.5	2.0	2.6	2.8	3.2	3.3	3.5
Payments for capital assets	0.7	2.5	0.6	0.3	0.8	0.8	0.9
Machinery and equipment	0.7	2.5	0.6	0.3	0.8	0.8	0.9
Total	41.3	57.8	62.5	66.2	67.1	72.4	76.1

Expenditure trends

Between 2006/07 and 2009/10, expenditure increased from R41.3 million to R66.2 million, at an average annual rate of 17 per cent. This is attributed to the formulation of the state owned entities' capital structure and dividend policies, the reassessment of state owned entities' treasury operations, the release of a report on the Pebble Bed Modular Reactor project and the development of a treasury management system that addresses the needs of the programme.

Over the MTEF period, expenditure is expected to increase from R66.2 million in 2009/10 to R76.1 million in 2012/13, at an average annual rate of 4.8 per cent. The increase is due to the planned completion of the treasury management system in 2012/13.

Programme 4: Financial Management and Systems

- *Management.*
- *Supply Chain Management* develops policy that regulates the supply chain processes in the public sector, monitors policy outcomes, and facilitates and manages transversal term contracts on behalf of government.
- *Financial Systems* maintains and improves existing financial management systems, and replaces outdated systems with those that comply with the Public Finance Management Act (1999) and generally recognised accounting practice.

Funding for all subprogrammes will mainly be used for compensation of employees and related expenditure in goods and services, as well as payments of consultants.

Objectives and measures

- Improve supply chain management by:
 - rolling out revised preferential procurement regulations at all national and provincial departments, constitutional institutions, public entities and municipalities in 2010/11
 - rolling out a revised supply chain management framework in 2010/11
 - revising and issuing a supply chain management guide for accounting officers in 2010/11
 - monitoring supply chain management compliance by submitting reports in October 2010 to Cabinet and the standing committee on public accounts as an integral component of the capability and maturity framework
 - improving value for money on contracts by quantifying economic benefits for applying strategic sourcing methodologies to 4 strategic transversal term contracts in 2010/11
 - introducing strategic sourcing to 90 per cent of all national and provincial departments, constitutional institutions, public entities and high capacity municipalities in 2010/11

- attending to grievances about supply chain management processes within 5 working days, unless further research is required.
- Maintain government's current financial systems at a level of 98 per cent availability to users by implementing the third phase of the integrated financial management system, which will focus on rolling out the completed modules (procurement management, human resource management and asset management) and fast tracking the development and implementation of the remaining modules in 2010/11.

Service delivery focus

While the integrated financial management system project continues, the procurement management and human resource management modules are in the process of being customised and deployed at the selected lead sites. The development of the asset management module was completed in 2009/10 and the module is being implemented at the lead site.

In 2010/11, focus will be on rolling out the asset management module and the procurement management module at small to medium sized national departments and the rollout to large national departments and provinces will be targeted in 2011/12.

The project finalised the specifications of other supply chain management modules to be developed by the time the contracting model is finalised. The focus in 2010/11 will be on contracting development partners to design the remaining integrated financial management system modules to ensure the complete solution is ready for roll-out by 2012/13. The key challenge that remains is the transformation of the State Information Technology Agency into the primary systems integrator, as per the Cabinet directive.

Expenditure estimates

Table 9.7 Financial Management and Systems

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Management	1.3	1.3	1.5	1.7	1.9	2.0	2.0
<i>Deputy Director-General Specialist Functions</i>	1.3	1.3	1.5	1.7	1.9	2.0	2.0
Supply Chain Management	20.3	28.8	20.8	38.1	39.0	40.5	42.2
<i>Chief Directorate Supply Chain Policy</i>	9.3	14.6	4.4	17.1	16.5	16.7	17.0
<i>Chief Directorate Contract Management</i>	5.5	8.7	10.6	16.2	17.3	18.4	19.5
<i>Chief Directorate Norms and Standards</i>	5.6	5.5	5.8	4.9	5.2	5.4	5.7
Financial Systems	169.1	231.3	250.5	459.5	457.8	466.4	472.4
<i>PERSAL</i>	39.7	41.8	46.2	52.0	53.2	53.4	53.7
<i>Logis</i>	42.0	45.2	50.1	55.2	58.0	58.1	58.4
<i>Vulindlela</i>	16.8	22.8	23.6	26.1	26.7	28.7	30.5
<i>BAS</i>	47.1	48.3	55.9	61.0	62.8	65.9	66.3
<i>Integrated Financial Management System</i>	10.8	59.4	59.7	249.0	239.3	240.9	243.3
<i>Operational Costs</i>	12.7	13.7	14.9	16.2	17.8	19.3	20.3
Total	190.8	261.4	272.7	499.4	498.7	508.8	516.7
Change to 2009 Budget estimate				(112.3)	(145.3)	(160.5)	–

Table 9.7 Financial Management and Systems (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Economic classification							
Current payments	188.8	260.7	270.4	497.2	497.9	508.0	515.8
Compensation of employees	28.7	30.3	33.4	40.8	43.8	46.7	49.0
Goods and services	160.2	230.4	236.9	456.3	454.1	461.3	466.8
<i>of which:</i>							
Computer services	151.5	222.1	228.6	443.7	438.9	444.7	448.6
Consultants and professional services:	0.2	0.7	0.1	1.1	0.3	0.3	0.3
Business and advisory services							
Lease payments	0.4	0.5	0.5	0.8	2.3	2.8	3.4
Travel and subsistence	1.2	0.9	1.4	1.6	2.2	2.4	2.6
Payments for capital assets	1.9	0.8	2.3	2.2	0.8	0.8	0.9
Machinery and equipment	1.9	0.8	2.3	2.2	0.8	0.8	0.9
Total	190.8	261.4	272.7	499.4	498.7	508.8	516.7

Expenditure trends

Between 2006/07 and 2009/10, expenditure increased at an average annual rate of 37.8 per cent, from R190.8 million to R499.4 million driven largely by spending on machinery and equipment, which grew by 205.8 per cent in 2008/09. This was mainly due to accelerating the implementation of the integrated financial management systems project and the ongoing maintenance work on the legacy systems, such as the basic accounting system, Logis, Persal and Vulindlela.

Over the MTEF period, expenditure is expected to increase marginally from R499.4 million to R516.7 million, at an average annual rate of 1.1 per cent due to adjustments for inflation. Over the medium term, spending will focus on the implementation of the integrated financial management system.

Programme 5: Financial Accounting and Reporting

- *Financial Reporting for National Accounts* is responsible for accounting for the National Revenue Fund and the Reconstruction and Development Programme Fund, banking services for national government, providing support to all spheres of government in implementing financial reporting frameworks, and preparing consolidated financial statements.
- *Financial Management Improvement* includes improving financial management, developing the reporting frameworks in line with international and local best practice, developing and implementing accounting policies, and improving the financial management and internal audit capacity within government.
- *Service Charges (Commercial Banks)* provides for bank service charges for all departments' deposit accounts.
- *Audit Statutory Bodies* provides for compensation for certain shortfalls of statutory bodies and municipalities in terms of the Auditor-General Act (1995).

Funding for all subprogrammes will mainly be used for compensation of employees and related expenditure in goods and services, as well as transfer payments.

Objectives and measures

- Improve financial management in government by:
 - participating in developing local and international standards in accounting, internal audit and risk management by formulating and publishing accounting standards with the Accounting Standards Board on an ongoing basis
 - establishing a dedicated local government support team in the Office of the Accountant-General to respond to the increasing demand from local governments by March 2010

- rolling out all generally recognised accounting practice standards, as approved for implementation by the Minister of Finance, as well as the relevant financial reporting frameworks and the revised risk management and internal audit frameworks by July 2010
- rolling out the financial management capability maturity model for the three spheres of government and using its reports to enhance support initiatives over the MTEF period
- implementing a capacity building model for financial management over the MTEF period to strengthen financial management skills
- rolling out capacity building programmes in financial management, internal audit and risk management by March 2011 to improve audit outcomes in all spheres of government.
- Achieve transparency and accountability to the general public by publishing and, where applicable, tabling by October 2010 the monthly statement of the National Revenue Fund, consolidated financial information for national government, and the annual financial statements of the reconstruction and development programme.
- Monitor compliance with the Public Finance Management Act (1999) and the Municipal Financial Management Act (2003) by submitting progress reports in August and November 2010 on the improvement of financial management.
- Enhance the legislative framework by submitting amendments to the Public Finance Management Act (1999) and the Municipal Financial Management Act (2003) to Cabinet by October 2010.
- Build forensic investigative capacity to obtain assurance on systems of financial management, institutional integrity and institutional performance in national, provincial and local government institutions, and investigate fraud and corruption in national, provincial and local government institutions in cooperation with other relevant agencies by March 2011.
- Maintain National Treasury's status as a South African Institute of Chartered Accountants accredited training office for the training outside public practice programme, and expand the programme to 3 metros by March 2011.

Service delivery focus

Internship programmes such as the training outside public practice programme, which started in 2008/09 with 10 interns and 14 currently in the programme 2009/10, will continue to add to the talent pool, especially in the scarce skills area. There is room for a collaborative effort between National Treasury, the South African Institute of Chartered Accountants and local government metros to expand the programme to a wider public sector base. The proposed new framework for chartered accountants will result in attracting more trainees to the public sector in 2010/11.

A special audit unit aimed at combating fraud and corruption in all government entities will be established in 2010/11 in collaboration with law enforcement agencies, the auditor-general and other relevant stakeholders to ensure that non-compliance with legislation and the undermining of good financial management are curbed. The unit will also lead the supply chain management compliance task team aimed at eliminating fraud and corruption in procuring goods and services by government.

Rolling out the financial management capability model in 2010/11 is aimed at providing an accurate indicator of the weaknesses and the extent of the need for support and capacity building in the different spheres of government, and to focus support in areas where it is most needed, such as training public servants and developing their skills.

Expenditure estimates

Table 9.8 Financial Accounting and Reporting

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Financial Reporting for National Accounts	46.8	63.0	67.1	82.1	86.0	90.8	95.4
Financial Management Improvement	12.6	18.4	29.3	48.6	120.9	123.7	128.2
Service Charges: Commercial Banks	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Audit Statutory Bodies	11.9	23.8	106.4	19.0	21.4	24.0	25.0
Total	71.4	105.2	203.0	149.8	228.4	238.6	248.7
Change to 2009 Budget estimate				26.4	91.6	94.3	–

Economic classification

Current payments	42.5	57.6	68.3	100.3	172.3	179.7	187.0
Compensation of employees	21.4	24.5	30.7	56.6	81.2	86.7	92.9
Goods and services	21.1	33.0	37.6	43.7	91.1	93.1	94.1
<i>of which:</i>							
Computer services	0.1	0.1	0.0	3.3	6.4	1.4	1.4
Consultants and professional services: Business and advisory services	4.8	10.6	5.0	10.9	34.6	42.1	39.2
Travel and subsistence	2.1	2.9	5.0	4.7	17.0	17.5	18.1
Transfers and subsidies	27.8	47.4	134.1	48.6	52.6	57.0	59.9
Departmental agencies and accounts	27.5	47.1	134.1	48.3	52.2	56.7	59.5
Households	0.3	0.3	–	0.3	0.4	0.4	0.4
Payments for capital assets	1.1	0.2	0.6	0.9	3.5	1.8	1.9
Machinery and equipment	1.1	0.2	0.6	0.9	3.5	1.8	1.9
Total	71.4	105.2	203.0	149.8	228.4	238.6	248.7

Details of selected transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	22.7	40.9	126.7	41.1	44.6	48.7	51.2
Auditor-General	11.9	23.8	106.4	19.0	21.4	24.0	25.0
Independent Regulatory Board for Auditors	10.9	17.1	20.3	22.0	23.3	24.7	26.2
Capital	4.8	6.2	7.4	7.2	7.5	8.0	8.4
Accounting Standards Board	4.8	6.2	7.4	7.2	7.5	8.0	8.4

Expenditure trends

Between 2006/07 and 2009/10, expenditure increased at an average annual rate of 28 per cent, from R71.4 million to R149.8 million, mainly due to the increase in the programme's establishment, the training outside public practice programme and costs for formulating the financial management capability maturity model.

From 2007/08 to 2008/09, expenditure increased by 92.9 per cent, from R105.2 million to R203 million, due to a once-off payment to the auditor-general.

Over the MTEF period, expenditure is expected to increase at an average annual rate of 18.4 per cent, from R149.8 million in 2009/10 to R248.7 million in 2012/13, mainly due to the establishment of the special audit services unit. The unit will intervene to rectify breakdowns in financial management at national, provincial and local government, and investigate fraud and corruption.

Programme 6: Economic Policy and International Financial Relations

- *Management and Research* funds the department's economic research programme, including promoting the research capacity of local academic researchers in areas such as economic growth, macroeconomic stability, poverty alleviation, retirement reform, financial sector development and regional integration.
- *Financial Sector Policy* provides policy advice on the financial sector, including legislation and the regulatory framework. Key strategic focus areas include retirement reform, financial stability and financial sector access and transformation.
- *Tax Policy* provides advice on the formulation of tax policy. It is also responsible for drafting tax legislation, tax revenue analysis and forecasting.
- *International Economics* focuses on improving South Africa's participation in international economic institutions and debates. It also facilitates the deepening of South Africa's role in regional integration (SADC and the Southern African Customs Union) and works through key economic institutions such as the African Development Bank, the United Nations Economic Commission for Africa and the New Partnership for Africa's Development.
- *Economic Policy* provides macroeconomic, microeconomic, forecasting and regulatory technical and policy analysis for the annual budget and other government processes, and policy review.

Funding for all subprogrammes will be used mainly for compensation of employees, and related expenditure in goods and services.

Objectives and measures

- Improve the country's macroeconomic framework by continuously publishing research papers and proposals on: promoting growth, macroeconomic stability, retirement reform and related policy areas.
- Review and strengthen the regulatory framework for the financial sector by continuing to implement the Basle II capital accord, which came into effect on 1 January 2008.
- Develop tax policy proposals for the annual Budget, prepare legislative changes to support tax proposals, and monitor the collection of revenue through ongoing consultation with relevant stakeholders and consideration of contributing factors.
- Improve South Africa's participation in international economic institutions like the International Monetary Fund, the World Bank, the G20 and the African Development Bank, including the reform of the Bretton Woods institutions.
- Promote regional economic integration in SADC, and strengthen economic links within Africa by:
 - continuing support in SADC forums
 - supporting the Southern African Customs Union to meet regional challenges including the existing revenue sharing formula.

Service delivery focus

In 2008/09, the final research papers of the International Growth Advisory Panel were released to the public. The Financial Services Laws General Amendment Bill was also presented to Cabinet. A research paper on prudential foreign exposure limits was finalised for institutional investors, and National Treasury's 2008 Tax Statistics, published late in 2008, provides a detailed breakdown of tax revenues by income categories and sectors.

Continuously creating and maintaining a policy and regulatory environment conducive to a regionally and internationally integrated and thriving economy remains a key area of delivery for National Treasury. The Treasury will, over the MTEF period, continue providing high quality quantitative and analytically based policy guidance to develop and maintain growth oriented and sound micro and macroeconomic policies.

An effective, equitable and modern tax policy framework and collection system will be developed to ensure sustainable growth and delivery on government's mandate to address the needs of all South Africans. Continued resources will be dedicated to strengthening financial relations in Southern Africa, and ensuring that the country meets international expectations in its financial leadership role on the continent.

Expenditure estimates

Table 9.9 Economic Policy and International Financial Relations

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Management and Research	14.8	10.8	16.1	24.6	26.3	27.4	28.3
Financial Sector Policy	14.5	16.1	19.4	21.7	25.9	28.5	29.8
Tax Policy	11.5	12.4	15.5	18.9	24.8	26.7	28.5
International Economics	9.6	13.1	18.8	18.7	20.7	22.5	23.5
Economic Policy	18.5	40.7	20.4	19.6	27.0	30.2	31.9
Total	68.9	93.2	90.3	103.5	124.7	135.3	141.9
Change to 2009 Budget estimate				15.8	30.2	36.0	-

Economic classification

Current payments	64.2	90.2	84.4	97.8	118.9	129.6	136.3
Compensation of employees	30.9	37.1	46.3	67.7	88.8	98.1	103.4
Goods and services	33.3	53.1	38.0	30.1	30.1	31.5	32.8
<i>of which:</i>							
Computer services	0.1	0.3	0.1	0.2	0.3	0.4	0.4
Consultants and professional services: Business and advisory services	18.6	14.6	8.8	11.4	7.9	8.1	8.5
Lease payments	0.2	6.6	0.1	0.2	0.3	0.3	0.4
Travel and subsistence	7.4	15.0	13.2	8.5	11.2	11.9	12.4
Transfers and subsidies	3.5	2.3	5.0	5.0	5.0	5.0	5.0
Universities and technikons	3.5	2.3	5.0	5.0	5.0	5.0	5.0
Payments for capital assets	1.2	0.7	0.9	0.6	0.8	0.7	0.7
Machinery and equipment	1.2	0.7	0.9	0.6	0.8	0.7	0.7
Payments for financial assets	0.0	0.0	0.0	-	-	-	-
Total	68.9	93.2	90.3	103.5	124.7	135.3	141.9

Details of selected transfers and subsidies

Universities and technikons							
Current	3.5	2.3	5.0	5.0	5.0	5.0	5.0
University of Cape Town	3.5	2.3	5.0	5.0	5.0	5.0	5.0

Expenditure trends

Expenditure increased from R68.9 million in 2006/07 to R103.5 million in 2009/10, at an average annual rate of 14.5 per cent, mainly due to an increase in capacity from 2008/09 onwards to cater for: the international relations economic division, research work including research for regulatory impact analysis and microeconomic analysis; and the implication of policy advice and implementation on legislation, including tax, pensions and banking regulation.

Expenditure over the MTEF period is expected to increase from R103.5 million to R141.9 million, at an average annual rate of 11.1 per cent. This is due to the increase in capacity for the international relations economic division, improvements to the functioning of the financial regulatory system and enhancements to economic policy proposals over the MTEF period.

Programme 7: Provincial and Local Government Transfers

- *Infrastructure Grant to Provinces* provides for the transfers to provinces and for monitoring them. The grant supports accelerated infrastructure development and maintenance for roads, schools, health facilities and rural development.

- *Local Government Financial Management and Restructuring Grants* provides for transfers to municipalities and assists them in building capacity to implement the financial management reforms underpinning the Municipal Finance Management Act (2003).
- *Neighbourhood Development Partnership Grant* provides for the transfer to municipalities for development of high quality social facilities and economic infrastructure platforms in township areas.

Funding will be used for transfers to provinces and municipalities.

Objectives and measures

- Assist in the design and co-financing of neighbourhood development partnership grant projects by:
 - maintaining the number of awards under management at 90 in 57 municipalities annually
 - increasing the number of capital projects under construction that support township regeneration from 23 to 45 in implementation phases over the MTEF period.
- Build financial skills by improving internal and external reporting on financial management grants as they relate to budget, service delivery and budget implementation plans, in-year-monitoring and annual reports by 2011.
- Manage conditional grants through the transfer of infrastructure grants to provinces according to the payment schedule and the requirements of the Division of Revenue Act.
- Ensure proper planning and implementation of infrastructure maintenance by the provincial departments of education, health and transport through the quarterly monitoring of their delivery of provincial infrastructure.

Service delivery focus

In 2008/09, the Treasury conducted a study to identify 25 poor municipalities around the country in need of support. All these municipalities submitted proposals on areas of focus and direct implementation. In 2009/10, 729 applications for the neighbourhood development partnership grant were received and 90 awards were made to 57 municipalities against a targeted 100 townships. By November 2009, 35 projects had started construction and spending by the 6 metropolitan municipalities will peak in 2011/12. Capital investments will gain impetus in 39 rural municipalities and 12 secondary cities from 2010/11 onwards, with their expenditure set to exceed R500 million in 2011/12 and 2012/13.

Expenditure estimates

Table 9.10 Provincial and Local Government Transfers

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Infrastructure Grant to Provinces	4 983.5	6 276.2	7 384.5	9 249.2	11 314.9	13 091.2	14 007.6
Local Government Financial Management and Restructuring Grants	410.3	675.3	180.0	300.0	364.6	384.6	403.9
Neighbourhood Development Partnership Grant	50.0	41.2	261.6	661.4	1 155.0	1 290.4	1 287.5
Gautrain Loan	–	–	–	4 200.0	–	–	–
Total	5 443.7	6 992.7	7 826.0	14 410.6	12 834.5	14 766.3	15 698.9
Change to 2009 Budget estimate				–	401.3	351.0	3.0
Economic classification							
Transfers and subsidies	5 443.7	6 992.7	7 826.0	10 210.6	12 834.5	14 766.3	15 698.9
Provinces and municipalities	5 393.7	6 992.7	7 745.9	10 100.6	12 709.5	14 666.3	15 593.9
Departmental agencies and accounts	50.0	–	80.1	110.0	125.0	100.0	105.0
Payments for financial assets	–	–	–	4 200.0	–	–	–
Gautrain loan	–	–	–	4 200.0	–	–	–
Total	5 443.7	6 992.7	7 826.0	14 410.6	12 834.5	14 766.3	15 698.9

Table 9.10 Provincial and Local Government Transfers (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Details of selected transfers and subsidies							
Provinces and municipalities							
Provinces							
Provincial Revenue Funds							
Capital	4 983.5	6 276.2	7 384.5	9 249.2	11 314.9	13 091.2	14 007.6
Infrastructure grant to provinces	4 983.5	6 026.2	7 384.5	9 249.2	11 314.9	13 091.2	14 007.6
Transitional grant: North West	–	250.0	–	–	–	–	–
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	410.3	675.3	180.0	300.0	364.6	384.6	403.9
Financial management grant - municipalities	145.3	145.3	180.0	300.0	364.6	384.6	403.9
Local government restructuring grant	265.0	530.0	–	–	–	–	–
Capital	–	41.2	181.5	551.4	1 030.0	1 190.4	1 182.5
Neighbourhood development partnership grant	–	41.2	181.5	551.4	1 030.0	1 190.4	1 182.5
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	50.0	–	80.1	110.0	125.0	100.0	105.0
Neighbourhood development partnership grant	50.0	–	80.1	110.0	125.0	100.0	105.0

Expenditure trends

Spending on provincial infrastructure increased from R5 billion in 2006/07 to R9.2 billion in 2009/10, at an average annual rate of 22.9 per cent. This was mainly due to higher expenditure on education, roads and transport, and increased capital spending. The infrastructure grant to provinces supplements the provincial equitable share. It supports the construction, maintenance and rehabilitation of infrastructure in education, roads, health and agriculture. The Gautrain rapid rail link project was funded through a once-off loan of R4.2 billion in 2009/10.

Expenditure on the grant over the MTEF period is expected to increase from R9.2 billion in 2009/10 to R14 billion in 2012/13, at an average annual rate of 14.8 per cent mainly to fund improvements in the national education infrastructure management system.

Grants to municipalities decreased from R410.3 million in 2006/07 to R300 million in 2009/10, at an average annual rate of 9.9 per cent due to the phasing out of the local government restructuring grant. Over the MTEF period, the grant is expected to increase from R300 million in 2009/10 to R403.9 million in 2012/13, at an average annual rate of 10.4 per cent due to increased capacity support for municipalities. The expenditure for the neighbourhood development partnership grant has increased from R50 million in 2006/07 to R661.4 million in 2009/10, at an average annual rate of 136.5 per cent. This grant to municipalities is for the design of partnership projects, and for co-financing the construction of new and better community facilities and related municipal assets. Expenditure over the MTEF period for this grant is expected to increase to R1.3 billion in 2012/13, at an average annual rate of 24.9 per cent.

Programme 8: Civil and Military Pensions, Contributions to Funds and Other Benefits

- *Civil Pensions and Contributions to Funds* provides for the payment of benefits out of pension and other funds to the beneficiaries of various public sector bodies in terms of different statutes, collective bargaining agreements and other commitments.

- *Military Pensions and Other Benefits* provides for the payment of military pension benefits and medical claims arising from treatment for disability, medical assistance devices, and other related expenses, in terms of statutory commitments.

Funding in these subprogrammes is mainly used for transfers to funds and beneficiaries.

Objectives and measures

- Eliminate the special pensions backlog by improving efficiency and capacity by December 2010.
- Ensure efficiency by developing process mapping and document processes for medical pensions, military pensions and injury on duty by October 2010.
- Contribute to alleviating poverty by ensuring timely and accurate monthly payments of military pension funds on behalf of 7 024 beneficiaries, contributions to medical aid schemes on behalf of 75 400 members, and risk and administrative fees on behalf of 900 members of the Political Office Bearers Pension Fund.

Service delivery focus

The Special Pensions Amendment Act (2008) extends the right for people who are 30 years' old to claim a pension, but not to people who are 35 years' old, on 31 December 1996. 5 road shows were conducted in 2009/10 to inform the public of the special pensions benefits and more than 50 per cent of backlogs were reduced in post-retirement medical benefits administration from the beginning of 2009/10.

Expenditure estimates

Table 9.11 Civil and Military Pensions, Contributions to Funds and Other Benefits

Subprogramme	Audited outcome			Adjusted	Medium-term expenditure estimate			
	2006/07	2007/08	2008/09	appropriation	2009/10	2010/11	2011/12	2012/13
R million								
Civil Pensions and Contributions to Funds	1 901.7	2 027.4	2 173.8	4 741.8	2 406.6	2 475.1	2 548.8	
<i>PFMI</i>	0.6	0.6	0.7	1.0	0.7	0.9	0.9	
<i>Parliamentary Awards</i>	0.0	0.0	0.0	0.2	0.0	0.0	0.0	
<i>Other Benefits</i>	53.0	56.1	62.8	62.7	89.9	91.4	105.0	
<i>Injury on Duty</i>	294.3	337.4	349.3	346.0	356.4	376.4	394.9	
<i>Government Contribution to Medical Schemes</i>	1 222.5	1 336.7	1 423.0	1 427.0	1 501.4	1 541.5	1 577.1	
<i>United Kingdom Tax</i>	1.7	2.1	2.7	3.8	3.9	4.1	4.4	
<i>Special Pensions</i>	302.3	246.4	296.9	348.1	387.7	400.1	400.0	
<i>Political Office Bearers</i>	18.7	19.7	21.3	2 523.0	30.0	25.7	26.3	
<i>Civil Admin Auxillary Services</i>	8.0	27.5	15.0	29.3	33.2	31.3	35.9	
<i>Pension Benefit RSA President</i>	0.8	0.8	2.0	0.9	3.4	3.6	4.2	
Military Pensions and Other Benefits	147.0	149.4	157.5	178.5	184.3	193.3	203.1	
<i>Military Pensions Ex-Servicemen</i>	41.1	39.0	37.8	58.6	40.7	53.8	54.7	
<i>SA Citizen Force</i>	87.7	91.5	96.9	97.7	113.0	109.5	116.6	
<i>Civil Protection</i>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
<i>Other Benefits Ex-Servicemen</i>	15.7	16.3	19.7	17.1	25.0	20.3	21.7	
<i>SA Legion</i>	–	0.1	–	0.1	0.1	0.1	0.1	
<i>Military Admin Auxiliary Services</i>	2.5	2.4	3.1	4.9	5.6	9.5	10.0	
Total	2 048.7	2 176.8	2 331.3	4 920.3	2 590.9	2 668.4	2 751.9	
Change to 2009 Budget estimate				–	192.4	125.9	–	

Table 9.11 Civil and Military Pensions, Contributions to Funds and Other Benefits (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Economic classification							
Current payments	26.7	25.3	17.9	34.2	38.8	40.9	45.9
Goods and services	26.7	25.3	17.9	34.2	38.8	40.9	45.9
<i>of which:</i>							
<i>Consultants and professional services: Business and advisory services</i>	26.7	25.3	17.9	34.2	38.8	40.9	45.9
Transfers and subsidies	2 018.4	2 146.9	2 313.0	4 886.1	2 552.2	2 627.5	2 706.1
Foreign governments and international organisations	1.7	2.1	2.7	3.8	3.9	4.1	4.4
Non-profit institutions	–	0.1	–	0.1	0.1	0.1	0.1
Households	2 016.7	2 144.7	2 310.4	4 882.2	2 548.2	2 623.3	2 701.6
Payments for financial assets	3.7	4.6	0.3	–	–	–	–
Total	2 048.7	2 176.8	2 331.3	4 920.3	2 590.9	2 668.4	2 751.9
Details of selected transfers and subsidies							
Foreign governments and international organisations							
Current	1.7	2.1	2.7	3.8	3.9	4.1	4.4
United Kingdom tax	1.7	2.1	2.7	3.8	3.9	4.1	4.4
Households							
Social benefits							
Current	2 016.7	2 144.7	2 310.4	4 882.2	2 548.2	2 623.3	2 701.6
Civil Pensions	1 872.1	1 997.9	2 134.8	2 208.7	2 339.6	2 413.9	2 482.2
Military Pensions	144.5	146.8	154.3	173.5	178.7	183.7	193.1
Political Office Bearers Pension Fund	–	–	21.3	2 500.0	30.0	25.7	26.3

Expenditure trends

Government's contributions to pensions and other benefits on behalf of retired civil servants increased from R2 billion in 2006/07 to R4.9 billion in 2009/10, at an average annual rate of 33.9 per cent. This is mainly due to the once-off transfer payment to the Political Office Bearers Pension Fund for pensions after the 2009 general elections.

Expenditure for the programme is expected to decrease from R4.9 billion in 2009/10 to R2.8 billion in 2012/13, at an average annual rate of 17.6 per cent. There is an increase in medical and other benefit tariffs, increased spending on injury on duty; and the implementation of the Special Pensions Amendment Act (2008), which will expand benefits to widows and orphans. These increases are offset significantly by the once-off transfer of R2.5 billion in 2009/10 to the Political Office Bearers Pension Fund.

Programme 9: Fiscal Transfers

The subprogrammes reflect the different types of transfers.

Domestic transfers are made to the South African Revenue Service, the Financial and Fiscal Commission, the South African Secret Services account and the Financial Intelligence Centre.

Foreign transfer payments are made to:

- the World Bank, including: the International Development Association, which is part of the World Bank Group and provides debt relief to poor countries in terms of a bilateral agreement between the donor countries
- the African Development Bank, African Development Fund and Collaborative Africa Budget Reform Initiative
- Lesotho, Namibia and Swaziland, under the *Common Monetary Area Compensation* subprogramme, for the rand monetary area agreement

- the African integration and support programmes
- various international programmes supported by government such as the Commonwealth Fund for Technical Cooperation, the Investment Climate Facility, and the Global Alliance for Vaccines and Immunisation.

Expenditure estimates

Table 9.12 Fiscal Transfers

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Eskom	–	–	10 000.0	30 000.0	20 000.0	–	–
South African Revenue Service	4 874.6	5 511.0	6 302.8	7 148.4	8 066.8	8 743.6	9 324.4
Financial and Fiscal Commission	21.7	27.5	26.1	26.6	31.4	33.0	34.4
Secret Services	2 223.1	2 584.2	2 843.6	3 052.2	3 306.8	3 535.5	3 668.5
Financial Intelligence Centre	–	42.5	111.5	157.9	281.4	169.2	177.4
Cooperative Banking Development Agency	–	–	–	6.0	8.2	15.3	26.1
Development Bank of Southern Africa - Siyenza Manje	258.3	168.9	246.8	267.4	282.6	296.7	311.6
Development Bank of Southern Africa - Financial Management Grant	53.4	53.4	–	–	–	–	–
Land Bank	–	–	–	1 000.0	750.0	750.0	–
Common Monetary Area Compensation (CMA)	282.8	320.6	362.5	359.4	381.0	403.8	460.9
Financial and Technical Support	–	–	–	20.1	18.1	16.3	29.1
African Development Bank and African Development Fund	104.9	76.9	93.8	76.0	80.6	85.4	89.7
World Bank Group (including IDA)	177.2	86.6	68.0	68.0	68.0	68.0	68.0
Collaborative Africa Budget Reform Initiative (CABRI)	–	–	–	0.9	1.2	1.2	1.3
Commonwealth Fund for Technical Cooperation	2.9	3.4	3.7	3.5	4.1	4.4	4.8
International Funding Facility for Immunization	7.2	7.4	9.6	8.5	10.0	9.7	9.7
Investment Climate Facility	–	6.8	10.2	8.9	–	–	–
Total	8 006.0	8 889.3	20 078.6	42 203.8	33 290.1	14 132.2	14 205.7
Change to 2009 Budget estimate				1 142.9	879.6	913.4	(20.0)

Economic classification

Transfers and subsidies	8 006.0	8 889.3	10 078.6	11 203.8	12 540.1	13 382.2	14 205.7
Departmental agencies and accounts	7 119.4	8 165.2	9 284.0	10 391.1	11 694.6	12 496.6	13 230.8
Foreign governments and international organisations	574.9	501.7	547.8	545.3	562.9	588.8	663.4
Public corporations and private enterprises	311.7	222.3	246.8	267.4	282.6	296.7	311.6
Payments for financial assets	–	–	10 000.0	31 000.0	20 750.0	750.0	–
Total	8 006.0	8 889.3	20 078.6	42 203.8	33 290.1	14 132.2	14 205.7

Details of selected transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	6 754.3	7 308.6	8 640.9	9 779.7	11 092.1	11 942.0	12 647.8
South African Revenue Service	4 788.0	5 255.7	6 021.1	6 996.5	7 896.6	8 552.5	9 125.1
Financial and Fiscal Commission	21.7	27.5	26.1	26.6	31.4	33.0	34.4
Secret Services Account	1 944.6	1 988.6	2 488.1	2 640.4	2 967.3	3 171.9	3 284.9
Financial Intelligence Centre	–	36.8	105.6	110.3	188.6	169.2	177.4

Table 9.12 Fiscal Transfers (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	6 754.3	7 308.6	8 640.9	9 779.7	11 092.1	11 942.0	12 647.8
Cooperative Banking Development Agency	–	–	–	6.0	8.2	15.3	26.1
Capital	365.0	856.7	643.1	611.4	602.4	554.7	582.9
South African Revenue Service	86.6	255.3	281.7	152.0	170.2	191.1	199.3
Secret Services Account	278.5	595.7	355.5	411.8	339.5	363.6	383.6
Financial Intelligence Centre	–	5.7	5.9	47.6	92.8	–	–
Public corporations and private enterprises							
Public corporations							
Other transfers							
Current	311.7	222.3	246.8	267.4	282.6	296.7	311.6
Development Bank of Southern Africa - Siyenza Manje	258.3	168.9	246.8	267.4	282.6	296.7	311.6
Development Bank of Southern Africa - Financial Management Grant	53.4	53.4	–	–	–	–	–
Foreign governments and international organisations							
Current	292.8	338.2	386.0	381.2	396.2	419.2	476.6
Common Monetary Area Compensation	282.8	320.6	362.5	359.4	381.0	403.8	460.9
Collaborative Africa Budget Reform Initiative	–	–	–	0.9	1.2	1.2	1.3
Commonwealth Fund for Technical Cooperation	2.9	3.4	3.7	3.5	4.1	4.4	4.8
International Funding Facility for Immunization	7.2	7.4	9.6	8.5	10.0	9.7	9.7
Investment Climate Facility	–	6.8	10.2	8.9	–	–	–
Capital	282.1	163.6	161.8	164.1	166.7	169.7	186.8
Financial and Technical Support	–	–	–	20.1	18.1	16.3	29.1
Africa Development Bank and African Development Fund	104.9	76.9	93.8	76.0	80.6	85.4	89.7
World Bank	177.2	86.6	68.0	68.0	68.0	68.0	68.0

Expenditure trends

There is no direct expenditure under this programme, only transfers to various organisations. Transfers increased from R8 billion in 2006/07 to R42.2 billion in 2009/10, at an average annual rate of 74 per cent, mainly due to additional budgetary allocations. In 2009/10, the additional allocations included adjustments for inflation to the South African Revenue Service and the Secret Services account, funding to the Financial Intelligence Centre for capacity building and accommodation, funding to the Land Bank for recapitalisation (2009/10, 2010/11 and 2011/12), and Eskom's subordinated loan (2009/10 and 2010/11) for building infrastructure for sustainable electricity. Transfers are expected to decrease from R42.2 billion in 2009/10 to R14.2 billion in 2012/13, at an average annual rate of 30.4 per cent due as the funding to Eskom and the Land Bank phases out.

Public entities

South African Revenue Service

Strategic overview: 2006/07 – 2012/13

The South African Revenue Service was established in terms of the South African Revenue Service Act (1997) to support government in meeting its key growth developmental objectives by facilitating legitimate trade, protecting South African ports of entry and eliminating illegal trade and tax evasion. By administering an efficient tax system, the service is reducing the compliance burden, ensuring delivery on revenue targets and ensuring good governance and administration. The service is also responsible for ensuring maximum compliance with tax and customs legislation, providing a customs service that will maximise revenue collection, and protect South Africa's borders and facilitate trade.

The South African Revenue Service has identified seven strategic priorities for the next three years: drive revenue realisation to deliver now and ensure sustainability; drive productivity, service quality and cost savings efficiency; fully deliver on its customs mandate in a way that is aligned with government's stated intention; clarify the operating model, streamline governance and strengthen leadership; fully implement taxpayer and trader segmentation to strengthen the business model; maximise value creation by enabling its staff to perform at their peak; and deepen key external relationships to enhance its reputation and results.

The South African Revenue Service's strategic overview has taken into account the impact of the current economic climate on trade and revenue. While the economy impacts directly on revenues due, the financial pressures experienced by businesses and individuals also influence their compliance behaviour.

The service is continuing its modernisation agenda, in which core processes and systems are streamlined and routine tasks automated. This enables the redirection of resources to facilitating the expansion of the tax base and voluntary compliance through taxpayer and trader education, as well as towards the activities that are necessary for ensuring the accuracy of declarations and the timely payments of revenues due.

In view of the challenges the service faces in relation to achieving revenue targets within a tougher economic environment, there is a need for a deeper analysis of the revenue potential of the economy both by tax type and sector. This requires that the revenue analysis and forecasting capability be improved. Internally, more accurate revenue accounting, improved payment processing and earlier detection of defaults all become critical in the achievement of revenue targets. Expanding the tax base and realising new revenue opportunities is also key to securing revenue.

Extraordinary measures are required to sustain taxpayer and trader compliance levels in the current climate, which, in turn, is essential to realising the collection of revenues due. The South African Revenue Service's approach to promoting compliance entails the use of education and outreach, service and responsible enforcement. Its compliance programme will be further refined from a segmentation perspective. In the light of the economic climate, the service will ensure that audit activities have both a positive impact on compliance and a strong revenue focus.

Over the long term, facilitating taxpayer compliance through better service remains important. The service aims to reduce compliance barriers experienced by taxpayers and traders through ensuring greater accessibility and providing a range of simpler ways of engaging with the organisation. Weaknesses that currently impact negatively on service provision need to be addressed, and service improvements will be based on the requirements of the various taxpayer and trader segments. In addition, the service will, in partnership with other departments, develop a single business registration process to reduce compliance costs for new businesses.

Critical to the South African Revenue Service's success in delivering on its mandate is a blend of skilled and motivated staff, with the highest ethical standards. Rooting out corruption remains a priority. Changes in the operating and leadership models, and the impact of system modernisation reinforce the need to focus on the development of the organisation's people and their capabilities. Capacity is needed to sustain the organisation's achievements over the years, to ensure that it benefits from the re-engineering of processes and more efficient systems. To unlock talent and enthusiasm, a sense of commitment to excellence and public service needs to be nurtured.

Selected performance indicators

Table 9.13 South African Revenue Service

Indicator	Programme/Activity	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Amount of annual revenue collected	Tax collection and assessment	R495.5bn	R572.8bn	R625.1bn	R589.0bn	R651.0bn	R732.9bn	R816.7bn
Number of personal income tax returns per year	Tax collection and assessment	4 301 865	3 747 376	3 951 534	3 791 873	3 810 832	3 848 941	4 041 388
Number of corporate tax returns per year	Tax collection and assessment	636 270	442 391	587 719	638 026	641 216	647 628	680 009
Number of value added tax returns processed per year	Tax collection and assessment	3 704 194	3 794 204	4 272 620	3 821 856	3 840 965	3 879 375	4 073 343
Number of pay as you earn returns processed per year	Tax collection and assessment	3 995 580	3 977 234	4 273 038	4 029 279	4 049 425	4 089 920	4 294 416
Number of imports bill of entry per year	Tax collection and assessment	2 192 853	2 436 690	2 173 108	2 180 336	2 245 746	2 355 541	2 473 318
Number of exports per year	Tax collection and assessment	2 807 934	3 135 939	2 940 294	2 893 890	2 980 707	3 126 435	3 282 756

Service delivery focus

Over the past 3 years, the South African Revenue Service has improved the quality and efficiency of service experienced by taxpayers and traders by eliminating much of the documentation required for filing returns and partially filling out their returns. The turnaround time of 34 days for processing returns and refunding taxpayers has decreased, due to the increased use of electronic filing and channels. In 2008/09, the good response to e-filing and the electronic capturing of returns in branch offices, and the modernisation efforts in general, have positively impacted on taxpayer attitudes and behaviour. From 2002/03 to 2007/08, collections increased from 23.6 per cent to 27.7 per cent of GDP, while tax rates had actually been reduced.

By the end of March 2009, the service had collected R625 billion in revenue, representing a collection outcome of 99.6 per cent against the revised revenue target of R627.6 billion. The service will continue its modernisation agenda by investing in programmes that re-engineer methodologies, processes and infrastructure to sustain its revenue performance and support new government priorities.

Expenditure estimates

Table 9.14 South African Revenue Service: Programme information

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Taxpayers Services and Business Enablement and Delivery	1 703.7	1 722.9	1 861.1	1 568.7	1 688.2	1 848.6	2 032.0
Customs operations	493.8	532.6	630.9	763.2	868.3	937.0	1 029.5
Enforcement, Risk and debt collection	910.6	1 154.6	1 398.5	1 186.4	1 276.7	1 398.0	1 536.7
SARS Administration	1 526.2	1 651.1	1 590.2	3 157.9	3 551.1	3 904.1	4 215.4
Modernisation and Impactful Projects	521.8	554.2	1 054.6	700.7	687.6	700.7	622.4
Total expense	5 156.1	5 615.3	6 535.1	7 377.0	8 071.9	8 788.5	9 435.9

Table 9.15 South African Revenue Service: Financial information

Statement of financial performance	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Revenue							
Non-tax revenue	281.8	333.1	365.7	325.1	264.2	264.2	264.2
Sale of goods and services other than capital assets	194.9	212.9	226.2	216.1	216.2	216.2	216.2
of which:							
Other sales	194.9	212.9	226.2	216.1	216.2	216.2	216.2
Other non-tax revenue	86.9	120.2	139.5	109.0	48.0	48.0	48.0

Table 9.15 South African Revenue Service: Financial information (continued)

Statement of financial performance	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Transfers received	4 881.7	5 511.0	6 304.0	7 148.4	8 066.8	8 743.6	9 324.4
Total revenue	5 163.4	5 844.1	6 669.7	7 473.5	8 331.0	9 007.8	9 588.6
Expenses							
Current expense	5 156.1	5 615.3	6 535.1	7 377.0	8 071.9	8 788.5	9 435.9
Compensation of employees	3 124.0	3 500.3	4 011.5	4 393.1	4 849.5	5 299.5	5 773.2
Goods and services	1 712.4	1 865.7	2 222.3	2 595.3	2 779.9	2 990.3	3 127.6
Depreciation	276.3	218.3	276.3	365.0	420.2	477.3	514.8
Interest, dividends and rent on land	43.4	31.0	25.0	23.6	22.5	21.3	20.3
Total expenses	5 156.1	5 615.3	6 535.1	7 377.0	8 071.9	8 788.5	9 435.9
Surplus / (Deficit)	7.3	228.8	134.6	96.5	259.1	219.2	152.7
Statement of financial position							
Carrying value of assets	577.6	818.2	1 108.5	1 400.0	1 657.0	1 873.9	2 024.0
<i>of which: Acquisition of assets</i>	321.8	442.5	633.3	663.7	684.2	701.6	672.4
Receivables and prepayments	87.7	81.4	81.4	81.4	81.4	81.4	81.4
Cash and cash equivalents	911.2	1 072.5	981.7	786.6	788.7	791.1	793.6
Total assets	1 576.5	1 972.2	2 171.5	2 268.0	2 527.1	2 746.3	2 899.0
Accumulated surplus/deficit	437.7	655.5	790.2	886.6	1 145.7	1 364.9	1 517.6
Capital and reserves	–	33.2	61.8	61.8	61.8	61.8	61.8
Borrowings	518.8	422.3	354.7	356.5	356.5	356.5	356.5
Trade and other payables	342.2	441.0	590.9	590.9	590.9	590.9	590.9
Provisions	277.8	334.9	355.6	355.6	355.6	355.6	355.6
Liabilities not classified elsewhere	–	85.3	18.3	16.5	16.5	16.5	16.5
Total equity and liabilities	1 576.5	1 972.2	2 171.5	2 268.0	2 527.1	2 746.3	2 899.0
Contingent liabilities	72.1	45.2	27.1	25.0	23.0	20.0	17.5

Expenditure trends

The South African Revenue Service is funded by a transfer from National Treasury, commission earned on the collection of skills development levies and unemployment insurance contributions, and interest received on temporary cash balances.

Transfers received increased from R4.9 billion in 2006/07 to R7.1 billion in 2009/10 to provide for additional auditors to improve revenue collection, border control operations and the modernisation programme. Revenue largely funds compensation of employees, and goods and services. Between 2006/7 and 2009/10, expenditure on personnel increased at an average annual rate of 10.9 per cent, and is expected to increase to R4.8 billion in 2010/11 to cover additional capacity for the auditing of taxpayers. Over the MTEF period, South African Revenue Service funding is expected to increase from R8.1 billion in 2010/11 to R9.3 billion in 2012/13, due to the implementation of enforcement initiatives and IT enhancements.

Development Bank of Southern Africa

Strategic overview: 2006/07 – 2012/13

The Development Bank of Southern Africa is one of several development finance institutions in South and Southern Africa. Its purpose is to accelerate sustainable socioeconomic development by funding physical, social and economic infrastructure. The bank's core goal is to improve the quality of life of the people of the Southern African Development Community region through sustainable development projects and programmes.

The bank uses a wide range of intermediaries to support its mandate, including intermediaries from both the public sector (including utilities, state owned enterprises, municipalities and education institutions) and the private sector.

Development and infrastructure funding support is provided in accordance with three broad segments: the social transformation segment, to support the creation of a sustainable living environment and alleviate backlogs in basic services; economic potential and growth segments, to support the growth of the economic base and

employment opportunities; and a capacity development segment, to support the upliftment of human capital in the areas where growth and development are constrained by the lack of education and skills.

The priorities of the bank's five-pronged strategy over the medium term are to: co-deliver social and economic infrastructure, with a focus on the public sector; build human and institutional capacity, with a focus on municipalities; promote broad based economic growth, job creation, cooperation, integration and prosperity, with a focus on identified sectors, geographical areas and projects; serve as a centre of excellence for development financing and effectiveness; and promote sustainability, both internally and externally.

Over the medium term, the bank's strategy includes a strong focus on municipal support through the provision of infrastructure funding and capacity building support (especially under resourced municipalities). It will do this through the application of knowledge, skills and institutional resources, to increase delivery capacity and reduce implementation risks in under developed regions. The key capacity building initiatives include Siyenza Manje, the project implementation task force, sustainable communities and the Vulindlela Academy.

The bank's Vulindlela Academy provides critical training in finance, management and planning for improved service delivery in South Africa and the region. Its training programmes include municipal and public finance management, project management, municipal governance and sustainable development. In 2009/10, the bank has projected 3 856 municipal officials and 7 483 learners not employed by the bank. Training over the MTEF period is projected to reach up to 12 000 learners and 9 075 municipal officials.

Savings and cost effective service delivery

The bank has embarked on both short term and long term cost cutting initiatives. Budget and planning processes will be based on financial sustainability and development impact targets, and a bank wide expense management strategy will provide guidance on cost discipline, promote cost efficiencies, emphasise development expenditure, and engender a spirit of trust, ethics and accountability across the organisation.

Selected performance indicators

Table 9.16 Development Bank of Southern Africa

Indicator	Past			Current	Projections		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Total value of disbursements (loans and equity) to infrastructure related projects	R3.7bn	R3.9bn	R9.3bn	R5.8bn	R13.5bn	R15.7bn	R7.2bn
Co-funding ratio (other funding as proportion of bank disbursements) ¹	1:5.32	1:1.3	1:1.3	1:1.3	1:1.3	1:1.3	1:1.3
Cost to income ratio	34.0%	37%	40%	41%	42%	43%	43%
Total number of learners not employed by the bank trained at Vulindlela Academy	436	2 000	5 259	7 483	10 000	11 000	12 000
Total number of municipal officials trained at Vulindlela Academy	-	-	4 500	3 856	7 500	8 250	9 075
Value of municipality infrastructure grant and other infrastructure expenditure grants implemented in projects	R2bn	R3.8bn	R4bn	R5bn	R6bn	R6bn	R6bn
Total number of municipalities supported	87	155	172	186	172	172	172
Total number of technical projects completed	30	200	769	840	770	847	932
Total number of non-technical projects completed	160	200	300	300	300	300	300

¹For every R1 the bank commits, other organisations commit R5.32 (2006/07).

Service delivery focus

The bank's flagship intervention is the Siyenza Manje programme, which assists municipalities in implementing infrastructure projects as part of the national drive to accelerate the delivery of basic services to communities. In 2008/09, focus was placed on deploying skilled expertise to municipalities, particularly in the areas of engineering and technical services, and project and financial and treasury management. Experts are paired with management and technical officials within municipalities to ensure skills are transferred for planning and implementing infrastructure projects. To ensure sustainability, young graduates are assigned to expert mentors and coached with the objective of retaining them in the municipalities.

The Siyenza Manje programme provided on the job training to 384 municipal officials in financial skills and 1 048 in technical skills in 2008/09. The programme deployed 567 specialists and young professionals in 172 municipalities across all provinces, supporting 205 municipalities, compared to 155 municipalities in previous years. For 2009/10, the bank has targeted the provision of support to 186 municipalities in 2009/10, 840 technical support projects and 300 non-technical support projects. Over the medium term, the bank's

Siyenza Manje technical support projects will increase to 932, and 300 non-technical support projects will be maintained.

Expenditure estimates

Table 9.17 Development Bank of Southern Africa: Programme information

R million	Audited outcome			Revised estimate 2009/10	Medium-term estimate		
	2006/07	2007/08	2008/09		2010/11	2011/12	2012/13
Development loans and grants	1 755.4	3 343.8	3 233.4	3 336.8	3 484.2	4 418.7	5 420.4
Siyenza Manje - Funded by DBSA portion only	42.0	36.3	94.0	135.9	135.0	138.0	144.0
Vulindlela Academy - 0964 / 0970	–	9.0	1.0	28.0	36.0	38.0	40.0
Sustainable Communities - 0122 / 0123	–	13.0	16.0	13.0	14.0	14.0	15.0
Local Economic Development - 0127	–	–	–	6.0	7.0	8.0	8.0
Other programmes	–	–	101.0	102.0	102.0	113.0	124.0
Total expense	1 797.4	3 402.1	3 445.4	3 621.7	3 778.2	4 729.7	5 751.4

Table 9.18 Development Bank of Southern Africa: Financial information

Statement of financial performance R million	Audited outcome			Revised estimate 2009/10	Medium-term estimate		
	2006/07	2007/08	2008/09		2010/11	2011/12	2012/13
Revenue							
Non-tax revenue	3 080.2	4 667.9	4 871.7	4 317.1	4 630.3	5 728.8	6 897.0
Sale of goods and services other than capital assets of which:	46.8	49.0	84.1	75.8	91.9	199.4	243.5
Sales by market establishments	46.8	49.0	84.1	75.8	91.9	199.4	243.5
Other non-tax revenue	3 033.4	4 619.0	4 787.6	4 241.3	4 538.4	5 529.4	6 653.5
Total revenue	3 080.2	4 667.9	4 871.7	4 317.1	4 630.3	5 728.8	6 897.0
Expenses							
Current expense	1 763.9	3 355.8	3 363.0	3 223.3	3 400.1	4 320.6	5 308.7
Compensation of employees	346.8	376.0	424.5	489.1	500.6	550.6	608.8
Goods and services	168.0	1 635.8	1 235.2	637.6	556.8	767.7	875.2
Depreciation	5.6	5.8	6.9	11.7	17.7	12.7	15.0
Interest, dividends and rent on land	1 243.4	1 338.1	1 696.3	2 084.9	2 325.1	2 989.6	3 809.8
Transfers and subsidies	33.5	46.3	82.5	398.4	378.1	409.1	442.7
Total expenses	1 797.4	3 402.1	3 445.4	3 621.7	3 778.2	4 729.7	5 751.4
Surplus / (Deficit)	1 282.8	1 265.9	1 426.3	695.4	852.1	999.1	1 145.5
Statement of financial position							
Carrying value of assets of which: Acquisition of assets	283.7	318.5	389.0	636.0	643.0	658.6	676.6
Investments	2.7	30.8	75.6	180.9	24.7	28.3	32.9
Loans	6 316.8	7 191.6	7 931.6	8 146.0	8 964.0	9 982.1	11 234.6
Receivables and prepayments	20 218.2	23 307.5	29 465.5	35 830.1	44 673.7	54 130.1	63 500.2
Cash and cash equivalents	168.8	114.9	120.5	145.9	159.0	173.4	189.0
Trade and other payables	890.4	2 313.8	2 475.1	1 682.8	2 587.8	2 432.5	2 512.3
Total assets	27 877.9	33 246.3	40 381.6	46 440.7	57 027.6	67 376.7	78 112.6
Capital and reserves	14 538.2	15 779.9	17 235.5	17 947.2	18 820.7	19 843.4	21 015.4
Borrowings	12 666.6	16 780.5	22 405.4	27 708.8	37 375.5	46 651.9	56 162.2
Post-retirement benefits	172.2	195.8	226.6	248.7	268.6	290.5	314.5
Trade and other payables	500.8	490.1	514.1	536.0	562.8	590.9	620.5
Total equity and liabilities	27 877.9	33 246.3	40 381.6	46 440.7	57 027.6	67 376.7	78 112.6

Expenditure trends

The bank provides funding to both local and SADC clients and generates its revenue from interest income from both lending and non-lending activities. The key drivers for these income streams are defined by lending activities to corporate clients, income generated through dividends income, account servicing fees, investment

management fees, sales commission and syndication fees. The bank also receives income from foreign exchange, and revaluations of financial instruments are non-monetary forms of income.

Revenue increased from R3 billion in 2006/07 to R4.3 billion in 2009/10, mainly due to the good quality of the bank's loan portfolio. Over the medium term, revenue is set to increase from R4.6 billion in 2010/11 to R6.9 billion.

Expenditure increased from R1.8 billion in 2006/07 to R3.6 billion in 2009/10. In 2009/10, expenditure was lower than the approved budget due to cost saving initiatives. Operating costs over the MTEF period are expected to increase to R5.8 billion, at an average annual rate of 17 per cent. This is due to inflation related increases. The cost saving initiatives will continue to be rolled out over this period.

The financial sustainability and development impact targets are used as a guide for the maximum allowable costs. Annually, one of the key indicators is the cost to income ratio, which is expected to be managed at around 40 per cent. (The allowable prudential limit is 45 per cent).

Expenditure over the MTEF period focuses on achieving the higher corporate performance targets, which emanate from the goal to make increased disbursements. This expenditure will include a significant portion of funding for poorly resourced municipalities under the targeted infrastructure programme, research and advisory services, technical assistance grants, and grants to the Development Bank of Southern Africa's development fund.

The Land and Agricultural Development Bank of Southern Africa

Strategic overview: 2006/07 – 2012/13

The Land and Agricultural Bank (the Land Bank) is an agricultural development finance institution whose mandate is to support developing farmers by providing them with retail, wholesale, project and micro-finance. The bank tries to promote and develop the agricultural sector in a sustainable manner, which entails developing support structures and mechanisms that enhance agriculture and the related industries without compromising the going concern of the bank. This involves sourcing affordable funding, growing a quality loan book and maintaining a cost to income ratio that supports the operating structure of the institution. The capital adequacy ratio has to be within limits that attract and retain potential investors and sustain the business.

The Land Bank has faced a number of challenges relating to governance and fraud, with a major area of concern being the growth in the development loan book. The previous strategy did not focus on development as the core area of the business. This is highlighted by the fact that the development loan book contributed only around 4 per cent to the total gross loans. However, this will soon change as the bank intends to roll out development projects to the tune of R3.2 billion over the next three years.

In 2008/09, key achievements were that the bank received a clean audit report, profit of R241 million (from a loss of R20 million), a stable loan book and senior personnel were hired. Investor confidence has also improved and this has seen new players coming on board, with some investors increasing their lending periods. Another milestone was the collection on non-performing loans, which amounted to over R500 million in 2008/09. Management is also identifying potential buyers for land for the development finance unit's loan book, which is now a discontinued operation. The bank has also put in place initiatives to improve its liquidity position, lengthen the maturity profile of investments, minimise short term refinancing risks, increase rollovers and issue new funding.

Support to previously disadvantaged communities should assist government in the redistribution of 30 per cent of agricultural land by 2014 and in meeting other land reform objectives.

The increase in the guarantee by National Treasury from R1.5 billion to R3.5 billion in 2008/09 has also bolstered the bank's standing in the market as it saw the capital adequacy ratio shoot up. At the end of 2009, the bank received R1 billion in cash from the National Treasury, which means that the guarantee will be reduced to R2.5 billion. The cash receipt will put the bank in a strong financing position and should see the loan book grow significantly. Equity (capital contributions and reserves) at the end of November 2009 was at an impressive R2 billion, which excludes the guarantee from National Treasury. Funds under administration remained relatively stagnant at just over R500 million, as there were no new receipts from the Department of Agriculture.

Selected performance indicators

Table: 9.19 Land and Agricultural

Indicator	Past			Current	Projections		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Funds set aside for agricultural development per year	R428m	R432m	R586m	R1.2bn	R2.4bn	R4.8bn	R4.1bn
Ratio of expense to income	81 %	74.2%	129 %	114.8 %	138.1%	145.5%	77%
Loan book quality	15.3 %	17.6%	16.2%	20 %	20%	20%	20%
Net interest margin	2.8 %	3.6%	3.4%	3.3%	2.8%	2.7%	5.4%
Capital adequacy ratio (including guarantee from National Treasury)	18.4 %	24.5%	25.3%	24%	22.7%	21.1%	49%

Service delivery focus

The bank has made significant progress in regaining investor confidence by refining and stabilising its processes, reflected in longer term funding it is able to obtain in the markets. In 2007/08, the bank faced a range of challenges including low levels of capitalisation and sustainability concerns arising from a high number of non-performing loans and write-offs, damage to its reputation leading to weaker stakeholder confidence, clients migrating to the private sector, and concerns about aligning its mandate with government policy.

In 2008, the asset and liability management division of National Treasury conducted 2 meetings with the bank about progress since its transfer from the Minister of Agriculture and Land Affairs to the Minister of Finance. The meeting resulted in National Treasury agreeing to provide the bank with callable capital and a guarantee.

In 2007/08, the bank focused on 3 areas: restructuring its operations, based on recommendations from the McKinsey and development finance institution review reports; stabilising its financial and operational position including identifying new funding sources and adjusting the funding structure, reducing running costs and boosting human resource capacity and IT systems; and planning the way forward by reworking both its short and long term goals and redeveloping and approving the corporate plan and turnaround strategy.

Expenditure estimates

Table 9.20 Land and Agricultural Development Bank of Southern Africa: Programme information

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Financing of development farmers and agri-related businesses	2 113.5	2 087.8	2 607.9	1 554.1	1 591.5	1 763.0	1 898.5
Total expense	2 113.5	2 087.8	2 607.9	1 554.1	1 591.5	1 763.0	1 898.5

Table 9.21 Land and Agricultural Development Bank of Southern Africa: Financial information

Statement of financial performance	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Revenue							
Non-tax revenue	2 014.0	2 105.4	2 188.3	1 661.2	1 793.0	2 054.3	2 206.4
Sale of goods and services other than capital assets	49.3	33.4	26.1	25.9	13.5	14.2	14.9
<i>of which:</i>							
Admin fees	44.2	25.9	23.2	25.9	13.5	14.2	14.9
Sales by market establishments	5.1	7.5	2.9	-	-	-	-
Other non-tax revenue	1 964.7	2 072.0	2 162.1	1 635.3	1 779.5	2 040.2	2 191.6
Total revenue	2 014.0	2 105.4	2 188.3	1 661.2	1 793.0	2 054.3	2 206.4
Expenses							
Current expense	2 113.5	2 087.8	2 607.9	1 554.1	1 591.5	1 763.0	1 898.5
Compensation of employees	229.0	214.5	193.9	195.6	290.0	351.2	381.0
Goods and services	593.5	483.4	487.9	220.4	213.3	243.7	271.5
Depreciation	12.3	12.3	10.1	6.2	8.4	11.4	8.8
Interest, dividends and rent on land	1 278.8	1 354.7	1 894.0	1 131.9	1 079.8	1 156.8	1 237.2
Total expenses	2 113.5	2 087.8	2 607.9	1 554.1	1 591.5	1 763.0	1 898.5
Surplus / (Deficit)	(99.5)	17.5	(419.6)	107.1	201.5	291.3	308.0

Table 9.22 Land and Agricultural Development Bank of Southern Africa: Programme information

R million	Audited outcome			Revised estimate 2009/10	Medium-term estimate		
	2006/07	2007/08	2008/09		2010/11	2011/12	2012/13
Statement of financial position							
Carrying value of assets	271.2	244.7	239.0	241.7	390.1	375.5	369.2
<i>of which: Acquisition of assets</i>	48.6	4.3	1.3	14.0	11.5	20.2	9.2
Investments	195.5	945.6	868.6	182.3	200.5	220.6	242.6
Inventory	–	385.3	301.4	–	–	–	–
Loans	15 598.9	–	–	–	–	–	–
Receivables and prepayments	17.3	13 891.2	11 901.3	12 343.0	12 701.1	13 266.1	13 862.7
Cash and cash equivalents	1 467.4	1 443.7	4 023.3	2 201.2	2 894.4	3 169.9	2 975.1
Assets not classified elsewhere	424.3	231.7	210.1	233.1	112.8	254.1	311.4
Total assets	17 974.7	17 142.1	17 543.8	15 201.3	16 299.0	17 286.1	17 761.0
Accumulated surplus/deficit	731.5	2 332.2	2 498.8	1 069.4	1 270.9	1 562.2	1 870.1
Capital and reserves	283.0	97.0	106.6	1 997.9	2 997.9	3 997.9	3 997.9
Borrowings	16 002.2	12 965.5	13 211.0	11 246.9	10 917.9	10 622.5	10 862.3
Post-retirement benefits	–	201.9	191.4	–	–	–	–
Trade and other payables	210.7	250.1	235.0	266.6	274.5	282.9	291.3
Provisions	207.0	23.1	84.2	103.7	101.7	99.6	97.6
Managed funds	475.9	752.1	629.0	412.7	604.8	555.4	486.1
Liabilities not classified elsewhere	64.5	520.1	587.7	104.0	131.2	165.6	155.5
Total equity and liabilities	17 974.8	17 142.1	17 543.8	15 201.3	16 299.0	17 286.1	17 761.0

Expenditure trends

The Land Bank generates its revenue from interest income from lending activities and other non-lending activities. The key drivers for these income streams are defined by lending activities to corporate clients, and commercial and subsistence farmers, and investments.

Revenue decreased from R2 billion in 2006/07 to R1.7 billion in 2009/10, at an average annual rate of 5.2 per cent. The bank's revenue was on a declining trend largely due to decreases in interest income as some clients failed to service their debt. In 2006/07, a slight improvement of 3.1 per cent was recorded in the profit margin. By the end of 2007/08, there was a positive margin of 0.8 per cent when the bank recorded a net profit of R17.5 million. Over the medium term, revenue is expected to increase to R2.2 billion, at an average annual rate of 10 per cent.

Expenditure decreased from R2.1 billion in 2006/07 to R1.6 billion in 2009/10, at an average annual rate of 5.6 per cent. The Land Bank's expenses are mainly driven by personnel costs. These costs make up 43 per cent of total expenses. The significant increase in expenses in 2008/09 is attributable to accrued costs, which included professional fees for the clean-up project, anticipated claims against the bank and employee related expenses. These costs were once-off in nature and are not expected to recur.

Spending over the MTEF period will focus on ensuring that development farmers are assisted and monitored to reduce associated risks.

Additional tables

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

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R million	2008/09		2008/09	2009/10			2009/10
1. Administration	181.6	199.4	203.7	188.8	49.6	238.3	230.4
2. Public Finance and Budget Management	195.9	227.1	244.1	208.5	45.2	253.7	252.1
3. Asset and Liability Management	61.4	69.3	62.5	64.4	1.8	66.2	57.7
4. Financial Management and Systems	540.9	303.1	272.7	611.7	(112.3)	499.4	466.4
5. Financial Accounting and Reporting	105.7	209.2	203.0	123.4	26.4	149.8	138.9
6. Economic Policy and International Financial Relations	82.5	93.8	90.3	87.6	15.8	103.5	91.5
7. Provincial and Local Government Transfers	7 956.7	7 938.0	7 826.0	14 410.6	–	14 410.6	14 170.6
8. Civil and Military Pensions, Contributions to Funds and Other Benefits	2 352.7	2 313.7	2 331.3	4 920.3	–	4 920.3	4 901.3
9. Fiscal Transfers	9 840.8	20 070.5	20 078.6	41 060.9	1 142.9	42 203.8	42 203.8
Subtotal	21 318.2	31 424.2	31 312.1	61 676.2	1 169.3	62 845.6	62 512.7
Direct charge against the National Revenue Fund	250 613.0	257 935.9	256 189.3	293 119.0	10 553.8	303 672.8	301 277.7
Provincial Equitable Share	199 377.0	204 009.9	201 795.6	231 050.9	5 826.9	236 877.8	236 877.8
State Debt Costs	51 236.0	53 926.0	54 393.7	55 268.0	4 727.0	59 995.0	57 599.8
General fuel levy sharing with metros	–	–	–	6 800.1	–	6 800.1	6 800.1
Total	271 931.2	289 360.1	287 501.4	354 795.2	11 723.2	366 518.4	363 790.4

Economic classification

Current payments	52 352.9	54 886.9	55 317.2	56 513.7	4 735.4	61 249.1	58 761.1
Compensation of employees	326.8	314.3	321.0	334.2	104.3	438.5	408.5
Goods and services	790.1	646.6	602.5	911.5	(95.8)	815.7	752.8
Interest and rent on land	51 236.0	53 926.0	54 393.7	55 268.0	4 727.0	59 995.0	57 599.8
Transfers and subsidies	219 566.9	234 463.0	222 174.3	268 270.9	5 982.2	274 253.0	274 013.0
Provinces and municipalities	207 210.7	211 862.9	209 541.6	252 182.2	5 796.3	257 978.5	257 738.5
Departmental agencies and accounts	9 192.5	9 526.4	9 518.4	10 352.7	216.0	10 568.7	10 568.7
Universities and technikons	5.5	5.5	5.5	5.5	–	5.5	5.5
Foreign governments and international organisations	527.8	542.4	550.5	579.5	(30.4)	549.0	549.0
Public corporations and private enterprises	296.8	10 246.8	246.8	267.4	–	267.4	267.4
Non-profit institutions	0.1	0.1	–	0.1	–	0.1	0.1
Households	2 333.5	2 278.9	2 311.5	4 883.5	0.3	4 883.8	4 883.8
Payments for capital assets	11.4	10.1	9.4	10.6	5.7	16.3	16.3
Machinery and equipment	10.3	10.1	9.4	10.6	5.7	16.3	16.3
Software and other intangible assets	1.1	–	–	–	–	–	–
Payments for financial assets	–	–	10 000.5	30 000.0	1 000.0	31 000.0	31 000.0
Total	271 931.2	289 360.1	287 501.4	354 795.2	11 723.2	366 518.4	363 790.4

Table 9.B Detail of approved establishment and personnel numbers according to salary level ¹

Department	Personnel post status as at 30 September 2009			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid year ²	Medium-term estimate		
				2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Department	1 382	1 167	58	767	860	1 018	1 167	1 211	1 211	1 211
Salary level 1 – 6	125	153	12	133	129	150	153	144	144	144
Salary level 7 – 10	490	415	14	248	301	399	415	430	430	430
Salary level 11 – 12	454	308	15	192	196	224	308	334	334	334

Table 9.B Detail of approved establishment and personnel numbers according to salary level ¹ (continued)

	Personnel post status as at 30 September 2009			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid year ²	Medium-term estimate		
				2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Department	1 382	1 167	58	767	860	1 018	1 167	1 211	1 211	1 211
Salary level 13 – 16	313	291	17	194	234	245	291	303	303	303
Administration	399	355	17	242	258	313	355	353	353	353
Salary level 1 – 6	103	122	10	99	92	119	122	120	120	120
Salary level 7 – 10	145	124	4	89	106	113	124	127	127	127
Salary level 11 – 12	100	55	1	30	30	36	55	55	55	55
Salary level 13 – 16	51	54	2	24	30	45	54	51	51	51
Public Finance and Budget Management	321	299	28	286	245	280	299	302	302	302
Salary level 1 – 6	4	4	–	10	8	3	4	8	8	8
Salary level 7 – 10	115	105	7	71	75	121	105	105	105	105
Salary level 11 – 12	112	99	8	89	62	70	99	96	96	96
Salary level 13 – 16	90	91	13	116	100	86	91	93	93	93
Asset and Liability Management	122	104	–	80	102	85	104	102	102	102
Salary level 1 – 6	6	5	–	5	5	5	5	5	5	5
Salary level 7 – 10	50	41	–	28	36	36	41	40	40	40
Salary level 11 – 12	41	34	–	25	37	30	34	34	34	34
Salary level 13 – 16	25	24	–	22	24	14	24	23	23	23
Financial Management and Systems	121	108	3	105	82	95	108	111	111	111
Salary level 1 – 6	6	11	2	16	16	16	11	5	5	5
Salary level 7 – 10	58	47	1	44	31	44	47	38	38	38
Salary level 11 – 12	42	35	–	30	18	25	35	43	43	43
Salary level 13 – 16	15	15	–	15	17	10	15	25	25	25
Financial Accounting and Reporting	204	142	5	54	63	120	142	168	168	168
Salary level 1 – 6	3	3	–	3	3	3	3	3	3	3
Salary level 7 – 10	68	54	1	16	22	47	54	65	65	65
Salary level 11 – 12	69	36	3	18	12	25	36	49	49	49
Salary level 13 – 16	64	49	1	17	26	45	49	51	51	51
Economic Policy and International Financial Relations	215	159	5	–	110	125	159	175	175	175
Salary level 1 – 6	3	8	–	–	5	4	8	3	3	3
Salary level 7 – 10	54	44	1	–	31	38	44	55	55	55
Salary level 11 – 12	90	49	3	–	37	38	49	57	57	57
Salary level 13 – 16	68	58	1	–	37	45	58	60	60	60

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

2. As at 30 September 2009.

Table 9.C Summary of expenditure on training

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Compensation of employees (R million)	230.9	272.7	314.3	334.2	535.5	569.0	593.6
Training expenditure (R million)	9.3	16.1	16.9	33.6	19.8	20.4	21.2
Training as percentage of compensation	4.0%	5.9%	5.4%	10.0%	3.7%	3.6%	3.6%
Total number trained in department (head count)	884	993	792	–			

of which:

Table 9.C Summary of expenditure on training (continued)

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
<i>Employees receiving bursaries (head count)</i>	74	70	46	–			
<i>Internships trained (head count)</i>	55	435	46	–			
Households receiving bursaries (R million)	0.4	0.6	0.8	1.0	1.6	1.6	1.6
Households receiving bursaries (head count)	18	20	20	–			

Table 9.D Summary of expenditure on infrastructure

Project name R million	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2006/07	2007/08	2008/09		2010/11	2011/12	2012/13
Departmental infrastructure										
Infrastructure Grant to Provinces	Provincial infrastructure projects	Various	38 150.3	4 983.5	6 276.2	7 384.5	9 249.2	11 414.9	13 196.2	14 117.6
Neighbourhood Development Partnership Grant	Township plan development	Various	3 732.9	50.0	41.2	373.5	661.4	1 155.0	1 290.4	1 287.5
Refurbishment of 240 Vermuelen Street	Office accommodation	-	-	2.2	3.0	-	-	-	-	-
Refurbishment of 120 Plein Street	Office accommodation	-	-	-	6.8	-	-	-	-	-
Refurbishment of 28 Church Square	Office accommodation	-	-	-	-	10.0	-	-	-	-
Total			41 883.2	5 035.7	6 327.3	7 768.0	9 910.6	12 569.9	14 486.6	15 405.0

Vote 10

Public Enterprises

Budget summary

R million	2010/11					2011/12	2012/13
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Payments for financial assets	Total	Total
MTEF allocation							
Administration	101.3	100.0	0.7	0.6	–	107.7	111.8
Energy and Broadband Enterprises	150.4	11.8	–	–	138.6	14.5	14.9
Legal, Governance and Transactions	54.4	18.4	36.0	–	–	19.6	20.4
Manufacturing Enterprises	16.2	16.2	–	–	–	15.6	16.7
Transport Enterprises	18.5	18.5	–	–	–	20.6	23.4
Joint Project Facility	9.8	9.8	–	–	–	8.8	9.1
Total expenditure estimates	350.6	174.7	36.7	0.6	138.6	186.8	196.2
Executive authority	Minister of Public Enterprises						
Accounting officer	Director-General of Public Enterprises						
Website address	www.dpe.gov.za						

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

Aim

The aim of the Department of Public Enterprises is to provide effective shareholder management of state owned enterprises that report to the department, and support and promote economic efficiency and competitiveness for a better life for all South Africans.

Programme purposes

Programme 1: Administration

Purpose: Achieve the department's strategic objectives by providing management, supporting functions and processes.

Programme 2: Energy and Broadband Enterprises

Purpose: Align the corporate strategies and performance of Eskom, Pebble Bed Modular Reactor and Broadband Infracore with government's strategic intent and performance targets.

Programme 3: Legal, Governance and Transactions

Purpose: Systems that align state owned enterprises with best practice and with government's strategic intent.

Programme 4: Manufacturing Enterprises

Purpose: Align the corporate strategies and performance of Denel and the South African Forestry Company Limited with government's strategic intent and performance targets. Develop proposals in terms of the state owned enterprises' role in developing an advanced manufacturing cluster.

Programme 5: Transport Enterprises

Purpose: Align the corporate strategies and performance of Transnet, South African Airways and South African Express Airways with government's strategic intent and performance targets.

Programme 6: Joint Project Facility

Purpose: Coordinate and develop cross-cutting projects that leverage the assets, and capabilities of the state owned enterprises to the benefit of the economy.

Strategic overview: 2006/07 – 2012/13

The Department of Public Enterprises provides shareholder management of nine state owned enterprises: Alexkor, Broadband Infraco, Denel, Eskom, the Pebble Bed Modular Reactor, the South African Forestry Company, South African Airways, South African Express Airways and Transnet.

Revised mission statement and strategic plan for 2009 to 2012

The department's key role is to create an environment in which its portfolio of enterprises contributes optimally to economic growth. The department's revised mission statement and strategic plan for 2009 to 2012 has thus been organised around the need to actively engage with stakeholders, within and outside government, so that the role of each state owned enterprise is aligned with broad economic policies and strategies, and to ensure that sectoral policies and regulations support this alignment.

The department's immediate focus is to align state owned enterprises' planning and performance with the outcomes defined by the national medium term strategic framework. This will ensure that their investments and activities are aligned with national priorities. A further key focus will be to gain greater recognition for state owned enterprises as strategic instruments of industrial policy. This will make them a priority for government funding and broader policy support. The buy-in of key industrial policy and economic stakeholders into the strategic mandate of the enterprises will be required.

Implementation of the government shareholder management model

Over the medium term, the department will also focus on getting government's acceptance of the shareholder management model and driving its implementation at all the state owned enterprises reporting to the department. The shareholder management model aims to achieve consistency in compliance in corporate governance practices as well as the synchronisation of outcomes based planning and performance reporting. The guiding principle of the model is to protect the integrity of the state owned enterprise as a commercial enterprise, while integrating government's strategic intent into its planning and implementation processes. In particular, it is vital that the process of appointing or terminating the services of the chair of the board and the chief executive conform to the governance process defined in the shareholder management model. The sustainability of the enterprise can be impacted negatively or brought into question if good corporate governance processes are not properly followed.

To date, progress on the model includes: clarifying the strategic intent of each state owned enterprise and performance focused shareholder compacts; the development of a logical planning and monitoring and evaluation framework; the development of guidelines on board remuneration and founding documents, and shareholder agreements; tracking trends in financial and operational performance through the department's performance measuring dashboard (Izibuko); and draft legislative provisions on government shareholder management. The department will assess how well broader developments in 2009 in the domain of corporate governance align with the government shareholder management model, in particular, the enactment of the new Companies Act (2008) and the publication of the King III report on corporate governance.

Consistency in quarterly financial performance reporting

The department has achieved consistency in quarterly financial performance reporting and evaluation across all enterprises in its portfolio, tracking key financial ratios. The department has reached agreement with the enterprises on key, industry specific, operational productivity performance indicators.

Addressing operational inefficiencies in state owned enterprises

A number of state owned enterprises are suffering from significant operational inefficiencies, which are having a negative impact on the economy. A key challenge for the department is to play a catalytic role in improving efficiencies without overly interfering in the management of the enterprises. This will require a much higher level of analysis, benchmarking, target setting and intervention design than in previous years. The department will also continue to monitor progress on the expansion of the capacity of state owned enterprises, in particular the sizeable build programmes in Eskom (R385 billion) and Transnet (R80 billion), as well as monitor the funding and risk aspects of these projects.

Refining the policy and regulatory environment

The quality of the current policy and regulatory environment has been identified as a key threat to the viability of the state owned enterprises and their ability to play a developmental role in the economy. This environment impacts on, among others: the electricity tariff, the national energy resource plan (in particular the expansion of nuclear energy and the introduction of renewable energy), the structure of the energy industry, the speed of finalising environmental impact assessments, nuclear safety regulation, and the structure and tariffs of the port and rail industry. The department's teams for the state owned enterprises will continue to put considerable effort into working with policy departments to create a more enabling environment for the enterprises without undermining the interests of consumers or other national policy objectives.

Integrating key programmes into the broader industrial policy and economic cluster programme

A final area of strategic focus for the short to medium term is the systematic integration of key programmes in state owned enterprises into the broader industrial policy and economic cluster programme. These programmes include the role of Denel in catalysing the development of an advanced manufacturing cluster, the role of the South African Forestry Company in developing emerging forestry enterprises, and the competitive supplier development programmes of Eskom and Transnet.

Priority activities for the department to support the implementation of these focal areas include: continuously improving the Izibuko dashboard, which provides regular and electronically enabled updates of the performance of an enterprises against key strategic areas; developing a comprehensive benchmarking framework for all enterprises to enable the systematic comparison of their performance with their peers' and identify shortcomings; developing a framework that enables the integration of capital structure analysis with the analysis of a state owned enterprise's corporate and investment strategies, related target setting and performance; building a Department of Public Enterprises brand and reputation that creates leverage and goodwill for all the department's activities; continuously developing the department's intellectual property around the shareholder management model; and building an environment to attract highly qualified people with relevant shareholder management skills.

Savings and cost effective service delivery

Through a reprioritisation exercise, the department was able to identify savings on its budget. The department redirected these towards additional expenses without receiving any additional allocation to the baseline. Such expenses include the appointment of the new deputy minister and related office establishment costs from 2009/10. Any further efficiency savings have been absorbed by the inflation related adjustments.

Selected performance indicators

Table 10.1 Public Enterprises

Indicator	Programme	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Number of new shareholder compacts signed	Energy and Broadband Enterprises; Legal, Governance and Transactions; Manufacturing Enterprises; Transport Enterprises	4	5	3	9	9	9	9
Number of new corporate plans reviewed	Energy and Broadband Enterprises; Legal, Governance and Transactions; Manufacturing Enterprises; Transport Enterprises	7	8	5	9	9	9	9
Number of quarterly financial reviews per year	Energy and Broadband Enterprises; Legal, Governance and Transactions; Manufacturing Enterprises; Transport Enterprises	28	32	15	36	36	36	36
Number of projects per year*	Joint Project Facility	7	13	11	8	4	4	2*

*The projections for the outer years decrease with the completion of the project phase of current initiatives.

Expenditure estimates

Table 10.2 Public Enterprises

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
R million								
1. Administration	52.2	68.4	80.4	92.0	92.0	101.3	107.7	111.8
2. Energy and Broadband Enterprises	1 841.4	2 514.3	2 136.8	1 959.2	1 959.2	150.4	14.5	14.9
3. Legal, Governance and Transactions	103.9	93.7	145.4	145.9	145.9	54.4	19.6	20.4
4. Manufacturing Enterprises	577.5	1 159.9	267.0	199.3	199.3	16.2	15.6	16.7
5. Transport Enterprises	3.5	752.1	604.9	1 568.7	1 568.7	18.5	20.6	23.4
6. Joint Project Facility	11.4	15.5	30.6	26.0	26.0	9.8	8.8	9.1
Total	2 589.8	4 604.0	3 265.1	3 991.2	3 991.2	350.6	186.8	196.2
Change to 2009 Budget estimate				193.8	193.8	38.7	3.2	3.5

Economic classification

Current payments	100.3	126.5	163.7	172.9	172.9	174.7	185.4	194.8
Compensation of employees	47.2	56.0	70.4	81.4	81.4	88.0	93.5	98.3
Goods and services	53.0	70.5	93.2	91.5	91.5	86.7	91.9	96.5
<i>of which:</i>								
Consultants and professional services:								
Business and advisory services	19.7	27.2	48.2	39.9	39.9	28.8	30.1	34.4
Consultants and professional services:								
Legal costs	3.1	4.7	2.7	6.0	6.0	7.3	7.8	8.0
Property payments	3.7	5.2	5.8	4.9	4.9	5.4	5.8	6.0
Travel and subsistence	9.3	10.4	11.3	12.4	12.4	16.4	17.5	17.8
Transfers and subsidies	1 292.7	3 540.9	2 278.3	2 059.4	2 059.4	36.7	0.8	0.8
Departmental agencies and accounts	3.6	–	–	–	–	–	–	–
Public corporations and private enterprises	1 288.5	3 540.3	2 277.6	2 058.7	2 058.7	36.0	–	–
Payments for capital assets	2.7	3.5	0.9	1.3	1.3	0.6	0.6	0.6
Machinery and equipment	2.5	2.4	0.8	1.3	1.3	0.6	0.6	0.6
Software and other intangible assets	0.2	1.1	0.0	–	–	–	–	–
Payments for financial assets	1 194.1	933.0	822.3	1 757.6	1 757.6	138.6	–	–
Total	2 589.8	4 604.0	3 265.1	3 991.2	3 991.2	350.6	186.8	196.2

Expenditure trends

Expenditure increased from R2.6 billion in 2006/07 to R4 billion in 2009/10 at an average annual rate of 15.5 per cent, due to transfer payments to state owned enterprises. These were for both capital and current expenditure.

Contributions to state owned enterprises of R13.9 billion were made from 2006/07 to 2009/10 as follows:

- R2.2 billion to Denel for capitalisation, support for the turnaround strategy and claims under the indemnity agreement, which were approved through the Special Appropriation Act (2007), the Adjustments Appropriation Act (2008) and the Adjustments Appropriation Act (2009)
- R413.9 million to Alexkor for the implementation of the Richtersveld settlement, exploration, operating costs, restructuring costs and value added tax on previous government transfers
- R7.2 billion (including value added tax) to the Pebble Bed Modular Reactor for the development of the demonstration and fuel plants, and for operations
- R2.293 billion to South African Airways for the restructuring and turnaround strategies, and for improving the debt-equity ratio of the company
- R1.212 billion to Broadband Infraco for establishment and operational costs
- R140 million to Transnet for the purchase and transfer to government of South African Express Airways
- R445 million to South African Express Airways for recapitalisation, of which R40 million was for working capital and R405 million for the purchase of aircraft.

Over the same period, current payments increased at an average annual rate of 19.9 per cent. In 2009/10 and over the medium term, expenditure is expected to decrease at an average annual rate of 63.4 per cent from R4 billion in 2009/10 to R196.2 million in 2012/13, as a result of a reduction in transfer payments to state owned enterprises.

Transfers to state owned enterprises in 2009/10 and 2010/11 amount to R4 billion, allocated as follows:

- R1.738 billion to the Pebble Bed Modular Reactor in 2009/10
- R1.549 billion to South African Airways in 2009/10
- R347.1 million to Broadband Infraco in 2009/10 and 2010/11
- R165.1 million to Alexkor in 2009/10 and 2010/11
- R191.9 million to Denel in 2009/10.

Transfer payments to state owned enterprises end in 2010/11 with the exception of payments of R138.6 million and R36 million to Broadband Infraco and Alexkor.

Over the MTEF period, current payments increase at an average annual rate of 4.1 per cent, mainly due to increases in compensation of employees spending.

Spending over the MTEF period focuses on cross-cutting measures to strengthen shareholder management through the development of a logical planning and monitoring and evaluation framework. Such a framework will enhance the alignment between the medium term strategic framework and state owned enterprises' service delivery.

Departmental receipts

Revenue is mainly generated from commissions on insurance premiums and parking revenue. In 2008/09, R435.5 million was received from the Diabo Share Trust, made up of funds that had not yet been disbursed to potential beneficiaries.

Table 10.3 Departmental receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
Departmental receipts	109	69	818	70	70	74	78	82
Sales of goods and services produced by department	33	34	37	30	30	32	34	36
Sales of scrap, waste, arms and other used current goods	–	–	1	2	2	2	2	2
Interest, dividends and rent on land	19	4	595	15	15	16	17	18
Sales of capital assets	18	–	–	–	–	–	–	–
Transactions in financial assets and liabilities	39	31	185	23	23	24	25	26
Extraordinary receipts	–	–	435 462	–	–	–	–	–
Diabo Share Trust	–	–	435 462	–	–	–	–	–
Total	109	69	436 280	70	70	74	78	82

Programme 1: Administration

Expenditure estimates

Table 10.4 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Minister ¹	0.9	1.0	1.8	1.7	1.8	1.9	2.0
Deputy Minister ¹	–	–	–	1.4	1.5	1.6	1.7
Management	12.9	14.6	22.5	29.5	36.3	39.2	40.9
Corporate Services	34.8	48.5	50.6	54.4	56.2	59.2	61.2
Office Accommodation	3.7	4.4	5.5	4.9	5.4	5.8	6.0
Total	52.2	68.4	80.4	92.0	101.3	107.7	111.8
Change to 2009 Budget estimate				13.2	2.7	3.2	3.5

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

Economic classification

Current payments	49.0	64.4	78.9	90.1	100.0	106.4	110.4
Compensation of employees	24.4	28.8	36.5	45.8	50.0	53.0	56.9
Goods and services	24.7	35.6	42.4	44.3	50.0	53.3	53.5
<i>of which:</i>							
Consultants and professional services:	3.9	8.3	7.3	4.9	6.6	7.0	7.2
Business and advisory services	3.7	5.2	5.8	4.9	5.4	5.8	6.0
Property payments	4.8	5.2	6.8	7.4	10.9	11.6	11.9
Travel and subsistence							
Transfers and subsidies	0.6	0.6	0.7	0.7	0.7	0.8	0.8
Households	0.6	0.6	0.7	0.7	0.7	0.8	0.8
Payments for capital assets	2.5	3.4	0.9	1.3	0.6	0.6	0.6
Machinery and equipment	2.3	2.3	0.8	1.3	0.6	0.6	0.6
Software and other intangible assets	0.2	1.1	0.0	–	–	–	–
Payments for financial assets	0.1	0.0	–	–	–	–	–
Total	52.2	68.4	80.4	92.0	101.3	107.7	111.8

Expenditure trends

Expenditure increased from R52.2 million in 2006/07 to R92 million in 2009/10 at an average annual rate of 20.8 per cent. The growth was driven by the *Corporate Services* and *Management* subprogrammes, as the department centralised operational expenditure such as IT licences and services, photocopying equipment, training and communication. The establishment of the deputy minister's office in 2009/10 as well as the shifting

of the risk component in the *Legal, Governance and Transactions* programme to the chief investment portfolio manager's office in this programme also contributed to the increase in expenditure.

Compensation of employees spending increased at an average annual rate of 23.4 per cent, from R24.4 million in 2006/07 to R45.8 million in 2009/10. Goods and services spending increased at an average annual rate of 21.5 per cent, from R24.7 million in 2006/07 to R44.3 million in 2009/10.

Expenditure is expected to grow moderately over the MTEF period at an average annual rate of 6.7 per cent, from R92 million in 2009/10 to R111.8 million in 2012/13. This is generally in line with inflation, but also reflects savings resulting from the centralisation of services.

Programme 2: Energy and Broadband Enterprises

- *Management.*
- *ICT Broadband Sector* provides shareholder oversight of Broadband Infraco. This includes: overseeing agreements between parties, assessing the business plan, monitoring commissions of the full service network, and providing overarching shareholder management. Funding in this subprogramme is mainly used for the capitalisation of Broadband Infraco.
- *Energy Sector* provides shareholder oversight of Eskom. This includes the generation, transmission and distribution of electricity, with a particular emphasis on security of supply and optimising current operations. Funding in this subprogramme is mainly used for personnel and related costs.
- *Nuclear Sector* provides shareholder oversight of the Pebble Bed Modular Reactor. This includes monitoring the progress of research into an alternative nuclear electricity generation technology as well as establishing a demonstration power plant and pilot fuel plant. Funding in this subprogramme is mainly for personnel and related costs to oversee the Pebble Bed Modular Reactor and its future direction.
- *Initial Public Offering* included transfers to the Diabo Share Trust and the Khulisa Trust (where Telkom shares were housed). Funding was disbursed on the basis of annual business plans and service level agreements between the department and these entities. This subprogramme remains in the *Energy and Broadband Enterprises* programme for historical reporting purposes. The function of winding up Diabo Share Trust has been transferred to the *Legal, Governance and Transactions* programme.

Objectives and measures

- Continuously ensure the alignment of shareholder strategic intent in relation to state owned enterprises' role in achieving sector and government objectives by reviewing the enterprises' strategies and mandate with changes in sectoral policy and by evaluating business plans annually.
- Promote the alignment of state owned enterprises' corporate strategies with government's strategic intent by evaluating corporate plans annually and advising boards about material deviations.
- Monitor and benchmark the implementation of corporate plans and shareholder compacts with reference to financial and operational trends and targets by assessing shareholder and enterprise risks at least quarterly and advising boards on areas of concern.
- Monitor Eskom's generation adequacy by annually examining its maintenance and operational practices, distribution efficiency and the reserve margin.
- Ensure the delivery of new energy generation capacity by monitoring Eskom's capacity expansion programme through regular updates and interaction with Eskom and by engaging with stakeholders in the energy sector.
- Promote long term environmentally sustainable electricity supply through nuclear power generation by overseeing the progress made by the Pebble Bed Modular Reactor and providing direction as part of an interdepartmental team on the future strategic direction of the company.
- Create an enabling policy and regulatory environment for the state owned enterprises by engaging with the Department of Energy and the National Electricity Regulator of South Africa in relation to new policies and regulations affecting Eskom.

- Monitor the implementation of the competitive supplier development programme to leverage off Eskom's capital expenditure in the development of local supplier industries by evaluating reports received from Eskom quarterly.
- Ensure that the west coast submarine cable system is ready for service in 2011 by monitoring the expansion of South Africa's ICT infrastructure and Broadband Infraco's participation in the west coast submarine cable system consortium.
- Contribute towards the reduction of broadband prices by:
 - monitoring Broadband Infraco's price reports annually
 - interacting with the industry and monitoring Broadband Infraco's corporate plans.

Service delivery focus

In addition to satisfying all statutory shareholder functions, including evaluating the Eskom corporate plan, developing a shareholder compact, quarterly and annual reporting, and approving significant and material transactions, the Department of Public Enterprises contributed to providing an enabling environment for enhancing state owned enterprise performance as follows:

In October 2009, government approved guarantees of R176 billion over 5 years for Eskom's capital expansion programme in addition to the approved R60 billion subordinated loan over the medium term. Further, in November 2009 the African Development Bank announced its approval of a €1.86 billion (approximately R20.7 billion) 20-year loan for Eskom's capital expansion programme. The loan is provided by the African Development Bank's public sector window and is to be guaranteed by government. The Department of Public Enterprises, National Treasury and Eskom are currently engaged in negotiations with the World Bank to secure further loan funding for Eskom's capital expansion programme. The department has developed key performance indicators on the Izibuko dashboard that monitors Eskom's capital expansion programme quarterly. These indicators include time, quality, cost and safety.

In 2008/09, the department participated in developing the renewable energy feed-in tariff that was approved by the National Energy Regulator of South Africa. The interdepartmental task team for electricity distribution industry restructuring facilitated the formation of 6 wall-to-wall regional electricity distributors.

The department's report on government's role in developing a nuclear power sector resulted in the establishment of a nuclear task team. The department has continued to monitor the process of attaining licence approvals from the National Nuclear Regulator as well as progress on the new business plan of the Pebble Bed Modular Reactor.

The department facilitated the granting of an electronic communications network services licence to Broadband Infraco October 2009 by the Independent Communications Authority of South Africa. The licence allows Broadband Infraco to build, operate and maintain its long distance fibre network and transmit data between points of presence. From 2006/07 to 2010/11, funds were also transferred to Broadband Infraco for the expansion of the national long distance network and participation in the west coast submarine cable system project.

Given the critical nature of roads in Mpumalanga, a committee was formed in 2009 to evaluate and respond to problems with the coal haulage network in Mpumalanga. This committee includes the Department of Public Enterprises, Eskom, the Department of Transport, National Treasury, the South African National Roads Agency and the Mpumalanga department of roads and transport. The aim of the committee is to ensure the delivery of coal to Eskom power plants and thereby to contribute to energy security for the country as a whole. To achieve this goal, the committee monitors the reconstruction of the coal haulage road network and is evaluating alternative options such as rail transportation, which will ease the burden on the road network and reduce costs to the fiscus in the long term.

Expenditure estimates

Table 10.5 Energy and Broadband Enterprises

Subprogramme	Audited outcome			Adjusted	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Management	3.6	2.1	1.5	2.3	2.2	2.4	2.5
Information Communication Technology Sector Broadband	627.0	1.4	378.5	211.8	142.3	4.0	4.2
Energy Sector	2.1	7.8	6.5	3.8	2.2	4.4	4.2
Nuclear Sector	1 205.0	2 503.1	1 750.3	1 741.2	3.6	3.8	4.0
Initial Public Offering	3.6	–	–	–	–	–	–
Total	1 841.4	2 514.3	2 136.8	1 959.2	150.4	14.5	14.9
Change to 2009 Budget estimate				1.5	–	–	–

Economic classification

Current payments	6.3	12.1	9.8	12.9	11.8	14.5	14.9
Compensation of employees	3.5	5.9	5.8	7.9	8.7	9.2	9.0
Goods and services	2.8	6.2	4.1	5.0	3.1	5.3	5.8
<i>of which:</i>							
<i>Consultants and professional services:</i>	<i>0.7</i>	<i>4.6</i>	<i>3.1</i>	<i>3.9</i>	<i>2.0</i>	<i>4.2</i>	<i>4.7</i>
<i>Business and advisory services</i>							
<i>Travel and subsistence</i>	<i>0.9</i>	<i>0.9</i>	<i>0.4</i>	<i>0.8</i>	<i>0.7</i>	<i>0.8</i>	<i>0.8</i>
Transfers and subsidies	1 208.0	2 502.3	1 750.0	1 737.8	–	–	–
Departmental agencies and accounts	3.6	–	–	–	–	–	–
Public corporations and private enterprises	1 204.4	2 502.3	1 750.0	1 737.8	–	–	–
Payments for capital assets	0.1	–	–	–	–	–	–
Machinery and equipment	0.1	–	–	–	–	–	–
Payments for financial assets	627.0	–	377.0	208.5	138.6	–	–
Total	1 841.4	2 514.3	2 136.8	1 959.2	150.4	14.5	14.9

Details of selected transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	3.6	–	–	–	–	–	–
Diabo Share Trust	3.6	–	–	–	–	–	–
Public corporations and private enterprises							
Public corporations							
Other transfers							
Current	1 204.4	2 502.3	1 750.0	1 737.8	–	–	–
Pebble Bed Modular Reactor	1 204.4	2 502.3	1 750.0	1 737.8	–	–	–

Expenditure trends

Spending in this programme is mainly on transfer payments to the Pebble Bed Modular Reactor and Broadband Infraco. Expenditure increased from R1.84 billion in 2006/07 to R1.96 billion in 2009/10, at an average annual rate of 2.1 per cent. Large increases in spending were due to transfer payments of R627 million for the establishment of Broadband Infraco in 2006/07, including the purchase of the full service network from Eskom and Transtel, and further transfers of R585.5 million in 2008/09 and 2009/10 for the expansion of the national long distance fibre optic network. In addition, the Pebble Bed Modular Reactor received R7.2 billion from 2006/07 to 2009/10 to fund essential contracts for the demonstration and pilot fuel plants.

Expenditure is expected to decrease from R1.96 billion in 2009/10 to R14.9 million in 2012/13 at an average annual rate of 80.3 per cent, when government's contribution to the Pebble Bed Modular Reactor ends.

Programme 3: Legal, Governance and Transactions

- *Management*.
- *Legal and Litigation Services* provides legal services for all commercial transactions involving the department, including but not limited to unbundling, shareholder support and the establishment of state owned enterprises.
- *Governance* develops corporate governance and shareholder management frameworks to improve adherence to good governance principles in all state owned enterprises.
- *Transactions* deals with significant and material transactions relating to state owned enterprises through a multidisciplinary team drawn from legal, governance, and relevant sector programmes.

Funding in these subprogrammes will mainly be used for expenses related to support functions such as remuneration and goods and services.

Objectives and measures

- Ensure effective shareholder oversight of the state owned enterprises by:
 - providing assistance on the development and negotiation of shareholder compacts, significance and materiality frameworks, and borrowing power delegations
 - assisting in the assessment of applications for the approval of significant and material transactions
 - assisting in board appointments and shareholder preparations for annual general meetings.
- Support state owned enterprises by developing and continuously updating a database on board appointments and governance guidelines, indicators in areas such as board remuneration, and evaluation.
- Ensure that state owned enterprises comply with legal requirements by:
 - monitoring state owned enterprises' corporate governance indicators annually
 - monitoring and assessing legislative impact on state owned enterprises and alerting them to changes and possible risks.

Service delivery focus

Key litigation matters involving the department include: the formation of a settlement implementation committee in 2008/09 for the court order in favour of the Richtersveld community; a private claim instituted in the equality court against Transnet's second defined pension fund, which was dismissed with costs in November 2009; and litigation instituted by Umthunzi Consortium against government, which was withdrawn in September 2009.

A steering committee was established in 2008 comprised of the Department of Public Enterprises, National Treasury and the Department of Communications to oversee the winding down of the Diabo Share Trust and the transfer of benefits to beneficiaries. The process is progressing satisfactorily and the bulk of trust assets have been transferred back to government to pay out the beneficiaries. It is anticipated that this will be finalised by the end of 2010/11.

The framework agreement and guarantee agreement in support of Eskom's capital expansion programme were prepared in November 2009 in collaboration with Eskom and National Treasury. Support will continue for executing individual guarantee agreements.

In 2008/09, a due diligence of all properties registered to Aventura was finalised, Tshipise Resort was transferred to Forever Resorts, while matters delaying the transfer of the Blydepoort and Swadini resorts, to land claims beneficiaries have been resolved. The transfer of these two resorts will be undertaken in collaboration with the Department of Rural Development and Land Reform while preparations for the winding up of Aventura are under way.

Public hearings were held on the licensing of Broadband Infracore and an electronic communications network services licence was granted in November 2009. Monitoring of Broadband Infracore's licensing requirements will continue. The board remuneration guidelines have been reviewed and an update is in progress.

Expenditure estimates

Table 10.6 Legal, Governance and Transactions

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Management	2.1	2.2	2.1	2.2	3.0	3.2	3.4
Legal and Litigation Services	7.7	9.2	9.5	11.7	9.5	10.1	10.5
Governance	5.1	7.5	2.5	1.7	1.9	2.0	2.1
Transactions	89.0	74.7	131.3	130.2	40.1	4.3	4.4
Total	103.9	93.7	145.4	145.9	54.4	19.6	20.4
Change to 2009 Budget estimate				(6.9)	36.0	-	-

Economic classification

Current payments	19.6	20.9	15.1	16.8	18.4	19.6	20.4
Compensation of employees	11.1	10.9	7.8	8.6	9.4	9.9	10.5
Goods and services	8.4	10.0	7.3	8.1	9.0	9.7	9.8
<i>of which:</i>							
Consultants and professional services:							
Business and advisory services	1.8	1.1	3.1	0.8	0.0	0.0	0.0
Consultants and professional services:							
Legal costs	3.1	4.7	2.7	6.0	7.3	7.8	8.0
Travel and subsistence	0.9	0.9	1.0	1.0	1.3	1.4	1.5
Transfers and subsidies	84.1	72.7	130.0	129.1	36.0	-	-
Public corporations and private enterprises	84.1	72.7	130.0	129.1	36.0	-	-
Payments for capital assets	0.2	0.0	-	-	-	-	-
Machinery and equipment	0.2	0.0	-	-	-	-	-
Payments for financial assets	-	-	0.3	-	-	-	-
Total	103.9	93.7	145.4	145.9	54.4	19.6	20.4

Details of selected transfers and subsidies

Public corporations and private enterprises							
Public corporations							
Other transfers							
Current	82.1	72.7	130.0	129.1	36.0	-	-
Alexkor	82.1	72.7	130.0	129.1	36.0	-	-

Expenditure trends

Expenditure increased from R103.9 million in 2006/07 to R145.9 million in 2009/10, at an average annual rate of 12 per cent. The increase was dominated by transfers to Alexkor for an exploration programme, operating costs, restructuring, and the payment of value added tax on previous government transfers, as well as funding for the settlement of the Richtersveld community's land claim agreement.

Expenditure is expected to decrease over the MTEF period from R145.9 million to R20.4 million at an average annual rate of 48.1 per cent, due to the finalisation of the Richtersveld community's land claim.

Programme 4: Manufacturing Enterprises

- *Management.*
- *Forestry Sector* monitors the activities of the South African Forestry Company, including forestry management, timber harvesting and timber processing, domestically and internationally. Funding in this subprogramme will mainly be used to fund personnel involved in the oversight function and related costs.
- *Defence Sector* oversees Denel's financial and strategy implementation. Funding in this subprogramme will mainly be used for the recapitalisation of Denel.

Objectives and measures

- Ensure alignment in shareholder strategic intent in relation to state owned enterprises' role in achieving sector objectives by reviewing enterprise strategies and mandates in the context of changes in sectoral policy and by evaluating business plans annually.
- Ensure that the corporate strategies and plans of state owned enterprises are aligned with government's strategic intent by reviewing and evaluating these strategies and plans annually, and alerting the boards to material deviations.
- Monitor Denel's turnaround by 2012/13 by:
 - measuring ongoing performance against the turnaround plan
 - setting working capital management targets and conducting monthly performance reviews
 - supporting the restructuring of Denel Saab Aerostructures and Denel Dynamics.
- Facilitate the process of Denel's future role in the economy by regular interaction and discussions with the Department of Defence and Military Veterans with a particular emphasis on strengthening advanced manufacturing technologies.
- Ensure that the mandate of South African Forestry Company is aligned with government's strategic objectives.

Service delivery focus

In addition to satisfying all statutory shareholder functions, including evaluating the Denel corporate plan, developing a shareholder compact (including a shareholder strategic intent statement), quarterly and annual reporting, and approving significant and material transactions, the following support was provided to enhance state owned enterprise performance:

The main focus since 2008/09 has been engaging with Denel and National Treasury on the effective implementation of Denel's turnaround strategy, with a particular focus on cost cutting and revenue growth as well as the enterprise's interim financial sustainability. A rollover of a R1.3 billion guarantee and a further R550 million guarantee has been secured in 2009/10. Engagements with the Department of Defence and Military Veterans to improve alignment in Denel's service delivery focus and multi-year orders will continue over the MTEF period. In 2009, the Department of Defence and Military Veterans made progress in identifying capabilities that are either strategic or sovereign to that department and ensuring their financial sustainability. A work group was established in 2009 to facilitate the operational merger of the South African Air Force's maintenance, repair and overhaul capability with that of Denel Aviation. A strategic due diligence was undertaken in 2009 on a potential equity partner to verify its suitability to partner with one of Denel's subsidiaries.

In facilitating the resolution of land claims that affect the South African Forestry Company, the Department of Public Enterprises continues to assess the company's financial performance, specifically the impact of the recession on the company's revenue.

Expenditure estimates

Table 10.7 Manufacturing Enterprises

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Management	2.4	1.5	1.3	1.8	8.8	7.7	9.2
Forestry Sector	6.7	0.9	1.4	1.4	2.4	2.6	2.0
Defence Sector	568.3	1 157.6	264.3	196.1	4.9	5.3	5.5
Total	577.5	1 159.9	267.0	199.3	16.2	15.6	16.7
Change to 2009 Budget estimate				190.9	-	-	-

Economic classification

Current payments	10.5	6.0	9.4	7.5	16.2	15.6	16.7
Compensation of employees	3.7	3.9	4.7	5.5	6.4	6.8	6.4
Goods and services	6.8	2.0	4.7	2.0	9.8	8.8	10.2
<i>of which:</i>							
<i>Consultants and professional services:</i>							
<i>Business and advisory services</i>	3.5	0.7	3.7	1.5	8.9	7.8	9.2
<i>Travel and subsistence</i>	2.4	0.6	0.3	0.3	0.8	0.8	0.8
Transfers and subsidies	0.0	221.0	257.6	191.9	-	-	-
Public corporations and private enterprises	-	221.0	257.6	191.9	-	-	-
Payments for financial assets	567.0	933.0	-	-	-	-	-
Total	577.5	1 159.9	267.0	199.3	16.2	15.6	16.7

Details of selected transfers and subsidies

Public corporations and private enterprises							
Public corporations							
Other transfers							
Current	-	221.0	257.6	191.9	-	-	-
Denel	-	221.0	257.6	191.9	-	-	-

Expenditure trends

Expenditure decreased substantially from R577.5 million in 2006/07 to R199.3 million in 2009/10, at an average annual rate of 29.9 per cent. This is primarily due to the decrease in transfers to Denel. Denel received R567 million in 2006/07 to support its turnaround strategy. It received an additional R1.16 billion in 2007/08, comprising R221 million for the payment of a claim for an indemnity granted to Denel and R933 million as a final capital investment. R257.6 million was transferred to Denel in 2008/09 and a further R191.8 million has been allocated in 2009/10 for further payments for the indemnity.

Expenditure is expected to decrease from R199.3 million in 2009/10 to R16.7 million in 2012/13, at an average annual rate of 56.3 per cent.

Programme 5: Transport Enterprises

- *Management.*
- *Transport Sector* oversees Transnet. Funding in this subprogramme will mainly be used for funding the personnel involved in overseeing the sector.
- *Aviation Sector* oversees South African Airways and South African Express Airways. Funding in this subprogramme will mainly be used for personnel and related costs.

Objectives and measures

- Strengthen state owned enterprises' role in achieving sector objectives by reviewing the enterprises' strategies, mandates and business plans annually.

- Promote alignment of corporate strategies of state owned enterprises with government's strategic intent by evaluating corporate plans annually and advising the Boards of material deviations.
- Create an enabling environment for state owned enterprises and ensure an appropriate balance between the long term enterprise interest and the short term consumer interest by engaging with the Department of Transport and relevant regulators (and regulatory processes), especially with the introduction of new policies and regulations affecting Transnet.
- Ensure the global competitiveness of the freight logistics industry by developing national corridor performance measurement (NCPM) tools and indicators over the MTEF period to quantify the operational efficiency of freight corridors.
- Develop a long term strategy for improving the efficiency and performance of investments by state owned enterprises in transport enterprises by annually monitoring the key performance indicators of Transnet, South African Airways and South African Express Airways.
- Analyse and assess Transnet's role and influence in the economy by employing economy wide models to measure the impact of Transnet's restructuring and its significant investment programme.
- Strengthen private sector participation in ports and rail over the medium term by:
 - reviewing, in terms of the National Ports Act (2005), the process for involving private sector terminal operators
 - overseeing the implementation of the Transnet branch line strategy, which will be completed over the MTEF period with the purpose of introducing private operators on the branch line network.
- Monitor the rollout of Transnet's capital expenditure programme by annually assessing its impact for any significant deviations from corporate plans in order to report to the department on Transnet's performance.
- Monitor the implementation of the competitive supplier development programme to leverage Transnet's capital expenditure for the development of local supplier industries by evaluating the reports received from Transnet on a quarterly basis.
- Monitor the alignment, strategy and mandate of South African Airways and South African Express Airways with the African aviation strategy by evaluating corporate plans on quarterly basis.

Service delivery focus

In addition to satisfying all statutory shareholder functions including evaluating the Transnet corporate plan, developing a shareholder compact (including a shareholder strategic intent statement), quarterly and annual reporting, and approving significant and material transactions, the following support was provided to enhance state owned enterprise performance:

Major achievements in the rail and port sector in 2009/10 included ministerial approval of the branch line strategy, completing a study on customer experiences in the freight logistic sector focused on Transnet's key customers, and developing a macroeconomic model to assess Transnet's impact on the economy. A project charter detailing the outputs of the national corridor performance management system was finalised. Major achievements in the aviation sector on 2009/10 included transferring South African Express Airways from Transnet to the department, reviewing the financial sustainability and mitigation of plans for South African Airways, and reviewing South African Airways' restructuring programme.

Expenditure estimates

Table 10.8 Transport Enterprises

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Management	–	0.8	6.4	2.5	2.5	2.7	2.8
Transport Sector	2.3	4.5	9.8	11.2	9.7	10.7	15.2
Aviation Sector	1.2	746.9	588.8	1 555.0	6.3	7.1	5.4
Total	3.5	752.1	604.9	1 568.7	18.5	20.6	23.4
Change to 2009 Budget estimate				2.7	–	–	–

Economic classification

Current payments	3.5	7.7	19.9	19.7	18.5	20.6	23.4
Compensation of employees	2.2	3.1	10.5	9.2	10.0	10.7	11.3
Goods and services	1.3	4.6	9.5	10.5	8.5	9.8	12.1
<i>of which:</i>							
<i>Consultants and professional services:</i>							
<i>Business and advisory services</i>	0.8	3.6	8.5	8.8	6.6	7.8	10.0
<i>Travel and subsistence</i>	0.3	0.4	0.5	1.4	1.5	1.6	1.6
Transfers and subsidies	0.0	744.4	140.0	–	–	–	–
Public corporations and private enterprises	–	744.4	140.0	–	–	–	–
Payments for financial assets	–	–	445.0	1 549.1	–	–	–
Total	3.5	752.1	604.9	1 568.7	18.5	20.6	23.4

Details of selected transfers and subsidies

Public corporations and private enterprises							
Public corporations							
Other transfers							
Current	–	744.4	140.0	–	–	–	–
South African Airways	–	744.4	–	–	–	–	–
South African Express	–	–	140.0	–	–	–	–

Expenditure trends

Expenditure increased significantly from R3.5 million in 2006/07 to R1.57 billion in 2009/10, due to allocations of R140 million to Transnet for the purchase of South African Express Airways, R744.4 million to South African Airways for its restructuring and turnaround programme, and the conversion of a R1.57 billion guaranteed loan into capacity to reduce South African Airways' debt.

Expenditure is expected to decrease significantly to R23.4 million over the MTEF period, at an average annual rate of 75.4 per cent.

Programme 6: Joint Project Facility

- *Management.*
- *Joint Project Facility* provides project management support for a number of projects that aim to identify and unlock synergies among state owned enterprises, and coordinates cross-cutting projects that leverage the assets, activities and capabilities of state owned enterprises to the benefit of the enterprise and the economy as a whole. Funding in this subprogramme will mainly be used for expenses related to support functions such as remuneration and goods and services.

Achievements of Joint Project Facility projects

- The **competitive supplier development programme** leverages state owned enterprises' build programmes to attract local manufacturing and supplier industries to support state owned enterprises' infrastructure build and maintenance plans. This aims to increase localisation, investment, job creation and export competitiveness. A comprehensive position paper on the next generation competitive supplier development programme, which seeks to extend the programme to government procurement, has been developed and approved by the Minister of Public Enterprises and the Minister of Trade and Industry.
- The **human resources and capacity building programme**, through the department's Employment and Skills Development Agency, seeks to ensure a sufficient supply of priority scarce skills to support state owned enterprises' build programmes. A process that identified gaps in the electrical and welding qualifications has been completed with the technical skills business partnership and the Department of Higher Education and Training. Subprogrammes include:
 - The management learning programme, hosted by the University of Cape Town's Graduate School of Business, will assist in building leadership capacity in government and state owned enterprises. The programme will begin in April 2010.
 - The solar water heater programme will develop plumbing skills to support solar water heater maintenance and installation to reduce residential energy demand.
 - Autumn school is an annual event to provide the parliamentary portfolio committee on public enterprises and the National Council of Provinces with an opportunity to enter into dialogue with the department and industry experts around key issues.
- The **Africa project** has 2 components. The first aims to contribute to the development of key economic infrastructure (electricity and rail) projects across Africa, especially in the Southern African Development Community region. The second focuses on regional supplier development:
 - The regional electricity generation and rail corridor development project provides extensive engagements and negotiation in support of regional power projects.
 - The regional supplier development programme facilitates joint supplier development initiatives in targeted African countries to facilitate participation in state owned enterprises' build and maintenance programmes and leverage access to the global value chains of multinational original equipment manufacturers.
- The **SA power project** aims to leverage Eskom's build programme to enhance South Africa's manufacturing, technology and skills base by developing a detailed industrial strategy. A renewables project has been launched to scope the sector's potential, explore strategic bilateral relationships and develop an industrial policy position paper.
- The **aerostructures project** explores options to develop an aerospace industry to grow South Africa's technological and skills base in this sector.
- The property project focuses on bulk state owned enterprise non-core property disposals. The majority of disposals have been from Transnet to the state for residential use.
- In the **environmental issues project**, a memorandum of understanding between the Department of Public Enterprises, the Department of Environmental Affairs and Eskom has been finalised to facilitate build programmes.
- In the **ICT project**, a West Africa marine cable contract is in force. The project is in the final stages of completion.
- The **technology management framework** aims to manage innovation and technology in state owned enterprises for commercialisation. A pilot project on titanium is under way.
- The **nuclear communication strategy** is complete. The strategy was shared with other government departments and the national energy response team. This project closed at the end of March 2009.

Expenditure estimates

Table 10.9 Joint Project Facility

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Management	–	2.5	0.3	0.9	1.1	1.1	1.2
Joint Project Facility	11.4	13.0	30.2	25.2	8.8	7.6	7.9
Total	11.4	15.5	30.6	26.0	9.8	8.8	9.1
Change to 2009 Budget estimate				(7.7)	–	–	–
Economic classification							
Current payments	11.4	15.5	30.6	26.0	9.8	8.8	9.1
Compensation of employees	2.4	3.5	5.3	4.4	3.6	3.8	4.0
Goods and services	9.0	12.1	25.3	21.6	6.3	4.9	5.0
<i>of which:</i>							
<i>Consultants and professional services:</i>	9.0	8.9	22.4	19.9	4.7	3.2	3.3
<i>Business and advisory services</i>							
<i>Travel and subsistence</i>	–	2.5	2.3	1.4	1.2	1.2	1.3
Total	11.4	15.5	30.6	26.0	9.8	8.8	9.1

Expenditure trends

In 2006/07, the *Joint Project Facility* was included as a subprogramme in the *Manufacturing Enterprises* programme, but through the realignment of the department's functions a new programme was created in 2007/08 and historical expenditure was adjusted accordingly.

Expenditure increased from R11.4 million in 2006/07 to R26 million in 2009/10, at an average annual rate of 31.6 per cent.

Expenditure is expected to decrease from R26 million in 2009/10 to R9.1 million in 2012/13, at an average annual rate of 29.5 per cent. This is mainly due to the completion over the MTEF period of some of the projects and programmes and the shift of the oversight and implementation of these projects to the relevant state owned enterprise teams, other units in the department and other relevant departments.

Additional tables

Table 10.A Summary of expenditure trends and estimates per programme and economic classification

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R million	2008/09		2008/09	2009/10			2009/10
1. Administration	66.0	73.1	80.1	83.2	8.8	92.0	92.0
2. Energy and Broadband Enterprises	2 137.6	2 138.0	2 136.8	1 957.6	1.5	1 959.2	1 959.2
3. Legal, Governance and Transactions	158.2	152.4	145.8	148.3	(2.5)	145.9	145.9
4. Manufacturing Enterprises	11.6	269.4	267.0	8.5	190.9	199.3	199.3
5. Transport Enterprises	605.7	604.4	604.9	1 566.0	2.7	1 568.7	1 568.7
6. Joint Project Facility	28.8	32.1	30.6	33.7	(7.7)	26.0	26.0
Total	3 007.9	3 269.4	3 265.1	3 797.3	193.8	3 991.2	3 991.2

Economic classification							
	164.8	166.3	163.7	171.0	1.9	172.9	172.9
Current payments							
Compensation of employees	71.5	68.0	70.4	79.5	1.9	81.4	81.4
Goods and services	93.3	98.3	93.2	91.5	–	91.5	91.5
Transfers and subsidies	2 842.7	3 102.2	2 278.3	1 867.5	191.9	2 059.4	2 059.4
Public corporations and private enterprises	2 842.0	3 101.5	2 277.6	1 866.8	191.9	2 058.7	2 058.7
Households	0.7	0.7	0.7	0.7	–	0.7	0.7
Payments for capital assets	0.4	0.9	0.9	1.3	–	1.3	1.3
Machinery and equipment	0.4	0.9	0.8	1.3	–	1.3	1.3
Payments for financial assets	–	–	822.3	1 757.6	–	1 757.6	1 757.6
Total	3 007.9	3 269.4	3 265.1	3 797.3	193.8	3 991.2	3 991.2

Table 10.B Summary of personnel numbers and compensation of employees

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Permanent and full time contract employees							
Compensation (R million)	46.6	55.3	69.4	80.4	86.9	92.3	97.1
Unit cost (R million)	0.3	0.4	0.5	0.5	0.5	0.6	0.6
<i>Administration</i>	0.3	0.3	0.4	0.5	0.5	0.5	0.5
<i>Energy and Broadband Enterprises</i>	0.2	0.5	0.4	0.7	0.6	0.6	0.6
<i>Legal, Governance and Transactions</i>	0.5	0.6	0.7	0.8	0.7	0.7	0.8
<i>Manufacturing Enterprises</i>	0.5	0.6	0.8	0.9	0.6	0.7	0.6
<i>Transport Enterprises</i>	0.4	0.5	1.0	0.8	0.7	0.7	0.8
<i>Joint Project Facility</i>	0.8	0.6	0.9	0.9	0.6	0.6	0.7
Personnel numbers (head count)	138	138	136	161	167	167	167
Total for department							
Compensation (R million)	47.2	56.0	70.4	81.4	88.0	93.5	98.3
Unit cost (R million)	0.3	0.4	0.4	0.4	0.5	0.5	0.5
Personnel numbers (head count)	156	158	158	183	189	189	189

Table 10.C Detail of approved establishment and personnel numbers according to salary level

	Personnel post status as at 30 September 2009			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid year ²	Medium-term estimate		
				2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Department	161	161	-	138	138	136	130	167	167	167
Salary level 1 – 6	11	11	-	9	11	11	11	14	14	14
Salary level 7 – 10	62	62	-	55	57	62	56	64	64	64
Salary level 11 – 12	28	28	-	26	25	23	25	28	28	28
Salary level 13 – 16	60	60	-	48	45	40	38	61	61	61
Administration	101	101	-	86	87	88	85	107	107	107
Salary level 1 – 6	11	11	-	9	11	11	11	14	14	14
Salary level 7 – 10	44	44	-	42	40	44	38	46	46	46
Salary level 11 – 12	20	20	-	18	17	17	19	20	20	20
Salary level 13 – 16	26	26	-	17	19	16	17	27	27	27
Energy and Broadband Enterprises	15	15	-	15	13	15	11	15	15	15
Salary level 7 – 10	6	6	-	5	5	6	6	6	6	6
Salary level 11 – 12	2	2	-	2	1	1	1	2	2	2
Salary level 13 – 16	7	7	-	8	7	8	4	7	7	7
Legal, Governance and Transactions	14	14	-	22	19	11	11	14	14	14
Salary level 7 – 10	3	3	-	5	5	3	3	3	3	3
Salary level 11 – 12	2	2	-	3	3	1	1	2	2	2
Salary level 13 – 16	9	9	-	14	11	7	7	9	9	9
Manufacturing Enterprises	10	10	-	7	7	6	6	10	10	10
Salary level 7 – 10	2	2	-	1	3	2	2	2	2	2
Salary level 11 – 12	2	2	-	1	1	2	2	2	2	2
Salary level 13 – 16	6	6	-	5	3	2	2	6	6	6
Transport Enterprises	15	15	-	5	6	10	12	15	15	15
Salary level 7 – 10	5	5	-	1	2	4	5	5	5	5
Salary level 11 – 12	1	1	-	-	1	1	1	1	1	1
Salary level 13 – 16	9	9	-	4	3	5	6	9	9	9
Joint Project Facility	6	6	-	3	6	6	5	6	6	6
Salary level 7 – 10	2	2	-	1	2	3	2	2	2	2
Salary level 11 – 12	1	1	-	2	2	1	1	1	1	1
Salary level 13 – 16	3	3	-	-	2	2	2	3	3	3

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

2. As at 30 September 2009.

Table 10.D Summary of expenditure on training

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Compensation of employees (R million)	47.2	56.0	70.4	79.2	88.0	93.5	98.3
Training expenditure (R million)	0.8	1.6	1.7	2.2	1.9	2.0	2.0
Training as percentage of compensation	1.6%	2.9%	2.4%	2.8%	2.1%	2.1%	2.1%
Total number trained in department (head count)	139	165	173	252			
<i>of which:</i>							
Employees receiving bursaries (head count)	34	34	36	36			
Internships trained (head count)	18	20	22	22			
Households receiving bursaries (head count)	-	-	4	-			

Vote 11

Public Service and Administration

Budget summary

R million	2010/11				2011/12	2012/13
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	138.8	136.2	–	2.6	140.6	147.4
Human Resource Management and Development in Government	48.9	48.9	–	0.1	39.2	41.5
Labour Relations and Compensation Management in Government	57.2	57.1	–	0.1	57.2	58.1
Information and Technology Management in Government	45.4	45.3	–	0.1	45.2	47.3
Service Delivery Improvement throughout Government	186.7	49.2	137.5	0.0	188.3	195.1
Governance for Public Service and Administration	174.6	40.3	134.1	0.1	186.7	194.7
Total expenditure estimates	651.5	376.9	271.6	2.9	657.1	684.1
Executive authority	Minister for Public Service and Administration					
Accounting officer	Director-General of Public Service and Administration					
Website address	www.dpsa.gov.za					

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

Aim

The aim of the Department of 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, to improve service delivery.

Programme purposes

Programme 1: Administration

Purpose: Policy, strategic leadership and overall management of the department.

Programme 2: Human Resource Management and Development in Government

Purpose: Develop and implement an integrated strategy, monitor employment practices, conduct human resource planning and diversity management, and improve the health and wellbeing of public service employees.

Programme 3: Labour Relations and Compensation Management in Government

Purpose: Develop and implement compensation policies and guidelines for the public sector. Ensure coordinated bargaining and effective programme management for the establishment of the single public service.

Programme 4: Information and Technology Management in Government

Purpose: Ensure the effective use of information technology in government. Facilitate the use of information technology for modernising government and establishing e-government practices, within an acceptable information security environment.

Programme 5: Service Delivery Improvement throughout Government

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

Programme 6: Governance for Public Service and Administration

Purpose: 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; fight against corruption and carry out participatory monitoring.

Strategic overview: 2006/07 – 2012/13

The Department of Public Service and Administration was established in 1996 in terms of the Public Service Act (1994) to provide policy making support to the Minister for Public Service and Administration, and to carry out the necessary functions in terms of its constitutional and legislative mandate. These functions are to: transform and modernise the public service; oversee changes to the structure of the public service; establish norms and standards for human resources and development, conditions of service, labour relations, IT and service delivery; issue directives and regulations for the public service; formulate the national anti-corruption strategy; and exercise oversight over the State Information Technology Agency.

The department's mandate has evolved over the years from developing policy towards implementing and facilitating service delivery improvement through support interventions, ICT and community development workers. The department also participates in and plays a critical role in various public administration and management structures in the Southern African Development Community (SADC) region and the rest of the world.

In 2008/09, the Centre for Public Service Innovation was established as a government component operating within the department. The centre identifies, supports and nurtures innovation in the public sector with a view to improving overall service delivery. In addition, a decision has been taken to shift oversight responsibility for the Public Service Commission and the Public Administration Leadership and Management Academy (PALAMA) to the department in terms of the Public Finance Management Act (1999).

Strategic objectives in line with government's major priorities

Informed by government's major priorities, which have been identified as education, health, land reform and rural development, the creation of decent work and sustainable livelihoods, and the fight against crime and corruption, and in line with the priorities of the governance and administration cluster, the department has adopted five overarching strategic objectives: to develop and strengthen the capacity of the state through efficient and sustainable systems; to strengthen the public sector through institutional reform; to develop human capacity in the public sector by ensuring that staff are skilled and professional; to promote good governance in the public sector by building an effective and caring government; and to pursue international strategic partnerships to consolidate South Africa's public administration agenda in the regional and international spheres.

In meeting these objectives, the department is mindful of the constraints and challenges that the current global economic climate presents, and that it is necessary to accelerate implementation to ensure a functional public service, which is expected to improve the lives of the poor and other marginalised groups.

Medium term objectives

Over the medium term, the department aims to increase efficient public service delivery and access to public services through ICT initiatives and the creation of an enabling environment. It will also improve the administration of human resources through the ongoing implementation of effective transversal systems, such as the integrated financial management system, and the continued development and implementation of human resource policies, frameworks and tools. Engaging with national and provincial departments, it will continue to enhance good governance throughout the public service, working towards improved and more effective public sector accountability by supporting departments in the implementation of its policies and frameworks and the infusion of the Batho Pele principles.

With regard to legislation, the department will complete the development of the Public Administration Management Bill (previously referred to as the Single Public Service Bill) following the withdrawal of the bill from Parliament in September 2008. This bill is a strategic initiative aimed at promoting and accelerating access to services. It will outline minimum standards for service delivery across the three spheres of government and will ensure the alignment of remuneration and conditions of service for government workers.

Savings and cost effective service delivery

The department realised savings of R7.3 million in 2010/11, R28.8 million in 2011/12 and R17.1 million in 2012/13 by participating in the government fleet management scheme. From April 2008, the department restricted the use of business class air travel and car hire. It is keeping delegations to national and international destinations as small as possible to further reduce travelling costs.

Other cost saving initiatives that have been implemented include: the use of least cost routers on the landline telephone system, reducing the overall cost of telephonic communications by 30 per cent; discounted rates on cellular telephone contracts that have been negotiated by the department; less catering and entertainment; an electronic landline telephone accounting system that saves on paper and ink cartridges; and reducing printing costs by limiting the procurement of personal printers and by using multifunctional photocopy machines for printing.

Selected performance indicators

Table 11.1 Public Service and Administration

Indicator	Programme	Past			Current 2009/10	Projections		
		2006/07	2007/08	2008/09		2010/11	2011/12	2012/13
Number of departments where HR Connect skills database and processes have been implemented per year	Human Resource Management and Development in Government	5	22	22	46	46	23	–
Number of departmental human resources plans analysed and feedback provided per year	Human Resource Management and Development in Government	–	6	75	93	95	95	95
Number of departments submitting human resource development organisational readiness audit reports per year	Human Resource Management and Development in Government	–	87	113	120	140	140	140
Number of departments submitting human resource development implementation plans per year	Human Resource Management and Development in Government	–	–	43	72	140	140	140
Number of employee health and wellness practitioners trained in mainstreaming HIV and AIDS per year	Human Resource Management and Development in Government	–	–	250	680	321	321	321
Number of departments equipped with tools and skills in employee health and wellness per year	Human Resource Management and Development in Government	–	–	–	–	46	47	48
Number of occupation specific dispensations implemented at applicable departmental levels per year	Labour Relations and Compensation in Government	–	1	2	4	5	–	–
Number of Thusong service centres connected to a centralised ICT infrastructure per year	Information and Technology Management in Government	–	–	43	48	49	–	–

Table 11.1 Public Service and Administration (continued)

Indicator	Programme	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Number of entries for Centre for Public Service Innovation awards solicited and adjudicated per year	Service Delivery Improvement throughout Government	30	35	110	107	125	135	145
Number of successful innovative projects replicated per year	Service Delivery Improvement throughout Government	–	–	–	1	2	3	4
Number of SADC public administration documents submitted to the United Nations Public Administration Network portal per year	Service Delivery Improvement throughout Government	360	360	500	1 200	1 500	1 750	2 000
Number of visits to the Centre for Public Service Innovation per year	Service Delivery Improvement throughout Government	–	–	–	200	250	250	300
Number of Department of Public Service and Administration policies evaluated for effectiveness per year	Governance for Public Service and Administration	–	–	–	2	4	4	4
Number of consultations to enhance public participation in and ownership of the African peer review mechanism per year	Governance for Public Service and Administration	–	–	–	–	9	2	–

Expenditure estimates

Table 11.2 Public Service and Administration

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
R million								
1. Administration	62.0	89.3	95.4	115.3	115.3	138.8	140.6	147.4
2. Human Resource Management and Development in Government	32.4	34.1	35.9	48.1	46.3	48.9	39.2	41.5
3. Labour Relations and Compensation Management in Government	168.1	116.5	134.7	117.4	117.4	57.2	57.2	58.1
4. Information and Technology Management in Government	33.1	38.3	33.3	40.1	40.1	45.4	45.2	47.3
5. Service Delivery Improvement throughout Government	125.5	192.1	174.4	191.6	191.6	186.7	188.3	195.1
6. Governance for Public Service and Administration	162.6	139.3	156.7	170.3	170.3	174.6	186.7	194.7
Total	583.7	609.6	630.6	682.8	681.0	651.5	657.1	684.1
Change to 2009 Budget estimate				86.5	84.7	(11.2)	(39.2)	(31.1)

Economic classification

	2006/07	2007/08	2008/09	2009/10	2009/10	2010/11	2011/12	2012/13
Current payments	345.8	366.2	396.8	405.9	404.1	376.9	370.0	386.1
Compensation of employees	92.5	115.8	129.1	153.4	153.4	174.4	183.4	193.4
Goods and services	253.3	250.4	267.7	252.5	250.7	202.5	186.7	192.7
<i>of which:</i>								
Computer services	28.2	36.3	27.4	32.9	32.9	36.1	36.7	40.7
Consultants and professional services:	1.0	28.8	24.6	47.2	45.4	31.4	18.2	15.8
Business and advisory services								
Lease payments	2.8	13.3	12.4	20.7	20.7	25.5	25.3	26.9
Travel and subsistence	35.6	24.7	33.5	22.7	22.7	39.2	40.3	42.1
Interest and rent on land	–	–	0.1	–	–	–	–	–
Transfers and subsidies	230.4	239.9	223.0	275.2	275.2	271.6	284.5	295.4
Provinces and municipalities	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Departmental agencies and accounts	154.3	239.2	219.0	274.8	274.8	271.2	284.1	295.0
Foreign governments and international organisations	0.4	0.2	0.7	0.4	0.4	0.4	0.4	0.4
Public corporations and private enterprises	75.0	0.4	–	–	–	–	–	–
Households	0.6	0.0	3.3	0.0	0.0	–	–	–

Table 11.2 Public Service and Administration (continued)

R million	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
Payments for capital assets	7.4	3.4	10.6	1.6	1.6	2.9	2.6	2.6
Machinery and equipment	7.3	3.4	10.1	1.5	1.5	2.6	2.4	2.4
Software and other intangible assets	0.1	–	0.5	0.1	0.1	0.3	0.2	0.2
Payments for financial assets	0.0	0.0	0.2	–	–	–	–	–
Total	583.7	609.6	630.6	682.8	681.0	651.5	657.1	684.1

Expenditure trends

Expenditure increased from R583.7 million in 2006/07 to R682.8 million in 2009/10, at an average annual rate of 5.4 per cent. Over the 2010 MTEF period, spending is expected to grow to R684.1 million at an average annual rate of 0.1 per cent. Spending in the *Administration* programme grew at an average annual rate of 23 per cent between 2006/07 and 2009/10, due to the devolution of accommodation funds from the Department of Public Works to national departments. Spending in this programme over the medium term is expected to slow to an average annual rate of 8.5 per cent once the devolved funds have been incorporated into the programme's baseline.

The *Service Delivery Improvement throughout Government* programme constitutes 28.5 per cent of the department's expenditure over the medium term. Spending in the *Centre for Public Service Innovation* subprogramme declined by 24 per cent in 2009/10 due to a once-off additional virement to secure alternative accommodation and establish the Centre for Public Service Innovation. The *Centre for Public Service Innovation* subprogramme's spending is projected to increase at an average annual rate of 2.3 per cent over the MTEF period. Spending in the *Labour Relations and Compensation Management in Government* programme is expected to decrease at an average annual rate of 20.9 per cent over the medium term, due to the reduced allocations for the policy on incapacity leave and ill health retirement which will not continue over the medium term.

Additional funding of R4.7 million in 2010/11, R5.5 million in 2011/12 and R5.9 million in 2012/13 is to fund the higher than anticipated general salary adjustments.

Departmental receipts

The department estimates revenue of approximately R881 000 in 2009/10, mostly generated from parking fees, interest on bursary debts, and commissions. Receipts are estimated to remain relatively stable over the MTEF period. A once-off amount of R926 347 was received in 2006/07 from the Eastern Cape department of health for the assistance provided by the integrated management team. Other once-off amounts were received in 2007/08: from the Commonwealth Secretariat (R297 000) for the sponsorship of the fourth Africa meeting of heads of public service; from Sportsman's Warehouse (R100 000) as a sponsorship for the indaba project; from the Government Employees Medical Scheme (R110 000) as a sponsorship for the employee health and wellness day; and from Bytes Harges (R223 000) and the Gauteng provincial government (R430 000) for the Global Forum V on fighting corruption and safeguarding integrity.

Table 11.3 Departmental receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
Departmental receipts	1 803	2 701	962	881	881	666	716	735
Sales of goods and services produced by department	464	382	416	258	258	271	295	301
Transfers received	100	1 200	–	–	–	–	–	–
Interest, dividends and rent on land	16	43	50	38	38	40	43	45
Sales of capital assets	(4)	–	3	–	–	–	–	–
Transactions in financial assets and liabilities	1 227	1 076	493	585	585	355	378	389
Total	1 803	2 701	962	881	881	666	716	735

Programme 1: Administration

Expenditure estimates

Table 11.4 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Minister ¹	0.9	1.0	1.1	1.7	1.8	1.9	2.0
Deputy Minister	–	–	–	1.4	1.5	1.6	1.7
Management	11.2	14.1	17.0	24.4	21.4	21.9	22.2
Cooperate services	48.9	59.9	67.4	59.8	91.7	92.8	97.5
Office Accommodation	1.1	14.4	9.9	27.9	22.4	22.4	24.1
Total	62.0	89.3	95.4	115.3	138.8	140.6	147.4
Change to 2009 Budget estimate				6.5	16.9	10.8	19.0

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

Economic classification

Current payments	57.7	86.0	90.8	113.8	136.2	138.0	144.9
Compensation of employees	31.7	38.8	46.9	58.2	70.2	73.3	77.1
Goods and services	26.0	47.3	43.8	55.7	66.0	64.7	67.7
of which:							
Computer services	2.8	6.7	3.7	5.5	6.3	6.2	6.6
Consultants and professional services:	0.4	1.5	1.1	2.0	2.2	2.1	1.0
Business and advisory services							
Lease payments	2.0	9.3	8.5	17.0	20.0	19.8	21.5
Travel and subsistence	5.9	10.0	11.7	8.0	15.1	15.0	15.5
Transfers and subsidies	0.1	0.0	1.1	0.0	0.0	0.0	0.0
Households	0.1	0.0	1.1	0.0	–	–	–
Payments for capital assets	4.2	3.3	3.5	1.5	2.6	2.5	2.5
Machinery and equipment	4.2	3.3	3.4	1.4	2.4	2.3	2.3
Software and other intangible assets	–	–	0.1	0.1	0.2	0.2	0.2
Total	62.0	89.3	95.4	115.3	138.8	140.6	147.4

Expenditure trends

Expenditure increased from R62 million in 2006/07 to R115.3 million in 2009/10 at an average annual rate of 23 per cent, and is expected to increase over the medium term to R147.4 million at an average annual rate of 8.5 per cent. The substantial increase from 2006/07 to 2009/10 was due to the devolution of accommodation funds from the Department of Public Works.

Spending in the *Management* subprogramme grew at an average annual rate of 29.6 per cent between 2006/07 and 2009/10 due to increased capacity. Expenditure in the *Corporate Services* subprogramme is expected to increase at an average annual rate of 17.7 per cent over the medium term, mainly due to the increase in capacity for support to the Office of the Ministry. Additional funding of R3 million was received in 2009/10 for the appointment of a deputy minister and support staff in terms of the revised government structure, reflected in the new *Deputy Minister* subprogramme and the corporate services subprogramme.

Compensation of employees increased at an average annual rate of 22.4 per cent between 2006/07 and 2009/10, from R31.7 million in 2006/07 to R58.2 million in 2009/10, due to an increase in the number of filled posts, from 172 in 2006/07 to 208 at September 2009, mainly at senior management service levels.

Programme 2: Human Resource Management and Development in Government

- *Management.*
- *Employment Practice and Career Management* develops transversal policies, prescripts and interventions in the senior and middle management services. It is also responsible for the strategic positioning and delivery model of the human resource function in 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 through the development of transversal employment policies, prescripts and guidelines, and other career practices for senior management service members.
- *Human Resource Planning* provides advice, develops policies, prescripts, processes and systems, and conducts interventions to improve human resource planning at the departmental and macro levels.
- *Diversity Management* develops policy and guidelines on employment equity in the public service to remove barriers of access into and within the workplace for targeted groups and to prevent direct and indirect discrimination against designated groups, through targeted strategies.
- *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* aims to improve the competency levels of public servants through capacity development activities, such as internships, learnerships and skills programmes, to ensure a constant pool of productive and contributing employees.

Funding in all subprogrammes is mainly used for compensation of employees and related expenditure in goods and services.

Objectives and measures

- Provide information on skills in the public service by phasing in the HR Connect skills database in all government departments by 2011.
- Monitor the implementation of the gender equality and job access strategic frameworks through quarterly reports to assess national and provincial departments' progress in attaining the set targets of 50 per cent women at senior management service level and 2 per cent persons with disabilities at all levels by 2014.
- Revise the senior management service performance management and development system through a strategic framework by April 2011.
- Annually review the deficiencies in the human resource function at departmental level in terms of the human resource repositioning frameworks by identifying a 30 per cent sample then applying the readiness assessment tool issued to departments to inform required policy enhancements.
- Improve the working environment in frontline offices through capacity development and supporting 300 employee health and wellness managers and practitioners each year in health risk assessment and management.

Service delivery focus

Since the launch of the employee health and wellness strategic framework in November 2008, 4 policies were developed: for HIV and AIDS, and tuberculosis; for health and productivity; for safety, health, environment, risk and quality; and for wellness management. The rollout of these policies is progressing well.

Between August and October 2009, 174 practitioners and managers were trained on HIV and AIDS mainstreaming. 2 cohorts of 107 practitioners and 120 managers will be trained in February 2010.

The national targets for 50 per cent women and 2 per cent persons with disabilities in senior management across all salary levels have not been met since they were mandated by Cabinet in 2005. The deadline for the same targets has been extended to 2014.

In 2008/09, the complete HR Connect model was rolled out in 27 departments, including 5 self-funding departments in KwaZulu-Natal. 46 departments have been approved to participate in the model in 2009/10. The rollout of HR Connect to the remaining departments will continue in 2010/11 and 2011/12.

Departmental design and reconfiguration after the 2009 elections, involving 16 departments, has been facilitated by the Department of Public Service and Administration. As part of the national macro organisation of the state project that started in May 2009, the department has created new departments, renamed existing departments, abolished redundant departments and transferred functions between departments.

Expenditure estimates

Table 11.5 Human Resource Management and Development in Government

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Management	1.5	2.2	3.5	2.9	3.9	4.3	4.5
Employment Practice and Career Management	3.3	4.6	5.0	4.0	4.3	4.0	4.3
Senior Management Service	0.7	2.7	3.0	3.0	3.4	3.2	3.2
Human Resource Planning	9.3	14.1	12.0	25.0	23.2	13.3	13.8
Diversity Management	4.7	2.5	3.6	4.6	4.9	4.7	4.9
Employee Health and Wellness	8.1	4.1	4.5	5.0	5.6	5.9	6.8
Human Resource Development	4.7	3.8	4.3	3.5	3.7	3.7	3.9
Total	32.4	34.1	35.9	48.1	48.9	39.2	41.5
Change to 2009 Budget estimate				1.2	(3.2)	(4.2)	(7.2)
Economic classification							
Current payments	31.1	34.1	35.0	48.0	48.9	39.1	41.5
Compensation of employees	13.6	21.0	21.6	23.2	24.6	26.0	27.7
Goods and services	17.6	13.1	13.5	24.8	24.2	13.1	13.8
<i>of which:</i>							
Computer services	1.4	0.2	0.9	0.5	1.4	1.9	2.0
Consultants and professional services:	0.1	4.7	2.9	15.2	12.2	0.9	1.0
Business and advisory services							
Lease payments	0.2	0.5	0.3	0.3	0.3	0.3	0.3
Travel and subsistence	2.6	3.3	4.0	3.3	4.5	5.9	6.2
Transfers and subsidies	0.0	–	0.6	0.0	–	–	–
Households	0.0	–	0.6	0.0	–	–	–
Payments for capital assets	1.2	0.0	0.3	–	0.1	0.1	0.1
Machinery and equipment	1.2	0.0	0.3	–	0.1	0.1	0.1
Total	32.4	34.1	35.9	48.1	48.9	39.2	41.5

Expenditure trends

Expenditure increased from R32.4 million in 2006/07 to R48.1 million in 2009/10 at an average annual rate of 14.1 per cent, mainly due to additional funding of R12 million allocated to the *Human Resource Planning* subprogramme for the rollout of the HR Connect project to departments in 2009/10.

Spending in the *Employee Health and Wellness* subprogramme is expected to grow at an average annual rate of 10.8 per cent over the medium term, due to the implementation and rollout of 4 new policies. Between 2006/07 and 2009/10, spending in the *Management* subprogramme grew at an average annual rate of 62.4 per cent, due to funding allocated for State Information Technology Agency services and audit costs.

Over the MTEF period, spending is projected to decrease at an average annual rate of 5.3 per cent from R48.1 million in 2009/10 to R41.5 million in 2012/13, mainly due to the completion of the rollout of HR Connect by 2010/11.

Over the MTEF period, spending focuses on ensuring the effective and appropriate use of human resources in government.

Programme 3: Labour Relations and Compensation Management in Government

- *Management*.
- *Remuneration and Macro Benefits* develops, implements and maintains policies, practices and systems on remuneration and macro benefits.
- *General Benefits* develops, implements and maintains policies and practices on general benefits.
- *Negotiations and Labour Relations* develops, implements and maintains policies and systems on labour relations for the public service, and ensures coordinated collective bargaining in the Public Service Coordinating Bargaining Council and the General Public Service Sectoral Bargaining Council.
- *Special Projects and Job Evaluation* develops, implements and manages the human resource component of the integrated financial management systems project; and develops, implements and maintains policies, practices and systems on job evaluation and grading.
- *Single Public Service* ensures effective and efficient programme management for establishing the single public service, including change management and communication.

Funding in all subprogrammes is mainly used for compensation of employees, and related expenditure in goods and services.

Objectives and measures

- Develop a human resource module of the financial management system in the public service by:
 - creating a generic human resource template, which includes customising and configuring the human resource system according to the needs of the public service, by April 2010
 - implementing the human resource system in 2 lead sites (the Department of Public Service and Administration and the Free State education department) by April 2011, and phasing it into the rest of the public service by 2016.
- Review pension provisioning in the public service by:
 - reporting progress to the department on discriminatory practices in pension provisioning by March 2010
 - implementing the agreed upon and costed practices and developing an institutional framework and governance arrangements to support the envisaged comprehensive social security system by March 2011.
- Improve the medical subsidy policy by implementing a revised post-retirement medical assistance provision by March 2011 for employees on salary levels 1 to 5 and who are members of the Government Employees Medical Scheme.
- Ensure that departments understand and implement the occupation specific dispensations by auditing the implementation on 4 identified occupational specific dispensations by March 2012.
- Coordinate the design of the programme for the single public service and oversee its implementation by:
 - establishing the pilot urban mall, which will be a centre where citizens can access government services, in Maponya Mall by June 2010
 - developing the single public service regulations by March 2012 in order to enact the overarching single public service legislative framework
 - designing and implementing the single public service change management programme by March 2013
 - establishing a geographic information system by March 2014
 - developing a government access strategy by March 2015.

Service delivery focus

In June 2009, the preparation phase of the human resource module for an integrated financial management system was completed. The blueprinting phase, during which business requirements in the various human

resource functional areas are confirmed and captured, will have been completed by the end of 2009/10. The realisation phase, during which the system will be configured and customised for the requirements of the public service, was initiated in November 2009.

A comprehensive exercise to rectify any past discriminatory pension practices by identifying possible beneficiaries and enabling costing is currently under way. The revised policy on post-retirement medical assistance to public servants on salary levels 1 to 5 who are members of the Government Employees Medical Scheme is being finalised. The decentralisation of the policy on incapacity leave and ill health retirement is at an advanced stage, and is expected to be completed in March 2010. A redefined job evaluation system that operates on a web enabled platform will be ready for implementation in April 2010.

The development of a pilot urban mall at the Maponya Mall is proceeding well. The first phase of construction was completed in November 2009, and completion is targeted for May 2010.

The following progress has been made on implementing the occupational specific dispensations, which arose from the Public Service Bargaining Council resolution 1 of 2007 and the Birchwood declaration in June 2009:

- Nurses (implemented in July 2007): A joint employer-union task team was established to deal with interpretation and application challenges.
- Educators (implemented in January 2008): A resolution on all outstanding matters was signed in July 2009. However, this dispensation requires additional funding.
- Doctors, dentists, pharmacists and emergency medical services: An agreement was signed and implementation started in January 2010.
- Social workers: A majority signature was received in June 2009 and implementation is currently under way, with a joint task team in place to ensure coordinated implementation.
- Correctional officials: An agreement was signed in June 2009 and implementation is under way, with a task team to deal with reprioritising resources within the Department of Correctional Services' budget to release funds.
- Engineers and related occupations: A number of agreements on different dispensations were signed in August 2009 and implementation is under way.
- Medical therapeutic services, educator specialists and related occupations: Proposals are currently being negotiated in the Public Health and Social Development Sectoral Bargaining Council.
- Legal officials: An agreement was signed in 2007 and implementation has started, with the minister revising measures for affected senior management service members who must translate to the legal occupational specific dispensations.

Expenditure estimates

Table 11.6 Labour Relations and Compensation Management in Government

Subprogramme	Audited outcome			Adjusted appropriation 2009/10	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09		2010/11	2011/12	2012/13
R million							
Management	1.2	2.2	3.6	3.2	4.6	4.8	5.0
Remuneration and Macro Benefits	81.7	3.5	5.8	7.1	8.2	8.0	8.3
General Benefits	77.7	80.7	92.5	71.2	4.3	4.5	5.1
Negotiations and Labour Relations	4.4	15.7	5.2	5.2	4.7	5.0	4.8
Special Projects and Job Evaluation	2.9	3.1	7.4	4.6	6.6	6.8	6.8
Single Public Service	0.3	11.3	20.2	26.1	28.9	28.2	28.1
Total	168.1	116.5	134.7	117.4	57.2	57.2	58.1
Change to 2009 Budget estimate				66.1	(4.0)	(8.4)	(10.8)

Table 11.6 Labour Relations and Compensation Management in Government (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Economic classification							
Current payments	92.4	116.5	133.3	117.3	57.1	57.2	58.1
Compensation of employees	10.6	15.0	17.9	20.0	22.9	24.2	25.1
Goods and services	81.8	101.5	115.4	97.3	34.2	33.0	33.0
<i>of which:</i>							
Computer services	1.1	0.2	3.8	1.4	3.5	3.6	5.5
Consultants and professional services:							
Business and advisory services	0.1	7.6	7.2	17.6	10.3	9.1	8.4
Lease payments	0.1	0.3	1.3	0.2	3.3	3.3	3.3
Travel and subsistence	1.6	2.2	4.0	4.0	3.1	3.4	3.5
Transfers and subsidies	75.0	-	-	-	-	-	-
Public corporations and private enterprises	75.0	-	-	-	-	-	-
Payments for capital assets	0.7	0.0	1.4	0.1	0.1	-	-
Machinery and equipment	0.6	0.0	1.4	0.1	0.1	-	-
Software and other intangible assets	0.1	-	-	-	-	-	-
Total	168.1	116.5	134.7	117.4	57.2	57.2	58.1

Details of selected transfers and subsidies

Public corporations and private enterprises							
Public corporations							
Other transfers							
Current	75.0	-	-	-	-	-	-
Government Employees Medical Scheme	75.0	-	-	-	-	-	-

Expenditure trends

Expenditure decreased from R168.1 million in 2006/07 to R117.4 million in 2009/10 at an average annual rate of 11.3 per cent. This was as a result of a once-off transfer to the Government Employees Medical Scheme from the *Remuneration and Macro Benefits* subprogramme in 2006/07. Spending in the *General Benefits* subprogramme mainly relates to allocations for the policy on incapacity leave and ill-health retirement.

Expenditure in the *Negotiations and Labour Relations* subprogramme increased by 256.8 per cent from R4.4 million in 2006/07 to R15.7 million in 2007/08, due to unforeseen and unavoidable expenditure related to the 2007 public service strike action. Expenditure in the *Single Public Service* subprogramme increased by 78.8 per cent, from R11.3 million in 2007/08 to R20.2 million in 2008/09, mainly due to additional allocations for the single public service project. Additional funding in the *Special Projects and Job Evaluation* subprogramme is received from 2008/09 on for the licence fees for the Equate job evaluation system.

Expenditure is expected to decrease over the MTEF period from R117.4 million in 2009/10 to R58.1 million in 2012/13, at an average annual rate of 20.9 per cent. This is as a result of decentralising the policy on incapacity leave and ill-health retirement to departments and provinces by the end of 2009/10.

The spending focus over the medium term is to strengthen labour relations, the integrated management of conditions of services, and other benefits in the public services.

Programme 4: Information and Technology Management in Government

- *Management.*
- *E-Government* provides support and leadership to national and provincial departments and the State Information Technology Agency to develop a government wide architecture and system integration plan.
- *Information and Communication Technology Governance* develops policies, strategies and regulations on ICT across the public service, oversees the State Information Technology Agency, provides secretarial services to the Government Information Technology Officers' Council, and oversees all ICT initiatives in the public service.

- *Information and Communication Technology Infrastructure* supports all national and provincial departments on significant transversal projects and e-government projects.
 - *Community Development and Access* facilitates community development through access to ICT services.
- Funding in all subprogrammes is mainly used for compensation of employees, and related expenditure in goods and services.

Objectives and measures

- Implement a next generation e-government platform by developing a functional catalytic prototype that automates 6 pro-poor services by the end of March 2011.
- Improve frontline service delivery by completing a connectivity blueprint and bandwidth strategy for connecting schools, libraries, clinics and municipalities by September 2010.
- Reduce government ICT costs through printer consolidation, telecommunications (voice and data) and the way software is managed by March 2011.
- Support e-government initiatives to all citizens accessing government services online by developing an online identity and access management strategy by March 2011.
- Ensure a configured and structured government IT environment by developing a consultative, government wide IT plan to assist departments by March 2011.

Service delivery focus

The department visited 8 of the 9 provinces to understand the challenges they experience in relation to the State Information Technology Agency and other IT matters. Profiles for each of the 8 provinces are being developed and will be completed by the end of November 2010. The Government Information Technology Officers' Council has adopted a methodology for developing government wide enterprise architectures. The next steps involve designing a shared services infrastructure pilot that can be deployed to at least 1 province by March 2011. Public service ICT expenditure was reviewed in 2009. A final draft report was tabled for comment to the Government Information Technology Officers' Council and the Minister for Public Service and Administration, and will be submitted to Cabinet for approval by February 2010.

In September 2009, a team consisting of the State Information Technology Agency, the National Intelligence Agency, Electronic Communications Security and the Special Investigation Unit, and project managed by the Department of Public Service and Administration, was created to assess security gaps in departments. A vulnerability assessment methodology was developed in October 2009.

The original programme scope of providing general service counters to Thusong service centres was revised in March 2009 to include centralised infrastructure and local area network requirements. The Thusong ICT architecture was signed off in June 2008 by all participating departments and thus far 44 of 120 centres have been connected. In 2009, a prototype general service counter was developed and deployed to the Inhlazuka Thusong service centre in KwaZulu-Natal. The design of the counters was revised, and deployed to 11 Thusong service centres in Mpumalanga. By March 2010, these counters will be deployed to 30 centres.

The e-enabling of 6 pro-poor services was delayed due to a tender cancellation after an investigation by the auditor-general. The tender has been reissued and is currently in the State Information Technology Agency's procurement processes.

Expenditure estimates

Table 11.7 Information and Technology Management in Government

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Management	2.0	1.4	4.6	3.1	3.5	3.6	3.8
E-Government	1.8	1.6	2.3	2.3	2.8	3.0	3.1
Information and Communication Technology Governance	4.9	6.2	6.0	5.3	6.1	6.3	6.5
Information and Communication Technology Infrastructure	24.3	29.1	19.3	27.3	29.6	28.9	30.4
Community Development and Access	–	–	1.1	2.1	3.3	3.4	3.4
Total	33.1	38.3	33.3	40.1	45.4	45.2	47.3
Change to 2009 Budget estimate				(1.4)	(4.3)	(7.7)	(3.8)

Economic classification

Current payments	32.4	37.8	31.2	40.1	45.3	45.2	47.3
Compensation of employees	8.1	8.7	9.1	12.0	12.4	13.1	14.0
Goods and services	24.3	29.1	22.1	28.1	32.8	32.0	33.3
<i>of which:</i>							
Computer services	9.2	25.7	16.6	23.7	21.9	22.0	23.3
Consultants and professional services:	0.0	0.4	0.7	0.6	1.9	1.8	1.5
Business and advisory services							
Lease payments	0.1	0.2	0.1	0.1	0.1	0.1	0.2
Travel and subsistence	0.6	1.2	2.1	0.8	2.4	2.5	2.7
Transfers and subsidies	0.5	0.4	–	–	–	–	–
Public corporations and private enterprises	–	0.4	–	–	–	–	–
Households	0.5	–	–	–	–	–	–
Payments for capital assets	0.2	–	2.1	0.1	0.1	0.0	0.0
Machinery and equipment	0.2	–	2.1	0.1	0.1	0.0	0.0
Payments for financial assets	0.0	–	–	–	–	–	–
Total	33.1	38.3	33.3	40.1	45.4	45.2	47.3

Expenditure trends

Expenditure increased from R33.1 million in 2006/07 to R40.1 million in 2009/10 at an average annual rate of 6.7 per cent, and is expected to rise to R47.3 million over the medium term at an average annual rate of 5.6 per cent. These increases are mainly due to inflation related adjustments. Spending in the *Management* subprogramme grew by 228.6 per cent in 2008/09 due to audit costs.

A new subprogramme, *Community Development Access*, was established from 2009/10 to facilitate access to ICT services in response to community development. This subprogramme's baseline is expected to grow from R2.1 million in 2009/10 to R3.4 million in 2012/13, at an average annual rate of 17.4 per cent.

Programme 5: Service Delivery Improvement throughout Government

- *Management*.
- *Batho Pele* promotes culture change in the public service, and coordinates the dissemination of lessons in order to improve service delivery.
- *Service Delivery Mechanisms* engages in supportive interventions and partnerships which improve efficiency and effectiveness.
- *Service Delivery Facilitation* coordinates and facilitates short term service delivery improvement initiatives.
- *Community Development Workers* ensures the smooth coordination and implementation of the community development workers project in the public service and local government.

- *Public Administration Leadership and Management Academy* transfers funds to the academy, which aims to enhance the quality, extent and impact of public sector management and leadership development through collaboration with other training service providers, compulsory training programmes, and the facilitation of training for all spheres of government.
- *Centre for Public Service Innovation* transfers funds to the centre, which unlocks innovation in the public sector and creates an enabling environment for improved and innovative service delivery through capacity development activities.
- *Public Service Education and Training Authority* transfers funds to the authority, which develops a coordinated framework for providing public service education and training.

Funding in all subprogrammes is mainly used for compensation of employees and related expenditure in goods and services.

Objectives and measures

- Implement service delivery improvement plans throughout the public sector by training 500 trainers in 2010/11 on the rollout of service delivery improvement plans through the Batho Pele change management engagement programme.
- Increase departments' compliance with submitting annual service delivery improvement plans (from 50 per cent in 2008/09 to 90 per cent in 2012/13) by giving departments content comments and reporting to Cabinet and through the auditor-general on departments' submissions.
- Improve the rollout of the community development workers programme by implementing a policy on the programme by March 2013.
- Improve service delivery by researching and developing at least 2 sustainable models and solutions per year for innovative service delivery.
- Establish collaborative innovative platforms and products by:
 - hosting an annual public sector innovation conference
 - rewarding innovative service delivery projects in 6 categories annually
 - publishing 2 editions of the innovation journal per year.

Service delivery focus

By mid-2009, 500 trainers across the public sector had been through the train-the-trainer programme and were able to develop service delivery improvement plans. In November 2009, the department hosted the Batho Pele learning network, 3 Batho Pele forums and a community development workers' summit as part of mainstreaming and institutionalising Batho Pele.

In June 2009, the annual public service week was hosted in Northern Cape. Project Khaedu focused on municipalities in line with government's resolve to pay attention to improving efficiencies in local government.

The May 2009 deadline for service delivery improvement plans developed by 20 individual independent contractors was moved to October 2009, due to government restructuring. To date, 50 per cent of service delivery improvement plans have been received, and the department is currently evaluating the content. The remainder are expected in 2010/11.

From April 2009 to November 2009, 60 000 Know Your Service Rights booklets were distributed for the justice cluster to the general public through imbizos, public participation events, schools, and community development workers. Another 140 000 booklets are being printed and will have been distributed early in 2010.

Policy for the community development worker's programme is at an advanced stage, with consultations finalised in 8 provinces. The policy development process is expected to be complete by April 2010.

In 2009, the Centre for Public Service Innovation identified and tested solutions for addressing the needs of visually impaired teachers. In close cooperation with the departments of basic and higher education, final adaptation and refinement will take place in the first quarter of 2010. After that, the solutions will be available to all visually impaired teachers in close cooperation with the departments. The Multimedia Innovation Centre

will have been established and launched by the end of 2009/10. The delay in establishing the centre was due to a delay in securing suitable accommodation for the Centre for Public Service Innovation. This was supposed to have been launched in October 2009. The new launch date is planned for March 2010.

The chief executive of the Centre for Public Service Innovation served on the National Advisory Council on Innovation's board for 2008/09 to ensure that national innovation related developments are also benefiting the public sector.

In June 2009, the Centre for Public Service Innovation received a special award from the United Nations (UN) secretary-general for its contribution to global knowledge management by uploading content on the global online network portal on behalf of SADC.

The third public sector innovation conference was held in August 2009. Case studies, discussion papers and conference presentations were published and disseminated through the journal, Ideas that Work, which was launched at the conference.

The seventh Innovation Awards ceremony was held in November 2009 and rewarded 15 finalists and winners in 5 categories, such as innovative partnerships in service delivery and innovative use of ICTs for effective service delivery. Two 2008 finalists' projects, Men on the Side of the Road and auxiliary nursing training, were selected for replication. A feasibility study for the auxiliary nursing training project has been concluded, and discussions with other provinces have been initiated to replicate the project there. Consultation with the Department of Labour on the replication of the Men on the Side of the Road project has also been concluded.

Expenditure estimates

Table 11.8 Service Delivery Improvement throughout Government

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Management	2.3	2.6	3.0	1.8	2.1	2.1	2.2
Batho Pele	28.3	17.2	12.0	14.0	13.6	13.8	14.0
Service Delivery Mechanisms	17.6	9.5	11.6	9.8	9.1	9.3	9.6
Service Delivery Facilitation	2.0	1.1	5.9	2.4	3.4	3.3	3.3
Community Development Workers	1.2	8.3	3.0	6.5	6.8	6.8	7.1
Centre for Public Service Innovation	6.6	11.0	18.7	14.2	14.2	14.5	15.2
Public Service Education and Training Authority	9.2	11.3	14.7	21.8	20.0	21.0	22.0
Public Administration Leadership and Management Academy	58.3	131.1	105.4	121.1	117.5	117.6	121.7
Total	125.5	192.1	174.4	191.6	186.7	188.3	195.1
Change to 2009 Budget estimate				6.0	(13.1)	(22.3)	(19.2)
Economic classification							
Current payments	66.4	60.9	64.7	48.6	49.2	49.7	51.3
Compensation of employees	22.0	24.4	21.5	22.2	24.4	25.7	27.0
Goods and services	44.4	36.5	43.2	26.4	24.8	24.0	24.3
<i>of which:</i>							
Computer services	13.1	3.3	1.8	1.0	1.5	1.6	1.7
Consultants and professional services:	0.4	6.8	7.4	6.7	3.2	2.9	2.6
Business and advisory services							
Lease payments	0.2	2.5	1.8	2.8	1.6	1.5	1.4
Travel and subsistence	7.9	4.9	8.0	2.2	4.5	4.3	4.6
Transfers and subsidies	58.3	131.1	107.0	143.0	137.5	138.6	143.8
Departmental agencies and accounts	58.3	131.1	105.4	143.0	137.5	138.6	143.7
Households	0.0	0.0	1.6	0.0	–	–	–
Payments for capital assets	0.7	0.1	2.7	–	0.0	0.0	0.0
Machinery and equipment	0.7	0.1	2.7	–	–	–	–
Total	125.5	192.1	174.4	191.6	186.7	188.3	195.1

Table 11.8 Service Delivery Improvement throughout Government (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	58.3	131.1	105.4	143.0	137.5	138.6	143.7
Public Sector Education and Training Authority	–	–	–	21.8	20.0	21.0	22.0
Public Administration Leadership and Management Academy	58.3	131.1	105.4	121.1	117.5	117.6	121.7

Expenditure trends

Expenditure increased from R125.5 million in 2006/07 to R191.6 million in 2009/10 at an average annual rate of 15.1 per cent. This was largely as a result of additional funding in the *Batho Pele* subprogramme in 2006/07 for technical assistance to provinces and post-conflict support to the Democratic Republic of the Congo. In addition, the budgets for PALAMA, the Public Sector Education and Training Authority and the Centre for Public Service Innovation were shifted to this subprogramme.

Expenditure in the *Community Development Workers* subprogramme increased by 591.7 per cent from R1.2 million in 2006/07 to R8.3 million in 2007/08, due to the community development indaba in 2007/08. Expenditure is expected to increase marginally over the MTEF period, from R191.6 million to R195.1 million, at an average annual rate of 0.6 per cent, which is inflation related. This is mainly driven by Batho Pele change management and service delivery initiatives.

The *Public Service Education and Training Authority* subprogramme is included in this programme for the first time from April 2010. Historical information for the subprogramme was adjusted in the *Human Resource Management and Development in Government* programme where it was previously a subprogramme.

The Centre for Public Service Innovation was established as a government component in 2008 in terms of the Public Service Act (1994). Spending in the subprogramme grew at an average annual rate of 29.6 per cent from R6.6 million in 2006/07 to R14.2 million in 2009/10, due to a once-off additional allocation in 2009/10 for securing alternative accommodation and establishing the centre.

In the *Public Administration and Leadership Management Academy* subprogramme, total expenditure grew from R58.3 million in 2006/07 to R121.1 million in 2009/10. In the 2007 adjustments budget, the academy received R60 million as once-off support for equipping its new premises and start-up funding for mass induction training.

Programme 6: Governance for Public Service and Administration

- *Management*.
- *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 best practices, including identifying deficiencies and assessing capacity building needs.
- *Research* facilitates and coordinates research within the department.

- *Public Service Commission* transfers funds to the commission which oversees and evaluates the functioning of the public service with a view to establishing good governance and best practice principles.

Funding in all subprogrammes is mainly used for compensation of employees, and related expenditure in goods and services.

Objectives and measures

- Ensure that South Africa contributes to the African Agenda and benefits from continental best practices in governance and public administration by actively participating in the seventh Pan African conference of African ministers of public service in October 2010.
- Promote national anti-corruption values and interests at regional and international levels by participating in the quarterly Organisation for Economic Cooperation and Development working group on bribery in international business transactions, the United Nations Convention against Corruption intergovernmental working group, and the biannual United Nations Convention against Corruption conference of state.
- Assess the performance of departments' human resource policies through the public management watch system by providing ongoing analytical and evaluation reports on the implementation of the Department of Public Service and Administration's policies.

Service delivery focus

To enhance the fight against corruption and improve ethical conduct, the anti-corruption learning network and the second anti-corruption learning network were held in July 2009. The department is currently developing a corruption management information system to promote national anti-corruption values and interests at regional and international levels and is participating quarterly in the Organisation for Economic Cooperation and Development working group on bribery in international business transactions.

The public service's monitoring and evaluation framework, guidelines and capacity building plans have been developed and will be approved by March 2010. All departments were assessed on a quarterly basis in terms of the public management watch system in 2009/10, and its findings will have been disseminated to departments before the end of 2009/10. Departmental analysis will also be performed on the information as at 31 December.

A continental capacity development framework within the sixth conference of African ministers for public services was approved in August 2009 and will be rolled out in 2010/11. Bilateral relations with South Sudan were given a major boost by the meeting of ministers to agree on priority areas of collaboration, such as job evaluation and the computerisation of the personnel system.

5 provincial councils were re-launched in December 2009 to promote the implementation of the African peer review mechanism's programme of action, and the report was submitted to the African Union heads of state and governments in January 2010.

Debates and dialogues planned for 2009/10 on public administration and governance were not achieved because the research unit was under-capacitated.

Expenditure estimates

Table 11.9 Governance for Public Service and Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Management	1.2	2.2	4.1	2.8	4.4	4.4	4.6
Public Sector Anti-Corruption	35.8	11.5	7.2	7.2	7.6	7.7	8.1
International and African Affairs	9.8	10.7	21.9	11.3	10.8	11.0	11.7
Monitoring and Evaluation	2.3	4.4	5.8	8.4	8.6	8.7	9.2
African Peer Review Mechanism	17.5	2.4	3.9	7.6	8.8	8.8	9.2
Research	–	–	0.3	1.2	0.7	0.6	0.7
Public Service Commission	96.1	108.1	113.7	131.8	133.8	145.5	151.2
Total	162.6	139.3	156.7	170.3	174.6	186.7	194.7
Change to 2009 Budget estimate				8.1	(3.4)	(7.4)	(9.1)

Table 11.9 Governance for Public Service and Administration (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Economic classification							
Current payments	65.9	30.9	41.8	38.1	40.3	40.9	43.1
Compensation of employees	6.6	8.0	12.1	17.8	19.9	21.0	22.5
Goods and services	59.3	22.9	29.6	20.2	20.4	19.8	20.6
<i>of which:</i>							
Computer services	0.7	0.2	0.6	0.9	1.5	1.5	1.6
Consultants and professional services: Business and advisory services	0.1	7.8	5.3	5.1	1.5	1.4	1.3
Lease payments	0.3	0.5	0.3	0.2	0.2	0.2	0.2
Travel and subsistence	17.0	3.0	3.6	4.3	9.5	9.2	9.7
Transfers and subsidies	96.5	108.4	114.3	132.2	134.1	145.9	151.6
Departmental agencies and accounts	96.1	108.1	113.7	131.8	133.8	145.5	151.2
Foreign governments and international organisations	0.4	0.2	0.7	0.4	0.4	0.4	0.4
Payments for capital assets	0.3	0.0	0.5	0.1	0.1	-	-
Machinery and equipment	0.3	0.0	0.2	0.1	-	-	-
Software and other intangible assets	-	-	0.3	-	0.1	-	-
Payments for financial assets	-	-	0.1	-	-	-	-
Total	162.6	139.3	156.7	170.3	174.6	186.7	194.7
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	96.1	108.1	113.7	131.8	133.8	145.5	151.2
Public Service Commission	96.1	108.1	113.7	131.8	133.8	145.5	151.2

Expenditure trends

Expenditure increased from R162.6 million in 2006/07 to R170.3 million in 2009/10 at an average annual rate of 1.5 per cent. This was due to additional allocations in 2006/07 in the *African Peer Review Mechanism* and *Public Sector Anti-Corruption* subprogrammes for concluding the African peer review mechanism country assessment report and for the once-off hosting of the Global Forum V on fighting corruption and safeguarding integrity. In addition, the Public Service Commission's budget has been included in this programme.

The *Monitoring and Evaluation* subprogramme increased from R2.3 million in 2006/7 to R8.4 million in 2009/10 at an average annual rate of 54 per cent. This increase was directly linked to performance assessments through the public management watch system.

Expenditure over the MTEF period is expected to increase at an average annual rate of 4.6 per cent from R170.3 million in 2009/10 to R194.7 million in 2012/13, mainly due to inflation related adjustments.

In the *Public Service Commission* subprogramme, expenditure increased at an average annual rate of 11.1 per cent, from R96.1 million in 2006/07 to R131.8 million 2009/10. This is as a result of additional funds received for the revision of the complaints and grievance rules, the establishment of the national anti-corruption hotline, the creation of the integrity and anti-corruption branch, management of conflicts of interest, the evaluation of poverty reduction programmes, and the devolution of funds for accommodation from the Department of Public Works. Expenditure will increase marginally at an average annual rate of 4.6 per cent over the MTEF period, from R131.8 million to R151.2 million, due to additional funds received for salary adjustments.

Public entities

Public Administration Leadership and Management Academy (PALAMA)

Strategic overview: 2006/07 – 2012/13

The mandate of PALAMA is outlined in the Public Service Amendment Act (2007). The draft Public Administration Management Bill reinforces this mandate, which is to enhance the quality, extent and impact of public sector management and leadership development. The bill provides for collaboration with other training service providers, compulsory training programmes, and the facilitation of training for all spheres of government.

The academy's strategy, objectives and operations support the capacity building requirements of government's programme of action. Its main challenge is to rapidly expand its leadership and management development activities across the public service in provinces and local government. To do this, the academy will collaborate and forge partnerships with organisations that are aligned to government's vision and mission.

Savings and cost effective service delivery

The academy has identified efficiency savings of R12.2 million in 2010/11, R18.7 million in 2011/12 and R21.4 million in 2012/13 in the following programmes and economic classification items:

Administration: R2.1 million in 2010/11, R3.7 million in 2011/12 and R5.4 million in 2012/13 in computer services, consultants, inventory, and travel and subsistence.

Public Sector Organisational and Staff Development: R10 million in 2010/11, R15 million in 2011/12 and R16 million in 2012/13 in transfers and subsidies.

Selected performance indicators

Table 11.10 Public Administration Leadership and Management Academy

Indicator	Programme/Activity	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Number of new training courses accredited per year	Public sector organisational and staff development	4	5	11	6	6	6	6
Number of actual person training days per year	Public sector organisational and staff development	98 450	104 292	134 375	185 000	280 000	425 000	500 000
Number of certificates of competency issued	Public sector organisational and staff development	655	1 932	2 000	2 600	3 500	5 000	6 000
Revenue from course fees per year	Public sector organisational and staff development	R42m	R53m	R95m	R110m	R130m	R140m	R150m
Average number of days to collect debt	Public sector organisational and staff development	208	189	192	175	160	145	145
Senior management system employment equity composition	Public sector organisational and staff development							
- percentage female				49%	50%	51%	52%	52%
- percentage black				69%	71%	73%	75%	75%

Service delivery focus

One of the organisation's key performance indicators is the number of person training days achieved. In 2008/09, the actual person training days achieved were 134 375 against a targeted of 120 000. While emphasis is placed on achieving this output, it is equally critical to measure the impact of the training on the delivery of public services. The organisation noted that more women attended junior and middle manager training than men in 2009/10. The organisation has made advances in capacity building on government's monitoring and evaluation system, financial management and project management, and will focus on completing the internal transformation process, guided by the minister and led by the director-general, by the end of March 2010.

Expenditure estimates

Table 11.11 Public Administration Leadership and Management Academy: Programme information

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Administration	52.0	86.5	108.7	95.0	100.3	105.8	110.9
Public sector organisational and staff development	39.3	65.3	82.0	71.6	75.7	79.8	83.7
Total expense	91.3	151.7	190.7	166.6	176.0	185.6	194.6

Table 11.12 Public Administration Leadership and Management Academy: Financial information

Statement of financial performance R million	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Revenue							
Non-tax revenue	47.7	61.0	96.3	48.5	61.6	71.4	76.4
Sale of goods and services other than capital assets <i>of which:</i>	42.4	53.4	82.3	48.3	61.4	71.2	76.2
<i>Sales by market establishments</i>	42.4	53.4	82.3	48.3	61.4	71.2	76.2
<i>Other non-tax revenue</i>	5.3	7.6	14.1	0.2	0.2	0.2	0.2
Transfers received	58.3	131.1	105.4	121.1	117.5	117.6	121.7
Total revenue	105.9	192.1	201.7	169.6	179.1	188.9	198.1
Expenses							
Current expense	91.3	151.7	190.7	166.6	176.0	185.6	194.6
Compensation of employees	34.9	39.8	44.7	77.1	83.5	88.5	93.3
Goods and services	55.6	111.1	145.0	88.6	91.6	96.1	100.4
Depreciation	0.8	0.9	0.9	0.9	1.0	1.0	1.0
Total expenses	91.3	151.7	190.7	166.6	176.0	185.6	194.6
Surplus / (Deficit)	14.6	40.3	11.0	3.0	3.1	3.3	3.5
Statement of financial position							
Carrying value of assets	1.3	1.6	2.2	2.7	3.4	4.1	4.9
<i>of which: Acquisition of assets</i>	3.5	8.8	7.9	3.2	3.5	3.7	3.9
Receivables and prepayments	24.2	28.7	45.9	25.0	27.3	30.0	32.7
Cash and cash equivalents	31.6	79.9	59.3	28.6	29.8	32.8	35.3
Total assets	57.2	110.3	107.4	56.4	60.5	66.9	72.9
Accumulated surplus/deficit	51.2	88.9	93.1	50.0	53.5	59.3	64.7
Trade and other payables	4.0	19.2	11.5	4.5	5.0	5.5	6.0
Provisions	1.9	2.2	2.9	1.9	2.0	2.1	2.2
Total equity and liabilities	57.2	110.3	107.4	56.4	60.5	66.9	72.9
Contingent liabilities	0.1	0.1	1.8	-	-	-	-

Expenditure trends

Main contributors to revenue are a transfer from the department and course fees. Total revenue increased from R105.9 million in 2006/07 to R169.6 million in 2012.13 at an average annual rate of 17 per cent, based on additional management revenue arising from the annually increasing number of public sector trainees.

Total expenditure grew from R91.3 million in 2006/07 to R166.6 million in 2009/10, at an average annual rate of 22.2 per cent. In 2007/08, the budget for the academy was supplemented by R60 million in the 2007 adjustments budget. This was a once-off payment for equipping the new academy premises and start-up funding for mass induction training. Over the medium term, expenditure is expected to grow to R194.6 million, at an average annual rate of 5.3 per cent. This is mainly as a result of inflation related adjustments.

Public Service Commission

Strategic overview: 2006/07 – 2012/13

The Public Service Commission is the only government body empowered and mandated to oversee and evaluate the functioning of the public service, with a view to establishing good governance and best practice principles. The commission plays a leading role in public service leadership and human resource research, and in implementing the framework for evaluating heads of department. In 2008/09, the Public Service Commission revised its approach to this framework.

The commission plays a central role in promoting labour peace in the public service. Through its consideration of grievances and departments' monthly grievances reports, the commission generates trends on grievance management. The commission has proposed amendments to the grievance rules and will continue to support departments in managing grievances. Research is also conducted in areas where departments experience challenges.

The commission conducts investigations into complaints about maladministration and corruption, the standard of service provided, dishonesty or improper dealings with regard to public money, unethical behaviour, and any form of discrimination. The national anti-corruption hotline is an important public participation mechanism to report cases of alleged corruption.

The commission has introduced measures to inculcate a culture of integrity in the public service. Key to its work in this area is the management of potential conflicts between the private interests of senior managers and their official responsibilities. The commission has conducted comprehensive research, recommending the development of a comprehensive policy on the management of conflicts of interest. These recommendations have been adopted by the Department of Public Service and Administration for inclusion in a conflicts of interest policy framework which is being reviewed following Cabinet's input. The commission will conduct a study on possibly performing lifestyle audits in the future.

Savings and cost effective service delivery

The commission has implemented savings of R11 million over the MTEF period in terms of baseline adjustments. The following cost effectiveness measures have been identified: use officials to collect data instead of contracting consultants; limit and prioritise local and international travel; reduce the use of couriers and telephones; prioritise the number of reports to be printed and reduce the number of pages; conduct workshops and meetings in-house where practical; minimise entertainment.

The Public Service Commission will conduct regular awareness campaigns on cost saving measures, and stricter monitoring of expenditure will be applied on an ongoing basis.

Selected performance indicators

Table 11.13 Public Service Commission

Indicator	Programme/Activity	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Total number of grievances investigated and concluded	Leadership and management practices	641	597	654	152	680	750	800
Number of new reports on the management of grievances in the public service	Leadership and management practices	2	3	1	1	1	1	1
Increase in the number of strategic human resource reviews	Leadership and management practices	1	2	2	2	1	1	1
Number of new research reports on labour relations	Leadership and management practices	2	3	1	1	1	1	1
Percentage of 146 heads of department whose performance is evaluated	Leadership and management practices	25% (36)	56% (73)	8% (12)	52% (76)	100% (146)	100% (146)	100% (146)
Percentage of 146 heads of department whose performance agreements have been quality assured	Leadership and management practices	59% (86)	82% (119)	73% (106)	59% (86)	100% (146)	100% (146)	100% (146)

Table 11.13 Public Service Commission (continued)

Indicator	Programme/Activity	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Number of reports on public service leadership per year	Leadership and management practices	1	5	2	3	2	2	2
Number of reports on monitoring and evaluation per year	Monitoring and evaluation	12	22	27	32	23	23	23
Number of reports on service delivery per year	Monitoring and evaluation	3	9	8	4	6	6	6
Percentage of financial disclosure forms received and scrutinised	Integrity and anti-corruption	79% (7 877)	77% (6 558)	100% (8 700)	78% (7 099)	100% (8 900)	100% (9 000)	100% (9 100)
Number of public administration investigations successfully concluded per year	Integrity and anti-corruption	17	10	4	11	10	10	10
Number of public administration research projects finalised and reports published per year	Integrity and anti-corruption	2	5	4	2	1	1	1
National anti-corruption hotline reported cases per year	Integrity and anti-corruption	1 596	1 624	1 348	1 800	2 000	2 000	2 000
Number of hotline research reports produced per year	Integrity and anti-corruption	2	1	1	1	1	1	1

Service delivery focus

By the end of November 2009, 75 complaints on matters such as human resource related issues, unethical behaviour and corruption or maladministration, lodged in terms of the complaints rules, had been finalised. Of the 75 cases, 11 were investigated by the commission and the remaining 64 were referred to relevant institutions. 260 non-corruption related complaints lodged with the hotline were finalised in the same period.

In 2009/10, the commission conducted research to evaluate supply chain management practices in procuring goods and services in selected departments, focusing on general payments within the R200 000 threshold. The research report notes, among others, that some of these transactions are characterised by malpractices such as cover quoting and inflated billing. By the end of November 2009, 7 099 financial disclosure forms were submitted, resulting in a compliance rate of 78 per cent, and 1 900 financial disclosure forms were scrutinised, with the balance to be scrutinised by March 2010. A report on the management of conflicts of interests will be produced from this information.

The commission produces an annual state of the public service report. The theme for the 2010 report is integration, coordination and effective public service delivery, and the theme for 2011 is innovating for effective public service delivery.

The number of grievances received and considered by the commission has fluctuated over the years since promulgating the grievance rules, from 641 in 2006/07, 597 in 2007/08, to 654 in 2008/09. Monthly reports on the management of grievances and complaints were compiled and approved by the commission.

The commission continued conducting research on strengthening the role of public service leadership, with a view to providing information for improving the management of government departments. In 2009/10, a report on the appointment and management of heads of department and an assessment of the effectiveness of public service leadership in intergovernmental relations were completed. In 2008/09 and 2009/10 (as at 30 October 2009), 82 per cent of performance agreements were quality checked and 59 per cent filed. A fact sheet for filing performance agreements for 2009/10 was completed. 102 out of 146 heads of department qualified to be evaluated in 2007/08, and 52 per cent of these were evaluated. Progress on evaluating heads of department in 2008/09 was slow, due to the many administrative and leadership changes.

Expenditure estimates

Table 11.14 Public Service Commission: Programme information

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Administration	51.0	58.9	59.4	71.2	67.9	73.9	76.7
Leadership and Management Practices	13.8	15.7	17.0	19.3	21.2	22.8	23.8
Monitoring and Evaluation	16.4	17.5	19.0	19.8	21.8	23.4	24.3
Integrity and Anti-Corruption	14.9	16.0	18.3	21.5	22.9	25.4	26.5
Total expense	96.1	108.1	113.7	131.8	133.8	145.5	151.2

Table 11.15 Public Service Commission: Financial information

Statement of financial performance R million	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Revenue							
Transfers received	96.1	108.1	113.7	131.8	133.8	145.5	151.2
Total revenue	96.1	108.1	113.7	131.8	133.8	145.5	151.2
Expenses							
Current expense	96.1	108.1	113.7	131.8	133.8	145.5	151.2
Compensation of employees	61.5	70.2	77.2	88.8	102.6	113.5	118.5
Goods and services	34.6	38.0	36.4	43.1	31.2	32.1	32.7
Total expenses	96.1	108.1	113.7	131.8	133.8	145.5	151.2
Surplus / (Deficit)	-	-	-	-	-	-	-
Acquisition of assets	1.7	2.7	1.3	1.4	0.7	0.8	0.8

Expenditure trends

Expenditure increased at an average annual rate of 11.1 per cent, from R96.1 million in 2006/07 to R131.8 million 2009/10. This is as a result of additional funds received for the revision of the complaints and grievance rules, the establishment of the national anti-corruption hotline, the creation of the integrity and anti-corruption branch, the management of conflicts of interest, the evaluation of poverty reduction programmes, and the devolution of funds for accommodation from the Department of Public Works. Expenditure is expected to increase at an average annual rate of 4.7 per cent over the MTEF period, from R131.8 million to R151.2 million, due to additional funds received for salary adjustments.

Public Services Sector and Education Training Authority

Strategic overview: 2006/07 – 2012/13

The Public Services Sector Education and Training Authority's objectives and measures are informed by the national skills development strategy. They are: prioritising and communicating critical skills for sustainable growth, development and equity; promoting and accelerating equitable quality training in the workplace; promoting employability and sustainable livelihoods through skills development; assisting designated groups, including new entrants, to participate in accredited work, integrated learning and work based programmes to acquire marketable skills; and improving the quality and relevance of provision.

Service delivery focus

In 2009/10, the organisation developed the sector skills plan for 2010, which was submitted to the Department of Labour, and the consultative annual sector guide with a scarce and critical skills list. The organisation supported 2 small levy paying firms to promote skills development, and has been supporting national and provincial government departments to spend 1 per cent of their personnel budget on skills development.

The organisation assisted 2 578 learners to enter adult basic education and training programmes against a target of 2 500, and has helped 2 091 learners to enter learning programmes, 573 unemployed learners to enter learning programmes, and 1 110 learners to enter critical skills programmes.

The organisation supported 4 institutes against a total of 5, with 2 others to be supported by March 2010. Measures are being implemented to comply with the South African Qualification Authority's requirement for the organisation to remain an education and training qualifications authority body. The organisation is also developing standards and qualifications and a qualifications framework for the public service.

Funding for the Public Service Education and Training Authority has historically not been based on the authority's needs in terms of its mandate. Current legislation does not compel government departments to pay their 1 per cent of personnel budget as levies, and the authority has operated from funds transferred by the Department of Public Service and Administration.

State Information Technology Agency

Strategic overview: 2006/07 – 2012/13

The State Information Technology Agency was established in 1999 to consolidate and coordinate the state's IT resources, save costs through economies of scale, increase delivery capabilities and improve interoperability. The agency was established in terms of the State Information Technology Agency Act (1998), and is funded through the provision of services stipulated in the service level agreements referred to in the legislation. The agency continues to provide a broad spectrum of IT services that relate to infrastructure, hosting and data centres, and procurement.

The agency is committed to leveraging economies of scale, enhancing the interoperability of government systems, ensuring system security, eliminating duplication and advancing broad based black economic empowerment.

The agencies strategic priorities from 2008 to 2012 are: continually improving financial sustainability, optimising infrastructure, extending the service footprint in government, modernising public service operations, reducing operational costs, and achieving operational excellence. The agency is also focusing on personnel development, aiming to attract and retain critical skills and best performers, develop and implement an integrated talent management strategy and meet employment equity targets.

Key policy developments and activities that impact on departmental spending plans over the medium term are: providing ICT connectivity and remote support to Dinaledi schools, community libraries and Thusong service centres; creating an ICT blueprint that governs the deployment of ICTs to Thusong service centres, and that can be used as a model to roll out ICT to clinics, schools, and community radio stations; deploying a shared services platform to support ICTs deployed within these communities; establishing an open source programme office that will create an open source laboratory, and an implementation roadmap for open source deployment throughout government; contributing to the development of a catalytic next generation e-government prototype; developing the framework for a new enterprise resource planning system in government's integrated financial management systems; developing a government wide enterprise architecture framework; and developing a framework for adopting a service orientated architecture within government.

Savings and cost effective service delivery

The agency's contributions to reducing the cost of conducting business are based on, among others, the following key initiatives: creating a shared services model to centralise, standardise and consolidate the delivery of all service offerings; adopting a standard operating environment that can aid in reducing the total cost of ownership; developing and implementing an IT asset management strategy; providing a syndicated disaster recovery capacity for government; developing options to minimise duplication by consolidating and standardising non-core business infrastructure and applications; ensuring preferential procurement pricing from original equipment manufacturers; ensuring preferential procurement on the bandwidth costs to government from telecommunications service providers; participating in the development of a local government ICT framework; entering into single or multi-year government wide contracts with major software suppliers and single enterprise licences for vendors that dominate the space; extending hardware and software procurement

models to incorporate mass storage, backup, telecommunications and other IT devices and peripherals; making software and hardware renewal a government wide initiative as opposed to a departmental function; establishing a streamlined procurement process and using volume purchasing and site licences to establish attractive prices on standardised hardware and software; and developing cost effective and flexible procurement practices, such as strategic sourcing and performance based contracts that will allow government to obtain greater value for its ICT expenditure.

Selected performance indicators

Table 11.16 State Information Technology Agency

Indicator	Past			Current	Projections		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Percentage of operating profit margin	6.1%	6%	6%	6%	6%	6%	6%
Value of debtors balances per year	R665m	R618.2m	R692.4m	R775.5m	R868.5m	R950m	R973.8m
Percentage of external customer satisfaction according to the satisfaction index	63%	61%	70%	70%	79%	79%	79%
Percentage turnover rate of personnel with critical skills	7.6%	8%	7%	6%	6%	7%	7%
Average employee satisfaction according to the satisfaction index (1 to 5, 1=poor and 5=excellent)	2.6	2.5	2.8	3	3.5	3.7	3.9
Percentage of tenders awarded to previously disadvantaged groups	0%	58%	60%	65%	70%	75%	80%

Service delivery focus

The agency challenged in 2008/09 due to the late finalisation and sign off of the corporate strategy, which delayed the operational plan and the corporate balanced scorecard, due in March 2009. However, once the objectives were finalised, the agency took ownership of contracted objectives, which are strategic objectives on the corporate scorecard, and delivered under challenging organisational conditions, which included a leadership change in 2008/09.

Key objectives achieved in 2008/09 include developing the detailed service catalogue and service metrics for the agency, and work performed on the integrated financial management services programme. Another target achieved was the government wide architecture framework.

Table 11.17 State Information Technology Agency: Project information

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Integrated Financial Management Services -IFMS Programme -	1 189.1	1 240.9	1 315.3	1 394.3	1 477.9	1 566.6	1 723.2
Supply chain Management solution	1 931.5	1 932.4	2 426.9	2 617.2	2 978.8	2 929.5	3 100.0
Business Intelligence and Technology Architect solution	116.2	24.6	196.7	194.9	193.8	193.8	213.1
Functional Architecture	24.6	47.8	30.0	53.7	56.9	60.3	66.3
Change Management	60.6	228.6	82.4	314.5	175.5	620.3	760.8
Total expense	3 321.9	3 474.3	4 051.4	4 574.5	4 882.9	5 370.5	5 863.6

Table 11.18 State Information Technology Agency: Financial information

Statement of financial performance R million	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Revenue							
Non-tax revenue	3 465.4	3 773.5	4 205.1	4 813.5	5 163.4	5 677.5	6 245.2
Sale of goods and services other than capital assets <i>of which:</i>	3 363.2	3 614.4	3 983.0	4 551.0	5 051.6	5 556.8	6 112.4
IT services revenue	3 363.2	3 614.4	3 983.0	4 551.0	5 051.6	5 556.8	6 112.4
Infrastructure (mainframe, network, etc)	102.2	159.1	222.0	262.5	111.7	120.7	132.8
Total revenue	3 465.4	3 773.5	4 205.1	4 813.5	5 163.4	5 677.5	6 245.2
Expenses							
Current expense	3 321.9	3 474.3	4 051.4	4 574.5	4 882.9	5 370.5	5 863.6
Compensation of employees	1 189.1	1 240.9	1 432.4	772.8	613.6	691.9	761.1
Goods and services	1 931.5	1 932.4	2 310.5	3 498.1	3 940.3	4 334.3	4 767.7
Depreciation	116.2	124.4	172.4	194.9	219.9	225.0	203.5
Interest, dividends and rent on land	24.6	47.8	73.7	15.9	–	–	–
Total expenses	3 321.9	3 474.3	4 051.4	4 574.5	4 882.9	5 370.5	5 863.6
Surplus / (Deficit)	143.5	299.2	153.7	239.0	280.5	306.9	381.6
Statement of financial position							
Carrying value of assets	474.6	594.1	616.0	1 244.8	1 524.9	1 825.0	1 871.5
<i>of which: Acquisition of assets</i>	149.5	261.8	198.5	772.0	500.0	525.0	250.0
Inventory	52.6	15.9	19.6	19.2	21.1	23.2	25.5
Receivables and prepayments	721.5	809.6	914.7	835.5	926.6	1 016.6	1 118.2
Cash and cash equivalents	1 096.7	1 101.3	984.7	892.0	893.2	905.6	996.1
Assets not classified elsewhere	–	39.8	66.1	38.0	36.0	32.0	35.2
Total assets	2 345.5	2 560.6	2 601.1	3 029.4	3 401.9	3 802.3	4 046.6
Accumulated surplus/deficit	1 066.8	740.6	894.3	1 786.1	2 066.6	2 373.6	2 610.9
Capital and reserves	–	625.3	625.3	–	–	–	–
Borrowings	26.0	20.8	15.6	10.4	5.2	–	–
Post-retirement benefits	85.5	93.2	102.4	85.0	87.5	87.5	96.3
Trade and other payables	1 107.2	625.7	669.9	715.5	786.8	867.5	954.2
Provisions	60.0	73.5	66.9	89.5	96.7	104.4	106.0
Liabilities not classified elsewhere	–	381.4	226.6	342.9	359.1	369.4	279.2
Total equity and liabilities	2 345.5	2 560.6	2 601.1	3 029.4	3 401.9	3 802.3	4 046.6

Expenditure trends

Revenue over the 7-year period grows at an average annual rate of 10.3 per cent. The main contributor to revenue is from IT services, which grows from R3.4 billion in 2006/07 to R6.1 billion in 2012/13. Cash of R87 million generated from operations was less than the budgeted R163 million due to: the challenges experienced in timely debt collection, which impacted negatively on working capital; the early payment of suppliers during the reporting period; and the lower than expected operating surplus. This limited the agency's ability to execute its capital expenditure programme.

The solvency ratio at the end of 2009/10 was 2.41:1 and the liquidity ratio 1.98:1, leaving the State Information Technology Agency healthy and with a sound financial structure.

Operating expenditure grew from R592 million in 2007/08 to R709 million in 2009/10, at an average annual rate of 9.4 per cent. The agency documented processes and established the associated costs in 2008/09 to improve the efficiency and effectiveness of infrastructure. The agency also piloted a performance management tool on its enterprise resource planning system and concluded training in this regard. Most of these costs were borne in 2008/09. The agency developed a public sector technology conference called Govtech in 2006 to develop the critical skills shortage in the ICT industry.

Additional tables

Table 11.A Summary of expenditure trends and estimates per programme and economic classification

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R million	2008/09		2008/09	2009/10			2009/10
1. Administration	96.4	91.0	95.4	108.8	6.5	115.3	115.3
2. Human Resource Management and Development in Government	32.6	35.5	35.9	46.9	1.2	48.1	46.3
3. Labour Relations and Compensation Management in Government	144.1	143.1	134.7	51.2	66.1	117.4	117.4
4. Information and Technology Management in Government	38.7	35.1	33.3	41.5	(1.4)	40.1	40.1
5. Service Delivery Improvement throughout Government	174.5	177.0	174.4	185.6	6.0	191.6	191.6
6. Governance for Public Service and Administration	142.7	157.7	156.7	162.3	8.1	170.3	170.3
Total	629.0	639.4	630.6	596.3	86.5	682.8	681.0

Economic classification

	388.4	416.6	396.8	331.9	74.0	405.9	404.1
Current payments							
Compensation of employees	125.2	133.1	129.1	137.9	15.5	153.4	153.4
Goods and services	263.2	283.6	267.7	194.0	58.5	252.5	250.7
Interest and rent on land	–	–	0.1	–	–	–	–
Transfers and subsidies	238.4	220.6	223.0	262.8	12.4	275.2	275.2
Provinces and municipalities	–	0.0	0.0	0.0	–	0.0	0.0
Departmental agencies and accounts	238.1	219.2	219.0	262.4	12.4	274.8	274.8
Foreign governments and international organisations	0.4	0.6	0.7	0.4	–	0.4	0.4
Public corporations and private enterprises	–	0.1	–	–	–	–	–
Households	–	0.7	3.3	0.0	0.0	0.0	0.0
Payments for capital assets	2.1	2.1	10.6	1.6	–	1.6	1.6
Machinery and equipment	2.0	2.0	10.1	1.5	–	1.5	1.5
Software and other intangible assets	0.1	0.1	0.5	0.1	–	0.1	0.1
Payments for financial assets	–	–	0.2	–	–	–	–
Total	629.0	639.4	630.6	596.3	86.5	682.8	681.0

Table 11.B Summary of personnel numbers and compensation of employees

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Permanent and full time contract employees							
Compensation (R million)	91.6	115.0	127.9	152.2	173.2	182.2	192.2
Unit cost (R million)	0.3	0.3	0.3	0.3	0.4	0.4	0.5
<i>Administration</i>	0.2	0.2	0.2	0.3	0.3	0.3	0.4
<i>Human Resource Management and Development in Government</i>	0.3	0.4	0.4	0.4	0.5	0.5	0.5
<i>Labour Relations and Compensation Management in Government</i>	0.3	0.3	0.4	0.4	0.4	0.5	0.5
<i>Information and Technology Management in Government</i>	0.4	0.4	0.4	0.5	0.5	0.6	0.6
<i>Service Delivery Improvement throughout Government</i>	0.3	0.4	0.4	0.4	0.5	0.5	0.5
<i>Governance for Public Service and Administration</i>	0.3	0.3	0.4	0.4	0.5	0.5	0.5
Personnel numbers (head count)	320	370	375	466	416	414	414
Total for department							
Compensation (R million)	92.5	115.8	129.1	153.4	174.4	183.4	193.4
Unit cost (R million)	0.3	0.3	0.3	0.3	0.4	0.4	0.4
Personnel numbers (head count)	345	394	400	491	441	439	439

Table 11.C Summary of expenditure on training

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Compensation of employees (R million)	92.5	115.8	129.1	153.4	174.4	183.4	193.4
Training expenditure (R million)	2.0	2.2	3.7	2.6	3.6	3.5	3.7
Training as percentage of compensation	2.1%	1.9%	2.9%	1.7%	2.1%	1.9%	1.9%
Total number trained in department (head count)	173	200	202	211			
<i>of which:</i>							
<i>Employees receiving bursaries (head count)</i>	13	47	45	42			
<i>Learnerships trained (head count)</i>	–	–	–	5			
<i>Internships trained (head count)</i>	25	24	25	25			

Vote 12

Statistics South Africa

Budget summary

R million	2010/11				2011/12	2012/13
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	368.3	359.8	3.5	5.1	577.5	579.1
Economic Statistics	174.4	173.5	0.2	0.7	184.1	195.1
Population and Social Statistics	136.7	133.6	–	3.1	148.3	157.9
Methodology and Standards	59.5	59.4	–	0.1	65.4	65.5
Statistical Support and Informatics	223.8	203.6	–	20.1	199.4	205.6
Corporate Relations	294.1	293.9	0.1	0.1	316.2	325.5
Survey Operations	716.6	647.8	–	68.9	1 355.0	240.9
Total expenditure estimates	1 973.4	1 871.5	3.8	98.1	2 845.9	1 769.6

Executive authority Minister in the Presidency: National Planning Commission

Accounting officer Statistician-General of Statistics South Africa

Website address www.statssa.gov.za

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

Aim

The aim of Statistics South Africa is to provide a relevant and accurate body of statistics to inform users on the dynamics in the economy and society by applying internationally acclaimed practices.

Programme purposes

Programme 1: Administration

Purpose: Manage the department and provide centralised support services.

Programme 2: Economic Statistics

Purpose: Produce economic statistics to meet user requirements.

Programme 3: Population and Social Statistics

Purpose: Produce population, demographic, labour market and social statistics to meet user requirements in line with internationally recognised practices.

Programme 4: Methodology and Standards

Purpose: Provide expertise on quality and methodology for official statistics, standards for conducting surveys and a business sampling frame.

Programme 5: Statistical Support and Informatics

Purpose: Optimise the use of technology in the production and use of official statistics. Promote and provide better access to official statistics.

Programme 6: Corporate Relations

Purpose: Provide statistical information to support policy makers. Manage stakeholders and interact with international statistical agencies. Provide effective communication activities.

Programme 7: Survey Operations

Purpose: Provide collection and processing support to produce official statistics.

Strategic overview: 2006/07 – 2012/13

Statistics South Africa aims to inform South Africa's development outcomes by leading and partnering in statistical production systems to provide accurate and quality statistical information on economic, demographic, social and environmental developments in South Africa. The information is used to inform planning, public policy and decision making, as well as for monitoring and evaluating programmes. Statistics South Africa's overall strategic goal is to increase the supply of official statistics to better meet user needs.

The department's programme structure was amended after a review of the organisational structure. This resulted in name changes of programmes as well as amendments to programme purposes.

Key strategic priorities

Improving statistical information

Statistics South Africa's core deliverable is relevant, reliable and quality statistical information on the economy and society to enable informed planning and decision making. The organisation is committed to improving measurements in the following areas: economic growth; prices; decent work; life circumstances; service delivery and poverty; population profile; health; education; safety and security; sustainable resource management, and food security; and land reform and rural development. A key priority in producing baseline statistical information is the population census. The next population census is scheduled for October 2011.

Increasing public confidence in official statistics

The quality of economic and social statistics rests on comprehensive sampling frames, sound methodological practices and quality administrative data. Over the medium term, independent quality assessments will be introduced and rolled out and measured against the South African quality assessment framework. Statistics South Africa will increase its emphasis on interacting and communicating with stakeholders and marketing its statistical products.

Improving productivity

Statistics South Africa is integrating its fieldwork across household survey operations, which will create efficiency savings over the medium term. To streamline fragmented data processing, a corporate data processing centre has been established. Key processes and technology will be standardised across projects and surveys to ensure the best use of resources.

Leading the development and coordination of statistical production

National demand for statistical evidence for monitoring government performance, informing development planning, and for decision making, greatly outstrips supply. As the official statistics agency, Statistics South Africa is mandated to coordinate the production of national statistics. The organisation will lead South Africa's statistical system by collaborating with stakeholders and providing official statistics. This will involve working in partnership with other organisations to expand and improve the quality of statistical information. Statistics South Africa is also responsible for declaring statistical information official, according to set quality criteria.

Skills development

The lack of statistical skills in South Africa continues to be a significant challenge. Statistics South Africa has compiled a comprehensive statistical skills development framework to improve statistical literacy and engender an enthusiasm for numbers. Over the medium term, the organisation will focus on improving the foundation of statistical literacy at schools, establishing partnerships with tertiary institutions, building capacity within Statistics South Africa and the national statistics system, and participating in statistical development initiatives in the Southern African Development Community.

Promoting international cooperation and participation in statistics

Statistics South Africa seeks to participate actively in the development of statistics in Africa and promote a culture of evidence based policy formulation and decision making. Beyond Africa, Statistics South Africa seeks to learn and share experiences with other agencies, while participating in several international programmes that contribute to elevating statistics in defining the measurement standards of development globally.

Savings and cost effective service delivery

Over the medium term, efficiency savings of R64.5 million, R49.1 million and R46.1 million have been identified in goods and services. The savings per programme are: R33.1 million in *Administration*; R5.4 million in *Economic Statistics*; R56.5 million in *Population and Social Statistics*; R7.4 million in *Methodology and Standards*; R8.1 million in *Statistical Reports and Informatics*; R35.3 million in *Corporate Relations*; and R13.9 million in *Survey Operations*.

Statistics South Africa will implement a range of general cost saving measures. Travel and subsistence costs will be reduced by increasing the official fleet with effect from June 2009 to reduce the use of rented vehicles during field work and downgrading the air travel benefits of executive managers from business to economy class. Staff, recruitment and consultant costs will be reduced by contracting with service providers to reduce recruitment advertising costs, and reducing the number of consultants, contractors and agency staff used by sourcing the necessary expertise where possible within the department. Office, communication and other costs will be reduced by: stricter control measures to reduce costs; keeping furniture acquisitions to a minimum by implementing a standardised furniture policy; reduce catering costs; integrating and coordinating fieldwork operations across surveys by transferring fieldworkers in the *Population and Social Statistics* programme to provinces, which will reduce the number of fieldworkers required; and establishing a corporate data processing centre, which will streamline data processing as key processes and technology will be standardised and projects and surveys scheduled to ensure the best use of resources.

Selected performance indicators

Table 12.1 Statistics South Africa

Indicator	Programme/Activity	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Number of economic sectors reported on per year: quarterly and annual GDP estimates	Economic Statistics	10	10	10	10	10	10	10
Number of economic sectors reported on per year: industry and trade statistics	Economic Statistics	7	7	9	9	9	9	9
Number of economic sectors reported on per year: financial statistics	Economic Statistics	8	8	8	8	8	8	8
Number of commodity price movements collected per year: consumer price index	Economic Statistics	1 500	1 100	1 110	400	400	400	400
Number of commodities price movements collected per year: producer price index	Economic Statistics	1 700	1 700	1 645	1 645	1 640	1 640	1 640

Table 12.1 Statistics South Africa (continued)

Indicator	Programme/Activity	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Number of industries reported on per year: labour market trends	Economic Statistics	8	8	8	8	8	8	8
Number of releases on labour market dynamics per year	Population and Social Statistics	2	2	2	4	4	4	4
Number of releases on the changing profile of the population per year	Population and Social Statistics	17	18	18	18	18	18	16
Number of releases on the living conditions survey per year	Population and Social Statistics	–	–	–	–	2	–	–
Percentage of municipalities demarcated	Statistical Support and Informatics	–	–	–	50% (129)	70% (180)	100% (257)	100% (257)
Number of census questionnaires collected during the pilot (2009/10) and the main census (2011/12)	Survey Operations	–	–	–	120 000	–	14 400 000	–

Expenditure estimates

Table 12.2 Statistics South Africa

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
R million								
1. Administration	162.2	202.6	261.3	416.3	416.3	368.3	577.5	579.1
2. Economic Statistics	105.6	133.7	140.0	160.9	160.9	174.4	184.1	195.1
3. Population and Social Statistics	231.8	116.7	219.3	288.9	288.9	136.7	148.3	157.9
4. Methodology and Standards	29.4	33.2	45.2	54.8	54.8	59.5	65.4	65.5
5. Statistical Support and Informatics	131.9	198.5	263.1	224.7	224.7	223.8	199.4	205.6
6. Corporate Relations	134.5	198.8	245.8	164.7	164.7	294.1	316.2	325.5
7. Survey Operations	301.3	170.8	148.5	404.9	404.9	716.6	1 355.0	240.9
Total	1 096.6	1 054.3	1 323.1	1 715.2	1 715.2	1 973.4	2 845.9	1 769.6
Change to 2009 Budget estimate				106.5	106.5	(32.6)	88.1	(5.8)
Economic classification								
Current payments	1 056.4	978.7	1 267.4	1 651.4	1 651.4	1 871.5	2 745.9	1 711.8
Compensation of employees	414.9	472.0	700.7	1 015.8	1 015.8	891.0	1 065.1	992.5
Goods and services	641.5	506.7	566.2	635.7	635.7	980.5	1 680.7	719.3
<i>of which:</i>								
Contractors	49.7	30.7	13.1	107.1	107.1	44.3	392.3	23.4
Lease payments	32.0	34.3	39.2	60.9	60.9	66.2	186.1	194.4
Travel and subsistence	210.7	171.1	230.1	195.2	195.2	200.8	164.5	133.3
Venues and facilities	37.6	15.6	26.1	17.5	17.5	7.9	487.3	24.5
Interest and rent on land	–	–	0.5	–	–	–	–	–
Transfers and subsidies	0.8	1.5	2.0	4.4	4.4	3.8	5.0	5.3
Provinces and municipalities	0.3	–	–	–	–	–	–	–
Foreign governments and international organisations	–	–	–	0.2	0.2	–	–	–
Non-profit institutions	0.1	0.1	0.1	–	–	–	–	–
Households	0.5	1.4	1.9	4.2	4.2	3.8	5.0	5.3
Payments for capital assets	38.2	51.8	53.8	59.3	59.3	98.1	95.0	52.6
Machinery and equipment	37.9	47.2	53.6	56.7	56.7	93.9	94.2	51.9
Software and other intangible assets	0.4	4.6	0.2	2.7	2.7	4.1	0.8	0.7
Payments for financial assets	1.2	22.4	–	–	–	–	–	–
Total	1 096.6	1 054.3	1 323.1	1 715.2	1 715.2	1 973.4	2 845.9	1 769.6

Expenditure trends

The community, population, labour force, general household, and income and expenditure surveys are Statistics South Africa's key outputs, together with census operations these account for most of its expenditure. Expenditure increased from R1.1 billion in 2006/07 to R1.7 billion in 2009/10, at an average annual rate of 16.1 per cent. The decrease in 2007/08 by 3.9 per cent was due to the finalisation of the community, and income and expenditure surveys. Statistics South Africa's budget increased by 25.5 per cent in 2008/09 and 29.6 per cent in 2009/10, due to the poverty survey and census pilot conducted by the organisation during this period.

Over the medium term, expenditure is expected to increase marginally to R1.8 billion, at an average annual rate of 1 per cent. The increases in expenditure of 15.1 per cent and 44.2 per cent in 2010/11 and 2011/12 are mainly to fund Census 2011. The expenditure is expected to decrease by 37.8 per cent in 2012/13 as the Census 2011 fieldwork concludes, and only processing and analysis work remains.

The organisation receives additional funding for general salary adjustments of R31.9 million in 2010/11, R37.2 million in 2011/12 and R40.3 million in 2012/13. A further R100 million is allocated to the Census 2011 project in lieu of fringe benefits for contract workers. The total additional funding allocated over the MTEF period is R209.4 million.

Departmental receipts

Statistics South Africa's products are mainly disseminated at no cost to the public as most of the products are available on the organisation's website.

Departmental receipts for 2007/08 were R17.7 million, 5.6 per cent of which was generated from the sale of statistical products and less than 1 per cent from interest. Transactions in financial assets and liabilities grew robustly in 2007/08 due to R16.5 million from irregular expenditure written off in previous financial years.

In 2008/09, departmental receipts were stable. 44.3 per cent of receipts from 463 department publications were generated from the sale of statistical products and 6.6 per cent from interest earned. Revenue of R1.3 million relating to transactions in financial assets and liabilities increased in 2009/10 due to the recovery of expenditure from the previous year. Revenue is expected to stabilise over the MTEF period.

Table 12.3 Departmental receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
Departmental receipts	1 545	17 710	2 806	6 919	6 919	2 239	2 462	2 609
Sales of goods and services produced by department	672	988	1 115	1 195	1 195	1 200	1 320	1 399
Sales of scrap, waste, arms and other used current goods	52	86	1	–	–	65	71	75
Interest, dividends and rent on land	262	88	184	96	96	110	121	128
Transactions in financial assets and liabilities	559	16 548	1 506	5 628	5 628	864	950	1 007
Total	1 545	17 710	2 806	6 919	6 919	2 239	2 462	2 609

Programme 1: Administration

Table 12.4 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Management	22.2	21.2	18.7	25.8	24.1	87.5	72.1
Corporate Services	104.0	141.1	196.7	322.3	264.8	405.7	418.7
Strategy and National Statistics System	8.9	10.1	10.4	12.2	20.1	21.3	22.3
Office Accommodation	27.1	30.2	35.5	56.0	59.4	62.9	66.1
Total	162.2	202.6	261.3	416.3	368.3	577.5	579.1
Change to 2009 Budget estimate				2.1	(55.8)	57.8	114.1

Table 12.4 Administration (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Economic classification							
Current payments	159.7	200.6	258.7	405.0	359.8	568.4	569.6
Compensation of employees	74.5	90.4	115.4	161.6	181.6	192.5	202.2
Goods and services	85.2	110.2	143.3	243.4	178.1	375.8	367.4
<i>of which:</i>							
Contractors	1.9	3.2	2.4	7.4	2.0	12.1	12.2
Lease payments	27.0	29.0	35.5	57.0	60.7	180.3	189.4
Travel and subsistence	10.2	15.3	41.9	107.5	34.3	36.4	38.2
Venues and facilities	0.7	1.7	2.7	1.5	2.5	34.7	18.0
Transfers and subsidies	0.1	0.5	1.8	4.0	3.5	3.7	3.9
Provinces and municipalities	0.1	–	–	–	–	–	–
Non-profit institutions	0.0	–	0.1	–	–	–	–
Households	0.0	0.5	1.7	4.0	3.5	3.7	3.9
Payments for capital assets	1.2	1.2	0.8	7.3	5.1	5.4	5.7
Machinery and equipment	1.2	1.2	0.7	7.3	5.1	5.4	5.7
Software and other intangible assets	–	–	0.1	–	–	–	–
Payments for financial assets	1.2	0.3	–	–	–	–	–
Total	162.2	202.6	261.3	416.3	368.3	577.5	579.1

Expenditure trends

Spending between 2006/07 and 2009/10 grew from R162.2 million to R416.3 million, at an average annual rate of 36.9 per cent, due to additional funding allocated for new office accommodation. Spending in the *Strategy and National Statistics System* subprogramme grew at an average annual rate of 11.1 per cent between 2006/07 and 2009/10, due to capacity building within this division.

The budget is expected to grow at an average annual rate of 11.6 per cent over the MTEF period, as costs for advertisements for recruitment and training have been centralised in the *Corporate Services* subprogramme. The budget for the *Strategy and National Statistics System* subprogramme increases at an average annual rate of 22.4 per cent over the MTEF period in support of increased statistical advocacy and the strengthening of partnerships within the national statistical system.

The *Office Accommodation* subprogramme received R36.5 million in 2010/11, R38.7 million in 2011/12 and R40.7 million in 2012/13 for renting permanent and temporary regional office accommodation in preparation for Census 2011. R116 million and R121.8 million are allocated in 2011/12 and 2012/13 for the new building project within the *Corporate Services* subprogramme.

Programme 2: Economic Statistics

- *Economic Statistics Management*.
- *Short Term Indicators* provides information on turnover and volumes in various economic sectors on a monthly and quarterly basis.
- *Large Sample Surveys* provides information on turnover and volumes in various economic sectors periodically.
- *Producer Price Index and Employment Statistics* provides information on the producer price index and on employment levels in the formal non-agricultural sector.
- *Consumer Price Index* provides information on the level of inflation by producing various consumer price indices.
- *Financial Statistics* tracks public sector spending and the financial performance of private sector organisations.
- *National Accounts* produces GDP data and other integrative statistical products.
- *National Accounts: Research* integrates and analyses information from various data sources.

Funding in all subprogrammes is distributed according to the various economic series. The main cost drivers are remuneration, travel and communication.

Objectives and measures

- Inform economic decision making by providing accurate, relevant and timely economic statistical information through the application of internationally recognised practices, specifically by publishing:
 - quarterly and annual gross GDP estimates providing information on 10 sectors of the economy
 - regular statistical releases on employment and earnings, industry and trade, and financial information.
- Provide information for inflation targeting and on the changing cost of living by improving the measurement of price changes in the economy through the application of internationally recognised practices, specifically by publishing:
 - monthly statistical releases on the consumer price index, covering approximately 400 products
 - monthly statistical releases on the producer price index, covering approximately 1 600 products.

Service delivery focus

Statistics South Africa's economic measurement objective is to ensure that the levels of growth and GDP are credible. It has produced the quarterly and annual GDP estimates, providing information on 10 sectors of the economy. Statistical releases on employment and earnings, financial information and short term indicators on industry and trade were released as scheduled in 2009/10.

Conducting large sample surveys is a rolling 3-year programme that provides input for benchmarking GDP. These statistics are compiled on a periodic and annual basis in the primary, secondary and tertiary sectors. The rebased GDP data were released in November 2009. Monthly producer and consumer price indices were released as scheduled. A review of the producer price index will be available in 2010/11.

Expenditure estimates

Table 12.5 Economic Statistics

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Economic Statistics Management	1.0	4.3	2.1	2.6	2.8	2.9	3.0
Short Term Indicators	19.4	17.5	17.9	22.9	26.0	27.4	29.0
Large Sample Surveys	9.6	24.3	20.4	25.1	27.8	29.3	31.0
Producer Price Index and Employment Statistics	16.0	17.4	18.8	26.0	28.3	29.3	31.4
Consumer Price Index	30.1	38.4	43.3	43.9	44.7	47.8	50.6
Financial Statistics	21.5	23.6	25.9	28.0	31.2	33.0	34.9
National Accounts	7.8	8.2	10.3	10.0	8.8	9.3	9.8
National Accounts: Research	0.1	0.0	1.4	2.2	4.8	5.1	5.4
Total	105.6	133.7	140.0	160.9	174.4	184.1	195.1
Change to 2009 Budget estimate				4.3	0.2	3.4	(4.8)
Economic classification							
Current payments	104.5	130.5	139.3	160.5	173.5	183.4	194.4
Compensation of employees	83.2	105.5	118.9	140.8	153.5	161.7	172.0
Goods and services	21.4	25.1	20.4	19.7	20.0	21.6	22.4
<i>of which:</i>							
Contractors	0.4	0.4	0.2	0.4	0.4	0.3	0.3
Lease payments	0.9	0.8	0.4	0.6	0.6	0.6	0.6
Travel and subsistence	8.0	10.6	7.7	7.5	7.3	8.2	8.4
Venues and facilities	1.2	1.1	0.6	0.7	0.4	0.3	0.4

Table 12.5 Economic Statistics (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Economic classification							
Transfers and subsidies	0.1	–	0.0	0.3	0.2	0.2	0.2
Provinces and municipalities	0.1	–	–	–	–	–	–
Foreign governments and international organisations	–	–	–	0.2	–	–	–
Households	0.0	–	0.0	0.1	0.2	0.2	0.2
Payments for capital assets	1.0	0.9	0.7	0.1	0.7	0.6	0.5
Machinery and equipment	1.0	0.9	0.7	0.1	0.7	0.6	0.5
Payments for financial assets	–	2.2	–	–	–	–	–
Total	105.6	133.7	140.0	160.9	174.4	184.1	195.1

Expenditure trends

Spending in this programme grew from R105.6 million in 2006/07 to R160.9 million in 2009/10, at an average annual rate of 15.1 per cent, mainly due to the department increasing its personnel capacity to generate a range of economic statistics. In addition, contract staff received a 37 per cent service benefit.

The budget is expected to grow at an average annual rate of 6.6 per cent over the MTEF period to reach R195.1 million by 2012/13. This is mainly due to the higher than expected salary increase and adjustments for inflation.

Programme 3: Population and Social Statistics

- *Population and Social Statistics Management.*
- *Census Input and Output* publishes population statistics collected through the population census.
- *Health and Vital Statistics* publishes statistics on births, deaths, marriages, divorces, tourism and migration, based on administrative records.
- *Social Analysis* provides information on living conditions and tourism through the general household and tourism surveys.
- *Demographic and Social Analysis* collates and analyses data from census, survey and administrative data, generates a knowledge base on social and population themes, and compiles mid-year population estimates.
- *Surveys Monitoring and Evaluation* monitors and assures the quality of field operations of household surveys and censuses.
- *Household Labour Market Survey* provides information on labour market trends in South Africa through the labour force survey.
- *Household Budget Survey* provides information on poverty levels, and income and expenditure trends.

Funding in all subprogrammes is distributed according to the various population and social series. The main cost drivers are remuneration and communication.

Objectives and measures

- Inform social and economic development planning by providing accurate, relevant and timely statistical information through the application of internationally recognised practices, specifically by publishing:
 - regular information on the labour market, vital registrations, living conditions, and service delivery
 - regular information on population dynamics and demographic trends.

Service delivery focus

The quarterly labour force survey is a household survey and is the primary instrument to measure unemployment in South Africa. Additional modules such as child labour, the expanded public works programme and volunteer work are added in some quarters to expand the statistical information collected.

Statistics South Africa receives data monthly from the Department of Home Affairs on vital registrations, tourism and migration, which it processes and publishes annually. The data collection phase of the living conditions survey ended in September 2009 and results will be published in 2010. Mid-year population estimates are published annually.

Expenditure estimates

Table 12.6 Population and Social Statistics

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Population and Social Statistics Management	2.0	5.0	4.2	3.8	5.2	5.3	5.1
Census Input and Output	145.2	72.2	40.3	85.7	22.2	19.5	14.2
Health and Vital Statistics	9.8	12.6	20.0	19.7	23.0	24.4	25.6
Social Analysis	5.0	5.1	5.0	6.5	15.6	16.6	17.4
Demographic and Social Analysis	4.8	4.9	4.2	8.5	9.0	9.5	10.0
Surveys Monitoring and Evaluation	0.2	1.0	5.5	6.3	10.0	10.6	11.1
Household Labour Market Survey	–	–	1.1	23.5	16.4	17.3	18.2
Household Budget Survey	64.9	15.9	139.1	134.9	35.3	45.1	56.2
Total	231.8	116.7	219.3	288.9	136.7	148.3	157.9
Change to 2009 Budget estimate				43.7	(106.4)	(138.4)	(31.7)
Economic classification							
Current payments	229.4	98.6	217.6	284.7	133.6	144.3	151.3
Compensation of employees	113.9	53.7	136.1	210.5	81.4	93.7	100.4
Goods and services	115.5	44.9	81.4	74.2	52.2	50.6	50.8
<i>of which:</i>							
Contractors	15.7	2.8	0.7	0.7	0.5	0.4	0.4
Lease payments	0.9	0.4	–	1.1	0.2	0.3	–
Travel and subsistence	67.0	19.6	54.2	28.9	19.1	20.4	23.3
Venues and facilities	3.4	0.8	8.1	10.2	1.7	1.9	4.4
Transfers and subsidies	0.1	0.1	0.0	–	–	0.9	1.0
Provinces and municipalities	0.1	–	–	–	–	–	–
Non-profit institutions	–	0.1	–	–	–	–	–
Households	0.0	0.0	0.0	–	–	0.9	1.0
Payments for capital assets	2.4	2.2	1.7	4.2	3.1	3.0	5.6
Machinery and equipment	2.1	1.5	1.7	4.2	3.1	3.0	5.6
Software and other intangible assets	0.2	0.8	–	–	–	–	–
Payments for financial assets	–	15.8	–	–	–	–	–
Total	231.8	116.7	219.3	288.9	136.7	148.3	157.9

Expenditure trends

Spending in this programme fluctuates, as some surveys are not conducted annually. The budget increased from R231.8 million in 2006/07 to R288.9 million in 2009/10, at an average annual rate of 7.6 per cent. The increase was due to the community survey that was conducted in 2005/06 and 2006/07. This survey replaced the population census that would have been conducted in 2006. The budget for the *Health and Vital Statistics* subprogramme increased at an average annual rate of 26.4 per cent from 2006/07 to 2009/10 to provide for a project which supplies information on mortality and its causes. This information is used for policy development.

Spending over the MTEF period decreases to R157.9 million, at an average annual rate of 18.2 per cent, due to the completion of the data collection process of the census project.

Programme 4: Methodology and Standards

- *Methodology and Standards Management*.
- *Methodology and Audit* provides technical expertise on methodologies and technical solutions for producing official statistics and conducts reviews of surveys.
- *Survey Standards* develops standards, classifications and definitions for publishing official statistics.
- *Business Frames* maintains and improves the sampling frame for economic statistics.

Funding is used for developing methodologies, series standards and frames for economic surveys. The main cost driver is remuneration.

Objectives and measures

- Improve the comparability and accuracy of statistical information by reviewing and auditing methodological compliance in three survey areas and applying appropriate quality criteria, standards, classifications and procedures.
- Ensure accurate and reliable statistical information by drawing annual samples for all economic surveys based on a sound business sampling frame.

Service delivery focus

Since 2007/08, Statistics South Africa has developed guidelines, standards and benchmarks for all quality dimensions in line with the South African statistical quality assessment framework to enhance the quality of statistical information. A number of quality reviews were conducted, and advice and expertise were rendered to survey areas. Various survey areas were provided with technical solutions to enhance production. 95 per cent of samples for economic statistics were drawn from the business register as per user specifications. Guidelines and procedures were developed to improve the quality of the business register and investigations were completed.

Expenditure estimates

Table 12.7 Methodology and Standards

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Methodology and Standards Management	1.7	1.7	1.9	2.1	2.8	3.0	3.0
Methodology and Audit	15.5	19.5	24.4	28.7	30.4	34.5	33.4
Survey Standards	1.7	1.0	0.7	3.2	2.6	2.7	2.8
Business Frames	10.5	11.0	18.2	20.7	23.6	25.2	26.2
Total	29.4	33.2	45.2	54.8	59.5	65.4	65.5
Change to 2009 Budget estimate				(2.6)	(0.8)	1.0	(2.1)
Economic classification							
Current payments	29.0	32.8	45.0	54.8	59.4	65.2	65.4
Compensation of employees	21.7	27.4	38.7	45.9	54.3	56.8	60.2
Goods and services	7.3	5.4	6.3	8.8	5.1	8.4	5.3
<i>of which:</i>							
Lease payments	0.1	0.1	0.1	0.2	0.1	0.2	0.2
Travel and subsistence	2.4	1.1	1.4	3.6	2.4	2.7	1.9
Venues and facilities	0.6	0.0	0.2	0.0	0.1	0.2	–
Transfers and subsidies	0.1	–	–	0.0	–	–	–
Households	0.1	–	–	0.0	–	–	–
Payments for capital assets	0.3	0.4	0.2	0.0	0.1	0.2	0.0
Machinery and equipment	0.3	0.4	0.2	0.0	0.1	0.2	0.0
Total	29.4	33.2	45.2	54.8	59.5	65.4	65.5

Expenditure trends

Total spending increased at an average annual rate of 23.1 per cent, from R29.4 million in 2006/07 to R54.8 million in 2009/10, due to provisions made for analysis, consultations with experts and the auditing of methodological standards. Spending in the *Methodology and Audit* subprogramme increased at an average annual rate of 22.8 per cent between 2006/07 and 2009/10, due to capacity building. Spending in the *Survey Standards* subprogramme, which monitors the standard to which surveys are conducted, increased at an average annual rate of 24.2 per cent between 2006/07 and 2009/10, due to an increase in the number of surveys conducted, such as the living conditions survey, community survey and the quarterly labour force survey. Spending in the *Business Frames* subprogramme increased at an average annual rate of 25.5 per cent between 2006/07 and 2009/10 as provision was made for the maintenance of the business sampling frame and for conducting a quality improvement survey.

The budget increases to R65.5 million over the MTEF period, at an average annual rate of 6.1 per cent. This is due to the allocation of funding for post-enumeration surveys to be conducted as part of auditing the methodology for the household surveys.

Programme 5: Statistical Support and Informatics

- *Statistical Support and Informatics Management*.
- *Geography Services* provides a mapping and information service to the department and other users.
- *Geography Frames* provides a sampling frame for household surveys and censuses.
- *Publication Services* provides editing, publishing and distribution services to survey areas.
- *Data Management and Technology* provides technology infrastructure for the department and supports data management across statistical series.

Funding is used for developing frames for social surveys. The main cost drivers are IT related services and equipment.

Objectives and measures

- Ensure a reliable sampling frame for household surveys by updating 70 per cent of the spatial frame and database by March 2011.
- Support the production of official statistics by:
 - Stabilising and upgrading ICT infrastructure including implementing disaster recovery by March 2011
 - Continuously ensuring 90 per cent network availability.

Service delivery focus

The dwelling frame was not completed in 2008/09 as scheduled due to a change in the way data was collected in the project. Fieldwork is currently in progress and approximately 60 per cent of enumerator areas and points will be completed by June 2010. All 2 001 enumerator areas were linked to new provincial, district council and municipal boundaries in preparation for Census 2011.

After an audit of its ICT infrastructure, Statistics South Africa embarked on an ongoing project in 2008/09 to reform its ICT environment, including upgrading ICT infrastructure, developing ICT enterprise architecture and focusing on business continuity. This new ICT infrastructure strategy will be rolled out over the medium term.

Expenditure estimates

Table 12.8 Statistical Support and Informatics

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Statistical Support and Informatics Management	1.4	1.8	1.8	2.0	2.6	2.4	2.5
Geography Services	11.8	38.5	63.9	15.9	39.2	36.3	37.3
Geography Frames	30.1	33.0	74.8	103.1	56.8	42.3	45.1
Publication Services	9.1	11.4	14.8	15.1	18.8	19.9	20.9
Data Management and Technology	79.5	113.7	107.8	88.5	106.3	98.5	99.9
Total	131.9	198.5	263.1	224.7	223.8	199.4	205.6
Change to 2009 Budget estimate				36.6	3.8	(0.3)	(6.6)
Economic classification							
Current payments	100.3	152.8	215.1	197.8	203.6	190.7	196.2
Compensation of employees	26.5	38.3	97.8	140.7	85.2	89.1	94.5
Goods and services	73.8	114.4	117.0	57.1	118.4	101.6	101.6
<i>of which:</i>							
Lease payments	0.8	0.9	1.8	–	3.5	3.5	3.6
Venues and facilities	0.3	0.1	8.1	0.1	0.0	0.0	0.0
Interest and rent on land	–	–	0.2	–	–	–	–
Transfers and subsidies	0.0	0.6	0.0	–	–	–	–
Households	–	0.6	0.0	–	–	–	–
Payments for capital assets	31.6	45.1	48.0	26.9	20.1	8.7	9.5
Machinery and equipment	31.6	41.8	47.9	24.6	16.0	7.9	8.8
Software and other intangible assets	–	3.3	0.1	2.2	4.1	0.8	0.7
Total	131.9	198.5	263.1	224.7	223.8	199.4	205.6

Expenditure trends

Total spending in the *Statistical Support and Informatics* programme increased at an average annual rate of 19.4 per cent, from R131.9 million in 2006/07 to R224.7 million in 2009/10. This was mainly due to allocations for the dwelling frame address database. The budget decreases at an average annual rate of 2.9 per cent over the MTEF period due to the completion of the dwelling frame project that will only be maintained on an annual basis from 2011.

The *Geography Services* subprogramme provides geographical support for the organisation. Spending in this subprogramme increased at an average annual rate of 10.5 per cent from 2006/07 to 2009/10 due to the purchase of satellite imagery from various service providers. Spending over the MTEF period is projected to grow at an average annual rate of 32.8 per cent in preparation for Census 2011.

Spending in the *Geography Frames* subprogramme increased from R30.1 million in 2006/07 and R103.1 million in 2009/10 due to funds provided for the establishment of the dwelling frame database. Spending decreases to R42.3 million in 2011/12 as funding will only be used for the maintenance of the database.

Spending in *Publication Services* increased at an average annual rate of 18.6 per cent from 2006/07 to 2009/10 due to increased publication services provided to the department. The budget for the subprogramme is expected to increase at an average annual rate of 11.3 per cent over the MTEF period due to salary adjustments and inflation.

Programme 6: Corporate Relations

- *Corporate Relations Management*.
- *International Relations* manages relations with international statistical agencies.
- *Provincial Coordination* provides provincial capacity to support the collection and use of official statistics.
- *Stakeholder Relations and Marketing* maintains relations with stakeholders across the country.
- *Corporate Communications* manages media relations and communication to staff.

Funding is distributed to provide support for all social surveys. The main cost drivers are remuneration and communication.

Objectives and measures

- Increase awareness and the use of official statistics by maintaining and improving stakeholder relations and managing external and internal communications by:
 - conducting stakeholder workshops in all 9 provinces to inform and consult with stakeholders on statistical products
 - improving website visitor sessions by 10 per cent per year.
- Provide an integrated data collection service and disseminate quality statistics through statistical technical support services to provincial and local stakeholders.
- Ensure alignment with international standards, best practice and statistical skills development by increasing participation, sharing and learning in international statistical initiatives on an ongoing basis.

Service delivery focus

Statistics South Africa hosted the 57th session of the International Statistics Institute conference in August 2009. More than 2 000 delegates attended from more than 100 countries. In 2009, Statistics South Africa developed an ongoing legacy project, the ISIBalo capacity building programme, which aims to create opportunities in statistical capacity building for Africans, youth and females.

Provincial Statistics South Africa offices, with district offices reporting to them, collect approximately 250 000 questionnaires from individuals annually, depending on the survey programme. They also provide provincial support to the dwelling frame project in capturing dwelling unit information and maintaining geo-referenced information.

Equal access to statistical information is provided to all stakeholders in line with the fundamental principles of official statistics. In 2008/09, visitors to StatsOnline totalled over 5 million and 583 653 publications were downloaded. A number of statistical literacy workshops and exhibitions were held in 2008/09 across the country to raise awareness and increase usage and application of statistical information in evidence based decision making.

Expenditure estimates

Table 12.9 Corporate Relations

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
R million							
Corporate Relations Management	3.1	0.1	0.4	10.2	8.1	9.2	9.1
International Relations	9.1	15.2	15.6	24.7	13.2	14.4	15.6
Provincial Coordination	114.0	172.4	212.9	116.8	250.9	268.8	276.2
Stakeholder Relations and Marketing	6.8	7.4	13.5	13.0	15.1	15.9	16.2
Corporate Communications	1.5	3.7	3.3	–	6.8	7.9	8.4
Total	134.5	198.8	245.8	164.7	294.1	316.2	325.5
Change to 2009 Budget estimate				2.4	132.5	145.8	(89.8)
Economic classification							
Current payments	133.4	197.1	244.6	163.3	293.9	316.0	325.2
Compensation of employees	47.2	59.9	82.7	126.4	215.1	232.0	246.0
Goods and services	86.2	137.2	161.8	36.9	78.7	84.0	79.2
<i>of which:</i>							
Contractors	1.2	1.1	0.6	8.4	0.3	0.4	0.4
Lease payments	1.3	2.4	1.1	0.2	0.3	0.3	0.3
Travel and subsistence	33.1	72.1	75.9	9.0	35.4	34.8	34.3
Interest and rent on land	–	–	0.1	–	–	–	–

Table 12.9 Corporate Relations (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Economic classification							
Transfers and subsidies	0.3	0.3	0.0	0.1	0.1	0.2	0.2
Non-profit institutions	0.1	0.1	–	–	–	–	–
Households	0.2	0.2	0.0	0.1	0.1	0.2	0.2
Payments for capital assets	0.8	1.1	1.2	1.4	0.1	0.1	0.1
Machinery and equipment	0.8	1.1	1.2	1.4	0.1	0.1	0.1
Payments for financial assets	–	0.3	–	–	–	–	–
Total	134.5	198.8	245.8	164.7	294.1	316.2	325.5

Expenditure trends

Spending grew from R134.5 million in 2006/07 to R164.7 million in 2009/10, at an average annual rate of 7 per cent and is estimated to grow over the MTEF period to reach R325.5 million, at an average annual rate of 25.5 per cent. This is due to the establishment of regional and district offices in preparation for Census 2011.

The hosting of the International Statistical Institute conference increased spending in the *International Relations* subprogramme at an average annual rate of 39.7 per cent between 2006/07 and 2009/10. Spending decreases at an average annual rate of 14.2 per cent over the MTEF period as the conference was over in 2009.

Spending in the *Provincial Coordination* subprogramme increases at an average annual rate of 33.2 per cent over the MTEF period as capacity and infrastructure are being built at provincial and regional offices to centralise fieldwork at provincial levels, in line with the department's integrated fieldwork strategy.

Spending in the *Stakeholder Relations and Marketing* subprogramme increased at an average annual rate of 24.1 per cent between 2006/07 and 2009/10 to facilitate increased stakeholder involvements, with a focus on the regional community level. Expenditure increases over the MTEF period at an average annual rate of 7.6 per cent mainly to provide for salary and inflation adjustments. The spending focus over the MTEF period is on the conducting of Census 2011 and includes the preparation, testing, the actual survey and the processing of census data.

Programme 7: Survey Operations

- *Survey Operations Management*.
- *Census and Community Survey Operations* conducts periodic population censuses and surveys.
- *Survey Operations Household* coordinates and integrates collection activities across surveys.
- *Corporate Data Processing* manages the editing and processing of data.

Objectives and measures

- Increase the statistical information base by conducting a population census in 2011.
- Ensure the efficiency and effectiveness of survey operations by coordinating and integrating household survey operations annually.
- Improve the quality of editing and processing data by standardising and optimising the use of technology in 4 survey areas annually.

Service delivery focus

A pilot census was conducted in 2009/10 to test an integrated approach to census taking. In 2010/11, Statistics South Africa will prioritise the demarcation of the country, instituting the necessary infrastructure on the provincial and district levels for the census in 2011. An integrated fieldwork strategy was developed in 2008/09 to ensure the optimal utilisation of resources across surveys. The first phase of the strategy was implemented in

2008/09. Efficiency savings will be achieved over the medium term through an integrated fieldwork force that can work across various surveys. A corporate data processing facility was established in 2008/09 to streamline and standardise editing and processing across surveys. Standardising methodologies and technology will improve the production of quality statistics.

Expenditure estimates

Table 12.10 Survey Operations

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Survey Operations Management	–	–	–	1.7	2.8	3.0	3.1
Census and Community Survey Operations	240.9	58.0	23.0	246.3	637.5	1 238.0	117.6
Survey Operations: Household	40.0	93.6	115.9	135.3	35.6	37.7	40.1
Corporate Data Processing	20.4	19.3	9.6	21.6	40.8	76.4	80.2
Total	301.3	170.8	148.5	404.9	716.6	1 355.0	240.9
Change to 2009 Budget estimate				20.0	(6.1)	18.9	15.2
Economic classification							
Current payments	300.1	166.3	147.1	385.3	647.8	1 278.0	209.7
Compensation of employees	48.0	96.9	111.1	189.9	119.8	239.3	117.2
Goods and services	252.1	69.4	36.0	195.4	527.9	1 038.6	92.5
<i>of which:</i>							
Contractors	6.9	1.7	1.4	88.9	31.7	373.7	6.7
Lease payments	0.9	0.7	0.3	1.8	0.9	0.8	0.3
Travel and subsistence	87.9	45.6	16.9	35.4	95.9	56.5	20.8
Transfers and subsidies	0.2	0.0	0.2	–	–	–	–
Households	0.2	0.0	0.2	–	–	–	–
Payments for capital assets	1.0	0.8	1.2	19.6	68.9	77.1	31.2
Machinery and equipment	0.9	0.2	1.2	19.1	68.9	77.1	31.2
Software and other intangible assets	0.1	0.5	–	0.4	–	–	–
Payments for financial assets	–	3.7	–	–	–	–	–
Total	301.3	170.8	148.5	404.9	716.6	1 355.0	240.9

Expenditure trends

Spending in this programme fluctuates, as some surveys are not conducted annually. Spending increased from R301.3 million in 2006/07 to R404.9 million in 2009/10, at an average annual rate of 10.4 per cent. The increase was due to the Census 2011 pilot in 2009/10. The increase was offset by a decrease in spending in the *Survey Operations* programme, which decreased from R301.3 million in 2006/07 to R148.5 million in 2008/09, as a result of the community survey activities ceasing.

The budget decreases to R240.9 million over the MTEF period at an average annual rate of 15.9 per cent as a result of Census 2011 activities coming to an end. The spending focus over the MTEF period is on conducting Census 2011 and includes the preparation and testing, the actual survey, and the processing and analysis of census data.

Additional tables

Table 12.A Summary of expenditure trends and estimates per programme and economic classification

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R million	2008/09		2008/09	2009/10			2009/10
1. Administration	390.9	370.2	261.3	414.2	2.1	416.3	416.3
2. Economic Statistics	141.8	143.1	140.0	156.6	4.3	160.9	160.9
3. Population and Social Statistics	193.4	393.0	219.3	254.2	34.6	288.9	288.9
4. Methodology and Standards	44.4	48.4	45.2	57.4	(2.6)	54.8	54.8
5. Statistical Support and Informatics	227.4	239.1	263.1	197.2	27.5	224.7	224.7
6. Corporate Relations	125.9	129.7	245.8	162.4	2.4	164.7	164.7
7. Survey Operations	148.5	–	148.5	366.7	38.2	404.9	404.9
Total	1 272.2	1 323.4	1 323.1	1 608.6	106.5	1 715.2	1 715.2

Economic classification

	1 247.9	1 276.1	1 267.4	1 553.6	97.8	1 651.4	1 651.4
Current payments							
Compensation of employees	714.3	702.1	700.7	928.9	86.8	1 015.8	1 015.8
Goods and services	533.7	574.0	566.2	624.7	11.0	635.7	635.7
Interest and rent on land	–	–	0.5	–	–	–	–
Transfers and subsidies	0.1	2.0	2.0	0.1	4.3	4.4	4.4
Foreign governments and international organisations	–	–	–	–	0.2	0.2	0.2
Non-profit institutions	–	0.2	0.1	–	–	–	–
Households	0.1	1.8	1.9	0.1	4.1	4.2	4.2
Payments for capital assets	24.2	45.3	53.8	55.0	4.4	59.3	59.3
Machinery and equipment	23.3	44.3	53.6	54.6	2.1	56.7	56.7
Software and other intangible assets	0.9	0.9	0.2	0.4	2.2	2.7	2.7
Total	1 272.2	1 323.4	1 323.1	1 608.6	106.5	1 715.2	1 715.2

Table 12.B Summary of personnel numbers and compensation of employees

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Permanent and full time contract employees							
Compensation (R million)	413.4	470.2	698.8	1 008.1	891.0	1 065.1	992.5
Unit cost (R million)	0.3	0.2	0.2	0.4	0.3	0.4	0.3
<i>Administration</i>	0.3	0.6	0.7	0.5	0.6	0.6	0.6
<i>Economic Statistics</i>	0.6	0.6	0.7	0.7	0.7	0.7	0.7
<i>Population and Social Statistics</i>	0.2	0.6	0.8	0.7	0.2	0.3	0.3
<i>Methodology and Standards</i>	0.0	0.0	0.2	0.1	0.1	0.1	0.1
<i>Statistical Support and Informatics</i>	0.4	0.2	0.2	0.2	0.2	0.2	0.2
<i>Corporate Relations</i>	0.0	0.0	0.5	0.4	0.6	0.6	0.6
<i>Survey Operations</i>	–	–	–	0.5	0.3	0.4	0.3
Personnel numbers (head count)	1 516	2 128	3 001	2 559	2 813	2 959	2 851
Total for department							
Compensation (R million)	414.9	472.0	700.7	1 015.8	891.0	1 065.1	992.5
Unit cost (R million)	0.3	0.2	0.2	0.4	0.4	0.5	0.4
Personnel numbers (head count)	1 532	2 144	3 031	2 614	2 855	3 001	2 893

Table 12.C Detail of approved establishment and personnel numbers according to salary level ¹

	Personnel post status as at 30 September 2009			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid year ²	Medium-term estimate		
				2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Department	3 122	3 122	-	4 283	4 193	4 856	4 652	4 677	6 572	5 233
Salary level 1 – 6	1 115	1 115	-	1 846	1 573	2 722	2 628	2 001	3 553	2 652
Salary level 7 – 10	1 322	1 322	-	1 767	1 811	1 500	1 460	1 873	2 210	1 774
Salary level 11 – 12	446	446	-	442	554	445	352	527	532	526
Salary level 13 – 16	239	239	-	228	255	189	212	276	277	281
Administration	596	596	-	467	927	666	512	629	634	636
Salary level 1 – 6	137	137	-	127	195	190	138	149	149	149
Salary level 7 – 10	317	317	-	228	530	328	258	328	330	330
Salary level 11 – 12	85	85	-	76	134	103	69	93	95	96
Salary level 13 – 16	57	57	-	36	68	45	47	59	60	61
Economic Statistics	715	715	-	1 026	983	764	683	939	939	939
Salary level 1 – 6	393	393	-	684	580	544	386	547	547	547
Salary level 7 – 10	239	239	-	277	329	178	222	282	282	282
Salary level 11 – 12	53	53	-	42	49	36	45	67	67	67
Salary level 13 – 16	30	30	-	23	25	6	30	43	43	43
Population and Social Statistics	267	267	-	1 570	1 291	1 787	723	262	260	262
Salary level 1 – 6	69	69	-	913	681	1 215	408	60	60	60
Salary level 7 – 10	104	104	-	519	433	403	198	109	109	109
Salary level 11 – 12	50	50	-	99	124	113	69	46	45	46
Salary level 13 – 16	44	44	-	39	53	56	48	47	46	47
Methodology and Standards	153	153	-	157	147	156	136	143	143	143
Salary level 7 – 10	92	92	-	85	51	98	82	86	86	86
Salary level 11 – 12	42	42	-	42	63	41	37	40	40	40
Salary level 13 – 16	19	19	-	30	33	17	17	17	17	17
Statistical Support and Informatics	210	210	-	624	406	1 029	995	862	1 139	1 186
Salary level 1 – 6	25	25	-	72	67	725	781	671	947	994
Salary level 7 – 10	118	118	-	433	243	243	176	112	113	113
Salary level 11 – 12	43	43	-	65	66	40	21	50	50	50
Salary level 13 – 16	24	24	-	54	30	21	17	29	29	29
Corporate Relations	596	596	-	439	439	454	356	1 338	1 338	1 338
Salary level 1 – 6	108	108	-	50	50	48	50	416	416	416
Salary level 7 – 10	313	313	-	225	225	250	195	710	710	710
Salary level 11 – 12	128	128	-	118	118	112	72	162	162	162
Salary level 13 – 16	47	47	-	46	46	44	39	50	50	50
Survey Operations	585	585	-	-	-	-	1 247	504	2 119	729
Salary level 1 – 6	383	383	-	-	-	-	865	158	1 434	486
Salary level 7 – 10	139	139	-	-	-	-	329	246	580	144
Salary level 11 – 12	45	45	-	-	-	-	39	69	73	65
Salary level 13 – 16	18	18	-	-	-	-	14	31	32	34

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

2. As at 30 September 2009.

Table 12.D Summary of expenditure on training

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Compensation of employees (R million)	414.9	472.0	702.1	1 015.8	891.0	1 065.1	992.5
Training expenditure (R million)	7.7	11.9	14.0	21.2	45.1	42.1	40.0
Training as percentage of compensation	1.9%	2.5%	2.0%	2.1%	5.1%	3.9%	4.0%
<i>of which:</i>							
Households receiving bursaries (R million)	-	0.5	1.7	4.0	-	-	-

Vote 13

Arts and Culture

Budget summary

R million	2010/11				2011/12	2012/13
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	154.6	151.0	–	3.6	170.8	181.6
Arts and Culture in Society	327.1	28.3	298.5	0.3	327.6	359.8
National Language Service	93.5	22.7	69.8	1.0	101.2	108.5
Cultural Development and International Cooperation	206.7	31.8	174.4	0.5	226.2	236.1
Heritage Promotion	993.9	30.5	963.1	0.4	921.7	972.3
National Archives, Records, Libraries and Heraldic Services	630.9	46.8	583.2	0.8	670.0	704.4
Total expenditure estimates	2 406.7	311.1	2 089.1	6.6	2 417.4	2 562.7
Executive authority	Minister of Arts and Culture					
Accounting officer	Director-General of Arts and Culture					
Website address	www.dac.gov.za					

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

Aim

The aim of the Department of Arts and Culture is to develop and preserve South African arts and culture to ensure social cohesion and nation building.

Programme purposes

Programme 1: Administration

Purpose: Overall management of the department and strategic and administrative support services.

Programme 2: Arts and Culture in Society

Purpose: Develop and promote arts and culture in South Africa and mainstream its role in social development.

Programme 3: National Language Service

Purpose: Promote the official languages of South Africa and enhance the linguistic diversity of the country.

Programme 4: Cultural Development and International Cooperation

Purpose: Provide economic and other development opportunities for South African arts and culture, nationally and globally, through mutually beneficial partnerships, thereby ensuring the sustainability of the sector.

Programme 5: Heritage Promotion

Purpose: Policy, legislation and strategic direction for identifying, conserving and promoting cultural heritage.

Programme 6: National Archives, Records, Libraries and Heraldic Services

Purpose: Facilitate full and open access to the archival, heraldic and information resources of South Africa.

Strategic overview: 2006/07 – 2012/13

The Department of Arts and Culture is responsible for transforming South Africa's arts, culture and heritage landscape to serve South Africa's wide artistic and cultural needs and to contribute to the goals of growth, employment, poverty alleviation, national reconciliation, nation building and social cohesion. The department is also tasked with developing and promoting the official languages and enhancing linguistic diversity.

Strategic and operational objectives

Promoting arts and culture for social cohesion

The department will continue to support government's social cohesion implementation framework by intensifying existing programmes and supporting new programmes that encourage social cohesion and nation building, such as programmes for the youth. National days, including special campaign days, will continue to be used as platforms to celebrate the inclusion and advancement of vulnerable groups, socially, culturally and economically.

Community arts centres are critical locations for the implementation of these programmes. In 2009/10, with its provincial counterparts and the community arts centres sector, the department drafted a policy on the overall management of the community arts centres and allocated roles and responsibilities to the different spheres of government.

2010 arts and culture programme

In 2008/09, the department developed a strategic framework detailing the cultural programme building up to the 2010 FIFA World Cup, which focuses on the performing arts, the literary and visual arts, heritage resources, languages and legacy programmes. All commemorative programmes and major festivals will be used as a platform for promoting the 2010 FIFA World Cup and related activities, with the aim of leaving a legacy. The department will also ensure that all cultural expression related to the event reflects political, cultural and religious sensitivities and showcases South Africa's cultural diversity and style.

Promoting linguistic diversity

The department continues to promote linguistic diversity and the development of South Africa's official languages, as required by the Constitution and the national language policy framework. The implementation of the framework has gained momentum in the areas of language planning, translation and editing, technical terminology development, and the coordination of human language technology initiatives.

Supporting the cultural industries

The department continues to promote the development of the economic potential of cultural industries for job creation, poverty reduction, skills transfer, small business development and broad based black economic empowerment, primarily through the *Investing in Culture* subprogramme and the department's support of the National Film and Video Foundation. The department has also been instrumental in promoting local cultural industries by facilitating access to international networking platforms at markets, festivals and exhibitions.

Transforming the heritage sector

In 2010/11, the department will develop a national framework that will encompass a funding and grading system for all the department's statutory institutions, in particular museums. The national museum policy currently being developed will ensure that funding to heritage institutions is objectively based on the current and future strategic needs of the sector. A national policy on intangible cultural heritage, developed in 2009, provides a comprehensive framework through which items like oral histories will be safeguarded and promoted. The department will continue to use Heritage Month to promote South Africa's cultural diversity in areas such as poetry, dance and indigenous foods.

The South African Geographic Names Council continues to conduct national hearings on place name changes with the objective of soliciting broader inputs on this sensitive and important policy. The results of the hearings will determine the pace and focus of name changes.

Archives, heraldry and libraries

The National Archives and Records Service continues to support and guide records and information management procedures across government to ensure that records of enduring value will be permanently preserved in the archives.

Heraldic designs that reflect government imperatives, such as nation building and social cohesion, continue to be developed and registered. The designs are important for national identity and will be promoted through various activities as part of the build-up to the 2010 FIFA World Cup, and beyond, including the Flag in Every School project.

The transformation of the library sector continues with the implementation of the community library conditional grant in 2010. The department is also developing norms and standards for community libraries to ensure equity of access and address disparities in services, practices and procedures in libraries.

Savings and cost effective service delivery

Over the medium term, the department has identified efficiency savings of R122.6 million across all programmes: R43.6 million in 2010/11, R49.2 million in 2011/12, and R29.7 million in 2012/13. The savings consist of: R16.5 million on compensation of employees; R61.1 million on non-core goods and services items such as travel and subsistence, departmental catering, communication, and venue and facility hire; and R45 million on transfers to households and departmental agencies and accounts.

Selected performance indicators

Table 13.1 Arts and Culture

Indicator	Programme	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Number of sustainable community arts centres supported per year	Arts and Culture in Society	2	8	7	1	9	18	23
Number of projects that use arts and culture for social (community) development per year	Arts and Culture in Society	–	–	5	6	9	10	10
Number of new projects supported by Investing in Culture initiative per year	Cultural Development and International Cooperation	273	387	501	520	550	600	630
Number of new jobs created through Investing in Culture projects	Cultural Development and International Cooperation	5 460	7 740	10 020	11 000	11 500	12 500	13 125
Number of geographical names changed every year	Heritage Promotion	98	51	88	100	120	120	120
Number of community libraries upgraded per year	National Archives, Records, Libraries and Heraldic Services	–	40	40	53	60	75	80
Number of new community libraries established	National Archives, Records, Libraries and Heraldic Services	–	4	9	11	12	14	16
Number of flags distributed to schools per year	National Archives, Records, Libraries and Heraldic Services	1	2 000	14 000	6 000	7 000	12 000	–

Expenditure estimates

Table 13.2 Arts and Culture

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
R million								
1. Administration	122.1	129.6	182.4	144.1	143.1	154.6	170.8	181.6
2. Arts and Culture in Society	225.0	252.7	325.7	393.8	393.3	327.1	327.6	359.8
3. National Language Service	68.8	87.0	92.7	93.3	92.8	93.5	101.2	108.5
4. Cultural Development and International Cooperation	198.3	187.8	188.4	214.1	175.6	206.7	226.2	236.1
5. Heritage Promotion	632.7	659.9	869.4	1 218.9	1 068.4	993.9	921.7	972.3
6. National Archives, Records, Libraries and Heraldic Services	83.0	268.8	456.0	568.0	567.0	630.9	670.0	704.4
Total	1 329.9	1 585.8	2 114.5	2 632.1	2 440.1	2 406.7	2 417.4	2 562.7
Change to 2009 Budget estimate				8.7	(183.3)	(28.3)	(31.2)	-

Economic classification

Current payments	253.0	288.3	376.5	315.4	310.4	311.1	340.4	376.6
Compensation of employees	95.1	107.2	126.8	146.3	141.3	149.0	159.4	168.7
Goods and services	157.9	181.2	249.7	169.1	169.1	162.1	181.0	207.9
<i>of which:</i>								
Contractors	0.1	0.0	-	4.1	4.1	14.8	15.7	17.1
Lease payments	25.7	28.5	35.0	37.1	37.1	41.9	46.0	50.3
Travel and subsistence	40.8	50.3	81.6	33.1	33.1	25.7	27.2	32.1
Operating expenditure	0.7	19.5	0.4	14.0	14.0	15.3	19.8	21.0
Transfers and subsidies	1 074.7	1 295.0	1 731.5	2 310.7	2 123.7	2 089.1	2 070.6	2 179.5
Provinces and municipalities	0.1	163.2	344.6	440.6	440.6	512.7	543.4	570.8
Departmental agencies and accounts	881.5	939.6	1 185.0	1 561.3	1 411.3	1 325.1	1 270.0	1 354.2
Non-profit institutions	8.0	8.5	10.0	10.5	10.5	11.3	12.3	12.9
Payments for capital assets	2.1	2.1	6.0	6.0	6.0	6.6	6.4	6.6
Machinery and equipment	2.1	2.1	6.0	6.0	6.0	6.6	6.4	6.6
Payments for financial assets	0.2	0.4	0.5	-	-	-	-	-
Total	1 329.9	1 585.8	2 114.5	2 632.1	2 440.1	2 406.7	2 417.4	2 562.7

Expenditure trends

The department's budget grew at an average annual rate of 25.6 per cent, from R1.3 billion in 2006/07 to R2.6 billion 2009/10. This growth was mainly due to the additional expenditure required for capital projects such as developing Freedom Park, upgrading and maintaining museums, and improving public and community library services.

Over the medium term, expenditure is expected to decrease at an average annual rate of 0.9 per cent. This marginal decrease is due to the conclusion of construction projects such as Freedom Park, which ends in 2010/11, and projects related to the 2010 FIFA World Cup, for which funding ended in 2009/10.

The allocations for the community library services conditional grant and for upgrading the public entities are extended over the MTEF period. These activities, with the transfers to heritage and arts institutions, dominate departmental spending over the medium term, at 75.5 per cent of total expenditure.

The 2010 Budget provides additional allocations of R15.3 million, R18.1 million and R19.4 million over the medium term for inflation adjustments for expenditure in compensation of employees for the department and its entities.

Infrastructure spending

The construction of the first phase of Freedom Park (the garden of remembrance) was completed at the end of 2006/07. The park is fully functional and open to the public. R496 million will have been spent on this project

by the end of 2009/10, and an additional R134 million has been allocated to complete the remaining elements in 2010/11.

The construction of the new national library in Pretoria was completed in 2008/09. The department will continue to upgrade safety and security and improve accessibility at all its public entities, and has allocated R423.8 million in 2010/11, R455.6 million in 2011/12 and R483 million in 2012/13 for this.

Departmental receipts

Departmental receipts include mainly miscellaneous items such as debt repayments and revenue generated through service fees charged by the National Archives and Records Service for copying documents and registering coats of arms. The fluctuating trend in departmental receipts is mainly due to the increased use of services offered by the department (mainly the archives and registration of coats of arms) in 2006/07, and a subsequent decline. The increase in transactions in financial assets and liabilities in 2008/09 is mainly due to an increase in debt repayments, which also accounts for the R874 000 projected income in this item for 2009/10.

Table 13.3 Departmental receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
Departmental receipts	3 172	374	3 554	1 046	1 046	604	640	740
Sales of goods and services produced by department	3 172	257	237	150	150	604	640	720
Sales of scrap, waste, arms and other used current goods	-	-	1	-	-	-	-	-
Fines, penalties and forfeits	-	-	1	-	-	-	-	-
Interest, dividends and rent on land	-	-	25	16	16	-	-	20
Sales of capital assets	-	117	-	6	6	-	-	-
Transactions in financial assets and liabilities	-	-	3 290	874	874	-	-	-
Total	3 172	374	3 554	1 046	1 046	604	640	740

Programme 1: Administration

Expenditure estimates

Table 13.4 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Minister ¹	0.9	1.4	1.3	1.7	1.8	1.9	2.0
Deputy Minister ¹	0.7	1.1	1.2	1.4	1.5	1.6	1.7
Management	63.6	27.0	102.3	53.3	69.9	80.0	83.7
Corporate Services	23.6	63.1	31.4	40.9	28.8	29.9	32.0
Office Accommodation	33.3	37.0	46.2	46.8	52.6	57.3	62.2
Total	122.1	129.6	182.4	144.1	154.6	170.8	181.6
Change to 2009 Budget estimate				14.6	14.2	3.2	-

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

Table 13.4 Administration (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Economic classification							
Current payments	120.2	127.7	175.3	140.8	151.0	167.3	178.1
Compensation of employees	36.7	41.3	52.1	61.6	55.7	57.8	60.6
Goods and services	83.6	86.4	123.2	79.3	95.3	109.5	117.5
<i>of which:</i>							
Lease payments	25.7	28.5	35.0	37.1	41.9	46.0	50.3
Travel and subsistence	17.1	13.4	17.0	9.3	9.7	10.0	10.6
Operating expenditure	0.3	8.3	0.4	5.1	6.4	10.5	11.2
Transfers and subsidies	0.3	0.5	2.9	-	-	-	-
Households	0.3	0.5	2.9	-	-	-	-
Payments for capital assets	1.5	1.1	4.1	3.2	3.6	3.5	3.6
Machinery and equipment	1.5	1.1	4.1	3.2	3.6	3.5	3.6
Payments for financial assets	0.0	0.2	0.1	-	-	-	-
Total	122.1	129.6	182.4	144.1	154.6	170.8	181.6

Expenditure trends

Spending increased from R122.1 million in 2006/07 to R144.1 million in 2009/10, at an average annual rate of 5.7 per cent, and is expected to increase at an average annual rate of 8 per cent over the medium term to reach R181.6 million.

The fluctuating growth in the *Management* and *Corporate Services* subprogrammes over the 7-year period is due to changes to the number of ministerial imbizos held each year. The growth in expenditure in goods and services fluctuates for the same reason. In 2009/10, expenditure in goods and services is expected to decrease by 35.7 per cent, due to the reduced number of imbizos. Expenditure in goods and services is expected to grow at an average annual rate of 14 per cent over the medium term, in line with the increase in the *Management* subprogramme for the ministerial imbizo programme.

The programme's focus over the medium term is the provision of overall management and administrative support to the department, as well as running the minister's imbizos.

From April 2006, costs for leases and accommodation charges were devolved from the Department of Public Works to individual departments. The department receives R52.6 million, R57.3 million and R62.2 million over the medium term for this purpose.

Programme 2: Arts and Culture in Society

- *Promotion of Arts and Culture in South Africa* develops the literary, visual and performing arts through financial assistance to various arts and culture bodies and community arts centres. It also supports arts and social development through activities directed at vulnerable.
- *National Arts Council* transfers funds to the National Arts Council, which provides financial support to the various disciplines of arts and culture, guided by funding criteria that promote government objectives.

Objectives and measures

- Increase access to arts, culture and heritage programmes for vulnerable groups by identifying and supporting arts and social development programmes and building sustainable partnerships with 9 non-governmental organisations and other identified social partners, including 400 schools and 18 community arts centres over the medium term.
- Continue to develop arts, culture and heritage programmes informed by strategies for women, children and persons with disabilities by establishing partnerships with all provinces in 2010.

- Make arts and culture training accessible at community level by providing support to various community arts centres with functioning arts, culture, craft and performance programmes and increasing the number of sustainable community arts centres from 18 in 2009/10 to 27 by March 2011.

Service delivery focus

The commemoration of international Women's Day in March 2009 in Cape Town and of national Women's Day on 9 August 2009 in Vryheid in KwaZulu-Natal were significant milestones that provided networking opportunities for the participating small, medium and micro enterprises, and businesses led by women. In 2009, the department hosted and supported several events, such as social dialogues to promote nation building and access to arts and culture, and anti-xenophobic actions to promote cultural diversity and understanding. The dialogues, held in all provinces, enabled communities to speak about issues affecting them. They focused on intergenerational and gender issues, and on youth.

Ongoing support to music festivals and concerts such as the Cape Town Jazz Festival and the Standard Bank Joy of Jazz in 2009 continued to enhance social cohesion, develop skills and create job opportunities for musicians.

Expenditure estimates

Table 13.5 Arts and Culture in Society

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Promotion of Arts and Culture in South Africa	162.9	185.8	252.9	315.3	261.5	257.1	270.1
National Arts Council	62.1	66.9	72.9	78.5	65.6	70.5	89.7
Total	225.0	252.7	325.7	393.8	327.1	327.6	359.8
Change to 2009 Budget estimate				18.2	10.6	(12.1)	-
Economic classification							
Current payments	14.3	19.2	53.3	25.1	28.3	29.7	31.1
Compensation of employees	6.0	6.8	8.2	10.6	10.8	11.5	12.1
Goods and services	8.3	12.4	45.1	14.5	17.5	18.2	19.0
<i>of which:</i>							
Contractors	-	-	-	3.5	9.3	9.7	10.1
Travel and subsistence	5.0	5.6	14.6	3.4	3.9	4.1	4.4
Operating expenditure	0.0	0.2	-	0.2	0.2	0.2	0.2
Transfers and subsidies	210.6	233.4	272.1	368.4	298.5	297.6	328.4
Departmental agencies and accounts	176.4	198.3	222.1	238.3	234.0	249.1	277.4
Non-profit institutions	4.6	4.9	5.2	5.5	5.9	6.2	6.5
Households	29.5	30.3	44.8	124.7	58.7	42.2	44.4
Payments for capital assets	0.0	0.1	0.2	0.3	0.3	0.3	0.3
Machinery and equipment	0.0	0.1	0.2	0.3	0.3	0.3	0.3
Payments for financial assets	0.0	0.0	0.2	-	-	-	-
Total	225.0	252.7	325.7	393.8	327.1	327.6	359.8

Table 13.5 Arts and Culture in Society (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	176.4	198.3	222.1	238.3	234.0	249.1	277.4
Artscape	27.8	31.5	35.5	37.7	39.9	42.3	44.5
Market Theatre	14.5	17.0	19.3	20.6	21.8	23.1	24.3
National Arts Council	62.1	66.9	72.9	78.5	65.6	70.5	89.7
Performing Arts Centre of the Free State	19.6	22.7	25.8	27.9	29.3	31.1	32.7
Playhouse Company	23.1	26.6	30.2	32.3	34.1	36.1	38.0
State Theatre	23.7	27.1	30.9	33.3	35.0	37.1	39.0
Windybrow Theatre	5.6	6.5	7.4	7.9	8.4	8.9	9.3
Non-profit institutions							
Current	4.6	4.9	5.2	5.5	5.9	6.2	6.5
Business Arts South Africa	4.6	4.9	5.2	5.5	5.9	6.2	6.5
Households							
Other transfers to households							
Current	29.5	30.1	44.8	124.7	58.7	42.2	44.4
Financial assistance projects	29.5	9.3	13.8	49.7	58.7	42.2	44.4
2010 FIFA World Cup projects	–	20.8	30.9	75.0	–	–	–

Expenditure trends

Expenditure grew from R225 million in 2006/07 to R393.8 million in 2009/10 at an average annual rate of 20.5 per cent, and is expected to decrease to R359.8 million over the MTEF period at an average annual rate of 3 per cent. The decline in expenditure over the MTEF period is as a result of 2010 FIFA World Cup projects coming to an end. This also accounts for the 17.1 per cent decline in projected expenditure in the *Promotion of Arts and Culture in Society* subprogramme in 2010/11, as well as the 52.9 per cent decline in expenditure on transfers to households in the same year.

The increases in outsourced services, venues and facilities and travel and subsistence in 2008/09 are due to projects related to the 2009 FIFA Confederations Cup and preparations for the 2010 FIFA World Cup.

Programme expenditure is dominated by transfers to departmental agencies. The biggest beneficiary is the National Arts Council, which funds various arts bodies and projects, including the philharmonic orchestras. The council was also responsible for funding the Cape Town Jazz Orchestra from 20010/11. Transfers to the National Arts Council have been reduced by R15 million in 2010/11 and R15 million in 2011/12 because of the council's large accumulated cash surpluses, mainly from unallocated grants over a number of years.

Programme 3: National Language Service

- *National Language Service* promotes the national language policy and develops implementation strategies. Funding is mainly used for language development programmes, such as for human language technologies, the translation of government documents into all 11 official languages, and language campaigns and forums.
- *Pan South African Language Board* transfers funds to the Pan South African Language Board, which creates an environment conducive to developing, using and promoting the 11 official languages, the Khoe, Nama and San languages, and South African Sign Language.

Objectives and measures

- Promote the use of all official languages by developing technical terminology in all official languages, for example for soccer and HIV and AIDS, and in the human, social, economic and management sciences, by December 2010.

- Promote access to services and information for all citizens in their official language of choice by:
 - facilitating human language technologies projects, such as machine aided translation tools, by February 2010
 - implementing the second phase of the multilingual telephone based information system by November 2010
 - establishing the virtual national centre for human language technologies by December 2010.

Service delivery focus

The department awards language bursaries to deserving students in the fields of language planning, lexicography, translation and editing, interpreting, and human language technologies to promote the language professions. Bursaries were awarded to 69 postgraduate and undergraduate students in 2009.

To promote and develop all official languages, the department translated and edited 930 documents in official languages and translated 580 documents from foreign languages in 2009. Electronic spellcheckers for African languages were developed as part of the human language technologies programme.

Expenditure estimates

Table 13.6 National Language Service

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
National Language Service	29.7	43.4	45.3	43.3	40.6	45.1	49.5
Pan South African Language Board	39.1	43.6	47.5	50.0	52.9	56.1	58.9
Total	68.8	87.0	92.7	93.3	93.5	101.2	108.5
Change to 2009 Budget estimate				(12.7)	(17.9)	(5.8)	–

Economic classification

Current payments	20.2	25.5	20.7	38.3	22.7	26.5	43.3
Compensation of employees	11.4	12.2	14.7	16.6	18.8	22.2	24.4
Goods and services	8.9	13.3	6.0	21.7	3.9	4.3	18.9
<i>of which:</i>							
Travel and subsistence	1.9	2.1	2.9	3.6	0.4	0.9	4.0
Operating expenditure	0.0	0.2	–	0.3	0.3	0.2	0.2
Transfers and subsidies	48.5	61.4	71.1	54.2	69.8	73.8	64.2
Departmental agencies and accounts	39.1	43.6	47.5	50.2	52.9	56.1	58.9
Households	9.4	17.8	23.6	4.0	17.0	17.7	5.3
Payments for capital assets	0.0	0.2	0.9	0.9	1.0	0.9	1.0
Machinery and equipment	0.0	0.2	0.9	0.9	1.0	0.9	1.0
Total	68.8	87.0	92.7	93.3	93.5	101.2	108.5

Details of selected transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	39.1	43.6	47.5	50.2	52.9	56.1	58.9
Pan South African Language Board	39.1	43.6	47.5	50.2	52.9	56.1	58.9
Households							
Other transfers to households							
Current	9.4	17.7	23.6	4.0	17.0	17.7	5.3
Financial assistance projects	9.4	17.7	23.6	4.0	17.0	17.7	5.3

Expenditure trends

Expenditure grew from R68.8 million in 2006/07 to R93.3 million in 2009/10, at an average annual rate of 10.7 per cent. Over the MTEF period, expenditure is expected to grow to R108.5 million at an average annual rate of 5.1 per cent, due to the impact of efficiency savings, mainly on non-core goods and services items.

Expenditure in the *Pan South African Language Board* subprogramme, which transfers funds to the Pan South African Language Board, increased from R39.1 million in 2006/07 to R50 million in 2009/10 at an average annual rate of 8.6 per cent, mainly to support the development of the board's national lexicography units. Expenditure is expected to grow more moderately over the medium term, increasing to R58.9 million in 2012/13 at an average annual rate of 5.6 per cent.

The 49.8 per cent increase in spending on goods and services in 2007/08 was mainly due to the extension of the telephone interpreting service project. High consultancy fees over the medium term, increasing from R5.9 million in 2009/10 to R9.1 million in 2012/13, are due to activities related to the human languages technology projects.

The spending focus over the medium term is on implementing the human language technology policy and the national language policy framework.

Programme 4: Cultural Development and International Cooperation

- *Cultural Development* supports the creative industries, primarily established small projects, and the development of arts and training. Funds are mainly transferred to participants in projects and initiatives that promote the creative industries and are disbursed on the basis of annual business plans and service level agreements between the department and the individual or group contractors.
- *Investing in Culture* promotes job creation, skills development, and economic empowerment, supporting business start-ups and poverty alleviation projects. Funds are transferred to participants in the programme's projects and are disbursed on the basis of annual business plans and service level agreements between the department and the individual or group contractors.
- *International Cooperation* ensures South Africa's cultural participation in binational and multilateral activities, secures official development assistance, strengthens the national presence in the international arena, and builds international partnerships. Funds are mainly used for compensation of employees and other personnel related costs.
- *National Film and Video Foundation* transfers funds to the National Film and Video Foundation in support of developing skills, local content and local marketing in South Africa's film and video industry.

Objectives and measures

- Increase the number of sustainable projects supported from 409 in 2009 to 459 by December 2010 by providing learnerships and job opportunities in arts, culture and heritage.
- Improve economic participation and development in the cultural industry by providing financial support to 30 100 practitioners by March 2011.
- Increase participation by grassroots art practitioners in the cultural industries by having at least 10 more signed international agreements or cultural exchanges by March 2011.

Service delivery focus

The Beautiful Things craft exhibition was held in China and Brazil in 2009. In addition, fashion fusion development workshops were held from February to July 2009 involving 360 crafters and 18 designers from all the provinces. 5 South African designers were showcased at the South Africa-Nigeria Binational Commission celebrations in Nigeria. Draft cultural agreements were exchanged between the department and the Democratic Republic of the Congo in 2009 as part of a post-conflict and reconstruction strategy.

In 2008, an international exhibition to promote South African literature was held in Cuba. In 2009, the South African Book Development Council was established as an industry representative body to coordinate growth

strategies, conduct research and contribute to policy development for the book sector. In 2009, over 500 delegates from around the world attended Moshito, the South African music conference and exhibition. The department also supported the 2008 Zaragoza Expo in Spain where various artists performed and gained international experience.

Expenditure estimates

Table 13.7 Cultural Development and International Cooperation

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Cultural Development	71.8	26.5	38.9	33.6	23.4	29.2	29.2
Investing in Culture	67.9	85.1	55.6	105.9	112.3	119.0	125.0
International Cooperation	24.5	39.5	56.0	35.4	32.2	36.7	38.5
National Film and Video Foundation	34.1	36.7	37.9	39.1	38.9	41.3	43.4
Total	198.3	187.8	188.4	214.1	206.7	226.2	236.1
Change to 2009 Budget estimate				(10.0)	(30.0)	(11.5)	-

Economic classification

Current payments	32.6	48.8	65.9	35.5	31.8	33.8	35.5
Compensation of employees	15.2	17.1	19.3	21.9	23.5	25.0	26.2
Goods and services	17.5	31.7	46.5	13.5	8.3	8.9	9.3
<i>of which:</i>							
<i>Travel and subsistence</i>	7.7	18.0	32.5	6.7	4.6	4.8	5.1
<i>Operating expenditure</i>	0.1	0.6	-	0.2	0.2	0.2	0.2
Transfers and subsidies	165.4	138.9	121.8	178.1	174.4	191.9	200.0
Departmental agencies and accounts	34.1	36.7	37.9	39.1	38.9	41.3	43.4
Households	131.3	102.2	84.0	139.0	135.6	150.6	156.6
Payments for capital assets	0.1	0.1	0.5	0.5	0.5	0.5	0.5
Machinery and equipment	0.1	0.1	0.5	0.5	0.5	0.5	0.5
Payments for financial assets	0.1	0.0	0.2	-	-	-	-
Total	198.3	187.8	188.4	214.1	206.7	226.2	236.1

Details of selected transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	34.1	36.7	37.9	39.1	38.9	41.3	43.4
National Film and Video Foundation	34.1	36.7	37.9	39.1	38.9	41.3	43.4
Households							
Other transfers to households							
Current	131.3	102.2	84.0	139.0	135.6	150.6	156.6
Cultural industries	66.0	14.7	30.4	27.0	16.6	25.2	25.0
Investing in Culture programme	57.7	76.2	43.0	93.1	98.8	105.0	110.3
Promote arts and culture internationally	7.5	11.3	10.6	18.9	20.2	20.3	21.3

Expenditure trends

Expenditure grew at an average annual rate of 2.6 per cent between 2006/07 and 2009/10, from R198.3 million to R214.1 million. Growth over the medium term is expected to continue at an average annual rate of 3.3 per cent, to reach R236.1 million in 2012/13.

Spending in the programme relates mainly to transfer payments, the largest being to households as part of the poverty alleviation strategy in the *Investing in Culture* subprogramme. The increase in expenditure in travel and subsistence in 2007/08 resulted from crafters exhibiting at more international fairs in that year, which also accounts for the 81.7 per cent growth in goods and services in 2007/08. The 46.6 per cent growth in expenditure in goods and services in 2008/09 is also due to South Africa's participation in international exhibitions. The

increased allocation to households in 2006/07 was for taking artists and cultural practitioners to Germany for the closing ceremony of the 2006 FIFA World Cup. Along with a fluctuation in the number of awards made in the *Cultural Development* and *Investing in Culture* subprogrammes, these special projects also account for the fluctuating expenditure in this programme between 2006/07 and 2009/10.

Over the medium term, the department will focus on consolidating and expanding job creation and skills development projects. Implementing international cultural agreements and creating opportunities to expose South African cultural practitioners internationally will also be a focus.

Programme 5: Heritage Promotion

- *Heritage Institutions* funds and determines policy for declared institutions in terms of the Cultural Institutions Act (1998) and heritage bodies.
- *South African Heritage Resources Agency* transfers funds to the South African Heritage Resources Agency, whose key functions are to develop norms and standards for managing and protecting heritage resources, including auditing heritage resources and developing management plans.
- *Promotion of Heritage* supports a range of organisations and activities that promote South African heritage, and supports the repatriation of cultural and heritage objects.
- *The South African Geographical Names Council* funds the South African Geographical Names Council which is mandated to facilitate name changes through consulting with communities and advising the Minister of Arts and Culture. The council is an advisory body established in terms of the South African Geographical Names Council Act (1998). Its executive functions are performed by the Department of Arts and Culture in terms of the Public Service Act (1994), hence its budget is managed and accounted for by the department.
- *Capital Works* provides and administers capital grants to associated institutions for maintenance and other capital projects. Funds are awarded based on approved business plans from entities.

Objectives and measures

- Promote the appreciation of heritage by developing new commemorative structures and national legacy projects in 2011/12 that reflect South African history, such as the Sarah Bartmann Centre of Remembrance in Hankey, the Women's Museum in East London, the KhoiSan Heritage Route in all provinces, the Bhambatha rebellion against poll tax legacy project; and the commemoration of the Matola Raid in Maputo.
- Improve the management of the heritage sector by formulating and developing new legislation for underwater cultural heritage by March 2010.
- Ensure the effective management of South Africa's underwater cultural heritage by establishing a maritime archaeology unit at the South African Heritage Resources Agency by March 2011.
- Reflect the cultural and linguistic diversity of South Africa by standardising geographical names and changing approximately 120 place names per year.
- Promote cultural heritage through skills development by:
 - participating in career days at higher education institutions in 2010/11
 - building and enhancing the South African Museums Association training programme by March 2011
 - providing 3 scholarships in the field of museology conservation by 2012.
- Preserve intangible cultural heritage through the development of 2 inventories, one to document intangible cultural heritage in danger of extinction and one as a representative list of the entire intangible heritage within the borders of South Africa, by March 2011.

Service delivery focus

In 2009, the department completed a process for reviewing and aligning legislation relating to heritage, archives, libraries and heraldry. The third Cultural Laws Amendment Bill was finalised after this review and will be tabled in Parliament in 2010. A draft policy on intangible cultural heritage was also completed in 2009 and national consultations with stakeholders will take place in 2010.

In 2009, the department organised and hosted 2009 Heritage Day celebrations at the Ntwampe sports ground in Limpopo. An agreement was signed between the South African Heritage Resources Agency and the Dutch Cultural Centre for Heritage Activities to establish a maritime unit and launch a partnership between Robben Island Museum, the maritime conservation management unit of the Department of Environmental Affairs and the South African Heritage Resources Agency.

In 2009/10, a new South African Geographical Names Council was appointed for a 3-year term. The council has conducted hearings on geographical names in all provinces. Improving accessibility to the South African geographical names database has started.

Expenditure estimates

Table 13.8 Heritage Promotion

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Heritage Institutions	359.9	331.1	480.6	533.1	479.2	365.7	384.0
South African Heritage Resources Agency	30.8	29.3	31.4	33.8	36.2	38.5	40.5
Promotion of Heritage	36.8	57.5	47.7	44.9	47.7	54.5	57.2
South African Geographical Names Council	4.8	1.3	5.1	5.6	7.0	7.5	7.7
Capital Works	200.5	240.8	304.6	601.4	423.8	455.6	483.0
Total	632.7	659.9	869.4	1 218.9	993.9	921.7	972.3
Change to 2009 Budget estimate				4.7	0.1	1.0	–

Economic classification

Current payments	29.3	28.7	23.3	24.2	30.5	32.3	34.7
Compensation of employees	7.7	9.8	9.9	9.6	12.3	13.1	13.7
Goods and services	21.6	18.9	13.4	14.6	18.1	19.3	20.9
<i>of which:</i>							
Contractors	–	–	–	0.6	5.5	6.0	7.0
Travel and subsistence	3.9	5.9	6.1	4.0	4.2	4.4	4.5
Operating expenditure	0.1	8.3	–	5.6	5.3	5.4	5.8
Transfers and subsidies	603.3	631.0	845.9	1 194.2	963.1	889.0	937.3
Departmental agencies and accounts	591.0	601.0	816.3	1 168.1	939.0	859.5	907.2
Non-profit institutions	0.2	0.2	0.2	0.2	0.2	0.2	0.3
Households	12.1	29.8	29.4	25.9	23.8	29.2	29.8
Payments for capital assets	0.1	0.2	0.2	0.4	0.4	0.4	0.4
Machinery and equipment	0.1	0.2	0.2	0.4	0.4	0.4	0.4
Total	632.7	659.9	869.4	1 218.9	993.9	921.7	972.3

Details of selected transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	277.7	319.7	367.8	366.8	381.2	403.9	424.3
Die Afrikaanse Taalmuseum: Paarl	2.7	2.9	3.2	3.5	4.0	4.2	4.4
Freedom Park Trust: Pretoria	45.0	47.7	50.0	51.0	53.8	58.4	61.3
Iziko Museums of Cape Town	38.3	40.9	44.6	48.4	50.8	53.9	56.6
Luthuli Museum	4.4	4.7	5.4	5.9	6.2	6.6	7.0
Natal Museum: Pietermaritzburg	9.7	10.4	11.4	12.9	13.5	14.3	15.0
National Heritage Council	26.7	36.7	46.2	48.4	46.7	47.3	49.7

Table 13.8 Heritage Promotion (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Current							
National Museum: Bloemfontein	18.4	19.6	21.5	23.4	24.5	26.0	27.3
Nelson Mandela Museum: Mthatha	12.2	13.0	14.0	14.8	15.7	16.6	17.5
Robben Island Museum: Cape Town	31.0	52.0	69.1	49.9	51.8	55.0	57.7
South African Heritage Resources Agency	30.8	29.3	31.4	33.8	36.2	38.5	40.5
The National English Literary Museum: Grahamstown	4.8	5.3	5.8	6.4	6.7	7.1	7.5
Transformation of Heritage Institutions	–	–	2.5	–	–	–	–
Voortrekker Museum: Pietermaritzburg	7.0	7.5	8.2	8.8	9.3	9.8	10.3
War Museum of the Boer Republics: Bloemfontein	4.7	5.1	5.6	6.1	6.3	6.7	7.1
William Humphreys Art Gallery: Kimberley	3.4	3.7	4.1	4.4	4.7	4.9	5.2
Northern Flagship Institution	38.5	41.1	45.0	49.0	51.2	54.4	57.1
Capital	312.1	281.2	448.6	801.4	557.8	455.6	483.0
Capital Works	200.5	240.8	304.6	601.4	423.8	455.6	483.0
Freedom Park Trust: Pretoria	111.6	40.5	144.0	200.0	134.0	–	–
Households							
Other transfers to households							
Current	12.1	29.8	29.4	25.9	23.8	29.2	29.8
Promotion of Heritage	12.1	29.8	29.4	25.9	23.8	29.2	29.8

Expenditure trends

Expenditure increased at an average annual rate of 24.4 per cent between 2006/07 and 2009/10, from R632.7 million to R1.2 billion, mainly due to an increase in capital transfers for upgrading public entities. Growth is expected to decrease to R972.3 million over the medium term, at an average annual rate of 7.3 per cent per. The decrease is mainly due to the completion of projects such as Freedom Park, which ended in 2010/11, and a once-off additional allocation for capital works in 2009/10, which also accounts for the 97.5 per cent increase in the *Capital Works* subprogramme in 2009/10 and the subsequent decline of 29.5 per cent in 2010/11.

Spending on the South African Geographical Names Council increased by 304.2 per cent in 2008/09 due to additional allocations for accelerating the standardising of place names. This process continues over the medium term, which accounts for the projected increase over the MTEF period at an average annual rate of 11 per cent. Expenditure of R15 million on consultants in 2006/07 was for hosting commemorations, of which the 1956 women's march and the 1976 Soweto uprising commemorations were the most significant.

Over the medium term, the spending focus will be on developing new commemorative structures and implementing national legacy projects, and on reviewing and aligning legislation relating to heritage, archives, libraries and heraldry.

Public entity

Freedom Park Trust

Freedom Park is a national government project executed via the Freedom Park Trust. The park is situated on a 52ha site on Salvokop Hill in Pretoria and on completion will be a national monument and museum. The park has three elements: a garden of remembrance, commemorative spaces, and *//hapo*, which includes information resources and hospitality facilities. The objective of Freedom Park is to establish visible cultural structures that celebrate and commemorate diverse and important South African events, spanning pre-history to colonisation to the struggle for democracy and ending with a vision for the future.

Freedom Park was declared a cultural institution by the Minister of Arts and Culture as of April 2009. This means that it is officially significant to South Africa's cultural heritage and is assured of operational funding from government.

The medium term focus is to complete the construction of the final elements of the park and to ensure that it becomes fully operational over this period.

Expenditure estimates

Table 13.9 Freedom Park Trust: Programme information

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Construction of Freedom Park	152.7	34.7	124.0	279.0	113.2	3.0	3.0
Non-Construction Items (Software, Office Equipment, Hardware)	0.2	1.0	2.5	6.9	1.2	1.6	2.0
Property Management	5.1	21.9	22.8	13.0	18.5	21.0	23.7
Heritage Assets	–	–	1.9	43.8	10.8	–	–
Research and Development Costs / Special Projects	2.5	5.0	9.1	5.4	2.5	1.9	3.0
Other programmes	49.9	23.2	35.5	58.5	60.9	65.4	67.6
Total expense	210.4	85.8	195.9	406.7	207.1	92.9	99.2

Table 13.10 Freedom Park Trust: Financial information

Statement of financial performance	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Revenue							
Non-tax revenue	9.3	7.3	14.4	8.4	9.4	12.7	17.0
Sale of goods and services other than capital assets	–	–	–	0.4	5.5	11.0	16.5
of which:							
Admin fees	–	–	–	0.4	5.5	11.0	16.5
Other non-tax revenue	9.3	7.3	14.4	8.0	3.9	1.7	0.5
Transfers received	55.5	51.8	57.6	68.5	72.4	75.6	77.2
Total revenue	64.8	59.0	72.0	76.9	81.9	88.3	94.2
Expenses							
Current expense	57.5	50.1	67.4	76.9	81.9	88.3	94.2
Compensation of employees	16.6	19.1	27.8	32.6	41.0	43.5	46.4
Goods and services	36.5	26.9	32.0	26.7	24.7	29.6	33.4
Depreciation	4.3	4.1	7.6	17.6	16.2	15.2	14.4
Interest, dividends and rent on land	0.0	–	–	–	–	–	–
Total expenses	57.5	50.1	67.4	76.9	81.9	88.3	94.2
Surplus / (Deficit)	7.3	8.9	4.6	–	–	–	–

Expenditure trends

Funding for the Freedom Park Trust consists of an annual grant for operational expenditure of R53.8 million in 2010/11, R58.4 million in 2011/12 and R61.3 million in 2012/13 from the Department of Arts and Culture. The trust also receives transfers from other government departments. In 2009/10, the trust also began to generate revenue from entrance fees and fees for hiring its premises for events.

Total revenue grew from R64.8 million in 2006/07 to R76.9 million in 2009/10, at an average annual rate of 6.0 per cent, and is expected to grow at an average annual rate of 7 per cent over the medium term, to reach R94.2 million. The growth in revenue was driven mostly by increases in the transfer from the department. Revenue from ticket sales is also expected to contribute to growth over the medium term.

Expenditure grew from R57.5 million in 2006/07 to R76.9 million in 2009/10, at an average annual rate of 10.2 per cent, mainly because of additional research for developing the permanent exhibitions. Expenditure is expected to increase to R94.2 million in 2012/13, at the slower average annual rate of 7 per cent, since the focus will mainly be on operations and the trust will be less reliant on hiring additional expertise over this period. The key cost drivers are expenditure in compensation of employees and goods and services. Spending on compensation of employees grew at an average annual rate of 25.2 per cent between 2006/07 and 2009/10 due

to the initial expansion of the trust's human resource capacity. Spending on this item is expected to grow more slowly over the medium term, at an average annual rate of 12.4 per cent.

Service delivery focus

The park is currently under construction, with some elements completed in the phased construction programme. Construction of parking, the restaurant, the curio shop, the administration building and the exhibition hall started in April 2009 and is scheduled to be completed and open to the public by June 2010. The park opened its completed elements (Isivivane, Mveledzo, Sikhumbuto, Moshate and Uitspanplek) in July 2007.

The construction completed in 2009/10 included *//hapo*, which tells the history of Southern Africa in narrative and visual form within a historical context spanning 3.6 billion years.

Programme 6: National Archives, Records, Libraries and Heraldic Services

- *National Archives of South Africa* acquires and manages public and non-public records with enduring value. It includes the Bureau of Heraldry, which registers heraldic representations and other symbols, advises on heraldic matters, and promotes national symbols. Funds are mainly used for transfer payments to provincial departments for the community library services conditional grant, based on a 2006/07 impact assessment study which identified community library needs and priorities in each province.
- *National Library Service* funds libraries and institutions to provide information services, and develops related policy.

Objectives and measures

- Improve good governance and accountability by promoting efficient records management in organs of state, approving submitted filing plans and disposal authorities, and issuing at least 5 guidelines or circulars per year.
- Improve the public use of archival information over the 2010 MTEF period by:
 - providing faster responses to Promotion of Access to Information Act (2000) enquiries by training 4 officials by 2011/12
 - upgrading the web enabled reference search on the national automated archival information retrieval system
 - digitising audiovisual archives
 - completing the investigation into the digitisation policy by 2010/11.
- Promote social cohesion by reconfiguring heraldic representations to reflect national identity, and popularise these from March to July 2010 (the build up to the 2010 FIFA World Cup).
- Ensure more equitable access to library resources over the 2010 MTEF period by:
 - developing and implementing a revised funding model for community libraries by April 2011
 - acquiring 25 per cent more reading material, including in indigenous languages, and adequate staff in libraries where stock and staff are problems
 - building or establishing 25 per cent more libraries in areas where there are none or too few.

Service delivery focus

In continuing to provide conservation support for New Partnership for Africa's Development (NEPAD) projects such as the Timbuktu manuscripts project and the African archives agenda, the department inaugurated the new Timbuktu Library and Archives in 2009.

The annual national oral history conference was held in Cape Town in October 2009 where the African regional committee for the United Nations Educational, Scientific and Cultural Organisation's Memory of the World programme was established. In 2009, the South African national Memory of the World committee had 2 South African collections approved for the Memory of the World register, the Rivonia Trial records and the Liberation Struggle Living Archive collection housed by Doxa Productions.

The community libraries conditional grant was started in 2007 to transform community library infrastructure and services, especially in previously disadvantaged communities. In 2009, 43 libraries were built or upgraded, ICT infrastructure was provided to over 240 libraries, and more than 137 000 items of reading material in indigenous languages were purchased.

Expenditure estimates

Table 13.11 National Archives, Records, Libraries and Heraldic Services

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
National Archives of South Africa	38.9	205.3	390.0	497.6	565.3	600.3	631.1
National Library Service	44.1	63.5	65.9	70.4	65.6	69.7	73.3
Total	83.0	268.8	456.0	568.0	630.9	670.0	704.4
Change to 2009 Budget estimate				(6.2)	(5.3)	(5.9)	-
Economic classification							
Current payments	36.2	38.4	38.0	51.5	46.8	50.8	53.9
Compensation of employees	18.2	20.0	22.6	26.0	27.9	29.9	31.7
Goods and services	18.0	18.4	15.4	25.5	18.9	20.9	22.2
<i>of which:</i>							
<i>Travel and subsistence</i>	5.3	5.2	8.5	6.1	3.0	2.9	3.4
<i>Operating expenditure</i>	0.1	1.8	-	2.7	2.9	3.2	3.5
Transfers and subsidies	46.5	229.8	417.8	515.7	583.2	618.3	649.6
Provinces and municipalities	0.0	163.2	344.6	440.6	512.7	543.4	570.8
Departmental agencies and accounts	40.9	60.2	61.3	65.6	60.4	63.9	67.3
Non-profit institutions	3.3	3.4	4.7	4.8	5.2	5.8	6.1
Households	2.4	3.1	7.2	4.7	4.9	5.2	5.5
Payments for capital assets	0.2	0.4	0.1	0.8	0.8	0.8	0.9
Machinery and equipment	0.2	0.4	0.1	0.8	0.8	0.8	0.9
Payments for financial assets	0.0	0.1	0.0	-	-	-	-
Total	83.0	268.8	456.0	568.0	630.9	670.0	704.4
Details of selected transfers and subsidies							
Provinces and municipalities							
Provinces							
Provincial Revenue Funds							
Current	-	163.2	344.6	440.6	512.7	543.4	570.8
Community Library Services Grant	-	163.2	344.6	440.6	512.7	543.4	570.8
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	40.9	60.2	61.3	65.6	60.4	63.9	67.3
National Library of South Africa	33.4	46.3	39.6	42.3	45.1	47.9	50.3
South African Library for the Blind	7.5	13.9	10.6	11.3	12.0	12.5	13.1
National Library of South Africa: Community Libraries	-	-	11.0	12.0	3.4	3.6	3.9
Non-profit institutions							
Current	3.3	3.4	4.7	4.8	5.2	5.8	6.1
Blind South Africa	3.3	3.4	4.7	4.8	5.2	5.8	6.1
Households							
Other transfers to households							
Current	2.4	3.1	7.2	4.7	4.9	5.2	5.5
Financial assistance projects	2.4	3.1	7.2	4.7	4.9	5.2	5.5

Expenditure trends

Expenditure increased robustly between 2006/07 and 2009/10 at an average annual rate of 89.8 per cent, from R83 million to R568 million. This was mainly due to the introduction of the community library services conditional grant in 2007/08.

Programme expenditure is expected to grow over the medium term, at an average annual rate of 7.4 per cent, to reach R704.4 million. Transfers to households increased from R2.4 million in 2006/07 to R5.5 million in 2012/13, mainly for support to participants in the Memory of the World programme and exhibitions related to the Timbuktu manuscripts project.

The *National Library Service* subprogramme receives funding of R10.8 million to provide cataloguing and procurement services to provinces.

Spending over the medium term focuses on expanding the conditional grant to improve access to library services in poor communities and to ensure that the 3 specialised libraries consolidate and maintain their services.

Additional tables

Table 13.A Summary of expenditure trends and estimates per programme and economic classification

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R million	2008/09		2008/09	2009/10			2009/10
1. Administration	119.7	122.1	182.4	129.5	14.6	144.1	143.1
2. Arts and Culture in Society	333.8	340.5	325.7	375.6	18.2	393.8	393.3
3. National Language Service	102.1	102.8	92.7	106.0	(12.7)	93.3	92.8
4. Cultural Development and International Cooperation	215.3	214.0	188.4	224.1	(10.0)	214.1	175.6
5. Heritage Promotion	885.9	912.4	869.4	1 214.2	4.7	1 218.9	1 068.4
6. National Archives, Records, Libraries and Heraldic Services	460.3	468.6	456.0	574.2	(6.2)	568.0	567.0
Total	2 117.1	2 160.3	2 114.5	2 623.5	8.7	2 632.1	2 440.1

Economic classification

Current payments	286.4	292.6	376.5	308.4	7.0	315.4	310.4
Compensation of employees	132.8	139.0	126.8	146.3	–	146.3	141.3
Goods and services	153.6	153.6	249.7	162.1	7.0	169.1	169.1
Transfers and subsidies	1 825.2	1 862.3	1 731.5	2 309.0	1.7	2 310.7	2 123.7
Provinces and municipalities	338.0	344.6	344.6	440.6	–	440.6	440.6
Departmental agencies and accounts	1 202.7	1 242.1	1 185.0	1 550.7	10.5	1 561.3	1 411.3
Non-profit institutions	–	–	10.0	10.5	–	10.5	10.5
Households	284.5	275.5	191.8	307.2	(8.9)	298.3	261.3
Payments for capital assets	5.4	5.4	6.0	6.0	–	6.0	6.0
Machinery and equipment	5.4	5.4	6.0	6.0	–	6.0	6.0
Payments for financial assets	–	–	0.5	–	–	–	–
Total	2 117.1	2 160.3	2 114.5	2 623.5	8.7	2 632.1	2 440.1

Table 13.B Summary of personnel numbers and compensation of employees

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Permanent and full time contract employees							
Compensation (R million)	95.1	107.2	126.8	146.3	149.0	159.4	168.7
Unit cost (R million)	0.2	0.2	0.3	0.3	0.3	0.3	0.3
<i>Administration</i>	0.2	0.2	0.2	0.3	0.3	0.3	0.3
<i>Arts and Culture in Society</i>	0.3	0.4	0.4	0.4	0.5	0.5	0.5
<i>National Language Service</i>	0.2	0.3	0.3	0.3	0.3	0.4	0.4
<i>Cultural Development and International Cooperation</i>	0.3	0.4	0.4	0.4	0.4	0.4	0.4
<i>Heritage Promotion</i>	0.3	0.3	0.4	0.3	0.4	0.5	0.5
<i>National Archives, Records, Libraries and Heraldic Services</i>	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Personnel numbers (head count)	414	501	488	461	491	521	532
Total for department							
Compensation (R million)	95.1	107.2	126.8	146.3	149.0	159.4	168.7
Unit cost (R million)	0.2	0.2	0.3	0.3	0.3	0.3	0.3
Personnel numbers (head count)	414	501	488	461	491	521	532

Table 13.C Summary of expenditure on training

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Compensation of employees (R million)	95.1	107.2	139.0	126.8	149.0	159.4	168.7
Training expenditure (R million)	2.4	3.1	4.5	2.1	2.3	2.4	2.5
Training as percentage of compensation	2.6%	2.9%	3.3%	1.7%	1.5%	1.5%	1.5%
Total number trained in department (head count)	74	108	122	135			
<i>of which:</i>							
<i>Employees receiving bursaries (head count)</i>	59	90	82	90			
<i>Internships trained (head count)</i>	94	100	86	100			

Table 13.D Summary of expenditure on infrastructure

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2006/07	2007/08	2008/09		2010/11	2011/12	2012/13
R million										
Infrastructure transfers to other spheres, agencies and departments										
Upgrading, repair and maintenance in various heritage institutions	Upgrading of buildings	Various	3 919.1	61.5	112.8	267.1	601.4	423.8	455.6	483.0
National Library of South Africa: construction of new building at the Pretoria campus	National Library of South Africa	Handed over	374.0	137.4	94.5	14.5	-	-	-	-
Additional accommodation at the National Archives	New accommodation for National Archives	Design	503.2	1.6	33.5	23.0	-	-	-	-
Establishment of Freedom Park	Heritage institution	Construction	700.0	111.6	40.5	144.0	200.0	134.0	-	-
Total			5 496.3	312.1	281.2	448.6	801.4	557.8	455.6	483.0

Vote 14

Basic Education

Budget summary

R million	2010/11				2011/12	2012/13
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	252.8	239.9	12.2	0.7	262.0	275.0
Curriculum Policy, Support and Monitoring	1 354.3	1 273.7	80.1	0.5	1 757.8	1 895.6
Teachers and Education Human Resources Development and Management	513.7	88.5	424.0	1.2	546.0	573.5
Planning, Quality Assessment and Monitoring and Evaluation	148.7	130.4	17.4	0.9	156.7	166.1
Social Responsibility	3 896.7	44.5	3 851.4	0.8	4 827.3	5 189.1
Total expenditure estimates	6 166.2	1 777.1	4 385.1	4.1	7 549.8	8 099.3
Executive authority	Minister of Basic Education					
Accounting officer	Director-General of Basic Education					
Website address	www.education.gov.za					

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

Aim

The aim of the Department of Basic Education is to develop, maintain and support a South African school education system for the 21st century.

Programme purposes

Programme 1: Administration

Purpose: Manage the department and provide strategic and administrative support services.

Programme 2: Curriculum Policy, Support and Monitoring

Purpose: Develop curriculum and assessment policies for basic education and monitor their implementation.

Programme 3: Teachers and Education Human Resources Development and Management

Purpose: Promote quality teaching and institutional performance through effective supply, development and utilisation of human resources.

Programme 4: Planning, Quality Assessment and Monitoring and Evaluation

Purpose: Promote quality and effective service delivery in the basic education system through research, monitoring and evaluation, planning and assessment.

Programme 5: Social Responsibility

Purpose: Develop policies and programmes to increase the participation of learners in schools and improve the quality of learning in schools.

Strategic overview: 2006/07 – 2012/13

As part of the process of reorganising government departments when the new administration took over in May 2009, the Department of Education was split into two departments: the Department of Basic Education and the Department of Higher Education and Training. In light of the importance of education to the overall development of South Africa, it was believed that there needed to be a specific focus on improving education in schools, and that what was needed to do this was significantly different from the principles applied at the higher education level. The key strategic objective of the Department of Basic Education is to ensure that quality education is provided to all learners in the South African schooling system. This is achieved by ensuring that the department's policies and the approved curriculum are effectively implemented and reviewing and refining those areas that do not contribute to quality education.

Implementing appropriate frameworks and monitoring tools

Appropriate funding frameworks and monitoring tools to ensure adequate, effective and equitable funding in the education sector are critical to support the successful implementation of education policies. In light of this, the national norms and standards for school funding were reviewed in 2007 and the national norms and standards for funding adult learning centres were published in December 2007, followed by the Grade R funding norms in January 2008.

The integrated quality management system

The integrated quality management system was implemented in 2008/09 with a view to assessing school based educators to identify areas in need of development. External moderators were appointed to visit schools to monitor the implementation of the system. A ministerial committee was established to review the governance, scope, functions and expertise required for an effective national education evaluation and development unit. The unit will be set up over the medium term to provide oversight of the measurement and improvement of teacher performance.

Over the medium term, there will be a policy shift in the assessment of principals and their deputies. They will no longer be evaluated in terms of the integrated quality management system, but in terms of a separate performance management and development system. This system will give principals more responsibility for managing their schools, but will hold them accountable for the performance of their schools and teachers. Provinces, as employers, will be responsible for overseeing the signing of their performance contracts and the subsequent implementation of the policy. The national department will be responsible for monitoring the implementation through visits by external moderators and evaluating the reports on their performance from provinces.

Appropriate allocation of educator posts to schools

The educator post provisioning model has been revised and is currently being tested to assess its impact on the quality of teaching and learning in schools. The redress component of this model will address the needs of poorer schools by allocating them more posts. The revised model compensates for the different needs of small and multi-grade teaching schools and will attempt to manage the staffing uncertainty created by annual learner number fluctuations. The number of posts allocated to schools will also be directly linked to the curriculum offered by schools. An education human resource management system that will enhance the administration of conditions of service of educators by improving the management of information on salaries, allowances, housing, leave and pension in human resource systems is being developed and will be implemented by provinces in 2010.

System for tracking patterns of learner enrolment, completion and dropping out

Tracking changes in the patterns of enrolment, completion, retention and dropouts among learners will be made possible through the learner unit record information and tracking system. This system will also provide accurate enrolment numbers and will be able to track individual learner movement horizontally within the system from school to school and province to province, as well as vertically from grade to grade across schools and provinces. The system will be the primary tool for reporting on individual learners that do not complete or reach secondary school level. Accurate biographical, migration and performance profiles of each learner will be available, which will assist with the development of appropriate support interventions. The system will be the main monitoring tool to establish whether the required increase in secondary school enrolment by 2014 has been reached and to monitor the enrolment goals for Grade R.

Management system for education infrastructure

The lack of credible information on existing education facilities and infrastructure requirements has been a major constraint in the provision of school infrastructure and made it difficult to monitor progress and plan. An attempt was made to establish a schools register of needs based on studies undertaken in 1996 and 2000. In order to update these databases and to address problems in these early studies, an update and expansion of these audits has been undertaken and is being referred to as the national education infrastructure management system. The first phase of the system has now been completed and the continued use of the application has highlighted various requirements for improvements, which will be addressed via planned enhancements to the database. Infrastructure provision has also previously taken place without specific national or provincial policies, norms or strategies to guide and support its development. In response, the proposed policy on an equitable provision of an enabling physical environment for teaching and learning and the national norms and standards for school infrastructure have been developed. They will be used to standardise the design and construction of schools and will lead to gains in cost, through economies of scale and efficiency, and quicker turnaround times for construction.

The national curriculum statement

The national curriculum statement for grades R to 12 has been successfully implemented in all grades in the schooling system. The 2008 Grade 12 cohort was the first to write the national senior certificate examinations after the development and implementation of modern, relevant and high level curricula and assessment in 29 subjects in grades 10, 11 and 12. To aid the expansion of mathematics, science and technology in grades 10, 11 and 12, a mathematics, science and technology education strategy was developed. The strategy includes special mathematics and science support to the 500 Dinaledi schools, with the aim of increasing the number of learners passing mathematics and science. The maths, science and technology education strategy will be evaluated in 2010 to guide the development of support in these subjects. The plan for the use of ICT in teaching and learning was outlined in the 2003 White Paper on e-Education. This was followed by a number of guidelines and policy documents on the specific application of ICT in education and will be rolled out further over the medium term.

Foundations for Learning campaign

The Foundations for Learning campaign was launched in 2008 to provide support for the development of foundation literacy and numeracy skills in the early grades. Workbooks, supported by teacher lesson plans and guidelines, will be distributed to all learners from grades R to 6 in the 2010 academic year. Based on the lessons learnt from the 2008 and 2009 annual national assessments, the department will appoint experts to participate in the development of tests, improve quality assurance by moderating scripts from a sample of schools, analyse data from a sample of schools and prepare a national report, and print the assessments for all learners in grades 3, 6 and 9.

Focus over the medium term

In striving towards quality teaching and learning, the department will ensure that it provides strategic leadership and direction. It will also promote social transformation, justice and cohesion, and the development of a South African identity in the education system. A number of guidelines and programmes are in place to assist schools in addressing discrimination and promoting social cohesion, such as the integration and anti-discrimination strategy and the Bill of Responsibilities, which, though not a legal document, is taught to children as part of the life skills curriculum. A focus over the medium term will be on developing, monitoring and evaluating policies and programmes for the overall health of learners and educators in the education system as well as providing access to and participation in school enrichment and adult literacy programmes.

Savings and cost effective service delivery

Efficiency savings of R13.8 million in 2010/11, R16.8 million in 2011/12 and R18.3 million in 2012/13 have been identified in all programmes under goods and services, mainly in travel and subsistence, printing and publications, and consultancy fees. A reprioritisation of activities was undertaken to create efficiency savings over the medium term and address the projected shortfalls on the budget for compensation of employees.

Selected performance indicators**Table 14.1 Basic Education**

Indicator	Programme	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Number of new learners enrolled in the Kha Ri Gude mass literacy campaign per year	Social Responsibility	–	–	360 000	352 000	600 000	600 000	600 000
Number of learners who complete the Kha Ri Gude course per year	Social Responsibility	–	–	342 000	334 400	480 000	480 000	480 000
Number of learners fed a meal each school day per year	Social Responsibility	6 million	6 million	6.1 million	7.4 million	9.5 million	10.5 million	10.8 million
Percentage of matric mathematics higher grade (or equivalent) passes at the Dinaledi schools per year	Curriculum Policy, Support and Monitoring	57.3% (6 124)	52.3% (6 105)	50.1% (15 184)	57% (11 462)	60% (15 000)	65% (17 000)	70% (25 000)
Percentage of matric science higher grade (or equivalent) passes at the Dinaledi schools per year	Curriculum Policy, Support and Monitoring	50.8% (6 936)	43.8% (6 397)	30% (8 289)	47% (4 920)	50% (6 000)	53% (8 000)	60% (11 000)
Total number of learners captured by the learner unit record information tracking system	Planning, Quality Assessment and Monitoring and Evaluation	–	–	4.2 million	7.2 million	10 million	10.5 million	10.8 million
Total number of public ordinary schools interacting with learner unit record information tracking system regularly to update learner data	Planning, Quality Assessment and Monitoring and Evaluation	–	–	7 400	17 000	24 000	25 000	25 600
Number of public ordinary schools moderated through school based integrated quality management system evaluations per year	Teachers and Education Human Resources Development and Management	–	–	4 021	7 500	8 500	9 000	9 500

Expenditure estimates

Table 14.2 Basic Education

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
R million								
1. Administration	100.7	114.7	131.5	159.3	155.1	252.8	262.0	275.0
2. Curriculum Policy, Support and Monitoring	73.7	293.9	539.5	1 070.4	787.6	1 354.3	1 757.8	1 895.6
3. Teachers and Education Human Resources Development and Management	38.5	173.4	280.4	498.6	495.8	513.7	546.0	573.5
4. Planning, Quality Assessment and Monitoring and Evaluation	79.7	170.3	215.5	133.6	152.8	148.7	156.7	166.1
5. Social Responsibility	1 279.1	1 413.0	2 117.5	2 612.4	2 606.6	3 896.7	4 827.3	5 189.1
Total	1 571.6	2 165.3	3 284.4	4 474.4	4 197.9	6 166.2	7 549.8	8 099.3
Change to 2009 Budget estimate				944.6	668.1	786.9	1 035.7	1 259.7

Economic classification

Current payments	296.1	621.4	949.8	1 456.0	1 179.5	1 777.1	2 018.0	2 144.1
Compensation of employees	117.0	150.4	186.3	229.9	251.4	255.4	273.8	288.1
Goods and services	179.1	471.0	763.6	1 226.1	928.1	1 521.7	1 744.2	1 856.0
<i>of which:</i>								
<i>Inventory: Stationery and printing</i>	8.0	19.0	99.2	48.2	36.0	80.0	99.6	103.8
<i>Property payments</i>	1.0	0.8	10.9	2.3	2.3	127.6	133.4	138.9
<i>Travel and subsistence</i>	41.4	44.1	52.4	47.8	52.8	46.5	48.6	51.3
<i>Operating expenditure</i>	22.3	244.7	356.0	443.6	433.6	1 130.7	1 312.9	1 404.4
Transfers and subsidies	1 262.6	1 523.7	2 321.7	3 009.7	3 009.7	4 385.1	5 529.0	5 952.3
Provinces and municipalities	1 242.6	1 376.9	2 114.1	2 575.4	2 575.4	3 931.4	5 048.1	5 447.4
Departmental agencies and accounts	7.5	134.9	196.2	418.1	418.1	441.5	468.0	491.4
Foreign governments and international organisations	8.7	10.7	10.5	11.5	11.5	12.2	12.9	13.5
Non-profit institutions	–	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Households	3.8	1.2	0.8	4.6	4.6	–	–	–
Payments for capital assets	3.1	5.0	12.8	8.8	8.8	4.1	2.8	2.8
Machinery and equipment	3.0	4.8	11.2	8.5	8.5	4.0	2.8	2.8
Software and other intangible assets	0.0	0.2	1.5	0.3	0.3	0.0	0.1	0.1
Payments for financial assets	9.8	15.1	0.1	–	–	–	–	–
Total	1 571.6	2 165.3	3 284.4	4 474.4	4 197.9	6 166.2	7 549.8	8 099.3

Expenditure trends

Expenditure increased from R1.6 billion in 2006/07 to R4.5 billion in 2009/10, at an average annual rate of 41.7 per cent, and is expected to grow at an average annual rate of 21.9 per cent over the medium term. The growth in both periods is mainly due to increases in the national school nutrition programme conditional grant, the mass literacy campaign, and the workbooks project.

The *Social Responsibility* programme makes up an average of 63.7 per cent of total expenditure. Transfers to provincial education departments for the national school nutrition programme are the main component of this programme's spending.

The budget provides additional allocations over the MTEF period of R800.8 million, R1.1 billion and R1.3 billion for the following priority areas:

- the national assessments of grades 3, 6 and 9 (R10 million, R8 million and R10 million)
- the increased unitary fee for the public private partnership for the new building for office accommodation (R30 million, R32 million and R34 million)

- workbooks (R750 million, R930 million and R1 billion)
- the national school nutrition programme conditional grant (R120.4 million in 2012/13)
- Dinaledi schools conditional grant (R70 million in 2011/12 and R100 million in 2012/13)
- compensation of employees inflation adjustment (R10.8 million, R12.5 million and R13.6 million).

Departmental receipts

Departmental receipts are not significant and arise mainly from fees for technical examinations.

Table 14.3 Departmental receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
Departmental receipts	576	1 865	1 452	904	856	1 097	1 217	1 228
Sales of goods and services produced by department	247	401	537	459	580	552	577	583
Sales of scrap, waste, arms and other used current goods	3	–	43	90	30	62	65	65
Interest, dividends and rent on land	3	13	315	30	18	158	172	174
Sales of capital assets	142	20	–	–	5	–	–	–
Transactions in financial assets and liabilities	138	1 238	507	325	208	325	403	406
Total	576	1 865	1 452	904	856	1 097	1 217	1 228

Programme 1: Administration

Expenditure estimates

Table 14.4 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Minister ¹	0.5	0.6	0.8	1.7	1.8	1.9	2.0
Deputy Minister ¹	0.8	1.0	1.0	1.3	1.5	1.6	1.7
Management	43.2	51.0	50.5	61.3	57.5	58.5	62.3
Corporate Services	38.5	45.4	39.7	44.7	58.2	59.6	62.7
National and Provincial Coordination and Administration	3.7	6.2	7.0	8.3	7.1	7.6	8.0
Office Accommodation	13.9	10.6	32.4	42.0	126.7	132.7	138.3
Total	100.7	114.7	131.5	159.3	252.8	262.0	275.0
Change to 2009 Budget estimate				9.7	75.5	74.5	80.1

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

Economic classification

Current payments	83.8	92.0	119.1	140.0	239.9	248.4	260.7
Compensation of employees	36.2	44.1	53.4	66.6	70.2	70.8	75.2
Goods and services	47.6	47.9	65.7	73.4	169.7	177.6	185.5
<i>of which:</i>							
<i>Inventory: Stationery and printing</i>	1.8	1.3	1.7	1.8	2.4	2.5	2.6
<i>Property payments</i>	0.9	0.7	10.8	2.2	127.0	132.8	138.3
<i>Travel and subsistence</i>	7.7	11.1	10.7	8.6	8.5	8.8	9.4
<i>Operating expenditure</i>	1.9	1.4	2.2	1.5	1.6	1.8	1.8

Table 14.4 Administration (continued)

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Transfers and subsidies	9.5	11.7	11.0	15.1	12.2	13.0	13.6
Departmental agencies and accounts	0.1	0.1	0.1	0.1	0.1	0.2	0.2
Foreign governments and international organisations	8.6	10.4	10.5	11.4	12.1	12.8	13.4
Non-profit institutions	–	0.1	0.1	0.1	0.1	0.1	0.1
Households	0.8	1.2	0.4	3.5	–	–	–
Payments for capital assets	1.8	1.8	1.3	4.2	0.7	0.6	0.6
Machinery and equipment	1.8	1.8	1.3	4.1	0.6	0.6	0.6
Payments for financial assets	5.6	9.1	0.0	–	–	–	–
Total	100.7	114.7	131.5	159.3	252.8	262.0	275.0

Details of selected transfers and subsidies

Foreign governments and international organisations							
Current	8.6	9.5	10.5	11.4	12.1	12.8	13.4
United Nations Educational, Scientific and Cultural Organisation	6.7	7.7	8.6	9.6	10.1	10.7	11.3
Commonwealth of Learning	1.8	1.8	1.9	1.8	1.9	2.0	2.1

Expenditure trends

Expenditure increased at an average annual rate of 16.5 per cent, from R100.7 million in 2006/07 to R159.3 million in 2009/10. It is expected to increase further over the medium term, at an average annual rate of 20 per cent to reach R275 million. The increase for both periods is mainly in the *Corporate Services* subprogramme and can largely be attributed to the unitary fee for the public private partnership for a new building for office accommodation for the department. Construction on the new building began in 2007. This also accounts for the high consultancy fees in 2006/07 and the marked increase in property payments over the MTEF period.

Programme 2: Curriculum Policy, Support and Monitoring

- *Curriculum Implementation and Monitoring* supports and monitors the implementation of the national curriculum policy. Activities in this subprogramme include the curriculum for the schooling system, early childhood development and inclusive education. Funds will mainly be used for transfer payments to provinces for the technical schools recapitalisation conditional grant.
- *National Curriculum Institute* researches and develops policy, programmes and systems within an inclusive education framework for schools, early childhood development and learners with special learning needs. Funds will mainly be used for compensation of employees and other personnel related costs.
- *Curriculum and Quality Enhancement Programmes* supports programmes that enhance curriculum outcomes in the basic education system. Activities include: children and youth literacy; quality improvement and development support; curriculum innovation; foundations for learning; and Dinaledi support. Funds will mainly be used for compensation of employees and goods and services.
- *Kha Ri Gude Literacy Project* expands the provision of basic literacy education for adults. Funding is used for stipends to volunteer educators, learner and teacher support materials, and assessments.

Objectives and measures

- Reduce the number of illiterate adults in South Africa by 1.5 million by 2011 through the Kha Ri Gude mass literacy campaign.
- Contribute to poverty alleviation by recruiting and training 37 500 volunteer educators and coordinators for the Kha Ri Gude mass literacy campaign in 2010/11.

- Improve the quality of mathematics, science and technology education by providing support to and monitoring the performance and participation of 500 Dinaledi schools in these subjects in 2010/11 to increase the pass rates.
- Improve educational outcomes in the long term by increasing the number of 5-year-old learners enrolled in publicly funded Grade R classes in public primary schools and community based early childhood development sites to 900 000 learners by January 2011.

Service delivery focus

In 2009, there was a 77 per cent (620 223) national enrolment coverage for Grade R learners at public and independent primary schools, with a further 200 000 learners in classes at community sites. The minimum teacher qualification for Grade R has been set at matric plus 3 years and towards the end of 2009, learner and teacher support material was developed and distributed to all schools at the beginning of 2010.

In 2009, Grade 12 practical assessment tasks were developed for all subjects, including practical components for 2010. Examples of these assessment tasks were uploaded onto the Thutong education portal and CDs were distributed to schools during monitoring visits. Examples of question papers were circulated in the Sunday Times newspaper and at schools during monitoring visits. 760 schools were visited as part of the national strategy for learner attainment.

50 000 books, including Maths 911, Study Mate and study guides were provided to the 500 Dinaledi schools in 2009. A combined total of 569 mathematics and physical science teachers were trained on subject content knowledge and ICT infrastructure availability was surveyed at 233 of these schools.

There are monthly updates of the number of learning spaces on the Thutong education portal. The portal is constantly monitored and monthly reports are provided on its use. In 2009, guidelines for using the portal effectively were developed and uploaded. In 2009, the feasibility study on ICT in education was completed and an ICT in education report was compiled. The Universal Services and Access Agency of South Africa contributed to the funding of ICT in computer applications technology and IT in schools and a handover report was provided to the provincial education departments.

In 2009, the Kha Ri Gude mass literacy campaign enabled 613 637 learners to attend literacy classes. The programme has reached approximately 1 million of the targeted 4.7 million learners since implementation began 2 years ago. In 2009, the campaign created approximately 40 000 short term jobs. A combined total of approximately 1 700 blind and deaf learners were reached through employing about 190 Braille and deaf educators.

Expenditure estimates

Table 14.5 Curriculum Policy, Support and Monitoring

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Curriculum Implementation and Monitoring	64.0	257.9	59.7	71.8	119.9	243.6	255.7
<i>CD: Curriculum Implementation and Monitoring</i>	1.0	1.7	1.9	2.3	14.0	15.9	16.8
<i>Early Childhood Development</i>	2.6	3.9	5.8	11.4	4.4	4.7	4.9
<i>School Curriculum, Senior and FET</i>	24.4	221.7	28.5	25.5	89.8	210.5	221.0
<i>School Curriculum Foundation and Intermediate</i>	33.0	28.0	17.6	26.3	8.1	8.6	9.1
<i>Inclusive Education</i>	3.0	2.6	5.9	6.4	3.5	3.8	3.9
National Curriculum Institute	0.9	1.7	1.9	1.6	4.0	5.0	5.2

Table 14.5 Curriculum Policy, Support and Monitoring (continued)

Subprogramme	Audited outcome			Adjusted	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Curriculum and Quality Enhancement Programmes	8.8	17.2	20.9	553.8	762.3	1 013.2	1 113.8
<i>CD: Curriculum and Quality Enhancements Programmes</i>	0.8	1.7	1.1	1.2	1.2	1.3	1.3
<i>Children and Youth Literacy</i>	–	1.9	2.9	3.0	2.4	2.6	2.7
<i>Quality Improvement and Development Support</i>	–	0.6	2.6	2.0	1.9	2.1	2.2
<i>Curriculum Innovation</i>	7.3	12.4	8.9	8.0	4.4	4.7	5.0
<i>Foundations of Learning Campaign and Dinaledi Support</i>	–	–	4.8	538.5	751.2	1 001.3	1 101.3
<i>SD: National Board for FET</i>	0.8	0.5	0.7	1.0	1.2	1.2	1.3
Kha Ri Gude Literacy Project	–	17.1	457.0	443.2	468.1	496.1	520.9
<i>Kha Ri Gude Unit</i>	–	–	5.6	10.2	9.6	9.8	10.2
<i>Kha Ri Gude Mass Literacy Campaign: Earmarked Funds</i>	–	17.1	451.4	433.0	458.6	486.3	510.7
Total	73.7	293.9	539.5	1 070.4	1 354.3	1 757.8	1 895.6
Change to 2009 Budget estimate				532.4	709.7	958.4	1 057.4

Economic classification

Current payments	72.2	293.1	536.9	1 069.0	1 273.7	1 487.2	1 585.1
Compensation of employees	18.8	26.3	33.3	39.9	47.3	51.3	53.8
Goods and services	53.4	266.8	503.6	1 029.1	1 226.4	1 435.9	1 531.3
<i>of which:</i>							
<i>Inventory: Stationery and printing</i>	1.4	2.5	90.0	36.6	68.8	72.6	75.5
<i>Property payments</i>	0.0	0.0	0.0	0.1	0.6	0.6	0.6
<i>Travel and subsistence</i>	11.1	7.5	8.6	13.0	9.9	11.6	12.4
<i>Operating expenditure</i>	15.7	201.6	331.8	436.7	1 100.3	1 300.6	1 389.7
Transfers and subsidies	0.9	0.2	0.4	1.0	80.1	270.1	310.1
Provinces and municipalities	0.0	–	–	–	80.0	270.0	310.0
Foreign governments and international organisations	0.1	0.2	0.1	0.1	0.1	0.1	0.1
Households	0.8	0.0	0.3	0.9	–	–	–
Payments for capital assets	0.5	0.4	2.3	0.4	0.5	0.5	0.5
Machinery and equipment	0.5	0.4	2.2	0.4	0.5	0.5	0.4
Software and other intangible assets	–	0.0	0.1	0.0	–	–	0.0
Payments for financial assets	0.0	0.1	0.0	–	–	–	–
Total	73.7	293.9	539.5	1 070.4	1 354.3	1 757.8	1 895.6

Details of selected transfers and subsidies

Provinces and municipalities							
Provinces							
Provincial Revenue Funds							
Current	–	–	–	–	–	70.0	100.0
Dinaledi Schools Conditional Grant	–	–	–	–	–	70.0	100.0
Capital	–	–	–	–	80.0	200.0	210.0
Technical Secondary Schools Recapitalisation Grant	–	–	–	–	80.0	200.0	210.0

Expenditure trends

Expenditure increased at an average annual rate of 144 per cent, from R73.7 million in 2006/07 to R1.1 billion in 2009/10. The main reason for the increase is the additional allocations for the mass literacy campaign. Expenditure is expected to grow at an average annual rate of 21 per cent over the medium term to reach R1.9 billion. This is because of the additional funds allocated for the workbooks project, the introduction of the technical schools recapitalisation grant in 2010/11, and the Dinaledi schools conditional grant in 2011/12. This

accounts for the 298 per cent increase in the expenditure for the *Curriculum and Quality Enhancement Programmes* subprogramme in 2009/10, and for the increased transfers to provinces from 2010/11.

The increase in expenditure of 303.1 per cent in the *Curriculum Implementation and Monitoring* subprogramme in 2007/08 was due to a once-off allocation, which was mainly for printing, publishing and distributing learner support materials as part of the national recovery plan after the June 2007 educator strike action. This also accounts for the 399.6 per cent growth in goods and services in 2007/08. The growth in expenditure for goods and services from 2006/07 to 2009/10, at an average annual rate of 168.1 per cent, was also due to the introduction of the Kha Ri Gude mass literacy campaign in 2008/09 and the R524 million allocation for workbooks in the 2009 adjustments budget. The initial allocation for workbooks made in the 2009 adjustments budget accounts for the increase in expenditure on learner and teacher support materials from R12.4 million in 2008/09 to R483.6 million in 2009/10. However, this allocation moves to operating expenditure in 2010/11. The other major activity funded from operating expenditure is the *Kha Ri Gude Literacy Project* subprogramme.

Over the medium term, the focus will be on specific interventions to improve educational outcomes. These include the distribution of workbooks, the recapitalisation of technical schools, and the additional resources given to Dinaledi schools. Other projects, like the Kha Ri Gude mass literacy project, will continue to be prioritised as they are expanded over the MTEF period.

Programme 3: Teachers and Education Human Resources Development and Management

- *Education Human Resources Management* is responsible for human resources management, school educators, and educator labour relations. Activities include: education human resource planning, provisioning and monitoring; educator performance management and development; and education labour relations and conditions of service. Funds will mainly be used for the integrated quality management system project.
- *Institutional Development* develops policies and programmes to promote district development and management and governance capacity in education. Activities include school management and governance, whole school evaluation and district development. Funds will mainly be used for compensation of employees and other personnel related costs.
- *Teacher Education* develops policies and programmes to promote the continuing development of teachers, school managers and other educators employed in the basic education system. The subprogramme also evaluates qualifications for employment in education. Activities include continuing professional teacher development and initial teacher education. Funds will mainly be used for the project to develop mathematics and science teachers.

Objectives and measures

- Improve the quality of teaching by:
 - monitoring the implementation of the teacher performance appraisal system and producing quarterly reports
 - ensuring the establishment of the national education evaluation and development unit by January 2011
 - implementing a performance based contracting and performance appraisal system for school principals and managers by July 2010.
- Monitor the implementation of signed collective agreements on remuneration and conditions of service for educators, in particular the occupation specific dispensation, and analyse the implications of the agreements by producing a report by June 2010 and an updated one in December 2010.
- Improve teaching by monitoring and supporting the pilot of the continuous professional teacher development system and preparing the implementation plan for roll out in 2011/12.
- Improve teacher education by:
 - aligning and updating the policy documents on the criteria for the recognition and evaluation of qualifications for employment in education over the next three years

- evaluating, approving and standardising teacher qualifications and new or revised programmes for teacher education.
- Improve the teacher provisioning model by developing systems to capture up to date data on teacher provision over the medium term.
- Improve school management by March 2011 by:
 - supporting, monitoring and evaluating the implementation of guidelines on school management
 - reviewing the legislation on school governing bodies in the South African Schools Act (1996)
 - supporting, monitoring and evaluating the implementation of the guidelines for representative councils of learners
 - increasing the total number of districts with curriculum or subject advisors in all learning areas.

Service delivery focus

Internal and external evaluations of the advanced certificate in education: school leadership and management were completed in 2009. These evaluations showed that participation in the programme led to improved performance of managers and indicated support among stakeholders for a compulsory entry level qualification for principal posts. They also suggested that the certificate could form the basis for this qualification. Systems for capturing data on the qualifications of all practicing educators are currently being developed for implementation over the medium term to enable the department to identify teachers who are either under or unqualified, or are teaching out of their field.

In 2008/09, all 81 districts were audited and a survey of subject advisors was conducted by the national department. The findings of the audit and survey indicated critical shortages per district and subject area. Provincial departments will use this research for planning purposes. By September 2009, the 75 integrated quality management system moderators appointed since August 2008 had visited 7 918 schools against a targeted 7 500. These visits helped identify gaps in implementing quality management system processes and procedures, which can now be addressed by schools. 8 500 more schools will be visited in 2010. In 2009, the macro indicator report on the monitoring and evaluation framework was published and a report on service delivery in public ordinary schools was completed.

In 2009, guidelines were developed on how schools need to conduct self evaluations to identify areas that affect learner achievement, how to develop and implement school improvement plans, and how to report annually on school progress.

Students who graduate as teachers with support from the Funza Lushaka bursary scheme are intended to fill posts in priority areas for subjects such as mathematics, the sciences, technology subjects, languages and the foundation phase. In 2009/10, approximately 20 per cent (8 542) of students enrolled in initial teacher education programmes across 23 higher education institutions were supported through Funza Lushaka bursaries, worth a total of R383 million, with an average value of R14 000 per bursary. About 1 800 Funza Lushaka students have graduated thus far and have been placed in provincial posts from the beginning of 2010.

Expenditure estimates

Table 14.6 Teachers and Education Human Resources Development and Management

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Education Human Resources Management	4.9	6.5	23.6	45.5	65.2	70.4	74.1
CD: Education Human Resources Planning	0.5	0.7	1.4	1.0	12.2	14.0	14.7
Education Human Resource Planning, Provisioning and Monitoring	2.6	1.7	2.7	8.3	2.8	2.9	2.6
Educator Performance and Management Development	–	2.3	17.6	34.0	47.4	50.5	53.6
Education Labour Relations and Conditions of Service	1.8	1.8	2.0	2.2	2.8	3.0	3.2
Institutional Development	14.3	14.3	16.9	19.0	15.6	16.6	17.5
Teacher Education	19.4	152.6	239.9	434.1	432.9	459.0	481.9
CD: Teacher Education	–	0.1	0.9	1.0	1.0	1.0	1.1
Continuing Professional Teacher Development	18.2	150.4	236.0	427.9	427.4	453.0	475.7
SD: Educator Qualifications and Programmes	1.2	1.3	1.2	2.1	2.3	2.4	2.5
Initial Teacher Education	–	0.8	1.8	3.1	2.4	2.5	2.6
Total	38.5	173.4	280.4	498.6	513.7	546.0	573.5
Change to 2009 Budget estimate				396.3	(24.3)	(24.1)	(23.6)

Economic classification

Current payments	37.0	50.9	99.9	96.5	88.5	96.1	101.2
Compensation of employees	13.1	16.0	29.6	47.0	58.2	66.2	69.6
Goods and services	23.9	34.9	70.3	49.5	30.3	29.9	31.6
of which:							
Travel and subsistence	2.9	3.6	7.1	7.7	7.6	6.7	6.9
Operating expenditure	1.2	2.1	2.6	0.9	0.9	1.1	1.1
Transfers and subsidies	1.3	122.0	180.0	401.6	424.0	449.4	471.9
Departmental agencies and accounts	0.0	122.0	180.0	401.5	424.0	449.4	471.9
Households	1.2	–	–	0.1	–	–	–
Payments for capital assets	0.2	0.4	0.5	0.5	1.2	0.5	0.5
Machinery and equipment	0.2	0.4	0.5	0.5	1.2	0.4	0.4
Payments for financial assets	0.0	0.1	0.0	–	–	–	–
Total	38.5	173.4	280.4	498.6	513.7	546.0	573.5

Details of selected transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	–	122.0	180.0	401.5	424.0	449.4	471.9
South African Council for Educators (SACE)	–	2.0	–	1.5	–	–	–
National Student Financial Aid Scheme (NSFAS)	–	120.0	180.0	400.0	424.0	449.4	471.9

Expenditure trends

Expenditure increased at an average annual rate of 134.8 per cent, from R38.5 million in 2006/07 to R498.6 million in 2009/10. This growth is mainly due to additional funds allocated for the Funza Lushaka bursary scheme for the supply of newly trained teachers from 2007/08 and is reflected in the *Teacher Education* subprogramme's growing expenditure. This allocation is also responsible for the increase in transfers and subsidies at an average annual rate of 583.4 per cent between 2006/07 and 2009/10 as the National Student Financial Aid Scheme administers the Funza Lushaka bursaries.

Expenditure in this programme is expected to increase marginally over the medium term, at an average annual rate of 4.8 per cent, to reach R573.5 million in 2012/13.

Spending in the *Education Human Resources Management* subprogramme grew at an average annual rate of 110.2 per cent from 2006/07 to 2009/10, mainly due to additional allocations for the integrated quality management system in 2008/09 and the establishment of a national education evaluation and development unit in 2009/10. These new functions also account for the higher consultancy fees over the medium term. The fluctuating trend in training and development spending is due to the initial introduction of a project to develop mathematics and science teachers in 2007/08. This project will be taken over by provincial governments from 2010/11. This accounts for the projected decline in expenditure on training and development from R49.8 million in 2008/09 to R4.6 million in 2012/13.

In an attempt to improve the quality of teaching, the department will support the development and implementation of a continuous professional teacher development system over the MTEF period. The national education evaluation and development unit will be established and the monitoring of the integrated quality management system will continue and will be enhanced as more monitors are appointed in 2010/11.

Programme 4: Planning, Quality Assessment and Monitoring and Evaluation

- *Information Monitoring and Evaluation* develops information systems for the basic education sector, and monitors and evaluates the performance of the basic education system. Activities include: managing the education management information system; research, coordination, monitoring and evaluation; and education management systems. Funds will mainly be used for the education management information system project.
- *Financial and Physical Planning and Analysis* focuses on cross-cutting aspects, such as financial and physical resource planning, and coordination with provinces for implementing national policy. It also provides budgeting support to provinces. Activities include financial planning, physical planning, and economic analysis. Funds will mainly be used for compensation of employees and other personnel related costs.
- *Educational Measurement, Assessment and Public Examinations* promotes the integrity of national school assessments and examinations, provides timely and reliable data on the achievement of learning outcomes, and monitors progress over time. Activities include examinations and assessment in schools, and systemic evaluation. Funds will mainly be used to pay examiners and moderators for the national Grade 12 examinations, for the national assessment of literacy and numeracy in grades 3, 6 and 9 and a transfer to Umalusi.

Objectives and measures

- Improve infrastructure planning and monitoring by:
 - providing up to date information on infrastructure delivery quarterly
 - producing 2 monitoring reports by September and March each year on the implementation of the norms and standards for school infrastructure.
- Improve planning and monitoring of the equitable distribution of education funding in support of education policies by:
 - producing 2 monitoring reports on the implementation of the funding norms by June and December each year
 - developing an updated costed basic minimum package for public ordinary schools by September 2010.
- Reduce the number of underperforming schools by 10 per cent in all provinces in 2010/11 by monitoring and supporting all schools with a pass rate below 60 per cent in the 2009 national senior certificate examinations.
- Improve the management of learner information by implementing the national learner unit record information and tracking system in all public ordinary and special schools by October 2010.

- Improve the monitoring and evaluation of education by producing a report on education macro indicators by March 2011.
- Improve literacy and numeracy by providing independently moderated literacy and numeracy tests to all grade 3, 6 and 9 learners and using the results to direct appropriate support to schools every year.

Service delivery focus

The first phase in the process of standardising reporting and data collection in the education system, which started in 2007/08, was to determine the needs and requirements of the provincial and national education departments. In 2010, this process will yield full integration in the education management information system. A system wide monitoring and evaluation framework of education performance indicators was also developed in 2009.

Since 2008/09, the national education infrastructure management system has been updated regularly and is used for planning and monitoring progress in infrastructure delivery, with all provinces linked to the system database. Provincial infrastructure budgets are monitored monthly and reports are produced quarterly.

The national learner unit record information and tracking system was implemented in 7 440 schools across the country in 2008/09 and contains the records of 3 750 195 learners and 98 514 educators. All schools will be linked to the system over the medium term.

The policy of declaring no fee schools, beginning in January 2007 and extended in 2008, meant that by 2008 over 5 million learners at 14 264 schools were not required to pay school fees, thus removing a barrier to access to education. By 2010, there will be 8 million learners in approximately 19 933 no fee schools.

Grade R funding norms were published in March 2009 and will be implemented in April 2010. Monitoring reports were produced on the preparedness of provinces for the implementation of these norms and the extent of exemptions from school fees in schools in quintiles 3 to 5.

A key deliverable in the department is providing credible and reliable examinations for the national senior certificate. In 2009, 130 examination papers for the national senior certificate were set. To strengthen the implementation of the national senior certificate, new subject assessment guidelines and learning programme guidelines for grades 10 to 12 were developed and distributed to all schools in 2009. The previous curriculum's national senior certificate examinations were conducted in June 2009 and will be offered until 2011 to candidates wishing to complete that qualification.

A key focus for the department over the medium term is to improve literacy and numeracy levels. In 2008, the department provided standardised annual assessments for the first time at some schools for grades 1 to 6 in literacy and numeracy. The results, although not generalisable, provided a baseline for increased assessment support to schools and confirmed the findings of other national studies such as systemic evaluation surveys and international studies that found the performance of 60 per cent of Grade 3 learners was either unsatisfactory or only partially acceptable. In 2009, literacy and numeracy tests, the results of which are generalisable and which will be made available to schools in 2010, were again developed and distributed to all schools with grades 1 to 6. Literacy and numeracy of all grade 3, 6 and 9 learners will be assessed every year and the results of these will be used to develop support programmes. These assessments will be based on work covered by learners in learner workbooks that will be supplied to all learners from grades R to 9 over the medium term as part of a literacy and numeracy support package.

Expenditure estimates

Table 14.7 Planning, Quality Assessment and Monitoring and Evaluation

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Information Monitoring and Evaluation	6.8	24.8	34.5	33.0	42.2	45.8	48.1
<i>CD: Information Monitoring and Evaluation</i>	0.2	0.6	0.6	0.7	12.0	13.7	14.5
<i>Education Management Information Systems (EMIS)</i>	5.6	8.4	9.9	7.5	4.0	4.3	4.5
<i>Research Coordination, Monitoring and Evaluation</i>	1.0	1.5	1.9	1.9	1.9	2.1	2.2
<i>Education Management Systems</i>	–	14.3	22.1	22.9	24.2	25.7	27.0
Financial and Physical Planning and Analysis	14.1	6.9	31.4	11.9	11.3	12.5	13.1
Educational Measurement, Assessment and Public Examinations	58.7	138.6	149.7	88.8	95.2	98.4	104.9
<i>CD: Educational Measurement, Assessment and Public Examinations</i>	6.3	9.8	0.9	0.9	0.9	1.0	1.0
<i>Systemic Evaluation</i>	3.9	12.1	16.7	23.7	35.2	34.8	38.1
<i>SD: Database Management</i>	0.6	0.9	1.7	1.3	1.4	1.5	1.6
<i>Examination Administration Support and IT System Administration</i>	27.0	94.1	97.6	32.7	26.5	28.1	29.5
<i>Examiners and Moderators</i>	13.5	8.8	16.8	13.6	13.8	14.7	15.4
<i>Transfer to Umalusi</i>	7.4	12.9	16.0	16.5	17.4	18.4	19.3
Total	79.7	170.3	215.5	133.6	148.7	156.7	166.1
Change to 2009 Budget estimate				7.2	23.7	24.0	27.5

Economic classification

Current payments	66.7	149.4	168.7	114.0	130.4	137.8	146.3
Compensation of employees	34.5	51.1	55.3	57.3	54.3	58.4	61.2
Goods and services	32.2	98.4	113.5	56.7	76.1	79.4	85.1
<i>of which:</i>							
<i>Inventory: Stationery and printing</i>	1.0	13.6	5.1	4.4	3.7	19.4	20.4
<i>Travel and subsistence</i>	12.0	15.8	21.6	11.1	14.6	14.8	15.6
<i>Operating expenditure</i>	1.6	29.3	17.9	2.7	24.9	6.5	8.5
Transfers and subsidies	8.4	12.9	38.2	16.5	17.4	18.4	19.3
Provinces and municipalities	0.0	–	22.0	–	–	–	–
Departmental agencies and accounts	7.4	12.9	16.1	16.5	17.4	18.4	19.3
Households	0.9	0.0	0.1	0.0	–	–	–
Payments for capital assets	0.4	2.2	8.6	3.1	0.9	0.5	0.5
Machinery and equipment	0.4	2.0	7.1	2.9	0.9	0.5	0.5
Software and other intangible assets	–	0.2	1.4	0.2	–	–	–
Payments for financial assets	4.2	5.8	–	–	–	–	–
Total	79.7	170.3	215.5	133.6	148.7	156.7	166.1

Details of selected transfers and subsidies

Provinces and municipalities							
Provinces							
Provincial Revenue Funds							
Current	–	–	22.0	–	–	–	–
Disaster management grant	–	–	22.0	–	–	–	–
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	7.4	12.9	16.0	16.5	17.4	18.4	19.3
Umalusi Council for Quality Assurance in General and Further Education and Training	7.4	12.9	16.0	16.5	17.4	18.4	19.3

Expenditure trends

Expenditure grew at an average annual rate of 18.8 per cent, from R79.7 million in 2006/07 to R133.6 million in 2009/10. The growth was mainly in the *Educational Measurement, Assessment and Public Examinations*

subprogramme, and was due to an additional allocation to prepare and implement the national curriculum statement examinations in 2007/08 and 2008/09. This also accounts for the increase of expenditure in compensation of employees, agency and support, and stationery and printing costs in this period, as well as the 400 per cent and 255 per cent growth in expenditure on machinery and equipment in 2007/08 and 2008/09, mainly due to the upgrading of equipment to meet the requirements of setting national examination papers. Expenditure in the *Information Monitoring and Evaluation* subprogramme also increased, mainly due to additional allocations for the education management information system in 2007/08. This also accounts for the increase in expenditure on computer services.

An additional once-off allocation of R22 million made in the 2008 adjusted budget to rebuild and repair schools affected by storms in Mpumalanga and KwaZulu-Natal resulted in an increase in transfers to provinces in 2008/09. The reduction in expenditure on travel and subsistence from R21.5 million in 2008/09 to R11.1 million in 2009/10 was due to cost saving measures implemented by the department in 2009/10.

Expenditure is expected to increase to R166.1 million over the MTEF period, at an average annual rate of 7.5 per cent. This is mainly due to the department's central role in providing credible and reliable examinations for the national senior certificate and the planned literacy and numeracy assessments to be conducted annually for all grades 3, 6 and 9 learners, which remains the spending focus over the medium term.

Programme 5: Social Responsibility

- *Social Inclusion in Education* manages policy, programmes and systems on the creation of a safe learning environment, and facilitates enrichment programmes in schools through collaborative programmes with organisations like the South African Police Service, the United Nations Children's Fund, Boys Town and Girls Town schools, and provincial education departments. Activities include school safety and enrichment programmes. Funding is mainly used for compensation of employees and other personnel related costs.
- *Equity in Education* develops and monitors policies and programmes for promoting gender equity, non-racialism, non-sexism, democratic values in education, and an understanding of human rights in public schools. It advances quality education and promotes access to education in rural and farm schools. Funding is mainly used for compensation of employees and other personnel related costs.
- *Health in Education* manages policies on the overall wellness of educators and learners, and manages and monitors the national school nutrition programme. Funds will mainly be used for transfer payments for the national school nutrition programme and the HIV and AIDS conditional grants to provincial education departments.

Objectives and measures

- Improve gender equity in schools by ensuring that the recommendations for monitoring and evaluation of gender equity in the school education system are implemented by March 2011.
- Improve quality education and promote access to education at 450 rural and farm schools by providing additional support to these schools and monitoring the implementation of all education policies in these schools in 2010/11.
- Contribute to the reduction in the number of teenage pregnancies and ensure that a uniform and rights based approach to managing teenage pregnancy is applied in public schools by implementing the first phase of the strategy on teenage pregnancy in all provinces in 2010/11.
- Improve learning capacity through the national school nutrition programme by ensuring that the programme:
 - continues in all quintile 1 to 3 primary schools and quintile 1 secondary schools on all school days
 - is phased into quintile 2 and 3 secondary schools over the MTEF period.
- Reduce health barriers to learning by rolling out health screening (vision, hearing and immunisation) to all Grade R and Grade 1 learners in 18 priority health districts in 2010.
- Strengthen HIV and AIDS programmes in schools by reviewing current interventions and developing a new integrated and comprehensive programme over the MTEF period.

Service delivery focus

In 2009, 2 publications were developed to assist in addressing discrimination and promoting social cohesion in schools: Building a Culture of Responsibilities and Humanity in our Schools, and My Country South Africa. Transformative youth dialogues were also promoted in the provinces throughout 2009. To build a culture of human rights in schools, initiatives with non-government organisations such as Project Citizen and Heartlines were introduced in 2009.

A number of provinces established new girls and boys movement education clubs in 2009 and these have been captured on a comprehensive database for monitoring purposes. Learning materials and educator manuals for adult basic education training level 3 and draft learning programmes for adult basic education training level 4 were developed in 2009.

A major focus of all advocacy and communication programmes in 2009 was the guidelines for the prevention and management of sexual violence and harassment in public schools. These guidelines were sent to all primary schools and an exhibition focusing on learners' experiences of sexual violence and harassment was launched, including a focus on the Generations series to provide support for teachers addressing these issues. The media campaign was postponed due to the high costs involved.

The national school nutrition programme, which has been feeding learners in quintile 1 to 3 primary schools since 2004, was successfully extended to 796 129 learners in quintile 1 secondary schools from April 2009. The programme will be extended to learners in quintile 2 and 3 secondary schools in 2010 and 2011 respectively.

The approach towards health screening was reviewed in 2009 to ensure an institutionalised and more sustainable strategy and will be implemented for Grade 1 learners in 2010. In 2009, 103 educators and subject advisors were trained in physical education programmes, which are currently being rolled out to all Grade 1 teachers in quintile 1 schools.

Expenditure estimates

Table 14.8 Social Responsibility

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Social Inclusion in Education	8.1	7.8	5.2	8.5	16.0	18.0	19.0
<i>CD: Social Inclusion in Education</i>	0.5	0.7	0.3	0.9	12.1	13.8	14.6
<i>School Safety and Enrichment Programme and Social Issues</i>	7.6	7.1	4.9	7.6	3.9	4.2	4.4
Equity in Education	7.8	15.1	7.4	7.5	7.8	8.2	8.6
Health in Education	1 263.2	1 390.1	2 104.9	2 596.4	3 872.9	4 801.1	5 161.6
<i>CD: Health in Education</i>	5.4	0.8	0.6	1.2	1.3	1.4	1.5
<i>Social Issues Management</i>	1.9	0.4	–	–	–	–	–
<i>Health Promotion</i>	5.7	5.9	4.4	8.8	3.9	4.2	4.4
<i>National School Nutrition Programme</i>	7.7	6.2	7.8	11.1	16.4	17.5	18.4
<i>National School Nutrition Programme: Provincial</i>	1 098.0	1 219.3	1 927.1	2 394.5	3 663.3	4 578.8	4 928.1
<i>HIV and AIDS: Provinces</i>	144.5	157.6	165.0	180.9	188.0	199.3	209.3
Total	1 279.1	1 413.0	2 117.5	2 612.4	3 896.7	4 827.3	5 189.1
Change to 2009 Budget estimate				(1.0)	2.4	2.9	118.2

Economic classification

Current payments	36.4	35.9	25.2	36.4	44.5	48.4	50.9
Compensation of employees	14.4	12.9	14.8	19.1	25.4	27.0	28.3
Goods and services	22.0	23.0	10.5	17.2	19.1	21.4	22.6
<i>of which:</i>							
<i>Inventory: Stationery and printing</i>	3.5	0.5	0.9	1.6	2.8	2.9	2.9
<i>Travel and subsistence</i>	7.6	6.0	4.3	7.5	5.9	6.8	7.1
<i>Operating expenditure</i>	1.9	10.2	1.5	1.8	2.9	3.1	3.2
Transfers and subsidies	1 242.5	1 376.9	2 092.1	2 575.4	3 851.4	4 778.1	5 137.4
Provinces and municipalities	1 242.5	1 376.9	2 092.1	2 575.4	3 851.4	4 778.1	5 137.4

Table 14.8 Social Responsibility (continued)

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Payments for capital assets	0.2	0.2	0.1	0.7	0.8	0.8	0.8
Machinery and equipment	0.2	0.2	0.1	0.7	0.8	0.8	0.8
Total	1 279.1	1 413.0	2 117.5	2 612.4	3 896.7	4 827.3	5 189.1

Details of selected transfers and subsidies

Provinces and municipalities							
Provinces							
Provincial Revenue Funds							
Current	1 242.5	1 376.9	2 092.1	2 575.4	3 851.4	4 778.1	5 137.4
National School Nutrition Programme Grant	1 098.0	1 219.3	1 927.1	2 394.5	3 663.3	4 578.8	4 928.1
HIV and AIDS (Life Skills Education) Grant	144.5	157.6	165.0	180.9	188.0	199.3	209.3

Expenditure trends

Expenditure grew from R1.3 billion in 2006/07 to R2.6 billion in 2009/10, at an average annual rate of 26.9 per cent. This was due to increased allocations for expanding the national school nutrition programme conditional grant. This is also the reason for the increases in transfers to provinces. The planned expansion of this programme to secondary schools began in 2009/10 and the additional oversight required to monitor this expansion accounts for the 29.4 per cent growth in compensation of employees in 2009/10.

Over the MTEF period, expenditure is expected to increase to R5.2 billion at an average annual rate of 25.7 per cent. This is the result of extending the national school nutrition programme conditional grant to secondary school learners attending schools in quintiles 1 to 3.

Expenditure in the *Social Inclusion in Education* and *Equity in Education* subprogrammes fluctuates depending on the number of projects and campaigns undertaken in each year. This is also the reason for the fluctuations in operating expenditure, and expenditure in agency and support/outsourced services.

The support for and monitoring of the expansion of the national school nutrition programme to include learners in quintiles 1, 2 and 3 secondary schools is the main focus of this programme over the medium term.

Additional tables

Table 14.A Summary of expenditure trends and estimates per programme and economic classification

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R million	2008/09		2008/09	2009/10			2009/10
1. Administration	132.7	132.7	131.5	149.7	9.7	159.3	155.1
2. Curriculum Policy, Support and Monitoring	446.8	562.0	539.5	538.1	532.4	1 070.4	787.6
3. Teachers and Education Human Resources Development and Management	280.8	276.8	280.4	502.3	(3.7)	498.6	495.8
4. Planning, Quality Assessment and Monitoring and Evaluation	181.7	200.8	215.5	126.4	7.2	133.6	152.8
5. Social Responsibility	1 786.8	2 135.0	2 117.5	2 613.5	(1.0)	2 612.4	2 606.6
Total	2 828.9	3 307.2	3 284.4	3 929.9	544.6	4 474.4	4 197.9
Economic classification							
Current payments	863.8	994.5	949.8	923.1	532.9	1 456.0	1 179.5
Compensation of employees	179.8	189.4	186.3	217.1	12.8	229.9	251.4
Goods and services	683.9	805.2	763.6	705.9	520.1	1 226.1	928.1
Transfers and subsidies	1 958.2	2 305.9	2 321.7	3 000.1	9.6	3 009.7	3 009.7
Provinces and municipalities	1 751.0	2 098.2	2 114.1	2 571.9	3.5	2 575.4	2 575.4
Departmental agencies and accounts	196.1	196.1	196.2	416.6	1.5	418.1	418.1
Foreign governments and international organisations	11.0	11.1	10.5	11.5	–	11.5	11.5
Non-profit institutions	0.1	0.1	0.1	0.1	–	0.1	0.1
Households	–	0.5	0.8	–	4.6	4.6	4.6
Payments for capital assets	6.9	6.8	12.8	6.7	2.1	8.8	8.8
Machinery and equipment	6.5	6.6	11.2	6.7	1.8	8.5	8.5
Software and other intangible assets	0.4	0.1	1.5	0.0	0.2	0.3	0.3
Payments for financial assets	–	–	0.1	–	–	–	–
Total	2 828.9	3 307.2	3 284.4	3 929.9	544.6	4 474.4	4 197.9

Table 14.B Summary of personnel numbers and compensation of employees

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Permanent and full time contract employees							
Compensation (R million)	96.3	120.8	149.6	184.6	205.1	219.8	231.3
Unit cost (R million)	0.2	0.3	0.3	0.3	0.4	0.4	0.4
<i>Administration</i>	0.2	0.2	0.2	0.3	0.3	0.3	0.3
<i>Curriculum Policy, Support and Monitoring</i>	0.2	0.2	0.3	0.4	0.4	0.5	0.5
<i>Teachers and Education Human Resources Development and Management</i>	0.1	0.1	0.2	0.3	0.3	0.4	0.4
<i>Planning, Quality Assessment and Monitoring and Evaluation</i>	0.3	0.3	0.4	0.4	0.3	0.4	0.4
<i>Social Responsibility</i>	0.3	0.2	0.3	0.3	0.4	0.4	0.5
Personnel numbers (head count)	425	453	522	533	544	544	544
Part time and temporary contract employees							
Compensation (R million)	18.9	26.9	33.3	41.2	45.7	49.0	51.6
Unit cost (R million)	0.1	0.1	0.2	0.2	0.3	0.3	0.3
Personnel numbers (head count)	151	182	203	166	169	169	169
Total for department							
Compensation (R million)	117.0	150.4	186.3	229.9	255.4	273.8	288.1
Unit cost (R million)	0.2	0.2	0.2	0.3	0.3	0.4	0.4
Personnel numbers (head count)	656	738	767	730	745	745	745

Table 14.C Summary of expenditure on training

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Compensation of employees (R million)	117.0	150.4	186.3	229.9	255.4	273.8	288.1
Training expenditure (R million)	1.6	2.8	6.5	1.7	2.5	2.4	2.5
Training as percentage of compensation	1.4%	1.9%	3.5%	0.7%	1.0%	0.9%	0.9%
Total number trained in department (head count)	370	364	316	122			
<i>of which:</i>							
<i>Employees receiving bursaries (head count)</i>	26	26	24	29			
<i>Interns trained (head count)</i>	80	103	42	31			
Households receiving bursaries (R million)	–	120.0	180.0	400.0	424.0	449.4	471.9
Households receiving bursaries (head count)	–	11 678	20 571	45 714			

Table 14.D Summary of departmental public private partnership (PPP) projects

Project description: Setheko Consortium	Project annual unitary fee at time of contract	Budgeted expenditure	Medium-term expenditure estimate		
		2009/10	2010/11	2011/12	2012/13
R million					
Projects signed in terms of Treasury Regulation 16	–	57.1	96.7	102.7	108.3
PPP unitary charge	–	54.6	96.7	102.7	108.3
Advisory fees	–	2.5	–	–	–
Total	–	57.1	96.7	102.7	108.3

Disclosure notes for projects signed in terms of Treasury Regulation 16

Project name	New Head Office Building
Brief description	Finance, design, construction, operation and maintenance of new serviced accommodation
Date PPP agreement was signed	2007/04/20
Duration of PPP agreement	27 years (2 years construction, 25 years service)
Escalation index for unitary fee	CPIX
Net Present Value of all payment obligations discounted at appropriate duration government bond yield	R1 576 044 149
Variations / amendments to PPP agreement	Variation 1: Enlargement of building approved on the 18 of January 2008. Variation 2: Upgrading of certain facilities approved on 28 July 2009.
Cost implications of variations/amendments	Financial Close: Real Annual Unitary Payment Base Date 1 Oct 2006 (Excl Vat) R71 350 877.00 VO1: Real Annual Unitary Payment Base Date 1 Oct 2006 (Excl Vat) R76 710 526.00. VO2 Real Annual Unitary Payment Base Date 1 Oct 2006 (Excl Vat) R 96 700 000.00
Significant contingent fiscal obligations including termination payments, guarantees, warranties and indemnities and maximum estimated value of such liabilities	Maximum exposure on termination for default by the Department of R1 156 385 155.00 in year 2011, March and R1 060 072 172.00 in year 2023, March for default by the Private Party.

Vote 15

Health

Budget summary

R million	2010/11				2011/12	2012/13
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	264.8	257.7	0.4	6.8	299.9	330.9
Strategic Health Programmes	7 294.9	441.3	6 837.3	16.3	8 774.4	10 147.6
Health Planning and Monitoring	406.9	126.0	277.8	3.1	426.1	454.2
Health Human Resources Management and Development	1 897.1	31.1	1 865.4	0.5	2 011.7	2 111.8
Health Services	11 528.8	103.1	11 422.4	3.2	12 083.5	12 681.7
International Relations, Health Trade and Health Product Regulation	104.5	103.7	–	0.8	112.4	118.5
Total expenditure estimates	21 497.0	1 063.0	20 403.3	30.7	23 707.9	25 844.7
Executive authority	Minister of Health					
Accounting officer	Director-General of Health					
Website address	www.doh.gov.za					

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

Aim

The aim of the Department of Health is to promote the health of all people in South Africa through an accessible, caring and high quality health system based on the primary health care approach.

Programme purposes

Programme 1: Administration

Purpose: Overall management of the department and centralised support services.

Programme 2: Strategic Health Programmes

Purpose: Coordinate, manage and fund strategic national health programmes, including developing policies, systems, and norms and standards.

Programme 3: Health Planning and Monitoring

Purpose: Plan and monitor health services and coordinate health research programmes.

Programme 4: Health Human Resources Management and Development

Purpose: Plan and coordinate human resources for health.

Programme 5: Health Services

Purpose: Support health services in provinces including hospitals, emergency medical services and occupational health.

Programme 6: International Relations, Health Trade and Health Product Regulation

Purpose: Coordinate bilateral and multilateral international health relations, including donor support, regulate procurement of medicines and pharmaceutical supplies, and regulation and oversight of trade in health products.

Strategic overview: 2006/07 – 2012/13

New 10-point plan for health

A major goal set by government in the medium term strategic framework for 2009–2014 is to improve the health profile of all South Africans. Key health outcomes determined in conjunction with The Presidency and which will be subject to performance monitoring for the sector include: increasing the national lifespan; reducing total annual deaths; reducing child and maternal mortality; reducing both the incidence and prevalence of HIV, and perinatal transmission; and improving tuberculosis cure rates. The health sector has therefore adopted a new set of priorities for national health systems for the 2009–2014 term of government. Called the 10-point plan, they are: providing strategic leadership and creating a social compact for better health outcomes; implementing a national health insurance plan; improving the quality of services; overhauling the health care system and improving its management; improving human resources management; revitalising physical infrastructure; accelerating the implementation of the HIV and AIDS plan and reducing the rate of mortality due to tuberculosis and associated diseases; mobilising communities to secure and promote their own health; reviewing the medicines policy; and strengthening research and development.

Priorities over the medium term

Strengthening governance

A priority for strategic leadership is to strengthen the governance of the national health system. To do this, the national sphere of government will unify the entire health system to focus on the 10-point plan, assuming greater stewardship over the entire public health system and ensuring that key policies and decisions agreed to in the public sector are implemented. The department will steer the health sector towards a return to the primary health care approach articulated in the 1997 White Paper for the Transformation of the Health System in South Africa and the National Health Act (2003). The primary health care approach will strengthen the district health system.

Developing a national health insurance system

The foundation is being laid for the development of some form of national health insurance, to improve universal access to better quality health care. In September 2009, a 27-member ministerial advisory committee on national health insurance was established in terms of the National Health Act (2003). The committee's policy proposals are being reviewed and discussed by an inter-ministerial committee established by Cabinet, and in 2010/11, public consultations will be conducted. Various options for reform and their affordability are being explored.

Revising standards for health facilities

The revised national core standards for health facilities will be finalised in 2010/11 by the Office of Standards Compliance, and implemented in public and private sector facilities. The department will support the development of quality improvement plans by all facilities in 2010/11, which will focus on turning around six areas: patient safety, infection prevention and control, the availability of medicines, waiting times, and positive and caring attitudes.

Strengthening health management

Changes will also be introduced to strengthen health management. An assessment of the skills, competencies and qualifications of hospital chief executives and managers will be completed, and where skills gaps are identified, appropriate training will be provided. To enhance the monitoring of budgets and expenditure, a provincial support directorate will be established in the department to provide dedicated support to provinces. This is intended to improve financial management and audit outcomes.

Revising human resources plans

In 2010/11, a revised plan for national human resources for health will be produced. The department will also continue to support all provinces to finalise and implement their plans to improve the supply, training and skills mix of health workers and finalise the implementation of the occupation specific dispensations.

Extending the rollout of antiretroviral treatment

With regard to health programmes, new policies will be introduced in 2010/11 to strengthen efforts to combat HIV and AIDS. Antiretroviral treatment will be provided to pregnant women with CD4 counts of less than 350, to improve the chances of maternal survival and further reduce transmission to newborns. The treatment will also be administered to people co-infected with tuberculosis and HIV with a CD4 count of less than 350. This will contribute significantly to reducing morbidity and mortality associated with tuberculosis and HIV and AIDS.

Vaccinating children

Continuous efforts will be made to ensure that children under one year of age are fully vaccinated against pneumococcal infection and the rotavirus. A mass immunisation campaign for measles will be conducted and at risk persons will be vaccinated against H1N1 influenza.

Promoting the prevention of lifestyle diseases

Given the increasing contribution of non-communicable diseases to the burden of disease, the health sector will implement programmes for the prevention and treatment of lifestyle diseases, and make coordinated intersectoral interventions to reduce the incidences of intentional and unintentional injury.

Savings and cost effective service delivery

Efficiency savings of R47.8 million in 2010/11, R51 million in 2011/12 and R54.5 million in 2012/13 have been identified in selected goods and services items, such as consultant costs, catering and entertainment, stationery and printing, travel and subsistence, venues and facilities. Savings have also been identified in transfers to public entities.

Selected performance indicators

Table 15.1 Health

Indicator	Programme	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Percentage of national immunisation coverage	Strategic Health Programmes	84%	85.2%	88%	88%	90%	95%	95%
Total number of health districts with more than 90% full immunisation coverage	Health Services	19/52 (37%)	37/52 (70%)	41/52 (80%)	38/52 (73%)	42/52 (80.7%)	45/52 (86.5%)	48/52 (92.3%)
Percentage of primary health care facilities saturated with integrated management of childhood illness health workers (saturated = 60% of health workers who manage children have been trained in integrated management)	Health Human Resources Management and Development	64%	60%	71%	56%	70%	75%	80%
Tuberculosis cure rate	Strategic Health Programmes	57.7%	60%	60%	64%	70%	75%	85%
Tuberculosis treatment defaulter rate	Strategic Health Programmes	10.4%	7%	8.5%	8.5%	7.5%	6.5%	5.5%

Table 15.1 Health (continued)

Indicator	Programme	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Percentage of multi-drug resistant tuberculosis among new tuberculosis patients	Strategic Health Programmes	1%	<1%	<1%	<1%	<1%	<1%	<1%
Percentage of extensively drug resistant cases among all multi-drug resistant tuberculosis patients	Strategic Health Programmes	5%	4.5%	4%	3%	2%	1%	1%
Number of malaria cases diagnosed and treated per year	Strategic Health Programmes	5596	8743	6167	6049	6639	6900	6439
Malaria case fatality rate	Strategic Health Programmes	0.7%	0.8%	0.7%	0.7%	0.7%	0.7%	0.6%
Toxicology backlog	Strategic Health Programmes	3 652	3 712	4 574	4 954*	3 500	2 000	1 000
Alcohol blood test backlog	Strategic Health Programmes		1 600	4 000	5 760*	4 000	2 000	1 000
Food testing backlog	Strategic Health Programmes	175	141	62	437*	200	0	0
Percentage of facilities (public and private) with initial assessment based on national core standards	Strategic Health Programmes	0	0	31%	54%	15% (600/4 029)	25% (1 000/4 029)	50% (2 000/4 029)
Percentage of health facilities reporting a lack (stock out) of antiretroviral drugs	Strategic Health Programmes			4%	4%	0%	0%	0%

* After 7 months

Expenditure estimates

Table 15.2 Health

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
R million								
1. Administration	175.6	213.6	241.0	260.4	260.4	264.8	299.9	330.9
2. Strategic Health Programmes	2 658.8	3 096.3	4 129.5	5 791.3	5 688.3	7 294.9	8 774.4	10 147.6
3. Health Planning and Monitoring	301.3	309.1	342.1	396.4	393.4	406.9	426.1	454.2
4. Health Human Resources Management and Development	1 576.0	1 613.6	1 705.3	1 799.0	1 799.0	1 897.1	2 011.7	2 111.8
5. Health Services	6 566.7	7 465.8	8 949.9	10 086.1	9 794.1	11 528.8	12 083.5	12 681.7
6. International Relations, Health Trade and Health Product Regulation	59.7	64.3	96.6	90.2	90.2	104.5	112.4	118.5
Total	11 338.0	12 762.7	15 464.5	18 423.5	18 025.5	21 497.0	23 707.9	25 844.7
Change to 2009 Budget estimate				1 365.4	967.4	1 883.0	2 845.1	3 944.3

Economic classification

Current payments	655.0	728.9	916.8	1 149.7	1 036.7	1 063.0	1 122.1	1 172.4
Compensation of employees	231.7	258.6	292.5	329.1	329.1	369.7	403.4	442.4
Goods and services	423.3	470.3	624.3	820.5	707.5	693.3	718.7	730.0
<i>of which:</i>								
Consultants and professional services:	21.4	118.2	124.7	147.9	146.4	145.1	147.9	139.7
Business and advisory services								
Inventory: Medical supplies	133.8	81.0	103.9	266.5	166.5	110.7	110.7	109.8
Lease payments	36.3	42.3	46.8	53.0	53.0	51.3	57.6	59.8
Travel and subsistence	72.5	89.9	127.7	106.3	103.3	125.3	127.9	134.9
Transfers and subsidies	10 610.2	12 011.7	14 506.1	17 247.4	16 962.4	20 403.3	22 552.8	24 637.7
Provinces and municipalities	10 206.7	11 552.7	14 028.7	16 702.5	16 417.5	19 852.8	21 971.8	24 030.4
Departmental agencies and accounts	282.7	301.9	315.9	335.9	335.9	355.6	374.4	390.4
Universities and technikons	–	0.4	0.7	1.0	1.0	1.1	1.1	1.2
Non-profit institutions	120.1	156.0	160.2	206.0	206.0	193.8	205.5	215.7
Payments for capital assets	69.3	22.0	41.4	26.4	26.4	30.7	33.0	34.7
Buildings and other fixed structures	0.3	–	–	–	–	–	–	–
Machinery and equipment	24.1	21.7	41.4	26.4	26.4	30.7	33.0	34.7
Software and other intangible assets	44.9	0.3	–	–	–	–	–	–
Payments for financial assets	3.5	0.1	0.2	–	–	–	–	–
Total	11 338.0	12 762.7	15 464.5	18 423.5	18 025.5	21 497.0	23 707.9	25 844.7

Expenditure trends

Expenditure grew at an average annual rate of 17.6 per cent between 2006/07 and 2009/10, from R11.3 billion to R18.4 billion, and is expected to increase to R25.8 billion in 2012/13 at an average annual rate of 11.9 per cent. This is due especially to increases in transfers in the HIV and AIDS conditional grant and the hospital revitalisation grant. The growth is attributed to increasing access to and coverage of antiretroviral treatment for HIV and AIDS, and upgrading and rehabilitating public hospitals.

There was a once-off payment on goods and services of R160 million in 2009/10 for the H1N1 influenza epidemic, which increased expenditure in the *Strategic Health Programmes* programme by 40 per cent for that year.

The 2010 Budget sets out additional allocations of R1.9 billion for 2010/11, R2.8 billion for 2011/12 and R3.9 billion for 2012/13, for spending on the following policy priorities, including transfers to public entities:

- the HIV and AIDS conditional grant (R1.7 billion, R2.8 billion and R3.9 billion) to expand treatment, and to start treatment for patients of specified subgroups (tuberculosis, antenatal and new born) at CD4 levels less than 350
- the hospital revitalisation conditional grant (R140 million for the Mitchell's Plain Hospital)
- to subsidise a mass immunisation campaign for measles (R30 million, R20 million)
- the Office of Standards Compliance (R2 million, R8 million and R18 million) for the hospital quality assurance programme to increase functioning and the number of hospitals audited
- the establishment of a provincial finance and budget support unit (R2 million, R4 million and R6 million) to build up internal capacity to monitor and support provinces
- to stabilise personnel expenditure (R22 million, R24 million and R30 million)
- to address backlogs in forensic chemistry laboratories (R2 million, R3 million and R5 million)
- to develop a new hospital reimbursement mechanism linked with case mix (R1 million per year over the MTEF period)
- improve the conditions of service for employees in the department, including the National Health Laboratory Service and South African Medical Research Council.

Infrastructure spending

The Department of Health funds the revitalisation of health facilities through the hospital revitalisation conditional grant. The allocation is project based and follows provincial service transformation plans, which prioritise hospitals that need urgent attention.

By the end of March 2009, the Department of Health had invested R7.4 billion on the revitalisation of hospitals. This cost includes the procurement of health technology, strengthening hospital systems and conducting quality assurance training. The department has completed work on 17 hospitals. In 2009/10, the department received R3.19 billion, which funded 54 projects countrywide. 38 of these are in construction and 18 are in the planning phase. The budget for the revitalisation programme grows strongly to R4 billion in 2010/11.

Departmental receipts

The largest source of departmental revenue is derived from fees for the registration of medicines by the Medicines Control Council. The process of reforming and restructuring the council as a juristic person has not yet been finalised, which is why its revenue is still included in the Department of Health's revenue projection over the MTEF period. Departmental receipts totalling R33.7 million are expected for 2009/10. The increase in revenue in 2008/09 is the result of the renewal of membership of dispensing doctors, which occurs every five years.

Table 15.3 Departmental receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
Departmental receipts	33 303	41 193	31 188	33 730	33 730	31 457	32 776	32 919
Sales of goods and services produced by department	32 146	39 447	29 676	28 534	28 534	30 451	31 766	32 265
Sales of scrap, waste, arms and other used current goods	41	67	71	80	80	84	88	92
Interest, dividends and rent on land	212	297	249	246	246	252	252	263
Transactions in financial assets and liabilities	904	1 382	1 192	4 870	4 870	670	670	299
Total	33 303	41 193	31 188	33 730	33 730	31 457	32 776	32 919

Programme 1: Administration

Expenditure estimates

Table 15.4 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Minister 1	0.9	1.0	1.1	1.7	1.8	1.9	2.0
Deputy Minister 1	0.7	0.3	0.6	1.4	1.5	1.6	1.7
Management	16.4	19.7	22.9	25.9	28.9	33.6	36.6
Corporate Services	123.8	154.5	174.9	184.9	181.0	207.5	231.8
Office Accommodation	33.8	38.2	41.6	46.5	51.6	55.3	58.8
Total	175.6	213.6	241.0	260.4	264.8	299.9	330.9
Change to 2009 Budget estimate				23.8	4.7	19.0	35.2

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

Economic classification

Current payments	171.3	206.1	218.5	252.0	257.7	291.8	322.4
Compensation of employees	67.9	75.6	86.7	98.1	111.7	126.7	151.7
Goods and services	103.4	130.6	131.8	153.9	146.0	165.2	170.7
<i>of which:</i>							
Consultants and professional services:	2.8	6.8	2.8	7.0	3.1	3.5	3.6
Business and advisory services							
Lease payments	34.2	39.2	42.5	47.8	47.1	53.2	55.0
Travel and subsistence	18.5	29.1	28.5	24.0	31.6	35.7	36.9
Transfers and subsidies	0.4	0.4	0.4	0.3	0.4	0.4	0.4
Provinces and municipalities	0.1	–	–	–	–	–	–
Departmental agencies and accounts	0.2	0.3	0.3	0.3	0.4	0.4	0.4
Households	0.1	0.2	0.1	–	–	–	–
Payments for capital assets	3.9	7.0	22.0	8.1	6.8	7.7	8.0
Buildings and other fixed structures	0.3	–	–	–	–	–	–
Machinery and equipment	2.7	7.0	22.0	8.1	6.8	7.7	8.0
Software and other intangible assets	0.9	0.0	–	–	–	–	–
Payments for financial assets	0.1	0.0	0.1	–	–	–	–
Total	175.6	213.6	241.0	260.4	264.8	299.9	330.9

Expenditure trends

Expenditure grew at an average annual rate of 14 per cent, from R176 million in 2006/07 to R260 million in 2009/10, and is projected to increase to R330.9 million in 2012/13, at a slower average annual rate of 8.3 per cent. Growth between 2006/07 and 2009/10 has been partly linked to renovations of the Civitas building, a new organogram structure and strengthening of certain head office functions. However, to effect efficiency

savings, spending slows over the MTEF period, particularly for goods and services, which is expected to grow marginally at an average annual rate of 3.5 per cent between 2010/11 and 2012/13. Savings to be effected have been identified in advertising, consultants and venues.

Programme 2: Strategic Health Programmes

- *Maternal, Child and Women's Health and Nutrition* formulates and monitors policies, guidelines, and norms and standards for maternal, child and youth, and women's health and nutrition.
- *HIV and AIDS and STIs* develops policy and administers the national HIV and AIDS and sexually transmitted infection programmes, including coordinating the implementation of the comprehensive HIV and AIDS plan and funding and supervision of the related conditional grant. The subprogramme also manages strategic partnerships and provides secretariat support to the South African National AIDS Council.
- *Communicable Diseases* is responsible for developing policies and supporting provinces to ensure the control of infectious diseases. It is also responsible for several occupational health functions, and cooperates with the Medical Bureau for Occupational Diseases and the Compensation Commissioner for Occupational Diseases.
- *Non-Communicable Diseases* establishes guidelines on chronic diseases, disability, older people, oral health and mental health. It is also responsible for developing a national forensic pathology service, rationalising blood transfusion services and overseeing the National Health Laboratory Service, including funding the National Institute of Communicable Diseases and the National Institute for Occupational Health.
- *TB Control and Management* develops interventions to curb the spread of tuberculosis, supports and oversees the implementation of the tuberculosis crisis management plan, and aims to monitor and improve national tuberculosis performance indicators.

Objectives and measures

- Reduce infant, child and youth morbidity and mortality by:
 - improving immunisation coverage from 88 per cent in 2009/10 to 95 per cent by 2013
 - increasing the number of health districts with more than 95 per cent immunisation coverage from 38/52 (73 per cent) in 2009/10 to 48/52 (92 per cent) in 2009/10
 - ensuring that 80 per cent of primary health care facilities are saturated with health care providers trained in the integrated management of childhood illness (saturated = 60 per cent of health workers who manage children and have been trained in integrated management) by 2012/13.
- Increase the tuberculosis cure rate from 64 per cent in 2009/10 to 85 per cent in 2012/13 by:
 - improving interventions for tuberculosis control and management
 - reducing the tuberculosis defaulter rate by 1 per cent annually, from 8.5 per cent in 2008/09 to 5.5 per cent (or less) in 2012/13.
- Decrease the malaria case fatality rate from 0.7 per cent in 2009/10 to 0.6 per cent in 2012/13.

Service delivery focus

Recent service delivery achievements include: an increase in the national immunisation coverage for vaccine preventable diseases from 85.2 per cent in 2007/08 to 88.8 per cent in 2008/09; improvements in the tuberculosis cure rate from 57.7 per cent in 2006/07 to 64 per cent in 2009/10; providing nutritional supplements in 2008/09 to 734 409 people living with debilitating conditions exceeding the target of 500 000; distributing 4.3 million female condoms in 2008/09, exceeding the target of 3.5 million; and testing 73.8 per cent of tuberculosis patients for HIV in 2008/09, exceeding the target of 60 per cent.

In 2008, results of the national antenatal survey reflected a high antenatal HIV prevalence rate of 29.3 per cent. However, percentages since 2006 reflect a stabilising epidemic, with 29.1 per cent in that year and 29.4 per cent in 2007. 920 678 patients cumulatively had been initiated on antiretroviral therapy by the end of September 2009, compared to 483 084 by the end of April 2008. In the first half of 2008/09, the number of malaria cases

had been reduced compared to 2007/08. In the first half of 2009/10, the national case fatality rate decreased slightly (from 0.7 to 0.5 per cent). The 2009/10 target for testing tuberculosis patients for HIV is 80 per cent and a combined total of 8 378 health professionals were trained in tuberculosis management and to support the directly observed treatment short course programme. The health sector will work with neighbouring Southern African Development Community (SADC) countries to implement a proposed malaria elimination strategy for the region, scaling up and adding to ongoing interventions to reduce the number of malaria cases. Other cross-border collaborations such as the Lubombo spatial development initiative and the Trans-Limpopo malaria initiative will also be scaled up.

In 2010/11, measles and polio vaccination campaigns will be conducted across the country in the first quarter and routine immunisation of children will be increased from 88 per cent to 95 per cent in 2011/12. In 2009, only 56 per cent of health facilities were saturated with health workers trained in the integrated management of childhood illnesses. The aim for 2010/11 is to ensure 70 per cent saturation.

Key focus areas in 2010/11 include: protecting South African children from vaccine preventable diseases; enhancing maternal and child survival; rapidly scaling up access to antiretroviral treatment for pregnant women and people co-infected with tuberculosis and HIV; combating outbreaks of communicable diseases; and implementing interventions to curb non-communicable diseases. Other key focus areas over the MTEF period include: reducing backlogs in analysing samples; improving staffing and management; continued engagement with the National Health Laboratory Service; determining the institutional framework for forensic and food laboratory services; and reaching agreement on revenue models.

Expenditure estimates

Table 15.5 Strategic Health Programmes

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Maternal, Child and Women's Health and Nutrition	19.3	20.0	23.5	46.5	57.3	50.0	31.1
HIV and AIDS and STIs	1 953.3	2 385.1	3 359.8	4 877.7	6 489.3	7 935.8	9 303.4
Communicable Diseases	5.8	5.3	8.1	208.9	52.7	57.0	58.8
Non-Communicable Diseases	669.2	676.7	727.0	636.2	665.4	706.3	740.5
TB Control and Management	11.2	9.2	11.1	21.9	30.2	25.3	13.8
Total	2 658.8	3 096.3	4 129.5	5 791.3	7 294.9	8 774.4	10 147.6
Change to 2009 Budget estimate				1 098.9	1 707.7	2 793.9	3 874.4
Economic classification							
Current payments	291.5	300.5	405.5	570.6	441.3	449.3	447.9
Compensation of employees	55.9	63.2	70.2	78.5	89.5	96.1	95.7
Goods and services	235.7	237.3	335.4	492.1	351.8	353.2	352.2
<i>of which:</i>							
<i>Consultants and professional services:</i>	6.8	93.1	104.0	97.8	105.6	110.7	110.7
<i>Business and advisory services</i>							
<i>Inventory: Medical supplies</i>	133.5	80.8	103.8	266.4	110.5	110.5	109.6
<i>Lease payments</i>	0.4	0.4	0.7	2.1	0.8	0.8	0.8
<i>Travel and subsistence</i>	21.3	24.8	33.3	32.0	35.4	31.6	31.5
Transfers and subsidies	2 350.3	2 783.7	3 709.1	5 209.7	6 837.3	8 307.8	9 681.5
Provinces and municipalities	2 177.9	2 558.0	3 479.9	4 928.1	6 568.7	8 023.3	9 384.5
Departmental agencies and accounts	54.9	72.1	70.6	76.5	77.7	82.2	84.6
Universities and technikons	–	0.4	0.7	1.0	1.1	1.1	1.2
Non-profit institutions	117.3	153.1	157.6	202.2	189.8	201.2	211.2
Households	0.2	0.2	0.3	2.0	–	–	–
Payments for capital assets	16.8	12.1	14.8	10.9	16.3	17.3	18.2
Machinery and equipment	15.5	11.9	14.8	10.9	16.3	17.3	18.2
Software and other intangible assets	1.3	0.2	–	–	–	–	–
Payments for financial assets	0.2	–	0.0	–	–	–	–
Total	2 658.8	3 096.3	4 129.5	5 791.3	7 294.9	8 774.4	10 147.6

Table 15.5 Strategic Health Programmes (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Details of selected transfers and subsidies							
Provinces and municipalities							
Provinces							
Provincial Revenue Funds							
Current	1 942.7	2 259.5	3 479.9	4 878.1	6 568.7	8 023.3	9 384.5
Comprehensive HIV and AIDS grant	1 616.2	2 006.2	2 885.4	4 376.2	6 011.8	7 433.0	8 764.6
Forensic Pathology Services grant	326.5	253.2	594.5	501.9	557.0	590.4	619.9
Capital	235.2	298.6	-	-	-	-	-
Forensic Pathology Services grant	235.2	298.6	-	-	-	-	-
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	54.9	72.1	70.6	76.5	77.7	82.2	84.6
Human Sciences Research Council	5.6	3.0	0.4	-	-	-	-
National Health Laboratory Services	49.3	69.1	70.2	76.5	-	-	-
National Health Laboratory Services (NICD)	-	-	-	-	40.7	43.0	44.3
National Health Laboratory Services (NIOH)	-	-	-	-	37.0	39.2	40.4
Universities and technikons							
Current	-	0.4	0.7	1.0	1.1	1.1	1.2
MEDUNSA	-	0.4	0.5	0.5	0.5	0.6	0.6
University of Cape Town	-	-	0.2	0.5	0.5	0.6	0.6
Non-profit institutions							
Current	116.8	152.6	157.1	201.3	189.0	200.3	210.3
Council for the Blind	0.5	0.5	0.5	0.6	0.6	0.6	0.7
HIV and AIDS: Non-governmental organisations	52.3	53.6	58.1	61.4	65.1	69.0	72.5
Life Line	14.0	15.0	16.0	11.6	12.2	13.0	13.6
loveLife	35.0	40.0	55.0	94.0	77.4	82.0	86.1
Soul City	11.1	17.0	14.0	16.0	17.0	18.0	18.9
South African AIDS Vaccine Initiative	-	23.0	10.0	13.0	11.7	12.4	13.0
Tuberculosis: Non-governmental organisations	3.1	2.9	3.5	3.7	3.9	4.1	4.3
Maternal, Child and Women's Health: NGO	0.9	0.6	-	1.1	1.1	1.2	1.3

Expenditure trends

Expenditure grew from R2.7 billion in 2006/07 to R5.8 billion in 2009/10, at an average annual rate of 29.6 per cent. This was mainly due to the continued rollout of treatment coverage and the implementation of the approved dual therapy prevention of mother to child transmission programme. More than 90 per cent of expenditure in the *Strategic Health Programmes* over the MTEF period is transfer payments to provinces via the HIV and AIDS and forensic pathology conditional grants.

Over the medium term, expenditure is projected to increase to R10.1 billion in 2012/13, at an average annual rate of 20.6 per cent. This is mainly due to the additional allocations for the HIV and AIDS conditional grant to expand treatment and to begin treatment for all patients of subgroups (tuberculosis, antenatal and new born) at CD4 counts of 350 and below. Additional funding has also been allocated for the mass immunisation measles campaign (R20 million, R30 million and R20 million from 2009/10 to 2011/12), which is reflected in the 34.1 per cent increase in the *Maternal, Child and Women's Health* subprogramme from 2006/07 to 2009/10. The large increase in the *Communicable Diseases* subprogramme in 2009/10 was to address the H1N1 influenza epidemic (R160 million). Higher expenditure in the *TB Control and Management* subprogramme has been to fund a national tuberculosis prevalence survey to be conducted from 2009/10 to 2010/11.

Public entity

National Health Laboratory Service

Strategic overview: 2006/7 – 2012/13

The National Health Laboratory Service was established in 2001 in terms of the National Health Laboratory Service Act (2000). The service supports the Department of Health by providing cost effective laboratory services to all state clinics and hospitals. It also provides related health science training and education. It also supports health research. The organisation campaigns to create awareness at universities and schools, awards bursaries to disadvantaged students and has installed automated focal point cervical screening systems in Johannesburg, Durban, Bloemfontein, Tshwane and Stellenbosch.

In 2008/09, the service's executive management changed. Under the new leadership, the National Health Laboratory Service's strategy includes the following objectives: prioritising customer service, strengthening stakeholder relations, building stronger academic relations, enabling staff to grow professionally and fostering creativity and innovation, attracting young health professionals, encouraging relevant research, and reducing costs to the customer. Cost reductions to the customer have been prioritised with the standardisation of laboratory equipment and the centralisation of specialised tests.

Skills shortages are being addressed. In 2008/09, the organisation employed a combined total of 1 092 trainees at a cost of R174 million to address the countrywide skills shortage. In 2010/11, scarce skilled professionals' salaries will be reviewed and benchmarked against the private sector. Various innovations and investments in technology are being made. Automated focal point cervical screening systems have been installed, billing systems are being modernised, and South African innovations in CD4 testing methods have allowed for larger test numbers at a lower cost.

Service delivery focus

In 2009/10, procurement policies were reviewed and amended to ensure better quality and lower prices. The service will be standardising platforms by levels of care, throughput and material costs to cut costs. Investigations into cost effective point of care options are being considered, including an analysis of available options, and their impact on access, turnaround times and quality.

KwaZulu-Natal was the last province to be incorporated into the organisation. Due to the absence of a billing system in the province, the provincial health department is currently operating on a cost recovery model. The new track care laboratory system will be fully operational in April 2010 to enable the province to migrate to a full fee for service model. Additional revenue will contribute towards lower tariffs in other parts of the country.

The investment in IT systems to all provinces will improve efficiencies and customer service through web enabled results in hospitals, shorter test turnaround times and real-time billing.

Selected performance indicators

Table 15.6 National Health Laboratory Service

Indicator	Programme/Activity	Past			Current 2009/10	Projections		
		2006/7	2007/8	2008/9		2010/11	2011/12	2012/13
Number of operating sites with viral load laboratories per year	Support national priority programmes	8	13	16	17	17	18	18
Number of viral load tests per year	Support national priorities programmes	374 000	771 000	1 129 000	1 066 000	1.1 million	1.15 million	1.2 million
Number of operating sites with CD4 testing laboratories per year	Support national priorities programmes	24	47	51	70	72	75	80
Number of CD4 tests performed per year	Support national priorities programmes	1 566 000	1 901 000	2 577 000	2 951 000	3.2 million	3.5 million	3.8 million
Number of tuberculosis sputum tests performed per year	Perspective: customers	2 813 000	3 391 000	4 207 000	4 628 000	5 million	5.5 million	5.8 million
Number of tuberculosis cultures performed per year	Perspective: customers	649 000	923 000	1 174 000	1 233 000	1.27 million	1.3 million	1.35 million

Expenditure estimates

Table 15.7 National Health Laboratory Service: Financial information

Statement of financial performance	Audited outcome			Revised estimate	Medium-term estimate		
R million	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Revenue							
Non-tax revenue	1 788	2 276	2 737	2 937	3 240	3 442	3 643
Sale of goods and services other than capital assets <i>of which:</i>	1 746	2 232	2 676	2 909	3 210	3 410	3 611
<i>Sales of laboratory services</i>	1 746	2 232	2 676	2 909	3 210	3 410	3 611
<i>Other non-tax revenue</i>	42	44	61	28	30	32	32
Transfers received	93	105	125	77	78	83	85
Total revenue	1 881	2 381	2 861	3 014	3 318	3 525	3 728
Expenses							
Current expense	1 698	2 136	2 672	2 925	3 166	3 366	3 530
Compensation of employees	338	350	405	450	480	520	565
Goods and services	1 329	1 740	2 210	2 405	2 580	2 715	2 805
Depreciation	30	45	57	70	106	131	160
Interest, dividends and rent on land	1	1	1	–	–	–	–
Total expenses	1 698	2 136	2 672	2 925	3 166	3 366	3 530
Surplus / (Deficit)	183	245	189	88	152	159	198
Statement of financial position							
Carrying value of assets	356	434	557	658	782	901	991
<i>of which: Acquisition of assets</i>	165	127	181	171	230	250	250
Inventory	30	52	117	80	85	90	95
Receivables and prepayments	587	857	1 093	1 000	1 150	1 215	1 300
Cash and cash equivalents	297	256	140	363	222	249	345
Total assets	1 270	1 598	1 906	2 101	2 238	2 455	2 731
Accumulated surplus/deficit	340	590	786	874	1 026	1 185	1 382
Capital and reserves	182	178	170	170	170	170	170
Post-retirement benefits	346	357	399	495	502	538	606
Trade and other payables	330	302	328	344	348	365	375
Provisions	–	97	112	140	115	120	120
Liabilities not classified elsewhere	72	74	110	77	77	77	77
Total equity and liabilities	1 270	1 598	1 906	2 101	2 238	2 455	2 731
Contingent liabilities	32	32	32	–	–	–	–

Expenditure trends

The main sources of revenue for the National Health Laboratory Service are fees from laboratory tests. Revenue increased from R1.9 billion in 2006/07 to R3 billion in 2009/10, at an average annual rate of 17 per cent. This was due to large increases in test volumes (especially for HIV), increases in tariffs (between 2.2 per cent and 6 per cent with an average 12 per cent volume increase) and the incorporation of KwaZulu-Natal health laboratories services into the National Health Laboratory Service. Over the MTEF period, revenue is projected to increase at an average annual rate of 7.3 per cent to reach R3.7 billion. This is due to inflation, increases in test volumes and an improved billing system for the KwaZulu-Natal services. The decrease in revenue compared to previous years is due to tighter expenditure controls at hospitals and budget cuts.

Expenditure grew from R1.7 billion in 2006/07 to R2.9 billion in 2009/10, at an average annual rate of 19.9 per cent, and is expected to grow to R3.5 billion in 2012/13 at an average annual rate of 6.5 per cent. Over the MTEF period, the growth in costs will be limited due to efficiency gains, the standardisation of laboratory equipment, improvements in logistics, and the elimination of waste in the service's operations. Furthermore, growth in test volumes will continue.

Programme 3: Health Planning and Monitoring

- *Health Information, Research and Evaluation* develops and maintains a national health information system, and commissions and coordinates research. It provides: disease surveillance and epidemiological analyses and leadership during disease outbreaks; conducts training on epidemic prone disease prevention, preparedness and control; and monitors and evaluates health programmes. It provides funding to the South African Medical Research Council and oversees its activities.
- *Financial Planning and Health Economics* undertakes health economics research and develops policy for medical schemes, social health insurance and public private partnerships. It oversees and provides some funds for the Council for Medical Schemes. Funding will mainly be used in preparation for the 2010 FIFA World Cup.
- *Pharmaceutical Policy and Planning* monitors the procurement and supply of drugs, and ensures that there are no stock-outs of all essential drugs, especially paediatrics, tuberculosis and antiretroviral medicines in accredited sites.
- *Office of Standards Compliance* deals with quality assurance, licensing and the certificates of need required in terms of the National Health Act (2003). It also deals with radiation control. Funding will be used to develop quality standards and inspect hospitals countrywide.

Objectives and measures

- Improve information on population health and health services by doing the 2010 health and demographic survey.
- Monitor HIV and syphilis prevalence by doing the 2010 and 2011 national HIV survey and publishing reports.
- Improve the quality of health services by developing and refining quality standards for the health sector, strengthening the national Office of Standards Compliance and developing a national quality accreditation body by March 2012.
- Ensure a zero stock-out of antiretroviral medicines, tuberculosis medicines, malaria medicines, vaccines for immunisation, and medicines for the integrated management of childhood illness and chronic diseases by improving logistical systems.

Service delivery focus

Recent achievements include publishing the 2008 national antenatal survey in October 2009 and producing quarterly data on the comprehensive plan for HIV and AIDS. A burden of diseases survey was conducted in 2008 and a draft report compiled in 2009. Efforts to improve the quality of health information in line with Statistics South Africa's statistical quality assurance framework have been initiated.

The national core standards for health establishments, first published in 2008, were revised in 2009. These were tabled for approval by the end of 2009/10. Reporting, analysis and guidelines for a national system for adverse event identification will be completed at the beginning of 2010. A national plan has been developed for improving quality in selected priority areas such as patient safety, infection prevention and control, medicines availability, waiting times, and staff attitudes. 100 quality improvement plans for enrolled facilities and projects were developed in 2009/10 as per the target. A national call centre will start functioning in 2010/11 and in the interim, the existing call centre has been expanded with services also referred from the presidential hotline.

In 2009, all provinces agreed to use the national patient survey protocol. A review options for establishing an ombuds office will be done in the last quarter of 2009/10.

The key focus areas for 2010/11 remain those of 2009/10: developing national standards and compliance measurement. A ministerial advisory committee will ensure expert input from stakeholders and partners into the programme on a regular basis.

New policies to be implemented in 2010/11 relate to those governing the establishment and functioning of the independent accreditation body, with the amendment to the National Health Act (2003) and the promulgation of regulations under this amendment by March 2012.

Expenditure estimates

Table 15.8 Health Planning and Monitoring

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Health Information Research and Evaluation	233.4	251.4	266.4	278.1	304.0	321.0	335.5
Financial Planning and Health Economics	27.6	16.0	24.4	62.4	36.4	24.4	25.3
Pharmaceutical Policy and Planning	11.9	14.4	13.9	14.9	15.5	17.0	17.6
Office of Standards Compliance	28.4	27.3	37.4	41.1	51.0	63.8	75.8
Total	301.3	309.1	342.1	396.4	406.9	426.1	454.2
Change to 2009 Budget estimate				39.4	24.1	28.0	36.1

Economic classification

Current payments	68.7	78.3	94.8	105.5	126.0	130.7	145.1
Compensation of employees	38.5	43.2	50.0	56.2	64.6	71.5	80.3
Goods and services	30.2	35.0	44.7	49.4	61.4	59.3	64.9
<i>of which:</i>							
<i>Consultants and professional services: Business and advisory services</i>	8.7	13.0	8.4	10.6	12.6	12.4	9.0
<i>Lease payments</i>	0.3	0.3	0.5	0.7	0.8	0.8	1.0
<i>Travel and subsistence</i>	10.2	10.2	19.3	14.5	18.2	18.2	21.6
Transfers and subsidies	230.0	229.6	245.3	288.2	277.8	292.1	305.6
Provinces and municipalities	0.0	–	–	30.0	–	–	–
Departmental agencies and accounts	227.5	226.9	242.7	255.4	274.9	289.0	302.4
Non-profit institutions	2.4	2.5	2.6	2.8	2.9	3.1	3.3
Households	0.1	0.2	0.0	–	–	–	–
Payments for capital assets	2.6	1.2	2.0	2.8	3.1	3.3	3.4
Machinery and equipment	2.6	1.2	2.0	2.8	3.1	3.3	3.4
Payments for financial assets	0.0	0.0	0.1	–	–	–	–
Total	301.3	309.1	342.1	396.4	406.9	426.1	454.2

Details of selected transfers and subsidies

Provinces and municipalities							
Provinces							
Provincial Revenue Funds							
Current	–	–	–	30.0	–	–	–
2010 World Cup Health Preparation Strategy Grant	–	–	–	30.0	–	–	–
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	227.5	226.9	242.7	255.4	274.9	289.0	302.4
Council for Medical Schemes	15.0	3.3	6.2	3.9	4.0	4.2	4.3
Medical Research Council	212.1	223.3	236.1	251.1	270.5	284.4	297.6
National Health Laboratory Services (cancer register)	0.3	0.4	0.4	0.4	0.4	0.4	0.5
Non-profit institutions							
Current	2.4	2.5	2.6	2.8	2.9	3.1	3.3
Health Systems Trust	2.4	2.5	2.6	2.8	2.9	3.1	3.3

Expenditure trends

The main spending focus over the MTEF period is on strengthening the establishment of the Office of Standards Compliance and improving on the hospital quality audit process. The largest part of this programmes budget is earmarked for transfers for medical research conducted by the Medical Research Council, which amounts to R270 million in 2010/11. This is funded through the *Health Information Research and Evaluation*

subprogramme. Between 2006/07 and 2009/10, total expenditure grew at an average annual rate of 9.6 per cent, from R301.3 million to R396.4 million, and is expected to increase to R454.2 million in 2012/13 at an average annual rate of 4.6 per cent.

The once-off 155 per cent increase in expenditure in the *Financial Planning and Health Economics* subprogramme in 2009/10 (R30 million) was for the preparation by provinces for the 2010 FIFA World Cup, mainly to procure medical equipment for stadiums and emergency medical services.

Expenditure in the *Office of Standards Compliance* subprogramme is expected to grow at an average annual rate of 22.7 per cent over the medium term to build up all aspects of the functioning of the Office of Standards Compliance and to increase the number of hospitals audited. This will be largely funded from goods and services.

Public entity

South African Medical Research Council

Strategic overview: 2006/07-2012/13

The South African Medical Research Council was established in 1969 in terms of the South African Medical Research Council Act (1991). The objectives of the council are to promote the improvement of health and quality of life through research, development and technology transfer. Research is primarily conducted through council funded research units. Currently, 44 research units and 8 professional support divisions implement the 2005–2010 strategic plan, which has three main focuses: promoting and conducting research, professional support for research, and knowledge and stakeholder management. Council researchers have made significant contributions to the key priorities and activities of the Department of Health's 10-point plan, including by serving on policy and technical teams.

The council's work over the past year has included 706 health research publications in peer reviewed journals, 62 PhD graduates, 4 new patents and a spin-off company. Researchers supported by the International AIDS Vaccine Initiative developed a candidate vaccine, which is entering phase 1 clinical trials. Malaria research at Ubombo and the Trans-Zambezi region is assisting with regional malaria control. Tuberculosis research continues in various areas and research on pneumococcal and rotovirus vaccines and on thresholds for AIDS treatment has helped to inform policy decisions in these areas.

Savings and cost effective service delivery

Based on a 4.9 per cent budget increase over the next 3 years, significant rationalisation is required in many of the core human resource, business and operational areas of the organisation. Support services such as financial, human capital management and facility management will be rationalised.

Selected performance indicators

Table 15.9 South African Medical Research Council: Selected performance and operations indicators

Indicator	Programme/Activity	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Number of peer reviewed publications	Linked to all research programmes	564	653	706	700	720	750	780
Number of new patents	Linked to some research programmes	1	4	2	1	2	2	1
Number of PhD students	Linked to all research programmes	62	57	62	55	60	60	65
Number of research projects	Linked to all research programmes	571	694	556	580	585	590	600

Service delivery focus

A large component of the council's work is clinical trials. The telemedicine project will deploy 50 telemedicine workstations by the end of March 2010 in various outlying areas. The facility will allow patients to interact with a doctor or specialist within a period of 48 hours, instead of 2 to 3 weeks.

Expenditure estimates

Table 15.10 South African Medical Research Council: Financial information

Statement of financial performance	Audited outcome			Revised estimate	Medium-term estimate		
R million	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Revenue							
Non-tax revenue	279.1	306.4	311.9	315.6	321.8	336.1	356.3
Sale of goods and services other than capital assets <i>of which:</i>	239.3	278.6	270.0	287.0	293.0	304.0	320.0
<i>Sales by market establishments</i>	239.3	278.6	270.0	287.0	293.0	304.0	320.0
<i>Other non-tax revenue</i>	39.8	27.8	41.9	28.6	28.8	32.1	36.3
Transfers received	175.7	221.3	242.3	251.1	270.5	284.4	297.6
Total revenue	454.8	527.7	554.2	566.7	592.3	620.4	653.8
Expenses							
Current expense	424.8	484.8	516.1	541.5	589.1	620.4	653.8
Compensation of employees	205.3	213.5	232.9	230.8	248.0	265.5	281.7
Goods and services	208.1	261.6	272.0	299.8	329.9	343.7	360.1
Depreciation	9.7	9.6	11.2	10.8	11.1	11.2	12.0
Interest, dividends and rent on land	1.7	0.1	0.1	0.1	0.1	0.1	0.1
Total expenses	424.8	484.8	516.1	541.5	589.1	620.4	653.8
Surplus / (Deficit)	30.1	42.8	38.1	25.2	3.2	-	-
Statement of financial position							
Carrying value of assets	89.9	96.7	102.2	103.3	103.9	105.9	107.7
<i>of which: Acquisition of assets</i>	16.6	11.5	18.3	14.5	14.8	15.8	16.5
Investments	2.6	2.7	28.4	29.0	29.0	29.0	29.0
Inventory	0.4	0.4	0.3	0.3	0.3	0.3	0.3
Receivables and prepayments	49.5	42.1	37.6	38.0	40.0	42.0	43.0
Cash and cash equivalents	301.7	333.7	407.4	420.0	422.0	415.0	408.0
Total assets	444.2	475.5	575.9	590.6	595.2	592.2	588.0
Accumulated surplus/deficit	62.3	121.2	159.3	169.2	171.5	166.4	157.3
Capital and reserves	1.4	1.4	0.8	0.8	0.8	0.8	0.8
Post-retirement benefits	22.3	3.9	13.2	13.2	13.2	10.0	10.0
Trade and other payables	53.1	78.1	47.1	50.0	51.0	54.0	56.0
Provisions	12.2	4.3	3.4	4.3	5.0	5.3	6.4
Managed funds	0.9	1.0	1.1	1.1	1.1	1.1	1.1
Liabilities not classified elsewhere	291.9	265.5	350.9	352.0	352.7	354.6	356.4
Total equity and liabilities	444.2	475.5	575.9	590.6	595.2	592.2	588.0

Expenditure trends

The South African Medical Research Council receives around 45.7 per cent of its revenue (R270 million out of R592 million) in 2010/11) from the Department of Health and the remainder from external contracts for research. Revenue increased from R455 million in 2006/07 to R570 million in 2009/10, at an average annual rate of 7.6 per cent, and is expected to increase to R654 million in 2012/13, at an average annual rate of 4.9 per cent. The largest expenditure on a single project area is on the development of an HIV vaccine and prevention against the virus. R120 million was spent on this for the year ended 31 March 2010 and R185 million on HIV, tuberculosis epidemiology and clinical trials. The main expenditure item is compensation of employees, which constitutes almost 45 per cent of total expenditure over the MTEF period. Payments made to research collaborators (universities, other research councils and non-government organisations) constitute approximately 9 per cent of total expenditure in 2010/11.

Programme 4: Human Resources Management and Development

- *Human Resources Policy, Research and Planning* is responsible for medium to long term human resources planning in the national health system. Its functions include implementing the national human resources for health plan, facilitating capacity development for sustainable health workforce planning, and developing and implementing human resources information systems for planning and monitoring purposes.
- *Sector Labour Relations and Planning* provides the resources and expertise for bargaining in the national Public Health and Social Development Sectoral Bargaining Council.
- *Human Resources Development and Management* is responsible for developing human resources policies, norms and standards, and for the efficient management of employees of the national Department of Health. This subprogramme funds the health professions training and development conditional grant, which is transferred to provinces.

Objectives and measures

- Improve the human resource capacity in the health sector by:
 - developing and publishing the revised national human resources for health plan by March 2012
 - strengthening human resource planning in all provinces by supporting the development of provincial human resource plans by March 2012.
- Develop and train health professionals in new categories (mid-level workers) to support clinical service delivery during 2010/11 by:
 - increasing the number of student clinical associates in the training programme from 99 in 2009/10 to 180 in 2012/13
 - improving access to emergency medical services by increasing the number of emergency care technicians graduating from emergency care training colleges from 127 in 2009/10 to 160 in 2012/13.
- Finalise the policy on community health workers by March 2011 to ensure coherent integration and standardisation of all categories of community health workers.
- Recruit health professionals through specific agreements with countries that have an excess of these professionals.

Service delivery focus

The second academic year of the clinical associate programme was completed in 2009/10 at the Walter Sisulu University, the University of Pretoria and the University of the Witwatersrand. 99 students are currently enrolled for the programme.

Data capturer training continued as part of the expanded public works programme at the health facility level, with a combined total of 1 488 persons trained in 2008 and 2009. The department will train 2 047 persons in 2010/11. A new intake of emergency care professionals was introduced in 2008 and 127 new emergency care technicians graduated after completing the two year training programme. A draft policy on training and utilising community care givers in the public health system was developed in 2009 in consultation with the Department of Social Development.

Following the implementation of an occupational specific remuneration and career progression dispensation for nurses in the public service, an agreement was signed in the Public Health and Social Development Sectoral Bargaining Council in August 2009 to implement the same for medical doctors, dentists, medical and dental specialists, pharmacist assistants, pharmacists and emergency medical services personnel. A proposal for establishing an occupation specific dispensation for therapeutic and related allied health professionals was also tabled at the bargaining council. Negotiations on this are still to be finalised and this occupation specific dispensation will be backdated to July 2009. A new policy was drafted in 2009 for recruiting and employing foreign health professionals in view of various international recruitment protocols and agreements with the SADC and the African Union.

Expenditure estimates

Table 15.11 Health Human Resources Management and Development

Subprogramme	Audited outcome			Adjusted	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Human Resources Policy, Research and Planning	3.3	3.9	7.5	19.8	8.9	9.6	10.0
Sector Labour Relations and Planning	1.9	2.0	2.9	6.0	3.5	3.8	4.0
Human Resources Development and Management	1 570.7	1 607.7	1 695.0	1 773.1	1 884.7	1 998.2	2 097.8
Total	1 576.0	1 613.6	1 705.3	1 799.0	1 897.1	2 011.7	2 111.8
Change to 2009 Budget estimate				12.8	2.9	3.9	3.6

Economic classification

Current payments	13.5	17.2	26.1	38.5	31.1	33.8	35.1
Compensation of employees	8.9	11.9	13.8	17.0	17.2	17.8	18.7
Goods and services	4.6	5.3	12.3	21.4	13.9	16.0	16.3
<i>of which:</i>							
<i>Consultants and professional services:</i>							
<i>Business and advisory services</i>	0.8	0.2	0.1	11.0	0.1	0.1	0.1
<i>Lease payments</i>	0.2	0.3	0.2	0.5	0.3	0.3	0.3
<i>Travel and subsistence</i>	1.6	2.0	3.0	4.0	3.4	3.5	3.1
Transfers and subsidies	1 520.2	1 596.2	1 679.1	1 759.8	1 865.4	1 977.3	2 076.2
Provinces and municipalities	1 520.2	1 596.2	1 679.1	1 759.8	1 865.4	1 977.3	2 076.2
Payments for capital assets	42.3	0.2	0.2	0.7	0.5	0.6	0.6
Machinery and equipment	0.5	0.2	0.2	0.7	0.5	0.6	0.6
Software and other intangible assets	41.8	–	–	–	–	–	–
Total	1 576.0	1 613.6	1 705.3	1 799.0	1 897.1	2 011.7	2 111.8

Details of selected transfers and subsidies

Provinces and municipalities							
Provinces							
Provincial Revenue Funds							
Current	1 520.2	1 596.2	1 679.1	1 759.8	1 865.4	1 977.3	2 076.2
Health professions training and development grant	1 520.2	1 596.2	1 679.1	1 759.8	1 865.4	1 977.3	2 076.2

Expenditure trends

The programme's expenditure grew at an average annual rate of 4.5 per cent between 2006/07 and 2009/10 and is projected to increase to a rate of 5.5 per cent over the medium term, growing the budget to R2.1 billion by 2012/13. This is relatively low due to the reform process currently under way in collaboration with the Department of Education financing the health science clinical training programme. 98 per cent of this programme's funding over the MTEF period is for the transfer payments to provinces for the health professions training and development conditional grant made in the *Human Resources Development and Management* subprogramme (R1.9 billion in 2010/11). R30 million is spent on the core human resource functions.

The large increase in expenditure in the *Human Resources Policy, Research and Planning* subprogramme in 2009/10 was to conduct an audit of nursing colleges to inform the recapitalisation process (R10 million in goods and services). The review is anticipated to provide concrete proposals for the physical upgrading of colleges and equipment and teaching facilities.

Programme 5: Health Services

- *District Health Services* promotes and coordinates the district health system and monitors primary healthcare and activities related to the integrated sustainable rural development programme and the urban renewal programme. It also deals with policy and monitoring for health promotion and environmental health.
- *Environmental Health Promotion and Nutrition* provides technical support and monitors the delivery of municipal health services by local government, provides port health services, and supports poison information centres.
- *Occupational Health* promotes occupational health and safety in public health institutions, and ensures the training of occupational health practitioners in risk assessment.
- *Hospitals and Health Facilities Management* deals with national policy on hospital and emergency medical services. It is also responsible for funding the conditional grant for the revitalisation of hospitals and the national tertiary services grant.

Objectives and measures

- Strengthen primary health care and identify needs and service gaps through an audit of primary health care services and infrastructure in all provinces by December 2010.
- Expand access to health infrastructure by developing a plan to add 18 hospitals to the hospital revitalisation project, to be delivered through public private partnerships.
- Improve the delivery of health services in the 18 priority districts through a detailed set of interventions in maternal and child health and other areas by March 2012.

Service delivery focus

13 hospitals were completed by 2008/09 as part of the initiative to revitalise health infrastructure. In 2009/10, 4 new hospitals were nearing completion: Mamelodi hospital in Gauteng; Moses Kotane and Vryburg hospitals in North West; and the new psychiatric hospital in Northern Cape. Patient experiences and staff morale and quality have reportedly improved in hospitals that have been through the programme.

Over the MTEF period, the department will continue developing a comprehensive national infrastructure plan. Key aspects of this process include: a review of the available hospital revitalisation and infrastructure grant for provinces; the collection and collation of information on the remaining facilities that are not part of these grants, including assessment of the backlog of facilities that need major upgrades; and minor repairs. Health facilities maintenance budgets per health facility will be monitored in each province and a strategy will be developed to progressively increase the maintenance target to 3-5 per cent of capital value by the end of March 2011. To enhance provinces' capacity to deliver and maintain health infrastructure, the health sector will use the results of a skills audit conducted by National Treasury in September 2009 in all 9 provinces.

In 2009/10, the department identified 18 hospital projects as potential public private partnerships. These are being considered by provinces and a list of potential projects will be tabled in 2010.

In 2009/10, hospital management was strengthened through the enrolling of 142 of 400 hospital managers in a hospital management training programme offered by institutions of higher learning. This is an increase from the 122 managers enrolled and trained in 2008/09. The department commissioned the Development Bank of Southern Africa to assess the skills, competencies and qualifications of hospital chief executives in 2009. The outcome of this evaluation will be available in 2010/11 and will be used to determine the appropriate placement of the chief executives.

Planning processes through the district health system were strengthened in 2008/09 and 2009/10, with most districts producing district health plans. In 2010/11, the department will complete an audit of all 3 900 public health care facilities and develop a plan to address the gaps identified. Implementing the district health system will be enhanced through providing support to assist provinces in establishing district management teams, ensuring the delegation of authority to district managers and improving the supervision of public health care facilities.

Expenditure estimates

Table 15.12 Health Services

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
District Health Services	6.7	7.9	11.7	30.3	34.7	30.3	27.4
Environmental Health Promotion and Nutrition	18.2	18.7	26.6	19.0	20.2	22.5	23.2
Occupational Health	20.3	24.9	27.3	30.5	32.5	35.2	36.6
Hospitals and Health Facilities Management	6 521.5	7 414.4	8 884.3	10 006.3	11 441.4	11 995.5	12 594.6
Total	6 566.7	7 465.8	8 949.9	10 086.1	11 528.8	12 083.5	12 681.7
Change to 2009 Budget estimate				187.2	139.8	1.7	(4.1)

Economic classification

Current payments	51.7	63.1	75.8	93.6	103.1	104.9	104.2
Compensation of employees	29.9	32.2	35.9	39.7	43.9	46.2	48.6
Goods and services	21.8	30.9	39.9	54.0	59.2	58.7	55.7
<i>of which:</i>							
<i>Consultants and professional services: Business and advisory services</i>	1.9	4.9	3.9	19.8	21.5	18.8	13.7
<i>Lease payments</i>	0.2	0.2	0.4	0.4	0.5	0.5	0.5
<i>Travel and subsistence</i>	7.3	8.3	13.5	13.3	14.7	15.5	16.3
Transfers and subsidies	6 509.3	7 401.6	8 872.2	9 989.4	11 422.4	11 975.1	12 573.9
Provinces and municipalities	6 508.5	7 398.5	8 869.7	9 984.6	11 418.7	11 971.2	12 569.7
Departmental agencies and accounts	0.1	2.6	2.4	3.7	2.6	2.8	2.9
Non-profit institutions	0.4	0.5	–	1.1	1.1	1.2	1.3
Households	0.3	0.0	0.1	–	–	–	–
Payments for capital assets	2.4	1.0	1.9	3.1	3.2	3.4	3.6
Machinery and equipment	1.5	1.0	1.9	3.1	3.2	3.4	3.6
Software and other intangible assets	1.0	0.0	–	–	–	–	–
Payments for financial assets	3.2	0.0	–	–	–	–	–
Total	6 566.7	7 465.8	8 949.9	10 086.1	11 528.8	12 083.5	12 681.7

Details of selected transfers and subsidies

Provinces and municipalities							
Provinces							
Provincial Revenue Funds							
Current	4 981.1	5 321.2	6 134.1	6 614.4	7 398.0	7 798.9	8 188.8
National tertiary services grant	4 981.1	5 321.2	6 134.1	6 614.4	7 398.0	7 798.9	8 188.8
Capital	1 527.3	2 077.3	2 735.6	3 370.2	4 020.7	4 172.3	4 380.9
Hospital revitalisation grant	1 527.3	2 077.3	2 735.6	3 370.2	4 020.7	4 172.3	4 380.9
Departmental agencies and accounts							
Social security funds							
Current	–	2.6	2.4	3.7	2.6	2.8	2.9
Compensation Commissioner	–	2.6	2.4	3.7	2.6	2.8	2.9
Non-profit institutions							
Current	0.4	0.5	–	1.0	1.0	1.1	1.2
Health Promotion: NGO	0.4	0.5	–	1.0	1.0	1.1	1.2

Expenditure trends

Over the MTEF period, more than 99 per cent of this programme's budget is comprised of 2 conditional grants that are transferred to provinces. Expenditure grew at an average annual rate of 15.4 per cent from R6.6 billion in 2006/07 to R10.1 billion in 2009/10, mainly due to strong growth in the hospital revitalisation grant. Expenditure is expected to increase at an average annual rate of 7.9 per cent over the medium term to reach R12.7 billion in 2012/13. This is due to the growth in the national tertiary services grant from R6.6 billion in 2009/10 to R7.4 billion in 2010/11, at an average annual rate of 11.8 per cent, to ensure the provision of modernised tertiary services that allow for improved access and equity. This forms part of the modernisation of tertiary services programme. The hospital revitalisation grant is expected to grow at an average annual rate of 19.3 per cent, from R3.4 billion in 2009/10 to R4 billion in 2010/11 as more projects enter the construction phase.

Programme 6: International Relations, Health Trade and Health Product Regulation

- *Multilateral Relations* develops and implements bilateral and multilateral agreements to strengthen the health system, concludes agreements on the recruitment of health workers from other countries, provides technical capacity to South Africa in fields such as health technology management and surveillance systems, and mobilises international resources for priority health programmes.
- *Food Control and Non-Medical Health Product Regulation* ensures food safety by developing and implementing food control policies, norms and standards, and regulations.
- *Pharmaceutical and Related Product Regulation and Management* regulates trade in medicines and pharmaceutical products through the Medicines Control Council, to ensure access to safe and affordable medicines.

Objectives and measures

- Strengthen cooperation on health matters with SADC countries by developing, implementing and monitoring bilateral and multilateral agreements with Tunisia, Congo Brazzaville; Mozambique, Zambia, Mali, Ethiopia, Cameroon, Zimbabwe, Burundi and Rwanda, including agreements on the recruitment of health workers from other countries and the exchange of technical capacity in fields such as health technology management and surveillance systems.
- Accelerate the registration and re-registration of medicines every 5 years by implementing an electronic document management system for medicine registration by March 2011.
- Improve patient safety and adherence by developing a pharmacovigilance plan for monitoring drugs for extensively drug resistant tuberculosis by March 2011.
- Improve the regulation of medicines and health products by:
 - appointing a ministerial task team in 2010 to assist with establishing the new South African Health Products Regulatory Authority
 - developing legislation to support the establishment of the authority.

Service delivery focus

In 2009/10, South Africa's bilateral and multilateral relations with countries in the region, continent and abroad were strengthened and will continue to strengthen in 2010/11.

In 2008/09, all the technical staff in the medicines regulatory authority were trained to conduct evaluation applications for clinical trials, which exceeded the 50 per cent target while 50 per cent of applications for clinical trials were evaluated in house, exceeding the target of 30 per cent.

In the first half of 2009/10, the department progressed with developing the electronic document management system, which will assist in fast tracking the registration and re-registration of medicines every 5 years. Document attributes were completed and preparations were made for training.

In 2008/09, 910 clinical trials were registered on the department's database. Guidelines for establishing a functioning community advisory board for clinical trials were produced.

In 2008/09, a central repository of all clinical trials conducted in South Africa was developed by the department in collaboration with the Medical Research Council to link this with various global clinical trial registries. Data collation and verification has begun.

In 2010/11, the department will: improve patient safety through a pharmacovigilance plan for monitoring extreme drug resistant tuberculosis medicines; improve the regulation of medicines and health products through a functional electronic document management system; improve medicine registration timelines from 36 months for new chemical entities and 24 months for generics to 24 and 18 months. Legislation will be developed in 2010/11 to establish the functioning of the South African Health Products Regulatory Authority.

Expenditure estimates

Table 15.13 International Relations, Health Trade and Health Product Regulation

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Multilateral Relations	31.4	36.7	61.5	45.1	50.7	57.1	58.6
Food Control and Non-Medical Health Product Regulation	3.5	4.3	6.4	6.5	7.2	7.8	8.1
Pharmaceutical and Related Product Regulation and Management	24.8	23.3	28.7	38.7	46.6	47.4	51.7
Total	59.7	64.3	96.6	90.2	104.5	112.4	118.5
Change to 2009 Budget estimate				3.3	3.7	(1.4)	(0.9)

Economic classification

Current payments	58.3	63.8	96.1	89.4	103.7	111.5	117.6
Compensation of employees	30.7	32.6	35.9	39.6	42.8	45.1	47.4
Goods and services	27.6	31.2	60.2	49.8	61.0	66.4	70.3
<i>of which:</i>							
<i>Consultants and professional services:</i>							
<i>Business and advisory services</i>	0.3	0.1	5.5	1.8	2.2	2.3	2.5
<i>Lease payments</i>	1.0	2.0	2.5	1.5	1.9	1.9	2.1
<i>Travel and subsistence</i>	13.5	15.5	30.1	18.4	22.0	23.3	25.3
Transfers and subsidies	0.1	0.1	0.1	-	-	-	-
Households	0.1	0.1	0.1	-	-	-	-
Payments for capital assets	1.3	0.4	0.4	0.9	0.8	0.8	0.9
Machinery and equipment	1.3	0.4	0.4	0.9	0.8	0.8	0.9
Total	59.7	64.3	96.6	90.2	104.5	112.4	118.5

Expenditure trends

The main spending focus over the MTEF period is establishing the new medicines regulatory authority. Expenditure in the programme increased from R59.7 million in 2006/07 to R90.2 million in 2009/10, at an average annual rate of 14.7 per cent, and is expected to increase at a slower rate of 9.5 per cent over the medium term to reach R118.5 million. The bulk of the funds in the *Multilateral Relations* subprogramme is used to pay membership fees to international agencies such as the World Health Organisation and for the activities of health attachés. Expenditure between 2006/07 and 2009/10 grew by 12.8 per cent due to an increase in international bilateral and multilateral activities. South Africa hosted the third session of the conference of the party to the World Health Organisation framework convention for tobacco control. This cost approximately R21 million in 2009/10. Expenditure in the *Pharmaceutical and Related Product Regulation and Management* subprogramme is expected to grow by an average annual rate of 10.2 per cent over the medium term, to support the establishment of the new medicines regulatory agency, develop IT systems and reduce backlogs.

Additional tables

Table 15.A Summary of expenditure trends and estimates per programme and economic classification

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R million	2008/09		2008/09	2009/10			2009/10
1. Administration	215.6	246.7	241.0	236.6	23.8	260.4	260.4
2. Strategic Health Programmes	3 713.1	4 189.9	4 129.5	4 692.3	1 098.9	5 791.3	5 688.3
3. Health Planning and Monitoring	326.5	334.1	342.1	357.1	39.4	396.4	393.4
4. Health Human Resources Management and Development	1 714.2	1 712.8	1 705.3	1 786.2	12.8	1 799.0	1 799.0
5. Health Services	9 052.5	9 287.3	8 949.9	9 898.9	187.2	10 086.1	9 794.1
6. International Relations, Health Trade and Health Product Regulation	78.9	80.3	96.6	87.0	3.3	90.2	90.2
Total	15 100.8	15 851.2	15 464.5	17 058.1	1 365.4	18 423.5	18 025.5

Economic classification

Current payments	919.3	943.7	916.8	937.9	211.7	1 149.7	1 036.7
Compensation of employees	278.4	287.7	292.5	299.9	29.2	329.1	329.1
Goods and services	640.9	656.0	624.3	638.0	182.5	820.5	707.5
Transfers and subsidies	14 155.5	14 859.5	14 506.1	16 091.8	1 155.5	17 247.4	16 962.4
Provinces and municipalities	13 686.6	14 362.8	14 028.7	15 578.4	1 124.1	16 702.5	16 417.5
Departmental agencies and accounts	302.2	312.9	315.9	329.6	6.3	335.9	335.9
Universities and technikons	1.0	1.0	0.7	1.0	–	1.0	1.0
Non-profit institutions	165.8	182.5	160.2	182.9	23.2	206.0	206.0
Households	–	0.3	0.6	–	2.0	2.0	2.0
Payments for capital assets	26.1	47.9	41.4	28.3	(1.9)	26.4	26.4
Machinery and equipment	26.1	47.9	41.4	28.3	(1.9)	26.4	26.4
Payments for financial assets	–	–	0.2	–	–	–	–
Total	15 100.8	15 851.2	15 464.5	17 058.1	1 365.4	18 423.5	18 025.5

Table 15.B Summary of personnel numbers and compensation of employees

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Permanent and full time contract employees							
Compensation (R million)	230.1	256.0	289.2	325.5	366.1	399.8	438.7
Unit cost (R million)	0.2	0.2	0.2	0.2	0.3	0.3	0.3
<i>Administration</i>	0.2	0.2	0.2	0.2	0.3	0.3	0.4
<i>Strategic Health Programmes</i>	0.2	0.2	0.2	0.3	0.3	0.3	0.3
<i>Health Planning and Monitoring</i>	0.1	0.1	0.2	0.3	0.3	0.3	0.4
<i>Health Human Resources Management and Development</i>	0.1	0.1	0.2	0.2	0.2	0.2	0.2
<i>Health Services</i>	–	–	0.2	0.3	0.3	0.3	0.3
<i>International Relations, Health Trade and Health Product Regulation</i>	–	–	0.2	0.2	0.2	0.2	0.2
Personnel numbers (head count)	1 233	1 205	1 371	1 331	1 351	1 371	1 391
Total for department							
Compensation (R million)	231.7	258.6	292.5	329.1	369.7	403.4	442.4
Unit cost (R million)	0.2	0.2	0.2	0.2	0.3	0.3	0.3
Personnel numbers (head count)	1 309	1 295	1 486	1 458	1 478	1 498	1 518

Table 15.C Summary of expenditure on training

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Compensation of employees (R million)	231.7	258.6	287.7	299.9	369.7	403.4	442.4
Training expenditure (R million)	5.5	9.5	1.8	4.5	5.5	6.1	6.6
Training as percentage of compensation	2.4%	3.7%	0.6%	1.5%	1.5%	1.5%	1.5%
Total number trained in department (head count)	539	625	261	274			
<i>of which:</i>							
<i>Employees receiving bursaries (head count)</i>	101	115	217	110			
<i>Learnerships trained (head count)</i>	2	–	–	–			
<i>Internships trained (head count)</i>	44	28	81	81			

Table 15.D Summary of departmental public private partnership (PPP) projects

Project description: National fleet project	Project annual unitary fee at time of contract	Budgeted expenditure	Medium-term expenditure estimate		
		2009/10	2010/11	2011/12	2012/13
R million					
Projects signed in terms of Treasury Regulation 16	5.2	13.9	14.7	9.7	–
PPP unitary charge ¹	5.2	13.9	14.7	9.7	–
Total	5.2	13.9	14.7	9.7	–

1. Phavis fleet services public private partnership. Disclosure notes for this project can be viewed in the public private partnership table of the Department of Transport's chapter.

Disclosure notes for projects signed in terms of Treasury Regulation 16

Project name	Tender: DOT/34/2005/GMT: National Fleet PPP Project
Brief description	To deliver a fleet solution to the Department of Transport and user Departments.
Date PPP agreement was signed	14 November 2006 (Department of Transport)
Duration of PPP agreement	5 years, (13 November 2011)

Table 15.E Summary of expenditure on infrastructure

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2006/07	2007/08	2008/09		2010/11	2011/12	2012/13
Infrastructure transfers to other spheres, agencies and departments										
R million										
Limpopo Academic hospital	540 beds	Feasibility	1 872.2	-	-	-	-	30.8	50.0	100.0
Nelspruit tertiary hospital	400 new beds	Feasibility	1 829.5	-	-	0.1	-	42.0	125.6	182.4
Natalspruit hospital	Downscale to 500 beds	Construction	1 678.8	162.3	198.0	204.4	388.0	281.1	302.1	147.4
Kimberley hospital	577 new beds	Feasibility	1 672.4	-	-	0.2	6.0	45.0	100.0	100.0
Rustenburg hospital levels 1, 2 and 3	792 new beds	Feasibility	1 654.6	-	-	-	-	-	-	-
Edendale hospital	850 new beds	Feasibility	1 201.5	-	-	-	8.0	34.5	40.0	65.0
King Edward VIII hospital	850 new beds	Feasibility	1 185.5	-	-	-	-	45.0	80.0	87.0
Cecilia Makiwani psychiatric hospital	355 new beds	Feasibility	1 162.1	-	-	-	-	-	12.0	45.0
Ngwelezane war memorial hospital	Downscale to 859 beds	Construction	1 114.8	44.7	50.0	46.5	77.3	109.2	116.0	128.0
Madadeni hospital	620 bed revitalisation	Design	1 096.4	-	-	2.0	7.0	60.0	60.0	65.0
King George V hospital	Downscale to 960 beds	Construction	874.6	129.0	260.0	147.4	185.4	151.0	145.2	53.0
Kimberley Mental Hospital	Upgrade to 310 beds	Design	843.1	-	-	-	7.0	65.0	95.0	126.0
Kuruman hospital	422 new beds	Identification	818.0	-	-	-	-	39.0	48.9	50.0
Chris Hani Baragwanath hospital 3	1 510 new beds	Construction	812.6	118.4	195.0	149.8	175.0	61.0	-	-
Dora Nginza hospital	800 new beds	Identification	796.8	-	-	-	-	-	-	-
Zola hospital	Downscale to 250 beds	Construction	773.3	38.5	110.0	60.6	135.0	187.7	340.3	300.0
Boitumelo hospital level 2	Downscale to 246 beds	Construction	762.1	39.9	50.0	51.6	111.2	80.0	60.7	60.0
Pelononi hospital level 2 and 3	Downscale to 346 beds	Construction	745.5	7.9	18.1	17.9	67.2	90.0	111.6	44.0
Upington Hospital	Upgrade to 231 beds	Construction	678.8	-	15.0	119.2	140.0	155.0	100.0	98.0
Germiston hospital	Upgrade to 149 beds	Construction	636.6	21.2	42.0	46.7	72.0	180.1	-	-
Bophelong hospital	365 new beds	Design	627.3	-	-	-	8.0	96.3	130.0	168.4
Valkenberg hospital	420 new beds	Design	618.9	5.2	5.0	4.2	11.7	0.7	72.9	189.5
National hospital level 1	250 new beds	Design	606.6	-	-	-	5.0	35.0	40.0	70.0
Hlabisa hospital	308 new beds	Various	597.9	52.0	12.5	77.6	48.9	-	-	-
Britis hospital	Upgrade to 175 beds	Construction	585.5	6.2	17.0	26.0	74.1	106.0	160.1	146.0
Khayelitsha hospital	230 new beds	Construction	546.1	-	-	3.0	141.0	233.0	103.0	55.0
Mitchell's Plain hospital	230 new beds	Construction	509.3	-	-	0.7	113.0	158.9	198.0	214.9
Dihlabeng hospital level 2	155 new beds	Identification	495.2	-	-	-	-	25.0	35.0	71.0
Dr J Dube hospital	250 new beds	Design	492.0	0.2	9.9	3.4	2.5	-	5.0	39.1

Table 15.E Summary of expenditure on infrastructure (continued)

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
Infrastructure transfers to other spheres, agencies and departments										
R million										
Dr Pixley ka Seme hospital	450 new beds	Design	487.5	-	-	3.0	71.2	80.0	100.0	130.0
Mental health facility	310 new beds	Construction	468.6	98.8	150.0	29.0	156.0	75.0	-	-
Vryburg hospital	Upgrade to 120 beds	Construction	460.9	81.5	75.7	97.9	85.9	37.0	5.0	-
Rob Ferreira hospital	Downscale to 212 beds	Construction	456.3	20.8	32.1	16.3	206.5	95.3	20.0	-
Moses Kotane hospital	200 new beds	Construction	455.4	93.0	89.3	87.8	66.9	46.0	5.0	-
Brooklyn chest hospital	420 new beds	Identification	452.0	-	-	-	-	-	-	29.0
Mpumalanga Province psychiatric hospital	400 new beds	Feasibility	450.0	-	-	-	50.0	38.6	90.0	120.0
Paarl hospital	Upgrade to 326 beds	Construction	427.9	45.6	81.6	100.3	130.0	62.5	22.9	-
Mamelodi hospital	Upgrade to 250 beds	Construction	335.9	89.7	100.0	60.6	14.0	76.0	18.1	-
De Aar hospital	Upgrade to 190 beds	Design	331.4	37.9	8.0	16.7	18.3	89.2	80.0	86.8
Ermelo hospital	Upgrade to 735 beds	Construction	306.8	13.9	34.8	14.7	128.3	97.2	81.0	-
St Elizabeth's hospital	Upgrade to 410 beds	Construction	301.1	13.9	85.0	42.4	65.8	94.4	85.0	98.5
Worcester hospital	Upgrade to 315 beds	Construction	294.5	31.8	73.9	62.7	44.0	30.0	3.8	-
St Lucy's hospital	Downscale to 154 beds	Construction	278.6	67.5	94.1	94.1	35.5	2.8	-	-
Themba hospital	Downscale to 212 beds	Construction	272.5	9.8	23.9	15.1	117.7	53.5	20.0	-
Frontier hospital	Upgrade to 400 beds	Construction	229.3	29.2	61.0	48.9	71.5	75.5	82.6	62.9
Ladybrand hospital level 1	60 new beds	Design	223.2	-	-	-	10.2	40.0	37.0	36.0
Madwaleni hospital	220 new beds	Design	222.4	-	-	-	-	1.1	2.0	60.0
George hospital phase 4	Upgrade to 265 beds	Construction	218.8	1.7	15.6	9.3	48.0	32.0	5.9	-
Trompsburg hospital level 1	45 new beds	Construction	209.1	-	-	-	40.3	39.0	37.0	30.0
Rietvlei hospital	Downscale to 205 beds	Construction	200.1	12.5	-	25.2	41.2	15.6	-	-
Piet Retief hospital	Downscale to 140 beds	Handed over	198.1	10.8	10.0	3.2	-	-	-	-
Madzikane Ka Zulu hospital	Upgrade to 267 beds	Handed over	195.9	16.9	7.0	12.0	-	-	-	-
Postmasburg hospital	Upgrade to 55 beds	Design	173.7	5.2	-	0.6	-	10.0	55.0	67.0
Dlokong hospital	Downscale to 252 beds	Handed over	166.5	28.2	5.8	9.7	2.0	-	-	-
St Patrick's hospital	Downscale to 245 beds	Construction	162.1	24.7	29.0	43.7	46.5	81.4	71.0	40.0
Thabazimbi hospital	112 new beds	Construction	162.1	-	-	-	38.5	94.1	65.2	11.6
Letaba hospital	Upgrade to 400 beds	Construction	161.2	16.5	52.2	34.2	51.2	16.0	-	-
Disibotla hospital	108 new beds	Design	156.1	-	-	-	6.0	36.0	67.0	86.0
Nkhensani hospital	Upgrade to 363 beds	Handed over	154.4	36.6	16.6	20.4	2.0	-	-	-
Thabamooop hospital	400 new beds 1152	Construction	144.3	9.1	47.6	48.6	42.7	8.0	-	-

Table 15.E Summary of expenditure on infrastructure (continued)

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2006/07	2007/08	2008/09		2010/11	2011/12	2012/13
Infrastructure transfers to other spheres, agencies and departments										
Vredenburg hospital phase 2	Upgrade to 80 beds	Construction	144.2	5.5	16.0	8.4	50.3	58.5	74.1	-
Maphuta Matlaji hospital	Downscale to 93 beds	Construction	124.7	6.2	12.8	15.5	43.6	64.0	2.0	-
Jane Furse hospital	Downscale to 252 beds	Construction	120.0	13.4	-	3.1	15.5	1.6	-	-
Musina hospital	92 new beds	Design	103.4	-	-	-	3.0	76.0	75.0	63.3
Port Nolloth hospital	30 new beds	Identification	69.5	-	-	-	-	2.0	22.0	25.0
Barkly West hospital	Upgrade to 55 beds	Construction	50.1	25.2	14.0	0.1	9.0	-	-	-
Baberton hospital	151 new beds	Identification	-	-	-	-	-	-	2.0	14.0
Kwa Mhlanga hospital	153 new beds	Identification	-	-	-	-	-	-	10.0	30.0
Mapulaneng hospital	279 new beds	Identification	-	-	-	-	-	-	2.0	15.0
Tintswalo hospital	329 new beds	Identification	-	-	-	-	-	-	5.0	15.0
Warmbaths hospital	To be determined	Identification	-	-	-	-	-	-	3.0	72.3
Calvinia hospital	Downscale to 35 beds	Handed over	-	0.7	-	-	-	-	-	-
Cecilia Makiwane regional hospital	625 new beds	Design	-	-	-	-	-	100.0	110.0	95.0
Chris Hani Baragwanath hospital level 1	210 new beds	Various	-	18.6	-	-	-	-	-	-
Colesburg hospital	Upgrade to 35 beds	Handed over	-	1.9	-	-	-	-	-	-
Lebowakgomo hospital	Upgrade to 241 beds	Handed over	-	6.4	-	-	-	-	-	-
Mosselbay hospital	To be determined	Identification	-	-	-	-	-	-	-	13.0
Total			36 656.6	1 498.7	2 118.5	1 884.8	3 495.2	3 939.6	3 789.7	3 805.0

Vote 16

Higher Education and Training

Budget summary

R million	2010/11				2011/12	2012/13
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	100.5	99.9	0.1	0.5	106.1	115.7
Human Resource Development, Planning and Monitoring Coordination	26.0	25.2	0.4	0.3	28.8	31.9
University Education	19 534.7	30.8	19 503.5	0.4	21 681.9	23 209.2
Vocational and Continuing Education and Training	3 891.2	118.1	3 772.7	0.4	4 100.4	4 305.8
Skills Development	168.3	108.4	51.7	8.2	187.5	193.6
Subtotal	23 720.7	382.4	23 328.4	9.8	26 104.6	27 856.1
Direct charge against the National Revenue Fund						
Sector education and training authorities	6 739.4	6 739.4	–	–	7 319.0	7 684.9
National Skills Fund	1 684.8	1 684.8	–	–	1 829.7	1 921.2
Total expenditure estimates	32 144.9	8 806.7	23 328.4	9.8	35 253.3	37 462.3
Executive authority	Minister of Higher Education and Training					
Accounting officer	Director-General of Higher Education and Training					
Website address	www.education.gov.za					

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

Aim

The aim of the Department of Higher Education and Training is to develop and support a quality higher and vocational education sector, and promote access to higher and vocational education and skills development training opportunities.

Programme purposes

Programme 1: Administration

Purpose: Overall management and administration of the department.

Programme 2: Human Resource Development, Planning and Monitoring Coordination

Purpose: Strategic direction in the development, implementation and monitoring of departmental policies. Coordinate activities in relation to the human resource development strategy for South Africa.

Programme 3: University Education

Purpose: Develop and coordinate policy and regulatory frameworks for an effective and efficient university education system. Financial support to universities, the National Student Financial Aid Scheme and the National Institute for Higher Education.

Programme 4: Vocational and Continuing Education and Training

Purpose: Plan, develop, evaluate, monitor and maintain national policy, programmes and systems for vocational and continuing education and training, including further education and training colleges and post-literacy adult education.

Programme 5: Skills Development

Purpose: Promote and monitor the national skills development strategy.

Strategic overview: 2006/07 – 2012/13

The new department

The Department of Higher Education and Training was created by a presidential proclamation in July 2009. The presidential mandate, which assigns legislation previously administered by the departments of education and labour, requires the Department of Higher Education and Training to create a single and coherent post-school education and training system that is structured to meet the aspirations of youth and adults.

In the period 2006/07 to 2009/10, the work that is now the responsibility of the Department of Higher Education and Training was taken forward separately in the strategic plans of the departments of education and labour, with funds appropriated for that purpose and complemented by funds raised by the skills levy. The Department of Higher Education and Training will present its first strategic plan and budget in 2010/11.

The bringing together of all legislation governing higher education and training into one department is an important development: while building on the work done by the Department of Labour and the former Department of Education, it will enable the integration of education and training and create new possibilities for tracking skills demand and steering responsive education and training systems. The location of the sub-systems of further education and training colleges, universities, and occupational learning and work training centres into one department allows for maximising coordination among these components of the learning delivery system. It presents an opportunity for skills development strategies within the larger unified higher education and training system to be reconceptualised with potentially positive developments on the post-school education and training system. These skills development initiatives are directed by the national human resource development strategy.

Strategic overview of functions in the Department of Higher Education and Training previously administered by the former Department of Education

New human resource development strategy for South Africa

Over the medium term, the department aims to support key government policies through activities that contribute to the growth and development of the economy, increase the ability of the economy to create employment, address the needs of the vulnerable and poor, promote social security in contributing to poverty alleviation, and address racial and gender inequality. The second human resource development strategy for South Africa, which was introduced in April 2009, will be a key vehicle for meeting these goals. The first national human resource development strategy was adopted jointly by the ministers of education and labour in 2001 for a five-year period. Leadership of the strategy was subsequently transferred from the Department of Labour to the former Department of Education. The new strategy embraces the lessons learnt from the implementation of the first strategy and will be led by the deputy president. The department will provide the secretariat and research base for the new strategy. The strategy will provide the guiding framework for the national skills development strategy, which guides the work of the sector education and training authorities and the National Skills Fund and determines the allocation of skills levies.

Transforming higher education

Following the adoption of the national plan for higher education in 2001, the key focus over the past few years has been transformation. This has involved: the restructuring of the higher education landscape (including the establishment of the national institutes for higher education in Mpumalanga and Northern Cape); a review of university funding; the introduction of a new funding framework and improvements in linking planning, funding

and quality assurance; and a review of the efficacy of the National Student Financial Aid Scheme, which is currently under way. From 2006/07 to 2009/10, universities received significant investment in the form of earmarked grants, particularly to improve institutional infrastructure for teaching, learning and student residences, as well as to improve academic efficiency.

Focus over the medium term

The department continuously assesses the appropriateness of its regulatory framework for the university sub-system and is currently finalising the review of the regulatory framework for private institutions, to simplify registration processes without a loss of efficacy. In this context, the focus over the medium term will be to review existing legislation where appropriate, in particular the regulations and procedures for the registration of private universities.

In addition, revised policies and criteria for the use of research and teaching development grants are being developed.

The department will continue to assist institutions with capacity building and to support student representative councils, with a particular focus on improving the efficacy of institutional forums, following a systematic review of these forums.

A framework is being developed for the internationalisation of the university sub-system, aimed at improving the utilisation of international opportunities and assistance to other countries, with an emphasis on the African continent.

Existing initiatives in relation to institutional support will continue to ensure the provision of quality graduates required for the country's social and economic development. This will be managed through the refinement of the enrolment planning process through targeting and strategies developed in the new human resource development strategy for South Africa and the national skills development strategy, continued support to and development of the National Institute for Higher Education, and the monitoring of institutional equity, access, diversity and outputs. Emphasis will also be placed on improving all-round institutional efficiency and articulation between the further education and training colleges and the rest of the higher education system.

Increased funding for teacher education

The teacher education system has received increased funding over the past three years through the Funza Lushaka bursary fund administered by the National Student Financial Aid Scheme. Additional support in the form of earmarked grants was provided to strengthen the capacity of education faculties and schools in 2009 to reverse the decline in the number of newly qualified teachers after the incorporation of teacher education into universities in 2001. A task team is currently working on a national plan for strengthening the capacity of higher education and training institutions to develop quality teachers in greater numbers as the teacher education sub-system needs to grow significantly to meet the supply needs of the basic education system.

Growing the further education and training college sub-system

The further education and training college sub-system has grown and changed over the last 15 years and further changes are anticipated over the medium term, most notably the transfer of responsibility for the colleges from provinces to the national sphere. Until the legislative framework for the shift has been finalised, the sub-system will be funded through a schedule 4 conditional grant. As part of the development of the further education and training college sector, the 50 colleges were recapitalised, modern curricula were developed and implemented, student support and tracking services were developed and credible and reliable examinations were delivered. Key policy developments were: regulations for the registration of private further education and training institutions; funding norms and standards for further education and training colleges; a national policy on the conduct, administration and management of the assessment of the national certificate (vocational); subject assessment guidelines for national certificate (vocational) levels 2, 3 and 4; and a plan for further education and training. Over the medium term, an increase in the number of young people and adults accessing continuing education at technical and vocational centres is planned so that an inclusive growth path for youth and adults for further education and training colleges is supported.

Strategic overview of functions in the Department of Higher Education and Training previously administered by the Department of Labour

Skills development

The Skills Development Amendment Act (2008) was promulgated in December 2008, and provides the framework for government's various skills development functions. These functions, previously administered by the Department of Labour, include oversight of the National Skills Fund, coordination of the sector education and training authorities, oversight of the Institute for the National Development of Learnerships Employment Skills and Labour Assessments, and coordinating the work of the Quality Council for Trades and Occupations.

Over the medium term, the Department of Higher Education and Training has prioritised improving the provision and alignment of the support of the sector education and training authorities and the National Skills Fund to universities and colleges. It has also prioritised the strengthening of the National Skills Authority to ensure that it has the necessary leadership and administrative, policy and research capacity for it to perform its advisory role to the minister. A further priority is aligning the work of the National Skills Authority with the new human resource development strategy for South Africa in order to guide the National Skills Fund and the sector education and training authorities.

Savings and cost effective service delivery

Although the Department of Higher Education and Training is a newly established department, efficiency savings of R1.2 million in 2011/12 and R1.6 million in 2012/13, on items such as travel and subsistence, advertising costs, venues and facilities, and inventory, have been identified across all programmes.

Selected performance indicators

Table 16.1 Higher Education and Training

Indicator	Programme	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Number of students enrolled in higher education institutions per year	University Education	741 000	761 100	799 000	815 000	816 400	836 810	869 000
Proportion of higher education enrolments in science, engineering and technology: business: humanities	University Education	29:30:41	28:30:42	28:29:43	29:29:43	30:33:37	30:33:37	30:28:42
Number of higher education graduates per year	University Education	124 000	126 900	133 000	137 100	141 900	147 576	158 700
Number of new artisans registered for training by sector education and training authorities	Skills Development	0	4 304	17 228	12 600	*	*	*
Number of trained artisans participating in trade tests at the Institute for the National Development of Learnerships, Employment Skills and Labour Assessments per year	Skills Development	7 905	9 000	8 337	12 000	*	*	*
Percentage pass rate of participants in trade tests per year	Skills Development	40% (3 192)	35% (1 575)	41% (3 418)	45%	50%	*	*

* Subject to revised national skills development strategy targets which still need to be finalised

Expenditure estimates

Table 16.2 Higher Education and Training

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
R million								
1. Administration	67.6	73.2	90.9	104.3	103.4	100.5	106.1	115.7
2. Human Resource Development, Planning and Monitoring Coordination	21.9	24.7	24.4	29.2	28.2	26.0	28.8	31.9
3. University Education	11 991.8	13 239.0	15 409.7	17 149.1	17 148.2	19 534.7	21 681.9	23 209.2
4. Vocational and Continuing Education and Training	2 100.7	2 543.4	3 110.3	3 260.2	3 263.0	3 891.2	4 100.4	4 305.8
5. Skills Development	110.3	117.1	130.5	153.8	139.1	168.3	187.5	193.6
Subtotal	14 292.2	15 997.3	18 765.9	20 696.6	20 681.8	23 720.7	26 104.6	27 856.1
Direct charge against the National Revenue Fund	5 328.4	6 284.3	7 234.1	7 750.0	7 750.0	8 424.2	9 148.7	9 606.1
Sector education and training authorities	4 262.7	5 027.4	5 787.3	6 200.0	6 200.0	6 739.4	7 319.0	7 684.9
National Skills Fund	1 065.7	1 256.9	1 446.8	1 550.0	1 550.0	1 684.8	1 829.7	1 921.2
Total	19 620.6	22 281.7	26 000.0	28 446.6	28 431.8	32 144.9	35 253.3	37 462.3
Change to 2009 Budget estimate				10 689.3	10 674.5	12 386.3	13 638.2	14 766.3

Economic classification

Current payments	278.0	273.9	318.7	343.4	328.7	382.4	419.1	443.5
Compensation of employees	131.7	146.2	174.8	203.3	203.6	228.9	245.8	261.1
Goods and services	146.2	127.6	143.9	140.1	125.1	153.5	173.3	182.3
<i>of which:</i>								
Computer services	23.3	23.3	20.0	17.5	17.5	33.8	33.8	35.9
Agency and support / outsourced services	25.0	12.0	7.0	4.0	4.0	5.1	12.0	12.1
Lease payments	12.7	12.8	4.2	42.7	42.7	25.7	26.8	28.2
Travel and subsistence	28.4	31.5	35.8	23.0	25.3	42.5	45.9	48.4
Transfers and subsidies	19 321.2	21 986.5	25 676.3	28 092.1	28 092.1	31 752.7	34 828.2	37 012.6
Provinces and municipalities	1 973.8	2 435.3	3 005.8	3 168.3	3 168.3	3 772.7	3 972.0	4 169.1
Departmental agencies and accounts	6 359.4	7 606.9	8 872.3	9 624.4	9 624.4	10 462.8	11 553.1	12 190.2
Universities and technikons	10 985.7	11 941.5	13 797.4	15 297.2	15 297.2	17 516.7	19 302.7	20 652.9
Foreign governments and international organisations	0.3	0.4	0.4	0.4	0.4	0.4	0.5	0.5
Households	1.9	2.5	0.3	1.7	1.7	–	–	–
Payments for capital assets	10.6	4.9	4.9	11.1	11.1	9.8	6.0	6.2
Buildings and other fixed structures	3.3	–	0.6	3.0	3.0	–	–	–
Machinery and equipment	7.2	4.8	4.1	8.0	8.0	9.8	5.9	6.2
Software and other intangible assets	0.0	0.1	0.2	0.1	0.1	0.1	0.1	0.1
Payments for financial assets	10.9	16.4	0.1	–	–	–	–	–
Total	19 620.6	22 281.7	26 000.0	28 446.6	28 431.8	32 144.9	35 253.3	37 462.3

Expenditure trends

Excluding direct charges against the National Revenue Fund, expenditure increased from R14.3 billion in 2006/07 to R20.7 billion in 2009/10, at an average annual rate of 13.1 per cent, and is expected to grow at an average annual rate of 10.4 per cent over the medium term to reach R27.9 billion. Increases for both periods are mainly due to increases in the higher education subsidy, and for the National Student Financial Aid Scheme.

In 2009/10, the department was split from the former Department of Education, and it took on some functions formerly carried out by the Department of Labour. There is an increase of 126.5 per cent in payments for capital assets in 2009/10 as capital assets were bought as part of the set up costs of the new department. Over the

medium term, expenditure on this item is expected to decrease at an average annual rate of 17.6 per cent as the department's expenditure on capital assets will primarily be for maintenance.

Spending is dominated by the *University Education* programme, which comprises an average of 82.9 per cent of total expenditure annually over the medium term. Expenditure in this subprogramme consists mainly of transfers to higher education institutions and the National Student Financial Aid Scheme.

The department will also administer the further education and training colleges conditional grant, which will allow the department to oversee the shift of the further education and training college function from the provincial to national sphere. R10.6 billion over the MTEF period is shifted to the department from the equitable share for this purpose and an additional R1.3 billion is added to this new grant to improve the delivery of programmes at these colleges. This sees the grant allocation growing by an average annual rate of 9.6 per cent over the medium term from R3.2 billion in 2009/10 to R4.2 billion in 2012/13.

The department receives additional allocations over the MTEF period of R421.1 million, R761.3 million and R1 249 million, mainly for:

- higher education institutions (R300 million in 2011/12 and R700 million in 2012/13)
- the National Student Financial Aid Scheme to provide additional financial assistance to poor students at higher education institutions (R57.6 million in 2012/13)
- funding for the newly established department (R20 million, R30 million and R40 million)
- adjustments for compensation of employees (R1.2 million, R1.3 million and R1.4 million)
- addition to the new further education and training colleges conditional grant (R400 million, R430 million and R450 million).

Infrastructure spending

In the past, universities assisted with infrastructure projects through contributions to universities' interest and redemption payments on loans obtained from financial institutions. While the department continues to honour these agreements, a new funding model for infrastructure delivery was introduced in 2008/09 in which the department co-funds approved infrastructure projects.

Departmental receipts

Departmental receipts are not significant and arise mainly from the repayment of government loans by higher education institutions. Departmental receipts totalling R6.6 million are expected for 2009/10 and are projected to increase to R7 million in 2012/13.

Table 16.3 Departmental receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
Departmental receipts	6 185	6 873	6 744	6 522	6 570	6 890	6 983	7 001
Sales of goods and services produced by department	629	694	834	530	910	849	889	907
Sales of scrap, waste, arms and other used current goods	2	–	28	60	20	40	43	43
Interest, dividends and rent on land	4 155	4 037	4 101	4 162	3 902	4 118	4 114	4 106
Sales of capital assets	94	12	–	–	3	–	–	–
Transactions in financial assets and liabilities	1 305	2 130	1 781	1 770	1 735	1 883	1 937	1 945
Total	6 185	6 873	6 744	6 522	6 570	6 890	6 983	7 001

Programme 1: Administration

Expenditure estimates

Table 16.4 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Minister ¹	0.5	0.6	0.8	1.5	1.8	1.9	2.0
Management	18.6	22.5	25.8	25.2	25.4	27.0	30.1
Corporate Services	39.6	41.1	54.7	66.2	47.8	50.1	55.1
Office Accommodation	8.8	9.0	9.6	11.4	25.6	27.1	28.5
Total	67.6	73.2	90.9	104.3	100.5	106.1	115.7
Change to 2009 Budget estimate				0.9	12.7	13.7	18.9

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

Economic classification

Current payments	60.4	62.5	89.7	101.3	99.9	105.5	115.1
Compensation of employees	23.9	27.2	33.5	38.1	39.3	42.3	48.3
Goods and services	36.4	35.3	56.2	63.1	60.6	63.2	66.8
<i>of which:</i>							
Computer services	6.8	7.2	6.9	7.4	15.4	16.0	17.3
Agency and support / outsourced services	0.3	0.7	1.0	0.1	0.5	0.5	0.5
Lease payments	9.1	8.9	0.7	36.7	22.2	23.2	24.3
Travel and subsistence	4.9	6.6	7.3	5.8	6.7	7.0	7.4
Transfers and subsidies	0.8	0.8	0.2	1.2	0.1	0.2	0.2
Departmental agencies and accounts	0.1	0.1	0.1	0.1	0.1	0.2	0.2
Households	0.7	0.7	0.1	1.1	–	–	–
Payments for capital assets	1.3	1.5	1.0	1.8	0.5	0.4	0.4
Machinery and equipment	1.3	1.4	1.0	1.8	0.5	0.4	0.4
Payments for financial assets	5.1	8.4	–	–	–	–	–
Total	67.6	73.2	90.9	104.3	100.5	106.1	115.7

Expenditure trends

Expenditure increased at an average annual rate of 15.6 per cent, from R67.6 million in 2006/07 to R104.3 million in 2009/10. It is expected to increase further over the medium term, at an average annual rate of 3.5 per cent to reach R115.7 million in 2012/13.

Programme 2: Human Resource Development, Planning and Monitoring Coordination

- *Human Resource Development, Strategic Planning and Coordination* provides strategic direction in the development, implementation and monitoring of departmental policies, and coordinates activities in relation to the national human resource development strategy. Funding is mainly used for projects, compensation of employees and other personnel related costs.
- *Planning, Information, Monitoring and Evaluation Coordination* monitors and evaluates policy outputs of the department and coordinates research in the fields of higher education and training. It also ensures that education policies and legislation are developed into well functioning systems, and promotes the development and operation of higher education and training information systems. Funding is mainly used for compensation of employees and other related personnel costs.

- *International Relations* develops, promotes and renders international relations and supports the United Nations Educational, Scientific and Cultural Organisation in the higher education sub-system. It also manages, monitors and reports on international donor grant funding. Funding is mainly used for international delegations hosted by the minister, transfers to international organisations, compensation of employees and other related personnel costs.
- *Legal and Legislative Services* manages the legal and legislative services of the department. Funding is mainly used for compensation of employees and other personnel related costs.
- *Social Inclusion in Education* promotes access to and participation by all learners in higher education and training programmes. Funding is mainly used for compensation of employees and other related personnel costs.

Objectives and measures

- Increase the ability of the economy to create employment by ensuring the finalisation of the restructured human resource development strategy for South Africa, including setting up and supporting the Human Resource Development Council by March 2011.
- Improve educational planning by ensuring that a master system plan is developed to integrate all education and training information, particularly learner unit record databases, by March 2011.
- Deal with access, equity and quality issues by:
 - developing an education and training system sector plan and compiling a monitoring and evaluation report on the system by March 2012
 - establishing a well functioning social inclusion, equity and transformation unit to serve all the sub-systems in the higher education and training landscape by March 2014.
- Align the legislative framework with the new department's functions and policies by amending all related legislation and regulations and promulgating new legislation and regulations to reflect the policy requirements of the higher education and training system by March 2011.

Service delivery focus

The human resource development strategy for South Africa is being revised to take into account the current economic situation, the new structure of government and government's new medium term strategic framework in order to: ensure smooth, integrated, coordinated and coherent human resource development planning; establish institutional mechanisms for coordination, integration, coherence, accountability and reporting; deal with shortcomings in labour market information; and establish effective and efficient planning capabilities for human resource development in relevant departments and entities.

An integrated education and training management information system will assist in the state being responsive to the education, training and human resource development needs of the country to enable the department to provide users with a report on the state of the system and to highlight areas of concern that may require intervention. The department will focus on developing an integrated education and training management information system that will link all education and training providers to one system in 2010/11.

The India-Brazil-South Africa exchange programme is operational and aims to improve research and postgraduate opportunities in strategic areas such as education, trade, and science and technology. South Africa will take responsibility for 2 thematic areas over the medium term: global governance and international trade and investment; and higher education. The department will also establish mechanisms for coordinating, monitoring and evaluating the policy framework on the internationalisation of higher education and training programmes in South Africa in 2010/11.

The social inclusion, equity and transformation unit in the department will monitor and support transformation processes across the higher education and training system through research and partnership development. Coherent career guidance and information services for higher education and training will also be supported during this period.

Expenditure estimates

Table 16.5 Human Resource Development, Planning and Monitoring Coordination

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Human Resource Development, Strategic Planning and Coordination	2.2	3.7	4.2	5.2	5.8	7.1	7.7
Planning, Information, Monitoring and Evaluation Coordination	3.8	5.5	6.9	8.1	5.2	5.5	6.1
International Relations	8.4	8.7	5.0	6.0	6.3	6.7	7.4
Legal and Legislative Services	1.8	2.3	3.0	3.9	3.7	4.0	4.5
Social Inclusion in Education	5.6	4.7	5.2	5.9	5.1	5.5	6.2
Total	21.9	24.7	24.4	29.2	26.0	28.8	31.9
Change to 2009 Budget estimate				1.3	3.8	4.6	6.7

Economic classification

Current payments	21.1	23.9	23.7	28.0	25.2	28.0	31.0
Compensation of employees	9.4	11.9	15.0	18.3	19.4	20.8	22.9
Goods and services	11.7	12.0	8.7	9.7	5.9	7.2	8.1
<i>of which:</i>							
Computer services	0.3	0.0	0.1	1.9	0.3	0.3	0.4
Agency and support / outsourced services	1.5	2.3	2.6	0.6	0.2	0.5	1.3
Lease payments	0.2	0.6	0.1	0.0	0.0	0.0	0.0
Travel and subsistence	3.4	4.5	3.2	2.7	2.5	2.7	2.9
Transfers and subsidies	0.5	0.4	0.5	1.0	0.4	0.5	0.5
Foreign governments and international organisations	0.3	0.4	0.4	0.4	0.4	0.5	0.5
Households	0.2	–	0.1	0.6	–	–	–
Payments for capital assets	0.2	0.4	0.3	0.2	0.3	0.3	0.4
Machinery and equipment	0.2	0.4	0.1	0.2	0.3	0.3	0.4
Software and other intangible assets	–	0.0	0.1	0.0	0.0	–	–
Total	21.9	24.7	24.4	29.2	26.0	28.8	31.9

Details of selected transfers and subsidies

Foreign governments and international organisations							
Current	0.3	0.4	0.4	0.4	0.4	0.5	0.5
India-Brazil-South Africa Trilateral Commission	0.3	0.4	0.4	0.4	0.4	0.5	0.5

Expenditure trends

Expenditure increased at an average annual rate of 10.1 per cent, from R21.9 million in 2006/07 to R29.2 million in 2009/10 due to the hiring of additional personnel to provide capacity to the *Human Resource Development, Strategic Planning and Monitoring Coordination* and *Planning, Information, Monitoring and Evaluation Coordination* subprogrammes. Expenditure is expected to increase at a slower average annual rate of 3 per cent over the medium term to reach R31.9 million in 2012/13.

The fluctuating trend in expenditure in the *International Relations* subprogramme over the 7-year period is due to the number of international events attended or hosted by the minister in particular years. The impact of the varying number of international events on expenditure is also reflected in expenditure on goods and services, which decreased from R11.7 million in 2006/07 to R8.7 million in 2008/09 mainly as a result of the hosting of the Conference of Commonwealth Education Ministers in December 2006 and the third Conference of African Ministers of Education in August 2007.

Programme 3: University Education

- *University - Academic Planning and Management* plans and monitors the university sub-system through analysing institutional and national plans and by ensuring the maintenance of programmes and qualification mixes. Funding is mainly used for transfers to the National Student Financial Aid Scheme, the Council on Higher Education, the South African Qualifications Authority and special projects supporting the strategic plan of the department.
- *University - Financial Planning and Information Systems* coordinates and manages the development and maintenance of universities' information systems and an appropriate funding framework for a diverse university sub-system. Funding is mainly used for projects, compensation of employees and other personnel related costs.
- *University - Policy and Development* registers private universities and provides governance support, responds to public queries and monitors transformation, including through liaising with stakeholders in the university sub-system. Funding is mainly used for projects, compensation of employees and other personnel related costs.
- *Teacher Education* develops a responsive and comprehensive national teacher education and development system as a sub-system of the higher education and training system. It develops and maintains academic policy for teacher education qualifications, in line with the higher education qualifications framework, monitors institutions for adherence to policy, and supports policy implementation to ensure relevant curricula and a sufficient supply of well qualified teachers for all education sub-systems. Funding is mainly used for compensation of employees and other personnel related costs.
- *University - Subsidies* transfers payments to universities. Funding is mainly used for unconditional block grant transfers, which are divided among the 23 universities and are based on research outputs, teaching inputs and outputs and contextual factors like the number of disadvantaged students enrolled at the institution.

Objectives and measures

- Improve the performance and output of the university sub-system through targeted interventions (such as earmarked grants for teaching and research development, infrastructure and foundation programmes, and enrolment planning) and ongoing monitoring and evaluation over the medium term. The allocation of these grants will be based on progress reports in these areas in relation to approved project plans submitted by institutions.
- Improve the teaching and research outputs of the university sub-system through targeted interventions (such as earmarked grants for teaching and research development, infrastructure, and foundation programmes) for specific teaching and research needs over the medium term.
- Improve the governance of universities through ongoing support to university councils and other university constituencies and the ongoing monitoring and evaluation of annual reports, policies, statutes and student charters each year.
- Extend and improve university education to meet high level human resources needs and promote research and knowledge generation by monitoring and evaluating student enrolments relative to the annual enrolment targets set by the minister.
- Improve access to university education opportunities by coordinating the programmes of the national institutes for higher education in Mpumalanga and Northern Cape.
- Promote access to and support for teacher education institutions to ensure that more and better qualified teachers are provided, in line with national needs by:
 - increasing the number of institutions offering foundation phase teacher education from 13 to 18
 - increasing the intake of foundation phase teacher education students by 10 per cent each year
 - using the Funza Lushaka bursary scheme to attract academically able student teachers in national priority areas like maths, science and the foundation phase.

Service delivery focus

Year on year cohort studies of higher education students that were completed for 2004, 2005 and 2006 found that many students do not complete their studies with the average percentage of returning students at just 60 per cent. Full cohort studies over 5 years for undergraduate students on 3-year programmes will be finalised in 2011. The outcome of this process will inform the next enrolment planning cycle from 2011 to 2013. A draft teaching development policy was submitted to the minister in 2009 and the research development policy will be finalised in 2010. Both policies are aimed at improving teaching and learning at institutions, and providing funds to assist targeted interventions for improving research output.

The institutional statutes and student representative council constitutions of 3 universities were revised and reformulated in 2009/10 in accordance with the Higher Education Act (1997). In 2009, conferences, workshops and student representative council training sessions were hosted to support student participation in policy development. A charter on student rights and responsibilities was adopted at the 2009 South African Union of Students conference. The departmental programme on democracy development, civic education and the professional management of student representative council elections was implemented in 2009. Partnerships were established in 2009 with the National Youth Development Agency, SABC Education, and the Electoral Commission with a view to supporting student leadership at institutions to ensure that elections are democratic.

The department monitors the enrolment and success rate of students in science and technology, where enrolment is currently at 28 per cent of total enrolment against the targeted 30 per cent. There was an average annual increase of 6.1 per cent in the number of science and technology graduates between 2000 and 2008. Earmarked funds have been provided to universities for infrastructure development and academic efficiency since 2008/09, in part to increase the enrolment and output in scarce and critical skills areas.

The National Student Financial Aid Scheme was able to provide financial aid to more students (from 108 000 in 2006 to 130 000 in 2009). In May 2009, the ministerial committee was appointed to review the efficacy of the scheme and student financial aid submitted its report to the minister in January 2010, which will be released for public comment in March 2010. National institutes for higher education in Mpumalanga and Northern Cape are coordinating the delivery of programmes by universities in those provinces.

A policy development team was established in mid-2009 to revise existing policy on teacher education and align it with the higher education qualifications framework. New qualification types for initial professional education and training, and formal continuous professional teacher development have been selected from the framework and customised for school based teacher education. A draft policy document was developed in 2009 and will be finalised jointly with the Department of Basic Education in 2010/11.

Expenditure estimates

Table 16.6 University Education

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
University - Academic Planning and Management	996.0	1 286.1	1 598.7	1 834.5	1 998.2	2 358.0	2 535.5
University - Financial Planning and Information Systems	2.1	2.5	2.0	3.7	6.9	7.3	7.3
CD: University - Financial Planning and Information Systems	–	–	–	–	1.7	1.9	1.7
University - Financial and Physical Planning	–	–	–	–	2.6	2.7	2.8
University - Management and Information Systems	2.1	2.5	2.0	3.7	2.6	2.7	2.8
University - Policy and Development	7.1	8.5	10.5	12.5	11.2	12.0	11.5
Teacher Education	0.9	0.4	1.1	1.2	1.7	1.8	2.0
CD: Teacher Education	–	–	–	–	0.5	0.5	0.6
Continuing Professional Teacher Development	–	–	–	–	0.6	0.7	0.7
Initial Teacher Education	0.9	0.4	1.1	1.2	0.6	0.7	0.7
University - Subsidies	10 985.7	11 941.5	13 797.4	15 297.2	17 516.7	19 302.7	20 652.9
Total	11 991.8	13 239.0	15 409.7	17 149.1	19 534.7	21 681.9	23 209.2
Change to 2009 Budget estimate				(350.3)	42.4	348.4	809.2

Table 16.6 University Education (continued)

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Economic classification							
Current payments	17.6	19.5	21.0	26.2	30.8	34.4	34.8
Compensation of employees	12.9	13.6	14.8	18.4	22.9	24.6	24.1
Goods and services	4.7	6.0	6.2	7.8	7.9	9.7	10.7
<i>of which:</i>							
Computer services	0.4	0.0	0.1	1.3	0.3	0.4	0.5
Agency and support / outsourced services	0.5	1.2	0.8	–	1.1	1.5	1.9
Travel and subsistence	1.8	2.6	3.2	3.0	2.5	3.0	3.0
Transfers and subsidies	11 974.0	13 219.2	15 388.6	17 122.6	19 503.5	21 647.0	23 173.8
Departmental agencies and accounts	988.3	1 277.7	1 591.1	1 825.4	1 986.7	2 344.3	2 521.0
Universities and technikons	10 985.7	11 941.5	13 797.4	15 297.2	17 516.7	19 302.7	20 652.9
Payments for capital assets	0.2	0.2	0.1	0.2	0.4	0.5	0.5
Machinery and equipment	0.2	0.2	0.1	0.2	0.4	0.5	0.5
Total	11 991.8	13 239.0	15 409.7	17 149.1	19 534.7	21 681.9	23 209.2

Details of selected transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	988.3	1 277.7	1 591.1	1 825.4	1 986.7	2 344.3	2 521.0
National Student Financial Aid Scheme	926.4	1 212.7	1 522.4	1 744.7	1 909.4	2 260.9	2 431.5
Council on Higher Education	27.9	29.3	31.2	41.7	36.0	39.6	43.5
South African Qualifications Authority	34.0	35.7	37.6	39.1	41.3	43.8	46.0
Universities and technikons							
Current	10 895.2	11 864.0	13 742.6	15 260.2	17 484.7	19 276.7	20 630.9
University subsidies	10 895.2	11 864.0	13 742.6	15 260.2	17 484.7	19 276.7	20 630.9
Capital	90.5	77.5	54.8	37.0	32.0	26.0	22.0
University subsidies	90.5	77.5	54.8	37.0	32.0	26.0	22.0

Expenditure trends

Expenditure grew from R12 billion in 2006/07 to R17.1 billion in 2009/10, at an average annual rate of 12.7 per cent, and is expected to increase at an average annual rate of 10.6 per cent over the medium term to reach R23.2 billion. Transfer payments to higher education institutions are the programme's largest spending item. They are expected to increase at an average annual rate of 10.5 per cent over the MTEF period. The increase of 15.5 per cent in expenditure on the *University Subsidies* subprogramme in 2008/09 was due to additional allocations for subsidies to higher education institutions. The increased transfers will support the renewal of infrastructure and academic programmes in institutions to improve their graduate outputs, particularly in scarce and critical skills domains such as engineering, and other science and technology fields, and the efficiency and quality of their teaching services.

Expenditure in the *University - Financial Planning and Information Systems* subprogramme is expected to grow by 25.4 per cent over the MTEF period, due to the expansion of support to universities and other related activities over the medium term. This also accounts for the increased projected expenditure on consultants from R1.3 million in 2009/10 to R3.2 million in 2012/13.

Over the MTEF period, an average of 10.2 per cent of programme expenditure is for transfers to the National Student Financial Aid Scheme.

The increases in capital expenditure of 66.7 per cent in 2009/10 and 72.7 per cent in 2010/11 are mainly for equipment required for the establishment of the new department.

Public entity

National Student Financial Aid Scheme

Strategic overview: 2006/07 – 2012/13

The National Student Financial Aid Scheme, established in terms of the National Student Financial Aid Scheme Act (1999), is responsible for administering and allocating loans and bursaries to eligible students, developing criteria and conditions for granting loans and bursaries in consultation with the minister, raising funds, recovering loans, maintaining and analysing a database, and undertaking research for the better use of financial resources. The National Student Financial Aid Scheme also advises the minister on student financial aid in general, and performs other functions assigned to it by the minister.

The Minister of Higher Education and Training is awaiting the outcome of the review of the scheme, which will inform policy and strategic direction in the period ahead.

Savings and cost effective service delivery

Following a board decision to set the interest rate on outstanding debtor accounts on 1 April each year, the mailing of debtor account statements is no longer dependent on changes in the interest rate and it has become possible to limit the number of statement runs to once a quarter. Other smaller savings have been realised through stricter controls on travel costs, and an electronic loan agreement form is being piloted, which will reduce printing, courier and data capturing costs.

Selected performance indicators

Table 16.7 National Student Financial Aid Scheme

Indicator	Past			Current	Projections		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Number of students assisted in higher education per year ¹	108 416	113 616	118 450	130 000	140 000	150 000	165 000
Pass rate (number of courses passed by loan recipients) ²	73%	75%	77%	76%	75%	75%	75%
Funds recovered from previous loan recipients per year	R390 million	R479 million	R555 million	R526 million	R560 million	R578 million	R632 million
Total number of Funza Lushaka bursary recipients ³	–	–	5 189	8 542	9 240	9 795	10 380
Total number of further education and training bursary recipients	–	12 283	35 355	30 920	54 060	57 300	60 730

1. Recipients of awards from all sources of funding

2. The National Student financial Aid Scheme's pass rate is a reported figure from each higher education institution, which provides a breakdown of the number of courses a student enrolled for in a particular year, and the number of courses passed in that year. It does not provide an indication of progression and does not correlate with progression rates, as students may pass more than 50 per cent of their courses but these may not necessarily be credit bearing, weighted or major courses that contribute to progression to the next academic year.

3. Bursaries for students studying to become teachers

Service delivery focus

The number of students assisted with National Student Financial Aid Scheme funding increased by 6.3 per cent, from 106 852 in 2005/06 to 113 616 in 2007/08. There were 107 900 beneficiaries in the 2008 academic year.

Funds recovered from the repayment of loans increased from R329 million in 2005/06 to R479 million in 2007/08 and to R555 million in 2008/09 as the scheme improved its debt recovery and collection strategy.

In its outreach and advocacy efforts, the scheme uses various media to raise awareness about its services. These include distributing pamphlets and posters to schools, further education and training colleges and universities, and print and broadcast media campaigns in 2008 and 2009. Another key outreach platform is career exhibitions hosted by universities, where partnerships with the event organisers have been critical. The scheme is also undertaking a research project in 2010 aimed at reviewing the effectiveness of the non-government organisation partnership model as a way of creating awareness in schools and communities.

Expenditure estimates

Table 16.8 National Student Financial Aid Scheme: Programme information

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Student Bursaries -HEIs	407.8	612.4	855.7	1 367.2	1 339.6	1 641.5	1 757.3
Student Bursaries - FET Colleges	–	65.3	219.0	300.0	318.0	337.1	353.9
Other programmes	34.5	263.3	356.9	506.5	623.1	319.9	737.7
Total expense	442.2	941.0	1 431.6	2 173.7	2 280.7	2 298.4	2 848.9

Table 16.9 National Student Financial Aid Scheme: Financial information

Statement of financial performance R million	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Revenue							
Non-tax revenue	332.1	411.2	590.1	643.4	709.7	780.7	858.5
<i>Interest on investments and student loans</i>	332.1	411.2	590.1	643.4	709.7	780.7	858.5
Transfers received	1 153.3	1 507.3	1 969.5	2 501.5	2 710.8	3 091.3	3 245.9
Total revenue	1 485.4	1 918.5	2 559.6	3 144.9	3 420.5	3 872.0	4 104.4
Expenses							
Current expense	34.5	263.3	356.9	386.5	414.5	80.1	462.5
Compensation of employees	10.8	13.1	16.7	19.6	26.8	30.1	33.1
Goods and services	22.3	250.8	339.2	369.3	389.9	53.2	432.0
Depreciation	1.3	(0.6)	1.0	(2.4)	(2.3)	(3.2)	(2.6)
Transfers and subsidies	407.8	677.8	1 074.7	1 787.2	1 866.2	2 218.3	2 386.4
Total expenses	442.2	941.0	1 431.6	2 173.7	2 280.7	2 298.4	2 848.9
Surplus / (Deficit)	1 043.1	977.5	1 128.1	971.2	1 139.9	1 573.5	1 255.5

Expenditure trends

Transfers from the Department of Higher Education and Training to the National Student Financial Aid Scheme are expected to be R1.9 billion in 2010/11, R2.3 billion in 2011/12 and R2.4 billion in 2012/13. These transfers include allocations for further education and training college bursaries (R318 million, R337.1 million and R353.9 million) and transfers from the Department of Basic Education for the Funza Lushaka bursaries (R424 million, R449.4 million, R471.9 million).

Total expenditure grew at an average annual rate of 70 per cent, from R442.2 million in 2006/07 to R2.2 billion in 2009/10, mainly due to the allocation of additional funds for student financial aid and bursaries. Over the medium term, expenditure is expected to increase at an average annual rate of 9.4 per cent to reach R2.8 billion in 2012/13, most of which is for student financial aid and bursaries. The increase in expenditure in goods and services from R22.3 million in 2006/07 to R251.5 million in 2007/08 was due mainly to no provision having been made for doubtful debt as well as a significant increase in irrecoverable debts in 2006/07. From 2007/08, the National Student Financial Aid Scheme started to improve its debt collection methods, which meant a reduction in irrecoverable debts.

The surplus reflected for each year is as a result of donor funds received at the beginning of the academic year for student financial aid. These funds are disbursed during the academic year, which extends into the new financial year, thus contributing to the surplus. The surplus is also a result of recovered funds from loan repayments and interest received. These funds are allocated in the following year as there is no certainty on the amount that will be recovered from previous loanees in a given year.

Programme 4: Vocational and Continuing Education and Training

- *Planning and Institutional Support* provides the framework, coordination and support to further education and training colleges for the efficient and effective management, governance and delivery of vocational and occupational programmes, and manages the further education and training colleges conditional grant to provinces. It also regulates the provision of education and training by private education institutions offering qualifications in the further education and training band of the national qualifications framework. Funding consists mainly of transfers to the 50 further education and training colleges for their operational expenditure.
- *Programmes and Qualifications* develops and maintains high quality vocational education and training programmes, provides for implementing the student support services framework, and provides leadership and support for training and developing lecturers to ensure quality delivery of programmes in colleges. In addition it supports the education of post-school adults pursuing general education and training certificates and the national senior certificate qualifications. Funding is mainly used for compensation of employees and related personnel costs.

Objectives and measures

- Ensure the continued relevance of further education and training college programmes by supporting the development of a diverse range of high quality and responsive vocational education and training qualifications and programmes over the MTEF period through consultation with relevant role players.
- Improve the quality of the delivery of programmes at further education and training colleges by providing leadership in the training and support of lecturers over the MTEF period.
- Ensure quality provision of education and training programmes and qualifications by private education institutions by regulating the provision of programmes offered by these institutions in 2009/10.
- Increase the youth and adult participation, retention and throughput rates in the vocational and occupational programmes by initiating and supporting interventions that address these issues in the next three years.
- Improve the linkages between colleges, industry and universities of technology by facilitating and supporting partnerships between them over the medium term.

Service delivery focus

The department is responsible for post-literacy adult education and training to form part of the single national post-school education and training system. The report of a committee established to review adult education and training, tabled for the minister's consideration in 2008, accepted that adult education and training required restructuring. A steering committee was then established to oversee the process of developing an alternative national senior certificate for candidates out of school. A draft qualification document was developed and working groups have been established to develop the curriculum for these candidates over the MTEF period.

Work over the medium term will focus on implementing the recommendations of the ministerial committee, including: revising the curriculum and qualifications at adult basic education and training level 4; developing appropriate learning support materials; and developing a costing model for the delivering of adult education and training programmes while considering potential synergies of this sub-system's location in the Department of Higher Education and Training.

In 2008 and 2009, further education and training colleges were supported to implement the first phase of the student support services framework, including development and training on the student support services manual, which is aimed at facilitating the framework's implementation. All colleges were provided with mathematics and mathematical literacy workbooks and computers as support materials. Colleges were trained on the administration and management of the further education and training college bursary scheme, enabling them to award bursaries to 50 per cent of students who enrolled in national certificate (vocational) programmes. Profiling colleges and college programmes was done through developing and distributing a guide to opportunities for further learning and placing advertorials in national and local newspapers. In the medium term, the department will focus on sustaining interventions for increasing access and retaining college staff, and improving the quality of courses and throughput of students. 14 high quality and responsive national certificate (vocational) programmes are offered and supported in colleges. To enhance the quality of delivery, textbooks

are screened and catalogues of approved textbooks are generated for the 3 levels of subjects. To support teaching and learning and improve student performances, additional training was delivered to lecturers offering new programmes, mathematics and mathematical literacy, physical science, and assessment tasks in 2009.

257 private further education and training colleges were registered in 2009 and a monitoring and compliance report on provisionally registered private colleges was finalised. In 2009, 5 information sharing meetings were held to brief the private colleges about developments in and changes to the educational landscape and their implications, and included distributing updated information booklets on frequently asked questions about the registration of private further education and training colleges.

Over the past 5 years, the adult basic education and training system has reached 200 000 adult learners. In 2008, 1 484 learners achieved the full general education and training certificate qualification for adult learners and 41 866 achieved learning area certificates.

Expenditure estimates

Table 16.10 Vocational and Continuing Education and Training

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Planning and Institutional Support	2 025.6	2 459.2	3 015.6	3 179.2	3 787.1	3 988.9	4 185.9
Programmes and Qualifications	75.1	84.2	94.7	81.1	104.0	111.5	119.8
Total	2 100.7	2 543.4	3 110.3	3 260.2	3 891.2	4 100.4	4 305.8
Change to 2009 Budget estimate				3 133.5	3 734.9	3 935.3	4 131.8

Economic classification

Current payments	119.7	98.9	104.0	91.2	118.1	127.9	136.3
Compensation of employees	43.8	46.6	61.4	62.3	74.6	80.4	85.1
Goods and services	75.9	52.3	42.5	28.9	43.6	47.5	51.2
<i>of which:</i>							
Computer services	15.7	16.0	5.6	6.5	7.9	8.4	8.7
Agency and support / outsourced services	22.5	6.9	2.5	2.0	1.1	1.5	1.8
Lease payments	2.8	2.9	2.9	2.8	2.7	2.8	2.8
Travel and subsistence	14.8	14.3	17.6	8.3	21.6	23.4	25.1
Transfers and subsidies	1 974.6	2 435.8	3 005.9	3 168.4	3 772.7	3 972.0	4 169.1
Provinces and municipalities	1 973.8	2 435.3	3 005.8	3 168.3	3 772.7	3 972.0	4 169.1
Households	0.8	0.5	0.0	0.0	-	-	-
Payments for capital assets	0.6	0.8	0.4	0.7	0.4	0.5	0.4
Machinery and equipment	0.6	0.8	0.4	0.7	0.4	0.5	0.4
Payments for financial assets	5.8	8.0	0.1	-	-	-	-
Total	2 100.7	2 543.4	3 110.3	3 260.2	3 891.2	4 100.4	4 305.8

Details of selected transfers and subsidies

Provinces and municipalities							
Provinces							
Provincial Revenue Funds							
Current	1 973.7	2 435.3	3 005.8	3 168.3	3 772.7	3 972.0	4 169.1
Further Education and Training College Sector Recapitalisation Grant	470.0	631.1	795.2	-	-	-	-
Further Education and Training Colleges Grant	1 503.7	1 804.2	2 210.7	3 168.3	3 772.7	3 972.0	4 169.1

Expenditure trends

Expenditure increased at an average annual rate of 15.8 per cent, from R2.1 billion in 2006/07 to R3.3 billion in 2009/10. Expenditure is expected to increase over the medium term, at an average annual rate of 9.7 per cent, to reach R4.3 billion. This is due to the introduction of the further education and training colleges conditional grant to facilitate the shift of responsibility for colleges from the provinces to the national department. This is reflected in the average annual increase of 9.6 per cent in the *Planning and Institutional Support* subprogramme over the medium term, and in the 50.9 per cent increase in projected expenditure on goods and services in 2010/11, mainly to carry out the necessary oversight required for the conditional grant.

The expenditure on the *Programmes and Qualifications* subprogramme in 2009/10 is projected to decline by 14.4 per cent because funds were shifted away from examination related activities. This is corrected in 2010/11, when the subprogramme is expected to grow by 28.2 per cent, and is expected to continue to grow to ensure that the department is able to meet its responsibilities for setting up and implementing the national curriculum statement examinations.

Programme 5: Skills Development

- *SETA Coordination* supports, monitors and reports on implementation of the national skills development strategy at sectoral level through establishing and managing the performance of service level agreements with sector education and training authorities. Funding is mainly used for compensation of employees and other personnel related costs.
- *National Skills Development Services* transfers funds to the National Skills Fund and manages projects identified in the national skills development strategy as national priorities and other projects related to achieving the purposes of the Skills Development Act (1998) as determined by the director-general of the Department of Higher Education and Training.
 - *INDLELA* manages and coordinates national artisan development including monitoring the improvement of artisan trade assessment and moderation, and specialised technical training. Funding is used for compensation of employees and other personnel related costs, to run the institute, and to upgrade equipment.
- *Quality Development and Promotion* coordinates the work of the Quality Council for Trades and Occupations to develop, register and quality assure the implementation of qualifications and standards for occupationally based learning across all sectors of the economy. Funding is mainly used for compensation of employees and other personnel related costs.

Objectives and measures

- Improve skills development by achieving the targets contained in the extended national skills development strategy II in 2010/11.
- Improve skills development planning and matching by securing the adoption of the national skills development strategy III and its alignment with the human resource development strategy for South Africa in 2010/11.
- Achieve the annual targets derived from the national skills development strategy III, once they have been developed, annually from 2011/12 to 2014/15.
- Improve the skill levels of workers by aligning the work of the sector education and training authorities and the national skills framework to the targets contained in the national skills development strategy III.
- Ensure that skills development objectives are achieved by continually monitoring and evaluating the delivery of targets contained in the national skills development strategy II and III.
- Restructure the sector education and training authority landscape over the medium term. to enhance the performance of the authorities.

Service delivery focus

The second phase of the national skills development strategy, from 2005 to 2010, has been extended for an additional year to allow for its alignment with the human resource development strategy for South Africa.

In the first half of 2009/10, 2 207 new workers were trained through workplace skills development support programme grants compared to 2 069 in 2008/09, of which 88 per cent were black and 38 per cent female. In 2008/09, 73 438 unemployed learners of a targeted 40 000 were trained in adult basic education and training learning programmes and in the first half of 2009/10, 55 672 learners were trained against a targeted 40 000. 93 425 learners in these programmes are now enrolled through funding from the National Skills Fund, representing a 93 per cent achievement towards the target of 100 000 learners by March 2010.

Copies of the updated master scarce and critical skills list were distributed in 2008/09 to various stakeholders including sector development facilitators and sector specialists. In 2008/09, 103 296 workers against a target of 56 506 workers were trained in learnerships, apprenticeships and other scarce and critical skills programmes, exceeding the target by 83 per cent. In comparison, from April to September 2009, 53 800 workers were trained in learnerships, apprenticeships and other scarce and critical skills programmes against a target of 36 398. By mid-2009/10, 3 050 learners were placed for experience locally and internationally against a target of 17 817 compared to 13 148 learners placed for experience locally and internationally against a target of 9 088 in 2008/09. In 2008/09, 3 900 young people were trained in new venture creation, of which 68 per cent had sustainable businesses that lasted beyond 12 months.

The third phase of the national skills development strategy will be adopted in 2010 and its targets will steer service delivery from 2011 to 2015. The efficiency and effectiveness of the sector education and training authorities and of the National Skills Fund will be monitored. The sector education training authorities landscape will be reviewed over the medium term to improve their functioning and the outputs they deliver.

Expenditure estimates

Table 16.11 Skills Development

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
SETA Coordination	58.7	55.9	65.1	74.1	76.0	85.6	89.1
National Skills Development Services	51.5	60.4	63.7	65.9	73.0	82.8	87.3
Quality Development and Promotion	–	0.8	1.8	13.8	19.3	19.0	17.2
Total	110.3	117.1	130.5	153.8	168.3	187.5	193.6
Change to 2009 Budget estimate				153.8	168.3	187.5	193.6
Economic classification							
Current payments	59.2	69.1	80.4	96.8	108.4	123.3	126.2
Compensation of employees	41.7	46.9	50.1	66.2	72.7	77.7	80.7
Goods and services	17.5	22.2	30.3	30.6	35.6	45.6	45.5
<i>of which:</i>							
Computer services	0.1	–	7.4	0.4	10.0	8.7	9.0
Agency and support / outsourced services	0.3	0.9	0.1	1.3	2.3	8.0	6.6
Lease payments	0.5	0.4	0.5	3.0	0.7	0.7	0.7
Travel and subsistence	3.4	3.4	4.4	3.2	9.1	9.9	10.0
Transfers and subsidies	42.9	46.0	47.1	49.0	51.7	59.9	62.9
Departmental agencies and accounts	42.7	44.8	46.9	49.0	51.7	59.9	62.9
Households	0.2	1.2	0.1	–	–	–	–
Payments for capital assets	8.1	2.0	3.1	8.1	8.2	4.3	4.5
Buildings and other fixed structures	3.3	–	0.6	3.0	–	–	–
Machinery and equipment	4.8	2.0	2.4	5.1	8.1	4.2	4.4
Software and other intangible assets	–	–	–	–	0.1	0.1	0.1
Total	110.3	117.1	130.5	153.8	168.3	187.5	193.6

Table 16.11 Skills Development (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	42.7	44.8	46.9	49.0	51.7	59.9	62.9
National Skills Fund	42.7	44.8	46.9	49.0	51.7	59.9	62.9

Expenditure trends

Expenditure increased at an average annual rate of 11.7 per cent, from R110.3 million in 2006/07 to R153.8 million in 2009/10. Expenditure is expected to increase to R193.6 million over the medium term, at the slower average annual rate of 8 per cent. Between 2006/07 and 2009/10, spending on compensation of employees grew at an average annual rate of 17.8 per cent due to annual cost of living salary adjustments. Growth over the medium term is expected to average 9.2 per cent annually.

Payments for capital assets increases by 161.3 per cent in 2009/10 due to an allocation for upgrading of buildings and security systems at the Institute for the National Development of Learnerships Employment Skills and Labour Assessments. Goods and services spending is expected to grow by 16.5 per cent from 2009/10 to 2010/11 due to an increase in spending on travel and subsistence, from R3.2 million in 2009/10 to R9.1 million in 2010/11. This is where the funds transferred from the Department of Labour for corporate services functions have been allocated until the department finalises their specific use.

Over the medium term, the department will focus on setting up the Quality Council for Trades and Occupations and realigning this programme with the objectives of the new human resource development strategy for South Africa.

Public entities and other agencies

National Skills Fund

Strategic overview: 2006/07 – 2012/13

The National Skills Fund was established in 1999 in terms of the Skills Development Act (1998). It is funded from 20 per cent of the skills development levies collected by the South African Revenue Service. The fund's key objectives include: promoting employability and sustainable livelihoods; contributing to the development of critical skills; workplace training; and increasing the number of new entrants into the workplace. The National Skills Fund has moved from the Department of Labour to the Department of Higher Education as part of the macro-reorganisation of the state.

Key priorities for the medium term include: improving the rate of disbursement across funded projects; addressing the governance and accountability framework of the fund; accelerating the delivery of critical skills in support of key growth and development strategies such as the provincial growth and development strategies, the human resource development strategy for South Africa; and skills development priorities identified by government and the national skills development strategy.

Selected performance indicators

Table 16.12 National Skills Fund

Indicator	Programme/Activity	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Number of additional unemployed people assisted to enter learning programmes	Critical skills support	41 011	57 570	17 599	9 677	18 400	12 400	12 400
Number of new learners who have completed learning programmes	Critical skills support	12 251	38 008	4 080	9 570	7 360	4 960	11 040
Number of new undergraduate bursaries awarded	Critical skills support	1 148	726	4 869	4 808	2800	2800	2 800

Table 16.12 National Skills Fund (continued)

Indicator	Programme/Activity	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Number of new postgraduate bursaries awarded	Critical skills support	1 042	1 120	997	1 088	1 200	1 200	1 200
Number of new adult basic education and training learners registered by the National Skills Fund	Adult basic education and training	46 095	19 987	73 438	55 672	7 500	5 000	5 000
Number of new registered adult basic education and training learners who have completed programme	Adult basic education and training	12 748	0	27 194	15 840	37 500	2 500	2 500
Number of additional unemployed people trained from the skills development funding window	Social development initiatives	118 153	101 924	15 169	0	100 000	100 000	100 000
Number of additional trained unemployed people placed in employment	Social development initiatives	90 691	71 054	8 885	0	70 000	70 000	70 000

Service delivery focus

By the end of October 2009, the National Skills Fund had distributed R537 million of the 2009/10 budget to support undergraduate and postgraduate bursaries; and learners through the strategic projects programme.

In 2008/09, the National Skills Fund funded the training of 15 169 unemployed people. Beneficiaries were drawn from key government projects such as the expanded public works programme, Working for Water and other provincial economic initiatives. 8 885 (59 per cent) were placed in projects that allowed them to consolidate skills gained through practical work. Since April 2005, a cumulative total of 338 414 people have been trained through the social development funding window. By March 2010, the National Skills Fund will have met 75 per cent of the national skills development strategy target of training 450 000 unemployed people.

The critical skills support programmes include learnerships, internships, apprenticeships and bursaries implemented primarily with sector education training authorities and provincial governments. In 2008/09, 17 599 learners were enrolled, against a targeted 16 000. Of these, only 4 080 completed programmes due to the nature of the programmes which often take longer than a year to complete. The fund has also funded 4 869 undergraduate bursaries through the National Student Financial Aid Scheme and 997 postgraduate bursaries through the National Research Fund.

The industry support programme benefited 6 156 workers in 2008/09, compared to 3 378 in 2007/08, through training grants under the incentives scheme for new investments and expansion initiatives. Since starting with the workplace skills development support programme training grants in 2005, 10 934 new workers have benefited. A further R60 million in training grants has been approved over a 3-year period and this will benefit 12 440 targeted workers.

The strategic projects programme is an implementation model that allows for the use of integrated projects to achieve goals and targets set for the National Skills Fund in the national skills development strategy. The programmes are implemented primarily in partnership with provincial governments and support their provincial growth and development strategies. In 2008/09, the programme recorded an intake of 41 834 learners in various learning programmes ranging from learnerships, internships, apprenticeships, bursaries and skills programmes. Of these, 31 803 exited the programme after completion.

Expenditure estimates

Table 16.13 National Skills Fund: Activity information

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Administration/Operations	118.1	113.4	125.2	130.5	156.9	176.4	155.7
Social Development Initiatives	258.3	303.2	149.7	646.5	863.7	950.8	833.4
ABET	35.0	59.6	110.7	191.0	59.0	39.4	31.4
Critical Skills Support	223.5	77.6	238.9	262.2	806.6	827.0	674.7
Industry Support Programme	30.4	34.6	46.5	134.5	234.9	178.3	156.8
Other	51.6	213.8	257.9	2 105.7	897.1	619.9	510.5
Total expense	716.9	802.3	928.8	3 470.5	3 018.2	2 791.8	2 362.4

Expenditure trends

Total revenue is projected to grow at an average annual rate of 7.2 per cent over the MTEF period, mainly due to revenue from the skills development levy, which is collected on a monthly basis by the South African Revenue Service. In 2008/09, revenue of R1.5 billion was derived from the skills development levy and the balance from interest earned from investments.

Total expenditure grew at an average annual rate of 69.2 per cent, from R716.9 million in 2006/07 to R3.5 billion in 2009/10, driven mainly by payments for skills development projects aligned with the national skills development strategy. Between 2006/07 and 2009/10, spending on compensation of employees grew at an average annual rate of 29.6 per cent due to salary adjustments. Spending over the MTEF period is expected to grow at a slower average annual rate of 12.0 per cent. Spending on transfers and subsidies paid is projected to decrease over the medium term, at an average annual rate of 13.5 per cent, from R3.3 billion in 2009/10 to R2.2 billion in 2012/13.

The projected deficits in the current year and over the MTEF period are due to an increase in the rollout of skills programmes. The National Skills Fund has adequate cash and reserves in the current year and over the MTEF period to fund these projected deficits.

Sector education and training authorities

Strategic overview: 2006/07 – 2012/13

There are currently 23 sector education and training authorities. Mandated by section 9 of the Skills Development Act (1998) to provide skills development across various economic sectors, their main objectives are: to implement sector skills plans to develop appropriate skills, to develop and register learning programmes, and to distribute skills development levy funds. The sector education and training authorities have moved from the Department of Labour to the Department of Higher Education and Training as part of the macro-reorganisation of the state.

Sector education and training authorities meet the national skills development strategy targets through a legislated service level agreement with the Department of Labour. These annual agreements are determined by the national skills development strategy's five-year target, which is also calculated in annual terms over the five-year period. The sector education and training authority sector skills plans have formed the basis for the first formally published, occupationally based national scarce skills list. The list has also been integrated into the Department of Home Affairs' processes for issuing scarce skills immigration work permits. Sector education and training authority sector skills plans are automatically uploaded through an integrated data collection process into the employment services system so that the annual national scarce skills list is efficiently updated.

The national skills development strategy for 2005 to 2010 sets targets for sector education and training authority programmes. This strategy has been extended for one year to 2011. The national skills development strategy will be revised in 2011.

Selected performance indicators

Table 16.14 Sector education and training authorities

Indicator	Past			Current	Projections		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Number of additional BEE small, medium and micro enterprises and cooperatives that receive skills development support	1 293	1 442	2 251	1 770	2 491	2 615	2 745
Number of additional adult basic education and training learners registered by sector education and training authorities	46 095	40 583	39 116	46 750	34 786	36 525	38 350
Number of additional adult basic education and training learners who have completed programmes	12 748	20 415	14 471	31 392	22 713	23 484	24 658
Number of additional workers assisted to enter scarce and critical skills programmes through learnerships, apprenticeships, bursaries and skills programmes	57 577	11 2100	10 3296	56 398	59 954	62 950	66 097
Number of additional workers enrolled in scarce and critical skills programmes who have completed learning programmes	21 423	71 529	108 887	35 194	36 988	38 837	40 778
Percentage of workers successfully completed learning programmes	37%	64%	79%	50%	50%	50%	50%

Table 16.14 Sector education and training authorities (continued)

Indicator	Past			Current	Projections		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Number of additional unemployed people assisted to enter scarce and critical skills programmes through learnerships, apprenticeships, internships, bursaries and skills programmes	41 011	57 570	60 126	36 804	31 295	32 859	34 501
Number of additional unemployed learners who have completed learning programmes	12 251	38 008	63 349	22 785	14 445	15 167	15 925
Number of additional youth supported through new venture creation programmes	3 287	2 559	3 406	3 406	2 092	14 344	15 061
Number of additional ventures sustainable 12 months after completion of the programme	755	1 791	1 475	3 408	4 215	4 425	4 646

Service delivery focus

In 2008/09, 2 251 small BEE cooperatives were supported, exceeding the target by 288.8 per cent due to many sector education training authorities fully establishing systems to assist SMMEs. This was also reflected in the first half of 2009/10, where 1 200 small BEE cooperatives were supported, or 68 per cent of the targeted 1 770.

In 2008/09, 40 851 learners, against a target of 10 732, entered adult basic education and training programmes, of which 14 471 completed the programmes, against a target of 44 650. The numbers completing the programmes exceed the number of entrants as new entrants overlap with the previous year's intake and the throughput rate of those who complete the programmes is very poor. The design of adult basic education and training programmes will be reviewed in the national skills development strategy of 2012-2015.

Expenditure estimates

Table 16.15 Sector education and training authorities: Project information

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Administration/Operations	721.6	511.3	586.9	614.6	690.4	730.8	771.8
Discretionary Grants	860.1	937.3	1 482.8	1 886.0	1 796.4	1 843.6	1 958.1
Mandatory Grants	1 796.0	1 949.7	2 302.5	2 409.5	2 557.6	2 748.2	2 967.2
Skills Development and Research	184.4	112.8	138.7	378.9	264.6	244.3	263.0
Other	739.7	773.4	804.8	975.7	1 767.7	1 735.7	1 583.3
Total expense	4 301.9	4 284.5	5 315.8	6 264.7	7 076.7	7 302.6	7 543.4

Table 16.16 Sector education and training authorities: Financial information

Statement of financial performance	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Revenue							
Non-tax revenue	308.3	465.3	656.3	426.3	370.4	321.7	329.4
Sale of goods and services other than capital assets	7.0	2.8	1.1	2.8	10.1	10.6	11.1
<i>of which:</i>							
Admin fees	0.9	–	–	–	–	–	–
Sales by market establishments	5.9	2.7	0.8	2.7	10.1	10.6	11.1
Other sales	0.2	0.2	0.3	0.1	–	–	–
Other non-tax revenue	301.3	462.5	655.2	423.5	360.3	311.1	318.3
Skills development levy	4 388.9	5 167.7	5 943.9	6 299.0	6 830.2	7 417.3	7 784.1
Total revenue	4 697.2	5 633.0	6 600.2	6 725.3	7 200.5	7 739.0	8 113.5
Expenses							
Current expense	839.5	657.6	775.3	774.0	849.9	958.4	1 013.5
Compensation of employees	272.1	314.8	356.8	404.0	437.9	466.4	494.3
Goods and services	544.8	316.7	387.5	343.2	387.9	468.2	494.4
Depreciation	21.5	22.4	27.5	25.5	22.3	21.8	23.0
Interest, dividends and rent on land	1.0	3.6	3.4	1.4	1.8	1.9	1.9
Transfers and subsidies	3 462.4	3 627.0	4 540.5	5 490.6	6 226.8	6 344.2	6 529.9
Total expenses	4 301.9	4 284.5	5 315.8	6 264.7	7 076.7	7 302.6	7 543.4
Surplus / (Deficit)	395.3	1 348.5	1 284.4	460.6	123.9	436.4	570.1

Expenditure trends

Total revenue grows at an average annual rate of 9.5 per cent over the 7-year period, from R4.7 billion in 2006/07 to R8.1 billion in 2012/13. The skills development levy collected by the South African Revenue Service accounts for an average of 95.1 per cent of total revenue over the medium term. Other non-tax revenue fluctuates between 2007/08 and 2010/11 due to fluctuations in interest earned on investments and the use of investments to fund training programmes.

Spending over the 7-year period grows at an average annual rate of 9.8 per cent, from R4.3 billion in 2006/07 to R6.3 billion in 2009/10 and R7.5 billion in 2012/13. The increase is driven mainly by payments relating to skills development programmes. Between 2006/07 and 2009/10, spending on compensation of employees grew at an average annual rate of 14.1 per cent due to higher salary adjustments, and is projected to grow at the slower average annual rate of 7 per cent over the MTEF period. Spending on goods and services decreased at an average annual rate of 14.3 per cent between 2006/07 and 2009/10, due to a decreased dependence on consultants. Over the medium term, expenditure on this item is expected to increase at an average annual rate of 12.9 per cent, due to increased spending on communications, travel and subsistence, and advertising related to marketing the revised national skills development strategy. The surpluses over the 7-year period are due to the rate of spending on skills development programmes being much lower than the skills levy collected. An average of 81.9 per cent of the levy collected is spent on skills development programmes.

Additional tables

Table 16.A Summary of expenditure trends and estimates per programme and economic classification

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R million	2008/09		2008/09	2009/10			2009/10
1. Administration	92.9	90.7	90.9	103.4	0.9	104.3	103.4
2. Human Resource Development, Planning and Monitoring Coordination	24.4	25.9	24.4	27.8	1.3	29.2	28.2
3. University Education	15 036.7	15 420.3	15 409.7	17 138.5	10.6	17 149.1	17 148.2
4. Vocational and Continuing Education and Training	874.6	905.2	3 110.3	87.6	3 172.6	3 260.2	3 263.0
5. Skills Development	174.8	149.5	130.5	152.3	1.5	153.8	139.1
Subtotal	16 203.5	16 591.7	18 765.9	17 509.6	3 187.0	20 696.6	20 681.8
Direct charge against the National Revenue Fund	7 529.6	7 529.6	7 234.1	7 750.0	-	7 750.0	7 750.0
Sector education and training authorities	6 023.7	6 023.7	5 787.3	6 200.0	-	6 200.0	6 200.0
National Skills Fund	1 505.9	1 505.9	1 446.8	1 550.0	-	1 550.0	1 550.0
Total	23 733.1	24 121.3	26 000.0	25 259.6	3 187.0	28 446.6	28 431.8
Economic classification							
Current payments	335.2	323.8	318.7	336.2	7.2	343.4	328.7
Compensation of employees	176.4	174.1	174.8	193.6	9.8	203.3	203.6
Goods and services	158.7	149.7	143.9	142.6	(2.5)	140.1	125.1
Transfers and subsidies	23 383.8	23 788.9	25 676.3	24 913.0	3 179.1	28 092.1	28 092.1
Provinces and municipalities	795.0	817.2	3 005.8	-	3 168.3	3 168.3	3 168.3
Departmental agencies and accounts	9 031.8	9 167.8	8 872.3	9 615.4	9.0	9 624.4	9 624.4
Universities and technikons	13 556.6	13 803.4	13 797.4	15 297.2	-	15 297.2	15 297.2
Foreign governments and international organisations	0.4	0.4	0.4	0.4	-	0.4	0.4
Households	-	0.1	0.3	-	1.7	1.7	1.7
Payments for capital assets	14.1	8.6	4.9	10.5	0.6	11.1	11.1
Buildings and other fixed structures	3.0	1.0	0.6	3.0	-	3.0	3.0
Machinery and equipment	10.9	7.6	4.1	7.4	0.6	8.0	8.0
Software and other intangible assets	0.2	0.1	0.2	0.1	0.0	0.1	0.1
Payments for financial assets	-	-	0.1	-	-	-	-
Total	23 733.1	24 121.3	26 000.0	25 259.6	3 187.0	28 446.6	28 431.8

Table 16.B Summary of personnel numbers and compensation of employees

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Permanent and full time contract employees							
Compensation (R million)	115.8	126.7	150.2	176.3	198.1	212.7	225.6
Unit cost (R million)	0.2	0.2	0.2	0.2	0.2	0.3	0.3
<i>Administration</i>	0.2	0.2	0.2	0.3	0.3	0.3	0.3
<i>Human Resource Development, Planning and Monitoring Coordination</i>	0.2	0.2	0.3	0.3	0.3	0.4	0.4
<i>University Education</i>	0.3	0.2	0.3	0.3	0.4	0.4	0.4
<i>Vocational and Continuing Education and Training</i>	0.3	0.3	0.4	0.4	0.4	0.5	0.5
<i>Skills Development</i>	0.1	0.1	0.1	0.2	0.2	0.2	0.2
Personnel numbers (head count)	724	757	815	796	805	805	805
Part time and temporary contract employees							
Compensation (R million)	14.6	17.8	22.3	24.5	28.0	30.1	32.3
Total for department							
Compensation (R million)	131.7	146.2	174.8	203.3	228.9	245.8	261.1
Unit cost (R million)	0.2	0.2	0.2	0.2	0.3	0.3	0.3
Personnel numbers (head count)	771	819	840	815	824	824	824

Table 16.C Summary of expenditure on training

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Compensation of employees (R million)	131.7	146.2	174.8	203.3	225.9	242.6	257.8
Training expenditure (R million)	1.8	2.5	2.9	1.9	2.6	2.8	2.9
Training as percentage of compensation	1.4%	1.7%	1.7%	0.9%	1.1%	1.1%	1.1%
Total number trained in department (head count)	311	335	287	134			
<i>of which:</i>							
<i>Employees receiving bursaries (head count)</i>	21	20	26	31			
<i>Internships trained (head count)</i>	47	62	25	19			
Households receiving bursaries (R million)	–	100.0	200.0	300.0	318.0	337.1	353.9
Households receiving bursaries (head count)	–	9 732	22 857	34 286			

Vote 17

Labour

Budget summary

R million	2010/11				2011/12	2012/13
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	650.0	641.1	0.2	8.7	690.6	716.0
Inspection and Enforcement Services	356.6	356.6	0.1	–	380.3	391.9
Public Employment Services	280.4	179.2	101.3	–	292.4	308.8
Labour Policy and Labour Market Programmes	496.9	83.1	413.7	0.1	503.2	525.7
Total expenditure estimates	1 783.9	1 259.9	515.2	8.8	1 866.6	1 942.5
Executive authority	Minister of Labour					
Accounting officer	Director-General of Labour					
Website address	www.labour.gov.za					

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

Aim

Reduce unemployment, poverty and inequality, through policies and programmes developed in consultation with social partners, which are aimed at: improved economic efficiency and productivity; skills development and employment creation; sound labour relations; eliminating inequality and discrimination in the workplace; alleviating poverty in employment; enhancing occupational health and safety awareness and compliance in the workplace; as well as nurturing the culture of acceptance that worker rights are human rights.

Programme purposes

Programme 1: Administration

Purpose: Management, strategic and administrative support services to the ministry and the department.

Programme 2: Inspection and Enforcement Services

Purpose: Ensure the implementation of and compliance with Department of Labour policies and programmes through monitoring, evaluation and inspections.

Programme 3: Public Employment Services

Purpose: Public employment services to assist companies and workers to adjust to changing labour market conditions and regulate private employment agencies

Programme 4: Labour Policy and Labour Market Programmes

Purpose: The establishment of an equitable and sound labour relations environment and the promotion of South Africa's interests in international labour matters through research, analysing and evaluating labour policy, and providing statistical data on the labour market, including providing support to institutions that promote social dialogue.

Strategic overview: 2006/07 – 2012/13

Since 2008, the Department of Labour has been adjusting its outlook to focus on employment services and inspection and enforcement services. With the assistance of the International Labour Organisation, the department has begun with a restructuring project to realign the department's structure with this vision. This process was also informed by the national macro reorganisation of the state announced by the president following the April 2009 elections. The president signed a proclamation transferring the *Skills Development* programme from the Department of Labour to the Department of Higher Education and Training with effect from 1 November 2009, which led to the reorganisation of the Department of Labour. In particular: programme 2, *Service Delivery*, which comprised the *Inspection and Enforcement Services*, *Employment Services* and *Management Support Services* subprogrammes, has been reorganised; the *Employment Services* subprogramme has moved to form programme 3, which has been renamed *Public Employment Services*; and the *Management Support Services* subprogramme (the administration unit in provincial offices and labour centres) has moved to programme 1, *Administration*, with only the inspection and enforcement services subprogramme remaining in programme 2, which has been renamed *Inspection and Enforcement Services*.

As the department operates actively at both the micro and macro levels of the labour market, its contribution to developing a sustainable economy will be through the regulation of the South African labour market by: developing appropriate legislation and regulations; protecting human rights in the labour sphere; providing employment services; ensuring the compliance, monitoring and enforcement of labour legislation; and promoting equity, social dialogue, and social and income protection.

Strategic priorities

Public employment services

The reorganisation of the department, which was completed in November 2009, has resulted in the creation of a new programme, *Public Employment Services*. This programme's main objective is to facilitate the entry and re-entry of jobseekers into the labour market by finding the most suitable employees to meet employer needs.

The programme is also responsible for overseeing the development of a public employment service policy and the relevant legislation that will make provision for the establishment of public employment services and the Employment Services Board. The policy will also provide for the integrated employment information system, with its database, to regulate private employment agencies, to advise on available skills in the labour market and on the employment of non-citizens and related matters. The Public Employment Service Bill will provide for amendments to the current Skills Development Act (1998) and the Unemployment Insurance Act (2001). The policy and bill will be fully developed and finalised by September 2010.

Decent Work country programme

The Decent Work country programme, in collaboration with the International Labour Organisation and in consultation with social partners, will only be finalised by April 2010 as the tripartite consultations between government, trade unions and employers at the National Economic Development and Labour Council are taking longer than anticipated. The main goal of the programme is to promote opportunities for people to obtain decent and productive work in conditions of freedom, equity, security and human dignity. The four pillars of the Decent Work agenda are: fundamental principles and rights at work and international labour standards; employment and income opportunities; social dialogue and tripartism (collaboration between government, trade unions and employers); and social protection and social security.

Inspection and enforcement services

The purpose of the inspection and enforcement services is to promote good labour practices. The restructuring of the Department of Labour's inspection and enforcement services is aimed at addressing existing shortcomings in the structure both at the national and provincial level, to effectively meet the labour practice challenges facing the country. Professionalising the inspectorate, providing a customer centric service and improved compliance are the three critical pillars of the department's strategic approach, and will be achieved by implementing the proposed service delivery model and structural changes. The core principle of each pillar is: professionalising the inspectorate in the context of the inspection and enforcement services means inspectors who are educated and well trained, engaged in continuous inquiry to understand the profession better, committed to lifelong learning and development, and linked to a career path; customer centric service means integrated service delivery with service package developments dictated by customer needs; and improved compliance means focusing on the strategic weak links of the enforcement mechanisms and identifying the appropriate intervention plan and rationalising the enforcement policies to promote consistency, thus creating a conducive environment for improved compliance at the enterprise level.

Over the medium term, the department will also continue to strengthen its inspection and enforcement services to improve employers' and employees' compliance with all labour legislation by reviewing related labour policy and legislation, including the Labour Relations Act (1995), the Basic Conditions of Employment Act (1997) and the Employment Equity Act (1998), and Occupational Health and Safety Act (1993).

Savings and cost effective service delivery

The department has identified efficiency savings and cost containment initiatives across all programmes totalling R133.9 million over the MTEF period in the following items:

- R12.2 million in compensation of employees due to savings on funded vacancies
- R107.4 million in goods and services, including travel and subsistence, contractors, inventory, food and food supplies, computer services and consultants
- R14.2 million in machinery and equipment due to the suspension of projects.

Selected performance indicators

Table 17.1 Labour

Indicator	Programme	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Number of new jobs registered on employment services database	Public Employment Services	–	15 364	7 553	6 500	7 000	*	*
Percentage of registered work seekers placed in permanent employment	Public Employment Services	–	36% (5 578)	65% (14 898)	65% (4 225)	70% (7 490)	*	*
Number of JSE Securities Exchange listed companies assessed for employment equity per year	Labour Policy and Labour Market Programmes	6	7	11	60	60	30	40
Number of reported occupational health and safety incidents investigated per year	Inspection and Enforcement Services	2 756	4 106	2 956	2 000	2 000	2 000	2 000

* Subject to revised national skills development strategy

Expenditure estimates

Table 17.2 Labour

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09			2009/10	2010/11	2011/12
R million								
1. Administration	534.8	572.5	567.9	670.1	659.4	650.0	690.6	716.0
2. Inspection and Enforcement Services	237.2	259.6	259.2	319.5	309.4	356.6	380.3	391.9
3. Public Employment Services	219.3	210.0	297.6	258.9	252.2	280.4	292.4	308.8
4. Labour Policy and Labour Market Programmes	352.1	389.4	382.5	460.8	453.4	496.9	503.2	525.7
Total	1 343.3	1 431.5	1 507.2	1 709.2	1 674.4	1 783.9	1 866.6	1 942.5
Change to 2009 Budget estimate				38.2	3.4	22.4	(1.4)	0.8
Economic classification								
Current payments	955.9	1 037.2	1 036.7	1 208.2	1 177.7	1 259.9	1 332.3	1 385.4
Compensation of employees	435.4	497.9	491.3	632.6	611.2	738.4	760.6	811.4
Goods and services	520.5	539.3	545.3	575.6	566.5	521.5	571.7	574.0
<i>of which:</i>								
Communication	45.8	48.6	44.2	43.0	42.0	37.7	42.1	40.3
Lease payments	72.2	77.8	87.4	163.9	164.3	189.9	206.8	222.0
Property payments	29.9	33.9	20.8	40.6	41.4	36.7	38.1	38.8
Travel and subsistence	84.0	105.4	107.2	80.3	79.1	76.7	82.9	80.6
Transfers and subsidies	367.4	382.2	457.2	463.1	462.3	515.2	502.6	527.1
Provinces and municipalities	0.3	–	–	–	–	–	–	–
Departmental agencies and accounts	296.5	316.5	323.2	377.4	377.4	429.8	413.9	433.9
Foreign governments and international organisations	6.9	7.4	10.4	9.3	8.6	9.6	10.2	10.7
Non-profit institutions	62.1	56.3	119.2	74.3	74.1	75.5	78.3	82.2
Households	1.7	2.0	4.5	2.1	2.1	0.2	0.2	0.3
Payments for capital assets	19.1	9.8	9.0	37.9	34.4	8.8	31.7	30.0
Buildings and other fixed structures	12.2	6.3	2.7	29.4	26.0	3.8	4.0	0.0
Machinery and equipment	7.0	3.6	6.3	8.5	8.4	5.0	27.7	30.0
Payments for financial assets	0.9	2.3	4.3	–	–	–	–	–
Total	1 343.3	1 431.5	1 507.2	1 709.2	1 674.4	1 783.9	1 866.6	1 942.5

Expenditure trends

Expenditure grew from R1.3 billion in 2006/07 to R1.7 billion in 2009/10, at an average annual rate of 8.4 per cent. This was mainly due to spending on compensation of employees, which grew at an average annual rate of 13.3 per cent, from R435.4 million to R632.6 million, as a result of increased salary adjustments in 2007/08 and 2009/10. From 2007/08 to 2010/11, additional funds were allocated for the decentralisation of functions to provincial offices for appointing career counsellors and for upgrading labour inspectors' salaries.

Expenditure is expected to grow to R1.9 billion over the MTEF period, at a much slower average annual rate of 4.4 per cent, due to the transfer of the skills function to the Department of Higher Education and Training. Spending on payments for capital assets is expected to grow from R8.8 million in 2010/11 to R31.7 million in 2011/12, due to the planned purchase of 20 new mobile labour centres to replace the old fleet.

The 2010 Budget provides additional allocations over the MTEF period of R57 million, R46.6 million and R49.2 million, mainly for:

- the Commission for Conciliation, Mediation and Arbitration (R34 million, R19.7 million and R20 million) for increased caseload and personnel inflation adjustments
- personnel inflation adjustments in the department (R23 million, R26.8 million and R29.1 million).

Infrastructure spending

Spending on infrastructure decreased at an average annual rate of 52.7 per cent, from R12.2 million in 2006/07 to R2.7 million in 2008/09, as construction projects were in the site identification process and funds were only

spent on consultants. Expenditure increased in 2009/10 as the construction of labour centres in the following locations were registered with the Department of Public Works: Bochum, Jane Furse, Lebowakgomo, Taung, Temba, Bronkhorstspuit, Garankuwa, Rustenburg, Mount Ayliff, Mamelodi, Khayelitsha, Worcester, Somerset West, Beaufort West, Vredenburg and Lusikisiki. These sites are at various stages of development, with the Rustenburg and Mount Ayliff projects in the tender phase and the Taung project expected to be ready for tender in 2010/11.

Several renovation and maintenance projects for sheltered employment factories were registered by the Department of Public Works, with funding for these amounting to R17.3 million in 2010/11 and R27.3 million in 2011/12. The tender process has begun for two of these projects (Kimberley and Silverton factories) and bids will be awarded in early 2010.

Departmental receipts

Revenue collected by the department is generated mainly from administrative fees and commission from insurance companies for deducting premiums from staff salaries and parking fees. Revenue is also received from financial transactions in assets and liabilities, comprising of fees from stale cheques, recoveries from the previous financial year, and breach of contract fees. Transactions in financial assets and liabilities grew significantly in 2008/09, due to the recovery of R15.3 million for compensation of employees from the Compensation Fund. Receipts from fines and forfeitures resulting from prosecutions in terms of labour legislation are channelled through the Department of Justice and Constitutional Development. Departmental receipts totalling R12.9 million are expected for 2009/10 and are projected to increase to R24.3 million in 2012/13.

Table 17.3 Departmental receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
Departmental receipts	6 083	8 448	28 863	12 926	12 926	16 113	22 419	24 320
Sales of goods and services produced by department	3 450	3 968	4 608	7 330	7 330	9 150	9 699	10 220
Sales of scrap, waste, arms and other used current goods	–	87	46	–	–	100	106	200
Fines, penalties and forfeits	511	395	436	481	481	558	954	1 100
Interest, dividends and rent on land	482	1 283	3 905	2 061	2 061	2 701	4 240	5 000
Transactions in financial assets and liabilities	1 640	2 715	19 868	3 054	3 054	3 604	7 420	7 800
Total	6 083	8 448	28 863	12 926	12 926	16 113	22 419	24 320

Programme 1: Administration

Expenditure estimates

Table 17.4 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Minister ¹	0.9	1.1	1.6	1.7	1.8	1.9	2.0
Management	366.4	374.2	345.3	441.0	412.1	433.7	445.7
Corporate Services	36.1	41.2	47.4	46.4	44.4	48.0	49.3
Office of the Chief Financial Officer	51.3	71.6	79.2	71.1	69.3	75.1	77.5
Capital Works	2.7	–	–	–	–	–	–
Office Accommodation	77.3	84.4	94.4	109.8	122.4	132.0	141.4
Total	534.8	572.5	567.9	670.1	650.0	690.6	716.0
Change to 2009 Budget estimate				34.4	9.2	0.7	0.3

1. From 2008/09, the current payments relating to the total remuneration package of political office bearers are shown, before this, only salary and car allowance are included.

Administrative and other subprogramme expenditure may in addition include payments for capital assets as well as transfers and subsidies.

Table 17.4 Administration (continued)

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Economic classification							
Current payments	514.6	560.2	553.1	631.7	641.1	658.8	685.9
Compensation of employees	138.4	168.9	151.5	227.5	258.2	254.8	268.5
Goods and services	376.1	391.2	401.6	404.2	382.9	404.0	417.4
of which:							
Communication	17.8	25.7	23.9	21.5	17.6	19.1	19.9
Lease payments	69.5	75.7	86.0	162.6	187.1	203.7	219.1
Property payments	25.1	27.0	19.2	32.3	30.5	31.4	32.8
Travel and subsistence	33.6	50.9	42.5	35.4	31.8	28.8	28.6
Transfers and subsidies	1.4	1.0	2.2	0.9	0.2	0.2	0.2
Provinces and municipalities	0.1	–	–	–	–	–	–
Households	1.3	1.0	2.2	0.9	0.2	0.2	0.2
Payments for capital assets	17.9	9.0	8.4	37.5	8.7	31.6	30.0
Buildings and other fixed structures	12.0	6.3	2.7	29.4	3.8	4.0	0.0
Machinery and equipment	5.9	2.7	5.7	8.1	5.0	27.6	30.0
Payments for financial assets	0.9	2.3	4.3	–	–	–	–
Total	534.8	572.5	567.9	670.1	650.0	690.6	716.0

Expenditure trends

Expenditure increased at an average annual rate of 7.8 per cent, from R534.8 million in 2006/07 to R670.1 million in 2009/10, and is projected to grow to R716 million over the medium term, at an average annual rate of 2.2 per cent. Much of this increase is attributed to municipal services, accommodation and leases, which accounts for the increase in expenditure in the *Office Accommodation* subprogramme from R109.8 million in 2009/10 to R141.4 million in 2012/13, at an average annual rate of 8.8 per cent.

Spending in the *Management* subprogramme grew by 27.7 per cent, from R345.3 million in 2008/09 to R441.0 million in 2009/10, as a result of the restructuring of the department. The security services, legal services and the office of the chief information officer directorates were transferred from the *Corporate Services* subprogramme to this subprogramme. The *Management Support Services* subprogramme was transferred from the *Inspection and Enforcement Services* programme to the *Management*, *Corporate Services* and *Office of the Chief Financial Officer* subprogrammes, contributing to the substantial growth in spending between 2006/07 and 2009/10 on compensation of employees and goods and services, at an average annual rate of 18 per cent.

Spending on buildings and other fixed structures is estimated to grow by 977.9 per cent in 2009/10, from R2.7 million in 2008/09 to R29.4 million in 2009/10, due to the shift of the infrastructure projects for labour centres from the *Service Delivery* programme to the *Administration* programme.

Programme 2: Inspection and Enforcement Services

- *Management and Support Services: Inspection and Enforcement Services* manages the delegated administrative and financial responsibilities of the office of the deputy director-general: inspection and enforcement services, and provides corporate support to line function subprogrammes within the programme. Funding is mainly used for salaries and other personnel related costs.
- *Occupational Health and Safety* promotes health and safety in the workplace by regulating dangerous activities and the use of plant and machinery. Funding is mainly used for salaries and other personnel related costs.
- *Registration: Inspection and Enforcement Services* registers incidents relating to labour relations and occupational health and safety matters, as reported by members of the public, and communicates these to the relevant structures within the *Compliance, Monitoring and Enforcement* subprogramme for investigation. Funding is used for salaries and other personnel related costs.

- *Compliance, Monitoring and Enforcement* ensures that employers and employees comply with labour legislation through regular inspections and following up on reported incidents. Funding is used for compensation of labour inspectors and other personnel related costs.
- *Training of staff: Inspection and Enforcement Services* defrays all expenditure relating to staff training within this programme in order to easily identify this expenditure for reporting purposes.

Objectives and measures

- Ensure Decent Work principles are adhered to by enforcing 80 per cent compliance with labour legislation by employers and employees by 2011, through regular inspections.
- Achieve a 2 per cent reduction in the socioeconomic cost of workplace injuries and diseases incidents by 2010/11 through regular audits and inspections to ensure the health and safety of workers.
- Improve compliance with all labour legislation related to the protection of vulnerable workers in targeted sectors, including in small, medium and micro enterprises (SMMEs), by 80 per cent by 2010/11 through targeted campaigns and regular inspections.
- Ensure transformation of the labour market by achieving 80 per cent compliance with the Employment Equity Act (1998) by 2010/11 through awareness raising and regular inspections and audits.
- Reduce silicosis by completing the baseline study on the prevalence of silicosis in the non-mining sector by April 2010.
- Reduce exposure to silica by 20 per cent by 2014 by:
 - establishing provincial silicosis working groups to conduct awareness raising road shows on the dangers of silica dust
 - assisting companies to develop programmes for the control of exposure to silica dust
 - conducting regular inspections
 - complete baseline study on prevalence of silicosis in non-mining sectors.
- Reduce noise related injuries by reducing exposure to noise at the workplace by 20 per cent by 2014 through the use of a baseline study, inspections and awareness campaigns.
- Reduce workplace injuries by at least 2 per cent by:
 - identifying 20 major high risk sector companies for full compliance auditing in 2010/11
 - improving compliance in the high risk sectors by 80 per cent by 2014 by conducting inspections.

Service delivery focus

In 2008/09, 79 per cent (4 505) of occupational health and safety incidents reported were investigated within 90 days and 56 per cent were finalised. By mid-2009/10, 42 per cent (3 161) of occupational health and safety incidents (including 1 854 from the previous year) had been investigated within 90 days. 5 326 incidents of work related injuries, diseases and death were reported in 2008/09, 4.4 per cent less than in 2007/08. In the first 6 months of 2009/10, 2 136 incidents had been reported, 2 per cent less than the targeted 2 183.

In 2008/09, 153 697 workplaces across all the economic sectors were inspected for compliance with labour legislation. 125 323 (82 per cent) were compliant within 90 days of inspection, against a target of 134 280, compared to 200 665 inspected and 156 924 or 78 per cent complying within 90 days in 2007/08.

Challenges that contributed to not meeting targets included: high staff turnover; a market shortage of qualified occupational health and safety personnel; delays in placing new staff given the time required for training; and the lack of vehicles for inspectors in some provinces. Over the medium term, the department intends filling vacant posts, enhancing the capacity of current inspectors, and redirecting the necessary resources to enable inspectors to carry out their functions.

Expenditure estimates

Table 17.5 Inspection and Enforcement Services

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Management and Support Services:	5.3	6.0	9.5	11.7	10.0	10.8	10.6
Inspection and Enforcement Services							
Head Office	5.3	6.0	9.5	11.7	10.0	10.8	10.6
Occupational Health and Safety	6.0	9.7	12.6	21.4	13.3	13.4	14.8
Head Office	6.0	9.7	12.6	21.4	13.3	13.4	14.8
Registration: Inspection and Enforcement Services	58.2	63.0	61.1	73.6	74.1	79.2	81.7
Eastern Cape	7.8	8.9	8.0	8.9	9.0	9.7	10.1
Free State	5.1	4.9	4.2	6.8	6.1	6.5	6.7
Gauteng	13.4	14.6	14.6	17.4	17.0	18.3	18.6
Kwazulu-Natal	8.7	10.3	9.8	12.2	12.2	13.2	13.3
Limpopo	3.7	4.0	3.9	5.4	5.2	5.5	5.7
Mpumalanga	5.1	4.9	5.4	6.0	6.4	6.7	7.0
Northern Cape	2.1	2.0	2.2	2.5	2.7	2.9	3.0
North West	4.1	4.2	4.2	4.6	5.1	5.3	5.6
Western Cape	8.2	9.3	8.8	9.8	10.5	11.1	11.7
Compliance, Monitoring and Enforcement	165.1	177.9	173.3	209.3	254.7	272.4	280.0
Eastern Cape	20.2	22.8	20.6	23.0	26.3	28.3	29.3
Free State	14.5	13.9	12.0	19.2	19.6	20.8	21.6
Gauteng	37.6	40.9	40.9	48.8	54.5	58.8	59.9
Kwazulu-Natal	26.2	31.0	29.5	36.7	42.4	45.8	45.9
Limpopo	13.1	14.1	13.8	19.0	20.8	22.1	22.9
Mpumalanga	14.4	14.0	15.3	17.0	20.4	21.7	22.5
Northern Cape	7.8	7.3	8.3	9.3	11.3	12.1	12.5
North West	13.1	13.3	13.3	14.4	18.0	19.1	19.7
Western Cape	18.1	20.6	19.6	21.8	26.5	28.0	29.2
Head Office	–	–	–	–	15.0	15.8	16.6
Training of Staff: Inspection and Enforcement Services	2.5	3.0	2.6	3.6	4.4	4.5	4.8
Eastern Cape	0.3	0.1	0.0	0.6	0.5	0.3	0.5
Free State	0.3	0.0	0.0	0.2	0.0	0.0	0.0
Gauteng	0.2	0.7	0.2	0.5	0.7	0.7	0.7
Kwazulu-Natal	0.8	0.7	0.2	1.6	1.8	2.0	2.0
Limpopo	0.1	0.2	0.2	0.3	0.3	0.3	0.3
Mpumalanga	0.0	0.2	0.0	0.1	0.4	0.4	0.4
Northern Cape	0.0	0.4	0.1	0.0	0.1	0.1	0.1
North West	–	–	0.1	0.1	0.2	0.2	0.2
Western Cape	0.1	0.2	0.1	0.0	0.2	0.3	0.3
Head Office	0.7	0.6	1.6	0.2	0.3	0.3	0.3
Total	237.2	259.6	259.2	319.5	356.6	380.3	391.9
Change to 2009 Budget estimate				(15.3)	5.1	0.4	0.2

Economic classification

Current payments	236.3	258.5	257.9	319.2	356.6	380.3	391.9
Compensation of employees	165.0	190.3	183.6	233.3	285.7	303.8	315.1
Goods and services	71.3	68.2	74.4	85.8	70.8	76.5	76.8
of which:							
Communication	19.8	14.9	12.1	14.2	13.7	15.0	14.9
Lease payments	1.1	0.9	0.3	0.7	1.8	2.0	2.2
Property payments	2.3	2.6	0.7	4.6	3.6	3.7	3.8
Travel and subsistence	29.0	29.8	37.2	26.1	22.8	25.7	24.9

Table 17.5 Inspection and Enforcement Services (continued)

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Economic classification (continued)							
Transfers and subsidies	0.4	0.7	1.1	0.2	0.1	0.1	0.1
Provinces and municipalities	0.1	–	–	–	–	–	–
Households	0.3	0.7	1.1	0.2	0.1	0.1	0.1
Payments for capital assets	0.5	0.4	0.1	0.1	–	–	–
Buildings and other fixed structures	0.1	–	–	–	–	–	–
Machinery and equipment	0.4	0.4	0.1	0.1	–	–	–
Total	237.2	259.6	259.2	319.5	356.6	380.3	391.9

Expenditure trends

Expenditure increased from R237.2 million in 2006/07 to R319.5 million in 2009/10, at an average annual rate of 10.4 per cent. This is as a result of an increase in compensation of employees due to salary adjustments in 2009/10, the upgrading of labour inspector posts, and the re-evaluation of the salary contribution between the department, the Unemployment Insurance Fund and the Compensation Fund. In 2009/10, spending in the *Occupational Health and Safety* subprogramme grew by a significant 69.2 per cent due to funding for the development of a business case on the integration of occupational health and safety competencies in government, and the purchase of protective clothing, uniforms and toolkits for inspectors.

Over the medium term, expenditure is expected to increase from R319.5 million in 2009/10 to R391.9 million in 2012/13, at an average annual rate of 7.1 per cent. Spending on compensation of employees grows by 22.4 per cent in 2010/11, due to the allocation of R15 million to increase the number of occupational health and safety inspectors. This is expected to reduce expenditure on consultants over the MTEF period.

Spending over the MTEF period focuses on the professionalisation of the inspectorate and increasing inspections to improve employer compliance with labour legislation.

Programme 3: Public Employment Services

- *Management and Support Services: Public Employment Services* manages delegated administrative and financial responsibilities, coordinates all planning, monitoring and evaluation functions, and provides corporate support to line function subprogrammes. Funding is mainly used for salaries and other personnel related costs.
- *Employer Services* facilitates registering vacancies, generates and disseminates scarce skills information, issues immigrant corporate and work permits, records migrating skilled South Africans, oversees placements, responds to companies in distress, provides a social plan and regulates private employment agencies. Funding is mainly used for salaries and other personnel related costs.
- *Registration and Placement Services: Public Employment Services* registers work seekers, retrenched workers, work vacancies, training and income generating opportunities on the employment services system, and facilitates access to employment and income generating opportunities for the unemployed and underemployed. Funding is mainly used for salaries, personnel related costs and delivering frontline client services.
- *Designated Groups Special Services* facilitates the transfer of subsidies to national councils to promote the employment of persons with various disabilities and facilitates collaboration with sheltered employment factories and other relevant bodies to promote employing people with disabilities.
- *Sheltered Employment Factories and Subsidies to Designated Workshops* facilitates transfers to subsidised workshops for the blind and subsidised work centres for the disabled, and aims to improve the administration, production and financial control of sheltered employment factories and workshops.
- *Productivity South Africa* transfers funds to Productivity South Africa to promote improvements in workplace productivity and for social plan interventions where necessary.

- *Unemployment Insurance Fund* provides for the possible future funding of the Unemployment Insurance Fund.
- *Compensation Fund* provides for costs incurred through claims from civil servants for injuries sustained on duty or occupational related illnesses and provides for the funding of possible requests from the Compensation Fund.
- *Training of Staff: Public Employment Services* defrays expenditure relating to the training of staff within this programme, to comply with the 1 per cent payroll Skills Development Levies Act (1999) obligation.

Objectives and measures

- Facilitate the entry and re-entry of jobseekers into the labour market through proactive measures to address unemployment and poverty by finalising the public employment services policy and the Employment Services Bill by September 2010.
- Reduce unemployment by placing unemployed people in decent work through:
 - filling at least 60 per cent of opportunities on the public employment services database within 30 days of registration of job opportunities on the system by 2011/12
 - referring at least 70 per cent of unemployed people registered on the public employment services database to career counselling, training or work placement opportunities or sheltered employment factories, Unemployment Insurance Fund and the Compensation Fund within 30 days by 2011/12.
- Assist in reducing unemployment by providing employment services interventions to distressed companies within 5 days of receiving notification.
- Facilitate the employment of 500 people with disabilities and/or veterans by ensuring that at least 30 per cent of government department orders are purchased from service products (sheltered employment factories) by the end of March 2011.
- Facilitate the achievement of employment equity targets for disability by businesses by establishing a pilot to train and place at least 50 learners per sheltered employment factory in the mainstream economy by the end of March 2011.

Service delivery focus

A single integrated employment services system was rolled out to provincial offices and labour centres in 2007/08 to improve access to these services. In 2008/09, 26 332 placement opportunities were registered on the system against a target of 6 000, compared to 15 364 placement opportunities registered at the end of 2007/08. In the same period, 18 404 work seekers were placed, against a target of 7 500, compared to 5 578 placed in 2007/08. 421 686 work seekers were registered on the system, compared to 169 059 at the end of 2007/08, an increase of 252 627. By the end of the first half of 2009/10, 13 852 placement opportunities were registered, 315 418 work seekers were registered, and 2 733 work seekers were placed in opportunities.

In partnership with the National Council for Persons with Physical Disabilities in South Africa, the department subsidised the salaries of 11 placement officials, who placed 763 persons with disabilities in employment compared to 415 people placed in 2007/08.

8 531 registered work seekers were assessed and 7 343 referred to identified critical and scarce skills development programmes by the end of the first half of 2008/09, compared to 17 376 assessed in 2007/08. By the end of the first half of 2009/10, 2 733 work seekers were assessed against a target of 1 525 and 838 were referred to identified critical and scarce skills development programmes.

Expenditure estimates

Table 17.6 Public Employment Services

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Management and Support Services:	7.1	7.1	6.9	19.0	30.3	33.4	34.7
Public Employment Services							
Head Office	7.1	7.1	6.9	19.0	30.3	33.4	34.7
Employer Services	100.0	102.7	116.2	113.8	122.2	122.4	131.0
Eastern Cape	17.2	17.7	19.0	19.1	23.5	18.1	19.5
Free State	8.2	8.1	9.2	10.0	9.4	10.0	11.1
Gauteng North	6.9	5.4	7.7	8.2	8.6	9.0	10.0
Gauteng South	13.3	13.5	15.7	14.4	15.5	16.4	17.0
KwaZulu-Natal	14.7	12.3	14.5	14.1	16.1	17.1	18.0
Limpopo	7.8	9.4	8.9	9.0	10.4	11.1	12.1
Mpumalanga	9.9	10.5	11.9	12.1	11.2	11.9	12.1
North Cape	5.2	5.2	6.5	7.0	7.6	7.6	8.4
North West	7.6	8.8	10.3	9.4	9.1	9.7	10.6
Western Cape	9.3	11.8	12.5	10.5	10.8	11.5	12.1
Registration and Placement Services:	17.6	18.1	20.5	23.5	23.4	26.2	27.2
Public Employment Services							
Eastern Cape	3.0	3.1	3.4	3.3	3.3	3.6	3.8
Free State	1.4	1.4	1.7	1.9	1.9	2.2	2.3
Gauteng North	1.5	1.3	1.4	1.6	1.8	2.0	2.1
Gauteng South	2.1	2.0	2.3	3.1	3.1	3.4	3.5
KwaZulu-Natal	2.6	2.2	2.6	3.6	3.2	3.6	3.8
Limpopo	1.4	1.7	1.6	1.9	2.1	2.4	2.5
Mpumalanga	1.7	1.9	2.1	2.3	2.2	2.5	2.6
North Cape	0.9	0.9	1.2	1.3	1.6	1.7	1.8
North West	1.3	1.6	1.9	1.9	2.0	2.2	2.2
Western Cape	1.6	2.1	2.3	2.5	2.3	2.5	2.6
Designated Groups Special Services	0.5	0.7	0.5	0.6	0.7	0.7	0.8
Head Office	0.5	0.7	0.5	0.6	0.7	0.7	0.8
Sheltered Employment Factories and Subsidies to Designated Workshops	54.2	47.9	105.6	62.2	62.6	64.7	68.0
Head Office	54.2	47.9	105.6	62.2	62.6	64.7	68.0
Productivity South Africa	32.0	26.6	41.1	29.5	31.2	34.1	35.8
Unemployment Insurance Fund	–	–	–	0.0	0.0	0.0	0.0
Compensation Fund	7.0	5.9	6.4	9.0	8.9	9.6	10.1
Training of Staff: Public Employment Services	0.8	1.0	0.4	1.2	1.3	1.3	1.3
Head Office	0.0	0.2	0.1	0.1	0.1	0.1	0.1
Eastern Cape	0.1	0.2	0.0	0.1	0.1	0.1	0.1
Free State	0.0	0.0	0.1	0.0	0.0	0.0	0.0
Gauteng North	–	0.0	0.0	0.1	0.1	0.1	0.1
Gauteng South	0.1	0.3	–	0.2	0.2	0.2	0.2
KwaZulu-Natal	0.3	0.1	0.0	0.3	0.1	0.2	0.2
Limpopo	0.1	0.0	0.0	0.1	0.1	0.1	0.1
Mpumalanga	0.2	0.2	0.0	0.1	0.2	0.2	0.1
North Cape	–	0.0	0.0	0.0	0.0	0.0	0.0
North West	–	–	0.1	0.1	0.1	0.1	0.1
Western Cape	0.0	0.1	0.1	0.1	0.1	0.1	0.1
Total	219.3	210.0	297.6	258.9	280.4	292.4	308.8
Change to 2009 Budget estimate				(15.4)	1.1	(2.9)	0.1

Table 17.6 Public Employment Services (continued)

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Economic classification							
Current payments	127.0	130.6	146.2	159.6	179.2	185.5	196.5
Compensation of employees	94.2	94.6	111.7	119.2	141.7	141.9	164.8
Goods and services	32.8	35.9	34.5	40.5	37.5	43.6	31.7
of which:							
Communication	6.9	6.5	6.8	5.7	5.2	6.5	3.9
Lease payments	0.9	0.8	0.2	0.2	0.6	0.8	0.4
Property payments	1.9	3.9	0.6	3.3	2.5	2.7	2.0
Travel and subsistence	14.0	15.3	16.0	9.6	12.8	13.9	12.4
Transfers and subsidies	91.8	79.2	151.3	99.2	101.3	106.9	112.3
Provinces and municipalities	0.1	–	–	–	–	–	–
Departmental agencies and accounts	39.1	32.5	47.5	38.5	40.1	43.7	45.8
Foreign governments and international organisations	–	0.1	–	–	–	–	–
Non-profit institutions	52.7	46.4	103.3	60.5	61.1	63.2	66.4
Households	0.0	0.1	0.5	0.2	0.0	0.0	0.0
Payments for capital assets	0.4	0.3	0.1	0.1	–	–	–
Machinery and equipment	0.4	0.3	0.1	0.1	–	–	–
Total	219.3	210.0	297.6	258.9	280.4	292.4	308.8

Expenditure trends

Expenditure increased at an average annual rate of 5.7 per cent, from R219.3 million in 2006/07 to R258.9 million in 2009/10, mainly due to higher transfer payments in the *Productivity South Africa* and the *Sheltered Employment Factories and Subsidies to Designated Workshops* subprogrammes to compensate for administrative losses. In addition, expenditure on compensation of employees increased as a result of the drive to fill all vacancies and appoint career counsellors, and the impact of resolutions 3 and 5 of 2009 of the Public Service Coordinating Bargaining Council. These increases were marginally offset by lower transfer payments to the *Sheltered Employment Factories and Subsidies to Designated Workshops* subprogramme, *Productivity South Africa* and the Compensation Fund.

Over the medium term, expenditure is expected to increase from R258.9 million in 2009/10 to R308.8 million in 2012/13, at an average annual rate of 6.1 per cent. The increased spending on compensation of employees in 2010/11 by 18.9 per cent is due to the appointment of additional career counsellors.

Spending over the MTEF period focuses on ensuring the greater use of the employment service system to reduce unemployment, and the development of the Decent Work agenda. The 2010/11 budget allocation will be used to sustain existing employment services functions and for developing and piloting some of the functions proposed in the new Public Employment Services Bill.

Public entities

Unemployment Insurance Fund

Strategic overview: 2006/07 – 2012/13

The Unemployment Insurance Fund contributes to the alleviation of poverty in South Africa by providing short term unemployment insurance to all workers who qualify for unemployment related benefits as legislated in the Unemployment Insurance Act (2001) as amended. The fund is financed by a dedicated tax on the wage bill as legislated in the Unemployment Insurance Contributions Act (2002).

The Unemployment Insurance Fund's strategic and policy framework is based on the Minister of Labour's programme of action and policy directives from the Department of Labour.

Over the medium term, the fund will focus on implementing the new service delivery model that involves both the decentralisation and integration of services. A service delivery improvement plan has been developed that embraces this new model, as well as good governance principles and a commitment to Batho Pele.

Key priorities for the short to medium term include: participating in the social security reform project; developing and supporting schemes to alleviate poverty; enforcing compliance by employers on declarations and contributions; improving the accuracy of information on the database; recovering overpayments; enhancing controls to minimise and/or prevent overpayments; increasing returns on investments; improving unemployment insurance benefits; improving the financial position of the fund; and building and sustaining organisational capabilities. The Unemployment Insurance Fund remains committed to bringing services closer to its diversified client base in all provinces by increasing the number of sites at which the decentralised processing of claims can take place from 14 to 57.

Selected performance indicators

17.7 Unemployment Insurance Fund

Indicator	Past			Current	Projections		
	2006/07	2007/08	2008/09	2009/0	2010/11	2011/12	2012/13
Percentage of benefit claims finalised within the allocated period	81% (464 005)	76.5% (403 836)	76% (476 705)	70%	80%	85%	90%
Turnaround time to process claims (weeks)	6	6	5	5	5	5	5
Number of new claims processed*	572 846	527 890	610 736	–	–	–	–
Percentage increase in revenue collection compared to the previous year	16.39% (R8.1bn)	13.75% (R9.1bn)	12.66% (R10.3bn)	Linked to CPIX	Linked to CPIX	Linked to CPIX	Linked to CPIX

* No projections as all claims received that meet the requirements are processed

Service delivery focus

The Unemployment Insurance Fund paid R3.9 billion in claims to 610 736 beneficiaries in 2008/09, of which: R2.8 billion was paid to 474 793 claimants for unemployment benefits; R211 million to 25 648 claimants for illness benefits; R537 million to 94 336 claimants for maternity and adoption benefits; and R263 million to 15 959 claimants for dependant benefits. By September 2009/10, the fund had paid out R2.9 billion and approved 417 773 claims. Given the economic downturn, the Unemployment Insurance Fund expects claims for unemployment benefits to increase substantially in 2010/11.

By the end of September 2009, the fund had registered 72 893 new employers on its database, raising the total to 1 239 360. 238 206 employees were added, raising the total number of employee contributors to 7 678 760. Improvements in the fund's business processes and communications resulted in an approval rate of 97 per cent of all benefit claims.

Expenditure estimates

Table 17.8 Unemployment Insurance Fund: Activity information

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Unemployment Benefits	1 991.4	2 030.9	2 834.2	3 943.0	4 280.6	4 879.9	5 563.1
Illness Benefits	179.8	187.4	211.6	356.2	386.7	440.8	502.5
Maternity Benefits	418.5	460.2	537.1	828.2	899.1	1 025.0	1 168.5
Adoption Benefits	0.7	0.7	0.5	1.4	1.5	1.7	2.0
Dependants Benefits	247.5	242.3	263.9	490.1	532.1	606.6	691.5
Other activities	618.4	1 566.0	817.5	2 868.1	1 922.0	2 018.7	2 153.6
Total expense	3 456.2	4 487.4	4 664.8	8 487.1	8 022.0	8 972.7	10 081.1

Table 17.9 Unemployment Insurance Fund: Financial information

Statement of financial performance R million	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Revenue							
Non-tax revenue	1 478.6	2 271.5	3 660.1	2 971.3	3 560.9	4 193.1	4 867.3
Sale of goods and services other than capital assets <i>of which:</i>	1.5	1.8	2.0	1.9	1.9	1.9	1.9
<i>Sales by market establishments</i>	1.5	1.8	2.0	1.9	1.9	1.9	1.9
<i>Other non-tax revenue</i>	1 477.1	2 269.7	3 658.1	2 969.5	3 559.1	4 191.2	4 865.4
Unemployment contributions	7 985.4	9 082.8	10 223.9	10 409.8	9 767.6	10 256.0	10 768.8
Total revenue	9 464.0	11 354.4	13 884.1	13 381.2	13 328.5	14 449.1	15 636.1
Expenses							
Current expense	883.4	1 259.6	757.5	1 309.0	1 516.7	1 572.0	1 645.3
Compensation of employees	287.8	335.1	349.0	598.0	717.2	760.2	802.8
Goods and services	594.9	919.5	405.1	705.8	794.4	806.4	836.9
Depreciation	0.6	4.6	3.4	5.2	5.1	5.4	5.6
Interest, dividends and rent on land	0.1	0.4	0.0	–	–	–	–
Transfers and subsidies	2 572.9	3 227.8	3 907.2	7 178.1	6 505.3	7 400.6	8 435.8
Total expenses	3 456.2	4 487.4	4 664.8	8 487.1	8 022.0	8 972.7	10 081.1
Surplus / (Deficit)	6 007.7	6 867.0	9 219.3	4 894.1	5 306.5	5 476.5	5 554.9

Expenditure trends

Total revenue grows at an average annual rate of 8.7 per cent over the 7-year period, with unemployment insurance contributions or transfers received comprising an average of 75.6 per cent of total revenue over this period. Non-tax revenue, which is driven by interest received from investments, comprises an average of 24.4 per cent of total revenue over the 7-year period.

Expenditure grew from R3.5 billion in 2006/07 to R8.5 billion in 2009/10 at an average annual rate of 34.9 per cent, and is estimated to reach R10.1 billion in 2012/13. This is as a result of an increase in expenditure on compensation of employees, which grew by 71.3 per cent in 2009/10 due to the appointment of additional regional staff and payroll auditors, and general salary adjustments. Expenditure on compensation of employees is expected to grow at an average annual rate of 10.3 per cent over the MTEF period due to the decentralisation of staff for Unemployment Insurance Fund functions in the provinces, and the organisational restructuring of the fund. Spending on goods and services grows at an average annual rate of 5.9 per cent over the 7-year period with significant increases in expenditure in 2007/08 and 2009/10, by 54.6 per cent and 74.2 per cent respectively, due to the decentralisation of services and costs related to appointing additional staff.

Transfers and subsidies paid or unemployment insurance claims paid, increased by 83.7 per cent in 2009/10 due to adverse global economic conditions, which increased unemployment in South Africa. This trend is expected to continue over the medium term.

The accumulated surplus is projected to reach R41.3 billion in 2012/13. The fund has reserved R19.6 billion for outstanding and future claims as recommended by the fund's actuaries.

Compensation Fund

Strategic overview: 2006/07 – 2012/13

The Compensation Fund administers the Compensation for Occupational Injuries and Diseases Act (1993) as amended. In terms of the act, the fund's main objective is to provide compensation for disability, illness and death resulting from occupational injuries and diseases.

The fund generates its revenue from levies paid by employers, which consists mainly of annual assessments paid by registered employers on the basis of a percentage or fixed rate of the annual earnings of their employees.

The Compensation for Occupational Injuries and Diseases Act (1993), however, makes provision for a minimum assessment to ensure that the assessment is not less than the administration costs incurred.

New business processes have been developed and a proof of concept is under way for the implementation of an integrated claims management system that will improve turnaround time and efficiencies in service delivery. Testing has been completed and a pilot is in progress. The new system will facilitate the electronic submission of claims, the final decentralisation of the remaining functions, and the business process automation and organisational structure redesign. To enhance the quality of and access to services, the fund plans to decentralise its functions to four provinces by March 2010, a process that began with a pilot in Limpopo in July 2009.

Selected performance indicators

17.10 Compensation Fund

Indicator	Past			Current	Projections		
	2006/07	2007/08	2008/09	2009/0	2010/11	2011/12	2012/13
Number of new claims registered	213 246	209 830	209 830	203 711	346 309	346 379	588 844
Percentage of registered claims finalised	90% (721)	70% (957)	70% (777)	70% (1 243)	70% (2 113)	70% (3 593)	70% (6 108)
Percentage of medical claims finalised within a 3-month period	90% (886 511)	70% (777 320)	70% (815 045)	60% (896 550)	70% (986 204)	70% (1 084 825)	70% (1 193 307)
Percentage growth in assessment revenue	14% (R295 651)	2% (R323 368)	2% (R380 244)	7% (R399 256)	3% (R419 219)	4% (R440 180)	5% (R462 189)
Percentage increase in the number of registered employers	9% (295 651)	9% (323 368)	4% (336 303)	5% (353 118)	5% (370 773)	5% (389 312)	5% (408 778)
Percentage of debtors revenue collected per year	78% (R59 298)	1% (R264 210)	0% (R105 277)	0% (R105 277)	1% (R106 329)	1% (R107 393)	1% (R108 467)

Service delivery focus

In 2008/09, the Compensation Fund paid 327 647 claims. All new claims were registered within 2 days and liability on most newly registered claims was finalised within 5 days. 70 per cent of medical claims, totalling R1.5 billion, were paid within 3 months of receiving full documentation, compared to R1.2 billion in 2007/08. By the end of the second quarter of 2009/10, 94.7 per cent of current claims were processed and paid within 80 days of receiving complete documentation. R4.5 billion in revenue was collected, a 16 per cent increase from 2007/08. The number of registered employers increased by 4 per cent compared to 2007/08, rising from 323 368 to 336 303. In the first 6 months of 2009/10, the fund registered 10 154 new employers on the database. The backlog on claims registered from 2000 to 2004 was finalised in the first quarter of 2008/09. Of the 180 392 claims brought forward from previous years, 46 000 were paid. The remaining 134 392 were closed without payment as there were no benefits payable. The turnaround time on medical payments averaged 38 days for 172 656 claims. This translates into a 62 per cent improvement in the turnaround time for medical payments compared to 2007/08. Processes, capacity and systems are being improved to increase this turnaround time further. Claims amounted to R2.9 billion, compared to R1.3 billion in 2007/08, an increase of 56 per cent.

Expenditure estimates

Table 17.11 Compensation Fund: Programme information

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Administration/Operations	859.6	602.2	439.4	1 421.5	849.0	970.4	1 190.7
Medical Claims	1 414.6	1 287.2	1 540.3	1 428.3	1 646.5	1 897.5	2 291.2
Compensation Claims	655.0	652.0	165.3	616.2	669.5	718.5	848.0
Claims Provisions	609.3	1 863.0	2 073.8	2 077.5	2 019.6	2 125.0	2 342.8
Other programmes	144.0	1 618.8	1 223.9	858.0	1 099.7	1 105.9	1 107.8
Total expense	3 682.5	6 023.2	5 442.7	6 401.5	6 284.3	6 817.4	7 780.5

Table 17.12 Compensation Fund: Financial information

Statement of financial performance R million	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Revenue							
Non-tax revenue	1 413.5	1 752.5	2 578.4	1 854.8	2 427.9	2 779.7	3 172.4
Sale of goods and services other than capital assets <i>of which:</i>	14.8	2.2	21.2	13.0	21.4	23.5	25.9
Admin fees	14.8	2.2	21.2	13.0	21.4	23.5	25.9
Other non-tax revenue	1 398.7	1 750.3	2 557.2	1 841.8	2 406.5	2 756.2	3 146.5
Social contributions	3 077.3	3 556.3	4 035.4	2 824.8	3 590.2	3 733.8	4 181.8
Total revenue	4 490.7	5 308.8	6 613.8	4 679.6	6 018.0	6 513.5	7 354.2
Expenses							
Current expense	859.6	602.2	439.4	1 514.7	1 071.9	1 227.3	1 879.0
Compensation of employees	122.1	148.6	131.1	324.0	380.3	437.2	498.5
Goods and services	736.1	453.1	303.7	1 187.5	680.4	774.2	1 358.8
Depreciation	1.4	0.4	4.6	3.3	10.8	15.5	21.2
Interest, dividends and rent on land	–	–	0.0	–	0.4	0.5	0.6
Transfers and subsidies	2 822.9	5 421.0	5 003.3	4 886.8	5 212.4	5 590.0	5 901.4
Total expenses	3 682.5	6 023.2	5 442.7	6 401.5	6 284.3	6 817.4	7 780.5
Surplus / (Deficit)	808.2	(714.4)	1 171.1	(1 721.9)	(266.2)	(303.9)	(426.2)

Expenditure trends

Employer assessment fees, or transfers received, is the main contributor to revenue, and make up an average of 61.5 per cent of total income over the 7-year period. Income from investments constitutes an average of 38.2 per cent of total income over the same period. Total revenue grows at an average annual rate of 8.6 per cent over the 7-year period, due to increased income from investments and employer assessment fees.

The main cost drivers of spending are transfers paid, or benefit claims paid, and goods and services. Total spending increased at an average annual rate of 20.2 per cent, from R3.7 billion 2006/07 to R6.4 billion in 2009/10, and is projected to grow at a slower average annual rate of 6.7 per cent over the MTEF period. Spending in compensation of employees increases from R324 million in 2009/10 to R498.5 million in 2012/13, at an average annual rate of 15.4 per cent, due to the implementation of a new senior management structure. The 291 per cent growth in spending on goods and services from 2008/09 to 2009/10 was due to the appointment of 6 consulting companies to help the fund improve its accounting, internal audit, risk management and organisational development practices. R13.2 billion was paid in claims for work related injuries, diseases and deaths from 2006/07 to 2008/09. This grew from R2.8 billion in 2006/07 to R4.9 billion in 2008/09.

The projected deficit of R1.7 billion in 2009/10 is due to the payment of merit rebates, while the deficits over the medium term are due to claims paid being higher than contributions received. However, the fund has adequate cash and reserves to fund these projected deficits.

Programme 4: Labour Policy and Labour Market Programmes

- *Management and Support Services: Labour Policy and Labour Market Programmes* manages delegated administrative and financial responsibilities, coordinates all planning, monitoring and evaluation functions, and provides corporate support to line function subprogrammes. Funding is mainly used for salaries and other personnel related costs.
- *Strengthen Civil Society* aims to strengthen the capacity of workers and employers to contribute to a stable and smoothly functioning labour market by providing resources, support and expertise to improve the independence and self-reliance of workers and employers through transfers to the Development Institute for Training, Support and Education for Labour, the Workers' College KwaZulu-Natal, the South African

Labour Bulletin, the Southern Cape Land Committee Trust, selected rural advice offices, the Congress of South African Trade Unions and the South African Confederation of Trade Unions.

- *Collective Bargaining* manages the implementation of the Labour Relations Act (1995) through policies and practices that promote sound labour relations. Funds are mainly used to: register labour organisations and de-register those that are non-compliant; publish and extend collective agreements; support and advance participation in collective bargaining structures; participate in the governance structures of the Commission for Conciliation, Mediation and Arbitration ; and to participate in relevant National Economic Development and Labour Council activities.
- *Employment Equity and Standards* promotes equity in the labour market through improving enforcement of the Employment Equity Act (1998), and protects vulnerable workers in the labour market by administering the Basic Conditions of Employment Act (1997). Funds are mainly used for reviewing Johannesburg Stock Exchange listed companies for employment equity substantive compliance, publishing employment equity compliance information, and marketing the employment equity online reporting facility. Funds are also used to extend sectoral determinations to increase the protection of vulnerable workers and promote the protection of children.
- *Commission for Conciliation, Mediation and Arbitration* transfers funds to the Commission for Conciliation, Mediation and Arbitration, which promotes social justice and fairness in the workplace through dispute management and dispute resolution services.
- *Research, Policy and Planning* researches and monitors working conditions and policies affecting the labour market in South Africa. Funds are mainly used for research, monitoring and evaluation activities, and publishing research findings.
- *Labour Market Information and Statistics* collects, collates, analyses and disseminates internal and external labour market statistics about changes in the South African labour market that impact legislation. Funding is mainly used for salaries, and other personnel related costs.
- *International Labour Matters* facilitates compliance with international obligations, multi- and bilateral relations and makes transfers to these bodies for membership fees.
- *National Economic Development and Labour Council* transfers funds to the National Economic Development and Labour Council, which promotes economic growth, participation in economic decision making and social equity.

Objectives and measures

- Improve the status of vulnerable workers by:
 - reviewing the working conditions of 3 industrial and economic sectors (civil engineering, hospitality, and contract cleaning), learnerships and the ministerial determination on conditions of employment for employees in expanded public works programmes by March 2011
 - establishing the feasibility of promulgating sectoral determinations in the unskilled labour and welfare sectors by March 2011
 - developing a report on the norms and benchmarks for proportionate income differentials by March 2011.
- Address developments in the labour market, including labour broking and legislative compliance and enforcement, by publishing amendment bills to the Labour Relations Act (1995), the Basic Conditions of Employment Act (1997) and the Employment Equity Act (1998) by March 2011
- Strengthen employment equity implementation and enforcement mechanisms by conducting a director-general review at 60 JSE Securities Exchange listed companies by March 2011.
- Create decent work and sustainable livelihoods by developing and implementing a research, monitoring and evaluation agenda, which includes providing labour market information and statistical analysis and facilitating compliance with international obligations and multilateral and bilateral relations, by March 2011.
- Manage the implementation of the Labour Relations Act (1995) by extending collective agreements and registering or de-registering labour organisations within 90 days.

Service delivery focus

In relation to promoting equity in the labour market, in 2008/09, 74 companies from the top 100 JSE Securities Exchange list, including the multinationals operating in similar sectors, were subjected to a director-general review. Between April and September 2009, 18 companies out of the 70 evaluated had complied with the department's recommendations. Feedback was given to the other 52 companies, including on shortcomings in information provided, especially on employment equity plans.

In 2008/09, 54 bargaining council collective agreements were extended to non-parties, covering 722 757 workers. 23 were main collective agreements covering wages and basic conditions of employment, and 31 were for administration and social benefit funds. By the end of the second quarter of 2009/10, 15 collective agreements had been extended covering 938 738 employees. The department approved 6 out of 110 applications to register labour organisations and deregistered 25 employers' organisations and 47 trade unions. There were thus 215 registered trade unions and 180 registered employers' organisations at the end of 2008/09.

The following sectoral determinations were reviewed in 2009/10: private security, contract cleaning, civil engineering, and domestic workers. Investigations into vulnerable sectors either concluded or currently under discussion at the Employment Conditions Commission, include: wholesale and retail sector, welfare sector, ministerial determination on conditions of employment for employees on expanded public works programmes, and the code of good practice for workers in expanded public works programmes.

The first research, monitoring and evaluation recommendations are currently being implemented, such as the reviews of legislation. The second research, monitoring and evaluation agenda was finalised in 2009/10 and includes research on: the national skills development strategy; high risk occupational health and safety sectors; client satisfaction with the Unemployment Insurance Fund; the impact of Employment Services of South Africa; and non-compliance with the Unemployment Insurance Act (2001). The 4 annual labour market reports for 2009/10 have been developed.

Expenditure estimates

Table 17.13 Labour Policy and Labour Market Programmes

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Management and Support Services: LP & LMP	7.3	7.3	8.1	9.6	9.0	11.4	11.8
Strengthen Civil Society	9.4	9.9	15.9	13.8	14.4	15.1	15.8
Collective Bargaining	7.8	9.0	9.3	11.1	9.9	11.7	12.2
Employment Equity and Standards	23.9	23.4	23.6	25.1	19.1	25.3	26.0
Commission for Conciliation, Mediation and Arbitration	244.7	270.6	261.7	324.4	373.8	353.4	370.1
Research, Policy and Planning	10.3	15.0	4.8	17.2	12.8	18.2	18.6
Labour Market Information and Statistics	20.8	23.8	22.4	26.4	24.5	31.0	32.1
International Labour Matters	15.1	17.0	22.4	18.1	17.1	19.6	20.5
National Economic Development and Labour Council	12.7	13.3	14.3	15.0	16.4	17.4	18.6
Total	352.1	389.4	382.5	460.8	496.9	503.2	525.7
Change to 2009 Budget estimate				34.4	7.0	0.5	0.2
Economic classification							
Current payments	78.0	88.0	79.5	97.7	83.1	107.7	111.1
Compensation of employees	37.7	44.1	44.6	52.6	52.8	60.2	63.0
Goods and services	40.4	44.0	34.9	45.1	30.4	47.5	48.1
<i>of which:</i>							
Communication	1.4	1.4	1.5	1.5	1.2	1.6	1.6
Lease payments	0.6	0.4	0.9	0.5	0.3	0.4	0.4
Property payments	0.7	0.4	0.2	0.5	0.2	0.2	0.2
Travel and subsistence	7.4	9.4	11.5	9.3	9.3	14.5	14.7

Table 17.13 Labour Policy and Labour Market Programmes (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Transfers and subsidies	273.8	301.3	302.7	362.9	413.7	395.5	414.6
Provinces and municipalities	0.0	–	–	–	–	–	–
Departmental agencies and accounts	257.4	284.0	275.7	339.0	389.7	370.2	388.1
Foreign governments and international organisations	6.9	7.3	10.4	9.3	9.6	10.2	10.7
Non-profit institutions	9.4	9.9	15.9	13.8	14.4	15.1	15.8
Households	–	0.1	0.7	0.8	–	–	–
Payments for capital assets	0.3	0.1	0.4	0.2	0.1	0.0	0.0
Machinery and equipment	0.3	0.1	0.4	0.2	0.1	0.0	0.0
Total	352.1	389.4	382.5	460.8	496.9	503.2	525.7

Details of selected transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	257.4	284.0	275.7	339.0	389.7	370.2	388.1
Commission for Conciliation, Mediation and Arbitration	244.7	270.6	261.7	324.4	373.8	353.4	370.1
National Economic Development and Labour Council	12.7	13.3	14.0	14.6	15.9	16.8	18.0
Foreign governments and international organisations							
Current	6.9	7.3	10.4	9.3	9.6	10.2	10.7
International Labour Organisation	6.4	6.8	9.8	8.7	9.0	9.6	10.1
African Regional Labour Administration Centre	0.5	0.4	0.6	0.6	0.6	0.6	0.7
Non-profit institutions							
Current	9.4	9.9	15.9	13.8	14.4	15.1	15.8
Strengthen Civil Society	9.4	9.9	15.9	13.8	14.4	15.1	15.8

Expenditure trends

Expenditure increased from R352.1 million in 2006/07 to R460.8 million in 2009/10, at an average annual rate of 9.4 per cent, mainly due to additional transfers to the Commission for Conciliation Mediation and Arbitration. The additional transfers were made to purchase generators in 2007/08, due to load shedding; and from 2008/09 to fund additional spending as the number of cases handled by the commission grew due to the economic downturn. Expenditure is expected to increase to R525.7 million over the MTEF period, at an average annual rate of 4.5 per cent.

Expenditure in the *Research, Policy and Planning* subprogramme fluctuated between 2006/07 and 2009/10, as it is dependent on the number of research projects each year and because each research, monitoring and evaluation agenda project lifecycle runs over more than one financial year. Spending by the *Strengthen Civil Society* subprogramme grew by 60.3 per cent in 2008/09 due to the transfer of R3 million to the 3 largest labour federations for May Day celebrations. The substantial growth of expenditure on compensation of employees of 16.9 per cent in 2007/08 and 17.9 per cent in 2009/10 was due to the salary adjustments of public servants.

Spending over the MTEF period continues to focus on programmes that reduce conflict and improve working conditions and equity in the labour market through the development of labour legislation and policies informed by labour market research.

Additional tables

Table 17.A Summary of expenditure trends and estimates per programme and economic classification

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R million	2008/09		2008/09	2009/10			2009/10
1. Administration	608.4	611.0	567.9	635.6	34.4	670.1	659.4
2. Inspection and Enforcement Services	286.5	286.5	259.2	334.8	(15.3)	319.5	309.4
3. Public Employment Services	235.3	307.7	297.6	274.3	(15.4)	258.9	252.2
4. Labour Policy and Labour Market Programmes	394.8	387.8	382.5	426.3	34.4	460.8	453.4
Total	1 524.9	1 593.0	1 507.2	1 671.0	38.2	1 709.2	1 674.4
Economic classification							
Current payments	1 122.2	1 121.9	1 036.7	1 208.9	(0.8)	1 208.2	1 177.7
Compensation of employees	573.5	573.5	491.3	669.9	(37.3)	632.6	611.2
Goods and services	548.6	548.4	545.3	539.0	36.5	575.6	566.5
Transfers and subsidies	370.3	439.7	457.2	427.8	35.4	463.1	462.3
Departmental agencies and accounts	296.5	327.7	323.2	344.0	33.5	377.4	377.4
Foreign governments and international organisations	7.7	7.7	10.4	9.3	–	9.3	8.6
Non-profit institutions	65.8	103.4	119.2	74.3	–	74.3	74.1
Households	0.2	0.9	4.5	0.2	1.9	2.1	2.1
Payments for capital assets	32.5	31.4	9.0	34.3	3.6	37.9	34.4
Buildings and other fixed structures	26.3	26.3	2.7	27.6	1.8	29.4	26.0
Machinery and equipment	6.2	5.1	6.3	6.7	1.8	8.5	8.4
Payments for financial assets	–	–	4.3	–	–	–	–
Total	1 524.9	1 593.0	1 507.2	1 671.0	38.2	1 709.2	1 674.4

Table 17.B Summary of personnel numbers and compensation of employees

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Permanent and full time contract employees							
Compensation (R million)	427.9	488.7	482.1	632.6	738.4	760.6	811.4
Unit cost (R million)	0.1	0.1	0.2	0.2	0.2	0.2	0.2
<i>Administration</i>	0.1	0.1	0.1	0.2	0.2	0.2	0.2
<i>Inspection and Enforcement Services</i>	0.1	0.1	0.2	0.2	0.2	0.2	0.2
<i>Public Employment Services</i>	0.2	0.2	0.3	0.3	0.3	0.3	0.3
<i>Labour Policy and Labour Market Programmes</i>	0.2	0.2	0.3	0.3	0.2	0.3	0.3
Personnel numbers (head count)	3 323	3 455	2 765	2 839	3 471	3 471	3 471
Personnel numbers (head count)	–	158	–	–	–	–	–
Total for department							
Compensation (R million)	435.4	497.9	491.3	632.6	738.4	760.6	811.4
Unit cost (R million)	0.1	0.1	0.2	0.2	0.2	0.2	0.2
Personnel numbers (head count)	3 486	3 761	2 965	2 839	3 471	3 471	3 471

Table 17.C Summary of expenditure on training

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Compensation of employees (R million)	435.4	497.9	491.3	632.6	738.4	760.6	811.4
Training expenditure (R million)	8.9	6.5	8.9	8.3	8.9	9.3	9.8
Training as percentage of compensation	2.0%	1.3%	1.8%	1.3%	1.2%	1.2%	1.2%
Total number trained in department (head count)	3 195	3 167	2 005	4 423			
<i>of which:</i>							
<i>Employees receiving bursaries (head count)</i>	53	144	238	196			
<i>Learnerships trained (head count)</i>	214	250	–	–			
<i>Internships trained (head count)</i>	162	313	–	68			

Table 17.D Summary of departmental public private partnership (PPP) projects

Project description: Siemens business services - IT agreement	Project annual unitary fee at time of contract	Budgeted expenditure	Medium-term expenditure estimate		
			2009/10	2010/11	2011/12
R million					
Projects signed in terms of Treasury Regulation 16	40.8	79.4	92.7	107.7	-
PPP unitary charge	40.8	79.4	92.7	107.7	-
Total	40.8	79.4	92.7	107.7	-

Disclosure notes for projects signed in terms of Treasury Regulation 16

Project name	Public Private Partnership agreement between the Department of Labour and Siemens Business Services for the provision of IT services
Brief description	The IT PPP agreement is regarded by the department as a way of achieving it's objectives against the background of the requirements of the specialised knowledge and expertise needed to develop and manage a modern IT service
Date PPP agreement was signed	2002/11/30
Duration of PPP agreement	10 years
Escalation index for unitary fee	Annual increases by CPIX as well as increases based on the number of computer users.
Net Present Value of all payment obligations discounted at appropriate duration government bond yield	Net present value calculated at R117 987 322 utilising the government bond yield of 8.55%
Variations / amendments to PPP agreement	The PPP Agreement makes provision for a Change Management Process that deals with changes to the Agreement and Unitary Fee.
Cost implications of variations/amendments	The Change Management Notes that have an impact on the Unitary Fee are listed under item 2 of Remarks by the CIO.

Table 17.E Summary of departmental public private partnership (PPP) projects

Project description: National fleet project	Project annual unitary fee at time of contract	Budgeted expenditure	Medium-term expenditure estimate		
			2009/10	2010/11	2011/12
R million					
Projects signed in terms of Treasury Regulation 16	103.2	30.1	31.7	33.2	-
PPP unitary charge ¹	103.2	30.1	31.7	33.2	-
Total	103.2	30.1	31.7	33.2	-

1. Phavis fleet services public private partnership. Disclosure notes for this project can be viewed in the public private partnership table of the Department of Transport's chapter.

Disclosure notes for projects signed in terms of Treasury Regulation 16

Project name	Public Private Partnership Agreement between the Department of Transport and Phavis.
Brief description	Public Private Partnership Agreement between the Department of Transport and Phavis for provision of car rental services for official use to National user departments including the Department of Labour.

Table 17.F Summary of expenditure on infrastructure

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2006/07	2007/08	2008/09		2010/11	2011/12	2012/13
R million										
Departmental infrastructure										
Mount Ayiliff labour centre	Construction of new building	Design	13.1	9.2	-	-	-	1.9	2.0	0.0
Rustenburg labour centre	Construction of new building	Design	20.9	-	1.1	-	16.0	1.9	2.0	-
Durban labour centre	Electrical and mechanical repairs	Various	2.7	-	-	2.7	-	-	-	-
Jane Furse labour centre	Construction of new office accommodation	Design	2.8	-	-	-	2.8	-	-	-
Taung labour centre	Construction of new office accommodation	Design	3.4	-	-	-	3.4	-	-	-
Mamelodi labour centre	Construction of new office accommodation	Design	5.4	-	-	-	5.4	-	-	-
Other labour centres	Construction	Various	2.9	2.9	5.2	-	1.8	-	-	-
Maintenance										
First follow on repair and maintenance programme at Laboria house head office in Pretoria	Repair and maintenance	Construction	15.5	-	-	0.6	5.4	5.1	5.1	-
Sheltered employment factories repair and maintenance programme	First and second follow on repair and maintenance	Various	116.7	27.8	20.4	17.2	17.2	12.1	22.1	-
Repair and maintenance programme at the Potchelstroom labour Centre	Repair and maintenance	Construction	1.6	0.2	1.1	0.3	-	-	-	-
Repair and maintenance programme at the Upington labour centre	Repair and maintenance	Construction	8.8	3.5	2.3	3.0	0.1	-	-	-
Repair and maintenance programme at the George labour centre	Repair and maintenance	Construction	1.4	0.2	0.8	0.4	-	-	-	-
Repair and maintenance programme at the East London labour centre	Repair and maintenance	Construction	7.5	3.4	3.3	0.8	-	-	-	-
Repair and maintenance programme at the Pietermaritzburg labour centre	Repair and maintenance	Construction	4.9	2.1	2.2	0.5	-	-	-	-
Repair and maintenance programme at the Pretoria post office and labour centre	Repair and maintenance	Construction	9.0	-	0.2	0.1	1.6	3.7	3.4	-
Repair and maintenance programmes at the Phalaborwa, Hoedspruit and Seshego labour centres	Repair and maintenance	Construction	5.2	2.3	2.4	0.3	0.2	-	-	-

Table 17.F Summary of expenditure on infrastructure (continued)

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2006/07	2007/08	2008/09		2010/11	2011/12	2012/13
R million										
Repair and maintenance programmes at the Witbank, Lydenburg and Komatipoort labour centres	Repair and maintenance	Construction	9.6	1.2	7.3	1.1	0.0	-	-	-
Repair and maintenance programme at Western Cape labour centres	Repair and maintenance	Construction	21.3	8.9	8.9	2.9	0.5	-	-	-
Emergency repair and maintenance programme at Durban Masonic Grove	Repair and maintenance	Construction	6.1	2.5	2.0	1.6	-	-	-	-
Repair and maintenance programme in Gauteng south	Repair and maintenance	Construction	20.5	10.1	3.2	5.0	1.2	0.9	-	-
Electrical and mechanical repair and maintenance programme at Durban Masonic Grove	Repair and maintenance	Construction	10.5	4.0	4.0	1.1	1.2	0.3	-	-
Total			290.2	78.5	64.4	37.6	56.8	25.9	34.6	0.0

Vote 18

Social Development

Budget summary

R million	2010/11				2011/12	2012/13
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	180.8	176.7	–	4.1	189.8	197.2
Comprehensive Social Security	95 136.5	135.1	95 000.5	0.9	104 794.6	113 057.7
Policy Development, Review and Implementation Support for Welfare Services	346.0	99.1	244.3	2.7	374.7	394.3
Community Development	194.4	63.5	129.6	1.3	280.3	293.7
Strategy and Governance	71.4	68.6	1.5	1.2	76.0	80.8
Total expenditure estimates	95 929.1	543.0	95 376.0	10.1	105 715.4	114 023.7

Executive authority

Minister of Social Development

Accounting officer

Director-General of Social Development

Website address

www.dsd.gov.za

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

Aim

The aim of the Department of Social Development is to ensure protection against vulnerability by creating an enabling environment for the provision of a comprehensive, integrated and sustainable social development service.

Programme purposes

Programme 1: Administration

Purpose: Overall administrative and key support services to the department and ministry.

Programme 2: Comprehensive Social Security

Purpose: Develop comprehensive social security policies and provide income support to vulnerable groups.

Programme 3: Policy Development, Review and Implementation Support for Welfare Services

Purpose: Create an enabling environment for the delivery of equitable developmental welfare services through formulation of policies, standards, best practice and support to social service providers.

Programme 4: Community Development

Purpose: Create an enabling environment for the empowerment of the poor and vulnerable through the promotion and support of community development work, strengthening of institutional arrangements and dialogue with civil society.

Programme 5: Strategy and Governance

Purpose: Sector wide strategy, leadership, oversight, alignment and coordination of mandates, strategies and social and population policies.

Strategic overview: 2006/07 – 2012/13

Policy development

Over the past 15 years, the Department of Social Development has implemented a number of policies that contribute to creating an inclusive society that is attentive to the rights and needs of the most vulnerable of its members. The department's key strategic objective is to implement appropriate policy interventions to respond to the immediate needs of individuals and communities, while at the same time engaging in policy research and development that explores longer term solutions to addressing systemic poverty and inequality. Areas of focus are social security, welfare service and community development. The following areas have been earmarked as priorities for the medium term: developing comprehensive policies on retirement provisions, disability and survivor benefits; developing policy proposals on an overarching institutional arrangement for social security; developing regulations on substance abuse; aligning social services policies and programmes related to people with disabilities with the United Nations Convention on the Rights of Persons with Disabilities; developing a social service professions policy; and developing and implementing a policy framework for statutory services on child headed households and children living on the streets.

Expansion of social security

The department has conducted extensive research that shows that there are significant gaps in social insurance provisions that place a direct burden on social assistance grants. In particular, the absence of a mandatory pension provision for the formerly employed has resulted in three million South Africans being unable to access insurance coverage in the event of retirement, death or disability. To address these gaps, the department has completed extensive policy proposals for the reform of retirement provisions, which will be introduced over the medium term in accordance with the resolutions of the inter-ministerial committee on social security reforms.

The social assistance safety net has also been expanded through adjustments to the mean tests for all grants in 2008 and adjustments to the qualifying age for men for the old age grant and children for the child support grant. These adjustments continue to be phased in over the MTEF period and it is estimated that the total number of beneficiaries will grow to 16 million in 2013.

The Appeals Service Centre, which ensures the provision of an accessible, fair, just and equitable social assistance appeals adjudication service, was operationalised in 2009.

Improving service delivery and administration of social assistance

Over the medium term, the South African Social Security Agency will continue to improve the delivery and administration of social grants. The agency will focus on increasing access to social grants, improving grants administration and payments, and implementing systems that enhance operational efficiency and improve the application of the different means tests for the different social grant benefits.

Improving performance

In the context of the medium term strategic framework (2009 to 2014), the department is seeking to align its planning with the new planning framework led by The Presidency, in moving away from an output based approach to focusing on achieving set outcomes relevant to social development. The outcome based approach will allow the assessment of the appropriateness of the actual outputs, improve the measurement of the impact and real change brought about by social development policies, legislation and programmes. The real impact of government service delivery will also promote an integrated and closer working relationship between the department, its social sector partners, other government departments, civil society and business.

The creation of decent work

The department will contribute to the promotion of decent work by developing policy initiatives that contribute to work opportunities, especially interventions falling in the second phase of the expanded public works programme and youth development, including the Masupatsela youth pioneer programme. It will also facilitate the expansion and strengthening of the expanded public works programme for the social sector.

Social cohesion

The department will contribute to social cohesion by: helping to reduce the impact of crime through the development of policies and intensifying programmatic interventions geared towards gender based violence and

substance abuse; building sustainable and cohesive communities through social security, developmental welfare services and community development interventions; increasing the focus on the social aspects of HIV and AIDS; and contributing towards alleviating poverty and hunger through appropriate food security initiatives.

Sector capacity building

The department will contribute to building capacity in the sector by: recruiting and retaining social service professionals; strengthening the administration of non-profit organisations and deepening partnerships with them; increasing the department's participation and sharing of best practices in various regions in Africa and providing support in post-conflict reconstruction areas; and developing skills and human capital through the expansion of services to vulnerable children, in particular, early childhood development.

Savings and cost effective service delivery

Efficiency savings of R81 million over the medium term are included in the department's goods and services expenditure figures. This will be achieved by reducing consultancy, agency and outsourced services and, subsistence and travel related expenditure. The department implemented cost saving measures in 2009/10 to cut operational activities and related costs such as advertisements, travel and subsistence, outside venues, catering, and outsourcing services. The department intends to implement a comprehensive efficiency strategy in 2010/11 to cut operational costs further to accommodate the decrease in the baseline allocations to the department over the MTEF period.

Selected performance indicators

Table 18.1 Social Development

Indicator	Programme	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Total number of old age grant beneficiaries	Comprehensive Social Security	2.2 million	2.2 million	2.3 million	2.5 million	2.7 million	2.7 million	2.8 million
Total number of war veterans grant beneficiaries	Comprehensive Social Security	2 340	1 963	1 599	1 248	1 048	881	740
Total number of disability grant beneficiaries	Comprehensive Social Security	1.4 million	1.4 million	1.4 million	1.3 million	1.3 million	1.3 million	1.3 million
Total number of child support grant beneficiaries	Comprehensive Social Security	7.9 million	8.2 million	8.5 million	9.4 million	10.4 million	11 million	11.5 million
Total number of foster care grant beneficiaries	Comprehensive Social Security	400 503	443 191	476 394	569 215	626 137	688 751	757 625
Total number of care dependency grant beneficiaries	Comprehensive Social Security	98 631	101 836	107 065	119 307	124 080	129 044	134 205
Total number of social assistance backlog appeals cases adjudicated	Comprehensive Social Security	-	-	-	19 000	40 000	20 000	-
Total number of new appeals cases adjudicated	Comprehensive Social Security	-	-	-	-	15 000	15 000	15 000
Total number of social work scholarships awarded	Policy Development, Review and Implementation Support for Welfare Services	-	983	2 900	5 250	5 625	6 125	6 540

Expenditure estimates

Table 18.2 Social Development

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
R million								
1. Administration	109.1	139.1	163.8	168.7	168.7	180.8	189.8	197.2
2. Comprehensive Social Security	61 279.5	66 662.6	75 415.5	85 691.0	85 291.0	95 136.5	104 794.6	113 057.7
3. Policy Development, Review and Implementation Support for Welfare Services	45.8	110.0	207.4	330.4	330.4	346.0	374.7	394.3
4. Community Development	201.9	208.0	229.8	248.9	248.9	194.4	280.3	293.7
5. Strategy and Governance	39.9	71.8	80.2	69.3	69.3	71.4	76.0	80.8
Total	61 676.1	67 191.4	76 096.7	86 508.2	86 108.2	95 929.1	105 715.4	114 023.7
Change to 2009 Budget estimate				99.8	(300.2)	1 257.0	3 409.5	6 602.5

Table 18.2 Social Development (continued)

R million	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
Economic classification								
Current payments	251.7	321.1	426.6	462.1	462.1	543.0	532.4	547.6
Compensation of employees	111.1	133.6	184.1	225.4	225.4	245.1	260.6	277.7
Goods and services	140.7	187.5	242.6	236.8	236.8	297.8	271.8	269.9
<i>of which:</i>								
Computer services	3.6	8.2	16.0	12.3	12.3	16.3	17.1	17.7
Consultants and professional services: Business and advisory services	9.1	31.4	66.2	68.7	68.7	116.4	83.4	73.3
Lease payments	9.6	11.1	10.8	21.9	21.9	22.9	24.5	25.3
Travel and subsistence	37.6	38.2	67.0	43.3	43.3	42.9	44.2	46.6
Transfers and subsidies	61 420.2	66 862.3	75 659.7	86 036.3	85 636.3	95 376.0	105 172.5	113 465.1
Departmental agencies and accounts	4 315.8	4 322.3	4 878.5	5 523.7	5 523.7	5 940.9	6 507.5	6 582.6
Universities and technikons	4.8	0.5	–	–	–	–	–	–
Foreign governments and international organisations	1.0	0.5	1.4	1.8	1.8	1.7	1.8	1.9
Non-profit institutions	48.5	52.2	55.7	63.1	63.1	65.2	68.9	72.5
Households	57 050.1	62 486.9	70 724.2	80 447.7	80 047.7	89 368.2	98 594.2	106 808.0
Payments for capital assets	3.7	7.7	8.3	9.8	9.8	10.1	10.5	11.1
Machinery and equipment	3.7	7.7	8.3	9.2	9.2	9.6	10.0	10.5
Software and other intangible assets	0.0	–	–	0.6	0.6	0.5	0.6	0.6
Payments for financial assets	0.5	0.3	2.1	–	–	–	–	–
Total	61 676.1	67 191.4	76 096.7	86 508.2	86 108.2	95 929.1	105 715.4	114 023.7

Expenditure trends

Total expenditure grew from R61.7 billion in 2006/07 to R86.5 billion in 2009/10, at an average annual rate of 11.9 per cent. Expenditure is expected to increase to R114 billion in 2012/13, at an average annual rate of 9.6 per cent. Social assistance makes up the largest portion of the department's budget, approximately 93 per cent or R89.4 billion in 2010/11. The other major transfers in 2010/11 include: R5.6 billion for the South African Social Security Agency to administer the grant system; R83.5 million for the National Development Agency; R226 million for social work bursaries; and R43.4 million for the loveLife programme. Total transfers in 2010/11 amount to R95.4 billion or 99.4 per cent of the budget allocation. The operational budget of the department amounts to R553.1 million in 2010/11. The large growth in compensation of employees from 2006/07 to 2009/10 is mainly due to capacity building measures in the *Policy Development, Review and Implementation Support for Welfare Services* programme.

Additional allocations over the MTEF period include:

- R11 million, R11.9 million and R13.1 million for additional office accommodation
- R4.4 million, R5.2 million and R5.4 million to strengthen the capacity of the non-profit organisation registration unit
- R40 million, R20 million and R10 million to deal with backlog appeals and further improve the operations of the appeals service centre
- R20 million in 2010/11 to host the world social security forum in 2010
- R7.5 million, R8.8 million and R9.6 million for salary adjustments within the department
- R42.4 million, R50.1 million and R53.6 million for salary adjustments in the South African Social Security Agency
- R1.8 billion, R3.6 billion and R6.8 billion to provide for the extension of the child support grant to the age of 18 and inflation adjustments as follows: R70 for the old age, war veterans, disability and care dependency grants, and R10 for the child support grant in 2010/11.

Departmental receipts

As a policy making department, the Department of Social Development does not generate income. The major revenue items relate to interest earned on social assistance transfer funds deposited into the bank accounts of cash payment contractors before they are disbursed to beneficiaries, recoveries from dormant accounts of social assistance grant beneficiaries and unallocated receipts that cannot be linked to individual debtor accounts. Other departmental receipts include interest on debt, cancellation of uncashed cheques, parking fees for senior managers, recoveries of private telephone expenses and breach of study contracts. All departmental receipts are deposited into the National Revenue Fund.

The once-off revenue items of R842.6 million in 2006/07 and R227.1 million in 2007/08 were due to interest earned on social assistance transfers and unspent funding on social assistance transfers to provinces. In 2010/11, the South African Social Security Agency is expected to recover approximately R300 million from the dormant bank accounts of social assistance beneficiaries and R120 million from fraudulent grant beneficiaries investigated by the Special Investigating Unit. An estimated R80 million is expected from other dormant social relief accounts.

Table 18.3 Departmental receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
Departmental receipts	865 273	236 957	16 484	163	20 163	510 173	10 185	10 195
Sales of goods and services produced by department	82	84	–	28	28	30	35	40
Interest, dividends and rent on land	22 622	9 821	16 055	30	20 030	10 032	10 035	10 040
Transactions in financial assets and liabilities	842 569	227 052	429	105	105	500 111	115	115
Total	865 273	236 957	16 484	163	20 163	510 173	10 185	10 195

Programme 1: Administration

Expenditure estimates

Table 18.4 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Minister ¹	1.1	1.2	1.6	1.7	1.8	1.9	2.0
Deputy Minister ¹	0.9	0.9	1.8	1.4	1.5	1.6	1.7
Management	6.7	6.6	8.8	6.5	7.1	7.9	8.0
Corporate Services	92.2	121.5	141.9	136.8	147.0	152.7	157.9
Office Accommodation	8.2	8.9	9.6	21.5	23.3	25.0	26.8
Government Motor Transport	–	–	–	0.7	0.0	0.8	0.8
Total	109.1	139.1	163.8	168.7	180.8	189.8	197.2
Change to 2009 Budget estimate				12.3	4.6	3.7	2.3

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

Table 18.4 Administration (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Economic classification							
Current payments	106.7	135.8	160.2	164.3	176.7	185.4	192.5
Compensation of employees	52.8	58.8	72.0	83.4	90.4	95.3	100.2
Goods and services	54.0	77.0	88.2	80.9	86.2	90.0	92.3
<i>of which:</i>							
Computer services	2.3	3.6	12.7	5.4	9.3	9.5	9.8
Consultants and professional services: Business and advisory services	–	7.2	7.1	6.2	5.2	5.3	5.6
Lease payments	9.4	9.6	10.5	21.6	22.4	24.0	24.7
Travel and subsistence	15.6	15.6	19.0	11.5	11.3	11.9	12.5
Payments for capital assets	1.9	3.1	3.5	4.3	4.1	4.5	4.7
Machinery and equipment	1.9	3.1	3.5	4.0	3.7	4.1	4.3
Software and other intangible assets	–	–	–	0.4	0.4	0.4	0.4
Payments for financial assets	0.4	0.2	–	–	–	–	–
Total	109.1	139.1	163.8	168.7	180.8	189.8	197.2

Expenditure trends

Expenditure grew at an average annual rate of 15.6 per cent, from R109.1 million in 2006/07 to R168.7 million in 2009/10. Expenditure is projected to increase at an average annual rate of 5.3 per cent over the medium term to reach R197.2 million in 2012/13. The key expenditure items in this programme include the progressive improvement of the department's management and operational capacity to respond to government administration requirements and the increased lease cost for office accommodation of R23.3 million in 2010/11, R24.9 million in 2011/12 and R26.8 million in 2012/13.

The increase in expenditure on the *Office Accommodation* subprogramme in 2009/10 is mainly due to the establishment of the appeals tribunal.

Programme 2: Comprehensive Social Security

- *Social Assistance* provides for developing and reviewing social assistance policies and legislation. Funding is based on the operational requirements of the subprogramme and research planned over the MTEF period.
- *Social Insurance* provides for developing policies and legislation for contributory income support to protect households against life cycle contingencies such as unemployment, ill health, retirement, disability or death of a breadwinner. Funding is based on the operational requirements of the subprogramme and research planned over the MTEF period.
- *Appeals Tribunal* provides a fair and just adjudication service for social assistance appeals. Funding is for the establishment costs for the centre, operational funding based on the projected number of appeals lodged per year and eliminating the current backlogs.
- *Social Assistance Transfers* provides for social assistance transfers to households. Funding is based on the projected number of social grant beneficiaries.
- *SASSA* provides for the transfer payment to the South African Social Security Agency for the operational costs of the agency. Funding is based on the agency's operational requirements.
- *SASSA MIS* provides for the transfer payment to the agency for the establishment and operation of a management information system.
- *International Social Security Association* contributes to regional and international social security policy developments. Funding is based on the operational requirements of the unit and membership fees to international organisations.

Objectives and measures

- Expand the social assistance safety net by:
 - phasing in, over the MTEF period, the extension of the child support grant to eligible children under the age of 18 years
 - providing for the final phase of the age equalisation for the old age grant during 2010/11
- Facilitate the reduction of people's vulnerability to life cycle hazards by developing proposals for mandatory social insurance measures that will provide income support in the event of disability, the death the bread winner and old age by March 2011.
- Improve access to social assistance and the fair application of social assistance legislation by:
 - adjudicating all new appeals within 90 days
 - eliminating the 60 000 backlog of appeals by March 2012.

Service delivery focus

In 2008/09, 128 individuals were appointed to serve on the Independent Tribunal for Social Assistance Appeals. 60 970 appeals have been lodged and 13 269 of these were considered and finalised. An estimated 19 000 backlog cases are expected to be settled by March 2010 and increased funding has been available to eradicate all backlogs by March 2012.

Just over 13 million South Africans qualified for social assistance in 2008/09. The progressive implementation of the age equalisation process will be concluded in 2010 and eligible men will receive social grants from the age of sixty. Roughly 200 000 men will benefit from this.

Table 18.5 Social grants beneficiary numbers by type of grant, 2005/06 to 2011/12

Type of grant	March 2007	March 2008	March 2009	March 2010	March 2011	March 2012	March 2013
				projected	projected	projected	projected
Old age	2 195 018	2 218 993	2 343 995	2 534 082	2 680 056	2 714 896	2 750 190
War veterans	2 340	1 963	1 599	1 248	1 048	881	740
Disability	1 422 808	1 413 263	1 371 712	1 310 761	1 295 365	1 321 272	1 347 697
Foster care	400 503	443 191	476 394	569 215	626 137	688 751	757 625
Care dependency	98 631	101 836	107 065	119 307	124 080	129 044	134 205
Child support	7 863 841	8 195 524	8 765 354	9 424 281	10 388 806	11 012 059	11 512 188
Total	11 983 141	12 374 770	13 066 118	13 958 894	15 115 492	15 866 903	16 502 645

Beneficiary numbers are expected to increase from 13.1 million in March 2009 to over 16 million by March 2013. This increase is mainly due to the extension of the child support grant up to the age of 18, for caregivers of eligible children born after 31 December 1993.

Expenditure estimates

Table 18.6 Comprehensive Social Security

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Social Assistance	39.0	32.2	24.6	31.5	20.2	21.5	22.7
Social Insurance	6.5	3.8	13.5	14.5	35.2	17.5	18.4
Appeals Tribunal	–	1.1	23.2	33.4	72.5	53.9	45.6
Social Assistance Transfers	57 031.8	62 471.9	70 715.9	80 432.7	89 368.2	98 594.2	106 808.0
SASSA	4 136.6	4 072.7	4 610.3	5 148.9	5 611.4	6 077.8	6 132.7
SASSA MIS	55.8	70.0	20.0	20.0	20.0	20.0	20.0
International Social Security Association	0.4	–	0.8	0.9	1.0	1.1	1.1
Social Security Administration	9.5	10.8	7.3	9.0	8.2	8.7	9.2
Total	61 279.5	66 662.6	75 415.5	85 691.0	95 136.5	104 794.6	113 057.7
Change to 2009 Budget estimate				86.8	1 249.0	3 401.8	6 595.8

Table 18.6 Comprehensive Social Security (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Economic classification							
Current payments	36.0	31.8	56.8	72.6	135.1	100.7	94.9
Compensation of employees	9.0	10.0	19.3	26.9	27.4	29.9	31.5
Goods and services	27.1	21.8	37.5	45.7	107.7	70.7	63.4
<i>of which:</i>							
Computer services	1.3	0.5	3.2	3.5	3.7	3.9	4.1
Consultants and professional services:	2.3	7.4	18.5	27.7	85.1	50.2	41.9
Business and advisory services							
Travel and subsistence	2.4	2.9	8.7	6.1	8.1	7.5	7.8
Transfers and subsidies	61 243.3	66 629.6	75 355.3	85 617.6	95 000.5	104 693.0	112 961.8
Departmental agencies and accounts	4 192.4	4 142.7	4 630.3	5 168.9	5 631.4	6 097.8	6 152.7
Foreign governments and international organisations	0.8	–	0.8	0.9	1.0	1.1	1.1
Households	57 050.1	62 486.9	70 724.2	80 447.7	89 368.2	98 594.2	106 808.0
Payments for capital assets	0.1	1.1	1.4	0.8	0.9	0.9	1.0
Machinery and equipment	0.1	1.1	1.4	0.8	0.9	0.9	1.0
Software and other intangible assets	–	–	–	0.1	0.0	0.0	0.0
Payments for financial assets	0.0	0.1	2.1	–	–	–	–
Total	61 279.5	66 662.6	75 415.5	85 691.0	95 136.5	104 794.6	113 057.7

Details of selected transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	4 192.4	4 142.7	4 630.3	5 168.9	5 631.4	6 097.8	6 152.7
South African Social Security Agency	4 136.6	4 072.7	4 610.3	5 148.9	5 611.4	6 077.8	6 132.7
South African Social Security Agency	55.8	70.0	20.0	20.0	20.0	20.0	20.0
Foreign governments and international organisations							
Current	0.8	–	0.8	0.9	1.0	1.1	1.1
International Social Security Association	0.8	–	0.8	0.9	1.0	1.1	1.1
Households							
Social benefits							
Current	57 037.1	62 471.9	70 715.9	80 432.7	89 368.2	98 594.2	106 808.0
Social Assistance Transfers	57 037.1	62 471.9	70 715.9	80 432.7	89 368.2	98 594.2	106 808.0
Households							
Other transfers to households							
Current	13.0	14.9	8.3	15.0	–	–	–
Disaster Relief Fund	10.0	10.0	–	–	–	–	–
Social Relief Fund	3.0	4.9	8.3	15.0	–	–	–

Table 18.7 Social grants expenditure

Type of grant	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	% Growth Average Annual
R million								
Old age	21 222	22 801	25 934	29 991	34 058	37 521	39 973	11.1%
War veterans	25	22	20	18	15	13	12	-11.5%
Disability	14 261	15 280	16 474	16 853	17 379	18 012	19 432	5.3%
Foster care	2 851	3 414	3 934	4 362	5 232	6 159	6 704	15.3%
Care dependency	1 006	1 132	1 292	1 356	1 580	1 799	1 898	11.2%
Child support	17 559	19 625	22 348	27 273	30 860	34 830	38 513	14.0%
Grant in aid	67	87	90	95	102	108	115	9.4%
Relief of distress	41	106	623	132	143	151	160	25.5%
Total	57 032	62 467	70 715	80 080	89 368	98 594	106 808	11.0%

Expenditure trends

The increased expenditure over the MTEF period is to provide for the extension of the child support grant to eligible children up to their eighteenth birthday.

Expenditure increased from R61 billion in 2006/07 to R86 billion in 2009/10, at an average annual rate of 11.8 per cent. This was mainly due to the increase in social assistance transfers, which increased from R57 billion in 2006/07 to R80 billion in 2009/10. This growth provides for inflationary increases and adjustments to the value of grants within the year due to high food prices, adjustments to the means tests, and increases in beneficiary numbers due to changes to the age criteria of the child support and old age grants.

Spending on the old age grant grew from R21.2 billion in 2006/07 to an estimated R30 billion in 2009/10. This is mainly due to the lowering of the qualifying age for men from 65 to 60. The budget allocation for the old age grant comprises the largest portion of the budget in 2009/10 at R30 billion, followed closely by the child support grant at R27.3 billion and the disability grant at R16.9 billion. The 40 per cent growth in spending on compensation of employees between 2006/07 and 2009/10 is largely due to the establishment of the *Social Insurance* and *Appeals Tribunal* subprogrammes.

Additional allocations of R40 million in 2010/11, R20 million in 2011/12 and R10 million in 2012/13 were made to deal with backlog appeals and to further operationalise the appeals tribunal.

Public entity

South African Social Security Agency

Strategic overview: 2006/07 – 2012/13

The South African Social Security Agency derives its mandate from the South African Social Security Agency Act (2004) and is responsible for providing for the administration and payment of social assistance transfers to eligible poor and vulnerable individuals.

Over the medium term, the agency will seek to improve the delivery and administration of social grants, while at the same time promoting and implementing the social security reforms directed by the policies of the minister and the inter-ministerial committee on social security reform. Here, the agency will focus on increasing access to social grants, improving the administration and payment of social grants, and implementing improved systems to enhance the application of the different means tests for the different social grants.

The bulk of the agency's administration expenditure goes to cash payment contractors. The agency is currently reviewing these cash payment contracts (prices range from R24 to R35 per grant payment across the regions and across payment providers). In order to reduce the cost of disbursements, the major challenges around cash payment and the associated risk of transporting cash, the national payment infrastructure that supports financial services needs to be optimally used. About 80 per cent of social grant recipients are currently paid via cash payment contractors at a significant cost to government. This scenario will be reversed over the MTEF period with the bulk of social grant beneficiaries being brought into the formal banking sector.

The agency is in the process of reviewing dormant bank accounts of beneficiaries to improve efficiency. These are accounts of deceased beneficiaries, whose next of kin have not informed the agency, or of beneficiaries living overseas or in neighbouring countries who still collect grants in South Africa. It is estimated that in 2010, approximately R300 million will be recovered from these dormant bank accounts.

Various service delivery initiatives have been introduced for the optimal administration of the social assistance function. Key among these is the improved grant application process project, which aims to resolve issues or challenges relating to grant application service delivery across all the regions where the agency operates. The project seeks to improve service delivery by streamlining the current grant application process, as well as ensuring that all application processes are standardised in all the areas where the agency operates. All regions are working towards this goal. A readiness assessment has been completed in the Free State region for piloting the project, with a view to rolling out the programme to other regions.

Savings and cost effective service delivery

The bulk of the agency's expenditure is on payments to cash payment contractors, which accounts for close to 53 per cent of the 2009/10 budget. Of the remainder, approximately 18.2 per cent covers other operational expenses and contractual obligations, such as for the lease of office accommodation and equipment. New contracts are currently being negotiated and these should result in a reduction in price. In 2010/11, a tender will be put out for a new social grant payment system that will promote the use of electronic payments through the national payment system. This should yield significant savings as cash payments are phased out, especially in urban areas.

To ensure that it uses its allocated budget efficiently, the agency introduced cost containment measures that will help prevent inefficient spending. The aim is to have these austerity measures in force until stability is achieved. These measures are focused on specific areas where expenditure can be controlled without impacting negatively on service delivery. They include a moratorium on the filling of vacant posts, putting strict controls in place to minimise telephone expenses, ensuring that internal skill/capacity is used before external services are sourced, and introducing measures to cut down on travel expenses and eliminate any unnecessary travelling.

Selected performance indicators

Table 18.8 South African Social Security Agency

Indicator	Programme/Activity	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Average cost of administering social assistance (R/beneficiary)	Grants Administration and Customer Services	R26.56	R30.65	R32.58	R33.01	R30.53	R30.27	R29.69
Percentage of beneficiaries receiving payment directly into their banking account	Grants Administration and Customer Services	12% (1 437 433)	14.4% (1 777 429)	16.4% (2 109 361)	21.7 % (3 051 767)	25% (3 798 048)	30% (4 709 773)	40% (6 534 793)
Number of grant applications processed within 30 days	Grants Administration and Customer Services	–	1 422 344	1 823 919	2 051 909	2 236 581	2 437 873	2 657 281
Number of life certificates completed	Grants Administration and Customer Services	200 000	250 000	300 000	500 000	750 000	1 200 000	1 800 000

Service delivery focus

By the end of 2008/09, 106 109 men of 63 and 64 years of age qualified as beneficiaries for grants, in response to the amendments to the Social Assistance Act (2004) and regulations for age equalisation for men.

A disability management model was piloted in 3 regions and a standardised interim disability assessment tool was developed and implemented. The agency achieved 50 per cent of its annual target relating to backlogs in medical assessments. In an effort to ensure that maintaining beneficiary records was improved, 31 692 reviews were finalised, of which 7 341 were medical reviews and 24 351 were administration related reviews. In 2009/10, the agency encouraged new grant beneficiaries to open bank accounts for receiving their grants. More than 20 per cent of social grant beneficiaries are currently being paid directly into their bank accounts, slightly lower than the 22 per cent target set in 2008, but significantly more (over 3 million beneficiaries) than the targeted 2.6 million.

Expenditure estimates

Table 18.9 South African Social Security Agency: Financial information

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Revenue							
Non-tax revenue	1.3	6.7	10.1	8.2	8.4	8.8	9.2
Sale of goods and services other than capital assets	1.1	1.7	2.3	2.6	2.5	2.6	2.7
<i>Of which:</i>							
<i>Admin fees</i>	1.1	1.7	2.3	0.9	0.7	0.7	0.7
<i>Other sales</i>	–	–	–	1.7	1.8	1.9	2.0

Table 18.9 South African Social Security Agency: Financial information (continued)

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Transfers received	4 192.4	4 142.7	4 630.3	5 168.9	5 631.4	6 097.8	6 152.7
<i>Of which</i>							
<i>Establishment and operationalisation</i>	4 192.4	4 142.7	4 630.3	5 168.9	5 631.4	6 097.8	6 152.7
<i>Grant administration integrity</i>							
<i>Social assistance administration</i>	4 136.6	4 072.7	4 610.3	5 148.9	5 611.4	6 077.8	6 132.7
<i>Management information system</i>	55.8	70.0	20.0	20.0	20.0	20.0	20.0
Total revenue	4 193.6	4 149.4	4 640.4	5 177.1	5 639.8	6 106.6	6 161.8
Expenses							
Current expense	3 655.6	4 440.7	4 938.4	5 501.4	5 483.0	5 616.0	5 728.8
Compensation of employees	710.7	1 079.7	1 339.4	1 492.4	1 581.9	1 676.9	1 777.5
Goods and services	2 944.9	3 361.0	3 598.9	4 009.0	3 901.1	3 939.1	3 951.3
<i>of which:</i>							
<i>Payment contractors</i>	2 015.1	2 189.9	2 397.4	2 739.8	2 734.6	2 731.7	2 724.6
<i>Consultants, contractors and special services</i>	175.4	183.1	118.1	125.2	117.7	124.8	132.2
<i>Travel and subsistence</i>	80.8	109.0	71.4	47.2	49.0	51.0	53.0
<i>Other</i>	673.6	878.9	1 012.1	1 096.9	999.7	1 031.7	1 041.4
Transfers and subsidies	1.4	1.3	17.3	16.0	16.8	17.7	18.6
Provinces and municipalities	0.5	0.1	–	–	–	–	–
Other government agencies	–	–	–	15.1	16.0	16.9	17.7
Households	0.9	1.2	17.3	1.0	0.8	0.8	0.9
Payments for capital assets	162.2	108.9	75.3	61.4	65.4	69.5	73.0
Buildings and other fixed structures	100.1	–	–	–	–	–	–
Machinery and equipment	57.1	107.8	70.2	25.2	27.1	28.8	30.2
Software and other intangible assets	5.0	1.0	5.1	36.2	38.3	40.7	42.8
Total expense	3 819.2	4 550.9	5 031.0	5 578.9	5 565.2	5 703.2	5 820.4
Surplus / (deficit)	374.5	(401.5)	(390.6)	(401.8)	74.5	403.4	341.5

Expenditure trends

The bulk of expenditure goes towards payments for cash payment contractors, which constitutes 53 per cent of the entire budget, while approximately 18.2 per cent covers expenditure on projects, contractual obligations such as renting accommodation, office equipment and other operational expenses. The South African Social Security Agency is currently running an unfunded deficit, which will be offset by significant savings expected from the reorganising of the social grant payment systems and the termination of contracts that result in poor value for money.

Programme 3: Policy Development, Review and Implementation Support for Welfare Services

- *Service Standards* coordinates overarching policies, legislation and norms and standards for social welfare services delivered by both government and the non-government sector. Funding is based on the operational requirements of the subprogramme and research planned over the MTEF period.
- *Substance Abuse and Central Drug Authority* develops, supports and monitors the implementation of policies, legislation and norms and standards for substance abuse. Funding is based on the operational requirements of the subprogramme and research planned over the MTEF period, and for social work scholarships.
- *Older Persons* develops, supports and monitors the implementation of policies, legislation and norms and standards for social welfare services to older people. Funding is based on the operational requirements of the subprogramme and research planned over the MTEF period.

- *People with Disabilities* develops, supports and monitors the implementation of policies, legislation and norms and standards for social welfare services to people with disabilities. Funding is based on the operational requirements of the subprogramme and research planned over the MTEF period.
- *Children* develops, supports and monitors the implementation of policies, legislation and norms and standards for social welfare services to children. Funding is based on the operational requirements of the subprogramme and research planned over the MTEF period.
- *Families* develops, supports and monitors the implementation of policies, legislation and programmes to strengthen families. Funding is based on the operational requirements of the subprogramme and research planned over the MTEF period.
- *Victim Empowerment* develops, supports and monitors the implementation of policies, legislation and programmes to empower victims of crime and violence. Funding is based on the operational requirements of the subprogramme and research planned over the MTEF period.
- *Social Crime Prevention* develops, supports and monitors the implementation of policies, legislation and programmes to protect, empower and support child, youth and adult offenders in the criminal justice system. Funding is based on the operational requirements of the subprogramme and research planned over the MTEF period.
- *Service Provider Support and Management* facilitates the effective management and support to national councils and other professional bodies, and administers payments to these institutions. Funding is based on the operational requirements of the subprogramme and research planned over the MTEF period.
- *Contributions and Affiliations to Other Bodies* provides for transfers to international federations and organisations. Funding is based on the operational requirements of the subprogramme and research planned over the MTEF period.

Objectives and measures

- Support and strengthen families and communities by:
 - finalising the draft white paper for services to families by March 2011
 - developing programmes and services to preserve families by March 2011.
- Reduce the risk of sexual and physical violence against women (gender based violence) by:
 - developing and facilitating the implementation of prevention programmes on gender based violence by March 2011
 - developing and facilitating the implementation of rehabilitation programmes for victims of human trafficking by March 2011
 - facilitating the rollout of the men and boys strategy on gender based violence by March 2011.
- Reduce social crime by:
 - strengthening the capacity of civil society organisations in the victim empowerment area over the MTEF period
 - developing responsive secure care models (blue print, minimum norms and standards) by March 2012
 - getting the national policy framework and accreditation system for diversion programmes tabled in Parliament for implementation by non-profit organisations and government by March 2011.
- Reduce substance abuse and related criminal acts leading to a drug free society by:
 - finalising the regulations on substance abuse by March 2011
 - facilitating the rollout of the Ke Moja campaign by March 2011
 - developing a monitoring and assessment tool for substance abuse services by March 2012
 - reviewing and coordinating the implementation of the mini drug master plan by March 2011.
- Create an environment that enables the promotion, development and protection of older persons' rights by:
 - piloting a community based model in 3 provinces by March 2011
 - facilitating the implementation of the Older Persons Act (2006), with a key focus on the care and protection of older persons in accordance with the South African plan of action for older persons by March 2011.
- Protect and promote the rights of people with disabilities by:

- aligning social services policies and programmes for people with disabilities with the United Nations Convention on the Rights of Persons with Disabilities by March 2012
- developing legislation on social services for people with disabilities by March 2012
- developing and facilitating the implementation of the social development specific disability mainstreaming strategy by the end of 2013
- developing psycho-social programmes to enhance the wellbeing and self-esteem of youth with disabilities by March 2013.
- Create a sustainable environment for social development service delivery by:
 - implementing the recruitment and retention strategy for social workers over the MTEF period
 - developing and facilitating the implementation of the minimum norms and standards for social welfare services by March 2013
 - developing and facilitating the implementation of a costing model (with funding norms) for the delivery of social welfare services by June 2011
 - developing a social development funding policy and guidelines by June 2010.
- Facilitate the provision of quality social welfare services to children, including those in need of care and protection, by ensuring:
 - the implementation of the Children’s Act (2005) over the MTEF period
 - the development and implementation of a strategy to expand national adoption services by March 2013
 - the implementation of the national surveillance study on child abuse and neglect (phase 2) by March 2013
 - the transformation of residential care facilities for children into child and youth care centres by March 2013
 - the implementation of the national integrated plan for early childhood development by March 2013
 - the development and implementation of a policy framework and guidelines for statutory services for child headed households and children living on the streets by March 2013.

Service delivery focus

In 2009/10, the business plan for the implementation of the second and third phase of the norms and standards project was developed. The programme management structures were established at the national and provincial levels. The norms and standards project will continue over the MTEF period and should result in improved welfare service delivery across the sector.

In 2009, 5 250 bursaries were made available to social work students and universities across the country. The department is currently consulting with universities to increase capacity within their faculties for social work studies. In future, a portion of this budget may be set aside as a direct grant to social work schools.

Expenditure estimates

Table 18.10 Policy Development, Review and Implementation Support for Welfare Services

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Service Standards	5.2	55.7	116.6	224.0	239.2	260.9	274.5
Substance Abuse and Central Drug Authority	5.8	9.5	10.1	13.5	12.9	14.0	14.8
Older Persons	4.7	5.0	8.2	8.3	7.6	7.8	8.3
People with Disabilities	3.3	3.6	4.7	6.6	5.1	5.4	5.7
Children	10.9	13.2	24.0	24.7	26.4	28.4	30.0
Families	3.5	2.6	5.2	6.1	6.5	6.9	7.3
Victim Empowerment	2.2	4.0	6.8	6.1	6.5	6.9	7.2
Social Crime Prevention	1.3	4.2	8.2	9.2	7.6	8.0	8.5
Service Provider Support and Management	6.2	8.7	13.1	22.5	23.5	24.9	26.3
Contributions and Affiliations to other bodies	0.0	0.3	0.2	0.2	0.2	0.2	0.2
Welfare Administration	2.9	3.2	10.1	9.4	10.5	11.1	11.7
Total	45.8	110.0	207.4	330.4	346.0	374.7	394.3
Change to 2009 Budget estimate				1.1	2.5	3.0	4.0

Table 18.10 Policy Development, Review and Implementation Support for Welfare Services (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Economic classification							
Current payments	37.6	50.8	82.6	100.3	99.1	106.3	112.7
Compensation of employees	18.3	22.9	40.7	48.5	51.7	55.2	58.1
Goods and services	19.3	27.9	41.9	51.8	47.4	51.1	54.6
<i>of which:</i>							
<i>Consultants and professional services: Business and advisory services</i>	0.3	4.2	12.2	11.4	3.7	4.6	4.9
<i>Lease payments</i>	–	1.3	0.1	0.0	0.0	0.0	0.0
<i>Travel and subsistence</i>	6.0	6.3	11.9	9.8	10.2	10.7	11.4
Transfers and subsidies	7.7	58.5	122.8	227.4	244.3	265.4	278.4
Departmental agencies and accounts	–	50.0	111.9	210.0	226.0	246.0	258.0
Foreign governments and international organisations	0.0	0.3	0.4	0.4	0.2	0.2	0.2
Non-profit institutions	7.6	8.2	10.6	17.1	18.1	19.2	20.2
Payments for capital assets	0.6	0.7	2.0	2.6	2.7	3.0	3.1
Machinery and equipment	0.6	0.7	2.0	2.5	2.6	2.9	3.0
Software and other intangible assets	–	–	–	0.1	0.1	0.1	0.1
Total	45.8	110.0	207.4	330.4	346.0	374.7	394.3

Details of selected transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	–	50.0	111.9	210.0	226.0	246.0	258.0
National Student Financial Aid Scheme	–	50.0	111.9	210.0	226.0	246.0	258.0
Non-profit institutions							
Current	6.2	7.5	8.5	17.1	18.1	19.2	20.2
National Councils	6.2	7.5	8.5	17.1	18.1	19.2	20.2

Expenditure trends

Expenditure grew from R45.8 million in 2006/07 to R330.4 million in 2009/10, at an average annual rate of 93.2 per cent and is expected to increase to R394.3 million in 2012/13 at an average annual rate of 6.1 per cent. The significant growth between 2006/07 and 2009/10 is mainly due to the introduction and rapid expansion of the social work scholarships programme over this period, and increased funding to strengthen capacity and provide leadership on provincial welfare service delivery. Compensation of employees also grew strongly at an average annual rate of 38.4 per cent during this period, due to the building of capacity in all subprogrammes. Spending on social work scholarships continues to grow over the MTEF period and makes up the bulk of the spending on the programme.

Programme 4: Community Development

- *Sustainable Livelihoods* develops and provides support for the implementation of programmes, strategies and tools for sustainable livelihoods, and manages service delivery partners.
- *Community Development Policy and Service Standards* develops and facilitates the implementation of policies, guidelines, norms and standards to ensure the effective and efficient delivery of community development services and programmes.
- *Youth* develops and facilitates the implementation of policies, legislation and programmes to protect vulnerable youth.
- *Non-Profit Organisations* builds capacity of non-profit organisations, ensures efficiency in their registration, and monitors their compliance to the Non-profit Organisations Act (1997).

- *HIV and AIDS* develops, supports and monitors the implementation of policies, programmes and guidelines to prevent and mitigate the impact of HIV and AIDS in line with the 2007 to 2011 national strategic plan for HIV and AIDS, sexually transmitted infections, tuberculosis and malaria.
- *National Development Agency* provides grants to civil society organisations to implement sustainable community driven projects that address food security: create employment and income opportunities.
- *Contributions and Affiliations to Other Bodies* provides for contributions to international federations and organisations.

Funding for the first seven subprogrammes relates to operational requirements. Funding for the *National Development Agency* subprogramme is based on grant funding for community development projects administered by the agency. Funding for the *Contributions and Affiliations to Other Bodies* subprogramme is based on membership fees.

Objectives and measures

- Enhance the livelihoods of poor households and communities by:
 - facilitating the implementation of the guidelines for social cooperatives in all provinces by March 2012
 - facilitating linkages between community based organisations and community food banks by March 2012.
- Develop and facilitate the implementation of responsive and focused youth development programmes by:
 - researching the impact of poverty on youth development by March 2012.
 - conducting an audit of youth development services in North West, Limpopo, Mpumalanga, Free State, Northern Cape and Eastern Cape by March 2011
- Improve efficiency in registering non-profit organisations by registering all applications from new organisations within 2 months.
- Contribute to reducing the incidence and minimise the psycho-social impact of HIV and AIDS as well as the burden of the disease by:
 - facilitating the development and implementation of behaviour change programmes by 2012
 - facilitating the implementation of the integrated home community based care monitoring and evaluation system by March 2013
 - monitoring compliance with the norms and standards for home community based care on a quarterly basis to confirm that 90 per cent of funded non-profit organisations comply with norms and standards
 - monitoring the implementation of the loveLife prevention programmes for youth on a quarterly basis to confirm that 500 youth are reached by the end of each year.

Service delivery focus

In 2008/09, the department developed a toolkit on sustainable livelihoods for community development practitioners in South Africa, which was field tested and edited in 2009/10 in preparation for training and distribution. The department also commissioned a skills audit for community development practitioners, which will ensure the development of responsive skills development programmes.

In 2009/10, a memorandum of understanding between the South African government, the Community Food Banking Network of South Africa and the Global Food Banking Network was facilitated and resulted in the establishment of 4 community food banks in Durban, Port Elizabeth, Johannesburg and Cape Town. A draft national community development policy framework was developed after extensive consultation with key stakeholders.

In 2008/09, the department developed and distributed a youth service programme toolkit that covers the youth development strategy and national youth service, to all provinces. In 2009/10, a framework for the Masupatsela curriculum, a youth pioneer programme based on the Cuban social work programme, was developed. 10 Cuban experts were interviewed and contracted to implement the programme.

Expenditure estimates

Table 18.11 Community Development

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Sustainable Livelihoods	10.6	6.8	9.7	9.1	8.4	8.8	9.2
Community Development Policy and Service Standards	4.6	3.9	6.4	8.3	8.1	8.6	9.0
Non-profit Organisations	4.2	6.7	11.4	12.4	17.0	17.6	19.0
Youth	3.0	4.6	7.3	5.8	5.7	6.1	6.4
HIV and AIDS	50.1	51.3	57.8	60.9	64.8	68.2	70.5
National Development Agency	123.0	129.2	136.3	144.8	83.5	163.7	171.9
Contributions and Affiliations to Other Bodies	6.2	5.5	1.0	7.6	6.9	7.2	7.6
Total	201.9	208.0	229.8	248.9	194.4	280.3	293.7
Change to 2009 Budget estimate				0.5	(0.6)	(1.5)	(3.1)
Economic classification							
Current payments	37.6	34.7	47.8	58.2	63.5	66.9	69.6
Compensation of employees	16.5	18.7	21.1	31.3	36.5	38.5	43.4
Goods and services	21.1	16.0	26.7	27.0	27.1	28.4	26.2
<i>of which:</i>							
<i>Consultants and professional services: Business and advisory services</i>	5.9	2.8	9.4	8.7	8.7	8.6	5.4
<i>Travel and subsistence</i>	7.5	4.7	10.3	8.9	8.6	9.0	9.4
Transfers and subsidies	163.8	172.6	181.4	189.8	129.6	212.5	223.2
Departmental agencies and accounts	123.0	129.2	136.3	144.8	83.5	163.7	171.9
Universities and technikons	–	0.5	–	–	–	–	–
Non-profit institutions	40.7	43.0	45.1	45.0	46.1	48.7	51.3
Payments for capital assets	0.4	0.6	0.6	0.8	1.3	0.9	0.9
Machinery and equipment	0.4	0.6	0.6	0.8	1.3	0.9	0.9
Payments for financial assets	0.1	0.0	–	–	–	–	–
Total	201.9	208.0	229.8	248.9	194.4	280.3	293.7
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	123.0	129.2	136.3	144.8	83.5	163.7	171.9
National Development Agency	123.0	129.2	136.3	144.8	83.5	163.7	171.9
Universities and technikons							
Current	–	0.5	–	–	–	–	–
University of South Africa	–	0.5	–	–	–	–	–
Non-profit institutions							
Current	40.0	42.0	44.6	44.6	46.1	48.7	51.3
National Association of Burial Societies of South Africa	–	–	0.2	1.3	0.9	1.0	1.0
National Association of People Living with HIV and Aids	–	–	0.3	1.0	0.5	0.5	0.5
Africa Institute for Community Driven Development	–	–	1.5	1.0	0.5	0.5	0.6
loveLife	40.0	41.0	41.0	41.0	43.5	45.6	47.9
National Religious Leaders Forum	–	–	1.5	–	0.5	0.7	0.8
National Association of People Living with HIV and Aids	–	1.0	0.1	0.3	0.3	0.5	0.6

Expenditure trends

Expenditure grew from R201.9 million in 2006/07 to R248.9 million in 2009/10 at an average annual rate of 7.2 per cent, and is expected to increase to R293.7 million in 2012/13 at an average annual rate of 5.7 per cent. The main expenditure in this programme relates to the transfers to the loveLife programme and the National Development Agency, which account for 65.3 per cent of the budget allocation for the programme in 2010/11.

There is a 26.5 per cent decrease in the budget allocation in 2010/11 as a result of the R70 million once-off decrease in the transfer to the National Development Agency, taking into consideration the current cumulative reserves in their account.

Additional amounts of R4.4 million in 2010/11, R5.2 million in 2011/12 and R5.4 million in 2012/13 are allocated for strengthening capacity in the non-profit organisation registration unit.

Programme 5: Strategy and Governance

- *Strategy Development and Management* develops the department's strategic plan, promotes effective planning in the sector, improves operational efficiency, develops social policies and programmes, and considers mechanisms to improve customer satisfaction across the sector.
- *Monitoring and Evaluation* develops and oversees the implementation of a comprehensive monitoring and evaluation system to improve service delivery across the sector.
- *Entity Oversight* oversees all entities, agencies and boards reporting to the department.
- *Social Policy Coordination* provides strategic guidance on social policy development, coordination and evaluation.
- *Special Project Coordination* provides coordination, incubation and innovation of departmental and social cluster initiatives such as the expanded public works programme.
- *Population and Development* provides policy, monitoring and planning advice on government's population policy.
- *Contributions and Affiliations to Other Bodies* provides for contributions to international federations and organisations.

Funding for all subprogrammes, except *Contributions and Affiliations to Other Bodies* subprogrammes, is based on operational requirements. The *Contributions and Affiliations to Other Bodies* subprogramme is based on membership fees.

Objectives and measures

- Improve the sector's performance in line with the demands for social development services and products by:
 - facilitating the expansion and strengthening of the social sector expanded public works through the creation of 96 000 jobs by March 2011
 - institutionalising evidence based policy making in the department and the social development sector over the MTEF period
 - implementing a comprehensive monitoring and evaluation system and building capacity in the sector over the MTEF period
 - developing and facilitating the review of social sector performance indicators over the MTEF period
 - conducting programme evaluations and research by March 2013.

Service delivery focus

The department accelerated its participation in the expanded public works programme by exceeding its allocated target of creating 150 000 work opportunities a year ahead of the scheduled period, with the final recorded performance at 174 255 in March 2009.

In 2008/09, the department developed and implemented a performance and compliance reporting framework to provide guidelines on quarterly reporting on financial and non-financial matters for public entities as contemplated in the Public Finance Management Act (1999) and National Treasury regulations.

In August 2008, the social policy team and experts from Oxford University presented a 5 day intensive training course on social policy and analysis. 50 officials responsible for policy development in the national and provincial social sector cluster departments were trained against a targeted 50.

Expenditure estimates

Table 18.12 Strategy and Governance

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Strategy Development and Management	3.6	14.7	21.8	17.5	13.7	14.8	16.3
Monitoring and Evaluation	2.6	9.9	9.9	11.4	12.9	13.9	14.7
Entity Oversight	0.7	3.8	8.9	7.1	9.3	10.5	11.1
Social Policy Coordination	5.2	2.2	6.2	3.1	4.4	5.0	5.3
Special Projects Coordination	–	4.8	4.3	7.0	6.9	6.6	7.0
Population and Development	20.7	33.9	25.2	18.9	19.8	20.5	21.6
Contributions and Affiliations to Other Bodies	0.2	0.5	0.2	0.5	0.5	0.6	0.6
Strategy Administration	6.9	2.0	3.7	3.6	3.9	4.1	4.3
Total	39.9	71.8	80.2	69.3	71.4	76.0	80.8
Change to 2009 Budget estimate				(0.8)	1.6	2.5	3.6

Economic classification

Current payments	33.8	68.0	79.2	66.6	68.6	73.2	77.9
Compensation of employees	14.6	23.2	31.1	35.3	39.2	41.5	44.5
Goods and services	19.2	44.8	48.2	31.3	29.4	31.6	33.4
<i>of which:</i>							
Computer services	–	4.1	0.1	3.2	3.2	3.6	3.7
Consultants and professional services:	0.5	9.7	18.9	14.7	13.6	14.5	15.4
Business and advisory services							
Travel and subsistence	6.1	8.6	17.0	7.0	4.8	5.1	5.4
Transfers and subsidies	5.4	1.6	0.2	1.5	1.5	1.6	1.6
Departmental agencies and accounts	0.4	0.4	–	–	–	–	–
Universities and technikons	4.8	–	–	–	–	–	–
Foreign governments and international organisations	0.2	0.2	0.2	0.5	0.5	0.6	0.6
Non-profit institutions	0.1	1.1	–	1.0	1.0	1.0	1.0
Payments for capital assets	0.6	2.2	0.7	1.1	1.2	1.3	1.4
Machinery and equipment	0.6	2.2	0.7	1.1	1.1	1.2	1.3
Software and other intangible assets	–	–	–	0.0	0.1	0.1	0.1
Payments for financial assets	–	0.0	–	–	–	–	–
Total	39.9	71.8	80.2	69.3	71.4	76.0	80.8

Details of selected transfers and subsidies

Universities and technikons							
Current	4.8	–	–	–	–	–	–
University of Pretoria	4.8	–	–	–	–	–	–
Non-profit institutions							
Current	0.1	1.1	–	1.0	1.0	1.0	1.0
Soul City	0.1	1.1	–	1.0	1.0	1.0	1.0

Expenditure trends

Expenditure grew at an average annual rate of 20.2 per cent between 2006/07 and 2009/10 and is expected to grow by 5.3 per cent over the medium term. The main reason for the strong growth between 2006/07 to 2009/10 relates to a once-off amount of R25 million received in 2007/08 for the social welfare information management system, and R6 million in 2008/09 for the conceptualisation and planning for social development infrastructure needs, as well as the establishment of the entity oversight unit over this period.

Additional tables

Table 18.A Summary of expenditure trends and estimates per programme and economic classification

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R million	2008/09		2008/09	2009/10			2009/10
1. Administration	149.2	159.4	163.8	156.4	12.3	168.7	168.7
2. Comprehensive Social Security	75 318.4	75 846.7	75 415.5	85 604.2	86.8	85 691.0	85 291.0
3. Policy Development, Review and Implementation Support for Welfare Services	207.0	273.4	207.4	329.3	1.1	330.4	330.4
4. Community Development	240.0	172.4	229.8	248.4	0.5	248.9	248.9
5. Strategy and Governance	93.4	102.2	80.2	70.1	(0.8)	69.3	69.3
Total	76 008.0	76 554.2	76 096.7	86 408.3	99.8	86 508.2	86 108.2

Economic classification

Current payments	422.6	431.6	426.6	449.2	13.0	462.1	462.1
Compensation of employees	196.7	192.5	184.1	220.0	5.4	225.4	225.4
Goods and services	226.0	239.1	242.6	229.2	7.6	236.8	236.8
Transfers and subsidies	75 576.6	76 113.9	75 659.7	85 949.4	86.9	86 036.3	85 636.3
Departmental agencies and accounts	4 779.1	4 878.5	4 878.5	5 489.2	34.5	5 523.7	5 523.7
Foreign governments and international organisations	1.5	1.9	1.4	1.5	0.3	1.8	1.8
Non-profit institutions	55.1	57.7	55.7	63.5	(0.4)	63.1	63.1
Households	70 741.0	71 175.8	70 724.2	80 395.3	52.4	80 447.7	80 047.7
Payments for capital assets	8.7	8.7	8.3	9.8	-	9.8	9.8
Machinery and equipment	7.9	7.9	8.3	9.2	-	9.2	9.2
Software and other intangible assets	0.8	0.8	-	0.6	-	0.6	0.6
Payments for financial assets	-	-	2.1	-	-	-	-
Total	76 008.0	76 554.2	76 096.7	86 408.3	99.8	86 508.2	86 108.2

Table 18.B Summary of personnel numbers and compensation of employees

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Permanent and full time contract employees							
Compensation (R million)	107.6	129.2	172.1	219.4	238.7	253.6	270.2
Unit cost (R million)	0.2	0.2	0.3	0.3	0.3	0.4	0.4
<i>Administration</i>	0.2	0.2	0.3	0.3	0.3	0.3	0.3
<i>Comprehensive Social Security</i>	0.3	0.2	0.5	0.6	0.6	0.6	0.7
<i>Policy Development, Review and Implementation Support for Welfare Services</i>	0.3	0.2	0.3	0.4	0.4	0.4	0.4
<i>Community Development</i>	0.3	0.2	0.2	0.3	0.3	0.3	0.4
<i>Strategy and Governance</i>	0.4	0.3	0.4	0.4	0.4	0.4	0.4
Personnel numbers (head count)	466	619	606	657	713	713	713
Part time and temporary contract employees							
Compensation (R million)	1.4	2.0	9.2	2.8	3.0	3.3	3.7
Unit cost (R million)	0.1	0.1	0.4	0.1	0.1	0.1	0.1
Personnel numbers (head count)	15	20	25	40	40	40	40
Total for department							
Compensation (R million)	111.1	133.6	184.1	225.4	245.1	260.6	277.7
Unit cost (R million)	0.2	0.2	0.3	0.3	0.3	0.3	0.3
Personnel numbers (head count)	536	704	706	777	838	838	838

Table 18.C Summary of expenditure on training

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Compensation of employees (R million)	111.1	169.4	184.1	225.4	245.1	260.6	277.7
Training expenditure (R million)	2.2	1.7	1.8	2.3	2.5	2.6	2.8
Training as percentage of compensation	2.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Total number trained in department (head count)	487	487	378	400			
<i>of which:</i>							
<i>Employees receiving bursaries (head count)</i>	382	301	54	74			
<i>Learnerships trained (head count)</i>	–	–	–	13			
<i>Internships trained (head count)</i>	66	15	76	64			
Households receiving bursaries (R million)	–	50.0	111.9	210.0	226.0	246.0	258.0
Households receiving bursaries (head count)	190	1 428	2 900	6 500			

Vote 19

Sport and Recreation South Africa

Budget summary

R million	2010/11				2011/12	2012/13
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	87.8	85.9	0.1	1.9	97.6	100.2
Sport Support Services	102.1	33.5	68.6	–	130.3	135.2
Mass Participation	467.0	40.6	426.4	–	499.0	523.0
International Liaison and Events	23.3	23.3	–	–	25.3	26.8
Facilities Coordination	6.6	3.4	–	3.2	8.3	8.6
2010 FIFA World Cup Unit	558.7	6.1	552.6	–	–	–
Total expenditure estimates	1 245.6	192.9	1 047.6	5.1	760.5	793.7

Executive authority

Minister of Sport and Recreation South Africa

Accounting officer

Director-General of Sport and Recreation South Africa

Website address

www.srsa.gov.za

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

Aim

The aim of Sport and Recreation South Africa is to maximise access, development and excellence at all levels of participation in sport and recreation to improve social cohesion, nation building and the quality of life of all South Africans.

Programme purposes

Programme 1: Administration

Purpose: Management, strategic and administrative support services.

Programme 2: Sport Support Services

Purpose: Support recognised sport and recreation bodies and public entities, and monitor and report on their performance.

Programme 3: Mass Participation

Purpose: Create an enabling environment and provide support to increase the number of participants in sport and recreation in South Africa.

Programme 4: International Liaison and Events

Purpose: Coordinate inter and intragovernment sport and recreation relations and support the hosting of identified major events.

Programme 5: Facilities Coordination

Purpose: Facilitate the provision and management of sustainable sport and recreation facilities.

Programme 6: 2010 FIFA World Cup Unit

Purpose: Coordinate all inter and intragovernment relations and support the hosting of the 2010 Fédération Internationale de Football Association (FIFA) World Cup in South Africa.

Strategic overview: 2006/07 – 2012/13

Sport and Recreation South Africa aims to increase the number of South Africans participating in sport and recreation, and improve the international participation and performance of South African athletes. The finalisation of the white paper on sport and recreation in 2010/11 will provide impetus for both these aims. A national sports plan will emanate from the white paper.

Three key components over the medium term

Over the medium term, Sport and Recreation South Africa will continue to use sport as a developmental mechanism, in line with the relevant medium term government priorities of fostering inclusive citizenship, physical well-being, skills development and economic growth.

The focus will be on the three key components on the sports development continuum.

Mass participation

Sport and Recreation South Africa will continue to pursue initiatives that increase the number of participants in sport and recreation. There will be sports promotion programmes and a national sports promotion media campaign as well as more stringent monitoring and evaluation systems, with indicators that highlight the significant impact that these initiatives have on the lives of ordinary South Africans. The department will also pay more attention to recreation, and strengthen its relationship with the Department of Basic Education in delivering school sports programmes.

Sports development

Sport and Recreation South Africa will ease the transition from mass based to high performance programmes through coordinating and monitoring talent identification and development and the delivery of scientific support to talented athletes from disadvantaged areas through special development programmes. These sports development programmes will be supported by an athlete tracking system to enable the impact of the interventions to be assessed. In addition, clubs will be developed and the national sports facilities plan will be rolled out.

High performance

The Sport and Recreation Amendment Act (2007) positions Sport and Recreation South Africa as the custodian of sport and recreation but also recognises the necessity of partnerships with other stakeholders. The department's strategic alliance with the South African Sports Confederation and Olympic Committee is key to improving South Africa's international ranking in selected sports.

Enablers underpinning strategy

These three strategic areas will be underpinned by a range of enablers, including a stringent regulatory framework, adequate human and financial resources, reliable sports information, productive international relations and a functional sports academy system delivering appropriate scientific support. The department will also work more closely with other national departments to capitalise on the spin-offs from sport, such as increased tourism, peace and safety, social cohesion and improved health.

Sport and Recreation South Africa will also intensify its oversight of national sports federations to achieve maximum impact from public funds, and will evaluate and seek to address delivery challenges.

Savings and cost effective service delivery

Over the MTEF period, the department has identified efficiency savings of R46.5 million across all programmes (R10.9 million in 2010/11, R18.4 million in 2011/12 and R17.2 million in 2012/13). Goods and services items targeted for cost reduction include: R15.9 million from travel and subsistence, R25.6 million from contractors, R699 000 from communications and R4.3 million from venues and facilities.

The savings made over the medium term will not impact on service delivery, as the department will be reducing the number of international trips, travelling more cheaply, providing services in-house, and sharing responsibilities with the provinces for coordinating school sport tournaments.

Selected performance indicators

Table 19.1 Sport and Recreation South Africa

Indicator	Programme	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Number of sport and recreation bodies receiving financial support per year	Sport Support Services	55	67	58	62	66	66	66
Number of South Africans who are registered members of identified sports federations per year	Sport Support Services	2 380 918	2 492 175	2 526 443	2 565 984	2 700 000	2 800 000	2 900 000
Number of sub-elite athletes receiving support per year*	Sport Support Services	–	–	–	–	1 607	1 800	2 000
Number of national school sport competitions receiving financial support per year	Mass Participation	–	4	4	4	4	4	4
Number of participants in sport promotion projects managed by Sport and Recreation South Africa per year**	Mass Participation	–	–	–	12 165	20 000	28 000	35 000
Number of 2010 legacy projects implemented per year	Mass Participation	–	3	3	4	6	5	5
Number of major international events receiving intra-governmental support per year	International Liaison and Events	3	10	5	13	4	4	4
Number of municipalities lobbied to build sport and recreation facilities per year	Facilities Coordination	100	158	100	100	100	100	100
Number of 2010 FIFA World Cup service level agreements managed per year ³	2010 FIFA World Cup Unit	10	10	10	30	10	–	–
Number of 2010 FIFA World Cup guarantees on target with FIFA deadlines per year***	2010 FIFA World Cup Unit	17	17	17	17	17	–	–

*New indicator: Sport and Recreation South Africa supported elite athletes in the past, but the South African Sports Confederation and Olympic Committee has taken this over.

**These figures were previously consolidated with the mass participation conditional grant figures and thus separate historical figures are not available.

***FIFA 2010 World Cup activities end in 2010/11

Expenditure estimates

Table 19.2 Sport and Recreation South Africa

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
R million								
1. Administration	44.4	82.7	76.8	84.5	76.5	87.8	97.6	100.2
2. Sport Support Services	81.3	85.0	87.0	124.2	124.2	102.1	130.3	135.2
3. Mass Participation	150.5	248.7	348.3	460.1	460.1	467.0	499.0	523.0
4. International Liaison and Events	4.5	11.9	44.0	9.2	5.7	23.3	25.3	26.8
5. Facilities Coordination	1.9	3.8	6.0	6.4	6.4	6.6	8.3	8.6
6. 2010 FIFA World Cup Unit	603.9	4 615.9	4 309.3	2 199.5	2 199.5	558.7	–	–
Total	886.5	5 048.0	4 871.4	2 883.9	2 872.4	1 245.6	760.5	793.7
Change to 2009 Budget estimate				24.0	12.5	(4.6)	(10.5)	(5.4)

Table 19.2 Sport and Recreation South Africa (continued)

R million	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
Economic classification								
Current payments	109.5	185.6	223.4	226.0	214.5	192.9	228.7	233.9
Compensation of employees	30.1	43.4	54.5	67.6	59.6	75.3	73.7	77.4
Goods and services	79.5	142.2	168.9	158.4	154.9	117.6	155.0	156.5
<i>of which:</i>								
Advertising	3.1	12.7	15.3	8.1	8.1	7.3	7.8	8.2
Contractors	–	–	40.4	4.2	4.2	37.5	63.9	64.0
Travel and subsistence	16.9	23.3	58.6	18.5	17.5	29.9	32.2	32.6
Venues and facilities	17.4	36.0	13.7	36.5	36.5	11.4	12.8	12.5
Transfers and subsidies	775.2	4 859.3	4 644.0	2 654.2	2 654.2	1 047.6	525.6	553.5
Provinces and municipalities	719.0	4 799.0	4 588.7	2 570.9	2 570.9	939.0	452.0	474.6
Departmental agencies and accounts	6.8	10.5	7.5	9.9	9.9	12.3	14.0	15.6
Foreign governments and international organisations	–	–	–	15.0	15.0	40.0	–	–
Non-profit institutions	49.1	49.7	47.6	58.4	58.4	56.3	59.7	63.3
Households	0.2	0.0	0.2	–	–	–	–	–
Payments for capital assets	1.8	2.9	4.1	3.7	3.7	5.1	6.1	6.3
Buildings and other fixed structures	–	0.1	0.1	–	–	–	–	–
Machinery and equipment	1.8	2.8	3.9	3.7	3.7	5.1	6.1	6.3
Software and other intangible assets	–	0.1	0.1	–	–	–	–	–
Payments for financial assets	0.0	0.2	0.0	–	–	–	–	–
Total	886.5	5 048.0	4 871.4	2 883.9	2 872.4	1 245.6	760.5	793.7

Expenditure trends

Expenditure grew strongly between 2006/07 and 2009/10, from R886.5 million to R2.9 billion, at an average annual rate of 48.2 per cent. A significant portion of this increase is attributed to the upgrading and construction of stadiums for the 2010 FIFA World Cup. Over the MTEF period, total expenditure is projected to decrease at an average annual rate of 35 per cent to R793.7 million in 2012/13 as the upgrading and construction of stadiums will be completed in 2010. The mass participation programme conditional grant allocation has increased at an average annual rate of 45.1 per cent between 2006/07 and 2009/10 due to the inclusion of school sport from 2006/07 and 2010 legacy projects from 2007/08. Value added tax ticket refunds to FIFA amounted to R15 million for the 2009 FIFA Confederations Cup and are estimated at R40 million for the 2010 FIFA World Cup.

The 2010 Budget allocates additional amounts over the MTEF period of R7.9 million for compensation of employees and R15.6 million to the South African Institute for Drug-Free Sport to meet the minimum conditions of the revised World Anti-Doping Code.

Departmental receipts

The department's receipts are generally low, and revenue is generated mainly from the cancellation of expired warrant vouchers, commission paid, and other incidentals such as parking fees, recovery of private telephone expenses and replacement of access cards. The exception is in 2006/07, when the increased receipts arose from royalties collected for the use of the king protea and springbok logos by the former South African Sport Commission. In 2009/10, receipts grew significantly due to the refund of the 2008 Zone IV participation fees to Sport and Recreation South Africa.

Table 19.3 Departmental receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
Departmental receipts	5 560	46	258	555	5 653	346	363	441
Sales of goods and services produced by department	14	39	54	40	60	63	66	69
Transfers received	–	–	75	–	5 270	–	–	–
Interest, dividends and rent on land	–	1	3	501	14	15	16	17
Sales of capital assets	41	–	–	2	54	–	–	60
Transactions in financial assets and liabilities	5 505	6	126	12	255	268	281	295
Total	5 560	46	258	555	5 653	346	363	441

Programme 1: Administration

Expenditure estimates

Table 19.4 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Total	44.4	82.7	76.8	84.5	87.8	97.6	100.2
Change to 2009 Budget estimate				(2.4)	(1.8)	(1.0)	(3.3)

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

Economic classification

Current payments	42.4	79.5	74.1	83.6	85.9	95.5	98.0
Compensation of employees	19.6	29.0	38.9	46.7	54.1	57.1	60.0
Goods and services	22.8	50.5	35.2	37.0	31.7	38.4	38.0
<i>of which:</i>							
Advertising	0.9	6.5	3.1	1.1	1.3	1.5	1.5
Contractors	–	–	0.5	–	1.8	2.2	2.0
Travel and subsistence	6.0	9.5	10.1	7.0	11.0	12.0	12.4
Venues and facilities	0.4	8.1	1.1	4.2	1.0	1.5	1.6
Transfers and subsidies	0.3	0.1	0.2	0.1	0.1	0.1	0.1
Departmental agencies and accounts	0.0	0.0	0.1	0.1	0.1	0.1	0.1
Households	0.2	0.0	0.2	–	–	–	–
Payments for capital assets	1.7	2.9	2.4	0.8	1.9	2.0	2.1
Buildings and other fixed structures	–	0.1	0.1	–	–	–	–
Machinery and equipment	1.7	2.8	2.3	0.8	1.9	2.0	2.1
Software and other intangible assets	–	0.1	0.1	–	–	–	–
Payments for financial assets	0.0	0.2	0.0	–	–	–	–
Total	44.4	82.7	76.8	84.5	87.8	97.6	100.2

Expenditure trends

Expenditure has increased from R44.4 million in 2006/07 to R84.5 million in 2009/10, at an average annual rate of 24 per cent, mainly due to the merger of the former South African Sports Commission with Sport and

Recreation South Africa in 2007/08. Between 2006/07 and 2009/10, spending on compensation of employees grew at an average annual rate of 33.6 per cent due to the merger. However, spending slowed in 2008/09 and 2009/10 due to a number of vacant posts not being filled.

Expenditure is expected to increase marginally over the medium term, at an average annual rate of 5.8 per cent, in line with projected provisions for inflation.

Programme 2: Sport Support Services

- *Sport and Recreation Service Providers* transfers funds to sport and recreation organisations (national federations), and monitors the use of the funds in line with service level agreements signed between the national federations and the department. Funding to national federations is provided for: administration; development; club development; and discretionary funding which can be requested for international participation, hosting international events or corporate governance. Funds are also transferred to the South African Sports Confederation and Olympic Committee for the delivery of high performance sport. This subprogramme administers the transfers made to Boxing South Africa and the South African Institute for Drug-Free Sport, and to non-governmental organisations such as loveLife for the promotion of HIV and AIDS awareness through sport; as well as to the Sports Trust and SCORE for community sport.
- *Club Development Programme* supports the formation or revitalisation of clubs and leagues at local level in conjunction with support from national federations. Funds are mainly used to procure sports equipment and attire that the department provides directly to beneficiaries.
- *Education and Training* coordinates the development and updating of education and training materials, and monitors the development of the required human resource base necessary for sustaining sport and recreation. Funding is mainly used to develop sport specific South African Qualifications Authority unit standards, to produce manuals, and to train Sector Education and Training Authority accredited facilitators.
- *Scientific Support* coordinates and monitors the provision of scientific support services to national development athletes. The support to athletes is complemented by basic sport science education for coaches, scientific support for the community gyms programme, and funding for scientific and medical research. The subprogramme, as coordinator of government's anti-doping responsibilities, also liaises with the South African Institute for Drug-Free Sport. Funding is mainly used to provide training camps, medical and scientific interventions, and a residential programme for athletes.

Objectives and measures

- Increase active participation in sport and recreation to promote physical wellbeing, foster social cohesion and contribute to nation building by providing financial support to at least 66 identified sport and recreation bodies in 2010/11.
- Support high performance sport by annually monitoring and evaluating services delivered by the South African Sports Confederation and Olympic Committee in preparing and delivering Team South Africa to selected multi-coded international events, such as the 2010 Commonwealth Games (India), the 2011 All Africa Games (Mozambique), and the 2012 Olympic Games and Paralympic Games (London).
- Contribute to a more ethical sports community in 2010/11 by:
 - conducting doping control urine tests on 2 800 athletes in 35 sporting disciplines through the South African Institute for Drug-Free Sport
 - distributing 8 000 anti-doping education handbooks and training 60 doping control officers
 - reducing the percentage of South African sportspeople tested positively for prohibited substances from 2 per cent of those tested to 1 per cent.
- Sustain sports development by supporting (with sports equipment, attire, and generic and sport specific capacity building) the formation or revitalisation of 40 clubs in 2010/11 in conjunction with national federations that provide technical support and coach education.

- Empower the sport and recreation human resource base by coordinating the development or updating of 11 generic education and training manuals and supporting the development of a core group of 22 accredited facilitators in 2010/11.
- Fortify the transition of at least 1 607 talented athletes from mass participation programmes to high performance programmes in 2010/11 by providing scientific support services, including medical and sports science support.

Service delivery focus

The number of high performance athletes from 30 national federations supported through the national academy programme increased from 378 in 2007/08 to 902 in 2008/09. In the first half of 2009/10, 711 elite athletes were supported (61 per cent of the annual target). 138 new junior athletes were supported to excel in international competitions against a target of 150 for 2009/10.

In 2007/08, 97 coaches were trained and supported in high performance sport. In 2008/09, 19 coaches were trained and supported against a target of 800. Because the coaches association, led by the South African Sports Confederation and Olympic Committee, was not yet functional, the department coordinated training for the 19 Olympic federation head coaches. In 2009/10, 9 coaches were trained against the target of 10. In 2010/11, the department will coordinate the training of 70 coaches in scientific support.

In 2008/09, 136 new sports clubs were established and 221 existing clubs were assisted, compared to 366 new clubs established and assisted in 2007/08. The targets of providing support to 450 new clubs and 300 existing clubs in 2008/09 were not achieved due to a lack of clarity around the use of the legacy component of the conditional grant. This question has since been addressed in provincial workshops held in 2009/10. All clubs are linked to provincial and national federations, thereby increasing access to sport and recreation.

In 2008/09, only 1 300 of the targeted 2 500 volunteers for the 2009 SA Games were trained because the games were cancelled as they clashed with the 2009 FIFA Confederations Cup. The department assisted in training an additional 4 500 volunteers for this event.

Expenditure estimates

Table 19.5 Sport Support Services

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Sport and Recreation Service Providers	69.1	76.9	60.2	75.2	74.5	78.3	81.2
Club Development Programme	1.1	5.4	5.5	5.2	5.3	6.1	6.4
Education and Training	11.1	2.7	4.7	21.3	3.1	4.5	4.7
Scientific Support	–	–	16.6	22.3	19.2	41.4	42.9
Total	81.3	85.0	87.0	124.2	102.1	130.3	135.2
Change to 2009 Budget estimate				24.4	(1.4)	(1.1)	0.7

Table 19.5 Sport Support Services (continued)

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
R million							
Economic classification							
Current payments	25.4	28.2	31.9	56.0	33.5	56.7	56.3
Compensation of employees	3.4	3.4	4.0	4.9	5.2	5.5	5.7
Goods and services	22.0	24.8	27.9	51.1	28.3	51.2	50.6
<i>of which:</i>							
Advertising	0.0	1.5	0.9	1.5	0.0	0.0	0.0
Contractors	–	–	17.2	4.2	17.4	40.7	40.9
Travel and subsistence	0.8	1.5	6.3	0.6	5.3	4.6	4.2
Venues and facilities	1.3	2.6	2.4	2.0	2.4	2.5	2.1
Transfers and subsidies	55.9	56.8	55.1	68.2	68.6	73.6	78.8
Departmental agencies and accounts	6.8	10.5	7.5	9.8	12.3	13.9	15.6
Non-profit institutions	49.1	46.3	47.6	58.4	56.3	59.7	63.3
Total	81.3	85.0	87.0	124.2	102.1	130.3	135.2

Details of selected transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	6.8	9.1	7.5	9.8	12.3	13.9	15.6
Boxing South Africa	1.8	3.9	2.0	3.1	2.2	2.3	2.4
South African Institute for Drug-Free Sport	5.0	5.2	5.5	6.7	10.0	11.6	13.1
Non-profit institutions							
Current	49.1	46.3	47.6	58.4	56.3	59.7	63.3
Sport Federations	29.1	21.3	21.4	30.9	27.6	29.3	31.0
loveLife	20.0	25.0	26.2	27.5	28.7	30.4	32.2

Expenditure trends

Expenditure in this programme increased substantially from R81.3 million in 2006/07 to R124.2 million in 2009/10, at an average annual rate of 15.1 per cent. The 42.7 per cent growth in spending in 2009/10 was due to the rollover of R15 million from 2008/09 for the training of volunteers for the 2010 FIFA World Cup. As a result, the budget for the *Education and Training* subprogramme increased from R11.1 million in 2006/07 to R21.3 million in 2009/10, at an average annual rate of 24.3 per cent.

However, expenditure is expected to grow at a much slower average annual rate of 2.9 per cent over the medium term, reaching R135.2 million in 2012/13, as the 2010 FIFA World Cup concludes in 2010.

The *Scientific Support* subprogramme allocation is projected to grow at an average annual rate of 24.3 per cent over the medium term, due to increased expenditure on consultants to train more athletes through the sport science institutes in preparation for the 2012 Olympics and for research on medical and scientific interventions.

The increased provision of R40.4 million for consultants in 2008/09 relates mainly to the preparation of athletes for the Olympics and Paralympics in 2008.

The focus over the medium term will be to continue to assist sports federations, to increase the establishment of sustainable clubs affiliated to provincial sports federations, and to provide scientific support to identified talented athletes to enhance their performance.

Programme 3: Mass Participation

- *Community Mass Participation* delivers sport promotion programmes by focusing on increasing the number of participants in sport and recreation, with emphasis on disadvantaged and marginalised groups. This subprogramme also manages the transfer of the mass participation conditional grant to provinces to promote

mass participation in communities and schools. The subprogramme is also responsible for initiating projects, in conjunction with donor funds from the German technical cooperation agreement with the Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ), that will sustain the 2010 FIFA World Cup legacy.

- *School Sport* works in close cooperation with the Department of Basic Education to ensure sport programmes are offered to school children to encourage lifelong participation in sport. The subprogramme will: facilitate the establishment and operation of a national school sport governing and coordinating structure; contribute financially to hosting national school sport competitions; build the capacity of school sport volunteers; provide financial support for participation in international school sport competitions; and monitor and evaluate the delivery of school sport in South Africa.

Objectives and measures

- Encourage active lifelong participation in sport by delivering sustainable programmes to 20 000 South Africans in 2010/11, with the emphasis on women, youth, persons with disabilities, senior citizens and people living in a rural community.
- Sustain the legacy associated with the 2010 FIFA World Cup by initiating 6 projects for mass mobilisation, capacity building and the provision of facilities by June 2010.
- Promote physical wellbeing by facilitating the delivery of children's sport programmes to 29 000 schools in 2010/11 in collaboration with the Department of Basic Education.

Service delivery focus

In 2008/09, 2.9 million people actively participated in community sport and recreation activities against a target of 2 million. Against a target of 4 million participants in 2009/10, nearly 3 million participated in the sport and recreation mass participation programme in the first half of 2009/10. In 2008/09, 4 020 people were trained as coaches in the community sport and recreation programme against a target of 2 000, and 6 400 people were trained as coaches in the school sport and mass participation programme against a target of 5 500.

In 2009/10, nearly 9 000 people were trained as coaches, administrators, technical officials and facility managers in the first half of 2009/10, against the target of 13 500. 9 050 were trained in 2008/09. In 2008/09, 600 community sport hubs were established, with 2 706 activity and hub coordinators employed to assist in delivering the programme at a local level. In the same year, 90 hubs were turned into non-profit organisations in the community sport and recreation programme. The target of 1 000 was not achieved because of complexities in establishing non-profit organisations.

The 2010 mass mobilisation road show programme was launched in Galeshewe, Northern Cape, in celebration of the 500 days countdown to the 2010 FIFA World Cup. In the first half of 2009/10, 6 national and 18 provincial road show events were held in conjunction with 1 national and 9 provincial schools 2009 FIFA Confederations Cup tournaments.

As part of indigenous games awareness, the department organised South Africa's participation in the fourth TreX Games in Busan, South Korea, in September and October 2008. A delegation of 120 participants representing all provinces showcased South Africa's heritage at the games.

All targets were met in the school sport programme in 2008/09, with 3 200 schools and 17 000 educators and volunteers involved. 2 million learners participated in the school sport mass participation programme in 2008/09 against a target of 200 000. This increase was the result of those in the programme inviting others in their cluster to participate in events. As part of the competitive school sports programme, 12 000 learners participated in national sports events and 212 in international events in 2008/09. The 2009/10 target was to have 12 000 learners to participate in national school sport events. Only 8 540 participated because the planned Summer Games were cancelled since provinces did not submit their entries in time. The target for 2010/11 has been changed to reflect more accurately the direct input from the department. Consequently, 4 national school sport competitions will be financially supported in 2010/11.

The annual Sports Heroes Walk was held from 16 November to 1 December 2009 (World AIDS Day) with an HIV and AIDS awareness theme.

Expenditure estimates

Table 19.6 Mass Participation

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Community Mass Participation	124.7	205.5	312.3	425.2	445.1	474.4	497.4
School Sport	25.8	43.2	36.0	35.0	21.9	24.6	25.6
Total	150.5	248.7	348.3	460.1	467.0	499.0	523.0
Change to 2009 Budget estimate				10.7	(1.7)	(3.5)	(2.8)

Economic classification

Current payments	31.5	51.7	54.7	57.9	40.6	47.0	48.4
Compensation of employees	1.6	3.0	3.7	5.1	5.7	6.0	6.3
Goods and services	29.9	48.6	51.0	52.8	35.0	41.0	42.1
<i>of which:</i>							
Advertising	1.6	3.5	4.1	3.6	4.1	4.5	4.7
Contractors	–	–	18.0	–	11.5	13.1	12.7
Travel and subsistence	8.7	7.0	18.9	8.5	7.3	8.9	9.0
Venues and facilities	15.4	18.0	2.6	25.5	4.0	4.7	4.4
Transfers and subsidies	119.0	197.0	293.7	402.3	426.4	452.0	474.6
Provinces and municipalities	119.0	194.0	293.7	402.3	426.4	452.0	474.6
Non-profit institutions	–	3.0	–	–	–	–	–
Total	150.5	248.7	348.3	460.1	467.0	499.0	523.0

Details of selected transfers and subsidies

Provinces and municipalities							
Provinces							
Provincial Revenue Funds							
Current	119.0	194.0	293.7	402.3	426.4	452.0	474.6
Mass sport and recreation participation programme grant	119.0	194.0	293.7	402.3	426.4	452.0	474.6
Non-profit institutions							
Current	–	3.0	–	–	–	–	–
Sport federations	–	3.0	–	–	–	–	–

Expenditure trends

Total expenditure grew at an average annual rate of 45.1 per cent from 2006/07 to 2009/10, mainly due to the expansion of the mass participation grant and additions to the conditional grant for school sport projects in 2006/07 and 2010 legacy projects in 2007/08. This, together with additions for mass mobilisation and the legacy project, increased the budget for the *Community Mass Participation* subprogramme by an average annual rate of 50.5 per cent between 2006/07 and 2009/10. Expenditure in the subprogramme is expected to grow at the slower average annual rate of 5.4 per cent over the medium term, due to the completion of the 2010 mass mobilisation programme.

The *School Sport* subprogramme budget decreases at an average annual rate of 9.9 per cent over the MTEF period. This is because the costs of accommodation and transport for learners in national competitions, previously carried by the national department, will in future be shared by provincial departments. This shift is evident in the decline in projected expenditure on venues and facilities from R25.5 million in 2009/10 to R4 million in 2010/11, and on transport provided from R7 million in 2009/10 to R4.5 million in 2010/11.

Spending over the medium will continue to focus on rolling out the mass participation programme and supporting school sport.

Programme 4: International Liaison and Events

- *International Liaison* negotiates government-to-government agreements and manages the ensuing programmes of cooperation. The subprogramme also supports continental relations through its vigorous participation in AU and Supreme Council of Sport in Africa activities. Funding is mainly used for compensation of employees and other personnel related costs.
- *Major Events* coordinates and manages government's support services for hosting identified major events (in South Africa) and at international events as per requests from the minister. The subprogramme also assists in promoting South Africa as a desired sports tourist destination by hosting a hospitality centre at identified major international sporting events. The subprogramme also contributes to economic growth through collaborative initiatives with the Department of Tourism to promote South Africa to sports tourists. Funding is mainly used for compensation of employees, and other personnel related costs.

Objectives and measures

- Enrich sports development, particularly skills in coaching, officiating, administration and sport science, by executing at least 10 international cooperation programmes in 2010/11.
- Contribute to sound continental relations by participating in all African Union (AU) and Supreme Council for Sport in Africa initiatives in 2010/11.
- As part of the broader sports tourism strategy, promote sports tourism to South Africa, in conjunction with the Department of Tourism, by providing at least 4 national federations with intra-governmental assistance to host their international events in 2010/11.
- Promote tourism in South Africa by showcasing South Africa as a sports tourist destination at a minimum of 5 major international sporting events in 2010/11.

Service delivery focus

In 2008/09, only 1 of the targeted 8 memorandums of understanding was signed, and due to slow legal processes and the lack of response from certain foreign countries another 12 memorandums are in the process of finalisation. The objectives of the memorandums are: to build and maintain good relations with other governments; to ensure that there are exchange programmes to enhance the capacity of internal staff members; and to assist national federations and other stakeholders to maximise the probability of success through coach exchange programmes, training and international conferences. In 2008/09, the number of times the department assisted the sports community for international travel, residence and equipment exceeded the target of 248 times by 1 656. The department assisted in hosting the 40th session of the executive committee of the Supreme Council for Sport in Africa at Sun City in April 2008.

A pilot project on sport for peace and development was initiated with Burundi in 2008/09 with the assistance of the South African mission. The department organised 7 national coordinating committee meetings to plan for major sports events that took place in South Africa, against a target of 4. 3 of these were held as a result of hosting the Indian Premier League cricket tournament in 2009 at short notice. In addition, 5 international sporting events were successfully supported in 2008/09. The department also played a major role in hosting the 2009 regional under-20 Youth Games in North West in December 2009 under the auspices of the Supreme Council for Sport in Africa.

Expenditure estimates

Table 19.7 International Liaison and Events

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
International Liaison	4.4	5.3	5.5	4.3	4.9	5.8	6.2
Major Events	0.0	6.6	38.5	4.9	18.4	19.5	20.6
Total	4.5	11.9	44.0	9.2	23.3	25.3	26.8
Change to 2009 Budget estimate				(8.8)	(0.4)	(0.8)	0.0

Table 19.7 International Liaison and Events (continued)

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Economic classification							
Current payments	4.4	11.5	44.0	9.2	23.3	25.3	26.8
Compensation of employees	1.5	2.1	3.0	2.5	2.8	2.9	3.1
Goods and services	3.0	9.5	41.0	6.7	20.5	22.4	23.7
<i>of which:</i>							
Advertising	0.7	0.1	4.3	0.4	1.5	1.8	2.0
Contractors	–	–	4.0	–	6.3	7.2	7.5
Travel and subsistence	0.8	2.1	19.8	1.0	5.9	6.2	6.5
Venues and facilities	0.1	6.5	7.4	3.6	3.7	3.9	4.1
Transfers and subsidies	–	0.4	–	–	–	–	–
Non-profit institutions	–	0.4	–	–	–	–	–
Total	4.5	11.9	44.0	9.2	23.3	25.3	26.8

Details of selected transfers and subsidies

Non-profit institutions							
Current	–	0.4	–	–	–	–	–
International Triathlon Union: Triathlon World Cup	–	0.4	–	–	–	–	–

Expenditure trends

Total expenditure grew from R4.5 million in 2006/07 to R9.2 million in 2009/10, at an average annual rate of 27.2 per cent. The large increases in expenditure, of 167.1 per cent in 2007/08 and 269 per cent in 2008/09, were the result of major events hosted by South Africa over this period, such as the Zone VI youth games, as well as the support provided for South Africa's participation in the 2008 Olympic and Paralympic Games in Beijing. There are no such major events in 2009/10, which accounts for the decline from R19.8 million spent on travel and subsistence in 2008/09 to R1 million in 2009/10, and the decline from R7.4 million spent on venues and facilities in 2008/09 to R3.6 million in 2009/10.

Spending over the medium term is projected to grow to R26.8 million at an average annual rate of 42.8 per cent. This is due to the addition of promoting sports tourism to the subprogramme's international sport commitments. This entails organising hospitality centres during major events such as the Olympics, Paralympics and All Africa Games, as well as promotional activities at the 2010 FIFA World Cup. This also accounts for the projected increase in expenditure on goods and services over the MTEF period at an average annual rate of 52 per cent.

The spending focus over the medium term will be on providing support to national sports federations hosting international events and developing sports tourism as a key objective of South Africa's tourism strategy.

Programme 5: Facilities Coordination

- *Planning and Advocacy* lobbies for the provision of sport and recreation facilities by municipalities, in accordance with the national sport and recreation facilities plan. The subprogramme is also involved in overseeing the donor funds received from the German development bank, Kreditanstalt für Wiederaufbau (KfW), for developing infrastructure associated with the youth development against violence through sport project. Funding is mainly used for compensation of department employees and other personnel related costs.
- *Technical Support* provides technical assistance to local authorities and other relevant stakeholders for constructing and managing facilities to ensure compliance with national standards. It also oversees the procurement of gymnasium equipment to selected municipalities as part of a pilot project for further

lobbying for increased funding for sports by municipalities. The subprogramme also contributes to the skills development of facility managers. Funding is mainly used for compensation of department employees and other personnel related costs, as well as for the purchase of equipment.

Objectives and measures

- Improve participation opportunities available to South Africans by lobbying 100 municipalities in 2010/11 to build sport and recreation facilities from the municipal infrastructure grant allocated to them. The facilities must meet the needs identified in the national sport and recreation facilities plan.
- Contribute to youth development by ensuring the efficient management of the donor funding provided by KfW for the building of sport infrastructure over the medium term.
- Ensure compliance with national sport and recreation facility standards by providing technical assistance to a minimum of 80 per cent of the requests received from municipalities and other relevant stakeholders in 2010/11.
- Contribute to skills development by funding 75 facility managers to attend specialised sport turf grass management training in 2010/11.

Service delivery focus

A national sport and recreation facilities framework was finalised in 2008/09, which includes a policy on the norms and standards for the provision and management of sport and recreation facilities and the national sport and recreation facilities plan. Technical advice on building and managing facilities was provided as planned in 2008/09. In the first half of 2009/10, 20 onsite technical assessments were done and assistance was given to 19 municipalities.

5 of the 6 targeted mobile gymnasiums were delivered in 2008/09, due to cost escalation. 120 people were capacitated in the provision and management of sport and recreation facilities in 2008/09, against a target of 100. During the first half of 2009/10, 22 people were trained in specialised sport turf grass management.

Expenditure estimates

Table 19.8 Facilities Coordination

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
R million							
Planning and Advocacy	1.7	2.1	2.9	2.8	2.5	2.7	2.9
Technical Support	0.2	1.7	3.1	3.6	4.1	5.6	5.7
Total	1.9	3.8	6.0	6.4	6.6	8.3	8.6
Change to 2009 Budget estimate				(0.1)	(0.1)	0.2	–
Economic classification							
Current payments	1.9	3.8	4.4	3.5	3.4	4.2	4.4
Compensation of employees	0.9	1.1	1.4	1.9	2.1	2.2	2.3
Goods and services	1.0	2.8	3.0	1.6	1.3	2.0	2.0
<i>of which:</i>							
Contractors	–	–	0.2	–	0.5	0.8	0.8
Travel and subsistence	0.2	2.0	1.5	0.5	0.3	0.5	0.5
Payments for capital assets	–	–	1.6	2.9	3.2	4.1	4.2
Machinery and equipment	–	–	1.6	2.9	3.2	4.1	4.2
Total	1.9	3.8	6.0	6.4	6.6	8.3	8.6

Expenditure trends

Expenditure grew at an average annual rate of 49.9 per cent, from R1.9 million in 2006/07 to R6.4 million in 2009/10, and is expected to increase to R8.6 million in 2012/13, at an average annual rate of 10.2 per cent. This is mainly due to the provision of mobile gymnasiums to local municipalities. Over the medium term, expenditure for capital assets is projected to increase at an average annual rate of 13.3 per cent due to the procurement of the increased number of mobile gymnasiums. Between 2006/07 and 2009/10, spending on

compensation of employees grew at an average annual rate of 29.8 per cent, due to higher annual cost of living salary adjustments in 2007/08 and 2009/10 and the appointment of additional personnel. Growth in spending on compensation of employees is expected to slow to an average annual rate of 7.1 per cent over the MTEF period as the need for additional personnel declines.

Over the medium term, the programme will continue its support to municipalities to provide more community sports facilities.

Programme 6: 2010 FIFA World Cup Unit

- *Technical* deals with infrastructure related to the 2010 FIFA World Cup, and transfers the 2010 FIFA World Cup stadiums development grant to municipalities. As part of the national consultative technical team, it liaises with FIFA and the South African local organising committee's technical committees on stadium development requirements. These include: ensuring that stadium authorities and host cities comply with conditional grant requirements for developing stadiums; providing guidance on and monitoring the rollout of infrastructure projects, such as transport networks, ICT and other support services by municipalities and relevant departments; coordinating and resolving any problems that may hinder progress in meeting deadlines for delivering infrastructure, and using funds to settle the final accounts related to stadium construction.
- *Non-Technical* deals with advocacy programmes and institutional support for staging the event. The subprogramme needs to: collaborate with relevant stakeholders in implementing joint advocacy programmes, such as fan parks and public viewing areas; assess and monitor preparation projects by various government departments in fulfilling the requirements of the 17 government guarantees to FIFA; prepare and consolidate reports for the technical coordinating committee and interministerial committee meetings, and provide secretarial support to these committees; ensure that all relevant government entities participate in the local organising committee forums and FIFA organised events in and outside of South Africa; and ensure the successful transfer of the value added tax refund on 2010 FIFA World Cup tickets to FIFA and the transfer and monitoring of the 2010 World Cup host city operating grant to the relevant municipality.

Objectives and measures

- Ensure that all approved competition venues are ready for the 2010 FIFA World Cup by regular ongoing monitoring of progress and by ensuring that all role players deliver on their assigned responsibilities, as indicated in the funding agreement and the construction programme.
- Align 2010 FIFA World Cup programmes with broad government strategic objectives, as stated in the medium term strategic framework, by monitoring the social impact of the stadium construction programme, focusing on the number of jobs created and small enterprises involved in the procurement process.

Service delivery focus

In 2008/09, the unit ensured that funding agreements on the building and refurbishment of the 10 2010 FIFA World Cup match stadiums and on the 40 training venues were implemented. All conditional grant transfers for the rollout of the stadiums development programme were made on time on a quarterly basis to the 9 host cities, and the unit monitored the implementation of their business plans. The 2010 FIFA World Cup impact assessment, appraising its economic impact, was finalised in 2009.

The unit monitored the successful completion of the 4 stadiums required for the 2009 FIFA Confederations Cup, collaborated with stakeholders on joint advocacy programmes such as fan parks, and developed the guidelines for the establishment of public viewing areas.

The 2010 Southern African Development Community (SADC) youth colloquium was hosted in December 2008 in North West, involving 8 SADC countries and 110 youth. A schools 2010 FIFA World Cup programme was launched in July 2008, reaching nearly 8 000 schools from 81 school districts with a training programme to capacitate more than 10 000 educators in various technical sport skills.

Expenditure estimates

Table 19.9 2010 FIFA World Cup Unit

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Technical	603.9	4 605.1	4 298.3	2 171.8	512.6	-	-
Non-Technical	-	10.8	11.0	27.6	46.1	-	-
Total	603.9	4 615.9	4 309.3	2 199.5	558.7	-	-
Change to 2009 Budget estimate				0.2	0.7	(4.4)	-

Economic classification

Current payments	3.9	10.9	14.3	15.8	6.1	-	-
Compensation of employees	3.2	4.9	3.5	6.6	5.4	-	-
Goods and services	0.7	6.0	10.8	9.2	0.7	-	-
<i>of which:</i>							
Advertising	-	1.1	2.9	1.5	0.4	-	-
Contractors	-	-	0.4	-	0.0	-	-
Travel and subsistence	0.4	1.1	2.0	0.8	0.2	-	-
Venues and facilities	0.1	0.7	0.0	0.9	0.0	-	-
Transfers and subsidies	600.0	4 605.0	4 295.0	2 183.7	552.6	-	-
Provinces and municipalities	600.0	4 605.0	4 295.0	2 168.7	512.6	-	-
Foreign governments and international organisations	-	-	-	15.0	40.0	-	-
Total	603.9	4 615.9	4 309.3	2 199.5	558.7	-	-

Details of selected transfers and subsidies

Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Capital	600.0	4 605.0	4 295.0	2 168.7	512.6	-	-
2010 Federation Internationale de Football Association world cup stadiums development grant	600.0	4 605.0	4 295.0	1 661.1	302.3	-	-
2010 World cup host city operating grant	-	-	-	507.6	210.3	-	-
Foreign governments and international organisations							
Current	-	-	-	15.0	40.0	-	-
Federation Internationale de Football Association (FIFA)	-	-	-	15.0	40.0	-	-

Expenditure trends

Expenditure grew strongly from R603.9 million in 2006/07 to R2.2 billion in 2009/10, at an average annual rate of 53.9 per cent, to accommodate the cost of upgrading and constructing stadiums for the 2010 FIFA World Cup. As the construction of the stadiums is now complete, the grant ends in 2009/10. However, a new grant was introduced in 2009/10, allocating R507.6 million in 2009/10 and R210.3 million in 2010/11, to assist the host cities with their final preparations. Transfers of R15 million in 2009/10 and R40 million in 2010/11 are made to FIFA as a refund for value added tax paid for tickets to the 2009 FIFA Confederations Cup and the 2010 FIFA World Cup.

This programme will be wound down at the end of 2010/11 after the reconciliation of the value added tax refunds submitted by FIFA has been completed. The permanent staff in this programme will mainly be shifted to the *International Liaison and Events* programme, where their experience in coordinating government's contribution to the 2010 FIFA World Cup will be an asset.

Additional tables

Table 19.A Summary of expenditure trends and estimates per programme and economic classification

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
	2008/09		2008/09	2009/10			2009/10
R million							
1. Administration	83.3	86.6	76.8	87.0	(2.4)	84.5	76.5
2. Sport Support Services	106.6	114.8	87.0	99.8	24.4	124.2	124.2
3. Mass Participation	341.6	344.9	348.3	449.4	10.7	460.1	460.1
4. International Liaison and Events	42.5	42.5	44.0	18.0	(8.8)	9.2	5.7
5. Facilities Coordination	6.1	5.8	6.0	6.5	(0.1)	6.4	6.4
6. 2010 FIFA World Cup Unit	2 916.1	4 315.1	4 309.3	2 199.3	0.2	2 199.5	2 199.5
Total	3 496.2	4 909.7	4 871.4	2 859.9	24.0	2 883.9	2 872.4
Economic classification							
Current payments	252.8	261.6	223.4	207.5	18.5	226.0	214.5
Compensation of employees	62.3	60.2	54.5	67.9	(0.4)	67.6	59.6
Goods and services	190.5	201.4	168.9	139.6	18.8	158.4	154.9
Transfers and subsidies	3 240.2	4 644.9	4 644.0	2 648.7	5.5	2 654.2	2 654.2
Provinces and municipalities	3 185.0	4 588.7	4 588.7	2 570.9	–	2 570.9	2 570.9
Departmental agencies and accounts	7.5	7.5	7.5	7.9	2.0	9.9	9.9
Foreign governments and international organisations	–	–	–	15.0	–	15.0	15.0
Public corporations and private enterprises	0.1	0.1	–	–	–	–	–
Non-profit institutions	21.4	22.4	47.6	54.9	3.5	58.4	58.4
Households	26.2	26.2	0.2	–	–	–	–
Payments for capital assets	3.2	3.2	4.1	3.7	–	3.7	3.7
Buildings and other fixed structures	–	–	0.1	–	–	–	–
Machinery and equipment	3.2	3.2	3.9	3.7	–	3.7	3.7
Software and other intangible assets	–	–	0.1	–	–	–	–
Total	3 496.2	4 909.7	4 871.4	2 859.9	24.0	2 883.9	2 872.4

Table 19.B Summary of personnel numbers and compensation of employees

	Audited outcome			Adjusted	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	appropriation	2010/11	2011/12	2012/13
				2009/10			
Permanent and full time contract employees							
Compensation (R million)	30.1	42.6	53.4	66.1	73.4	71.7	75.3
Unit cost (R million)	0.3	0.2	0.3	0.4	0.3	0.4	0.4
<i>Administration</i>	0.3	0.2	0.3	0.4	0.3	0.4	0.4
<i>Sport Support Services</i>	0.2	0.2	0.2	0.4	0.3	0.3	0.4
<i>Mass Participation</i>	0.1	0.2	0.2	0.3	0.3	0.3	0.3
<i>International Liaison and Events</i>	0.2	0.2	0.4	0.4	0.3	0.4	0.4
<i>Facilities Coordination</i>	0.4	0.3	0.3	0.3	0.3	0.4	0.4
<i>2010 FIFA World Cup Unit</i>	0.6	0.4	0.4	0.7	0.4	–	–
Personnel numbers (head count)	116	193	180	182	218	204	204
Total for department							
Compensation (R million)	30.1	43.4	54.5	67.6	75.3	73.7	77.4
Unit cost (R million)	0.3	0.2	0.3	0.3	0.3	0.3	0.3
Personnel numbers (head count)	116	205	191	205	243	232	234

Table 19.C Summary of expenditure on training

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Compensation of employees (R million)	30.1	43.4	54.5	68.4	75.3	73.7	77.4
Training expenditure (R million)	0.5	0.9	0.9	1.1	1.1	1.1	1.1
Training as percentage of compensation	1.7%	2.2%	1.7%	1.7%	1.5%	1.4%	1.4%
Total number trained in department (head count)	99	349	352	183			
<i>of which:</i>							
<i>Employees receiving bursaries (head count)</i>	2	6	32	59			
<i>Learnerships trained (head count)</i>	6	–	–	–			
<i>Internships trained (head count)</i>	–	12	11	23			

Table 19.D Summary of expenditure on infrastructure

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2006/07	2007/08	2008/09		2010/11	2011/12	2012/13
R million										
Infrastructure transfers to other spheres, agencies and departments										
2010 FIFA World Cup stadiums	Successfully monitored the construction and upgrading of all the 9 stadiums and they all comply with FIFA standards. Seven stadiums are fully completed and the remaining 2 will be completed before June	Handed over	11 463.4	600.0	4 605.0	4 295.0	1 661.1	302.3	-	-
Total			11 463.4	600.0	4 605.0	4 295.0	1 661.1	302.3	-	-

Vote 20

Correctional Services

Budget summary

R million	2010/11				2011/12	2012/13
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	3 985.9	3 979.7	6.1	–	4 262.9	4 461.2
Security	5 141.5	5 141.5	–	–	5 415.3	5 681.6
Corrections	1 583.1	1 576.2	6.9	–	1 675.8	1 764.7
Care	1 504.0	1 504.0	–	–	1 606.8	1 693.2
Development	526.4	526.4	–	–	555.8	584.5
Social Reintegration	574.7	574.7	–	–	606.4	636.8
Facilities	1 813.5	705.2	–	1 108.3	1 904.4	3 455.2
Total expenditure estimates	15 129.0	14 007.7	13.1	1 108.3	16 027.4	18 277.2

Executive authority

Minister of Correctional Services

Accounting officer

National Commissioner of Correctional Services

Website address

www.dcs.gov.za

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

Aim

The aim of the Department of Correctional Services is to contribute to maintaining and protecting a just, peaceful and safe society by enforcing court imposed sentences, detaining inmates in safe custody while maintaining their human dignity and developing their sense of social responsibility, and promoting the general development of all inmates and persons subject to community corrections.

Programme purpose

Programme 1: Administration

Purpose: Provide the administrative, management, financial, information and communication technology, research, policy coordination and good governance support functions necessary for all service delivery by the department and in support of the functions of the ministry.

Programme 2: Security

Purpose: Provide safe and secure conditions for all persons incarcerated, consistent with human dignity, in support of security for personnel and the public.

Programme 3: Corrections

Purpose: Provide needs based correctional sentence plans and interventions, based on an assessment of the security risk and criminal profile of individuals, targeting all elements associated with offending behaviour, and focusing on the offence for which a person is remanded in a correctional centre, sentenced to correctional supervision, or paroled.

Programme 4: Care

Purpose: Provide needs based care programmes and services aimed at maintaining the personal wellbeing of incarcerated persons in the department's care.

Programme 5: Development

Purpose: Provide needs based personal development programmes and services to all offenders.

Programme 6: Social Reintegration

Purpose: Provide services focused on: offenders' preparation for release; their effective supervision after release on parole and correctional supervision as well as in cases of direct sentences to correctional supervision; and the facilitation of their social reintegration into their communities.

Programme 7: Facilities

Purpose: Physical infrastructure that supports safe and secure custody, humane conditions, and corrective services, care, development, and general administration.

Strategic overview: 2006/07 – 2012/13

The priorities of the Department of Correctional Services relate to effectively contributing to the safety and security of South Africans. In pursuing this objective, the department has identified the following strategic priorities over the medium term: intensifying the fight against crime and corruption; promoting corrections as a societal responsibility; improving centre level service delivery on core mandates; building internal capacity for improved centre level service delivery; and developing policy with a view to aligning it with the Correctional Services Act (1998) and the 2005 White Paper on Corrections in South Africa.

Five strategic priorities over the medium term

Intensifying the fight against crime and corruption

A key outcome of the department's work in the priority area of improved safety is improved security measures to ensure that the rehabilitation of inmates takes place in a safe, secure and humane environment. This contributes to the fight against crime and corruption, as the security of inmates includes a reduction in escapes, assaults and unnatural deaths. The department has also developed a fraud prevention strategy, a whistle blowing policy and a compliance improvement plan. It has also established a risk management committee to improve governance and compliance with the regulatory framework.

Corrections as a societal responsibility

Apart from focused attention on advocacy to encourage civil society to recognise its role in corrections, the societal responsibility priority area includes facilitating the establishment of a structure for stakeholder participation and a remuneration model for civil society organisations supporting the Department of Correctional Services' internal programmes. The justice, crime prevention and security cluster has identified the establishment of community safety forums as a priority activity. The department will participate in setting up these forums in collaboration with other criminal justice system departments. The Department of Correctional Services has provided inputs on the development of the national policy framework for community safety, which is based on a multi-agency government community partnership approach. Other important elements of this priority area are the care and development of inmates, including skills development and formal education, and preparing inmates to be reintegrated into their communities. The social reintegration of inmates requires communities to be fully engaged in the rehabilitation process.

Improved centre level service delivery on core mandates

The focus here is on improving services at the correctional centre level, including services for rehabilitating and reintegrating inmates, of which a central component is the development of correctional sentence plans. The

remand detention management system prioritises the development of a white paper on remand detention, the establishment of independent remand detention facilities and ensuring that appropriate resources are mobilised. Finally, the internal and public safety and security element incorporates the anti-gang strategy aimed at reducing gang activity and violence in correctional centres, and training for emergency security teams.

Building internal capacity for improved centre level service delivery

The department has implemented the occupation specific dispensations and the seven-day establishment as measures to build internal capacity to improve service delivery at the correctional centre level. Another measure to meet this objective has been the migration of officials from non-centre based to centre based positions. The focus over the MTEF period will be to maximise the gains (in terms of extended hours) of the seven-day establishment with regard to the structured day programme and the unit management system, and to align the organisational structure at centre level so that provision is made for a rehabilitation focused correctional system.

Policy development

The department will develop a spending plan in line with the Correctional Services Act (1998) as amended and the 2005 White Paper on Corrections in South Africa to ensure effective service delivery over the medium term. The amendments to the Correctional Services Act (1998) include improving security measures in the correctional centres, managing information and preventing inmate escapes.

Savings and cost effective service delivery

Efficiency savings have been implemented in the department and have resulted in a reduction in its baseline of R22.6 million, R62.5 million and R140.8 million over the medium term.

The implementation of the occupation specific dispensation has required the reprioritisation of resources across programmes. The department has also developed cost containment measures to ensure that spending is aligned with and directed to high priority services. The measures include: a moratorium on filling vacant posts; downscaling the payments of performance bonuses; strict control over travelling, subsistence and related accommodation costs; strict control over appointing consultants; limiting the purchase of uniforms; control over departmental printing; discouraging the use of hired accommodation facilities for meetings, conferences and workshops; strict control over the use of landline and cellular telephones; preventing any unnecessary costs related to the advertising, branding and marketing of departmental activities; suspending the purchases of machinery and equipment; a moratorium on paying allowances to personnel who act in vacant positions; suspending the advertising of vacant posts, externally and internally; not fast tracking delayed building projects or replacing them with other projects; cutting down on meetings, work sessions, excellence awards ceremonies and workshops; and exerting strict control over the purchase of store items and the proper management of stores.

Budget allocations have been reprioritised and aligned with service delivery targets and the department's strategy and priorities.

Selected performance and operations indicators

Table 20.1 Correctional Services

Indicator	Programme	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Number of escapes from correctional centres and remand detention facilities (per 10 000 inmates) per year	Security	6	5	5	4	4	4	3
Number of assaults in correctional centres and remand detention facilities (per 10 000 inmates) per year	Security	113	52	92	83	74	68	61
Percentage of overcrowding in correctional centres and remand detention facilities	Corrections	39% (44 344)	42 % (48 332)	42% (48 681)	40% (47 074)	38% (48 216)	36% (37 219)	34% (45 730)

Table 20.1 Correctional Services (continued)

Indicator	Programme	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Percentage of incarcerated offenders with sentences longer than 24 months with correctional sentence plans (calculated against the projected average of 41 828 offenders with sentences longer than 24 months without correctional sentence plans)	Corrections		3.3% (1 400)	6.7% (2 800)	13.4% (5 600)	20.1% (8 400)	31.8% (13 310)	35% (14 640)
Number of offenders on antiretroviral treatment per year	Care	1 528	3 618	4 180	5 100	5 700	6 300	7 056
Number of offenders participating in literacy programmes per year	Development	696	1 388	1 735	2 082	2 394	2 633	2 765
Percentage of offenders participating in skills development programmes (calculated against the total number of offenders eligible for skills development programmes) in terms of their correctional services plans	Development	10.1% (16 212)	25.5% (41 625)	26.8% (43 706)	27.8% (45 891)	28.9% (48 186)	30% (50 595)	31.1% (53 125)
Percentage of parole violations per 10 000 parolees	Social Reintegration	32.4% (8 790/ 27 093)	33.7% (10 746/ 31 884)	19.1% (6 529/ 34 190)	28.1% (10 564/ 37 609)	25.1% (10 354/ 41 370)	22.2% (10 147/ 45 507)	21.7% (9 945/ 47 782)
Number of new bed spaces created	Facilities	–	–	–	3 338	946	6 000	7 579

Expenditure estimates

Table 20.2 Correctional Services

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
R million								
1. Administration	2 562.8	2 857.7	3 315.5	3 476.3	3 476.3	3 985.9	4 262.9	4 461.2
2. Security	2 932.0	3 732.3	4 552.0	4 960.0	4 960.0	5 141.5	5 415.3	5 681.6
3. Corrections	722.0	909.3	1 022.5	1 242.8	1 242.8	1 583.1	1 675.8	1 764.7
4. Care	1 090.7	1 263.8	1 349.9	1 584.1	1 584.1	1 504.0	1 606.8	1 693.2
5. Development	347.1	365.9	453.4	438.0	438.0	526.4	555.8	584.5
6. Social Reintegration	319.2	370.8	426.6	474.7	474.7	574.7	606.4	636.8
7. Facilities	1 277.5	1 622.5	1 702.9	1 658.7	1 658.7	1 813.5	1 904.4	3 455.2
Total	9 251.2	11 122.4	12 822.6	13 834.5	13 834.5	15 129.0	16 027.4	18 277.2
Change to 2009 Budget estimate				596.0	596.0	860.5	(2 071.3)	(798.5)
Economic classification								
Current payments	8 272.2	9 906.2	11 623.0	12 689.6	12 689.6	14 007.7	14 856.0	15 592.8
Compensation of employees	5 606.6	6 799.2	8 077.8	9 313.0	9 313.0	10 483.8	11 058.5	11 611.2
Goods and services	2 665.5	3 107.0	3 545.2	3 376.6	3 376.6	3 523.9	3 797.5	3 981.6
<i>of which:</i>								
Agency and support / outsourced services	185.9	288.3	378.5	337.4	337.4	341.0	361.1	381.7
Inventory: Food and food supplies	390.4	430.1	251.7	299.2	299.2	302.4	337.1	356.4
Lease payments	714.6	825.4	956.0	974.3	974.3	1 226.5	1 356.0	1 499.8
Property payments	263.4	352.9	375.5	452.2	452.2	454.6	481.9	506.0
Interest and rent on land	0.0	0.0	0.0	0.1	0.1	–	–	–
Transfers and subsidies	35.9	33.0	38.7	38.4	38.4	13.1	8.3	8.8
Provinces and municipalities	5.3	2.1	2.0	6.0	6.0	0.3	0.3	0.4
Departmental agencies and accounts	3.2	3.5	3.9	4.7	4.7	5.2	–	–
Payments for capital assets	939.4	1 180.5	1 158.6	1 106.5	1 106.5	1 108.3	1 163.1	2 675.6
Buildings and other fixed structures	794.8	1 087.0	1 035.5	1 012.5	1 012.5	1 108.3	1 163.1	2 675.6
Machinery and equipment	144.6	87.5	90.8	94.0	94.0	–	–	–
Biological assets	–	–	0.1	–	–	–	–	–
Software and other intangible assets	–	6.0	32.2	–	–	–	–	–
<i>of which:</i>								
Capitalised compensation	15.9	12.0	11.3	13.7	–	–	–	–
Payments for financial assets	3.7	2.6	2.3	–	–	–	–	–
Total	9 251.2	11 122.4	12 822.6	13 834.5	13 834.5	15 129.0	16 027.4	18 277.2

Expenditure trends

Expenditure grew at an average annual rate of 14.4 per cent, from R9.3 billion in 2006/07 to R13.8 billion in 2009/10, and is projected to reach R18.3 billion in 2012/13 at an average annual rate of 9.7 per cent. This is as a result of additional allocations over the MTEF period for the occupation specific dispensation for correctional officials (R300 million per year) and adjustments to compensation of employees (R583.1 million, R619.4 million and R652.8 million).

Spending in compensation of employees increased at an average annual rate of 18.4 per cent from 2006/07 to 2009/10. This was mainly due to payments for overtime and general salary increases in line with the 2007 Public Service Coordinating Bargaining Council resolution. The spending in compensation of employees is expected to increase at an average annual rate of 7.6 per cent from 2009/10 to 2012/13. This is mainly due to the implementation of various occupation specific dispensations as required by the 2007 resolution. In addition, the ongoing implementation of the inflation related salary adjustment over the medium term contributed to the increase.

Expenditure is expected to increase to R18.3 billion by 2012/13 at an average annual rate of 9.7 per cent. This is mainly due to the allocation of additional funds for the construction of 4 new public private partnership correctional facilities in Paarl, East London, Klerksdorp and Nigel. This additional allocation also explains the projected expenditure growth of 27.7 per cent in the *Facilities* programme and 34.2 per cent in payments for capital assets over the medium term. There will be no further allocations for machinery and capital equipment from 2010/11 as the department will implement cost saving measures.

The increase in the number of filled posts, from 36 268 in 2006/07 to 41 054 in 2007/08, is due to the additional posts allocated to implement the 7-day establishment and the 2005 White Paper on Corrections in South Africa. The decrease in the number of filled posts from 41 054 in 2007/08 to 40 611 in 2008/09 is due to the implementation of the moratorium on filling vacant posts in order to fund the budget shortfall resulting from the 2007 resolution. The moratorium was revised in 2009/10 to exempt critical posts, which resulted in an increase in filled posts from 40 611 in 2008/09 to 41 549 in 2009/10. With the implementation of the occupation specific dispensation for correctional officials, the department again had to implement the moratorium on filling all vacant posts to partly fund the budget shortfall. The department will continue to implement the moratorium over the medium term, which implies that the staff establishment of 41 500 will be maintained.

Mega infrastructure project spending

Construction of the new Kimberley correctional facility, which provides 3 000 bed spaces, started in 2006/07 and was completed in 2009/10. Expenditure was R45 million in 2006/07, R323 million in 2007/08, R356 million in 2008/09 and R186 million in 2009/10. Feasibility studies for the planned additional correctional centres, such as in Paarl, East London, Port Shepstone, Klerksdorp and Nigel, concluded that a public private partnership was the preferred method of procurement. The final request for proposals closed in November 2008 and the adjustment of allocations to provide for the capital contribution towards 4 public private partnership correctional centres was made in 2012/13. The budget for the 4 centres is R1.4 billion in 2012/13. In addition, 2 525 more bed spaces will be created in existing facilities over the medium term through upgrading existing facilities.

Departmental receipts

Revenue grew from R100 million in 2006/07 to R136.7 million in 2009/10. Over the medium term, it is expected to increase to R161 million in 2012/13.

Revenue is mostly generated from selling products made in correctional centres workshops, hiring out offender labour and letting accommodation to personnel. A portion of revenue from offender labour is paid to inmates as a gratuity. The decrease in revenue from 2007/08 to 2008/09 is due to incorrectly deducted rentals for departmental accommodation in 2007/08 and hence having to refund staff members.

Table 20.3 Departmental receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
Departmental receipts	100 034	136 313	80 506	131 154	136 696	143 402	152 006	160 955
Sales of goods and services produced by department	40 557	68 725	14 885	49 825	60 165	63 775	67 601	71 454
Sales of scrap, waste, arms and other used current goods	3 792	8 700	2 383	8 028	8 028	8 510	9 021	9 535
Transfers received	–	–	61	7 720	–	–	–	–
Fines, penalties and forfeits	13 916	15 030	16 836	19 984	20 783	22 030	23 352	24 683
Interest, dividends and rent on land	709	400	375	289	300	318	337	356
Sales of capital assets	317	205	1 412	1 069	1 412	1	1	1
Transactions in financial assets and liabilities	40 743	43 253	44 554	44 239	46 008	48 768	51 694	54 926
Total	100 034	136 313	80 506	131 154	136 696	143 402	152 006	160 955

Programme 1: Administration

Expenditure estimates

Table 20.4 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Minister ¹	0.8	1.0	1.1	1.7	1.8	1.9	2.0
Deputy Minister ¹	0.6	0.9	1.7	1.4	1.5	1.6	1.7
Management	279.8	315.1	357.8	381.3	403.8	426.8	429.9
Corporate Services	770.9	856.0	922.7	1 060.2	1 122.6	1 186.7	1 190.8
Finance	647.5	679.3	890.4	687.6	863.2	932.0	975.7
Central Services	258.5	256.8	292.6	341.3	448.5	444.5	456.2
Office Accommodation	588.8	730.2	830.3	983.0	1 124.7	1 249.2	1 384.3
Staff Accommodation	15.9	18.4	19.0	19.8	19.7	20.3	20.7
Total	2 562.8	2 857.7	3 315.5	3 476.3	3 985.9	4 262.9	4 461.2
Change to 2009 Budget estimate				(1.8)	152.5	96.8	14.8

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

Economic classification

Current payments	2 446.8	2 801.8	3 225.2	3 386.3	3 979.7	4 262.0	4 460.2
Compensation of employees	1 203.2	1 330.6	1 502.6	1 788.2	2 071.6	2 185.6	2 294.9
Goods and services	1 243.5	1 471.2	1 722.5	1 598.0	1 908.1	2 076.4	2 165.3
<i>of which:</i>							
Agency and support / outsourced services	28.1	57.5	41.2	39.9	42.5	45.0	47.6
Lease payments	354.7	410.3	474.1	467.0	690.6	788.5	899.9
Property payments	259.5	348.2	375.2	451.4	453.8	481.0	505.0
Interest and rent on land	0.0	0.0	0.0	0.1	–	–	–
Transfers and subsidies	7.4	8.5	9.1	10.7	6.1	1.0	1.0
Provinces and municipalities	2.2	2.1	2.0	6.0	0.3	0.3	0.4
Departmental agencies and accounts	3.2	3.5	3.9	4.7	5.2	–	–
Households	2.1	3.0	3.1	0.0	0.6	0.6	0.7
Payments for capital assets	104.9	44.8	78.9	79.3	–	–	–
Machinery and equipment	104.9	38.8	46.7	79.3	–	–	–
Software and other intangible assets	–	6.0	32.2	–	–	–	–
Payments for financial assets	3.7	2.6	2.3	–	–	–	–
Total	2 562.8	2 857.7	3 315.5	3 476.3	3 985.9	4 262.9	4 461.2

Details of selected transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	3.2	3.5	3.9	4.7	5.2	–	–
Safety and Security Sectoral Education and Training Authority	3.2	3.5	3.9	4.7	5.2	–	–

Expenditure trends

The *Administration* programme accounts for bulk stores purchases, IT, office accommodation and staff accommodation costs. Bulk stores purchases include all basic inmates' costs such as food, medication and personal items. Consultants' services in this programme include IT support and technical services procured through State Information Technology Agency.

Expenditure in the programme increased from R2.6 billion in 2006/07 to R3.5 billion in 2009/10 at an average annual rate of 10.7 per cent, and is expected to grow to R4.5 billion in 2012/13 at an average annual rate of 8.7 per cent. This is due to an increase in expenditure for consultant services from R22.8 million in 2006/07 to R90.1 million in 2009/10, mainly due to new computerised systems and information systems maintenance. Provision was also made for payments for legal, internal and external audit consulting services. The strong growth over the medium term is mainly due to the implementation of the occupation specific dispensation, inflation related salary adjustments and allocations for a master information system plan.

The spending focus over the MTEF period is on professionalising correctional services and accelerating the implementation of the objectives set out in the white paper. This is boosted by the introduction of the occupational specific dispensation for correctional officials and other key categories.

Programme 2: Security

- *Security* funds activities aimed at providing safe and secure conditions for all incarcerated persons, consistent with human dignity, while providing protection for personnel and security for the public.

Objectives and measures

- Enhance safety and security in correctional facilities by:
 - vetting security personnel and installing biometric access and x-rays at 16 correctional facilities by 2012/13
 - implementing the anti-gang and security technology strategies at 35 correctional facilities by 2012/13
 - training 25 emergency security teams by 2012/13.

Service delivery focus

The safety and security enhancement project achieved the following in 2009/10: the operational structure for security personnel was revised and incorporated into the department's structure; roundtable discussions on gangs were concluded and the draft gang management strategy framework is now available; and an audit on security technology systems was completed.

In 2008/09, the department reduced the number of escapes and assaults against targets. The escape rate was 4.1 per 10 000 inmates against the target of 4.7 and the assault rate was 83 per 10 000 inmates against the target of 92. In the first half of 2009/10, there was a decrease in the escape rate to 1.1 per 10 000 and in the assault rate to 39. The number of unnatural deaths per 10 000 inmates was 2.5 in the first half of 2009/10 in comparison to 3.9 in the same period of 2008/09.

Expenditure estimates

Table 20.5 Security

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Security	2 932.0	3 732.3	4 552.0	4 960.0	5 141.5	5 415.3	5 681.6
Total	2 932.0	3 732.3	4 552.0	4 960.0	5 141.5	5 415.3	5 681.6
Change to 2009 Budget estimate				534.7	361.6	390.3	405.3

Table 20.5 Security (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Economic classification							
Current payments	2 901.2	3 692.0	4 533.8	4 957.1	5 141.5	5 415.3	5 681.6
Compensation of employees	2 802.7	3 538.9	4 367.0	4 835.4	5 042.0	5 311.9	5 572.3
Goods and services	98.5	153.2	166.7	121.7	99.5	103.3	109.2
<i>of which:</i>							
Agency and support / outsourced services	44.2	88.2	0.5	0.5	0.6	0.6	0.6
Inventory: Food and food supplies	0.8	1.2	0.7	0.2	0.2	0.2	0.3
Transfers and subsidies	10.7	7.2	10.5	2.1	-	-	-
Provinces and municipalities	1.8	-	-	-	-	-	-
Households	8.8	7.2	10.5	2.1	-	-	-
Payments for capital assets	20.1	33.0	7.7	0.8	-	-	-
Machinery and equipment	20.1	33.0	7.6	0.8	-	-	-
Biological assets	-	-	0.1	-	-	-	-
Total	2 932.0	3 732.3	4 552.0	4 960.0	5 141.5	5 415.3	5 681.6

Expenditure trends

Expenditure increased from R2.9 billion in 2006/07 to R5 billion in 2009/10 at an average annual rate of 19.2 per cent, and is expected to increase to R5.7 billion at an average annual rate of 4.6 per cent. The growth in expenditure provided for improving security in correctional centres, and for the ongoing implementation of the occupation specific dispensation for correctional officials and the 7-day establishment.

The programme's activities are labour intensive and expenditure in compensation of employees accounts for 98 per cent of the programme's budget over the medium term. R73.5 million was paid to a service provider for the maintenance and staffing of security control rooms in 2008/09. R52.1 million is to be paid to a service provider in 2009/10 for the maintenance and staffing of the security control rooms and the maintenance of security access control systems and security fences.

Spending over the MTEF period will focus on the implementation of the occupation specific dispensation in conjunction with the 7-day establishment.

Programme 3: Corrections

- *Personal Corrections* provides needs based correctional sentence plans and interventions based on an assessment of the security risk and criminal profile of individuals, targeting all elements associated with offending behaviour and focusing on the offence for which a person is remanded in a correctional centre, sentenced to correctional supervision, or sentenced to the parole supervision. Funding will mainly be used for compensation of employees and the management of inmates and persons under correctional and parole supervision.

Objectives and measures

- Improve rehabilitation by increasing the number of correctional sentence plans for offenders serving more than 24 months from 8 400 in 2010/11 to 14 640 in 2012/13.
- Create an environment conducive to rehabilitation by reducing the level of overcrowding from 48 332 (42 per cent) in 2007/08 to 45 730 (34 per cent) in 2012/13.

Service delivery focus

In 2008/09, 146 393 sentenced inmates were involved in work opportunities against the target of 108 000. In the same year, 60 543 offenders participated in correctional programmes against the target of 15 704, translating to 30 per cent of the relevant offender population, including special categories of offenders.

Personal tracking devices in 12 targeted facilities were not installed due to procurement problems at the State Information Technology Agency. The process has been cancelled and the project has been divided into 2 phases. The first phase, which covers identification and facial recognition, will be implemented in 17 correctional facilities by the end of March 2010; and the second phase, which is the tracking of offenders inside correctional facilities, will be further explored in 2012/13.

The video arraignment project is now operational at the St Albans and Westville correctional facilities. Funding was secured from the Department of Justice and Constitutional Development to complete a further 6 remaining centres by March 2010.

The offender rehabilitation path was implemented in 2006/07 and progress thus far is as follows: phases 2, 3, 5 and 6 are at least 70 per cent implemented; phases 1 and 7 are less than 40 per cent implemented; and phase 4 is about 50 per cent implemented. Within the path, the admission risk and needs assessment tool has been developed to determine offenders' immediate risk and needs on admission, and is administered within 6 hours of admission by the interim correctional assessment officials. The tool was computerised in 2008/09 and implemented in April 2009, and is linked to the admission and release system. Statistics will be available on the management information system. The admission security risk classification automation tool was completed in 2009 and beta testing was concluded in January 2010 at 3 sites in Gauteng. The tool will be implemented in February 2010.

In 2008/09, minimum facilities standards were approved for remand detention management but the identified centres can only be upgraded when funds become available over the MTEF period.

Expenditure estimates

Table 20.6 Corrections

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Personal Corrections	722.0	909.3	1 022.5	1 242.8	1 583.1	1 675.8	1 764.7
Total	722.0	909.3	1 022.5	1 242.8	1 583.1	1 675.8	1 764.7
Change to 2009 Budget estimate				130.8	392.0	392.9	417.7
Economic classification							
Current payments	706.7	894.1	1 005.7	1 220.1	1 576.2	1 668.5	1 757.0
Compensation of employees	680.3	858.5	973.4	1 193.8	1 565.2	1 656.8	1 744.7
Goods and services	26.4	35.7	32.3	26.3	10.9	11.6	12.3
Transfers and subsidies	14.8	14.9	16.3	21.9	6.9	7.3	7.8
Provinces and municipalities	0.6	0.1	–	–	–	–	–
Households	14.2	14.8	16.3	21.9	6.9	7.3	7.8
Payments for capital assets	0.6	0.3	0.5	0.9	–	–	–
Machinery and equipment	0.6	0.3	0.5	0.9	–	–	–
Total	722.0	909.3	1 022.5	1 242.8	1 583.1	1 675.8	1 764.7

Expenditure trends

Expenditure in this programme increased from R722 million in 2006/07 to R1.2 billion in 2009/10, at an average annual rate of 19.8 per cent. This is due to additional allocations for the implementation of the 2005 White Paper on Corrections in South Africa.

Expenditure is expected to increase to R1.8 billion in 2012/13, at an average annual rate of 12.4 per cent over the medium term. This is due to a substantial increase in compensation of employees spending between 2009/10 and 2012/13 to provide for the ongoing implementation of the occupation specific dispensation for correctional officials and the inflation related salary adjustment carry through costs.

Spending over the MTEF period will focus on the implementation of the occupational specific dispensation in conjunction with the 7-day establishment.

Programme 4: Care

- *Personal Wellbeing* provides needs based programmes and services aimed at maintaining the personal wellbeing of incarcerated persons by facilitating physical fitness, social functioning, healthcare, and spiritual, moral and psychological wellbeing. Funding will mainly be used for compensation of employees and goods and services.

Objectives and measures

- Improve the health and personal wellbeing of inmates by increasing the number of offenders on antiretroviral treatment per year from 3 618 in 2007/08 to 7 056 in 2012/13.

Service delivery focus

In 2007/08, 116 115 offenders participated in social work sessions against a target of 101 000. The target was exceeded due to the commitment of personnel and the involvement of external service providers.

In 2008/09, the department provided psychological wellbeing services to 9 073 sentenced offenders against the targeted 10 200. The target was not met due to a decrease in the number of psychologists from 33 in April 2008 to 22 in March 2009. More than 168 784 spiritual care sessions were conducted against the target of 166 000. This was due to the appointment of 7 new chaplains in Eastern Cape, KwaZulu-Natal, Free State and Northern Cape, and the training of spiritual care staff.

Expenditure estimates

Table 20.7 Care

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Personal Wellbeing	1 090.7	1 263.8	1 349.9	1 584.1	1 504.0	1 606.8	1 693.2
Total	1 090.7	1 263.8	1 349.9	1 584.1	1 504.0	1 606.8	1 693.2
Change to 2009 Budget estimate				(7.7)	(241.6)	(356.6)	(368.4)
Economic classification							
Current payments	1 086.9	1 260.2	1 344.4	1 580.5	1 504.0	1 606.8	1 693.2
Compensation of employees	354.9	442.5	526.4	658.2	704.1	742.8	780.0
Goods and services	732.0	817.7	818.0	922.3	799.9	864.0	913.3
<i>of which:</i>							
Agency and support / outsourced services	113.2	140.8	335.4	296.1	297.0	314.5	332.5
Inventory: Food and food supplies	388.8	428.1	249.6	298.5	301.6	336.4	355.5
Lease payments	0.4	0.4	0.4	0.5	0.6	0.6	0.6
Transfers and subsidies	1.1	0.9	0.6	-	-	-	-
Provinces and municipalities	0.3	-	-	-	-	-	-
Households	0.8	0.9	0.6	-	-	-	-
Payments for capital assets	2.7	2.7	4.8	3.6	-	-	-
Machinery and equipment	2.7	2.7	4.8	3.6	-	-	-
Total	1 090.7	1 263.8	1 349.9	1 584.1	1 504.0	1 606.8	1 693.2

Expenditure trends

The growth in expenditure from R1.1 billion in 2006/07 to R1.6 billion in 2009/10, at an average annual rate of 13.2 per cent, provides for the implementation of the 3-meal system. The projected growth to R1.7 billion, at an average annual rate of 2.2 per cent, provides for the additional remuneration of healthcare workers in line with the occupation specific dispensation and carry through costs for the inflation salary adjustment. The increase in expenditure on consultant services from R16 000 in 2006/07 to R53.1 million in 2009/10 is due to payments for the feasibility studies for outsourcing pharmaceutical services and nutritional services. The expected increase in expenditure over the medium term is due to payments for pharmaceutical and nutritional services and the implementation of the occupational specific dispensation.

The comprehensive HIV and AIDS programme is being implemented nationally. The department received donor funding of US\$1 million (R5.9 million in 2006/07, R2.4 million 2008/09 and R1.6 million in 2009/10) to fund the ongoing coordination of HIV and AIDS programmes among inmates and staff members.

Programme 5: Development

- *Personal Development of Offenders* provides programmes and services aimed at developing competencies by providing opportunities for skills and social development. Programmes and services include technical training, recreation, sports, education, and the operation of agriculture and production workshops.

Objectives and measures

- Facilitate the reintegration of offenders into communities by:
 - increasing the number of inmates in literacy programmes per year from 1 388 in 2007/08 to 2 765 in 2012/13
 - increasing the number of inmates in skills development programmes from 41 625 in 2007/08 to 53 125 in 2012/13.

Service delivery focus

In 2008/09, a consultative concept document was disseminated to regions to implement a comprehensive offender skills development plan in 12 centres of excellence. There was a shift from formal education to skills development after introducing the national certificate (vocational) programme to improve learners' chances of employment.

The introduction of the national curriculum statement in 2006 by the Department of Education, which requires that schools are full-time institutions, exacerbated reduced enrolment in formal education because correctional centres do not meet this requirement. The department does not have the human resources or infrastructure to support the requirements of full-time tuition. Arrangements for acquiring pre-fabricated classrooms will be made and acquiring suitable infrastructure requirements will be explored over the medium term.

Expenditure estimates

Table 20.8 Development

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Personal Development of Offenders	347.1	365.9	453.4	438.0	526.4	555.8	584.5
Total	347.1	365.9	453.4	438.0	526.4	555.8	584.5
Change to 2009 Budget estimate				(10.7)	57.1	57.2	60.9
Economic classification							
Current payments	331.9	354.0	422.6	428.9	526.4	555.8	584.5
Compensation of employees	206.9	225.0	242.4	308.1	415.8	438.7	460.6
Goods and services	125.0	129.0	180.2	120.8	110.7	117.2	123.9
<i>of which:</i>							
<i>Agency and support / outsourced services</i>	0.4	1.7	1.5	0.8	0.9	0.9	1.0
<i>Inventory: Food and food supplies</i>	0.8	0.8	1.4	0.5	0.5	0.5	0.6
<i>Lease payments</i>	0.4	0.5	0.5	0.4	0.5	0.5	0.5
Transfers and subsidies	0.4	0.8	0.4	-	-	-	-
Provinces and municipalities	0.2	(0.1)	-	-	-	-	-
Households	0.2	0.9	0.4	-	-	-	-
Payments for capital assets	14.7	11.2	30.4	9.1	-	-	-
Machinery and equipment	14.7	11.2	30.4	9.1	-	-	-
Total	347.1	365.9	453.4	438.0	526.4	555.8	584.5

Expenditure trends

Expenditure increased from R347.1 million in 2006/07 to R438 million in 2009/10, at an average annual rate of 8.1 per cent. This was mainly due to a 14.2 per cent increase in compensation of employees spending due to the separate occupational specific dispensations for correctional officials and educators.

Expenditure is projected to increase to R584.5 million over the medium term, at an average annual rate of 10.1 per cent. This is mainly due to the inflation salary adjustment carry through costs and the implementation of occupation specific dispensations. The increase in expenditure on consultant services from R1.1 million in 2006/07 to R1.3 million in 2009/10 is mainly due to payments for external service providers for agricultural services.

The spending focus over the MTEF period will be on implementing the occupation specific dispensation in conjunction with the 7-day establishment.

Programme 6: Social Reintegration

- *Community Liaison* provides for all services, including supervision and pre-release resettlement, that prepare offenders for completing their sentences in order to facilitate their social acceptance and effective reintegration into their communities. Funding will mainly be used for compensation of employees.

Objectives and measures

- Facilitate the social acceptance and effective reintegration of offenders on parole and probation by:
 - increasing the number of probationers from 17 919 in 2007/08 to 20 204 in 2012/13
 - decreasing the number of violations from 10 746 in 2007/08 to 9 945 in 2012/13.

Service delivery focus

In 2008/09, the parole boards considered 47 362 submissions and approved 22 252 conditional placements (46.9 per cent). In the same year, 17 cases were referred for review, there were 10 966 violations against a targeted 10 780, and 1 664 absconders were registered against the target of 2 300. The target for parole violations in 2009/10 was 10 564 (28.1 per cent).

The implementation of alternative strategies for incarceration is dependent on stakeholders, including the other justice, corrections and protection services cluster departments. These strategies impact on some targets, such as the formalisation of relationships with external organisations and multi-sectoral rehabilitation programmes for offenders. However, significant progress has been made in gaining cooperation and buy-in from these stakeholders.

Expenditure estimates

Table 20.9 Social Reintegration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Community Liaison	319.2	370.8	426.6	474.7	574.7	606.4	636.8
Total	319.2	370.8	426.6	474.7	574.7	606.4	636.8
Change to 2009 Budget estimate				48.8	128.3	156.8	164.8
Economic classification							
Current payments	317.3	370.0	424.8	470.9	574.7	606.4	636.8
Compensation of employees	288.6	337.5	390.7	435.6	555.1	585.7	615.0
Goods and services	28.7	32.4	34.1	35.3	19.6	20.7	21.9
<i>of which:</i>							
Lease payments	0.6	0.8	0.9	1.5	1.6	1.7	1.7

Table 20.9 Social Reintegration (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Economic classification							
Transfers and subsidies	1.3	0.5	1.6	3.7	-	-	-
Provinces and municipalities	0.2	-	-	-	-	-	-
Households	1.1	0.5	1.6	3.7	-	-	-
Payments for capital assets	0.5	0.3	0.2	0.1	-	-	-
Machinery and equipment	0.5	0.3	0.2	0.1	-	-	-
Total	319.2	370.8	426.6	474.7	574.7	606.4	636.8
Details of selected transfers and subsidies							
Households							
Other transfers to households							
Current	1.1	0.5	-	3.7	-	-	-
Cash Payment Indigence Grant	1.1	0.5	-	3.7	-	-	-

Expenditure trends

Expenditure increased at an average annual rate of 14.1 per cent from R319.2 million in 2006/07 to R474.7 million in 2009/10, due to an increase in activities at community corrections offices following the implementation of the special remissions initiatives. The increase in expenditure between 2006/07 and 2008/09 was also due to overtime payments for Saturdays and public holidays in line with the requirements of the Public Service Coordinating Bargaining Council Resolution no. 01 of 2007.

Expenditure is projected to increase to R636.8 million in 2012/13, at an average annual rate of 10.3 per cent. This is mainly due to the implementation of the occupation specific dispensation for correctional officials and carry through costs for the general annual inflation related salary adjustment.

Programme 7: Facilities

- *Public Private Partnership Prisons* funds the department's financial commitment to the suppliers of two public private partnership correctional facilities.
- *Facilities Planning* funds the provision of infrastructure for correctional and other facilities.
- *Building and Maintenance* funds the maintenance and upgrading of correctional and other facilities and the provision of power supplies, water purification and sanitation services.

Objectives and measures

- Ensure that physical infrastructure supports safe and secure custody by:
 - increasing the number of new bed spaces for sentenced offenders from 3 338 in 2009/10 to 17 863 by 2012/13
 - increasing the number of new correctional centres from 241 in 2007/08 to 243 in 2012/13.

Service delivery focus

The Kimberley facility, which provides 3 000 bed spaces, was handed over and has been operational since January 2010. Progress has been made on upgrading 3 facilities: Warm Bokkeveld, Ceres (47 per cent complete); Van Rhynsdorp (66 per cent complete); and Brandvlei (51 per cent complete).

In 2008/09, the department planned 94 maintenance projects, of which 58 were under construction, 12 on tender and 14 under planning. Project completion is dependent on the disbursement of funds by the Department of Public Works, and projects are currently running at different phases. Some will be completed in 2010/11 and the remainder in 2011/12. 10 projects were not funded due to the financial constraints. The Tzaneen correctional centre was handed over to the contractor in January 2010. When complete, the centre will generate 500 new bed spaces.

Expenditure estimates

Table 20.10 Facilities

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Public-Private Partnership Prisons	560.3	617.5	677.0	710.7	727.6	759.0	2 255.3
Facilities Planning	582.1	879.8	887.1	790.3	913.5	968.3	1 016.8
Building and Maintenance	135.1	125.2	138.8	157.7	172.3	177.0	183.1
Total	1 277.5	1 622.5	1 702.9	1 658.7	1 813.5	1 904.4	3 455.2
Change to 2009 Budget estimate				(98.2)	10.6	(2 808.7)	(1 493.6)
Economic classification							
Current payments	481.3	534.0	666.6	645.9	705.2	741.3	779.6
Compensation of employees	69.9	66.2	75.3	93.7	129.9	137.0	143.9
Goods and services	411.5	467.9	591.3	552.3	575.3	604.3	635.7
<i>of which:</i>							
Lease payments	358.2	413.1	479.7	504.5	532.9	564.3	596.5
Property payments	3.9	4.6	0.1	0.2	0.3	0.3	0.3
Transfers and subsidies	0.2	0.2	0.2	-	-	-	-
Provinces and municipalities	0.1	-	-	-	-	-	-
Households	0.2	0.2	0.2	-	-	-	-
Payments for capital assets	795.9	1 088.2	1 036.0	1 012.8	1 108.3	1 163.1	2 675.6
Buildings and other fixed structures	794.8	1 087.0	1 035.5	1 012.5	1 108.3	1 163.1	2 675.6
Machinery and equipment	1.1	1.2	0.5	0.3	-	-	-
<i>of which:</i>							
Capitalised compensation	15.9	12.0	11.3	13.7	-	-	-
Total	1 277.5	1 622.5	1 702.9	1 658.7	1 813.5	1 904.4	3 455.2

Expenditure trends

Expenditure increased from R1.3 billion in 2006/07 to R1.7 billion in 2009/10, at an average annual rate of 9.1 per cent. This was mainly due to the allocation of rollover funds for the construction of the new Kimberley correctional facility.

Expenditure is expected to grow at an average annual rate of 27.7 per cent to R3.5 billion in 2012/13. This is mainly due to the allocation of additional funds for the construction of 4 new public private partnership correctional facilities at Paarl, East London, Klerksdorp and Nigel.

The bulk of this programme's expenditure is on capital assets, which includes the construction, upgrading and renovation of existing correctional facilities over the medium term. This will create an additional 2 525 bed spaces (excluding Kimberley and the 4 public private partnerships). Consultant expenditure is for the public private partnership transaction advisor.

Additional tables

Table 20.A Summary of expenditure trends and estimates per programme and economic classification

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R million	2008/09		2008/09	2009/10			2009/10
1. Administration	3 111.6	3 169.8	3 315.5	3 478.1	(1.8)	3 476.3	3 476.3
2. Security	3 873.2	4 176.8	4 552.0	4 425.3	534.7	4 960.0	4 960.0
3. Corrections	1 064.7	1 062.1	1 022.5	1 112.1	130.8	1 242.8	1 242.8
4. Care	1 394.7	1 416.9	1 349.9	1 591.8	(7.7)	1 584.1	1 584.1
5. Development	396.6	447.0	453.4	448.7	(10.7)	438.0	438.0
6. Social Reintegration	386.5	412.7	426.6	425.9	48.8	474.7	474.7
7. Facilities	1 444.4	1 653.6	1 702.9	1 756.8	(98.2)	1 658.7	1 658.7
Total	11 671.8	12 338.8	12 822.6	13 238.6	596.0	13 834.5	13 834.5
Economic classification							
Current payments	10 521.4	11 045.9	11 623.0	11 901.5	788.2	12 689.6	12 689.6
Compensation of employees	7 144.1	7 604.6	8 077.8	8 292.4	1 020.6	9 313.0	9 313.0
Goods and services	3 377.2	3 441.2	3 545.2	3 609.1	(232.5)	3 376.6	3 376.6
Interest and rent on land	0.1	0.1	0.0	0.1	–	0.1	0.1
Transfers and subsidies	34.4	35.3	38.7	37.6	0.8	38.4	38.4
Provinces and municipalities	5.8	5.8	2.0	6.0	–	6.0	6.0
Departmental agencies and accounts	4.3	4.3	3.9	4.7	–	4.7	4.7
Households	24.3	25.2	32.8	26.9	0.8	27.7	27.7
Payments for capital assets	1 116.0	1 257.6	1 158.6	1 299.5	(193.0)	1 106.5	1 106.5
Buildings and other fixed structures	894.2	1 099.8	1 035.5	1 120.5	(108.0)	1 012.5	1 012.5
Machinery and equipment	221.8	157.8	90.8	179.0	(85.0)	94.0	94.0
Biological assets	–	–	0.1	–	–	–	–
Software and other intangible assets	–	–	32.2	–	–	–	–
Payments for financial assets	–	–	2.3	–	–	–	–
Total	11 671.8	12 338.8	12 822.6	13 238.6	596.0	13 834.5	13 834.5

Table 20.B Detail of approved establishment and personnel numbers according to salary level ¹

	Personnel post status as at 30 September 2009			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid year ²	Medium-term estimate		
				2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Department	45 941	45 941	43	36 268	41 054	40 611	41 549	41 500	41 500	41 500
Salary level 1 – 6	26 165	26 165	19	20 090	24 876	24 256	25 153	25 104	25 104	25 104
Salary level 7 – 10	18 874	18 874	14	15 470	15 470	15 622	15 657	15 657	15 657	15 657
Salary level 11 – 12	701	701	3	533	533	555	561	562	562	562
Salary level 13 – 16	201	201	7	175	175	178	178	177	177	177
Administration	8 068	8 068	35	6 566	6 566	6 620	6 539	6 537	6 537	6 537
Salary level 1 – 6	3 150	3 150	18	2 381	2 381	2 397	2 334	2 334	2 334	2 334
Salary level 7 – 10	4 321	4 321	8	3 707	3 707	3 739	3 701	3 701	3 701	3 701
Salary level 11 – 12	420	420	2	320	320	332	343	342	342	342
Salary level 13 – 16	177	177	7	158	158	152	161	160	160	160
Security	24 861	24 861	1	17 812	22 598	22 090	23 223	23 174	23 174	23 174
Salary level 1 – 6	18 251	18 251	–	12 289	17 075	16 437	17 487	17 438	17 438	17 438
Salary level 7 – 10	6 568	6 568	1	5 514	5 514	5 628	5 724	5 724	5 724	5 724
Salary level 11 – 12	41	41	–	9	9	15	11	11	11	11
Salary level 13 – 16	1	1	–	–	–	10	1	1	1	1

Table 20.B Detail of approved establishment and personnel numbers according to salary level ¹ (continued)

	Personnel post status as at 30 September 2009			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid year ²	Medium-term estimate		
				2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Corrections	6 343	6 343	-	5 765	5 765	5 713	5 594	5 594	5 594	5 594
Salary level 1 – 6	2 696	2 696	-	2 721	2 721	2 699	2 573	2 573	2 573	2 573
Salary level 7 – 10	3 542	3 542	-	2 954	2 954	2 929	2 941	2 941	2 941	2 941
Salary level 11 – 12	99	99	-	85	85	83	78	78	78	78
Salary level 13 – 16	6	6	-	5	5	2	2	2	2	2
Care	2 403	2 403	5	2 426	2 426	2 489	2 517	2 517	2 517	2 517
Salary level 1 – 6	424	424	-	1 240	1 240	1 303	1 350	1 350	1 350	1 350
Salary level 7 – 10	1 894	1 894	5	1 103	1 103	1 097	1 074	1 074	1 074	1 074
Salary level 11 – 12	77	77	-	77	77	82	86	86	86	86
Salary level 13 – 16	8	8	-	6	6	7	7	7	7	7
Development	1 700	1 700	1	1 406	1 406	1 413	1 398	1 398	1 398	1 398
Salary level 1 – 6	715	715	1	600	600	581	570	570	570	570
Salary level 7 – 10	961	961	-	789	789	813	809	809	809	809
Salary level 11 – 12	19	19	-	13	13	14	14	14	14	14
Salary level 13 – 16	5	5	-	4	4	5	5	5	5	5
Social Reintegration	2 020	2 020	-	1 819	1 819	1 828	1 811	1 813	1 813	1 813
Salary level 1 – 6	787	787	-	743	743	738	724	724	724	724
Salary level 7 – 10	1 202	1 202	-	1 055	1 055	1 068	1 067	1 067	1 067	1 067
Salary level 11 – 12	29	29	-	20	20	21	19	21	21	21
Salary level 13 – 16	2	2	-	1	1	1	1	1	1	1
Facilities	546	546	1	474	474	458	467	467	467	467
Salary level 1 – 6	142	142	-	116	116	101	115	115	115	115
Salary level 7 – 10	386	386	-	348	348	348	341	341	341	341
Salary level 11 – 12	16	16	1	9	9	8	10	10	10	10
Salary level 13 – 16	2	2	-	1	1	1	1	1	1	1

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

2. As at 30 September 2009.

Table 20.C Summary of expenditure on training

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Compensation of employees (R million)	5 606.6	6 799.2	8 077.8	9 313.0	10 483.8	11 058.5	11 611.2
Training expenditure (R million)	111.4	125.6	76.0	89.5	64.0	100.5	105.6
Training as percentage of compensation	2.0%	1.8%	0.9%	1.0%	0.6%	0.9%	0.9%
Total number trained in department (head count)	19 980	21 900	-	-	-	-	-
<i>of which:</i>							
Employees receiving bursaries (head count)	318	-	-	-	-	-	-
Leaverships trained (head count)	3 052	3 116	-	-	-	-	-
Internships trained (head count)	397	978	-	-	-	-	-
Households receiving bursaries (R million)	2.0	-	2.4	3.0	3.6	-	-
Households receiving bursaries (head count)	42	-	-	-	-	-	-

Table 20.D Summary of departmental public private partnership (PPP) projects

Project description: PPP prisons R million	Project annual unitary fee at time of contract	Budgeted expenditure	Medium-term expenditure estimate			
			2009/10	2010/11	2011/12	2012/13
Projects signed in terms of Treasury Regulation 16	-	710.7	727.6	759.0	791.2	
PPP unitary charge	-	710.0	727.0	758.5	790.6	
Advisory fees	-	0.6	0.4	0.5	0.5	
Project monitoring cost	-	0.1	0.1	0.1	0.1	
Projects in preparation, registered in terms of Treasury Regulation 16¹	-	-	-	-	-	1 464.1
PPP unitary charge	-	-	-	-	-	1 464.1
Total	-	710.7	727.6	759.0	791.2	2 255.3

1. Only projects that have received Treasury Approval: .

Disclosure notes for projects signed in terms of Treasury Regulation 16

Project name	Two PPP Prisons, Mangaung Correctional Centre and Kutama Sinthumule Correctional Centre
Brief description	The design, construction, operation, maintenance and financing of two new Public, Private Partnership correctional centres to make provision for additional beds to the stock of prison accommodation
Date PPP agreement was signed	Mangaung Correctional Centre: 24 March 2000 Kutama Sinthumule Correctional Centre: 3 August 2000
Duration of PPP agreement	25 years
Escalation index for unitary fee	As stipulated in Schedule E of both contracts
Net Present Value of all payment obligations discounted at appropriate duration government bond yield	N/A
Variations / amendments to PPP agreement	None
Cost implications of variations / amendments	None
Significant contingent fiscal obligations including termination payments, guarantees, warranties and indemnities and maximum estimated value of such liabilities	N/A

Table 20.E Summary of expenditure on infrastructure

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate	
				2006/07	2007/08	2008/09		2010/11	2012/13
R million									
Departmental infrastructure									
Kimberley minimum security prison for 3 000 inmates	3 000 beds	Construction	961.5	45.4	323.4	356.2	186.3	-	-
Future public private partnership prisons	1 200 beds	Tender	2 790.4	-	-	-	-	-	1 464.1
IT cabling at the Kimberley minimum security prison	IT infrastructure	Construction	25.0	-	-	-	25.0	-	-
Replacement of temporary cell accommodation with permanent cells at the Worcester, Brandvlei, prison	346 beds	Construction	386.8	15.3	6.7	51.1	175.3	139.7	-
Replacement of existing temporary prison and facilities at the Van Rhynsdorp prison	338 beds	Construction	278.5	5.0	18.8	86.8	90.3	96.9	-
Construction of housing for married and single personnel with mess at Caledon, Helderstroom prisons	79 houses and 19 single quarter blocks	Various	167.6	37.7	64.5	51.5	1.9	-	-
Upgrading of the water channel and water line at the Goemoed prison	Maintained building	Construction	-	-	-	-	-	-	-
Upgrading of the entire correctional facility including feasibility study at the Ceres, Warm Bokkeveld, prison	262 beds	Construction	70.6	-	9.4	43.6	16.1	4.3	-
Upgrading, repair and renovation of the existing facility Burgersdorp prison	500 beds	Design	298.0	2.4	0.2	0.1	-	70.0	111.2
Demolition of existing corrugated iron buildings at the Estcourt prison	309 beds	Design	230.0	3.4	1.1	1.7	4.9	56.0	69.2
Replacement of temporary prison with a facility for 252 inmates at the Tzaneen prison	435 beds	Tender	264.0	2.0	4.2	4.8	15.0	81.3	79.0
									24.7

Table 20.E Summary of expenditure on infrastructure (continued)

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2006/07	2007/08	2008/09		2010/11	2011/12	2012/13
R million										
Departmental infrastructure										
Upgrading of prison including erection of additional 6 cells Bergville prison	29 beds	Feasibility	39.0	1.5	1.1	0.9	0.7	12.6	8.2	17.5
Upgrading of prison and erection of additional 5 cells at Ingwavuma complex	198 beds	Design	278.0	-	-	-	2.0	48.8	85.0	73.0
Total upgrading of the prison complex at the Zeerust prison	127 beds	Design	230.0	1.6	0.3	1.2	-	27.4	73.8	80.0
Upgrading of prison including additional 10 cells and the erection of 2 unit managers' offices at Nongoma prison	-	Design	219.0	0.1	0.3	0.3	-	41.0	64.2	68.8
Upgrading of prison including erection of 5 additional cells and 1 unit manager's office at Nkandla prison	153 beds	Design	225.0	0.5	-	-	-	30.8	44.1	87.6
Upgrading of prison including the erection of additional 4 cells at Mapumulo prison	39 beds	Design	89.0	0.3	0.0	0.0	-	21.0	40.2	17.7
Replacement of dilapidated and temporary structures at the Makhado and Ateridgeville prisons	Maintained building	Identification	293.9	-	-	-	-	-	108.2	185.8
Adaptation and completion of correctional centre at Standerton prison	819 beds	Design	244.9	-	-	-	5.5	13.9	123.2	102.3
Upgrading of prison including erection of 10 cells at the Matatielle prison	24 beds	Design	19.0	-	-	-	-	5.5	10.9	2.7
Upgrading and additional accommodation at the Calvinia prison	Upgrading	Various	21.2	-	-	-	-	3.7	15.2	2.3
Existing public private partnership prisons	5 952 bed space	Handed over	-	213.4	208.2	150.0	222.6	194.7	194.7	194.7

Table 20.E Summary of expenditure on infrastructure (continued)

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation 2009/10	Medium-term expenditure estimate		
				2006/07	2007/08	2008/09		2010/11	2011/12	2012/13
R million										
Departmental infrastructure										
Parole boards offices	New offices	Various	140.2	-	-	-	96.9	37.3	-	
Construction of new access gate and visitors waiting room at the Odi prison	Improved security	Design	9.8	-	-	-	0.2	3.8	-	
Replacement of correctional centre and site clearance at the Lichtenburg prison	Prison replacement	Various	99.9	-	-	-	0.2	5.0	36.5	
Site clearance for the construction of prototype adult male correctional centre at the Nigel prison	Site clearance	Design	-	-	-	-	0.2	-	-	
Upgrading and additions at the Parys prison	Prison upgrading	Various	31.8	-	-	-	-	27.1	4.7	
Standby generator feasibility	Backup power supply	Various	4.0	-	-	-	4.0	-	-	
Remand detention feasibility study	Feasibility study	Various	-	-	-	-	5.0	-	-	
Audit of facility	Audit	Various	-	-	-	-	10.0	-	-	
Replacement of kitchen equipments and boilers	Kitchen replacement	Various	-	-	-	-	5.5	-	-	
Consultants for the public private partnership projects	Public private partnership projects	Various	-	-	-	-	33.6	44.4	16.2	
Head office site clearance	Site clearance	Various	-	-	-	-	12.0	10.0	2.0	
Maintenance										
Other small grouped projects	Maintenance	Various	-	465.7	446.2	245.4	15.4	40.3	76.4	
Total			7 648.7	794.8	1 087.0	1 035.5	1 012.5	1 108.3	1 163.1	2 675.6

Vote 21

Defence and Military Veterans

Budget summary

R million	2010/11				2011/12	2012/13
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	3 247.1	3 193.9	34.2	19.0	3 617.2	3 991.7
Force Employment	1 908.9	1 700.8	145.4	62.7	1 997.1	2 086.3
Landward Defence	9 982.9	7 409.3	2 519.2	54.4	10 431.2	11 062.1
Air Defence	6 059.1	3 713.8	2 287.7	57.7	7 910.5	8 361.9
Maritime Defence	2 179.8	1 706.5	421.2	52.1	2 320.0	2 574.2
Military Health Support	2 770.2	2 685.1	35.8	49.3	2 961.3	3 201.3
Defence Intelligence	631.1	226.6	401.1	3.4	666.0	698.9
General Support	3 936.2	2 462.9	985.8	487.5	4 028.1	4 410.1
Total expenditure estimates	30 715.3	23 099.0	6 830.1	786.2	33 931.4	36 386.5
Executive authority	Minister of Defence and Military Veterans					
Accounting officer	Secretary for Defence and Military Veterans					
Website address	www.dod.mil.za					

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

Aim

The aim of the Department of Defence is to defend and protect the Republic of South Africa, its territorial integrity and its people, in accordance with the Constitution and the principles of international law regulating the use of force.

The establishment of the Department of Military Veterans was proclaimed in Government Gazette number 32844, dated 28 December 2009. The department will be responsible for the overall management and administration of military veterans' affairs including, but not limited to, developing legislation, policy, programmes, benefits and services that facilitate the transition from active service to civilian life. Allocations of R20 million in 2010/11, R30 million in 2011/12 and R30 million in 2012/13 have been made for this department. These allocations are reflected in the *Human Resource Support Services* subprogramme under the *Administration* programme.

Programme purposes

Programme 1: Administration

Purpose: Develop policy, manage and administer the department.

Programme 2: Force Employment

Purpose: Provide and employ defence capabilities, including an operational capability to successfully conduct all operations as well as joint, interdepartmental and multinational military exercises.

Programme 3: Landward Defence

Purpose: Provide prepared and supported landward defence capabilities for the defence and protection of South Africa.

Programme 4: Air Defence

Purpose: Provide prepared and supported air defence capabilities for the defence and protection of South Africa.

Programme 5: Maritime Defence

Purpose: Provide prepared and supported maritime defence capabilities for the defence and protection of South Africa.

Programme 6: Military Health Support

Purpose: Provide prepared and supported health capabilities and services for the defence and protection of South Africa.

Programme 7: Defence Intelligence

Purpose: Provide a defence intelligence and counter intelligence capability.

Programme 8: General Support

Purpose: Provide general support capabilities and services to the department.

Strategic overview: 2006/07 – 2012/13

The main objective of the Department of Defence and Military Veterans is to defend and protect South Africa, its territorial integrity and its people, in accordance with the Constitution and the principles of international law regulating the use of force. The Department of Defence and Military Veterans continues to provide support to the United Nations (UN) and African Union (AU) initiatives aimed at promoting peace, stability and security in Africa. It is foreseen that the South African National Defence Force's continued responsibility for borderline control may extend beyond July 2010, as is currently scheduled.

Strategic and operational priorities

To ensure a defence force that is capable of defending South Africa at any time, the department will give effect to the one force, core force and growth force concepts with an appropriate balance between regular members, reserve members, personnel appointed in terms of the Public Service Act (1994) and members from the military skills development system to rejuvenate both the regular and reserve forces. Over the medium term, 106 500 reserve members could be called up and through the military skills development system the department aims to equip 11 140 young South Africans annually with basic military skills.

Current peace support operations in Africa

Security, peace and stability in the region and the continent are promoted not only through peace support operations, but also through humanitarian assistance and disaster relief, and post-conflict reconstruction and training. The South African National Defence Force prepares capabilities, which include land, air, maritime and military health support, annually to support UN and AU peace support operations, by ensuring the deployment and support of an average of 2 102 members per day over the MTEF period. Current deployments are mainly in the Democratic Republic of the Congo and Sudan. The deployment in Burundi was terminated at the end of June 2009, with a small contingent remaining to see to the back loading of equipment to South Africa.

Internal deployment

For internal deployment, the South African National Defence Force is prepared to support government departments in five distinct operations over the MTEF period, in terms of border safeguarding, safety and security, disaster aid and relief, search and rescue and the 2010 FIFA World Cup.

Joint, interdepartmental and multinational exercises are critical for force readiness and 24 exercises are planned to take place over the MTEF period.

Focus over the short, medium and long term

In the short term (one year), the key defence policy is to prepare, maintain and employ current defence capabilities. Medium term objectives are to create an affordable and sustainable force structure and rightsize and rejuvenate its human resources. The long term focus (10 years), is on attaining the optimal level of competencies, technology and force structure to defend and protect South Africa and its territorial integrity.

Savings and cost effective service delivery

Over the period 2008/09 to 2012/13, the Department of Defence and Military Veterans' baseline has been reduced, with efficiency savings of R23.1 million in 2008/09, R499.6 million in 2009/10, R3.2 billion in 2010/11, R2.2 billion in 2011/12 and R2.1 billion in 2012/13, amounting to a total reduction of R8 billion over the 5-year period. Included in the total reduction is a saving of R4.5 billion due to the cancellation of the Airbus A400M aircraft contract.

Significant effort has been gone into implementing cost containment measures throughout the department without compromising existing, new and expanding frontline defence services. These include: limiting overseas visits and travel; limiting the replacement of sedan vehicles; limiting the transferring of personnel between geographical areas; reducing the procurement of books, pamphlets, newspapers and magazines; curtailing the procurement of office furniture; not renewing non-essential internet subscriptions; and reassessing the allocation for performance incentives.

Over the MTEF period, the baseline efficiency savings are focused on rephrasing and rescheduling armament acquisition to match a realistic acquisition plan. Efforts are also being made to save even further on administrative expenditure and the procurement of goods and services.

Selected performance indicators**Table 21.1 Defence and Military Veterans**

Indicator	Programme	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Total number of active reserves	Landward Defence	13 050	12 583	19 763	24 400	31 500	35 500	39 500
Number of external operations per year	Force Employment	14	11	9	12	12	12	12
Average number of personnel deployed daily in external operations	Force Employment	4 810	2 698	2 931	3 024	2 102	2 102	2 102
Number of internal operations in support of other government departments per year	Force Employment	3	3	6	5	5	4	4
Number of person days used during internal operations	Force Employment	–	515 516	231 608	156 381	515 516	208 609	208 609
Number of joint, interdepartmental and military exercises conducted per year	Force Employment	16	10	10	9	9	7	8
Number of military skills development members in the system per year	Landward Defence	4 710	4 677	6 736	8 833	11 140	11 140	11 140

Table 21.1 Defence and Military Veterans (continued)

Indicator	Programme	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Number of flying hours in support of operations per year	Air Defence	9 788	12 271	11 099	9 500	9 500	9 500	9 500
Number of sea hours on patrol in South African maritime zones per year	Maritime Defence	9 949	9 648	8 236	11 000	10 000	9 000	9 000
Number of health care activities per year*	Military Health Support	–	–	–	2 400 000	2 400 000	2 400 000	2 400 000

*The performance indicator was changed to provide an overview of the South African Military Health Service performance in terms of the number of health care activities, which include health assessments and medical support services in the 88 geographic health care facilities, 3 military hospitals and the military health institutes as well as to national and international dignitaries and during internal and external operations.

Expenditure estimates

Table 21.2 Defence and Military Veterans

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
R million								
1. Administration	2 012.3	2 153.9	2 480.2	2 880.6	2 880.6	3 247.1	3 617.2	3 991.7
2. Force Employment	1 508.0	1 581.2	1 913.9	1 924.5	1 924.5	1 908.9	1 997.1	2 086.3
3. Landward Defence	6 422.4	7 128.0	7 487.2	8 909.1	8 909.1	9 982.9	10 431.2	11 062.1
4. Air Defence	7 261.7	7 314.8	8 018.8	9 056.4	8 056.4	6 059.1	7 910.5	8 361.9
5. Maritime Defence	2 643.1	2 396.7	1 837.2	2 011.3	2 011.3	2 179.8	2 320.0	2 574.2
6. Military Health Support	1 705.2	1 877.7	2 176.9	2 482.8	2 482.8	2 770.2	2 961.3	3 201.3
7. Defence Intelligence	353.6	461.1	506.8	599.6	599.6	631.1	666.0	698.9
8. General Support	1 911.4	2 266.8	3 380.4	3 461.0	3 461.0	3 936.2	4 028.1	4 410.1
Total	23 817.6	25 180.1	27 801.3	31 325.3	30 325.3	30 715.3	33 931.4	36 386.5
Change to 2009 Budget estimate				(699.1)	(1 699.1)	(1 674.0)	(487.3)	120.6
Economic classification								
Current payments	14 482.5	15 723.3	17 894.3	20 737.6	20 737.6	23 099.0	24 858.9	26 725.3
Compensation of employees	9 037.6	9 735.9	10 620.0	12 223.2	12 223.2	13 450.4	14 630.1	15 686.9
Goods and services	5 444.9	5 987.4	7 274.3	8 514.4	8 514.4	9 648.6	10 228.8	11 038.3
of which:								
Computer services	537.4	610.7	782.6	948.2	948.2	971.4	1 037.2	1 080.8
Contractors	2 090.2	2 295.2	2 405.9	3 181.8	3 181.8	3 844.0	4 109.9	4 552.7
Inventory: Food and food supplies	287.3	315.1	575.2	491.5	491.5	559.5	645.1	698.6
Property payments	301.4	317.1	359.4	456.7	456.7	505.5	576.3	656.4
Transfers and subsidies	8 882.8	8 926.9	8 833.1	9 844.9	8 844.9	6 830.1	8 616.5	8 815.7
Provinces and municipalities	4.0	36.7	13.8	–	–	–	–	–
Departmental agencies and accounts	8 288.5	8 243.4	8 096.6	9 075.0	8 075.0	5 968.6	7 748.5	7 927.5
Public corporations and private enterprises	396.3	473.8	565.8	603.6	603.6	721.2	735.6	768.5
Non-profit institutions	2.8	2.9	4.2	4.4	4.4	4.8	5.0	5.2
Payments for capital assets	434.3	497.7	998.9	742.8	742.8	786.2	455.9	845.6
Buildings and other fixed structures	49.2	93.4	476.5	452.0	452.0	484.3	171.6	252.8
Machinery and equipment	383.8	395.9	521.0	263.0	263.0	281.9	259.4	470.2
Specialised military assets	–	–	–	27.6	27.6	19.6	24.5	122.0
Biological assets	–	–	–	–	–	0.1	0.1	0.1
Software and other intangible assets	1.3	8.4	1.3	0.3	0.3	0.3	0.3	0.3
Payments for financial assets	18.0	32.2	75.0	–	–	–	–	–
Total	23 817.6	25 180.1	27 801.3	31 325.3	30 325.3	30 715.3	33 931.4	36 386.5

Expenditure trends

Between 2006/07 and 2009/10, defence expenditure increased from R23.8 billion to R31.3 billion, at an average annual rate of 9.6 per cent. Over the medium term, expenditure is expected to increase to R36.4 billion, at an average annual rate of 5.1 per cent. Savings from the cancellation of the A400M aircraft contract carry through during the medium term. The increase over the latter part of the MTEF period is due to: the salary adjustments for government employees, additional allocations for the South African Defence Force's new remuneration system, the military skills development system, landward defence modernisation and the establishment of an office for the management of military veterans affairs. The decrease in spending

in the *Maritime Defence* programme in 2008/09 is due to the finalisation of the frigate and submarine strategic defence procurement projects.

Landward Defence becomes the dominant programme within the Department of Defence and Military Veterans over the MTEF period as a result of the cancellation of the A400M aircraft contract. The programme uses 30.5 per cent of the department's total budget. The *Air Defence* programme takes up 23.1 per cent, and the *General Support* and *Administration* programmes take up 12 and 10.3 per cent of the total budget. Expenditure in the *Administration* programme is expected to increase by 12.7 per cent, 11.4 per cent and 10.4 per cent in each year of the medium term due to the inclusion of the defence office accommodation portfolio of R1.8 billion in 2010/11 in this programme. The increase in expenditure in the *General Support* programme is equally large due to the inclusion in the programme of the facilities maintenance and repair programme, the capital works programme, and the upgrade of the Air Force Base Waterkloof runway. The higher than average increases in spending in the *Landward Defence*, *Maritime Defence* and *Military Health Support* programmes over the MTEF period are due to the additional allocations received for landward defence renewal, provision for the replacement of operational ambulances, and initiating programmes to acquire a hydrographic vessel and off-shore patrol vessels.

Expenditure in compensation of employees of R13.4 billion or 43.8 per cent of the total budget in 2010/11 remains the largest expenditure item in the budget. Expenditure on goods and services, and transfer payments amount to 31.4 per cent and 22.2 per cent in 2010/11. These percentages remain relatively stable over the medium term. R28 million was spent on the use of consultants on large projects in 2008/09 and R24 million will be spent in 2009/10. These consultants were mostly used to assist the department with clearing up audit qualifications, completing organisation and work study reports, supporting the department's information warfare assistance programme, and completing the defence update and defence strategy for 2010.

The department's human resource strategy to rejuvenate the South African National Defence Force resulted in 25 811 youths participating in the youth initiative between 2003/04 and 2009/10. 7 450 are still serving in the military skills development system, 12 707 have translated to the regular force and 5 654 have separated from the department. Over the MTEF period, the department intends to grow the military skills development system further to aid youth development and rejuvenation by taking on 11 022 military skills development system members. Compensation of employees in the department's baseline increased by 9.6 per cent from 2006/07 (R100 million) to 2009/10 (R200 million) and is expected to increase further over the medium term to support the military skills development system. Further adjustments of R50 million in 2010/11, R70 million in 2011/12 and R100 million in 2012/13 are expected.

The department's establishment was 77 516 in 2006/07, 74 843 in 2007/08 and 74 594 in 2008/09. The establishment as at 30 September 2009 was 74 542. Over the MTEF period, funded posts are expected to be 78 094, 79 519 and 81 217.

The department's human resource budget increased from R9 billion in 2006/07 to R12.2 billion in 2009/10, at an average annual rate of 10.6 per cent. Over the medium term, it is expected to increase to R15.7 billion, at an average annual rate of 8.7 per cent due to salary increases and addition personnel.

The minister has appointed an interim national force defence service commission in 2009 to investigate, advise and make recommendations regarding the service conditions and service benefits of regular force members to attract and retain skills in the department. The department's new remuneration strategy, which aims to introduce a dispensation that will ensure fair, equitable and competitive remuneration structures for all South African National Defence Force members, has been approved. The 2010 Budget allocates R600 million, R730 million and R850 million over the medium term to implement the provisions of the new remuneration system.

Infrastructure spending

In 2008/09, the department continued to fund 36 capital works building projects. The bulk of the funds were spent on upgrading military health facilities, installing fire detection and protection systems, making structural changes to buildings to accommodate disabled members, upgrading kitchens, building an urban training facility, and improving security at different buildings throughout the country. In consultation with the national Department of Public Works, the department continues with the repair and maintenance programme at the military hospitals in Pretoria and Cape Town, the Air Force Base Waterkloof in Pretoria, 4 SA Infantry Battalion in Middelburg, and 35 Engineer Support Regiment in Dunnottar. Over the medium

term, the programme is extended to eventually include the repair and maintenance of 33 bases and 52 capital works projects. Over the MTEF period, R908.6 million has been allocated to capital works projects and R2.3 billion to the repair and maintenance programme. The rebuilding of the runway at the Air Force Base Waterkloof progressed satisfactorily, with final expenditure of R350 million expected to take place in 2010/11.

Departmental receipts

Departmental receipts are mainly from the sale of redundant or obsolete equipment and defence matériel, the rental of accommodation to personnel, and board and lodging. The reason for the fluctuations in real departmental receipts, specifically financial transactions in assets and liabilities, is due to the unpredictable nature of reimbursements for peace support operations. Revenue collection projections are also hampered by the unpredictable nature of the potential buyers for South African National Defence Force equipment, and by international treaties, protocols and licence agreements. Between 2009/10 and 2012/13, revenue is expected to increase from R676.7 million to R756.9 million, at an average annual rate of 3.8 per cent.

Table 21.3 Departmental receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
Departmental receipts	492 792	551 855	629 390	676 749	676 749	702 466	729 158	756 867
Sales of goods and services produced by department	111 723	165 148	165 268	252 265	174 989	181 638	188 540	195 705
Sales of scrap, waste, arms and other used current goods	58 040	7 336	28 285	–	17 205	17 859	18 537	19 242
Transfers received	–	–	290 653	158 122	188 518	195 682	203 118	210 836
Fines, penalties and forfeits	2 272	1 157	1 058	2 547	3 483	3 615	3 753	3 895
Interest, dividends and rent on land	813	1 710	1 398	1 667	2 382	2 473	2 566	2 664
Sales of capital assets	5 749	128 913	122 066	19 285	50 755	52 684	54 686	56 764
Transactions in financial assets and liabilities	314 195	247 591	20 662	242 863	239 417	248 515	257 958	267 761
Total	492 792	551 855	629 390	676 749	676 749	702 466	729 158	756 867

Programme 1: Administration

Expenditure estimates

Table 21.4 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Minister ¹	0.9	0.9	1.0	1.7	1.8	1.9	2.0
Deputy Minister ¹	0.7	0.8	0.8	1.4	1.5	1.6	1.7
Ministerial Direction	15.0	15.7	19.1	16.9	17.2	20.5	21.8
Departmental Direction	13.9	16.4	16.2	24.8	26.1	27.3	28.5
Policy and Planning	114.7	100.7	58.8	77.9	88.4	91.3	95.7
Financial Services	165.9	179.6	186.3	227.1	237.0	253.5	265.3
Human Resources Support Services	482.2	414.6	498.8	516.3	588.5	636.6	663.1
Legal Services	81.5	86.2	110.8	137.6	152.1	158.0	165.0
Inspection Services	35.9	38.4	48.1	52.3	55.9	60.9	64.0
Acquisition Services	41.1	50.7	52.9	47.0	47.5	52.9	55.3
Communication Services	19.4	21.9	23.7	25.8	27.3	30.1	31.7
South African National Defence Force Command and Control	7.1	29.1	68.0	72.5	84.4	82.4	84.7
Religious Services	5.4	5.5	7.2	5.9	8.4	9.5	10.3
Defence Reserve Direction	9.9	7.8	10.2	13.5	14.5	15.7	16.6
Defence Foreign Relations	77.4	103.0	143.8	123.8	134.3	148.3	155.5
Office Accommodation	941.3	1 082.7	1 234.4	1 536.2	1 762.3	2 026.6	2 330.6
Total	2 012.3	2 153.9	2 480.2	2 880.6	3 247.1	3 617.2	3 991.7
Change to 2009 Budget estimate				19.8	105.0	111.9	184.9

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

Table 21.4 Administration (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Economic classification							
Current payments	1 949.1	2 079.0	2 400.4	2 835.8	3 193.9	3 569.1	3 948.7
Compensation of employees	703.9	773.7	851.7	953.0	1 074.2	1 155.8	1 213.6
Goods and services	1 245.1	1 305.3	1 548.7	1 882.9	2 119.7	2 413.3	2 735.1
<i>of which:</i>							
<i>Computer services</i>	67.4	70.7	55.3	97.1	81.1	92.1	99.4
<i>Contractors</i>	626.5	656.8	758.7	948.3	1 127.1	1 299.6	1 482.6
<i>Inventory: Food and food supplies</i>	8.0	8.3	10.8	12.0	15.6	16.5	17.0
<i>Property payments</i>	280.8	294.4	332.2	424.4	466.4	535.6	615.2
Transfers and subsidies	32.8	42.2	34.2	23.1	34.2	31.9	26.4
Provinces and municipalities	0.3	5.0	0.6	–	–	–	–
Departmental agencies and accounts	7.7	7.7	8.8	8.9	9.1	12.0	15.2
Non-profit institutions	2.5	–	3.9	4.0	4.2	4.4	4.6
Households	22.3	29.5	20.9	10.2	20.9	15.5	6.6
Payments for capital assets	18.8	25.7	34.4	21.7	19.0	16.2	16.7
Machinery and equipment	18.7	25.7	34.4	21.7	19.0	16.2	16.7
Software and other intangible assets	0.1	0.0	–	–	0.0	0.0	0.0
Payments for financial assets	11.6	6.9	11.1	–	–	–	–
Total	2 012.3	2 153.9	2 480.2	2 880.6	3 247.1	3 617.2	3 991.7
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	7.7	7.7	8.8	8.9	9.1	12.0	15.2
Safety and Security Sector Education and Training Authority	7.7	7.7	8.8	8.9	9.1	12.0	15.2
Non-profit institutions							
Current	2.5	–	3.9	4.0	4.2	4.4	4.6
Reserve Force Council	2.5	–	3.9	4.0	4.2	4.4	4.6

Expenditure trends

Expenditure increased from R2 billion in 2006/07 to R4 billion in 2012/13, at an average annual rate of 12.1 per cent. The high percentage increase in this programme is the result of the *Office Accommodation* subprogramme, in which expenditure increases at an average annual rate of 14.9 per cent. This also explains the strong growth in goods and services at an average annual rate of 13.3 per cent over the MTEF period. Expenditure on consultants on large projects amounted to R7 million for 2008/09 and R4 million for 2009/10, most of which was used by the Defence Institute, which assisted the department with the defence update and the defence strategy 2030.

The increase of 14 per cent in expenditure in the *Human Resource Support Services* subprogramme in 2010/11 is due to additional allocations for the establishment of a management capability for military veterans' affairs, funding the activities of the interim national defence force service commission and funding the training of military skills development system members at the Military Academy. The additional allocations of R20 million in 2010/11, R30 million in 2011/12 and R30 million in 2012/13 for the Department of Military Veterans is hosted in the *Human Resource Support Services* subprogramme. The increase of 10.5 per cent in the *Legal Services* subprogramme in 2010/11 is due to the implementation of the occupational specific dispensation for legal practitioners. The *Policy and Planning* and *South African National Defence Force Command and Control* subprogrammes increases in 2010/11 are mainly due to provisions for members that will be retiring and staffing of structures, especially at the defence headquarters unit. The decrease of 11.1 per cent in 2009/10 and 1 per cent in 2010/11 in the *Acquisition Services* subprogramme is due to the migration of the 2 central procurement centres from the defence materiel division to the logistics division.

Programme 2: Force Employment

- *Strategic Direction* formulates and controls strategies, policies and plans for the employment of forces. Funding is based on the cost of operating a joint operations division headquarters.
- *Operational Direction* provides operational direction to joint and multinational task forces and joint tactical headquarters through an operational level headquarters. Funding is distributed according to the cost of operating one operational and nine tactical headquarters.
- *Special Operations* provides and employs a special operations capability within the approved special forces mandate for the South African National Defence Force. Funding is distributed according to the number and size of units, systems and equipment operating and maintenance requirements, and the number of special forces operations, force preparation exercises and training courses.
- *Regional Security* provides for the deployment of forces in support of South Africa's commitment to regional, continental and global security. Funding is distributed according to the number, size and duration of deployments, and systems and equipment operating and maintenance requirements.
- *Support to the People* provides for the internal deployment of forces in support of the South African Police Service and other government departments. Funding is distributed according to the number, size and duration of deployments, and systems and equipment operating and maintenance requirement.
- *Defence Capability Management* provides for the planning and control of joint, interdepartmental and multinational military force preparation exercises, the development of the joint force employment command and control plan and capability development management. Funding is distributed according to the needs for exercise control equipment for joint, interdepartmental and multinational military exercises and contractual obligations for the development of joint force employment command and control plans, and capability development.

Objectives and measures

- Provide and manage defence capabilities, including an operational capability, to conduct operations and joint, interdepartmental and multinational military exercises by:
 - providing and employing special operations capability in line with national requirements
 - conducting an average of 12 external peace missions per year in accordance with requirements to promote peace and security
 - conducting 21 joint, interdepartmental and multinational military force preparation exercises over the next 3 years (excluding Special Forces and multinational air transport exercises)
 - conducting an average of 4 missions per year in support of other government departments and complying with international obligations.

Service delivery focus

In 2008/09, approximately 2 900 members, including 255 reserves, were deployed daily in 6 peace support operations in the Democratic Republic of the Congo, Burundi, Ethiopia and Eritrea, Sudan, Uganda, Southern Sudan and Nepal, and to 3 general military assistance operations in the Democratic Republic of the Congo, the Central African Republic and Uganda. The UN Security Council extended the mandate of the UN peace building office in Burundi until 31 December 2009, resulting in South African forces being deployed longer than planned. In 2008/09, the Ugandan government was assisted with the demolition of 368 tons of unserviceable and redundant ammunition. In general, the shortage of specialist technical staff and support negatively affected operations in all the missions. To address this, the South African Army is currently training members in the Technical Services Corps, Ordnance Services Corps and the South African Catering Corps, and is recruiting members from within the army, thus creating the opportunity for a second career and also addressing the shortage of specialists.

In the first half of 2009/10, an average of 2 680 members per day, including reserves, were deployed to conduct regional security. The South African National Defence Force's involvement in Burundi was terminated at the end of June 2009; however, a small contingent will remain behind until all equipment is back loaded to South Africa. The AU mission in northern Uganda-Southern Sudan and the UN mission in

Nepal were concluded in 2009. The assistance operation in the Central African Republic will terminate in February 2010.

An average of 195 South African National Defence Force members were deployed in the first half of 2009/10 in cooperation with the South African Police Service along the South Africa-Zimbabwe border. The South African National Defence Force played a major role in safety and security support during the 2009 FIFA Confederations Cup and is preparing to play a similar role during the 2010 FIFA World Cup. It also successfully hosted and participated in the SADC exercise to test the intervention capability of the Southern Africa standby brigade at the South African Army Combat Training Centre in September 2009.

Nationally, 501 South African National Defence Force members were deployed during the 2009 elections in cooperation with the South African Police Service. Some of these members also acted as electoral officials for the Electoral Commission in Mpumalanga. The South African National Defence Force, in cooperation with the South African Police Service, participated in maintaining safety and security in anti-crime operations in KwaZulu-Natal in the run up to the 2009 elections.

From April to September 2009, successful internal search and rescue and disaster aid relief actions were executed in support of other government departments, including the search for a missing vessel in distress in East London, rescue and medical evacuation of civilians in mountains, rescuing seamen from a bulk carrier that ran aground, and supporting the National Sea Rescue Institute in Port Elizabeth. In 2008, the South African National Defence Force cooperated with the South African Police Service during specific events such as the SADC Heads of State Summit, and with combating attacks against foreign nationals.

Expenditure estimates

Table 21.5 Force Employment

Subprogramme	Audited outcome			Adjusted appropriation 2009/10	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09		2010/11	2011/12	2012/13
R million							
Strategic Direction	101.1	50.8	56.5	69.9	80.7	91.0	96.2
Operational Direction	99.1	160.2	144.0	186.7	217.5	232.0	247.2
Special Operations	321.2	343.5	373.2	410.8	446.6	471.0	505.4
Regional Security	135.4	29.1	1 092.2	219.8	1 031.2	1 087.9	1 133.5
United Nations Peace Mission in the Democratic Republic of the Congo	273.5	325.3	–	552.9	–	–	–
Protection Support Detachment in Burundi	202.7	223.3	–	–	–	–	–
Special Advice Team to the Democratic Republic of the Congo	–	–	–	12.9	–	–	–
Military Observers	1.1	1.6	–	–	–	–	–
African Union/United Nations Mission in Sudan	195.2	143.3	–	292.8	–	–	–
Support to the People	163.4	293.2	234.7	158.3	113.9	95.3	83.5
Defence Capability Management	15.5	10.8	13.3	20.4	19.0	19.9	20.5
Total	1 508.0	1 581.2	1 913.9	1 924.5	1 908.9	1 997.1	2 086.3
Change to 2009 Budget estimate				(6 824.8)	(7 593.7)	(7 991.7)	8.9
Economic classification							
Current payments	1 282.9	1 405.6	1 661.6	1 699.0	1 700.8	1 782.7	1 856.2
Compensation of employees	632.8	689.1	741.2	866.3	776.2	849.4	895.2
Goods and services	650.1	716.5	920.4	832.7	924.7	933.3	961.1
<i>of which:</i>							
Computer services	2.8	3.0	1.6	3.7	3.8	3.6	3.8
Contractors	247.9	273.2	142.0	280.8	358.4	345.8	334.5
Inventory: Food and food supplies	29.6	32.6	94.2	52.4	35.6	33.0	36.1
Property payments	0.9	1.0	0.2	1.2	1.1	0.5	0.5
Transfers and subsidies	148.9	120.6	160.2	170.6	145.4	149.1	159.8
Provinces and municipalities	0.1	1.3	0.6	–	–	–	–
Departmental agencies and accounts	139.4	111.8	152.1	156.8	129.4	131.7	142.8
Public corporations and private enterprises	–	–	–	–	4.0	4.4	4.8
Households	9.4	7.5	7.6	13.8	12.0	13.0	12.2

Table 21.5 Force Employment (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Economic classification							
Payments for capital assets	76.2	54.9	60.6	54.8	62.7	65.4	70.3
Buildings and other fixed structures	-	1.8	0.7	1.1	12.6	13.0	13.5
Machinery and equipment	76.2	53.2	60.0	53.4	47.8	50.0	53.6
Specialised military assets	-	-	-	0.3	2.4	2.4	3.1
Payments for financial assets	0.0	0.0	31.5	-	-	-	-
Total	1 508.0	1 581.2	1 913.9	1 924.5	1 908.9	1 997.1	2 086.3
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	139.4	111.8	152.1	156.8	129.4	131.7	142.8
Special Defence Account	139.4	111.8	152.1	156.8	129.4	131.7	142.8
Public corporations and private enterprises							
Public corporations							
Other transfers							
Current	-	-	-	-	4.0	4.4	4.8
Armaments Corporation of South Africa	-	-	-	-	4.0	4.4	4.8

Expenditure trends

The *Force Employment* programme accounts for 6.2 per cent of the department's total expenditure. Expenditure in this programme increase from R1.5 billion in 2006/07 to R2.1 billion in 2012/13, at an average annual rate of 5.6 per cent. The increase of 16.5 per cent in 2010/11 in the *Operational Direction* subprogramme is due to the staffing of operational structures. The decrease of 6.8 per cent in the *Defence Capability Management* subprogramme from 2009/10 to 2010/11 is due to the non-recurrent expenditure in this subprogramme in 2009/10 for the Southern Africa standby brigade exercise.

Over the MTEF period, expenditure will focus on the strategic and operational direction for the programme. This includes: planning and control of joint, interdepartmental and multinational exercises; peace support operations; general military assistance and support to other government departments; and the provision of a special forces capability.

Programme 3: Landward Defence

- *Strategic Direction* directs, orchestrates and controls the South African Army in achieving its mission to provide prepared and supported landward capabilities for the defence and protection of South Africa. Funding is based on the cost of operating the landward defence headquarters and managing centralised funds for scarce commodities and specialist services.
- *Infantry Capability* provides combat ready infantry capabilities through training, preparing, exercising and supporting mechanised, motorised and airborne infantry units. Funding is distributed according to the number and size of units, systems and equipment operating and maintenance requirements, and the number of force preparation exercises and training courses.
- *Armour Capability* provides combat ready armour capabilities through training, preparing, exercising and supporting tank and armoured car units. Funding is distributed according to the number and size of units, systems and equipment operating and maintenance requirements, and the number of force preparation exercises and training courses.
- *Artillery Capability* provides combat ready artillery capabilities through training, preparing, exercising and supporting composite and light artillery units. Funding is distributed according to the number and size of units, systems and equipment operating and maintenance requirements, and the number of force preparation exercises and training courses.

- *Air Defence Artillery Capability* provides combat ready air defence artillery capabilities through training, preparing, exercising and supporting air defence artillery units. Funding is distributed according to the number and size of units, systems and equipment operating and maintenance requirements, and the number of force preparation exercises and training courses.
- *Engineering Capability* provides combat ready engineering capabilities to ensure mobility and establish infrastructure during exercises and deployments, through training, preparing, exercising and supporting field and construction engineer units. Funding is distributed according to the number and size of units, systems and equipment operating and maintenance requirements, and the number of force preparation exercises and training courses.
- *Operational Intelligence* provides combat ready operational intelligence capabilities to enable successful planning and execution of operations, through training, preparing, exercising and supporting intelligence units. Funding is distributed according to the number and size of units, systems and equipment operating and maintenance requirements, and the number of force preparation exercises and training courses.
- *Command and Control Capability* provides combat ready tactical command and control capabilities for integrated forces during force preparation and force employment. Funding is distributed according to the number and size of units, systems and equipment operating and maintenance requirements, and the number of force preparation exercises and training courses.
- *Support Capability* provides first and second line support capabilities to units and bases and ensures support to deployed combat units through training, preparing, exercising and supporting of first and second line maintenance units and workshops. Funding is distributed according to the number and size of units, systems and equipment operating and maintenance requirements, the number of force preparation exercises and training courses, and product systems requirements.
- *General Training Capability* provides general training capabilities through basic military training, junior leader training, common landward training and command and management training at the Training Depot (and decentralised units), the South African Army Gymnasium, the combat training centre and the South African Army College. Funding is distributed according to the number and size of units, equipment operating and maintenance requirements, and the number of force preparation exercises and training courses.
- *Signal Capability* provides combat ready signal capabilities to ensure command, control and communications during exercises and deployments, through training, preparing, exercising and supporting signal units. Funding is distributed according to the number and size of units, systems and equipment operations and maintenance requirements, and the number of force preparation exercises and training courses.

Objectives and measures

- Defend and protect South Africa and its territory by:
 - providing 3 infantry battalions a year sustained for external deployment, 1 airborne battalion as Chief of the South African National Defence Reaction Force, 1 multi-role battalion for internal safety and security, 1 battalion in support of internal security operations, and 4 battalions involved in exercises
 - exercising 1 tank regiment and 1 armoured car regiment with 1 squadron for internal deployment per year
 - exercising 1 composite artillery regiment and 1 light (airborne) artillery battery, and having 1 light artillery battery in reserve and 1 battery for internal deployment per year
 - exercising 1 air defence artillery regiment and 1 light (airborne) air defence artillery battery, and having 1 light air defence artillery battery as part of the mobile capability and 1 battery for internal deployment per year
 - providing 3 sustained composite engineer squadrons for external deployment, 1 composite engineer squadron for internal reserve, and exercising 1 light (airborne) engineer squadron per year
 - providing 2 signal regiments per year for external deployment, internal reserve and involvement in exercises.

Service delivery focus

In 2008/09, the South African Army provided 4 199 members for peace support operations and 393 members were utilised internally in cooperation with the South African Police Service. Of the 4 199 members, 179 were instructors who provided post-conflict reconstruction training in the Democratic Republic of the Congo and the Central African Republic. The army qualified 17 685 learners (including 91 members from other defence forces) at its centres of excellence. 30 South African Army members were trained as hand to hand combat instructors for the 2009 military skills development system intake. 79 personnel deployed in terms of the Public Service Act (1994) from various South African army units underwent training, 366 members received adult based education and training and Grade 12 qualifications. 474 members were trained in writing unit standards, 18 on the design and development of standards, and 20 were qualified as education, training and development practitioners. 22 members qualified in basic explosive ordnance and 24 as chemical, biological and radiological instructors.

In the first half of 2009/10, the South African Army provided 2 781 members for external deployments in Sudan, Burundi, Uganda and 1 580 members for internal deployments in cooperation with the South African Police Service, and trained and qualified 6 115 members (including 63 members from other defence forces) during the presentation of 205 courses at the South African Army centres of excellence. South African Army units also provided 366 members with adult basic education and training, including the massified induction programme. 304 members underwent training as part of the Department of Defence and Military Veterans works regiment. About 2 439 South African Army members participated in exercise Golfinho. As part of the technology renewal initiative, phases 1 and 2 of the local area network and wide area network upgrade have been completed in 7 South African Army units, including army headquarters.

In 2009, the South African Army provided language courses in Portuguese, French and Kiswahili to members deployed externally and to those who participated in the Southern Africa standby brigade exercise. The South African Army successfully conducted the Seboka and Young Eagle (airborne) exercises for military skills development in February, October and November 2009, and interdepartmental exercises Shield 1, 2 and 4 in preparation for the 2009 FIFA Confederations Cup and the 2010 FIFA World Cup. In accordance with the bilateral agreement between South Africa and the Central African Republic, 13 courses were presented from January to November 2009, 5 training teams and 113 trainers were provided and 28 Central African Republic members attended formal courses at South African Army training institutions.

Expenditure estimates

Table 21.6 Landward Defence

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Strategic Direction	122.0	178.8	258.9	829.4	342.8	379.6	362.6
Infantry Capability	2 066.1	2 230.1	2 508.7	2 860.3	3 042.2	3 252.7	3 267.2
Armour Capability	371.6	348.1	230.3	241.3	249.9	259.6	275.7
Artillery Capability	528.3	485.6	343.8	308.2	273.5	382.8	405.8
Air Defence Artillery Capability	219.1	262.4	303.8	384.5	633.5	409.0	366.6
Engineering Capability	211.9	243.7	284.9	327.0	436.9	449.7	480.2
Operational Intelligence	79.7	133.5	197.0	281.4	241.2	175.3	181.4
Command and Control Capability	75.6	78.1	86.7	97.6	111.8	118.2	125.1
Support Capability	2 120.1	2 492.3	2 525.1	2 776.3	3 666.2	4 041.4	4 596.3
General Training Capability	154.0	177.8	219.5	263.5	325.4	340.9	362.7
Signal Capability	474.0	497.7	528.5	539.4	659.7	622.2	638.5
Total	6 422.4	7 128.0	7 487.2	8 909.1	9 982.9	10 431.2	11 062.1
Change to 2009 Budget estimate				(1 362.9)	1 097.7	1 028.9	573.8

Table 21.6 Landward Defence (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Economic classification							
Current payments	4 664.4	4 951.9	5 316.6	6 498.8	7 409.3	7 833.4	8 429.9
Compensation of employees	3 898.3	4 113.0	4 253.6	5 113.0	5 674.7	6 074.9	6 597.8
Goods and services	766.1	838.8	1 063.0	1 385.7	1 734.7	1 758.5	1 832.0
<i>of which:</i>							
Computer services	49.4	54.1	88.5	92.4	99.6	101.0	107.2
Contractors	162.5	177.9	148.1	303.9	245.8	284.1	294.2
Inventory: Food and food supplies	140.3	153.6	297.1	262.3	332.5	440.3	499.3
Property payments	2.4	2.6	3.3	4.4	6.3	6.9	7.0
Transfers and subsidies	1 689.3	2 125.3	2 077.1	2 372.8	2 519.2	2 536.7	2 371.4
Provinces and municipalities	1.5	11.6	6.1	–	–	–	–
Departmental agencies and accounts	1 643.7	2 065.9	2 018.3	2 286.9	2 439.0	2 453.7	2 288.7
Public corporations and private enterprises	–	–	–	–	39.0	41.8	41.8
Households	44.0	47.8	52.7	85.8	41.2	41.3	41.0
Payments for capital assets	64.5	47.4	83.8	37.6	54.4	61.1	260.9
Buildings and other fixed structures	–	–	–	–	0.1	–	0.1
Machinery and equipment	64.5	47.4	83.6	36.6	54.2	61.0	260.8
Specialised military assets	–	–	–	1.0	0.1	0.0	0.0
Software and other intangible assets	0.0	0.0	0.2	–	0.0	0.0	0.0
Payments for financial assets	4.2	3.4	9.7	–	–	–	–
Total	6 422.4	7 128.0	7 487.2	8 909.1	9 982.9	10 431.2	11 062.1
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	1 643.7	2 065.9	2 018.3	2 286.9	2 439.0	2 453.7	2 288.7
Special Defence Account	1 643.7	2 065.9	2 018.3	2 286.9	2 439.0	2 453.7	2 288.7
Public corporations and private enterprises							
Public corporations							
Other transfers							
Current	–	–	–	–	39.0	41.8	41.8
Armaments Corporation of South Africa	–	–	–	–	39.0	41.8	41.8

Expenditure trends

The 11.5 per cent increase in the programme from 2006/07 to 2009/10 is due to additional allocations for the implementation of the military skills development system, the procurement of critical ammunition, the maintenance and repair of operational vehicles, the rejuvenation of the conventional reserves and the establishment of a works regiment.

The *Landward Defence* programme accounts for 29.2 per cent of the department's total expenditure, in which expenditure increases from R6.4 billion in 2006/07 to R11.1 billion in 2012/13, at an average annual rate of 9.5 per cent. This is mainly due to additional funding for: increases in the military skills development system intake; increased maintenance requirements of the South African Army's ageing operational vehicle fleet; initiation of landward defence equipment renewal projects; and the procurement of critical ammunition. Expenditure on consultants on large projects amounted to R5 million in 2008/09 and R6 million in 2009/10. Consultants were used mostly to complete organisation and work study reports required for organisational restructuring, and for advice with regard to business architecture and business renewal services.

The decrease of 58.7 per cent in expenditure in the *Strategic Direction* subprogramme and the increase of 32.1 per cent in spending in the *Support Capability* subprogramme in 2010/11 are due to the procurement of centralised or depot items such as rations, fuel, vehicle spares, ammunition and furniture through the *Support Capability* subprogramme.

The 64.8 per cent increase in expenditure in the *Air Defence Artillery Capability* subprogramme in 2010/11 is due to the delivery milestones of the shoulder launched air defence artillery system and mobile ground to

air missile system programmes. The 33.6 per cent increase in expenditure in the *Engineering Capability* subprogramme in 2010/11 is due to the establishment of 3 additional squadrons, namely a light airborne engineering squadron, a maintenance squadron and a construction squadron. The 22.3 per cent increase in spending in the *Signal Capability* subprogramme in 2010/11 and 5.7 per cent decrease thereafter is due to the finalisation of the installation of the communication system on the rooikat armoured car and ratel infantry combat vehicle.

Over the MTEF period, spending will focus on providing forces for internal and external deployments according to government requirements. The South African Army will continue to prepare its forces to comply with military strategic objectives and facilitate individual formal training to ensure career progress. Assets will be maintained and managed within budget to support deployments and force preparation. The South African Army will renew its capabilities according to government imperatives and national strategic objectives.

Programme 4: Air Defence

- *Strategic Direction* provides strategic direction to the programme by formulating and controlling strategies, policies and plans via the air force office to prepare and provide the capabilities required by the Chief of the South African National Defence Force. Funding is based on the cost of operating the air defence headquarters.
- *Operational Direction* provides operational direction to the programme by means of an air command. Funding is based on the cost of operating the air command.
- *Helicopter Capability* provides and sustains operationally ready light utility helicopters, medium transport helicopters and combat support helicopters, crewed by appropriately qualified personnel. Funding is distributed according to the number and size of units, systems and equipment operating and maintenance requirements, and the number of force preparation exercises and training courses.
- *Transport and Maritime Capability* provides and sustains operationally ready transport and maritime aircraft, crewed by appropriately qualified personnel. Funding is distributed according to the number and size of units, systems and equipment operating and maintenance requirements, and the number of force preparation exercises and training courses.
- *Air Combat Capability* provides and sustains operationally ready advanced light fighter aircraft, crewed by appropriately qualified personnel. Funding is distributed according to the number and size of units, systems and equipment operating and maintenance requirements, and the number of force preparation exercises and training courses.
- *Operational Support and Intelligence Capability* prepares, develops, provides and supports protection support, intelligence systems and counter intelligence support to the South African Air Force through protection squadrons, intelligence subsystems and air force unique intelligence training. Funding is distributed according to the number and size of squadrons, systems and equipment operating and maintenance requirements, and training courses.
- *Command and Control Capability* supplies and maintains operationally ready command and control elements in support of air battle space operations. Funding is distributed according to the number and size of units, systems and equipment operating and maintenance requirements, and of force preparation exercises and training courses.
- *Base Support Capability* provides air base infrastructure facilities to squadrons and resident units on bases, including maintenance of all relevant systems and personnel, to support flying operations. Funding is distributed according to the number and size of air force bases and units, systems and equipment operating and maintenance requirements, and the number of training courses.
- *Command Post* renders command and control over all missions flown. Funding is distributed according to the number and size of command posts and deployments, and readiness and aircraft chartering requirements.
- *Training Capability* provides for the general education, training and development of South African Air Force personnel. Funding is distributed according to the number and size of units, systems and

equipment operations and maintenance requirements, and the number of force preparation exercises and training courses.

- *Technical Support Services* establishes, maintains and prepares optimised technical and tactical logistic support capabilities to provide support to system groups and manages air service units. Funding is distributed according to the number and size of units, systems and equipment operating and maintenance requirements, and contracted human resources and product system requirements.

Objectives and measures

- Defend and protect South Africa and its airspace by providing:
 - 4 helicopter squadrons and 1 combat support squadron per year
 - 3 medium transport squadrons (including one VIP squadron), 1 maritime and transport squadron, 1 light transport squadron and 9 reserve squadrons at the required readiness levels per year
 - 1 air combat squadron per year
 - a 24-hour air command and control capability.

Service delivery focus

In 2008/09, 35 241 flying hours were recorded, of which 11 099 were force employment hours in support of operations. These operations included cooperation with the South African Police Service for border control and after the attacks on foreign nationals in 2008. In the same year, humanitarian operations involved fire fighting operations in 5 provinces and search and rescue flights were conducted for missing aircraft. In November 2008, the South African Air Force assisted with flood relief in Western Cape, evacuating 62 persons and delivering 2 tons of relief aid. In 2009, flights were conducted in Eastern Cape to assist local municipalities with drought relief. In 2009, 1 213 hours of external support flights to the Democratic Republic of the Congo, Burundi, Sudan and the Central African Republic took place. In 2008/09, helicopters were deployed at Kamina in the Democratic Republic of the Congo (435 hours) and 110 protection service personnel were deployed to Burundi in support of government initiatives. South African Air Force reserves generated 15.2 per cent of the force employment flying hours, in support of the South African National Defence Force's one force core growth strategy. South African Air Force support for government initiatives included local and international exercises with the South African Army, the South African Navy, the South African Police Service, the Singaporean Defence Force, the navies of Brazil, Argentina, Uruguay, the United States, and the Namibian Air Force, and provided casualty evacuation standby services for the British Army held at the South African Army Combat Training Centre at Lohatla. The South African Air Force hosted the 2008 Africa aerospace and defence exhibition in Cape Town.

In the first half of 2009/10, the South African Air Force's commitments to the 2009 FIFA Confederations Cup were honoured, offering an opportunity for it to gain experience in preparation for the 2010 FIFA World Cup. Aircraft flew a total of 459 hours, 3 interceptions were done by Hawk and Astra aircraft to permit civilian aircraft to fly within the designated airspace, 18 106 authorisations were requested and 5 381 pilots were screened. In preparation for the 2010 FIFA World Cup, the South African Air Force scheduled 6 air defence exercises at different venues between July 2008 and April 2010. The fourth in this series was conducted in Nelspruit in August 2009 and 2 more are planned. In April 2009, the South African Air Force assisted the Electoral Commission by flying personnel and ballot papers to election sites during elections. Humanitarian operations included medical and casualty evacuation flights, fire fighting operations, and search and rescue flights, including the rescue of 20 civilians off a bulk carrier in July 2009. The South African Air Force participated in the Southern Africa standby brigade exercise held in the Lohatla and Walvis Bay areas in September 2009.

Expenditure estimates

Table 21.7 Air Defence

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Strategic Direction	12.5	11.7	12.5	15.3	15.6	18.8	17.8
Operational Direction	139.7	169.5	170.7	73.4	90.8	92.4	106.8
Helicopter Capability	1 490.7	1 232.1	1 166.5	824.0	928.3	840.1	740.4
Transport and Maritime Capability	715.8	851.7	1 723.9	2 664.4	438.8	1 455.6	1 944.8
Air Combat Capability	3 085.4	3 133.7	2 919.9	3 032.8	1 756.5	2 338.0	2 607.3
Operational Support and Intelligence Capability	121.6	143.4	146.1	213.3	211.8	304.2	287.3
Command and Control Capability	191.6	200.1	203.0	210.8	258.4	302.4	257.2
Base Support Capability	779.8	783.2	926.1	1 100.7	1 163.8	1 245.8	1 308.3
Command Post	65.4	32.1	41.7	31.1	40.0	44.4	46.5
Training Capability	200.3	237.7	258.6	392.4	552.1	661.9	406.8
Technical Support Services	458.9	519.7	449.6	498.5	603.0	606.7	638.9
Total	7 261.7	7 314.8	8 018.8	9 056.4	6 059.1	7 910.5	8 361.9
Change to 2009 Budget estimate				7 088.1	3 956.9	5 765.4	(1 510.6)
Economic classification							
Current payments	2 448.8	2 690.3	3 009.9	3 406.9	3 713.8	3 957.7	4 155.2
Compensation of employees	1 376.0	1 502.3	1 636.8	1 825.4	2 035.9	2 227.8	2 360.5
Goods and services	1 072.8	1 187.9	1 373.1	1 581.5	1 677.9	1 729.9	1 794.6
<i>of which:</i>							
Computer services	33.6	37.2	19.4	49.4	40.7	35.6	32.8
Contractors	468.1	518.3	669.7	688.2	814.4	841.8	860.9
Inventory: Food and food supplies	43.9	48.6	49.6	64.5	51.0	29.9	13.6
Property payments	1.5	1.7	1.9	2.3	2.2	2.3	2.4
Transfers and subsidies	4 767.2	4 567.9	4 955.7	5 628.6	2 287.7	3 927.4	4 181.0
Provinces and municipalities	0.6	6.3	1.8	–	–	–	–
Departmental agencies and accounts	4 729.6	4 537.9	4 924.0	5 614.5	2 272.2	3 916.2	4 173.1
Public corporations and private enterprises	–	–	–	–	2.1	–	–
Households	37.0	23.8	29.8	14.1	13.4	11.1	7.9
Payments for capital assets	44.2	56.3	52.5	20.9	57.7	25.4	25.8
Buildings and other fixed structures	–	–	0.1	–	–	–	–
Machinery and equipment	43.8	55.7	52.1	15.7	53.1	20.6	23.3
Specialised military assets	–	–	–	5.2	4.6	4.7	2.5
Software and other intangible assets	0.4	0.7	0.2	–	–	–	–
Payments for financial assets	1.5	0.2	0.7	–	–	–	–
Total	7 261.7	7 314.8	8 018.8	9 056.4	6 059.1	7 910.5	8 361.9
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	4 729.6	4 537.9	4 924.0	5 614.5	2 272.2	3 916.2	4 173.1
Special Defence Account	1 391.5	1 676.5	2 265.7	2 435.4	1 153.7	2 727.5	3 279.6
Special Defence Account	3 338.1	2 861.4	2 658.4	3 179.1	1 118.4	1 188.8	893.4
Public corporations and private enterprises							
Public corporations							
Other transfers							
Current	–	–	–	–	2.1	–	–
Armaments Corporation of South Africa	–	–	–	–	2.1	–	–

Expenditure trends

The *Air Defence* programme accounts for 26.2 per cent of the department's total expenditure, and increased from R7.3 billion in 2006/07 to R9.1 billion in 2009/10 at an average annual rate of 7.6 per cent and then decreases to R8.4 billion in 2012/13 at an average annual rate of 2.6 per cent. The decrease over the MTEF period is due to the termination of the A400M strategic airlift procurement project and the finalisation of the delivery milestones of the hawk lead in fighter trainer aircraft. This is also evident in the sharp decrease of

42.1 per cent in the *Air Combat Capability* subprogramme in 2010/11 and the decrease of 83.5 per cent in the *Transport and Maritime Capability* subprogramme in 2010/11.

The decrease of 3.5 per cent in expenditure in the *Helicopter Capability* subprogramme over the MTEF period is due to the completion of the maritime helicopter and light utility helicopter projects. The increases of 40.7 per cent and 22.6 per cent in 2010/11 in the *Training Capability* and the *Command and Control Capability* subprogrammes are due to the upgrade of the Pilatus PC7 Mk11 Astra trainer aircraft, and radar and ground navigation systems.

Over the MTEF period, spending in the *Air Defence* programme will focus on creating and restoring capacity and capabilities to supply prepared forces and support these forces once deployed. To create air systems capacity, the spending focus is on integrating new systems to ensure sustainability. To ensure the sustainability of human resources, the spending focus is on developing and maintaining skills and retaining scarce skills.

Programme 5: Maritime Defence

- *Maritime Direction* provides strategic direction to the programme by formulating and controlling strategies, policies, plans and advice to prepare and provide the maritime capabilities required for the defence and protection of South Africa. Funding is distributed based on the cost of operating the naval headquarters.
- *Maritime Combat Capability* provides mission ready and supported maritime combat capabilities in accordance with the approved force design of the Department of Defence and Military Veterans. Funding is distributed according to the number and size of units, the number of maritime combat force preparation exercises and the number of force employment operations executed.
- *Maritime Logistic Support Capability* sustains the availability of the force structure elements in the naval force design to ensure compliance with ordered operational commitments. Funding is distributed according to the number and size of units, utilisation and maintenance of support systems and equipment and the provision of product systems.
- *Maritime Human Resources and Training Capability* ensures that maritime combat capability requirements are met in terms of qualified personnel for regular and reserve members. Funding is distributed according to the number and size of units, utilisation and maintenance of training equipment and the number of courses presented.
- *Base Support Capability* provides a general base support capability to ships and submarines, shore units and other identified clients to ensure that the fleet complies with specified operational readiness levels. Funding is distributed according to the size of the naval base, utilisation and maintenance of the harbour, maintenance of naval infrastructure and naval base support systems and equipment.

Objectives and measures

- Defend and protect South Africa and its maritime zones by providing:
 - a surface combat capability of 4 frigates, 1 combat support vessel, 3 offshore patrol vessels, 3 inshore patrol vessels and a maritime reaction squadron in each annual operational cycle
 - a sub-surface combat capability of 3 submarines in each annual operational cycle
 - 2 mine countermeasures systems in each annual operational cycle to ensure safe access to South African harbours and where mine clearance may be required
 - an ongoing hydrographic survey capability to ensure safe navigation in charting areas and to meet international obligations.

Service delivery focus

In 2008/09, 8 236 sea hours on patrol in South African maritime zones were recorded. The South African Navy provided 50 members in support of various peace missions in Africa, the majority forming part of the peace support operation in Burundi. Training assistance was provided as part of the initiative to the Central

African Republic. The South African Navy participated in preparatory planning and relevant exercises in support of the 2010 FIFA World Cup. Naval deployments in cooperation with the South African Police Service helped enforce state authority and protect marine resources along the South African coast. The South African Navy took command of its third and last type 209 submarine. 8 multinational naval exercises were conducted with the Indian, Brazilian, Uruguayan and Argentinean navies. 12 South African Navy vessels participated in the presidential fleet review in September 2008 to honour former president Mbeki, who was then the Commander in Chief of the South African National Defence Force. On 4 occasions, the South African Navy was deployed abroad, the most notable involving a frigate deployment to China and 5 other countries.

In the first half of 2009/10, the South African Navy hosted the third Sea Power for Africa symposium in Cape, which explored effective maritime governance for Africa. 33 African countries and 12 observer countries attended the symposium. The South African Navy complied with its pledges to the SADC brigade and participated in various planning phases and executed the Southern Africa standby brigade exercise in September 2009.

Expenditure estimates

Table 21.8 Maritime Defence

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Maritime Direction	276.0	273.9	298.8	380.3	374.5	445.2	477.4
Maritime Combat Capability	1 705.2	1 160.7	473.5	514.2	500.0	523.6	523.8
Maritime Logistic Support Capability	190.7	409.5	476.5	465.6	564.5	591.0	728.2
Maritime Human Resource and Training Capability	134.8	144.3	158.6	225.5	238.7	257.9	237.0
Base Support Capability	336.4	408.4	429.8	425.8	502.1	502.4	607.8
Total	2 643.1	2 396.7	1 837.2	2 011.3	2 179.8	2 320.0	2 574.2
Change to 2009 Budget estimate				(429.3)	(426.1)	(471.8)	321.9
Economic classification							
Current payments	1 268.1	1 327.5	1 363.0	1 595.1	1 706.5	1 858.9	1 958.0
Compensation of employees	880.8	916.4	855.1	1 031.7	1 096.1	1 201.9	1 321.6
Goods and services	387.2	411.0	507.9	563.4	610.4	657.0	636.4
<i>of which:</i>							
Computer services	18.6	19.7	26.3	26.5	35.4	37.0	37.4
Contractors	92.1	97.8	144.9	155.7	188.4	208.6	193.2
Inventory: Food and food supplies	36.6	38.9	54.8	52.2	53.2	60.2	65.2
Property payments	5.7	6.0	8.9	8.1	15.7	16.0	14.6
Transfers and subsidies	1 339.0	1 034.4	386.5	377.1	421.2	410.3	562.2
Provinces and municipalities	0.3	11.7	0.3	–	–	–	–
Departmental agencies and accounts	1 316.9	948.2	255.5	249.5	259.2	265.6	417.7
Public corporations and private enterprises	–	58.5	117.7	104.9	139.0	121.7	121.5
Households	21.7	16.0	13.0	22.7	23.0	23.0	23.0
Payments for capital assets	35.8	33.8	87.5	39.1	52.1	50.8	54.0
Buildings and other fixed structures	–	13.7	41.1	22.3	31.5	32.7	33.9
Machinery and equipment	35.1	20.0	46.4	13.0	19.3	17.9	19.1
Specialised military assets	–	–	–	3.6	1.2	–	0.9
Software and other intangible assets	0.7	0.1	–	0.2	0.2	0.2	0.2
Payments for financial assets	0.3	1.0	0.2	–	–	–	–
Total	2 643.1	2 396.7	1 837.2	2 011.3	2 179.8	2 320.0	2 574.2
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	1 316.9	948.2	255.5	249.5	259.2	265.6	417.7
Special Defence Account	118.8	195.4	147.3	180.6	158.6	220.3	417.7
Special Defence Account	1 198.1	752.8	108.2	68.9	100.6	45.3	–
Public corporations and private enterprises							
Public corporations							
Other transfers							
Current	–	58.5	117.7	104.9	139.0	121.7	121.5
Armaments Corporation of South Africa	–	58.5	117.7	104.9	139.0	121.7	121.5

Expenditure trends

The *Maritime Defence* programme accounts for 7.8 per cent of the department's total expenditure. Expenditure in this programme decreases from R2.6 billion in 2006/07 to R2.2 billion in 2010/11 at an average annual rate of 4.7 per cent, due to the commissioning of the frigates and submarines between 2006 and 2009. The decrease in spending in the *Maritime Combat Capability* subprogramme between 2006/07 and 2009/10, at an average annual rate of 32.9 per cent was due to the finalisation of the frigate, submarine strategic procurement programmes between 2009/10 to 2011/12 as well as the underwater range projects.

The increases of 23.2 per cent and 21 per cent in 2012/13 in expenditure in the *Maritime Logistic Support Capability* and *Base Support Capability* subprogrammes are due to the planned acquisition of hydrographic vessels, and the planned recruitment and staffing of personnel with scarce skills such as divers, technicians and engineers.

Over the MTEF period, spending in the *Maritime Defence* programme will focus on the preparation and maintenance of the approved force structure elements (deployable assets) and the associated force structure (supporting elements), including the associated human resources at the required readiness levels, to meet maritime defence commitments in a sustained manner. It will also focus on finalising all activities for the full acceptance and integration of the strategic defence package frigates, helicopters and submarines. The South African Navy's naval capabilities will continue to be prepared for government peace support operations and engagements in Africa.

Programme 6: Military Health Support

- *Strategic Direction* formulates strategy, policies and plans, and gives advice from the surgeon-general's office to prepare and provide the capabilities required by the Chief of the South African National Defence Force. Funding is based on the cost of operating the military health service headquarters.
- *Mobile Military Health Support* provides health support elements for deployed and contingency forces. Funding is distributed according to the number and size of units, systems and equipment operating and maintenance requirements, and the number of force preparation activities.
- *Area Military Health Service* provides a comprehensive, self supporting, multidisciplinary geographic military health service through a formation headquarters, commanding and controlling nine area military health units to ensure a healthy military community. Funding is distributed according to the number and size of units and health care facilities, systems and equipment operating and maintenance requirements, the number and type of patient health services rendered, and the number of force preparation activities.
- *Specialist/Tertiary Health Service* provides a specialist health service to develop and maintain tertiary military health capabilities within the parameters of relevant legislation as contained in the South African Military Health Service strategy. Funding is distributed according to the number and size of military hospitals and specialist units, systems and equipment operating and maintenance requirements, the number of and type of patient health services rendered as well as force preparation activities.
- *Military Health Product Support Capability* provides for: warehousing pharmaceuticals, sundries, military health mobilisation equipment and unique stock; procuring unique military health products, materials and services; and an asset management service, military health product systems and cooperative common military health logistics. Funding is distributed according to the number and size of units, the use of military health products, equipment and consumables, and the requirements for maintaining strategic military health reserves.
- *Military Health Maintenance Capability* provides general base support services to identified South African Military Health Service units to sustain and maintain the approved force design and structure. Funding is distributed according to the number and size of units, systems and equipment operating and maintenance requirements.
- *Military Health Training Capability* provides a military health training service to develop and maintain military health training capabilities within the parameters of relevant legislation and policies. Funding is distributed according to the training inputs of the sub-units, equipment operating and maintenance

requirements, the number of force preparation exercises, and training courses presented to SADC countries.

Objectives and measures

- Provide prepared and supported health capabilities and services by providing:
 - a health support capability of 5 medical battalion groups per year, including 1 specialist medical battalion group, for deployed and contingency forces
 - a comprehensive multidisciplinary health service to a projected patient population of 230 000 members per year.

Service delivery focus

In 2008/09, 554 034 patients were treated by means of 973 800 health care activities at the 88 health care facilities countrywide. 332 500 health care activities took place in military hospitals by means of outpatient consultations and 23 587 patients were treated as inpatients at these hospitals. Health care practitioners supported all external and internal military operations and 1 Military Hospital provided a level 4 facility as required by the UN. The number of learners on planned courses was 4 096.

Progress was made in implementing master plans, such as the logistic and technology master plan, to address the priority risks in the South African Military Health Service. In 2008/09, the process of replacing obsolete equipment, vehicles and ambulances resulted in procuring and converting 35 ambulances, 56 mass transportation vehicles, 10 panel vans and 60 other vehicles. Another 58 ambulances will be converted in 2009/10. The implementation of the facility master plan resulted in maintaining and repairing 3 military hospitals, approval to build a new medical depot in Pretoria, and registering the upgrade of the facilities of the military health training formation as a project with the Department of Public Works. As part of the health service's focus on repairing and upgrading priority health facilities in 2008/09, 3 outdated health informatics systems were replaced.

The strategic decision to train more military skills development system members as emergency care technicians in 2009 increased the health service's capacity by approximately 230 members and members will be used during the 2010 FIFA World Cup to be included thereafter in the reserves as a contribution to the core growth one force concept. The chemical, biological and radiation defence capability for the 2010 FIFA World Cup was developed according to the plan made by the Department of Health and the South African Military Health service and training to members and external stakeholders is being conducted. The health service continued developing its capacity in disaster and humanitarian relief for the 2010 FIFA World Cup and beyond and is prepared to provide personnel for casualty decontamination and detection teams. Decontamination and isolation systems and equipment were procured in 2009/10.

In 2009/10, 584 978 health care activities and 38 218 health assessments took place in the 88 health care facilities countrywide, and 386 049 health care activities took place in military hospitals and specialist facilities. 32 488 health care activities took place in the specialist maritime environment and 6 753 activities in the specialist aviation environment. 1 320 national and international dignitary medical support and health activities took place. 2 963 learners attended planned courses. During the national strike of doctors in provincial hospitals in 2009, health care practitioners were supported by the health service providing health care to national departments such as the Department of Health, and in all external and internal military operations. The health service was appointed as the leader in rendering emergency services during the labour action of the doctors in several provincial hospitals in 2009.

In 2009, the South African Military Health Service embarked on a project to microdot and fit tracking systems in all vehicles.

Expenditure estimates

Table 21.9 Military Health Support

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Strategic Direction	88.4	119.0	149.6	194.7	181.5	203.6	232.9
Mobile Military Health Support	64.7	77.8	66.8	81.7	119.1	148.3	146.1
Area Military Health Service	632.9	678.6	733.3	796.5	886.8	925.1	938.9
Specialist / Tertiary Health Service	585.7	649.1	715.6	835.5	877.3	929.9	985.3
Military Health Product Support Capability	109.3	103.6	135.9	220.1	210.4	237.6	353.5
Military Health Maintenance Capability	120.8	114.5	222.7	136.6	192.9	189.8	197.8
Military Health Training Capability	103.5	135.2	152.9	217.7	302.2	326.9	346.7
Total	1 705.2	1 877.7	2 176.9	2 482.8	2 770.2	2 961.3	3 201.3
Change to 2009 Budget estimate				1 893.0	2 157.3	2 314.5	269.9
Economic classification							
Current payments	1 592.3	1 791.5	2 027.5	2 417.1	2 685.1	2 818.1	2 889.7
Compensation of employees	1 063.0	1 194.1	1 377.1	1 607.0	1 798.2	1 916.6	1 999.3
Goods and services	529.3	597.4	650.4	810.1	886.9	901.5	890.4
<i>of which:</i>							
Computer services	54.0	61.0	37.3	86.0	36.8	57.0	61.1
Contractors	149.3	168.5	188.4	205.2	365.8	331.2	276.9
Inventory: Food and food supplies	19.5	22.0	35.0	31.0	50.1	42.5	43.5
Property payments	9.8	11.0	12.4	15.5	13.1	14.2	15.9
Transfers and subsidies	25.0	15.2	15.4	9.2	35.8	57.8	50.2
Provinces and municipalities	0.5	0.3	1.7	–	–	–	–
Departmental agencies and accounts	0.9	1.1	1.5	1.8	24.7	46.8	39.2
Non-profit institutions	0.3	–	0.3	0.4	0.6	0.6	0.6
Households	23.3	13.8	12.0	7.0	10.5	10.4	10.4
Payments for capital assets	87.6	69.3	121.9	56.5	49.3	85.4	261.4
Buildings and other fixed structures	–	0.8	0.2	0.1	0.1	31.4	106.1
Machinery and equipment	87.6	68.5	121.6	56.4	48.5	50.3	54.5
Specialised military assets	–	–	–	–	0.6	3.6	100.6
Biological assets	–	–	–	–	0.1	0.1	0.1
Software and other intangible assets	0.1	–	0.2	0.0	0.1	0.1	0.1
Payments for financial assets	0.2	1.7	12.1	–	–	–	–
Total	1 705.2	1 877.7	2 176.9	2 482.8	2 770.2	2 961.3	3 201.3
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	0.9	1.1	1.5	1.8	24.7	46.8	39.2
Special Defence Account	0.9	1.1	1.5	1.8	24.7	46.8	39.2

Expenditure trends

The *Military Health Support* programme accounts for 8.1 per cent of the department's total expenditure, which increases from R1.7 billion in 2006/07 to R3.2 billion in 2012/13, at an average annual rate of 11.1 per cent. This is mainly due to the additional allocations of up to R190 million in 2010/11 for the military skills development system programme and landward renewal, and R100 million from 2012/13 for the replacement of operational ambulances. The increase in this programme from 2006/07 to 2009/10 is due to additional provisions for the procurement of pharmaceuticals, additional health care responsibility for military skills development system members, the implementation of scarce skills and rural allowances for health professionals, improvements to the health informatics system, antiretroviral rollout and sustaining the presidential health team. Expenditure on consultants on large projects amounted to R4 million for 2008/09 and R9 million for 2009/10, most of which was used for completing organisation and work study reports required for organisational restructuring, and for transactional advisors on a possible public private partnership to secure hospital beds in major centres at a reduced cost.

The average annual increase of 21.4 per cent in spending in the *Mobile Military Health Support* subprogramme over the MTEF period is due to the initiation of a defence against chemical and biological warfare project and the aero medical and specialist training facility project. The 41.1 per cent increase in spending in the *Military Health Maintenance Capability* subprogramme from 2009/10 to 2010/11 is based on the planned reactivation of the military health technical support capabilities through regular and reserve members. The increase of 38.8 per cent in the *Military Health Training Capability* subprogramme between 2009/10 and 2010/11 is due to the additional allocation for the military skills development system.

Over the MTEF period, spending in the *Military Health Support* programme will focus on the improvement of health service delivery to contribute to the readiness of the South African National Defence Force. The South African Military Health Service will focus on programmes to address operational support capabilities, and tertiary/specialist and base orientated capabilities. The South African Military Health Service will be prioritised: acquiring 4 field hospitals, developing the landward vehicle projects to provide the necessary operational ambulance and health support vehicles; renewing main medical equipment for operational and base orientated infrastructure; procuring integrated air medical evaluation and training system; and renewing health facilities to render a world class military health service to patients. The prioritisation will be done according to the need and availability of funding.

Programme 7: Defence Intelligence

- *Strategic Direction* provides defence intelligence policy, doctrine and intelligence advice to support the department's decision making and policy formulation processes. Funding is based on the cost of operating the defence intelligence headquarters.
- *Operations* provides timely defence prediction, intelligence and counterintelligence capabilities and services. Funding is distributed according to the number and size of intelligence offices, systems and equipment operating and maintenance requirements, and the number of intelligence products produced.
- *Defence Intelligence Support Services* provides human resource, logistic, planning, security, labour relations, and training and information support services to the defence intelligence community. Funding is distributed according to the number and size of units and offices, equipment operations and maintenance requirements, and the number of force preparation exercises and training courses.

Objectives and measures

- The detail of the output of *Defence Intelligence* is classified and not available to the public.

Service delivery focus

In 2008/09, the division remained involved in peace processes in Africa in support of the South African government's peace initiatives, both by providing intelligence on the current security situation and by being directly involved in peace talks. The department's involvement in reform processes centred on training military intelligence personnel of various countries, both in South Africa and abroad. In 2008/09, the division conducted a number of intelligence exchange meetings with intelligence services around the world. These exchanges confirmed intelligence assessments on global issues and strengthened relations between the department and its strategic partners. On a regional level, the division participated in forums and processes in which common issues of security and governance were discussed. The division's support to and participation in the national intelligence coordinating committee elicited positive feedback from the coordinator for intelligence. Intelligence functionaries have been deployed to the department's external missions in Burundi, the Central African Republic, the Democratic Republic of the Congo and Sudan. Regular intelligence updates were provided to the joint operations division in 2008/09 and mission visits were conducted where there was interaction with the deployed members to align intelligence related issues.

In the first half of 2009/10, a close relationship with the division's clients was promoted through liaison with the joint standing committee on intelligence and the national intelligence coordinating committee. Specific intelligence requirements of the national intelligence coordinating committee and the scrutiny committee of the national conventional arms control committee such as the SADC defence subcommittee and the SADC defence intelligence standing committee were addressed. Intelligence support was provided on an ongoing

basis when necessary to interdepartmental structures to provide stability programmes at major national events such as the 2010 FIFA World Cup as well as border related operations. The division formed part of several discussions that assisted in the Burundi peace process and mediation efforts to resolve the political and security developments in Madagascar. The division played a major role in drafting the SADC regional defence estimate that was accepted in the first half of 2009/10 at the defence intelligence standing committee in Namibia. Six Namibian defence force members were trained in South Africa. Successful intelligence exchange visits were conducted with both African and European countries and meetings were held with Lesotho and Namibia.

Expenditure estimates

Table 21.10 Defence Intelligence

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
R million							
Strategic Direction	1.2	1.3	1.3	1.5	1.5	1.5	1.5
Operations	206.9	301.4	334.1	393.0	398.1	413.9	431.3
Defence Intelligence Support Services	145.4	158.4	171.4	205.0	231.5	250.5	266.0
Total	353.6	461.1	506.8	599.6	631.1	666.0	698.9
Change to 2009 Budget estimate				(2 742.3)	(3 045.2)	(3 294.1)	19.8
Economic classification							
Current payments	147.4	158.0	169.1	205.2	226.6	248.1	261.5
Compensation of employees	138.0	147.0	149.9	176.2	204.4	222.7	237.5
Goods and services	9.4	11.0	19.2	29.0	22.2	25.4	24.0
<i>of which:</i>							
Contractors	1.3	1.5	2.1	3.5	2.1	2.1	2.1
Inventory: Food and food supplies	0.9	1.0	2.3	1.5	1.4	1.4	1.4
Property payments	0.0	0.1	0.1	0.1	0.1	0.1	0.1
Transfers and subsidies	203.1	302.4	337.0	393.7	401.1	414.8	432.9
Provinces and municipalities	0.1	0.0	–	–	–	–	–
Departmental agencies and accounts	201.0	296.2	332.4	391.5	396.8	412.7	430.1
Households	2.0	6.2	4.6	2.2	4.3	2.1	2.8
Payments for capital assets	3.1	0.7	0.6	0.6	3.4	3.1	4.5
Machinery and equipment	3.1	0.7	0.6	0.6	3.4	3.1	4.5
Total	353.6	461.1	506.8	599.6	631.1	666.0	698.9
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	201.0	296.2	332.4	391.5	396.8	412.7	430.1
Special Defence Account	201.0	296.2	332.4	391.5	396.8	412.7	430.1

Expenditure trends

The *Defence Intelligence* programme accounts for 1.9 per cent of the department's total expenditure. Spending increases from R353.6 million in 2006/07 to R698.9 million in 2012/13, at an average annual rate of 12 per cent, due to the planned investment in and development of a strategic information collection capability.

Over the MTEF period, spending in the *Defence Intelligence* programme will continue to focus on the provision of strategic and operation intelligence and counterintelligence to support the ministry, department activities and the government.

Programme 8: General Support

- *Joint Logistic Services* provides logistic services to the department. Funding is distributed according to the number and size of units, use and warehousing requirements for ammunition, main equipment and stores, the defence facility repair and maintenance programme, and the number of training courses.
- *Command and Management Information Systems* provides command and management information systems and related services to the department. Funding is distributed according to the number and size of mainframe systems, the communication infrastructure operated by the department, and maintenance and upgrading requirements.
- *Military Police* provides a military policing capability to the department. Funding is distributed according to the number and size of units, systems and equipment operating and maintenance requirements, and the number of force preparation exercises and training courses.
- *Technology Development* provides for establishing and sustaining selected science and technology capabilities in the defence industry. Funding is distributed according to the requirements for strategically essential research about sensors, signal processing, protection, chemical biological defence and information warfare and security.
- *Departmental Support* provides for the payment of corporate departmental obligations such as transfer payments to public entities, legal fees, external audits, public private partnership transaction advisors and bank charges. Funding is distributed according to the service level agreement and memoranda of understanding with the public entity, expected interaction with the auditor-general and state attorney, historical banking costs and public private partnership expectations.
- *British Peace Support and Training Team* provides for the personnel from the United Kingdom Department of Defence, which provides services to the South African National Defence Force. Funding is distributed based on the memorandum of understanding with the United Kingdom.

Objectives and measures

- Provide general support capabilities and services by:
 - repairing and maintaining the department's infrastructure at 33 bases over the next 3 years (13 in 2010/11, 9 in 2011/12 and 11 in 2012/13) and executing the capital works programme through 52 projects (7 in 2010/11, 24 in 2011/12 and 21 in 2012/13)
 - providing appropriate, ready and sustained materiel, facilities, movement and logistic services focusing on supply chain and life cycle management to enable force preparation and employment.
- Provide the department with key information and communication systems by:
 - ensuring that the mainframe service is available 98 per cent of the time and the wide area network 95 per cent of the time
 - providing information and communication systems solutions in accordance with the defence enterprise information systems master plan according to programme and project milestones and associated deliverables.
- Reduce the number of new criminal cases under investigation by the military police by 10 per cent per year, by sustaining 1 provost company for deployment, 4 regional headquarters, 22 area offices and 22 detachments for investigations and crime prevention, and 2 military correctional facilities.

Service delivery focus

In 2008/09, the Council for Scientific and Industrial Research provided technical support in creating an enabling environment for the department's mandated facilities management functions. Progress was also made in researching and formulating a new policy that will align the department with National Treasury's asset management guidelines on accrual accounting, resulting in a draft strategy that covers life cycle and supply chain management. Initial progress was made in converting chapters from National Treasury applicable to the Department of Defence and Military Veterans. However, only 63.5 per cent was achieved for the serviceability of material due to the lack of accountability, focus and discipline, limited technical

support, the diversity of deployed equipment and the resultant high skill level required, as well as the difficulty in optimising the supply of spares supply.

The implementation of the first phase of the defence enterprise information systems master plan in the Department of Defence and Military Veterans was an achievement that enabled a global view of overall ICT requirements, including funds utilised.

The rollout of the Oracle time and labour electronic time keeping system between January and March 2008/09 is complete and initial reports from the system indicated the possibility of reporting against budget, thus providing the department with the capability to mitigate risks and vulnerability on its own forces' mobile devices and enable it to explore opposing forces' mobile devices. Over the medium term, the department will develop and maintain information warfare capability to deal with challenges presented in the information age. In 2008/09, 256 military police members were deployed in external operations on a daily basis. In the same year, 1 722 criminal and disciplinary cases involving personnel and equipment were finalised and 2 594 new cases were reported. Outstanding cases at the end of 2007/08 reduced by 733 from 7 838 to 6 116 and 927 crime prevention operations were conducted throughout the country in 2008/09.

In the first half of 2009/10, the logistic intervention and repositioning programme started developing a single, comprehensive, rigorous and tailorable logistics process for the department. This process is set to end by 2016/17. The repair work on 5 bases continued according to the repair and maintenance programme and 17 bases were added to the maintenance programme, with a call for tenders in 2009/10. A strategic facilities implementation plan is currently being developed and executed, which includes the strategic footprint and user asset management plans in accordance with legislation to deliver appropriate functional accommodation in support of the readiness requirements of a credible force.

In the second half of 2008/09, improvement was noted on the availability of data and telephone services as a result of upgrading certain obsolete information and communications technology equipment. The availability of the department's wide area network was at core 99.5 per cent and at access 97.8 per cent, higher than the target of 98 per cent published in the department's strategic business plan. The interoperability development environment was created in the first quarter of 2009/10 to provide a platform on which information systems can be tested and integrated into the battle space system where 72 military police members are deployed externally on a daily bases. From April to September 2009, 176 deliberate crime prevention operations had been conducted throughout the country and 185 military skills development system members are undergoing functional training at the military police school. 4 999 cases have been investigated by the military police and 581 new cases were reported. By the end of September 2009, the backlog had been reduced by 1 540 cases, from 6 116 to 4 576.

Expenditure estimates

Table 21.11 General Support

Subprogramme	Audited outcome			Adjusted	Medium-term expenditure estimate			
	2006/07	2007/08	2008/09	appropriation	2009/10	2010/11	2011/12	2012/13
R million								
Joint Logistic Services	458.9	651.2	1 432.6	1 469.8	1 758.4	1 557.1	1 906.6	
Command and Management Information Systems	574.1	641.6	875.8	825.7	852.8	1 014.0	1 079.5	
Military Police	230.7	248.8	291.2	310.2	343.4	384.4	394.5	
Technology Development	184.9	235.7	258.8	258.2	357.8	391.2	300.1	
Departmental Support	457.1	489.5	511.2	589.5	615.9	673.0	720.7	
British Peace Support and Training Team	5.6	–	10.7	7.6	7.9	8.4	8.8	
Total	1 911.4	2 266.8	3 380.4	3 461.0	3 936.2	4 028.1	4 410.1	
Change to 2009 Budget estimate				1 659.1	2 074.2	2 049.6	252.0	

Table 21.11 General Support (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Economic classification							
Current payments	1 129.5	1 319.5	1 946.2	2 079.6	2 462.9	2 790.9	3 226.1
Compensation of employees	344.7	400.2	754.6	650.5	790.8	980.9	1 061.4
Goods and services	784.8	919.3	1 191.7	1 429.1	1 672.1	1 810.0	2 164.7
<i>of which:</i>							
Computer services	311.6	365.0	554.3	593.1	674.0	710.9	739.1
Contractors	342.5	401.2	352.0	596.4	742.0	796.7	1 108.2
Inventory: Food and food supplies	8.6	10.1	31.4	15.6	20.2	21.3	22.5
Property payments	0.3	0.4	0.4	0.7	0.6	0.7	0.7
Transfers and subsidies	677.6	718.8	866.9	869.8	985.8	1 088.6	1 031.9
Provinces and municipalities	0.5	0.6	2.7	–	–	–	–
Departmental agencies and accounts	249.2	274.6	404.0	365.1	438.3	509.8	420.9
Public corporations and private enterprises	396.3	415.3	448.1	498.8	537.1	567.9	600.4
Non-profit institutions	–	2.9	–	–	–	–	–
Households	31.6	25.4	12.1	5.9	10.3	11.0	10.6
Payments for capital assets	104.1	209.6	557.5	511.6	487.5	148.5	152.1
Buildings and other fixed structures	49.2	77.1	434.4	428.5	440.0	94.5	99.3
Machinery and equipment	54.9	124.8	122.4	65.6	36.6	40.3	37.9
Specialised military assets	–	–	–	17.5	10.9	13.7	14.9
Software and other intangible assets	0.0	7.7	0.7	–	–	–	–
Payments for financial assets	0.1	18.9	9.8	–	–	–	–
Total	1 911.4	2 266.8	3 380.4	3 461.0	3 936.2	4 028.1	4 410.1
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	249.2	274.6	404.0	365.1	438.3	509.8	420.9
Special Defence Account	249.2	274.6	404.0	365.1	438.3	509.8	420.9
Current	396.3	415.3	448.1	498.8	537.1	567.9	600.4
Armaments Corporation of South Africa	396.3	415.3	448.1	498.8	537.1	567.9	600.4
Non-profit institutions							
Current	–	2.9	–	–	–	–	–
South African First Aid League	–	2.9	–	–	–	–	–

Expenditure trends

The *General Support* programme accounts for 11 per cent of the department's total expenditure, which increases from R1.9 billion in 2006/07 to R4.4 billion in 2012/13, at an average annual rate of 15 per cent. The increase of 19.6 per cent in 2010/11 in spending in the *Joint Logistic Services* subprogramme, which is responsible for most of the expenditure in the programme, is due to the additional allocation related to upgrading the runways and hardstands of Air Force Base Waterkloof. In 2012/13, expenditure in this subprogramme increased by 22.4 per cent due to the additional allocation received for the repair and maintenance of defence infrastructure and facilities. Expenditure in the *Technology Development* subprogramme increased at an average annual rate of 38.6 per cent between 2009/10 to 2010/11 due to an investment in the test and evaluation capability, electronic research and development, and missile technology research and development. The increase of 18.9 per cent in expenditure in the *Command and Management Information Services* subprogramme in 2011/12 is due to a provision for research and development of new generation telecommunication systems. Expenditure on consultants on large projects amounted to R12 million for 2008/09 and R35 million for 2009/10. Most of this expenditure has been used to pay consultants who assisted the department in cleaning up audit qualifications, designed and implemented internal controls, and trained defence members in compliance management, risk management and the auditing of financial statements. R7 million was also used in 2008/09 to develop and support an information warfare assistance programme, a collaboration between the department and the Council for Scientific and Industrial Research, and to execute an environmental impact assessment at the ammunition depot and school.

Over the MTEF period, spending in the *General Support* programme will focus on finalising the upgrade of the Waterkloof Air Force Base, maintaining and repairing defence facilities, maintaining and enhancing command and management information systems and conducting crime prevention.

Public entity

Armaments Corporation of South Africa

Strategic overview: 2006/07 – 2012/13

The Armaments Corporation of South Africa derives its mandate from the Armscor Act (2003), which states that the objectives of the corporation are to meet the defence matériel requirements of the Department of Defence and Military Veterans effectively, efficiently and economically. The corporation conducts research, development and analysis, and testing and evaluation. As the procurement agency for the Department of Defence and Military Veterans, the corporation maintains a tender and contracting process, and provides quality, legal, financial and security management services as well as arms control compliance administration and IT capacity.

The Armaments Corporation of South Africa disposes of matériel in accordance with the regulatory framework, and supports and maintains the facilities that are identified as strategic by the Department of Defence and Military Veterans. The corporation also makes acquisitions for the South African Police Service and other government departments with security mandates, with the approval of the Minister of Defence and Military Veterans. The corporation's Defence Institute provides specialised services to the Department of Defence and Military Veterans in support of its research and development, and testing and evaluation requirements.

The Armaments Corporation of South Africa's two key priorities over the MTEF period are: acquiring defence matériel for the South African National Defence Force and contracting through life support for in-service equipment; and managing the Simon's Town dockyard and the management of the Defence Institute.

Savings and cost effective service delivery

Personnel costs are the main contributor (74 per cent) to total operating expenditure. Following an evaluation, certain activities have been restructured with the focus on the workload and ensuring the most effective utilisation of existing resources. In addition, the 2010/11 budget only provides for critical existing vacancies to be filled.

Selected performance indicators

Table 21.12 Armaments Corporation of South Africa

Indicator	Performance/Activity	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Contracts placed as a percentage of confirmed commitments from the Department of Defence and Military Veterans	Capital defence matériel acquisition	74.8% (R3.3bn)	99.8% (R4.4bn)	99.9% (R583m)	90%	90%	90%	90%
Cash flow achieved as a percentage of planned cash flow	Capital defence matériel acquisition	53.3% (R2.2bn)	75.3% (R3.4bn)	86.2% (R3.51m)	90%	90%	90%	90%
Contracts placed as a percentage of confirmed commitments from the Department of Defence and Military Veterans	Strategic defence acquisition	95.6% (R5.8bn)	99.6% (R5.0bn)	99.9% (R73m)	90%	90%	90%	90%
Cash flow achieved as a percentage of planned cash flow	Strategic defence acquisition	89.9% (R5.3bn)	69.9% (R3.5m)	98.3% (R4.6m)	90%	90%	90%	90%
Contracts placed as a percentage of confirmed commitments from the Department of Defence and Military Veterans	System support acquisition and procurement	94.4% (R1.5bn)	96.9% (R2.0bn)	99.6% (R7.0m)	90%	90%	90%	90%
Cash flow achieved as a percentage of planned cash flow	System support acquisition and procurement	89.5% (R1.4bn)	84.1% (R1.8bn)	95.6% (R2.1m)	90%	90%	90%	90%

Table 21.12 Armaments Corporation of South Africa (continued)

Indicator	Performance/Activity	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
DIP credits awarded in terms of contractually agreed milestones	Management of defence industrial participation	R2.2bn	R1.4bn	R1.08bn	R600m	R511m	R575m	R177m
Amount spent on execution of activities within approved budget*	Management of defence technology, research, test and evaluation requirements of the Department of Defence and Military Veterans	R31m profit	R4.6m loss	R9m loss	–	–	–	–
Execution of activities as a percentage of planned activities*	Management of defence technology, research, test and evaluation requirements of the Department of Defence and Military Veterans	–	–	–	90%	90%	90%	90%
Percentage of the corporation's operating budget to be spent on the corporation's approved BEE companies	BEE	66.6% (R29m)	59.4% (R22m)	66.6% (R25m)	65%	65%	65%	65%
Percentage of the department's and the general defence account's spending to be spent on the corporation's approved BEE companies	BEE	21% (R257m)	26.3% (R307m)	27.6% (R391m)	35%	35%	35%	35%
Percentage of the corporation's business' discretionary cost of sales spending to be spent on the corporation's approved BEE companies	BEE	45.6%	48.1% (R57m)	34.4% (R27m)	50%	50%	50%	50%
Percentage of the corporation's dockyard's discretionary cost of sales spending to be spent on the corporation's approved BEE companies**	BEE	–	–	–	50%	50%	50%	50%
Percentage of external appointees who are black	Human resources	95% (57)	90.9% (73)	92.9% (91)	81%	82%	82%	82%
Percentage of external appointees in the technical functional groups who are women	Human resources	12% (2)	20% (6)	19.2% (10)	21%	22%	22%	22%
Percentage of external appointees in the non-technical groups who are women	Human resources	81% (26)	63.8% (33)	65.2% (30)	65%	65%	65%	65%
Percentage of employees in the supervisory levels and above who are women	Human resources	28% (186)	29.1% (198)	30.1% (210)	30%	31%	32%	32%
Number of trainees on the talent development programme per year	Human resources	8	15	17	12	12	12	12
Number of students granted bursaries per year	Human resources	5	4	7	6	6	6	6

* Target was adjusted in current year to reflect activities as percentage of planned activities

** New target set for current year

Service delivery focus

The corporation's 3-year integrated corporate and business plan defines 7 key performance indicators. The first 5 are directly linked to the corporation's functions as defined in the Armaments Corporation of South Africa, Limited Act (2003). The other indicators deal with the corporation's BEE initiative, which is in support of the Broad Based Black Economic Empowerment Act (2003) and the transformation of the corporation to reflect the demographics of the country.

The corporation's initiatives to refocus its resources towards adding more technical value in the relevant integrated project teams are progressing well. Strict baseline management and more formalised requirements reviews of all acquisition projects are also delivering positive results. Detailed measurements of executing these services are reported on a quarterly basis.

Expenditure estimates

Table 21.13 Armaments Corporation of South Africa: Activity information

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Management of defence matériel acquisition	368.8	365.8	408.9	478.9	524.0	557.3	590.5
Quality Assurance	43.5	47.9	51.9	71.1	73.5	77.9	82.6
Tender Management	2.3	2.3	2.6	2.5	2.8	3.0	3.1
Defence Industrial Participation	2.8	2.8	3.0	3.5	3.7	3.9	4.2
Logistics Matériel and Support	–	–	1 369.4	582.2	590.6	626.0	663.6
Other activities	1 213.5	1 068.1	328.3	375.8	438.6	441.1	466.1
Total expense	1 630.9	1 486.8	2 164.1	1 514.0	1 633.1	1 709.2	1 810.2

Table 21.14 Armaments Corporation of South Africa: Financial information

Statement of financial performance R million	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Revenue							
Non-tax revenue	1 292.6	1 057.0	1 636.3	856.1	850.4	905.3	957.9
Sale of goods and services other than capital assets of which:	1 260.7	1 015.6	1 592.1	790.9	788.0	847.0	902.0
<i>Services rendered</i>	1 260.7	1 015.6	1 592.1	790.9	788.0	847.0	902.0
<i>Other non-tax revenue</i>	32.0	41.4	44.2	65.2	62.3	58.2	56.0
Transfers received	396.3	473.8	565.8	603.6	721.2	735.6	768.5
Total revenue	1 688.9	1 530.8	2 202.0	1 459.7	1 571.6	1 640.9	1 726.4
Expenses							
Current expense	1 630.9	1 486.8	2 164.1	1 514.0	1 633.1	1 709.2	1 810.2
Compensation of employees	335.6	373.9	519.4	587.1	636.5	666.8	706.8
Goods and services	1 278.8	1 092.5	1 619.9	900.2	967.9	1 012.1	1 071.5
Depreciation	16.6	20.5	24.8	26.7	28.7	30.2	31.8
Total expenses	1 630.9	1 486.8	2 164.1	1 514.0	1 633.1	1 709.2	1 810.2
Surplus / (Deficit)	58.0	44.0	37.9	(54.3)	(61.6)	(68.3)	(83.7)
Statement of financial position							
Carrying value of assets	198.1	203.5	215.1	215.2	214.4	213.7	213.1
of which: <i>Acquisition of assets</i>	20.7	28.0	37.2	26.9	27.9	29.5	31.3
Inventory	2.4	6.8	6.1	6.4	6.8	7.2	7.6
Receivables and prepayments	174.8	183.6	298.2	298.4	296.2	309.8	324.2
Cash and cash equivalents	288.0	312.5	336.2	285.2	229.4	163.7	82.5
Total assets	663.2	706.4	855.6	805.3	746.8	694.3	627.5
Accumulated surplus/deficit	470.6	514.6	552.6	498.3	436.7	368.4	284.7
Trade and other payables	170.3	92.1	223.1	223.1	221.1	231.7	243.0
Provisions	22.2	99.7	79.9	83.9	88.9	94.2	99.8
Total equity and liabilities	663.2	706.4	855.6	805.3	746.8	694.3	627.5

Expenditure trends

The Armaments Corporation of South Africa's operating expenses are largely funded by a transfer payment from the Department of Defence and Military Veterans. Together with interest earned on the payment, these funds are used to finance operating expenditure.

As the corporation's total revenue is not sufficient to cover its expenditure, the shortfall therefore has to be funded from its existing reserves. The balance at 31 March 2011 is approximately R362 million. Although this situation can be accommodated in the short term, agreement will have to be reached with the Department of Defence and Military Veterans on the funding level for services required. The large decrease in sales by

market establishments from 2006/07 to 2009/10 is due to the activities of Armscor Logistics, which is responsible for import and export of defence matériel. The strategic defence package resulted in a significant increase in its activities, but is nearing completion and thus not sustainable in future forecasts. The growth in expenditure in compensation of employees, at an average annual rate of 20.5 per cent from 2006/07 to 2009/10, can largely be attributed to the personnel implications of the transfer of the naval dockyard at Simon's Town to the corporation in September 2007. The fixed capital requirements of subsidiaries are financed from own income generated and additional funding from the Department of Defence and Military Veterans. All reserves are considered to be non-distributable. The full share capital and reserves are required for the total net capital requirements of the group. Cash is therefore retained to meet future commitments and is therefore not available for the distribution of dividends.

Additional tables

Table 21.A Summary of expenditure trends and estimates per programme and economic classification

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R million	2008/09		2008/09	2009/10			2009/10
1. Administration	2 482.7	2 459.2	2 480.2	2 860.8	19.8	2 880.6	2 880.6
2. Force Employment	7 588.6	7 062.7	1 913.9	1 801.8	122.7	1 924.5	1 924.5
3. Landward Defence	9 026.6	8 021.3	7 487.2	8 749.3	159.8	8 909.1	8 909.1
4. Air Defence	1 825.4	1 874.7	8 018.8	10 272.0	(1 215.6)	9 056.4	8 056.4
5. Maritime Defence	2 119.1	2 148.2	1 837.2	1 968.3	43.0	2 011.3	2 011.3
6. Military Health Support	515.4	512.9	2 176.9	2 440.6	42.2	2 482.8	2 482.8
7. Defence Intelligence	3 015.4	4 036.9	506.8	589.8	9.8	599.6	599.6
8. General Support	1 659.9	1 783.2	3 380.4	3 341.9	119.1	3 461.0	3 461.0
Total	28 233.2	27 899.0	27 801.3	32 024.4	(699.1)	31 325.3	30 325.3
Economic classification							
Current payments	18 050.9	18 495.3	17 894.3	20 249.2	488.4	20 737.6	20 737.6
Compensation of employees	10 687.3	10 908.1	10 620.0	11 751.9	471.3	12 223.2	12 223.2
Goods and services	7 363.6	7 587.2	7 274.3	8 497.4	17.1	8 514.4	8 514.4
Transfers and subsidies	9 760.6	8 787.8	8 833.1	11 114.5	(1 269.6)	9 844.9	8 844.9
Provinces and municipalities	–	–	13.8	–	–	–	–
Departmental agencies and accounts	9 105.0	8 096.6	8 096.6	10 364.4	(1 289.4)	9 075.0	8 075.0
Public corporations and private enterprises	530.6	565.8	565.8	583.8	19.8	603.6	603.6
Non-profit institutions	4.0	4.5	4.2	4.4	–	4.4	4.4
Households	121.0	121.0	152.8	161.8	–	161.8	161.8
Payments for capital assets	421.7	615.9	998.9	660.7	82.2	742.8	742.8
Buildings and other fixed structures	112.1	286.7	476.5	369.8	82.2	452.0	452.0
Machinery and equipment	308.1	327.7	521.0	263.0	–	263.0	263.0
Specialised military assets	–	–	–	27.6	–	27.6	27.6
Biological assets	0.1	0.1	–	–	–	–	–
Software and other intangible assets	1.4	1.4	1.3	0.3	–	0.3	0.3
Payments for financial assets	–	–	75.0	–	–	–	–
Total	28 233.2	27 899.0	27 801.3	32 024.4	(699.1)	31 325.3	30 325.3

Table 21.B Detail of approved establishment and personnel numbers according to salary level ¹

Department	Personnel post status as at 30 September 2009			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid year ²	Medium-term estimate		
				2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Department	97 964	77 289	–	77 516	74 843	74 594	74 542	78 094	79 519	81 217
Salary level 1 – 6	68 391	55 965	–	54 317	51 884	51 761	52 278	55 478	56 660	57 269
Salary level 7 – 10	27 394	19 455	–	21 382	21 051	20 948	20 457	20 671	20 906	21 981
Salary level 11 – 12	1 792	1 539	–	1 514	1 583	1 566	1 486	1 559	1 568	1 574
Salary level 13 – 16	387	330	–	304	325	320	321	386	385	393
Administration	5 222	4 050	–	2 846	3 697	3 367	3 808	3 960	3 956	3 922
Salary level 1 – 6	1 989	1 560	–	1 298	1 686	1 535	1 643	1 749	1 739	1 698
Salary level 7 – 10	2 523	1 936	–	1 199	1 558	1 419	1 640	1 657	1 655	1 660
Salary level 11 – 12	592	445	–	276	358	326	415	418	427	429
Salary level 13 – 16	118	109	–	73	95	87	110	136	135	135

Table 21.B Detail of approved establishment and personnel numbers according to salary level ¹ (continued)

	Personnel post status as at 30 September 2009			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid year ²	Medium-term estimate		
				2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Force Employment	51 409	39 772	–	36 783	34 022	33 442	37 318	40 279	41 563	43 374
Salary level 1 – 6	42 760	32 676	–	30 086	27 828	27 353	30 088	32 935	33 949	34 762
Salary level 7 – 10	8 458	6 888	–	6 488	6 001	5 899	7 028	7 150	7 420	8 418
Salary level 11 – 12	155	170	–	175	162	159	165	158	158	158
Salary level 13 – 16	36	38	–	34	31	31	37	36	36	36
Landward Defence	14 113	10 986	–	10 589	10 603	10 621	10 709	11 262	11 445	11 748
Salary level 1 – 6	8 665	7 335	–	6 661	6 669	6 681	6 856	7 551	7 845	8 219
Salary level 7 – 10	5 250	3 493	–	3 736	3 741	3 748	3 691	3 543	3 432	3 361
Salary level 11 – 12	170	132	–	167	167	167	137	143	143	143
Salary level 13 – 16	28	26	–	25	26	26	25	25	25	25
Air Defence	8 972	6 969	–	6 492	6 232	6 708	7 009	6 641	6 399	6 121
Salary level 1 – 6	6 193	4 799	–	4 436	4 259	4 730	5 058	4 394	4 079	3 623
Salary level 7 – 10	2 648	2 068	–	1 938	1 860	1 866	1 844	2 115	2 188	2 356
Salary level 11 – 12	103	84	–	99	95	95	89	115	115	117
Salary level 13 – 16	28	18	–	18	18	17	18	17	17	25
Maritime Defence	9 050	8 850	–	7 699	8 025	8 126	8 380	8 871	8 955	8 905
Salary level 1 – 6	3 665	5 827	–	4 010	4 179	4 232	4 395	4 881	4 976	4 961
Salary level 7 – 10	4 698	2 442	–	3 171	3 305	3 346	3 431	3 359	3 348	3 311
Salary level 11 – 12	563	490	–	437	456	462	473	510	510	512
Salary level 13 – 16	124	91	–	82	85	86	81	121	121	121
Military Health Support	1 022	731	–	654	648	826	715	752	778	803
Salary level 1 – 6	192	136	–	151	150	191	177	154	177	187
Salary level 7 – 10	760	525	–	438	434	553	473	529	532	547
Salary level 11 – 12	53	53	–	50	49	63	49	52	52	52
Salary level 13 – 16	17	17	–	15	15	19	16	17	17	17
Defence Intelligence	5 768	4 128	–	11 004	9 931	9 795	4 889	4 473	4 531	4 444
Salary level 1 – 6	3 624	2 744	–	6 958	6 279	6 193	3 239	2 854	2 912	2 825
Salary level 7 – 10	2 036	1 284	–	3 756	3 390	3 343	1 545	1 507	1 507	1 507
Salary level 11 – 12	89	87	–	248	224	221	89	95	95	95
Salary level 13 – 16	19	13	–	42	38	38	16	17	17	17
General Support	2 408	1 803	–	1 449	1 685	1 709	1 714	1 856	1 892	1 900
Salary level 1 – 6	1 303	888	–	717	834	846	822	960	983	994
Salary level 7 – 10	1 021	819	–	656	763	774	805	811	824	821
Salary level 11 – 12	67	78	–	61	71	72	69	68	68	68
Salary level 13 – 16	17	18	–	15	17	17	18	17	17	17

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

2. As at 30 September 2009.

Table 21.C Summary of expenditure on training

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Compensation of employees (R million)	9 037.6	9 735.9	10 620.0	12 223.2	13 450.4	14 630.1	15 686.9
Training expenditure (R million)	85.6	87.4	117.7	113.6	145.6	151.0	167.0
Training as percentage of compensation	0.9%	0.9%	1.1%	0.9%	1.1%	1.0%	1.1%

Table 21.D Summary of departmental public private partnership (PPP) projects

Project description: R million	Project annual unitary fee at time of contract	Budgeted expenditure 2009/10	Medium-term expenditure estimate		
			2010/11	2011/12	2012/13
Projects in preparation, registered in terms of Treasury Regulation 16¹	–	–	2.3	2.5	2.8
PPP unitary charge	–	–	–	–	–
Advisory fees	–	–	2.3	2.5	2.8
Total	–	–	2.3	2.5	2.8

1. Only projects that have received Treasury Approval: 1

Disclosure notes for projects signed in terms of Treasury Regulation 16

Project name	Comprehensive Healthcare service to member for their legal dependants as well as beneficiaries of the fund for the SA Military Health Service in the DOD
Brief description	The identification and procurement of referral services in eight regional centres in South Africa through a PPP
Date PPP agreement was signed	No PPP agreement signed yet, must enter the procurement phase.
Duration of PPP agreement	If it is successful it will be for 10 years
Escalation index for unitary fee	No unitary fee to be paid only service fee with a discount.
Net Present Value of all payment obligations discounted at appropriate duration government bond yield	There will be none.
Variations / amendments to PPP agreement	N/A
Cost implications of variations / amendments	N/A
Significant contingent fiscal obligations including termination payments, guarantees, warranties and indemnities and maximum estimated value of such liabilities	N/A

Table 21.F Summary of expenditure on infrastructure

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation 2009/10	Medium-term expenditure estimate		
				2006/07	2007/08	2008/09		2010/11	2011/12	2012/13
R million										
Departmental infrastructure										
Rebuilding of runway at Waterkloof air force base	Aircraft landing facility	Construction	1 153.4	-	8.1	313.2	430.0	350.0	52.1	-
Construction of living accommodation	Member accommodation	Various	157.0	49.2	70.8	52.1	-	-	-	74.2
Upgrading of medical health facilities	Functional medical facilities	Construction	174.9	-	-	70.0	-	37.5	20.0	6.1
Construction of boat park	More efficient operations	Construction	120.6	-	-	-	-	31.6	15.5	-
Construction of training facilities	More efficient operations	Various	76.4	-	-	-	-	3.8	-	-
Construction of medical depot	Medical distribution point	Identification	537.0	-	-	-	-	0.1	31.4	106.1
Construction and upgrading of medical health facilities	Functional medical facilities	Construction	41.0	-	-	-	-	5.0	2.1	-
Upgrading of infrastructure for disabled members	Accessibility for disabled members	Various	10.0	-	-	-	-	0.2	0.2	2.2
Upgrading of kitchens	Improved food preparation	Various	7.2	-	-	-	-	-	-	-
Erection of fences, burglar bars and security gates	Safety and security	Various	9.1	-	-	-	-	-	-	2.2
Construction of ammunition storage facility	Safe ammunition storage	Construction	22.3	-	-	-	-	8.3	1.1	-
Construction of training facilities	More efficient operations	Various	15.2	-	-	-	-	3.7	3.2	1.5
Construction and upgrading of runway, roads, security fences and water and electrical supply	Provision of civil infrastructure	Various	57.0	-	-	-	-	-	-	9.1
Construction of office accommodation	Administration support	Various	53.0	-	-	-	-	-	0.3	2.6
Construction of ordnance hangars	Safe storage of ordnance	Identification	24.0	-	-	-	-	-	-	1.5
Construction of accommodation and training facilities	Accommodation and training	Various	-	-	14.5	41.1	22.0	31.5	32.7	33.9
Procurement of containers	Storage of ammunition	Various	-	-	-	-	-	12.6	13.0	13.6

Table 21.F Summary of expenditure on infrastructure (continued)

Project name R million	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation 2009/10	Medium-term expenditure estimate		
				2006/07	2007/08	2008/09		2010/11	2011/12	2012/13
Maintenance										
Repair and maintenance of infrastructure	Improved facilities	Construction	881.1	-	-	-	-	127.4	0.9	-
Repair and maintenance of infrastructure	Improved facilities	Tender	1 648.5	-	-	-	-	488.1	605.7	375.9
Repair and maintenance of infrastructure	Improved facilities	Design	101.7	-	-	-	-	-	-	61.0
Repair and maintenance of infrastructure	Improved facilities	Identification	1 520.8	-	-	-	-	21.0	63.0	528.6
Total			6 610.3	49.2	93.4	476.5	452.0	1 120.7	841.1	1 218.3

Table 21.G Summary of allocations to the special defence account per programme

Programme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R thousand							
Force Employment	139 424	111 779	152 090	156 811	129 354	131 687	142 762
Landward Defence	1 643 710	2 065 911	2 018 299	2 286 917	2 438 966	2 453 685	2 288 653
Air Defence	4 729 585	4 537 887	4 924 012	5 614 508	2 272 161	3 916 235	4 173 072
Maritime Defence	1 316 941	948 223	255 532	249 498	259 214	265 631	417 694
Military Health Support	885	1 100	1 500	1 771	24 700	46 754	39 192
Defence Intelligence	201 037	296 207	332 413	391 540	396 779	412 721	430 064
General Support	249 156	274 604	403 962	365 073	438 288	509 807	420 872
Total	8 280 738	8 235 711	8 087 808	9 066 118	5 959 462	7 736 520	7 912 309

Vote 22

Independent Complaints Directorate

Budget summary

R million	2010/11				2011/12	2012/13
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	50.1	49.3	0.1	0.8	55.3	60.6
Complaints Processing, Monitoring and Investigation	63.4	61.8	–	1.7	71.6	72.5
Information Management and Research	15.8	15.0	–	0.8	17.3	19.3
Total expenditure estimates	129.3	126.0	0.1	3.3	144.1	152.4

Executive authority

Minister of Police

Accounting officer

Executive Director of the Independent Complaints Directorate

Website address

www.icd.gov.za

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

Aim

The aim of the Independent Complaints Directorate is to provide an accessible complaints processing mechanism and efficient and effective investigation of complaints of deaths, misconduct and criminality allegedly committed by members of the South African Police Service and Municipal Police Services, and make appropriate recommendations.

Programme purposes

Programme 1: Administration

Purpose: Overall management of the Independent Complaints Directorate and support services.

Programme 2: Complaints Processing, Monitoring and Investigation

Purpose: Receive, register and process complaints. Investigate deaths in police custody or as a result of police action. Investigate and/or monitor complaints of police criminality and misconduct. Monitor the implementation of the Domestic Violence Act (1998).

Programme 3: Information Management and Research

Purpose: Manage all information needs and knowledge. Conduct proactive research and undertake various proactive oversight activities. Manage all communication and marketing of activities and products to stakeholders.

Strategic overview: 2006/07 – 2012/13

The legal mandate of the Independent Complaints Directorate is first, to investigate all deaths in police custody or as a result of police action, and second, to investigate criminal offences and serious misconduct alleged to have been committed by members of the South African Police Service and the Municipal Police Services.

The directorate began operations in 1997 and has since established offices in all provinces. As part of its objective of improving access to its services, 6 of the 22 identified satellite offices have been established and fully functional since 2008/09. They are in KwaZulu-Natal (Empangeni), Eastern Cape (Mthatha), North West (Rustenburg), Limpopo (Thohoyandou), Free State (Bethlehem) and Northern Cape (Upington). The current budget does not enable the directorate to establish more access points or satellite offices closer to rural communities, but three more planned satellite offices will be opened, when funding is available, in Mpumalanga, Western Cape and Gauteng.

Reprioritising for effective service delivery

In 2009/10, the Independent Complaints Directorate was affected by the global recession and government's call to all departments to curb spending. The directorate has had to reprioritise and manage resources more effectively to ensure that it delivers on its mandate.

New legislative framework and programme structure

A new legislative framework for the directorate is envisaged in 2010 to ensure the directorate's independence from the South African Police Service. The directorate is currently structured according to chapter 10 of the South African Police Service Act (1995), which is outdated in its references to other legislation. Additional reasons for new legislation include: to grant the directorate an extended mandate which focuses on more serious and priority crimes committed by members of the South African Police Service; to improve the management structure of the directorate; to improve reporting and accountability practices in the directorate; and to establish a formal liaison mechanism between the directorate and the Secretariat for Safety and Security.

It is envisaged that the functions of the current *Information Management and Research* programme will be integrated into the *Complaints Processing, Monitoring and Investigation* programme, and *Legal Services* will become programme 3. The change in the programme structure will bring better coordination between the lodging of complaints and their investigation. Having the whole process aligned in one programme will enhance the effectiveness of the directorate. Better communication between the Secretariat for Safety and Security, especially in relation to feedback to the directorate, will ensure that serious and priority crimes are effectively investigated and that action by the South African Police Service against offending members is properly monitored. The communications function will relocate to the office of the executive director. The executive director has also appointed a task in anticipation of the new legislation. The team, consisting of representatives of the Independent Complaints Directorate and the Department of Public Service and Administration, will drive the implementation of the reorganisation of the directorate. Organised labour has been briefed, and a forum will be established to formalise their inputs.

While the appointment of a permanent executive director in August 2009 has ensured continued good governance, it has also brought some changes to the directorate's strategy. At a planning lekgotla in November 2009, management considered the challenges of having to work with more limited resources and decided to re-evaluate and prioritise the directorate's many activities. The result is that there will be an increase in activities for finalising all cases involving complaints of alleged deaths in custody or due to police action, and cases involving complaints of serious police brutality. The directorate will also focus on specific serious crimes, such as alleged rape by a police officer (irrespective of whether the police officer is on or off duty) and the alleged rape of a complainant by other detainees while the complainant is in police custody. Matters of systemic corruption referred by the minister or secretary of police, as well as any incidents of torture referred to by a judge, legal representative, or the minister or secretary of police will also become important areas of focus for the *Complaints Processing, Monitoring and Investigation* programme. More attention will be given to these cases to shorten the time taken for the preliminary investigations and to collect evidence that will secure further criminal or disciplinary proceedings.

The revised priorities will necessitate a dedicated legal services programme to provide legal advice and opinions to investigators. The new interface with the legal community will also be part of the focus of the new *Legal Services* programme, and help to improve service delivery and expedite investigations.

The research function in the *Information Management and Research* programme will be transferred to the Secretariat for Safety and Security. The information database management directorate will provide the statistical information on cases of police brutality and criminality necessary for the secretariat to conduct research. It has

been proposed that the Domestic Violence Act (1998) be amended so that the Secretariat for Safety and Security can continue reporting to Parliament on South African Police Service members' failure to comply with the obligations that the act imposes on them.

The reprioritisation of the Independent Complaints Directorate's strategy will strengthen the cooperative relationship between the directorate and the Secretariat for Safety and Security as it aims to ensure the effective monitoring by the South African Police Service of the implementation of the directorate's recommendations.

Strengthening the mandate of the Independent Complaints Directorate

The challenges posed by the legislative gaps in chapter 10 of the South African Police Services Act (1995), which are preventing the directorate from properly delivering on its constitutional mandate, may soon be resolved. The gaps are related, among others, to the disciplining of South African Police Service members, because the directorate can only recommend disciplinary measures but cannot enforce them. The Minister of Police has set up a task team to prepare separate legislation for the directorate, which is expected to be tabled before Cabinet in the first quarter of 2010.

Savings and cost effective service delivery

No decreases were made to the baseline of the Independent Complaints Directorate over the MTEF period. Because of the recession, the directorate has implemented cost saving measures. These include curtailing expenditure on: entertainment and catering; cellphones; government garage vehicles; resettlement benefits privileges; car rental, and travel by senior management.

Selected performance indicators

Table 22.1 Independent Complaints Directorate

Indicator	Programme	Past			Current	Projections		
		2006/7	2007/8	2008/9	2009/10	2010/11	2011/12	2012/13
Percentage of complaints registered and allocated within 48 hours	Complaints Processing, Monitoring and Investigation	100% (5 412)	100% (5 440)	100% (5 800)	100% (5 450)	100% (5 450)	100% (5 995)	100% (6 500)
Percentage of investigations of deaths in custody and as a result of police action finalised	Complaints Processing, Monitoring and Investigation	60% (251)	60% (259)	60% (466)	60% (470)	65% (470)	65% (470)	70% (480)
Percentage of investigations of complaints of criminality finalised	Complaints Processing, Monitoring and Investigation	70% (894)	50% (912)	50% (1 000)	50% (1 050)	55% (1 100)	55% (1 150)	60% (1 200)
Number of police stations audited for compliance with the Domestic Violence Act (1998)	Complaints Processing, Monitoring and Investigation	20	24	54	81	108	135	135
Percentage of applications for exemptions in terms of the Domestic Violence Act (1998) completed within 30 days	Complaints Processing, Monitoring and Investigation	100% (36)	100% (42)	100% (45)	100% (47)	100% (50)	100% (53)	100% (60)
Number of community awareness programmes launched	Information Management and Research	108	216	230	240	250	260	270
Number of research projects and recommendation reports compiled*	Information Management and Research	3	3	3	3	-	-	-

*This function is to be transferred to the Secretariat for Safety and Security from 2010/11.

Expenditure estimates

Table 22.2 Independent Complaints Directorate

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
R million								
1. Administration	22.7	27.4	33.5	44.4	44.4	50.1	55.3	60.6
2. Complaints Processing, Monitoring and Investigation	35.1	44.0	54.5	56.0	56.0	63.4	71.6	72.5
3. Information Management and Research	7.4	9.4	11.3	16.1	16.1	15.8	17.3	19.3
Total	65.3	80.9	99.3	116.5	116.5	129.3	144.1	152.4
Change to 2009 Budget estimate				1.6	1.6	2.2	4.6	5.8
Economic classification								
Current payments	61.3	74.1	95.0	114.2	114.2	126.0	140.5	148.6
Compensation of employees	36.8	45.7	58.0	66.5	66.5	74.1	85.5	90.4
Goods and services	24.5	28.4	37.0	47.7	47.7	51.9	55.0	58.1
<i>of which:</i>								
Computer services	1.9	1.7	4.1	5.1	5.1	4.8	5.1	5.4
Lease payments	0.4	0.7	1.3	1.6	1.6	10.4	11.0	11.6
Property payments	0.5	0.5	1.9	2.0	2.0	4.4	4.6	4.9
Travel and subsistence	8.9	9.2	16.6	22.3	22.3	13.3	14.1	14.9
Transfers and subsidies	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.1
Departmental agencies and accounts	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1
Payments for capital assets	3.9	6.7	4.2	2.2	2.2	3.3	3.5	3.7
Machinery and equipment	3.1	6.7	4.2	2.2	2.2	3.3	3.5	3.7
Software and other intangible assets	0.8	–	–	–	–	–	–	–
Total	65.3	80.9	99.3	116.5	116.5	129.3	144.1	152.4

Expenditure trends

Total expenditure for the vote increased from R65.3 million in 2006/07 to R116.5 million in 2009/10 at an average annual rate of 21.3 per cent. The increase was due to the purchase of an electronic asset management system in 2009 to barcode all assets valued at less than R500 000, thus improving asset management by facilitating regular verification.

Expenditure is expected to increase over the medium term to R152.4 million, at an average annual rate of 9.4 per cent. This is due to: the increases in the salary levels of investigators from April 2008, as determined by job evaluations; increases in investigative capacity; and the appointment of staff for the newly established asset management unit at the head office. This resulted in increased expenditure in compensation of employees, which grew from R66.5 million in 2009/10 to R90.4 million in 2012/13 at an average annual rate of 10.8 per cent.

The department receives additional allocations of R2.2 million in 2010/11, R4.6 million in 2011/12 and R5.8 million in 2012/13 to strengthen support services, which is a policy priority, and for salary adjustments. The increased allocation will cater for 3 additional administrative staff in 3 provincial offices.

The directorate's has 287 funded positions. More than 190 of these staff members are employed in the 9 provincial offices. The funding has been earmarked for the *Complaints Processing, Monitoring and Investigation* and the *Information Management and Research* programmes to ensure service delivery on the department's mandate. The *Administration* programme received less funding, and as a result post levels have been scaled lower than what has been proposed by job evaluations.

Departmental receipts

Revenue generated by the Independent Complaints Directorate is mainly from parking fees, commissions on insurance deductions and bursary debt recovery. An increase in revenue is anticipated over the MTEF period due to the projected increase in personnel.

Table 22.3 Departmental receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
Departmental receipts	38	377	69	105	118	123	131	140
Sales of goods and services produced by department	32	99	2	55	68	69	73	78
Interest, dividends and rent on land	3	21	3	10	10	11	12	13
Transactions in financial assets and liabilities	3	257	64	40	40	43	46	49
Total	38	377	69	105	118	123	131	140

Programme 1: Administration

Expenditure estimates

Table 22.4 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R million	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Management	4.5	5.3	5.6	7.4	9.9	10.6	11.4
Corporate Services	13.2	15.9	21.3	29.6	32.1	36.1	40.1
Office Accommodation	5.1	6.2	6.7	7.4	8.1	8.6	9.1
Total	22.7	27.4	33.5	44.4	50.1	55.3	60.6
Change to 2009 Budget estimate				0.6	1.2	1.4	5.5
Economic classification							
Current payments	21.9	25.4	32.4	44.0	49.3	54.3	59.6
Compensation of employees	11.0	13.1	16.3	22.3	24.9	28.5	32.3
Goods and services	10.9	12.3	16.2	21.7	24.4	25.8	27.3
<i>of which:</i>							
Computer services	0.6	0.4	1.3	2.1	1.5	1.6	1.7
Lease payments	0.2	0.3	0.2	0.2	7.3	7.7	8.1
Property payments	0.3	0.2	1.1	1.2	2.6	2.7	2.9
Travel and subsistence	1.8	2.0	6.3	7.4	4.7	4.9	5.2
Transfers and subsidies	0.0	0.0	0.1	0.1	0.1	0.1	0.1
Departmental agencies and accounts	0.0	0.0	0.1	0.1	0.1	0.1	0.1
Payments for capital assets	0.7	1.9	1.0	0.3	0.8	0.9	1.0
Machinery and equipment	0.7	1.9	1.0	0.3	0.8	0.9	1.0
Total	22.7	27.4	33.5	44.4	50.1	55.3	60.6

Expenditure trends

Expenditure increased at an average annual rate of 25 per cent, from R22.7 million in 2006/07 to R44.4 million in 2009/10. The increase can be attributed to the purchase of additional office furniture and equipment, and payments for 6 additional satellite offices, which improve the Independent Complaints Directorate's accessibility.

Expenditure is projected to increase at an average annual rate of 11 per cent over the medium term, rising from R44.4 million to R60.6 million, due to increased capacity in support services and to cater for the expansion of the asset management unit. Expenditure on goods and services is expected to grow, from R21.7 million in 2009/10 to R27.3 million in 2012/13, at an average annual rate of 8.1 per cent due to lease and property payments and changes to the standard chart of accounts. The expected increase in expenditure in the

Management subprogramme is mainly due to an increase in staff in the office of the executive director to increase its capacity, including interactions with stakeholder departments and parliamentary committees.

Programme 2: Complaints Processing, Monitoring and Investigation

- *Complaints Processing, Monitoring and Investigation* receives, registers, processes and investigates complaints of deaths in police custody or as a result of police action, and complaints of misconduct and criminality. Funding is distributed according to the number of personnel and cases.
- *Legal Services* provides legal advice to Independent Complaints Directorate officials. Funding is distributed based on historical patterns and strategic priorities.

Objectives and measures

- Maintain the integrity of independent oversight by increasing the finalisation of investigations of complaints of criminality from 894 in 2006/07 to 1 200 in 2012/13.
- Ensure that the South African Police Service attends to every complaint of domestic violence by:
 - monitoring compliance with the Domestic Violence Act (1998) and completing applications for exemption from disciplinary action in terms of the act within 30 days
 - increasing the number of police stations audited annually from 20 in 2006/07 to 135 in 2012/13.

Service delivery focus

More than 6 110 complaints of police criminality and misconduct were registered by the directorate in 2008/09, an increase of more than 5 per cent from 2007/08. Including cases carried forward from 2007/08, more than 11 190 complaints of police misconduct and brutality were handled by the directorate in 2008/09, of which 6 133 were completed. The number of deaths in police custody or as a result of police action reported to the directorate increased from 791 in 2007/08 to 912 in 2008/09. The directorate attained 38 criminal convictions in 2008/09 and 90 convictions for disciplinary matters. By the end of the third quarter of 2009/10, the directorate had registered 4 712 new cases, of which 652 referred to death in police custody or as a result of police action. In the same period, the directorate closed 5 102 cases and finalised 11 804 investigations, which include cases from previous years.

Expenditure estimates

Table 22.5 Complaints Processing, Monitoring and Investigation

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Complaints Processing, Monitoring and Investigation	34.1	43.5	53.7	54.4	61.8	69.6	70.5
Legal Services	1.0	0.6	0.9	1.6	1.7	2.0	1.9
Total	35.1	44.0	54.5	56.0	63.4	71.6	72.5
Change to 2009 Budget estimate				0.9	2.8	5.4	(0.8)
Economic classification							
Current payments	33.4	39.8	52.1	54.7	61.8	69.8	70.6
Compensation of employees	22.1	28.1	36.0	37.0	41.2	48.0	47.6
Goods and services	11.3	11.7	16.1	17.7	20.6	21.8	23.0
<i>of which:</i>							
Computer services	1.1	0.9	2.2	2.3	2.0	2.1	2.2
Lease payments	0.2	0.4	0.9	1.2	2.7	2.9	3.0
Property payments	0.2	0.2	0.5	0.5	1.4	1.5	1.6
Travel and subsistence	6.4	6.6	8.8	9.9	7.0	7.4	7.8

Table 22.5 Complaints Processing, Monitoring and Investigation (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Economic classification							
Payments for capital assets	1.7	4.2	2.4	1.3	1.7	1.8	1.9
Machinery and equipment	1.6	4.2	2.4	1.3	1.7	1.8	1.9
Software and other intangible assets	0.1	–	–	–	–	–	–
Total	35.1	44.0	54.5	56.0	63.4	71.6	72.5

Expenditure trends

Expenditure increased at an average annual rate of 16.8 per cent, from R35.1 million in 2006/07 to R56 million in 2009/10. The substantial increase between 2006/07 and 2009/10 is attributable to the additional allocations in previous periods for increased capacity. In 2009/10, additional posts were added to the staff structure, which resulted in an increase of expenditure in compensation of employees.

Expenditure is expected to grow to R72.5 million over the medium term at an average annual rate of 9 per cent. This is due to an increase in expenditure on goods and services, which is expected to grow at an average annual rate of 9.1 per cent. This is mainly as a result of an increase in travel and subsistence costs as inspectors perform the additional tasks of police station audits and visiting holding cells. Investigators, monitors and heads of provinces in the directorate will also visit community centres to increase public awareness of the Independent Complaints Directorate's role in the implementation of the Domestic Violence Act (1998). Expenditure on compensation of employees is expected to increase over the medium term at an average annual rate of 8.7 per cent, from R37 million to R47.6 million. This increase is for additional posts to strengthen support services and investigative capacity.

Over the medium term, spending will focus on improving investigative equipment such as bullet proof vests and increasing the number of computers for use in the field. This will necessitate an increase of 33.1 per cent in expenditure on capital assets. The department will also send a strong message that police criminality will not be tolerated by focusing on the investigation of complaints and on notifications of deaths in custody and those resulting from police action, criminality and the serious abuse of powers.

Programme 3: Information Management and Research

- *Research* conducts proactive research. Research needs, guided by statistical information, determine how funds are distributed.
- *Information Management System* maintains a database which serves as a register for all complaints, manages IT, and manages promoting Independent Complaints Directorate products and services to stakeholders. Funding is distributed according to historical patterns and strategic priorities.

Objectives and measures

- Proactively curb errant behaviour by:
 - analysing information annually in relation to the Domestic Violence Act (1998)
 - each year registering all complaints received within 48 hours
 - increasing the number of community awareness programmes from 108 in 2006/07 to 270 in 2012/13.

Service delivery focus

In 2008/09, 22 applications for exemption from disciplinary action were received, of which 13 were granted and the rest were still under consideration at the end of that year. 5 research reports were completed in 2008/09 on the management of persons in police custody, accidents involving police vehicles, and developing an instrument for cell inspection. 2 research reports were completed on domestic violence in 2008/09.

In 2008/09, 596 police stations were audited and 473 cell inspections conducted nationally. 39 community liaison and outreach activities took place per quarter per provincial office in 2008/09. More than 100 community

members were reached in one such activity. Details of the directorate's services are made known to the public through outreach activities, pamphlets, case studies and on the internet. Where possible, community members' complaints and concerns are being noted and those not within the directorate's mandate referred to other government departments. Complaints against alleged police misconduct are recorded and taken for processing and investigation. By the end of December 2009, the directorate performed 96 police station audits nationally and conducted 124 community outreach programmes.

Expenditure estimates

Table 22.6 Information Management and Research

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Research	1.6	1.7	1.7	1.8	1.6	1.8	1.8
Information Management System	5.9	7.8	9.6	14.3	14.1	15.5	17.4
Total	7.4	9.4	11.3	16.1	15.8	17.3	19.3
Change to 2009 Budget estimate				0.2	(1.8)	(2.2)	1.2
Economic classification							
Current payments	6.0	8.8	10.4	15.5	15.0	16.4	18.4
Compensation of employees	3.7	4.4	5.7	7.2	8.0	9.1	10.6
Goods and services	2.3	4.4	4.7	8.3	7.0	7.4	7.8
<i>of which:</i>							
Computer services	0.2	0.3	0.6	0.7	1.3	1.4	1.5
Lease payments	0.0	0.0	0.1	0.2	0.4	0.4	0.4
Property payments	0.1	0.1	0.3	0.3	0.3	0.4	0.4
Travel and subsistence	0.7	0.7	1.4	4.9	1.6	1.8	1.9
Payments for capital assets	1.5	0.6	0.8	0.6	0.8	0.9	0.9
Machinery and equipment	0.8	0.6	0.8	0.6	0.8	0.9	0.9
Software and other intangible assets	0.7	–	–	–	–	–	–
Total	7.4	9.4	11.3	16.1	15.8	17.3	19.3

Expenditure trends

Expenditure in the *Information Management and Research* programme increased from R7.4 million in 2006/07 to R16.1 million in 2009/10 at an average annual rate of 29.4 per cent, due to increased spending on compensation of employees, which grew at an average annual rate of 24.6 per cent. The increase was as a result of additional personnel and the general salary increase. Expenditure is projected to grow over the medium term at an average annual rate of 6.2 per cent, reaching R19.3 million in 2012/13. This is as a result of increased spending on compensation of employees.

Spending by the *Information Management System* subprogramme is also expected to increase over the MTEF period to improve and maintain the directorate's information support system. This will result in more thorough data management, a streamlined linkage to government's online portals and the gateway e-government project, improved knowledge management, and high quality reports.

Over the MTEF period, spending in this programme focuses on maintaining the Independent Complaints Directorate's electronic information system and updating the case management system.

Additional tables

Table 22.A Summary of expenditure trends and estimates per programme and economic classification

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R million	2008/09		2008/09	2009/10			2009/10
1. Administration	35.6	35.6	33.5	43.8	0.6	44.4	44.4
2. Complaints Processing, Monitoring and Investigation	50.0	50.0	54.5	55.1	0.9	56.0	56.0
3. Information Management and Research	12.9	12.9	11.3	15.9	0.2	16.1	16.1
Total	98.5	98.5	99.3	114.9	1.6	116.5	116.5
Economic classification							
Current payments	96.2	90.7	95.0	112.6	1.7	114.2	114.2
Compensation of employees	55.0	56.0	58.0	65.2	1.3	66.5	66.5
Goods and services	41.2	34.8	37.0	47.4	0.3	47.7	47.7
Transfers and subsidies	0.1	0.1	0.1	0.1	-	0.1	0.1
Departmental agencies and accounts	0.1	0.1	0.1	0.1	-	0.1	0.1
Payments for capital assets	2.2	7.7	4.2	2.2	(0.1)	2.2	2.2
Machinery and equipment	2.0	7.7	4.2	2.2	(0.1)	2.2	2.2
Software and other intangible assets	0.2	-	-	-	-	-	-
Total	98.5	98.5	99.3	114.9	1.6	116.5	116.5

Table 22.B Detail of approved establishment and personnel numbers according to salary level ¹

Department	Personnel post status as at 30 September 2009			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid year ²	Medium-term estimate		
				2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Department	288	288	-	213	234	253	287	290	293	296
Salary level 1 – 6	108	108	-	67	73	90	108	108	108	108
Salary level 7 – 10	140	140	-	111	127	126	140	143	146	149
Salary level 11 – 12	23	23	-	21	20	21	22	22	22	22
Salary level 13 – 16	17	17	-	14	14	16	17	17	17	17
Administration	93	93	-	59	62	63	93	96	99	102
Salary level 1 – 6	47	47	-	28	29	33	47	47	47	47
Salary level 7 – 10	33	33	-	21	24	19	33	36	39	42
Salary level 11 – 12	7	7	-	7	6	6	7	7	7	7
Salary level 13 – 16	6	6	-	3	3	5	6	6	6	6
Complaints Processing, Monitoring and Investigation	151	151	-	123	141	150	150	150	150	150
Salary level 1 – 6	37	37	-	24	29	37	37	37	37	37
Salary level 7 – 10	92	92	-	79	92	92	92	92	92	92
Salary level 11 – 12	12	12	-	10	10	11	11	11	11	11
Salary level 13 – 16	10	10	-	10	10	10	10	10	10	10
Information Management and Research	44	44	-	31	31	40	44	44	44	44
Salary level 1 – 6	24	24	-	15	15	20	24	24	24	24
Salary level 7 – 10	15	15	-	11	11	15	15	15	15	15
Salary level 11 – 12	4	4	-	4	4	4	4	4	4	4
Salary level 13 – 16	1	1	-	1	1	1	1	1	1	1

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

2. As at 30 September 2009.

Table 22.C Summary of expenditure on training

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Compensation of employees (R million)	36.8	45.7	58.0	66.5	74.1	85.5	90.4
Training expenditure (R million)	0.5	0.6	0.6	0.7	0.7	0.8	0.8
Training as percentage of compensation	1.5%	1.3%	1.0%	1.0%	1.0%	0.9%	0.9%
Total number trained in department (head count)	203	91	103	121			
<i>of which:</i>							
<i>Employees receiving bursaries (head count)</i>	53	56	59	62			
<i>Internships trained (head count)</i>	40	42	90	105			

Vote 23

Justice and Constitutional Development

Budget summary

R million	2010/11				2011/12	2012/13
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	1 472.9	1 398.1	9.8	65.0	1 604.2	1 693.1
Court Services	3 871.9	3 320.6	23.1	528.3	4 241.1	4 555.0
State Legal Services	644.1	638.6	1.1	4.5	677.9	711.8
National Prosecuting Authority	2 439.6	2 420.0	9.6	10.0	2 586.8	2 718.3
Auxiliary and Associated Services	1 821.9	359.9	1 442.1	19.9	1 973.7	2 052.4
Subtotal	10 250.5	8 137.2	1 485.6	627.7	11 083.7	11 730.6
Direct charge against the National Revenue Fund						
Judges' salaries	465.5	465.5	–	–	504.9	540.3
Magistrates' salaries	1 464.4	1 464.4	–	–	1 599.3	1 711.6
Total expenditure estimates	12 180.4	10 067.1	1 485.6	627.7	13 187.9	13 982.5

Executive authority

Minister of Justice and Constitutional Development

Accounting officer

Director-General of Justice and Constitutional Development

Website address

www.doj.gov.za

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

Aim

The aim of the Department of Justice and Constitutional Development is to uphold and protect the Constitution and the rule of law, and render accessible, fair, speedy and cost effective administration of justice in the interests of a safer and more secure South Africa.

Programme purposes

Programme 1: Administration

Purpose: Manage the department, develop policies and strategies for the efficient administration of justice, and provide centralised support services.

Programme 2: Court Services

Purpose: Facilitate the resolution of criminal, civil and family law disputes through providing accessible, efficient and quality administrative support to the courts and manage court facilities.

Programme 3: State Legal Services

Purpose: Provide legal and legislative services to government, supervise the administration of deceased, insolvent and liquidation estates and the registration of trusts, manage the Guardian's Fund, prepare and promote legislation, facilitate constitutional development, and undertake research in support of this.

Programme 4: National Prosecuting Authority

Purpose: Provide a coordinated prosecuting service that ensures that justice is delivered to the victims of crime through general and specialised prosecutions, protects certain witnesses, and removes the profit from crime.

Programme 5: Auxiliary and Associated Services

Purpose: Provide a variety of auxiliary services associated with the department's aim, and fund transfer payments to the South African Human Rights Commission, the Office of the Public Protector, the Legal Aid Board, the Special Investigating Unit, the Represented Political Parties' Fund and the President's Fund.

Strategic overview: 2006/07 – 2012/13

In terms of its medium term strategic framework, the Department of Justice and Constitutional Development is committed to establishing and maintaining a single, integrated, accessible and affordable court system that delivers on the key strategic goals of ensuring access to justice services, transforming the justice system, and improving organisational efficiency.

Ensuring access to justice services

The process of ensuring access to justice services received great attention in 2008/09. The extension of civil jurisdiction to the regional courts has enabled regional courts to resolve family law and other civil disputes. Not only will this increase the availability of courts, but it will also help to reduce legal costs as some matters will no longer need to go to the high courts. To complement this initiative, the department is working to complete the redemarcation of magisterial districts.

Forty branch courts (courts sitting periodically) are currently being upgraded to provide full justice services. Others are being removed from police stations to ensure the independence of judicial procedures from police procedures. With more than 10 sites acquired for the construction of new courts in various provinces and an extra 10 new sites to be acquired next year, the department is determined to continuously expand geographic access to justice services for previously disenfranchised communities.

Crimes against women and children continue to be high on the department's agenda. The development of policies to promote and protect the rights of children, the aged, the disabled, women, the poor and other such disadvantaged groups will continue, and the department will prioritise public communication about: services and assistance for victims of crime; maintenance services; the Guardian's Fund; sexual and domestic violence; Truth and Reconciliation Commission recommendations; and other matters that may affect vulnerable groups.

Improving organisational efficiency

To further improve the standard of service delivery, the department aims to fill critical vacancies, modernise justice services, reduce the backlog of cases and improve overall case flow management. Improved administration processes and logistics and the more efficient use of human resources should lead to noticeably higher levels of service delivery.

Digital court recording systems were installed in 2007/08 to replace the outdated analogue recording machines. IT solutions introduced at selected courts countrywide will help to resolve cases more speedily, such as the e-scheduler and audiovisual linkage for postponing certain criminal proceedings. The public private partnership project for managing the department's third party funds for maintenance beneficiaries is about to become operational. The project is aimed at improving the financial management of maintenance funds and increasing the number of pay points nationally. The new system will see maintenance beneficiaries receive their funds through a secure, fast and auditable system within normal bank transfer periods.

Transforming the justice system

In 2008/09, the department began using indigenous languages in courts, with one court per province selected and designated to conduct proceedings in any of the official languages of that province. Over the medium term, the department intends to extend this programme to all courts, in consultation with the judiciary.

In January 2009, the justice, crime prevention and security cluster and the Cabinet lekgotla identified the review of the criminal justice system as a key government priority. The Department of Justice and Constitutional Development was designated as the lead department in this process, phase 1 of which was concluded in December 2009. The review entails two parallel processes: the first is an investigation into long term solutions through desktop research; and the second focuses on short term, medium term and long term initiatives to fight crime, remove blockages and improve court processes. Working in collaboration with its justice, crime prevention and security cluster partners (the departments of correctional services, defence and military veterans, home affairs and police, and state security agency), the department has developed specific focus areas referred to as the seven point plan and terms of reference to articulate the plan, and defined how coordination across the cluster will be optimised. The research has been concluded and is now being incorporated into the implementation of the plan. An interim office for the criminal justice system review has been established and is working to develop an overarching vision and mission for the justice, crime prevention and security cluster.

The Child Justice Act (2008) allows for matters involving children who have committed offences to be diverted away from the main courts. To support departmental and cluster initiatives in implementing the act, the department has started developing a national policy framework on child justice, as well as a strategy and a policy on restorative justice. A draft policy framework on the administration of justice was also finalised in 2008/09, and is aimed specifically at consolidating transformative policy initiatives on the administration of justice, with specific reference to the courts and the judiciary.

Savings and cost effective service delivery

Savings of R195 million in 2010/11, R230 million in 2011/12 and R305 million in 2012/13 have been identified in goods and services by reducing spending on advertising, communication, catering and entertainment, stationery and printing, travel and subsistence, and venues and facilities. Savings have also been identified in transfers to public entities.

Efficiency measures introduced by the department in 2009/10 include: no catering during meetings; limited use of outside venues for strategic sessions or workshops; reduced overnight accommodation; economy class domestic flights for all staff; only key staff to attend hearings and meetings in Parliament; shared vehicles for officials travelling to the same place; discretion when purchasing stationery and other goods; no colour printing; some subscriptions for magazines not renewed; internal advertisement of posts under level 6 and advertisement of posts on levels 6 and upwards in only 2 national publications; staff to pay for all private calls made on official landlines and cellular phones; and staff to use email and minimise printing.

Approved posts have been costed and funded. The reprioritisation of operational expenditure contributed funds to: physical security at courts; the carry through costs of the occupation specific dispensation for legally qualified professionals; the department's 2010 FIFA World Cup commitments; the review of the civil justice system; the electoral court, in preparation for the local government elections; and the Legal Aid Board. Periodic in-year budget and expenditure reviews will be concluded, and funds are to be shifted from slow moving programmes to more pressing departmental priorities.

Selected performance indicators

Table 23.1 Justice and Constitutional Development

Indicator	Programme	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Outstanding court roll at end of each financial year	Court Services	206 508	232 518	234 483	236 983	232 243	227 598	223 046
Number of new cases finalised: - including alternative dispute resolution mechanisms	National Prosecuting Authority	379 034	388 634	431 601	404 229	412 313	420 559	428 970
- excluding alternative dispute resolution mechanisms		334 551	298 656	311 825	317 677	324 030	330 511	337 121
Conviction rate: - high courts	National Prosecuting Authority	87.8% (1 016)	85% (987)	86% (1 461)	86%	87%	87%	87%
- regional courts		72% (26 618)	73% (25 338)	73% (29 431)	74%	74%	74%	74%
- district courts		87.4% (258 172)	87% (227 482)	88.1% (276 154)	87%	87%	87%	87%
- sexual offences courts		65% (3 869)	66% (2 887)	66.7% (5 300)	66%	66%	66%	66%
- specialised commercial crime unit		96.6% (3 869)	94.1% (1 232)	93.7% (1 408)	94%	94%	94%	94%
Asset forfeiture unit: - number of new completed forfeiture cases	National Prosecuting Authority	242	223	277	275	300	310	330
- number of new freezing orders		252	226	275	280	310	330	350
- value of new freezing orders		R1.3bn	R394m	R320m	R360m	R400m	R420m	R440
- success rate		88% (213)	88% (196)	86.5 (262)	86%	86%	86%	86%

Expenditure estimates

Table 23.2 Justice and Constitutional Development

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
R million								
1. Administration	648.3	1 180.9	1 203.2	1 436.8	1 402.8	1 472.9	1 604.2	1 693.1
2. Court Services	2 501.6	2 675.2	3 077.5	3 524.6	3 557.1	3 871.9	4 241.1	4 555.0
3. State Legal Services	329.6	382.5	525.3	595.1	571.0	644.1	677.9	711.8
4. National Prosecuting Authority	1 421.7	1 719.7	1 926.9	2 382.2	2 365.2	2 439.6	2 586.8	2 718.3
5. Auxiliary and Associated Services	952.6	1 235.6	1 511.6	1 782.2	1 777.2	1 821.9	1 973.7	2 052.4
Subtotal	5 853.8	7 194.0	8 244.4	9 721.0	9 673.3	10 250.5	11 083.7	11 730.6
Direct charge against the National Revenue Fund	1 099.3	1 184.5	1 601.1	1 669.7	1 671.7	1 929.9	2 104.2	2 251.9
Judges' salaries	269.3	298.5	504.8	503.7	505.7	465.5	504.9	540.3
Magistrates' salaries	830.0	886.1	1 096.3	1 166.0	1 166.0	1 464.4	1 599.3	1 711.6
Total	6 953.1	8 378.5	9 845.5	11 390.7	11 345.0	12 180.4	13 187.9	13 982.5
Change to 2009 Budget estimate				63.0	17.3	7.7	177.5	295.8

Economic classification

Current payments	5 516.8	6 849.4	8 093.4	9 424.4	9 349.4	9 984.8	10 718.9	11 380.2
Compensation of employees	3 619.7	4 250.9	5 326.2	6 277.1	6 233.7	6 834.7	7 375.3	7 846.8
Goods and services	1 897.1	2 598.5	2 767.2	3 147.3	3 115.3	3 149.5	3 342.7	3 532.6
<i>of which:</i>								
Computer services	197.1	275.6	309.2	462.9	456.6	386.5	409.7	432.8
Lease payments	324.7	408.0	430.8	532.8	530.4	598.2	652.3	709.2
Property payments	239.3	342.8	405.3	337.7	337.7	348.1	379.3	408.0
Travel and subsistence	292.9	403.1	473.9	443.8	443.8	466.6	487.4	506.6
Interest and rent on land	-	-	-	-	0.4	0.6	0.8	0.9
Transfers and subsidies	813.5	984.0	1 266.2	1 382.1	1 412.4	1 567.9	1 705.5	1 766.1
Provinces and municipalities	3.1	-	0.0	-	0.0	-	-	-
Departmental agencies and accounts	757.4	937.4	1 193.8	1 281.0	1 281.0	1 448.4	1 577.5	1 631.8
Foreign governments and international organisations	4.7	3.6	5.1	4.5	4.5	4.7	5.0	5.2
Non-profit institutions	-	-	-	2.7	2.7	-	-	-
Households	48.4	43.1	67.4	94.0	124.3	114.8	123.0	129.0
Payments for capital assets	620.1	541.1	482.2	583.6	581.0	627.7	763.5	836.2
Buildings and other fixed structures	328.9	296.2	416.8	445.8	445.8	479.8	598.5	694.4
Machinery and equipment	270.0	241.7	65.2	135.8	135.2	147.8	164.9	141.7
Software and other intangible assets	21.1	3.2	0.2	1.9	-	0.1	0.1	0.1
Payments for financial assets	2.7	4.0	3.7	0.6	2.2	-	-	-
Total	6 953.1	8 378.5	9 845.5	11 390.7	11 345.0	12 180.4	13 187.9	13 982.5

Expenditure trends

The Department of Justice and Constitutional Development's expenditure increased from R5.9 billion in 2006/07 to R9.7 billion in 2009/10, at an average annual rate of 18.4 per cent, compared to the slower growth of 6.5 per cent over the MTEF period. This growth excludes direct charges against the National Revenue Fund, and the budget is set to increase to R11.7 billion by 2012/13. The strong growth between 2006/07 and 2009/10 was mainly due to additional funding for: the modernisation of the justice system, the appointment of 2 prosecutors per court, and improved capacity in the Master's Office, the director-general's office and state litigation services.

Between 2006/07 and 2009/10, expenditure in compensation of employees increased at an average annual rate of 22.3 per cent. Over the medium term, this expenditure is expected to increase at the slower average annual rate of 6.7 per cent. The slower rate of increase over the medium term is due to the expansion of capacity and the implementation of the occupation specific dispensation for legally qualified professionals. Similarly, expenditure on goods and services increased at an average annual rate of 18.4 per cent between 2006/07 and 2009/10, but is expected to increase at the slower average annual rate of 3.9 per cent over the MTEF period. The slower rate of increase is due to the implementation of efficiency savings over the MTEF period.

The 2010 Budget sets out additional allocations of R458.9 million in 2010/11, R679.2 million in 2011/12 and R886.1 million in 2012/13 for: implementing legislation concerning vulnerable groups; building new courts and upgrading existing infrastructure; appointing additional judges, magistrates and public defenders to the Legal Aid Board; the carry through costs related to the higher than budgeted wage increases in 2009/10; and increased capacity and office accommodation for the South African Human Rights Commission and the Office of the Public Protector.

Infrastructure spending

In 2008/09, major extensions of court buildings were completed in Richmond (Northern Cape) and Mitchells Plain (Western Cape). A new court facility was completed for the periodical court at Augrabies (Northern Cape) and a major refurbishment was completed at Polokwane (Limpopo), providing accommodation for the interim seat of the high court at Polokwane. Small new construction projects that are planned for completion in 2009/10 include Colesberg (Northern Cape) (R17.2 million), Ekgangala (Mpumalanga) (R23.4 million), Tsakane (Gauteng) (R4.6 million), Galeshewe (Northern Cape) (R43.6 million), and Ashton and Lutzville (Western Cape) (R9.2 million and R6.1 million).

In 2008/09, 391 court facilities were earmarked to improve accessibility for persons with disabilities. 135 of these were completed by the end of 2008/09, 144 were at practical completion stage, 81 at the construction stage, and 31 at the tender stage. Projects in the department's repair and maintenance programme were at various stages by the end of 2008/09, with 57 completed, 33 in the maintenance phase, and 3 in the planning phase (design and tender).

Although the department has no mega project planned for 2009/10, 4 large construction projects will begin by the end of the year. These include: the Ntuzuma magistrate's office, anticipated to be completed before the end of 2011/12; the new building for the permanent seat of the Polokwane high court, also anticipated for completion before the end of 2011/12; a new Katlehong magistrate's office, already under construction; and major extensions to the South Gauteng (Johannesburg) high court. Other large projects that are still in the planning phase include the Nelspruit high court building (R267.8 million) and a project at Port Shepstone (R190.3 million).

Departmental receipts

Revenue is mainly generated from fines, penalties and forfeits imposed by the courts, photocopy charges for court cases and access to information, and money recovered by state attorneys. Due to the recession, departmental receipts are expected to increase at a moderate average annual rate of 5.6 per cent over the medium term. Departmental receipts of R358.9 million are expected for 2009/10, and projected to increase to R422.5 million in 2012/13.

Table 23.3 Departmental receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
Departmental receipts	319 510	317 016	356 775	358 888	358 888	377 649	399 761	422 546
Sales of goods and services produced by department	10 786	14 979	14 394	16 541	16 541	14 245	14 915	15 765
Sales of scrap, waste, arms and other used current goods	6	–	33	–	–	–	–	–
Transfers received	–	1 408	21	800	800	–	–	–
Fines, penalties and forfeits	262 616	238 025	271 506	296 273	296 273	315 234	333 833	352 861
Interest, dividends and rent on land	13 394	49 244	45 170	27 043	27 043	28 773	30 471	32 208
Sales of capital assets	–	–	10	135	135	143	152	160
Transactions in financial assets and liabilities	32 708	13 360	25 641	18 096	18 096	19 254	20 390	21 552
Total	319 510	317 016	356 775	358 888	358 888	377 649	399 761	422 546

Programme 1: Administration

Expenditure estimates

Table 23.4 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Minister ¹	1.2	1.7	2.0	1.7	1.8	1.9	2.0
Deputy Minister ¹	0.2	0.3	1.3	1.4	1.5	1.6	1.7
Management	40.6	228.4	54.9	77.3	55.4	59.3	63.0
Corporate Services	306.2	597.6	751.4	907.5	905.6	982.1	1 013.4
Office Accommodation	300.0	352.9	393.6	448.9	508.6	559.3	613.0
Total	648.3	1 180.9	1 203.2	1 436.8	1 472.9	1 604.2	1 693.1
Change to 2009 Budget estimate				398.2	309.7	354.5	374.0

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

Current payments	627.3	1 100.4	1 183.8	1 408.8	1 398.1	1 516.9	1 631.5
Compensation of employees	151.1	178.2	222.3	318.0	328.2	346.2	363.6
Goods and services	476.2	922.2	961.5	1 090.8	1 069.9	1 170.5	1 267.7
<i>of which:</i>							
Computer services	10.9	71.1	21.3	44.6	39.4	42.3	42.7
Lease payments	216.5	280.4	296.8	326.4	387.7	431.1	478.5
Property payments	89.0	304.1	344.9	272.7	278.6	306.7	332.4
Travel and subsistence	45.1	64.1	92.8	86.4	81.4	87.1	92.0
Interest and rent on land	–	–	–	–	–	0.2	0.2
Transfers and subsidies	9.6	7.7	9.3	9.7	9.8	10.2	10.7
Provinces and municipalities	0.1	–	–	–	–	–	–
Departmental agencies and accounts	4.0	3.9	3.0	4.6	4.8	5.1	5.3
Foreign governments and international organisations	4.7	3.6	5.1	4.5	4.7	5.0	5.2
Households	0.8	0.3	1.2	0.6	0.2	0.2	0.2
Payments for capital assets	10.4	69.8	9.8	18.4	65.0	77.0	50.8
Machinery and equipment	10.2	69.4	9.8	18.4	65.0	77.0	50.8
Software and other intangible assets	0.2	0.5	–	–	0.0	0.0	0.0
Payments for financial assets	1.0	3.0	0.2	–	–	–	–
Total	648.3	1 180.9	1 203.2	1 436.8	1 472.9	1 604.2	1 693.1

Details of selected transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	4.0	3.9	3.0	4.6	4.8	5.1	5.3
Safety and Security Sector Education and Training Authority	4.0	3.9	3.0	4.6	4.8	5.1	5.3
Foreign governments and international organisations							
Current	4.1	3.6	5.1	4.5	4.7	5.0	5.2
International Criminal Court	4.1	3.6	5.1	4.5	4.7	5.0	5.2

Expenditure trends

The programme's expenditure grew strongly at an average annual rate of 30.4 per cent, from R648.3 million in 2006/07 to R1.4 billion in 2009/10. Most of this growth was in the *Corporate Services* subprogramme, in which expenditure increased at an average annual rate of 43.6 per cent over the same period to provide for guarding, cash in transit and physical security services. Over the medium term, spending is expected to slow to an average annual rate of 5.6 per cent to reach R1.7 billion in 2012/13, and is largely driven by the increased prioritisation of security at courts.

The increase of 82.2 per cent in the programme's spending in 2007/08 was due to the once-off replacement of computer hardware and the appointment of temporary state advocates in the director-general's office. The temporary appointment of the state advocate is the major reason for the 462.5 per cent increase in the *Management* subprogramme in 2007/08.

Expenditure in compensation of employees increased at an average annual rate of 28.1 per cent between 2006/07 and 2009/10 due to higher than normal salary increases, the appointment of interns, and the expansion of financial capacity at the regional level. Spending on compensation of employees is expected to grow marginally over the medium term, at an average annual rate of 4.6 per cent. A once-off payment to the International Criminal Court in 2008/09 resulted in a 42.3 per cent increase in transfers to foreign governments and international organisations. Payments for capital assets increased by a significant 571.2 per cent in 2007/08 due to the once-off purchase of digital court recording equipment. Over the medium term, expenditure on payments for capital assets is projected to increase to R50.8 million in 2012/13 at an average annual rate of 40.3 per cent, due to increased departmental spending on security equipment for courts.

Programme 2: Court Services

- *Constitutional Court* funds the activities and operations of this court, which has jurisdiction over constitutional matters only.
- *Supreme Court of Appeal* funds the activities and operations of this court, which adjudicates appeals and questions of law from the high courts.
- *High Courts* funds the activities and operations of the various high court divisions, which have jurisdiction over the defined geographical areas in which they are located.
- *Specialised Courts* funds the activities and operations of the labour and labour appeal courts, the land claims court, the special tribunal, and the family courts.
- *Lower Courts* funds the activities and operations of the various regional and district courts. The regional courts adjudicate serious criminal matters. District courts adjudicate civil cases and less serious criminal cases.
- *Family Advocate* funds these offices, which make recommendations to the court where there is litigation and mediation relating to children in family matters.
- *Magistrate's Commission* funds this commission, which makes recommendations on the appointment and tenure of magistrates.
- *Government Motor Transport* funds vehicles for judges and department officials.
- *Facilities Management* funds the building and upgrading of courts and justice service delivery points.
- *Administration of Courts* funds the management of courts' administration and performance evaluation functions.

Funding for the *Government Motor Transport* subprogramme depends on the number of new appointees expected each year and the planned replacement of existing vehicles. Funding for the *Facilities Management* subprogramme is distributed based on planned capital works, infrastructure upgrades and additions. Funding for the other subprogrammes is distributed based on personnel composition and historical expenditure patterns. Once-off operational requirements are also taken into account.

Objectives and measures

- Ensure that justice proceedings are prompt by:
 - reducing the case backlog in regional courts by between 20 per cent and 30 per cent per year, from the 14 815 cases in 2008/09 to 11 500 in 2010/11, through 42 dedicated case backlog courts
 - reducing the case cycle time for criminal cases involving children by 12 per cent per year, from the current 18 months to 15 months in 2010/11, through implementing the provisions of the Child Justice Act (2008)
 - reducing the number of cases on court rolls by increasing matters dealt with by admission of guilt fines (assaults, theft, crimen injuria) from 30 115 in 2007/08 to 10 000 in 2011/12
 - securing 150 justice service delivery points with integrated security infrastructure through contracted service providers by the end of 2010/11
 - replacing 20 per cent of current branch courts (46 of 230) with full court services by the end of 2010/11 through redesignating the identified branch courts.
- Provide adequate family law litigation services and family mediation services to protect the interests of children by finalising 50 per cent of all cases handled by the family advocate within 6 months in 2010/11.

Service delivery focus

In 2008/09, the Constitutional Court finalised 56 per cent of cases on the roll (69 out of 123) against a target of 85 per cent. The Supreme Court of Appeal received 167 petitions for leave to appeal in criminal matters, of which 127 (75 per cent) were finalised in 2008/09. This represents 75 per cent of appeals finalised against a target of 85 per cent. High courts finalised 1 161 criminal trials (51.7 per cent of the total case load of 2 245 in 2008/09). 54 427 motions applications were finalised in high courts. (39 per cent of the total case load of 84 117).

Of a total district court criminal case load of 973 658 in 2008/09, 261 004 were withdrawn, 188 027 warrants were issued, 48 572 cases were transferred, 92 557 cases were struck off the roll, 238 379 verdicts were guilty and 32 106 verdicts were not guilty, with alternative dispute resolution mechanisms used in 80 428 cases. The district courts maintained an average of 3 hours and 52 minutes in 2008/09, from the average of 3 hours and 48 minutes recorded in 2007/08. The lower courts achieved a conviction rate of 86.3 per cent in the first quarter of 2009/10 compared to 85.6 per cent in the same period in 2008/09.

Regional court backlogs were at 30 per cent (15 767 of 51 802 cases) at the end of 2008/09 against a target of 25 per cent. From the end of the third quarter in 2006/07 to the end of 2008/09, the backlog courts finalised 8 855 cases (73.9 per cent of 11 978 received), mainly due to the larger number of new cases flowing in and more cases being kept on regional court rolls. Changes to the minimum sentences legislation in December 2007 mean that the regional courts can impose life sentences and do not need to send these cases to high courts. Since the inception of the national backlog project, 8 855 cases have been finalised, including 3 649 withdrawals and rescreening, and 609 transfers to higher courts. New interventions resulting from the review of the criminal justice system and the National Prosecuting Authority, such as alternative dispute resolution mechanisms, will start to have a positive impact on how cases are being dealt with from 2010/11. In 2009/10, the number of cases removed from the regional court rolls as a result of court backlogs until the end of August 2009 was 3 022. This includes 1 945 cases finalised, 1 000 cases withdrawn and 77 cases transferred.

The Office of the Family Advocate finalised 47 per cent (5 600 out of 11 894) of queries against a target of 50 per cent in 2008/09. Between April and June 2009, 4 070 children were diverted compared to 4 350 between January and March. 55 per cent of cases handled by the family advocates were finalised within 6 months. Up to September 2009, 57 per cent of cases handled by the family advocates were finalised within 6 months.

As part of providing integrated security infrastructure, 520 sites were surveyed in 2008/09, of which 127 high risk sites were prioritised. 15 periodical and 40 branch courts were converted and capacitated to become main courts in 2008/09 as part of the objective to replace 20 per cent of current branch courts (46 of 230) with full court services by the end of 2010/11.

Expenditure estimates

Table 23.5 Court Services

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Constitutional Court	27.2	45.0	61.8	69.5	89.7	93.0	96.8
Supreme Court of Appeal	12.0	12.9	12.1	14.4	14.1	14.5	15.2
High Courts	214.7	226.4	246.3	246.9	267.5	280.2	292.3
Specialised Courts	20.9	24.6	26.9	24.7	29.6	30.9	32.2
Lower Courts	1 613.6	1 645.3	1 824.4	2 216.3	2 385.6	2 586.3	2 753.5
Family Advocate	44.8	67.3	85.2	92.7	95.1	99.8	104.8
Magistrate's Commission	4.7	7.6	7.4	8.9	10.1	10.7	11.1
Government Motor Transport	24.3	27.8	17.3	26.9	35.4	37.5	38.4
Facilities Management	323.7	361.1	479.5	515.5	631.5	759.4	865.0
Administration of Courts	215.9	257.2	316.6	308.7	313.5	328.8	345.8
Total	2 501.6	2 675.2	3 077.5	3 524.6	3 871.9	4 241.1	4 555.0
Change to 2009 Budget estimate				(386.5)	(159.4)	(89.7)	(1.0)
Economic classification							
Current payments	1 919.7	2 296.3	2 607.6	3 006.5	3 320.6	3 564.7	3 779.3
Compensation of employees	1 161.1	1 482.1	1 710.8	2 095.3	2 303.2	2 513.1	2 693.2
Goods and services	758.7	814.3	896.9	911.2	1 017.4	1 051.6	1 086.1
<i>of which:</i>							
Computer services	1.2	7.8	6.3	7.2	8.0	8.3	8.5
Lease payments	21.4	3.3	27.2	33.5	37.4	38.7	40.0
Property payments	126.5	–	26.2	23.9	26.7	27.6	28.5
Travel and subsistence	172.9	234.8	275.9	252.6	282.0	291.5	301.0
Transfers and subsidies	7.3	10.2	9.9	12.4	23.1	24.9	26.0
Provinces and municipalities	0.8	–	0.0	–	–	–	–
Non-profit institutions	–	–	–	2.7	–	–	–
Households	6.5	10.2	9.9	9.7	23.1	24.9	26.0
Payments for capital assets	573.1	368.7	456.8	505.7	528.3	651.5	749.7
Buildings and other fixed structures	328.9	296.1	416.8	445.8	479.8	598.5	694.4
Machinery and equipment	225.5	72.0	39.9	59.9	48.5	52.9	55.2
Software and other intangible assets	18.6	0.5	0.1	0.0	0.0	0.1	0.1
Payments for financial assets	1.5	0.0	3.1	–	–	–	–
Total	2 501.6	2 675.2	3 077.5	3 524.6	3 871.9	4 241.1	4 555.0
Details of selected transfers and subsidies							
Non-profit institutions							
Current	–	–	–	2.7	–	–	–
National Institute for Crime Prevention and Re-integration of Offenders (NICRO)	–	–	–	2.7	–	–	–
Households							
Other transfers to households							
Current	–	0.1	1.7	–	–	–	–
Claims Against the State	–	0.1	1.7	–	–	–	–

Expenditure trends

Expenditure grew at an average annual rate of 12.1 per cent, from R2.5 billion in 2006/07 to R3.5 billion in 2009/10, compared to a slower increase over the MTEF period at an average annual rate of 8.9 per cent. The strong historical growth can be attributed to the implementation of a number of projects, including new legislation and special projects related to the 2009 FIFA Confederations Cup and the 2010 FIFA World Cup, such as establishing special courts for the duration of the 2010 FIFA World Cup. Over the medium term, spending will focus on: the review of the criminal justice system; implementing approved legislation, including the Children's Act (2005) and the Child Justice Act (2008); modernising courts and their systems and procedures; improving case flow management; promoting the use and development of indigenous languages in courts; monitoring the institutional efficiency of all courts; and broadening access to court services.

Expenditure by the *Constitutional Court* subprogramme increased by 65.6 per cent in 2007/08 and 37.3 per cent in 2008/09 to cater for the expanded capacity required by the court and the chief justice. Over the medium term, this subprogramme is expected to grow strongly at an average annual rate of 11.6 per cent. Between 2006/07 and 2009/10, expenditure in the *Family Advocate* subprogramme increased at an average annual rate of 27.5 per cent, which can be attributed to the appointment of more personnel because of the department's increased responsibility arising from the implementation of the Children's Act (2005). Over the MTEF period, this subprogramme is expected to grow at the slower average annual rate of 4.2 per cent.

Expenditure by the *Lower Courts* subprogramme, which accounts for an average of 61.1 per cent of this programme's budget over the medium term, is expected to increase from R2.2 billion in 2009/10 to R2.8 billion in 2012/13, at an average annual rate of 7.5 per cent, compared to 11.2 per cent between 2006/07 and 2009/10. The subprogramme's allocations are expected to be used to improve service delivery, integrate the management of cases and people along the justice chain, improve human resource development, and fill all vacancies.

Expenditure in the *Facilities Management* subprogramme, which funds the building of new courts and the rehabilitation of existing court infrastructure, is expected to increase at an average annual rate of 18.8 per cent between 2009/10 and 2012/13 to R865 million in 2012/13, due to allocations for building new courts, rehabilitating courts and the day-to-day maintenance of courts. Spending on the *Administration of Courts* subprogramme increased at an average annual rate of 12.7 per cent between 2006/07 and 2009/10, due to additional allocations for increased capacity and a project to reduce criminal case backlogs.

Spending on compensation of employees increased at an average annual rate of 21.7 per cent from 2006/07 to 2009/10 compared to the projected slower growth rate of 8.7 per cent over the MTEF period. This is mainly due to the higher than expected salary increases and implementation costs for the occupational specific dispensation for legally qualified professionals. Goods and services spending is expected to increase at an average annual rate of 6.1 per cent over the 7-year period, increasing from R758.7 million in 2006/07 to R1.1 billion in 2012/13. The growth is as a result of projects to reduce criminal case backlogs and the implementation of the Children's Act (2005). Spending on payments for capital assets is expected to grow strongly over the medium term at an average annual rate of 14 per cent. This is an increase from the negative growth of 4.1 per cent between 2006/07 and 2009/10, and is due to additional appropriations for facilities management.

Programme 3: State Legal Services

- *State Law Advisors* provides legal advisory services to the executive, all state departments, parastatals and autonomous government bodies.
- *Litigation and Legal Services* provides attorney, conveyancing and notary public services to the executive, all state departments, parastatals and other government bodies through the offices of the state attorney, and provides legal support to the department and the ministry.
- *Legislative Development and Law Reform* prepares and promotes legislation, conducts research, promotes, maintains and develops the Constitution and its values, and assists and protects independent institutions supporting constitutional democracy to ensure their independence, impartiality, dignity and effectiveness.
- *Master of the High Court* funds this office, which supervises the administration of deceased and insolvent estates, trusts, curatorships and the Guardian's Fund. The Guardian's Fund administers money on behalf of minors, persons incapable of managing their own affairs, unborn heirs, and missing or absent persons.

Funding for these subprogrammes is distributed based on personnel composition and historical expenditure patterns. Once-off operational requirements are also taken into account.

Objectives and measures

- Improve the legal system by preparing at least 12 bills and 14 subordinate legislative instruments (regulations and rules) for submission to the Ministry of Justice and Constitutional Development by 2010/11.
- Facilitate law reform by submitting at least 15 research publications to the South African Law Reform Commission for consideration and approval in 2011/12.

- Reduce litigation costs for the department by 25 per cent by 2010/11 by developing and implementing a blueprint on state litigation.
- Improve the administration of estates and the Guardian's Fund by:
 - finalising registered deceased estates worth less than R125 000 within 4 months
 - finalising registered deceased estates worth more than R125 000 within 12 months
 - finalising registered insolvency estates and liquidation estates within 6 months
 - providing beneficiaries of the Guardian's Fund with access to funds within 60 days of application, after all necessary documentation has been received.

Service delivery focus

In 2008/09, 29 legislative instruments (11 bills, 8 regulations and 10 rules) were submitted to the ministry against a target of 12. Over the same period, the South African Law Reform Commission released 10 research publications, meeting the target.

The 2008/09 target of finalising 90 per cent of all opinions, agreements and draft legislation was also met. 98.7 per cent of instructions (764 of 774) were finalised, including the writing of 203 legal opinions, the certification of 183 bills, the certification of 354 international agreements, and the translation of 24 bills. In the first quarter of 2009/10, 43 per cent of opinions and 97 per cent of international agreements were finalised within 30 days of receiving them.

In 2008/09, the Master of the High Court resolved 77 009 estates of less than R125 000 within 4 months compared to 61 742 registered, and finalised 27 179 estates of R125 000 and more against 36 179 registered. In the second quarter of 2009/10, 8 455 applications for money from the Guardian's Fund were received, compared to 10 712 in the first quarter. Of the total applications received in the second quarter, 10 826 were processed, as opposed to 10 382 in the first quarter. The average turnaround time to finalise an application was 16.97 days compared to 16.58 days in the first quarter.

Expenditure estimates

Table 23.6 State Legal Services

Subprogramme	Audited outcome			Adjusted	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
State Law Advisors	18.6	22.9	30.1	35.0	39.9	41.6	43.6
Litigation and Legal Services	141.6	146.7	198.1	206.5	238.5	252.3	264.9
Legislative Development and Law Reform	25.7	26.4	29.9	42.7	47.7	48.6	51.2
Master of the High Court	143.7	186.6	267.2	310.9	318.0	335.4	352.1
Total	329.6	382.5	525.3	595.1	644.1	677.9	711.8
Change to 2009 Budget estimate				25.2	34.3	27.2	27.0
Economic classification							
Current payments	323.0	377.5	520.2	589.7	638.6	673.5	707.1
Compensation of employees	260.0	292.5	388.8	494.9	528.9	557.8	585.7
Goods and services	63.0	84.9	131.5	94.8	109.7	115.7	121.5
<i>of which:</i>							
Computer services	0.0	0.6	0.5	2.6	1.1	1.2	1.2
Lease payments	3.4	3.0	3.0	7.8	4.9	5.5	5.9
Property payments	0.6	1.4	0.3	0.1	0.7	0.7	0.7
Travel and subsistence	13.3	20.0	23.6	20.4	21.6	22.8	23.7
Transfers and subsidies	3.3	1.2	1.7	1.6	1.1	1.3	1.4
Provinces and municipalities	0.2	–	–	–	–	–	–
Households	3.1	1.2	1.7	1.6	1.1	1.3	1.4
Payments for capital assets	3.3	3.9	3.3	3.8	4.5	3.1	3.3
Machinery and equipment	3.2	3.7	3.3	3.7	4.5	3.1	3.3
Software and other intangible assets	0.0	0.1	0.0	0.1	–	–	–
Payments for financial assets	–	0.0	0.1	–	–	–	–
Total	329.6	382.5	525.3	595.1	644.1	677.9	711.8

Table 23.6 State Legal Services (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Economic classification							
Details of selected transfers and subsidies							
Households							
Other transfers to households							
Current	-	0.4	0.2	-	0.4	0.6	0.6
Claims Against the State	-	0.4	0.2	-	0.4	0.6	0.6

Expenditure trends

Expenditure increased at an average annual rate of 21.8 per cent, from R329.6 million in 2006/07 to R595.1 million in 2009/10. Over the medium term, expenditure is expected to increase steadily to R711.8 million in 2012/13, at an average annual rate of 6.2 per cent. The increase will go towards: improving access to the Guardian's Fund; facilitating access to deceased and insolvent estates services; increasing capacity by employing additional personnel in the state attorney's office; and developing the skills of existing personnel.

Spending in the Master of the High Court subprogramme grew at an average annual rate of 29.3 per cent between 2006/07 and 2009/10 due to the appointment of additional personnel, but this growth is projected to decrease to an average annual rate of 4.2 per cent over the MTEF period. The slower increase in spending in compensation of employees between 2006/07 and 2009/10 at an average annual rate of 23.9 per cent is due to the implementation of the occupation specific dispensation for legally qualified professionals, which had the largest impact in this programme. Growth is expected to slow to an average annual rate of 5.8 per cent between 2009/10 and 2012/13. The 27.9 per cent decrease in expenditure on goods and services in 2009/10 relates mainly to the introduction of cost efficiency measures and the conclusion of contractual work on financial reform projects in the Guardian's Fund.

Programme 4: National Prosecuting Authority

- *Public Prosecutions* provides for general prosecutions and several specialised prosecution units, such as those for priority crimes litigation, sexual offences and community affairs, and specialised commercial crime.
- *Office for Witness Protection* provides for protection, support and related services to vulnerable witnesses and related people in judicial proceedings.
- *Asset Forfeiture Unit* funds this unit, which seizes assets that are the proceeds of crime or have been part of an offence through a criminal or civil process.
- *Support Services* funds corporate support services to the National Prosecuting Authority.

Funding for these subprogrammes is distributed based on personnel composition and historical expenditure patterns. Once-off operational requirements are also taken into account. The *Directorate of Special Operations* subprogramme has been removed following the shift of its investigative function to the new Directorate for Priority Crime Investigation in the Department of Police in 2009/10.

Objectives and measures

- Improve prosecutorial efficiency by increasing the number of cases (including diversions) finalised by 2 per cent, from 317 677 in 2009/10 to 337 121 in 2012/13.
- Enhance the use of alternative ways of delivering justice by increasing the number of cases finalised (including diversion) by 2 per cent per year, from 404 229 in 2009/10 to 428 970 in 2012/13.
- Improve prosecutorial efficiency in dealing with complex commercial crime by increasing the number of cases finalised by the specialised commercial crime unit by 2 per cent, from 1 436 in 2009/10 to 1 524 in 2012/13.

- Improve justice services for the victims of sexual offences by establishing 5 additional Thuthuzela care centres per year to bring the total number in 2012/13 to 35 from the current 20.
- Protect and support vulnerable and intimidated witnesses by ensuring that no witnesses are harmed or threatened while on the witness protection programme, thus reducing the percentage of witnesses that walk off the programme from 40 per cent in 2009/10 to 16 per cent in 2012/13.
- Contribute to reducing the incentive for crime through removing its proceeds from the control of criminals by increasing the value of freezing orders (court orders to freeze an individual's assets) from R400 million in 2009/10 to R440 million in 2012/13.

Service delivery focus

The national prosecuting service finalised 431 601 cases in 2008/09, including cases which do not follow normal court proceedings but are nevertheless resolved (diversions), with an average conviction rate of 86.3 per cent. 43 470 cases were diverted. In the first half of 2009/10, high and lower courts finalised 180 549 cases, with a conviction rate of 88.4 per cent. A further 53 682 cases were finalised through alternative dispute resolution mechanisms, including diversions, informal mediations and admission of guilt agreements. The service will continuously improve case flow management and efficiency at courts, prioritise the use of restorative justice and alternative dispute resolution, and strengthen governance and monitoring.

An average of 50 regional courts dedicated to sexual offences finalised 5 300 cases in 2008/09, with a 66.7 per cent conviction rate against the 70 per cent target. In the first half of 2009/10, 2 195 cases were finalised, with a 69.9 per cent conviction rate. 8 more Thuthuzela care centres were established in 2008/09, bringing the total to 17. In 2009/10, preparations were under way to bring the number of Thuthuzela care centres to 20.

In 2008/09, the specialised commercial crime unit disposed of 3 529 cases, with a conviction rate of 93.7 per cent against a target of 94 per cent. In the first half of 2009/10, the unit disposed of 1 703 cases, and maintained its conviction rate of 93.8 per cent against its targeted 94 per cent.

In 2008/09, the Office for Witness Protection had 431 witnesses, including family members, on the programme, with no witnesses or family members harmed or threatened. The definition of a walk off was amended in 2008/09 to include all people that voluntarily left the programme before testifying, were given notice to leave the programme due to misconduct, or who left the safe house without prior notice. Under the new definition, 16.9 per cent of witnesses walked off the programme in 2008/09 against a target of zero. In the first half of 2009/10, 19.2 per cent of witnesses walked off. Witness fees and allowances remain a challenge and the biggest contributor to the increase in walk offs in the current economic environment.

In 2008/09, the asset forfeiture unit obtained 275 orders to restrain assets to the value of approximately R320.2 million, and 277 cases to the value of R271.5 million were finalised. R65.9 million was paid into the criminal assets recovery account. The unit achieved a success rate of 86.5 per cent in 2008/09. In the first half of 2009/10, the unit obtained 148 new freezing orders to the value of R365.9 million, exceeding the annual target of R360 million. 130 cases to the value of R134.9 million were finalised. The unit achieved a success rate of 86.5 per cent against a target of 86 per cent.

Expenditure estimates

Table 23.7 National Prosecuting Authority

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Public Prosecutions	1 000.0	1 183.9	1 427.9	1 708.2	1 748.2	1 856.7	1 953.6
Office for Witness Protection	63.4	79.6	103.6	128.0	127.8	135.1	141.6
Asset Forfeiture Unit	49.0	59.8	64.5	73.7	81.8	86.7	91.1
Support Services	309.3	396.4	330.9	472.2	481.8	508.3	532.0
Total	1 421.7	1 719.7	1 926.9	2 382.2	2 439.6	2 586.8	2 718.3
Change to 2009 Budget estimate				(97.8)	(178.7)	(190.8)	(198.3)

Table 23.7 National Prosecuting Authority (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Economic classification							
Current payments	1 403.7	1 675.9	1 919.4	2 354.5	2 420.0	2 565.9	2 696.4
Compensation of employees	984.6	1 142.2	1 454.0	1 773.0	1 826.3	1 941.2	2 044.0
Goods and services	419.1	533.7	465.4	581.5	593.1	624.1	651.8
<i>of which:</i>							
Computer services	37.0	35.5	47.7	36.9	37.9	39.8	41.6
Lease payments	83.4	121.3	103.8	165.2	168.2	177.0	184.8
Property payments	23.3	37.3	33.8	41.0	42.2	44.4	46.3
Travel and subsistence	60.4	83.9	81.5	84.1	81.2	85.5	89.3
Interest and rent on land	–	–	–	–	0.6	0.6	0.7
Transfers and subsidies	3.1	2.8	4.9	9.4	9.6	10.4	11.0
Provinces and municipalities	1.1	–	–	–	–	–	–
Departmental agencies and accounts	–	–	1.1	1.4	1.5	1.6	1.6
Households	2.0	2.8	3.8	7.9	8.1	8.9	9.3
Payments for capital assets	14.8	40.1	2.3	17.8	10.0	10.5	11.0
Buildings and other fixed structures	–	0.1	–	–	–	–	–
Machinery and equipment	14.8	37.9	2.3	16.0	10.0	10.5	11.0
Software and other intangible assets	–	2.1	0.0	1.8	–	–	–
Payments for financial assets	0.1	0.9	0.3	0.6	–	–	–
Total	1 421.7	1 719.7	1 926.9	2 382.2	2 439.6	2 586.8	2 718.3

Details of selected transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current							
Safety and Security Sector Education and Training Authority	–	–	1.1	1.4	1.5	1.6	1.6

Expenditure trends

Expenditure increased at an average annual rate of 18.8 per cent between 2006/07 and 2009/10, rising from R1.4 billion in 2006/07 to R2.4 billion in 2009/10. This was to provide for the carry through costs of appointing at least 2 prosecutors per court to reduce criminal case backlogs and of the occupation specific dispensation for legally qualified professionals.

Over the medium term, expenditure is expected to increase marginally to R2.7 billion at an average annual rate of 4.5 per cent, and will be focused on the appointment of additional prosecutors and the implementation of a project to reduce criminal case backlogs. The largest subprogramme, *Public Prosecutions*, accounts for an average of 71.8 per cent of the programme's budget over the medium term. It increases from R1.7 billion in 2009/10 to R2 billion in 2012/13 at an average annual rate of 4.6 per cent, due to allocations for the appointment of prosecutors and the implementation of job evaluation results. This is, however, slower than the 19.5 per cent growth rate between 2006/07 and 2009/10. Expenditure on compensation of employees is expected to increase at an average annual rate of 4.9 per cent over the medium term, rising from R1.8 billion in 2009/10 to R2 billion in 2012/13 to cater mainly for expected increases in salary costs. Spending on payments for capital assets increased by a significant 666 per cent, from R2.3 million in 2006/07 to R17.8 million in 2009/10, due to the once-off purchase of computer and other IT equipment.

Programme 5: Auxiliary and Associated Services

- *Office for the Control of Interception and Monitoring of Communication* funds this office, which authorises applications by law enforcement agencies for intercepting and monitoring communications in terms of the relevant legislation.
- *South African Human Rights Commission* funds this commission, which promotes and monitors the observance of human rights in South Africa.
- *Special Investigating Unit* funds this unit, which provides professional forensic investigating and litigation services to all state institutions at national, provincial and local levels to combat maladministration, corruption and fraud and to protect state assets and public money.
- *Legal Aid Board* funds this board, which provides legal aid to indigent people and legal representation at the state's expense, as set out in the Constitution.
- *Office of the Public Protector* funds this office, which investigates any alleged improper conduct in state affairs, public administration, or any sphere of government, or conduct which results in any impropriety or prejudice.
- *Justice Modernisation* designs and implements IT infrastructure and networks to re-engineer business processes for the administration of civil and criminal justice in the integrated justice system.
- *President's Fund* provides funding to give effect to the reparations policy flowing from the findings of the Truth and Reconciliation Commission.
- *Represented Political Parties' Fund* provides for funding for political parties participating in Parliament and provincial legislatures.

Service delivery focus

Since 1998/99, R800 million has been appropriated by Parliament to the President's Fund. Payments to beneficiaries began in 2003/04 and by the end of 2008/09, R527 million had been paid to 15 913 beneficiaries.

In 2008/09, 2 430 digital court recording systems were installed to replace the outdated analogue recording equipment in courts. Since 2008/09, 4 721 employees have had access to the e-scheduler system, which tracks and evaluates case flow management on a daily basis in each court across the country. In 2008/09, 2 897 desktop computers were renewed at 109 sites, 336 desktop computers were deployed to new users and 2 136 printers were renewed at 217 sites. In the same year, 47 courts and 22 correctional centres were identified for the implementation of the video remand solution.

Over the medium term, this programme will be incorporated into the review of the criminal justice system to ensure the interconnectivity of IT systems between various justice role players.

Expenditure estimates

Table 23.8 Auxiliary and Associated Services

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Office for the Control of Interception and Monitoring of Communication	0.1	0.1	0.1	0.6	0.6	0.6	0.7
South African Human Rights Commission	49.2	55.3	60.6	70.1	73.5	82.9	88.9
Special Investigating Unit	55.6	103.1	116.3	154.7	165.8	178.0	181.3
Legal Aid Board	501.4	613.0	838.1	848.4	991.9	1 081.4	1 112.8
Office of the Public Protector	68.3	78.8	86.5	108.9	112.8	124.6	132.7
Justice Modernisation	198.6	302.0	321.8	506.7	379.2	402.1	426.8
President's Fund	–	–	–	0.0	0.0	0.0	0.0
Represented Political Parties Fund	79.4	83.4	88.2	92.8	98.1	104.0	109.2
Total	952.6	1 235.6	1 511.6	1 782.2	1 821.9	1 973.7	2 052.4
Change to 2009 Budget estimate				124.0	(98.1)	(73.7)	(106.0)

Table 23.8 Auxiliary and Associated Services (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Economic classification							
Current payments	180.7	243.4	312.0	469.4	359.9	381.4	406.1
Compensation of employees	0.6	0.1	0.1	0.5	0.5	0.5	0.6
Goods and services	180.1	243.3	311.9	469.0	359.4	380.9	405.5
<i>of which:</i>							
Computer services	148.0	160.7	233.3	371.6	300.2	318.1	338.7
Travel and subsistence	1.1	0.3	0.0	0.4	0.5	0.5	0.6
Transfers and subsidies	753.4	933.5	1 189.7	1 274.9	1 442.1	1 570.9	1 624.9
Departmental agencies and accounts	753.4	933.5	1 189.7	1 274.9	1 442.1	1 570.9	1 624.9
Payments for capital assets	18.5	58.7	9.9	37.9	19.9	21.3	21.4
Machinery and equipment	16.2	58.7	9.9	37.9	19.9	21.3	21.4
Software and other intangible assets	2.3	–	–	–	–	–	–
Total	952.6	1 235.6	1 511.6	1 782.2	1 821.9	1 973.7	2 052.4

Details of selected transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	753.4	933.5	1 189.7	1 274.9	1 442.1	1 570.9	1 624.9
Legal Aid Board	501.4	613.0	838.1	848.4	991.9	1 081.4	1 112.8
Office of the Public Protector	67.8	78.7	86.5	108.9	112.8	124.6	132.7
Represented Political Parties Fund	79.4	83.4	88.2	92.8	98.1	104.0	109.2
South African Human Rights Commission	49.2	55.3	60.6	70.1	73.5	82.9	88.9
Special Investigating Unit	55.6	103.1	116.3	154.7	165.8	178.0	181.3

Expenditure trends

Spending in this programme is dominated by transfer payments to several departmental agencies. Expenditure increased at an average annual rate of 23.2 per cent between 2006/07 and 2009/10, rising from R952.6 million to R1.8 billion. This was due to additional funding for justice modernisation and capacity in the independent bodies, also evident in the increases of 261.8 per cent in machinery and equipment and 23.9 per cent in transfers and subsidies in 2007/08. The increase of 22.3 per cent in total programme spending between 2007/08 and 2008/09 was due to funding for implementing improved conditions of service for legally qualified personnel at the Legal Aid Board.

Over the medium term, the budget is expected to grow at an average annual rate of 4.8 per cent to reach R2.1 billion in 2012/13. This is mainly for improved capacity and office accommodation at the South African Human Rights Commission and the appointment of additional public defenders to the Legal Aid Board. The growth also provides for the expected 8.4 per cent increase in spending on transfers and subsidies, from R1.3 billion in 2009/10 to R1.6 billion in 2012/13.

Goods and services spending increased at an average annual rate of 37.6 per cent between 2006/07 and 2009/10 due to ongoing allocations to the integrated justice system programme, which aims to provide speedy business productivity solutions enabled by IT.

Public entities and constitutional institutions**Legal Aid Board****Strategic overview: 2006/07 – 2012/13**

The Legal Aid Board was established in terms of section 2 of the Legal Aid Act (1969) to provide legal aid to indigent people and legal representation at the state's expense to eligible people, in terms of the Constitution. The board provides services in all regional, district and high courts through its extended network. Its role is to

provide independent and impartial legal aid, with the intention of improving justice and public confidence in the law and the administration of justice.

The board uses five broad channels to fulfil its mandate: justice centres, cooperation agreements, judicare, special litigation, and other cost effective and efficient ways to provide legal assistance. It provides legal aid primarily through the legal practitioners it employs at its justice centres. Its national network includes 62 fully functional justice centres (compared to only 59 in 2007/08), 13 high court units and 55 satellite offices.

The board's strategic objectives are: to increase access to independent legal services (civil and criminal), especially for rural and remote communities; to protect vulnerable groups; and to promote alternative dispute resolution and restorative justice. It has identified the following priority groups: children in civil matters; every detained person, including sentenced prisoners; every accused person who wishes to appeal or review a court decision in a higher court; women, particularly in divorces, maintenance and domestic violence cases; and the landless, especially eviction cases.

Over the medium term, it remains critical that communities receive increased public education on their rights and responsibilities, and on how to access services. The Legal Aid Board will continue to participate in the criminal justice cluster initiatives, and will see to the implementation of the actions emerging from the criminal justice system review. The quality of legal services is important, and the institution will increase its focus on improving turnaround times for trials, improving coordination between stakeholders at the local court level, focusing participation in cluster forums and other professional structures, and supporting the independence of the judiciary.

Savings and cost effective service delivery

Efficiency savings of R34.3 million were identified in the Legal Aid Board's budget for 2012/13. The board intends to maintain operating expenditure at a zero growth rate, reduce spending on incentive bonuses and lower its judicare budget, which means that any additional matters will be dealt with by in-house legal practitioners.

Selected performance indicators

Table 23.9 Legal Aid Board

Indicator	Programme/Activity	Past				Current	Projections		
		2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	1011/12	2012/13
Number of new legal matters	National operations	340 224	358 883	396 068	434 922	439 271	443 664	448 101	452 582
Number of new legal matters finalised: - criminal - civil	National operations	303 126	346 497	399 738	400 310	404 313	408 356	412 440	416 564
		270 206	308 727	359 124	368 201	371 968	375 688	379 445	383 239
		(79%) 32 920 (21%)	(86%) 37 770 (14%)	(90%) 40 614 (10%)	(92%) 32 109 (8%)	(92%) 32 345 (8%)	(92%) 32 668 (8%)	(92%) 32 995 (8%)	(92%) 33 325 (8%)
Annual acquittal rate (including withdrawals)	National operations	-	-	-	22% (87 769)	22% (88 949)	22% (89 838)	22% (90 737)	22% (91 644)
Annual ratio of legal aid practitioners per district court	National operations	-	-	0.91:1	0.91:1	1.1	1.1	1.1	1.1
Annual ratio of legal aid practitioners per regional court	National operations	-	-	1.17:1	1.17:1	1.18:1	1.20:1	1.25:1	1.25:1

Service delivery focus

The Legal Aid Board met all its legal services delivery targets for 2008/09. The number of new cases dealt with increased by 38 854, from 396 068 in 2007/08 to 434 922 in 2008/09. This is 39 703 cases more than the target. The number of new matters for the first half of 2009/10 (210 165) exceeded the target for the same period (202 157). Cases finalised increased from 399 738 in 2007/08 to 400 310 in 2008/09 against a target of 324 534. The number of finalised matters (193 608) in the first half of 2009/10 is above the target.

In 2008/09, 39 989 children were assisted in criminal matters and 5 279 in civil matters. The number of automatic reviews in courts continues to decrease steadily, from 12 019 in 2007/08 to 10 597 in 2008/09.

In the first half of 2009/10, the ratio of legal aid practitioners per district court was on target at 1:1, while the ratio for regional courts was 1.18:1, also on target.

Over the medium term, the board's focus will be to increase the number of criminal and civil matters finalised, thus increasing access to justice. This will be achieved by maintaining the ratio of legal aid practitioners per district at 1:1, while for regional courts the ratio will be increased to 1.25:1 in 2012/13.

Expenditure estimates

Table 23.10 Legal Aid Board: Programme information

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Compensation of employees	310.5	402.9	609.7	657.7	719.3	793.3	817.4
Judicare	92.6	83.4	87.7	78.3	78.3	81.8	85.1
Cooperation agreements	4.8	4.7	3.4	4.2	7.5	7.8	8.1
Impact Litigation	2.1	2.7	4.0	3.2	5.3	5.5	5.8
Civil Disbursement	1.6	1.6	2.0	2.9	1.5	1.6	1.7
Other programmes	122.1	129.1	144.2	188.0	196.0	207.4	210.7
Total expense	533.7	624.3	851.1	934.2	1 007.9	1 097.4	1 128.8

Table 23.11 Legal Aid Board: Financial information

Statement of financial performance R million	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Revenue							
Non-tax revenue	17.4	26.3	34.2	16.0	16.0	16.0	16.0
<i>Other non-tax revenue</i>	17.4	26.3	34.2	16.0	16.0	16.0	16.0
Transfers received	501.4	613.0	838.1	918.2	991.9	1 081.4	1 112.8
Total revenue	518.8	639.3	872.3	934.2	1 007.9	1 097.4	1 128.8
Expenses							
Current expense	533.7	624.3	851.1	934.2	1 007.9	1 097.4	1 128.8
Compensation of employees	310.5	402.9	609.7	664.2	725.8	797.1	821.4
Goods and services	208.4	203.7	225.1	250.9	261.7	279.1	290.5
Depreciation	14.7	17.5	16.0	19.1	20.4	21.2	16.9
Interest, dividends and rent on land	0.1	0.2	0.2	–	–	–	–
Total expenses	533.7	624.3	851.1	934.2	1 007.9	1 097.4	1 128.8
Surplus / (Deficit)	(14.9)	15.1	21.2	–	–	–	–
Statement of financial position							
Carrying value of assets	45.3	63.4	97.6	103.2	99.9	97.7	98.1
<i>of which: Acquisition of assets</i>	13.6	36.0	47.7	26.1	19.8	21.8	20.3
Receivables and prepayments	4.6	3.8	3.7	4.8	6.3	8.2	8.6
Cash and cash equivalents	212.5	252.0	230.7	226.1	214.8	204.0	203.9
Assets not classified elsewhere	0.7	0.9	1.3	0.9	0.9	0.9	1.0
Total assets	263.2	320.1	333.3	335.0	321.9	310.9	311.6
Accumulated surplus/deficit	125.3	142.4	164.9	164.8	164.8	164.8	164.8
Borrowings	0.9	1.0	2.0	2.1	1.2	0.8	0.4
Post-retirement benefits	1.1	1.1	1.1	1.1	1.2	1.2	1.2
Trade and other payables	30.9	47.0	32.4	27.8	29.7	32.2	33.8
Provisions	105.1	128.6	132.9	139.2	125.0	111.9	111.3
Total equity and liabilities	263.2	320.1	333.3	335.0	321.9	310.9	311.6

Expenditure trends

The Legal Aid Board receives transfers from government through the Department of Justice and Constitutional Development, and has been allocated R991.1 million, R1.1 billion and R1.1 billion over the medium term. This is the board's main source of revenue, supplemented only by interest income. Total revenue is expected to grow at an average annual rate of 6.5 per cent, from R934.2 million to R1.1 billion between 2009/10 and 2012/13.

Expenditure is expected to increase over the medium term at an average annual rate of 6.5 per cent, rising from R934.2 million in 2009/10 to R1.1 billion in 2012/13. Compensation of employees spending is set to increase as a proportion of total expenditure, mainly due to the board's strategy to reduce the outsourcing of legal representation. This is expected to be achieved by appointing more staff and implementing the occupational specific dispensation for legally qualified professionals. The increases of 22.3 per cent in 2007/08 and 36.7 per cent in 2008/09 on transfers received were for this reason.

The 2010 Budget provides additional allocations of R13.6 million in 2010/11, R35.9 million in 2011/12 and R47 million in 2012/13 for the carry through costs in compensation of employees of salary wage agreements and the appointment of additional public defenders. The deficit realised in 2006/07 was due to depreciation, which was a non-cash item.

Additional tables

Table 23.A Summary of expenditure trends and estimates per programme and economic classification

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
	2008/09		2008/09	2009/10			2009/10
R million							
1. Administration	941.1	967.8	1 203.2	1 041.8	395.0	1 436.8	1 402.8
2. Court Services	3 371.6	3 342.5	3 077.5	3 911.1	(386.5)	3 524.6	3 557.1
3. State Legal Services	503.2	503.2	525.3	569.9	25.2	595.1	571.0
4. National Prosecuting Authority	2 122.7	2 115.5	1 926.9	2 178.2	204.0	2 382.2	2 365.2
5. Auxiliary and Associated Services	1 402.8	1 586.6	1 511.6	1 610.0	172.3	1 782.2	1 777.2
Subtotal	8 341.4	8 515.5	8 244.4	9 311.1	409.9	9 721.0	9 673.3
Direct charge against the National Revenue Fund	1 389.3	1 588.0	1 601.1	1 669.7	-	1 669.7	1 671.7
Judges' salaries	370.3	1 588.0	504.8	404.8	99.0	503.7	505.7
Magistrates' salaries	1 019.0	-	1 096.3	1 264.9	(99.0)	1 166.0	1 166.0
Total	9 730.8	10 103.5	9 845.5	10 980.8	409.9	11 390.7	11 345.0
Economic classification							
Current payments	8 059.6	8 219.9	8 093.4	8 953.0	471.4	9 424.4	9 349.4
Compensation of employees	5 194.3	5 392.7	5 326.2	5 921.7	355.5	6 277.1	6 233.7
Goods and services	2 865.3	2 827.2	2 767.2	3 031.4	115.9	3 147.3	3 115.3
Interest and rent on land	-	-	-	-	-	-	0.4
Transfers and subsidies	1 150.7	1 334.7	1 266.2	1 358.2	23.9	1 382.1	1 412.4
Departmental agencies and accounts	1 061.7	1 245.5	1 193.8	1 260.0	21.0	1 281.0	1 281.0
Foreign governments and international organisations	4.2	4.2	5.1	4.5	-	4.5	4.5
Non-profit institutions	-	-	-	-	2.7	2.7	2.7
Households	84.8	84.9	67.4	93.8	0.3	94.0	124.3
Payments for capital assets	520.5	549.0	482.2	669.5	(86.0)	583.6	581.0
Buildings and other fixed structures	368.3	423.2	416.8	445.8	-	445.8	445.8
Machinery and equipment	142.8	121.4	65.2	213.9	(78.1)	135.8	135.2
Software and other intangible assets	9.4	4.4	0.2	9.8	(7.9)	1.9	-
Payments for financial assets	-	0.0	3.7	-	0.6	0.6	2.2
Total	9 730.8	10 103.5	9 845.5	10 980.8	409.9	11 390.7	11 345.0

Table 23.B Detail of approved establishment and personnel numbers according to salary level ¹

Department	Personnel post status as at 30 September 2009			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid year ²	Medium-term estimate		
				2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Department	23 479	21 707	241	19 348	21 309	21 517	20 992	21 978	22 470	23 143
Salary level 1 – 6	12 676	12 318	90	11 109	12 137	12 227	12 158	12 494	12 590	12 726
Salary level 7 – 10	7 404	6 572	131	6 299	6 637	6 518	6 291	6 943	7 236	7 627
Salary level 11 – 12	2 813	2 302	11	1 481	1 967	1 792	2 090	2 077	2 159	2 271
Salary level 13 – 16	586	515	9	459	568	980	453	464	485	519
Administration	1 157	1 159	7	764	764	942	816	985	1 011	1 234
Salary level 1 – 6	321	321	1	242	242	254	246	294	299	334
Salary level 7 – 10	547	549	6	379	379	459	412	475	488	570
Salary level 11 – 12	199	199	-	87	87	157	96	139	141	219
Salary level 13 – 16	90	90	-	56	56	72	62	77	83	111

Table 23.B Detail of approved establishment and personnel numbers according to salary level ¹ (continued)

	Personnel post status as at 30 September 2009			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid year ²	Medium-term estimate		
				2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Court Services	14 255	14 255	76	13 162	14 312	14 204	13 934	13 934	13 934	13 934
Salary level 1 – 6	10 624	10 624	33	9 827	10 702	10 624	10 524	10 524	10 524	10 524
Salary level 7 – 10	3 191	3 191	37	2 974	3 249	3 219	3 049	3 049	3 049	3 049
Salary level 11 – 12	353	353	3	282	282	282	282	282	282	282
Salary level 13 – 16	87	87	3	79	79	79	79	79	79	79
State Legal Services	1 990	1 999	8	1 459	1 601	1 679	1 775	1 914	1 917	1 922
Salary level 1 – 6	771	777	6	562	592	627	657	762	762	762
Salary level 7 – 10	628	630	2	458	478	513	582	609	609	609
Salary level 11 – 12	477	477	–	361	428	435	433	451	453	457
Salary level 13 – 16	114	115	–	78	103	104	103	92	93	94
National Prosecuting Authority	6 075	4 292	148	3 961	4 630	4 690	4 465	5 143	5 606	6 051
Salary level 1 – 6	960	596	50	478	601	722	731	914	1 005	1 106
Salary level 7 – 10	3 036	2 200	84	2 486	2 529	2 325	2 246	2 808	3 088	3 397
Salary level 11 – 12	1 784	1 273	8	751	1 170	918	1 279	1 205	1 283	1 313
Salary level 13 – 16	295	223	6	246	330	725	209	216	230	235

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

2. As at 30 September 2009.

Table 23.C Summary of expenditure on training

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Compensation of employees (R million)	2 632.9	3 183.0	3 874.0	4 638.2	4 987.1	5 358.9	5 830.3
Training expenditure (R million)	12.4	18.3	37.5	86.4	78.9	83.6	89.4
Training as percentage of compensation	0.5%	0.6%	1.0%	1.9%	1.6%	1.6%	1.5%
Total number trained in department (head count)	20 842	12 082	12 142	–			
<i>of which:</i>							
Employees receiving bursaries (head count)	1 165	1 173	–	–			
Learnerships trained (head count)	56	–	111	–			
Internships trained (head count)	125	95	100	–			

Table 23.D Summary of departmental public private partnership (PPP) projects

Project description: Management of monies in trust	Project annual unitary fee at time of contract	Budgeted expenditure	Medium-term expenditure estimate			
			2009/10	2010/11	2011/12	2012/13
R million						
Projects in preparation, registered in terms of Treasury Regulation 16¹	–	109.0	110.4	113.9	119.7	
PPP unitary charge	–	109.0	110.4	113.9	119.7	
Total	–	109.0	110.4	113.9	119.7	

1. Only projects that have received Treasury Approval: 1.

Table 23.E Summary of expenditure on infrastructure

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation 2009/10	Medium-term expenditure estimate		
				2006/07	2007/08	2008/09		2010/11	2011/12	2012/13
R million										
Departmental infrastructure										
Soweto magistrate office	New magistrate office	Feasibility	330.0	-	7.3	-	-	-	-	-
Justice college	New comprehensive Judicial training centre	Feasibility	221.5	-	-	-	-	-	-	-
Nelspruit high court	New high court in Mpumalanga	Feasibility	210.0	-	1.0	-	14.8	35.8	217.3	-
Polokwane high court	New high court in Limpopo	Tender	210.0	-	1.0	-	35.5	102.3	28.1	-
Nkuzuma magistrate office	New magistrate office	Tender	190.4	6.6	1.0	-	20.8	54.7	-	-
Port Shepstone magistrate office	New magistrate office	Design	93.9	-	0.5	-	11.9	19.9	77.2	81.3
Johannesburg high court	Additional 5 floors to the existing high court accommodation	Construction	200.2	8.0	2.6	18.5	11.6	47.6	37.4	226.1
Phase 2 of accessibility programme	Extension of the accessibility programme to cover other disability disciplines	Feasibility	70.0	-	-	54.9	7.2	11.3	-	-
Upgrading, refurbishment and renovations of various court buildings	Upgrade, refurbishment and renovations	Various	-	60.5	108.0	-	25.3	27.1	-	-
Orlando magistrate office in New Canada	New magistrate office	Feasibility	105.0	-	-	-	-	-	5.8	91.6
Kathlehong magistrate office	New magistrate office	Construction	97.9	-	-	7.3	7.2	45.7	29.6	101.4
Mamelodi magistrate office	New magistrate office	Tender	89.8	11.6	1.0	9.3	4.4	20.9	19.1	56.0
Orange Farm magistrate office	New magistrate office	Feasibility	63.0	-	-	-	-	-	-	-
Booyens magistrate office	New magistrate office	Design	56.0	-	-	-	12.7	-	-	-
Galeshewe magistrate office	New magistrate office	Construction	54.6	-	-	29.6	14.1	-	-	-
Goodwood magistrate office	New magistrate office	Feasibility	53.6	-	-	-	-	-	-	-
Hermanus magistrate office	New magistrate office	Feasibility	40.6	-	0.5	-	-	-	-	-
Diepsloot magistrate office	New magistrate office	Feasibility	39.6	-	-	-	-	-	-	-
Richard's Bay magistrate office	New magistrate office	Design	39.5	-	-	-	1.3	37.4	18.2	-
Letlhabile magistrate office	New magistrate office	Feasibility	37.0	-	-	-	-	-	-	-
Simunye magistrate office	New magistrate office	Feasibility	35.0	4.3	0.2	-	-	-	-	-
Springbok magistrate office	New magistrate office	Feasibility	42.2	-	0.2	-	-	-	-	-
Witbank magistrate office	New magistrate office	Feasibility	33.7	-	-	-	-	-	-	-

Table 23.E Summary of expenditure on infrastructure (continued)

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation 2009/10	Medium-term expenditure estimate		
				2006/07	2007/08	2008/09		2010/11	2011/12	2012/13
R million										
Departmental infrastructure										
Kagiso magistrate office	New magistrate office	Construction	33.4	-	19.3	11.0	7.5	5.0	-	-
Colesberg magistrate office	New magistrate office	Handed over	31.3	-	11.6	10.7	6.5	-	-	-
Plettenberg Bay magistrate office	New magistrate office	Design	31.2	-	-	-	1.3	5.9	41.7	-
Jan Kempdorp magistrate office	New magistrate office	Design	23.4	-	-	2.5	-	0.1	11.7	115.9
Hankey magistrate office	New magistrate office	Construction	15.8	3.6	0.5	2.5	8.3	3.7	1.0	-
Tsakane magistrate office	New magistrate office	Construction	13.1	-	-	2.3	1.7	0.6	-	-
Elangala magistrate office	New magistrate office	Construction	13.0	-	10.0	9.1	4.0	0.3	-	-
Garies magistrate office	New magistrate office	Design	8.5	-	0.3	1.3	-	1.2	6.0	-
Ashton periodical court	New periodical court	Construction	6.5	-	3.3	1.0	5.0	-	-	-
Lohair periodical court	New periodical court	Design	6.0	-	0.8	1.5	-	1.1	1.9	-
Lutzville periodical court	New periodical court	Construction	5.9	-	-	1.1	4.4	0.6	-	-
Davel periodical court	New periodical court	Feasibility	5.8	-	0.8	-	-	-	-	24.3
Blyth periodical court	New periodical court	Design	5.7	-	1.0	0.8	0.0	4.9	4.0	-
Chrissiesmeer magistrate office	New magistrate office	Feasibility	5.7	-	-	-	-	-	-	-
Grooivlei periodical court	New periodical court	Feasibility	4.8	-	-	-	-	-	-	-
Keimons magistrate office	New magistrate office	Design	4.6	-	0.3	-	-	-	5.4	5.0
Dimbaza periodical court	New periodical court	Design	4.3	-	1.0	2.8	135.0	85.7	5.7	-
Tsineng magistrate office	New magistrate office	Feasibility	4.2	-	-	-	-	-	-	-
Glead periodical court	New periodical court	Feasibility	4.1	-	-	-	-	-	-	-
Ngome magistrate office	New magistrate office	Feasibility	2.8	-	0.3	-	-	0.4	1.9	-
Bloemfontein Supreme Court of Appeal	Additional accommodation	Construction	101.4	-	-	12.5	11.1	5.9	-	-
Pietermaritzburg masters office in the Colonial Building	Additional accommodation	Construction	77.7	-	13.0	8.4	42.1	17.5	-	-
Mitchells Plain magistrate office	Additional accommodation	Construction	33.0	4.5	20.1	2.9	-	-	-	-
Butterworth magistrate office	Additional accommodation	Construction	33.0	-	-	5.7	29.0	3.3	-	-
Stanger magistrate office	Additional accommodation	Construction	26.5	-	-	18.2	4.0	0.7	-	-
Soshanguve magistrate office	Additional accommodation	Design	22.7	-	1.0	1.1	-	5.9	4.2	1.0
Port Elizabeth high court	Additional accommodation	Design	21.3	4.0	-	-	0.6	1.3	32.0	134.5
Thembalethu magistrate office	Additional accommodation	Construction	18.7	-	-	3.3	8.4	0.7	-	-
Humansdorp magistrate office	Additional accommodation	Design	14.5	-	1.3	-	0.0	0.7	7.3	6.1
Bredasdorp magistrate office	Additional accommodation	Construction	14.0	-	-	13.5	3.4	-	-	-

Table 23.E Summary of expenditure on infrastructure (continued)

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation 2009/10	Medium-term expenditure estimate	
				2006/07	2007/08	2008/09		2010/11	2011/12
R million									
Departmental infrastructure									
Umzimkhulu magistrate office	Additional accommodation	Feasibility	12.9	-	-	-	-	-	-
Calvinia magistrate office	Additional accommodation	Design	12.7	-	-	-	0.6	6.8	-
KwaMbonambi periodical court	Additional accommodation	Design	11.8	-	-	0.0	0.5	1.4	4.6
Tsolo magistrate office	Additional accommodation	Feasibility	10.4	-	-	-	-	-	-
Sundumbili magistrate office	Additional accommodation	Feasibility	9.5	-	1.2	6.9	-	-	-
Nqamakwe magistrate office	Additional accommodation	Feasibility	8.9	-	-	0.2	-	-	-
Umtata magistrate office	Additional accommodation	Design	8.5	-	-	0.3	-	-	-
Cala magistrate office	Additional accommodation	Design	8.1	-	-	5.6	-	1.0	3.3
Tarkastad magistrate office	Additional accommodation	Construction	7.6	-	-	6.1	4.3	0.6	-
Schweizer Reneke magistrate office	Additional accommodation	Construction	7.3	-	-	7.1	1.0	1.4	-
Danielskuil periodical court	Additional accommodation	Construction	5.8	-	-	5.6	1.9	0.9	-
Nyoni periodical court	Additional accommodation	Design	5.5	-	-	4.1	0.0	1.4	4.7
Willowmore magistrate office	Additional accommodation	Feasibility	5.5	-	-	4.0	-	-	3.6
Wolmaransd magistrat office	Additional accommodation	Design	5.4	-	-	4.0	0.5	1.9	4.2
Bisho high court	Additional accommodation	Design	5.3	-	-	-	-	0.2	3.1
Mount Ayliff magistrat office	Additional accommodation	Design	5.1	-	-	3.7	-	-	-
Idutywa magistrate office	Additional accommodation	Feasibility	5.1	-	-	3.7	-	-	-
Barkley East magistrat office	Additional accommodation	Feasibility	4.9	-	-	-	-	0.6	2.0
Whittessea magistrat office	Additional accommodation	Feasibility	4.7	-	-	-	-	3.5	16.9
Grahamstown magistrat office	Additional accommodation	Feasibility	4.5	-	-	3.2	-	1.3	0.4
Christianna magistrat office	Additional accommodation	Design	4.1	-	-	3.0	0.1	0.6	5.8
Fraserburg magistrat office	Additional accommodation	Feasibility	3.2	-	-	2.4	-	0.2	1.8
Dundee magistrat office	Additional accommodation	Feasibility	3.1	-	-	-	-	-	-
Deben periodical court	Additional accommodation	Handed over	3.1	-	-	3.1	0.5	-	-
Umbumbulu magistrat office	Additional accommodation	Design	2.6	-	-	2.1	0.8	1.0	7.7
Highfats periodical court	Additional accommodation	Feasibility	1.4	-	-	-	-	-	0.9
Swelendam magistrat office	Additional accommodation	Feasibility	8.0	-	-	-	-	-	-
Riversdale magistrat office	Additional Accommodation	Tender	7.5	-	-	0.3	0.9	2.2	4.3

Table 23.E Summary of expenditure on infrastructure (continued)

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation 2009/10	Medium-term expenditure estimate		
				2006/07	2007/08	2008/09		2010/11	2011/12	2012/13
R million										
Departmental infrastructure										
Galvendale magistrate office	Additional accommodation	Construction	12.0	-	-	-	8.2	8.4	1.3	
Various smaller courts	Upgrading of courts	Construction	-	-	-	-	-	-	-	
Katlehong magistrate office	Upgrading of courts	Various	-	4.8	5.0	-	-	-	-	
Mamelodi magistrate office	Upgrading of courts	Various	-	11.6	1.0	-	-	-	-	
Pietermaritzburg magistrate office	Upgrading of courts	Various	-	5.7	16.2	-	-	-	-	
Bloemfontein appeal court	Upgrading of courts	Various	-	3.6	21.7	21.7	-	-	-	
Galeshewe branch court	Upgrading of courts	Various	-	9.2	12.1	-	-	-	-	
Cianwilliam magistrate office	Upgrading of courts	Various	-	5.6	7.0	-	-	-	-	
Mothenwell magistrate office	Upgrading of courts	Various	-	7.3	3.3	-	-	-	-	
Vulindlela branch court	Upgrading of courts	Various	-	-	0.2	-	-	-	-	
Vosman branch court	Upgrading of courts	Various	-	-	0.2	-	-	-	-	
Soweto	Upgrading and additional accommodation for courts	Various	-	7.3	6.0	-	-	-	-	
Madadeni magistrate office	Upgrading of courts	Various	-	9.2	3.0	-	-	-	-	
Cape Town	Upgrading and additional accommodation for courts	Various	-	1.4	9.0	-	-	-	-	
Richmond Northern Cape magistrate office	Upgrading of courts	Various	-	-	2.3	-	-	-	-	
Nogeleni magistrate Office	Upgrading of courts	Various	-	-	-	5.2	2.0	-	-	
Infrastructure transfers to other spheres, agencies and departments										
Transfers to National Prosecuting Authority	Upgrade, refurbishment and renovations	Various	76.0	-	-	-	25.0	-	-	
Maintenance										
Various courts	Upgrading of various smaller courts	Feasibility	201.6	-	-	37.3	23.6	45.1	132.8	
Repairs and maintenance	Upgrading of various smaller courts	Feasibility	-	155.1	65.2	38.3	-	-	-	
Phase 2 of accessibility programme	Upgrading of various smaller courts	Various	-	-	-	54.9	7.2	11.3	-	
Total			3 378.7	323.7	361.1	479.5	515.5	631.5	759.4	865.0

Vote 24

Police

Budget summary

R million	2010/11				2011/12	2012/13
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	18 167.1	16 591.6	218.0	1 357.5	20 124.7	21 396.2
Visible Policing	20 702.5	19 518.9	156.0	1 027.6	21 797.8	22 978.3
Detective Services	8 757.7	8 424.2	50.6	283.0	9 730.3	10 474.8
Crime Intelligence	1 886.9	1 838.6	7.7	40.6	2 015.3	2 112.5
Protection and Security Services	3 042.3	2 963.1	6.1	73.1	3 248.6	3 429.1
Total expenditure estimates	52 556.4	49 336.4	438.4	2 781.7	56 916.6	60 390.8
Executive authority	Minister of Police					
Accounting officer	National Commissioner of the South African Police Service					
Website address	www.saps.gov.za					

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

Aim

The aim of the Department of Police is to prevent, combat and investigate crime, maintain public order, protect and secure the inhabitants of South Africa and their property, and uphold and enforce the law.

Programme purposes

Programme 1: Administration

Purpose: Develop policy and manage the department, including providing administrative support.

Programme 2: Visible Policing

Purpose: Enable police stations to institute and preserve safety and security, and provide for specialised interventions and the policing of South Africa's borderlines.

Programme 3: Detective Services

Purpose: Enable the investigative work of the South African Police Service, including providing support to investigators in terms of forensic evidence and the Criminal Record Centre.

Programme 4: Crime Intelligence

Purpose: Manage crime intelligence and analyse crime information, and provide technical support for investigations and crime prevention operations.

Programme 5: Protection and Security Services

Purpose: Provide protection and security services to all identified dignitaries and government interests.

Strategic overview: 2006/07 – 2012/13

The key policy documents governing policing in South Africa are section 205 of the Constitution and the South African Police Service Act (1995). This legislation regulates the service in terms of its core policing function, which is to prevent, investigate and combat crime. The Department of Police's key strategic priorities include combating organised crime, serious and violent crimes, crimes against women and children, and improving basic service delivery.

Intensifying the fight against crime and corruption

One of the priorities articulated in government's 2009 – 2014 medium term strategic framework is to intensify the fight against crime and corruption. The objective is to bring about an integrated, modernised, properly resourced and well managed criminal justice system. In line with this, the specific focus over the medium term will include: enhancing the capacity of the detective and forensic services; mobilising the population against crime; reducing serious and violent crime by 4-7 per cent per year; combating crimes against women and children and promoting the empowerment of victims of crime; establishing a border management agency to manage migration, customs and land borderline control services; and combating corruption in the public and private sectors.

More concretely, the service will focus on: setting up partnerships to prevent crime; improving regional cooperation to combat crime at borderlines and ports of entry and exit; upholding and enforcing the law through intelligence driven police operations; preventing, detecting and investigating corruption; improving the quality of general investigations as well as the quality of specialised investigations pertaining to organised crime, commercial crime and crimes against women and children; enhancing the skills and capacity of the detectives and forensic science services; and developing and implementing specific safety measures for major events, such as the 2010 FIFA World Cup.

Community and sector policing

As a particular approach to policing, community policing recognises the interdependence and shared responsibility of the police and the community in maintaining safety and security. The key to this approach is establishing partnerships between the police and the public through which crime and community safety issues can be jointly addressed. Police and community partnerships are structured around community policing forums, which promote police accountability at the local level and the cooperation of communities with the South African Police Service in preventing crime. Plans are under way to extend the functions of community policing forums by establishing community safety forums to monitor and coordinate the functioning of the criminal justice system at the municipality level. The community safety forum concept tackles the deficiencies of community police forums by approaching the security challenge from a developmental perspective. This involves bringing together those role players responsible for criminal justice and services that, correctly targeted, could assist in preventing crime. The police civilian secretariat is in the process of developing an action plan.

While community policing focuses on building partnerships at a broader level in specific areas, sector policing mobilises and organises communities at a more micro level (for example within the boundaries of neighbourhoods, or sectors) to bring the police closer to the communities. Sector policing focuses on combining police and community capabilities by launching joint projects to address specific crimes and identifying hot spots and vulnerable communities in specific sectors, which are demarcated policing precincts identified through crime pattern analyses.

Building capacity to improve policing services

Over the medium term, more skilled personnel will be appointed in detective services, forensic sciences, crime intelligence, border control and the directorate for priority crime investigation environments. As a result, the total number of personnel is expected to grow from 182 754 in 2008/09 to 200 660 in 2012/13. This larger establishment will be complemented by the expansion of the department's vehicle fleet, equipment supplies and technological infrastructure. To improve the South African Police Service's investigative capacity, investigative powers and functions previously performed by the Directorate for Special Operations have been transferred to the police service and are now being performed by the newly established Directorate for Priority Crime

Investigation. The new directorate has been tasked with preventing, combating and investigating offences that are seen to be of national importance, such as organised crime syndicates, serious and violent crime, and commercial crime and corruption. Also, due to the specialised nature of investigative work, processes are under way to reintroduce targeted specialised units over the medium term, such as the family, violence and child protection units. Additional training programmes will be developed to create specialised pools of skilled professionals.

Savings and cost effective service delivery

Savings of R177.6 million in 2010/11, R207.8 million in 2011/12 and R313.2 million in 2012/13 have been identified in the department's budget, and will be effected in the compensation of employees and goods and services categories of expenditure. These measures affect all programmes, and include initiatives such as least cost routing of calls from landlines to cellphones, limitations on the extent of kilometres to be travelled per vehicle per month, and observing departmental instructions on travel and subsistence in relation to meetings, conferences and workshops. These measures will ensure that the level of spending is sustained, but that there has been appropriate reprioritisation.

Selected performance indicators

Table 24.1 Police

Indicator	Programme	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Detection rate for contact crime	Detective Services	56.85% (458 848)	54.54% (464 985)	52.45% (445 202)	54%	55%	56%	57%
Detection rate for property related crime	Detective Services	15.10% (96 469)	15.60 (97 383)	15.41% (98 697)	16%	17%	18%	19%
Detection rate for crime dependent on police action for detection	Detective Services	96.32% (155 929)	96.97% (170 214)	97.05% (186 087)	95%	96%	96%	96%
Percentage of previous conviction reports generated within 30 days	Detective Services	86% (30 194)	76.26% (63 549)	75.25% (70 547)	85%	85%	85%	85%
Exhibits analysed by forensic analysts within 35 days as a proportion of the total exhibits analysed	Detective Services	92% (197 635)	91% (179 702)	92.2% (161 780)	92%	93%	93%	93%
Number of crime prevention actions focusing on legal and illegal firearms, illegal drugs and stolen/robbed vehicles	Visible Policing	18 787	17 160	17 184	25 000	25 000	25 000	25 000
Number of crime prevention and combating actions for enhancing national security at ports of entry	Protection and Security Services	–	–	2 380	3 800	3 800	3 800	3 800

Expenditure estimates

Table 24.2 Police

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
R million								
1. Administration	10 630.4	12 063.1	13 958.9	15 905.6	15 905.6	18 167.1	20 124.7	21 396.2
2. Visible Policing	14 021.6	15 332.6	17 095.6	19 752.9	19 752.9	20 702.5	21 797.8	22 978.3
3. Detective Services	5 546.6	6 118.6	6 929.7	7 562.8	7 562.8	8 757.7	9 730.3	10 474.8
4. Crime Intelligence	1 175.0	1 299.4	1 440.2	1 714.1	1 714.1	1 886.9	2 015.3	2 112.5
5. Protection and Security Services	1 261.3	1 712.2	2 210.9	2 686.5	2 686.5	3 042.3	3 248.6	3 429.1
Total	32 634.9	36 525.9	41 635.2	47 622.0	47 622.0	52 556.4	56 916.6	60 390.8
Change to 2009 Budget estimate				1 212.3	1 212.3	1 590.0	1 886.6	2 517.5

Table 24.2 Police (continued)

R million	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
Economic classification								
Current payments	30 031.5	33 587.8	38 647.6	44 708.1	44 708.1	49 336.4	53 451.2	56 554.0
Compensation of employees	22 730.2	25 610.6	29 147.4	33 770.2	33 770.2	37 148.8	39 660.3	41 777.4
Goods and services	7 301.3	7 977.2	9 500.2	10 937.9	10 937.9	12 187.6	13 790.9	14 776.7
<i>of which:</i>								
Computer services	1 163.5	1 198.2	1 611.9	1 750.5	1 750.5	2 890.6	3 694.1	3 804.8
Contractors	482.8	528.5	622.4	676.0	676.0	845.2	914.2	969.3
Inventory: Fuel, oil and gas	1 209.6	1 403.8	1 874.8	2 102.2	2 102.2	1 638.9	1 798.5	1 945.5
Lease payments	922.1	1 112.4	1 187.1	1 535.4	1 535.4	1 766.5	1 986.5	2 225.1
Transfers and subsidies	290.6	334.6	379.9	382.8	382.8	438.4	460.6	482.1
Provinces and municipalities	31.7	20.1	23.2	23.1	23.1	23.9	25.2	26.4
Departmental agencies and accounts	14.6	16.3	18.4	19.7	19.7	22.8	23.9	25.1
Payments for capital assets	2 300.2	2 600.1	2 605.6	2 531.2	2 531.2	2 781.7	3 004.7	3 354.7
Buildings and other fixed structures	510.5	732.5	991.2	1 014.4	1 014.4	1 118.2	1 235.3	1 544.6
Machinery and equipment	1 789.1	1 866.6	1 612.5	1 515.6	1 515.6	1 662.3	1 769.2	1 809.9
Biological assets	0.6	1.0	2.0	1.1	1.1	1.1	0.2	0.3
Payments for financial assets	12.5	3.4	2.1	-	-	-	-	-
Total	32 634.9	36 525.9	41 635.2	47 622.0	47 622.0	52 556.4	56 916.6	60 390.8

Expenditure trends

Expenditure increased substantially from R32.6 billion in 2006/07 to R47.6 billion in 2009/10, at an average annual rate of 13.4 per cent. It is expected to reach R60.4 billion in 2012/13, at an average annual rate of 8.2 per cent. The strong growth in expenditure over the medium term is mainly due to: the employment of additional police officers; an investment in capital infrastructure and technological enhancements, especially in the forensic science and investigative functions; the upgrading of the IT network; and the reviewing and modernising of the criminal justice system to create an integrated criminal justice environment.

Total spending on current payments increased from R30 billion in 2006/07 to R44.7 billion in 2009/10, at an average annual rate of 14.2 per cent and driven mainly by compensation of employees.

The growth rate of current payments is slower over the MTEF period, increasing at an average annual rate of 8.1 per cent, due to efficiency savings.

The department receives additional allocations over the MTEF period of R1.6 billion, R1.9 billion and R2.6 billion. This is for: appointing approximately 4 747 police officials in 2012/13; expanding the physical resource capacity of the Directorate for Priority Crime Investigation in 2012/13; increases to the funding level for property management in 2011/12 and 2012/13; and the higher salary increases granted in 2009/10. The increased allocations will allow the recruitment of 17 965 new personnel over the medium term. 8 065 of these are new appointments and the balance cover staff turnover.

The departmental objective to create human resource capacity began in 2000, when the establishment totalled 119 000. This initiative allowed for the expansion of total personnel numbers over time from 182 754 in 2008/09 to a projected 200 660 in 2012/13. Between 2006/07 and 2008/09, the *Visible Policing* programme constituted an average of 52.2 per cent of the total number of personnel followed by the *Administration* and *Detective Services* programmes, at 18.5 per cent and 17.5 per cent. The *Detective Services* programme is the fastest growing programme, with personnel numbers expected to increase at an average annual rate of 2.9 per cent from 35 814 in 2010/11 to 37 892 in 2012/13. This is mainly due to expanding the capacity of the newly established Directorate for Priority Crime Investigation.

Infrastructure spending

Expenditure for constructing new policing infrastructure increases at an average annual rate of 25.7 per cent from 2006/07 to 2009/10, and 15 per cent from 2009/10 to 2012/13. Infrastructure spending is set to increase from R510.5 million in 2006/07 to an estimated R1.5 billion in 2012/13 and allocations earmarked for this purpose will be used for building and upgrading police stations. Spending on office accommodation functions devolved from the Department of Public Works increases rapidly, from R1.1 billion in 2006/07 to an estimated R2.6 billion in 2012/13, at an average annual rate of 13.1 per cent.

In 2008/09, the department initiated the building of a forensic laboratory in Western Cape expected to be completed in 2011/12. The current regional forensic science laboratory services in Western Cape are accommodated in 5 separate buildings. The new building will accommodate all the different forensic disciplines under one roof and this will eliminate the duplication of certain administration processes. The new laboratory complex will allow for an increase in personnel capacity and analytical instrumentation. The new building's design supports work processes and workflow, which will positively impact on case throughput and the turnaround time of analyses. This project will cost R516.4 million.

Departmental receipts

Revenue is mainly generated from recovered debt, rental income, auctioned unclaimed stolen property, and services provided at commercial events. The department receipts decrease from R332.6 million in 2009/10 to R324.5 million in 2012/13, due to the cyclical nature of firearm licence renewals. The new cycle begins in 2010 for which a decrease in applications is expected. The increase in revenue projected for 2010/11 is mainly because of the expected increase in firearm licence applications. Revenue fluctuates because firearm licence renewal timeframes are cyclical in nature.

Table 24.3 Departmental receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
Departmental receipts	251 858	345 051	376 456	332 561	332 561	341 732	321 297	324 514
Sales of goods and services produced by department	134 564	173 409	217 375	186 023	186 023	222 699	196 701	186 044
Sales of scrap, waste, arms and other used current goods	2 264	6 000	5 648	–	–	2 417	2 501	2 100
Fines, penalties and forfeits	7 338	8 021	24 336	5 950	5 950	6 307	6 705	6 120
Interest, dividends and rent on land	1 807	986	2 235	1 200	1 200	1 272	1 360	1 210
Sales of capital assets	1 352	14 588	2 515	1 120	1 120	1 187	1 225	1 190
Transactions in financial assets and liabilities	104 533	142 047	124 347	138 268	138 268	107 850	112 805	127 850
Total	251 858	345 051	376 456	332 561	332 561	341 732	321 297	324 514

Programme 1: Administration

Expenditure estimates

Table 24.4 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Minister ¹	0.9	1.0	1.6	1.7	1.8	1.9	2.0
Deputy Minister ¹	0.7	0.8	1.3	1.4	1.5	1.6	1.7
Management	27.0	47.0	53.0	47.8	54.3	57.3	60.0
Corporate Services	9 511.4	10 696.3	12 423.6	14 009.2	16 029.5	17 698.0	18 661.4
Property Management	1 090.3	1 318.1	1 479.4	1 845.5	2 079.9	2 365.9	2 671.1
Total	10 630.4	12 063.1	13 958.9	15 905.6	18 167.1	20 124.7	21 396.2
Change to 2009 Budget estimate				456.5	646.4	536.3	736.5

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

Economic classification							
Current payments	9 625.8	10 808.5	12 464.7	14 523.2	16 591.6	18 416.4	19 386.3
Compensation of employees	6 206.3	6 955.0	7 851.6	8 875.5	9 981.9	10 614.8	11 128.8
Goods and services	3 419.5	3 853.5	4 613.2	5 647.6	6 609.7	7 801.6	8 257.4
of which:							
Computer services	1 152.4	1 194.5	1 557.6	1 746.1	2 888.0	3 691.3	3 801.7
Contractors	64.9	58.6	67.5	81.1	78.9	83.8	86.1
Inventory: Fuel, oil and gas	81.0	95.3	144.8	354.6	129.6	137.6	141.5
Lease payments	863.4	1 056.7	1 123.6	1 462.0	1 668.9	1 880.2	2 113.6
Transfers and subsidies	131.4	176.1	195.6	206.1	218.0	229.7	240.8
Provinces and municipalities	5.1	2.8	3.3	3.2	3.6	3.7	3.9
Departmental agencies and accounts	14.3	15.9	17.9	19.2	22.8	23.9	25.1
Households	112.0	157.4	174.4	183.7	191.6	202.0	211.8
Payments for capital assets	860.7	1 075.1	1 296.5	1 176.3	1 357.5	1 478.5	1 769.1
Buildings and other fixed structures	507.2	726.8	986.3	1 014.4	1 118.2	1 235.3	1 544.6
Machinery and equipment	352.9	347.5	308.2	160.8	238.1	243.0	224.3
Biological assets	0.6	0.8	1.9	1.1	1.1	0.2	0.3
Payments for financial assets	12.5	3.4	2.1	-	-	-	-
Total	10 630.4	12 063.1	13 958.9	15 905.6	18 167.1	20 124.7	21 396.2

Details of selected transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	14.3	15.9	17.9	19.2	22.8	23.9	25.1
Safety and Security Sector Education and Training Authority	14.3	15.9	17.9	19.2	22.8	23.9	25.1
Households							
Other transfers to households							
Current	39.7	58.2	64.6	75.3	71.4	75.0	78.6
Claims Against the State	39.7	58.2	64.6	75.3	71.4	75.0	78.6

Expenditure trends

Expenditure in this programme over the medium term utilises approximately one-third of the department's overall allocation. This is because it provides extensive centralised functions and pays employer medical aid contributions through the *Corporate Services* subprogramme. Expenditure increased from R10.6 billion in 2006/07 to R15.9 billion in 2009/10, at an average annual rate of 14.4 per cent. It is expected to grow to

R21.4 billion in 2012/13 at an average annual rate of 10.4 per cent over the medium term. The increase in expenditure is due to annual increases on accommodation budgets devolved from the Department of Public Works.

Expenditure on payments for capital assets increased substantially, from R860.7 million in 2006/07 to R1.8 billion in 2012/13, at an average annual rate of 12.8 per cent. This is mainly because of the additional allocations of R108.5 million in the 2006 Budget and R1.1 billion in the 2007 Budget for new policing facilities.

Additional allocations of R275.3 million and R60 million were provided for maintenance and leaseholds for functional accommodation in 2007/08 and 2008/09. Property management is prioritised as a focus for spending. Additional allocations of R150 million and R500 million are provided for municipal services, property rates and planned maintenance in 2011/12 and 2012/13. Spending in machinery and equipment increased from R160.8 million in 2009/10 to R224.3 million in 2012/13 due to: the continued expansion of the vehicle fleet, including the automated vehicle location system; and upgrading the network and hosting infrastructure.

Programme 2: Visible Policing

- *Crime Prevention* provides for basic crime prevention and visible policing services at police stations including community service centres.
- *Borderline Security* provides for the policing of borderlines.
- *Specialised Interventions* comprises the air wing, special task force and crime combating capacity.

Objectives and measures

- Discourage and prevent priority crime by conducting a minimum of 25 000 crime prevention actions focusing on legal and illegal firearms, illegal drugs and stolen/robbed vehicles in 2010/11.
- Deter illegal activities at borderlines by increasing the number of policing actions there from 225 actions in 2008/09 to 350 actions in 2010/11, focusing on legal and illegal firearms, illegal drugs, stolen/robbed vehicles and illegal migration.
- Stabilise or resolve 95 per cent of dangerous and potentially dangerous situations in 2010/11 where normal policing is ineffective.

Service delivery focus

In 2008/09 and the first half of 2009/10, 536 991 and 290 157 priority crime arrests were made. The target of arrests for priority crimes in 2008/09 was set at 510 000, with the increase in arrests attributed to integrated law enforcement operations such as roadblocks and stop and search operations in a number of priority areas to address contact related crimes, property related crimes, crimes dependent on police action and other serious crimes.

In 2008/09, 12 883 firearms were stolen and lost and 13 675 were recovered at a rate of 106 per cent against a targeted 85 per cent. In the first half of 2009/10, 6 351 firearms were stolen and lost and 4 436 were recovered at a rate of 70 per cent. This high rate of recovery is due to a focus on tracing illegal firearms and testing compliance in terms of the Firearms Control Act (2000). In 2008/09, 86 579 vehicles were stolen and hijacked and 39 838 were recovered, achieving the 46 per cent target. In the first half of 2009/10, 42 591 vehicles were stolen and robbed and 17 292 vehicles were recovered. Illegal drugs such as cannabis, methaqualone, cocaine, heroine, methcathinone, crystal meth and amphetamine type stimulants with a street value of more than R316 million were confiscated in 2008/09.

To deter illegal activities at borderlines, 15 119 arrests for illegal firearms, stolen vehicles, illegal drugs, illegal goods, human smuggling and trafficking, undocumented persons, and illegal cross border movements were made in the first half of 2009/10 compared to the 26 726 arrests in the first half of 2008/09. This increase was due to an increase in illegal crossings at the Limpopo borderline. The target for 2009/10 was to increase the number of arrests at borderlines to 25 000.

In 2008/09, 1 959 arrests were made as a result of violent public and collective incidents such as attacks, barricades, service delivery protests and marches, and 2 090 arrests were made in the first half of 2009/10.

Entities such as Business against Crime South Africa, the Primedia Group, the National Religious Leaders Forum and the Community Building Credible Ownership were some of the key strategic partners of the South African Police Service in addressing specific crimes in a proactive manner in 2008/09. Issues addressed in 2008/09 through the South African Police Service and Business Against Crime South Africa partnership were vehicle crime, cell phone theft, theft of non-ferrous metals and the improvement of service delivery at the Gauteng 10111 operation centre. The partnership with the Primedia Group began in June 2007 and by the end of 2008/09, 758 arrests had been made.

Expenditure estimates

Table 24.5 Visible Policing

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Crime Prevention	12 367.7	13 710.3	15 538.1	18 006.8	19 011.7	20 022.1	21 118.6
Borderline Security	77.7	168.8	168.7	225.0	229.5	234.1	240.0
Specialised Interventions	1 576.1	1 453.5	1 388.8	1 521.1	1 461.3	1 541.6	1 619.7
Total	14 021.6	15 332.6	17 095.6	19 752.9	20 702.5	21 797.8	22 978.3
Change to 2009 Budget estimate				737.4	139.4	125.0	221.9

Economic classification

Current payments	12 895.0	14 091.4	16 123.1	18 596.6	19 518.9	20 544.6	21 664.5
Compensation of employees	10 284.1	11 383.5	12 986.1	15 140.1	16 033.4	16 936.0	17 816.0
Goods and services	2 610.9	2 707.9	3 137.0	3 456.5	3 485.5	3 608.6	3 848.5
<i>of which:</i>							
Computer services	0.1	0.5	6.2	0.7	1.7	1.8	2.0
Contractors	323.0	353.3	414.4	445.2	557.8	592.8	631.9
Inventory: Fuel, oil and gas	711.2	814.5	1 041.4	1 070.8	813.5	864.6	940.5
Lease payments	33.1	29.8	38.8	37.6	63.5	67.5	70.8
Transfers and subsidies	110.6	107.7	126.5	129.6	156.0	163.5	171.1
Provinces and municipalities	17.5	11.6	13.6	14.2	14.0	14.8	15.5
Departmental agencies and accounts	0.3	0.4	0.5	0.5	–	–	–
Households	92.8	95.6	112.4	114.9	142.0	148.7	155.6
Payments for capital assets	1 016.0	1 133.5	846.0	1 026.7	1 027.6	1 089.7	1 142.7
Buildings and other fixed structures	3.3	1.1	4.7	–	–	–	–
Machinery and equipment	1 012.7	1 132.3	841.2	1 026.7	1 027.6	1 089.7	1 142.7
Biological assets	0.0	0.1	0.1	–	–	–	–
Total	14 021.6	15 332.6	17 095.6	19 752.9	20 702.5	21 797.8	22 978.3

Details of selected transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	0.3	0.4	0.5	0.5	–	–	–
Civil Aviation	0.3	0.4	0.5	0.5	–	–	–
Households							
Other transfers to households							
Current	26.7	23.0	33.2	41.0	42.5	44.0	46.0
Detainee Medical Expenses	26.7	23.0	33.2	41.0	42.5	44.0	46.0

Expenditure trends

Between 2006/07 and 2009/10, spending in the *Visible Policing* programme consumed an average of 41.8 per cent of the department's budget. It is expected to increase steadily over the medium term to R22.9 billion in 2012/13, at an average annual rate of 5.2 per cent due to intensified funding levels for new enlistments, vehicles, bullet proof vests, and general equipment and security requirements for the 2010 FIFA World Cup.

Spending in the *Borderline Security* subprogramme increased at a robust average annual rate of 42.5 per cent, from R77.7 million in 2006/07 to R225 million in 2009/10. This is due to the shifting of the borderline control function from the South African National Defence Force to the South African Police Service in 2004. Spending in the subprogramme is expected to grow at a slower rate of 2.2 per cent over the medium term to reach R240 million in 2012/13.

Expenditure in the *Specialised Interventions* subprogramme decreased at an average annual rate of 1.2 per cent between 2006/07 and 2009/10. This is due to a decrease in the number of personnel employed to perform this function, as the function became more decentralised and they were redeployed to strengthen capacity at station level.

Expenditure in compensation of employees, goods and services, transfers and subsidies, and payments for capital assets is expected to increase over the medium term due to the substantial additional allocation of R6.9 billion in the 2008 Budget for: security for the 2010 FIFA World Cup, new recruits, and other departmental priorities. Expenditure in compensation of employees is the most significant cost against this programme's budget, making up 77.3 per cent of expenditure over the medium term. However, between 2006/07 and 2009/10, spending in compensation of employees increased at an average annual rate of 13.8 per cent compared to a projected slower growth rate of 5.6 per cent over the medium term. The implementation of the 2009 resolution of the Public Service Coordinating Bargaining Council and related carry through costs are particularly evident in this programme as most of the personnel complements are employed in this programme. Expenditure in machinery and equipment is set to increase from R1 billion in 2010/11 to R1.1 billion in 2012/13 for procuring security equipment for the 2010 FIFA World Cup and other equipment. The 25.4 per cent decrease in payments for capital assets in 2008/09 is due to the once off capital purchases of aircraft in the previous year.

Between 2006/07 and 2009/10, spending in goods and services increased at an average annual rate of 9.8 per cent, from R2.6 billion to R3.5 billion, compared to a projected slower rate of 3.6 per cent over the medium term, reaching R3.8 billion in 2012/13. This is mainly due to savings identified that resulted in a reduction in the overall baseline for goods and services for this programme.

Programme 3: Detective Services

- *Crime Investigations* accommodates detectives at police stations who investigate general, serious and organised crime.
- *Criminal Record Centre* funds criminal record centres, which manage criminal records.
- *Forensic Science Laboratory* funds forensic science laboratories, which provide specialised technical analysis and support to investigators for evidence.
- *Specialised Investigations* provides for the prevention, combating and investigation of national priority offences including organised crime syndicates, serious and violent crime, commercial crime and corruption.

Objectives and measures

- Contribute to the successful prosecution of crime by:
 - increasing the detection rate for: contact crimes from 54 per cent to 57 per cent; property related crime from 16 per cent to 19 per cent; and crimes dependent on police action for detection from 95 per cent to 96 per cent from 2010/11 to 2012/13
 - increasing the detection rate between 68 per cent and 75 per cent for sexual offences and assaults against women and between 76 per cent and 80 per cent for children in 2010/11
 - terminating 50 per cent of registered organised crime project investigations in 2010/11
 - increasing the detection rate for commercial crime charges between 40 per cent and 50 per cent in 2010/11.
- Gather and analyse evidence to contribute to the successful prosecution of crime by:
 - generating 85 per cent of previous conviction reports within 30 days in 2010/11
 - analysing 93 per cent of reported exhibits within 35 days from 2010/11.

Service delivery focus

The detection rate for contact crimes decreased by 4.3 per cent between 2007/08 and 2008/09 (464 985 to 445 202 cases). The target for the detection rate for contact crimes in 2008/09 was set at 53 per cent. The decrease in the detection rate for contact crimes is due to the introduction of the Criminal Law (Sexual Offences and Related Matters) Amendment Act (2007), which was implemented in December 2007 and implies that more categories of sexual offences are being measured, such as rape and indecent assault. The conviction rate for contact crime increased by 9.1 per cent per cent between 2007/08 and 2008/09 (109 284 to 119 270 cases). The target for the conviction rate for contact crimes in 2008/09 was set at 19 per cent. Targets for detection rates and conviction rates for 2009/10 are 54 per cent and 20 per cent, respectively.

Comparing the first quarter of 2009/10 with the same period in 2008/09, the detection rate increased marginally by 4.5 per cent for contact crimes (93 402 to 97 647 cases) and by 5.9 per cent for property related crimes (22 865 to 24 207 cases). The detection rate for crimes heavily dependent on police action for detection increased by 10.6 per cent (42 495 to 47 007 cases) in the same period. Targets for 2009/10 are 54 per cent for contact crimes, 16 per cent for property related crimes and 95 per cent for crimes heavily dependent on police action for detection.

In 2008/09, there was an increase of 12.6 per cent in organised crime related charges referred to court, from 27.41 per cent in 2007/08 to 40 per cent in 2008/09, due to the South African Police Services' organised crime mandate being extended to include investigating violent organised crime related charges referred to court. The 2009/10 target for organised crime related charges referred to court was set at 25 per cent. An average of, 26.68 per cent of cases relating to commercial crime were referred to court and a detection rate of 38.69 per cent was achieved in 2008/09. The target for commercial crime charges referred to court and the detection rate in 2008/09 was set at 24 per cent and 36 per cent, and targets for 2009/10 were set at 25 per cent, with a conviction rate of 35 per cent.

In 2008/09, the Forensic Science Laboratory received 244 248 cases for analysis, of which 175 467 entries were finalised in the same year. Of these entries, 161 789 (92.2 per cent) were analysed within 35 days. In the first half of 2009/10, the laboratory received 108 919 cases for analysis, of which 101 317 entries were finalised during this period. 92 770 (92 per cent) of these entries were analysed within 35 days. The Forensic Amendment Bill was introduced in Parliament in 2008/09, focusing on real evidence matters such as fingerprints, DNA and other forensic exhibit material to improve the conviction rate. This will provide the legislative framework for building a national DNA database to allow permits for speculative searches to link suspects to cases and the taking of non-intimate samples by an authorised police official.

About 75.3 per cent (70 547) of previous conviction reports were generated within 30 days in 2008/09. The target of 85 per cent was not met due to an increase in fingerprint related enquiries over the past 3 financial years and the lack of sufficient processing capability of the automated fingerprint identification system. The system is currently being upgraded and will be completed by August 2010. In the first half of 2009/10, the criminal record centre received 31 767 enquiries for previous conviction reports, of which 50.44 per cent (15 884) were generated within 30 days against an annual target of 85 per cent.

Expenditure estimates

Table 24.6 Detective Services

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Crime Investigations	4 038.1	4 495.2	4 981.4	5 640.0	6 157.6	6 678.6	7 033.4
Criminal Record Centre	539.2	583.4	655.6	696.6	1 113.8	1 327.5	1 431.6
Forensic Science Laboratory	233.8	298.2	462.6	404.7	576.9	721.2	787.1
Specialised Investigations	735.4	741.9	830.2	821.5	909.5	1 003.0	1 222.7
Total	5 546.6	6 118.6	6 929.7	7 562.8	8 757.7	9 730.3	10 474.8
Change to 2009 Budget estimate				(62.3)	712.9	1 137.7	1 452.5

Table 24.6 Detective Services (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Economic classification							
Current payments	5 231.0	5 818.0	6 572.9	7 318.3	8 424.2	9 360.7	10 102.3
Compensation of employees	4 262.3	4 760.3	5 242.5	6 028.0	6 822.4	7 498.5	7 983.3
Goods and services	968.7	1 057.7	1 330.4	1 290.3	1 601.7	1 862.2	2 119.0
<i>of which:</i>							
Computer services	10.9	3.1	45.5	3.8	0.2	0.3	0.3
Contractors	73.7	88.5	109.1	107.8	162.0	188.3	199.1
Inventory: Fuel, oil and gas	349.5	415.6	568.1	546.5	580.8	674.8	734.0
Lease payments	13.1	12.3	13.7	15.8	21.8	25.8	26.8
Transfers and subsidies	37.9	38.8	47.1	36.0	50.6	53.1	55.3
Provinces and municipalities	6.6	4.3	4.9	4.2	4.8	5.0	5.2
Households	31.3	34.5	42.2	31.8	45.8	48.1	50.0
Payments for capital assets	277.6	261.8	309.7	208.4	283.0	316.5	317.2
Buildings and other fixed structures	0.1	0.2	0.0	–	–	–	–
Machinery and equipment	277.5	261.6	309.7	208.4	283.0	316.5	317.2
Total	5 546.6	6 118.6	6 929.7	7 562.8	8 757.7	9 730.3	10 474.8

Expenditure trends

Expenditure in the *Detective Services* programme increased from R5.5 billion in 2006/07 to R7.6 billion in 2009/10, at an average annual rate of 10.9 per cent. Over the medium term, expenditure is expected to increase at an average annual rate of 11.5 per cent to provide for strengthening capacity for general detectives at police stations and ongoing improvements in the quality of detective policing.

Additional allocations of R250 million over the medium term of the 2008 Budget and R100 million over the medium term of the 2009 Budget have been earmarked to replace and upgrade specialised technical equipment in the forensic science laboratories countrywide. This increased expenditure in the *Forensic Science Laboratory* subprogramme at an average annual rate of 20.1 per cent between 2006/07 and 2009/10. Expenditure in the *Criminal Record Centre* and *Forensic Science Laboratory* subprogrammes is expected to increase significantly, at an average annual rate of 27.1 per cent and 24.8 per cent over the medium term. Expenditure in the *Criminal Record Centre* subprogramme is expected to increase significantly at an average annual rate of 59.9 per cent from 2009/10 to 2010/11, mainly due to additional funding to allow for the creation of capacity for the eventual implementation of the Criminal Law (Forensic Procedures) Amendment Bill.

The budget allows for the allocation of an additional R150 million in 2012/13 for the creation of capacity in the process of establishing the Directorate for Priority Crime Investigation. This amount will supplement the baseline allocation shifted in 2009/10 from the Department of Justice and Constitutional Development in relation to the former Directorate for Special Operations.

Payment for capital assets has strongly decreased between 2006/07 and 2009/10 at an average annual rate of 9.1 per cent from R277.6 million to R208.4 million, compared to the substantial increase over the medium term at an average annual rate of 15 per cent. This is due to once-off capital purchases in 2006/07 and 2007/08 that allowed for capacity creation in the detective service environment.

Programme 4: Crime Intelligence

- *Crime Intelligence Operations* provides for intelligence based crime investigations.
- *Intelligence and Information Management* provides for the analysis of crime intelligence patterns to facilitate crime detection in support of crime prevention and crime investigation.

Objectives and measures

- Maintain or increase the number of operational analysis reports relative to the baseline figure of 62 500 per year.

Service delivery focus

In 2008/09, this programme focused on violent organised crime, security intelligence, property related crime and crimes dependent on police action for detection. In 2008/09, 17 035 operations were carried out compared to 18 631 in 2007/08, resulting in 14 444 arrests and the recovery of goods with an estimated value of R3.9 billion. The decrease in the number of crime intelligence operations in 2008/09 is due to a more focused approach in the collection of crime information and intelligence. In the first half of 2009/10, 14 001 operations were carried out against an annual target of 19 000 operations, resulting in 9 840 arrests thus far.

In 2008/09, 142 020 reports were produced as opposed to 95 848 reports in 2007/08. Of the reports in 2008/09, 9 953 were strategic, 40 131 were tactical, 22 370 were on crime prevention, and 69 566 were information reports. 89 294 reports were produced in the first half of 2009/10.

Expenditure estimates

Table 24.7 Crime Intelligence

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Crime Intelligence Operations	528.1	598.3	651.1	819.2	831.8	850.3	888.3
Intelligence and Information Management	647.0	701.2	789.1	894.9	1 055.1	1 165.0	1 224.2
Total	1 175.0	1 299.4	1 440.2	1 714.1	1 886.9	2 015.3	2 112.5
Change to 2009 Budget estimate				–	(100.3)	(104.3)	(113.0)

Economic classification

Current payments	1 127.2	1 259.2	1 397.8	1 668.0	1 838.6	1 964.4	2 059.4
Compensation of employees	990.8	1 086.7	1 193.6	1 463.1	1 630.0	1 744.8	1 821.5
Goods and services	136.4	172.5	204.2	205.0	208.6	219.6	237.9
<i>of which:</i>							
Computer services	0.0	0.0	2.0	0.0	0.7	0.8	0.8
Contractors	9.3	11.9	13.2	12.6	13.7	14.4	15.6
Inventory: Fuel, oil and gas	37.9	46.7	69.2	72.6	59.3	62.5	67.6
Lease payments	4.4	6.1	8.4	6.4	8.8	9.2	10.0
Transfers and subsidies	7.3	8.4	7.6	7.6	7.7	7.8	8.2
Provinces and municipalities	1.2	0.5	0.6	0.6	0.7	0.7	0.7
Households	6.1	7.9	7.1	7.0	7.1	7.1	7.5
Payments for capital assets	40.5	31.9	34.8	38.5	40.6	43.0	44.9
Machinery and equipment	40.5	31.9	34.8	38.5	40.6	43.0	44.9
Total	1 175.0	1 299.4	1 440.2	1 714.1	1 886.9	2 015.3	2 112.5

Expenditure trends

Spending in the *Crime Intelligence* programme grew at an average annual rate of 13.4 per cent between 2006/07 and 2009/10, from R1.2 billion to R1.7 billion. It is expected to grow further over the medium term, at an average annual rate of 7.2 per cent to reach R2.1 billion in 2012/13. The increases are for enhancing the overall capacity and aligning functions with the organisational profile of the crime intelligence division, which was reviewed during 2007/08. The 19 per cent increase in 2009/10 and the 10.1 per cent increase in 2010/11 in spending in the *Crime Intelligence* programme are due to the increase in personnel.

Between 2006/07 and 2009/10, expenditure in the *Crime Intelligence Operations* subprogramme increased substantially at an average annual rate of 15.8 per cent, from R528.1 million to R819.2 million. Over the medium term, expenditure in this subprogramme is expected to reach R888.3 million at the slower average annual rate of 2.7 per cent. The strong growth in the former period was due to the capacity enhancement of the

crime intelligence division. This capacity enhancement was completed by 2009/10 and explains the slower growth over the MTEF period.

Programme 5: Protection and Security Services

- *VIP Protection Services* provides for the protection in transit of the president, the deputy president, former presidents and their spouses, and other identified dignitaries.
- *Static and Mobile Security* provides for the protection of: other local and foreign dignitaries; the places in which all dignitaries, including those related to the president and deputy president, are present; and valuable government cargo.
- *Port of Entry Security* provides for security at ports of entry and exit such as border posts, airports and harbours.
- *Rail Police* provides for security in the railway environment.
- *Government Security Regulator* provides for security regulation, evaluations, and the administration of national key points and strategic installations.
- *Operational Support* provides for administrative support for the programme, including personnel development.

Objectives and measures

- Minimise security violations by:
 - maintaining 98 per cent to 99 per cent protection of all identified dignitaries without any security breaches in 2010/11
 - ensuring 98 per cent to 99 per cent safe delivery of valuable cargo in 2010/11
 - conducting a minimum of 3 848 crime prevention and combating actions focusing on illegal firearms, illegal drugs, stolen/robbed vehicles and illegal migration in 2010/11
 - appraising 50 per cent of 207 identified strategic installations by 2011.

Service delivery focus

In 2008/09, protection was provided to 206 presidential, national and provincial dignitaries, 492 foreign dignitaries and 11 presidential VIPs. Static guard services protected 25 installations including government buildings, 90 presidential and ministerial residences, and 209 valuable cargos, with a 100 per cent safe delivery rate.

In 2008/09, 59 954 arrests were made at ports of entry for illegal firearms, stolen vehicles, illegal drugs, illegal goods, maritime related offences and violations in terms of the Immigration Act (2000) and in the first half of 2009/10, 11 024 arrests were made for the same offences.

In 2008/09, railway policing was expanded to address crime in the railway environment by establishing an additional 6 railway police stations at Bellville and Philippi in Western Cape, Escombe and Cavendish in KwaZulu-Natal, and Mount Ruth and Swartskop in Eastern Cape. In the same year, 15 055 arrests were made for priority crimes in the railway environment. During the first half of 2009/10, 1 404 priority crime arrests were made.

In 2008/09, the National Key Points Bill was tabled in Parliament to ensure attention to the security of government institutions and key economic infrastructure. From the beginning of April to the end of September 2009, 75 key points were evaluated against an annual target of 156. Strategic installation inspections were conducted using the approved monitoring and evaluation systems. 126 audits were conducted on government departments and parastatals in 2008/09.

Expenditure estimates

Table 24.8 Protection and Security Services

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
VIP Protection Services	294.2	312.5	353.3	400.2	443.0	470.2	496.0
Static and Mobile Security	335.3	408.6	473.2	562.4	629.8	667.5	700.8
Port of Entry Security	363.7	552.3	759.8	974.0	1 128.6	1 211.3	1 280.6
Rail Police	118.7	253.0	410.4	503.4	571.6	613.6	649.5
Government Security Regulator	23.3	32.3	42.3	47.3	49.1	52.0	54.8
Operational Support	126.2	153.4	171.9	199.1	220.2	234.1	247.3
Total	1 261.3	1 712.2	2 210.9	2 686.5	3 042.3	3 248.6	3 429.1
Change to 2009 Budget estimate				80.7	191.7	191.8	219.6
Economic classification							
Current payments	1 152.5	1 610.7	2 089.0	2 601.9	2 963.1	3 165.1	3 341.6
Compensation of employees	986.6	1 425.1	1 873.6	2 263.5	2 681.1	2 866.2	3 027.7
Goods and services	165.9	185.6	215.4	338.4	282.0	298.9	313.9
<i>of which:</i>							
Contractors	11.8	16.1	18.3	29.4	32.9	34.8	36.6
Inventory: Fuel, oil and gas	29.9	31.7	51.4	57.8	55.6	59.0	61.9
Lease payments	8.0	7.4	2.5	13.5	3.5	3.7	3.9
Transfers and subsidies	3.4	3.6	3.2	3.4	6.1	6.4	6.7
Provinces and municipalities	1.3	0.8	0.9	0.8	1.0	1.0	1.0
Households	2.1	2.8	2.3	2.6	5.2	5.4	5.7
Payments for capital assets	105.4	97.9	118.7	81.3	73.1	77.0	80.8
Buildings and other fixed structures	–	4.3	0.1	–	–	–	–
Machinery and equipment	105.4	93.5	118.6	81.3	73.1	77.0	80.8
Biological assets	–	0.1	–	–	–	–	–
Total	1 261.3	1 712.2	2 210.9	2 686.5	3 042.3	3 248.6	3 429.1

Expenditure trends

Expenditure grew substantially from R1.3 billion in 2006/07 to R2.7 billion in 2009/10, at an average annual rate of 28.7 per cent. It is expected to grow at a much slower rate over the medium term, at an average annual rate of 8.5 per cent, to reach R3.4 billion in 2012/13. The increases between 2006/07 and 2009/10 facilitated the establishment of the division in 2002, according to its mandate and roles and responsibilities. They also provided for the implementation of prioritised pilot projects including protection and security services at airports, land border posts, harbours, railways, and static and mobile security at the ports of entry and in railway environments. The increase over the medium term will provide for the carry through effect of the new recruits and procuring related resources.

Between 2006/07 and 2009/10, expenditure in the *Port of Entry Security* subprogramme increased significantly, at an average annual rate of 38.9 per cent, from R363.7 million to R974 million. The average annual rate of increase over the medium term is projected to be 9.6 per cent as expenditure is expected to reach R1.3 billion in 2012/13. The slower growth rate over the medium term is mainly due to a declining demand for capacity expansion.

Expenditure in the *Rail Police* subprogramme grew significantly, at an average annual rate of 61.9 per cent, from R118.7 million in 2006/07 to R503.4 million in 2009/10. The average annual rate over the medium term is projected to be 8.9 per cent as expenditure is expected to reach R649.5 million in 2012/13. The slower growth rate is mainly due to a declining need for capacity expansion.

Expenditure on goods and services is expected to decline at a marginal average annual rate of 2.5 per cent over the medium term compared to the significant increase in expenditure between 2006/07 and 2009/10, at an average annual rate of 26.8 per cent, due to capacity building in this unit.

Additional tables

Table 24.A Summary of expenditure trends and estimates per programme and economic classification

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R million	2008/09		2008/09	2009/10			2009/10
1. Administration	13 382.9	13 841.7	13 958.9	15 449.2	456.5	15 905.6	15 905.6
2. Visible Policing	17 081.9	17 195.5	17 095.6	19 015.5	737.4	19 752.9	19 752.9
3. Detective Services	6 494.6	6 714.8	6 929.7	7 625.1	(62.3)	7 562.8	7 562.8
4. Crime Intelligence	1 427.9	1 448.8	1 440.2	1 714.1	–	1 714.1	1 714.1
5. Protection and Security Services	2 065.9	2 291.5	2 210.9	2 605.8	80.7	2 686.5	2 686.5
Total	40 453.2	41 492.3	41 635.2	46 409.7	1 212.3	47 622.0	47 622.0
Economic classification							
Current payments	37 869.6	38 908.7	38 647.6	43 519.0	1 189.1	44 708.1	44 708.1
Compensation of employees	28 416.8	29 085.2	29 147.4	32 603.4	1 166.8	33 770.2	33 770.2
Goods and services	9 452.8	9 823.5	9 500.2	10 915.6	22.3	10 937.9	10 937.9
Transfers and subsidies	353.5	353.5	379.9	382.8	–	382.8	382.8
Provinces and municipalities	19.4	19.4	23.2	23.1	–	23.1	23.1
Departmental agencies and accounts	17.7	17.7	18.4	19.7	–	19.7	19.7
Households	316.4	316.4	338.3	340.0	–	340.0	340.0
Payments for capital assets	2 230.1	2 230.1	2 605.6	2 507.9	23.2	2 531.2	2 531.2
Buildings and other fixed structures	843.3	843.3	991.2	1 014.4	–	1 014.4	1 014.4
Machinery and equipment	1 386.3	1 386.3	1 612.5	1 492.4	23.2	1 515.6	1 515.6
Biological assets	0.5	0.5	2.0	1.1	–	1.1	1.1
Payments for financial assets	–	–	2.1	–	–	–	–
Total	40 453.2	41 492.3	41 635.2	46 409.7	1 212.3	47 622.0	47 622.0

Table 24.B Detail of approved establishment and personnel numbers according to salary level ¹

	Personnel post status as at 30 September 2009			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid year ²	Medium-term estimate		
				2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Department	192 240	192 240	–	163 416	173 241	182 754	185 371	195 310	198 910	200 660
Salary level 1 – 6	121 482	121 482	–	91 921	100 552	110 807	114 613	124 552	128 152	129 902
Salary level 7 – 10	68 119	68 119	–	69 123	70 232	69 461	68 119	68 119	68 119	68 119
Salary level 11 – 12	1 996	1 996	–	1 714	1 809	1 842	1 996	1 996	1 996	1 996
Salary level 13 – 16	643	643	–	658	648	644	643	643	643	643
Administration	33 954	33 954	–	30 832	32 255	32 928	32 763	33 954	33 954	33 954
Salary level 1 – 6	21 086	21 086	–	19 202	19 430	19 812	19 895	21 086	21 086	21 086
Salary level 7 – 10	11 956	11 956	–	10 719	11 860	12 157	11 956	11 956	11 956	11 956
Salary level 11 – 12	683	683	–	660	711	716	683	683	683	683
Salary level 13 – 16	229	229	–	251	254	243	229	229	229	229
Visible Policing	98 889	98 889	–	85 268	89 993	96 095	97 729	100 449	102 667	103 639
Salary level 1 – 6	65 256	65 256	–	49 596	54 933	61 894	64 096	66 816	69 034	70 006
Salary level 7 – 10	32 593	32 593	–	34 828	34 219	33 374	32 593	32 593	32 593	32 593
Salary level 11 – 12	753	753	–	563	573	562	753	753	753	753
Salary level 13 – 16	287	287	–	281	268	265	287	287	287	287
Detective Services	34 884	34 884	–	29 608	30 596	30 753	31 460	36 014	37 144	37 892
Salary level 1 – 6	17 936	17 936	–	11 780	12 943	13 530	14 512	19 066	20 196	20 944
Salary level 7 – 10	16 602	16 602	–	17 466	17 282	16 852	16 602	16 602	16 602	16 602
Salary level 11 – 12	293	293	–	299	308	309	293	293	293	293
Salary level 13 – 16	53	53	–	63	63	62	53	53	53	53

Table 24.B Detail of approved establishment and personnel numbers according to salary level ¹ (continued)

	Personnel post status as at 30 September 2009			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid year ²	Medium-term estimate		
				2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Crime Intelligence	7 842	7 842	–	6 689	6 806	7 142	7 370	8 092	8 134	8 164
Salary level 1 – 6	3 984	3 984	–	2 821	2 905	3 287	3 512	4 234	4 276	4 306
Salary level 7 – 10	3 644	3 644	–	3 707	3 748	3 652	3 644	3 644	3 644	3 644
Salary level 11 – 12	175	175	–	134	128	165	175	175	175	175
Salary level 13 – 16	39	39	–	27	25	38	39	39	39	39
Protection and Security Services	16 671	16 671	–	11 019	13 591	15 836	16 049	16 801	17 011	17 011
Salary level 1 – 6	13 220	13 220	–	8 522	10 341	12 284	12 598	13 350	13 560	13 560
Salary level 7 – 10	3 324	3 324	–	2 403	3 123	3 426	3 324	3 324	3 324	3 324
Salary level 11 – 12	92	92	–	58	89	90	92	92	92	92
Salary level 13 – 16	35	35	–	36	38	36	35	35	35	35

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

2. As at 30 September 2009.

Table 24.C Summary of expenditure on training

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Compensation of employees (R million)	22 730.2	25 610.6	29 147.4	33 770.2	37 148.8	39 660.3	41 777.4
Training expenditure (R million)	807.5	966.0	1 124.0	1 006.5	1 386.6	1 449.0	1 514.2
Training as percentage of compensation	3.6%	3.8%	3.9%	3.0%	3.7%	3.7%	3.6%
Total number trained in department (head count)	54 212	103 233	172 448	173 552			
<i>of which:</i>							
<i>Internships trained (head count)</i>	85	92	100	100			

Table 24.D Summary of expenditure on infrastructure

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation 2009/10	Medium-term expenditure estimate	
				2006/07	2007/08	2008/09		2010/11	2011/12
R million									
Departmental infrastructure									
Parow Forensic Laboratory	Improved services	Construction	516.4	-	-	104.2	262.1	150.0	-
Parow forensic laboratory	Improved services	Construction	5 291.2	510.5	727.0	631.5	497.8	845.5	966.9
Construction and re-establishment of police stations and accommodation	Improved services	Construction	588.0	-	-	43.6	140.5	122.7	268.4
Construction and re-establishment of office accommodation	Improved services	Identification	17.3	-	-	7.7	9.6	-	-
Drug laboratory for Pretoria forensic laboratory	Improved services	Construction	374.6	-	-	2.0	0.1	-	-
Construction and re-establishment of shooting ranges	Improved services	Construction	241.2	-	-	54.2	139.6	-	-
Total			7 028.6	510.5	727.0	843.3	1 049.7	1 118.2	1 235.3
									1 544.6

Vote 25

Agriculture, Forestry and Fisheries

Budget summary

R million	2010/11				2011/12	2012/13
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	413.7	375.2	35.7	2.8	444.2	479.7
Production and Resources Management	449.7	162.8	254.7	32.1	666.1	704.4
Agriculture Support Services	1 731.1	231.4	1 499.4	0.3	1 999.7	2 174.8
Trade and Agricultural Development	80.7	49.4	31.2	0.2	89.3	96.0
Food Safety and Bio-security	358.8	349.8	6.6	2.4	474.7	547.2
Forestry	501.5	488.8	2.5	10.1	558.0	602.9
Fisheries	122.4	116.1	6.3	-	129.4	135.6
Total expenditure estimates	3 658.0	1 773.5	1 836.5	47.9	4 361.4	4 740.5
Executive authority	Minister of Agriculture, Forestry and Fisheries					
Accounting officer	Director-General of Agriculture, Forestry and Fisheries					
Website address	www.daff.gov.za					

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

Aim

The aim of the Department of Agriculture, Forestry and Fisheries is to lead, support and promote agricultural, forestry and fisheries resources management through policies, strategies and programmes to enhance sustainable use, and to achieve economic growth, job creation, food security, rural development and transformation.

Programme purposes

Programme 1: Administration

Purpose: Strategic leadership, management, corporate and financial services and operations management.

Programme 2: Production and Resources Management

Purpose: Optimise agricultural productivity and profitability through the identification of opportunities, the sustainable use and protection of land, water and genetic resources, and infrastructure development to ensure household food security.

Programme 3: Agriculture Support Services

Purpose: Develop appropriate policies and targeted programmes for equitable access to the agricultural sector for the promotion of shared growth and commercial viability of emerging farmers. Risk and disaster management services. Provide agricultural education and training, extension and advisory services, scientific research and technology development.

Programme 4: Trade and Agricultural Development

Purpose: Facilitate market access for agricultural products. Provide agricultural economic and statistical services.

Programme 5: Food Safety and Biosecurity

Purpose: Manage the risks associated with animal and plant diseases and pests, and genetically modified organisms. Register products used in agriculture. Promote food safety to safeguard human life.

Programme 6: Forestry

Purpose: Ensure the sustainable management of plantations, natural forests (indigenous forests) and woodlands to realise their optimal social, environmental and economic benefits.

Programme 7: Fisheries

Purpose: Promote the conservation and sustainable use of fisheries resources to contribute to economic growth and poverty alleviation.

Strategic overview: 2006/07 – 2012/13

The department's mandate

The Department of Agriculture, Forestry and Fisheries was established in July 2009. This involved expanding the mandate of the previous Department of Agriculture to include forestry and certain areas of the fishing sector. The scope of activities, which is supported by numerous pieces of legislation, now covers the agriculture, forestry and fisheries value chains: from inputs, production and value add to retailing. The department's reviewed strategic objectives are: the increased profitable production of food, fibre and timber products by all categories of producers (subsistence, smallholder and commercial); the sustained management of natural resources; effective national regulatory services and risk management systems; a transformed and united agriculture sector; the increased contribution of the agriculture, forestry and fishing sectors to economic growth and development; and the effective and efficient governance of the sectors.

The agricultural, forestry and fishing sectors' contribution to the economy

Agriculture presently accounts directly for just over 3 per cent of South Africa's GDP. However, agriculture's strong role in the economy is its indirect contribution through backward and forward linkages to other sectors.

Formal agriculture provides employment (including seasonal and contract employment) for about 700 000 workers. In addition, the smallholder sector provides full- or part-time employment for at least another 1 million households.

The total area under forestry is about 1.27 million hectares or approximately 1 per cent of South Africa's total land area of 122.3 million hectares. Forestry and forest products contribute about 1.4 per cent to GDP. The forestry sector employs around 170 000 workers.

South Africa has a well established fishing industry and is currently a net exporter of fish products. The commercial fishing industry is valued at about R2 billion a year and employs about 27 000 people.

Key policy developments

The agricultural production strategy, a key driver for the sector, will be completed in 2010. The strategy will promote the growth and development of subsistence, smallholder and commercial farmers and producers through different agricultural commodity groups and mechanisms.

The central focus of the department's policy instruments is the need to address the challenges faced by rural and vulnerable people. The policy instruments aim to: ensure a safety net for households otherwise unable to provide for their food requirements; empower farm workers to create small, micro and medium enterprises (SMME) or cooperatives; facilitate access to development finance; increase investment in research and improve capacity building and mentorship; reduce risks related to production and provide appropriate technical assistance; and provide productive infrastructure.

Priorities for the *Forestry* programme include: developing a strategy and fund for SMMEs in the forestry sector; developing a strategy to address timber shortages; establishing extension support for emerging growers and entrepreneurs; reducing the regulatory burden on small and emerging businesses; streamlining processes for afforestation in the country; and strengthening collaboration between countries in the Southern African Development Community (SADC) on forestry issues.

The fishing related functions transferred to the department include: establishing and revitalising state owned hatcheries; cage culture pilots in state owned waterworks and coastal areas; developing aquaculture development zones; and doing research and development on candidate culture species. The administration and management functions for South Africa's marine resources through the Marine Living Resources Fund were also transferred from the Department of Environmental Affairs in 2009/10.

Current challenges

Economic and political changes

The recent global economic downturn has made the currency market highly vulnerable, due to speculation. This has negatively affected the stability of the commodity market and as a result food security. The consolidation of the agriculture, forestry and fishing sectors under a single department will bring synergy to these sectors.

Ensuring the food security of the country

High global food prices and an increased demand for food have led to an increase in local food prices. In addition, higher per capita income and increased awareness about a balanced diet are bringing about changing preferences for food. Thus, there is a renewed focus on the need to ensure the adequate supply and accessibility of safe, nutritious and high quality food at affordable prices.

Employment in the sector

Employment in this sector plays a particularly important role in the rural areas. Its socioeconomic contribution in terms of supplementing household income and contributing to food supply for more than 2.5 million rural households is invaluable. The global economic downturn resulted in job losses in agriculture.

Low levels of production and under-utilisation of land

The smallholder sub-sector continues to be underproductive and economically unsustainable. Further, the shortage of capital and skills, labour shortages, increasing input costs and low commodity prices have led to substantial idle agricultural land and abandoned holdings. It is estimated that there are more than 2 million hectares of idle agricultural land. The department in collaboration with the Department of Rural Development and Land Reform provides post-settlement and production loans to new and upcoming farmers.

Transformation and growth of the forestry sector

The obstacles that hinder the forestry sector from realising its potential contribution to job creation; transformation and biodiversity conservation include: the inadequate supply of raw materials; biased equity distribution in the value chain; sub-optimal economic development; lack of funds and technical support systems to support SMMEs in all sub-sectors; and the slow establishment of plantations due to cumbersome government licensing processes.

2010 FIFA World Cup

The 2010 FIFA World Cup will put the department's capabilities and capacity under particular pressure to respond to potential biosecurity risks. Such risks include bringing plant and meat products into the country without the necessary phytosanitary certifications. In 2008/09, the department started to devise a biosecurity strategy to deal with the expected influx of tourists and cargo, and which will serve South Africa in the future.

Savings and cost effective service delivery

Over the MTEF period, the department has identified efficiency savings of R478.6 million across all programmes (R162.5 million in 2010/11, R179.4 million in 2011/12 and R136.8 million in 2012/13). Goods and services items targeted for cost reduction include: R1.9 million from advertising, R6.6 million from communication, R4.7 million from computer services, R4.3 million from stationery and printing, R2.8 million from training and development, R1 million from operating expenditure, R18.4 million from venues and facilities, R1.3 million from assets less than R5 000, and R933 000 from external audit costs. The balance of the savings will be made up of a R220.3 million reduction in compensation of employees and a R2 million cut in payments for capital assets. The latter entails delaying the filling of posts and reprioritising projects. These cuts will not impact on service delivery.

Selected performance indicators

Table 25.1 Agriculture, Forestry and Fisheries

Indicator	Programme	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Number of hectares to be revitalised for irrigation per year	Production and Resources Management	–	–	28 874	30 000	33 000	36 000	40 000
Number of trainees on industry focused farmer training programmes per year	Agriculture Support Services	803	903	1 000	2 000	3 000	4 000	2 000
Number of beneficiaries accessing the comprehensive agricultural support programme per year	Agriculture Support Services	67 000	51 276	37 900	35 000	32 000	32 000	35 000
Number of farmers awarded production loans under the Micro Agricultural Financial Institutions of South Africa scheme per year	Agriculture Support Services	5 230	2 200	150	5 324	5 500	6 000	6 500
Number of emerging farmers trained in agricultural marketing per year	Trade and Agricultural Development	–	–	100	450	450	450	450
Number of biosecurity standards, operating procedures or directives issued per year	Food Safety and Biosecurity	–	7	10	9	10	10	7
Number of additional forest enterprise development projects supported per year	Forestry	33	26	44	62	62	9	9
Number of additional hectares planted (afforestation)	Forestry	1 230	542	5 000	8 000	8 000	10 000	10 000
Number of trees planted in the Million Trees programme per year (in millions)	Forestry	0.3 m	0.9 m	1 m	1 m	1 m	1.5 m	1.5 m
Number of fire protection associations registered in high risk areas per year	Forestry	21	37	38	42	42	42	42

Expenditure estimates

Table 25.2 Agriculture, Forestry and Fisheries

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
R million								
1. Administration	279.7	334.7	372.1	414.1	394.1	413.7	444.2	479.7
2. Production and Resources Management	225.6	233.2	495.3	331.7	301.7	449.7	666.1	704.4
3. Agriculture Support Services	1 288.0	2 369.2	1 459.3	2 023.7	1 714.7	1 731.1	1 999.7	2 174.8
4. Trade and Agricultural Development	47.4	60.9	76.2	76.8	76.8	80.7	89.3	96.0
5. Food Safety and Biosecurity	383.2	334.7	445.0	338.5	268.5	358.8	474.7	547.2
6. Forestry	441.5	452.7	509.1	579.1	459.1	501.5	558.0	602.9
7. Fisheries	45.5	73.2	108.0	110.7	90.7	122.4	129.4	135.6
Total	2 711.0	3 858.6	3 465.0	3 874.5	3 305.5	3 658.0	4 361.4	4 740.5
Change to 2009 Budget estimate				441.1	(127.9)	(105.2)	16.5	159.8
Economic classification								
Current payments	1 314.0	1 347.3	1 574.3	1 756.5	1 456.5	1 773.5	1 970.2	2 206.8
Compensation of employees	717.4	778.8	908.8	1 138.5	938.5	1 144.2	1 244.2	1 380.2
Goods and services	595.4	567.2	665.0	617.2	517.2	628.0	724.5	825.0
<i>of which:</i>								
<i>Administrative fees</i>	23.6	28.2	38.4	40.7	20.7	48.6	57.0	67.9
<i>Contractors</i>	24.2	11.6	22.5	15.9	15.9	94.7	101.0	106.7
<i>Agency and support / outsourced services</i>	76.5	50.8	127.8	50.1	40.1	61.3	66.0	72.4
<i>Travel and subsistence</i>	164.4	143.5	152.6	130.2	100.2	106.7	118.6	147.2
Interest and rent on land	1.3	1.3	0.5	0.8	0.8	1.4	1.5	1.6
Transfers and subsidies	1 302.8	1 718.9	1 816.0	2 040.9	1 771.9	1 836.5	2 300.7	2 469.1
Provinces and municipalities	402.0	762.2	899.7	974.1	974.1	1 117.1	1 437.3	1 509.2
Departmental agencies and accounts	530.5	519.7	609.1	585.6	585.6	672.9	813.4	921.3
Universities and technikons	–	3.8	6.3	1.9	1.9	–	–	–
Foreign governments and international organisations	10.0	32.9	35.3	35.9	35.9	34.5	36.6	24.2
Public corporations and private enterprises	258.3	302.5	96.9	421.0	152.0	2.8	3.0	3.1
Non-profit institutions	7.7	5.8	17.2	14.3	14.3	8.8	9.1	9.5
Households	94.3	92.0	151.4	8.2	8.2	0.5	1.4	1.8
Payments for capital assets	92.7	92.1	73.8	77.0	77.0	47.9	90.5	64.6
Buildings and other fixed structures	49.8	52.1	37.7	43.0	43.0	30.9	38.4	44.2
Machinery and equipment	41.1	37.9	35.1	33.6	33.6	16.2	51.2	19.4
Biological assets	0.1	0.7	0.5	–	–	–	–	–
Software and other intangible assets	1.7	1.5	0.4	0.4	0.4	0.9	0.9	0.9
<i>of which:</i>								
<i>Capitalised compensation</i>	17.5	18.4	9.6	11.6	–	15.1	16.0	17.0
<i>Capitalised goods and services</i>	22.0	25.5	13.3	8.8	–	13.8	15.4	18.1
Payments for financial assets	1.5	700.3	0.9	0.1	0.1	–	–	–
Total	2 711.0	3 858.6	3 465.0	3 874.5	3 305.5	3 658.0	4 361.4	4 740.5

Expenditure trends

Expenditure increased at an average annual rate of 12.6 per cent between 2006/07 and 2009/10, from R2.7 billion to R3.9 billion. This was mainly due to once-off allocations in 2007/08 of R700 million to the Land and Agricultural Bank of Southern Africa (Land Bank) for recapitalisation and R300 million for agricultural disaster management.

Over the medium term, expenditure is expected to increase at an average annual rate of 7 per cent to reach R4.7 billion in 2012/13. This is because of increases in the allocations for the comprehensive agricultural support programme and Ilima/Letsema, from R1.1 million in 2010/11 to R1.5 million in 2012/13, to drive increased food production.

Transfer payments account for 52.8 per cent of the department's total budget over the 7-year period. In 2007/08, transfers accounted for 63.9 per cent of the total due to the once-off allocation to the Land Bank. In 2010/11, the following transfer payments are expected to be made: R622 million to the Agricultural Research Council; R1.1 billion in conditional grants to provinces for the comprehensive agricultural support programme, LandCare and Ilima/Letsema; R5.7 million to public corporations and private enterprises for increased food production, and R34.5 million to international organisations for membership fees. The *Food Safety and Biosecurity* programme shows an average annual decrease of 4.1 per cent due to once-off expenditure outbreaks of classical swine fever and foot and mouth disease. The average annual increase of 29.4 per cent in the *Production and Resources Management* programme is due to the increased allocations to the comprehensive agricultural support programme and Ilima/Letsema. The *Food Safety and Biosecurity* programme shows an average annual decrease of 4.1 per cent due to once-off expenditure for outbreaks of classical swine fever and foot and mouth disease.

The department receives additional allocations of R57.2 million in 2010/11, R195.8 million in 2011/12 and R310.8 million in 2012/13 for:

- biosecurity (R80 million in 2011/12 and R120 million in 2012/13) for appointing additional vets and providing toolkits to animal health technicians
- the Agricultural Research Council (R50 million in 2011/12 and R120 million in 2012/13) to renovate buildings and upgrade and replace machinery and equipment
- adjustments for compensation of employees in the department, the Agricultural Research Council and the National Agricultural Marketing Council (R57.2 million, R65.8 million and R70.8 million).

In 2009/10, the department's funded post establishment was 6 932 posts. The overall ratio between support staff and line function staff is 1:7. The extended mandate for 2010/11 includes 3 628 posts in the forestry programme and an estimated 868 posts for fisheries. In addition, the department plans to employ 46 part time and temporary contract employees in 2010/11 at a cost of R10.7 million; and 189 interns at a cost of R4.5 million.

Infrastructure spending

The department does not have large capital projects and its spending in this regard is mainly ongoing on foot and mouth border fences (R26 million), office accommodation (R23.2 million) and boreholes (R3.9 million).

Departmental receipts

A significant portion of departmental revenue is derived from the sale of goods and services, including: statutory services such as registering fertilisers, farm feeds and agricultural remedies and brands; analysing soil; issuing import and export certificates for agricultural products; issuing liquor control permits; and providing quarantine and inspection services. Other receipts come from interest payments, rent on land, and financial transactions in assets and liabilities.

The substantial increases in total revenue in 2008/09 and 2009/10 were mainly due to repayments of conditional grants of R106.9 million and R99.9 million not spent by the provinces. This is reflected in financial transactions in assets and liabilities. Further, the increase from 2007/08 to 2008/09 in interest, dividends and rent on land and financial transactions in assets and liabilities is due to the incorporation of the agricultural debt account debtors into the department's books since the repeal of the Agricultural Debt Management Act (2001) in September 2008.

Table 25.3 Departmental receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
Departmental receipts	141 086	121 136	254 006	219 749	216 699	119 256	121 484	118 229
Sales of goods and services produced by department	105 585	104 228	107 693	98 215	84 235	88 809	93 113	94 531
Sales of scrap, waste, arms and other used current goods	43	204	4	5	5	5	8	5
Transfers received	–	26	80	8	8	–	–	–
Fines, penalties and forfeits	3	92	10	3	3	3	3	3
Interest, dividends and rent on land	1 446	1 963	9 752	17 183	13 113	12 213	11 930	10 140
Sales of capital assets	211	9 957	330	436	436	462	500	550
Transactions in financial assets and liabilities	33 798	4 666	136 137	103 899	118 899	17 764	15 930	13 000
Total	141 086	121 136	254 006	219 749	216 699	119 256	121 484	118 229

Programme 1: Administration

Expenditure estimates

Table 25.4 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Minister ¹	0.6	0.9	1.4	1.7	1.8	1.9	2.0
Deputy Minister ¹	0.8	0.9	1.0	1.4	1.5	1.6	1.7
Management	27.2	31.3	46.2	48.2	48.1	50.9	54.4
Corporate and Financial Services	99.3	113.1	128.2	141.1	143.8	152.7	165.1
Operations Management	103.2	143.1	129.0	138.2	124.7	133.2	142.6
Office Accommodation	48.5	45.4	66.3	83.6	93.8	103.9	114.0
Total	279.7	334.7	372.1	414.1	413.7	444.2	479.7
Change to 2009 Budget estimate				25.5	(5.9)	(6.8)	0.4

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

Economic classification

Current payments	253.0	286.2	315.8	347.1	375.2	398.4	443.7
Compensation of employees	107.1	121.0	140.7	178.5	189.0	199.3	213.3
Goods and services	145.6	164.9	175.0	168.6	186.0	198.9	230.2
<i>of which:</i>							
Administrative fees	22.3	27.0	35.7	37.0	43.9	50.5	58.0
Contractors	14.5	4.9	10.1	5.3	31.5	29.1	31.1
Agency and support / outsourced services	13.5	9.8	16.6	7.8	8.5	9.1	11.0
Travel and subsistence	18.2	33.5	24.9	18.6	16.2	17.3	20.8
Interest and rent on land	0.3	0.2	0.1	–	0.2	0.2	0.2
Transfers and subsidies	11.3	33.7	39.1	39.9	35.7	37.9	25.7
Provinces and municipalities	0.2	0.1	0.1	0.1	0.1	0.1	0.1
Departmental agencies and accounts	0.5	0.5	0.6	0.7	1.2	1.3	1.4
Foreign governments and international organisations	10.0	32.9	35.3	35.8	34.5	36.6	24.2
Public corporations and private enterprises	0.0	0.1	0.6	0.0	–	–	–
Households	0.6	0.2	2.5	3.3	–	–	–
Payments for capital assets	15.4	14.8	17.1	27.1	2.8	7.9	10.3
Buildings and other fixed structures	3.4	7.9	11.5	22.6	2.0	7.0	9.2
Machinery and equipment	11.3	6.1	5.5	4.4	0.7	0.8	1.0
Software and other intangible assets	0.7	0.7	0.1	0.1	0.1	0.1	0.1
Payments for financial assets	0.1	0.0	0.0	0.0	–	–	–
Total	279.7	334.7	372.1	414.1	413.7	444.2	479.7

Table 25.4 Administration (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	0.5	0.5	0.6	0.7	1.2	1.3	1.4
PAETA	0.5	0.5	0.6	0.7	1.2	1.3	1.4
Foreign governments and international organisations							
Current	9.4	32.3	34.4	35.0	33.6	35.6	23.2
International Union for the Protection of New Varieties of Plants	0.3	–	0.4	0.4	0.4	0.4	0.5
Consultative Group on International Agricultural Research	–	7.7	3.9	4.0	3.7	3.9	4.1
Food and Agriculture Organisation of the United Nations	–	14.5	12.0	12.0	12.7	13.5	11.1
Food and Agriculture Organisation of the United Nations	7.9	8.8	11.5	12.0	9.8	10.5	–
Office International de la Vigne et du Vin	0.5	0.5	0.6	0.6	0.6	0.6	0.7
Office International des Epizooties	0.7	0.8	1.0	1.0	1.1	1.1	1.2
International Fund for Agricultural Development	–	–	5.0	5.0	5.3	5.5	5.8
Households							
Other transfers to households							
Current	–	–	2.1	2.8	–	–	–
Female Farmer competition	–	–	2.1	2.8	–	–	–

Expenditure trends

Expenditure grew from R279.7 million in 2006/07 to R414.1 million in 2009/10 at an average annual rate of 14 per cent, and is projected to increase to R479.7 million over the medium term at an average annual rate of 5 per cent. The growth between 2006/07 and 2009/10 can be attributed to once-off allocations of R27 million to the Food and Agricultural Organisation of the United Nations for capacity building and of R25 million to the fourth world congress on rural women in 2007/08.

Spending on the *Office Accommodation* subprogramme is expected to increase from R66.3 million in 2008/09 to R83.6 million in 2009/10, due to the department having negotiated a lease for new offices in Pretoria in excess of R2 million per year and as a result of consolidating offices in other cities. The department will also be leasing press room equipment as it is more economical than buying it.

Programme 2: Production and Resources Management

- *Management.*
- *Agricultural Production* focuses on creating an enabling environment for increased and sustainable agricultural production through appropriate policies, legislation, norms and standards, technical guidelines and other programmes and services. It also administers the Animal Improvement Act (1988), the Plant Breeders' Rights Act (1976), and the Plant Improvement Act (1976). Funding is mainly used for personnel and related costs, support projects, and animal and plant production issues.
- *Engineering and Resources Management* facilitates the development of agricultural infrastructure and the use of agricultural resources. Other activities include auditing natural resources, controlling migratory pests, rehabilitating and protecting agricultural land, and running the community based LandCare programme. Funding is mainly used for personnel and related costs, LandCare grants, and the restoration of degraded land.

Objectives and measures

- Stimulate the increased production of all strategically important agricultural commodities through:
 - increasing the productivity and domestic and global competitiveness of the sector by developing an agricultural production strategy by March 2010
 - developing mapping systems to identify food insecurity in South Africa by March 2013
 - extending conservation projects and programmes for the sustainable use of genetic resources for food and agriculture to 2 provinces by March 2012
 - improving the regulatory oversight of propagating and breeding material by implementing the relevant legislation, strategies and policies by March 2012.

Service delivery focus

In 2009, the department developed and distributed production guidelines on grain crops, fruits, vegetables, industrial crops and ornamental plants to 20 000 farmers countrywide, and a series of articles on goat production and beef cattle management were published through the National Emergent Red Meat Producers Organisation. A comprehensive manual on wildlife ranching was published and distributed to 20 000 farmers countrywide.

The Ilima/Letsema programme, aimed at using all fallow land in peri-urban areas to produce food, was implemented in 2008/09 and is managed by provincial departments.

An area of focus from 2008/09 is to ensure the integrated, sustainable and effective management of natural resources through: awareness campaigns; identifying compromised areas and implementing conservation measures; a resources audit; water management; and providing support for developing and repairing irrigation structures.

Expenditure estimates

Table 25.5 Production and Resources Management

Subprogramme	Audited outcome			Adjusted appropriation 2009/10	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09		2010/11	2011/12	2012/13
R million							
Management	0.1	1.4	1.5	2.0	1.8	1.9	2.0
Agricultural Production	42.8	51.4	292.1	108.8	251.5	452.9	477.1
Engineering and Resource Management	182.7	180.5	201.7	220.9	196.4	211.3	225.2
Total	225.6	233.2	495.3	331.7	449.7	666.1	704.4
Change to 2009 Budget estimate				31.5	(16.1)	(17.3)	(26.8)

Economic classification

	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Current payments	115.3	122.0	174.6	189.2	162.8	173.4	185.2
Compensation of employees	61.4	67.4	85.4	104.4	107.6	116.1	122.7
Goods and services	53.9	54.6	89.2	84.8	55.1	57.3	62.5
<i>of which:</i>							
Administrative fees	0.2	0.1	0.6	0.8	1.2	1.2	1.2
Contractors	1.0	1.1	4.1	3.8	0.4	0.4	0.4
Agency and support / outsourced services	3.2	3.8	6.2	3.3	8.3	8.1	8.3
Travel and subsistence	17.3	12.3	25.9	25.0	11.9	12.7	13.9
Interest and rent on land	0.0	0.0	0.0	–	0.1	0.1	0.1
Transfers and subsidies	58.6	52.5	292.2	110.3	254.7	458.0	480.9
Provinces and municipalities	56.1	47.0	223.2	101.7	254.5	457.8	480.7
Departmental agencies and accounts	–	–	65.0	–	–	–	–
Universities and technikons	–	3.6	3.6	–	–	–	–
Public corporations and private enterprises	0.3	0.1	0.2	0.0	–	–	–
Non-profit institutions	1.1	0.2	0.1	8.0	–	–	–
Households	1.1	1.6	0.2	0.5	0.2	0.2	0.2

Table 25.5 Production and Resources Management (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Economic classification							
Payments for capital assets	51.4	58.8	28.5	32.1	32.1	34.7	38.3
Buildings and other fixed structures	46.2	44.1	22.8	20.5	28.9	31.4	35.0
Machinery and equipment	4.5	14.7	5.5	11.6	3.2	3.2	3.2
Software and other intangible assets	0.7	–	0.2	0.0	–	–	–
<i>of which:</i>							
Capitalised compensation	17.5	18.4	9.6	11.6	15.1	16.0	17.0
Capitalised goods and services	22.0	25.5	13.3	8.8	13.8	15.4	18.1
Payments for financial assets	0.4	–	0.0	0.1	–	–	–
Total	225.6	233.2	495.3	331.7	449.7	666.1	704.4

Details of selected transfers and subsidies

Provinces and municipalities							
Provinces							
Provincial Revenue Funds							
Current	55.7	46.7	223.0	101.4	254.5	457.8	480.7
LandCare Programme Grant: Poverty Relief and Infrastructure Development Grant	55.7	46.7	51.0	51.4	54.5	57.8	60.7
Ilima / Letsema projects	–	–	96.0	50.0	200.0	400.0	420.0
Agricultural starter packs	–	–	76.0	–	–	–	–
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	–	–	65.0	–	–	–	–
Eastern Cape Rural Finance Corporation	–	–	65.0	–	–	–	–
Universities and technikons							
Current	–	3.6	3.6	–	–	–	–
University of Stellenbosch	–	3.6	3.6	–	–	–	–
Non-profit institutions							
Current	1.0	0.1	–	8.0	–	–	–
Food and Trees for Africa	1.0	0.1	–	–	–	–	–
Food Bank SA	–	–	–	8.0	–	–	–

Expenditure trends

Expenditure increased at an average annual rate of 13.7 per cent from R225.6 million in 2006/07 to R331.7 million in 2009/10. This was mainly as a result of a once-off allocation in 2008/09 of R96 million for Ilima/Letsema and R76 million for starter packs. This also explains the 455.4 per cent increase in spending in the *Agricultural Production* programme in 2008/09.

Over the medium term, expenditure is expected to increase to R704.4 million in 2012/13, at an average annual rate of 28.5 per cent. This is due to additional allocations over the medium term of R200 million, R400 million and R420 million to further strengthen Ilima/Letsema. Spending in the *Management* subprogramme increased by 1 221.1 per cent from R105 000 in 2006/07 to R1.4 million in 2007/08 due to the filling of the deputy-director general post.

Programme 3: Agriculture Support Services

- *Management*.
- *Livelihoods Development Support* facilitates the provision of post-settlement support to emerging farmers, promotes broad based black economic empowerment (BEE), provides for agricultural development finance,

promotes farmer cooperatives, and manages agricultural risk and disasters. It also manages the transfer of funds to the comprehensive agricultural support programme, Micro Agricultural Financial Institutions of South Africa, broad based black economic empowerment framework for agriculture (AgriBEE), Ncera Farms and for agricultural disasters.

- *Sector Services and Research* directs and supports agricultural education, training, extension, research and advisory services in support of targeted groups. It also manages the transfer of funds to the Agricultural Research Council.

Objectives and measures

- Increase access to services and support for producers, entrepreneurs and agribusinesses through:
 - providing production loans through Micro Agricultural Financial Institutions of South Africa to 6 000 smallholder farmers per year over the MTEF period
 - providing industry focused value chain training to 2 000 beneficiaries per year over the MTEF period
 - improving the quality of extension services by increasing the number of extension officers enrolled in skills upgrading programmes by 200 per year over the MTEF period.

Service delivery focus

From 2004/05 to 2006/07, the department developed norms and standards for agricultural extension and advisory services, thus redefining the critical role of extension officers in the public service and asserting their centrality in implementing key programmes such as the comprehensive agricultural support programme, Micro Agricultural Financial Institutions of South Africa and AgriBEE. The extension recovery plan, which was implemented in 2008, enhances the ability of extension officers and advisors to increase the productivity and profitability of black subsistence, smallholder and commercial farmers.

From 2008/09, the Micro Agricultural Financial Institutions of South Africa accredited 8 financial intermediaries to retail R95 million to 12 620 individual emerging farmers and cooperatives for cash crops, poultry, piggeries, ostriches and other livestock, and small farming equipment. The projection of the number of farmers accessing loans from 2010/11 decreased to 6 000 per year, as intermediaries will decrease to 8 against the targeted 12.

The target for beneficiaries of the comprehensive agricultural support programme for 2009/10 was set at 32 000. This was reduced to 26 300 due to higher food and input costs. Some of the achievements of the comprehensive agricultural support programme in 2008/09 were: 22 000 km of fencing, 290 km of fire belts, 105 irrigation systems, 120 stock water structures, 97 boreholes, 55 poultry housing structures and 148 vegetable gardens.

The agricultural education and training strategy for agriculture and rural development was devised in 2005 to address skills development in the sector to promote accelerated and shared economic growth. The National Agricultural Education and Training Forum is an advisory body to the minister for implementing this strategy. The forum will provide a better understanding of levels of education in the sector.

Expenditure estimates

Table 25.6 Agriculture Support Services

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Management	1.4	1.8	10.7	2.1	1.9	2.1	2.2
Livelihoods Development Support	676.2	1 778.5	728.5	1 214.0	728.4	782.1	825.9
Sector Services and Research	610.4	588.9	720.1	807.6	1 000.8	1 215.5	1 346.6
Total	1 288.0	2 369.2	1 459.3	2 023.7	1 731.1	1 999.7	2 174.8
Change to 2009 Budget estimate				327.6	1.7	50.9	128.7

Table 25.6 Agriculture Support Services (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Economic classification							
Current payments	158.2	149.6	170.5	179.2	231.4	247.5	267.9
Compensation of employees	55.9	62.7	70.9	83.5	89.0	94.1	100.9
Goods and services	102.3	86.8	99.5	95.7	142.3	153.3	166.9
<i>of which:</i>							
Administrative fees	–	–	0.8	0.5	0.0	0.0	0.1
Contractors	3.4	2.3	1.3	1.4	56.6	60.9	67.7
Agency and support / outsourced services	10.2	6.6	19.4	6.7	7.2	7.3	8.8
Travel and subsistence	10.9	13.7	14.9	11.5	10.6	11.3	12.1
Interest and rent on land	0.1	0.1	0.1	–	0.1	0.1	0.1
Transfers and subsidies	1 122.6	1 515.4	1 284.1	1 842.8	1 499.4	1 751.9	1 906.6
Provinces and municipalities	345.5	715.0	675.0	872.3	862.4	979.3	1 028.3
Departmental agencies and accounts	509.3	498.1	521.1	550.3	634.2	769.5	875.1
Universities and technikons	–	0.2	2.6	1.9	–	–	–
Public corporations and private enterprises	245.2	299.9	74.7	418.2	2.8	3.0	3.1
Non-profit institutions	2.5	2.0	10.5	–	–	–	–
Households	20.1	0.2	0.3	0.2	0.0	0.0	0.0
Payments for capital assets	7.1	4.2	4.6	1.7	0.3	0.3	0.3
Machinery and equipment	7.0	4.0	4.5	1.7	0.3	0.3	0.3
Biological assets	0.1	–	0.0	–	–	–	–
Software and other intangible assets	–	0.2	0.1	–	–	–	–
Payments for financial assets	0.1	700.0	0.0	–	–	–	–
Total	1 288.0	2 369.2	1 459.3	2 023.7	1 731.1	1 999.7	2 174.8

Details of selected transfers and subsidies

Provinces and municipalities							
Provinces							
Provincial Revenue Funds							
Current	345.4	715.0	675.0	872.3	862.4	979.3	1 028.3
Comprehensive Agricultural Support Programme grant: Infrastructure	300.0	415.0	438.1	544.6	577.6	622.5	653.6
Disaster management	45.4	300.0	136.8	156.9	–	–	–
Comprehensive Agricultural Support Programme grant: Colleges for infrastructure	–	–	–	–	–	50.0	52.5
Comprehensive Agricultural Support Programme grant: Extension	–	–	100.0	170.8	284.8	306.9	322.2
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	452.2	438.2	458.2	481.2	515.4	557.5	685.4
Water Research Commission	–	0.8	–	–	–	–	–
Eisenburg Agriculture College	–	–	–	1.0	–	–	–
Taung Agricultural College	–	–	–	1.0	–	–	–
Owen Sithole Agricultural College	–	–	–	1.0	–	–	–
Timpi Seleke Agricultural Training Centre	–	–	0.9	1.0	1.0	–	–
Perishable Products Export Control Board	0.6	0.6	0.6	0.6	0.6	0.6	0.6
National Student Financial Aid Scheme	8.3	8.3	5.0	8.5	10.4	9.6	9.4
Baseline allocation - current	418.6	385.2	403.7	440.2	473.9	516.0	642.5
Intergis	1.7	1.8	1.9	2.0	2.1	2.3	2.4
Forum for Agricultural Research in Africa General Assembly (FARAGA)	10.0	–	–	–	–	–	–
Crop forecast	5.5	5.7	5.9	9.1	9.7	10.3	10.8
Diagnostic services	7.4	15.8	16.2	16.7	17.7	18.8	19.7
Onderstepoort Veterinary Institute upgrading of exotic diseases	–	20.0	24.0	–	–	–	–
Biological Products	–	–	–	–	–	–	–

Table 25.6 Agriculture Support Services (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Details of selected transfers and subsidies							
Capital	57.1	60.0	62.9	69.0	118.9	212.0	189.7
Baseline allocation - capital	47.1	49.5	51.9	57.3	62.6	67.3	70.6
Renovations and upgrading	–	–	–	–	43.9	87.7	–
Agricultural research and infrastructure	10.0	10.5	11.0	11.7	12.4	13.2	13.9
Foot and Mouth Disease facility	–	–	–	–	–	43.9	105.3
Universities and technikons							
Current	–	–	2.6	1.9	–	–	–
Fort Hare University Community Development Centres	–	–	1.0	–	–	–	–
Free State University	–	–	1.6	1.9	–	–	–
Public corporations and private enterprises							
Public corporations							
Other transfers							
Current	245.2	299.9	74.5	418.2	2.8	3.0	3.1
Land and Agricultural Development Bank of SA	196.0	248.0	22.1	367.0	–	–	–
Ncera Farms (Pty) Limited	2.2	1.9	2.4	2.6	2.8	3.0	3.1
Land and Agricultural Development Bank of SA	47.0	50.0	50.0	48.6	–	–	–
Non-profit institutions							
Current	2.0	2.0	10.5	–	–	–	–
National African Farmers Union	1.0	–	5.0	–	–	–	–
National Movement for Rural Woman	–	1.0	1.0	–	–	–	–
Farmer Development Trust	1.0	–	–	–	–	–	–
Cotton SA	–	–	4.5	–	–	–	–
National Red Meat Producers Organisation	–	1.0	–	–	–	–	–
Households							
Other transfers to households							
Current	20.0	–	–	–	–	–	–
Broad-based Black Economic Empowerment Programme for Agriculture	20.0	–	–	–	–	–	–

Expenditure trends

Between 2006/07 and 2009/10, expenditure grew at an average annual rate of 16.3 per cent, from R1.3 billion to R2 billion. This was mainly due to a once-off allocation in 2007/08 of R700 million to the Land Bank for recapitalisation and R130 million to the Agricultural Research Council for upgrading infrastructure. This also explains the 163 per cent increase in spending on the *Livelihoods Development Support* subprogramme in 2007/08.

Spending is projected to increase marginally over the medium term at an average annual rate of 2.4 per cent to reach R2.2 billion in 2012/13. The 38.7 per cent increase in 2009/10 relates to transfers and can be attributed to the allocation of once-off additional amounts of R345 million for the Micro Agricultural Financial Institutions of South Africa scheme and R176 million for the comprehensive agricultural support programme.

Over the medium term, the *Agricultural Support Services* programme's spending emphasis will be on making production loans available to emerging and upcoming farmers.

Public entity

Agricultural Research Council

Strategic overview 2006/07 – 2012/13

The Agricultural Research Council is a science institution that conducts fundamental and applied research with partners to generate knowledge, develop human capital, and foster innovation in agriculture by developing technology and disseminating information. It also commercialises research results.

The following six objectives form the basis of its strategic plan: generate, develop and apply new knowledge, science and technology for agriculture to meet the demands for increased food production, food security and poverty alleviation; promote the sustainable use and management of natural resources to ensure a competitive agriculture sector and increase wealth for people and industries dependent on natural resources based agriculture; improve nutrition and food security and safety by improving crop and livestock production systems, including seed security; provide information and technical solutions that enable the agriculture sector to manage and mitigate agricultural risks, including threats to the agricultural production value chain from natural disasters, diseases, pests and agricultural practice; disseminate information and transfer technology emanating from research and development; and achieve organisational growth and sustainability.

In 2008/09, the focus for the medium term was set on researching infrastructure upgrades.

Savings and cost effective service delivery

Cost containment measures focus on: reviewing projects and programmes to identify areas that do not contribute to key performance targets and redirecting the funds; leveraging the relationships between the council and industry partners to optimise costs along the value chain, as well as identifying areas for further collaboration; increasing the use of PhD students on projects to reduce personnel costs; and minimising the use of external consultants on projects. In addition, filling vacancies is being delayed to improve cash flow. This resulted in savings of about R30 million in 2009/10.

The council will ensure that service delivery is not compromised, although there will be a decline in research outputs over the MTEF period.

Selected performance indicators

Table 25.7 Agricultural Research Council

Indicator	Programme/Activity	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Number of articles published in scientific journals or other publications per year:	Research							
- peer reviewed		152	162	225	139	148	150	150
- non-peer reviewed		974	979	861	1 199	1 469	1 500	1 575
Number of patents and other intellectual property filed for registration per year	Research	30	41	25	55	10	13	15
Number of Agricultural Research Council scientists and researchers invited to publish or present papers per year	Research	16	21	45	93	109	115	121
Number of Agricultural Research Council personnel registered for postgraduate training per year	Personnel development	118	108	96	104	110	115	121
Number of marketable products produced and released	Commercial	8	32	26	49	15	20	30
Number of technology solutions developed and disseminated per year:	Research							
- commercial farmers		100	160	192	239	38	40	42
- resource poor farmers		72	115	78	56	45	58	65
- all types of farmers		0	0	0	0	221	230	242

Service delivery focus

Since 2007/08, the council and the Onderstepoort Veterinary Institute have focused on developing new laboratory based diagnostic technologies to accurately identify animal pathogens. In 2008/09, researchers made advances in developing and implementing technologies for diagnosing several high priority diseases affecting the agro-economy of South Africa. Focusing on these diagnostic tools has been prioritised over the medium term.

To enhance nutrition, food security and safety, the council planted 21 076 fruit and nut trees in 1 500 homesteads in the OR Tambo and Amatole districts in Eastern Cape, increasing the total to 72 000 subtropical trees grown in these areas. Many beneficiary farmers are harvesting and selling fruits such as avocado, mango and banana. Since 2006/07, approximately 200 training and demonstration workshops have been conducted at 52 participating villages in Eastern Cape on all aspects of subtropical crop production.

The council exceeded its target of publishing peer reviewed scientific articles and chapters in books by 107 per cent (201 articles) with a research staff complement of 180 with PhD degrees. Further improvements will be achieved through innovative efforts to recruit and retain staff and additional resources.

Expenditure estimates

Table 25.8 Agricultural Research Council: Programme information

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
General, develop and apply new knowledge and technology	100.4	103.7	112.3	115.8	124.0	143.3	154.8
Sustainable use and management of natural resources	140.6	145.2	157.3	161.1	174.3	201.4	217.5
Enhance nutrition, food security and safety	133.9	138.3	149.8	154.4	165.4	191.1	206.4
Enhance the ability of the agricultural sector to manage and mitigate agricultural risks	140.6	145.2	157.3	162.1	173.6	200.7	216.7
Technology transfer	87.0	89.9	97.4	100.3	107.5	124.2	134.2
Other programmes	92.7	95.8	103.7	106.1	114.5	132.3	143.0
Total expense	695.1	718.0	777.8	799.7	859.4	993.0	1 072.6

Table 25.9 Agricultural Research Council: Financial information

Statement of financial performance	Audited outcome			Revised estimate	Medium-term estimate		
R million	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Revenue							
Non-tax revenue	202.8	278.2	291.7	288.0	302.3	320.4	339.7
Sale of goods and services other than capital assets	169.3	265.7	282.0	275.8	292.3	309.9	328.5
<i>of which:</i>							
Research income	169.3	265.7	282.0	275.8	292.3	309.9	328.5
Other non-tax revenue	33.6	12.4	9.6	12.3	10.0	10.6	11.2
Transfers received	500.4	451.8	470.0	537.2	622.3	759.3	865.1
Total revenue	703.2	730.0	761.7	825.2	924.6	1 079.8	1 204.8
Expenses							
Current expense	695.1	718.0	777.8	799.7	859.4	993.0	1 072.6
Compensation of employees	416.0	416.1	467.0	500.5	530.5	610.1	658.9
Goods and services	268.0	288.5	296.3	283.9	312.2	359.1	380.6
Depreciation	10.6	13.4	14.3	15.2	16.4	23.6	32.8
Interest, dividends and rent on land	0.5	0.0	0.2	0.2	0.2	0.3	0.3
Total expenses	695.1	718.0	777.8	799.7	859.4	993.0	1 072.6
Surplus / (Deficit)	8.2	12.0	(16.1)	25.5	65.2	86.7	132.2
Statement of financial position							
Carrying value of assets	578.6	607.6	654.6	681.0	771.0	946.2	1 089.2
<i>of which: Acquisition of assets</i>	63.6	42.7	62.1	41.4	106.4	198.8	175.9
Investments	2.2	2.2	2.2	2.2	2.2	2.2	2.2
Inventory	16.3	14.4	18.1	12.2	12.9	13.7	14.5
Receivables and prepayments	60.8	80.3	63.9	79.1	62.9	67.3	72.7
Cash and cash equivalents	96.7	59.1	35.0	32.4	27.4	18.0	41.5
Total assets	754.6	763.6	773.8	806.9	876.4	1 047.4	1 220.1
Capital and reserves	261.0	272.9	256.8	258.3	291.6	371.8	444.4
Post-retirement benefits	30.3	27.5	28.8	27.2	28.8	30.3	31.9
Trade and other payables	420.2	426.0	444.1	473.3	504.9	591.2	686.5
Provisions	43.1	37.3	44.1	48.2	51.1	54.1	57.4
Total equity and liabilities	754.6	763.6	773.8	806.9	876.4	1 047.4	1 220.1

Expenditure trends

The Agricultural Research Council is primarily funded from a transfer from the Department of Agriculture, Forestry and Fisheries. Additional revenue is received from the provision of research services to external clients.

Total revenue increased from R703 million in 2006/07 to R825 million in 2009/10, at an average annual rate of 5.5 per cent. This is due to an increase in transfers in 2007/08. Over the medium term, total revenue is expected to increase to R1.2 billion, at an average annual rate of 12.7 per cent. This is reflected in the projected increase in transfers from R537.2 million in 2009/10 to R865.1 billion in 2012/13, at an average annual rate of 17.2 per cent. This increase can mainly be attributed to additional allocations of R50 million in 2011/12 and R120 million in 2012/13 to renovate buildings and upgrade and replace machinery and equipment.

Expenditure increased steadily between 2006/07 and 2009/10 at an average annual rate of 4.8 per cent, driven largely by inflationary increases in compensation of employees and goods and services spending. Expenditure is expected to increase at an average annual rate of 10.3 per cent over the medium term to reach R1.1 billion in 2012/13. This is due to the construction of a new foot and mouth disease vaccine facility.

Programme 4: Trade and Agricultural Development

- *Management.*
- *Trade and Marketing Development* facilitates domestic and international market access for South African agricultural products. It also manages the transfer of funds to the National Agricultural Marketing Council.
- *Economic and Statistical Services* provides for agricultural statistical services in support of economic growth and development and an equitable agriculture sector. It also monitors and evaluates the economic performance of the sector and generates national agricultural statistics. Funding will mainly be used for personnel related costs and costs related to the collection of statistical data.

Objectives and measures

- Improve equitable market access for agricultural products by:
 - training an average of 500 developing farmers per year on agricultural marketing over the MTEF period
 - increasing the access of agricultural products into international markets by concluding 6 negotiation sessions per year over the MTEF period
 - facilitating the establishment of 1 marketing infrastructure, such as units for storing, grading and packing fresh produce, per province per year over the MTEF period
 - producing quarterly economic analysis and forecast reports
 - producing monthly crop estimates reports
 - developing a farmer register over the MTEF period
 - undertaking regular agricultural economic research and giving continuous policy advice.

Service delivery focus

In 2009/10, the department achieved the target of training 450 emerging farmers in agricultural marketing. The department will continue implementing strategies and interventions aimed at improving market access, such as training developing farmers, providing marketing information, and facilitating the establishment of agricultural marketing infrastructure, and working with other government departments to improve the efficiency and economic viability of the agro-logistics system.

More time and resources have been allocated to supporting participation in trade negotiations sessions aimed at improving the access of South African agricultural products in international markets.

The department has invested R2.1 million in improving the accuracy of crop estimates.

In the medium term, the department will develop a farmer register and will continue to undertake agricultural economic research and provide policy advice.

Expenditure estimates

Table 25.10 Trade and Agricultural Development

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Management	1.5	1.2	1.2	2.1	2.2	2.3	2.5
Trade and Marketing Development	30.8	36.3	43.8	54.5	56.2	63.2	67.7
Economic and Statistical Services	15.1	23.5	31.2	20.3	22.4	23.8	25.7
Total	47.4	60.9	76.2	76.8	80.7	89.3	96.0
Change to 2009 Budget estimate				(0.3)	(3.5)	(1.9)	0.2

Economic classification

Current payments	33.8	42.8	51.2	47.9	49.4	52.7	57.1
Compensation of employees	24.3	26.3	30.0	38.2	41.4	44.3	47.1
Goods and services	9.5	16.5	21.2	9.7	8.0	8.3	10.0
<i>of which:</i>							
Agency and support / outsourced services	1.2	0.5	8.0	1.9	1.8	2.0	2.1
Travel and subsistence	4.1	4.0	3.9	3.2	2.5	2.4	3.0
Interest and rent on land	0.0	0.0	0.0	–	0.0	0.0	0.0
Transfers and subsidies	12.7	17.6	22.5	28.4	31.2	36.4	38.7
Provinces and municipalities	0.0	–	–	–	–	–	–
Departmental agencies and accounts	12.7	17.0	22.5	28.4	31.2	36.3	38.5
Households	0.0	0.6	–	–	–	0.2	0.2
Payments for capital assets	0.8	0.5	2.5	0.5	0.2	0.2	0.2
Machinery and equipment	0.8	0.5	2.5	0.5	0.1	0.2	0.2
Software and other intangible assets	–	–	0.1	0.0	0.0	0.1	0.1
Total	47.4	60.9	76.2	76.8	80.7	89.3	96.0

Details of selected transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	12.7	17.0	22.5	28.4	31.2	36.3	38.5
National Agricultural Marketing Council	12.7	17.0	22.5	28.4	31.2	36.3	38.5

Expenditure trends

Expenditure grew from R47.4 million in 2006/07 to R76.8 million in 2009/10, at an average annual rate of 17.5 per cent. This was due to an increase in the baseline for the Agricultural Marketing Council from R12.7 million in 2006/07 to R28.4 million in 2009/10.

Over the medium term, expenditure is expected to increase to R96 million at an average annual rate of 7.7 per cent, due to increased capacity and increased transfers to the Agricultural Marketing Council. The decrease in the *Economic and Statistical Services* subprogramme in 2009/10 is due to an exceptional expense on the agricultural survey in 2008/09. Provision was made for the appointment of a deputy director-general under *Management* in 2009/10, resulting in an increase of 72.1 per cent.

Programme 5: Food safety and biosecurity

- *Management*.
- *Plant Health and Inspection Services* focuses on sound plant health risk management frameworks, contributes to a compliance system for assessing the potential risks associated with genetically modified organisms, and regulates border and national inspection services on regulated agricultural products intended for import, export and local trade.

- *Food and Veterinary Services* manages animal diseases, assists with negotiating protocols for importing and exporting animals and animal products, and ensures that animal products are of good quality and safe for human consumption.

Objectives and measures

- Develop surveillance programmes and monitor the incidence of plant and animal diseases by March 2011.
- Improve biosecurity by:
 - strengthening compliance with and implementation of regulations by March 2012
 - facilitating the registration of agricultural production inputs and genetically modified organisms by March 2012
 - negotiating 5 priority African country sanitary, phyto and zoo sanitary protocols over the MTEF period.
- Improve access to biosecurity services for all beneficiaries by facilitating the development of 7 initiatives over the MTEF period.
- Improve biosecurity by facilitating the registration of agricultural production inputs and genetically modified organisms by March 2012.
- Relieve the shortage in veterinarians in rural areas by implementing compulsory community service for veterinarians over the MTEF period.

Service delivery focus

In 2009, the department strengthened ports of entry by appointing 90 more inspectors. The department has prioritised ensuring that all agricultural products imported into South Africa are safe for consumption and will not cause disease outbreaks during the 2010 FIFA World Cup. In 2009, surveillance programmes were introduced in various production systems to ensure an early warning system to mitigate all food security risks. Over the medium term, the focus will be on disseminating information to all foreign missions to ensure that visitors are informed about all agricultural regulatory systems. In 2010, the department, in consultation with other departments, will start a project to put a recall system in place which will mitigate the risks that impact agricultural production and human health. This project will allow for products to be returned to their countries of origin if contaminated.

In 2009, various genetically modified organism activities were reviewed with a view to imposing national standards over the MTEF period. Awareness and communication tools are now being developed. Developing new systems to improve the registration of agricultural inputs will be prioritised over the medium term. Another area of focus is improving biosecurity measures on farms, with the emphasis on developing biosecurity systems which support smallholder production systems. In 2010, smallholder farmers will be taken through the food safety system to ensure access to national and international markets.

Maintaining existing international markets and negotiating new protocols for agricultural products will contribute positively to the economy and ensure food safety. Promoting intra-regional trade through the SADC protocol will be prioritised.

Expenditure estimates

Table 25.11 Food Safety and Biosecurity

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
R million							
Management	1.8	0.6	1.5	2.1	1.9	2.1	2.2
Plant Health and Inspection Services	87.4	102.2	138.1	186.7	226.3	255.2	276.5
Food and Veterinary Services	294.0	231.8	305.4	149.6	130.6	217.4	268.5
Total	383.2	334.7	445.0	338.5	358.8	474.7	547.2
Change to 2009 Budget estimate				7.7	(31.2)	46.7	97.9

Table 25.11 Food Safety and Biosecurity (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Economic classification							
Current payments	284.3	226.0	255.8	325.5	349.8	431.6	536.6
Compensation of employees	168.6	152.9	172.0	231.9	269.1	297.8	367.8
Goods and services	115.6	72.9	83.7	93.6	80.6	133.7	168.6
<i>of which:</i>							
Administrative fees	–	–	0.3	0.2	0.2	1.7	4.7
Contractors	2.3	2.7	2.1	1.4	1.7	5.5	2.0
Agency and support / outsourced services	29.8	18.0	12.7	9.8	10.3	11.0	11.8
Travel and subsistence	51.4	21.7	22.0	17.7	19.9	25.2	43.7
Interest and rent on land	0.1	0.1	0.1	–	0.1	0.1	0.2
Transfers and subsidies	84.6	97.0	172.9	6.6	6.6	6.9	7.3
Provinces and municipalities	0.1	0.0	0.0	0.0	–	–	–
Departmental agencies and accounts	8.0	4.0	–	–	–	–	–
Public corporations and private enterprises	0.0	0.0	21.4	0.0	–	–	–
Non-profit institutions	4.0	3.6	6.7	6.3	6.6	6.9	7.3
Households	72.6	89.4	144.8	0.3	–	–	–
Payments for capital assets	13.3	11.4	15.3	6.4	2.4	36.2	3.4
Buildings and other fixed structures	0.2	–	2.1	–	–	–	–
Machinery and equipment	12.8	10.5	12.9	6.4	1.9	35.7	2.9
Biological assets	–	0.5	0.3	–	–	–	–
Software and other intangible assets	0.2	0.4	0.0	0.0	0.5	0.5	0.5
Payments for financial assets	1.0	0.3	0.9	0.0	–	–	–
Total	383.2	334.7	445.0	338.5	358.8	474.7	547.2
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	8.0	4.0	–	–	–	–	–
Agricultural Research Council	8.0	–	–	–	–	–	–
Perishable Products Export Control Board	–	4.0	–	–	–	–	–
Public corporations and private enterprises							
Private enterprises							
Other transfers							
Current	–	–	21.1	–	–	–	–
Bluebelliesbush Dairy Farming	–	–	21.1	–	–	–	–
Non-profit institutions							
Current	4.0	3.5	6.7	6.3	6.6	6.9	7.3
Entomology Congress	–	0.5	–	–	–	–	–
Deciduous Fruit Producers Trust	4.0	3.0	6.0	6.3	6.6	6.9	7.3
Onderstepoort Centenary Organising Committee	–	–	0.7	–	–	–	–
Households							
Other transfers to households							
Current	59.6	88.4	143.6	–	–	–	–
Classical swine fever	59.6	88.4	143.6	–	–	–	–

Expenditure trends

Expenditure in this programme is affected by unforeseen and unavoidable outbreaks of animal and plant diseases and pests and fluctuates quite significantly as a result. Between 2006/07 and 2009/10, expenditure decreased at an average annual rate of 4.1 per cent, from R383.2 million to R338.5 million. This was mainly due to once-off expenditure to contain the outbreaks of avian influenza, foot and mouth disease and classical swine fever in 2006/07 and 2008/09. From 2006/07 to 2009/10, R72.6 million, R89.4 million and R144.8 million were transferred to households as compensation payments to farmers whose pigs were culled in the classical swine fever combating campaign.

Over the medium term, expenditure is expected to increase significantly at an average annual rate of 17.4 per cent, from R338.5 million to R547.2 million. This is due to additional allocations for implementing compulsory community service for veterinarians.

Programme 6: Forestry

- *Management.*
- *Forestry Regulation and Oversight* is responsible for: developing policies and strategies to support sustainable forest management; international liaison on sustainable forest management; sector liaison; sector foresight; research; administering the National Forests Act (1998) and the National Veld and Forest Fire Act (1998); and managing forestry data, spatial and non-spatial information, and knowledge systems.
- *Forestry Development* develops forest enterprise development programmes that support BEE and strategies and interventions that enable communities to make use of forest resources products to improve their livelihoods. The subprogramme manages transfer processes and post-transfer administration and regulation, including the management of delegations and lease agreements.
- *Forestry Operations* is responsible for the implementation of forestry related programmes and strategies in the provinces. The subprogramme ensures the sustainable management of state forests, implements and enforces the National Forests Act (1998) and the National Veld and Forest Fire Act (1998), implements forest enterprise development and livelihood programmes, monitors lease agreements, gathers forestry information and ensures access to forestry information.

Objectives and measures

- Ensure the sustainable management of the department's plantations, natural forests (indigenous forests) and woodlands to realise their social, environmental and economic benefit by continuously administering, implementing and enforcing the National Forests Act (1998) and the National Veld and Forest Fire Act (1998).
- Increase the contribution of the forestry sector to improving livelihoods by implementing the greening programme, including the Million Trees programme, and by establishing support mechanisms for participatory forest management and community forestry over the MTEF period.
- Accelerate the transformation and growth of the forestry sector in line with the targets in the Forest Sector Charter by implementing the charter over the MTEF period.

Service delivery focus

In May 2008, the minister and forestry stakeholders signed the Forest Sector Charter, which was published in the government gazette in June 2009 in terms of sections 9 and 12 of the Broad Based Black Economic Empowerment Act (2003).

In 2008, the department embarked on a national afforestation programme to expand timber resources, minimise timber imports and optimise enterprise development opportunities in the timber production and processing sector. The department and the industry have committed to afforesting 10 000ha per year, in terms of the charter.

In 2008/09, 1.85 million trees (fruit trees and ornamental indigenous species) were planted countrywide. This includes trees that were planted by projects assisted by the department and other organisations.

Regulations supporting the National Forests Act (1998) will guide and support implementing legislation to ensure suitably managed forests. In 2008/09, a forest licensing tracking system was developed and deployed to all regional offices. 38 fire protection associations covering an area of approximately 7 million hectares were registered in terms of the National Veld and Forest Fire Act (1998) in 2008/09. 35 of these were registered in high to extreme fire risk areas by March 2009.

Commercial plantations, earmarked for the land reform programme, are managed according to best practice with growing stock management plans. Approximately 1 110ha of plantations managed by the department and 65 933ha managed by the forestry industry were damaged by fires.

The minister signed a head lease agreement with the KwaMbonambi community in KwaZulu-Natal in 2009. The department released 3 729ha of state forest land in Dukuduku, KwaZulu-Natal, to the provincial department of housing to respond to the illegal invasion of the Dukuduku forests.

Expenditure estimates

Table 25.12 Forestry

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Management	0.3	1.6	2.5	3.9	3.8	4.0	4.3
Forestry Regulation and Oversight	23.6	32.7	39.8	42.1	51.8	56.9	61.2
Forestry Development	8.5	10.2	5.5	17.0	18.5	22.5	24.2
Forestry Operations	409.2	408.2	461.3	516.1	427.4	474.5	513.2
Total	441.5	452.7	509.1	579.1	501.5	558.0	602.9
Change to 2009 Budget estimate				49.2	(50.2)	(55.1)	(40.5)

Economic classification

Current payments	423.8	447.6	498.2	563.2	488.8	543.5	587.0
Compensation of employees	254.5	275.3	301.8	397.5	331.9	369.4	399.1
Goods and services	168.6	171.4	196.3	164.8	156.0	173.0	186.8
<i>of which:</i>							
<i>Administrative fees</i>	1.2	1.1	0.8	2.1	3.1	3.5	3.8
<i>Contractors</i>	2.9	0.5	4.7	4.0	4.6	5.1	5.5
<i>Agency and support / outsourced services</i>	18.7	12.2	64.8	20.5	25.1	28.5	30.5
<i>Travel and subsistence</i>	62.5	58.3	61.1	54.2	45.5	49.6	53.7
<i>Interest and rent on land</i>	0.7	0.8	0.1	0.8	1.0	1.1	1.1
Transfers and subsidies	13.0	2.6	5.2	6.7	2.5	3.3	3.8
Provinces and municipalities	0.2	0.1	1.4	–	0.1	0.1	0.1
Public corporations and private enterprises	12.8	2.5	–	2.7	–	–	–
Non-profit institutions	–	–	–	–	2.2	2.2	2.3
Households	–	0.0	3.7	4.0	0.2	1.0	1.4
Payments for capital assets	4.7	2.4	5.8	9.3	10.1	11.2	12.1
Buildings and other fixed structures	–	0.1	1.2	–	–	–	–
Machinery and equipment	4.7	2.1	4.3	9.0	9.9	10.9	11.8
Biological assets	–	0.2	0.2	–	–	–	–
Software and other intangible assets	–	0.1	0.0	0.3	0.3	0.3	0.3
Total	441.5	452.7	509.1	579.1	501.5	558.0	602.9

Table 25.12 Forestry (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Details of selected transfers and subsidies							
Public corporations and private enterprises							
Public corporations							
Subsidies on production or products							
Current	-	-	-	2.4	-	-	-
Forestry SA - Subsidy Research	-	-	-	2.4	-	-	-
Public corporations and private enterprises							
Public corporations							
Other transfers							
Current	12.8	-	-	-	-	-	-
YORKOR	12.8	-	-	-	-	-	-
Non-profit institutions							
Current	-	-	-	-	2.2	2.2	2.3
Forest Sector Charter Council	-	-	-	-	2.2	2.2	2.3

Expenditure trends

Expenditure grew from R441.5 million in 2006/07 to R579.1 million in 2009/10, at an average annual rate of 9.5 per cent. This was mainly due to additional allocations in 2009/10 of R40 million to develop the Forest Sector Charter, R12 million for the Million Trees programme, and R46 million for commercial forestry operations in Mpumalanga.

Expenditure is expected to increase marginally at an average annual rate of 1.4 per cent over the medium term, to reach R602.9 million.

The 142.5 per cent increase in spending in *Management* between 2006/07 and 2009/10 was due to an increase from a very low base in 2006/07. The 206.5 per cent increase in spending in *Forestry Development* in 2009/10 was due to the introduction of the Forest Sector Charter.

The 13.4 per cent decrease in total programme spending in 2010/11 was due to the once-off increase in 2009/10 for commercial forestry operations in Mpumalanga.

Programme 7: Fisheries

- *Management*.
- *Administrative Support Services* provides for the overall administration of the programme activities. The funds are used for the compensation of employees working for the Marine Living Resource Fund.
- *Marine Living Resources Fund* receives transfers for the management and sustainable use of marine living resources to supplement the revenue received from levies on fish and fish products, for permits and application fees and the proceeds from the sale of confiscated fish and fish products. Funding is based on the approved business plan of the entity.

Objectives and measures

- Manage, regulate and monitor the orderly utilisation of South Africa's marine resources by reviewing 70 per cent of rights holders in the fishing industry by 2012/13 to ensure that they conform with the conditions under which they were granted.

Service delivery focus

In addition to administering fishing rights in the 21 commercial fishing sectors, the medium term focus will be on finalising and allocating rights in the subsistence, large pelagics and recreational sectors. The performance of the rights holders in the commercial fishing sectors will be also reviewed to assess whether they have conformed with the conditions under which the rights were granted. The first phase is due for completion in March 2010 and the second phase by the end of 2010/11.

Expenditure estimates

Table 25.13 Fisheries

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Management	–	–	0.8	0.9	0.9	1.0	1.0
Administrative Support Services	45.5	73.2	107.2	103.6	115.2	122.1	128.3
Marine Living Resources Fund	–	–	–	6.3	6.3	6.3	6.3
Total	45.5	73.2	108.0	110.7	122.4	129.4	135.6
Economic classification							
Current payments	45.5	73.2	108.0	104.4	116.1	123.1	129.3
Compensation of employees	45.5	73.2	108.0	104.4	116.1	123.1	129.3
Transfers and subsidies	–	–	–	6.3	6.3	6.3	6.3
Departmental agencies and accounts	–	–	–	6.3	6.3	6.3	6.3
Total	45.5	73.2	108.0	110.7	122.4	129.4	135.6
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	–	–	–	6.3	6.3	6.3	6.3
Marine Living Resources Fund	–	–	–	6.3	6.3	6.3	6.3

Expenditure trends

The Marine Living Resources Fund was transferred to the department from the Department of Environmental Affairs in 2009/10. The administrative and management functions in the fund did not receive any government grants before the shift. From 2009/10 and over the MTEF period, transfers of R6.3 million per year have been allocated to the *Marine Living Resources Fund* subprogramme to supplement the fund's revenue.

Approximately 70 per cent of the *Administrative Support Services* subprogramme moved to the Department of Agriculture, Forestry and Fisheries (70 per cent of R155 million in 2010/11, R172 million in 2011/12 and R182 million in 2012/13). The *Antarctic Supply Vessels* subprogramme and the *Antarctic and Island Research* subprogramme remain with the Department of Environmental Affairs.

Personnel employed by the Marine Living Resources Fund are remunerated through the *Administrative Support Services* subprogramme, which grew strongly by 31.6 per cent from R45.5 million in 2006/7 to R104 million in 2009/10. Over the MTEF period, expenditure on personnel will increase at an average annual rate of 5.5 per cent, from R116.1 million in 2010/11 to R129.3 million in 2012/13.

Public entity

Marine Living Resources Fund

Strategic overview: 2006/07 – 2012/13

The Marine Living Resources Fund was established in terms of the Marine Living Resources Act (1998). The mandate and core business of the fund is to manage the development and sustainable use of South Africa's marine and coastal resources, as well as to protect the integrity and quality of the marine and coastal ecosystem.

The organisation regulates the use of marine resources through administering fishing rights, permits and licences. Key activities include: developing and implementing a policy framework for allocating and managing long term fishing rights in 20 commercial fishing sectors; facilitating and managing the transfer of commercial fishing rights; conserving and protecting seals, seabirds and shorebirds; developing a policy and management framework for the subsistence fishing sector; and monitoring fish stocks to prevent overexploitation or negative impacts on the integrity of marine ecosystems; and developing management strategies to rebuild depleted fish stocks.

Some key policy development issues that will be addressed in the medium term include finalising a national plan of action for sharks, a rights allocation process in the large pelagics sector, processing appeals for the boat based whale watching and white shark cage diving rights allocation process, and amending the Marine Living Resources Act (1998) to deal with these issues.

Savings and cost effective service delivery

The Marine Living Resources Fund underwent a mid-term budget review in October 2009 where cost centre managers were given the opportunity to revise and realign budgets. The fund also identified areas of possible savings over the medium term, which include: reduced days at sea so as only to perform critical research voyages; making use of the resources of other government departments to supplement monitoring, control and surveillance efforts; cost efficient ways of travelling for business purposes; making use of video links at meetings to reduce travelling; investment in research technology to reduce the use of outsourced services; and no catering for internal meetings.

Selected performance indicators

Table 25.14 Marine Living Resources Fund

Indicator	Programme/ Activity	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Number of annual assessments conducted to determine the state of resources in the fisheries sectors	Marine research	21	21	21	21	21	21	221
Number of research projects conducted on the feasibility of South Africa's aquaculture species	Aquaculture research	2	2	2	2	2	3	3
Number of aquaculture (fish farming) pilot projects launched per year	Integrated coastal management	–	–	2	3	4	5	6

Service delivery focus

In 2009/10, the organisation carried out scientific surveys and research to determine the total allowable catch, and made recommendations on 21 fishing sectors. A strategy aimed at protecting hake and recovering abalone was developed and implemented.

The Integrated Coastal Management Act (2008) was promulgated in December 2008 and the terms of reference for developing the enforcement manual was drafted and submitted for approval to appoint a service provider. A joint SADC monitoring, control and enforcement patrol was carried out in 2009 in partnership with Mozambique, Tanzania and Kenya.

Expenditure estimates

Table 25.15 Marine Living Resources Fund: Programme information

R million	Audited outcome			Revised	Medium-term estimate		
	2006/07	2007/08	2008/09	estimate 2009/10	2010/11	2011/12	2012/13
Administration	45.6	61.8	62.7	62.1	48.2	50.7	53.9
Marine Resource Management	12.4	9.3	7.7	9.3	7.2	7.6	8.1
Intergrated Coastal Management	13.8	24.3	20.2	18.6	–	–	–
Research, Antarctica and Islands	88.0	78.9	103.6	102.4	86.7	91.3	97.0
Monitoring Control and Surveillance	118.7	81.6	117.9	118.0	98.8	104.0	110.5
Total expense	278.4	255.9	312.1	310.4	240.9	253.6	269.4

Table 25.16 Marine Living Resources Fund: Financial information

Statement of financial performance R million	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Revenue							
Non-tax revenue	179.3	154.9	128.7	135.9	114.5	122.5	131.1
Sale of goods and services other than capital assets	174.1	146.9	119.5	127.2	111.5	119.3	127.6
<i>of which:</i>							
Admin fees	91.9	87.2	81.6	92.2	94.0	101.3	109.1
Licenses and permits	58.1	40.1	22.1	–	–	–	–
Levies on fish and fish products	24.2	19.6	15.8	35.0	17.5	18.0	18.5
Other non-tax revenue	5.2	8.0	9.1	8.7	3.0	3.2	3.5
Transfers received	151.4	144.4	209.2	182.9	127.0	131.3	138.5
Total revenue	330.7	299.2	337.8	318.8	241.5	253.8	269.6
Expenses							
Current expense	278.4	255.9	312.1	310.4	240.9	253.6	269.4
Goods and services	274.2	249.3	304.2	299.7	231.0	243.9	260.3
Depreciation	4.0	6.6	7.9	10.7	9.9	9.6	9.2
Interest, dividends and rent on land	0.2	–	0.0	–	–	–	–
Total expenses	278.4	255.9	312.1	310.4	240.9	253.6	269.4
Surplus / (Deficit)	52.3	43.4	25.7	8.4	0.7	0.2	0.1
Statement of financial position							
Carrying value of assets	14.5	15.2	25.1	41.6	42.3	42.5	42.7
<i>of which: Acquisition of assets</i>	10.5	7.3	17.8	27.2	10.5	9.9	9.3
Inventory	17.6	3.5	4.6	–	–	–	–
Receivables and prepayments	6.8	22.9	10.0	9.0	8.5	8.0	7.5
Cash and cash equivalents	28.1	60.2	78.9	61.9	62.7	62.4	62.0
Total assets	67.0	101.8	118.6	112.5	113.4	112.9	112.2
Accumulated surplus/deficit	(12.9)	30.4	56.2	64.5	65.2	65.4	65.6
Borrowings	0.4	–	–	–	–	–	–
Trade and other payables	41.5	45.3	35.5	36.0	37.3	37.5	37.6
Liabilities not classified elsewhere	38.1	26.1	26.9	12.0	11.0	10.0	9.0
Total equity and liabilities	67.0	101.8	118.6	112.5	113.4	112.9	112.2

Expenditure trends

The Marine Living Resources Fund receives transfers from the department and generates revenue from levies on fish and fish products, licence and permit fees, fines and confiscations, and harbour fees. Revenue increased from R330.7 million in 2006/07 to R358.4 million in 2009/10, at an average annual rate of 2.7 per cent. Total revenue between 2007/08 and 2008/09 increased by 13 per cent as a result of an increase in financial assistance from the department for vessel operating costs, setting the total allowable catch, and the increased visibility at sea of the marine patrol vessels.

This was offset slightly by the decrease in 2007/08 which was as a result of less income from chartering vessels and confiscating fish and fish products.

Estimated revenue over the medium term takes into consideration the significant increase in levies, licences, permits and application fees due to the new proposal, which has been gazetted for public comment.

In 2007/08, government transfers to the fund reduced from R145.5 million to R127.9 million. This resulted in a reduction in days at sea for patrol and research vessels used for research and surveillance. However, expenditure on these activities increased between 2007/08 and 2008/09 by 22 per cent, from R255.8 million to R312.1 million, when the financial assistance from government for vessel operating costs was increased. The functions to operate these research and surveillance vessels and the allocated funds have not been transferred to the department along with the fund.

The Marine Living Resources Fund, will not receive the government grant initially allocated over the MTEF period as its functions have been split between departments. The only guaranteed financial assistance for the fund is the R6.3 million per year government grant for the marine aquaculture function. As a result, expenditure is expected to decrease from R350.1 million in 2009/10 to R189.2 million in 2012/13. The compensation of employees is funded by the department through the *Administrative Support Services* subprogramme.

Additional tables

Table 25.A Summary of expenditure trends and estimates per programme and economic classification

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R million	2008/09		2008/09	2009/10			2009/10
1. Administration	356.1	368.6	372.1	–	414.1	414.1	394.1
2. Production and Resources Management	259.1	553.4	495.3	–	331.7	331.7	301.7
3. Agriculture Support Services	1 546.0	1 475.3	1 459.3	–	2 023.7	2 023.7	1 714.7
4. Trade and Agricultural Development	69.1	69.2	76.2	–	76.8	76.8	76.8
5. Food Safety and Bio-security	304.4	471.2	445.0	–	338.5	338.5	268.5
6. Forestry	448.7	448.7	509.1	–	579.1	579.1	459.1
7. Fisheries	108.0	108.0	108.0	–	110.7	110.7	90.7
Total	3 091.4	3 494.4	3 465.0	–	3 874.5	3 874.5	3 305.5
Economic classification							
Current payments	1 567.2	1 537.7	1 574.3	–	1 756.5	1 756.5	1 456.5
Compensation of employees	1 002.1	956.6	908.8	–	1 138.5	1 138.5	938.5
Goods and services	564.4	580.4	665.0	–	617.2	617.2	517.2
Interest and rent on land	0.7	0.7	0.5	–	0.8	0.8	0.8
Transfers and subsidies	1 476.0	1 891.7	1 816.0	–	2 040.9	2 040.9	1 771.9
Provinces and municipalities	584.3	898.4	899.7	–	974.1	974.1	974.1
Departmental agencies and accounts	548.6	612.7	609.1	–	585.6	585.6	585.6
Universities and technikons	7.6	6.2	6.3	–	1.9	1.9	1.9
Foreign governments and international organisations	26.6	33.8	35.3	–	35.9	35.9	35.9
Public corporations and private enterprises	302.1	158.3	96.9	–	421.0	421.0	152.0
Non-profit institutions	6.4	17.6	17.2	–	14.3	14.3	14.3
Households	0.3	164.5	151.4	–	8.2	8.2	8.2
Payments for capital assets	48.1	65.0	73.8	–	77.0	77.0	77.0
Buildings and other fixed structures	23.1	37.1	37.7	–	43.0	43.0	43.0
Machinery and equipment	24.4	26.8	35.1	–	33.6	33.6	33.6
Biological assets	–	0.3	0.5	–	–	–	–
Software and other intangible assets	0.6	0.8	0.4	–	0.4	0.4	0.4
Payments for financial assets	–	–	0.9	–	0.1	0.1	0.1
Total	3 091.4	3 494.4	3 465.0	–	3 874.5	3 874.5	3 305.5

Table 25.B Detail of approved establishment and personnel numbers according to salary level¹

Department	Personnel post status as at 30 September 2009			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid year ²	Medium-term estimate		
				2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Department	9 342	6 567	70	2 615	2 640	2 690	5 924	7 555	8 823	9 817
Salary level 1 – 6	6 785	4 370	48	1 441	1 384	1 370	4 178	4 941	6 065	6 851
Salary level 7 – 10	2 187	1 839	15	969	1 034	1 084	1 470	2 166	2 291	2 489
Salary level 11 – 12	286	274	3	152	166	178	204	333	349	357
Salary level 13 – 16	84	84	4	53	56	58	72	115	118	120
Administration	987	987	4	652	659	705	848	963	963	963
Salary level 1 – 6	552	552	2	359	345	391	481	543	543	543
Salary level 7 – 10	343	343	1	242	258	238	287	326	326	326
Salary level 11 – 12	60	60	–	37	41	50	53	61	61	61
Salary level 13 – 16	32	32	1	14	15	26	27	33	33	33

Table 25.B Detail of approved establishment and personnel numbers according to salary level ¹ (continued)

	Personnel post status as at 30 September 2009			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid year ²	Medium-term estimate		
				2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Production and Resources Management	601	601	11	476	480	537	519	601	601	601
Salary level 1 – 6	337	337	2	263	251	325	298	327	327	327
Salary level 7 – 10	227	227	8	176	189	185	193	236	236	236
Salary level 11 – 12	27	27	1	27	30	18	19	28	28	28
Salary level 13 – 16	10	10	–	10	10	9	9	10	10	10
Agriculture Support Services	407	407	12	322	325	323	347	407	407	407
Salary level 1 – 6	182	182	5	178	171	152	161	182	182	182
Salary level 7 – 10	182	182	4	120	127	139	151	182	182	182
Salary level 11 – 12	33	33	2	18	20	23	26	33	33	33
Salary level 13 – 16	10	10	1	6	7	9	9	10	10	10
Trade and Agricultural Development	129	129	–	102	103	105	108	129	129	129
Salary level 1 – 6	16	16	–	55	52	14	14	16	16	16
Salary level 7 – 10	92	92	–	37	40	57	76	92	92	92
Salary level 11 – 12	14	14	–	7	7	29	12	14	14	14
Salary level 13 – 16	7	7	–	3	4	5	6	7	7	7
Food Safety and Bio-security	1 335	1 335	–	1 063	1 073	1 020	1 078	1 343	1 343	1 343
Salary level 1 – 6	549	549	–	586	565	488	499	557	557	557
Salary level 7 – 10	692	692	–	394	420	465	511	692	692	692
Salary level 11 – 12	84	84	–	63	68	58	59	84	84	84
Salary level 13 – 16	10	10	–	20	20	9	9	10	10	10
Forestry	5 883	3 108	43	–	–	–	3 024	3 489	4 757	5 751
Salary level 1 – 6	5 149	2 734	39	–	–	–	2 725	3 139	4 263	5 049
Salary level 7 – 10	651	303	2	–	–	–	252	293	418	616
Salary level 11 – 12	68	56	–	–	–	–	35	43	59	67
Salary level 13 – 16	15	15	2	–	–	–	12	14	17	19
Fisheries	–	–	–	–	–	–	–	623	623	623
Salary level 1 – 6	–	–	–	–	–	–	–	177	177	177
Salary level 7 – 10	–	–	–	–	–	–	–	345	345	345
Salary level 11 – 12	–	–	–	–	–	–	–	70	70	70
Salary level 13 – 16	–	–	–	–	–	–	–	31	31	31

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

2. As at 30 September 2009.

Table 25.C Summary of expenditure on training

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Compensation of employees (R million)	671.8	707.8	804.4	1 034.0	1 035.1	1 128.6	1 258.7
Training expenditure (R million)	27.3	20.3	24.2	16.4	20.0	21.8	23.3
Training as percentage of compensation	4.1%	2.9%	3.0%	1.6%	1.9%	1.9%	1.9%
Total number trained in department (head count)	3 744	3 795	3 408	1 671			
<i>of which:</i>							
Employees receiving bursaries (head count)	160	238	173	173			
Learnerships trained (head count)	35	58	23	12			
Internships trained (head count)	188	190	202	219			
Households receiving bursaries (R million)	0.1	0.1	0.0	0.3	0.3	0.4	0.4
Households receiving bursaries (head count)	33	40	44	45			

Table 25.D Summary of expenditure on infrastructure

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
Departmental infrastructure										
R million										
New Quarantine Station: Durban	Quarantine facilities	Design	33.0	-	7.9	2.7	16.4	1.0	5.0	-
New hostel at Gadi	Hostel for students	Various	30.6	-	-	-	-	0.5	1.0	5.7
New laboratory at Rooopleaat, Pretoria	Laboratory facilities	Design	20.0	-	-	-	-	0.5	1.0	3.5
New Admin. Building: Stellenbosch, PHQS	Additional office building	Various	16.3	3.4	-	-	-	-	-	-
New Admin Support Building: Stellenbosch	Additional office building	Construction	15.0	-	-	8.8	6.2	-	-	-
Mobile homes	Accommodation at ports of entry, plantations and engineering sites	Handed over	10.4	6.9	0.2	3.3	-	-	-	-
Border Fence to prevent foot and mouth disease	36 km elephant control fence and 10 km normal fence per year	Construction	300.0	31.5	38.4	20.4	17.5	25.0	26.9	30.0
Drilling of Boreholes	150 boreholes per year	Various	300.0	7.9	5.6	2.4	2.9	3.9	4.5	5.0
Infrastructure transfers to other spheres, agencies and departments										
Renovations and upgrading	Research infrastructure	Various	406.2	47.1	49.5	51.9	57.3	62.6	67.3	70.6
Agricultural infrastructure	Research infrastructure	Various	214.3	10.0	10.5	11.0	11.7	56.3	100.9	13.9
Foot and Mouth Disease facility	Vaccine production facility	Feasibility	149.1	-	-	-	-	-	43.9	105.3
Maintenance										
Ad hoc projects	Maintenance	Various	81.8	-	-	-	1.0	18.5	16.1	10.3
Various Repairs and Maintenance Projects	Maintenance	Various	55.3	13.1	-	8.1	2.0	4.7	4.3	9.2
Total			1 632.2	120.0	112.0	108.6	115.0	172.9	270.8	253.5

Vote 26

Communications

Budget summary

R million	2010/11				2011/12	2012/13
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	151.8	150.7	0.1	1.0	160.1	170.6
ICT International Affairs and Trade	44.6	40.6	3.5	0.5	46.8	46.3
ICT Policy Development	90.1	72.7	16.9	0.6	93.5	93.3
ICT Enterprise Development	1 617.5	12.5	1 604.7	0.2	1 290.4	1 090.4
ICT Infrastructure Development	177.5	174.9	1.5	1.1	188.6	195.3
Presidential National Commission	32.5	31.8	–	0.7	34.7	34.4
Total expenditure estimates	2 114.0	483.2	1 626.7	4.1	1 814.1	1 630.4
Executive authority	Minister of Communications					
Accounting officer	Director-General of Communications					
Website address	www.doc.gov.za					

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

Aim

The aim of the Department of Communications is to develop information and communication technology (ICT) policies and legislation that create favourable conditions for accelerated and shared sustainable economic growth that positively impact on the wellbeing of all South Africans.

Programme purposes

Programme 1: Administration

Purpose: Strategic support to the ministry and overall management of the department.

Programme 2: Information and Communication Technology International Affairs and Trade

Purpose: Ensure alignment between South Africa's international activities and agreements in the field of ICT and South Africa's foreign policy.

Programme 3: Information and Communication Technology Policy Development

Purpose: Develop ICT policies and legislation that support the development of an ICT sector that creates favourable conditions for the accelerated and shared growth of the economy. Develop strategies that increase the uptake and usage of ICT by the majority of the South African population, thus bridging the digital divide.

Programme 4: Information Communication Technology Enterprise Development

Purpose: Oversee and manage government's shareholding interest in public entities. Facilitate growth and development of small, medium and micro enterprises (SMMEs) in the ICT sector.

Programme 5: Information Communication Technology Infrastructure Development

Purpose: Promote investment in robust, reliable, secure and affordable ICT infrastructure that supports the provision of a multiplicity of applications and services.

Programme 6: Presidential National Commission

Purpose: Facilitate the development of an inclusive information society by promoting the uptake and usage of ICT for improved socioeconomic development and research.

Strategic overview: 2006/07 – 2012/13

The Department of Communications develops and implements policy interventions that create an enabling ICT environment. Between 2006/07 and 2009/10, the department put considerable resources and effort into implementing the provisions of the Electronic Communications Act (2005) through the development and publication of a number of policy directives and regulations. A policy direction for the provisioning of individual electronic network service licences was issued to the Independent Communications Authority of South Africa in January 2009. A policy direction on the licensing framework for the licensing of Broadband Infraco was published in February 2009, and policy directions on the local loop unbundling and the provision of mobile broadcasting services were issued to the Independent Communications Authority of South Africa in September 2007.

Strategic goals over the medium term

Reform the ICT sector

The department will continue to reform the ICT sector by promulgating legislation and instituting relevant policy interventions. This will include the National Broadband Bill and an integrated ICT strategy, leading to one ICT bill as well as the promulgation and implementation of the Public Service Broadcasting Act (1967), the South African Post Office Act (1995) and the proposed South African Postbank Act (2010), based on the current South African Postbank Bill.

Ensure that ICT infrastructure is accessible, robust, reliable, affordable and secure

In collaboration with the relevant role players, the department has developed a three-year programme of action aimed at reducing the cost to communicate, and improving the quality, availability and usage of ICTs across all sectors. This programme of action contains specific interventions aimed at: reducing telecommunications prices; fostering competition in the market; reducing local and international broadband prices; increasing mobile telephony; improving internet access and usage, particularly in rural and underdeveloped areas; and promoting domestic and foreign investment in the sector. The programme of action will also accelerate the local loop unbundling process with the issuing of a policy direction to the Independent Communications Authority of South Africa to conclude this process by 2011.

The department will continue with the implementation of the broadcasting digital migration policy to ensure a smooth transition from analogue to digital broadcasting by November 2011. Specific emphasis will be placed on the rollout of digital terrestrial television transmission infrastructure to achieve the estimated 95 per cent national coverage of the digital broadcasting signal by 2011, thus meeting the target date for the analogue switch-off (1 November 2011). The strategy for the set top box manufacturing sector development aimed at developing the local electronics industry and promoting the local manufacturing of set top boxes, will be finalised during 2010/11. This strategy will create opportunities for participation by small, micro, medium enterprises and black economic empowered enterprises as well as opportunities to export South African manufactured set top boxes. The set top box specifications will ensure that households will continue to have access to television services using their current analogue television sets and promote widespread access to government information and services. A scheme will be developed for ownership support of set top boxes that will allow for approximately 4.5 million (62 per cent of free to air television viewing households) poor television owning households to afford a set top box by accessing a government subsidy that will cover 70 per cent of the cost of the box.

Improve the efficiency of radio spectrum usage

National radio frequency spectrum is a national asset, and it is therefore government's responsibility to ensure that this asset is used in the best interest of the public. The department will promote the efficient use of the radio frequency spectrum through the adoption of the national radio frequency spectrum policy. In terms of the policy, when there are competing applications or the demand for radio frequency spectrum exceeds the amount of spectrum available, competitive market principles to spectrum pricing may be applied. Relevant policy directions will be issued to the authority to do what is necessary to improve the efficiency of spectrum usage in South Africa. Cabinet is expected to approve the policy by March 2010.

Strengthen oversight of public entities

In its effort to strengthen its oversight responsibilities over public entities, the department will implement specific interventions aimed at improving the performance of public entities in the ICT sector to effectively deliver on relevant assigned mandates.

Due to the corporate governance and financial challenges experienced by the South African Broadcasting Corporation and Sentech in June 2009, the minister established a task team to identify the root causes of these problems and make appropriate recommendations on the public broadcaster and Sentech's corporate governance issues and funding models. A joint monitoring team comprising of representatives from the department, National Treasury and the South African Broadcasting Corporation will be set up to monitor the corporation's progress in attaining specific targets for the cost cutting measures, revenue enhancements and other austerity measures. The minister has also committed himself to periodically engage with the corporation's board on issues of corporate governance and financial management.

Contribute to the global ICT agenda

The department will continue to support the African ICT agenda by actively participating in the Southern African Development Community and African Union structures, and by contributing effectively to the implementation of the African multilateral and bilateral ICT programmes. Greater emphasis will be placed on strengthening South-South and North-South cooperation as well as participating in global ICT governance structures such as the International Telecommunications Union, the Universal Postal Union and other relevant United Nations bodies.

Facilitate the building of an inclusive information society

The department will coordinate the implementation of the national information society and development programme by capturing the provincial heritage content into the national digital repository, publishing the annual e-barometer and contributing to the provisioning of e-government services.

Savings and cost effective service delivery

The department has identified efficiency savings including transfers over the MTEF period amounting to R949 million spread as R155.5 million in 2010/11, R314.7 million in 2011/12 and R479.0 million in 2012/13 across all programmes. Goods and services items targeted for cost reduction include: consultancy services, travel and subsistence, agency support, catering, venues and facilities, and other operating expenditure. Savings will be achieved by reducing the department's reliance on consultants.

South African Post Office subsidy allocations are reduced by R100 million in 2010/11, R250 million in 2011/12 and R400 million in 2012/13, and the Independent Communications Authority of South Africa's baseline is reduced by R45 million over the MTEF period, comprising R10 million in 2010/11, R15 million in 2011/12 and R20 million in 2012/13.

Selected performance indicators

Table 26.1 Communications

Indicator	Programme	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Number of stadiums for 2009 FIFA Confederations Cup and 2010 FIFA World Cup linked to Telkom core network	Information and Communication Technology Infrastructure Development	–	–	–	4	10	–	–
Number of infrastructure related policies developed per year	Information and Communication Technology Infrastructure Development	–	–	–	3	2	1	1
Percentage reduction of per minute cost of mobile (wholesale)*	Information and Communication Technology Policy Development	–	–	–	–	10%	10%	10%
Percentage reduction of per minute cost of fixed line (public access)*	Information and Communication Technology Policy Development	–	–	–	–	10%	10%	10%
Total number of community radio stations provided with broadcasting infrastructure	Information and Communication Technology Policy Development	–	45	35	39	45	50	55
Number of ICT position papers developed for international engagement per year	Information and Communication Technology International Affairs and Trade	–	–	8	5	5	5	5
Number of young people who participated in the national youth information society and development programme per year**	Presidential National Commission	–	830	2 120	502	1 100	1 100	1 500
Number of e-cooperatives established to increase entry of youth owned small enterprises into the ICT sector per year***	Presidential National Commission	–	46	96	71	40	40	20
Number of provinces for which provincial cultural heritage content is captured in the national digital repository per year	Presidential National Commission	–	–	–	–	4	3	2
Number of ICT SMME hubs created in each province	Information and Communication Technology Enterprise Development	–	–	–	–	2	2	2

*At present the mobile termination rate is R1.25, with no reductions realised in the current financial year.

**The targets for the participation of young people in the youth information society and development programme have been reduced due to a change in policy. No further training of new participants will take place and previously trained young people will be used for collecting content.

***The targets for the establishment of e-cooperatives have been reduced due to a change in strategy. No further e-cooperatives will be established, and those already established will be supported through a sustainability strategy.

Expenditure estimates

Table 26.2 Communications

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
R million								
1. Administration	160.9	143.5	147.4	147.9	147.9	151.8	160.1	170.6
2. ICT International Affairs and Trade	39.6	37.4	53.5	45.6	45.6	44.6	46.8	46.3
3. ICT Policy Development	77.3	60.6	71.5	97.8	97.8	90.1	93.5	93.3
4. ICT Enterprise Development	960.8	1 573.9	1 918.4	1 967.1	1 851.1	1 617.5	1 290.4	1 090.4
5. ICT Infrastructure Development	57.6	69.1	94.8	178.1	178.1	177.5	188.6	195.3
6. Presidential National Commission	23.3	27.3	42.9	34.0	34.0	32.5	34.7	34.4
Total	1 319.6	1 911.8	2 328.6	2 470.5	2 354.5	2 114.0	1 814.1	1 630.4
Change to 2009 Budget estimate				203.6	87.6	(150.4)	(308.7)	–

Table 26.2 Communications (continued)

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
R million								
Economic classification								
Current payments	296.2	310.9	377.2	383.4	383.4	483.2	509.2	530.0
Compensation of employees	99.0	97.7	108.0	147.4	147.4	160.4	169.2	177.9
Goods and services	197.2	213.2	269.3	235.9	235.9	322.8	340.0	352.1
<i>of which:</i>								
<i>Consultants and professional services: Business and advisory services</i>	<i>11.8</i>	<i>18.7</i>	<i>51.8</i>	<i>61.6</i>	<i>61.6</i>	<i>142.2</i>	<i>145.9</i>	<i>149.3</i>
<i>Lease payments</i>	<i>19.8</i>	<i>38.3</i>	<i>25.0</i>	<i>31.3</i>	<i>31.3</i>	<i>33.1</i>	<i>35.1</i>	<i>36.4</i>
<i>Operating expenditure</i>	<i>49.4</i>	<i>13.3</i>	<i>2.1</i>	<i>12.8</i>	<i>12.8</i>	<i>21.2</i>	<i>27.6</i>	<i>33.9</i>
<i>Venues and facilities</i>	<i>7.3</i>	<i>12.7</i>	<i>19.9</i>	<i>11.8</i>	<i>11.8</i>	<i>25.8</i>	<i>27.0</i>	<i>27.2</i>
Transfers and subsidies	1 006.5	1 592.3	1 938.5	2 077.7	1 961.7	1 626.7	1 300.6	1 095.5
Provinces and municipalities	0.1	0.1	0.0	–	–	–	–	–
Departmental agencies and accounts	273.5	319.6	339.0	375.7	375.7	610.5	693.6	721.9
Universities and technikons	–	–	0.1	–	–	–	–	–
Foreign governments and international organisations	1.4	1.2	0.0	–	–	–	–	–
Public corporations and private enterprises	728.9	1 269.4	1 596.5	1 697.5	1 581.5	1 012.7	603.2	369.7
Non-profit institutions	2.5	2.1	2.8	3.0	3.0	3.5	3.7	3.9
Households	0.2	0.1	0.1	1.5	1.5	–	–	–
Payments for capital assets	8.5	8.5	12.8	9.4	9.4	4.1	4.3	4.9
Buildings and other fixed structures	–	0.0	–	–	–	–	–	–
Machinery and equipment	8.3	8.1	6.7	9.4	9.4	4.1	4.3	4.9
Software and other intangible assets	0.2	0.4	6.1	–	–	–	–	–
Payments for financial assets	8.4	0.1	0.1	–	–	–	–	–
Total	1 319.6	1 911.8	2 328.6	2 470.5	2 354.5	2 114.0	1 814.1	1 630.4

Expenditure trends

Expenditure grew significantly from R1.3 billion in 2006/07 to R2.5 billion in 2009/10, at an average annual rate of 23.2 per cent. This was due to the following additional allocations: R500 million in 2007/08 to Sentech for the national wireless broadband network; R600 million in 2008/09 and R450 million in 2009/10 to Telkom for the implementation of the ICT access network; and R200 million in 2008/09 and R100 million in 2009/10 to Sentech to fund the satellite backup for the 2010 FIFA World Cup.

Over the medium term, expenditure is expected to decrease at an average annual rate of 12.9 per cent, from R2.5 billion in 2009/10 to R1.6 billion in 2012/13, as the implementation of 2010 FIFA World Cup infrastructure and other initiatives come to completion. In 2010/11, a final allocation of R150 million is made to Telkom for the 2010 FIFA World Cup. In 2011/12, R25 million is allocated the Universal Service and Access Agency of South Africa, and Universal Service and Access Fund to: build capacity and procure the necessary supporting infrastructure to expand ICT access to South Africans in the under-served areas; and to subsidise poor households with set top boxes as part of the migration from an analogue to a digital broadcasting platform. The baseline efficiency savings made by the department of R314.7 million in 2011/12 and R479 million in 2012/13, mostly caused by reductions in the South African Post Office subsidy allocations, also contribute to the decrease in expenditure over the medium term.

The expenditure in the *ICT Enterprise Development* programme is expected to decrease over the medium term, from R2 billion to R1.1 billion, at an average annual rate of 17.9 per cent due to the final allocations to Sentech and Telkom in 2010/11. The decrease in transfers and subsidies over the medium term, from R2.1 billion to R1.1 billion, is due to discontinuation of *South African Broadcasting Corporation: Technology* as an activity

under the South African Broadcasting Corporation programme production and the reduction of the subsidy to the South African Post Office.

Expenditure in compensation of employees increased from R99 million in 2006/07 to R147.4 million in 2009/10, at an average annual rate of 14.2 per cent. This strong growth is the result of an increase in the number of staff, from 326 in 2006/07 to 380 in 2009/10, and due to inflation related salary adjustments. These were mainly senior management appointments including 2 deputy directors-generals. As at September 2009, the vacancy rate of the department was 18.3 per cent. This represented 62 funded positions that have not been filled. 45 per cent of the total staff complement is located within the *Administration* programme, 23.5 per cent in *ICT Infrastructure Development* and 18.4 per cent in *ICT Policy Development*. Over the MTEF period, spending is expected to increase to R177.9 million, at an average annual rate of 6.5 per cent due to inflation related adjustments.

Infrastructure spending

The department does not incur any infrastructure spending itself. It makes transfers to public entities to undertake ICT infrastructure development.

Mega projects

As part of the 2010 FIFA World Cup project, the department will transfer R1.5 billion to its public entities to develop the necessary ICT infrastructure for the event. R1.2 billion of this transfer has been allocated to Telkom for access network infrastructure, R300 million to Sentech for the satellite back up (including the second teleport) and R80 million to the City of Johannesburg as a contribution for the upgrade of the international broadcasting centre at Nasrec. A total amount of R950 million was transferred to Telkom in 2008/09 and 2009/10. As at the end of September 2009, Telkom had spent R276 million (excluding value added tax) to develop the ICT infrastructure at the 4 2009 FIFA Confederation Cup stadiums and to prepare for the 2010 FIFA World Cup. Telkom has undertaken to complete the installation and development of the necessary ICT infrastructure for the remaining 6 2010 FIFA World Cup stadiums and the international broadcasting centre, which will include the video adaptation solution. The ICT infrastructure, including the second teleport of Sentech will be completed and ready for the testing at all the venues for the for the 2010 FIFA World Cup by April 2010.

Departmental receipts

Revenue for the department is mainly derived from dividends as a result of its shareholding interest in Telkom and from administration fees. Administration fees comprise of all fees collected by the Independent Communications Authority of South Africa from telecommunications operators, including the Universal Service Fund and the South African Post Office licence fees, which are paid directly into the National Revenue Fund.

Total receipts increased significantly from R3.4 billion in 2006/07 to R5.4 billion in 2009/10, at an average annual rate of 16.2 per cent, due to dividends of R4.7 billion received in 2009/10, comprising R33.9 million in ordinary dividends, R538.3 million in special dividends and R3.9 billion in extraordinary proceeds received from Telkom for the sale of its shares in Vodacom. Over the medium term, receipts are expected to stabilise at R925 million in 2010/11, R959.4 million in 2011/12 and R993.4 million in 2012/13.

Table 26.3 Departmental receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
Departmental receipts	2 613 835	3 007 442	3 520 122	933 026	1 160 784	925 009	959 353	993 413
Sales of goods and services produced by department	1 568 047	1 760 132	2 148 962	650 000	650 016	682 517	716 642	750 473
Sales of scrap, waste, arms and other used current goods	51	62	–	–	–	–	–	–
Transfers received	360	942	–	2 340	2 340	–	–	–
Fines, penalties and forfeits	962	–	–	–	–	–	–	–
Interest, dividends and rent on land	1 038 619	1 245 453	1 370 204	280 000	507 742	241 772	241 955	242 147
Sales of capital assets	20	5	297	–	–	–	–	–
Transactions in financial assets and liabilities	5 776	848	659	686	686	720	756	793
Extraordinary receipts	828 190	1 035 238	–	4 472 226	4 472 226	–	–	–
Proceeds from sale of Telkom's share in Vodacom	828 190	1 035 238	–	3 933 903	3 933 903	–	–	–
Special dividends from Telkom	–	–	–	538 323	538 323	–	–	–
Total	3 442 025	4 042 680	3 520 122	5 405 252	5 633 010	925 009	959 353	993 413

Programme 1: Administration

Expenditure estimates

Table 26.4 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Minister ¹	0.9	1.0	1.6	1.7	1.8	1.9	2.0
Deputy Minister ¹	0.7	0.7	1.3	1.4	1.5	1.6	1.7
Management	32.2	30.5	48.8	37.2	40.6	42.4	44.4
Operations	110.6	106.5	91.5	101.3	101.0	106.8	114.7
Office Accommodation	16.6	4.9	4.2	6.3	6.9	7.4	7.8
Total	160.9	143.5	147.4	147.9	151.8	160.1	170.6
Change to 2009 Budget estimate				(4.4)	(8.1)	(8.6)	(1.2)

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

Economic classification

Current payments	153.2	137.4	143.9	145.0	150.7	158.8	169.3
Compensation of employees	47.9	49.0	47.0	58.6	68.0	71.8	75.5
Goods and services	105.3	88.4	97.0	86.4	82.7	87.0	93.8
<i>of which:</i>							
Consultants and professional services:	0.1	2.0	3.9	18.0	15.0	15.8	16.1
Business and advisory services							
Lease payments	17.8	20.3	21.3	25.5	26.9	28.1	29.2
Operating expenditure	40.0	2.1	0.5	0.3	0.4	0.4	6.2
Venues and facilities	2.5	2.6	7.6	1.4	1.5	1.6	1.6
Transfers and subsidies	0.5	0.3	0.6	0.1	0.1	0.2	0.2
Provinces and municipalities	0.0	0.1	0.0	–	–	–	–
Departmental agencies and accounts	–	0.1	0.1	0.1	0.1	0.2	0.2
Universities and technikons	–	–	0.1	–	–	–	–
Non-profit institutions	0.4	0.1	0.3	–	–	–	–
Households	0.1	0.1	0.0	–	–	–	–
Payments for capital assets	7.1	5.7	2.8	2.8	1.0	1.0	1.1
Machinery and equipment	7.0	5.3	2.6	2.8	1.0	1.0	1.1
Software and other intangible assets	0.1	0.4	0.2	–	–	–	–
Payments for financial assets	0.1	0.1	0.1	–	–	–	–
Total	160.9	143.5	147.4	147.9	151.8	160.1	170.6

Expenditure trends

Expenditure decreased, from R160.9 million in 2006/07 to R147.9 million in 2009/10, at an average annual rate of 2.8 per cent due to the completion of the refurbishment of the department's offices in 2008/09. Over the medium term, expenditure is expected to increase to R170.6 million, at an average annual rate of 4.9 per cent, to provide for strategic support to the department.

Expenditure in compensation of employees is expected to rise, from R58.6 million in 2009/10 to R75.5 million in 2012/13, at an average annual rate of 8.8 per cent due to vacant positions being filled. Expenditure on payments for capital assets will decrease at an average annual rate of 26.9 per cent over the medium term, due to the implementation of cost efficiency savings, which are mainly in the *Operations* subprogramme.

Programme 2: ICT International Affairs and Trade

- *International Affairs* coordinates the functions and responsibilities of the department to meet South Africa's international ICT obligations. Funding is for membership fees to international ICT organisations and participation in multilateral forums.
- *ICT Trade/Partnerships* develops and advances the country's interests in international trade forums through participation in World Trade Organisation ICT related initiatives and other international trade agreements. The subprogramme also promotes the interests of South African and developing countries' ICT sectors through these forums. Funding is mainly used for compensation of employees and related expenditure on goods and services.

Objectives and measures

- Support mutual economic development and promote an inclusive information society through strengthening South-South cooperation by implementing the India-Brazil-South-Africa information society annual programme of action in 2010/11.
- Promote the development of ICT in Africa by:
 - coordinating the active participation of the South African government in specialised ICT agencies in line with the meeting schedules provided by these bodies throughout 2010/11
 - facilitating and monitoring 4 memorandums of understanding by 2010/11
 - developing a continental convention on a cyber security framework by December 2012
 - promoting the transition from analogue to digital broadcasting by March 2013 by participating in the International Telecommunication Union and the Commonwealth Telecommunications Organisation by regularly hosting the Commonwealth Telecommunications Organisation forum on the transition
 - promoting ICT development in Africa by adopting a uniform approach to spectrum pricing by March 2013.

Service delivery focus

In 2009, the department hosted the African Union Conference of ministers of communication and information technologies where the Oliver Tambo declaration, which reaffirms the pivotal role of ICTs in socioeconomic development, and enhancing regional and continental integration, was adopted. The declaration is now the common position of African ministers for ICTs.

In 2009/10, the feasibility study for implementing the New Partnership for Africa's Development (NEPAD) terrestrial network was finalised and a project implementation memorandum was signed by the department and the Development Bank of Southern Africa on behalf of the NEPAD e-Africa Commission. The memorandum proposes a funding model for participating entities in the terrestrial network, which entails leasing and using existing infrastructure cables in the signatory country in line with protocol provisions.

The department does not have direct control over the NEPAD submarine cable project as it is an external initiative. Other projects will now be prioritised, such as preparing for the International Telecommunication Union plenipotentiary, the world telecommunications development conference and the world radio communications conference.

In 2009/10, a project review and annual programme of action were ratified at the India-Brazil-South Africa Summit and in the same year, an India-Brazil-South Africa e-government seminar, which outlined key issues for consideration in these countries, was held along with the launch of the India-Brazil-South Africa website. The department continues to foster bilateral relations with African countries and engaged in programmes with Egypt, Ghana, Tunisia and Sudan around issues such as telecommunications investment, post-conflict reconstruction and digital heritage, among others.

Expenditure estimates

Table 26.5 ICT International Affairs and Trade

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
International Affairs	27.1	30.9	15.4	24.4	22.1	22.6	22.5
ICT Trade/Partnerships	4.2	6.4	38.1	21.2	22.5	24.2	23.8
Postal Regulator	8.3	0.1	–	–	–	–	–
Total	39.6	37.4	53.5	45.6	44.6	46.8	46.3
Change to 2009 Budget estimate				–	(4.1)	(4.6)	(0.8)

Economic classification

Current payments	35.9	34.2	50.9	41.2	40.6	42.5	41.9
Compensation of employees	13.0	8.6	6.7	14.3	15.6	16.3	17.2
Goods and services	23.0	25.6	44.2	26.9	25.0	26.2	24.7
<i>of which:</i>							
<i>Consultants and professional services: Business and advisory services</i>	3.3	1.7	4.5	4.0	3.0	3.2	3.2
<i>Lease payments</i>	0.4	0.4	0.7	0.2	0.6	0.7	0.7
<i>Operating expenditure</i>	2.9	9.1	0.0	12.0	10.7	11.1	11.1
<i>Venues and facilities</i>	1.5	6.6	7.1	4.1	3.1	3.3	2.4
Transfers and subsidies	3.5	3.2	2.5	3.0	3.5	3.7	3.9
Foreign governments and international organisations	1.4	1.2	–	–	–	–	–
Non-profit institutions	2.0	2.0	2.5	3.0	3.5	3.7	3.9
Payments for capital assets	0.2	0.1	0.1	1.4	0.5	0.6	0.5
Machinery and equipment	0.2	0.1	0.1	1.4	0.5	0.6	0.5
Total	39.6	37.4	53.5	45.6	44.6	46.8	46.3

Details of selected transfers and subsidies

Foreign governments and international organisations							
Current	1.4	1.2	–	–	–	–	–
International Telecommunications Union	1.4	1.2	–	–	–	–	–
Non-profit institutions							
Current	2.0	2.0	2.5	3.0	3.5	3.7	3.9
New Partnership for Africa's Development e-Africa Commission	2.0	2.0	2.5	3.0	3.5	3.7	3.9

Expenditure trends

Expenditure increased from R39.6 million in 2006/07 to R45.6 million in 2009/10, at an average annual rate of 4.8 per cent. The significant increase of 42.8 per cent in expenditure in the *ICT/Trade Partnerships* subprogramme in 2008/09 is mainly due to expenses related to hosting the world telecommunication standardisation assembly which was held in October 2008.

Over the medium term, expenditure is expected to increase marginally to R46.3 million, at an average annual rate of 0.5 per cent. The marginal growth is due to efficiency savings in expenditure on consultants, professional service providers, and venues and facilities in the *International Affairs* subprogramme. This also explains the decrease in expenditure on goods and services at an average annual rate of 2.8 per cent over the medium term.

Payments for capital assets are expected to decrease at an average annual rate of 28.3 per cent over the same period due to the implementation of cost efficiency savings.

Programme 3: ICT Policy Development

- *ICT Policy Development* drafts legislation, regulations, policy and guidelines that govern the broadcasting, telecommunications, postal and IT sectors, thus ensuring broad based economic development within the ICT sector. Funding is used for compensation of employees and operational expenses.
- *Economic Analysis, Market Modelling and Research* is responsible for economic analysis of the broadcasting, telecommunications, postal and IT sectors to determine trends and make growth projections. The subprogramme also undertakes market research to explore areas that require policy intervention. Funding is used for compensation of employees, and related expenditure in goods and services.
- *ICT Uptake and Usage* ensures that the ICT industry adheres to and implements policy and legislation, and undertakes research to determine the extent to which policies are being implemented in the broadcasting, telecommunications, postal and IT sectors. Funding is mainly used for compensation of employees and related expenditure on goods and services.
- *Intergovernmental Relations* advises, coordinates and facilitates intergovernmental relations with all spheres of government in carrying out the departmental mandate. Funding is mainly used for compensation of employees and related expenditure on goods and services.
- *South African Broadcasting Corporation: Community Radio Stations* focuses on extending signal distribution to reach all communities and extending community multimedia services at selected nodal points. Funding is mainly used for compensation of employees and related expenditure on goods and services.
- *South African Broadcasting Corporation: Programme Production* makes transfers to the South African Broadcasting Corporation and other entities for producing programmes with local content on issues relating to youth, women, children, the disabled, and HIV and AIDS, for commercial and community radio stations.

Objectives and measures

- Contribute to improving the cost, quality, availability and usage of ICTs across the ICT sector by implementing the relevant policies and the programme of action by March 2013.
- Improve access to and modernise broadcasting services in South Africa through ensuring a smooth transition from analogue to digital broadcasting by November 2011 by facilitating the implementation of the broadcasting digital migration policy, specifically by:
 - finalising the set top box manufacturing sector development strategy by April 2010
 - finalising the scheme for ownership support of set top boxes by poor television owning households by May 2010
 - operationalising the Digital Dzunga by September 2010
 - finalising the local and digital content development strategy by May 2010.
- Create an enabling environment for the growth of the ICT sector by submitting the following legislation and policies to Parliament for approval:
 - Public Service Broadcasting Act by October 2010
 - Independent Communications Authority of South Africa Amendment Act by August 2010
 - Electronic Communications Amendment Act by August 2010
 - local and digital content policy by July 2010.
- Contribute to creating conditions for accelerated and shared economic growth through advancing the convergence of the ICT sector by enacting an integrated ICT strategy and law by March 2013.

Service delivery focus

Implementing the broadcasting digital migration policy approved by Cabinet in August 2008 continues through the implementation of the various elements of the policy. A draft local and digital content development strategy was developed in April 2009 and gazetted for public comment in September 2009. In 2008, the minister approved the establishment of the Digital Dzonga, which was officially launched in 2009. It is an advisory council appointed by the Department of Communications to assist with South Africa's migration to digital television. Council members were appointed to advise government on implementing the broadcasting digital migration policy. In 2009, the department convened the national summit on set top box manufacturing, which involved all industry role players. The department will conclude the development of a conformance scheme in September 2010, which will be in line with digital terrestrial television regulations issued by the Independent Communications Authority of South Africa to ensure the quality of manufactured and distributed set top boxes.

In 2009, the department developed a 3-year programme of action, aimed at reducing costs and improving the quality, availability and usage of ICTs across the sector, which was presented to and noted by Cabinet. Consultations on communication costs took place in September 2009 with the Independent Communications Authority of South Africa, the Universal Service and Access Agency of South Africa and the economic cluster's industrial focus group committee. The Public Service Broadcasting Bill was published for public comment and is due for finalisation in March 2010, and a local and digital content advisory council will be launched in April 2010.

In 2009, the South African Postbank Bill was approved by Cabinet after a round of countrywide public consultations in July and August that year. The bill aims to promote access to vital financial and related services by underserved and unserved communities and will be tabled in Parliament in March 2010. The South African Post Office Bill; which aims to maintain the existence of the South African Post Office, develop a comprehensive framework to govern the entity, and improve the organisation's governance and staff procedures, was published for public consultation in July 2009. It was approved by Cabinet in December 2009 and is to be tabled in Parliament by March 2010.

Expenditure estimates

Table 26.6 ICT Policy Development

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
ICT Policy Development	31.0	35.9	39.8	36.4	52.7	54.5	53.9
Economic Analysis, Market Modelling and Research	1.6	1.0	4.1	6.4	6.0	6.4	6.3
ICT Uptake and Usage	0.3	2.5	3.4	7.3	6.0	6.2	5.9
Intergovernmental Relations	5.9	5.7	8.0	9.9	8.5	8.8	8.8
South African Broadcasting Corporation: Community Radio Stations	10.7	–	2.3	12.8	6.9	7.7	8.4
South African Broadcasting Corporation: Programme Production	27.8	15.5	13.9	25.0	10.0	10.0	10.0
Total	77.3	60.6	71.5	97.8	90.1	93.5	93.3
Change to 2009 Budget estimate				3.6	(88.4)	(95.4)	(1.8)

Economic classification

Current payments	29.9	43.5	54.7	58.6	72.7	75.1	74.1
Compensation of employees	10.7	12.2	17.6	24.2	22.3	23.3	24.5
Goods and services	19.2	31.3	37.1	34.4	50.3	51.8	49.6
<i>of which:</i>							
Consultants and professional services: Business and advisory services	4.1	5.5	12.7	12.9	26.7	27.0	24.5
Lease payments	0.1	15.3	0.3	2.1	1.8	1.8	1.7
Operating expenditure	6.2	1.8	1.3	0.1	3.0	5.1	4.3
Venues and facilities	0.3	0.6	1.3	1.9	4.9	5.0	5.2

Table 26.6 ICT Policy Development (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Transfers and subsidies	38.7	15.5	16.2	37.8	16.9	17.7	18.4
Foreign governments and international organisations	–	–	0.0	–	–	–	–
Public corporations and private enterprises	38.5	15.5	16.2	37.8	16.9	17.7	18.4
Non-profit institutions	0.1	–	–	–	–	–	–
Households	0.0	0.0	0.0	–	–	–	–
Payments for capital assets	0.3	1.6	0.6	1.4	0.6	0.7	0.8
Machinery and equipment	0.3	1.6	0.6	1.4	0.6	0.7	0.8
Payments for financial assets	8.4	–	–	–	–	–	–
Total	77.3	60.6	71.5	97.8	90.1	93.5	93.3

Details of selected transfers and subsidies

Public corporations and private enterprises							
Public corporations							
Other transfers							
Current	38.5	15.5	16.2	37.8	16.9	17.7	18.4
South African Broadcasting Corporation: Community Radio Stations	10.7	–	2.3	12.8	6.9	7.7	8.4
South African Broadcasting Corporation: Programme Production	27.8	15.5	13.9	25.0	10.0	10.0	10.0

Expenditure trends

Expenditure increased significantly, from R77.3 million in 2006/07 to R97.8 million in 2009/10, at an average annual rate of 8.2 per cent, mainly due to the increase in compensation of employees in the *Economic Analysis, Market Modelling and Research* and *ICT Uptake and Usage* subprogrammes. The *Intergovernmental Relations* subprogramme was also moved from the *ICT International Affairs and Trade* programme to this programme, which increased expenditure.

Over the MTEF period, spending is expected to decrease, from R97.8 million to R93.3 million, at an average annual rate of 1.6 per cent due to a reduction in transfers and subsidies. This is as a result of the reprioritisation of funding from 2010/11 from both the *South African Broadcasting Corporation: Community Radio Stations* and *South African Broadcasting Corporation: Programme Production* subprogrammes to the *112 Emergency Call Centre* subprogramme in the *ICT Infrastructure Development* programme. This also resulted in a decrease in expenditure on transfers to public corporations over the medium term at an average annual rate of 21.4 per cent in. Payments for capital assets are expected to decrease at an average annual rate of 18.5 per cent over the medium term due to the implementation of cost efficiency savings.

Programme 4: ICT Enterprise Development

- *Public Entity Oversight* provides oversight on state owned enterprises by managing government's shareholder interests in public enterprises to support the attainment of key national goals and strategic priorities. Funding is provided on the basis of annual business plans and shareholder compacts.
- *Small Medium and Micro Enterprise Development* facilitates the growth and development of ICT SMMEs. Funding is mainly used for compensation of employees and related expenditure on goods and services.

Objectives and measures

- Promote good governance in all 6 public entities reporting to the department by:
 - undertaking annual corporate governance reviews
 - continuously monitoring compliance with corporate governance protocols and applicable legislation
 - continuously enforcing compliance with corporate governance protocols and applicable legislation.

- Ensure the effectiveness and efficiency of public entities by aligning their business and investment plans with government's overall strategic objectives annually.
- Strengthen the performance of public entities in the ICT sector through monitoring the implementation of their business and investment plans and their financial management practices by analysing their quarterly performance and financial and annual reports during the course of each year.
- Accelerate socioeconomic development through facilitating the growth and development of ICT SMMEs and improving their sustainability by facilitating access to export markets for 50 ICT companies by March 2013.
- Enhance the role of state owned entities as the delivery arms of government and capacitate the Independent Communications Authority of South Africa by:
 - finalising and signing off performance agreements for councillors annually
 - amending existing shareholder compacts for the South African Post Office, the South African Broadcasting Corporation and Sentech, and formulating shareholder compacts for the Universal Service and Access Agency of South Africa and the National Electronic Media Institute of South Africa every year
 - actively participating in the corporate governance of state owned enterprises by attending audit and risk committees and participating in board meetings on a continuous basis as and when scheduled.

Service delivery focus

In 2008, the department independently evaluated corporate governance practices at both the South African Broadcasting Corporation and Sentech to monitor their corporate governance practices.

Recommendations from preliminary reports for the South African Broadcasting Corporation include: developing interventions to reinforce and improve the corporation's governance and accountability structure; clearly defining roles and responsibilities of the board and the executive management; appointing board members with experience in editorial policy and the broadcasting industry; reducing the number of board committees to ensure that they work effectively; improving the functioning of the internal audit; and enhancing risk management and improving reporting and accountability arrangements in its oversight department.

Recommendations from preliminary reports for Sentech include: clearly defining roles and responsibilities of the board and the executive management; appointing board members who have a good understanding of business and key issues facing Sentech; ensuring that the chief financial officer is a compulsory attendee at audit and risk committee meetings; reviewing the remuneration of non-executive directors' fees; and assessing the performance and effectiveness of the board, board committees and executives; and evaluating the company secretary's performance. These recommendations were translated into action plans and were implemented in 2009/10 in the form of specific targets, and are periodically monitored. Another round of evaluations will be conducted after 3 years.

In June 2009, the minister formed a task team to identify the root causes of corporate governance and funding challenges at the South African Broadcasting Corporation and Sentech, and to make appropriate recommendations on how best to address these issues. The task team submitted its report to the minister in December 2009 and this will guide any interventions over the medium term. The South African Broadcasting Corporation was granted a R1.4 billion government guarantee on condition that the entity makes targeted cost cutting measures, revenue enhancements, austerity measures and other specific turnaround strategic objectives. The corporation has submitted relevant targets to the department. Other matters relating to governance and finance will be reported periodically as per the provisions of the shareholder compact.

In the first quarter of 2009/10, the department concluded the identification of 3 000 women in the construction sector who will be assisted in setting up their company profiles on a web portal. Of these, 2 000 within grading levels 2 to 6 were profiled in consultation with the Construction Industry Development Board and the remaining 1 000 will be profiled by March 2010. 500 tourism SMMEs were identified and profiled in the second quarter of 2009/10 and will be assisted through the development of e-commerce web portals to facilitate access to market opportunities.

Expenditure estimates

Table 26.7 ICT Enterprise Development

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Public Entity Oversight	960.8	1 570.4	1 916.0	1 957.3	1 609.9	1 283.3	1 077.6
Small Medium and Micro Enterprise Development	–	3.5	2.4	9.8	7.6	7.1	12.8
Total	960.8	1 573.9	1 918.4	1 967.1	1 617.5	1 290.4	1 090.4
Change to 2009 Budget estimate				574.4	31.8	(274.4)	5.6

Economic classification

Current payments	2.5	7.0	6.3	18.3	12.5	12.6	18.0
Compensation of employees	2.0	2.7	3.5	6.1	6.8	7.1	7.4
Goods and services	0.5	4.3	2.9	12.2	5.8	5.5	10.6
<i>of which:</i>							
<i>Consultants and professional services: Business and advisory services</i>	–	–	2.2	7.8	2.1	1.8	4.9
<i>Operating expenditure</i>	–	–	–	0.1	0.1	0.1	1.9
Transfers and subsidies	958.3	1 566.9	1 911.7	1 948.3	1 604.7	1 277.5	1 071.5
Departmental agencies and accounts	272.0	318.0	337.4	368.6	608.8	691.9	720.1
Public corporations and private enterprises	686.3	1 248.9	1 574.3	1 579.7	995.9	585.6	351.4
Payments for capital assets	0.1	0.0	0.4	0.5	0.2	0.3	0.9
Machinery and equipment	0.1	0.0	0.4	0.5	0.2	0.3	0.9
Total	960.8	1 573.9	1 918.4	1 967.1	1 617.5	1 290.4	1 090.4

Details of selected transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	272.0	318.0	337.4	368.6	608.8	691.9	720.1
Independent Communications Authority of South Africa	201.5	234.5	247.3	269.6	290.9	313.4	324.8
National Electronic Media Institute of South Africa	19.2	29.7	25.3	29.1	32.6	34.4	35.1
Universal Service and Access Agency of South Africa	20.1	21.1	30.2	33.5	66.7	83.2	86.3
Universal Service Fund	31.2	32.7	34.6	36.4	218.6	260.9	274.0
Public corporations and private enterprises							
Public corporations							
Subsidies on production or products							
Current	351.4	363.8	371.6	383.1	306.1	180.4	52.0
South African Post Office: Subsidy	351.4	363.8	371.6	383.1	306.1	180.4	52.0
Public corporations and private enterprises							
Public corporations							
Other transfers							
Current	234.9	239.1	252.7	466.6	268.9	126.1	132.4
South African Broadcasting Corporation: Channel Africa	31.4	33.0	34.8	36.7	38.9	41.2	43.3
South African Broadcasting Corporation: Public Broadcaster	203.5	206.2	217.9	429.9	230.0	84.9	89.2
Capital	100.0	646.0	950.0	730.0	420.9	279.0	167.0
Sentech - East African Submarine Cable System	–	21.0	–	–	–	–	–
Telkom: 2010 FIFA World Cup	–	–	600.0	370.0	150.0	–	–
Sentech - Digitisation	100.0	125.0	150.0	260.0	270.9	279.0	167.0
Sentech - National Wholesale Broadband Network (NWBN)	–	500.0	–	–	–	–	–
Sentech - 2010 FIFA World Cup	–	–	200.0	100.0	–	–	–

Expenditure trends

Expenditure increased from R960.8 million in 2006/07 to R2 billion in 2009/10, at an average annual rate of 27 per cent. This was due to: the once-off allocations of R500 million to Sentech for the national wireless broadband network; R200 million for the 2010 FIFA World Cup satellite back up infrastructure, which includes the construction of the second teleport; and R600 million for Telkom to develop the ICT access network. An additional R200 million was allocated in the 2009 adjustments budget for the South African Broadcasting Corporation's immediate liquidity requirements.

Expenditure is expected to decrease to R1.1 billion over the medium term, at an average annual rate of 17.9 per cent. This is as a result of declining allocations for the 2010 FIFA World Cup project as it nears completion. These include R450 million in 2009/10 and R150 million in 2010/11 for the implementation of the ICT guarantee, and R100 million to Sentech for satellite back up infrastructure for the 2010 FIFA World Cup. Identified baseline efficiency savings of R110 million in 2010/11, R265 million in 2011/12 and R420 million in 2012/13 also contribute to the decrease in expenditure over the medium term. The most significant savings are from reductions to South African Post Office subsidy allocations and reduced transfers to the Independent Communications Authority of South Africa.

Transfers to departmental agencies are expected to increase significantly from R368.6 million in 2009/10 to R720.1 million in 2012/13, at an average annual rate of 25 per cent. This is due to the new mandate for the Universal Service Access Fund to subsidise set top boxes to poor households as part of the digital migration process.

Programme 5: ICT Infrastructure Development

- *Applications and Research* is responsible for technology research and analysis, applications and content development, analysing the legal environment to promote infrastructure technologies, and managing the use of the national frequency spectrum.
- *Meraka Institute* conducts research and develops ICT applications in the national interest.
- *112 Emergency Call Centre* provides a single national emergency number, from which all emergency calls will be routed to the most suitable local response unit.
- *za Domain Name Authority* is responsible for administering and managing the .za domain name space.

Objectives and measures

- Create an enabling environment for accelerated and shared economic growth through increasing access, uptake and use of ICT by developing and implementing national broadband legislation by March 2013.
- Improve universal access to ICT by facilitating connectivity to ICT networks and applications by schools, health centres and government centres by March 2013.
- Ensure the implementation of the government ICT guarantees for the 2010 FIFA World Cup by monitoring and evaluating the access network (primary and secondary fibre optic cable links), satellite backup, uplink connectivity, and international connectivity by:
 - holding weekly onsite meetings with Sentech
 - holding monthly monitoring meeting with Telkom
 - updating weekly project scorecard against key indicators for both Telkom and Sentech.
- Ensure that the ICT infrastructure developed for the 2010 FIFA World Cup yields further social and economic benefits by developing and implementing a legacy plan by March 2011.
- Contribute to building confidence and security in the use of ICTs in order to maximise investment in the ICT sector by developing and implementing a cyber security policy by March 2011.
- Promote the protection of children online through implementing awareness programmes by May 2011, in line with United Nations Children's Fund conventions.

Service delivery focus

In May 2009, the access network was installed, tested and commissioned at all 2009 FIFA Confederations Cup venues and the department monitored implementation and testing of the satellite back up network at all venues before handing over to FIFA. The telecommunications and broadcasting infrastructure will be 100 per cent complete at all venues for the 2010 FIFA World Cup by May 2010. The department is currently developing a legacy implementation plan for the approved legacy plan, which should be completed by March 2010. The department developed the first draft of the national frequency spectrum policy, gazetted in September 2009, which aims to promote the efficient and effective usage of the radio frequency spectrum. Public consultations for the draft policy were held in September and October 2009. A review of the South African table of frequency allocations was concluded in the second quarter of 2009/10 and a report containing recommendations for updating the South African table of allocations was submitted to the Independent Communications Authority of South Africa.

The draft national broadband policy was gazetted for public comment in September and October 2009, and additional public consultations were held at a 2 day broadband colloquium in November 2009. The department intends to submit the revised policy to Cabinet by March 2010. National broadband legislation will be submitted to Cabinet by March 2010, while provincial and municipal broadband guidelines will be developed over the MTEF period. A draft cyber security policy was developed in the third quarter of 2009/10, which the department intends to submit to Cabinet for approval by May 2010. The department will develop a numbering policy, expected to be finalised in 2011, which aims to promote the pricing and efficient usage of telephone numbers.

Expenditure estimates

Table 26.8 ICT Infrastructure Development

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Applications and Research	28.2	43.0	64.3	142.9	64.1	69.6	70.5
Meraka Institute	4.0	5.0	6.0	7.0	–	–	–
112 Emergency Call Centre	23.9	19.6	23.0	26.7	111.9	117.5	123.4
.za Domain Name Authority	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Total	57.6	69.1	94.8	178.1	177.5	188.6	195.3
Change to 2009 Budget estimate				(370.0)	(78.1)	77.5	(1.8)
Economic classification							
Current payments	51.7	62.0	79.2	87.3	174.9	186.1	192.8
Compensation of employees	15.1	15.9	22.7	28.0	30.3	32.3	33.9
Goods and services	36.6	46.1	56.5	59.4	144.6	153.8	158.8
<i>of which:</i>							
<i>Consultants and professional services:</i>							
<i>Business and advisory services</i>	1.0	5.0	18.8	17.8	92.6	96.1	99.3
<i>Lease payments</i>	1.4	1.9	2.3	2.5	3.7	4.3	4.5
<i>Operating expenditure</i>	0.2	0.2	0.3	0.3	5.8	8.7	8.7
<i>Venues and facilities</i>	0.2	1.5	0.5	0.6	14.9	15.6	16.4
Transfers and subsidies	5.5	6.5	7.5	88.5	1.5	1.5	1.5
Departmental agencies and accounts	1.5	1.5	1.5	7.0	1.5	1.5	1.5
Public corporations and private enterprises	4.0	5.0	6.0	80.0	–	–	–
Households	0.0	–	0.0	1.5	–	–	–
Payments for capital assets	0.4	0.6	8.1	2.3	1.1	1.0	1.1
Machinery and equipment	0.4	0.6	2.2	2.3	1.1	1.0	1.1
Software and other intangible assets	0.1	–	5.9	–	–	–	–
Total	57.6	69.1	94.8	178.1	177.5	188.6	195.3

Table 26.8 ICT Infrastructure Development (continued)

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	1.5	1.5	1.5	7.0	1.5	1.5	1.5
.za Domain Name Authority	1.5	1.5	1.5	7.0	1.5	1.5	1.5
Public corporations and private enterprises							
Public corporations							
Other transfers							
Current	4.0	5.0	6.0	-	-	-	-
Meraka Institute	4.0	5.0	6.0	-	-	-	-
Capital	-	-	-	80.0	-	-	-
Telkom: 2010 FIFA World Cup	-	-	-	80.0	-	-	-
Households							
Other transfers to households							
Current	0.0	-	0.0	1.5	-	-	-
Households	0.0	-	0.0	1.5	-	-	-

Expenditure trends

Expenditure grew significantly from R57.6 million in 2006/07 to R178.1 million in 2009/10, at an average annual rate of 45.7 per cent. This was mainly as a result of the restructuring of the *Applications and Research* subprogramme to include the department's IT network infrastructure. This increase is also attributable to the development of an electronic document management system for the department. R450 million was allocated through the 2007/08 Adjustments Budget to Telkom for the last mile 2010 FIFA ICT infrastructure of which R80 million was transferred to the City of Johannesburg for operationalisation of the international broadcasting centre at Nasrec and the remaining R370 million shifted to programme 4.

Over the medium term, expenditure is expected to increase significantly to R195.3 million, at an average annual rate of 3.1 per cent. The increase is driven mainly by the reprioritisation of R80 million in 2010/11, R86.3 million in 2011/12 and R91.8 million in 2012/13 for the *112 Emergency Call Centre* subprogramme from the *ICT Policy Development* programme.

Programme 6: Presidential National Commission

This programme is currently under review and is likely to change during the 2011 MTEF process.

- *Planning, Coordination and Evaluation* ensures that South Africa has proactive and progressive national plans on information society and development, with sectoral, provincial and local government inputs. It also assesses whether policies and legislation are conducive to developing an inclusive information society, and assesses the impact of ICT programmes and projects. Funding is mainly used for compensation of employees and related expenditure on goods and services.
- *Information Society and Development Cluster* supports the effective and efficient functioning of the information society and development institutional mechanisms, such as the interministerial committee on information society and development, the information society and development intergovernmental relations forum, the forum of South African directors-general for information society and development, and the intergovernmental relations forum technical committee. Funding is mainly used for compensation of employees and related expenditure on goods and services.
- *e-Applications* facilitates the implementation of information society related projects and programmes to attain the sectoral targets of the information society and development plan, and maximises the benefits of the information society for the development of women, children, youth, people with disabilities and poor

communities. Funding is disbursed on the basis of project plans. Funding is mainly used for compensation of employees and related expenditure on goods and services.

- *Presidential National Commission Operations* provides responsive, timely and comprehensive strategic and administrative support that strengthens the Presidential National Commission on information society and development as a knowledge driven organisation. Funding is mainly used for compensation of employees and related expenditure on goods and services.

Objectives and measures

- Contribute to building social cohesion and national identity by:
 - capturing provincial heritage content into the national cultural heritage digital repository for all 9 provinces by March 2013
 - profiling the contribution of military veterans towards the creation of the South African democratic dispensation by March 2013.
- Measure the impact of the information society and development plan by annually publishing the e-barometer, which measures the improvement in ICT connectivity in various sectors.
- Improve access to government services through the e-government programme by developing an integrated citizen information system and websites for hospitals and municipalities by March 2013.
- Contribute to building an information society through facilitating the implementation of the information society and development plan and the outcomes of the World Summit on the Information Society outcomes by convening the annual information society and development plan multi-stakeholder forum and getting policy proposals.
- Promote economic growth by implementing strategies focusing on second economy interventions and rural development by 2013, by rolling out ICT services, targeting rural communities.
- Improve ICT uptake and usage and contribute to ICT policy development through conducting extensive research on relevant ICT issues by establishing internal capacity by March 2011.

Service delivery focus

Entry and participation of young people in the mainstream ICT sector is accelerated through the youth e-cooperative programme, which began in 2007 and is implemented in 2 phases: phase 1 recruited 420 youth with Grade 12 qualifications for ICT skills and content development in municipalities countrywide and 46 e-cooperatives were formed; and phase 2, which began in 2008, identified 1 200 youth through municipalities nationally, leading to establishing 71 youth e-cooperatives through the Companies and Intellectual Property Registration Office. To date, 38 e-cooperatives have been selected and their provincial locations identified, and by the end of 2009/10 they will be deployed to develop websites in municipalities in Limpopo, Northern Cape, Eastern Cape, KwaZulu-Natal and Free State.

The national youth service deployment strategy was developed in the first quarter of 2009/10 and service training started with deploying 40 e-cadres in the Ekurhuleni further education and training college. The department trained 450 young people, in the first quarter of 2009/10 in e-literacy and sent them to schools and health centres throughout the country. The first version of the e-readiness report, which measures the improvement in ICT connectivity, was finalised in the third quarter of 2009/10 and published in February 2010. An e-literacy training programme aimed at providing ICT skills to youth offenders in correctional facilities was launched in June 2009 and is intended to be expanded countrywide in the future.

2 ministerial meetings, which focused on ICT infrastructure deployment within municipalities, the broadband policy and connectivity to public centres such as education and health centres; were facilitated in March and November 2009. The meetings were chaired by the Minister of Communications and were attended by the former Minister of Provincial and Local Government and members of the provincial executive council responsible for economic development, finance and education. Professional secretariat support was provided to 3 information society and development cluster meetings in March, June and September 2009. Furthermore, meetings of the e-skills working group were facilitated and where the working group produced an ICT skills gap analysis report and made recommendations for addressing the current skills gap. This report will be discussed by the e-Skills Council in April 2010.

Expenditure estimates

Table 26.9 Presidential National Commission

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Planning, Coordination and Evaluation	12.5	12.9	11.2	5.0	11.9	12.7	12.4
e-Applications	1.4	5.5	21.9	12.4	5.1	5.3	5.6
ISAD Cluster	1.6	1.5	1.2	4.3	4.6	5.1	5.3
PNC Operations	7.9	7.5	8.7	12.3	10.9	11.6	11.1
Total	23.3	27.3	42.9	34.0	32.5	34.7	34.4
Change to 2009 Budget estimate				-	(3.4)	(3.3)	-

Economic classification

Current payments	23.0	26.9	42.2	32.9	31.8	34.1	33.8
Compensation of employees	10.3	9.4	10.5	16.3	17.4	18.4	19.3
Goods and services	12.6	17.5	31.7	16.6	14.4	15.7	14.5
<i>of which:</i>							
<i>Consultants and professional services: Business and advisory services</i>	3.3	4.6	9.6	1.1	2.8	2.2	1.4
<i>Lease payments</i>	0.1	0.3	0.3	0.9	0.1	0.1	0.1
<i>Operating expenditure</i>	0.0	0.0	0.0	0.0	1.2	2.3	1.6
<i>Venues and facilities</i>	2.7	1.4	3.3	3.8	1.4	1.4	1.5
Payments for capital assets	0.4	0.4	0.8	1.1	0.7	0.6	0.6
Machinery and equipment	0.4	0.4	0.8	1.1	0.7	0.6	0.6
Total	23.3	27.3	42.9	34.0	32.5	34.7	34.4

Expenditure trends

Expenditure increased from R23.3 million in 2006/07 to R34 million in 2009/10, at an average annual rate of 13.4 per cent, mainly due to additional funding for the third apex priority project. The project aims to contribute to the building of an inclusive information society that ensures the uptake and usage of ICTs by government and individuals in 2008/09. This also explains the 98.1 per cent and 295.5 per cent increases in expenditure in the *e-Applications* subprogramme in 2007/08 and 2008/09.

Over the MTEF period, expenditure is expected to increase to R34.4 million, at the slower average annual rate of 0.4 per cent, mainly due to the restructuring of this programme. Expenditure on the *Planning, Coordination and Evaluation* subprogramme is expected to increase at an average annual rate of 35 per cent due to the shifting of functions to this subprogramme and to the change in the programme structure.

Public entities

South African Post Office

Strategic overview: 2006/07 – 2012/13

The South African Post Office was established in accordance with the Post Office Act (1958) as a government business enterprise to provide postal and related services to the South African public. It was granted an exclusive mandate to conduct postal services in the country by the Postal Services Act (1988). This act makes provision for the regulation of postal services and operational functions of the postal company, including universal service obligations. It also makes provision for the financial services activities of Postbank.

The Post Office Act (1958) will be repealed and replaced by the South African Post Office Bill and the South African Postbank Bill, which will be tabled in Parliament in 2010 for promulgation. The corporatisation of Postbank into a separate entity is under way.

The strategic objectives for the South African Post Office over the medium term are to: drive operational excellence to achieve top quality at benchmark cost; achieve customer intimacy and use this to grow in its communications, logistics and financial services; be government's preferred partner for economic enablement within the product service offering and in the delivery of government services; build a high performance culture and develop skills throughout the organisation; and strengthen the public perception of the South African Post Office as a trusted brand.

Savings and cost effective service delivery

Savings over the MTEF period are derived from the postal subsidy. The subsidy is used in part to fund the costs of providing a universal service to all citizens of South Africa in areas which are not commercially viable. It also provides some investment in infrastructure. The universal service obligation is set through the licence conditions imposed by the Independent Communications Authority of South Africa. Over the medium term, savings of R100 million in 2010/11, R 250 million in 2011/12 and R400 million in 2012/13 will be realised.

Selected performance indicators

Table 26.10: South African Post Office

Indicator	Programme / Activity	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Number of new post offices	Building of new post office outlets	70	31	45	50	50	50	50
Total number of post office service points	Increase the number of postal service points	2 638	2 669	2 714	2 764	2 814	2 864	2 914
Number of new addresses delivered as part of the address expansion programme	Delivery of addresses	1 899 954	1 660 396	1 671 342	1 645 945	1 650 000	1 650 000	1 650 000
Value of Postbank depositors' funds*	Postbank deposits	R2.6m	R2.9m	R3.3m	R3.6m	R3.8m	R4.2m	R4.5m

*The 2009 performance indicator was for Mzansi new accounts opened. It has been changed to Postbank depositors' funds, because Mzansi is only one product offered by Postbank.

Service delivery focus

Between 2006/07 and 2008/09, the South African Post Office rolled out 5.2 million addresses and opened 146 new post offices. Funds from Postbank depositors increased from R2.6 billion to R3.3 billion. In 2009/10, 1.6 million new addresses were rolled out and 100 new post offices will be opened, increasing the number of post office service points to 2 764. Funds from Postbank depositors increased by 9 per cent to R3.6 million.

Expenditure estimates

Table 26.11 South African Post Office: Financial information

Statement of financial performance R million	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Revenue							
Non-tax revenue	4 871.5	5 237.6	5 656.7	5 900.0	6 252.8	6 876.6	7 692.2
Sale of goods and services other than capital assets <i>of which:</i>	4 612.0	4 924.5	5 203.2	5 461.6	5 789.3	6 386.7	7 174.2
<i>Sales by market establishments</i>	4 612.0	4 924.5	5 203.2	5 461.6	5 789.3	6 386.7	7 174.2
<i>Other non-tax revenue</i>	259.6	313.2	453.4	438.4	463.4	489.9	517.9
Transfers received	351.4	363.8	371.6	383.1	306.1	180.4	52.0
Total revenue	5 223.0	5 601.4	6 028.3	6 283.1	6 558.8	7 057.1	7 744.1

Table 26.11 South African Post Office Limited: Financial information (continued)

Statement of financial performance R million	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Expenses							
Current expense	4 871.8	5 237.8	5 662.2	5 941.7	6 289.2	6 656.6	7 048.1
Compensation of employees	2 518.7	2 708.5	2 899.4	3 073.4	3 257.8	3 453.3	3 660.5
Goods and services	1 934.2	2 066.7	2 297.1	2 413.0	2 546.0	2 690.7	2 843.9
Depreciation	169.1	172.1	191.4	184.0	196.1	204.6	216.9
Interest, dividends and rent on land	94.2	102.5	148.9	138.5	145.5	152.2	159.2
Total expenses	4 871.8	5 237.8	5 662.2	5 941.7	6 289.2	6 656.6	7 048.1
Surplus / (Deficit)	351.2	363.6	366.1	341.4	269.6	400.5	696.1
Statement of financial position							
Carrying value of assets	1 147.9	1 130.1	1 217.0	1 312.0	1 429.8	1 560.5	1 725.1
<i>of which: Acquisition of assets</i>	168.7	158.7	284.4	279.0	313.9	335.3	381.4
Investments	1 199.0	1 899.6	2 452.2	2 587.7	2 743.0	2 907.5	3 082.0
Inventory	54.4	54.5	59.2	65.1	71.6	78.8	86.7
Receivables and prepayments	545.0	665.9	509.3	563.2	619.5	681.5	749.6
Cash and cash equivalents	3 381.4	3 481.2	3 603.1	3 683.5	4 070.0	4 479.8	4 891.9
Assets not classified elsewhere	668.5	459.5	850.4	901.4	955.5	1 012.8	1 073.6
Total assets	6 996.2	7 690.8	8 691.2	9 113.0	9 889.4	10 721.0	11 608.9
Accumulated surplus/deficit	265.0	642.1	1 005.0	1 346.4	1 616.1	2 016.6	2 712.7
Capital and reserves	968.2	954.7	957.8	957.8	957.8	957.8	957.8
Borrowings	1.6	1.6	0.0	–	–	–	–
Post-retirement benefits	653.7	541.3	942.9	999.4	1 059.4	1 123.0	1 190.3
Trade and other payables	4 690.6	5 031.1	5 297.2	5 615.0	5 951.9	6 309.1	6 687.6
Provisions	7.6	9.6	10.5	8.8	9.5	10.1	10.8
Liabilities not classified elsewhere	409.5	510.5	477.8	185.4	294.7	304.4	49.6
Total equity and liabilities	6 996.2	7 690.8	8 691.2	9 113.0	9 889.4	10 721.0	11 608.9
Contingent liabilities	656.4	309.8	182.5	172.5	164.3	147.8	133.0

Expenditure trends

The South African Post Office also receives a government subsidy, which is used for universal service obligations and investment in infrastructure. The revenue mix of the South African Post Office is made up of postal services, courier services, agency and money transfer services, retail products and revenue from Postbank's services.

Revenue grew at an average annual rate of 6.4 per cent from R5.2 million in 2006/07 to R6.3 billion in 2009/10, due to an increase in mail and financial services revenue. Over the medium term, revenue is expected to increase to R7.7 billion, at an average annual rate of 7.2 per cent, due to inflation related increases as well as a profit from Postbank.

Expenditure increased at an average annual rate of 6.8 per cent, from R4.9 billion in 2006/07 to R5.6 billion in 2009/10, and is expected to grow at a further average annual rate of 5.9 per cent over the medium term to reach R7 billion in 2012/13. Expenditure in compensation of employees, which is the major cost driver, increases at an average annual rate of 6.4 per cent over the 7-year period, due to inflation related adjustments.

Between 2006/07 and 2009/10, the South African Post Office maintained a surplus, which it expects to continue over the medium term. Expenditure on acquisition of assets is expected to increase from R279 million to R381.4 million over the MTEF period as the South African Post Office invests in the rollout of service points across the country.

Over the MTEF period, the South African Post Office's spending will focus on opening more than 200 new post offices, expanding the number of new addresses by 5 million and achieving growth at an average annual rate of 8 per cent.

Sentech

Strategic overview: 2006/07 – 2012/13

Established in terms of the Sentech Act (1996) and the Sentech Amendment Act (1999), the organisation is a state owned enterprise whose mandate is to provide broadcasting signal distribution for broadcasting licensees. In the context of the convergence of technologies, Sentech was awarded multimedia and carrier of carrier licences in 2002, thus positioning it to offer fully converged ICT services.

In 2005, Sentech was mandated by government to migrate the analogue terrestrial television infrastructure to digital terrestrial television. This was in line with a resolution by the International Telecommunications Union, which required that as from 2015, analogue signals will no longer be protected. Sentech switched on the digital terrestrial television network two days earlier than the 1 November 2008 deadline set by Cabinet.

In line with the telecommunications guarantees by government to FIFA, Sentech is responsible for providing backup satellite infrastructure for the 2010 FIFA World Cup. It was also responsible for the same for the 2009 FIFA Confederations Cup.

In terms of the apex priorities set by government, Sentech has further been mandated to roll out a national broadband network targeting schools, hospitals, clinics, the Thusong centres, Thusong post offices and government offices, especially in under-serviced and rural areas. A key priority has been to provide broadband to 500 Dinaledi schools nationwide.

Key achievements in 2008/9 include: operating and maintaining the terrestrial analogue television and radio transmission networks above customer service levels, at 99.9 per cent; conducting a pilot of the switched-on digital terrestrial television network currently providing 33.3 per cent population coverage; providing back up satellite infrastructure during the 2009 FIFA Confederations Cup, as one of the government guarantees.

Over the MTEF period, Sentech will concentrate on delivering its mandates within the following key result areas:

Broadcasting signal distribution: Sentech will continue to operate and maintain its terrestrial analogue television and radio transmission networks at customer service levels, roll out the digital terrestrial television network, and provide back up satellite infrastructure to FIFA during the 2010 FIFA World Cup at the nine stadiums.

Telecommunications: Due to the fast changing nature of the ICT market and the entry of well funded competitors, Sentech has not been able to sustain the momentum and growth of retail broadband products and value added services, MyWireless and Biznet. In conjunction with the department it has been decided that Sentech will have completely exited the retail broadband market by March 2010. The organisation will streamline its multimedia offerings by reviewing its very small aperture terminal product lines and carrier of carriers' business models. Based on the availability of funding, Sentech will investigate the viability of expanding into the wholesale broadband market by rolling out a national wholesale broadband network. The organisation continues to explore various models for the optimal rollout to the 500 Dinaledi schools.

Savings and cost effective service delivery

In effecting savings, no capital expenditure or operational expenditure cuts were considered by Sentech under the digital terrestrial television project. Proposed cuts in the baseline will reduce the number of sites that are migrated from analogue to digital technology. This will require an adjustment to the digital terrestrial television population coverage targets (and project plan) which will further delay meeting the November 2011 deadline.

A R23 million saving was achieved in the procurement of equipment for phase 4 of the project due to favourable exchange rate fluctuations and efficient contract negotiations with transmitter equipment suppliers. This saving was used for fast tracking the rollout of digital terrestrial television through the addition of three sites (Grahamstown in Eastern Cape, Glencoe in KwaZulu-Natal and Theunissen in Free State) which were originally planned to be part of phase 5.

The agreement between the Department of Communications and Sentech stipulated that R204 million would be made available for capital expenditure and R100 million for operational expenditure for the 2010 FIFA World Cup projects. Due to the reduced cost in bandwidth requirements, the department negotiated

costs with global satellite services provider Intelsat, resulting in a cost saving of R100 million. The final bandwidth cost was paid for from the interest accrued on the invested balance of the R204 million that has already been received by Sentech.

Selected performance indicators

Table 26.12 Sentech

Indicator	Programme/Activity	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Direct to home television network performance (measured by percentage availability)	Provide broadcasting signals to both television and radio frequency spectrum	99%	99%	99%	99%	99%	99%	99%
Direct to home radio performance (measured by percentage availability)	Digitise the existing analogue infrastructure as part of the broadcasting digital migration	99%	99%	99%	99%	99%	99%	99%
Number of new radio transmitters switched on*	Provide and establish national wholesale broadband network for broadband services	10	10	10	10	10	10	10
Number of new television transmitters switched on*	Establish a second teleport to serve as satellite backup for the broadcasting of the 2010 FIFA World Cup	10	10	10	10	10	10	10

* Subject to finalising the funding model and securing required funding

Service delivery focus

After a R205 million allocation in 2006, Sentech started with phase 1 of the migration from analogue to digital programme. The programme is now in its fourth year of rollout and has received additional allocations of R640 million received through the 2008 adjustments budget and the 2009 Budget. In 2007, Cabinet resolved that the dual illumination period would begin and that digital signals would be switched on from 1 November 2008 and analogue signals be switched off on 1 November 2011.

Sentech has been operating and maintaining the digital network since the digital terrestrial television switch on as part of a pilot project with the South African Broadcasting Corporation and eTV. Test set top boxes were distributed in 2008/09 to a select audience as part of the pilot project and Sentech continued to roll out digital infrastructure in line with its project plans for the second phase (installation), 3 (47 per cent population coverage) and 4 (63.3 per cent population coverage). Switch on of the digital terrestrial television network to increase the population coverage beyond 33 per cent has been delayed pending the Independent Communication Authority of South Africa's finalisation of the regulations and frequency spectrum plan, while the radio frequency spectrum plan was published in November 2009. Sentech will analyse the frequency spectrum plan's impact on the project plan and the population coverage targets in 2010.

Sentech provided and operated backup satellite infrastructure at the 4 stadiums hosting the 2009 FIFA Confederations Cup through transmitting live soccer matches both locally and internationally. Sentech successfully secured a lease from the Department of Public Works to construct a second teleport at Nasrec to be completed in early 2010. The national wholesale broadband network business plan was finalised and preliminary phases including network planning, the issuing and adjudication of a tender to appoint the required vendor(s) for the end to end network build in the project plan, will be implemented in 2010. The department will continue its engagement with the national and provincial departments of education to identify and finalise the list of Dinaledi schools that will be connected through Sentech's broadband offerings in 2010.

Expenditure estimates

Table 26.13 Sentech: Financial information

Statement of financial performance R million	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Revenue							
Non-tax revenue	732.8	727.0	839.0	614.2	678.0	792.2	1 005.1
Sale of goods and services other than capital assets <i>of which:</i>	723.2	699.1	750.3	555.5	633.9	785.6	1 004.1
<i>Sales by market establishments</i>	723.2	699.1	750.3	555.5	633.9	785.6	1 004.1
<i>Other non-tax revenue</i>	9.6	27.9	88.6	58.7	44.1	6.6	1.0
Transfers received	–	–	–	360.0	270.9	279.0	167.0
Total revenue	732.8	727.0	839.0	974.2	948.9	1 071.2	1 172.1
Expenses							
Current expense	750.4	706.6	838.5	1 026.6	1 017.6	1 119.4	1 231.3
Compensation of employees	228.5	216.6	229.3	284.9	324.2	356.6	392.2
Goods and services	399.9	355.0	381.7	604.8	452.3	497.5	547.2
Depreciation	90.5	91.8	133.7	121.0	132.0	145.2	159.7
Interest, dividends and rent on land	30.7	19.9	32.5	15.9	9.2	10.1	11.1
Transfers and subsidies	–	28.4	24.2	–	–	–	–
Total expenses	750.4	735.0	862.8	1 026.6	1 017.6	1 119.4	1 231.3
Surplus / (Deficit)	(17.6)	(8.0)	(23.8)	(52.4)	(68.7)	(48.2)	(59.2)
Statement of financial position							
Carrying value of assets	876.5	882.3	741.5	1 002.9	1 369.5	1 506.0	1 372.2
<i>of which: Acquisition of assets</i>	111.7	148.2	39.1	382.5	498.6	281.7	25.8
Inventory	11.4	17.8	13.8	112.1	9.8	10.8	11.9
Loans	–	–	–	0.5	–	0.5	0.5
Receivables and prepayments	78.1	86.7	77.2	96.6	59.4	65.3	71.9
Cash and cash equivalents	93.8	713.6	1 042.8	817.2	559.0	139.5	10.0
Assets not classified elsewhere	–	22.8	17.9	–	19.4	21.3	23.0
Total assets	1 059.7	1 723.2	1 893.1	2 029.3	2 017.2	1 743.5	1 489.4
Accumulated surplus/deficit	(34.6)	(37.9)	(61.7)	(0.4)	(6.1)	(54.2)	(113.5)
Capital and reserves	515.4	566.7	509.4	540.1	549.4	552.7	586.5
Borrowings	193.3	158.4	131.4	81.7	74.8	56.1	42.1
Post-retirement benefits	71.5	97.8	119.9	107.5	131.1	144.2	158.7
Trade and other payables	171.4	291.4	322.1	126.1	347.8	382.5	420.8
Provisions	–	–	4.0	4.0	4.0	4.4	4.8
Liabilities not classified elsewhere	142.6	646.8	868.0	1 170.2	916.1	657.7	389.9
Total equity and liabilities	1 059.7	1 723.2	1 893.1	2 029.3	2 017.2	1 743.5	1 489.4

Expenditure trends

Sentech receives derives its commercial revenues from: terrestrial television services, terrestrial FM and AM radio services, terrestrial short wave radio services, terrestrial and satellite linking, satellite direct to home, business television, facility rentals, sales and satellite decoders, carrier of carriers, Infosat's business solutions, the very small aperture terminal offering and broadband wireless. Transfers from the department are also a source of revenue.

Sentech posted a pre-tax profit of R29 million in 2008/09. This represents a significant increase from the pre-tax loss of R1 million incurred in 2007/08. While the company has continued to focus on cost containment, this operational paradigm shift has caused extraordinary expenses in 2008/09, which included the impairment of assets, accelerated depreciation and other non-recurring expenses.

An impairment loss of R45 million was recognised in relation to property, plant and equipment relating to the discontinuation of all non-performing retail broadband products MyWireless, Biznet and value added services. The carrying amount of assets relating to the discontinuation will not be realised through the sale of assets. The depreciation for analogue assets was accelerated and increased by R7 million per year as a result of the phasing out of analogue assets and replaced with digital terrestrial television infrastructure. The organisation must, over the medium term, implement a turnaround strategy in line with the recommendations of the task team appointed by the Minister of Communications.

The spending focus over the MTEF period in relation to strategic objectives and targets will be on the migration to digital terrestrial television and the 2010 FIFA World Cup.

South African Broadcasting Corporation

Strategic overview: 2006/07 – 2012/13

The South African Broadcasting Corporation was incorporated into a limited liability company in 2004, with two operational divisions: public broadcasting services and commercial broadcasting services. As a national public service broadcaster, the corporation operates 18 radio stations and 3 television stations, reaching about 24 million people daily. The corporation's mandate is set out in its charter and other related sections of the Broadcasting Act (1999). The corporation is further bound to meet licence conditions set for its individual radio stations and television channels, and has to abide by regulations set by the Independent Communications Authority of South Africa, outlining minimum quotas and standards in areas such as local content.

The liquidity crisis and organisational instability that the corporation underwent from 2008/09 to mid-2009/10 posed serious challenges in: funding the procurement of local and international content, delivering the South African Broadcasting Corporation's obligations for the 2010 FIFA World Cup, delivering content on the 2011 local government elections, and preparing for the migration to digital terrestrial television.

Due to the continued unforeseen declines in the advertising market, advertising revenue was down by R443 million against budget, and the corporation implemented austerity measures to cut expenditure.

The interim board, which was appointed in July 2009, engaged with management to put mechanisms in place to ensure that expenditure would be contained and that revenue be increased, that audience ratings would increase, that there would be targeted action on underperforming client segments, and that the capital expenditure deferral plan and adjusting cost items would be in line with revenue targets.

To improve cash flow, in September 2009 the interim board approached National Treasury via the Department of Communications for a government guarantee to assist the corporation raise capital from financial institutions. National Treasury approved a guarantee and R1.4 billion. The granting of the government guarantee was subject to clear commitments by the corporation to implement a viable turnaround strategy.

Over the medium term, the corporation's strategy implementation roadmap focuses on improving access to radio and television, delivering compelling and relevant programming, fostering the production of local content, preparing for the 2010 FIFA World Cup, planning for the digital terrestrial television migration, upgrading to modern digital platforms, and developing a sustainable funding model.

Savings and cost effective service delivery

The South African Broadcasting Corporation has identified cost savings measures that will reduce operating expenses in 2009/10 from R5.5 billion to R5.2 billion in 2010/11. The corporation has set revenue targets of R4.9 billion.

Selected performance indicators

Table 26.14 South African Broadcasting Corporation

Indicator	Programme/Activity	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2013
Amount of operational expenditure: digital terrestrial migration*	Digital terrestrial television migration	–	–	R30m	R6m	R1.1bn	R1.3bn	R1.4bn
Amount budgeted for 2011 provincial elections	Government mandate	–	–	–	–	R54m	–	–
Total cost of technology upgrade including digital terrestrial migration*	Broadcasting technology and infrastructure including DTT	–	–	R369m	R500m	R874m	R776m	R340m
Number of bursaries subsidised by the SABC Foundation	Corporate social investment	–	–	20	20	20	20	0
Local content as percentage of total public broadcasting service television	Government mandate	55%	55%	60%	65%	75%	75%	75%
Local content as percentage of total public commercial service television	Government mandate	35%	35%	35%	35%	35%	35%	35%
Local content as percentage of total public broadcasting service radio	Government mandate	40%	40%	60%	65%	70%	70%	70%
Local content as percentage of total public commercial service radio	Government mandate	25%	35%	35%	40%	45%	45%	45%
Number of low power television transmitters switched on	Government mandate	–	–	60	430	426	–	–
Number of low power radio transmitters switched on	Government mandate	–	–	119	105	105	–	–
Percentage of archives digitised	Record keeping requirement	–	–	–	–	10%	10%	–

*As per revised corporate plan

Service delivery focus

The corporation faced challenges in both revenue and expenditure regarding its budget commitment, due mainly to advertisers reducing their marketing spend during the economic downturn. However, South African Broadcasting Corporation radio has successfully achieved its sales targets to date and recorded an 11 per cent (R51 million) improvement in advertising spend in 2009/10 compared to the previous year.

In 2009/10, the corporation saw a 6 per cent (R177 million) reduction in annual media commitments on television platforms compared to the previous year and a 46 per cent (R99.2 million) reduction in adspend from national government departments after the 2009 election. The corporation will focus on the following over the MTEF period: funding the procurement of South African content, amounting to approximately R1.8 billion; delivering on the obligations of the 2010 FIFA World Cup; covering the 2011 local government elections; and migrating to digital terrestrial television.

A rigorous process to bring stability to the corporation is under way, including: implementing austerity measures to enhance revenue; reducing costs; and managing working capital as articulated in the revised shareholder compact with the Minister of Communications. The organisation has begun prioritising projects and initiatives based on 5 stringent criteria: support core mandate delivery; facilitate competitiveness; enhance revenues; contribute to staff development; and facilitate total citizen empowerment through social cohesion and upliftment. The organisation has implemented a deferment plan for 2009/10 and onwards to reduce over commitment on content acquisition and commissioning, and has prioritised paying suppliers to manage cash flow.

The corporation has identified the following key focus areas for returning to stability and profitability: putting the power to decide on content selection back to the jurisdiction of channels rather than content enterprises; re-introducing calculations of commercial value before acquiring content; liaising with advertisers when content is purchased; appointing key personnel, particularly heads of marketing and sales and strengthening the finance, human resources and legal departments to provide proper management accounts and exercise discipline over processes and controls; addressing major losses and inefficiencies in purchasing sports content; aligning planning and reporting to fully comply with government cycles; fast tracking the implementation of divisional risk management committees; and rightsizing the organisation.

Expenditure estimates

Table 26.15 South African Broadcasting Corporation: Financial information

Statement of financial performance	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Revenue							
Non-tax revenue	4 167.9	4 573.4	4 543.9	4 696.4	5 283.2	5 937.2	6 401.2
Sale of goods and services other than capital assets	4 057.7	4 479.3	4 497.8	4 696.4	5 224.0	5 743.0	6 201.0
<i>of which:</i>							
Admin fees	805.7	912.8	927.4	877.0	933.0	968.0	990.0
Sales by market establishments	3 252.0	3 566.5	3 570.5	3 819.4	4 291.0	4 775.0	5 211.0
Other non-tax revenue	110.2	94.1	46.0	–	59.2	194.2	200.2
Transfers received	210.6	202.6	215.7	504.4	285.8	143.8	150.8
Total revenue	4 378.5	4 776.0	4 759.5	5 200.7	5 569.0	6 081.0	6 552.0
Expenses							
Current expense	4 091.7	4 682.7	5 549.6	5 483.5	5 797.3	5 853.3	6 016.3
Compensation of employees	980.5	1 503.9	1 749.6	1 531.4	1 476.0	1 422.0	1 518.0
Goods and services	2 819.9	3 054.0	3 653.4	3 589.6	3 829.0	3 814.0	3 844.0
Depreciation	156.2	140.3	193.7	232.5	316.3	391.3	466.3
Interest, dividends and rent on land	16.4	14.1	76.5	130.0	176.0	226.0	188.0
Total expenses	4 091.7	4 682.7	5 549.6	5 483.5	5 797.3	5 853.3	6 016.3
Surplus / (Deficit)	286.8	93.3	(790.1)	(282.8)	(228.3)	227.7	535.7
Statement of financial position							
Carrying value of assets	1 271.0	1 492.3	1 666.2	1 703.2	1 987.0	2 195.7	2 329.4
<i>of which: Acquisition of assets</i>	245.1	363.1	368.9	487.0	600.0	600.0	600.0
Investments	105.7	521.4	503.7	–	–	–	–
Inventory	4.5	4.6	4.8	4.6	5.7	6.2	6.2
Receivables and prepayments	806.2	1 103.7	1 231.1	1 131.5	1 257.4	1 073.7	1 115.0
Assets not classified elsewhere	1 330.1	1 338.5	1 126.0	1 375.9	1 467.0	1 508.0	1 473.1
Total assets	3 517.5	4 460.6	4 531.8	4 215.3	4 717.1	4 783.6	4 923.7
Accumulated surplus/deficit	2 114.2	2 460.1	1 550.0	1 336.8	621.3	(518.5)	(1 961.1)
Capital and reserves	1.5	1.4	1.1	1.4	1.4	1.4	1.4
Borrowings	145.5	212.5	536.9	203.6	169.0	129.9	85.8
Post-retirement benefits	335.3	510.6	567.4	687.2	726.0	766.8	809.9
Trade and other payables	617.7	846.8	1 220.1	1 925.2	3 134.8	4 335.8	5 915.7
Provisions	19.0	29.7	50.3	61.1	64.5	68.2	72.0
Liabilities not classified elsewhere	284.4	399.3	606.0	–	–	–	–
Total equity and liabilities	3 517.5	4 460.6	4 531.8	4 215.3	4 717.1	4 783.6	4 923.7

Expenditure trends

The corporation's revenues are derived mainly from advertising, licence fees and sponsorships. It also receives funding from government, which contributes an average of 4.7 per cent to its revenue over the 7-year period. Between 2006/07 and 2009/10, revenue grew at an average annual rate of 5.9 per cent, from R4.4 billion to R5.2 billion, due to adverse economic conditions. Over the medium term, revenue is expected to increase at an average annual rate of 8 per cent, from R5.2 billion to R6.6 billion, due to an anticipated upswing in economic conditions over the period.

Expenditure grew from R4.1 billion in 2006/07 to R5.5 billion in 2009/10, at an average annual rate of 10.3 per cent, mainly due to the appointment of additional personnel in 2008/09, which increased expenditure in compensation of employees by R639.9 million in that year. Over the MTEF period, expenditure is expected to grow at an average annual rate of 3.1 per cent, from R5.5 billion in 2009/10 to R6 billion in 2012/13. The slower growth rate in expenditure is as a result of cost cutting measures that have been put in place. A deficit of R282.8 million is projected for 2009/10 and R228.3 million for 2010/11 as the organisation recovers from its

current financial difficulties. However, the organisation expects to post a surplus of R227.7 million in 2011/12 due to the projected effect of cost containment and revenue enhancement measures implemented.

Additional tables

Table 26.A Summary of expenditure trends and estimates per programme and economic classification

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R million	2008/09		2008/09	2009/10			2009/10
1. Administration	146.8	146.8	147.4	152.3	(4.4)	147.9	147.9
2. ICT International Affairs and Trade	41.2	41.2	53.5	45.6	–	45.6	45.6
3. ICT Policy Development	92.0	77.0	71.5	94.2	3.6	97.8	97.8
4. ICT Enterprise Development	1 321.5	1 929.4	1 918.4	1 392.7	574.4	1 967.1	1 851.1
5. ICT Infrastructure Development	90.5	90.5	94.8	548.1	(370.0)	178.1	178.1
6. Presidential National Commission	31.6	46.6	42.9	34.0	–	34.0	34.0
Total	1 723.6	2 331.5	2 328.6	2 266.9	203.6	2 470.5	2 354.5

Economic classification							
Current payments	363.8	373.8	377.2	384.1	(0.8)	383.4	383.4
Compensation of employees	127.9	127.9	108.0	148.2	(0.8)	147.4	147.4
Goods and services	235.9	245.9	269.3	235.9	–	235.9	235.9
Transfers and subsidies	1 351.6	1 949.5	1 938.5	1 873.3	204.4	2 077.7	1 961.7
Provinces and municipalities	–	–	0.0	–	–	–	–
Departmental agencies and accounts	337.1	339.0	339.0	375.7	–	375.7	375.7
Universities and technikons	–	–	0.1	–	–	–	–
Foreign governments and international organisations	0.7	0.7	0.0	–	–	–	–
Public corporations and private enterprises	1 011.4	1 607.4	1 596.5	1 493.1	204.4	1 697.5	1 581.5
Non-profit institutions	2.5	2.5	2.8	3.0	–	3.0	3.0
Households	–	–	0.1	1.5	–	1.5	1.5
Payments for capital assets	8.2	8.2	12.8	9.4	–	9.4	9.4
Machinery and equipment	8.2	8.2	6.7	9.4	–	9.4	9.4
Software and other intangible assets	–	–	6.1	–	–	–	–
Payments for financial assets	–	–	0.1	–	–	–	–
Total	1 723.6	2 331.5	2 328.6	2 266.9	203.6	2 470.5	2 354.5

Table 26.B Detail of approved establishment and personnel numbers according to salary level ¹

Department	Personnel post status as at 30 September 2009			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid year ²	Medium-term estimate		
				2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
Department	430	339	34	320	187	270	277	427	427	427
Salary level 1 – 6	44	35	8	58	21	28	25	44	44	44
Salary level 7 – 10	147	114	17	135	65	108	94	147	147	147
Salary level 11 – 12	104	79	5	60	41	58	69	104	104	104
Salary level 13 – 16	135	111	4	67	60	76	89	132	132	132
Administration	150	126	7	130	78	101	112	150	150	150
Salary level 1 – 6	23	18	4	23	12	17	15	23	23	23
Salary level 7 – 10	41	35	2	52	25	37	32	41	41	41
Salary level 11 – 12	45	35	1	29	17	21	32	45	45	45
Salary level 13 – 16	41	38	–	26	24	26	33	41	41	41

Table 26.B Detail of approved establishment and personnel numbers according to salary level ¹ (continued)

	Personnel post status as at 30 September 2009			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid year ²	Medium-term estimate		
				2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
ICT International Affairs and Trade	24	16	1	35	11	13	15	24	24	24
Salary level 1 – 6	4	1	–	1	–	1	2	4	4	4
Salary level 7 – 10	7	4	1	20	4	5	4	7	7	7
Salary level 11 – 12	1	1	–	5	1	1	1	1	1	1
Salary level 13 – 16	12	10	–	9	6	6	8	12	12	12
ICT Policy Development	68	51	7	23	17	33	36	68	68	68
Salary level 1 – 6	4	4	–	6	–	–	–	4	4	4
Salary level 7 – 10	23	17	3	6	5	12	13	23	23	23
Salary level 11 – 12	18	14	2	5	4	13	11	18	18	18
Salary level 13 – 16	23	16	2	6	8	8	12	23	23	23
ICT Enterprise Development	50	42	5	43	26	39	39	50	50	50
Salary level 1 – 6	4	3	–	11	2	3	3	4	4	4
Salary level 7 – 10	26	20	5	22	13	23	19	26	26	26
Salary level 11 – 12	7	6	–	2	3	3	7	7	7	7
Salary level 13 – 16	13	13	–	8	8	10	10	13	13	13
ICT Infrastructure Development	79	65	13	58	34	51	49	79	79	79
Salary level 1 – 6	5	5	3	13	5	4	2	5	5	5
Salary level 7 – 10	32	24	6	21	10	19	19	32	32	32
Salary level 11 – 12	20	15	2	11	8	11	12	20	20	20
Salary level 13 – 16	22	21	2	13	11	17	16	22	22	22
Presidential National Commission	59	39	1	31	21	33	26	56	56	56
Salary level 1 – 6	4	4	1	4	2	3	3	4	4	4
Salary level 7 – 10	18	14	–	14	8	12	7	18	18	18
Salary level 11 – 12	13	8	–	8	8	9	6	13	13	13
Salary level 13 – 16	24	13	–	5	3	9	10	21	21	21

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

2. As at 30 September 2009.

Table 26.C Summary of expenditure on training

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Compensation of employees (R million)	99.0	103.6	127.9	147.4	160.4	169.2	177.9
Training expenditure (R million)	3.1	3.7	6.0	9.0	9.4	9.9	10.4
Training as percentage of compensation	3.1%	3.5%	4.7%	6.1%	5.9%	5.8%	5.8%
Total number trained in department (head count)	284	241	243	148			
<i>of which:</i>							
Employees receiving bursaries (head count)	29	50	43	46			
Learnerships trained (head count)	1	–	–	–			
Internships trained (head count)	–	29	32	28			

Table 26.D Summary of departmental public private partnership (PPP) projects

Project description: 112 Emergency call centre	Project annual unitary fee at time of contract	Budgeted expenditure	Medium-term expenditure estimate		
			2009/10	2010/11	2011/12
R million					
Projects signed in terms of Treasury Regulation 16	84.1	-	-	-	-
PPP unitary charge	81.5	-	-	-	-
Advisory fees	2.6	-	-	-	-
Projects in preparation, registered in terms of Treasury Regulation 16¹	94.1	100.9	106.4	111.3	-
PPP unitary charge	89.9	99.1	104.5	109.2	-
Advisory fees	2.6	-	-	-	-
Project monitoring cost	1.6	1.8	1.9	2.0	-
Total	178.2	100.9	106.4	111.3	-

1. Only projects that have received Treasury Approval: 1.

Disclosure notes for projects signed in terms of Treasury Regulation 16

Project name	112 Private Public Partnership
Brief description	The strategic focus for the 112 project is to integrate all emergency numbers into one national number for reporting emergencies in the country.
Duration of PPP agreement	6 years
Escalation index for unitary fee	CPI Estimates 5%

Table 26.E Summary of expenditure on infrastructure

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2006/07	2007/08	2008/09		2010/11	2011/12	2012/13
Infrastructure transfers to other spheres, agencies and departments										
R million										
Telkom 2010 FIFA World Cup	2 fibre optic cable links with a capacity of 20Gbits for transmitting video traffic from all 2010 FIFA World Cup stadiums to the international broadcasting centre	Construction	1 200.0	-	-	600.0	450.0	150.0	-	-
Sentech National wireless broadband network	Improved access to internet services	Feasibility	-	-	500.0	-	-	-	-	-
Sentech digitisation	Broadcasting terrestrial television in a digital format	Construction	825.0	100.0	125.0	150.0	260.0	270.9	279.0	167.0
Sentech 2010 FIFA World Cup	Back up ability to transmit video traffic from all 2010 FIFA World Cup stadiums to the international broadcasting centre	Construction	300.0	-	-	200.0	100.0	-	-	-
Sentech east African submarine system	Government contribution to cable infrastructure	Finalised	-	-	21.0	-	-	-	-	-
Total			2 325.0	100.0	646.0	950.0	810.0	420.9	279.0	167.0

Vote 27

Economic Development

Budget summary

R million	2010/11				2011/12	2012/13
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	44.8	40.0	–	4.8	56.0	61.3
Economic Policy Development	18.2	18.2	–	–	23.1	29.0
Economic Planning and Coordination	344.4	25.8	318.6	–	399.1	411.9
Economic Development and Dialogue	11.2	11.2	–	–	16.1	18.0
Total expenditure estimates	418.6	95.2	318.6	4.8	494.4	520.3

Executive authority	Minister of Economic Development
Accounting officer	Director-General of Economic Development
Website address	Not currently available

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

Aim

The aim of the Economic Development Department is to promote economic development through participatory, coherent and coordinated economic policy and planning for the benefit of all South Africans.

Programme purposes

Programme 1: Administration

Purpose: Coordinate and render an effective, efficient, strategic support and administrative service to the minister, deputy minister, director-general, the department and its agencies.

Programme 2: Economic Policy Development

Purpose: Strengthen the economic development policy capacity of government; review, develop and propose the alignment of economic policies; and develop policies aimed at broadening participation in the economy and creating decent work opportunities.

Programme 3: Economic Planning and Coordination

Purpose: Promote economic planning and coordination through developing economic planning proposals; provide oversight and policy coordination of identified development finance institutions and economic regulatory bodies; and contribute to the development of the green economy.

Programme 4: Economic Development and Dialogue

Purpose: Promote social dialogue; implement strategic frameworks; build capacity among social partners; and promote productivity, entrepreneurship and innovation in the workplace.

Strategic overview: 2009/10 – 2012/13

Strategic Priorities

The five priorities identified in government's electoral mandate were: the transformation of the economy, rural development, education, health, and fighting crime and corruption. The transformation of the economy requires a pro-employment growth path that addresses the structural constraints to absorbing large numbers of people into the economy and the creation of decent work. Government has identified decent work through inclusive economic growth as a desired outcome in the medium term strategic framework.

The new department's mandate

The Economic Development Department is a new department, formed after the 2009 general elections to strengthen government capacity to implement its mandate. The department's focus will be on coordinating the development and review of economic policies and plans that address present economic challenges and structural deficiencies. The department will: coordinate the contributions of government departments, state entities and civil society on economic development; contribute to efforts to align government's economic policies and plans and its political and economic objectives and mandate; and promote government's goals of advancing economic development through decent work opportunities.

As a newly created department, the department is required to establish the structures, systems and processes needed for it to become fully functional. This entails: implementing a recruitment plan, initially focusing on senior officials and support staff; building corporate services capacity that includes human resource management, financial management and IT management; and establishing sound corporate governance practices, including internal audit capacity and planning and reporting systems.

Oversight over entities

The department has oversight over three development finance institutions: the Industrial Development Corporation of South Africa, Khula Enterprise Finance and the South African Micro-Finance Apex Fund. It will promote competitiveness and trade for decent work through its oversight of three economic regulatory bodies: the Competition Commission, the Competition Tribunal, and the International Trade Administration Commission. The department will seek ways to leverage public and private investment for economic development and to maximise the impact of state expenditure and procurement on economic development. The department formulates policy, develops strategy and exercises budgeting oversight to achieve these strategic objectives.

Key focus over the medium term

The department will undertake research and analysis to determine the most appropriate growth path for economic development and decent work. It will evaluate government's macro and microeconomic policy tools to promote government's developmental agenda, and develop a formal framework that is structured around quantifiable measures to establish synergy between policies. The department will develop policies aimed at transforming second economy activities and promoting broad based black economic empowerment (BEE). It will also establish an economic development institute and research programme.

A major focus is the coordination of economic development across government. This includes spatial plans that encompass provincial and local government, sector plans and national government plans. The department aims to promote coherent working plans that align the work of the state and its agencies.

The department will lead a programme of partnership building and dialogue on economic development with social partners and within sectors, and it will coordinate the implementation of national strategic frameworks and social pacts. This partnership programme will seek to build the capacity of social partners on economic development and to harness economic development expertise through knowledge networks in society more broadly. An important focus will be the promotion and enhancement of productivity, entrepreneurship, innovation and social dialogue in the workplace.

Savings and cost effective service delivery

The Department of Economic Development is building cost effectiveness into its mode of operation. There will be an emphasis on hiring professional and specialised skills and minimising support staff to increase the impact of staffing costs. In terms of capital expenditure, the department will favour purchasing outright over leases to reduce costs in the medium to long term. The department will also partner with other institutions in hosting and convening policy platforms and knowledge networks to reduce the cost of policy, social dialogue and learning engagements. Other cost containment measures have been introduced in procurement.

Selected performance indicators

Table 27.1 Economic Development

Indicator*	Programme	Projections		
		2010/11	2011/12	2012/13
Number of policy and analytical papers on economic policy challenges per year	Economic Policy Development	10	20	30
Number of policy platforms on economic policy challenges per year	Economic Policy Development	10	15	20
Number of engagements with provincial and local governments per year	Economic Planning and Coordination	10	20	30
Number of strategic engagements with development finance institutions and economic regulatory bodies per year	Economic Planning and Coordination	6	12	12
Value of special financing facilitated for small businesses, targeted growth sectors and companies in distress per year	Economic Planning and Coordination	R2bn	R3bn	R5bn
Number of sector plans produced or reviewed per year	Economic Planning and Coordination	5	8	10
Number of spatial plans produced or reviewed per year	Economic Planning and Coordination	10	15	20
Number of interventions to promote economic development through leveraging off state expenditure and procurement per year	Economic Planning and Coordination	10	20	25
Number of social dialogue and capacity building engagements per year	Economic Development and Dialogue	10	20	30
Number of economic development agreements (sectoral, workplace and national) facilitated with social partners per year	Economic Development and Dialogue	10	20	30

*The indicators focus on the tangible products of the department's activities while other economic indicators are in the process of being finalised by Cabinet.

Expenditure estimates

Table 27.2 Economic Development

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09			2010/11	2011/12	2012/13
R million				2009/10				
1. Administration	-	-	-	29.0	29.0	44.8	56.0	61.3
2. Economic Policy Development	-	-	-	-	-	18.2	23.1	29.0
3. Economic Planning and Coordination	238.7	245.1	220.4	287.2	287.2	344.4	399.1	411.9
4. Economic Development and Dialogue	-	-	-	-	-	11.2	16.1	18.0
Total	238.7	245.1	220.4	316.2	316.2	418.6	494.4	520.3
Change to 2009 Budget estimate				316.2	316.2	418.6	494.4	520.3
Economic classification								
Current payments	-	-	-	23.0	23.0	95.2	123.8	142.8
Compensation of employees	-	-	-	12.6	12.6	59.5	78.0	89.8
Goods and services	-	-	-	10.4	10.4	35.8	45.8	53.0
<i>of which:</i>								
Consultants and professional services:	-	-	-	1.5	1.5	5.9	7.6	8.8
Business and advisory services	-	-	-	-	-	-	-	-
Property payments	-	-	-	1.4	1.4	5.1	6.7	7.7
Travel and subsistence	-	-	-	-	-	11.1	14.2	16.6
Venues and facilities	-	-	-	0.2	0.2	6.1	7.5	8.9
Transfers and subsidies	238.7	245.1	220.4	287.2	287.2	318.6	364.4	370.3
Departmental agencies and accounts	204.6	171.6	150.4	221.2	221.2	248.9	290.5	294.4
Public corporations and private enterprises	34.1	73.5	69.9	66.0	66.0	69.7	73.9	75.9
Payments for capital assets	-	-	-	6.0	6.0	4.8	6.2	7.2
Machinery and equipment	-	-	-	6.0	6.0	3.8	4.9	5.7
Software and other intangible assets	-	-	-	-	-	1.0	1.3	1.5
Total	238.7	245.1	220.4	316.2	316.2	418.6	494.4	520.3

Expenditure trends

Over the MTEF period, expenditure is expected to increase from R316.2 million in 2009/10 to R520.3 million in 2012/13, at an average annual rate of 18.1 per cent. The increase is mainly due to an increase in the number of personnel as the department establishes itself and the resultant increase in expenditure in compensation of employees.

In 2010/11, corporate services and line function capacity will be established. As line function capacity is built, key subprogrammes in the *Economic Policy Development* and *Economic Planning and Coordination* programmes will be activated. It is anticipated that all programmes will be at full capacity within the MTEF period.

The spending focus over the MTEF period will on the establishment of the department and the initiation of selected critical programmes.

Departmental receipts

Receipts mainly come from penalties instituted by the Competition Commission and the Competition Tribunal against companies that have been found guilty of violating competition laws. Revenue also includes dividends paid by the Industrial Development Corporation of South Africa to the department.

Table 27.3 Departmental receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
Departmental receipts	177 490	229 291	244 395	484 781	420 000	230 000	243 800	250 000
Fines, penalties and forfeits	107 483	154 291	144 395	–	320 000	140 000	148 400	150 000
Interest, dividends and rent on land	70 007	75 000	100 000	484 781	100 000	90 000	95 400	100 000
Total	177 490	229 291	244 395	484 781	420 000	230 000	243 800	250 000

Programme 1: Administration

Expenditure estimates

Table 27.4 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R million	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Ministry	–	–	–	29.0	16.3	20.3	21.8
Office of the Director-General	–	–	–	–	4.6	5.8	6.3
General Management Services	–	–	–	–	23.9	29.9	33.3
Total	–	–	–	29.0	44.8	56.0	61.3
Change to 2009 Budget estimate				29.0	44.8	56.0	61.3

Economic classification

Current payments	–	–	–	23.0	40.0	49.8	54.1
Compensation of employees	–	–	–	12.6	24.6	29.8	31.4
Goods and services	–	–	–	10.4	15.4	20.0	22.7
<i>of which:</i>							
Consultants and professional services:	–	–	–	1.5	1.3	1.6	1.9
Business and advisory services	–	–	–	–	–	–	–
Property payments	–	–	–	1.4	5.1	6.7	7.7
Travel and subsistence	–	–	–	–	3.5	4.6	5.3
Venues and facilities	–	–	–	0.2	1.0	1.3	1.5
Payments for capital assets	–	–	–	6.0	4.8	6.2	7.2
Machinery and equipment	–	–	–	6.0	3.8	4.9	5.7
Software and other intangible assets	–	–	–	–	1.0	1.3	1.5
Total	–	–	–	29.0	44.8	56.0	61.3

Expenditure trends

Over the medium term, expenditure is expected to increase from R29 million to R61.3 million, at an average annual rate of 28.3 per cent.

Over the MTEF period, expenditure in the *Administration* programme will focus on establishing corporate management capacity to support the work of line function managers, and on strengthening capacity in the *Ministry* and the *Office of the Director-General* subprogrammes. The department will also focus on: sound corporate governance, including planning and reporting, internal audit, financial management, human resource management, and IT management; and on creating capacity for participating in the government cluster system.

Programme 2: Economic Policy Development

- *Growth Path and Creation of Decent Work* focuses on identifying policies to realise a growth path that addresses the economy's structural constraints, expands the industrial base and creates decent work opportunities on a larger scale. Funding in this subprogramme will mainly be used for compensation of employees and related costs.
- *Economic Policy* evaluates government's macro and microeconomic policy tools to promote government's developmental agenda and improve the alignment, efficiency and impact of the tools. A formal, quantified framework (economic modelling) will be used to establish synergy between policies.
- *Broad Based Black Economic Empowerment* aims to ensure that the economy is transformed to enable the meaningful participation of the majority of citizens, focusing on employment equity, staff training, preferential procurement, enterprise development and the advancement of cooperatives.
- *Second Economy* develops policies that will create and sustain livelihoods and transform second economy activities into dynamic, competitive activities that are part of the economic mainstream and included in tax and other regulatory arrangements. It also develops policies that will ensure decent incomes for entrepreneurs and workers.

Funding in these subprogrammes will mainly be used for compensation of employees and related costs.

Objectives and measures

- Strengthen economic development policy over the MTEF period by:
 - developing the growth path and consulting on it, and drafting other policy papers, including analytical papers
 - convening policy platforms to improve knowledge of policy options and challenges
 - establishing an economic database and knowledge repository on the real economy
 - establishing an economic development index
 - producing policy papers on strengthening the coherence and alignment of macro and microeconomic policies and promoting opportunities for decent work
 - developing a formal, quantified framework to help establish synergy between various policies
 - developing policy frameworks on BEE and the second economy
 - establishing an economic development institute.

Service delivery focus

Over the MTEF period, the focus will be on generating economic policy knowledge for consultation and discussion to make recommendations to government decision makers. This programme will address ways in which government can improve the delivery of services. By focusing on international best practice, addressing the expansion of infrastructure and removing bottlenecks to economic development, the department aims to optimise the expansion of the economy. This will be achieved through improving the consultative processes with stakeholders to enhance the efficiency and effectiveness of government plans.

Expenditure estimates

Table 27.5 Economic Policy Development

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Growth Path and Creation of Decent Work	-	-	-	-	4.8	5.7	7.5
Economic Policy	-	-	-	-	6.6	8.6	10.9
Broad-Based Black Economic Empowerment	-	-	-	-	4.7	6.2	7.4
Second Economy	-	-	-	-	2.1	2.7	3.3
Total	-	-	-	-	18.2	23.1	29.0
Change to 2009 Budget estimate				-	18.2	23.1	29.0
Economic classification							
Current payments	-	-	-	-	18.2	23.1	29.0
Compensation of employees	-	-	-	-	10.2	12.7	17.0
Goods and services	-	-	-	-	8.0	10.4	12.0
<i>of which:</i>							
<i>Consultants and professional services:</i>							
<i>Business and advisory services</i>	-	-	-	-	1.9	2.5	2.9
<i>Travel and subsistence</i>	-	-	-	-	2.7	3.5	4.1
<i>Venues and facilities</i>	-	-	-	-	2.2	2.9	3.3
Total	-	-	-	-	18.2	23.1	29.0

Expenditure trends

Over the medium term, spending will focus on filling senior and support posts, commissioning research, and developing systems.

Expenditure is expected to increase from R18.2 million in 2010/11 to R29 million in 2012/13, at an average annual rate of 26.2 per cent. The increase is due to organisational development and expanding the programme outputs which necessitated an increase in the number of staff members.

Programme 3: Economic Planning and Coordination

- *Spatial, Sector and Planning* focuses on coordinating economic plans that help realise government's broader goals, including spatial plans that embrace provincial and local government, sector plans and national government plans.
- *Economic Development, Financing and Procurement* undertakes research and analysis on government's development programmes and processes, budgeting and procurement to identify opportunities for improving local procurement and production.
- *Investment for Economic Development* provides policy oversight and strategic direction to the Industrial Development Corporation of South Africa, Khula Enterprise Finance, the South African Micro-Finance Apex Fund and provincial agencies. It provides information, analysis and options in relation to mechanisms through which government is able to channel and direct public and private investment into economic development.
- *Competitiveness and Trade for Decent Work* provides policy oversight and strategic direction to the Competition Commission, Competition Tribunal and the International Trade Administration Commission. It provides information, analysis and options in relation to the use of competition and trade measures to promote economic development goals, and also develops proposals for promoting economic goals through engagement on economics at the regional, continental and international levels.
- *Green Economy* coordinates work to identify and realise job and economic opportunities related to long term environmental and climate change challenges.

Funding in these subprogrammes will mainly be used for compensation of employees and related costs.

Objectives and measures

- Promote economic planning and coordination by:
 - submitting economic planning proposals to the National Planning Commission, Cabinet and the provinces
 - coordinating sector plans for key sectors
 - developing proposals for the harmonisation of national, provincial and local economic plans
 - developing spatial economic development action plans in key and distressed areas
 - exercising policy, strategy and budgetary oversight over identified development finance institutions and economic regulatory bodies
 - developing an economic development strategy to enhance investment for economic development
 - publishing research papers on government's developmental priorities and procurement processes
 - engaging with international agencies and multilateral institutions.

Service delivery focus

Over the medium term, the focus will be on coordinating and analysing spatial, sectoral and national economic plans, and building internal capacity to develop policy for and ensure the accountability of government entities. Improved coordination will enhance the outputs of the spheres of government and ensure the better utilisation of resources.

Expenditure estimates

Table 27.6 Economic Planning and Coordination

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Spatial, Sector and Planning	–	–	–	–	12.4	15.7	19.5
Economic Development, Financing and Procurement	–	–	–	–	3.8	5.4	6.3
Investment for Economic Development	164.1	157.5	108.0	143.3	156.6	171.4	177.0
Competitiveness and Trade for Decent Work	74.6	87.6	112.3	143.9	171.6	206.7	209.1
Total	238.7	245.1	220.4	287.2	344.4	399.1	411.9
Change to 2009 Budget estimate				287.2	344.4	399.1	411.9
Economic classification							
Current payments	–	–	–	–	25.8	34.7	41.7
Compensation of employees	–	–	–	–	17.7	24.8	29.7
Goods and services	–	–	–	–	8.1	9.9	12.0
<i>of which:</i>							
Consultants and professional services:	–	–	–	–	2.2	2.8	3.2
Business and advisory services	–	–	–	–	3.6	4.3	5.3
Travel and subsistence	–	–	–	–	1.2	1.1	1.6
Venues and facilities	–	–	–	–	–	–	–
Transfers and subsidies	238.7	245.1	220.4	287.2	318.6	364.4	370.3
Departmental agencies and accounts	204.6	171.6	150.4	221.2	248.9	290.5	294.4
Public corporations and private enterprises	34.1	73.5	69.9	66.0	69.7	73.9	75.9
Total	238.7	245.1	220.4	287.2	344.4	399.1	411.9

Table 27.6 Economic Planning and Coordination (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	204.6	171.6	150.4	221.2	248.9	290.5	294.4
Competition Commission	17.3	23.2	44.0	69.9	88.8	116.6	114.0
Competition Tribunal	8.0	8.7	9.9	13.0	13.6	15.2	15.6
International Trade Administration Commission	49.2	55.7	58.4	60.9	64.3	68.2	71.7
South African Micro Finance Apex Fund	130.0	84.0	38.1	77.3	82.1	90.5	93.1
Public corporations and private enterprises							
Public corporations							
Other transfers							
Current	34.1	73.5	69.9	66.0	69.7	73.9	75.9
Khula Enterprise Finance Limited	34.1	73.5	69.9	66.0	69.7	73.9	75.9

Expenditure trends

Over the medium term, spending will focus on filling senior and support posts, commissioning research, and developing systems.

Over the MTEF period, expenditure is expected to increase from R287.2 million to R411.9 million, at an average annual rate of 12.8 per cent. This is mainly due to transfers and subsidies, which are expected to increase from R287.2 million in 2009/10 to R370.3 million in 2012/13, at an average annual rate of 8.8 per cent. Spending in compensation of employees is also expected to increase over the MTEF period as the programme builds up capacity to support the department's mandate.

Programme 4: Economic Development and Dialogue

- *National Social Dialogue and Strategic Frameworks* contributes to social dialogue on economic development issues and policy development and coordinates, monitors and ensures the development and implementation of action plans and framework agreements on the global economic downturn.
- *Sector and Workplace Social Dialogue* promotes workplace and sector agreements and social pacts that address the challenges of growth and development, and productivity and innovation.
- *Capacity Building for Economic Development* promotes and builds the research output and knowledge of social partners of the economic development of sectors and issues relating to equity and productivity. It will also harness economic development expertise through an advisory panel, knowledge networks and learning events.
- *Productivity, Entrepreneurship, Innovation* develops a policy framework for increasing productivity and enhancing entrepreneurship and innovation. The results will inform the work of the programme's other three subprogrammes.

Objectives and measures

- Promote social dialogue and productivity, entrepreneurship and innovation in the workplace over the MTEF period by:
 - convening and participating in national social dialogue forums on economic development
 - facilitating social pacts at workplace, sector and national levels
 - facilitating, monitoring and reporting on the implementation of framework agreements and social pacts
 - hosting learning events for economic development knowledge networks
 - hosting an annual economic development conference

- establishing an advisory panel on economic development.

Service delivery focus

Over the medium term, this programme will focus on: facilitating and engaging in social dialogue between social partners in South Africa; reporting on and facilitating the implementation of social pacts; building knowledge creation capacity for economic development; and contributing to agreements in the regional, continental and international spheres that promote South Africa's economic development.

Expenditure estimates

Table 27.7 Economic Development and Dialogue

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
National Social Dialogue and Strategic Frameworks	–	–	–	–	7.7	10.8	12.0
Sector and Workplace Social Dialogue	–	–	–	–	0.4	0.5	0.6
Capacity Building for Economic Development	–	–	–	–	1.7	2.5	3.0
Productivity, Entrepreneurship and Innovation	–	–	–	–	1.5	2.3	2.5
Total	–	–	–	–	11.2	16.1	18.0
Change to 2009 Budget estimate				–	11.2	16.1	18.0
Economic classification							
Current payments	–	–	–	–	11.2	16.1	18.0
Compensation of employees	–	–	–	–	7.0	10.7	11.7
Goods and services	–	–	–	–	4.2	5.5	6.3
<i>of which:</i>							
<i>Consultants and professional services:</i>	–	–	–	–	0.6	0.7	0.8
<i>Business and advisory services</i>	–	–	–	–	1.4	1.8	2.0
<i>Travel and subsistence</i>	–	–	–	–	1.7	2.1	2.5
<i>Venues and facilities</i>	–	–	–	–	–	–	–
Total	–	–	–	–	11.2	16.1	18.0

Expenditure trends

Expenditure is expected to increase from R11.2 million in 2010/11 to R18 million in 2012/13, at an average annual rate of 26.8 per cent.

Over the medium term, spending will focus on: filling senior and support posts; hosting social dialogue forums and learning events; establishing monitoring and reporting systems; establishing key institutions; and national and international travel.

Additional tables

Table 27.A Summary of expenditure trends and estimates per programme and economic classification

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R million	2008/09		2008/09	2009/10			2009/10
1. Administration	-	-	-	-	29.0	29.0	29.0
3. Economic Planning and Coordination	-	-	220.4	292.5	(5.3)	287.2	287.2
Total	-	-	220.4	292.5	23.7	316.2	316.2

Economic classification

Current payments	-	-	-	-	23.0	23.0	23.0
Compensation of employees	-	-	-	-	12.6	12.6	12.6
Goods and services	-	-	-	-	10.4	10.4	10.4
Transfers and subsidies	-	-	220.4	292.5	(5.3)	287.2	287.2
Departmental agencies and accounts	-	-	150.4	226.5	(5.3)	221.2	221.2
Public corporations and private enterprises	-	-	69.9	66.0	-	66.0	66.0
Payments for capital assets	-	-	-	-	6.0	6.0	6.0
Machinery and equipment	-	-	-	-	6.0	6.0	6.0
Total	-	-	220.4	292.5	23.7	316.2	316.2

Table 27.B Detail of approved establishment and personnel numbers according to salary level ¹

Department	Personnel post status as at 30 September 2009			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid year ²	Medium-term estimate		
				2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
Department	-	-	-	-	-	-	-	124	124	138
Salary level 1 – 6	-	-	-	-	-	-	-	14	14	13
Salary level 7 – 10	-	-	-	-	-	-	-	22	22	25
Salary level 11 – 12	-	-	-	-	-	-	-	28	28	29
Salary level 13 – 16	-	-	-	-	-	-	-	60	60	71
Administration	-	-	-	-	-	-	-	60	60	61
Salary level 1 – 6	-	-	-	-	-	-	-	14	14	13
Salary level 7 – 10	-	-	-	-	-	-	-	16	16	17
Salary level 11 – 12	-	-	-	-	-	-	-	18	18	18
Salary level 13 – 16	-	-	-	-	-	-	-	12	12	13
Economic Policy Development	-	-	-	-	-	-	-	18	18	23
Salary level 7 – 10	-	-	-	-	-	-	-	3	3	4
Salary level 11 – 12	-	-	-	-	-	-	-	2	2	3
Salary level 13 – 16	-	-	-	-	-	-	-	13	13	16
Economic Planning and Co-ordination	-	-	-	-	-	-	-	34	34	40
Salary level 7 – 10	-	-	-	-	-	-	-	2	2	3
Salary level 11 – 12	-	-	-	-	-	-	-	6	6	6
Salary level 13 – 16	-	-	-	-	-	-	-	26	26	31
	-	-	-	-	-	-	-	12	12	14
Salary level 7 – 10	-	-	-	-	-	-	-	1	1	1
Salary level 11 – 12	-	-	-	-	-	-	-	2	2	2
Salary level 13 – 16	-	-	-	-	-	-	-	9	9	11

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

2. As at 30 September 2009.

Vote 28

Energy

Budget summary

R million	2010/11				2011/12	2012/13
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	104.2	99.3	0.3	4.6	127.7	106.9
Hydrocarbons and Energy Planning	1 558.6	58.6	1 500.0	–	1 564.6	1 571.2
Electricity, Nuclear and Clean Energy	408.8	44.2	364.6	–	513.7	116.5
Associated Services	3 463.8	–	3 463.8	–	3 533.6	3 744.0
Total expenditure estimates	5 535.4	202.1	5 328.7	4.6	5 739.6	5 538.7
Executive authority	Minister of Energy					
Accounting officer	Director-General of Energy					
Website address	www.dme.gov.za					

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

Aim

The aim of the Department of Energy is to formulate and exercise oversight regarding the implementation of overall energy policies to ensure access to affordable and reliable energy by all South Africans and to promote environmentally friendly energy carriers.

Programme purposes

Programme 1: Administration

Purpose: Strategic support and management services to the ministry and the department.

Programme 2: Hydrocarbons and Energy Planning

Purpose: Integrated energy planning to promote the sustainable use of energy resources by developing appropriate policies and regulations that promote the efficient use of petroleum products, coal, gas and renewable energy sources.

Programme 3: Electricity, Nuclear and Clean Energy

Purpose: Monitor developments in the electricity, nuclear and clean energy sectors. Improve and implement appropriate policies governing these sectors. Oversee relevant public entities. Promote universal access to electricity by the broader South African population.

Programme 4: Associated Services

Purpose: Transfer, manage and monitor funds in support of the department's mandates to funded and non-funded statutory bodies and organisations.

Strategic overview: 2006/07 – 2012/13

The Department of Energy was established in May 2009, as a result of the separation of the energy and minerals mandates of its predecessor, the Department of Minerals and Energy. The restructuring was informed by the increasing recognition of the importance of energy in achieving government priorities as well as the particular challenges faced by the sector. The Department of Energy is responsible for ensuring the security of energy supply within the country. It does this by undertaking integrated energy planning, regulating energy industries, and promoting universal access to electricity and the use of clean energy.

Between 2006/07 and 2009/10, emphasis was placed on developing and strengthening the legislative and regulatory framework governing the energy sector. In November 2008, the National Energy Act (2008) was promulgated. The act allows for improved coordination within the energy sector, and integrates the various energy planning initiatives. In relation to the hydrocarbons sector, the petroleum pipeline regulations were promulgated in 2007 and the licensing criteria for biofuels were published in 2008.

The department continues with the implementation of the Electricity Regulation Act (2006) by instituting appropriate interventions such as the drafting of regulations on the new generation capacity in August 2009. These regulations are aimed at creating an enabling environment for independent power producers to enter the electricity market.

Ensuring a security of energy supply

The department is planning to develop a draft integrated energy planning strategy by September 2010. The strategy is expected to outline the requisite processes, systems and structures that will lead to the development of a comprehensive integrated energy plan. A national integrated energy modelling system, which is required to provide statistical information for the integrated energy planning strategy, is planned for completion by 2012/13. The department is also planning to review the 1998 White Paper on the Energy Policy of the Republic of South Africa over the medium term.

Integrated resource plan

In September 2009, the department drafted the integrated resource plan and submitted it for Cabinet approval. However, Cabinet recommended that the department continue to engage in an extensive consultation process to ensure that all interested and affected parties are given ample opportunity to contribute in the finalisation of a comprehensive integrated resource plan. The department expects to finalise the plan and have it ready for implementation by June 2010. The aim of the plan is to develop an electricity generation matrix that outlines the energy mix from a combination of diverse sources, by also factoring in the implications of each source for the overall carbon footprint of the country.

National strategic fuel stocks policy

The energy security master plan for liquid fuel identified a number of capacity constraints and challenges faced by the petroleum sector in meeting energy demand. In responding to these challenges, the department plans to publish the national strategic fuel stocks policy for public comment by the end of 2010. This policy sets out the framework for the storage of fuel stocks by government as well as industry, to guide the necessary investment decisions within the liquid fuels sector. The department will continue to promote the expansion of refining capacity in the petroleum sector by engaging the relevant stakeholders.

Promoting clean and renewable energy sources

Promoting the development and usage of clean and renewable energy resources remains a key priority for the department. The renewable energy feed-in tariffs incentivise producers to invest in renewable energy by setting a tariff that covers the cost of generation plus a reasonable profit. The tariffs are set for a diverse array of renewable energy sources including wind, solar, biomass and small scale hydro.

Energy efficiency programmes are initiated based on the understanding that demand side management is generally less costly than supply side interventions within the electricity industry. The department has developed a solar water heating framework, which consolidates all solar water heating programmes currently run by various municipalities, public entities and the private sector. This framework also proposes a viable funding mechanism that will allow for the accelerated installation of 1 million solar water heaters by 2014. A

standard offer framework that provides incentives for interventions that improve energy efficiency in the domestic, industrial and commercial sectors is being developed and will be published in April 2010.

The department plans to embark on a process of reviewing the South African fuel specifications and standards to align them with global vehicle technology trends and environmental requirements. This will allow vehicle manufacturers to introduce engine technologies that are more fuel efficient and result in lower carbon emissions. The new fuel specifications will then be promulgated before the end of 2010/11 and guide the investment decision of companies in the motor industry.

Accelerated access to electricity

In terms of the 2007 community survey carried out by Statistics South Africa, out of the 9.2 million households, approximately 80 per cent are already electrified. The highest percentage of electrified households is found in Western Cape (86 per cent) and the lowest is in Eastern Cape (60 per cent). All existing clinics in the country have already been electrified. Since 2001/02, 4 957 schools have been electrified. The school electrification programme is planned for completion by 2010/11.

Nuclear energy

The department continues with the implementation of the 2008 nuclear energy policy. The implementation of the nuclear energy policy requires a coordinated approach due to the multifaceted nature and complexities of deploying nuclear energy. These include the decision relating to the deployment of new nuclear power stations, determining the funding and procurement frameworks, and the industrialisation and localisation strategy. The nuclear energy policy implementation committee, comprising of government departments and organisations in the nuclear sector, was established in 2009.

Regional electricity distributors

The department submitted its proposed amendments to the Constitution Seventeenth Amendment Bill to Cabinet in May 2009. The amendments contained in the bill are regarded as the key enabler in the establishment of regional electricity distributors.

Review of the liquid fuels charter

During this current financial year, the department will be conducting a comprehensive review, to determine the status of compliance with empowerment commitments that were made 10 years ago when the charter was agreed to. Following the outcome of the review a new empowerment framework will be developed and will be concluded during this financial year.

Savings and cost effective service delivery

The department will implement cost containment initiatives over the MTEF period, having identified efficiency savings of R79.8 million in 2010/11, R137.7 million in 2011/12 and R146.1 million in 2012/13. These cost savings are mainly driven by reductions in expected expenditure on travel, consulting services, and venue and facilities hire. Over the MTEF period, significant savings of R320.3 million are derived from the *Associated Services* programme, which transfers funds to public entities. Transfer payments to the Electricity Distribution Holdings Company are reduced by R44 million and R31 million in 2011/12 and 2012/13 as the allocations from government are being phased out.

Selected performance indicators

Table 28.1 Energy

Indicator	Programme	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Number of new petroleum retail site inspections per year	Hydrocarbons and Energy Planning	–	360	1 200	1 200	1 200	1 200	1 200
Number of additional petroleum licence applications accepted per year	Hydrocarbons and Energy Planning	13 300	13 300	13 580	13 800	15 000	15 150	15 300
Number of new operational integrated energy centres established per year	Hydrocarbons and Energy Planning	5	5	3	2	2	2	2
Number of additional households electrified per year	Associated Services	122 711	187 925	123 364	150 000	150 000	180 000	180 000
Number of additional schools electrified per year	Associated Services	372	948	712	1 313	–	–	–
Number of additional clinics electrified per year	Associated Services	10	112	–	–	–	–	–
Number of new bulk substations built per year	Associated Services	4	7	6	10	6	6	6
Number of additional substations upgraded per year	Associated Services	–	2	13	10	10	10	10
Amount of new medium voltage power lines constructed per year (km)	Associated Services	–	95	140	310	350	350	350
Amount of existing medium voltage power lines upgraded per year (km)	Associated Services	–	132	92	241	200	200	200
Number of additional temporary jobs created per year	Associated Services	4 729	5 035	5 298	4 500	4 500	4 500	4 500
Number of additional full time jobs created per year	Associated Services	526	559	589	500	500	500	500
Number of new learners working on electrification projects per year	Associated Services	1 389	1 599	2 368	800	800	800	800
Amount of expenditure on BEE and black women owned enterprises and SMMEs per year	Electricity, Nuclear and Clean Energy	R560m	R894 m	R924m	R933m	R933m	R933m	R933m
Number of new renewable energy projects subsidised per year	Electricity, Nuclear and Clean Energy	1	2	2	1	2	3	3
Number of new green certificates issued per year	Electricity, Nuclear and Clean Energy	–	–	–	–	2	5	5
Reduction in electricity demand per year (MW)	Electricity, Nuclear and Clean Energy	–	–	–	100	100	100	100

Expenditure estimates

Table 28.2 Energy

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
R million								
1. Administration	34.8	40.1	53.4	68.2	68.2	104.2	127.7	106.9
2. Hydrocarbons and Energy Planning	31.2	35.6	44.2	55.3	54.4	1 558.6	1 564.6	1 571.2
3. Electricity, Nuclear and Clean Energy	65.0	86.7	262.6	340.0	327.5	408.8	513.7	116.5
4. Associated Services	1 799.8	2 026.7	2 558.2	3 293.4	3 290.1	3 463.8	3 533.6	3 744.0
Total	1 930.8	2 189.1	2 918.4	3 756.9	3 740.2	5 535.4	5 739.6	5 538.7
Change to 2009 Budget estimate				14.6	(2.1)	1 400.2	1 279.1	1 571.5

Table 28.2 Energy (continued)

R million	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
Economic classification								
Current payments	128.5	157.3	170.6	195.4	194.5	202.1	235.6	220.7
Compensation of employees	49.7	68.2	84.6	113.1	112.1	133.0	140.4	142.8
Goods and services	78.8	89.0	86.0	82.4	82.4	69.1	95.1	77.9
<i>of which:</i>								
Computer services	2.3	2.0	4.8	9.3	9.3	7.0	13.3	10.0
Consultants and professional services: Business and advisory services	32.8	29.4	8.2	1.7	1.7	7.3	7.2	6.4
Lease payments	5.6	5.0	4.5	0.7	0.7	7.2	10.7	6.1
Travel and subsistence	19.9	22.5	20.6	13.0	13.0	9.0	11.2	8.7
Transfers and subsidies	1 800.4	2 030.3	2 744.1	3 558.9	3 543.1	5 328.7	5 499.1	5 312.8
Provinces and municipalities	390.8	462.5	589.1	1 108.0	1 092.2	1 240.1	1 376.6	1 151.4
Departmental agencies and accounts	77.5	84.0	99.6	96.0	96.0	81.5	26.4	34.4
Public corporations and private enterprises	1 331.8	1 483.6	2 054.9	2 354.6	2 354.6	4 006.7	4 095.7	4 126.6
Payments for capital assets	1.9	1.6	3.4	2.6	2.6	4.6	5.0	5.3
Machinery and equipment	1.8	1.1	2.9	2.2	2.2	4.6	5.0	5.3
Land and sub-soil assets	0.1	–	–	–	–	–	–	–
Software and other intangible assets	0.0	0.5	0.6	0.4	0.4	–	–	–
Payments for financial assets	0.0	–	0.2	–	–	–	–	–
Total	1 930.8	2 189.1	2 918.4	3 756.9	3 740.2	5 535.4	5 739.6	5 538.7

Expenditure trends

Expenditure increased significantly from R1.9 billion in 2006/07 to R3.8 billion in 2009/10, at an average rate of 24.8 per cent. This is mainly due to the restructuring of the department and the need to build capacity to respond to challenging developments within the energy sector.

The *Associated Services* programme, which includes transfer payments to public entities and other organisations, accounts for 71 per cent of total departmental expenditure. Transfer payments increased substantially from R1.8 billion in 2006/07 to R3.3 billion in 2009/10, at an average annual rate of 22.5 per cent. This increase is attributable to the additional funding of R180 million allocated through the 2008/09 adjusted estimates process to cover costs related to the implementation of a dedicated programme to roll out compact fluorescent light bulbs. The funds are earmarked for transfers to Eskom and municipalities to roll out energy efficiency initiatives, including the demand side management programme. Additional funding was also allocated towards the integrated national electrification programme, the demand side management programme and the South African National Nuclear Energy Corporation in previous budget cycles.

An additional R4.5 billion has been allocated to Transnet Pipelines, spread as R1.5 billion per year over the MTEF period. These funds are earmarked for the construction of the national multipurpose petroleum pipelines to ensure the secure supply of petroleum products.

Expenditure on goods and services increased marginally from R78.8 million in 2006/07 to R82.4 million in 2009/10, at an average annual rate of 1.5 per cent compared to a projected decrease at an average annual rate of 1.9 per cent over the MTEF period.

Over the medium term, overall spending for the department is projected to grow from R3.8 billion in 2009/10 to R5.5 billion in 2012/13, at an average annual rate of 13.8 per cent. This strong growth is largely driven by an increase in transfer payments to public entities and the integrated national electrification programme. Additional funding of R27 million has been provided over the MTEF period to build organisational capacity building in the department to cater for expenditure for the new ministry and support staff, and to strengthen the department's

support service structure, including the appointment of staff in key positions such as the chief financial officer, and internal audit and human resources managers.

Spending in compensation of employees increased significantly from R49.7 million in 2006/07 to R113.1 million in 2009/10, at an average annual rate of 31.5 per cent. Over the same period, the total number of employees grew by 18.1 per cent, from 302 to 497, mainly due to the recruitment of senior management personnel. The *Hydrocarbons and Energy Planning* programme accounts for 36 per cent of all employees in the department. Over the MTEF period, expenditure in compensation of employees is expected to grow at an average annual rate of 8.1 per cent, driven by additional staff recruited for the corporate services function.

Infrastructure spending

The Department of Energy does not undertake the construction of infrastructure itself. It makes transfer payments to Eskom and municipalities through the integrated national electrification programme, which are used to fund infrastructure for the electrification of households, schools and clinics. Between 2006/07 and 2009/10, R6.9 billion was spent on the integrated national electrification programme. Of this, R4.5 billion was allocated to Eskom while the remaining R2.4 billion was transferred to municipalities.

In 2008/09, electricity was provided to an additional 123 364 households and 712 schools. By October 2009, 65 339 additional households and 340 new schools were connected to the national grid. A further 190 schools have been connected using non-grid (mainly solar) technology. Additional funding of R150 million was made available in 2009/10 for the eradication of backlogs in electrifying schools. The department has projected that the electrification of the remaining backlog of 1 313 schools will be eradicated by the end of 2009/10.

R586 million and R698 million were used for bulk infrastructure in 2008/09 and 2009/10. In 2009/10, 7 bulk substations were completed and ready for operation. The remaining substations are all at different stages of construction and will be completed by the end of June 2010.

Over the MTEF period, expenditure on the integrated national electrification programme is expected to increase from R2.4 billion in 2009/10 to R3.1 billion in 2012/13, at an average annual rate of 6.6 per cent.

Departmental receipts

Departmental revenue is derived from the receipt of administration fees for licence applications processed in terms of the Petroleum Products Amendment Act (2003). Revenue has grown from R1.2 million in 2007/08 to R3.5 million 2009/10, at an average annual rate of 71 per cent as a result of the increase in licensee fees. Revenue is expected to increase marginally over the MTEF period to an estimated R4.1 million, at an average annual rate of 5 per cent.

Table 28.3 Departmental receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
Departmental receipts	58	1 201	3 343	3 510	3 510	3 684	3 867	4 058
Sales of goods and services produced by department	58	1 201	3 343	3 510	3 510	3 684	3 867	4 058
Total	58	1 201	3 343	3 510	3 510	3 684	3 867	4 058

Programme 1: Administration

Expenditure estimates

Table 28.4 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Minister ¹	–	–	–	1.7	1.8	1.9	2.0
Management	2.8	3.1	4.2	7.7	15.7	33.5	18.2
Corporate Services	27.2	32.5	44.3	52.4	79.7	84.7	78.8
Office Accommodation	4.7	4.5	4.9	6.4	7.1	7.5	7.9
Total	34.8	40.1	53.4	68.2	104.2	127.7	106.9
Change to 2009 Budget estimate				13.0	43.6	63.3	52.7

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

Economic classification

Current payments	33.2	38.3	49.5	65.3	99.3	122.4	101.3
Compensation of employees	11.5	14.7	20.1	29.2	46.8	49.4	51.9
Goods and services	21.6	23.6	29.4	36.1	52.5	73.0	49.4
<i>of which:</i>							
Computer services	2.3	2.0	2.3	9.0	3.8	9.0	4.0
Consultants and professional services:	1.4	1.6	1.6	0.7	4.9	4.0	2.5
Business and advisory services							
Lease payments	5.6	5.0	4.5	0.7	7.1	10.5	5.9
Travel and subsistence	5.4	5.5	7.0	5.3	6.5	8.0	4.3
Transfers and subsidies	0.3	0.2	0.4	0.3	0.3	0.3	0.4
Households	0.3	0.2	0.4	0.3	0.3	0.3	0.4
Payments for capital assets	1.3	1.6	3.4	2.6	4.6	5.0	5.3
Machinery and equipment	1.3	1.1	2.9	2.2	4.6	5.0	5.3
Land and sub-soil assets	0.1	–	–	–	–	–	–
Software and other intangible assets	0.0	0.5	0.6	0.4	–	–	–
Payments for financial assets	0.0	–	0.1	–	–	–	–
Total	34.8	40.1	53.4	68.2	104.2	127.7	106.9

Expenditure trends

Spending in the *Administration* programme increased from R34.8 million in 2006/07 to R68.2 million in 2009/10, at an average annual rate of 25.1 per cent. This was mainly due to the expansion of the corporate services function to provide support services to the higher number of employees recruited within the core programmes of the department. Expenditure in compensation of employees in the *Administration* programme increased significantly, from R11.5 million in 2006/07 to R29.2 million in 2009/10, at an average annual rate of 36.3 per cent. Over the same period, expenditure on goods and services increased from R21.6 million to R36.1 million at an average annual rate of 18.7 per cent to cater for additional equipment and related expenses for the new staff.

Expenditure is expected to rise further over the medium term from R68.2 million in 2009/10 to R106.9 million in 2012/13, at an average annual rate of 16.2 per cent. This is partly due to a reprioritisation of R96 million from the *Associated Services* programme to the *Administration* programme to expand the staff complement to enable the newly established department to carry out its mandate effectively. Over the medium term, the department will develop organisational capacity to cater for expenditure for the new ministry and strengthen the department's support service structure. This includes appointing new staff in key positions, such as the chief financial officer, and internal audit and human resources managers.

Programme 2: Hydrocarbons and Energy Planning

- *Hydrocarbons and Energy Planning Management* provides for the overall management of the programme.
- *Energy Planning* promotes the sustainable use of energy resources through integrated energy planning.
- *Hydrocarbons* develops policy and regulations to manage petroleum, coal, and natural gas. The Controller of Petroleum Products is currently included in this subprogramme and is responsible for the implementation of the Petroleum Product Amendments Act (2003).

Objectives and measures

- Ensure the sustainable supply and demand of energy by developing the integrated energy planning strategy by September 2010, which will guide the development of a national integrated energy plan.
- Improve the security of energy supply through fostering investments in storage for liquid fuels by developing the national strategic fuel stocks policy by March 2010.
- Provide oversight over the construction of the national multipurpose petroleum pipeline and capital transfers specifically allocated for the pipeline over the MTEF period by regularly publishing progress reports.
- Encourage research and development for energy related technologies with a key focus on energy efficiency and mitigating greenhouse gases by establishing the South African National Energy Development Institute by March 2011.
- Strengthen the regulatory framework in the petroleum products industry by implementing the regulatory accounting system before March 2011.
- Improve the countrywide availability of petroleum products by licensing retail, manufacturing and wholesale operators within 90 days of receiving confirmation of the publication of licensee applications.
- Facilitate the participation of historically disadvantaged individuals in the petroleum sector by licensing 25 per cent of all licence applications by historically disadvantaged individuals in each year of the MTEF period.

Service delivery focus

As at 30 November 2009, the petroleum licence applications database revealed that 14 890 applications were received and processed by the Controller of Petroleum Products and 11 575 licences were granted, with the remaining applications not approved as they did not meet the legislative requirements. A licence was granted to PetroSA for Project Mthombo, an initiative to build a world class crude refinery in the Coega industrial development zone in Eastern Cape. In 2008, a licence was issued to Rainbow National Renewable Fuels to manufacture biodiesel.

In collaboration with oil companies, local municipalities and other development agencies, the department is establishing integrated energy centres countrywide as part of implementing government's mandate to promote access to clean and affordable energy services. 6 centres have been established thus far and 4 additional sites in Qunu, Bizana, Ulundi and Qamatha are at advanced stages of development and expected to be operational in 2010.

The National Energy Act (2008) makes provision for the establishment of the South African National Energy Development Institute with the aim of promoting energy efficiency and research within the sector. A business case for listing the institute as a public entity was developed and submitted to National Treasury in November 2009 and the listing is expected to take place in 2010/11.

Given the hazardous nature of illuminating paraffin, in 2008, in collaboration with the Central Energy Fund, the department initiated a pilot programme to assess the efficacy of new, safer illuminating paraffin appliances in township areas previously devastated by paraffin related fires.

Expenditure estimates

Table 28.5 Hydrocarbons and Energy Planning

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Hydrocarbons and Energy Planning Management	4.8	5.2	4.6	4.5	1.7	1.8	2.0
Energy Planning	6.5	8.7	8.9	14.9	20.8	24.6	27.9
Hydrocarbons	19.9	21.8	30.7	35.9	1 536.2	1 538.3	1 541.3
Total	31.2	35.6	44.2	55.3	1 558.6	1 564.6	1 571.2
Change to 2009 Budget estimate				–	1 498.1	1 500.5	1 503.9

Economic classification

Current payments	30.8	35.6	44.0	55.3	58.6	64.6	71.2
Compensation of employees	14.1	20.4	29.3	47.0	50.8	53.6	56.3
Goods and services	16.6	15.2	14.8	8.3	7.9	11.0	15.0
<i>of which:</i>							
Computer services	–	–	0.2	0.2	3.2	4.3	6.0
Consultants and professional services: Business and advisory services	9.2	2.3	2.2	0.8	0.4	0.4	0.5
Travel and subsistence	5.4	6.0	4.6	1.6	1.3	1.8	2.6
Transfers and subsidies	0.0	0.0	0.1	–	1 500.0	1 500.0	1 500.0
Public corporations and private enterprises	–	–	–	–	1 500.0	1 500.0	1 500.0
Households	–	0.0	0.1	–	–	–	–
Payments for capital assets	0.4	0.0	–	–	–	–	–
Machinery and equipment	0.4	0.0	–	–	–	–	–
Payments for financial assets	–	–	0.1	–	–	–	–
Total	31.2	35.6	44.2	55.3	1 558.6	1 564.6	1 571.2

Details of selected transfers and subsidies

Public corporations and private enterprises							
Public corporations							
Other transfers							
Capital	–	–	–	–	1 500.0	1 500.0	1 500.0
Transnet Pipelines	–	–	–	–	1 500.0	1 500.0	1 500.0

Expenditure trends

Spending in the *Hydrocarbons and Energy Planning* programme increased from R31.2 million in 2006/07 to R55.3 million in 2009/10, at an average annual rate of 21 per cent. The increase is mostly due to the restructuring of the programme to implement the Petroleum Products Amendment Act (2003). Spending in the *Hydrocarbons* subprogramme increased significantly from R19.9 million in 2006/07 to R35.9 million in 2009/10, at an average annual rate of 21.8 per cent, partly due to the establishment of the Controller of Petroleum Products, which is responsible for issuing licences for the liquid fuels industry.

Expenditure is expected to increase substantially over the MTEF period, from R55.3 million to R1.6 billion, at an average annual rate of 205.2 per cent. This is mainly due to the transfer payments of R1.5 billion in each year of the MTEF period allocated to Transnet for the construction of the national multipurpose petroleum pipeline.

Spending in the *Energy Planning* subprogramme is also expected to increase significantly, at an average annual rate of 23.4 per cent over the medium term, as a result of the procurement of a national integrated energy modelling system. Additional allocations of R20 million in 2010/11, R30 million in 2011/12 and R30 million in 2012/13 are made for this modelling system. The development of the system is expected to increase expenditure on computer services. This results in an increase in expenditure on goods and services over the medium term at an average annual rate of 21.5 per cent.

In 2009/10, expenditure in compensation of employees for this programme increased significantly, from R29.4 million to R40 million, because of the additional personnel recruited to strengthen the department's capacity to carry out integrated planning functions and fill vacancies in the Controller of Petroleum Products.

Programme 3: Electricity, Nuclear and Clean Energy

- *Electricity and Nuclear Management* provides overall management of the programme.
- *Electricity* develops, implements and monitors electricity policy and programmes. The integrated national electrification programme business planning unit manages the electrification planning, funding and implementation process, including the addressing of electrification backlogs in the quest to achieve universal access to electricity.
- *Nuclear* aims to improve the governance of the nuclear sector, specifically in relation to nuclear safety, nuclear non-proliferation and nuclear technology.
- *Clean Energy* facilitates the implementation of renewable energy and energy efficiency technologies and also regulates and promotes the clean development mechanism activities.

Funding in these subprogrammes will mainly be used for compensation of employees and the acquisition of related goods and services.

Objectives and measures

- Ensure well managed, efficient and safe electricity, nuclear and clean energy industries by:
 - implementing the nuclear energy policy through developing an implementation strategy by June 2010
 - implementing energy efficiency policies and issuing regulations and strategies to achieve electricity savings of 12 per cent by 2015, based on forecast energy demand
 - regulating the security of nuclear material and facilities by developing appropriate regulations for the physical protection of nuclear material by March 2011.
- Promote the sustainable use of electricity to achieve a 100MW saving in each year of the MTEF period by:
 - publishing the solar water heating framework by June 2010
 - ensuring the use of compact fluorescent light bulbs in public buildings and reducing the power used for domestic and street lighting
 - facilitating the development and implementation of energy efficiency technologies and programmes by developing the energy efficiency standards for appliances and publishing them by 2010/11.
- Increase access to electricity by monitoring the implementation of the integrated national electrification programme, which aims to connect 3.2 million households by 2012.
- Facilitate the implementation and adoption of new and renewable energy technologies to meet the 2013 target of 10 000GWh generation from clean energy sources by providing increased support through the renewable energy finance and subsidy scheme and other support programmes.

Service delivery focus

In 2009/10, contracts awarded to broad based black economic empowerment (BEE) companies, black women owned firms and small, medium and micro enterprises amounted to R261.1 million. 3 954 temporary and 371 permanent jobs were created through the integrated national electrification programme. In 2009/10, 741 learners took part in electrification projects against a targeted 800.

Since its inception in 2005, the Renewable Energy Finance and Subsidy Office has subsidised 6 projects with a power generation capacity of 23.9MW. However, in 2009/10, the office subsidised 2 projects worth 9MW involving landfill gas in KwaZulu-Natal and a small scale hydro project in Free State. Collectively, these projects amount to 45 per cent of subsidised renewable energy production, lower than the targeted 20MW in 2009/10. In 2009, the department completed the institutional arrangements to prepare for the launch of the Working for Energy programme.

A national target of 400MW in electricity savings was set in 2009/10, based on the possible implementation of energy efficiency and demand side management programmes and the national power conservation programme. Estimates for 2009/10 indicate that 100MW savings were achieved through fiscal funding to Eskom and the municipality energy efficiency and demand side management programme, which was allocated R250 million. In 2009, the department established necessary systems for monitoring and managing the municipal and Eskom energy efficiency and demand side management programme. 17 contracts with municipalities to the value of R100 million were signed and funds have been transferred.

The nuclear energy policy implementation committee was established in March 2009 to conduct a review of nuclear energy policy implementation readiness to evaluate the country's readiness to implement or expand its nuclear programme, enhance implementation planning, and ensure a holistic understanding by all involved in the nuclear programme. The department is in the process of finalising the national nuclear energy communication strategy and the national nuclear fuel supply strategy for implementation in 2010/11.

In 2009, 32 authorisations were issued for the acquisition, possession, transport, use, and import and export of nuclear material. All exports of nuclear material were to countries that are Nuclear Non-Proliferation Treaty states and have safeguard agreements with the International Atomic Energy Agency. The radioactive waste management policy and strategy is currently being implemented and the establishment of the National Radioactive Waste Disposal Institute should be completed by March 2011. The department is developing the national nuclear skills development, acquisition, and retention strategy for the sector and an analysis of skills requirements until 2030 was performed to inform the basis for engagement with education authorities. In 2009, the directorate of nuclear non-proliferation continued to host training sessions related to nuclear security in cooperation with the International Atomic Energy Agency.

Expenditure estimates

Table 28.6 Electricity, Nuclear and Clean Energy

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Electricity and Nuclear Management	4.4	5.1	4.7	6.2	1.5	1.7	1.8
Electricity	41.8	53.6	43.0	38.1	25.1	27.4	24.9
Nuclear	9.7	11.1	18.2	17.2	7.5	8.6	9.7
Clean Energy	9.2	16.8	196.7	278.4	374.7	476.1	80.1
Total	65.0	86.7	262.6	340.0	408.8	513.7	116.5
Change to 2009 Budget estimate				1.6	(49.2)	(50.2)	(55.6)

Economic classification

Current payments	64.6	83.3	77.0	74.8	44.2	48.6	48.1
Compensation of employees	24.1	33.1	35.2	36.9	35.5	37.4	34.6
Goods and services	40.6	50.2	41.8	37.9	8.8	11.1	13.5
<i>of which:</i>							
Computer services	–	–	2.3	0.1	0.0	0.0	0.0
Consultants and professional services:	22.2	25.4	4.4	0.3	2.0	2.8	3.4
Business and advisory services							
Travel and subsistence	9.2	10.9	9.0	6.1	1.2	1.5	1.8
Transfers and subsidies	0.3	3.3	185.4	265.2	364.6	465.1	68.4
Provinces and municipalities	0.0	–	–	175.0	220.0	280.0	–
Departmental agencies and accounts	–	–	10.0	–	–	–	–
Public corporations and private enterprises	0.3	3.3	175.4	90.2	144.6	185.1	68.4
Payments for capital assets	0.1	–	0.0	–	–	–	–
Machinery and equipment	0.1	–	0.0	–	–	–	–
Payments for financial assets	–	–	0.1	–	–	–	–
Total	65.0	86.7	262.6	340.0	408.8	513.7	116.5

Table 28.6 Electricity, Nuclear and Clean Energy (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Details of selected transfers and subsidies							
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	–	–	–	175.0	220.0	280.0	–
Electricity Demand Side Management	–	–	–	175.0	220.0	280.0	–
Public corporations and private enterprises							
Public corporations							
Other transfers							
Capital	–	–	170.0	74.5	108.9	118.8	–
National Energy Efficiency and Demand Side Management (EEDMS) (Eskom) Grant	–	–	170.0	74.5	108.9	118.8	–
Public corporations and private enterprises							
Private enterprises							
Other transfers							
Current	0.3	3.3	5.4	15.7	35.7	66.3	68.4
Renewable Energy Subsidy Scheme	0.3	3.3	5.4	10.7	20.7	41.3	68.4
Renewable Energy: Working for Energy	–	–	–	5.0	15.0	25.0	–

Expenditure trends

Spending in the *Electricity, Nuclear and Clean Energy* programme increased significantly from R65 million in 2006/07 to R340 million in 2009/10, at an average annual rate of 73.6 per cent. This is mainly due to the allocation of additional funding of R175.4 million in 2008/09 and R90.2 million in 2009/10 to cover the costs related to the electricity demand side management programme located within the *Clean Energy* subprogramme. The funds are earmarked for a transfer to Eskom to implement the rollout of compact fluorescent light bulbs.

The increase in spending in the *Nuclear* subprogramme, from R9.7 million in 2006/07 to R17.2 million in 2009/10, is attributable to expenditure on activities related to the development and implementation of the nuclear energy policy.

Expenditure in compensation of employees grew strongly between 2006/07 and 2009/10, at an average annual rate of 15.3 per cent due to salary adjustments. It is projected to decline at an average annual rate of 2.1 per cent per year over the MTEF period.

Expenditure is projected to decrease over the MTEF period, from R340 million to R116.5 million, at an average annual rate of 30 per cent. This is mainly due to the phasing out of additional allocations for the demand side management programme for Eskom in 2012/13.

Programme 4: Associated Services

- *National Nuclear Regulator* provides for the protection of persons, property and the environment against nuclear damage through establishing safety standards and regulatory practices. Funding is used for compensation of employees and the procurement of goods and services.
- *South African Nuclear Energy Corporation* undertakes and promotes research and development in the field of nuclear energy and radiation science. The corporation is also responsible for various institutional obligations on nuclear matters on behalf of the state.
- *Electricity Distribution Industry Holdings Company* is mandated to restructure the electricity distribution industry as outlined in the 1998 White Paper on the Energy Policy of the Republic of South Africa.

- *The Integrated National Electrification Programme* manages the electrification planning, funding and implementation process with the aim of addressing the electrification backlog in the quest to attain universal access to electricity.

Expenditure estimates

Table 28.7 Associated Services

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
South African Nuclear Energy Corporation	356.4	388.3	554.7	564.1	574.1	601.9	589.7
National Nuclear Regulator	14.7	18.0	20.3	23.8	20.0	14.6	11.4
Electricity Distribution Industry Holdings Company	62.8	65.9	69.3	72.2	61.6	11.8	23.0
National Electrification Programme	1 365.9	1 554.5	1 913.9	2 633.3	2 808.1	2 905.3	3 119.9
Total	1 799.8	2 026.7	2 558.2	3 293.4	3 463.8	3 533.6	3 744.0
Change to 2009 Budget estimate				–	(92.2)	(234.6)	70.5

Economic classification

	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Transfers and subsidies	1 799.8	2 026.7	2 558.2	3 293.4	3 463.8	3 533.6	3 744.0
Provinces and municipalities	390.7	462.5	589.1	933.0	1 020.1	1 096.6	1 151.4
Departmental agencies and accounts	77.5	84.0	89.6	96.0	81.5	26.4	34.4
Public corporations and private enterprises	1 331.5	1 480.3	1 879.5	2 264.5	2 362.1	2 410.6	2 558.2
Total	1 799.8	2 026.7	2 558.2	3 293.4	3 463.8	3 533.6	3 744.0

Details of selected transfers and subsidies

Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Capital	390.7	462.5	589.1	933.0	1 020.1	1 096.6	1 151.4
Integrated National Electrification Programme Grant	390.7	462.5	589.1	933.0	1 020.1	1 096.6	1 151.4
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	76.5	83.0	88.5	94.7	80.2	25.2	33.2
Electricity Distribution Industry Holdings Company	62.4	65.5	68.8	71.8	61.1	11.4	22.6
National Nuclear Regulator	14.1	17.4	19.7	22.9	19.1	13.9	10.6
Capital	1.1	1.0	1.1	1.3	1.4	1.1	1.2
Electricity Distribution Industry Holdings Company	0.4	0.4	0.4	0.5	0.5	0.4	0.4
National Nuclear Regulator	0.7	0.6	0.6	0.9	0.9	0.8	0.8
Public corporations and private enterprises							
Public corporations							
Subsidies on production or products							
Capital	893.2	1 018.1	1 240.8	1 616.3	1 719.8	1 737.8	1 882.1
ESKOM - Integrated National Electrification Programme	893.2	973.1	1 150.8	1 467.4	1 719.8	1 737.8	1 882.1
ESKOM - Integrated National Electrification Programme (Backlogs)	–	45.0	90.0	149.0	–	–	–
Public corporations and private enterprises							
Public corporations							
Other transfers							
Current	301.0	369.1	534.7	540.5	554.0	580.6	568.8
NECSA - Activities	261.2	277.5	438.6	447.3	466.1	489.7	486.0
NECSA - Decommissioning Projects	24.4	78.0	81.9	78.8	75.3	78.0	70.0
NECSA - SAFARI Reactor Conversion	15.4	13.6	14.2	14.4	12.5	13.0	12.8

Table 28.7 Associated Services (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Capital	43.9	8.9	9.3	12.8	10.7	11.6	11.4
NECSA - Activities	39.0	6.9	7.2	9.9	8.3	9.0	8.8
NECSA - Decommissioning Projects	4.9	2.0	2.1	2.9	2.4	2.6	2.6
Public corporations and private enterprises							
Private enterprises							
Subsidies on production or products							
Capital	82.0	73.9	84.0	84.0	68.2	70.9	86.4
Integrated National Electrification Programme: Non-grid Electrification Service Providers	82.0	73.9	84.0	84.0	68.2	70.9	86.4
Public corporations and private enterprises							
Private enterprises							
Other transfers							
Current	11.5	10.2	10.7	10.8	9.4	9.7	9.6
NECSA - Security	11.5	10.2	10.7	10.8	9.4	9.7	9.6

Expenditure trends

Expenditure in the *Associated Services* programme is dominated by transfers to Eskom and municipalities through the integrated national electrification programme, which accounted for 97.1 per cent of total spending in 2009/10. Between 2006/07 and 2009/10, expenditure increased significantly from R1.8 billion to R3.3 billion, at an average annual rate of 22.3 per cent. This substantial rise is due to additional allocations for the integrated national electrification programme, which rose from R1.4 billion in 2006/07 to R2.6 billion in 2009/10 at an average annual rate of 22.9 per cent. Additional allocations were used to cover costs associated with the rehabilitation of electricity infrastructure and capital inflation adjustments.

In 2008/09, expenditure in the *South African Nuclear Energy Corporation* subprogramme rose sharply by 42.9 per cent, from R388.2 million to R554.7 million, as a result of additional allocations provided to strengthen the corporation's security systems.

Expenditure is expected to increase marginally over the MTEF period, from R3.3 billion to an estimated R3.7 billion, at an average annual rate of 4.4 per cent. This is driven mainly by the integrated national electrification programme, which is expected to grow at an average annual rate of 5.8 per cent over the medium term.

Public entity

Nuclear Energy Corporation of South Africa

Strategic overview: 2006/07 – 2012/13

The Nuclear Energy Corporation of South Africa was established in terms of the Nuclear Energy Act (1999). Its functions are: to undertake and promote research on nuclear energy, radiation sciences and technology; to process source, special, and restricted nuclear material, including uranium enrichment; and to collaborate with other entities. The act also delegates specific responsibilities to the corporation, including: the operation of the SAFARI-1 reactor; applying radiation technology for medical and scientific purposes; managing nuclear waste disposal nationally; and implementing and executing national safeguards.

The adoption of the 2008 nuclear energy policy reconfirmed the Nuclear Energy Corporation of South Africa's mandate, and designated the organisation as the lead agency in nuclear research and development. The policy also highlighted the need for the corporation to develop viable nuclear fuel cycle options to support the new nuclear build programme.

Over the MTEF period, the corporation will focus on: radiation products and services; nuclear fuel development and production capabilities and nuclear component manufacturing facilities to support future nuclear

programmes and the localisation of nuclear manufacturing. Moreover, as the host of the nuclear programmes cluster, which aims to promote knowledge sharing, capacity building and safety in nuclear industry, the corporation uses its capacity to ensure compliance with the conditions of nuclear authorisations. This is achieved through an approved safety, health, environment and quality management licensing, security and safeguard systems and the Pelindaba campus.

Savings and cost effective service delivery

Over the MTEF period, savings of R42.3 million will be realised on appropriated funds (R11.1 million, R13.2 million and R18 million) through reductions in expenditure on goods and services. The corporation will implement a number of cost containment measures, with particular emphasis on overhead costs.

Selected performance indicators

Table 28.8 Nuclear Energy Corporation of South Africa

Indicator	Programme/Activity	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Amount of new sales of radiochemical products and services per year	Commercial exploitation of nuclear and related products and services	R257m	R313m	R422m	R623m	R795m	R839m	R940m
Number of days per year SAFARI-1 reactor is available out of days scheduled	Research and development	286/310 (92%)	305/308 (99%)	304/304 (100%)	305/305 (100%)	307/307 (100%)	304/304 (100%)	305/305 (100%)
Number of low and intermediate radioactive waste drums received and disposed of at Vaalputs repository per year	National radioactive waste storage	818	1 409	1 420	1 500	2 660	3 260	3 500
Number of innovations delivering economic value (3-year moving average)	Research and development	3	4	4	4	5	6	7
Number of published scientific articles per researcher per year	Research and development	0.2	0.3	0.4	0.5	0.7	1	1.2
Amount spent on decommissioning and decontaminating closed down nuclear plants and facilities per year	Decommissioning and decontamination	R19.8m	R59.1m	R73.6m	R71.6m	R75.2m	R79.4m	R84.1m
Total number of security projects completed out of 338 planned projects (and cumulative percentage completion)	Security system upgrade	87/338 26%	148/338 44%	236/338 70%	287/338 85%	321/338 95%	338/338 100%	–
Percentage of annual safeguards plan activities achieved as per agreed plan with the International Atomic Energy Agency	Research and development	100%	100%	100%	100%	100%	100%	100%
Percentage audited compliance with the 224 elements of the safety, health, environment and quality system and related legal requirements (norm for satisfactory compliance is 80%)	Safety, health, environment and quality management compliance	65%	76%	80%	80%	81%	82%	83%

Service delivery focus

In 2009/10, NTP Radioisotopes, a subsidiary of the corporation, played a key role in alleviating the global shortage of Mo-99 (and the imaging agent Tc-99), a key isotope used in medical imaging procedures, caused by outages of reactors and production facilities abroad. NTP Radioisotopes was able to do this due to its ability to increase the productivity and improve the performance of the SAFARI-1 reactor. NTP Radioisotopes achieved sales of R623 million in 2009/10, exceeding its sales target by 21 per cent. NTP Radioisotopes is the global leader in Mo-99 supply and aims to achieve R1 billion in sales in 2013/14. In 2009/10, SAFARI-1 met its operational availability target to convert the reactor to enable it to function with low enriched uranium. The programme was successfully completed with the first full fuel element load, which was started up in June 2009. The fully converted reactor was the first to produce Mo-99 on a commercial scale.

The second round of nuclear fuel cycle pre-feasibility studies was completed and a concept roadmap for establishing fuel cycle facilities in South Africa was defined in 2008/09. This work served as the major input for the department's policy implementation readiness evaluation. Priority has now shifted to establishing a uranium enrichment development programme and uranium processing capability. Skills development in the uranium

enrichment development programme has been expanded and work in preparing the fuel processing laboratories is ongoing.

The development of the safety, health and environment quality management system continues and all quality management system requirements for compliance with the RD-0034 standard, set by the South African National Nuclear Regulator, were achieved in 2008/09. The corporation experienced a backlog in the transfer of waste from Pelindaba to Vaalputs due to licensing constraints in 2009/10. The challenges were resolved and the backlog will be eradicated over the MTEF period. Progress continues with planning for the repatriation of SAFARI-1 spent fuel to the United States. The programme will start in the latter part of 2010/11 and will lead to savings in waste management expenditure.

Expenditure estimates

Table 28.9 South African Nuclear Energy Corporation: Financial information

Statement of financial performance R million	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Revenue							
Non-tax revenue	479.8	503.6	631.6	911.6	991.9	1 059.3	1 187.1
Sale of goods and services other than capital assets <i>of which:</i>	437.2	443.8	538.9	845.2	922.6	1 008.3	1 089.4
<i>Sales by market establishments</i>	437.2	443.8	538.9	845.2	922.6	1 008.3	1 089.4
<i>Other non-tax revenue</i>	42.6	59.8	92.7	66.4	69.2	51.0	97.8
Transfers received	326.6	417.1	585.1	616.3	666.2	675.9	695.0
Total revenue	806.4	920.6	1 216.7	1 527.9	1 658.0	1 735.2	1 882.2
Expenses							
Current expense	690.9	857.4	1 066.2	1 437.8	1 540.5	1 668.5	1 789.4
Compensation of employees	335.3	376.4	423.7	580.2	633.9	668.1	698.8
Goods and services	301.7	412.8	517.2	749.9	809.3	889.6	977.4
Depreciation	29.3	32.2	40.2	55.0	58.7	59.8	57.6
Interest, dividends and rent on land	9.4	10.1	20.9	0.6	2.9	6.0	10.4
Transfers and subsidies	13.9	15.2	7.9	-	-	-	-
Total expenses	704.9	872.6	1 074.1	1 437.8	1 540.5	1 668.5	1 789.4
Surplus / (Deficit)	101.5	48.0	142.6	90.1	117.5	66.7	92.7
Statement of financial position							
Carrying value of assets	212.6	242.8	305.0	343.1	425.6	473.6	530.5
<i>of which: Acquisition of assets</i>	58.9	63.7	113.1	99.4	141.3	107.8	116.3
Investments	43.3	45.0	48.2	60.5	76.2	89.1	102.4
Inventory	63.8	62.5	100.8	105.1	105.9	103.3	114.4
Receivables and prepayments	94.8	150.8	182.7	236.9	265.9	298.1	317.7
Cash and cash equivalents	134.2	167.2	222.7	223.1	267.4	324.4	393.7
Assets not classified elsewhere	-	-	3.2	20.0	20.0	20.0	20.0
Total assets	548.8	668.4	862.7	988.8	1 161.1	1 308.5	1 478.6
Accumulated surplus/deficit	(5.1)	41.0	177.2	260.9	386.2	485.6	586.5
Capital and reserves	21.4	23.6	6.7	19.8	19.8	19.8	19.8
Borrowings	14.8	10.6	9.3	10.5	39.5	71.9	113.7
Post-retirement benefits	312.2	329.6	331.2	336.3	341.3	346.6	352.1
Trade and other payables	177.5	179.4	232.2	240.8	244.9	246.0	258.2
Provisions	27.9	84.3	106.2	120.5	129.4	138.6	148.3
Total equity and liabilities	548.8	668.4	862.7	988.8	1 161.1	1 308.5	1 478.6

Expenditure trends

The South African Nuclear Energy Corporation derives its revenue from the sale of nuclear technology products, chemical products, nuclear engineering services and transfers payments received from government. Sales of isotopes and related products account for 55.3 per cent of total revenue while transfers received from government account for 40.3 per cent in 2009/10.

Revenue increased from R806.3 million in 2006/07 to R1.5 billion in 2009/10, at an average annual rate of 23.7 per cent. The strong increase is driven by increases in the transfers received from government, and rising sales of isotopes and related products. Over the medium term, revenue is expected to grow at an average annual rate of 7.2 per cent to reach R1.9 billion. This growth is mainly driven by increases in the sale of nuclear technology, which is expected to account for 57.9 per cent by 2012/13.

Expenditure increased from R704.9 million in 2006/07 to R1.4 billion in 2009/10, at an average annual rate of 26.8 per cent. This is mainly due to an increase in expenditure on goods and services, which grew at an average annual rate of 35.5 per cent. This is mainly due to the extensive upgrades undertaken by the corporation on its security system as well as rising expenditure in decommissioning activities. Over the medium term, expenditure is expected to grow at an average annual rate of 7.6 per cent, largely driven by the expansion of the corporation to develop viable fuel cycle options.

Additional tables

Table 28.A Summary of expenditure trends and estimates per programme and economic classification

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R million	2008/09		2008/09	2009/10			2009/10
1. Administration	62.7	63.0	53.4	55.2	13.0	68.2	68.2
2. Hydrocarbons and Energy Planning	65.1	45.9	44.2	55.3	–	55.3	54.4
3. Electricity, Nuclear and Clean Energy	62.0	261.4	262.6	338.4	1.6	340.0	327.5
4. Associated Services	2 564.7	2 564.7	2 558.2	3 293.4	–	3 293.4	3 290.1
Total	2 754.5	2 935.0	2 918.4	3 742.3	14.6	3 756.9	3 740.2

Economic classification

	180.9	184.4	170.6	180.9	14.6	195.4	194.5
Current payments							
Compensation of employees	96.1	96.0	84.6	105.2	7.9	113.1	112.1
Goods and services	84.8	88.5	86.0	75.7	6.7	82.4	82.4
Transfers and subsidies	2 570.5	2 750.6	2 744.1	3 558.9	–	3 558.9	3 543.1
Provinces and municipalities	595.6	595.6	589.1	1 108.0	–	1 108.0	1 092.2
Departmental agencies and accounts	89.6	106.8	99.6	96.0	–	96.0	96.0
Public corporations and private enterprises	1 884.9	2 047.8	2 054.9	2 354.6	–	2 354.6	2 354.6
Households	0.4	0.4	0.5	0.3	–	0.3	0.3
Payments for capital assets	3.1	–	3.4	2.6	0.0	2.6	2.6
Machinery and equipment	2.9	–	2.9	2.2	0.0	2.2	2.2
Software and other intangible assets	0.2	–	0.6	0.4	–	0.4	0.4
Payments for financial assets	–	–	0.2	–	–	–	–
Total	2 754.5	2 935.0	2 918.4	3 742.3	14.6	3 756.9	3 740.2

Table 28.B Detail of approved establishment and personnel numbers according to salary level ¹

	Personnel post status as at 30 September 2009			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid year ²	Medium-term estimate		
				2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
Department	361	361	30	349	350	350	392	440	440	440
Salary level 1 – 6	75	75	12	83	148	110	89	107	107	107
Salary level 7 – 10	178	178	14	192	83	151	192	178	178	178
Salary level 11 – 12	60	60	1	37	89	46	62	86	86	86
Salary level 13 – 16	48	48	3	37	30	42	51	69	69	69
Administration	117	117	20	112	122	138	138	204	204	204
Salary level 1 – 6	50	50	12	51	68	66	64	75	75	75
Salary level 7 – 10	45	45	5	43	28	51	50	75	75	75
Salary level 11 – 12	12	12	1	8	18	9	14	26	26	26
Salary level 13 – 16	10	10	2	10	8	11	12	28	28	28
Hydrocarbons and Energy Planning	140	140	1	–	–	99	141	148	148	148
Salary level 1 – 6	14	14	–	–	–	26	14	14	14	14
Salary level 7 – 10	89	89	–	–	–	41	89	80	80	80
Salary level 11 – 12	17	17	–	–	–	19	17	30	30	30
Salary level 13 – 16	20	20	1	–	–	13	21	24	24	24
Electricity, Nuclear and Clean Energy	104	104	9	237	228	113	113	88	88	88
Salary level 1 – 6	11	11	–	32	80	18	11	18	18	18
Salary level 7 – 10	44	44	9	149	55	59	53	23	23	23
Salary level 11 – 12	31	31	–	29	71	18	31	30	30	30
Salary level 13 – 16	18	18	–	27	22	18	18	17	17	17

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

2. As at 30 September 2009.

Table 28.C Summary of expenditure on training

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Compensation of employees (R million)	49.7	95.2	100.1	120.2	352.3	392.1	414.7
Training expenditure (R million)	0.6	0.7	1.6	2.1	3.5	3.9	4.1
Training as percentage of compensation	1.3%	0.8%	1.6%	1.7%	1.0%	1.0%	1.0%
Total number trained in department (head count)	187	84	84	84			
<i>of which:</i>							
<i>Employees receiving bursaries (head count)</i>	32	20	20	20			
<i>Internships trained (head count)</i>	55	84	84	84			

Table 28.D Summary of expenditure on infrastructure

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome		Adjusted appropriation	Medium-term expenditure estimate			
				2006/07	2007/08		2008/09	2010/11	2011/12	2012/13
Departmental infrastructure										
R million										
Eskom national electrification programme	Address the electrification backlogs of permanently occupied residential dwellings, the installation of bulk infrastructure and rehabilitation of electrification infrastructure	Various	-	893.2	973.1	1 150.8	1 467.4	1 751.8	1 769.8	1 914.1
Municipalities' national electrification programme	To implement the integrated national energy planning by providing capital to Municipalities address the electrification backlogs of permanently occupied residential dwellings, the installation of bulk infrastructure and rehabilitation and refurbishment of electricity infrastructure.	Various	-	390.7	462.5	589.1	933.0	1 020.1	1 096.6	1 151.4
Transnet pipelines	Construction of petroleum pipeline, branch lines and storage facilities	Construction	-	-	-	-	-	1 500.0	1 500.0	1 500.0
Eradication of backlogs in electrification on schools and clinics (as part of the national electrification programme)	Addressing the electrification backlogs of schools and clinics	Various	-	45.0	90.0	149.0	-	-	-	-
Total			-	1 328.9	1 525.6	1 888.8	2 400.3	4 271.9	4 366.4	4 565.5

Environmental Affairs

Budget summary

R million	2010/11				2011/12	2012/13
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	255.0	249.2	4.0	1.8	285.4	360.1
Environmental Quality and Protection	321.3	148.7	172.0	0.6	353.9	376.7
Oceans and Coastal Management	229.4	229.4	–	–	238.8	251.0
Climate Change	573.9	103.5	–	470.3	623.0	654.2
Biodiversity and Conservation	399.6	62.1	337.3	0.2	410.0	435.3
Sector Services, Environmental Awareness and International Relations	828.6	117.3	711.0	0.3	906.5	981.4
Total expenditure estimates	2 607.8	910.2	1 224.3	473.3	2 817.5	3 058.7

Executive authority Minister of Water and Environmental Affairs

Accounting officer Director-General of Environmental Affairs

Website address www.environment.gov.za

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

Aim

The aim of the Department of Environmental Affairs is to lead South Africa's environmental sector to achieve sustainable development towards a better quality life for all.

Programme purposes

Programme 1: Administration

Purpose: Strategic leadership, centralised administration and executive support, and corporate services.

Programme 2: Environmental Quality and Protection

Purpose: Protect and improve the quality and safety of the environment to give effect to the right of all South Africans to an environment that is not harmful to health and wellbeing.

Programme 3: Oceans and Coastal Management

Purpose: Manage and protect South Africa's oceans and coastal zones.

Programme 4: Climate Change

Purpose: Facilitate an effective national mitigation and adaptation response to climate change.

Programme 5: Biodiversity and Conservation

Purpose: Promote the conservation and sustainable use of natural resources to contribute to economic growth and poverty alleviation.

Programme 6: Sector Services, Environmental Awareness and International Relations

Purpose: Create conditions for effective corporate and cooperative governance, international cooperation, business performance and the implementation of poverty alleviation projects.

Strategic overview: 2006/07 – 2012/13

Key strategic priorities

In line with its vision of creating a prosperous and equitable society living in harmony with the natural environment, the department's key strategic priorities include: the protection, conservation and enhancement of environmental assets, natural and heritage resources; ensuring a sustainable and healthy environment; contributing to sustainable economic growth, livelihoods and social cohesion; providing leadership on climate change action; promoting skills development and employment creation through facilitating green and inclusive economic growth; and creating a better Africa and a better world by advancing national environmental interests through a global sustainable development agenda.

The department also aims to ensure that the potential for economic growth in the sector is maximised, that the interface between the environment and development is effectively managed, and wherever possible that it stimulates economic growth that supports transformation.

Promoting behaviour that contributes to a sustainable environment

A proper legislative regime for waste management in the country has been put in place through the enactment of the National Environmental Management: Waste Act (2008). The department intends to reduce the levels of unauthorised waste management practices across the country, particularly as it relates to the use of unauthorised waste disposal facility sites. Recognising the need for waste disposal facilities, the department will ensure that the currently unauthorised facilities meet the required standards and are properly authorised.

The department will also promote the development of the recycling industry, particularly for the recycling of plastic bags, by supporting Buyisa-e-Bag, through ensuring compliance with and enforcement of the plastic bag regulations and promoting awareness about the need to recycle. Government's ability to effectively combat environmental transgressions will be enhanced by increasing the capacity of environmental inspectors.

The department aims to significantly reduce the number of municipalities with poor ambient air quality over the medium term. Guidelines on air quality management planning are in place.

Contributing to poverty alleviation and job creation

As the department also prioritises poverty alleviation, the creation of employment and skills development opportunities for poor communities will continue over the medium term, largely through the implementation of the environment components of the expanded public works programme projects.

Responding to climate change

If not appropriately responded to, the phenomenon of climate change has the potential to undermine many of the positive advances made in meeting South Africa's own development aspirations, the millennium development goals and the implementation plan agreed to at the World Summit on Sustainable Development.

The department will lead the development of the country's climate change response policy over the medium term. To ensure the sustainability of all significant developments through environmental impact management, the department will ensure that there are adequate systems and capacity in place to meet the demands for environmental impact assessments across the country. General and sector specific procedural guidelines on environmental impact assessments have been completed as well as guidelines and strategies on strategically important developments and the electricity response plan.

Expanding and managing the conservation estate

Over the medium term, the department will focus on expanding the conservation estate to ensure that all ecosystems and geographic areas are represented in the conservation estate. The protected areas expansion

strategy has been completed. Effective management systems for the existing conservation and heritage estate will also be put in place. The department will ensure the protection of indigenous biodiversity from unscrupulous exploitation as well as invasion by alien species to ensure beneficiation and sustainability, and that local indigenous knowledge is recognised and improved. The department has developed bio-prospecting and alien invasive species regulations. The department also aims to attract investment for infrastructure development in the transfrontier conservation areas in support of regional economic development.

Protecting the country's marine and coastal spaces

As a curator of national assets, including the oceans and coastal space, it is important to understand and sustain economic, social and ecological services provided by the marine and coastal spaces. The department aims to ensure that declared marine protected areas have adequate management capacity. In 2010/11, the department will also review and update the regulatory framework relating to marine legislation. Working with other partners, the department will continue to maintain South Africa's research presence in Antarctica, and Prince Edward and Marion islands. One initiative will be the recapitalisation of the vessel for these research programmes

Savings and cost effective service delivery

The department has implemented the recommended adjustments to the baseline for efficiency savings of R92.6 million in 2010/11, R103.3 million in 2011/12 and R100.5 million in 2012/13. The department also implemented a process of reprioritisation to efficiently allocate funds so that it can continue delivering on its mandate. Other cost effective measures that might arise in 2010/11 include finding more cost efficient ways of travelling for business purposes, making use of video links where possible to limit unnecessary travel, and not catering for internal meetings.

Selected performance indicators

Table 29.1 Environmental Affairs

Indicator	Programme	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Percentage of all new national environmental impact management applications processed within stipulated timeframes provided that no more than 400 applications are received.	Environmental Quality and Protection	-	80%	85%	85%	87%	89%	90%
Number of applications processed from unpermitted waste disposal sites (total)	Environmental Quality and Protection	-	-	-	116	116	116	116
Number of waste authorisations issued per year	Environmental Quality and Protection	-	-	-	42	160	160	160
Total number of environmental management inspectors trained	Environmental Quality and Protection	700	750	950	1 134	1 140	1 300	1 460
Total number of ambient air quality monitoring stations providing information to the South African air quality information system	Environmental Quality and Protection	6	11	18	18	30	34	38
Number of metros and local municipalities with air quality that do not meet ambient air quality standards (total)	Environmental Quality and Protection	-	-	-	45	43	41	39

Table 29.1 Environmental Affairs (continued)

Indicator	Programme	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Number of new marine protected areas declared per year	Oceans and Coastal Management	–	–	20	11	1	1	1
Number of research projects completed on marine on top predator species per year	Oceans and Coastal Management	–	–	–	–	2	2	2
Total number of annual relief voyages for South African research teams at Antarctica, Marion and Gough islands	Climate Change	3	3	3	3	3	3	3
Percentage of bio-prospecting agreements applications assessed per year	Biodiversity and Conservation	–	–	–	80%	80%	80%	80%
Percentage of land under conservation	Biodiversity and Conservation			5.9%	6.5%	7%	7.5%	8%
Hectares of land rehabilitated per year	Biodiversity and Conservation	–		624	686	811	998	1 247
Percentage reduction in proportion of threatened species	Biodiversity and Conservation	–	–	6.5% of 1 000	5.5% of 1 000	4.5% of 1 000	3.5% of 1 000	2.5% of 1 000
Number of new work opportunities created through expanded public works programme projects	Sector Services, Environmental Awareness and International Relations	13 887	29 277	14 214	27 563	20 182	20 938	20 611
Number full time equivalent jobs created through expanded public works programme projects	Sector Services, Environmental Awareness and International Relations	6 944	14 639	7 107	13 782	10 091	10 469	10 305
Number of new person training days created through expanded public works programme projects	Sector Services, Environmental Awareness and International Relations	–	–	172 914	69 525	33 637	34 620	33 658

Expenditure estimates

Table 29.2 Environmental Affairs

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
R million								
1. Administration	112.8	137.4	154.9	164.8	164.8	255.0	285.4	360.1
2. Environmental Quality and Protection	199.2	241.5	253.5	295.6	295.6	321.3	353.9	376.7
3. Oceans and Coastal Management	206.8	191.6	238.8	227.5	227.5	229.4	238.8	251.0
4. Climate Change	71.8	84.5	87.6	222.1	222.1	573.9	623.0	654.2
5. Biodiversity and Conservation	283.1	363.4	403.0	404.7	404.7	399.6	410.0	435.3
6. Sector Services, Environmental Awareness and International Relations	290.5	635.6	745.0	929.7	929.7	828.6	906.5	981.4
Total	1 164.2	1 654.1	1 882.7	2 244.2	2 244.2	2 607.8	2 817.5	3 058.7
Change to 2009 Budget estimate				(7.5)	(7.5)	(39.7)	(27.3)	5.3
Economic classification								
Current payments	529.7	608.3	717.8	819.7	819.7	910.2	999.8	1 118.2
Compensation of employees	156.7	196.3	212.3	260.3	260.3	324.9	351.5	368.9
Goods and services	373.0	412.0	505.4	559.4	559.4	585.3	648.2	749.3
<i>of which:</i>								
<i>Consultants and professional services:</i>								
<i>Business and advisory services</i>	153.2	161.1	205.0	170.1	170.1	197.6	217.5	235.1
<i>Inventory: Fuel, oil and gas</i>	91.0	94.9	100.7	112.8	112.8	106.6	109.3	111.4
<i>Lease payments</i>	21.9	22.7	20.6	27.4	27.4	70.9	82.0	142.7
<i>Travel and subsistence</i>	41.5	46.2	53.4	62.5	62.5	70.3	88.9	91.2
Transfers and subsidies	626.3	1 036.5	1 160.2	1 284.8	1 284.8	1 224.3	1 311.5	1 409.3
Provinces and municipalities	0.1	0.4	0.2	–	–	–	–	–
Departmental agencies and accounts	417.5	711.9	787.4	768.7	768.7	610.9	609.2	638.2

Table 29.2 Environmental Affairs (continued)

R million	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
Economic classification								
Current payments								
Universities and technikons	–	0.3	–	0.8	0.8	–	–	–
Foreign governments and international organisations	12.4	–	9.0	9.0	9.0	9.0	9.0	9.0
Non-profit institutions	2.6	21.3	26.5	36.4	36.4	40.1	49.1	51.5
Households	193.7	302.6	337.0	469.9	469.9	564.4	644.3	710.6
Payments for capital assets	8.0	9.1	4.8	139.7	139.7	473.3	506.2	531.2
Machinery and equipment	5.9	8.9	4.2	139.4	139.4	472.9	505.8	530.8
Software and other intangible assets	2.1	0.2	0.6	0.3	0.3	0.4	0.4	0.4
Payments for financial assets	0.2	0.1	–	–	–	–	–	–
Total	1 164.2	1 654.1	1 882.7	2 244.2	2 244.2	2 607.8	2 817.5	3 058.7

Expenditure trends

Between 2006/07 and 2009/10, expenditure increased from R1.2 billion to R2.4 billion, at an average annual rate of 24.5 per cent. This was mainly due to increased expenditure in the *Sector Service, Environmental Awareness and International Relations* programme for infrastructure development in parks, the weather service and poverty relief projects. Over the medium term, expenditure is expected to grow strongly to reach R3.1 billion, at an average annual rate of 10.9 per cent. This is due to additional allocations for other large capital projects such as the replacement of the polar supply vessel, of R131.4 million in 2009/10, R467.3 million in 2010/11, R501.5 million in 2011/12 and R526.6 million in 2012/13. Transfers and subsidies to departmental agencies and accounts, and households constitute 60 per cent of the annual allocation in 2009/10 and 48 per cent in 2012/13.

The department receives additional allocations of R88.8 million in 2010/11, R111.3 million in 2011/12 and R216.6 million in 2012/13. These are to provide for inflation adjustments, new departmental building unitary payment, and an early warning system and disaster risk reduction for the South African Weather Service.

The department has an approved establishment of 1 583 posts, of which 1 464 were filled as at September 2009. Over the medium term, the establishment is expected to grow to 1 491 posts in 2010/11 to 1 529 posts in 2012/13, while spending on compensation of employees is expected to grow from R324.9 million to R368.9 million over the same period.

The department makes use of consultants for the following specialised tasks: the external and internal audit function, environmental impact assessments, manning and operating the SA Agulhas, training, reviews and studies on environmental and climate change, biodiversity, marine and the social responsibility programmes.

Infrastructure spending

The department received funding for the acquisition of the polar research vessel to replace the SA Agulhas. This vessel will provide logistical support to the 3 research bases located in Antarctica, Marion Island and Gough Island in 2012/13. The total amount allocated for the replacement of the SA Agulhas is R1.6 billion. The first payment of R131.4 million was made in 2009/10 and the following payments are expected to continue until 2012/13: R467.3 million in 2010/11, R501.5 million in 2011/12, and R526.6 million in 2012/13.

Expenditure over the medium term on infrastructure projects includes: the *Sector Services, Environmental Awareness and International Relations* programme for the South African Weather Service replacing weather radars at a cost of R110 million; South African National parks at a cost of R123 million; and the iSimangaliso Wetland Park Authority's upgrade to tourism accommodation and facilities in preparation for the 2010 FIFA World Cup at a cost of R109 million.

Departmental receipts

The department receives revenue mainly from environmental impact assessments. Over the MTEF period, revenue is expected to grow at an average annual rate of 8.3 per cent, from R751 000 in 2010/11 to R825 000 in 2012/13.

Table 29.3 Departmental receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
Departmental receipts	4 863	4 735	8 488	2 654	2 654	751	800	825
Sales of goods and services produced by department	247	327	605	534	534	626	670	690
Transfers received	–	362	616	–	–	–	–	–
Fines, penalties and forfeits	–	2	128	–	–	–	–	–
Interest, dividends and rent on land	52	81	110	120	120	125	130	135
Sales of capital assets	–	161	32	–	–	–	–	–
Transactions in financial assets and liabilities	4 564	3 802	6 997	2 000	2 000	–	–	–
Total	4 863	4 735	8 488	2 654	2 654	751	800	825

Programme 1: Administration

Expenditure estimates

Table 29.4 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R million	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Management	10.0	14.8	20.8	24.9	33.7	40.0	42.0
Corporate Affairs	67.1	79.3	83.3	87.9	154.4	172.6	180.2
Financial Management	12.2	14.2	18.1	18.9	30.9	33.9	36.3
Office Accommodation	23.5	29.1	32.7	33.1	36.1	38.8	101.5
Total	112.8	137.4	154.9	164.8	255.0	285.4	360.1
Change to 2009 Budget estimate				3.9	–	–	–
Economic classification							
Current payments	107.3	134.0	153.4	158.6	249.2	275.5	349.2
Compensation of employees	34.1	51.1	57.2	73.8	95.1	104.7	109.6
Goods and services	73.2	82.9	96.3	84.9	154.1	170.8	239.6
<i>of which:</i>							
<i>Consultants and professional services: Business and advisory services</i>	13.5	26.1	27.0	6.7	8.6	9.6	10.2
<i>Inventory: Fuel, oil and gas</i>	0.2	0.3	0.6	0.7	0.8	1.0	1.0
<i>Lease payments</i>	20.6	16.3	18.7	23.1	66.3	77.2	137.8
<i>Travel and subsistence</i>	9.3	13.1	14.4	16.6	22.6	26.8	27.6
Transfers and subsidies	0.9	0.2	–	4.5	4.0	8.0	8.4
Non-profit institutions	–	–	–	4.5	4.0	8.0	8.4
Households	0.9	0.2	–	–	–	–	–
Payments for capital assets	4.4	3.2	1.5	1.7	1.8	1.9	2.5
Machinery and equipment	2.3	3.1	1.3	1.7	1.8	1.9	2.5
Software and other intangible assets	2.1	0.1	0.2	0.0	0.0	0.0	0.0
Payments for financial assets	0.1	0.0	–	–	–	–	–
Total	112.8	137.4	154.9	164.8	255.0	285.4	360.1

Table 29.4 Administration (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Details of selected transfers and subsidies							
Non-profit institutions							
Current	-	-	-	4.0	4.0	8.0	8.4
Wildlife Environmental Society of South Africa	-	-	-	4.0	4.0	8.0	8.4

Expenditure trends

The spending focus over the MTEF period will be on providing strategic leadership, centralised administration and executive support, and corporate services.

Expenditure in the *Administration* programme increased at an average annual rate of 13.5 per cent, from R112.8 million in 2006/07 to R164.8 million in 2009/10, and is expected to increase to R360.1 million over the medium term, at an average annual rate of 29.8 per cent. The main reason for the increase over the MTEF period is to provide for increased audit costs and the unitary payment for the new departmental building that is due in 2012/13. The growth in expenditure in compensation of employees over the MTEF period, at an average annual rate of 14.1 per cent, is due to efforts to increase capacity in the *Management* and *Corporate Services* subprogrammes.

Programme 2: Environmental Quality and Protection

- *Environmental Quality and Protection Management* provides for the administration and functioning of the overall programme activities.
- *Regulatory Services* ensures that compliance with all environmental legislation is effectively monitored and that enforcement measures are taken against cases of non-compliance.
- *Pollution and Waste Management* aims to reduce the impact of waste on safety, health and the environment, and encourages cleaner industrial production, waste minimisation and recycling.
- *Environmental Impact Management* ensures that the possible negative impacts of significant new developments are avoided, mitigated or managed to bring about an environment that is not harmful to the health and wellbeing of current and future generations.
- *Air Quality Management* ensures that the possible negative impacts of air pollution on air and atmospheric quality are avoided, mitigated or managed with a view to ensuring ambient air quality that is not harmful to health and wellbeing.
- *Buyisa-e-Bag*, a section 21 company, was established to facilitate the recycling of plastic bags through buy-back centres and to promote the use of recycled plastic in accordance with the regulations on plastic bags.
- *South African Weather Service* makes transfer payments to the public entity for the management of meteorological services.

Funding in the first 5 subprogrammes is mainly used for salaries, and other personnel related costs, while funds in the last 2 subprogrammes are disbursed on the basis of approved business plans and service delivery agreements between the department and the entities.

Objectives and measures

- Minimise non-compliance with environmental legislation by increasing the number of environmental management inspectors trained in all spheres of government from 950 in 2009/10 to 1 460 in 2012/13.
- Prevent and reduce pollution by processing 116 applications for unlicensed waste disposal sites received in 2009/10, and raise awareness at municipalities by March 2010 to submit applications for the remaining 465 unlicensed sites currently in operation.
- Annually increase turnaround time for processing waste authorisations to reach 90 per cent compliance with legislated timeframes in terms of the National Environmental Management Waste Act (2008) and

environmental impact assessment regulations in 2012/13 by increasing the licensing capacity and streamlining the authorisation process.

- Improve the efficiency of the environmental impact assessment system by increasing the turnaround time for processing national environmental impact assessment applications from 85 per cent of new applications processed within prescribed timeframes in 2009/10 to 90 per cent in 2012/13.
- Improve air and atmospheric quality by:
 - reducing the number of metropolitan and local municipalities with ambient air quality problems from 45 in 2009/10 to 43 in 2012/13
 - ensuring the alignment of municipal ambient air quality management plans with national norms and standards through an annual review of the impact of these plans
 - ensuring the continued efficient and effective implementation of the atmospheric emission licensing and other regulatory tools provided in the National Environment Management: Air Quality Act (2004) over the MTEF period
 - increasing the number of ambient air quality monitoring stations that provide information to the South African air quality information system from 18 in 2009/10 to 38 in 2012/13.

Service delivery focus

In 2009, the national waste management legislative framework was reformed and the National Environmental Management Waste Act (2008) came into effect and regulations to support the act are in progress. The department's reactive compliance monitoring and proactive compliance promotion programmes have yielded a reduction in non-compliance with legislation.

Since 2008, 3 tertiary institutions (the universities of South Africa and Pretoria and Cape Town University of Technology) offer the environment management inspector basic training course in terms of a 3-year agreement with the department. In 2008, 143 officials were trained and in 2009, 184 officials enrolled. In total, 1 134 officials had received both environmental management inspector basic and specialised training by the end of 2009.

Environmental impact assessments conducted for about 70 000 development activities over the past 12 years enabled government to make decisions on applications for environmental authorisations to reduce their environmental impact. Less than 5 per cent of the department's environmental authorisations are challenged through appeals, with the majority of appeals overruled. About 15 per cent of authorised projects are subjected to formal compliance monitoring and there is increased environmental awareness among stakeholders through various capacity development initiatives such as 6 annual open days and seminars, environmental management inspector information series covering 27 topics, and training of officials' development guidelines. Guidelines aimed at improving efficiency without compromising environmental impact assessments were put in place in 2009/10 for Eskom's electricity response and for strategically important development initiatives. In 2009/10, about 500 officials were trained in administering environmental impact assessments and 75 per cent of all new national applications were processed within prescribed timeframes. The waste activity licensing process is fully integrated and is being implemented. Policies to support free basic refuse removal and the management of health care risk waste are currently being drafted.

The priority area air quality management plan for the Vaal Triangle airshed was published in May 2009 and a multi-stakeholder implementation team was established. 6 air quality monitoring stations in the Vaal Triangle airshed are fully operational and have been reporting to the South African air quality information system since 2007. The highveld area was declared the second national priority in November 2007 and 5 ambient air quality monitoring stations were established. 24 government owned ambient air quality monitoring stations are providing information to the South African air quality information system, and air pollution permits to control pollution from industries responsible for over 80 per cent of industrial atmospheric emissions have been reviewed for re-issue.

Expenditure estimates

Table 29.5 Environmental Quality and Protection

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Environmental Quality and Protection Management	4.7	5.6	6.2	7.0	8.4	8.8	9.2
Regulatory Services	13.1	17.6	14.1	19.5	25.3	32.6	34.2
Pollution and Waste Management	12.0	19.7	22.6	30.3	30.1	40.6	42.7
Environmental Impact Management	29.8	31.6	31.3	37.7	40.2	41.6	43.5
Air Quality Management	25.2	26.9	34.4	37.7	46.4	47.8	50.4
Buyisa-e-Bag	–	20.0	20.0	30.0	35.0	40.0	42.0
South African Weather Service	114.4	120.1	124.9	133.4	135.9	142.5	154.7
Total	199.2	241.5	253.5	295.6	321.3	353.9	376.7
Change to 2009 Budget estimate				1.6	–	–	–
Economic classification							
Current payments	73.8	97.5	105.9	130.5	148.7	169.7	178.3
Compensation of employees	27.5	41.1	49.8	56.9	65.8	73.6	77.3
Goods and services	46.3	56.4	56.1	73.6	83.0	96.1	101.0
<i>of which:</i>							
<i>Consultants and professional services: Business and advisory services</i>	25.4	32.7	28.8	43.4	48.2	55.4	59.2
<i>Lease payments</i>	0.2	0.2	0.4	0.4	0.5	0.5	0.5
<i>Travel and subsistence</i>	8.5	11.1	11.9	16.8	19.4	22.7	22.8
Transfers and subsidies	123.4	141.9	146.4	164.4	172.0	183.5	197.8
Departmental agencies and accounts	114.4	120.1	124.9	133.4	135.9	142.5	154.7
Foreign governments and international organisations	8.0	–	–	–	–	–	–
Non-profit institutions	0.8	21.1	21.3	31.1	36.1	41.1	43.1
Households	0.2	0.6	0.2	–	–	–	–
Payments for capital assets	2.0	2.2	1.3	0.6	0.6	0.6	0.7
Machinery and equipment	2.0	2.2	0.9	0.3	0.2	0.3	0.3
Software and other intangible assets	–	0.0	0.3	0.3	0.4	0.4	0.4
Total	199.2	241.5	253.5	295.6	321.3	353.9	376.7
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	114.4	120.1	124.9	133.4	135.9	142.5	154.7
South African Weather Service	114.4	120.1	124.9	133.4	135.9	142.5	154.7
Non-profit institutions							
Current	0.8	21.1	21.3	31.1	36.1	41.1	43.1
Buyisa-e-Bag	–	20.0	20.0	30.0	35.0	40.0	42.0
South African Climate Action Network	0.8	0.6	0.2	–	–	–	–
National Associations for Clean Air	–	0.5	0.6	0.6	0.6	0.6	0.6
National Off-Road Workshop	–	–	0.5	0.5	0.5	0.5	0.5

Expenditure trends

The spending focus over the MTEF period will be on strengthening compliance and enforcement capacity through the *Regulatory Services* and *Environmental Impact Management* subprogrammes.

Expenditure grew strongly from R199.2 million in 2006/07 to R295.6 million in 2009/10, at an average annual rate of 14.1 per cent, and is expected to increase over the medium term at an average annual rate of 8.4 per cent to reach R376.7 million. The 16.6 per cent increase in expenditure in 2009/10 was due to additional funding allocated in the 2009 Budget for purchasing air quality monitoring equipment, increased allocation to the *Buyisa-e-Bag* programme as well as increased compliance and enforcement capacity (regulatory services). The growth in allocation over the MTEF period provides for: capacity required for the

implementation phase of environmental policies, such as new legislation dealing with air quality and waste management; the development, operation and maintenance of the South African air quality information system and the national ambient air quality monitoring network; and the creation of dedicated compliance and enforcement capacity.

Programme 3: Oceans and Coastal Management

- *Integrated Coastal Management* provides for the coordinated and integrated management of the coastal zone.
- *Coastal and Oceans Assessment and Research* provides for ship based platforms for offshore ocean and coastal assessment and monitoring.

Funding in these subprogrammes will be used for operational and capital expenditure with regard to marine ecosystem and biodiversity research projects.

Objectives and measures

- Ensure the integrity of the coastal zone and oceans by doing 2 assessments of the ocean environment per year as well as doing a seals and seabird assessment once every 3 years.

Service delivery focus

In 2009/10, there has been a strong emphasis on developing young scientists in the marine and coastal research field. The department has secured the services of a retired professor to train and develop the young scientists and play an active role in the development of a marine and coastal climate change response strategy. Internal workshops were held to coordinate the development of the response strategy and simultaneously develop a research programme strongly linked to the role of oceans and climate change and its impact on the coast. This includes the development of a real time data system towards full implementation of an early warning system. As a result, the department was selected by the scientific community to lead the development and implementation of an operational oceanography programme for the country.

Expenditure estimates

Table 29.6 Oceans and Coastal Management

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Integrated Coastal Management	43.7	45.9	48.2	58.5	76.5	79.6	83.7
Coastal and Oceans Assessment and Research	163.1	145.7	190.6	169.0	152.9	159.2	167.3
Total	206.8	191.6	238.8	227.5	229.4	238.8	251.0
Change to 2009 Budget estimate				(88.1)	(68.1)	(72.9)	(77.1)
Economic classification							
Current payments	206.8	191.6	238.8	227.5	229.4	238.8	251.0
Compensation of employees	43.7	45.9	48.2	58.5	61.4	64.8	68.1
Goods and services	163.1	145.7	190.6	169.0	167.9	174.0	182.9
<i>of which:</i>							
<i>Consultants and professional services: Business and advisory services</i>	57.6	35.6	76.8	42.2	39.8	42.9	49.3
<i>Inventory: Fuel, oil and gas</i>	85.2	89.2	92.4	105.0	105.8	108.3	110.4
<i>Travel and subsistence</i>	9.5	9.6	9.7	9.8	9.8	9.9	9.9
Total	206.8	191.6	238.8	227.5	229.4	238.8	251.0

Expenditure trends

Expenditure increased marginally from R206.8 million in 2006/07 to R227.5 million in 2009/10, at an average annual rate of 3.2 per cent. Over the medium term, expenditure is expected to grow marginally at an average annual rate of 3.3 per cent, to reach R251 million in 2012/13. Expenditure in this programme is

driven by the manning and operational costs of the research vessels. The expenditure focus over the MTEF period continues to be marine ecosystem and biodiversity research.

Programme 4: Climate Change

- *Research and Policy Analysis* facilitates and coordinates an effective and efficient research programme and policy analysis on climate change.
- *Antarctica and Island* manages the South African National Antarctic programme and the three bases located in Antarctica, and Marion and Gough islands.

Objectives and measures

- Establish a coherent approach to climate change by:
 - developing a climate change response policy and ensuring 100 per cent implementation of the policy by 2012/13
 - coordinating various sectors to take informed actions to mitigate and adapt to climate change through establishing effective intergovernmental and other coordination and cooperation structures by 2012/13.
- Establish a basis for a low carbon growth development path by assessing and informing the mitigation interventions and actions of key sectors by 2012/13.
- Provide for South Africa's research needs and Antarctica and Marion and Gough islands by providing 3 sea voyages per year to the research teams.
- Enhance South Africa's ability to predict ocean based natural phenomena and coastal impacts by developing a sea level rise monitoring system by 2012/13.
- Maintain high quality research output from Antarctica and Marion and Gough islands by replacing the SA Agulhas, the polar research and supply vessel, by 2012/13.

Service delivery focus

Over the MTEF period, the department will establish a national framework response on climate change mitigation and adaptation while maintaining its reputation as a global player. The 2009 national climate change summit formally launched the national climate change response policy development process and the department is in the process of finalising the proposed policy with a view to publishing it in 2010/11.

Expenditure estimates

Table 29.7 Climate Change

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Research and Policy Analysis	–	–	–	2.0	9.1	21.5	22.5
Antarctica and Island	71.8	84.5	87.6	220.1	564.8	601.5	631.6
Total	71.8	84.5	87.6	222.1	573.9	623.0	654.2
Change to 2009 Budget estimate				(41.7)	(41.0)	(42.7)	(44.4)
Economic classification							
Current payments	71.6	83.8	86.0	85.1	103.5	120.0	126.8
Compensation of employees	13.2	10.6	7.4	0.9	21.3	23.3	24.5
Goods and services	58.5	73.2	78.5	84.2	82.2	96.7	102.3
<i>of which:</i>							
<i>Consultants and professional services: Business and advisory services</i>	48.2	54.7	35.8	59.9	77.9	82.1	86.7
<i>Inventory: Fuel, oil and gas</i>	5.5	5.3	7.7	7.1	–	–	–
<i>Lease payments</i>	0.0	4.2	0.1	0.1	0.1	0.3	0.3
<i>Travel and subsistence</i>	1.1	1.2	1.3	1.5	2.2	11.8	12.7

Table 29.7 Climate Change (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Economic classification							
Transfers and subsidies	–	0.4	0.2	–	–	–	–
Provinces and municipalities	–	0.4	0.2	–	–	–	–
Payments for capital assets	0.1	0.3	1.4	137.0	470.3	503.0	527.4
Machinery and equipment	0.1	0.3	1.4	137.0	470.3	503.0	527.4
Total	71.8	84.5	87.6	222.1	573.9	623.0	654.2

Expenditure trends

The expenditure focus over the MTEF period is to support research and the development of policies to monitor the effects of climate change on the environment. The allocations over the MTEF period include funding for the replacement of the SA Agulhas. The new vessel will continue being the base for polar research in Antarctica, and the Marion and Gough Islands.

Expenditure increased from R71.8 million in 2006/07 to R222.1 million in 2009/10, at an average annual rate of 45.7 per cent. This growth is mainly reflected in the *Antarctica and Islands Research* subprogramme and provides for the replacement of the polar research and supply vessel (R131.4 million in 2009/10, R467.3 million in 2010/11, R501.5 million in 2011/12 and R526.6 million in 2012/13). The growth in expenditure to reach R654.2 million over the MTEF period, at an average annual rate of 43.4 per cent, is due to payments for the replacement vessel as well as to increase capacity to formulate South Africa's national climate change response strategy.

Programme 5: Biodiversity and Conservation

- *Biodiversity and Conservation Management* provides for the administration of the overall programme activities.
- *Biodiversity Management* promotes conservation and the sustainable use of biological resources. It mitigates threats to biodiversity while ensuring the equitable and sustainable use of natural resources. Key activities include developing and implementing policies and regulatory tools related to conserving ecosystems, species and landscape restoration. Funding will be utilised to increase personnel capacity and to obtain resources for carrying out capacity building, compliance and enforcement activities.
- *Transfrontier Conservation and Protected Areas* is responsible for prioritising, planning and facilitating the expansion of the protected area network. Key activities include prioritising under represented biomes, promoting the participation and beneficiation of indigenous and local communities in protected areas, developing cross border conservation areas in the Southern African Development Community (SADC) region, coordinating the national implementation of the world heritage convention, and developing policies and regulatory tools for protected areas. The subprogramme also aims to promote investment in infrastructure development for the transfrontier conservation parks. Funding will be used for personnel, strengthening and implementing existing policies, legislation, strategies, action plans, and protected areas performance management tools and rationalisation.
- *iSimangaliso Wetland Park Authority* transfers funds to the iSimangaliso Wetland Park Authority.
- *South African National Parks* transfers funds to South African National Parks.
- *South African National Biodiversity Institute* transfers funds to the South African National Biodiversity Institute.

Funding for the last three subprogrammes is distributed on the basis of approved business plans and service level agreements between the department and these entities.

Objectives and measures

- Promote equitable access and shared benefits by assessing 80 per cent of bio-prospecting agreement applications received annually until 2014.

- Improve management effectiveness and increase economies of scale by developing a model for rationalising the management of protected areas and world heritage sites and ensuring its implementation by 2013.
- Expand the conservation estate by coordinating the implementation of the national strategy for the expansion of protected areas to have 8 per cent of land as part of the conservation estate by 2013.

Service delivery focus

In 2009/10, 35 applications on bio-prospecting, access and benefit sharing were reviewed by a panel of experts, the conventions on international trade in endangered species regulations were finalised, a list of threatened terrestrial ecosystems was published for public comments, the biodiversity stewardship guidelines were developed, and the Vhembe biosphere reserve was inscribed onto the United Nations Educational, Scientific and Cultural Organisation network. As part of the transfrontier conservation areas development strategy, 51 investment projects were identified, of which 3 secured R100 million from investors.

In 2008/09, there were 286 protected areas covering 5.9 per cent of the country's land surface. The national protected areas expansion strategy was completed in 2008/09 with the aim to ensure that conservation estate ecosystems are truly representative of the country's biodiversity landscape. 34 and 43 permit applications were assessed in 2008/09 and 2009/10 respectively. Regulations for the proper management of nature reserves and the Knysna lake areas were developed in 2008/09.

Expenditure estimates

Table 29.8 Biodiversity and Conservation

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Biodiversity and Conservation Management	2.2	3.2	3.1	4.6	5.2	5.5	5.8
Biodiversity Management	11.9	18.5	16.5	17.7	20.9	21.9	22.9
Transfrontier Conservation and Protected Areas	16.2	17.8	29.9	31.6	36.2	44.7	46.9
iSimangaliso Wetland Park Authority	12.4	18.2	18.7	20.7	21.4	22.3	23.2
South African National Parks	155.5	195.1	205.9	189.2	174.7	167.7	183.2
South African National Biodiversity Institute	85.0	110.7	128.8	140.9	141.2	147.9	153.3
Total	283.1	363.4	403.0	404.7	399.6	410.0	435.3
Change to 2009 Budget estimate				(8.6)	-	-	-
Economic classification							
Current payments	28.0	37.7	43.6	53.0	62.1	71.7	75.3
Compensation of employees	15.4	19.1	18.7	23.9	25.3	26.6	27.9
Goods and services	12.6	18.6	24.9	29.0	36.7	45.1	47.4
<i>of which:</i>							
<i>Consultants and professional services:</i>							
<i>Business and advisory services</i>	2.4	5.5	9.4	13.4	18.0	22.7	24.7
<i>Lease payments</i>	0.3	0.4	0.4	0.5	0.6	0.7	0.7
<i>Travel and subsistence</i>	4.6	5.3	7.3	8.5	10.3	12.3	12.5
Transfers and subsidies	254.9	325.1	359.1	351.6	337.3	338.0	359.7
Departmental agencies and accounts	252.9	323.9	353.4	350.8	337.3	338.0	359.7
Universities and technikons	-	0.3	-	-	-	-	-
Non-profit institutions	1.8	0.2	5.2	0.8	-	-	-
Households	0.2	0.7	0.4	-	-	-	-
Payments for capital assets	0.2	0.6	0.3	0.1	0.2	0.2	0.3
Machinery and equipment	0.2	0.6	0.3	0.1	0.2	0.2	0.3
Total	283.1	363.4	403.0	404.7	399.6	410.0	435.3

Table 29.8 Biodiversity and Conservation (continue)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	237.6	260.8	284.1	275.7	303.1	318.9	332.4
South African National Biodiversity Institute	85.0	110.7	128.8	140.9	141.2	147.9	153.3
South African National Parks	140.2	132.0	136.6	114.1	140.5	148.7	155.8
iSimangaliso Wetland Park Authority	12.4	18.2	18.7	20.7	21.4	22.3	23.2
Capital	15.3	63.1	69.3	75.1	34.3	19.1	27.4
South African National Parks	15.3	63.1	69.3	75.1	34.3	19.1	27.4
Non-profit institutions							
Current	-	0.2	4.9	0.5	-	-	-
Botanical Society	-	0.2	0.4	0.5	-	-	-
Wildlife and Environmental Society of South Africa	-	-	4.5	-	-	-	-

Expenditure trends

The spending focus over the MTEF period will be on promoting the conservation and sustainable use of natural resources to contribute to economic growth and poverty alleviation.

Expenditure increased at an average annual rate of 12.6 per cent, from R283.1 million in 2006/07 to R404.7 million in 2009/10 due to the establishment of the transfrontier conservation areas. This resulted in increased expenditure on consultants and professional services, and travel and subsistence. Over the MTEF period, expenditure is expected to increase marginally at an average annual rate of 2.5 per cent to reach R435.3 million in 2012/13.

Public entity

South African National Parks

Strategic overview: 2006/07 – 2012/13

South African National Parks was established in terms of the National Environmental Management: Protected Areas Act (2003). The organisation's mandate is to conserve, protect, control and manage national parks and other defined protected areas and their biological diversity. It is the leading conservation agency in Africa and a significant role player in the local, regional and global conservation and tourism (ecotourism) industries.

South African National Parks is committed to contributing to economic growth and transformation by creating decent jobs and sustainable and quality livelihoods. Through the entity's infrastructure development programme and expanded public works programme, the organisation ensures that national parks are important components of economic stimulus through enterprise and social development, such as job creation.

In support of government's objective to ensure that 8 per cent of its terrestrial areas and 20 per cent of its coastline are under protection by 2010, South African National Parks continues to establish and expand the protected areas in under-conserved biomes. As an agent in the management of transfrontier conservation areas, the organisation significantly contributes to developing conservation management expertise and cooperation in the SADC region.

South African National Parks has adopted and implemented several sector skills programmes (including learnerships and internships) to enhance cost effective human capital development, addressing the objectives of the national skills development strategy.

In planning new facilities, the organisation has incorporated the need for meeting green building standards, responding to government's objective of addressing climate change challenges.

Savings and cost effective service delivery measures

South African National Parks has committed itself to interventions that will ensure the organisation's financial sustainability without job losses. Unapproved occupied positions will be phased out and no new positions will be created. Fixed term contracts will not be renewed. A freeze was put on salary adjustments and overtime has been restricted. Operating expenses have also been addressed and the use of consultants limited. Advertisements for job vacancies and tenders will be rationalised. Foreign travel has been limited, and teleconferencing and other methods are being used for meetings. A procurement programme has been implemented to renegotiate better rates with key service providers and suppliers.

Over the MTEF period, savings of R80 million should be realised through cost containment measures, reducing wastage and ineffective spending. Savings have been identified in all areas: human resources, as no new positions were approved and salary adjustments and overtime work were restricted to the utmost necessity; maintenance, as no large projects were undertaken and only regular maintenance activities were continued to maintain the high standards of service delivery; and operating costs were prudently managed in spite of the large increases in municipal fees.

Selected performance indicators

Table 29.9 South African National Parks

Indicator	Programme /Activity	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Number of black visitors to national parks per year	Public relations	255 829	310 488	345 559	329 287	362 840	380 980	400 030
Revenue raised from commercial activities per year	Strategic plan for Commercialisation	R458m	R494m	R664m	R503m	R550.3m	R577.8m	R606.7m
Hectares of land brought into the national parks system per year	Parks consolidation and expansion	24 000	13 462	13 700	1 520	35 000	-	-
Number of learners that go through the environmental education programme per year	Environmental education	100 000	139 424	157 419	111 895	130 000	140 000	150 000

Service delivery focus

In 2008/09, both income and expenditure budget variances were contained in the targeted 10 per cent range, with income at 1 per cent below and expenditure 4.7 per cent over budget. The income to cost ratio was 80.7 per cent against the targeted 80 per cent. Cumulative gross operating revenue improved by 9.4 per cent, 2 per cent less than the targeted 11 per cent.

The tourism occupancy level and activities numbers improved by an average of 2.8 per cent and 1.9 per cent in 2008/09. In the same year, there were 4 374 739 visitors to national parks, with the number of domestic black visitors increasing by 11.3 per cent from 310 488 in 2007/08 to 345 559, exceeding the targeted 10 per cent by 1.3 per cent. In general, there was a 9.5 per cent drop in 2009/10 in the number of international visitors while domestic visitors increased marginally by 0.1 per cent.

In 2008/09, 13 700ha of land were acquired through the parks and land expansion and consolidation programme, exceeding the targeted 12 800 hectares. This was achieved through a commitment of about R67.4 million. Through this programme, the process of incorporating the QwaQwa Nature Reserve into the Golden Gate Highlands National Park is under way and other properties that have been incorporated include the De Beers property in the Namaqua, and 3 of the costal national parks into the Garden Route National Park. This process is set to conclude in 2010/11

In 2008/09, the organisation implemented the threatened and protected species regulations, prepared various park management plans, and prepared elephant management plans in accordance with the norms and standards for managing elephants in South Africa.

In 2008/09, 157 419 learners for various learning institutions including schools went through the entity's environmental education programme, exceeding the targeted 110 000 learners. Through its skills development programme, 750 of the organisation's employees studied through the adult basic education and training programme and 136 unemployed learners were accommodated for learnerships training.

The entity's biggest challenge was the increase in black and white rhino poaching in the Kruger National Park, with a combined loss of 36 rhinos. The entity's investigation efforts have managed to arrest

25 individuals and confiscate 11 firearms and further safety and security plans are being put in place to enhance the safety of both visitors and assets.

Expenditure estimates

Table 29.10 South African National Parks: Programme information

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Conservation	361.5	346.7	372.2	408.3	449.3	481.4	514.4
Tourism	392.5	389.8	403.0	462.2	516.7	563.4	615.1
Retail	140.2	100.7	120.0	135.0	137.5	147.2	157.5
Concessions	45.5	54.0	63.2	61.1	66.6	71.2	76.2
Total expense	939.6	891.2	958.4	1 066.6	1 170.1	1 263.2	1 363.2

Table 29.11 South African National Parks: Financial information

Statement of financial performance	Audited outcome			Revised estimate	Medium-term estimate		
R million	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Revenue							
Non-tax revenue	670.2	663.1	755.2	810.3	919.5	1 016.6	1 096.6
Sale of goods and services other than capital assets	656.1	642.4	725.7	722.9	806.9	879.4	956.2
<i>of which:</i>							
<i>Tourism revenue</i>	625.4	632.1	703.6	696.2	780.4	847.1	920.6
<i>Other sales</i>	30.8	10.3	22.1	26.7	26.5	32.3	35.6
<i>Other non-tax revenue</i>	14.0	20.7	29.5	87.4	112.6	137.2	140.4
Transfers received	298.5	278.2	256.8	256.3	250.6	246.6	266.6
Total revenue	968.7	941.3	1 012.0	1 066.6	1 170.1	1 263.2	1 363.2
Expenses							
Current expense	939.6	891.2	958.4	1 066.6	1 170.1	1 263.2	1 363.2
Compensation of employees	356.2	328.6	386.8	512.3	558.4	603.1	651.3
Goods and services	542.8	514.6	518.5	512.6	568.0	613.9	662.8
Depreciation	30.8	34.2	38.6	37.3	39.9	42.6	45.5
Interest, dividends and rent on land	9.7	13.7	14.5	4.3	3.8	3.7	3.5
Total expenses	939.6	891.2	958.4	1 066.6	1 170.1	1 263.2	1 363.2
Surplus / (Deficit)	29.1	50.0	53.6	-	-	-	-
Statement of financial position							
Carrying value of assets	775.6	826.7	1 051.2	1 046.5	1 042.7	1 039.5	1 036.5
<i>of which: Acquisition of assets</i>	18.2	51.4	47.9	40.0	43.9	47.7	51.5
Investments	0.9	24.1	147.8	147.8	232.9	232.9	232.9
Inventory	18.5	16.5	16.2	18.7	18.1	19.6	21.1
Receivables and prepayments	25.4	27.1	25.3	25.9	15.4	25.0	25.0
Cash and cash equivalents	172.6	257.2	283.8	306.5	119.4	200.0	200.0
Assets not classified elsewhere	210.5	381.7	323.9	438.6	398.7	365.2	401.6
Total assets	1 203.5	1 533.3	1 848.3	1 984.1	1 827.2	1 882.1	1 917.2
Accumulated surplus/deficit	387.5	448.0	478.8	478.8	478.8	478.8	478.8
Borrowings	44.2	40.0	33.3	36.5	36.5	36.5	36.5
Post-retirement benefits	143.3	146.1	163.0	199.8	195.3	202.0	215.2
Trade and other payables	97.2	162.3	154.3	390.8	317.8	344.1	342.4
Liabilities not classified elsewhere	531.2	736.8	1 018.9	878.1	798.7	820.6	844.2
Total equity and liabilities	1 203.5	1 533.3	1 848.3	1 984.1	1 827.2	1 882.1	1 917.2

Expenditure trends

Between 2006/07 and 2009/10, spending grew from R939.6 million to R1.1 billion, at an average annual rate of 4.3 per cent. It is expected to increase to R1.4 billion in 2012/12 at an average annual rate of 5.3 per cent.

Programme 6: Sector Services, Environmental Awareness and International Relations

- *Social Responsibility, Policy and Projects* is responsible for identifying and implementing projects under the expanded public works programme by using labour intensive methods targeting the unemployed, youth, women, the disabled and SMMEs. The projects can be categorised under four focus areas: working on waste; sustainable land based livelihoods; people and parks; and working for the coast. The subprogramme also implements the youth service programme under the auspices of the national youth service programme that promotes social cohesion to build social capital and improve youth employability. Funding is allocated on the basis of approved business plans for the poverty relief projects.
- *International Cooperation* provides international negotiations and relations support to promote South Africa's global sustainable development agenda and mobilisation of bilateral and multilateral financial and ethnical resources in support of national, sub-regional (SADC) and regional (NEPAD) environment projects. Funding will be used for personnel and support for negotiations.
- *Environmental Awareness* promotes action learning and raises awareness on environmental and sustainable development issues, facilitates environmental cooperative governance across all spheres of government, and provides geographically referenced environmental information for decision making. Funding is based on salaries, and other personnel related costs.
- *Infrastructure Investment* provides for infrastructure investment allocations and project management across the department's programmes and its five public entities. Funding is allocated on the basis of approved business plans for the infrastructure projects.

Objectives and measures

- Promote the empowerment of designated communities by creating 758 permanent jobs and 50 625 temporary job opportunities through implementing expanded public works programme projects over the medium term.
- Promote South Africa's global sustainable development agenda by mobilising multilateral and bilateral funding for implementing environmental programmes in South Africa and the SADC from US\$35 million to US\$50 million in 2012/13.
- Maintain South Africa's leadership role in global environmental affairs by developing environmental indicators by 2010/11.

Service delivery focus

In 2008/09, 14 610 temporary work opportunities and 433 permanent jobs were created through implementing the social responsibility programme linked to the environment and culture cluster of the expanded public works programme. 172 914 accredited training days and 89 196 non-accredited training days were provided and 550 SMMEs were used to implement the programme. About US\$35 million was raised for implementing environment projects, most of which are in the NEPAD environmental programme. In 2009/10 8 294 work opportunities have been created.

In 2008/09, the department received a clean performance audit due to its robust performance management system that allows for proper verification of evidence against reported achievements. The department has enhanced this system by introducing the balanced scorecard tool for strategy implementation. All municipal integrated development plans were reviewed during the analysis period in 2008/09 compared to 80 per cent over the same period in 2007/08. This was due to collaboration with provinces on the initiative, and the department will continue with this in 2009/10.

Expenditure estimates

Table 29.12 Sector Services, Environmental Awareness and International Relations

Subprogramme	Audited outcome			Adjusted	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	appropriation	2010/11	2011/12	2012/13
R million							
Social Responsibility, Policy and Projects	201.4	326.8	377.2	465.8	605.8	688.9	757.5
International Cooperation	25.9	28.6	42.6	43.4	63.7	67.8	72.9
Environmental Awareness	13.5	13.8	17.6	17.4	23.0	22.5	28.6
Infrastructure Investment	49.7	266.4	307.6	403.1	136.2	127.2	122.4
Total	290.5	635.6	745.0	929.7	828.6	906.5	981.4
Change to 2009 Budget estimate				125.4	69.4	88.3	126.8
Economic classification							
Current payments	42.2	63.6	90.1	165.1	117.3	124.1	137.6
Compensation of employees	22.8	28.5	31.0	46.3	56.0	58.5	61.5
Goods and services	19.4	35.1	59.1	118.8	61.3	65.6	76.1
<i>of which:</i>							
<i>Consultants and professional services:</i>	6.1	6.5	27.2	4.5	5.0	4.8	5.0
<i>Business and advisory services</i>							
<i>Lease payments</i>	0.8	1.6	1.1	3.4	3.4	3.4	3.4
<i>Travel and subsistence</i>	8.7	5.9	8.8	9.2	6.0	5.4	5.6
Transfers and subsidies	247.1	569.0	654.5	764.3	711.0	782.0	843.4
Provinces and municipalities	0.0	–	–	–	–	–	–
Departmental agencies and accounts	50.2	267.9	309.1	284.5	137.7	128.7	123.9
Universities and technikons	–	–	–	0.8	–	–	–
Foreign governments and international organisations	4.4	–	9.0	9.0	9.0	9.0	9.0
Households	192.4	301.1	336.4	469.9	564.4	644.3	710.6
Payments for capital assets	1.3	2.8	0.4	0.3	0.3	0.4	0.4
Machinery and equipment	1.3	2.8	0.4	0.3	0.3	0.4	0.4
Payments for financial assets	0.0	0.1	–	–	–	–	–
Total	290.5	635.6	745.0	929.7	828.6	906.5	981.4
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	0.5	1.5	1.5	1.5	1.5	1.5	1.5
Council for Scientific and Industrial Research	0.5	1.5	1.5	1.5	1.5	1.5	1.5
Capital	49.7	266.4	307.6	283.0	136.2	127.2	122.4
South African National Biodiversity Institute	10.0	12.5	10.0	12.0	13.0	15.0	15.3
South African National Parks	35.5	172.9	232.6	185.8	–	60.0	63.0
South African Weather Service	–	60.0	35.0	55.2	100.2	10.2	–
iSimangaliso Wetland Park Authority	4.2	21.0	30.0	30.0	23.0	42.0	44.1
Universities and technikons							
Current	–	–	–	0.8	–	–	–
University of Cape Town	–	–	–	0.8	–	–	–
Foreign governments and international organisations							
Current	4.4	–	9.0	9.0	9.0	9.0	9.0
Global Environmental Fund (GEF)	4.4	–	9.0	9.0	9.0	9.0	9.0
Households							
Other transfers to households							
Current	191.9	301.1	336.4	469.9	564.4	644.3	710.6
Expanded Public Works Programme	191.9	301.1	336.4	469.9	499.0	556.0	583.8
Expanded Public Works Programme - Incentive	–	–	–	–	65.4	88.3	126.8

Expenditure trends

The spending focus over the MTEF period is on creating the conditions for effective corporate and cooperative governance, international cooperation, and the implementation of expanded public works projects in the environment sector.

Between 2006/07 and 2009/10, expenditure grew at an average annual rate of 53 per cent, from R290.5 million in 2006/07 to R1 040.4 million in 2009/10. The rapid increase was due to the increases in allocations for poverty relief projects and infrastructure spending for public entities. Over the MTEF period, expenditure is expected to decrease at an average annual rate of 1.9 per cent, to reach R981.4 million in 2012/13, due to infrastructure spending decreasing to R122.4 million in 2012/13.

Additional tables

Table 29.A Summary of expenditure trends and estimates per programme and economic classification

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R million	2008/09		2008/09	2009/10			2009/10
1. Administration	133.8	144.6	154.9	160.9	3.9	164.8	164.8
2. Environmental Quality and Protection	242.8	262.5	253.5	293.9	1.6	295.6	295.6
3. Oceans and Coastal Management	216.0	233.5	238.8	217.5	10.0	227.5	227.5
4. Climate Change	81.0	87.6	87.6	225.6	(3.5)	222.1	222.1
5. Biodiversity and Conservation	370.3	400.2	403.0	418.1	(13.4)	404.7	404.7
6. Sector Services, Environmental Awareness and International Relations	697.9	758.4	745.0	945.0	(15.4)	929.7	929.7
Total	1 741.9	1 886.7	1 882.7	2 261.0	(16.7)	2 244.2	2 244.2
Economic classification							
Current payments	429.7	465.6	717.8	720.5	99.2	819.7	819.7
Compensation of employees	180.2	198.8	212.3	237.8	22.5	260.3	260.3
Goods and services	249.5	266.8	505.4	482.7	76.7	559.4	559.4
Transfers and subsidies	1 298.2	1 407.4	1 160.2	1 382.0	(97.2)	1 284.8	1 284.8
Provinces and municipalities	–	–	0.2	–	–	–	–
Departmental agencies and accounts	964.3	983.6	787.4	782.6	(13.9)	768.7	768.7
Universities and technikons	–	–	–	–	0.8	0.8	0.8
Foreign governments and international organisations	14.0	9.0	9.0	9.0	–	9.0	9.0
Non-profit institutions	17.0	21.9	26.5	31.9	4.5	36.4	36.4
Households	302.9	392.9	337.0	558.6	(88.6)	469.9	469.9
Payments for capital assets	14.0	13.7	4.8	158.5	(18.8)	139.7	139.7
Machinery and equipment	13.7	13.4	4.2	158.2	(18.8)	139.4	139.4
Software and other intangible assets	0.3	0.3	0.6	0.3	–	0.3	0.3
Total	1 741.9	1 886.7	1 882.7	2 261.0	(16.7)	2 244.2	2 244.2

Table 29.B Summary of personnel numbers and compensation of employees

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Permanent and full time contract employees							
Compensation (R million)	156.5	196.1	212.2	260.1	324.7	351.4	368.7
Unit cost (R million)	0.2	0.2	0.2	0.2	0.3	0.3	0.3
<i>Administration</i>	0.2	0.2	0.3	0.3	0.4	0.4	0.5
<i>Environmental Quality and Protection</i>	0.1	0.2	0.3	0.3	0.3	0.4	0.4
<i>Oceans and Coastal Management</i>	0.1	0.1	0.1	0.1	0.1	0.1	0.1
<i>Climate Change</i>	–	–	–	0.5	7.1	3.3	2.7
<i>Biodiversity and Conservation</i>	0.2	0.3	0.2	0.3	0.3	0.3	0.3
<i>Sector Services, Environmental Awareness and International Relations</i>	0.2	0.2	0.2	0.3	0.4	0.4	0.4
Personnel numbers (head count)	1 038	1 220	1 093	1 194	1 093	1 093	1 093
Total for department							
Compensation (R million)	156.7	196.3	212.3	260.3	324.9	351.5	368.9
Unit cost (R million)	0.1	0.2	0.2	0.2	0.3	0.3	0.3
Personnel numbers (head count)	1 114	1 296	1 169	1 270	1 169	1 169	1 169

Table 29.C Detail of approved establishment and personnel numbers according to salary level ¹

Department	Personnel post status as at 30 September 2009			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid year ² 2009/10	Medium-term estimate		
				2006/07	2007/08	2008/09		2010/11	2011/12	2012/13
Department	1 583	1 555	57	1 432	1 432	1 441	1 464	1 491	1 512	1 529
Salary level 1 – 6	379	371	35	349	349	347	351	357	362	366
Salary level 7 – 10	901	885	11	825	821	827	839	853	862	868
Salary level 11 – 12	202	200	5	173	175	179	183	187	191	197
Salary level 13 – 16	101	99	6	85	87	88	91	94	97	98
Administration	242	237	16	222	220	221	225	233	233	233
Salary level 1 – 6	94	92	8	88	89	89	89	92	92	92
Salary level 7 – 10	106	103	3	97	93	94	97	99	99	99
Salary level 11 – 12	24	24	2	20	20	21	22	24	24	24
Salary level 13 – 16	18	18	3	17	18	17	17	18	18	18
Environmental Quality and Protection	221	209	2	191	194	192	197	201	203	205
Salary level 1 – 6	16	16	–	16	16	15	15	16	16	16
Salary level 7 – 10	139	129	2	117	119	119	121	123	124	125
Salary level 11 – 12	43	41	–	37	38	38	39	39	40	41
Salary level 13 – 16	23	23	–	21	21	20	22	23	23	23
Oceans and Coastal Management	868	859	31	812	811	816	821	828	835	843
Salary level 1 – 6	244	238	27	226	225	224	226	228	230	233
Salary level 7 – 10	513	510	4	489	488	492	494	498	501	503
Salary level 11 – 12	79	79	–	70	70	71	72	73	74	76
Salary level 13 – 16	32	32	–	27	28	29	29	29	30	31
Climate Change	9	9	–	–	–	–	2	3	7	9
Salary level 1 – 6	2	2	–	–	–	–	1	1	2	2
Salary level 7 – 10	4	4	–	–	–	–	–	1	3	4
Salary level 11 – 12	1	1	–	–	–	–	–	–	–	1
Salary level 13 – 16	2	2	–	–	–	–	1	1	2	2
Biodiversity and Conservation	92	90	8	70	72	75	77	80	85	88
Salary level 1 – 6	11	11	–	9	9	10	10	10	11	11
Salary level 7 – 10	52	52	2	41	42	42	43	46	48	50
Salary level 11 – 12	16	16	3	11	12	13	14	14	15	16
Salary level 13 – 16	13	11	3	9	9	10	10	10	11	11
Sector Services, Environmental Awareness and International Relations	151	151	–	137	135	137	142	146	149	151
Salary level 1 – 6	12	12	–	10	10	9	10	10	11	12
Salary level 7 – 10	87	87	–	81	79	80	84	86	87	87
Salary level 11 – 12	39	39	–	35	35	36	36	37	38	39
Salary level 13 – 16	13	13	–	11	11	12	12	13	13	13

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

2. As at 30 September 2009.

Table 29.D Summary of expenditure on training

	Audited outcome			Adjusted appropriation 2009/10	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09		2010/11	2011/12	2012/13
Compensation of employees (R million)	156.7	196.3	212.3	260.3	324.9	351.5	368.9
Training expenditure (R million)	2.3	2.1	2.2	2.3	2.5	2.7	2.9
Training as percentage of compensation	1.5%	1.1%	1.0%	0.9%	0.8%	0.8%	0.8%
Total number trained in department (head count)	92	96	98	–			
<i>of which:</i>							
Employees receiving bursaries (head count)	19	19	19	–			
Learnerships trained (head count)	13	13	13	–			
Internships trained (head count)	56	60	62	–			
Households receiving bursaries (R million)	0.8	0.8	0.9	1.0	1.1	1.1	1.1
Households receiving bursaries (head count)	26	30	30	–			

Table 29.E Summary of departmental public private partnership (PPP) projects

Project description: Department of Environmental Affairs and Tourism head office campus	Project annual unitary fee at time of contract	Budgeted expenditure	Medium-term expenditure estimate		
			2009/10	2010/11	2011/12
R million					
Projects signed in terms of Treasury Regulation 16	4.0	25.0	–	115.0	115.0
PPP unitary charge	–	–	–	115.0	115.0
Advisory fees	4.0	25.0	–	–	–
Total	4.0	25.0	–	115.0	115.0

1. Only projects that have received Treasury Approval: 1.

Disclosure notes for projects signed in terms of Treasury Regulation 16

Project name	New Head Office Building
Brief description	Procurement of a suitable new head office building
Date PPP agreement was signed	Agreement not signed yet
Duration of PPP agreement	25 years after construction and occupation

Table 29.F Summary of expenditure on infrastructure

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2006/07	2007/08	2008/09		2010/11	2011/12	2012/13
Departmental infrastructure										
R million										
Replacement of SA Agulhas	Research vessel for mission in Antarctica, Mariona Island and Gough Island	Construction	1 629.6	-	-	-	134.2	467.3	501.5	526.6
Upgrading of South African National Parks	Accommodation facilities in parks	Various	500.0	41.0	51.1	69.3	75.1	34.3	19.1	27.4
Tourism facilities at South African National Parks	Accommodation facilities in parks upgraded	Various	882.8	29.0	157.9	232.6	185.8	-	60.0	63.0
Upgrading of weather stations	Weather Station facilities	Various	260.6	-	60.0	35.0	55.2	100.2	10.2	-
Marion Island base building project	Marion Island base replaced	Various	350.0	-	35.0	-	-	-	-	-
Replacement of research vessel	Improved environmental research	Handed over	150.0	51.9	20.0	-	-	-	-	-
Lubombo project	Environmental Development	Handed over	56.5	6.5	20.0	30.0	-	-	-	-
Pondoland	Environmental Development	Handed over	11.7	3.7	3.9	4.1	-	-	-	-
Langebaan coastal erosion	Langebaan coastal erosion	Handed over	68.0	15.0	-	-	-	-	-	-
Blyde National Park	Environmental Development	Handed over	11.6	1.4	4.7	4.5	-	-	-	-
Upgrading of iSimangaliso wetland park authority	Upgrading facilities offices	Various	55.2	4.2	21.0	30.0	30.0	23.0	42.0	44.1
South African National Parks	South African National Parks	Construction	200.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0
South African National Biodiversity Institute	South African National Biodiversity Institute	Various	150.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
Langebaan rehabilitation	Rehabilitation of Langebaan	Handed over	85.0	15.0	-	-	-	-	-	-
Upgrading and rehabilitation at the South African National Biodiversity Institute	Upgraded Institute facilities	Various	90.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
Total			4 501.0	199.8	405.7	437.4	512.3	656.7	664.8	693.0

Vote 30

Human Settlements

Budget summary

R million	2010/11				2011/12	2012/13
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	176.2	173.0	–	3.2	182.4	190.9
Housing Policy, Research and Monitoring	45.9	45.5	–	0.5	48.2	50.8
Housing Planning and Delivery Support	206.8	148.8	4.0	54.0	173.4	183.3
Housing Development Finance	15 598.1	59.6	15 437.8	100.8	17 898.9	18 991.6
Strategic Relations and Governance	174.4	172.7	1.0	0.8	180.1	187.2
Total expenditure estimates	16 201.5	599.5	15 442.8	159.3	18 483.0	19 603.8
Executive authority	Minister of Human Settlements					
Accounting officer	Director-General of Human Settlements					
Website address	www.housing.gov.za					

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

Aim

The aim of the Department of Human Settlements is to determine, finance, promote, coordinate, communicate and monitor the implementation of housing and sanitation policies and programmes.

Programme purposes

Programme 1: Administration

Purpose: Strategic leadership and administrative and management support services to the department.

Programme 2: Housing Policy, Research and Monitoring

Purpose: Develop and promote human settlement and housing policies supported by a responsive research agenda. Monitor and assess the implementation, performance and impact of national housing policies and programmes.

Programme 3: Housing Planning and Delivery Support

Purpose: Support implementation and delivery, build capacity, and liaise and communicate with stakeholders for effective housing and human settlement programmes. Coordinate and monitor the implementation of priority projects and the sanitation programme.

Programme 4: Housing Development Finance

Purpose: Fund housing and human settlement development programmes. Provide financial and grant management services. Promote investment in housing finance. Mobilise and promote financial probity within housing institutions. Manage all matters provided for by the Home Loan and Mortgage Disclosure Act (2000).

Programme 5: Strategic Relations and Governance

Purpose: Coordinate the department's mandate within the intergovernmental relations framework. Manage international relations and promote good governance practices within the department and its public entities. Provide timely and integrated business information to the department.

Strategic overview: 2006/07 – 2012/13

The development of integrated and sustainable human settlements is the strategic anchor of the Department of Human Settlements in support of government's constitutional obligation to provide access to adequate housing. In addition to improving spatial integration and social cohesion, housing provides low income households with a key component of a sustainable livelihood.

Strategic framework for developing sustainable human settlements

The strategic framework for developing sustainable human settlements aims to ensure responsiveness to the objectives of government's medium term strategic framework to expand social and economic infrastructure and build cohesive, caring and sustainable communities. The five year framework (2009–2014) was developed in July 2009 to provide policy coordination, ensure accountability and improve planning across sector departments and the three spheres of government. After consultation, this framework will form the basis of a social contract for human settlements, which was drafted in January 2010. Significant progress has been made in ensuring the alignment of norms and standards across sectors to improve intergovernmental coordination. The department also leads the human settlements and basic services task team in support of the department's expanded mandate, and through consultation and interaction with provincial departments sets priorities and monitors performance on the delivery of human settlements.

Key policy developments

Cabinet has approved the Sectional Titles Amendment Bill and the Community Scheme Ombud Service Bill for public comment. The Sectional Titles Amendment Bill provides for the creation of the Sectional Titles Schemes Management Regulations Board and shifts the administrative provisions for sectional title scheme management from the Minister of Rural Development and Land Reform to the Minister of Human Settlements. The Community Scheme Ombud Service Bill provides for the creation of a national public entity, with the Minister of Human Settlements as its executive authority, which will provide dispute resolution services for community property development schemes.

The Housing Development Agency has been established in terms of the Housing Development Agency Act (2008) and aims to assist provinces and municipalities with land acquisition, project management and development. The agency will be fully operational in 2010/11 to regulate social housing institutions that receive funds from government for the construction of low and medium income rental housing.

A milestone in policy development was the finalisation of the new national housing code in 2009, which introduces the integrated residential development programme to provide secure, stable rental tenure for low income households. The code provides rental or tenure based subsidies for farm workers who reside on farms or who own land, as well as subsidies for military veterans. In addition, the code now provides for environmentally sustainable development.

Focus over the medium term

Guidance and support for implementing policy

Over the MTEF period, the Department of Human Settlements will emphasise providing guidance and support on policy implementation. This will include direct support to provinces and municipalities on the implementation of projects, supporting projects where there are blockages, and facilitating cooperation with the private sector. Further, the department will continue to refine the role of municipalities in the housing delivery chain as well as establish the necessary mechanisms for the rollout of accreditation, as provided for in the Housing Act (1997). By December 2009, 18 municipalities were granted level 1 accreditation, which allows

their councils to identify housing projects. Seven of these municipalities have been audited to assess their compliance with the requirements to perform housing functions in terms of the accreditation framework.

The department continues to provide assistance and monitoring support to provinces and municipalities in their planning of priority housing projects, including: Zanemvula (Eastern Cape), Khutsong (North West), Klarinet (Mpumalanga), Lerato Park (Northern Cape) N2 Gateway and Ouboks (Western Cape) and Cornubia (KwaZulu-Natal).

Housing quality audit

A preliminary housing quality audit is being conducted by the department and will focus on the persistent and chronic problems in the delivery of quality houses and in the allocation of subsidies to non-qualifying beneficiaries. The first phase of the audit has been completed and included visits to provinces to gain an understanding of their project management processes and systems, and an analysis of all the projects reflected on the housing subsidy system. The second phase of the audit starts in February 2010, and involves the analysis of documentation to identify contracts for further investigation. This phase is to be completed before December 2010. An audit task team has been established. The audit will have various implications for the rectification programme, which aims to improve pre-1994 state supported housing in line with the National Home Builders Registration Council's mandate to enrol subsidised housing to improve the quality of houses delivered.

Addressing spatial planning challenges

Having adopted a comprehensive approach to human settlements, the department will look at key challenges around spatial planning, such as urbanisation and migration patterns and the further mushrooming of informal settlements. It will also look at how best to coordinate investment between sector departments, critical public and private role players, and the three spheres of government.

Coordinated sanitation programme

The sanitation programme has been transferred to the Department of Human Settlements from the Department of Water Affairs. This shift will ensure that the provision of sanitation services countrywide is consolidated and coordinated. The sanitation programme is critical for the progressive eradication of inadequate sanitation conditions in informal settlements and rural areas, and contributes to government's rural development strategy.

Savings and cost effective service delivery

The department's allocation has been reduced by R275.3 million in 2010/11, R335.7 million in 2011/12 and by R382.6 million in 2012/13. Efficiency savings have been realised mainly on reduced transfers to the Social Housing Regulatory Authority and reductions in the department's operational expenditure. Significant savings will be realised on the operational budget by reducing expenditure on compensation of employees by R90 million and on goods and services by R233.9 million over the MTEF period. The savings are across all programmes and focus on travel and subsistence and communication costs.

The impact of these savings has been partially mitigated by changes in the way the department operates, although they are resulting in some constraints on support implementation due to the reductions in travel and subsistence budgets.

Allocations for the Social Housing Regulatory Authority are reduced by 50 per cent in 2010/11, 62 per cent in 2011/12 and 74 per cent in 2012/13 in anticipation of a further delay in establishing the regulator. Enough funding is available for the institutional requirement to set up the regulator and to provide for capacity building grants. Capital grants will be limited and will have to be supported by the institutional subsidy programme for rental housing institutions. To accommodate continuous support to the social housing sector, the allocation for the Social Housing Foundation has been retained until the regulator has been established.

To ensure an increase in the supply of rental housing to accommodate increased urban in-migration, the allocation formula of the integrated human settlement grant has been adjusted. Further changes to the allocation mechanism are being pursued to take into account capacity challenges in certain provinces and related municipalities.

Selected performance indicators

Table 30.1 Human Settlements

Indicator	Programme	Past			Current*	Projections		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Number of houses completed and in process of completion per year	Housing Development Finance	271 219	248 850	239 533	166 047*	220 000	220 000	230 000
Number of units completed in rental programme per year	Housing Planning and Delivery Support	–	–	3 000	2 000	3 000	5 000	7 000
Number of individual credit linked subsidies approved per year	Housing Development Finance	614	907	572	700	850	1 000	1 100
Number of beneficiaries approved in the People's Housing Process per year	Housing Planning and Delivery Support	37 090	32 426	11 117	12 500	13 000	13 500	14 000
Number of municipalities provided with capacity development to support accreditation per year	Strategic Relations and Governance	–	3	18	18	18	18	20

*Up to 31 December 2009

Expenditure estimates

Table 30.2 Human Settlements

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
R million								
1. Administration	72.9	102.5	128.6	167.8	167.8	176.2	182.4	190.9
2. Housing Policy, Research and Monitoring	23.3	22.0	26.2	72.2	72.2	45.9	48.2	50.8
3. Housing Planning and Delivery Support	39.3	52.4	94.6	250.9	250.9	206.8	173.4	183.3
4. Housing Development Finance	6 929.4	8 359.7	10 644.6	13 380.7	13 380.7	15 598.1	17 898.9	18 991.6
5. Strategic Relations and Governance	113.3	179.4	253.4	164.7	164.7	174.4	180.1	187.2
Total	7 178.2	8 716.1	11 147.4	14 036.2	14 036.2	16 201.5	18 483.0	19 603.8
Change to 2009 Budget estimate				447.6	447.6	64.0	72.5	1 429.2
Economic classification								
Current payments	266.3	377.7	526.5	637.2	637.8	599.5	635.3	666.2
Compensation of employees	81.4	107.3	136.9	217.4	217.4	290.2	313.4	328.9
Goods and services	184.9	270.4	389.3	419.8	420.4	309.3	321.9	337.4
<i>of which:</i>								
Advertising	20.8	46.5	100.4	33.9	33.9	32.9	35.7	37.1
Computer services	39.9	39.8	53.2	55.0	55.0	59.5	59.7	62.0
Consultants and professional services:	64.1	99.4	84.0	80.6	80.6	40.0	40.6	43.0
Business and advisory services								
Travel and subsistence	24.9	28.0	66.7	47.0	47.5	36.9	39.2	41.1
Interest and rent on land	–	–	0.3	–	–	–	–	–
Transfers and subsidies	6 907.7	8 228.3	10 409.1	12 984.9	12 984.3	15 442.8	17 493.5	18 183.1
Provinces and municipalities	6 677.9	8 149.9	10 177.9	12 592.3	12 592.3	15 160.6	17 222.4	17 938.7
Departmental agencies and accounts	229.4	77.2	227.7	386.1	386.1	277.2	266.1	239.4
Foreign governments and international organisations	0.1	0.6	0.8	1.0	1.0	1.0	1.0	1.1
Non-profit institutions	0.1	–	–	–	–	–	–	–
Households	0.2	0.7	2.6	5.5	5.0	4.0	4.0	4.0
Payments for capital assets	4.2	110.1	211.9	414.1	414.1	159.3	354.2	754.4
Buildings and other fixed structures	–	104.6	199.9	400.2	400.2	153.1	350.0	750.0
Machinery and equipment	4.0	5.3	10.4	12.0	12.0	5.8	3.8	4.0
Software and other intangible assets	0.3	0.1	1.6	1.9	1.9	0.4	0.4	0.4
Total	7 178.2	8 716.1	11 147.4	14 036.2	14 036.2	16 201.5	18 483.0	19 603.8

Expenditure trends

The Department of Human Settlement's budget is largely driven by transfer payments to provinces, which account for 94 per cent of the total budget over the MTEF period. Expenditure increased significantly from R7.2 billion in 2006/07 to R14 billion in 2009/10, at an average annual rate of 25 per cent.

Excluding the transfers, programme spending grew significantly in the period under review. Spending in the *Housing Planning and Delivery Support* programme grew from R39 million in 2006/07 to R250.9 million in 2009/10 at an average annual rate of 85.5 per cent. This was as a result of the capacitation and expansion of the department's delivery support capabilities through aligning and expanding the department's structure. Over the same period, spending in the *Housing Policy, Research and Monitoring* subprogramme increased at an average annual rate of 45.5 per cent to R72.2 million in 2009/10. This is mainly due to the impact of a change in the delivery approach and model following the adoption of the comprehensive plan for the delivery of sustainable human settlements in 2004/05.

Increases in non-transfer expenditure are mainly due to higher expenditure in goods and services and compensation of employees. Between 2006/07 and 2009/10, expenditure in compensation of employees rose significantly, at an average annual rate of 38.9 per cent. Spending in goods and services increased at an average annual rate of 31.4 per cent over the same period. The increases in goods and services spending are due to increased capacity for delivering on the comprehensive plan.

Over the medium term, expenditure is expected to increase strongly from R14 billion in 2009/10 to R19.6 billion in 2012/13, at an average annual rate of 11.8 per cent. This is driven by strong increases in the human settlement development grant, from R12.4 billion in 2009/10 to R17.9 billion in 2012/13 at an average annual rate of 11.9 per cent. Additional allocations over the medium term include R1 billion for the human settlement development grant in 2012/13 and R1.2 billion over the MTEF period for on site water and sanitation infrastructure for households in rural areas. A further allocation of R133.8 million in 2010/11 was for disaster relief in KwaZulu-Natal.

Spending in compensation of employees increased from R81.4 million in 2006/07 to R217 million in 2009/10, due to a rise in staff numbers from 314 to 427. As at September 2009, all funded positions were filled. The *Housing Planning and Delivery Support* programme accounted for 29.5 per cent of all staff.

Over the MTEF period, spending in compensation of employees is expected to increase to R328.9 million, at an average annual rate of 14.8 per cent. The strong growth is due to the expansion of capacity across the department, from 314 posts in 2006/07 to 730 funded posts in 2012/13, to facilitate increased support to both local and provincial government housing delivery and to provide for rural household infrastructure. The shift of the sanitation function from the Department of Water Affairs to the Department of Human Settlements also contributes substantially to expanding staff numbers.

Departmental receipts

The department does not provide services for which levies are charged. Departmental receipts are mainly derived from the recovery of old debts from previous financial years and commission on insurance.

Receipts increased from R1.8 million in 2006/07 to R2.3 million in 2009/10 due to recoveries by the Special Investigating Unit from government officials who were issued subsidies fraudulently. Receipts are expected to decrease from R2.3 million in 2009/10 to R567 000 in 2012/13, due to a change in the accounting policy and treatment of monies recovered by the Special Investigating Unit. In future, these will be accounted for at the provincial level, where the fraud occurred.

Table 30.3 Departmental receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
Departmental receipts	1 870	675	2 392	481	2 781	510	540	567
Sales of goods and services produced by department	111	137	74	145	145	154	163	171
Interest, dividends and rent on land	739	43	246	336	336	49	52	55
Sales of capital assets	–	213	–	–	–	–	–	–
Transactions in financial assets and liabilities	1 020	282	2 072	–	2 300	307	325	341
Total	1 870	675	2 392	481	2 781	510	540	567

Programme 1: Administration

Expenditure estimates

Table 30.4 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Minister ¹	1.1	1.1	1.6	1.4	1.8	1.9	2.0
Deputy Minister	–	–	–	1.0	1.5	1.6	1.7
Management	36.0	45.2	67.2	69.7	80.8	83.9	87.6
Corporate Services	29.1	48.2	49.7	86.1	81.5	83.9	87.9
Office Accommodation	6.7	8.0	10.2	9.6	10.5	11.2	11.8
Total	72.9	102.5	128.6	167.8	176.2	182.4	190.9
Change to 2009 Budget estimate				(30.8)	(19.6)	(23.5)	(21.6)

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

Economic classification

Current payments	69.9	99.3	121.6	162.5	173.0	180.5	188.9
Compensation of employees	29.8	43.3	46.0	64.1	81.9	88.5	92.7
Goods and services	40.1	56.0	75.5	98.4	91.1	92.1	96.3
<i>of which:</i>							
Advertising	2.3	1.9	0.9	1.9	2.2	2.2	2.3
Computer services	1.6	1.3	6.0	8.1	4.9	4.9	5.1
Consultants and professional services: Business and advisory services	4.1	14.1	9.8	15.9	20.8	21.0	22.0
Travel and subsistence	13.1	13.8	26.8	17.8	14.6	14.7	15.4
Interest and rent on land	–	–	0.1	–	–	–	–
Transfers and subsidies	0.3	0.2	0.2	0.0	–	–	–
Households	0.2	0.2	0.2	0.0	–	–	–
Payments for capital assets	2.7	3.0	6.9	5.2	3.2	1.9	2.0
Buildings and other fixed structures	–	–	–	0.2	–	–	–
Machinery and equipment	2.5	3.0	6.8	4.6	3.1	1.8	1.9
Software and other intangible assets	0.1	0.0	0.1	0.5	0.1	0.1	0.1
Total	72.9	102.5	128.6	167.8	176.2	182.4	190.9

Expenditure trends

Expenditure is expected to increase from R167.8 million in 2009/10 to R190.9 million in 2012/13, at an average annual rate of 4.4 per cent.

Spending in the *Corporate Services* subprogramme increased significantly from R29.1 million in 2006/07 to R86.1 million in 2009/10 at an average annual rate of 43.6 per cent due to an increase in expenditure in compensation of employees for fully fledged human resource services to the department. This subprogramme

includes the legal services unit that drafts various pieces of legislation. Spending is mainly in compensation of employees and goods and services.

Spending on goods and services is expected decrease over the MTEF period, from R98.4 million to R96.3 million, at an average annual rate of 0.7 per cent as a result of efficiency savings. The increase in consultants and professional services from R15.9 million in 2009/10 to R20.8 million in 2010/11 is due to an increase in funding for the Special Investigating Unit.

The devolution of funds from the Department of Public Works to individual departments for leases and accommodation charges amounts to R10.5 million, R11.2 million and R11.8 million over the medium term.

Programme 2: Housing Policy, Research and Monitoring

- *Management.*
- *Policy Development* creates human settlements and housing policies and provides policy formulation and interpretation assistance. The subprogramme also maintains the national housing code, which contains all the current human settlements and housing policies, programmes and implementation guidelines.
- *Research* initiates, undertakes and manages responsive research on integrated human settlements.
- *Monitoring and Evaluation* monitors, evaluates and assesses the implementation, performance and impact of national housing policies and programmes.

Funding in all these subprogrammes is used for salaries and other personnel related costs.

Objectives and measures

- Promote sustainable human settlements by developing and implementing housing policies and programmes that meet best practice benchmarks on an ongoing basis.
- Ensure that housing policies are effectively implemented by monitoring the number of subsidy instruments implemented by provinces and the impact of these instruments on housing beneficiaries. This is reported on annually by entities.
- Ensure that policies are responsive through continuous research, programme reviews, and evaluations, measured by the number of research reports and best practice determinations on an ongoing basis.

Service delivery focus

The 2009 national housing code, which has been updated to provide for greater flexibility and alignment with the comprehensive plan for the development of sustainable human settlements, was approved by the Minister of Housing in February 2009. The updated code supports implementation and provides guidelines on national housing programmes and policies.

To strengthen rural housing development, the department, in collaboration with the Rural Housing Loan Fund, developed an individual rural subsidy instrument for people living in communal areas with no or limited security of tenure. The instrument will enable beneficiaries to access building materials for self building, assisted by the Rural Housing Loan Fund and the network of registered non-traditional lenders operating in these communities.

Draft proposals for the revision of the finance linked individual subsidy programme were developed in 2009 in conjunction with the Banking Association of South Africa after an evaluation report was completed in November 2007. This work will be integrated with the review of the housing finance policy being undertaken currently and over the MTEF period.

The integrated residential development programme will be implemented over the medium term. The policy on military veterans has been adjusted, and provinces are now mandated to provide houses in collaboration with veterans' associations. Discussions are underway with the Ministry of Defence and Military Veterans to assess how this policy can be aligned and integrated with existing initiatives.

Over the medium term, the department will conduct a beneficiary occupancy audit on a representative sample of all houses completed between 1994 and June 2008. Final reports on findings were received from 6 of the 7 provinces targeted.

Expenditure estimates

Table 30.5 Housing Policy, Research and Monitoring

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Management	1.1	2.0	2.0	2.7	2.5	2.7	2.9
Policy Development	10.4	7.5	6.4	10.2	9.8	10.5	11.1
Research	5.6	5.8	5.6	15.0	15.9	16.5	17.4
Monitoring and Evaluation	6.2	6.8	12.1	44.3	17.7	18.5	19.4
Total	23.3	22.0	26.2	72.2	45.9	48.2	50.8
Change to 2009 Budget estimate				14.2	(9.6)	(10.8)	(9.8)
Economic classification							
Current payments	22.8	21.7	25.7	70.7	45.5	47.8	50.5
Compensation of employees	12.1	12.6	13.6	23.0	27.4	29.5	31.0
Goods and services	10.7	9.1	12.0	47.7	18.1	18.3	19.4
<i>of which:</i>							
Advertising	0.6	0.0	0.4	1.0	1.4	1.4	1.5
Consultants and professional services:	4.7	3.4	5.7	29.0	0.6	0.6	0.6
Business and advisory services							
Travel and subsistence	1.9	2.4	2.8	3.2	4.5	4.6	4.8
Transfers and subsidies	0.1	-	0.0	-	-	-	-
Non-profit institutions	0.1	-	-	-	-	-	-
Payments for capital assets	0.4	0.3	0.5	1.5	0.5	0.3	0.4
Machinery and equipment	0.3	0.2	0.5	1.2	0.4	0.3	0.3
Software and other intangible assets	0.1	0.1	0.1	0.3	0.1	0.1	0.1
Total	23.3	22.0	26.2	72.2	45.9	48.2	50.8

Expenditure trends

Spending in this programme is mainly in compensation of employees, and on goods and services. Expenditure has increased from R23.3 million in 2006/07 to R72.2 million in 2009/10, at an average annual rate of 45.8 per cent. This is due to the department's restructuring process, which resulted in an increase in expenditure on goods and services, from R10.7 million in 2006/07 to R47.7 million in 2009/10, at an average annual rate of 64.6 per cent.

Over the medium term, the expenditure is expected to decrease from R72.2 million in 2009/10 to R50.8 million in 2012/13, at an average annual rate of 11.1 per cent. Over the medium term, spending on goods and services is projected to decrease at an average annual rate of 25.9 per cent to reach R19.4 million in 2012/13. In 2009/10, once-off additional funding was provided for the occupancy audit, hence the decrease after that. Travel and subsistence remains a large component of goods and services expenditure in support of the department's monitoring function across provinces and municipalities.

Programme 3: Housing Planning and Delivery Support

- *Management.*
- *Programme Implementation Support* provides support to provinces and municipalities to implement housing and human settlement projects and upgrade informal settlements.
- *Rental Housing and People's Housing Process* manages the implementation of the social and rental housing programme and the People's Housing Process.
- *Stakeholder Mobilisation* manages relations, and mobilises and collaborates with stakeholders in the non-governmental sector.
- *Capacity Development* builds capacity for housing administration and delivery in municipalities and provinces and promotes sustainable housing delivery and community empowerment.

- *Priority Projects Facilitation* is responsible for managing priority housing and human settlements projects nationally.
- *Human Settlement Planning* is responsible for managing human settlements planning processes and supporting the implementation of human settlements and housing development frameworks.
- *Sanitation services* promotes universal access to sanitation services by managing and administering the sanitation programme.

Funding in these subprogrammes is mainly used for salaries and other personnel related costs.

Objectives and measures

- Improve multi-year human settlements development planning by assisting provinces and municipalities to develop comprehensive business plans, by aligning municipal development plans and provincial annual performance plans and by reporting on an annual basis.
- Improve the delivery rate of housing projects, including blocked projects, by providing technical support to provinces and municipalities on a continuous basis.
- Provide on site rural sanitation and water harvesting and monitor programme delivery at local government level by developing an on site rural household infrastructure programme.
- Facilitate rental and social housing uptake and accelerate People's Housing Process programmes by providing regulatory and implementation support to increase the delivery of rental and social housing and People's Housing Process units on an ongoing basis.
- Improve private stakeholder participation and collaboration by increasing the number of joint partnerships with private stakeholders on an ongoing basis.
- Develop professional and institutional capacity at provincial and municipal levels by managing training and skills development, measured by the availability of capacity to undertake roles and responsibilities within applicable standards on an ongoing basis.
- Facilitate the development of integrated human settlements by providing implementation and oversight support for priority projects, measured by their timely completion and the speedy resolution of bottlenecks on an ongoing basis.

Service delivery focus

In 2008/09, the department supported the majority of provinces to complete multi-year development plans. All provinces submitted their business plans for 2009/10.

The national informal settlement upgrading support programme, co-funded by the department and the Cities Alliance in 2009, provided targeted support for upgrading informal settlements in 45 municipalities. A capacity building programme for municipal and provincial officials is being developed for informal settlement upgrading practitioners and is intended to be finalised during 2010/11. Funding towards informal settlement upgrading has increased by 95 per cent between 2007/08 and 2009/10, with 654 430 units completed and in the process of completion.

In 2009, the department and Intersite Property Management Services (a subsidiary of the Passenger Rail Agency of South Africa) developed a framework for implementing the Anglo Platinum memorandum of understanding. Since signing the memorandum of understanding, the first project is underway in Seraleng, North West. 4 community villages have been piloted, in collaboration with provinces in terms of subsidies. They will use alternative technology systems, such as recycling grey water and the using waste to produce methane gas.

The following priority projects were identified: 4 300 sites in the Zanemvula housing project and 800 units in Duncan Village in Eastern Cape; 4 000 units in the N2 Gateway project in Western Cape; the initiation of the Lerato Park housing project in Northern Cape; 5 500 units in the Khutsong resettlement project in Gauteng; infrastructure and housing in the Klarinet housing project in Mpumalanga; rectification in the Emnambithi urban renewal project in KwaZulu-Natal; and 6 776 units in Grassland in the Free State.

The department conducted an occupancy audit of the Serelang housing project in North West to determine the extent to which houses are occupied by unauthorised beneficiaries. Certain informal settlements where service delivery has been especially slow have been targeted to receive rapid responses.

In March 2009, a staff member was seconded to the African Ministerial Conference on Housing and Urban Development Secretariat to assist in establishing the secretariat, supporting the bureau, and hosting the conference, which was in Nigeria.

Expenditure estimates

Table 30.6 Housing Planning and Delivery Support

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Management	0.0	2.0	12.2	19.6	3.1	3.4	3.6
Programme Implementation Support	2.8	4.6	4.3	9.2	14.7	16.4	17.4
Rental Housing and People's Housing Process	3.6	3.3	8.4	19.4	21.0	23.6	25.0
Stakeholder Mobilisation	–	2.1	8.1	16.2	17.2	20.7	21.8
Capacity Development	20.6	8.7	23.4	34.0	28.4	32.7	34.8
Priority Projects Facilitation	–	4.4	4.4	59.3	12.6	14.1	14.8
Human Settlement Planning	–	2.1	6.4	11.8	12.1	13.2	13.9
Sanitation Services	12.2	25.2	27.3	81.4	97.7	49.2	52.0
Total	39.3	52.4	94.6	250.9	206.8	173.4	183.3
Change to 2009 Budget estimate				112.4	67.2	17.2	21.9
Economic classification							
Current payments	39.1	51.6	90.9	193.0	148.8	168.8	178.7
Compensation of employees	12.4	21.5	32.9	57.5	83.6	90.2	94.8
Goods and services	26.7	30.1	58.0	135.5	65.2	78.6	83.9
of which:							
Advertising	10.7	0.1	2.5	7.9	8.8	10.3	10.9
Computer services	–	1.0	0.1	0.2	0.2	0.2	0.3
Consultants and professional services:	10.3	12.2	15.1	23.6	8.2	11.4	12.5
Business and advisory services							
Travel and subsistence	5.0	4.5	22.0	17.7	11.8	13.9	14.6
Transfers and subsidies	0.0	0.5	2.4	5.1	4.0	4.0	4.0
Households	0.0	0.5	2.4	5.1	4.0	4.0	4.0
Payments for capital assets	0.1	0.3	1.3	52.8	54.0	0.6	0.6
Buildings and other fixed structures	–	–	–	50.0	53.1	–	–
Machinery and equipment	0.1	0.3	1.2	2.4	1.0	0.6	0.6
Software and other intangible assets	0.0	–	0.0	0.4	0.0	0.0	0.0
Total	39.3	52.4	94.6	250.9	206.8	173.4	183.3

Expenditure trends

Expenditure increased from R39.3 million in 2006/07 to R250.9 million in 2009/10, at an average annual rate of 85.5 per cent. This increase is mainly a result of the drive to build capacity in this programme, which deals with service delivery support activities. The Eastern Cape intervention, which was aimed at addressing delivery problems, also increased expenditure in 2008/09 and 2009/10.

Expenditure is projected to decrease substantially from R250.9 million in 2009/10 to R183.3 million in 2012/13, at an average annual rate of 9.9 per cent. This is mainly due to expenditure on goods and services, which is expected to decline from R135.5 million in 2009/10 to R83.9 million in 2012/13, at an average annual rate of 14.8 per cent due to funds provided for once-off special project support in 2009/10. Expenditure in the *Sanitation Services* subprogramme, which was moved from the Department of Water Affairs, is also expected to decline from R97.7 million in 2010/11 to R52 million in 2012/13 mainly due to the once-off allocation of R53 million for finalising the access acceleration project in 2010/11. A further marginal decrease is expected in expenditure on consultants and professional services, from R23.6 million to R12.5 million, due to cost saving measures and increasing in-house capacity. These decreases are expected to be marginally offset by an increase in activities to manage and support provinces in planning, blocked projects, informal settlement upgrading projects, and priority projects.

The focus over the MTEF period will be on implementing the sanitation function.

Programme 4: Housing Development Finance

- *Management.*
- *Financial and Funds Management* provides overall financial and grant management services, including financial support, internal control, supply chain and budget management, and grant management services and systems support. Funding is mainly used for salaries and other personnel related costs.
- *Housing Equity* manages activities related to the Office of Disclosure, the housing aspects of the Financial Sector Charter, and mobilising and promoting investment for housing development. Funding is mainly used for salaries and other personnel related costs.
- *Integrated Housing and Human Settlement Development Grant* reflects the conditional grant allocation that is transferred to the provinces. Funding is provided on the basis of housing needs, the number of households earning less than R3 500 per month, and the population per province.
- *Contribution* makes contributions to housing institutions. Funds are transferred on the basis of a public entity meeting the governance and financial management requirements stipulated in the Public Finance Management Act (1999).
- *Rural Households Infrastructure Grant* reflects the conditional grant allocation that is transferred to municipalities for household infrastructure in rural areas for on site water and sanitation solutions.

Objectives and measures

- Improve access to end user finance by collaborating with the financial sector to develop mechanisms to increase market penetration, measured by the number, value and terms of loans to low and medium income households.
- Improve the expenditure efficiency of provinces on housing delivery and sanitation services by providing ongoing financial and grant management support for the human settlement development grant and the rural households infrastructure grant as well as ongoing business planning and reporting support, in line with the Division of Revenue Act, so that provinces are able to use all transferred funds .
- Ensure financial management by maintaining adequate controls and systems, measured by compliance with regulations and established practices, on an ongoing basis.

Service delivery focus

In 2008/09, the department finalised an internal policy document for procurement and asset management and a manual for asset management. The Eastern Cape housing department was assisted in implementing financial control systems and reviewing expenditure and delivery trends to identify the causes of the problems in that province. The department continued to support the Eastern Cape department with project planning and implementation to accelerate housing delivery in 2009/10.

Table 30.7 Housing Development Finance

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Management	1.8	2.4	2.3	2.4	3.2	3.4	3.6
Financial and Funds Management	16.6	19.5	26.1	36.5	43.8	43.4	45.6
Housing Equity	3.8	6.2	10.7	13.4	13.3	13.7	14.3
Integrated Housing and Human Settlement Development grant	6 677.8	8 149.9	10 177.9	12 442.3	15 026.8	17 222.4	17 938.7
Contribution	229.4	77.2	227.7	386.1	277.2	266.1	239.4
Rural Households Infrastructure	–	–	–	–	100.0	350.0	750.0
Sanitation Grant	–	104.6	199.9	350.0	–	–	–
Housing Disaster Relief Grant	–	–	–	150.0	133.8	–	–
Total	6 929.4	8 359.7	10 644.6	13 380.7	15 598.1	17 898.9	18 991.6
Change to 2009 Budget estimate				369.4	53.9	119.3	1 469.4

Table 30.7 Housing Development Finance (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Economic classification							
Current payments	22.0	27.8	38.5	51.4	59.6	59.8	62.9
Compensation of employees	11.7	11.9	16.7	28.3	33.1	35.7	37.5
Goods and services	10.3	15.9	21.8	23.1	26.5	24.1	25.4
<i>of which:</i>							
Advertising	0.3	0.2	1.2	0.5	0.5	0.5	0.5
Computer services	0.8	2.5	2.5	3.4	2.7	2.8	2.9
Consultants and professional services:	2.2	4.8	0.5	0.4	4.1	1.3	1.4
Business and advisory services							
Travel and subsistence	1.3	2.2	3.0	1.9	3.2	3.1	3.3
Transfers and subsidies	6 907.3	8 227.0	10 405.7	12 978.4	15 437.8	17 488.5	18 178.1
Provinces and municipalities	6 677.8	8 149.9	10 177.9	12 592.3	15 160.6	17 222.4	17 938.7
Departmental agencies and accounts	229.4	77.2	227.7	386.1	277.2	266.1	239.4
Payments for capital assets	0.2	104.9	200.4	351.0	100.8	350.6	750.6
Buildings and other fixed structures	–	104.6	199.9	350.0	100.0	350.0	750.0
Machinery and equipment	0.2	0.3	0.6	1.0	0.7	0.5	0.5
Software and other intangible assets	–	–	–	–	0.1	0.1	0.1
Total	6 929.4	8 359.7	10 644.6	13 380.7	15 598.1	17 898.9	18 991.6

Details of selected transfers and subsidies

Provinces and municipalities							
Provinces							
Provincial Revenue Funds							
Capital	6 677.8	8 149.9	10 177.9	12 592.3	15 160.6	17 222.4	17 938.7
Human Settlement Development grant	6 677.8	8 149.9	10 177.9	12 442.3	15 026.8	17 222.4	17 938.7
Housing Disaster Relief Grant	–	–	–	150.0	133.8	–	–
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	229.4	77.2	227.7	386.1	277.2	266.1	239.4
National Urban Reconstruction and Housing Agency	21.0	19.0	–	3.5	–	–	–
People's Housing Partnership Trust	1.0	–	–	–	–	–	–
SERVCON Housing Solutions	35.0	–	–	–	–	–	–
Social Housing Foundation	126.5	15.1	217.7	263.0	6.6	7.0	7.4
Thubelisha Homes	46.0	43.0	10.0	25.0	–	–	–
Social Housing Regulatory Authority	–	–	–	45.0	151.8	120.5	86.5
Rural Housing Loan Fund	–	–	–	–	49.5	49.5	52.0
Housing Development Agency	–	–	–	49.7	69.3	89.1	93.6

Expenditure trends

Expenditure in the *Human Settlement Development Grant* subprogramme increased from R6.9 billion in 2006/07 to R13.4 billion in 2009/10, at an average annual rate of 24.5 per cent. This is mainly due to the increase in the human settlement development grant, which channels funds to provinces for human settlements delivery and the rural households infrastructure grant which makes allocations for rural infrastructure.

Over the medium term, expenditure is expected to increase to R19 billion, at an average annual rate of 12.4 per cent. The human settlement development grant accounts for the largest proportion of the increase, and is expected to increase to R17.9 billion over the medium term at an average annual rate of 13 per cent. This growth is due to an additional allocation of R1 billion to accelerate upgrading informal settlements and implementing priority projects, and to cater for the increase in the cost of building materials.

Spending in goods and services is expected to increase from R23 million in 2009/10 to R25.4 million in 2012/13, at an average annual rate of 3.2 per cent. Expenditure is largely driven by audit costs and the operations of the grant management unit, which supports and oversees grant expenditure monitoring through regular visits to provinces to ensure compliance with the Division of Revenue Act.

Over the MTEF period, the department will also focus on administering the implementation of the rural households development grant, which is aimed at providing for on site solutions to rural sanitation and water backlogs.

Programme 5: Strategic Relations and Governance

- *Management.*
- *Management Information Services* manages the development and implementation of integrated business solutions and data and information, and provides knowledge services.
- *Intergovernmental Relations and International Relations* facilitates the department's participation in and management of international and intergovernmental relations.
- *Communication* manages communication and public relations.
- *Housing Entities Governance Oversight* provides oversight management of housing institutions to monitor the overall performance of housing entities against their mandates, policy alignment, and legislative and regulatory compliance.
- *Strategic Management* manages overall organisational planning and supports the strategic management and operations of the department.
- *Transformation* develops and manages transformation programmes in compliance with the national policy framework and international human rights instruments and directives.
- *Contributions* makes contributions to the housing institutions and the Habitat Foundation to support the work of the United Nations human settlement programme.

Objectives and measures

- Oversee the management of housing institutions through performance and corporate planning monitoring as well as through policy advocacy and governance oversight, measured by compliance with regulations and delivery on mandates.
- Provide integrated business solutions and support as well as business information and related products by maintaining the housing and human settlements databases, measured by the availability of accurate information, data and solutions.
- Ensure an integrated communication service through public information and marketing, corporate communications, and media relations, measured by sustainable awareness and knowledge and information dissemination that empower stakeholders within and outside the department.
- Provide strategic and governance management support by coordinating transversal programmes, measured by adequate comprehensive risk management, internal auditing, programme alignment, and monitoring

Service delivery focus

A memorandum of understanding was signed with Angola in 2008/09 and a technical visit undertaken to determine mutually beneficial areas of cooperation.

The 2009 informal settlements atlas was distributed to all provinces and municipalities in 2008/09, and to key users in the department and other stakeholders. An updated version of the atlas was developed by the Council for Scientific and Industrial Research and will be distributed.

The enhanced national demand database, which is integrated in the housing subsidy system, was finalised in September 2009. Demand information, which is captured at provincial level, is now included.

A macro coordination framework to facilitate the convergence of different government mandates for developing sustainable human settlements was developed and approved by the human settlements ministers and members of executive council in August 2009. It will be submitted to Cabinet for approval.

Both Thubelisha Homes and Servcon Housing Solutions ceased operations in July 2009 and the closure process is set to be complete by the end of March 2010. A closure plan for the Social Housing Foundation is being finalised and submitted to the minister for approval. The establishment of the Social Housing Regulatory Authority is underway and the procurement of a project manager to manage the establishment activities is being concluded. The Social Housing Regulatory Authority will be established by the end of 2010/11.

The Housing Development Agency was established in the first quarter of 2009. A chief executive and board were appointed and key priority projects, such as the N2 Gateway and Zanemvula, are being facilitated by a project team. The agency has prepared draft implementation protocols for first right of refusal and state land acquisition and assembly for conclusion with the Department of Rural Development and Land Reform and the Department of Public Works. A draft is being prepared for discussion with the Department of Public Enterprises.

Expenditure estimates

Table 30.8 Strategic Relations and Governance

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Management	1.9	1.2	2.7	4.1	4.0	4.2	4.3
Management Information Services	44.0	48.1	55.6	56.5	67.4	68.2	70.9
Intergovernmental and International Relations	43.8	56.6	55.6	22.6	27.0	27.6	28.6
Communication	19.4	60.9	116.1	55.1	47.8	50.4	52.1
Housing Entities Governance Oversight	2.2	4.0	15.2	11.5	12.7	13.4	14.0
Strategic Management	1.9	2.1	2.9	6.6	8.2	8.7	9.1
Transformation	–	5.8	4.4	7.3	6.4	6.7	7.0
Contributions	0.1	0.6	0.8	1.0	1.0	1.0	1.1
Total	113.3	179.4	253.4	164.7	174.4	180.1	187.2
Change to 2009 Budget estimate				(17.5)	(28.0)	(29.6)	(30.7)
Economic classification							
Current payments	112.4	177.3	249.8	159.7	172.7	178.3	185.3
Compensation of employees	15.4	18.1	27.7	44.5	64.3	69.4	72.9
Goods and services	97.0	159.2	222.0	115.2	108.4	108.9	112.4
<i>of which:</i>							
Advertising	6.9	44.3	95.5	22.6	20.0	21.3	21.8
Computer services	37.5	35.1	44.6	43.2	51.7	51.7	53.7
Consultants and professional services:	42.8	64.9	52.9	11.8	6.3	6.3	6.5
Business and advisory services							
Travel and subsistence	3.6	5.0	12.2	6.4	2.9	2.9	3.0
Interest and rent on land	–	–	0.1	–	–	–	–
Transfers and subsidies	0.1	0.6	0.8	1.4	1.0	1.0	1.1
Foreign governments and international organisations	0.1	0.6	0.8	1.0	1.0	1.0	1.1
Households	–	–	0.0	0.4	–	–	–
Payments for capital assets	0.8	1.4	2.8	3.6	0.8	0.8	0.8
Machinery and equipment	0.8	1.4	1.4	2.9	0.7	0.7	0.7
Software and other intangible assets	–	–	1.4	0.7	0.1	0.1	0.1
Total	113.3	179.4	253.4	164.7	174.4	180.1	187.2
Details of selected transfers and subsidies							
Foreign governments and international organisations							
Current	0.1	0.6	0.8	1.0	1.0	1.0	1.1
Habitat Foundation	0.1	0.6	0.8	1.0	1.0	1.0	1.1

Expenditure trends

Expenditure increased from R113.3 million in 2006/07 to R164.7 million in 2009/10, at an average annual rate of 13.3 per cent. The growth is driven by the Breaking New Ground communications campaign in 2007/08 and 2008/09. The increase in expenditure on advertising in 2008/09 relates to intensified departmental media campaigns to promote the human settlements policy. Expenditure on goods and services increased from

R97 million in 2006/07 to R222 million in 2008/09, at an average annual rate of 51.3 per cent, and declined to R115.2 million in 2009/10 due to a decrease in spending on communication campaigns.

Over the medium term, expenditure is expected to increase at an average annual rate of 4.4 per cent to reach R187.2 million in 2012/13. This is due to an inflation related increase in compensation of employees and goods and services expenditure. Expenditure in compensation of employees is expected to increase from R44.5 million in 2009/10 to R72.9 million in 2012/13, at an average annual rate of 17.9 per cent. Over the MTEF period, expenditure on goods and services is expected to decrease from R115 million in 2010/11 to R112 million in 2012/13, at an average annual rate of 0.8 per cent.

The additional focus over the MTEF period will be on finalising a closure plan for the Social Housing Foundation and submitting it to the minister for approval.

Public entities

National Home Builders Registration Council

Strategic overview: 2006/07 – 2012/13

The National Home Builders Registration Council was established in terms of the Housing Consumers Protection Measures Act (1998), as amended, to represent the interests of housing consumers by providing warranty protection against defined defects in new homes and to regulate the homebuilding industry. The council provides training and capacity building to promote and ensure compliance with technical standards in the home building environment.

For the past three years, the council has experienced volatile growth rates in the home building industry. It recorded record breaking numbers of home enrolments and consequently home enrolment fees in 2006/07 and 2007/08, due to the favourable economic conditions. In 2008/09, the council's enrolment fee income declined to R478.7 million from R570.1 million in 2007/08. However, total revenue increased marginally from R774 million in 2007/08 to R780 million in 2008/09 due to increased interest earnings.

The council has begun with organisational restructuring, which adds costs to expenditure in compensation of employees in 2010/2011. Training home builders, including emerging builders, the unemployed, the youth, women and people with disabilities, remains a critical strategic and operational focus for the council. The inspection model and the cross-subsidisation of the subsidy and non-subsidy market will be reviewed. Over the MTEF period, the council will accelerate service delivery and continue to promote the quality of homes, especially in the subsidy market.

Savings and cost effective service delivery

The National Home Builders Registration Council will only fill critical positions in order to limit staff costs. A train-the-trainer initiative will minimise training and travelling expenses. Strategic breakaways will be conducted in-house rather than in hired venues. Research and development will be done in-house. The duration of staff meetings will be limited to cut catering costs. Video conferencing will reduce traveling and catering costs. In addition, the council will use shuttles instead of car rentals to minimise traveling costs.

Key performance Indicators

Table 30.9 National Home Builders Registration Council

Indicator	Programme/Activity	Past			Current	Projected		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Number of new registrations	Revenue	4 595	3 628	4 820	3 552	3 000	2 500	2 800
Number of renewals	Revenue	11 033	12 390	12 390	2 607	12 000	13 000	14 000
Number of non-subsidy enrolments	Revenue	78 568	80 239	78 568	26 920	37 000	40 000	44 000
Number of late enrolments	Revenue	4 538	4 132	4 583	2 064	1 850	4 000	4 400
Number of project subsidy enrolments	Revenue	120 480	77 560	124 190	22 000	140 500	90 000	120 000
Number of homes subsidy enrolment	Revenue	59 361	69 616	100 000	59 000	94 000	60 000	80 000
Number of inspections	Risk mitigation	645 731	738 001	435 336	242 944	270 693	300 000	320 000

Table 30.9 National Home Builders Registration Council (continued)

Indicator	Programme/Activity	Past			Current	Projected		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Number of conciliations	Risk mitigation	318	2 824	3 400	500	550	605	666
Number of suspensions	Risk mitigation	472	645	800	400	500	550	650
Number of deregistrations	Risk mitigation	154	–	155	–	–	–	–
Number of withdrawals	Risk mitigation	154	577	200	–	–	–	–

Service delivery focus

The council has established 9 provincial offices since its inception, but accessibility is a challenge as a result of the distances from some of the offices. 10 service points, which complement the provincial offices, were established in 2008/09 to improve accessibility countrywide.

In terms of the Housing Consumers Protection Measures Act (1998), the council's advisory committee is required to assess the feasibility of introducing an insurer for home builders' obligations. In 2009/10, public hearings were held in Tshwane, Johannesburg, Durban and Cape Town to assist the committee to formulate recommendations, as envisaged by the act.

The council intends to increase the number of inspectors from 47 in 2009/10 to 50 over the MTEF period to ensure that each subsidy house is inspected. The council will also review various inspection models that can improve service delivery.

In addition, the council intends to empower the historically disadvantaged through home builder training programmes and consumer education programmes.

Expenditure estimates

Table 30.10 National Home Builders Registration Council: Programme information

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Risk mitigation expenses (Non-subsidy)	44.7	60.2	111.9	75.7	77.6	83.0	88.8
Marketing Expenses	6.8	7.4	7.2	14.4	26.6	7.9	8.5
Training of emerging contractors	7.2	15.9	13.7	22.2	–	–	37.0
Risk mitigation expenses (Subsidy)	–	–	–	50.6	46.1	49.3	52.8
Forensic investigation and rectification	7.6	19.3	33.8	36.8	7.8	8.3	8.9
Other programmes	138.5	186.4	245.3	242.3	329.0	350.8	376.9
Total expense	204.9	289.2	412.0	442.1	487.1	499.4	572.8

Table 30.11 National Home Builders Registration Council: Financial information

Statement of financial performance	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Revenue							
Non-tax revenue	530.3	773.6	779.9	792.1	602.9	645.1	690.3
Sale of goods and services other than capital assets	399.6	591.5	538.0	531.2	363.3	388.7	415.9
of which:							
Sales by market establishments	399.6	591.5	538.0	531.2	363.3	388.7	415.9
Other non-tax revenue	130.7	182.1	241.9	260.9	239.6	256.4	274.4
Total revenue	530.3	773.6	779.9	792.1	602.9	645.1	690.3
Expenses							
Current expense	204.9	289.2	412.0	440.1	484.0	496.0	569.2
Compensation of employees	90.4	127.9	134.0	150.4	183.3	201.0	220.5

Table 30.11 National Home Builders Registration Council: Financial information (continued)

Statement of financial performance R million	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Goods and services	110.9	155.5	257.9	269.8	278.3	271.3	327.2
Depreciation	3.6	5.7	20.0	19.9	22.4	23.7	21.4
Interest, dividends and rent on land	0.0	0.2	0.0	–	–	–	–
Transfers and subsidies	–	–	–	2.0	3.1	3.4	3.7
Total expenses	204.9	289.2	412.0	442.1	487.1	499.4	572.8
Surplus / (Deficit)	325.4	484.4	367.9	350.0	115.8	145.7	117.5
Statement of financial position							
Carrying value of assets	35.9	83.4	80.9	78.4	74.5	58.8	45.4
of which: Acquisition of assets	32.4	53.3	17.5	17.4	18.5	8.0	8.0
Investments	1 943.4	2 437.1	2 778.7	3 096.9	3 162.9	3 321.2	3 459.7
Inventory	0.1	0.3	0.3	0.3	0.3	0.4	0.4
Receivables and prepayments	2.4	12.9	23.3	19.8	12.5	13.4	14.3
Cash and cash equivalents	60.4	72.8	27.1	3.1	3.1	3.1	3.1
Total assets	2 042.1	2 606.6	2 910.3	3 198.4	3 253.3	3 396.8	3 522.9
Accumulated surplus/deficit	954.9	1 402.3	1 766.6	2 146.3	2 242.2	2 387.9	2 505.3
Capital and reserves	47.3	37.2	107.7	122.1	102.1	99.1	99.1
Trade and other payables	107.2	184.3	187.0	76.0	55.0	55.8	64.4
Provisions	932.8	982.8	849.0	854.0	854.0	854.0	854.0
Total equity and liabilities	2 042.1	2 606.6	2 910.3	3 198.4	3 253.3	3 396.8	3 522.9

Expenditure trends

The council generates its revenue from registration and renewal fees paid by home builders and from home enrolment fees from housing consumers. Revenue is expected to increase from R530.3 million in 2006/07 to R792.1 million in 2009/10, at an average annual rate of 14.3 per cent. Over the MTEF period, revenue is expected to decline from R792.1 million to R690.3 million in 2012/13, due to an anticipated decrease in home enrolment income.

Expenditure increased from R204.9 million in 2006/07 to R442.1 million in 2009/10, at an average annual rate of 29.2 per cent. This is attributable to an increase in expenditure in compensation of employees due to inflation related adjustments to salaries and costs related to the appointment of additional staff. Spending in goods and services grew at an average annual rate of 21.4 per cent, driven largely by spending on consultants, training for emerging home builders and lease payments.

Over the MTEF period, expenditure is expected to increase from R442 million in 2009/10 to R572.8 million in 2012/13, at an average annual rate of 19 per cent.

National Housing Finance Corporation

Strategic overview: 2006/07 – 2012/13

The National Housing Finance Corporation was established in 1996 as a development finance institution to contribute to reducing South Africa's housing backlog. It is listed as a schedule 3A public entity. The corporation is mandated to make housing finance accessible and affordable to low to middle income households. The corporation is also responsible for mobilising and raising private sector funding for housing purposes.

The corporation disburses its funds through wholesale, commercial and retail business. The retail business, which was introduced in 2008/09, is currently under review. R4.1 billion in loan finance has been provided by the corporation since 1996, which has facilitated the delivery of more than 296 000 housing opportunities to date.

The implementation of the National Credit Act (2005) required a substantial review of policies, systems and operating procedures for both the corporation and its clients. The corporation entered into a number of long term

funding arrangements with social housing institutions in KwaZulu-Natal, Western Cape, Gauteng, Limpopo and Eastern Cape.

The corporation expects to significantly increase funding for rental and ownership initiatives, extensively leveraging off the resources of other partners in the target market. The corporation is working with local and provincial governments to accelerate the development of integrated sustainable human settlements. The corporation intends to enter into co-funding of projects with Old Mutual and ABSA Bank over the medium term.

Savings and cost effective service delivery

The corporation saved 21 per cent of anticipated expenditure in 2008/9 through a proactive management approach. The downscaling of the retail programme will also contribute to cost savings. The use of consultants will be reviewed and only considered if this will add value. Legal fees will be reduced, by using internal legal staff.

Selected performance indicators

Table 30.12 National Housing Finance Corporation

Indicator	Programme/ Activity	Past			Current	Projection		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Number of houses financed per year	Bridging finance, private rental, social housing, home ownership, loans through intermediaries	14 443	14 121	14 883	31 154	37 714	37 926	39 934
Amount spent on housing finance per year	Bridging finance, private rental, social housing, home ownership, loans through intermediaries	R920.5m	R1.5bn	R1.6bn	R1.7bn	R920.5m	R1.5bn	R1.6bn

Service delivery focus

In 2008/09, the National Housing Finance Corporation concluded a number of agreements with developers to address the shortage of affordable housing. A development loan of R128 million was provided to Seakay Engineering for the construction of fully subsidised and low cost housing units, and a memorandum of understanding was concluded with Basil Read for the development of low cost housing. On the demand side, more home seekers had difficulty obtaining home finance, because of the global financial downturn.

The corporation launched HomeFront Finance, a retail finance product, in 2008. Its future is currently under review given financial capacity constraints. A new product, based on a set percentage salary deduction with installments increasing only on the borrower's annual salary increase, is being developed by Housing Investment Partners. This means that the home owner will not be subject to interest rate fluctuations. The infrastructure, policies and procedures for this are currently being developed. It is expected to be implemented in 2010/11.

In 2009/10, the corporation acquired 30 per cent shareholding in the restructured Trust for Urban Housing Finance and will continue to provide wholesale finance through the trust for renovating and upgrading inner city housing stock. The corporation remains committed to delivering social housing stock through providing loan facilities to social housing institutions, and is engaged in discussions with 3 banks on opportunities to assist in scaling up the supply of affordable housing in low to middle income households.

Expenditure estimates

Table 30.13 National Housing Finance Corporation: Financial information

Statement of financial performance	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Revenue							
Non-tax revenue	187.9	231.6	278.7	238.8	229.9	268.4	306.7
Sale of goods and services other than capital assets	–	–	7.0	–	29.0	39.0	30.0
of which:							
Interest on loans	–	–	7.0	–	29.0	39.0	30.0
Other non-tax revenue	187.9	231.6	271.7	238.8	200.9	229.4	276.7
Total revenue	187.9	231.6	278.7	238.8	229.9	268.4	306.7
Expenses							
Current expense	125.0	171.0	170.7	165.9	180.8	224.5	291.4
Compensation of employees	38.9	45.2	55.4	68.2	75.0	72.9	77.8
Goods and services	59.6	79.7	69.9	62.9	77.5	82.3	85.3
Depreciation	0.8	0.6	0.8	5.9	4.8	5.0	4.8
Interest, dividends and rent on land	–	–	2.1	0.5	10.3	51.3	114.5
Total expenses	125.0	171.0	170.7	165.9	180.8	224.5	291.4
Surplus / (Deficit)	62.9	60.6	108.0	72.9	49.1	43.8	15.3
Statement of financial position							
Carrying value of assets	0.9	1.2	1.5	4.3	8.0	4.3	1.1
of which: Acquisition of assets	0.5	0.9	1.1	8.7	8.5	1.3	1.6
Investments	1 417.9	1 393.8	1 229.6	1 179.2	947.4	955.7	1 030.1
Inventory	–	–	57.9	32.9	15.0	15.0	15.0
Loans	846.6	929.5	1 108.6	1 611.5	2 059.8	2 772.3	3 408.2
Receivables and prepayments	27.2	16.9	27.7	14.8	42.9	31.7	46.5
Cash and cash equivalents	224.9	217.9	276.8	12.6	24.8	21.6	21.9
Assets not classified elsewhere	54.1	34.1	56.7	54.6	49.1	57.3	61.9
Total assets	2 571.6	2 593.4	2 758.8	2 909.8	3 146.9	3 857.9	4 584.8
Accumulated surplus/deficit	905.2	965.8	1 078.8	1 151.7	1 200.8	1 250.8	1 281.5
Capital and reserves	1 080.0	1 080.0	1 080.0	1 080.0	1 080.0	1 080.0	1 080.0
Borrowings	–	–	16.9	23.7	265.9	909.1	1 591.3
Trade and other payables	7.3	2.0	37.3	47.7	43.2	32.6	11.6
Provisions	8.0	10.5	14.5	14.0	14.8	15.5	16.3
Managed funds	547.2	496.3	521.2	592.8	542.3	569.9	604.1
Liabilities not classified elsewhere	23.9	38.8	10.1	–	–	–	–
Total equity and liabilities	2 571.6	2 593.4	2 758.8	2 909.8	3 146.9	3 857.9	4 584.8

Expenditure trends

The National Housing Finance Corporation's revenue mainly consists of interest earned on loan disbursements and interest from investments. Revenue increased from R187.9 million in 2006/07 to R238.8 million in 2009/10, at an average annual rate of 8.3 per cent. Revenue is expected to increase to R306.7 million over the medium term, at an average annual rate of 8.7 per cent. This is as a result of an increased target for loan disbursements which is expected to result in an increase interest earned.

Expenditure increased from R125 million in 2006/07 to R165.9 million in 2009/10, at an average annual rate of 9.9 per cent. This is due to costs related to the restructuring of the institution and costs related to setting up the retail programme.

Over the MTEF period, expenditure is expected to increase from R165.9 million in 2009/10 to R291.4 million in 2012/13, at an average annual rate of 20.7 per cent. This attributable to the increase in interest costs as a result of borrowed funds. Impairments are also expected to increase by 63 per cent in 2010/11, mainly as a result of an

increase in the contingent liability related to the possible seizure of the retail programme, and an estimated increase in business volumes in the wholesale business.

Expenditure in goods and services is expected to increase from R62.9 million in 2009/10 to R85.3 million in 2012/13, at an average annual rate of 10.7 per cent. The expected increase reflects the financial impact of the integration of the budget of the Cape Town Community Housing Company with the budget of the National Housing Finance Corporation, as the corporation acquired the remaining 50 per cent shareholding in the company, held by the City of Cape Town, in 2008.

Additional tables

Table 30.A Summary of expenditure trends and estimates per programme and economic classification

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
	2008/09		2008/09	2009/10			2009/10
R million							
1. Administration	114.8	139.8	128.6	198.5	(30.8)	167.8	167.8
2. Housing Policy, Research and Monitoring	31.5	95.5	26.2	58.0	14.2	72.2	72.2
3. Housing Planning and Delivery Support	58.0	196.5	94.6	219.9	31.0	250.9	250.9
4. Housing Development Finance	10 131.4	10 496.6	10 644.6	13 361.3	19.4	13 380.7	13 380.7
5. Strategic Relations and Governance	250.8	–	253.4	182.2	(17.5)	164.7	164.7
Total	10 586.5	10 928.5	11 147.4	14 020.0	16.2	14 036.2	14 036.2
Economic classification							
Current payments	497.4	507.5	526.5	651.4	(14.2)	637.2	637.8
Compensation of employees	133.6	133.6	136.9	238.4	(21.0)	217.4	217.4
Goods and services	363.8	373.8	389.3	413.1	6.8	419.8	420.4
Interest and rent on land	–	–	0.3	–	–	–	–
Transfers and subsidies	10 081.6	10 408.7	10 409.1	12 957.2	27.7	12 984.9	12 984.3
Provinces and municipalities	9 852.8	10 177.9	10 177.9	12 592.3	–	12 592.3	12 592.3
Departmental agencies and accounts	227.7	227.7	227.7	363.9	22.2	386.1	386.1
Foreign governments and international organisations	1.0	1.0	0.8	1.0	–	1.0	1.0
Households	–	2.0	2.6	–	5.5	5.5	5.0
Payments for capital assets	7.5	12.4	211.9	411.4	2.7	414.1	414.1
Buildings and other fixed structures	–	–	199.9	400.2	–	400.2	400.2
Machinery and equipment	7.3	11.3	10.4	9.6	2.4	12.0	12.0
Software and other intangible assets	0.2	1.0	1.6	1.7	0.3	1.9	1.9
Total	10 586.5	10 928.5	11 147.4	14 020.0	16.2	14 036.2	14 036.2

Table 30.B Detail of approved establishment and personnel numbers according to salary level ¹

	Personnel post status as at 30 September 2009			Number of personnel posts / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid year ²	Medium-term estimate		
				2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
Department	642	636	–	314	318	427	637	730	730	730
Salary level 1 – 6	126	138	–	87	81	100	138	163	163	163
Salary level 7 – 10	296	270	–	124	115	172	270	314	314	314
Salary level 11 – 12	146	142	–	53	62	82	142	153	153	153
Salary level 13 – 16	74	86	–	50	60	73	87	100	100	100
Administration	193	171	–	144	149	172	172	227	227	227
Salary level 1 – 6	91	79	–	71	66	23	79	89	89	89
Salary level 7 – 10	55	47	–	37	39	68	47	73	73	73
Salary level 11 – 12	26	26	–	14	18	37	26	35	35	35
Salary level 13 – 16	21	19	–	22	26	44	20	30	30	30
Housing Policy, Research and Monitoring	76	54	–	43	38	40	54	54	54	54
Salary level 1 – 6	2	–	–	2	2	10	–	–	–	–
Salary level 7 – 10	41	25	–	26	17	16	25	25	25	25
Salary level 11 – 12	22	18	–	8	9	8	18	18	18	18
Salary level 13 – 16	11	11	–	7	10	6	11	11	11	11

Table 30.B Detail of approved establishment and personnel numbers according to salary level ¹ (continued)

	Personnel post status as at 30 September 2009			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid year ²	Medium-term estimate		
				2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Housing Planning and Delivery Support	138	188	-	30	32	63	188	188	188	188
Salary level 1 – 6	3	13	-	1	1	26	13	13	13	13
Salary level 7 – 10	72	93	-	16	14	32	93	93	93	93
Salary level 11 – 12	38	54	-	8	11	5	54	54	54	54
Salary level 13 – 16	25	28	-	5	6	-	28	28	28	28
Housing Development Finance	95	90	-	47	48	61	90	91	91	91
Salary level 1 – 6	15	17	-	9	9	8	17	17	17	17
Salary level 7 – 10	55	50	-	22	22	21	50	49	49	49
Salary level 11 – 12	15	15	-	9	10	17	15	15	15	15
Salary level 13 – 16	10	8	-	7	7	15	8	10	10	10
Strategic Relations and Governance	140	133	-	50	51	91	133	170	170	170
Salary level 1 – 6	15	29	-	4	3	33	29	44	44	44
Salary level 7 – 10	73	55	-	23	23	35	55	74	74	74
Salary level 11 – 12	45	29	-	14	14	15	29	31	31	31
Salary level 13 – 16	7	20	-	9	11	8	20	21	21	21

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

2. As at 30 September 2009.

Table 30.C Summary of expenditure on training

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Compensation of employees (R million)	76.5	97.2	125.9	204.8	290.2	313.4	328.9
Training expenditure (R million)	2.0	1.2	2.9	12.9	14.1	15.2	16.1
Training as percentage of compensation	2.6%	1.3%	2.3%	6.3%	4.9%	4.9%	4.9%
Total number trained in department (head count)	212	106	168	220			
<i>of which:</i>							
Employees receiving bursaries (head count)	33	34	35	176			
Leaverships trained (head count)	-	-	-	16			
Internships trained (head count)	24	24	16	1			
Households receiving bursaries (R million)	-	0.2	0.3	0.1	4.0	4.0	4.0
Households receiving bursaries (head count)	-	5	-	-			

Table 30.D Summary of expenditure on infrastructure

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2006/07	2007/08	2008/09		2010/11	2011/12	2012/13
Departmental infrastructure										
R million										
Sanitation development in schools and clinics	Upgraded of schools and clinics	Various	-	-	-	50.0	53.1	-	-	-
Fixed installation to households										
Individual housing subsidies (R0 to R3 500)	Units completed	Various	-	117.1	161.5	135.2	163.2	187.1	194.9	194.9
Housing finance linked individual subsidies (R3 501 to R7 000)	Units completed	Various	-	117.7	145.8	114.9	138.8	159.0	165.6	165.6
Relocation assistance	Units completed	Various	-	14.6	66.2	107.5	129.8	148.8	155.0	155.0
Enhanced extended discount benefit scheme	Units completed	Various	-	61.2	123.7	106.2	128.3	147.0	153.1	153.1
State asset maintenance programme	Units completed	Various	-	147.0	136.9	131.4	158.7	181.8	189.4	189.4
Rectification of Reconstruction and Development Programme stock	Units completed	Various	-	120.3	333.4	186.6	225.3	258.2	269.0	269.0
Social and economic facilities	Units completed	Various	-	200.2	236.3	181.1	218.7	250.7	261.1	261.1
Unblocking of blocked projects	Community infrastructure	Various	-	2 954.8	525.6	413.5	499.3	572.3	596.2	596.2
Land parcels procured	Units completed	Various	-	97.0	155.6	248.1	299.6	343.4	357.7	357.7
Total			-	3 829.9	1 885.1	1 674.3	2 014.8	2 248.4	2 341.9	2 341.9

Vote 31

Mineral Resources

Budget summary

R million	2010/11				2011/12	2012/13
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	239.0	224.4	1.1	13.6	265.3	271.8
Promotion of Mine Safety and Health	145.9	140.0	5.4	0.5	159.6	168.9
Mineral Regulation	215.9	175.3	40.6	–	233.1	245.9
Mineral Policy and Promotion	429.2	67.6	361.6	–	454.2	481.4
Total expenditure estimates	1 030.0	607.3	408.7	14.1	1 112.1	1 168.0
Executive authority	Minister of Mineral Resources					
Accounting officer	Director-General of Mineral Resources					
Website address	www.dme.gov.za					

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

Aim

The aim of the Department of Mineral Resources is to promote and regulate the minerals and mining sector for transformation, growth and development and ensure that all South Africans derive sustainable benefit from the country's mineral wealth.

Programme purposes

Programme 1: Administration

Purpose: Strategic support and management services to the ministry and department.

Programme 2: Promotion of Mine Safety and Health

Purpose: Ensure the safe mining of minerals under healthy working conditions.

Programme 3: Mineral Regulation

Purpose: Regulate the minerals and mining sector to promote economic development, employment and ensure transformation and environmental compliance.

Programme 4: Mineral Policy and Promotion

Purpose: Develop relevant mineral policies that promote South Africa's mining and minerals industries to attract investment.

Strategic overview: 2006/07 – 2012/13

The Department of Mineral Resources plays an important role in the mining and minerals sector by regulating transformation, growth and development, and ensuring that all South Africans derive sustainable benefits from the country's mineral resources.

The department is continuing with the assessment of the Broad Based Socioeconomic Charter for the South African Mining Industry, which began in 2008/09. Significant progress has been made towards quantifying the charter's impact. The charter gives effect to transformation objectives in the mining industry in response to the proclamation of the Mineral Petroleum Resources Development Amendment Act (2008).

The mining industry, development and employment task team was established in the last quarter of 2008 to mitigate the severity and impact of the global economic downturn in the mining industry, and continues to provide interventions that can be applied over the medium to long term. This has already yielded some positive results, including containing cumulative retrenchments at below 40 000.

Key priorities over the medium term

The minerals beneficiation strategy

The department intends developing a rigorous implementation plan for the beneficiation strategy, which has been designed to promote the development of new industries. The implementation of the strategy is expected to yield higher local consumption of raw materials, which will be beneficiated to a higher level. The implementation of the strategy will contribute to transforming and diversifying South Africa's economy to increase exports as well as to create jobs, eradicate poverty and contribute to economic growth and development.

Promoting sustainable development in the mineral and mining sector

The department introduced a mining regulatory framework that embraces the economic, social and environmental aspects of sustainable development. As part of its commitment to the United Nations Commission on Sustainable Development, South Africa developed a report on progress in sustainable development in the mining sector for tabling at the commission's coming summit.

Reducing the impact of mining on the environment

The department has developed a strategy for managing the rehabilitation of derelict and ownerless mines. The medium term plan is to do thorough investigations for each mine categorised as a priority. This research will form the basis for ongoing rehabilitation.

The department is also involved in a water management programme to prevent surface water getting into underground workings, manage the decanting of mine polluted water, minimise the cost of pumping and treating extraneous water, protect mineral resources and people, and prevent further environmental degradation. The ultimate objective is to find management solutions, apportion pollution sources and the attendant liabilities among contributors, and improve strategies for mines that have to be closed because of water related factors.

Community upliftment

The department identified small scale mining as a prospective tool to uplift poor communities and developed a draft small scale mining strategy intended for implementation from 2010/11. The strategy focuses on increasing the impact of small scale mining on poverty nodal points with mining potential for the benefit of the communities that live there.

Management of energy commodities

The department recognises the urgency of ensuring the continuous and sustainable supply of mineral commodities consumed in the generation of electricity and is developing a strategy for this in conjunction with affected departments.

Health and safety

Achieving health milestones in the mining sector is an ongoing challenge. Various initiatives and strategies have been implemented in a number of mines nationally. The initiatives are aimed at ensuring compliance with measures designed to eliminate noise induced hearing loss and silicosis, the incidence of which, together with silicosis and pulmonary tuberculosis, have increased.

2008 was an encouraging year in terms of safety in the South African mining industry. There was an overall decrease of 28.6 per cent in the fatality rate, from the previous year's high rate of 0.2 per cent. This decrease

brought the industry back on track towards the ultimate goal of zero harm, with the lowest ever fatality rate of 0.1 per cent. The reportable injury rate dropped by 10.2 per cent from the previous year to a record low of 3.3 per cent.

The Mine Health and Safety Act (1996) was reviewed in 2009 to improve sanctions for non-compliance and to extend its application to corporate bodies. The review will facilitate the effective regulation of occupational health and safety at mines, empower the Mine Health and Safety Council to appoint committees to deal with current and emerging sector challenges, and enhance the effectiveness of the council as an advisory body.

Review of legislative framework

The department is planning to develop, amend or review the following legislation over the medium term: the Mine Health and Safety Amendment Bill to introduce sections 50(7) and 86A, strengthen enforcement provisions, and reinforce offences and penalties; the Geoscience Amendment Bill to empower the Council for Geoscience to be an advisory authority on geohazards related to infrastructure development on dolomitic terrains; the Diamonds Act (1986) to ensure that greater emphasis is placed on the local beneficiation of diamonds; and the Minerals and Petroleum Resources Development Act (2002) to further promote the effective participation of historically disadvantaged South Africans in the mining industry.

Savings and cost effective service delivery

The department is implementing cost containment initiatives that will produce savings of R9.3 million, R10.4 million and R10.5 million over the medium term. These are being implemented across all programmes, including in public entities that receive transfers from the department. Cost containment measures are aimed at reducing costs associated with travel and subsistence, communication, and consulting and professional services. Transfers to public entities for personnel and related operational expenditure were also targeted for efficiency savings in the entities. The savings will not have a negative impact on the department's ability to deliver services.

Selected performance indicators

Table 33.1 Mineral Resources

Indicator	Programme	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Number of occupational health and safety inspections and mine audits conducted per year	Promotion of Mine Safety and Health	16 354	10 491	12 700	12 700	12 700	12 700	12 700
Number of mining rights granted to historically disadvantaged South Africans per year	Mineral Regulation	–	90	152	147	27	27	27
Number of women led companies licensed per year	Mineral Regulation	5	22	34	23	18	18	18
Number of industry workshops on compliance issues per year	Mineral Regulation	1	1	9	6	9	9	9
Number of charter inspections per year	Mineral Regulation		65	140	71	140	140	140
Number of environment inspections per year	Mineral Regulation		1 200	1 742	1 067	1 380	1 380	1 380
Number of publications completed per year	Mineral Policy and Promotion	26	26	30	23	28	28	28
Number of exhibitions, conferences and workshops per year	Mineral Policy and Promotion	11	10	11	11	15	20	25
Number of policies developed or reviewed per year	Mineral Policy and Promotion	3	3	3	2	2	2	–
Number of new or existing small or medium mining enterprises supported per year	Mineral Policy and Promotion	18	38	45	49	40	40	35

Expenditure estimates

Table 31.2 Mineral Resources

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
R million								
1. Administration	118.0	145.7	172.6	183.2	183.2	239.0	265.3	271.8
2. Promotion of Mine Safety and Health	105.1	104.3	118.8	133.0	132.4	145.9	159.6	168.9
3. Mineral Regulation	129.3	163.4	165.2	202.5	200.8	215.9	233.1	245.9
4. Mineral Policy and Promotion	324.4	344.9	355.0	406.5	407.6	429.2	454.2	481.4
Total	676.8	758.2	811.6	925.1	924.0	1 030.0	1 112.1	1 168.0
Change to 2009 Budget estimate				(3 722.1)	(3 723.2)	(4 076.5)	(4 326.9)	32.5

Economic classification

	372.3	410.5	432.9	508.0	506.8	607.3	673.7	704.9
Current payments								
Compensation of employees	196.4	222.3	245.5	287.6	287.0	352.3	392.1	414.7
Goods and services	175.9	188.2	187.4	220.3	219.8	254.9	281.6	290.2
<i>of which:</i>								
Administrative fees	1.9	1.0	2.9	21.6	21.6	23.0	29.3	25.7
Computer services	7.7	7.5	12.4	21.3	21.3	22.6	30.2	25.3
Consultants and professional services:	34.8	35.1	11.3	47.5	45.9	52.1	56.4	59.7
Infrastructure and planning								
Travel and subsistence	44.9	50.9	51.8	40.0	40.0	47.2	50.9	57.5
Transfers and subsidies	299.5	336.3	366.9	408.5	408.5	408.7	428.4	452.6
Provinces and municipalities	0.1	0.0	-	-	-	-	-	-
Departmental agencies and accounts	128.7	178.2	167.6	178.2	178.2	182.5	185.5	194.9
Public corporations and private enterprises	168.7	156.2	198.0	229.3	229.3	225.1	241.8	256.5
Payments for capital assets	4.9	5.8	11.5	8.7	8.7	14.1	10.1	10.6
Machinery and equipment	4.7	4.1	9.7	7.6	7.6	14.1	10.1	10.6
Land and sub-soil assets	0.2	-	-	-	-	-	-	-
Software and other intangible assets	0.1	1.7	1.8	1.1	1.1	-	-	-
Payments for financial assets	0.1	5.6	0.4	-	-	-	-	-
Total	676.8	758.2	811.6	925.1	924.0	1 030.0	1 112.1	1 168.0

Expenditure trends

Expenditure increased at an average annual rate of 11 per cent, from R676.8 million in 2006/07 to R925.1 million in 2009/10. This was due to: spending in compensation of employees, which grew at an average annual rate of 13.6 per cent; and expenditure on goods and services, which grew at an average annual rate of 7.8 per cent. The review of the department's structure and its subsequent expansion to align its resources with strategic objectives contributed to a significant increase in expenditure in compensation of employees and related expenditure in goods and services. Transfer payments to public entities and other organisations represent 18.8 per cent of the department's total expenditure over the 7-year period, and increased at an average annual rate of 6.1 per cent from 2006/07 to 2009/10.

Over the medium term, spending is projected to grow at an average annual rate of 8.1 per cent to reach R1.2 billion in 2012/13. Additional funding of R20.3 million, R33.2 million and R43 million for staff capacity, the small scale mining and beneficiation programme, and the national rural jewellery development programme was allocated over the medium term, and contributes to the anticipated increase. Compensation of employees

and transfers to public entities continue to represent 74.2 per cent of the department's projected expenditure over the MTEF period.

The Council for Mineral Technology receives R11 million for 2011/12 and 2012/13 to implement the small scale mining and beneficiation programme (R5 million) and the national rural jewellery development programme (R6 million). R37.1 million and R33.4 million was allocated over the medium term for salary related adjustments for public entities and the department respectively.

The Department of Minerals and Energy was split to form the Department of Mineral Resources and the Department of Energy. The restructuring culminated an increase in the number of staff over the short to medium term, especially for support functions.

The activities of the Department of Mineral Resources are predominantly regulatory, and as a result the use of consultants is limited to ad hoc and highly technical activities. Over the medium term, the use of consultants will be minimal.

The department's approved establishment for 2009/10 is 1 082 posts, of which 1 076 are filled. The establishment is expected to grow to 1 183 in 2012/13. Over the same period compensation of employees is expected to increase from R287.6 million to R414.7 million. Vacancies mainly exist at line function programmes due to the shortage of technical skills on mining and environmental management. The department is running learnership and internship programmes to address this.

Departmental receipts

Royalties, surface rental and prospecting fees collected from mining companies continue to be major sources of receipts. Combined, these represented 95.8 per cent of total annual departmental revenue in 2007/08 and 2008/09. In 2006/07, transfers contributed 95 per cent of revenue. The change in the usual trend can be attributed to the receipt of non-departmental revenue of R466.5 million in 2006/07 from the sale of assets from the Lebowa Minerals Trust. This once-off receipt was surrendered to the National Revenue Fund. Departmental revenue is expected to increase from R161.8 million in 2009/10 to R213.9 million in 2012/13. Royalties, surface rental and prospecting fees will remain the main sources of income over the medium term, and are expected to represent 99 per cent of the department's total revenue. Other sources of revenue mostly relate to administrative fees for licence applications and commission on insurance.

Table 31.3 Departmental receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
Departmental receipts	190 969	267 104	261 304	161 847	161 847	205 596	211 789	213 932
Sales of goods and services produced by department	1 751	2 157	2 291	1 176	1 176	1 196	1 250	1 289
Sales of scrap, waste, arms and other used current goods	3	4	4	1	1	1	1	1
Fines, penalties and forfeits	458	218	112	169	169	144	149	150
Interest, dividends and rent on land	188 515	244 126	256 089	160 172	160 172	203 858	209 981	212 084
Transactions in financial assets and liabilities	242	20 599	2 808	329	329	397	408	408
Extraordinary receipts	466 511	-	-	-	-	-	-	-
Lebowa Minerals trust abolition	466 511	-	-	-	-	-	-	-
Total	657 480	267 104	261 304	161 847	161 847	205 596	211 789	213 932

Programme 1: Administration

Expenditure estimates

Table 31.4 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Minister ¹	0.8	1.1	1.5	1.7	1.8	1.9	2.0
Management	9.6	11.3	13.4	13.9	25.8	28.2	27.9
Corporate Services	91.5	117.2	142.0	147.0	188.7	211.0	216.4
Office Accommodation	16.0	16.0	15.7	20.5	22.7	24.1	25.4
Total	118.0	145.7	172.6	183.2	239.0	265.3	271.8
Change to 2009 Budget estimate				(46.1)	(12.6)	(1.7)	(10.3)

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

Economic classification

Current payments	112.4	139.1	160.2	174.0	224.4	254.6	260.6
Compensation of employees	39.2	54.1	65.9	73.9	109.2	123.3	130.1
Goods and services	73.2	85.0	94.3	100.1	115.2	131.3	130.5
<i>of which:</i>							
Administrative fees	1.3	0.3	1.8	20.5	21.8	28.1	24.5
Computer services	7.7	7.3	7.4	21.2	22.5	30.1	25.2
Travel and subsistence	18.1	19.9	22.3	13.8	19.6	19.5	23.5
Transfers and subsidies	0.9	0.8	1.3	1.0	1.1	1.1	1.2
Households	0.9	0.8	1.3	1.0	1.1	1.1	1.2
Payments for capital assets	4.5	5.8	10.9	8.2	13.6	9.5	10.0
Machinery and equipment	4.3	4.0	9.2	7.0	13.6	9.5	10.0
Land and sub-soil assets	0.2	–	–	–	–	–	–
Software and other intangible assets	0.1	1.7	1.8	1.1	–	–	–
Payments for financial assets	0.1	–	0.2	–	–	–	–
Total	118.0	145.7	172.6	183.2	239.0	265.3	271.8

Expenditure trends

Expenditure increased at an average annual rate of 15.8 per cent, from R118 million in 2006/07 to R183.2 million in 2009/10. The increase can be attributed to the expansion of the corporate services function in line with the restructuring of the department and the consequent increase in expenditure in compensation of employees and related services provided to line functions.

Expenditure is projected to continue to increase over the medium term at an average annual rate of 14.1 per cent, from R183.2 million in 2009/10 to R271.8 million in 2012/13. Subsistence, transport, inventory, computer services and accommodation lease payments remain the major spending items over this period. Spending over the MTEF period will focus on establishing human resource management functions and compliance and monitoring functions over public entities.

Programme 2: Promotion of Mine Safety and Health

- *Governance Policy and Oversight* develops policy and legislation. Funding will mainly be used for compensation of employees and related expenditure on goods and services.
- *Mine Health and Safety (Regions)* is responsible for mine surveying, and legal and engineering expertise and inspections services at regional offices. Funding will mainly be used for compensation of employees and related expenditure on goods and services.

Objectives and measures

- Contribute to the reduction of mining related deaths, injuries and ill health by:
 - reviewing the Mine Health and Safety Act (1996) along with supporting regulations and aligning it with changes in the mining sector each year
 - monitoring compliance with mining safety and health standards by conducting 12 700 mine inspections and 700 audits each year.

Service delivery focus

There has been a 47 per cent reduction in rock-related fatalities in the platinum sector and 22 per cent in the gold sectors since 2007/08. Transportation and mining fatalities decreased by 25 per cent in 2008/09 in the platinum sector, but there was a 42 per cent increase in the gold sector. Illegal and criminal miners remain the biggest threat to the health and safety of mine employees. Although there has been progress towards achieving zero harm to mining employees, fatalities and injuries are still high, and a significant effort is still needed to achieve the milestones of the 2003 mine health and safety summit.

In 2009/10, the Mine Health and Safety Inspectorate continued developing the skills and knowledge base of its staff members to meet new challenges posed by the restructuring process. 14 staff members in the inspectorate attended 9 managerial and administrative courses and 5 technical courses. In 2008/09, the inspectorate embarked on addressing skills shortages and past imbalances in the mining sector by: training 23 engineering and occupational hygiene learner inspectors; training 4 female and 15 male engineering learner inspectors in mechanical engineering or electrical engineering; appointing 4 female occupational hygiene learner inspectors; and permanently employing 1 learner inspector. In 2009/10, the inspectorate offered 11 bursaries totalling R1 million to students in mine surveying and engineering.

The inspectorate's structure provides for 319 positions, of which 220 are filled. At the end of 2008/09, the vacancy rate was 31 per cent (99 vacancies). Since April 2008, 52 inspectorate staff members have resigned. Women account for 38.6 per cent of the total staff complement, constituting an improvement of 2.7 per cent from 2007/08.

Since the promulgation of the Minerals and Petroleum Resources Development Act (2004), 152 mining permits were issued to small, medium and micro enterprises (SMMEs) against a targeted 27. In light of this, the inspectorate conducted more inspections of these types of operations in 2009/10 and continues to offer training and assistance to small scale miners. Most small scale operations are in the diamond sector, and are thus located in Northern Cape and North West.

Expenditure estimates

Table 31.5 Promotion of Mine Safety and Health

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Governance Policy and Oversight	52.7	36.3	53.7	54.9	46.9	52.7	55.9
Mine Health and Safety (Regions)	52.4	68.0	65.1	78.1	99.0	106.9	113.0
Total	105.1	104.3	118.8	133.0	145.9	159.6	168.9
Change to 2009 Budget estimate				–	3.2	8.4	10.2
Economic classification							
Current payments	100.2	99.5	113.4	127.5	140.0	153.4	162.4
Compensation of employees	77.2	79.6	85.2	99.2	114.0	124.4	131.4
Goods and services	22.9	19.8	28.2	28.3	26.0	29.1	31.0
<i>of which:</i>							
Administrative fees	0.3	0.2	0.2	0.8	0.8	0.8	0.9
Computer services	0.0	–	2.2	0.0	0.0	0.0	0.0
Travel and subsistence	12.4	13.0	13.6	14.6	14.8	17.3	18.7

Table 31.5 Promotion of Mine Safety and Health (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Economic classification							
Transfers and subsidies	4.8	4.8	4.9	5.1	5.4	5.7	6.0
Provinces and municipalities	0.1	–	–	–	–	–	–
Departmental agencies and accounts	4.5	4.7	4.9	5.1	5.4	5.7	6.0
Households	0.3	0.1	0.0	–	–	–	–
Payments for capital assets	0.1	0.0	0.5	0.5	0.5	0.5	0.5
Machinery and equipment	0.1	0.0	0.5	0.5	0.5	0.5	0.5
Total	105.1	104.3	118.8	133.0	145.9	159.6	168.9

Details of selected transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	4.5	4.7	4.9	5.1	5.4	5.7	6.0
Mine Health and Safety Council	4.5	4.7	4.9	5.1	5.4	5.7	6.0

Expenditure trends

Expenditure in this programme increased at an average annual rate of 8.2 per cent, from R105.1 million in 2006/07 to R133 million in 2009/10. The increase relates to annual inflation related salary adjustments and the restructuring of the Mine Health and Safety Inspectorate.

Expenditure is projected to increase over the medium term at an average annual rate of 8.3 per cent, from R133 million in 2009/10 to R168.9 million in 2012/13, due to increased human resource capacity. The inspectorate's functions are mostly human resource driven, hence expenditure in compensation of employees accounts for 76 per cent of the inspectorate's total annual expenditure over the 7-year period.

Spending over the MTEF period focuses on increasing the capacity of the inspectorate aimed at reducing mine related deaths, injuries and ill health.

Programme 3: Mineral Regulation

- *Management* provides overall management of the programme. Funding will mainly be used for compensation of employees and related expenditure on goods and services.
- *Mineral Regulation and Administration* is responsible for the administration of prospecting and mining rights licensing, and compliance with the Mineral and Petroleum Resource Development Act (2002), including mine compliance with environmental protection requirements. Funding will mainly be used for compensation of employees and related expenditure on goods and services.
- The *South African Diamond and Precious Metals Regulator* was established in terms of the Diamonds Act (1986) as amended, and the Precious Metals Act (2005). The regulator is responsible for issuing licences and permits related to the trade in diamonds, gold and platinum, and monitoring activities related to trade in the diamond, platinum and gold sectors. Funding will mainly be used for transfers to the regulator and to perform mandated functions.

Objectives and measures

- Contribute to broad based black economic empowerment (BEE) and transformation in the minerals and mining sector by issuing 27 new mining rights a year to historically disadvantaged South Africans.
- Contribute to sustainable development in the minerals and mining sector by conducting 1 380 environmental compliance inspections and 140 charter inspections a year.

- Promote investment and job creation in the minerals and mining sector by processing mining and prospecting rights applications within the specified timeframes according to the Minerals Petroleum Resources Act (2002).

Service delivery focus

By end of March 2009, the department had received 20 163 applications, of which 16 190 were accepted, 3 653 rejected and 5 805 issued. In 2008/09, the target for granting rights to historically disadvantaged South Africans was surpassed by 462 per cent (27 rights targeted, 152 rights granted). This continued in 2009/10, with the number of rights granted by the end of September 2009 at 147 against the target same target of 27. In 2008/09, there was an increase in the number of rights granted to women led entities (34 granted, against a target of 18). At the end of September 2009, 23 such rights had been granted against the same target of 18.

In 2008/09, another area of growth was observed: 1 742 environmental inspections were conducted against the planned 1 380. In the first half of 2009/10, 1 067 inspections were conducted. 140 charter inspections were planned for 2008/09, but only 19 achieved. 71 were completed by the end of September 2009 against the same target of 140.

In 2008/09, the department implemented and complete 5 mine rehabilitation projects, which included the revegetation and fencing of the Asbes, Bestwell, Corheim, Hartland and Kuruman sites. In a separate process in 2008/09, the department entered into a contract with the Council for Mineral Technology and Research to undertake 13 projects to the value of R40 million. This was subsequently reduced to 5 projects at a value of R19 million. These projects have not been commissioned yet, as contracts have only recently been finalised. The department is in the process of formulating a strategy for managing and rehabilitating derelict and ownerless sites. Implementation will be over a 3-year period.

Expenditure estimates

Table 31.6 Mineral Regulation

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
R million							
Management	13.4	7.1	7.7	5.6	5.8	6.1	6.4
Mineral Regulation and Administration	115.9	136.3	117.5	157.4	169.5	184.6	195.1
South African Diamond and Precious Metal Regulator	–	20.0	40.0	39.4	40.6	42.3	44.4
Total	129.3	163.4	165.2	202.5	215.9	233.1	245.9
Change to 2009 Budget estimate				34.4	29.8	35.7	(1.5)
Economic classification							
Current payments	128.2	136.9	125.0	163.0	175.3	190.8	201.5
Compensation of employees	59.9	66.5	71.8	85.2	91.3	100.4	106.3
Goods and services	68.2	70.4	53.3	77.8	84.0	90.3	95.3
<i>of which:</i>							
Computer services	–	0.0	2.5	0.1	0.1	0.1	0.1
Consultants and professional services:	34.8	35.1	11.3	47.5	52.1	56.4	59.7
Infrastructure and planning							
Travel and subsistence	9.5	11.6	10.8	9.2	9.6	10.6	11.0
Transfers and subsidies	0.9	20.9	40.0	39.4	40.6	42.3	44.4
Departmental agencies and accounts	–	20.0	40.0	39.4	40.6	42.3	44.4
Households	0.8	0.9	0.0	–	–	–	–
Payments for capital assets	0.3	0.0	0.0	0.1	–	–	–
Machinery and equipment	0.3	0.0	0.0	0.1	–	–	–
Payments for financial assets	–	5.6	0.1	–	–	–	–
Total	129.3	163.4	165.2	202.5	215.9	233.1	245.9
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	–	20.0	40.0	39.4	40.6	42.3	44.4
South African Diamond and Precious Metal Regulator	–	20.0	40.0	39.4	40.6	42.3	44.4

Expenditure trends

Expenditure for the *Mineral Regulation* programme increased at an average annual rate of 16.1 per cent, from R129.3 million in 2006/07 to R202.5 million in 2009/10. The increase is attributable to the expansion of administrative and regulatory services as a result of the ongoing implementation of the Minerals and Petroleum Resources Development Act (2002). Expenditure is projected to increase at an average annual rate of 6.7 per cent over the medium term, from R202.5 million in 2009/10 to R245.9 million in 2012/13. This is due to inflation related salary adjustments.

Spending in the *Mineral Regulation and Administration* subprogramme grew by 34 per cent in 2009/10 due to increased capacity for inspections and enforcing compliance with the Minerals and Petroleum Resources Development Act (2008).

Over the medium term, spending will focus on consulting services and contractors associated with the rehabilitation of derelict and ownerless mines, compliance workshops, and inspections and enforcement activities.

Programme 4: Mineral Policy and Promotion

- *Management* provides overall management of the programme.
- *Mineral Policy* develops new policies, reviews existing policies and amends legislation to transform the minerals and mining industry.
- *Mineral Promotion* promotes mineral development and gives advices on trends in the mining industry to attract investment.
- *Economic Analysis* conducts ongoing macroeconomic analysis and locates developments in the mining industry within the country's macroeconomic environment.
- *Mine Environmental Management* provides strategic guidance on mine environmental management and mine closure issues, including management of derelict and ownerless mines, management of financial provisions for mine rehabilitation and mine environmental research.
- *Assistance to Mines* aims to prevent the uncontrollable movement of water into and out of underground mine openings or holdings in the Witwatersrand area. The subprogramme provides assistance in the form of subsidies to marginal mines to pump extraneous water from underground holdings and to research, develop and implement strategic solutions for mine water management, including managing the decant of contaminated water.
- *Council for Mineral Technology and Research* partially funds the Council for Mineral Technology, which provides research, development and technology that fosters the development of businesses in the mineral and mineral products industries.
- The *Council for Geoscience* partially funds the Council for Geoscience, a national agency tasked with the development and maintenance of the national geoscience knowledge infrastructure for both land and ocean environments.

Funding for the *Management*, *Mineral Policy*, *Mineral Promotion* and *Economic Analysis* subprogrammes is mainly for compensation of employees and related expenditure on goods and services.

Objectives and measures

- Promote South Africa's mining and minerals industry to attract investment across the commodities value chain by:
 - providing relevant information on the South African mining industry to investors and the industry by producing 84 quality publications by 2012/2013
 - disseminating relevant information by participating in 60 local and international conferences and exhibitions as well as other platforms such as seminars and workshops, by 2012/2013
 - establishing and supporting small scale mining and minerals beneficiation projects in line with the new small scale mining strategy

- facilitating the transformation of the mining industry by reviewing mining and minerals policies and legislation regularly between 2010/11 and 2011/2012.
- Increase mineral value add by adopting the beneficiation strategy as policy in 2009/10 and completing the implementation plan for prioritised value chains in 2010/11.

Service delivery focus

African Union (AU) recognition of the African mining partnership in February 2009 was a major milestone, which resulted in the department being mandated to lead the process of merging the partnership with the AU conference of ministers responsible for mineral resources development.

In March 2009, the department, along with other key stakeholders, unveiled the mineral beneficiation strategy, which supports programmes such as the national industrial policy framework. Consultations are in progress and the strategy will be resubmitted to Cabinet for endorsement as a policy by the end of 2009/10.

In 2008/09, 33 existing small scale mining projects continued to receive technical and financial support from the department through the small scale mining directorate. 15 new small scale mining projects were established and supported.

Since the global economic downturn began in October 2008, the department has led a multi-stakeholder (government, business and labour) task team to recommend short, medium and long term interventions, and was mandated to develop recommendations for the optimal development of the mining industry in the post-crisis period. As a result of the department's recommendations, the mining industry was able to reduce the number of anticipated job losses from the forecasted 100 000 to less than 38 000 by November 2009.

Expenditure estimates

Table 31.7 Mineral Policy and Promotion

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Management	7.6	5.3	5.5	7.6	16.6	21.6	24.7
Mineral Policy	23.7	20.4	5.6	13.4	9.1	9.8	10.2
Mineral Promotion	44.0	47.8	47.2	48.5	55.9	57.0	59.6
<i>Mineral Economics</i>	12.6	13.7	14.4	14.3	21.7	20.6	21.4
<i>Beneficiation Economics</i>	5.2	6.3	3.4	3.6	4.7	5.2	5.4
<i>Small-Scale Mining</i>	26.2	27.9	29.5	30.7	29.4	31.2	32.7
Assistance to Mines	37.3	24.1	38.2	43.1	35.7	37.5	38.9
Council for Geoscience	93.1	122.6	122.7	132.7	136.5	137.5	144.5
Council for Mineral Technology and Research	118.7	124.6	135.8	161.1	165.8	179.3	191.3
Economic Analysis	–	–	–	–	4.6	5.0	5.2
Mine Environmental Management	–	–	–	–	5.0	6.6	6.9
Total	324.4	344.9	355.0	406.5	429.2	454.2	481.4
Change to 2009 Budget estimate				344.1	362.1	383.2	34.1

Economic classification

Current payments	31.5	35.1	34.3	43.5	67.6	74.9	80.4
Compensation of employees	20.0	22.1	22.6	29.3	37.8	43.9	46.9
Goods and services	11.4	13.0	11.6	14.2	29.8	30.9	33.5
<i>of which:</i>							
<i>Administrative fees</i>	0.3	0.3	0.8	0.0	0.0	0.0	0.0
<i>Travel and subsistence</i>	4.9	6.4	5.0	2.4	3.3	3.5	4.3
Transfers and subsidies	292.9	309.8	320.7	363.0	361.6	379.3	401.0
Departmental agencies and accounts	124.2	153.5	122.7	133.7	136.5	137.5	144.5
Public corporations and private enterprises	168.7	156.2	198.0	229.3	225.1	241.8	256.5
Households	0.1	0.1	–	–	–	–	–
Total	324.4	344.9	355.0	406.5	429.2	454.2	481.4

Table 31.7 Mineral Policy and Promotion (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	114.4	143.2	111.8	115.6	121.5	122.5	128.7
Council for Geoscience (Mine environmental research and development)	9.3	8.0	-	-	-	-	-
Council for Geoscience (Small scale mining)	21.8	22.9	-	-	-	-	-
Council for Geoscience	83.3	112.3	111.8	114.6	121.5	122.5	128.7
Capital	9.8	10.3	10.8	18.1	15.0	15.0	15.8
Council for Geoscience	9.8	10.3	10.8	18.1	15.0	15.0	15.8
Public corporations and private enterprises							
Public corporations							
Other transfers							
Current	118.1	120.3	147.5	163.4	172.2	190.0	202.5
Industrial Development Corporation of SA (Small scale mining)	-	-	24.0	25.1	23.6	25.0	26.3
Council for Science and Industrial Research (CSIR) - (Mine environmental research and development)	5.3	3.8	-	-	-	-	-
Council for Mineral Technology Research - (Mine environmental research and development)	5.4	3.7	-	-	-	-	-
Council for Mineral Technology	107.4	112.8	123.4	138.3	148.6	165.0	176.3
Capital	11.2	11.8	12.4	22.8	17.2	14.3	15.0
Council for Mineral Technology	11.2	11.8	12.4	22.8	17.2	14.3	15.0
Public corporations and private enterprises							
Private enterprises							
Subsidies on production or products							
Current	37.3	24.1	38.2	43.1	35.7	37.5	38.9
Assistance to Mines	37.3	24.1	38.2	43.1	35.7	37.5	38.9
Public corporations and private enterprises							
Private enterprises							
Other transfers							
Current	2.0	-	-	-	-	-	-
Chamber of Mines of South Africa	2.0	-	-	-	-	-	-

Expenditure trends

Expenditure in the *Mineral Policy and Promotion* programme increased at an average annual rate of 7.8 per cent, from R324.4 million in 2006/07 to R406.5 million in 2009/10. Expenditure includes transfer payments for core funding for the Council for Geoscience and the Council for Mineral Technology and Research. Other transfer payments include pumping subsidies paid to marginal mines in the *Assistance to Mines* subprogramme. Transfer payments represented 89.3 per cent of total expenditure in 2009/10.

In 2009/10, spending in compensation of employees grew by 29.6 per cent and in goods and services by the *Mineral Policy and Promotion* programme. The establishment of the chief directorate for economic advisory services, which includes the Mining, Mineral and Petroleum Development Board, also contributed to this increase.

Expenditure is projected to increase at an average annual rate of 5.8 per cent over the medium term, from R406.5 million in 2009/10 to R481.4 million in 2012/13, due to inflationary adjustments.

Major spending focus areas over the medium term will include promoting investment in the mining industry through disseminating information, implementing the beneficiation strategy, continuing to fund and support small scale mining projects, rehabilitating ownerless and derelict mines, and developing and reviewing legislation and policies.

Public entity

Council for Mineral Technology and Research

Strategic overview: 2006/07 – 2012/13

The continual development and application of innovative and knowledge intensive technologies is essential to achieving the national objectives of a developmental state. The Council for Mineral Technology and Research is committed to developing technologies that will not only strengthen the competitiveness of the traditional minerals processing cluster and foster new opportunities within it, but will also enhance the wellbeing of all South Africans.

The council has identified the following areas as critical priorities for the medium term, in line with global trends:

The council's capacity growth is being threatened by inadequate investment in human resources. To this end an ongoing effort will be made to properly develop and manage people. In addition, the council aims to further reduce professional staff turnover from 16 per cent to 10 per cent or less in 2009/10, compared to the 25 per cent staff turnover in the last 2 years. Currently, the turnover rate is 5 per cent.

In the ongoing upswing in the uranium market, the council has established itself as one of the foremost uranium laboratories in South Africa. Research on processing uranium in South Africa aims to provide enabling beneficiation technology and is growing. An increase in uranium related studies has led to the demand for laboratory and pilot plant feasibility work. A mineral liberation analyser was commissioned as part of a major uranium research programme. The council will continue to prioritise uranium research in the medium to long term.

There is a growing need to establish a South African titanium industry in response to the emergence of this industry and other light metals industries internationally. A medium to long term project to develop a titanium powder manufacturing process was started in 2008/09, funded by the Department of Science and Technology. The production of titanium is complex and expensive, and ways to reduce production and manufacturing costs are being investigated.

Efficient water and energy use in mining and minerals processing are key to sustainability. The council is developing new technologies and investigating the application of the water and energy efficient technologies used in other sectors.

Savings and cost effective service delivery

The council's most significant cost saving effort is a demand side management system implemented in 2009/10, which changed all the council's lighting to energy saving units. The full effect will be seen in years to come. Freezing vacant positions had the most impact this year, with only crucial positions filled, and savings of about R30 million (17 per cent) on salary costs. Double sided printing reduced the use of paper.

These small changes together with cautious spending throughout the council have resulted in significantly lower costs than budgeted.

Selected performance indicators

Table 31.14 Council for Mineral Technology and Research

Indicator	Programme/Activity	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Number of new or improved mineral technologies developed per year	Develop new technologies	4	5	10	5	6	6	8
Number of new or improved mining and minerals processing products and services developed per year	Development new improved products	11	16	13	14	14	15	13
Number of demonstrations for council products and technologies per year	Develop new applications or markets for minerals and metals	3	5	1	3	3	1	2

Table 31.8 Council for Mineral Technology and Research (continued)

Indicator	Programme/Activity	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Number of water and energy efficient flow sheets developed per year	Sustainable development	–	–	2	2	1	2	2
Number of junior resource companies supported per year	Technical assistance to junior research companies projects	13	40	18	25	28	40	20
Number of technologies relevant to SMMEs developed per year	SMME research and interventions	2	2	2	2	3	3	2
Number of bursaries granted per year	Human capital development	78	80	116	85	90	90	100
Number of trainees employed per year	Human capital development	50	41	45	53	58	58	40
Number of interns employed per year	Human capital development	15	5	5	12	15	15	5
Number of strategies developed per year to support regional development	Minerals strategies	4	6	6	5	6	7	6

Service delivery focus

The council is realigning its key programmes by developing skills in the mining and minerals sector through several training initiatives and second economy interventions. The aim is to support the department's strategic objective of redressing past imbalances and bridging the gap between the first and second economies. Key challenges include the highly technical nature of the industry and the skills required to ensure high impact. Interventions include SMME development and providing training and bursaries.

As part of forming national and international alliances, the council established South Africa's first independent smelter on its premises in 2008. In 2008, there was an increase in investigations to support projects for uranium, iron ore beneficiation and nickel, and a steady demand for platinum group metals work. Project AuTEK, a joint initiative with industry and other research and development organisations to develop new uses for gold, continues to advance in areas of biomedicine, catalysis and nanotechnology. The council also continued regional economic studies to support mineral project development and related economic diversification.

The council continues to develop monitoring technologies and maintenance programmes to sustain and improve the health and safety standards of the mining industry, and remains a centre of excellence in cyanide monitoring and applying advanced control strategies for metallurgical processes.

Expenditure estimates

Table 31.9 Council for Mineral Technology and Research: Programme information

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Develop efficient mineral processing technologies and sustainable value added products and services	202.9	224.5	237.3	248.2	256.5	272.5	281.8
Second economy interventions	13.9	13.7	18.3	15.9	17.8	19.9	22.3
Support regional interventions	12.8	12.6	10.3	30.5	24.3	22.4	21.4
Human and organisational development	23.7	23.3	22.6	14.6	21.4	23.4	25.6
Quality, Environment and Safety	1.7	1.7	1.8	2.0	2.2	2.5	2.8
Other programmes	83.7	100.5	96.4	86.2	96.6	105.3	119.1
Total expense	338.8	376.2	386.8	397.5	418.8	445.9	472.9

Table 31.10 Council for Mineral Technology and Research: Financial information

Statement of financial performance	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
R million							
Revenue							
Non-tax revenue	247.7	263.4	290.6	236.9	254.7	269.2	285.3
Sale of goods and services other than capital assets	200.4	238.2	256.2	225.9	242.4	255.4	269.8
of which:							
Sales by market establishments	200.4	238.2	256.2	225.9	242.4	255.4	269.8
Other non-tax revenue	47.3	25.2	34.3	11.0	12.3	13.8	15.5
Transfers received	104.1	128.3	135.8	161.1	165.5	179.0	191.0
Total revenue	351.8	391.7	426.4	398.0	420.2	448.2	476.3
Expenses							
Current expense	333.9	361.0	386.8	397.5	418.8	445.9	472.9
Compensation of employees	196.5	210.1	216.4	226.5	239.2	255.9	271.3
Goods and services	112.7	128.4	146.0	155.4	163.2	173.0	183.9
Depreciation	14.9	15.3	15.5	15.5	16.4	17.0	17.8
Interest, dividends and rent on land	3.4	6.1	8.5	–	–	–	–
Transfers and subsidies	4.9	15.2	–	–	–	–	–
Total expenses	338.8	376.2	386.8	397.5	418.8	445.9	472.9
Surplus / (Deficit)	13.0	15.5	39.6	0.5	1.4	2.2	3.3
Statement of financial position							
Carrying value of assets	155.8	210.1	204.3	213.9	225.5	238.8	256.1
of which: Acquisition of assets	19.3	19.9	10.9	25.1	28.0	30.4	35.1
Investments	89.5	100.8	136.3	151.5	177.1	205.6	235.1
Inventory	3.3	2.9	5.1	5.7	6.4	7.2	8.1
Loans	25.1	–	–	–	–	–	–
Receivables and prepayments	84.2	110.9	82.4	42.2	47.2	52.9	59.3
Cash and cash equivalents	30.5	49.0	79.6	100.6	112.6	126.2	141.3
Total assets	388.4	473.8	507.7	513.8	568.9	630.6	699.8
Accumulated surplus/deficit	236.0	300.7	340.4	312.9	343.9	378.6	417.4
Capital and reserves	–	–	–	110.3	123.5	138.3	154.9
Borrowings	1.4	1.0	0.7	–	–	–	–
Post-retirement benefits	62.7	79.9	32.6	29.1	32.6	36.5	40.9
Trade and other payables	66.6	51.7	54.8	17.4	19.5	21.8	24.4
Provisions	0.5	0.4	0.8	8.5	9.6	10.7	12.0
Liabilities not classified elsewhere	21.3	40.0	78.5	35.7	39.9	44.7	50.1
Total equity and liabilities	388.4	473.8	507.7	513.8	568.9	630.6	699.8

Expenditure trends

Revenue is generated largely from sales of services and technologies, with transfers from the department contributing 36.3 per cent of revenue over the 7-year period. Transfers increased at an average annual rate of 15.7 per cent from R104.1 million in 2006/7 to R161.1 million in 2009/10, and are expected to increase at an average annual of 5.8 per cent to reach R191 million in 2012/13. The council's own revenue from sales of services and technologies increases at an average annual rate of 4.1 per cent between 2006/07 to 2009/10, and is expected to reach R269.5 million in 2012/13, growing at an average annual rate of 6.1 per cent.

Over the MTEF period, expenditure is expected to increase from R397.5 million in 2009/10 to R472.9 million in 2012/13 at an average annual rate of 6 per cent. 60 per cent of the allocation is used to defray compensation of employees costs and the remainder is mainly directed towards acquiring research materials.

Additional tables

Table 31.A Summary of expenditure trends and estimates per programme and economic classification

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R million	2008/09		2008/09	2009/10			2009/10
1. Administration	146.8	157.5	172.6	174.1	9.1	183.2	183.2
2. Promotion of Mine Safety and Health	129.8	127.0	118.8	133.0	–	133.0	132.4
3. Mineral Regulation	207.2	202.1	165.2	207.5	(5.0)	202.5	200.8
4. Mineral Policy and Promotion	357.2	364.6	355.0	390.3	16.1	406.5	407.6
Total	841.0	851.2	811.6	904.9	20.2	925.1	924.0

Economic classification

Current payments	464.7	469.9	432.9	497.7	10.2	508.0	506.8
Compensation of employees	264.2	254.9	245.5	289.1	(1.5)	287.6	287.0
Goods and services	200.5	215.0	187.4	208.6	11.7	220.3	219.8
Transfers and subsidies	369.5	369.6	366.9	398.5	9.9	408.5	408.5
Departmental agencies and accounts	167.6	167.6	167.6	174.0	4.2	178.2	178.2
Public corporations and private enterprises	201.0	201.1	198.0	223.5	5.7	229.3	229.3
Households	0.9	0.9	1.3	1.0	–	1.0	1.0
Payments for capital assets	6.8	11.7	11.5	8.6	0.1	8.7	8.7
Machinery and equipment	5.5	9.4	9.7	7.5	0.1	7.6	7.6
Land and sub-soil assets	–	0.8	–	–	–	–	–
Software and other intangible assets	1.3	1.5	1.8	1.1	–	1.1	1.1
Payments for financial assets	–	–	0.4	–	–	–	–
Total	841.0	851.2	811.6	904.9	20.2	925.1	924.0

Table 31.B Detail of approved establishment and personnel numbers according to salary level ¹

Department	Personnel post status as at 30 September 2009			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid year ²	Medium-term estimate		
				2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
Department	1 082	1 082	55	563	613	1 037	1 076	1 178	1 183	1 183
Salary level 1 – 6	320	320	27	164	305	348	330	371	371	371
Salary level 7 – 10	410	410	22	168	89	379	433	384	389	389
Salary level 11 – 12	276	276	2	187	184	214	243	330	330	330
Salary level 13 – 16	76	76	5	44	35	97	71	93	93	93
Administration	278	278	34	250	286	348	271	416	416	416
Salary level 1 – 6	121	121	20	106	160	155	124	163	163	163
Salary level 7 – 10	104	104	11	101	65	120	116	157	157	157
Salary level 11 – 12	29	29	–	20	41	22	14	58	58	58
Salary level 13 – 16	24	24	4	23	20	52	18	38	38	38
Promotion of Mine Safety and Health	348	348	11	313	327	327	329	311	311	311
Salary level 1 – 6	65	65	3	58	145	74	68	76	76	76
Salary level 7 – 10	75	75	7	67	24	71	82	17	17	17
Salary level 11 – 12	183	183	1	167	143	155	154	197	197	197
Salary level 13 – 16	25	25	–	21	15	27	25	21	21	21
Mineral Regulation	352	352	8	–	–	362	370	339	339	339
Salary level 1 – 6	110	110	4	–	–	119	114	103	103	103
Salary level 7 – 10	186	186	4	–	–	188	190	171	171	171
Salary level 11 – 12	39	39	–	–	–	37	49	47	47	47
Salary level 13 – 16	17	17	–	–	–	18	17	18	18	18

Table 31.B Detail of approved establishment and personnel numbers according to salary level ¹ (continued)

	Personnel post status as at 30 September 2009			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid year ²	Medium-term estimate		
				2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Mineral Policy and Promotion	104	104	2	-	-	-	106	112	117	117
Salary level 1 – 6	24	24	-	-	-	-	24	29	29	29
Salary level 7 – 10	45	45	-	-	-	-	45	39	44	44
Salary level 11 – 12	25	25	1	-	-	-	26	28	28	28
Salary level 13 – 16	10	10	1	-	-	-	11	16	16	16

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

2. As at 30 September 2009.

Table 31.C Summary of expenditure on training

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Compensation of employees (R million)	196.4	222.2	233.6	280.5	352.3	392.1	414.7
Training expenditure (R million)	1.5	1.7	3.8	9.1	3.5	3.9	4.1
Training as percentage of compensation	0.7%	0.8%	1.6%	3.2%	1.0%	1.0%	1.0%
Total number trained in department (head count)	436	195	195	195			
<i>of which:</i>							
<i>Employees receiving bursaries (head count)</i>	82	47	47	47			
<i>Internships trained (head count)</i>	229	195	195	195			

Vote 32

Rural Development and Land Reform

Budget summary

R million	2010/11				2011/12	2012/13
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	577.8	555.8	12.3	9.7	602.1	634.5
Geospatial and Cadastral Services	283.6	261.1	13.6	8.9	303.0	319.0
Rural Development	256.2	255.7	–	0.5	293.3	293.0
Restitution	1 568.6	395.6	1 173.0	–	2 069.9	2 173.6
Land Reform	4 083.4	409.9	3 672.7	0.7	4 704.6	4 940.0
Total expenditure estimates	6 769.6	1 878.1	4 871.6	19.8	7 972.9	8 360.1
Executive authority	Minister of Rural Development and Land Reform					
Accounting officer	Director-General of Rural Development and Land Reform					
Website address	www.ruraldevelopment.gov.za					

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

Aim

The aim of the Department of Rural Development and Land Reform is to create and maintain an equitable and sustainable land dispensation and act as a catalyst for rural development that ensures rural livelihoods, decent work and continued social and economic advancement for all South Africans.

Programme purposes

Programme 1: Administration

Purpose: Strategic and logistical support in the form of executive and corporate services, and the acquisition of vehicles for departmental use, oversee departmental capital works, and make a nominal contribution to the Public Sector Education and Training Authority.

Programme 2: Geospatial and Cadastral Services

Purpose: Geospatial, cadastral surveys and spatial planning information as well as technical services in support of sustainable land development.

Programme 3: Rural Development

Purpose: Initiate, facilitate, coordinate and catalyse the implementation of a comprehensive rural development programme that leads to sustainable and vibrant rural communities.

Programme 4: Restitution

Purpose: Settlement of land restitution claims under the Restitution of Land Rights Act (Act 22 of 1994) and settlement support to beneficiaries.

Programme 5: Land Reform

Purpose: Sustainable land reform programmes in South Africa.

Strategic overview: 2006/07 – 2012/13

In 2009/10, the Department of Rural Development and Land Reform (called the Department of Land Affairs until June 2009) substantially amended its previous targets in the areas of land restitution and land reform. The new department's mandate has also been expanded to include the development and implementation of the comprehensive rural development programme, which is one of the key priorities of government's 2009–2014 medium term strategic framework. Its aim is to alleviate poverty and food insecurity by maximising the use and management of natural resources to create vibrant and sustainable rural communities.

New structure

The change has necessitated the revision of the department's strategic plan (2009–2014) as well as the restructuring of programmes to align both human and financial resources to the new mandate. A new programme dealing specifically with rural development was added while other programmes were combined, reducing the total number of programmes from seven to five.

Rural development

The *Rural Development* programme will pursue the following strategic goals: establishing business initiatives, agro-businesses, cooperatives, cultural initiatives and vibrant local markets in rural areas; empowering rural people and communities, especially women and youth, facilitating strong organisational and institutional capabilities; training rural people in technical skills; fighting hunger; and creating new economic, social, and communication infrastructure and public facilities in rural areas.

Government's comprehensive rural development programme needs the participation of all stakeholders, which include government departments and entities, communities and non-governmental organisations. Through coordinating with other government departments, a number of projects in this programme started in 2009, including building houses, providing water for rural communities, renovating schools, building ablution facilities and fencing agricultural land for food production.

Land reform, redistribution and land use

In 2009, the department revised downwards the national land redistribution targets of delivering white owned agricultural land to land reform beneficiaries, to align them with the actual budget allocation. The department has also recognised that in order to move forward decisively with the land redistribution programme, significant changes will have to be made to the willing-buyer willing-seller model of land redistribution. The department will focus on investigating alternative less costly methods of land acquisition, by engaging with all stakeholders within the agricultural sector. For the medium term, the redistribution targets for the programme have been adjusted from 721 700ha to 283 592ha in 2010/11, from 794 070ha to 303 615ha in 2011/12 and the new target for 2012/13 is 321 122ha.

The Land Use Management Bill, which was drafted to improve spatial planning and information, was not tabled in Parliament in 2009 as planned, due to opposition to aspects of the proposed bill, including the role of national legislation in relation to provincial legislation, the powers of local government and what the new planning instruments for driving economic growth in cities will be. A priority of the department is to undertake the necessary consultations and review of the bill and to return it to Parliament in 2010.

Land restitution

Under the *Restitution* programme, by October 2009, the department had settled 95 per cent of the 79 696 land claims lodged since 1994. The outstanding claims are all rural, of a complex nature and will require higher budget allocations to settle with the claimants. The department is now projecting that it will take another 10 years to settle the outstanding claims.

The Land Claims Commission, which falls under the *Restitution* programme and is fully funded by the department, will now focus on finalising all outstanding research, verification and strategic gazetting for the outstanding claims. Valuations and further negotiations for the settlement of claims will be done as per the revised budget allocation in line with the availability of funds. An estimated 120 claims on state land will be negotiated and settled. The remaining 4 222 claims are projected to be settled at an average of 603 claims per year and to be completed by 2020. The commission is expected to clear its current commitments by 2012/13 and will, in further negotiations, reconsider the prices it pays for land and review its policy to ensure the best value for money. The commission also plans to consider buying small pieces of land in the future that are more affordable and more conducive to settlement.

Savings and cost effective service delivery

Savings of R105.4 million from goods and services across all programmes have been identified over the MTEF period: R30 million in 2010/11, R42.5 million in 2011/12 and R33 million in 2012/13. The savings identified are mostly from non-core items in goods and services in the *Geospatial and Cadastral Services* programme and will not compromise service delivery.

Selected performance indicators

Table 32.1 Rural Development and Land Reform

Indicator	Programme	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Number of additional square kilometres of earth imagery at 0.5m ground sample distance acquired	Geospatial and Cadastral Services	191 502	200 000	216 000	280 000	310 000	310 000	310 000
Number of new maps of the national map series of South Africa produced	Geospatial and Cadastral Services	1 620	1 562	1 746	1 650	1 650	1 650	1 650
Number of days for processing all requests for information	Geospatial and Cadastral Services	5	5	5	5	4	4	4
Total number of provinces in which a surveyor-general's office is operational	Geospatial and Cadastral Services	5	6	7	8	8	8	9
Number of land claims settled per year*	Restitution	13 582	2 772	1 305	120	120	120	603
Total number of hectares of land redistributed to land reform beneficiaries	Land Reform	258 890	258 890	647 125	479 229	436 245	482 987	501 841

*The numbers fluctuate because some claims take longer than others and the budget is not always adequate

Expenditure estimates

Table 32.2 Rural Development and Land Reform

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
R million								
1. Administration	343.5	423.5	455.7	698.9	698.9	577.8	602.1	634.5
2. Geospatial and Cadastral Services	183.2	257.0	277.3	361.4	361.4	283.6	303.0	319.0
3. Rural Development	4.1	3.5	9.1	262.6	262.6	256.2	293.3	293.0
4. Restitution	2 339.3	3 641.0	3 122.1	2 107.4	2 107.4	1 568.6	2 069.9	2 173.6
5. Land Reform	854.5	1 571.7	2 799.5	2 971.1	2 971.1	4 083.4	4 704.6	4 940.0
Total	3 724.6	5 896.6	6 663.7	6 401.4	6 401.4	6 769.6	7 972.9	8 360.1
Change to 2009 Budget estimate				294.6	294.6	276.4	311.6	325.2

Table 32.2 Rural Development and Land Reform (continued)

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
R million								
Economic classification								
Current payments	866.2	1 143.7	1 251.5	2 046.1	2 046.1	1 878.1	1 996.3	2 083.9
Compensation of employees	406.0	476.4	614.2	954.8	954.8	1 072.2	1 141.5	1 199.8
Goods and services	460.2	667.3	637.3	1 091.3	1 091.3	805.9	854.8	884.1
<i>of which:</i>								
<i>Administrative fees</i>	22.9	28.8	38.0	275.4	275.4	230.0	272.1	270.5
<i>Computer services</i>	55.4	69.1	66.0	76.8	76.8	102.2	108.0	113.5
<i>Consultants and professional services:</i>	60.1	134.1	82.4	293.8	293.8	149.4	137.0	143.9
<i>Business and advisory services</i>								
<i>Travel and subsistence</i>	84.5	132.5	126.5	76.9	76.9	71.0	66.4	71.2
Transfers and subsidies	2 773.8	4 654.5	5 354.2	4 323.7	4 323.7	4 871.6	5 957.1	6 255.5
Provinces and municipalities	8.3	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Departmental agencies and accounts	310.7	824.1	1 518.2	1 101.3	1 101.3	1 160.1	1 234.0	1 295.9
Foreign governments and international organisations	–	1.0	1.1	1.2	1.2	1.3	1.4	1.5
Non-profit institutions	–	–	1.5	2.3	2.3	2.4	2.6	2.7
Households	2 454.9	3 829.3	3 833.3	3 218.8	3 218.8	3 707.8	4 719.1	4 955.4
Payments for capital assets	83.0	94.6	55.6	31.6	31.6	19.8	19.6	20.7
Buildings and other fixed structures	–	2.4	–	–	–	–	–	–
Machinery and equipment	48.5	63.1	41.6	30.3	30.3	19.2	18.0	19.2
Biological assets	–	9.5	–	–	–	–	–	–
Land and sub-soil assets	31.3	11.1	14.0	–	–	–	–	–
Software and other intangible assets	3.2	8.4	–	1.3	1.3	0.6	1.6	1.5
Payments for financial assets	1.6	3.8	2.4	0.0	0.0	0.0	0.0	0.0
Total	3 724.6	5 896.6	6 663.7	6 401.4	6 401.4	6 769.6	7 972.9	8 360.1

Expenditure trends

Expenditure increased from R3.7 billion in 2006/07 to R6.4 billion in 2009/10, at an average annual rate of 19.8 per cent due to the increase in land reform grants.

Over the MTEF period, expenditure is expected to increase to R8.4 billion, at an average annual rate of 9.3 per cent. This is due to the implementation of the new *Rural Development* programme and the revision of national land redistribution targets to increase land reform grants from R1.5 billion in 2009/10 to R3.2 billion in 2012/2013. In 2011/12, expenditure in the *Restitution* programme is expected to grow to enable the department to pay out an increased number of claims.

From 2006/07 to 2009/10, the number of personnel decreased from 3 159 to 3 108, a decrease of 1.6 per cent. However, in 2008/09, the number of posts increased significantly to 4 129 from 3 480 in 2007/08, in line with the new organisational structure aimed at improving service delivery. Due to the long recruitment process, high staff turnover and budget constraints, the posts were again reduced in 2009/10 to 3 108. Over the medium term, the number of personnel will increase from 3 108 to 4 129, at an average annual rate of 10 per cent, to provide for the implementation of the comprehensive rural development programme.

Departmental receipts

Since 2008/09, no dividends have been declared from the deeds trading account. This is due to the decline in the property market caused by the economic recession. In addition, revenue received from interest is projected to decrease in 2010/2011 due to lower interest rates. Departmental receipts are not expected to increase over the MTEF period.

Table 32.3 Departmental receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
Departmental receipts	158 836	176 380	64 170	231 217	61 091	68 420	68 951	64 467
Sales of goods and services produced by department	23 362	23 200	20 941	23 042	20 591	21 620	22 701	23 836
Sales of scrap, waste, arms and other used current goods	–	–	29	–	–	–	–	–
Transfers received	–	41	49	–	–	–	–	–
Interest, dividends and rent on land	131 755	145 461	33 438	197 092	36 000	42 600	41 840	36 000
Sales of capital assets	1 124	2 468	963	83	500	–	–	–
Transactions in financial assets and liabilities	2 595	5 210	8 750	11 000	4 000	4 200	4 410	4 631
Total	158 836	176 380	64 170	231 217	61 091	68 420	68 951	64 467

Programme 1: Administration

Expenditure estimates

Table 32.4 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Minister ¹	–	–	–	1.7	1.8	1.9	2.0
Deputy Minister ¹	–	–	–	1.4	1.5	1.6	1.7
Management	29.2	38.2	34.1	76.7	83.6	88.2	66.2
Corporate Services	267.7	327.1	374.7	479.3	421.4	435.8	459.5
Office Accommodation	33.0	51.9	44.6	130.1	50.7	54.8	58.9
Government Motor Transport	4.9	3.0	–	–	3.4	3.7	3.8
Sector Education and Training Authority	–	–	–	0.0	0.0	0.0	0.0
Capital Works	8.7	3.3	2.4	9.6	15.4	16.1	42.4
Total	343.5	423.5	455.7	698.9	577.8	602.1	634.5
Change to 2009 Budget estimate				200.6	23.2	15.2	28.0

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

Economic classification

Current payments	307.9	396.4	424.0	676.0	555.8	579.0	610.3
Compensation of employees	98.8	103.6	134.3	260.7	276.1	298.6	314.1
Goods and services	209.0	292.8	289.7	415.3	279.7	280.3	296.2
<i>of which:</i>							
<i>Administrative fees</i>	7.9	10.9	30.7	202.3	19.1	20.0	21.0
<i>Computer services</i>	47.6	54.7	55.2	51.7	83.4	87.9	92.4
<i>Consultants and professional services:</i>	28.4	57.5	16.7	18.7	32.8	27.0	28.3
<i>Business and advisory services</i>							
<i>Travel and subsistence</i>	17.1	26.6	26.9	14.8	39.3	32.1	35.3
Transfers and subsidies	4.0	7.3	13.0	13.7	12.3	12.9	13.6
Provinces and municipalities	0.1	0.0	0.0	–	0.0	0.0	0.0
Households	3.9	7.2	13.0	13.7	12.3	12.9	13.6
Payments for capital assets	31.4	19.4	18.7	9.2	9.7	10.2	10.7
Machinery and equipment	30.6	11.2	18.7	9.1	9.7	10.1	10.6
Software and other intangible assets	0.8	8.2	–	0.1	0.1	0.1	0.1
Payments for financial assets	0.2	0.4	0.0	–	–	–	–
Total	343.5	423.5	455.7	698.9	577.8	602.1	634.5

Table 32.4 Administration (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Details of selected transfers and subsidies							
Households							
Social benefits							
Current	-	-	1.3	13.5	12.3	12.9	13.6
Bursaries Non-employees	-	-	1.3	13.5	12.3	12.9	13.6

Expenditure trends

Expenditure increased from R343.5 million in 2006/07 to R698.9 million in 2009/10, at an average annual rate of 26.7 per cent. This was because a new organisational structure with provincial offices was adopted to improve the administration of the department's programmes. The increase in expenditure in 2009/10 is attributed to a virement of R178 million to this programme in the 2009 adjustments budget to mitigate the projected deficits in the *Property Management* and *Corporate Services* subprogrammes, as a result of the additional compensation and office accommodation required for new employees in these sections.

Expenditure is projected to decrease to R634.4 million over the MTEF period, at an average annual rate of 3.2 per cent. The decrease in expenditure to R577.8 in 2010/11 is a result of the once-off R178 million virement received in 2009/10.

Programme 2: Geospatial and Cadastral Services

- *Cadastral Surveys* is responsible for: examining and approving all surveys for the registration of land and real rights that are intended to be registered in the deeds office; maintaining records; compiling, maintaining and revising maps of property boundaries; and providing cadastral advisory services to other government institutions. Funding in this subprogramme will mainly be used for compensation of employees and goods and services.
- *National Geospatial Information* promotes and controls all matters related to geodetic and topographical surveying, and geospatial information services. Funding in this subprogramme will mainly be used for compensation of employees and goods and services.
- *Spatial Planning* provides for national land use management, spatial planning and spatial information systems. Funding in this subprogramme will mainly be used for compensation of employees and goods and services.
- *Registration of Deeds Trading Account* provides for the growth of trading capital and the procurement of capital equipment for the deeds registration chief directorate. Funds in this subprogramme will be used to augment any deficit that may occur in the trading account, compensation of employees, and goods and services.
- *South African Council for Planners* provides transfers to the South African Council for Planners in line with the Planning Professions Act (2002). Funding in this subprogramme will mainly support the South African Council for Planners, a non-profit organisation dealing with the registration and activities of the city planning profession.

Objectives and measures

- Provide fundamental geospatial information as a national asset in accordance with user needs by:
 - maintaining 1 055 reference beacons of the national control survey network by March 2011
 - acquiring earth imagery of South Africa at 0.5 ground sample distance covering 310 000 km² by March 2011
 - producing 1 680 maps of South Africa in the national map series by March 2011
 - recording on maps to annually monitor changes in actual land use due to land development

- completing the update of the integrated database of fundamental geospatial information by March 2012.
- Enhance effective spatial planning by ensuring that spatial planning and information services provided from the already operational 4 provinces are extended to all 9 provinces in 2011/12.
- Improve the efficiency of cadastral information services by:
 - reducing the time for maintaining and archiving cadastral documents from 15 days in 2009/10 to 14 days by 2012/13
 - reducing the turnaround time for supplying cadastral documents from 5 days in 2009/10 to 3 days by 2012/13.
- Undertake research on rural development and land reform by 2011/12 to find innovative ways in which technology can contribute towards the reduction of vulnerability and poverty.

Service delivery focus

In 2009/10, the *Geospatial and Cadastral Surveys* programme achieved its target turnaround time of 14 working days for examining and approving diagrams, general plans and sectional titles that were 100 per cent registerable with no returns from deeds offices. By November 2009/10, 8 610 lodgements (projects) were processed, creating 196 932 new land parcels, which are pieces of land that can be registered with a deed attached. The provincial cadastral spatial database for creating base maps was maintained in 2009/10 and updated within the targeted 15 working days. Due to the introduction of an automatic emailing system in 2009/10, the department managed to convey this information to the public, government departments and private professional land surveyors within 4 days instead of the targeted 5 days. Improvements to the Eastern Cape information centre continued in 2009/10 with 14 more administration officials employed. Pupil survey officers' training in all surveyors-general offices was at its final stage in 2009/10.

The amended version of the Land Use Management Bill was approved by the parliamentary portfolio committee on agriculture and land affairs in 2009, but has not yet been tabled in Parliament as planned in 2009. A draft report on a review of the functions of the South African Council for Planners was completed in 2009/10. The spatial metadata discovery portal was established in 2009 and the project was tested to be deployed to all provinces in the same year. The portal is part of the national spatial information framework, which is a directorate under the chief directorate for spatial planning and information, and is a national initiative to coordinate the development of infrastructure required to support the use of spatial information in decision making. The building of a spatial data infrastructure includes policies, institutional arrangements, developing human resources and standards for geographic information.

Expenditure estimates

Table 32.5 Geospatial and Cadastral Services

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Cadastral Surveys	90.2	137.7	116.3	140.8	141.0	150.6	158.5
National Geospatial Information	78.4	103.1	81.8	105.5	108.0	115.0	120.9
Spatial Planning	14.5	16.1	22.8	55.2	23.3	24.5	25.8
Registration of Deeds Trading Account	–	–	54.8	57.6	8.8	10.4	11.1
South African Council For Planners	–	–	1.5	2.3	2.4	2.6	2.7
Total	183.2	257.0	277.3	361.4	283.6	303.0	319.0
Change to 2009 Budget estimate				119.8	32.3	36.0	38.5

Table 32.5 Geospatial and Cadastral Services (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Economic classification							
Current payments	167.4	222.0	207.8	290.7	261.1	279.3	293.5
Compensation of employees	111.1	128.2	140.4	186.1	194.5	209.4	220.2
Goods and services	56.3	93.8	67.3	104.5	66.5	69.9	73.3
<i>of which:</i>							
<i>Administrative fees</i>	0.5	0.5	1.4	33.1	3.1	3.9	4.1
<i>Computer services</i>	4.8	8.4	6.3	6.4	3.6	3.9	4.1
<i>Consultants and professional services: Business and advisory services</i>	2.8	4.3	0.7	3.9	3.2	2.7	2.9
<i>Travel and subsistence</i>	12.4	37.4	23.2	13.4	6.4	7.3	7.7
Transfers and subsidies	2.6	5.8	59.0	62.2	13.6	15.9	17.3
Provinces and municipalities	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Departmental agencies and accounts	0.0	–	54.8	57.6	8.8	10.4	11.1
Foreign governments and international organisations	–	1.0	1.1	1.2	1.3	1.4	1.5
Non-profit institutions	–	–	1.5	2.3	2.4	2.6	2.7
Households	2.6	4.8	1.6	1.1	1.0	1.6	2.0
Payments for capital assets	13.1	28.9	10.3	8.5	8.9	7.8	8.2
Machinery and equipment	11.0	28.9	10.3	7.3	8.4	6.3	6.7
Software and other intangible assets	2.1	–	–	1.2	0.6	1.5	1.4
Payments for financial assets	0.0	0.3	0.2	–	–	–	–
Total	183.2	257.0	277.3	361.4	283.6	303.0	319.0

Details of selected transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	–	–	54.8	57.6	8.8	10.4	11.1
Registration of Deeds Trading Account	–	–	54.8	57.6	8.8	10.4	11.1
Foreign governments and international organisations							
Current	–	1.0	–	1.2	1.3	1.4	1.5
Regional Centre for Mapping of Resources for Development	–	1.0	–	1.2	1.3	1.4	1.5
Non-profit institutions							
Current	–	–	1.5	2.3	2.4	2.6	2.7
South African Council for Planners	–	–	1.5	2.3	2.4	2.6	2.7

Expenditure trends

Expenditure in the *Geospatial and Cadastral Services* programme increased from R183.2 million in 2006/07 to R361.4 million in 2009/10, at an average annual rate of 25.4 per cent. The increase in expenditure is attributed to a virement of R108 million to this programme in the 2009 adjustment budget to mitigate projected deficits in the *Registration of Deeds Trading Account* subprogramme from reduced revenue from property registrations, and in the *Spatial Planning*, and *Cadastral Surveys* subprogrammes for additional compensation and office accommodation required for new employees in these sections.

Expenditure is projected to decrease over the MTEF period to R319 million, at an average annual rate of 4.1 per cent due to the once-off virement in 2009/10. The spending focus over the medium term will be on mapping, registration of deeds and developing new plans for new settlements.

Trading account

Registration of deeds trading account

Strategic overview: 2006/07 – 2012/13

Deeds registries are established in terms of the Deeds Registries Act (1937). Their primary purpose is to register rights in land and thus provide security of title. They also maintain public registers of land. The registration of deeds trading account is a trading entity established in terms of the Public Finance Management Act (1999). It generates revenue by selling information and levying fees as legislated.

Savings and cost effective service delivery

Since 2008/09, the deeds trading account's revenues have been decreasing, due to the slump in the property market caused by the economic recession. The decrease in revenues has resulted in projected deficits being mitigated by transfers from the department. Due to the projected deficits, the trading account could not identify savings.

Selected performance indicators

Table 32.6 Registration of deeds trading account

Indicator	Programme/Activity	Past			Current	Projections		
		2006/7	2007/8	2008/9	2009/10	2010/11	2011/12	2012/13
Number of days from lodgement until examination is completed	Examination of deed applications	6	6	6	6	6	6	6
Number of days to deliver deeds and other documents after registration	Delivery of registered documents	30	30	14	7	7	7	7

Service delivery focus

The e-cadastre system was introduced in 2009/10 to reduce deeds registration turnaround times over the MTEF period. A phased approach is being followed in the Pretoria and North West offices in 2009/10, and the Cape Town and Kimberley offices in 2010/11 through implementing an enterprise architecture that will result in consolidating cadastral and deeds data stores; and back scanning of all the paper and microfilm records for digitising the archives. The server storage capacity will also be upgraded in 2010/11 to accommodate an increase in records as a result of back scanning.

Expenditure estimates

Table 32.7 Registration of deeds trading account: Programme information

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Registration of Deeds	2.0	1.5	0.2	0.2	0.2	0.2	0.2
Computer Services	36.5	49.7	35.7	52.4	62.2	65.6	60.4
Consultants, Contractors and Special Services	32.7	53.3	60.6	23.9	52.8	53.4	59.2
E-Cadastre	–	–	–	43.0	43.0	106.8	215.1
Depreciation	21.6	17.0	21.2	16.2	23.2	24.6	26.1
Other programmes	230.1	232.2	250.2	276.9	299.6	317.4	341.5
Total expense	322.9	353.7	367.9	412.5	481.1	568.1	702.5

Table 32.8 Registration of deeds trading account: Financial information

Statement of financial performance R million	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Revenue							
Non-tax revenue	440.2	433.6	314.8	354.9	472.4	557.7	691.4
Sale of goods and services other than capital assets <i>of which:</i>	423.5	419.0	309.8	345.1	467.6	552.5	685.9
Registration of deeds and sale of information	423.5	419.0	309.8	345.1	467.6	552.5	685.9
Other non-tax revenue	16.7	14.6	5.0	9.8	4.9	5.2	5.5
Transfers received	–	–	53.1	57.6	8.8	10.4	11.1
Total revenue	440.2	433.6	367.9	412.5	481.3	568.1	702.5
Expenses							
Current expense	322.9	353.7	367.9	412.5	481.1	568.1	702.5
Compensation of employees	207.4	195.3	204.9	250.6	265.9	280.8	297.6
Goods and services	91.9	140.0	141.6	139.2	191.8	262.5	378.6
Depreciation	21.6	17.0	21.2	22.4	23.2	24.6	26.1
Interest, dividends and rent on land	2.0	1.5	0.2	0.2	0.2	0.2	0.2
Total expenses	322.9	353.7	367.9	412.5	481.1	568.1	702.5
Surplus / (Deficit)	117.3	79.8	–	–	0.2	–	–
Statement of financial position							
Carrying value of assets	97.8	121.7	135.6	127.9	144.0	155.2	165.7
<i>of which: Acquisition of assets</i>	28.9	42.0	49.0	14.7	39.3	35.8	36.6
Inventory	1.1	1.2	0.9	2.1	2.3	2.4	2.6
Receivables and prepayments	72.0	62.1	60.2	63.8	67.6	71.7	76.0
Cash and cash equivalents	94.1	53.3	32.6	34.6	36.7	38.9	41.2
Total assets	265.0	238.2	229.4	228.5	250.6	268.2	285.5
Accumulated surplus/deficit	47.1	126.9	126.9	126.9	133.3	142.6	151.2
Borrowings	2.3	1.7	1.1	0.6	0.7	0.7	0.8
Trade and other payables	13.4	25.8	13.5	14.3	41.8	44.4	47.0
Provisions	24.8	25.6	27.8	28.3	30.0	31.8	33.8
Managed funds	177.5	58.3	58.3	58.3	44.8	48.7	52.8
Liabilities not classified elsewhere	–	–	1.8	–	–	–	–
Total equity and liabilities	265.0	238.2	229.4	228.5	250.6	268.2	285.5

Expenditure trends

Expenditure increased at an average annual rate of 8.5 per cent, from R323 million in 2006/07 to R412 million in 2009/10. This was due to increases in salaries and wages, which is attributable to the project undertaken to adopt a new organisational structure aimed at improving service delivery. It involved the appointment of more officials and the promotion of others to higher salary levels. 43 appointments have been made to date and were upgraded from level 6 to level 7 in 2009/10.

The trading account declared a reduced surplus of R79.8 million in 2007/08 as a result of a 15.2 per cent decrease in revenue and higher expenditure. This trend is set to continue due to the slump in the property market and increased expenditure on compensation of employees from 2009/10. From 2008/09, the account will record a deficit. Transfers of R53 million for 2008/09 and R58 million for 2009/10 have been provided to augment the trading account. The schedule of fees was reviewed and it is expected that the projected revenue will cover operational costs from 2010/11.

Expenditure is expected to increase to R703 million over the MTEF period, at an average annual rate of 19.4 per cent. This is due to an increase in compensation of employees, which rose by 22.3 per cent in 2008/09 and again by 6.5 per cent in 2009/10.

Programme 3: Rural Development

- *Rural Development National Office* is responsible for formulating policies and introducing products and services for the effective implementation of the comprehensive rural development programme.
- *Rural Development Provincial Offices* provides support services for effectively implementing the comprehensive rural development programme.

Objectives and measures

- Ensure that social, environmental and economic development is realised by rural communities through:
 - training and skills development over the MTEF period
 - establishing cooperatives and enterprises over the MTEF period
 - establishing community organisations over the MTEF period
 - facilitating integrated infrastructure delivery for socioeconomic growth over the MTEF period
 - revitalising and revamping old ICT infrastructure and developing new infrastructure over the MTEF period
 - investing strategically in public amenities in rural areas and improving access in 2010/11.

Service delivery focus

Launched in 2009 in Free State, Eastern Cape, North West, Mpumalanga, Limpopo and Northern Cape, the comprehensive rural development programme focuses on providing education and skills, small farmer development, water resources management, and promoting cooperatives. Agricultural skills training and infrastructure development such as clinics, schools, houses, irrigation systems and fencing are under way.

In August 2009, a pilot project was launched in Muyexe, Limpopo, with the purpose of ensuring that rural areas have access to improved social and economic infrastructure such as schools, clinics, a pump house, storage facilities, 230 houses, boreholes and reticulation systems. Since the launch, housing and social profiling has been completed, a number of cooperatives are being established, and agricultural and infrastructure projects have been started.

Expenditure estimates

Table 32.9 Rural Development

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Rural Development National Office	4.1	3.5	9.1	262.6	230.7	266.4	264.7
Rural Development Provincial Offices	–	–	–	–	25.5	26.9	28.3
Total	4.1	3.5	9.1	262.6	256.2	293.3	293.0
Change to 2009 Budget estimate				255.0	253.2	293.3	293.0

Economic classification

Current payments	4.1	3.5	9.1	262.6	255.7	292.8	292.2
Compensation of employees	2.5	2.8	3.6	3.8	66.4	70.5	74.0
Goods and services	1.6	0.7	5.5	258.9	189.3	222.3	218.2
<i>of which:</i>							
<i>Administrative fees</i>	–	–	–	–	185.1	221.0	216.8
<i>Computer services</i>	0.0	–	0.0	12.0	–	–	–
<i>Consultants and professional services:</i>	0.8	0.2	4.6	198.1	3.4	0.5	0.5
<i>Business and advisory services</i>							
<i>Travel and subsistence</i>	0.7	0.2	0.6	7.6	0.5	0.6	0.6
Payments for capital assets	–	0.1	–	–	0.5	0.6	0.8
Machinery and equipment	–	0.1	–	–	0.5	0.6	0.8
Total	4.1	3.5	9.1	262.6	256.2	293.3	293.0

Expenditure trends

The 2009 adjusted budget allocated R255 million to this new programme. This included R5 million transferred from the previous Department of Provincial and Local Government. Over the MTEF period, expenditure is projected to increase at an average annual rate of 3.7 per cent, from R262.6 million to R293 million. This is due to increased social, environmental and economic development expenditure directed towards rural communities.

Programme 4: Restitution

- *Restitution National Office* provides administrative and professional support to the Commission on the Restitution of Land Rights for processing and investigating restitution claims. The subprogramme also develops and coordinates restitution policy and oversees court cases. Funding in this subprogramme will mainly be used for compensation of employees and related costs.
- *Restitution Regional Offices* negotiates restitution agreements and provides administrative support services to regional land claims commissioners. Funding in this subprogramme will mainly be used for compensation of employees and related costs.
- *Restitution Grants* makes grants to restore land and provides alternative land to land reform beneficiaries. The subprogramme provides for payment of compensation and alternative relief, settlement planning and facilitation assistance, and contributes to costs of resettling communities. Funding in this subprogramme will mainly be used for grants paid out to beneficiaries and administration of these transactions.

Objectives and measures

- Settle restitution claims by finalising outstanding research and verification for 4 222 outstanding claims and do the strategic gazetting of the claims.

Service delivery focus

By the end of October 2009, 95 per cent (75 758 of 79 696) of claims lodged were settled, benefiting 324 154 households and 1.5 million individuals with a total cost of R21.5 billion. 87 per cent of settled claims were urban and 13 per cent rural, with most rural claimants opting for land restoration. No valuations and no negotiations will be done during 2010/2011. It is estimated that 120 claims on state land will be negotiated and settled where there are no financial implications.

Between 2006/07 and 2009/10, the Commission on the Restitution of Land Rights has settled 3 829 rural claims, which have benefited 124 389 households and 572 476 individuals. The total land committed for restoration during this period was 1.5 million hectares, at a total cost of R15.4 billion. Between April 2009 and October 2009, the commission settled 74 rural claims against a target of 1 695. The settlements benefited 8 721 households and 23 845 individuals. The total rural land approved for restoration in this period was 144 799ha, at a total cost of R1.2 billion.

Expenditure estimates

Table 32.10 Restitution

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Restitution National Office	18.8	29.0	31.2	44.6	46.4	50.2	52.9
Restitution Regional Offices	227.9	278.4	307.3	352.1	349.4	359.0	376.9
Restitution Grants	2 092.5	3 333.6	2 783.7	1 710.7	1 172.8	1 660.7	1 743.8
Total	2 339.3	3 641.0	3 122.1	2 107.4	1 568.6	2 069.9	2 173.6
Change to 2009 Budget estimate				203.2	(16.1)	(16.5)	(17.2)

Table 32.10 Restitution (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Economic classification							
Current payments	211.2	288.4	317.2	395.0	395.6	409.0	429.6
Compensation of employees	97.4	127.5	185.5	226.7	234.0	242.9	255.2
Goods and services	113.8	160.9	131.7	168.4	161.6	166.0	174.4
<i>of which:</i>							
<i>Administrative fees</i>	12.9	13.4	3.5	3.8	1.7	2.2	2.3
<i>Computer services</i>	0.1	0.5	0.6	0.4	0.6	0.4	0.4
<i>Consultants and professional services: Business and advisory services</i>	20.4	38.1	25.0	46.4	92.7	91.9	96.5
<i>Travel and subsistence</i>	31.1	38.2	38.5	23.5	16.6	17.3	18.1
Transfers and subsidies	2 092.6	3 333.6	2 783.7	1 710.7	1 173.0	1 661.0	1 744.0
Provinces and municipalities	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Households	2 092.5	3 333.6	2 783.7	1 710.7	1 173.0	1 660.9	1 744.0
Payments for capital assets	34.5	16.4	20.4	1.7	–	–	–
Machinery and equipment	3.2	5.3	6.4	1.7	–	–	–
Land and sub-soil assets	31.3	11.1	14.0	–	–	–	–
Payments for financial assets	0.9	2.5	0.9	–	–	–	–
Total	2 339.3	3 641.0	3 122.1	2 107.4	1 568.6	2 069.9	2 173.6

Details of selected transfers and subsidies

Households							
Other transfers to households							
Capital	2 092.5	3 333.6	2 783.7	1 710.7	1 172.8	1 660.7	1 743.8
Restitution grants	2 092.5	3 333.6	2 783.7	1 710.7	1 172.8	1 660.7	1 743.8

Expenditure trends

Expenditure decreased from R2.3 billion in 2006/07 to R2.1 billion in 2009/10, at an average annual rate of 3.4 per cent. This was as a result of the additional funds received to enable the department to finalise all land restitution claims by March 2008. However, the department has not been able to settle all claims, and outstanding ones will be settled over the next 10 years.

Over the MTEF period, expenditure is projected to increase to R2.2 billion, at an average annual rate of 1 per cent. The lower annual increase is due to the reduction in restitution grants from R1.7 billion in 2009/10 to R1.2 billion in 2010/11 as a result of budget constraints. The restitution grants are then set to increase again in 2011/12 to R1.7 billion, and remain unchanged in 2012/13. Most of these funds have already been previously committed and the Commission on the Restitution of Land Rights is expected to clear its outstanding commitments by 2012/13, which will allow it to negotiate the other outstanding claims.

Programme 5: Land Reform

- *Land Reform National Office* is responsible for developing and coordinating land reform products and facilitating the implementation of land reform programmes and projects. It also provides support services to provincial offices. Funding in this subprogramme will mainly be used for compensation of employees and related costs.
- *Land Reform Provincial Offices* provides support services for implementing land reform programmes and projects and for administering state land in each province. Funding in this subprogramme will mainly be used for compensation of employees and related costs.
- *Land Reform Grants* makes grants for project and programme planning, land acquisition and settlement, and allows the department to maintain, plan, develop or improve property. Funding in this subprogramme will mainly be used for grants to households and compensation of employees and related costs.

- *KwaZulu-Natal Ingonyama Trust Board* makes grants for administering Ingonyama Trust land. Funding in this subprogramme will mainly be used for support to the organisation and estate management services delivered.
- *Land Reform Empowerment Facility* makes transfers to the revolving credit loan facility established by the department to finance land acquisition and equity in commercial farming ventures. It is located in Khula Enterprise Finance, which was contracted to administer the funds on behalf of the department. Funding in this subprogramme will mainly be used to make transfers to Khula Enterprise Finance.
- *Communal Land Rights Programme* provides management and support to facilitate the legal security of tenure by transferring communal land, including Ingonyama Trust land to communities or by awarding comparable redress. Funding in this subprogramme will mainly be used for compensation of employees and related costs.
- *Agricultural Land Holding Account* provides transfers to the agricultural land holding account in terms of the Provision of Land and Assistance Act (1993).

Objectives and measures

- Ensure that the sustainable benefits of economic growth accrue to previously disadvantaged communities, groups and individuals by delivering 321 122ha of agricultural land by 2012/13.

Service delivery focus

From 1994 to the end of 2008/09, the programme had delivered approximately 2.9 million hectares of white owned agricultural land to land reform beneficiaries. The programme's 2 subprogrammes, *Redistribution* and *Tenure Reform*, transferred 501 projects to 14 457 beneficiaries with a total of 443 600ha of land in 2008/09.

A review of the land redistribution for agricultural development projects indicated that only 49 per cent of the projects are sustainable for agricultural production and beneficiaries' livelihoods. The department implemented immediate interventions to save these projects by amending the Provision of Land and Assistance Act (1993) in January 2009 and placed a hold on purchasing moveable assets and game farms, putting lease agreements in place to manage moveable assets, and contracting strategic partners and mentors to assist and transfer skills to the lessees. The implementation of the amendments to the proactive land acquisition strategy allowed the state to provide potential beneficiaries with access to land by means of lease or caretaker agreements.

In 2008/09, the department progressed with the process of finalising disposal plans for those that have the potential to farm. 3 137 parcels of state land were submitted for confirmation of vesting. In 2009/10, the department requested a 25 per cent (R254 million) virement of the proactive land acquisition strategy capital budget to be allocated to operations to ensure that challenges associated with the strategy will be dealt with effectively. As a development grant, R254.5 million was transferred to households to provide for beneficiaries' project development needs.

Expenditure estimates

Table 32.11 Land Reform

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Land Reform National Office	47.2	56.4	51.3	89.7	61.0	64.9	69.3
Land Reform Provincial Offices	140.2	203.9	230.2	331.1	325.8	345.4	361.7
Land Reform Grants	355.8	483.1	1 035.1	1 493.3	2 521.5	3 043.7	3 195.9
KwaZulu-Natal Ingonyama Trust Board	2.2	2.4	2.5	2.6	2.8	2.9	3.1
Land Reform Empowerment Facility	–	–	–	–	–	–	–
Communal Land Rights Programme	0.5	4.3	19.4	13.2	23.9	27.1	28.4
Agricultural Land Holding Account	308.5	821.8	1 460.9	1 041.1	1 148.5	1 220.6	1 281.7
Total	854.5	1 571.7	2 799.5	2 971.1	4 083.4	4 704.6	4 940.0
Change to 2009 Budget estimate				(483.8)	(16.3)	(16.4)	(17.0)

Table 32.11 Land Reform (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Economic classification							
Current payments	175.6	233.4	293.5	421.7	409.9	436.3	458.3
Compensation of employees	96.3	114.3	150.3	277.6	301.2	320.1	336.3
Goods and services	79.4	119.1	143.2	144.2	108.7	116.3	122.0
<i>of which:</i>							
<i>Administrative fees</i>	1.6	4.0	2.3	36.3	21.0	25.0	26.2
<i>Computer services</i>	2.8	5.5	3.9	6.4	14.7	15.8	16.5
<i>Consultants and professional services: Business and advisory services</i>	7.7	34.0	35.4	26.7	17.3	15.0	15.7
<i>Travel and subsistence</i>	23.3	30.1	37.3	17.6	8.2	9.1	9.5
Transfers and subsidies	674.6	1 307.9	2 498.5	2 537.1	3 672.7	4 267.3	4 480.6
Provinces and municipalities	8.1	0.0	0.0	0.0	0.0	0.0	0.0
Departmental agencies and accounts	310.7	824.1	1 463.4	1 043.7	1 151.3	1 223.6	1 284.7
Households	355.8	483.7	1 035.1	1 493.3	2 521.5	3 043.7	3 195.9
Payments for capital assets	3.9	29.8	6.3	12.3	0.7	1.0	1.1
Buildings and other fixed structures	–	2.4	–	–	–	–	–
Machinery and equipment	3.6	17.6	6.3	12.3	0.7	1.0	1.1
Biological assets	–	9.5	–	–	–	–	–
Software and other intangible assets	0.3	0.3	–	–	–	–	–
Payments for financial assets	0.4	0.6	1.3	0.0	0.0	0.0	0.0
Total	854.5	1 571.7	2 799.5	2 971.1	4 083.4	4 704.6	4 940.0

Details of selected transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	310.7	824.1	1 463.4	1 043.7	1 151.3	1 223.6	1 284.7
KwaZulu-Natal Ingonyama Trust Board	2.2	2.4	2.5	2.6	2.8	2.9	3.1
Agricultural Land Holding Account	308.5	821.8	1 460.9	1 041.1	1 148.5	1 220.6	1 281.7
Households							
Other transfers to households							
Capital	355.7	483.1	1 035.1	1 493.3	2 521.5	3 043.7	3 195.9
Land reform grants	355.7	483.1	1 035.1	1 493.3	2 521.5	3 043.7	3 195.9

Expenditure trends

Expenditure increased from R854.5 million in 2006/07 to R2.971 billion in 2009/10, at an average annual rate of 52 per cent. This was due to the acquisition and redistribution of land through the proactive land acquisition strategy. Funds for the land reform grants were shifted to the agriculture land holding account to implement the proactive land acquisition strategy. At the same time, additional funds were allocated for land reform grants to cater for the increased cost of land.

Expenditure over the MTEF period is expected to increase to R4.9 billion, at an average annual rate of 18.5 per cent. The increase in expenditure is mainly due to an increase in land reform grants from R1.5 billion in 2009/10 to R3.2 billion in 2012/13. The focus over the medium term will be on continuing the land reform process.

Additional tables

Table 32.A Summary of expenditure trends and estimates per programme and economic classification

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R million	2008/09		2008/09	2009/10			2009/10
1. Administration	447.8	434.0	455.7	498.3	200.6	698.9	698.9
2. Geospatial and Cadastral Services	120.5	123.7	277.3	241.5	119.8	361.4	361.4
3. Rural Development	109.5	114.9	9.1	10.3	252.3	262.6	262.6
4. Restitution	3 097.3	3 098.3	3 122.1	1 904.3	203.2	2 107.4	2 107.4
5. Land Reform	2 888.5	2 888.5	2 799.5	3 454.9	(483.8)	2 971.1	2 971.1
Total	6 663.6	6 659.4	6 663.7	6 109.4	292.0	6 401.4	6 401.4
Economic classification							
Current payments	1 101.5	1 314.2	1 251.5	1 539.4	506.7	2 046.1	2 046.1
Compensation of employees	640.7	731.9	614.2	944.7	10.2	954.8	954.8
Goods and services	460.8	582.2	637.3	594.7	496.6	1 091.3	1 091.3
Interest and rent on land	–	–	0.0	–	–	–	–
Transfers and subsidies	4 661.5	3 970.4	5 354.2	4 547.3	(223.6)	4 323.7	4 323.7
Provinces and municipalities	–	0.0	0.0	0.0	0.0	0.0	0.0
Departmental agencies and accounts	2.5	2.5	1 518.2	1 020.7	80.6	1 101.3	1 101.3
Foreign governments and international organisations	–	1.2	1.1	1.2	–	1.2	1.2
Non-profit institutions	2.1	2.1	1.5	2.3	–	2.3	2.3
Households	4 656.9	3 964.6	3 833.3	3 523.0	(304.2)	3 218.8	3 218.8
Payments for capital assets	900.6	1 374.8	55.6	22.7	8.9	31.6	31.6
Buildings and other fixed structures	–	0.1	–	–	–	–	–
Machinery and equipment	34.3	40.0	41.6	21.4	8.9	30.3	30.3
Land and sub-soil assets	852.7	1 333.3	14.0	–	–	–	–
Software and other intangible assets	13.7	1.4	–	1.3	(0.0)	1.3	1.3
Payments for financial assets	–	–	2.4	0.0	–	0.0	0.0
Total	6 663.6	6 659.4	6 663.7	6 109.4	292.0	6 401.4	6 401.4

Table 32.B Detail of approved establishment and personnel numbers according to salary level ¹

Department	Personnel post status as at 30 September 2009			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid year ²	Medium-term estimate		
				2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
Department	3 715	3 715	244	3 159	3 480	4 136	3 115	3 419	3 757	4 129
Salary level 1 – 6	1 316	1 316	208	1 072	1 246	1 827	1 180	1 294	1 423	1 565
Salary level 7 – 10	1 949	1 949	20	1 711	1 818	1 806	1 549	1 704	1 873	2 058
Salary level 11 – 12	346	346	13	293	313	398	310	340	373	410
Salary level 13 – 16	104	104	3	83	103	105	76	81	88	96
Administration	750	750	13	761	678	628	642	706	776	853
Salary level 1 – 6	292	292	9	344	292	270	273	300	330	363
Salary level 7 – 10	347	347	2	324	298	272	271	298	328	361
Salary level 11 – 12	78	78	–	63	56	58	68	75	82	90
Salary level 13 – 16	33	33	2	30	32	28	30	33	36	39
Geospatial and Cadastral Services	872	872	46	912	843	1 861	766	842	926	1 019
Salary level 1 – 6	383	383	36	400	361	1 017	349	384	423	466
Salary level 7 – 10	376	376	–	397	362	612	313	344	378	415
Salary level 11 – 12	96	96	9	97	103	200	88	97	107	118
Salary level 13 – 16	17	17	1	18	17	32	16	17	18	20

Table 32.B Detail of approved establishment and personnel numbers according to salary level¹ (continued)

	Personnel post status as at 30 September 2009			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid year ²	Medium-term estimate		
				2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Rural Development	-	-	-	-	-	-	7	-	-	-
Salary level 1 – 6	-	-	-	-	-	-	3	-	-	-
Salary level 11 – 12	-	-	-	-	-	-	2	-	-	-
Salary level 13 – 16	-	-	-	-	-	-	2	-	-	-
Restitution	1 142	1 142	7	763	1 050	881	887	977	1 074	1 180
Salary level 1 – 6	307	307	2	175	281	243	243	267	293	322
Salary level 7 – 10	726	726	4	513	671	551	556	612	673	739
Salary level 11 – 12	81	81	1	56	70	65	81	90	99	109
Salary level 13 – 16	28	28	-	19	28	22	7	8	9	10
Land Reform	951	951	178	723	909	766	813	894	981	1 077
Salary level 1 – 6	334	334	161	153	312	297	312	343	377	414
Salary level 7 – 10	500	500	14	477	487	371	409	450	494	543
Salary level 11 – 12	91	91	3	77	84	75	71	78	85	93
Salary level 13 – 16	26	26	-	16	26	23	21	23	25	27

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

2. As at 30 September 2009

Table 32.C Summary of expenditure on training

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Compensation of employees (R million)	402.6	572.2	610.6	954.9	1 072.1	1 141.3	1 199.6
Training expenditure (R million)	11.6	9.0	9.4	11.9	12.6	13.3	13.9
Training as percentage of compensation	2.9%	1.6%	1.5%	1.2%	1.2%	1.2%	1.2%
Total number trained in department (head count)	3 325	3 351	4 208	2 125			
<i>of which:</i>							
Employees receiving bursaries (head count)	215	201	374	412			
Internships trained (head count)	206	220	252	145			
Households receiving bursaries (R million)	6.2	2.0	3.8	14.0	13.0	14.1	15.1
Households receiving bursaries (head count)	49	82	155	200			

Table 32.D Summary of departmental public private partnership (PPP) projects

Project description: Department of Rural Development and Land Reform main campus		Project annual unitary fee at time of contract	Budgeted expenditure	Medium-term expenditure estimate		
R million	2009/10			2010/11	2011/12	2012/13
Projects signed in terms of Treasury Regulation 16	-	-	6.9	7.2	34.2	
PPP unitary charge	-	-	6.9	7.2	34.2	
Total	-	-	6.9	7.2	34.2	

Disclosure notes for projects signed in terms of Treasury Regulation 16

Project name	PPP accommodation of Pretoria based offices
Brief description	The project focus is on the construction, operation and maintenance of a facility to create an optimal working environment for the Department to meet its client' needs. Currently the department accommodates its staff in six buildings located around Pretoria. It is the intention, that through a public private partnership, these diverse offices will be consolidated onto a campus like facility.

Table 32.E Summary of expenditure on infrastructure

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2006/07	2007/08	2008/09		2010/11	2011/12	2012/13
Maintenance										
Office accommodation, and maintenance and repairs	Maintenance	Various	-	5.7	2.3	3.9	2.2	2.0	2.2	2.3
Office accommodation, and maintenance and repairs	Maintenance	Various	-	8.7	3.3	2.4	4.1	6.7	10.6	40.9
Upgrading and installation of backup generators in Cape Town, Mowbray and van der Ster building	Upgrading	Various	8.4	-	-	-	0.2	4.7	3.6	-
Upgrading of information centre and security measure at the Kimberley deeds office	Upgrading	Construction	3.2	-	-	-	1.6	1.6	-	-
Installation of an emergency generator at the King Williams Town deeds office	Installation	Construction	1.0	-	-	-	0.1	0.6	0.6	-
Refurbishment of boardrooms at the old corporation national office in Pretoria	Boardrooms for use	Construction	3.5	-	-	-	3.4	0.2	-	-
Upgrading of network centre at the old corporation in Pretoria	Upgrading	Tender	1.8	-	-	-	0.2	1.6	-	-
Upgrading of power supply and reticulation at the old corporation in Pretoria	Upgrading	Various	3.0	-	-	-	-	0.1	1.4	1.5
Site clearance in construction at the Cape Town deeds office	Construction	Identification	0.0	-	-	-	-	-	-	-
Total			21.0	14.4	5.6	6.3	11.8	17.4	18.3	44.7

Vote 33

Science and Technology

Budget summary

R million	2010/11				2011/12	2012/13
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	182.9	179.1	1.0	2.8	193.9	203.8
Research, Development and Innovation	1 284.0	45.9	1 237.9	0.2	1 341.2	826.2
International Cooperation and Resources	135.1	58.9	75.8	0.5	143.1	148.5
Human Capital and Knowledge Systems	1 748.7	31.4	1 717.2	0.1	1 955.1	1 933.9
Socioeconomic Partnerships	1 264.8	46.7	1 217.6	0.5	1 335.5	1 447.8
Total expenditure estimates	4 615.5	362.0	4 249.5	4.1	4 968.8	4 560.2
Executive authority	Minister of Science and Technology					
Accounting officer	Director-General of Science and Technology					
Website address	www.dst.gov.za					

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

Aim

The aim of the Department of Science and Technology is to realise the full potential of science and technology in social and economic development, through the development of human resources, research and innovation.

Programme purposes

Programme 1: Administration

Purpose: Conduct the overall management of the department. Ensure that the organisations funded by the department comply with good corporate governance practices and their activities are aligned with the strategic focus of the national system of innovation. Monitor and evaluate the performance of the science councils.

Programme 2: Research, Development and Innovation

Purpose: Policy leadership, innovation and research.

Programme 3: International Cooperation and Resources

Purpose: Develop and monitor bilateral and multilateral relationships and agreements in science and technology to strengthen the national system of innovation and enable a flow of knowledge, capacity and resources into South Africa and Africa.

Programme 4: Human Capital and Knowledge Systems

Purpose: Develop and implement national programmes to produce knowledge and develop human capital and the associated infrastructure, equipment and public research services.

Programme 5: Socioeconomic Partnerships

Purpose: A strategic partner within government and with industry, contributing to South Africa's transition to a knowledge economy.

Strategic overview: 2006/07 – 2012/13

The main focus of the Department of Science and Technology is on implementing the national research and development strategy. The strategy is implemented through an integrated approach that includes human resource development, knowledge generation, investment in science and technology infrastructure, and the strategic management of the public science and technology system.

Strategic priorities for creating a knowledge based economy

Over the medium term, government's medium term strategic framework, the national research and development strategy and the 10-year innovation plan guide and inform the department's strategic priorities for socioeconomic development. The medium term strategic framework identifies technological innovation as playing a critical role in speeding up growth and transforming the economy to create decent work and sustainable livelihoods. The framework emphasises biotechnology, pharmaceuticals, space science and technology, energy security and environmental change (including climate change).

10-year innovation plan

The national research and development strategy is based on an integrated approach that includes human resource development, knowledge generation, investment in science and technology infrastructure, and improving the strategic management of the public science and technology system. The 10-year innovation plan for South Africa for 2008 to 2018, called innovation towards a knowledge based economy, recognises that while South Africa's science and technology system has made important strides, there is a large gap between South Africa and the countries identified as knowledge driven economies.

To close this gap, the national system of innovation needs to become more focused on long term objectives, including urgently confronting South Africa's failure to commercialise the results of scientific research, and the inadequate production (both qualitative and quantitative) of knowledge workers capable of building a globally competitive economy. The plan's success will be measured by the degree to which science, technology and innovation play a driving role in enhancing productivity, economic growth and socioeconomic development.

More emphasis on implementation

So far, the implementation of the 10-year innovation plan has resulted in three major developments: the Technology Innovation Agency, the Intellectual Property Rights from Publicly Financed Research and Development Act (2008), and the centres of competence. The Technology Innovation Agency will address the challenges of commercialising scientific results and the fragmentation of funding instruments for establishing a network of centres of competence. These centres are instruments for developing new research and development led industries and foster cooperation between industry, higher education institutions and science councils. The agency will accelerate translating research results into products and services. It will also support the development of technology based enterprises, thus stimulating venture capital and foreign direct investment.

The Intellectual Property Rights from Publicly Financed Research and Development Act (2008) is a step forward for stimulating innovation and economic growth. It provides a mechanism for identifying commercialisation opportunities arising from publicly funded research and development, and gives preferential access to such opportunities for small enterprises and black owned entities.

Aligning scientific and technological innovation with sectoral priorities

Following Cabinet approval of the national industrial policy framework in 2007, the department introduced new strategic policy capacity aimed at identifying and facilitating the research, development, and innovation activities needed for growth and competitiveness in strategic economic sectors. The department will identify frontier technology interventions that support important labour intensive sectors, such as mining, agriculture,

and tourism. It will also sharpen the focus of the advanced manufacturing technology strategy in light of the current economic downturn to generate long term growth opportunities. It will accelerate the implementation of a technology localisation framework, which supports the technological capabilities of local manufacturing companies that are potential suppliers to large scale government infrastructure programmes. Finally, the department will promote new long term research and development led technology and knowledge based industries, such as advanced batteries, titanium products and biocomposites, enabling South Africa to shift from a resource based economy to a knowledge based economy and create new growth engines.

Rural development and the regional innovation system

The department recently began to explore ways in which innovation can support sustainable economic development and social upliftment in rural areas. These include new approaches to agro-processing and affordable wireless connectivity solutions. A study was conducted in Eastern Cape, which identified a number of interventions that can drive innovation led initiatives.

Innovation to support small medium and micro enterprises and communities

New ideas and innovation based approaches, such as wireless mesh networks, can help to develop small, medium and micro enterprises (SMME) and communities. Over the last few years, the department has initiated a range of pilot projects and demonstrator community enterprise development initiatives in aquaculture, fisheries, and agro-processing targeted at marginalised communities. The department's role is to demonstrate the viability of innovation based approaches and identify the prerequisites for success. Successful projects, such as the abalone aquaculture project, are migrated to other government departments or agencies for large scale rollout.

Research and development

The increase of gross national expenditure on research and development as a percentage of GDP has been reasonably steady, growing from 0.60 per cent in 1997 to 0.95 per cent in 2006. The department is aiming for research and development expenditure to reach a 1 per cent of GDP by 2008/09. The 2007/08 research and development survey which was released in November 2009 showed that expenditure on research and development as a percentage of GDP decreased slightly in 2007/08, but this is expected to have increased in 2008/09.

Regional and international cooperation

Regional and international cooperation advances science and technology through shared learning. The department's strategies include leading South Africa's engagement in the United Nations (UN) family of science organisations, maximising participation in major summits and international conventions, strengthening South-South partnerships, and accessing international research programmes such as the European Union's (EU) framework programme of research.

Savings and cost effective service delivery

Over the MTEF period, a R578.8 million baseline reduction will be realised through improving efficiency and value for money, and reducing waste and ineffective spending. Although the development of innovation capacity will slow down, the department will be able to continue with existing activities and meet its objectives. The reductions per programme over the MTEF period are:

The *Research Development and Innovation* programme's budget is reduced by R142.7 million. The affected areas are the Innovation Fund, the biotechnology strategy, innovation projects, space science and the Square Kilometre Array project. The *International Cooperation and Resources* programme's budget is reduced by R9.9 million, affecting global science projects. The *Human Capital and Knowledge System* programme's budget has been reduced by R261 million. The affected areas are learnerships, human resource development, emerging research areas, youth programmes, science themes and the National Research Foundation. The *Socioeconomic Partnerships* programme's budget has been reduced by R165.2 million. The affected areas are advanced manufacturing technology, global change, human and social development dynamics, local manufacturing

capacity, quality of life nuclear technology, the research information management system, resource based industries, science and technology indicators, IT, and the Council for Scientific and Industrial Research.

Selected performance indicators

Table 33.1 Science and Technology

Indicator	Programme	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Size of the portfolio of intellectual property, including the number of patents, patents applications and trademarks resulting from publicly funded research	Research, Development and Innovation, and Socioeconomic Partnerships	--	--	--	--	20	40	55
Number of companies provided with a technology assistance package per year to facilitate successful participation in infrastructure public procurement processes	Socioeconomic Partnerships	--	--	--	24	24	24	28
Total number of research chairs established at higher education institutions	Human Capital and Knowledge Systems, and Socioeconomic Partnerships	21	72	82	82	102	132	150
Total number of peer reviewed scientific and technical papers published		--	--	--	500	620	706	774
Total number of internships awarded		49	68	100	225	348	371	471
Number of students registered for Masters and PhDs per year and supported by targeted human capital development instruments		--	280	415	1 200	1 400	1 800	2 000
Amount of foreign funds leveraged in support of science, technology and innovation cooperation	International Cooperation and Resources	R70m	R94.1m	R189m	R230m	R196.3m	R199.3m	R68.1m
Total number of functional centres of excellence	Research, Development and Innovation, Human Capital and Knowledge Systems, and Socioeconomic Partnerships	7	7	7	8	9	9	9
Number of learners benefiting per year from targeted mathematics, science, english, engineering and technology capacity building programmes	Research, Development and Innovation, Human Capital and Knowledge Systems, and Socioeconomic Partnerships	--	--	--	2 550	2 700	2 700	2 700
Number of new joint science, technology and innovation initiatives with African partners	Research, Development and Innovation, Human Capital and Knowledge Systems, and Socioeconomic Partnerships	--	--	--	--	8	10	12
Number of new technologies under development	Research, Development and Innovation, Human Capital and Knowledge Systems, and Socioeconomic Partnerships	5	9	13	17	22	31	44
Number of new technology based companies established as a result of products developed through funded research and development programmes	Research, Development and Innovation, Human Capital and Knowledge Systems, and Socioeconomic Partnerships	5	8	14	15	17	22	29
Number of households benefiting from technology based interventions per year	Socioeconomic Partnerships	--	--	--	--	2 800	3 000	3 500

Expenditure estimates

Table 33.2 Science and Technology

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
R million								
1. Administration	225.9	116.8	129.9	173.6	173.6	182.9	193.9	203.8
2. Research, Development and Innovation	394.0	529.8	855.8	1 143.4	1 143.4	1 284.0	1 341.2	826.2
3. International Cooperation and Resources	124.3	99.4	140.5	132.0	132.0	135.1	143.1	148.5
4. Human Capital and Knowledge Systems	878.2	1 275.3	1 457.6	1 599.0	1 599.0	1 748.7	1 955.1	1 933.9
5. Socioeconomic Partnerships	990.6	1 105.9	1 119.6	1 213.8	1 213.8	1 264.8	1 335.5	1 447.8
Total	2 613.0	3 127.3	3 703.5	4 261.7	4 261.7	4 615.5	4 968.8	4 560.2
Change to 2009 Budget estimate				27.6	27.6	(92.5)	(129.0)	(188.0)

Economic classification

Current payments	173.9	210.9	260.2	342.4	342.4	362.0	382.6	401.9
Compensation of employees	83.7	104.1	144.9	200.2	200.2	215.0	227.3	239.1
Goods and services	90.2	106.8	115.3	142.2	142.2	147.0	155.2	162.8
<i>of which:</i>								
<i>Communication</i>	5.6	7.0	6.8	7.8	7.8	8.4	8.5	8.9
<i>Consultants and professional services:</i>	0.2	0.3	4.9	22.2	22.2	18.2	21.0	21.9
<i>Business and advisory services</i>								
<i>Agency and support / outsourced services</i>	30.2	33.8	21.1	20.2	20.2	22.9	25.1	26.3
<i>Travel and subsistence</i>	27.7	31.7	38.2	37.8	37.8	41.6	43.3	45.4
Transfers and subsidies	2 293.4	2 908.4	3 439.9	3 914.8	3 914.8	4 249.5	4 582.9	4 155.0
Provinces and municipalities	0.1	–	–	–	–	–	–	–
Departmental agencies and accounts	1 160.2	1 516.9	1 866.5	2 230.8	2 230.8	2 082.0	2 309.9	2 347.4
Universities and technikons	46.0	45.8	69.5	119.9	119.9	–	–	–
Public corporations and private enterprises	740.7	1 023.2	1 075.1	1 204.0	1 204.0	900.6	935.3	973.1
Non-profit institutions	345.5	322.2	428.4	360.1	360.1	1 266.9	1 337.7	834.4
Payments for capital assets	145.6	7.9	3.3	4.5	4.5	4.1	3.3	3.4
Buildings and other fixed structures	133.2	–	–	–	–	–	–	–
Machinery and equipment	12.4	7.9	3.3	4.5	4.5	4.1	3.3	3.4
Payments for financial assets	0.1	0.1	0.1	–	–	–	–	–
Total	2 613.0	3 127.3	3 703.5	4 261.7	4 261.7	4 615.5	4 968.8	4 560.2

Expenditure trends

Expenditure increased at an average annual rate of 17.7 per cent between 2006/07 and 2009/10, rising from R2.6 billion in 2006/07 to R4.3 billion in 2009/10. This was mainly due to: substantial allocations for projects in the *Research, Development and Innovation* programme; human capital development initiatives; and increased funding for organisations such as the South African Research Network and the National Research Foundation in the *Human Capital and Knowledge Systems* programme, and the Council for Scientific and Industrial Research and Human Science Research Council in the *Socioeconomic Partnerships* programme.

Expenditure is expected to increase to R4.6 billion at an average annual rate of 2.3 per cent between 2009/10 and 2012/13. This marginal growth can be attributed to: the discontinued allocation for the Square Kilometre Array project from 2012/13 in the *Research, Development and Innovation* programme; the salary adjustments for the department and its public entities; and the additional allocation of R50 million to the South African Research Chairs Initiative.

Over the medium term, the spending focus will remain on human resource development, knowledge generation, and investment in science and technology infrastructure.

Infrastructure spending

In May 2007, a primary node of the Centre for High Performance Computing was launched in Cape Town. This is a joint initiative between the department and the Council for Scientific and Industrial Research's Meraka Institute. The centre provides researchers with the computing power they need for sophisticated research and innovation. The centre, in conjunction with the department, will conduct a feasibility study for the second node, which will be a very large database. The second node will cater for the generation of data emanating from the centre, the Square Kilometre Array radio telescope, and the National Bioinformatics Network. To date, R207 million has been spent on the project and R234.6 million has been allocated over the MTEF period.

The layout of the first phase of the physical infrastructure for the South African Research Network reached a significant milestone when the first 4 research infrastructure sites went live in Johannesburg in March 2008. The sites are the main campuses of the University of the Witwatersrand and the University of Johannesburg, and 2 of the University of Johannesburg's satellite campuses. Currently, the Tshwane University of Technology is being connected. The connection between Hartebeesthoek radio astronomy observatory and the Satellite Applications Centre was completed in May 2008. This ensures full access to the pan-European GEANT network, a multi-gigabit data communications network reserved specifically for research and education. To date, R366 million has been spent on the rollout of the network, and R302.7 million has been allocated over the MTEF period.

The South African Strategic Forum for Research Infrastructure will play a major role developing a 10-year national research infrastructure strategy as well as the establishing and maintaining a database of the forum's records. The national equipment programme supports research by acquiring state of the art equipment for researchers and scientists to encourage cutting edge, innovative and competitive science

In September 2006, South Africa and Australia were short listed as suitable sites for the Square Kilometre Array radio telescope. The successful bid is expected to be announced in 2012. Both bidding countries are building demonstrator telescopes. Construction of a precursor to the South African MeerKAT demonstrator has started at the site in Northern Cape. Infrastructure layout for the MeerKAT has begun and supporting legislation is being implemented. To date, total spending for the Square Kilometre Array project has been R834.6 million, and over the medium term payments will amount to R1.1 billion.

Scientific and technological activities

The 2004 governance framework for science and technology sets out the key elements for the proper management of the science and technology base. Having taken major steps to improve the funding of science and technology in the public sector, government has set up a comprehensive database to monitor scientific and technological activities. A review of how departments use funding for science was initiated, and will be published annually as a national science and technology expenditure report.

The department's investment is assessed in 3 categories: scientific and technological services, which includes payments for studies on policy, research and development plans in different programmes; scientific and technical education and training, which includes science and youth programmes, and bursaries in the department for training employees in the natural sciences and engineering; and scientific and technological innovation, which includes programmes such as technology diffusion, science platforms, cross-cutting science and technology activities, transfers to the National Research Foundation for research chairs, national facilities, centres of excellence and research infrastructure. The work done by the Human Sciences Research Council, the National Advisory Council on Innovation, the Academy of Science of South Africa and other science councils is shown in the table below.

Table 33.3 Summary of expenditure on science and technology activities funded by the Department of Science and Technology

R thousand	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
STS	405 777	614 828	71 338	599 988	360 283	380 761	310 220
STET	24 482	35 300	49 828	61 548	54 439	59 364	63 182
STI	1 830 266	2 279 254	2 781 818	3 159 576	2 984 373	3 142 450	3 176 721
Total STAs	2 260 525	2 929 382	3 402 984	3 821 112	3 399 095	3 582 575	3 550 075

Table 33.4 Public institutions that undertake scientific and technological activities which report to the Department of Science and Technology

R thousand	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
National Advisory Council on Innovation	9 132	9 757	10 351	11 949	12 666	13 261	13 924
Academy of Science of South Africa	3 000	3 400	3 820	9 893	10 554	11 152	11 710
Africa Institute of South Africa	28 879	26 530	27 830	27 122	30 594	32 440	34 062
Human Science Research Council	119 873	115 949	160 706	157 858	169 730	180 729	189 887
National Research Foundation	586 671	648 394	680 832	680 396	741 343	79 368	77 410
Council for Scientific and Industrial research	483 194	507 352	534 749	561 487	627 348	630 986	668 249
South African National Energy Research Institute	40 000	42 000	44 268	–	–	–	–
Total	1 270 749	1 353 382	1 462 556	1 443 055	1 592 235	1 664 486	1 695 242

Departmental receipts

The department's receipts include miscellaneous items such as debt repayments, interest on bank accounts, and recovered private telephone costs. The receipts for the medium term are expected to increase marginally. Only R79 000 had been received after the adjustments budget. The amount for future years cannot be determined with certainty.

Table 33.5 Departmental receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
Departmental receipts	1 029	219	333	1 005	1 005	111	112	115
Sales of goods and services produced by department	301	24	26	25	25	26	26	27
Interest, dividends and rent on land	–	6	9	6	6	7	7	8
Sales of capital assets	57	110	–	–	–	–	–	–
Transactions in financial assets and liabilities	671	79	298	974	974	78	79	80
Total	1 029	219	333	1 005	1 005	111	112	115

Programme 1: Administration

Expenditure estimates

Table 33.6 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Minister ¹	1.0	1.1	1.6	1.7	1.8	1.9	2.0
Deputy Minister ¹	0.9	0.9	1.3	1.4	1.5	1.6	1.7
Management	15.2	11.3	14.2	51.0	66.5	70.7	74.1
Corporate Services	204.3	95.3	107.9	106.6	100.3	106.7	112.5
Governance	2.6	3.8	3.4	9.7	9.0	8.9	9.4
Office Accommodation	1.9	4.3	1.4	3.3	3.8	4.0	4.2
Total	225.9	116.8	129.9	173.6	182.9	193.9	203.8
Change to 2009 Budget estimate				2.3	5.7	6.3	7.0

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

Economic classification

	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Current payments	79.2	108.7	127.1	169.0	179.1	190.9	200.8
Compensation of employees	37.5	47.4	60.7	96.8	105.6	111.9	117.9
Goods and services	41.8	61.3	66.4	72.2	73.5	78.9	82.8
<i>of which:</i>							
Communication	2.5	3.7	3.0	4.2	4.3	4.5	4.7
Consultants and professional services:	0.2	0.3	3.9	8.2	8.3	9.9	10.3
Business and advisory services							
Agency and support / outsourced services	17.0	25.0	15.1	4.2	4.2	4.6	4.8
Travel and subsistence	7.4	10.8	12.8	16.7	16.5	17.4	18.4
Transfers and subsidies	2.5	1.1	0.6	1.0	1.0	1.0	1.0
Departmental agencies and accounts	0.1	–	–	–	–	–	–
Universities and technikons	0.9	0.4	0.0	0.1	–	–	–
Non-profit institutions	0.9	0.6	0.6	0.9	1.0	1.0	1.0
Households	0.5	0.1	–	–	–	–	–
Payments for capital assets	144.1	6.8	2.1	3.5	2.8	2.0	2.1
Buildings and other fixed structures	133.2	–	–	–	–	–	–
Machinery and equipment	10.9	6.8	2.1	3.5	2.8	2.0	2.1
Payments for financial assets	0.1	0.1	0.1	–	–	–	–
Total	225.9	116.8	129.9	173.6	182.9	193.9	203.8

Details of selected transfers and subsidies

Universities and technikons	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Current	0.9	0.4	0.0	0.1	–	–	–
Institutional and Programme Support	0.9	0.4	0.0	0.1	–	–	–
Non-profit institutions	0.9	0.6	0.6	0.9	1.0	1.0	1.0
Institutional and Programme Support	0.9	0.6	0.6	0.9	1.0	1.0	1.0

Expenditure trends

Expenditure decreased from R225.9 million in 2006/07 to R173.6 million in 2009/10, at an average annual rate of 8.4 per cent. This can be attributed to once-off expenditure in 2006/07 relating to the purchase of the department's new building and the decreases in outsourced services and operating leases.

Expenditure is expected to increase over the MTEF period from R173.6 million to R203.8 million, at an average annual rate of 5.5 per cent. This is due to an increase in compensation of employees spending due to: cost of

living adjustments to salaries; the carry through costs of the senior management salary adjustments in September 2008, and the funding of additional positions in the ministry, following the change in the executive authority of the department. In addition, advertising, audit and communication expenditure is expected to increase over the medium term due to tariff adjustments.

Programme 2: Research, Development and Innovation

- *Space Sciences* focuses on creating the necessary strategic and institutional regimes for a viable space programme and an earth observation system. This includes providing strategic direction on the Square Kilometre Array demonstrator telescope, MeerKAT, to ensure that Africa is well positioned to host it. Targeted national space initiatives are intended to harness the benefits of space science and technology for socioeconomic growth and sustainable development.
- *Hydrogen and Energy* provides policy leadership in long term, cross-cutting research, development and innovation in the energy sector. The subprogramme plays a key role in developing a sustainable and globally competitive South African energy knowledge base and industry that will ensure broad socioeconomic benefits from the nascent global hydrogen economy.
- *Biotechnology and Health* provides policy leadership for developing a world class bio-economy in South Africa. This will be achieved through innovation instruments that provide financial, intellectual property and innovation management support.
- *Innovation Instruments and Planning* drives strategic interventions that will enable South Africa to translate a greater proportion of its scientific knowledge outputs into commercial technology products and services. This is achieved through policy and institutional structures that facilitate the development of technology and its progression into national and international markets.

Funding for all these subprogrammes is allocated on the basis of approved business plans and service level agreements between the department and relevant entities.

Objectives and measures

- Support the creation of a viable space industry in South Africa through operationalising the South African National Space Agency by establishing an interim structure and appointing the board of directors by December 2010.
- Position South Africa to host the Square Kilometre Array radio telescope in 2012 by constructing 7 dishes as part of the demonstrator telescope, MeerKAT, by March 2011.
- Drive the delivery of sustainable energy solutions by showcasing a hybrid transportation technology powered by a fuel cell or battery by March 2011.
- Provide a strategic roadmap for the growth of the bio-economy in South Africa by finalising the capability audit and the bio-economy strategy by September 2010 and the Farmer to Pharma implementation plan by June 2010.
- Promote technology commercialisation that will increase the number of technology based companies in South Africa by operationalising the Technology Innovation Agency by March 2011.
- Harness intellectual property emanating from public financed research by establishing the National Intellectual Property Management Office and 3 offices of technology transfer by March 2011.

Service delivery focus

In 2009/10, the Technology Innovation Agency Board was established and an interim chief executive officer appointed. In 2010/11, the focus will be on fully operationalising the agency. In September 2009, the SumbandilaSAT was launched into space. The focus in 2010/11 will be to increase space applications to address socioeconomic issues. This will be done by extending financial support for developing 5 new applications to form part of the South African earth observation strategy portal. In 2009, the Square Kilometre Array radio telescope core site attracted 2 international initiatives, the C-Band All Sky Survey and the Precision Array to Probe the Epoch of Reionisation.

As a result of the hydrogen and fuel cells technologies research, development and innovation strategy, in 2009 a private company in the mining industry announced an investment of over R100 million into a platinum market development and beneficiation strategy. In the same year, a public private partnership including this company, another private company and the department was proposed, to establish local fuel cells manufacture. The Innovation Fund is currently completing the due diligence exercise, and the decision to invest or not will be made by March 2010. A plant to manufacture fuel cells in South Africa is planned over 18 months.

To reduce disease in South Africa, the department launched the following initiatives in 2009/10: the South African HIV and AIDS research and innovation platform to provide evidence based solutions to contribute to the Department of Health's current strategic plan for HIV and AIDS; the tuberculosis research centre of competence, concentrating on developing technologies and drugs; and iThemba Pharmaceuticals, a drug discovery company for research and development for new and affordable medicines for infectious diseases.

With the draft of the regulations under the Intellectual Property Rights from Publicly Financed Research and Development Act (2008) finalised in 2008, the focus in 2010/11 will be to establish the National Intellectual Property Management Office as a government agency along with offices of technology transfer at higher education institutions.

Expenditure estimates

Table 33.7 Research, Development and Innovation

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Space Science	202.3	296.2	344.2	574.4	611.5	659.3	113.6
Hydrogen and Energy	9.6	33.8	139.7	150.0	134.2	142.8	148.9
Biotechnology and Health	178.1	194.2	228.1	259.3	310.0	298.4	321.8
Innovation Instruments and Planning	4.0	5.7	143.9	159.6	228.3	240.6	241.9
Total	394.0	529.8	855.8	1 143.4	1 284.0	1 341.2	826.2
Change to 2009 Budget estimate				0.5	(31.4)	(41.9)	(69.5)
Economic classification							
Current payments	13.5	16.1	26.7	40.9	45.9	48.2	50.7
Compensation of employees	5.8	8.8	14.9	21.3	22.0	23.2	24.4
Goods and services	7.7	7.2	11.8	19.6	23.9	25.0	26.3
<i>of which:</i>							
Communication	0.5	0.5	0.7	0.8	0.7	0.7	0.8
Consultants and professional services:							
Business and advisory services	–	–	0.5	1.5	1.1	1.2	1.2
Agency and support / outsourced services	1.0	0.9	2.2	10.9	14.6	15.3	16.1
Travel and subsistence	4.0	3.7	5.9	4.1	4.4	4.6	4.7

Table 33.7 Research, Development and Innovation (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Transfers and subsidies	380.1	513.4	828.9	1 102.2	1 237.9	1 292.7	775.3
Departmental agencies and accounts	150.9	303.0	458.5	698.2	302.2	318.3	321.4
Universities and technikons	26.4	16.3	54.1	87.3	–	–	–
Public corporations and private enterprises	30.3	49.7	32.6	73.6	–	–	–
Non-profit institutions	172.3	144.4	283.7	243.0	935.7	974.4	453.9
Households	0.3	0.0	–	–	–	–	–
Payments for capital assets	0.4	0.4	0.2	0.2	0.2	0.2	0.2
Machinery and equipment	0.4	0.4	0.2	0.2	0.2	0.2	0.2
Total	394.0	529.8	855.8	1 143.4	1 284.0	1 341.2	826.2

Details of selected transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	150.9	222.9	194.3	206.0	302.2	318.3	321.4
Biotechnology Strategy	–	37.5	2.0	7.5	–	–	–
South African National Energy Research Institute	–	–	–	8.6	42.0	44.5	46.7
HIV/ AIDS Prevention and Treatment Technologies	–	8.1	–	–	18.2	19.3	20.3
Hydrogen Strategy	–	–	8.7	16.5	–	–	–
Innovation Fund	131.3	141.8	140.0	149.2	189.5	181.4	184.7
Innovation Projects	–	–	–	3.0	30.0	50.0	47.5
International Centre for Genetic Engineering and Biotechnology	–	10.0	–	–	9.9	9.9	10.4
Space Science	0.2	–	18.1	9.2	–	–	–
Square Kilometre Array	19.4	25.5	25.5	12.0	12.6	13.2	11.8
Capital	–	80.0	264.3	492.2	–	–	–
Space Science	–	–	–	1.9	–	–	–
Square Kilometre Array	–	80.0	264.3	490.3	–	–	–
Universities and technikons							
Current	17.2	10.4	15.2	43.1	–	–	–
Biofuels	–	1.5	–	–	–	–	–
South African National Energy Research Institute	–	–	–	14.7	–	–	–
Health Innovation	5.3	0.2	–	–	–	–	–
Hydrogen Strategy	6.0	6.0	10.0	28.5	–	–	–
Space Science	5.8	2.7	5.2	–	–	–	–
Capital	9.3	5.9	38.8	44.2	–	–	–
Hydrogen Strategy	–	3.0	38.8	44.2	–	–	–
Space Science	9.3	2.9	–	–	–	–	–

Table 33.7 Research, Development and Innovation (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Public corporations and private enterprises							
Public corporations							
Other transfers							
Current	21.5	28.6	16.6	39.2	–	–	–
Biofuels	–	3.0	–	–	–	–	–
South African National Energy Research Institute	–	–	–	14.4	–	–	–
Health Innovation	–	2.5	1.0	–	–	–	–
Hydrogen Strategy	4.0	4.7	8.8	6.0	–	–	–
Innovation Fund	–	–	–	2.0	–	–	–
Innovation Projects	3.2	4.6	–	–	–	–	–
Space Science	14.4	13.8	6.8	16.7	–	–	–
Capital	8.7	21.1	15.9	34.5	–	–	–
Hydrogen Strategy	–	4.0	1.7	–	–	–	–
Space Science	8.7	17.1	14.2	34.5	–	–	–
Non-profit institutions							
Current	170.3	141.4	283.7	243.0	327.1	320.5	343.9
Biofuels	–	–	5.0	5.0	5.0	5.3	5.6
Biotechnology Strategy	148.1	124.2	175.3	172.5	227.1	211.8	230.8
South African National Energy Research Institute	–	–	44.3	2.1	–	–	–
Health Innovation	4.0	6.2	14.5	36.0	37.9	39.7	41.6
HIV/ AIDS Prevention and Treatment Technologies	15.0	–	16.6	17.2	–	–	–
Hydrogen Strategy	–	9.9	18.0	0.2	28.6	30.4	30.9
International Centre for Genetic Engineering and Biotechnology	–	–	10.0	9.9	–	–	–
Space Science	3.2	1.0	0.1	–	28.5	33.4	35.1
Capital	2.0	3.0	–	–	608.6	653.9	109.9
Hydrogen Strategy	–	3.0	–	–	48.4	51.9	54.5
Space Science	2.0	–	–	–	51.4	55.2	55.4
Square Kilometre Array	–	–	–	–	508.9	546.8	–

Expenditure trends

Expenditure increased substantially from R394 million in 2006/07 to R1.1 billion in 2009/10, at an average annual rate of 42.6 per cent. The significant growth is attributable to the introduction of programmes that bolster biotechnology, hydrogen energy and innovation instrument initiatives, and the Square Kilometre Array project. This caused increases in current payments, which grew at an average annual rate of 44.7 per cent from R13.5 million in 2006/07 to R40.9 million in 2009/10. Capital transfers to departmental agencies and non-profit institutions also increased, at an average annual rate of 42.6 per cent from R380.1 million to R1.1 billion.

Over the medium term, expenditure is expected to decrease to R826.2 million at an average annual rate of 10.3 per cent. This is solely due to the discontinued funding for the Square Kilometre Array project in 2012/13. The decrease is offset slightly by marginal growth which sustains existing projects that support the national system of innovation.

Programme 3: International Cooperation and Resources

- *Multilateral Cooperation and Africa* advances and facilitates South Africa's participation in strategic bilateral agreements and multilateral organisations on science, technology and innovation to strengthen the national system of innovation and to achieve shared economic and social development in the region and the continent. Key activities include: facilitating South Africa's engagement in the UN family of organisations;

maximising South Africa's participation in implementing the outcomes of major summits and international conventions at national, regional and international levels; strengthening South Africa's participation in global science projects for immediate national benefit; and increasing South Africa's participation in South-South partnerships. This also includes contributing to effective science and technology governance in Southern African Development Community (SADC) and the AU, contributing to New Partnership for Africa's Development (NEPAD), and supporting science and technology programmes at a regional and continental level. In addition, the subprogramme promotes the department's engagement with bilateral African partner countries.

- *International Resources* accesses funding, human capital and knowledge, hosts global research infrastructures in South Africa, and accesses international research facilities for the benefit of the national system of innovation. Key activities include: facilitating South Africa's participation in international research programmes; strengthening developmental partnerships to attract official development support for science and technology in South Africa and Africa; supporting the establishment of global research infrastructure programmes in South Africa; and facilitating partnerships with multinational companies to encourage them to invest in research and development activities.
- *Overseas Bilateral Cooperation* promotes and facilitates collaborative activities and leverages resources in support of the national system of innovation from countries outside Africa, with a specific focus on developing a knowledge driven economy. Through the new international cooperation strategy, these relationships will be realigned to address the challenges and associated cross-cutting areas set out in the 10-year innovation plan and the national research and development strategy. Activities include: developing country strategies; conducting joint management meetings; and evaluating cooperation and co-funding research and development projects. The subprogramme consists of two units: the unit for Europe and the Middle East, and the unit for Asia and the Americas.

Funding will be used for staff remuneration and associated personnel costs, as well as for transfers to public entities on the basis of approved work plans and business plans.

Objectives and measures

- Promote and manage South Africa's international science, technology and innovation cooperation in support of national priorities by:
 - ensuring the participation of 14 African partners in the Square Kilometre Array radio telescope activities by March 2011
 - establishing 30 new joint science, technology and innovation projects with African partners by March 2011
 - leveraging new Organisation for Economic Cooperation and Development opportunities to provide professional assistance for developing indicators that could measure South African research and development spend more accurately by March 2011.
- Enhance South Africa's regional impact on the international science, technology and innovation environment to make the country and the region an important international science and technology partner by:
 - influencing the agendas of global and African multilateral institutions on an ongoing basis
 - contributing to international environmental negotiations, such as on climate change, on an ongoing basis.
- Increase international funding for science and technology in South Africa by:
 - promoting foreign direct investment and donor support, mostly through bilateral and multilateral agreements on an ongoing basis
 - strengthening partnerships with multinational companies from R189 million in 2008/09 to R352 million in 2011/12.

Service delivery focus

In 2009, South Africa increased its participation in multilateral organisations and enhanced its impact in the region and globally by: winning the bid to host a new regional NEPAD water initiative; co-chairing the steering

group for the Organisation for Economic Cooperation and Development's global science forum project on science and technology cooperation between developed and developing countries; and serving on the organisation's committee for scientific and technological policy steering group on science, technology and innovation cooperation to address global challenges. In enhancing South-South partnership, South Africa hosted the third World Academy of Science, Engineering and Technology general conference in October 2009 and was elected vice chair of the Centre for Science and Technology of the Non-Aligned and Other Developing Countries from 2010 to 2013.

In 2009, South Africa was mandated to lead SADC science, technology and innovation initiatives in the following areas: intellectual property rights; women in science; the SADC science, technology and innovation strategy; and training for senior science and technology officials. In the same year, South Africa also enhanced bilateral relations through funding joint projects with Kenya, and an expression of interest with Namibia will be finalised in March 2010.

Engagement with the EU continued through policy dialogue on space science, energy, and social sciences and the humanities, resulting in specific EU framework programme calls to address African challenges. The ongoing dialogue resulted in significant research funding of about €100 million for a wide range of projects.

Finnish-South African innovation partnership programmes have been under way since 2006/07. They support emerging entrepreneurs and build innovation capacity, such as foresighting and managing living laboratories and science parks, in poor provinces and rural areas. They aimed at strengthening the network for biosciences to advance life sciences research to address the challenges of HIV and AIDS, food security and environment protection. In 2009/10, funds were secured from donor organisations for food security and climate change initiatives in the SADC region.

In 2009/10, joint research projects in the India-Brazil-South Africa framework were completed in areas such as nanotechnology, biotechnology, and polar and oceanographic research. Bilateral engagements were completed in 2009/10 with Germany, Norway, Belgium, Argentina, the Republic of Korea, Japan, India, China and Argentina in areas such as space, energy, biodiversity, ICT, and advanced manufacturing.

Expenditure estimates

Table 33.8 International Cooperation and Resources

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Multilateral Cooperation and Africa	68.9	73.3	61.4	56.9	56.5	60.3	62.8
International Resources	27.3	10.0	37.4	50.4	48.9	51.3	53.2
Overseas Bilateral Cooperation	28.2	16.1	41.8	24.7	29.6	31.5	32.5
Total	124.3	99.4	140.5	132.0	135.1	143.1	148.5
Change to 2009 Budget estimate				0.7	(1.2)	(1.5)	(3.5)
Economic classification							
Current payments	42.0	40.1	53.1	55.3	58.9	61.2	64.1
Compensation of employees	17.4	19.8	30.4	31.0	33.3	35.1	36.9
Goods and services	24.6	20.3	22.7	24.2	25.6	26.1	27.3
<i>of which:</i>							
Communication	1.3	1.4	1.4	1.1	1.6	1.4	1.4
Consultants and professional services:	–	–	0.2	1.6	0.2	0.7	0.7
Business and advisory services							
Agency and support / outsourced services	8.0	3.3	2.9	4.1	3.7	4.3	4.5
Travel and subsistence	9.8	9.9	11.9	9.9	12.6	13.3	13.9

Table 33.8 International Cooperation and Resources (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Transfers and subsidies	81.8	59.0	86.9	76.4	75.8	81.4	83.8
Departmental agencies and accounts	29.6	27.3	44.3	38.7	30.6	32.4	34.1
Universities and technikons	3.2	4.5	2.8	3.0	–	–	–
Public corporations and private enterprises	28.7	22.7	34.3	21.5	–	–	–
Non-profit institutions	20.2	4.4	5.5	13.2	45.2	48.9	49.8
Households	0.2	0.0	–	–	–	–	–
Payments for capital assets	0.5	0.3	0.5	0.3	0.5	0.5	0.5
Machinery and equipment	0.5	0.3	0.5	0.3	0.5	0.5	0.5
Total	124.3	99.4	140.5	132.0	135.1	143.1	148.5

Details of selected transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	29.6	27.3	44.3	38.7	30.6	32.4	34.1
Africa Institute of South Africa	25.0	26.5	30.5	29.3	30.6	32.4	34.1
Global Science	4.6	0.8	13.8	9.4	–	–	–
Universities and technikons							
Current	3.2	4.5	2.8	3.0	–	–	–
Global Science	3.2	4.5	2.8	2.8	–	–	–
Public corporations and private enterprises							
Public corporations							
Other transfers							
Current	28.7	22.7	34.3	21.5	–	–	–
Global Science	28.7	22.7	34.4	21.6	–	–	–
Non-profit institutions							
Current	20.2	4.4	5.5	13.2	45.2	48.9	49.8
Global Science	20.2	4.4	5.6	13.2	45.2	48.95	49.8

Expenditure trends

Expenditure increased from R124.3 million in 2006/07 to R132 million in 2009/10, at an average annual rate of 2 per cent. The growth can be attributed mainly to an average annual increase of 22.7 per cent in the *International Resources* subprogramme, as it received additional allocations of R23.1 million from 2006/07 to support multilateral and bilateral cooperation.

Expenditure increased marginally over the MTEF period to R148.5 million, at an average annual rate of 4 per cent. The increase is to sustain existing projects.

The spending focus over the MTEF period remains advancing and facilitating South Africa's participation in strategic bilateral and multilateral agreements, accessing funding, human capital and knowledge, and leveraging resources in support of the national system of innovation.

Programme 4: Human Capital and Knowledge Systems

- *Human Capital and Science Platforms* is aimed at: developing and renewing science, engineering and technology human capital to promote knowledge generation, protection and exploitation; developing science platforms that leverage off South Africa's geographical advantages; and promoting science, technology, engineering, mathematics and innovation literacy and awareness. Funding is provided to the National Research Foundation for programmes to develop research and human capital.
- *Indigenous Knowledge System* promotes the role of indigenous knowledge systems in national research and development programmes to strengthen their contribution to science, technology and innovation.

- *Emerging Research Areas and Infrastructure* facilitates the strategic implementation of research equipment and infrastructure to promote knowledge production in areas of national priority and to sustain research and development led innovation. The subprogramme promotes new and emerging research areas through supporting the required research and infrastructure capacity. Funding is provided to institutions and programmes such as the South African Research Network, the Centre for High Performance Computing, national nanotechnology innovation centres, the national equipment programme and new and emerging research areas.

Objectives and measures

- Promote human capital development through improving supervisory capacity and student support by increasing the number of research chairs appointed at national system of innovation institutions from 82 in 2009/10 to 150 in 2012/13.
- Promote human capital development and knowledge production by:
 - increasing the number of centres of excellence from 8 in 2009/10 to 9 in 2012/13, and from 1 200 students per year in 2009/10 to 1 900 per year in 2012/13
 - providing work training experience to 1 100 science, engineering and technology graduates placed as interns at various national system of innovation institutions by March 2013.
- Contribute to increasing the number of matriculants with university exemption by increasing the number of learners and schools benefiting from supplementary tuition in mathematics, physical sciences and English from 2 550 per year in 2009/10 to 2 700 per year in 2012/13.
- Promote science literacy, among the youth in particular and the general public, by increasing the number of participants at National Science Week sites across all the provinces and people reached through the media from 200 000 per year in 2009/10 to 300 000 per year in 2012/13.
- Drive the ideals of knowledge production to accrue social and commercial benefits by increasing the total number of research outputs in peer reviewed journals across human capital development initiatives from 500 journal articles per year in 2009/10 to 674 journal articles per year in 2012/13.
- Promote the protection and development of indigenous knowledge systems by:
 - developing indigenous knowledge systems legislation by 2012, establishing 1 research chair by 2012, and consolidating 1 centre of excellence on curriculum development by 2011
 - doubling the number of participants attending the Annual World Expo as well as developing a national recordable system by the end of 2012
 - developing a framework for the accreditation and certification of knowledge holders and practitioners by 2011.

Service delivery focus

The number of postgraduate students supported by research chairs grants increased from 115 to 423 between 2007 and 2009. The research chairs supervised an average of more than 10 students per research chair in 2009, including students funded from other sources. The number of publications by research chairs increased from 162 to 265 between 2008 and 2009. The number of postdoctoral fellows supported increased from 18 in 2007 to 53 in 2009. The number of students supported under the current 7 centres of excellence increased from 126 in 2004/05 (the year of inception) to 395 in 2008/09. Of the 395 students, 53 per cent were female and 43 per cent were black, against a targeted 50 per cent and 60 per cent.

In 2007 and 2008, the department's bursary scheme supported 539 honours students, of which 420 completed their degrees within their year of registration. Of the 206 graduates in 2008, 118 enrolled for Masters degrees, representing a 57 per cent retention rate. In 2009, 33 Masters students were awarded bursaries under the department's bursary scheme. Of the more than 300 interns placed in science, engineering and technology related work environments, more than 60 per cent gained employment during or immediately after their internship.

In November 2009, over 1 300 knowledge holders and practitioners attended the Indigenous Knowledge System Expo in Polokwane organised by the National Indigenous Knowledge System Office, national government departments and the Limpopo Department of Science and Technology. The office also ensured the deployment of digital doorways in Mpumalanga and KwaZulu-Natal in June 2009. The research chair on indigenous knowledge studies was awarded to Walter Sisulu University in 2009/10. The office hosted the SADC workshop in the Seychelles on the protection of indigenous knowledge systems.

Drafting legislation on indigenous knowledge systems is in abeyance, awaiting finality on the Intellectual Property Laws Amendment Bill.

Expenditure estimates

Table 33.9 Human Capital and Knowledge Systems

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Human Capital and Science Platforms	754.0	946.1	1 066.2	1 122.4	1 233.8	1 396.9	1 377.9
Indigenous Knowledge System	8.4	10.5	12.1	25.4	27.4	29.2	30.7
Emerging Research Areas and Infrastructure	115.8	318.7	379.3	451.2	487.5	529.0	525.4
Total	878.2	1 275.3	1 457.6	1 599.0	1 748.7	1 955.1	1 933.9
Change to 2009 Budget estimate				0.9	(40.9)	(56.3)	(130.2)
Economic classification							
Current payments	17.9	21.4	24.4	32.9	31.4	33.1	34.7
Compensation of employees	10.2	11.9	17.0	21.5	22.8	24.1	25.3
Goods and services	7.7	9.5	7.4	11.4	8.6	9.0	9.5
<i>of which:</i>							
<i>Communication</i>	0.5	0.7	0.8	0.7	0.8	0.8	0.8
<i>Consultants and professional services:</i>	–	–	0.1	2.5	0.4	0.7	0.7
<i>Business and advisory services</i>							
<i>Agency and support / outsourced services</i>	1.7	2.0	0.3	0.5	0.2	0.6	0.6
<i>Travel and subsistence</i>	3.2	3.9	4.2	4.1	4.2	4.1	4.3
Transfers and subsidies	860.0	1 253.9	1 433.0	1 566.0	1 717.2	1 922.0	1 899.1
Departmental agencies and accounts	774.9	936.1	1 090.1	1 181.1	1 372.0	1 544.8	1 512.4
Universities and technikons	6.5	8.3	5.8	22.7	–	–	–
Public corporations and private enterprises	47.1	259.9	262.1	302.4	98.8	104.7	99.9
Non-profit institutions	31.3	49.6	74.7	59.8	246.4	272.5	286.8
Households	0.0	0.0	0.4	–	–	–	–
Payments for capital assets	0.3	0.1	0.2	0.1	0.1	0.1	0.1
Machinery and equipment	0.3	0.1	0.2	0.1	0.1	0.1	0.1
Total	878.2	1 275.3	1 457.6	1 599.0	1 748.7	1 955.1	1 933.9

Table 33.9 Human Capital and Knowledge Systems (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	724.9	886.1	970.6	1 063.9	1 150.6	1 307.1	1 282.9
Emerging Research Areas	–	–	–	14.0	–	–	–
Frontier Science and Technology	35.0	20.5	11.5	–	–	–	–
Human Resources Development	55.0	169.4	227.0	264.1	351.2	446.1	437.7
Indigenous Knowledge System	2.5	1.6	1.3	10.2	–	–	–
Learnerships	–	–	–	6.7	7.1	7.8	8.2
National Research Foundation	596.7	657.7	683.4	692.1	734.4	789.1	769.8
Science and Youth	2.5	2.6	2.2	18.8	–	–	–
Science Themes	33.3	34.3	45.2	57.8	57.9	64.1	67.1
Capital	50.0	50.0	119.5	117.2	221.4	237.6	229.5
Research and Development Infrastructure	50.0	50.0	119.5	117.2	221.4	237.6	229.5
Universities and technikons							
Current	6.5	8.3	5.8	9.7	–	–	–
Emerging Research Areas	–	–	–	5.4	–	–	–
Frontier Science and Technology	0.7	–	0.5	–	–	–	–
Human Resources Development	1.0	6.4	0.1	–	–	–	–
Indigenous Knowledge System	0.2	1.2	2.6	4.0	–	–	–
Science and Youth	1.3	0.4	2.6	0.2	–	–	–
Science Themes	3.4	0.0	–	–	–	–	–
Women in Science	–	0.3	–	0.1	–	–	–
Capital	–	–	–	13.0	–	–	–
Research and Development Infrastructure	–	–	–	13.0	–	–	–
Public corporations and private enterprises							
Public corporations							
Other transfers							
Current	5.1	97.9	153.9	102.5	–	–	–
Centre for High Performance Computing	–	–	–	61.3	–	–	–
Emerging Research Areas	–	–	–	27.9	–	–	–
Frontier Science and Technology	0.4	83.0	132.5	–	–	–	–
Human Resources Development	–	9.6	20.5	2.0	–	–	–
Indigenous Knowledge System	–	0.5	0.9	1.7	–	–	–
Learnerships	4.4	3.1	–	–	–	–	–
Science and Youth	–	–	–	9.3	–	–	–
Science Themes	0.3	1.7	–	–	–	–	–
Women in Science	–	–	–	0.3	–	–	–
Capital	42.0	162.0	108.2	199.9	98.8	104.7	99.9
Centre for High Performance Computing	–	–	–	1.4	–	–	–
Frontier Science and Technology	20.0	–	–	–	–	–	–
National Nanotechnology Centres	–	–	–	34.9	–	–	–
Research and Development Infrastructure	–	–	19.2	70.1	–	–	–
South African National Research Network	22.0	162.0	89.0	93.5	98.8	104.7	99.9

Table 33.9 Human Capital and Knowledge Systems (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Non-profit institutions							
Current	31.3	49.6	72.9	57.8	137.7	150.0	158.2
Academy of Science of South Africa	3.0	3.4	5.6	9.9	10.6	11.2	11.7
Centre for High Performance Computing	–	–	–	–	1.6	1.8	1.9
Emerging Research Areas	–	–	–	2.0	50.5	55.6	58.2
Frontier Science and Technology	5.3	–	–	–	–	–	–
Human Resources Development	–	10.5	16.1	19.0	–	–	–
Indigenous Knowledge System	0.8	1.0	–	–	17.4	18.7	19.7
Learnerships	–	–	6.6	–	–	–	–
Science and Youth	16.4	25.0	40.8	23.1	54.4	59.4	63.2
Science Themes	3.8	7.3	1.5	1.2	–	–	–
Technology Top 100	2.1	2.4	2.3	2.6	2.7	2.9	3.0
Women in Science	–	–	–	–	0.4	0.5	0.5
Capital	–	–	1.8	2.0	108.7	122.5	128.6
Centre for High Performance Computing	–	–	–	–	70.4	80.1	84.1
National Nanotechnology Centres	–	–	–	–	38.3	42.4	44.5
Research and Development Infrastructure	–	–	1.8	2.0	–	–	–
Households							
Other transfers to households							
Current	–	–	0.4	–	–	–	–
Women in Science	–	–	0.4	–	–	–	–

Expenditure trends

Expenditure increased from R878.2 million in 2006/07 to R1.6 billion in 2009/10, at an average annual rate of 22.1 per cent. This was driven by increased expenditure in the *Human Capital and Science Platforms* and *Emerging Research Areas and Infrastructure* subprogrammes in the form of transfers to the National Research Foundation and the South African Research Network.

Expenditure is expected to increase to R1.9 billion over the medium term, at an average annual rate of 6.5 per cent. This can mainly be ascribed to the expansion of the South African Research Chairs Initiative. An additional R50 million is allocated in 2012/13 for the South African Research Chairs Initiative. The spending focus over the MTEF period will remain on developing and renewing science, engineering and technology human capital and facilitating research equipment and infrastructure.

Public entity

National Research Foundation

Strategic overview: 2006/07 – 2012/13

The National Research Foundation Act (1998) mandates the National Research Foundation to promote and support research in all fields of the humanities, the social and natural sciences, engineering and technology. It provides funding, research facilities, and science awareness education and communications. The foundation performs an agency function on behalf of the Department of Science and Technology and is a service provider to several other government departments.

The 2015 strategic plan aims to: promote internationally competitive research as the basis for a knowledge economy; grow a representative science and technology workforce in South Africa; provide cutting edge research, technology and innovation platforms; operate world class evaluation and grant making systems; and contribute to a vibrant national innovation system.

The medium term priority of the National Research Foundation is to facilitate the training of competent human resources at all levels to address the severe shortages of researchers, particularly previously disadvantaged researchers. In the high-tech environment, this requires making use of the specialised research infrastructure based at national research facilities. The foundation will address infrastructure and maintenance needs at national facilities to ensure sustainability. Other medium term priorities are to coordinate science awareness activities and upgrade the Johannesburg observatory via the South African Agency for Science and Technology Advancement.

Savings and cost effective service delivery

Austerity measures have been implemented to curtail travel and subsistence by 30 per cent. Space has been maximised by moving from closed to open plan offices. The performance management and reward system has been applied and refined to improve service, productivity and efficiency. Non-core activities, mainly at national facilities, are being reduced. Economies of scale are being created in grant management and systems administration. Stand-alone servers are being replaced with a virtualised IT management environment supporting multiple user programmes.

Selected performance indicators

Table 33.10 National Research Foundation

Indicator	Programme/Activity	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Number of peer reviewed journal articles funded per year	Research and Innovation Support Agency	2 507	2 884	3 239	NA	6 350	6 350	6 650
Number of learners assisted per year	South African Agency for Science and Technology Advancement	–	351 466	365 274	214 232	300 064	300 100	305 120
Number of educators assisted per year	South African Agency for Science and Technology Advancement	3 954	15 954	14 638	218 435	278 433	278 668	279 264
Number of grantholders supported by the Research and Innovation Support Agency per year (excluding the Innovation Fund)	Research and Innovation Support Agency	2 021	2 098	2 422	7 712	5 196	5 427	5 436
Number of student bursaries and scholarships (3rd and 4th year) awarded per year	Research and Innovation Support Agency	451	158	195	256	200	205	240
Number of student bursaries and scholarships (BTech and Hons) awarded per year	Research and Innovation Support Agency	662	274	1 215	1 529	1 400	1 411	1 452
Number of student bursaries and scholarships (Masters) awarded per year	Research and Innovation Support Agency	2 148	1 954	2 475	2 101	2 230	2 481	2 332
Number of student bursaries and scholarships (PhD) awarded per year	Research and Innovation Support Agency	1 197	1 098	1 370	1 190	1 220	1 321	1 372
Number of post-doctoral fellowships supported per year	Research and Innovation Support Agency	220	191	222	230	210	230	250
Number of postgraduate students making use of facilities for training per year	National facilities	319	570	411	355	416	445	459
Number of Masters and PhD students supervised per year	National facilities	167	203	217	156	193	214	216

Service delivery focus

The National Research Foundation awarded grants of R1.2 billion in various disciplines in 2009/10. A major focus of the foundation is on supporting the establishment of a highly skilled human resource base in South Africa, which it does through various programmes, including the PhD project, the student and postdoctoral support programme, the Department of Science and Technology-National Research Foundation internship programme, and the scarce skills development programme.

In addition to various contract programmes that the foundation manages on behalf of the department, such as support for established researchers through research chairs and centres of excellence, in 2009/10 the foundation identified and implemented various funding programmes in key investment areas to ensure equity and redress in the science and technology workforce. Funding is provided for: researchers, strategic knowledge fields, human capital development, strategic platforms, applied and industrial research, innovation, and international initiatives.

The foundation hosts the national research facilities as major research platforms. These platforms provide access to unique multi-user research infrastructure, collections and datasets, which facilitate research and science awareness in various science fields. The fields include radio and optical astronomy, earth magnetic observation and services, nuclear sciences, a broad range of biodiversity disciplines, and long term environmental observation and applications.

The foundation also manages radio astronomy projects on behalf of the Department of Science and Technology, including the Square Kilometre Array radio telescope. At present, smaller versions of the radio telescope and array are being built, paving the way for the MeerKAT demonstrator.

Expenditure estimates

Table 33.11 National Research Foundation: Programme information

R million	Audited outcome			Revised estimate 2009/10	Medium-term estimate		
	2006/07	2007/08	2008/09		2010/11	2011/12	2012/13
Research innovation support and advancement	485.4	606.4	898.9	1 055.3	1 131.4	1 199.1	1 130.4
National Facilities	280.0	316.9	345.4	356.2	391.1	414.9	438.3
SAASTA	29.0	30.1	36.9	42.9	47.4	47.9	50.4
SKA Project	30.5	47.4	80.4	107.1	149.2	155.2	164.6
Total expense	824.9	1 000.8	1 361.6	1 561.5	1 719.1	1 817.2	1 783.8

Table 33.12 National Research Foundation: Financial information

Statement of financial performance R million	Audited outcome			Revised estimate 2009/10	Medium-term estimate		
	2006/07	2007/08	2008/09		2010/11	2011/12	2012/13
Revenue							
Non-tax revenue	255.6	408.7	702.7	840.5	946.9	985.2	963.3
Sale of goods and services other than capital assets	201.9	331.2	574.6	750.5	857.6	891.0	861.2
Other non-tax revenue	53.7	77.5	128.2	90.0	89.2	94.2	102.2
Transfers received	580.4	639.0	659.0	721.7	772.2	831.9	820.4
Total revenue	836.0	1 047.7	1 361.7	1 562.2	1 719.1	1 817.2	1 783.8
Expenses							
Current expense	427.5	495.0	595.3	657.7	746.9	785.0	822.0
Compensation of employees	221.7	242.8	287.9	347.2	381.3	409.1	434.9
Goods and services	190.1	223.1	275.8	265.0	318.1	324.1	325.1
Depreciation	15.1	28.6	30.9	45.4	47.2	51.6	61.8
Interest, dividends and rent on land	0.7	0.4	0.6	0.1	0.2	0.2	0.2
Transfers and subsidies	397.4	505.8	766.3	903.8	972.3	1 032.2	961.8
Total expenses	824.9	1 000.8	1 361.6	1 561.5	1 719.1	1 817.2	1 783.8
Surplus / (Deficit)	11.2	46.8	0.0	0.7	(0.0)	(0.0)	(0.0)

Table 33.12 National Research Foundation: Financial information (continued)

Statement of financial position	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
R million							
Carrying value of assets	210.6	240.1	319.6	514.8	833.5	1 134.4	1 355.5
<i>of which: Acquisition of assets</i>	62.8	59.8	111.1	241.2	366.5	353.0	283.3
Investments	56.9	48.9	46.1	44.0	42.0	40.0	40.0
Inventory	2.7	2.6	3.9	4.5	5.4	6.0	9.5
Receivables and prepayments	102.9	276.6	265.0	290.0	311.0	298.0	332.0
Cash and cash equivalents	371.2	507.3	756.2	502.6	484.0	512.4	473.3
Total assets	744.2	1 075.5	1 390.8	1 355.9	1 675.9	1 990.8	2 210.3
Accumulated surplus/deficit	(72.6)	(47.3)	(78.0)	(77.3)	(77.3)	(77.3)	(77.3)
Capital and reserves	77.1	98.6	129.3	129.3	129.3	129.3	129.3
Post-retirement benefits	89.0	93.6	92.2	95.2	98.2	101.1	103.8
Trade and other payables	441.3	691.6	926.3	695.0	693.3	704.5	700.1
Provisions	–	–	2.5	–	–	–	–
Liabilities not classified elsewhere	209.5	239.0	318.5	513.7	832.4	1 133.3	1 354.4
Total equity and liabilities	744.2	1 075.5	1 390.8	1 355.9	1 675.9	1 990.8	2 210.3
Contingent liabilities	671.0	1 340.9	1 508.1	1 500.0	1 200.0	1 100.0	1 000.0

Expenditure trends

Revenue increased from R836 million in 2006/07 to R1.6 billion in 2009/10, at an average annual rate of 23.1 per cent. Over the medium term, the National Research Foundation's total revenue is expected grow at an average annual rate of 4.5 per cent to reach R1.8 billion. The growth is mainly to cater for adjustments for inflation for existing key research and infrastructure activities.

Expenditure increased from R824.9 million in 2006/07 to R1.6 billion in 2009/10, at an average annual rate of 23.7 per cent. This is mainly due to the ramping up of key programmes, including the South African Research Chairs Initiative and the Square Kilometre Array project. Expenditure over the medium term is expected to increase to R1.8 billion, at an average annual rate of 4.5 per cent.

Spending over the MTEF period will largely be in key investment areas, as well as in compensation of employees and goods and services.

Programme 5: Socioeconomic Partnerships

- *Science and Technology for Economic Impact* strengthens the achievement of government's strategic economic growth and sector development objectives through four major interventions or technology missions: ICT, advanced manufacturing, resource based industries, and climate change challenges. Key activities include: providing policy direction, providing oversight, and managing the implementation of research, development and innovation strategies and programmes in mission areas. Transfers are for research, development and innovation projects managed by the department's implementing agencies.
- *Science and Technology for Social Impact* leads and supports knowledge generation in human and social dynamics in development, promotes technology transfer to support the creation of sustainable job and wealth opportunities, and contributes to creating sustainable human settlements in areas of deprivation. It focuses on mature technologies that do not yet have widespread application but are seen as having the potential to achieve government's broad development objectives. It does this in partnership with other government departments which also focus on research and technology transfer.
- *Science and Technology Investment* leads and supports the development of science and technology indicators, monitors national science and technology expenditure and planning, and implements section 11D of the Income Tax Act (1962). This involves administering the reporting by private companies on research and development claims against the tax allowance. Transfers and subsidies are used for implementing the research information management system and for developing new science and technology indicators.

Funding for all three subprogrammes is dominated by transfers to a range of research and innovation entities and institutions, allocated on the strength of their business plans.

Objectives and measures

- Enable growth in advanced industries, such as metals manufacturing, ICT, electronics and chemicals, through support to companies by providing 76 companies with technological assistance packages by March 2013.
- Increase the quality of life in households by providing an additional 10 decision support interventions for sustainable development by March 2013.
- Contribute to improving government decision making on science and technology as productive investments by producing 3 evaluation reports per year on science, technology and innovation indicators.
- Build closer links with industry, institutions of higher learning and government by increasing support for targeted research networks in the national system of innovation to 11 supported research networks in 2010/11.
- Develop human capital by supporting an additional 390 research graduates (honours and PhD) and work based learnerships by March 2013.
- Support new knowledge generated for economic and social benefit by:
 - enlarging the portfolio of intellectual property by 33 new inventions by March 2013
 - increasing the number of published scientific and technical papers by 270 by March 2013.

Service delivery focus

The department entered its second year of the Broadband for All project to provide internet access in rural communities using wireless mesh technology. The project is testing a more suitable and sustainable innovation business model to network government facilities such as schools, clinics, Thusong centres and libraries. This core infrastructure can then be extended to individual households. The project also includes innovations in e-government, e-education, e-health and other communication services.

Technology and innovation areas that support the development and green industries and a green economy have been identified, such as fuel cells and hydrogen energy. A green technologies development strategy will be finalised by 2011/12 to provide the framework for investing in and driving the local environmental technologies sector. In 2009/10, the department's public awareness programme on green research and a tax incentive led to a substantial increase in the volume of enquiries. By the end of October 2009, the department had received 301 submissions totalling research and development expenditure of about R3.2 billion. The 2007/08 annual national survey on research and development is complete, and a high level results report was published in 2009.

The department continued supporting other departments in understanding the importance of investing in critical technology intensive services, such as health laboratories, agricultural public assets and services, and geological and weather services. The department commissioned 2 studies to review the research and technological capacity of the national health laboratory services and agricultural national public assets.

The number of institutions using 1 or 2 modules of the research management system increased from 3 in 2008/09 to 14 in 2009/10. 3 universities (Witwatersrand, Johannesburg and Free State) reported their research outputs to the Department of Higher Education and Training using this platform in 2009/10.

In 2009, the department commissioned the Council for Scientific and Industrial Research and the Human Sciences Research Council to cooperate with other science councils and institutions of higher learning to develop an integrated science based IT platform to improve the quality of evidence for integrated spatial planning in all 3 spheres of government across a range of settlement scales.

Expenditure estimates

Table 33.13 Socioeconomic Partnerships

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Science and Technology for Economic Impact	769.0	847.0	848.3	915.4	981.3	1 013.9	1 049.1
Science and Technology for Social Impact	216.0	254.1	247.6	274.2	260.8	299.4	374.1
Science and Technology Investment	5.5	4.8	23.7	24.2	22.7	22.2	24.6
Total	990.6	1 105.9	1 119.6	1 213.8	1 264.8	1 335.5	1 447.8
Change to 2009 Budget estimate				23.1	(24.8)	(35.7)	8.0

Economic classification

Current payments	21.2	24.6	28.9	44.3	46.7	49.2	51.6
Compensation of employees	12.9	16.1	22.0	29.5	31.3	33.0	34.6
Goods and services	8.4	8.5	7.0	14.7	15.5	16.2	17.0
<i>of which:</i>							
Communication	0.8	0.8	0.9	1.0	1.1	1.1	1.2
Consultants and professional services:	–	–	0.1	8.3	8.2	8.7	9.1
Business and advisory services							
Agency and support / outsourced services	2.6	2.6	0.7	0.4	0.2	0.4	0.4
Travel and subsistence	3.4	3.4	3.4	3.0	4.0	3.9	4.1
Transfers and subsidies	969.0	1 080.9	1 090.4	1 169.2	1 217.6	1 285.9	1 395.7
Departmental agencies and accounts	204.7	250.5	273.7	312.7	377.1	414.4	479.5
Universities and technikons	8.9	16.3	6.7	6.8	–	–	–
Public corporations and private enterprises	634.6	690.9	746.1	806.5	801.9	830.6	873.2
Non-profit institutions	120.8	123.2	63.9	43.2	38.6	40.9	43.0
Payments for capital assets	0.3	0.3	0.3	0.4	0.5	0.4	0.5
Machinery and equipment	0.3	0.3	0.3	0.4	0.5	0.4	0.5
Total	990.6	1 105.9	1 119.6	1 213.8	1 264.8	1 335.5	1 447.8

Details of selected transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	204.7	250.5	273.7	312.7	377.1	414.4	479.5
Global Change Science and Technology	–	–	12.7	19.4	29.7	33.6	33.3
Human and Social Development Dynamics	–	–	14.3	1.0	36.2	40.6	35.4
Human Science Research Council	121.5	155.9	163.9	166.2	169.8	180.7	189.9
Information Communication Technology	13.0	16.0	–	–	–	–	–
Leveraging Services Strategy	1.7	–	–	–	–	–	–
Local Manufacturing Capacity	–	–	–	–	28.2	30.0	28.4
Local Systems of Innovation	–	–	5.0	5.0	8.6	9.1	8.6
National Public Assets	43.0	43.0	–	–	–	–	–
Natural Resources and Public Assets	–	–	52.8	55.3	58.5	62.0	65.1
Quality of Life Nuclear Technologies	–	–	–	5.0	5.9	6.3	4.6
Research Information Management System	–	–	14.0	9.9	3.9	2.3	3.6
Science and Technology Indicators	–	–	3.0	4.0	7.9	8.5	9.0
South African Research Chairs Initiative for Human Sciences	–	–	–	21.3	18.3	19.4	70.4
Technology for Poverty Alleviation	6.2	24.0	8.0	25.6	10.1	21.8	31.3
Technology for Sustainable Livelihoods	–	0.3	–	–	–	–	–
Technology Planning and Diffusion	19.3	11.3	–	–	–	–	–

Table 33.13 Socioeconomic Partnerships (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Universities and technikons							
Current	8.9	16.3	6.6	6.8	–	–	–
Leveraging Services Strategy	0.6	–	–	–	–	–	–
Local Manufacturing Capacity	–	–	–	6.8	–	–	–
Local Systems of Innovation	–	–	0.4	–	–	–	–
Technology for Poverty Alleviation	–	9.0	–	–	–	–	–
Technology for Sustainable Livelihoods	8.3	7.3	6.2	–	–	–	–
Public corporations and private enterprises							
Public corporations							
Other transfers							
Current	634.6	690.9	746.1	806.5	801.9	830.6	873.2
Advanced Manufacturing Technology Strategy	41.8	47.7	38.0	47.7	50.5	54.6	48.3
Council for Scientific and Industrial Research	483.2	517.4	554.7	599.4	634.2	638.2	675.8
Global Change Science and Technology	–	–	4.3	3.4	–	–	–
Human and Social Development Dynamics	–	–	12.0	17.8	–	–	–
Information Communication Technology	14.2	54.2	55.0	55.6	63.8	72.3	73.9
Local Manufacturing Capacity	–	–	10.0	12.2	–	–	–
Local Systems of Innovation	–	–	0.7	2.8	–	–	–
Resource Based Industries	24.2	22.2	29.6	34.9	36.9	39.1	39.0
Technology for Poverty Alleviation	20.1	–	15.5	–	–	–	–
Technology for Sustainable Livelihoods	44.7	45.0	21.3	32.9	16.5	26.4	36.1
Technology Planning and Diffusion	6.4	4.4	–	–	–	–	–
Quality of Life Nuclear Technologies	–	–	5.0	–	–	–	–
Non-profit institutions							
Current	120.8	123.2	63.9	43.2	38.6	40.9	43.0
Advanced Manufacturing Technology Strategy	10.0	10.0	10.0	–	–	–	–
Leveraging Services Strategy	0.6	–	–	–	–	–	–
Local Manufacturing Capacity	–	–	13.5	6.8	–	–	–
Local Systems of Innovation	–	–	0.3	–	–	–	–
Resource Based Industries	5.5	5.4	3.5	–	–	–	–
South African National Energy Research Institute	40.0	42.0	–	–	–	–	–
Technology for Poverty Alleviation	9.0	7.0	–	–	–	–	–
Technology for Sustainable Livelihoods	–	0.4	–	–	–	–	–
Technology Planning and Diffusion	55.7	22.5	–	–	–	–	–
Tshumisano Trust	–	36.0	36.6	36.4	38.6	40.9	43.0

Expenditure trends

Expenditure increased from R990.6 million in 2006/07 to R1.2 billion in 2009/10, at an average annual rate of 7 per cent. The increase is attributable to the introduction of activities such as: policy and indicator development, tax incentives, sustainable human settlement research, and sustainable livelihoods and social development analysis.

Over the medium term, expenditure is expected to increase at an average annual rate of 6.1 per cent to reach R1.4 billion in 2012/13. Expenditure was reprioritised to provide funding for a technology localisation programme to support government's key priorities. The programme will provide technological support to local manufacturing firms to allow them to become potential suppliers to large scale public procurement processes. In addition, funding is also being increased and re-directed to 2 of the grand challenges outlined in the 10-year innovation plan. These are the human and social dynamics grand challenge and the science and technology for global change grand challenge. In addition, funding continues to be set aside to enhance information and data collection on the functioning and impact of the national system of innovation to assist with long term monitoring, evaluation, and planning.

Over the MTEF period, spending will focus on a number of long term technology development mission areas that can provide opportunities for research and development led long term industrial and economic development. These include areas such as advanced manufacturing, ICT, minerals beneficiation, and technology for poverty alleviation. These programmes are being consolidated as funding is being maintained at current levels, and a key focus will be on growing the budget.

Public entity

Council for Scientific and Industrial Research

Strategic overview: 2006/07 – 2012/13

The Council for Scientific and Industrial Research was established under the Scientific Research Council Act (1988). Its objectives are to foster industrial and scientific development in the national interest through multidisciplinary research and technological innovation. The council's activities, focused on directed research and development, cut across the research and innovation value chain.

The council's research impact areas are: renewable and alternative energy; new drug development and nutrition; defence capability as a national asset; climate change, pollution and waste, water and coastal issues; transport and human settlements; manufacturing, forestry and mining; and cyber infrastructure and information security and accessibility. These impact areas support national priorities.

The council's organisational priorities are: building and transforming human capital; strengthening the science, engineering and technology base; doing relevant research and development; and transferring technology and knowledge through patents, research contracts and skilled human capital. Financial sustainability and good governance must also be maintained.

Savings and cost effective service delivery

The council has put a number of initiatives in place to address potential reductions in income and improve cost effective delivery on contracts, including: securing funding from both the private and public sectors in excess of current inflationary cost increases, including income from international contracts; rationalising costs, maintaining economies of scale in operations and realising efficiencies; diversifying the council's income streams by growing royalty income through effective technology transfer; and maintaining prudent balance sheet management practices.

Selected performance indicators

Table 33.14 Council for Scientific and Industrial Research

Indicator	Programme/Activity	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Total number of permanent staff studying towards Masters or PhD degrees	Human capital development	–	90	201	225	220	218	182
Percentage of science, engineering and technology workers who are black	Human resource development	49%	52%	53%	54%	54%	55%	56%
Total number of staff with PhD level qualifications	Human resource management	237	234	273	282	305	325	375
Number of publications by staff per year	Science and technology outputs	220	343	452	425	450	475	575
Number of new technologies demonstrated	Science and Technology outputs	–	–	43	27	30	32	35
Value of contract research and development formally recognised as supporting national strategies	Contract research and development	R274.3m	R373.5m	R435.2m	R464.1m	R525m	R565m	R625m
Number of new international and national patents granted	Research and development outputs	12	21	35	12	14	16	18

Service delivery focus

Examples of what the council delivered in 2009/10 include: deploying integrated asset management systems for government departments and parastatals; working with the Department of Water Affairs to enhance the management of water resources, improve water quality, and assist rural communities with access to safe drinking water; rolling out the first phase of the national high speed broadband network backbone to connect more than 45 research and education facilities; developing a modular design to fit approach to housing delivery, which will improve living conditions and the durability of houses; developing new methods for the design and delivery of roads; and creating a range of enterprises in the agriculture, agro-processing and manufacturing sectors. In 2008/09, more than 250 sustainable jobs were supported in underdeveloped parts of South Africa and 22 enterprises were created.

Expenditure estimates

Table 33.15 Council for Scientific and Industrial Research: Programme information

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	20011/12	2012/13
Defence, Peace, Safety and Security	172.9	217.2	298.0	293.9	308.0	331.7	357.5
Materials Science and Manufacturing	131.2	146.4	182.7	180.2	188.8	203.4	219.1
Biosciences	97.8	126.7	122.6	120.8	126.6	136.4	147.0
Natural Resources and the Environment	188.0	181.2	185.2	182.1	190.8	205.5	221.5
Built Environment	110.6	126.5	157.0	155.5	162.9	175.5	189.1
Other programmes	460.3	445.2	581.0	583.7	600.7	647.0	697.2
Total expense	1 160.7	1 243.3	1 526.5	1 516.2	1 578.0	1 699.5	1 831.4

Table 33.16 Council for Scientific and Industrial Research: Financial information

Statement of financial performance	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	20011/12	2012/13
Revenue							
Non-tax revenue	726.8	868.5	1 104.5	946.9	976.1	1 096.0	1 193.0
Sale of goods and services other than capital assets	682.7	793.4	991.8	897.0	928.7	1 051.0	1 150.2
of which:							
Contract income	682.7	793.4	991.8	897.0	928.7	1 051.0	1 150.2
Other non-tax revenue	44.0	75.2	112.7	49.9	47.4	45.0	42.8
Transfers received	460.4	429.0	480.3	599.4	634.2	638.2	675.8
Total revenue	1 187.2	1 297.5	1 584.8	1 546.3	1 610.4	1 734.2	1 868.8
Expenses							
Current expense	1 160.7	1 243.3	1 526.5	1 516.2	1 578.0	1 699.5	1 831.4
Compensation of employees	592.8	628.3	772.0	853.8	888.0	941.3	997.8
Goods and services	510.7	580.6	705.6	620.3	646.3	711.1	782.7
Depreciation	50.7	28.1	37.4	42.1	43.6	47.1	50.9
Interest, dividends and rent on land	6.4	6.4	10.0	–	–	–	–
Total expenses	1 160.7	1 243.3	1 526.5	1 516.2	1 578.0	1 699.5	1 831.4
Surplus / (Deficit)	26.5	54.3	58.3	30.1	32.4	34.7	37.4
Statement of financial position							
Carrying value of assets	219.1	225.4	298.0	372.6	415.9	450.0	501.6
of which: Acquisition of assets	66.4	41.8	115.1	116.7	86.9	81.2	102.5
Investments	200.0	–	100.0	–	–	–	–
Inventory	43.2	61.7	79.3	105.2	115.8	127.3	140.1
Receivables and prepayments	146.9	267.1	138.7	146.6	143.9	139.7	222.0
Cash and cash equivalents	379.2	691.5	782.5	743.4	723.0	666.5	637.0
Assets not classified elsewhere	95.1	94.9	96.8	1.6	1.6	1.6	1.6
Total assets	1 083.6	1 340.6	1 495.3	1 369.5	1 400.1	1 385.1	1 502.3
Accumulated surplus/deficit	347.7	392.7	449.5	479.6	512.0	546.7	584.1
Post-retirement benefits	12.8	8.6	8.9	5.8	–	–	–
Trade and other payables	623.8	896.1	995.0	884.0	888.1	838.4	918.2
Provisions	72.2	–	1.4	–	–	–	–
Liabilities not classified elsewhere	27.1	43.1	40.6	–	–	–	–
Total equity and liabilities	1 083.6	1 340.6	1 495.3	1 369.5	1 400.1	1 385.1	1 502.3

Expenditure trends

The Council for Scientific and Industrial Research is funded by transfers from the Department of Science and Technology and receives additional ringfenced grant allocations for the centres of competence, the laser loan programme, ICT and demonstration in government, and the Meraka Institute. The council generates about 66 per cent of its income from research and development contract income. It generates a marginal surplus on this contract income and on technology transfer activities, which is reinvested in terms of the council's mandate.

Over the MTEF period, the council is expected to receive transfers of R634.2 million, R638.2 million and R675.8 million, and additional ringfenced allocations of R56.5 million, R63.9 million and R67.1 million, excluding value added tax.

The variable portion of the council's expenditure is dependent on the nature of the research and development contract income secured and undertaken by the council. Expenditure increased from R1.2 million in 2006/07 to R1.5 billion in 2009/10.

The spending focus over the MTEF period will remain on fostering industrial and scientific development in the national interest through multidisciplinary research and technological innovation.

Additional tables

Table 33.A Summary of expenditure trends and estimates per programme and economic classification

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R million	2008/09		2008/09	2009/10			2009/10
1. Administration	113.0	112.8	129.9	171.3	2.3	173.6	173.6
2. Research, Development and Innovation	862.9	863.1	855.8	1 142.9	0.5	1 143.4	1 143.4
3. International Cooperation and Resources	129.3	130.8	140.5	131.3	0.7	132.0	132.0
4. Human Capital and Knowledge Systems	1 451.8	1 455.2	1 457.6	1 598.0	0.9	1 599.0	1 599.0
5. Socioeconomic Partnerships	1 147.0	1 159.9	1 119.6	1 190.7	23.1	1 213.8	1 213.8
Total	3 704.0	3 721.7	3 703.5	4 234.1	27.6	4 261.7	4 261.7
Economic classification							
Current payments	226.6	242.9	260.2	334.8	7.6	342.4	342.4
Compensation of employees	130.2	135.9	144.9	192.8	7.3	200.2	200.2
Goods and services	96.5	107.0	115.3	142.0	0.3	142.2	142.2
Transfers and subsidies	3 475.1	3 476.7	3 439.9	3 894.8	20.0	3 914.8	3 914.8
Departmental agencies and accounts	1 927.7	1 910.6	1 866.5	2 033.7	197.1	2 230.8	2 230.8
Universities and technikons	10.0	18.3	69.5	–	119.9	119.9	119.9
Public corporations and private enterprises	550.9	879.1	1 075.1	581.1	623.0	1 204.0	1 204.0
Non-profit institutions	986.5	668.3	428.4	1 280.1	(920.0)	360.1	360.1
Households	–	0.4	0.4	–	–	–	–
Payments for capital assets	2.3	2.1	3.3	4.5	–	4.5	4.5
Machinery and equipment	2.3	2.1	3.3	4.5	–	4.5	4.5
Payments for financial assets	–	–	0.1	–	–	–	–
Total	3 704.0	3 721.7	3 703.5	4 234.1	27.6	4 261.7	4 261.7

Table 33.B Detail of approved establishment and personnel numbers according to salary level ¹

	Personnel post status as at 30 September 2009			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid year ²	Medium-term estimate		
				2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Department	155	391	–	291	324	342	356	442	449	454
Salary level 1 – 6	40	56	–	59	61	61	55	57	82	87
Salary level 7 – 10	61	109	–	84	86	89	101	137	119	119
Salary level 11 – 12	19	116	–	73	97	108	106	136	136	136
Salary level 13 – 16	35	110	–	75	80	84	94	112	112	112
Administration	155	167	–	141	145	155	155	239	246	251
Salary level 1 – 6	40	40	–	38	40	40	40	40	65	70
Salary level 7 – 10	61	66	–	57	58	61	61	97	79	79
Salary level 11 – 12	19	20	–	15	15	19	19	50	50	50
Salary level 13 – 16	35	41	–	31	32	35	35	52	52	52

Table 33.B Detail of approved establishment and personnel numbers according to salary level ¹ (continued)

	Personnel post status as at 30 September 2009			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid year ²	Medium-term estimate		
				2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Research, Development and Innovation	-	41	-	31	36	43	38	39	39	39
Salary level 1 – 6	-	3	-	3	3	3	3	3	3	3
Salary level 7 – 10	-	4	-	4	4	4	4	4	4	4
Salary level 11 – 12	-	16	-	12	16	20	16	16	16	16
Salary level 13 – 16	-	18	-	12	13	16	15	16	16	16
International Cooperation and Resources	-	64	-	51	60	59	61	61	61	61
Salary level 1 – 6	-	4	-	6	6	6	4	4	4	4
Salary level 7 – 10	-	24	-	15	15	15	22	22	22	22
Salary level 11 – 12	-	20	-	18	25	24	19	19	19	19
Salary level 13 – 16	-	16	-	12	14	14	16	16	16	16
Human Capital and Knowledge Systems	-	56	-	33	36	39	44	43	43	43
Salary level 1 – 6	-	4	-	7	7	7	4	4	4	4
Salary level 7 – 10	-	5	-	2	2	2	5	5	5	5
Salary level 11 – 12	-	31	-	15	18	23	23	22	22	22
Salary level 13 – 16	-	16	-	9	9	7	12	12	12	12
Socioeconomic Partnerships	-	63	-	35	47	46	58	60	60	60
Salary level 1 – 6	-	5	-	5	5	5	4	6	6	6
Salary level 7 – 10	-	10	-	6	7	7	9	9	9	9
Salary level 11 – 12	-	29	-	13	23	22	29	29	29	29
Salary level 13 – 16	-	19	-	11	12	12	16	16	16	16

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

2. As at 30 September 2009.

Table 33.C Summary of expenditure on training

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Compensation of employees (R million)	83.7	104.1	135.9	192.8	204.2	215.9	226.7
Training expenditure (R million)	1.0	3.6	5.2	6.5	5.1	5.4	5.6
Training as percentage of compensation	1.1%	3.5%	3.9%	3.4%	2.5%	2.5%	2.5%
Total number trained in department (head count)	120	127	141	180			
<i>of which:</i>							
Employees receiving bursaries (head count)	38	41	46	131			
Internships trained (head count)	-	-	-	22			

Table 33.D Summary of expenditure on infrastructure

Project name R million	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation 2009/10	Medium-term expenditure estimate		
				2006/07	2007/08	2008/09		2010/11	2011/12	2012/13
Departmental infrastructure										
Science and Technology Head Office Building	Office construction	Handed over	133.0	133.0	-	-	-	-	-	-
Infrastructure transfers to other spheres, agencies and departments										
Square Kilometer Array	Construction of telescopes	Construction	1 890.3	-	80.0	264.3	490.3	508.9	546.8	-
Space infrastructure	Construction of telescopes	Construction	252.6	20.0	20.0	14.2	36.4	51.4	55.2	55.4
Hydrogen strategy	Satellite construction	Various	447.5	-	10.0	40.5	44.2	48.4	51.9	54.5
National nanotechnology centres	Purchase of equipment	Various	310.4	-	-	-	34.9	38.3	42.4	44.5
South African national research network	Equipped centres	Various	906.2	22.0	162.0	89.0	93.5	98.8	104.7	99.9
Total			3 939.9	175.0	272.0	408.0	699.3	745.7	801.0	254.4

Vote 34

Tourism

Budget summary

R million	2010/11				2011/12	2012/13
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	124.3	118.1	4.6	1.5	139.5	178.5
Tourism Development	360.9	48.1	312.5	0.3	371.2	342.4
Tourism Growth	655.6	19.1	636.2	0.3	694.2	736.0
Policy, Research, Monitoring and Evaluation	11.0	10.7	–	0.3	18.3	34.4
Total expenditure estimates	1 151.8	196.1	953.3	2.4	1 223.2	1 291.2
Executive authority	Minister of Tourism					
Accounting officer	Director-General of Tourism					
Website address	www.deat.gov.za					

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

Aim

The aim of the Department of Tourism is to promote and support the growth and development of an equitable, competitive and sustainable tourism sector, enhancing its contribution to national priorities.

Programme purposes

Programme 1: Administration

Purpose: Strategic leadership, centralised administration, and executive support and corporate services.

Programme 2: Tourism Development

Purpose: Facilitate and support the development of an equitable tourism sector.

Programme 3: Tourism Growth

Purpose: Promote growth, competitiveness and quality of the tourism sector.

Programme 4: Policy, Research, Monitoring and Evaluation

Purpose: Sector policy development, research, planning, and monitoring and evaluation.

Strategic overview: 2006/07 – 2012/13

The Department of Tourism is a newly created department following the announcement by the president in May that a separate ministry for tourism would be created. The newly formed Department of Tourism aims to fulfil one of government's strategic priorities, which is to create the conditions for the growth and development of responsible tourism growth by promoting and developing the tourism sector. Responsible tourism is tourism that generates economic benefits for local people and enhances the wellbeing of host communities, makes positive

contributions to the conservation of natural and cultural heritage, provides more enjoyable experiences for tourists through meaningful connections with local people, minimises negative economic, environmental and social impacts, and is culturally sensitive in that it engenders respect between tourists and hosts to build local pride and confidence.

The department aims to increase job and entrepreneurial opportunities and encourage the meaningful participation of previously disadvantaged communities and individuals. The focus will be on facilitating the growth of the tourism industry by providing support to the public and private sectors, and the broader community. In relation to tourism specifically, the department aims to increase inbound tourism, deliver a world class visitor experience, entrench a culture of tourism among South Africans and increase the sector's contribution to job creation and the country's GDP.

Key priorities

In line with its vision of growing and developing an equitable, competitive and sustainable tourism sector, enhancing its contribution to national priorities, the department's key priorities include: increasing investment in the tourism sector; providing decent work; addressing people development; leading the world in environmentally sustainable tourism; increasing the numbers of foreign tourists to the country; effective cooperative partnerships; dramatically improving service levels; facilitating the development of quality, innovative and authentic products that meet market needs; providing value for money; and inspiring more South Africans to enjoy the tourism experiences of the country.

Making the tourism industry more competitive

The department intends to ensure competitiveness of the tourism industry by: expanding the product base; implementing product and service quality assurance; creating adequate capacity to effectively service the needs of the industry, particularly in light of the 2010 FIFA World Cup and its potential to secure repeat visitors if they have a positive experience of the event. As the department aims to position South Africa as one of the leading destinations in terms of service excellence, it will roll out service excellence training for frontline service staff in the sector. A survey to identify the customer service challenges across the sector has already been completed and the department is ready to implement training in identified areas.

Promoting international tourism

Through the marketing of South Africa as a destination of choice globally, the number of visitors is set to increase from about 9 million in 2008 to 13.5 million by 2015. A significant part of this marketing drive will be done by South African Tourism, a public entity reporting to the department. South African Tourism also aims to achieve an increase in foreign direct spend, which is important for the country's current account and balance of payments. The aim is to increase the average spend per international tourist from R8 800 in 2009 to R10 400 by 2014. The total tourism contribution to GDP was estimated to have increased from 8.1 per cent, or R162.9 billion, in 2007, to 8.5 per cent, or R194.5 billion, in 2008. The aim is to increase the direct contribution of tourism to country GDP by 3 per cent annually over the medium term. This will be achieved through a carefully considered tourism marketing policy that focuses on priority markets.

Promoting transformation

The department will continue to promote industry transformation as well as the participation and growth of small medium and micro enterprises. Part of the department's strategy will be to ensure that the newly developed niche tourism products incorporate transformational elements at inception. It has also identified a large market in the country that is not serviced due to challenges such as the lack of appropriate products at suitable price levels. In response to this challenge, the department will pursue a social tourism development approach, which will continue to grow the sector while promoting social cohesion and national pride among South Africans. This will significantly contribute to the achievement of a targeted increase in domestic holiday trips of 12 per cent per year in the medium term.

Supporting job creation

Sustainable increases in the number of both domestic and foreign visitors result in the continued creation of decent jobs in the sector. It is estimated that for every 11 tourists, a job is created in the sector. On this basis, the

department projects that direct employment will increase from about 600 000 to 800 000 over the medium term. By ensuring that there is an integrated intergovernmental coordinated approach to securing the hosting rights of strategic international events, the department intends to increase events tourism, which will result in direct sustainable benefits to South Africa. The department also recognises the significance of national events as a source of domestic tourism and will put in place mechanisms to drive growth here. These mechanisms will include packaging, easy access to information about local events through intradepartmental information systems and awareness through media, stakeholder and community engagement, partnerships with booking facilities operators, broadcasters and others. This will also link to 2010 legacy projects around the future use of visitor information centres and stadia.

Supporting small town and rural tourism

Over the medium term, the department will also focus on ensuring the geographic spread of tourism that includes tourism in rural areas and involves rural communities. Here, the department will also promote increased investment in the development of rural tourism products. The department has also identified the development of niche products such as cultural heritage tourism as a priority. Instead of just looking at the national and provincial distribution of tourists, the department wants to start looking at the intra-provincial distribution, which would include small towns and rural areas.

Reviewing existing legislation

The department plans to review all existing legislation to ensure that the tourism mandate is well defined to ensure the most effective and efficient use of limited resources. The department has also identified the need to support local government in relation to effective tourism planning to ensure the successful development of the sector.

Improving tourism infrastructure

A critical area for sustainable growth and global competitiveness of the sector is the development and improvement of public and private tourism infrastructure. More investment still needs to be made to grow the sector, which is emerging as a lead player in the services sector.

Savings and cost effective service delivery

The transfer payment to South African Tourism for international marketing has been reduced by R51 million, R54 million and R57 million over the MTEF period. In addition, the department has delayed filling posts through a reprioritisation process over the MTEF period, as a cost saving measure. The department has introduced further cost saving measures, such as reducing the amount spent on accommodation, downgrading the classes of travel and reducing the booking of venues for conferences. The appointment of consultants will also be monitored closely to ensure maximum value for minimum funds without compromising service delivery.

Selected performance indicators

Table 34.1 Tourism

Indicator	Programme	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Number of new temporary work opportunities created through expanded public works programme projects	Tourism Development	-	-	-	-	9 861	10 771	8 813
Number of new full time equivalent jobs created through expanded public works programme projects		-	-	-	-	4 287	4 683	3 832
Number of accredited training days created through expanded public works programme projects		-	-	-	-	17 629	17 442	13 215
Number of new niche tourism products developed (such as social, cruise, medical)		-	-	-	-	2	2	2
Number of new rural based tourism products developed		-	-	-	-	2	3	5
Number of strategic international conferences resulting in net economic gain hosted in South Africa per year		-	-	-	-	5	7	10
Number of school leavers who register for a tourism qualification at a higher education institution per year	Tourism Growth	-	-	-	-	250	350	500
Number of new tourism establishments implementing universal accessibility measures per year		-	-	-	-	5	10	15
Number of tourism graduates placed for experiential learning per year		-	-	-	-	70	70	70

Expenditure estimates

Table 34.2 Tourism

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
R million								
1. Administration	82.5	98.8	100.9	96.0	96.0	124.3	139.5	178.5
2. Tourism Development	280.7	428.1	497.6	325.1	325.1	360.9	371.2	342.4
3. Tourism Growth	478.2	530.7	595.3	719.6	719.6	655.6	694.2	736.0
4. Policy, Research, Monitoring and Evaluation	12.2	7.5	17.9	15.0	15.0	11.0	18.3	34.4
Total	853.5	1 065.1	1 211.8	1 155.7	1 155.7	1 151.8	1 223.2	1 291.2
Change to 2009 Budget estimate				2.8	2.8	32.1	41.7	47.7
Economic classification								
Current payments	173.4	202.3	191.6	147.8	147.8	196.1	224.6	298.7
Compensation of employees	102.8	130.8	106.4	89.6	89.6	98.5	112.1	160.6
Goods and services	70.6	71.5	85.1	58.2	58.2	97.6	112.5	138.1
<i>of which:</i>								
<i>Consultants and professional services:</i>	17.1	11.1	10.8	3.7	3.7	16.0	20.0	34.2
<i>Business and advisory services</i>								
<i>Contractors</i>	1.5	3.4	4.2	3.8	3.8	11.9	14.4	14.4
<i>Lease payments</i>	11.2	13.7	13.9	10.9	10.9	16.3	17.7	19.0
<i>Travel and subsistence</i>	21.7	22.9	34.7	21.8	21.8	23.6	26.3	31.3
Transfers and subsidies	678.8	861.8	1 019.9	1 007.5	1 007.5	953.3	994.1	988.6
Departmental agencies and accounts	465.2	517.6	582.1	699.5	699.5	631.7	672.3	705.7
Foreign governments and international organisations	-	-	-	4.0	4.0	4.6	5.0	5.3
Non-profit institutions	42.0	66.6	72.4	59.1	59.1	46.7	22.2	27.2
Households	171.6	277.7	365.4	244.9	244.9	270.3	294.6	250.4
Payments for capital assets	1.4	1.0	0.4	0.4	0.4	2.4	4.5	3.9
Machinery and equipment	0.7	1.0	0.3	0.4	0.4	2.1	4.1	3.5
Software and other intangible assets	0.7	0.0	0.1	0.0	0.0	0.3	0.4	0.4
Total	853.5	1 065.1	1 211.8	1 155.7	1 155.7	1 151.8	1 223.2	1 291.2

Expenditure trends

Expenditure grew from R853.5 million in 2006/07 to R1.2 billion in 2009/10, at an average annual rate of 10.6 per cent, mainly due to increased allocations to South African Tourism for international tourism marketing. Over the MTEF period, expenditure is expected to increase by an average annual rate of 3.8 per cent to reach R1.3 billion in 2012/13. The slower growth rate over the medium term is mainly due to the reduction of the transfer payment to South African Tourism for internal tourism marketing.

Expenditure in the *Tourism Development* programme is expected to increase marginally at an average annual rate of 1.7 per cent over the MTEF period. This is mainly due to a decrease in funding to tourism infrastructure projects implemented in the expanded public works programme. Between 2009/10 and 2012/13, expenditure in the *Policy, Research, Monitoring and Evaluation* programme is expected to increase at an average annual rate of 31.9 per cent from R15 million to R34.4 million due to the need to review legislation to ensure that the mandate of the new department is well defined.

The department received additional allocations of R47.7 million in 2010/11, R63.3 million in 2011/12 and R74.9 million in 2012/13 for salary adjustments for the department and South Africa Tourism as well as a general increase in capacity.

The department budgets for 202, 295 and 431 posts in 2010/11, 2011/12 and 2012/13. The personnel budget over the MTEF period is R98.5 million, R112.1 million and R160.6 million. There were 161 filled posts by the end of 2009. In 2012/13, the *Administration* programme's 246 posts make up 57 per cent of the total and the line function's 185 posts make up the balance.

Programme 1: Administration

Expenditure estimates

Table 34.3 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Minister ¹	0.9	1.0	1.6	1.7	1.8	1.9	2.0
Deputy Minister ¹	0.7	0.8	1.3	1.4	1.5	1.6	1.7
Management	1.6	2.9	2.8	2.8	7.2	7.7	8.9
Corporate Affairs	68.4	80.6	81.7	79.2	101.7	115.3	152.1
Office Accommodation	11.0	13.6	13.4	10.8	12.0	12.9	13.8
Total	82.5	98.8	100.9	96.0	124.3	139.5	178.5
Change to 2009 Budget estimate				7.0	4.6	5.0	5.3

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

Economic classification

Current payments	81.1	97.8	100.6	91.6	118.1	131.7	171.2
Compensation of employees	40.3	50.2	51.6	53.9	50.3	54.9	86.0
Goods and services	40.8	47.7	49.0	37.6	67.8	76.7	85.2
of which:							
Consultants and professional services:	5.0	7.9	9.0	2.2	10.1	11.8	10.6
Business and advisory services							
Contractors	1.0	1.3	1.4	1.7	3.8	4.3	4.3
Lease payments	11.0	13.6	13.4	10.8	15.8	17.3	18.6
Travel and subsistence	14.2	14.1	15.4	14.4	16.3	18.8	22.7
Transfers and subsidies	-	-	-	4.0	4.6	5.0	5.3
Foreign governments and international organisations	-	-	-	4.0	4.6	5.0	5.3
Payments for capital assets	1.4	1.0	0.4	0.4	1.5	2.8	2.0
Machinery and equipment	0.7	1.0	0.3	0.4	1.4	2.7	1.9
Software and other intangible assets	0.7	0.0	0.1	0.0	0.1	0.1	0.1
Total	82.5	98.8	100.9	96.0	124.3	139.5	178.5

Table 34.3 Administration (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Details of selected transfers and subsidies							
Foreign governments and international organisations							
Current	-	-	-	4.0	4.6	5.0	5.3
Regional Tourism Organisation of South Africa	-	-	-	2.5	2.8	3.0	3.2
United Nations World Tourism Organisation	-	-	-	1.5	1.8	2.0	2.1

Expenditure trends

Expenditure increased from R82.5 million in 2006/07 to R96 million in 2009/10, at an average annual rate of 5.2 per cent, mainly due to annual salary increases and adjustments for inflation.

Expenditure is expected to increase significantly over the MTEF period from R96 million in 2009/10 to R178.5 million in 2012/13, at an average annual rate of 23 per cent, as budgeting for administrative functions, such as internal and external audit costs and provision for data lines, were not included in the previous baseline allocation. The increase is also due to the phasing in of an increased establishment over the MTEF period. The number of posts is projected to increase from 130 employees to 246.

Programme 2: Tourism Development

- *Tourism Development Management* provides overall administrative and operational support services for the programme's activities.
- *Product and Enterprise Development* facilitates product and enterprise development in the tourism sector. Key activities include: identifying and promoting opportunities for investment in product development; creating new opportunities through identifying niche tourism products; strengthening existing products; and driving the development of rural tourism. Transfers are made to the National Business Initiative to support the development of small, medium and micro enterprises (SMMEs) through the Tourism Enterprise Partnership. Funding will be used for developing and promoting new enterprises, products and investment packages and for improving existing products.
- *Social Responsibility Implementation* manages the development of tourism infrastructure projects under the expanded public works programme through labour intensive methods targeting the unemployed, youth, women, the disabled and SMMEs. Funding will be used for implementing infrastructure projects and training beneficiaries.
- *Sector Transformation* facilitates the transformation of the tourism sector through the implementation of the Tourism BEE Charter and Scorecard and promotes opportunities for transformational tourism development. It also works with other government departments and organs of state to promote the use of government procurement to drive transformation in the sector. Funding will be used for promoting transformational ownership opportunities and supporting the verification and monitoring processes.
- *Business Trust* receives transfers to facilitate development support for SMMEs through the Tourism Enterprise Partnership.

Objectives and measures

- Diversify and enhance tourism product offering by developing 6 niche tourism products by 2013.
- Increase the geographic spread of tourism benefits by developing 10 rural based tourism products by 2013.
- Promote the empowerment of designated communities by:
 - creating 24 518 job opportunities through the tourism infrastructure project under the expanded public works programme by 2013

- creating 15 000 job opportunities through the Tourism Enterprise Partnership by 2013
- creating 363 permanent jobs and providing 48 538 training days through these programmes by 2013.
- Facilitate transformation of the tourism sector by ensuring that, in line with 2014 millennium development goals:
 - 70 per cent of the tourism industry complies with the Tourism BEE Charter and Scorecard by 2014
 - 90 per cent of all organs of state implement the charter in their procurement decisions by 2014.

Service delivery focus

From the beginning of 2008/09 to the second half of 2009/10, a total of 1 606 small enterprises were assisted in creating formal linkages with established enterprises. 75 per cent of those assisted are historically disadvantaged enterprises. In 2008/09, 433 permanent jobs were created through the implementation of expanded public works programme related projects with overall job opportunities amounting to over 14 000. About 172 914 accredited training days were also provided and 395 youth were enrolled in the youth development programme.

Expenditure estimates

Table 34.4 Tourism Development

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Tourism Development Management	14.9	8.5	6.1	5.0	3.5	3.7	8.9
Product and Enterprise Development	–	–	2.0	2.0	13.2	15.2	15.9
Social Responsibility Implementation	223.8	353.8	420.1	266.0	297.2	325.1	285.1
Sector Transformation	–	–	–	–	7.1	7.2	7.6
Business Trust	42.0	65.8	69.4	52.1	40.0	20.0	25.0
Total	280.7	428.1	497.6	325.1	360.9	371.2	342.4
Change to 2009 Budget estimate				–	33.1	41.7	47.7
Economic classification							
Current payments	67.1	84.6	60.8	26.1	48.1	54.6	64.8
Compensation of employees	51.3	71.0	41.0	16.6	30.2	34.2	37.7
Goods and services	15.8	13.6	19.9	9.5	17.9	20.4	27.1
<i>of which:</i>							
<i>Consultants and professional services: Business and advisory services</i>	4.4	0.9	1.7	0.6	2.4	2.6	7.9
<i>Contractors</i>	0.2	0.7	0.9	0.2	5.9	7.7	7.6
<i>Travel and subsistence</i>	5.5	6.3	10.0	3.6	5.3	5.3	6.4
Transfers and subsidies	213.6	343.5	436.8	299.0	312.5	315.8	276.6
Non-profit institutions	42.0	65.8	71.4	54.1	42.2	21.2	26.2
Households	171.6	277.7	365.4	244.9	270.3	294.6	250.4
Payments for capital assets	–	–	–	–	0.3	0.8	1.0
Machinery and equipment	–	–	–	–	0.3	0.8	1.0
Total	280.7	428.1	497.6	325.1	360.9	371.2	342.4
Details of selected transfers and subsidies							
Non-profit institutions							
Current	42.0	65.8	71.4	54.1	42.2	21.2	26.2
Business Trust	42.0	65.8	69.4	52.1	40.0	20.0	25.0
National Business Initiative	–	–	2.0	2.0	2.2	1.2	1.2
Households							
Other transfers to households							
Current	171.6	277.7	365.4	244.9	270.3	294.6	250.4
Expanded Public Works Programme	171.6	277.7	365.4	244.9	243.3	294.6	250.4
Expanded Public Works Programme - Incentive	–	–	–	–	27.1	–	–

Expenditure trends

Expenditure grew from R280.7 million in 2006/07 to R325.1 million in 2009/10, at an average annual rate of 5 per cent. This is due to annual salary increases and adjustments for inflation.

Over the MTEF period, expenditure is expected to increase marginally to R342.4 million in 2012/13, at an average annual rate of 1.7 per cent. This is mainly due to a decrease in funding to tourism infrastructure projects implemented in the expanded public works programme. The spending focus over the MTEF period will be on product, enterprise and infrastructure development, sector transformation as well as implementing expanded public works programme projects.

Expenditure in the *Business Trust* subprogramme is expected to decrease at an average annual rate of 21.7 per cent over the MTEF period, from R52.1 million in 2009/10 to R25 million in 2012/13, due to the phasing out of the Tourism Enterprise Partnership administered by the Business Trust.

Programme 3: Tourism Growth

- *Tourism Growth Management* provides overall administrative and operational support services for the programme's activities.
- *Marketing, Responsible Tourism and Quality Assurance* ensures that consumer protection is effectively managed by establishing channels for consumer concerns. It also promotes responsible tourism practices across the industry by promoting universal access principles, among others.
- *Capacity Building* ensures that human capital is effectively managed to grow a service oriented, world class tourism industry. It focuses on professionalising tourist guides and other operators in the industry. It also identifies opportunities for growing both domestic and international tourism. Funding will be used for training.
- *South African Tourism* transfers funds to South African Tourism to market South Africa as a preferred tourism destination.

Objectives and measures

- Improve service levels and customer satisfaction by:
 - developing and implementing responsible tourism standards in 2010/11
 - setting up and managing a framework and mechanism for quality assuring products and services across the sector in 2010/11.
- Increase the levels of direct employment in the tourism sector from 600 000 in 2009/10 to 800 000 in 2014/15 by marketing South Africa as a preferred destination.
- Improve the tourism sector's service levels by training 250 000 frontline staff in service excellence by 2011.
- Manage tourism's human capital by ensuring that 70 tourism graduates are placed in the industry every year over the medium term.

Service delivery focus

In supporting South Africa as the host of the 2010 FIFA World Cup, over 4 000 volunteers were trained and deployed at host cities during the 2009 FIFA Confederations Cup between June and July 2009. In mid-2009, 16 graduates were placed with the Reeds Carton hotel in Canada for a year of experiential learning on hotel management. The department has an agreement with the Department of International Relations and Cooperation for foreign language training and over 40 people were trained in 2008/09. About 10 000 small, medium and micro enterprises benefited from business training in 2007/08 and 2008/09.

Expenditure estimates

Table 34.5 Tourism Growth

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Tourism Growth Management	–	–	–	–	3.5	3.7	8.9
Marketing, Responsible Tourism and Quality Assurance	13.0	12.3	12.2	15.1	7.0	8.4	11.3
Capacity Building	–	0.8	1.0	5.0	13.4	9.8	10.2
South African Tourism	465.2	517.6	582.1	699.5	631.7	672.3	705.7
Total	478.2	530.7	595.3	719.6	655.6	694.2	736.0
Change to 2009 Budget estimate				(4.2)	(5.6)	(5.0)	(5.3)

Economic classification

Current payments	13.0	12.3	12.2	15.1	19.1	20.6	28.9
Compensation of employees	6.9	6.9	6.4	9.9	12.5	13.6	16.7
Goods and services	6.1	5.4	5.8	5.3	6.6	7.0	12.2
<i>of which:</i>							
<i>Consultants and professional services:</i>							
<i>Business and advisory services</i>	3.5	0.9	0.1	0.1	–	–	5.0
<i>Contractors</i>	0.2	0.7	0.9	0.7	2.2	2.4	2.5
<i>Travel and subsistence</i>	0.5	1.4	2.3	2.0	1.2	1.2	1.2
Transfers and subsidies	465.2	518.4	583.1	704.5	636.2	673.3	706.7
Departmental agencies and accounts	465.2	517.6	582.1	699.5	631.7	672.3	705.7
Non-profit institutions	–	0.8	1.0	5.0	4.5	1.0	1.0
Payments for capital assets	–	–	–	–	0.3	0.3	0.4
Machinery and equipment	–	–	–	–	0.3	0.3	0.4
Total	478.2	530.7	595.3	719.6	655.6	694.2	736.0

Details of selected transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	465.2	517.6	582.1	699.5	631.7	672.3	705.7
South African Tourism	465.2	517.6	582.1	699.5	631.7	672.3	705.7
Non-profit institutions							
Current	–	0.8	1.0	5.0	4.5	1.0	1.0
Tourism Business Council	–	0.5	0.5	0.5	4.0	0.5	0.5
Tourism Hospitality and Sports Education and Training Authority	–	–	–	4.0	–	–	–
Federated Hospitality Association of South Africa	–	0.3	0.5	0.5	0.5	0.5	0.5

Expenditure trends

Expenditure grew from R478.2 million in 2006/07 to R719.6 million in 2009/10, at an average annual rate of 14.6 per cent, due to increased allocations to South African Tourism for international tourism marketing. Over the MTEF period, expenditure is projected to grow at a slower average annual rate of 0.8 per cent to reach R736 million in 2012/13. This is mainly due to the reduction of the transfer payment to South African Tourism for internal tourism marketing over the medium term.

Expenditure in the *Capacity Building* programme is expected to increase at an average annual rate of 26.7 per cent, from R5 million in 2009/10 to R10.2 million in 2012/13, to promote service excellence in the industry. The overall spending focus over the MTEF period will be on promoting responsible tourism, human capital development and promoting service excellence.

Public entity

South African Tourism

Strategic overview: 2006/07 – 2012/13

The core business of South African Tourism, established in terms of the Tourism Act (1993), is to market South Africa as a tourism destination of choice through regulating and interfacing with industry, maintaining and enhancing the standard of facilities and services for tourists, and coordinating the marketing activities of role players in the industry.

To ensure that South Africa becomes a preferred tourism destination, South African Tourism will develop and implement a world class marketing strategy. In implementing this strategy, the organisation will facilitate the strategic alignment of the provinces and industry with the global marketing of tourism to South Africa, remove obstacles to tourism growth, build a tourist friendly nation and ensure that tourism benefits all South Africans.

Key objectives include increasing the annual volume of international tourists visiting South Africa, increasing the average spend per tourist, increasing international brand awareness of South Africa as a travel destination; and increasing the number of graded accommodation establishments.

Funding is primarily used for: running marketing offices in market countries; promoting local tourism, which helps reduce seasonality in the industry; facilitating the grading of products and services; and implementing the Tourism BEE Charter and Scorecard.

South African Tourism has rolled out a tourism marketing growth strategy based on in-depth segmentation research and international focus groups. The strategy focuses marketing activities on specific segments of tourism in particular markets.

Selected performance indicators

Table 34.6 South African Tourism

Indicator	Programme/ Activity	Past			Current	Projected		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Number of international tourist arrivals per year	Marketing	8 395 833	9 090 881	9 591 828	9 824 858	10 193 585	10 295 520	10 398 475
- number of land arrivals	Marketing	6 074 068	6 626 731	7 087 452	7 291 527	7 834 324	7 912 667	7 991 793
- number of air arrivals	Marketing	2 321 765	2 464 150	2 504 376	2 533 331	2 359 ,261	2 382 853	2 406 681
Average spend per international tourist in the country	Marketing	R8 300	R7 000	R8 100	R9 900	R8 700	R9 222	R9 775
Percentage of global brand awareness	Marketing	–	75%	76%	77%	77%	78%	78%
Percentage of brand positivity	Marketing	–	38%	37%	40%	40%	41%	41%
Total number of accommodation establishments graded	Grading of establishments	4 742	5 400	7 209	7 642	8 288	8 786	9 313

Service delivery focus

In 2008/09, a total of 9.6 million tourists visited South Africa. In 2009, by September, there were 7.3 million arrivals. In 2009, an average spending of R8 300 per tourist was achieved in the same period against a target of R9 900. 1 058 new establishments were graded during the first half of 2009/10, bringing the number of graded establishments to 3 625, higher than the targeted 3 003. International marketing brand alignment was completed in 2009/10 and will ensure increased international brand recognition for South Africa. In 2009, South African Tourism received 23 marketing accolades including the national business award for marketing excellence, the Southern Africa Tourism Services Association personality of the year award and the United States incentive industry award.

Expenditure estimates

Table 34.7 South African Tourism: Programme information

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Arrivals Statistics	138.9	149.4	181.9	196.4	169.5	180.6	185.5
Spend Statistics	138.9	149.4	181.9	196.4	169.5	180.6	185.5
Brand Awareness	138.9	149.4	181.9	196.4	169.5	180.6	185.5
Best Tourism Organisation	171.5	181.6	179.4	284.0	271.9	288.3	315.3
Transformation of the Tourism Sector	–	3.4	9.0	7.3	–	–	–
Total expense	588.1	633.3	734.0	880.5	780.3	830.0	871.9

Table 34.8 South African Tourism: Financial information

Statement of financial performance R million	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Revenue							
Non-tax revenue	73.0	82.2	99.2	123.5	72.3	77.0	81.4
Sale of goods and services other than capital assets <i>of which:</i>	45.0	51.9	73.1	59.7	63.3	67.0	70.4
<i>Sales by market establishments</i>	–	1.3	0.0	–	–	–	–
<i>Other sales</i>	45.0	50.6	73.1	59.7	63.3	67.0	70.4
<i>Other non-tax revenue</i>	28.0	30.3	26.0	63.8	9.0	10.0	11.0
Revenue							
Non-tax revenue	73.0	82.2	99.2	123.5	72.3	77.0	81.4
Transfers received	517.8	574.6	641.8	771.5	708.0	753.0	790.5
Total revenue	590.8	656.9	740.9	895.0	780.3	830.0	871.9
Expenses							
Current expense	588.1	633.3	734.0	880.5	780.3	830.0	871.9
Compensation of employees	86.6	95.3	110.9	109.9	116.5	123.3	129.6
Goods and services	494.3	528.3	604.7	753.0	645.2	687.0	721.7
Depreciation	7.2	4.1	8.6	7.3	7.7	8.1	8.6
Interest, dividends and rent on land	–	5.6	9.7	10.3	10.9	11.6	12.2
Total expenses	588.1	633.3	734.0	880.5	780.3	830.0	871.9
Surplus / (Deficit)	2.7	23.6	6.9	14.5	–	–	–
Statement of financial position							
Carrying value of assets	52.9	62.5	86.9	91.1	98.6	105.3	111.8
<i>of which: Acquisition of assets</i>	24.3	13.9	34.2	11.5	15.2	14.9	15.0
Receivables and prepayments	6.8	42.0	36.8	33.9	54.2	75.9	92.2
Cash and cash equivalents	149.6	178.6	162.6	114.7	104.4	93.4	81.5
Total assets	209.2	283.1	286.3	239.7	257.1	274.7	285.5
Statement of financial position							
Accumulated surplus/deficit	23.6	47.4	54.6	54.6	54.6	54.6	54.6
Capital and reserves	15.0	14.7	14.5	24.6	30.5	36.2	42.1
Post-retirement benefits	19.6	9.7	11.7	10.6	11.2	11.9	12.5
Trade and other payables	117.7	202.3	180.5	143.1	151.7	160.5	162.4
Provisions	33.4	–	–	–	–	–	–
Liabilities not classified elsewhere	0.0	9.0	25.0	6.8	9.1	11.5	14.0
Total equity and liabilities	209.2	283.1	286.3	239.7	257.1	274.7	285.5

Expenditure trends

Transfers from the department are the main source of revenue for South African Tourism. It also receives transfers from the Tourism Business Council of South Africa, which are from tourism levies collected by Tourism Marketing South Africa. Transfers received grew from R518 million in 2006/07 to R772 million in 2009/10, at an average annual rate of 14.2 per cent, due to additional allocations for international tourism marketing. Marketing is the main cost driver of expenditure and accounts for 83.4 per cent of total expenditure.

Over the MTEF period, transfers are expected to increase from R772 million to R791 million, at an average annual rate of 0.8 per cent. The transfer from the department for 2010/11 is expected to be R631.7 million comprising of: R468.2 million for tourism marketing, R147.9 million for operational expenditure, R15 million for the Tourism Grading Council of South Africa.

Expenditure increased from R588.1 million in 2006/07 to R880.5 million in 2009/10, at an average annual rate of 14.4 per cent, due to increased spending on international tourism marketing.

Programme 4: Policy, Research, Monitoring and Evaluation

- *Policy, Research, Monitoring and Evaluation Management* provides overall administrative and operational support services for the programme's activities.
- *Policy Development and Evaluation* manages policy development, sector planning, and monitoring and evaluation for tourism. It ensures that the tourism policy environment is conducive to sustainable growth and development, and is responsible for tourism law reform. It is responsible for sector planning and developing tools and frameworks for tourism planning for local government. It coordinates the implementation of the tourism sector strategy between government, industry and civil society and ensures collective ownership and delivery of the sector commitments. Funding will be used for coordination.
- *Research and Knowledge Management* facilitates research and information, and knowledge management for tourism. It researches international best practices for tourism growth and development, sets and implements minimum sector information standards and guidelines, coordinates various information sources, promotes the commercialisation of available information, and ensures the availability of information about products and services. Funding will be used for research and systems development.

Objectives and measures

- Ensure that the tourism policy environment is conducive to sustainable growth and development over the medium term by:
 - providing support for the review of all provincial growth and development strategies
 - developing models that enhance local tourism development planning
 - supporting all district municipalities in their integrated development planning reviews
 - developing a sector budget structure and strategy
 - reviewing the Tourism Act (1993) over the medium term
 - making tourism information more accessible by converting 7 provincial visitor information centres into national gateways over the medium term
 - improving knowledge management in the tourism industry by ensuring that 50 per cent of all tourism businesses are registered by 2012 and the remainder by 2014.

Service delivery focus

An audit of accommodation establishments in South Africa was conducted in 2009/10 with reference to the 2010 FIFA World Cup, with results showing that the country has sufficient accommodation for the event, with a total of over 202 000 rooms countrywide. 5 new visitor information centres were built in 2009/10 in Nelspruit, Port Elizabeth, Polokwane, Bloemfontein and Rustenburg to provide visitors with information in English, French, Spanish and Portuguese. In the same year, a national contact centre was established with a global call centre number and website in English, French, Spanish, Portuguese, Italian and German. Geographic

information system mapping for graded accommodation establishments was completed in 2009/10 and this information can be found on the department's website.

Expenditure estimates

Table 34.9 Policy, Research, Monitoring and Evaluation

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Policy, Research, Monitoring and Evaluation Management	–	–	–	–	3.5	3.7	8.9
Policy Development and Evaluation	8.4	3.4	13.6	10.4	2.1	4.3	9.3
Research and Knowledge Management	3.8	4.1	4.3	4.6	5.3	10.2	16.2
Total	12.2	7.5	17.9	15.0	11.0	18.3	34.4
Economic classification							
Current payments	12.2	7.5	17.9	15.0	10.7	17.7	33.9
Compensation of employees	4.3	2.7	7.4	9.2	5.4	9.4	20.2
Goods and services	7.9	4.9	10.5	5.7	5.3	8.4	13.7
<i>of which:</i>							
<i>Consultants and professional services:</i>	4.2	1.3	0.1	0.9	3.5	5.5	10.7
<i>Business and advisory services</i>							
<i>Contractors</i>	0.2	0.7	0.9	1.2	–	–	–
<i>Travel and subsistence</i>	1.5	1.1	7.0	1.8	0.9	1.0	1.0
Payments for capital assets	–	–	–	–	0.3	0.5	0.5
Machinery and equipment	–	–	–	–	0.1	0.2	0.2
Software and other intangible assets	–	–	–	–	0.2	0.3	0.3
Total	12.2	7.5	17.9	15.0	11.0	18.3	34.4

Expenditure trends

Expenditure increased from R12.2 million in 2006/07 to R15 million in 2009/10, at an average annual rate of 7.2 per cent, mainly due to annual salary increases and inflation adjustments.

Over the medium term, expenditure is expected to grow substantially, at an average annual rate of 31.9 per cent to reach R34.4 million in 2012/13. This growth is a result of the phasing in of additional posts to reach a total establishment of 49 posts by 2012/13. It also explains the 30 per cent increase in projected expenditure on compensation of employees over the medium term.

The spending focus over the MTEF period will be on strengthening tourism policy, and research, monitoring and evaluation of the tourism industry. The department plans to review all existing legislation to ensure that the tourism mandate is well defined and that resources are effectively and efficiently spent. The department has also identified the need to support local government in relation to effective tourism planning to ensure the successful development of the sector.

Additional tables

Table 34.A Summary of expenditure trends and estimates per programme and economic classification

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R million	2008/09		2008/09	2009/10			2009/10
1. Administration	100.9	100.9	100.9	93.0	3.0	96.0	96.0
2. Tourism Development	497.6	497.6	497.6	325.1	–	325.1	325.1
3. Tourism Growth	595.3	595.3	595.3	676.0	43.6	719.6	719.6
4. Policy, Research, Monitoring and Evaluation	17.9	17.9	17.9	15.0	–	15.0	15.0
Total	1 211.8	1 211.8	1 211.8	1 109.1	46.6	1 155.7	1 155.7
Economic classification							
Current payments	191.6	191.6	191.6	145.0	2.8	147.8	147.8
Compensation of employees	106.4	106.4	106.4	86.6	3.0	89.6	89.6
Goods and services	85.1	85.1	85.1	58.4	(0.2)	58.2	58.2
Transfers and subsidies	1 019.9	1 019.9	1 019.9	963.6	43.8	1 007.5	1 007.5
Departmental agencies and accounts	582.1	582.1	582.1	655.7	43.8	699.5	699.5
Foreign governments and international organisations	–	–	–	4.0	–	4.0	4.0
Non-profit institutions	72.4	72.4	72.4	59.1	–	59.1	59.1
Households	365.4	365.4	365.4	244.9	–	244.9	244.9
Payments for capital assets	0.4	0.4	0.4	0.4	–	0.4	0.4
Machinery and equipment	0.3	0.3	0.3	0.4	–	0.4	0.4
Software and other intangible assets	0.1	0.1	0.1	0.0	–	0.0	0.0
Total	1 211.8	1 211.8	1 211.8	1 109.1	46.6	1 155.7	1 155.7

Table 34.B Detail of approved establishment and personnel numbers according to salary level ¹

	Personnel post status as at 30 September 2009			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid year ²	Medium-term estimate		
				2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Department	431	219	–	161	161	161	161	202	295	431
Salary level 1 – 6	93	47	–	35	35	35	35	40	55	93
Salary level 7 – 10	192	101	–	68	68	68	68	80	127	192
Salary level 11 – 12	81	40	–	31	31	31	31	42	61	81
Salary level 13 – 16	65	31	–	27	27	27	27	40	52	65
Administration	246	130	–	93	93	93	93	110	162	246
Salary level 1 – 6	75	37	–	27	27	27	27	29	41	75
Salary level 7 – 10	113	57	–	38	38	38	38	42	72	113
Salary level 11 – 12	29	19	–	14	14	14	14	19	24	29
Salary level 13 – 16	29	17	–	14	14	14	14	20	25	29
Tourism Development	88	52	–	36	36	36	36	47	62	88
Salary level 1 – 6	8	4	–	2	2	2	2	5	6	8
Salary level 7 – 10	38	26	–	15	15	15	15	19	26	38
Salary level 11 – 12	28	17	–	14	14	14	14	15	20	28
Salary level 13 – 16	14	5	–	5	5	5	5	8	10	14
Tourism Growth	48	24	–	20	20	20	20	26	37	48
Salary level 1 – 6	5	3	–	3	3	3	3	3	4	5
Salary level 7 – 10	21	13	–	10	10	10	10	11	16	21
Salary level 11 – 12	11	4	–	3	3	3	3	5	8	11
Salary level 13 – 16	11	4	–	4	4	4	4	7	9	11

Table 34.B Detail of approved establishment and personnel numbers according to salary level ¹ (continued)

	Personnel post status as at 30 September 2009			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid year ²	Medium-term estimate		
				2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Policy, Research, Monitoring and Evaluation	49	13	–	12	12	12	12	19	34	49
Salary level 1 – 6	5	3	–	3	3	3	3	3	4	5
Salary level 7 – 10	20	5	–	5	5	5	5	8	13	20
Salary level 11 – 12	13	–	–	–	–	–	–	3	9	13
Salary level 13 – 16	11	5	–	4	4	4	4	5	8	11

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

2. As at 30 September 2009.

Table 34.C Summary of expenditure on training

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Compensation of employees (R million)	102.8	130.8	106.4	89.6	98.5	112.1	160.6
Training expenditure (R million)	1.5	1.4	1.5	1.0	1.0	1.0	1.1
Training as percentage of compensation	1.5%	1.1%	1.4%	1.1%	1.0%	0.9%	0.7%
Total number trained in department (head count)	61	64	65	–			
<i>of which:</i>							
Employees receiving bursaries (head count)	13	13	13	–			
Learnerships trained (head count)	9	9	9	–			
Internships trained (head count)	38	40	40	–			
Households receiving bursaries (R million)	0.5	0.5	0.6	0.7	0.7	0.7	0.7
Households receiving bursaries (head count)	18	20	20	–			

Vote 35

Trade and Industry

Budget summary

R million	2010/11				2011/12	2012/13
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	448.5	433.2	2.8	12.5	476.8	497.7
International Trade and Economic Development	131.1	98.9	31.8	0.5	130.6	133.5
Empowerment and Enterprise Development	777.8	85.0	692.8	–	835.7	865.0
Industrial Development	1 052.1	105.4	946.3	0.5	1 222.5	1 362.8
Consumer and Corporate Regulation	191.5	64.1	126.8	0.6	218.0	229.4
The Enterprise Organisation	3 175.3	119.8	3 055.5	–	3 484.5	3 773.6
Trade and Investment South Africa	291.4	154.9	136.6	–	309.5	317.8
Communication and Marketing	82.2	81.7	–	0.5	79.9	84.2
Total expenditure estimates	6 150.1	1 142.9	4 992.6	14.7	6 757.4	7 264.0
Executive authority	Minister of Trade and Industry					
Accounting officer	Director-General of Trade and Industry					
Website address	www.thedti.gov.za					

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

Aim

The aim of the Department of Trade and Industry is to lead and facilitate access to sustainable economic activity and employment for all South Africans through its understanding of the economy, its knowledge of economic opportunities and potential, and its anticipation of future economic trends. The department also aims to catalyse economic transformation and development, and to provide a predictable, competitive, equitable and socially responsible environment for investment, enterprise and trade for economic citizens. In this way, the department will contribute to achieving government's vision of an adaptive and restructured economy, characterised by accelerated economic growth, employment creation and greater equity by 2014.

Programme purposes

Programme 1: Administration

Purpose: Strategic leadership for the department and its agencies, to ensure the successful implementation of the department's mandate through sustainable and integrated resource solutions and services that are customer centric.

Programme 2: International Trade and Economic Development

Purpose: Build an equitable global trading system that facilitates development, by strengthening trade and investment links with key economies and by fostering African development, including through regional and continental integration and development cooperation in line with the New Partnership for Africa's Development.

Programme 3: Empowerment and Enterprise Development

Purpose: Lead the development of policies and strategies that create an enabling environment for small, micro and medium enterprises, and enhance the competitiveness of local and provincial economies, to achieve inclusive shared equity, growth and job creation.

Programme 4: Industrial Development

Purpose: Facilitate industrial development supported by government procurement that creates an enabling environment for competitiveness, growth and job creation.

Programme 5: Consumer and Corporate Regulation

Purpose: Develop and implement coherent, predictable and transparent regulatory solutions that facilitate easy access to redress and efficient regulation for economic citizens.

Programme 6: The Enterprise Organisation

Purpose: Stimulate and facilitate the development of enterprises through providing incentive measures that support investment, job creation and regional economic development, such as through industrial development zones.

Programme 7: Trade and Investment South Africa

Purpose: Increase export capacity and support direct investment flows through strategies for targeted markets and an effectively managed network of foreign trade offices.

Programme 8: Communication and Marketing

Purpose: Facilitate greater awareness of the department's role and increase the uptake of its products and services.

Strategic overview: 2006/07 – 2012/13

The Department of Trade and Industry's medium term strategy is informed by three key objectives: increased investment levels; increased labour absorption and competitiveness; and broader participation in the economy. Concretely, meeting these objectives involves: coordinating the implementation of government priorities; promoting direct investment and growth in the industrial and services economy, with particular focus on creating employment; raising the level of exports and promoting equitable trade; promoting broader participation, equity and redress in the economy; and contributing to the development and regional integration of Africa within the New Partnership for Africa's Development (NEPAD) framework.

Strategic focus

Broadening participation

In order to promote economic growth, the department is committed to broadening participation, equity and access for previously disadvantaged citizens. The department will thus ensure the integration and alignment of the broad based black economic empowerment (BEE) policy with the industrial policy and legislative frameworks. The department is developing a reporting framework, a reliable database of BEE compliance, and strategically focused advocacy and communication initiatives. The department will upscale and accelerate the delivery of programmes for the economic empowerment of women and the youth.

The department will continue to broaden participation in the economy through supporting small, micro and medium enterprise (SMME) programmes, which include entrepreneurship development, financial support models and non-financial support programmes. To ensure sustainable SMME development, the department is planning to monitor the business environment and undertake regulatory reviews. The department will also work

with other spheres of government to ensure the coordination of SMME support services and to establish effective networks for these services. Key SMME support programmes will be accelerated, including the 10 products set aside for the SMME procurement programme. The department is still maintaining the focus on ensuring that government departments pay SMME service providers within 30 days.

Industrial development

To improve the economy's performance, investment, employment, and competitiveness the department shall implement appropriate policies and strategies. The automotive and clothing and textiles sectors have been identified as key strategic sectors for which the department will develop new support packages, in order to boost manufacturing capacity and support job creation. Additional funds allocated over the MTEF period for these industries will assist in creating sustainable employment in these sectors. The details of the schemes will be announced in the course of 2010.

Industrial policy interventions to support developmental objectives will be reviewed. The national industrial policy framework and the industrial policy action plan have gone far in determining a comprehensive industrial policy. However, to reach higher levels of growth and reduce the current account deficit, significant progress is still required in achieving actual and substantial increases in productive employment and structurally transforming key sectors. The challenge going forward is to substantially raise the level of industrial policy interventions in a range of sectors and at the same time building the necessary capacity in the department for this upscaling.

In relation to incentives for industries and enterprises, further work is required to align the industrial financing regime with industrial policy objectives. Production incentives will be increasingly grant based, reducing reliance on tax incentives, a major policy shift from 2009.

Over the medium term, the department will also focus on improving the efficiency of the incentive administration system to record applications and deal with claims, verify information and document all correspondence.

Trade, investment and exports

Increasing the level of international trade is critical to domestic economic growth and development. The department provides leadership on trade policy, and is in the process of reviewing South Africa's trade policy to strengthen its alignment with government priorities, including the revised industrial policy action plan. The trade policy and strategy framework submitted to Cabinet in 2009 has been circulated to stakeholders as a discussion document. The aim of the framework, in line with the department's trade policy strategy, is to promote the development of higher value added, labour absorbing production. The department's export strategy consists of seven strategic themes: global competitiveness, market access, prioritisation of markets, a national trade information system, exporter development, export mechanisms, and export incentives and financing.

At the multilateral level, South Africa continues to play a prominent and active role in the World Trade Organisation, as an important developing country member pursuing the objective of establishing a favourable developmental outcome for South Africa and other developing countries. The department will also support the consolidation of the G20 group of developing countries, which continuously seeks to ensure a developmental outcome in the industrial tariff negotiations.

Progress has been made in trade integration in the Southern African Development Community (SADC). Over the medium term, SADC will focus on addressing rules of origin, trade facilitation, and non-tariff barriers. The key policy issue that arises in both SADC and the Southern African Customs Union is underdeveloped production structures limit the potential benefits of a more open regional trading environment. The department will work on them to promote deeper regional economic integration.

Transfer of entities

In 2009, the department entered into a memorandum of understanding with the Department of Economic Development about transferring the oversight and coordination functions of three development finance institutions to the newly created Department of Economic Development: the Industrial Development Corporation of South Africa, Khula Enterprise Finance and the South African Micro-Finance Apex Fund. The oversight and coordination functions of three economic regulatory bodies are also moving to the Department of

Economic Development: the Competition Commission, the Competition Tribunal and the International Trade Administration Commission of South Africa. The transfers will happen in April 2010. The department is assessing the impact of these transfers on its strategies and, with the Department of Economic Development, is busy determining the specific roles and responsibilities of each department.

New public entities

Legislation to protect consumers and to reduce the regulatory burden on businesses, especially small businesses, was passed in 2009. In 2008, the department enacted the Companies Act (2008) and the Consumer Protection Act (2008), and is currently establishing the National Consumer Commission and the Companies and Intellectual Property Commission. Both will be established in 2010.

Savings and cost effective service delivery

A number of cost saving initiatives were implemented in 2009: all local and international trips of less than 5 hours will be booked in economy class; venues on the department campus will be used for meetings and workshops, rather than outside venues; and advertising, catering services and contractor costs will be reduced. The department has reprioritised budget items by identifying savings and shifting funds to other priority items. R202.8 million was shifted between economic classification items. The net effect between programmes was a reduction of R33.9 million. The affected expenditure items were mainly compensation of employees and goods and services.

Selected performance indicators

Table 35.1 Trade and Industry

Indicator	Programme	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/10	2010/11*	2011/12*	2012/13
Total number of projects implemented under the national industrial participation programme since inception of the programme	Industrial Development	173	200	225	250	275	290	290
Total value of investment and export credits under the national industrial participation programme	Industrial Development	US\$8bn	US\$9bn	US\$13bn	US\$14bn	US\$15bn	US\$16bn	US\$16bn
Total number of direct jobs created through the national industrial participation programme	Industrial Development	15 000	16 500	17 500	18 500	19 000	20 000	20 000
Number of companies implementing cleaner production activities including energy efficiency per year	Industrial Development	3	18	6	20	26	32	32
Number of new companies receiving cleaner production audits, including energy efficiency, per year	Industrial Development	12	55	24	80	105	130	130
Number of new projects receiving grants per year under the support programme for industrial innovation	Empowerment and Enterprise Development	84	75	85	100	80	85	85
Value of the support programme for industrial innovation projects per year	Empowerment and Enterprise Development	R250.5m	R100m	R120m	R160m	R100m	R110m	R120m

Table 35.1 Trade and Industry (continued)

Indicator	Programme	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/10	2010/11*	2011/12*	2012/13
Number of students supported under the technology and human resources for industry programme	Empowerment and Enterprise Development	3 014	2 500	2 500	2 500	2 000	2 100	2 200
Number of researchers supported per year under the technology and human resources for industry programme	Empowerment and Enterprise Development	744	700	730	750	650	700	700
Number of companies assisted with:	The Enterprise Organisation							
- export market and investment assistance		1 434	1 693	1 203	1 500	1 600	1 700	1 800
- business process outsourcing and off-shoring		-	-	10	12	15	5	7
- black business supplier development programme		950	1 200	1 320	1 600	1 830	3 800	4 200
- enterprise development programme		3 600	3 500	3 200	1 800	600	300	250
- enterprise investment programme		-	-	50	300	500	650	750
- cooperatives incentive scheme		-	-	150	220	280	350	450
Number of film and television productions assisted per year	The Enterprise Organisation	35	40	60	80	55	60	70
Number of new bilateral and regional trade and investment agreements signed	International Trade and Economic Development	10	12	12	12	10	8	6
Number of successful technical and business trips to foreign countries and companies undertaken per year	International Trade and Economic Development	16	15	15	15	12	10	8
Key performance indicators for Coega industrial development zone:	The Enterprise Organisation							
- number of new investors per year		9 R20.4bn	4 R5.9bn	9 R22.07bn**	10 R5bn	15 R7.5bn	18 R9bn	18 R9bn
- value of new investments per year		10 700	4 867	4 906**	2 000	3 000	3 600	3 600
- number of new jobs created per year								
Key performance indicators for East London industrial development zone:	The Enterprise Organisation							
- number of new investors per year		5 R308m	6 R271m	7 R347m	5 R250m	6 R300m	7 R350m	7 R350m
- value of new investments per year		196	649	525	360	432	504	504
- number of jobs created per year								
Key performance indicators for Richards Bay industrial development zone:	The Enterprise Organisation							
- number of new investors per year		-	1 R650m	-	4 R1.9bn	5 R2bn	4 R2.2bn	4 R2.2bn
- value of new investments per year		-	1 200	140	375	400	500	500
- number of jobs created per year								
Value of investment generated through enterprise investment programme per year	The Enterprise Organisation	-	-	-	R6.8bn	R13.9bn	R14.9bn	R14.9bn
Key performance indicators for the critical infrastructure programme:	The Enterprise Organisation							
- number of new projects		6	7	5	12	14	16	16
- value of new investments per year		R17.5bn	R9.5bn	R12bn	R6bn	7bn	8bn	8bn
- number of jobs created per year		18 405	6 387	3 910	2 510	2 820	3 520	3 520

Table 35.1 Trade and Industry (continued)

Indicator	Programme	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/10	2010/11*	2011/12*	2012/13
Number of direct jobs created per year:	The Enterprise Organisation							
- enterprise investment programme		-	-	-	1 025	17 775	19 000	20 100
- business process outsourcing and off-shoring		-	-	5 950	2 340	8 925	2 975	3 150

* As a result of the recession most investment numbers and businesses were affected in 2009/10 and 2010/11.

** Reduction in 2009/10 due to the withdrawal of the Alcan investment

Expenditure estimates

Table 35.2 Trade and Industry

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
R million								
1. Administration	278.9	310.7	345.5	468.1	415.6	448.5	476.8	497.7
2. International Trade and Economic Development	74.6	77.8	108.6	130.4	125.6	131.1	130.6	133.5
3. Empowerment and Enterprise Development	1 163.9	1 314.6	1 091.1	1 173.9	1 157.1	777.8	835.7	865.0
4. Industrial Development	245.2	331.8	392.7	426.9	410.3	1 052.1	1 222.5	1 362.8
5. Consumer and Corporate Regulation	105.9	106.0	111.6	165.5	148.6	191.5	218.0	229.4
6. The Enterprise Organisation	1 434.3	2 563.1	2 400.7	3 356.9	3 382.9	3 175.3	3 484.5	3 773.6
7. Trade and Investment South Africa	197.4	284.5	310.2	294.1	295.9	291.4	309.5	317.8
8. Communication and Marketing	65.8	61.5	76.1	70.1	52.8	82.2	79.9	84.2
Total	3 566.1	5 050.2	4 836.6	6 085.9	5 988.8	6 150.1	6 757.4	7 264.0
Change to 2009 Budget estimate				(258.3)	(355.4)	397.1	753.6	1 095.9

Economic classification

Current payments	650.9	721.0	908.1	1 132.1	1 006.4	1 142.9	1 190.8	1 232.4
Compensation of employees	283.6	327.5	383.1	513.0	469.0	557.8	590.4	628.5
Goods and services	367.3	393.5	525.0	619.1	537.4	585.0	600.4	604.0
<i>of which:</i>								
<i>Consultants and professional services:</i>								
<i>Business and advisory services</i>	67.8	29.2	56.5	91.3	57.5	92.3	88.8	82.8
<i>Lease payments</i>	23.4	14.6	157.9	185.2	188.2	168.4	178.9	182.1
<i>Travel and subsistence</i>	66.3	75.9	98.9	102.1	93.1	93.8	94.0	97.5
<i>Venues and facilities</i>	129.1	163.5	61.5	41.1	29.4	48.4	49.6	50.7
Transfers and subsidies	2 879.7	4 279.2	3 903.5	4 916.8	4 950.4	4 992.6	5 552.0	6 015.6
Provinces and municipalities	58.4	0.0	-	-	-	-	-	-
Departmental agencies and accounts	1 197.2	1 329.4	1 117.2	1 197.3	1 187.4	844.1	925.1	951.9
Universities and technikons	6.0	-	10.5	3.0	3.0	0.0	0.0	0.0
Foreign governments and international organisations	20.1	30.6	34.2	34.0	28.8	37.6	32.5	34.8
Public corporations and private enterprises	1 582.7	2 912.6	2 730.4	3 671.9	3 720.7	4 095.9	4 577.1	5 008.2
Non-profit institutions	14.7	5.0	6.1	7.6	7.6	12.5	14.7	17.9
Households	0.6	1.6	5.2	2.9	2.9	2.4	2.6	2.8
Payments for capital assets	27.3	24.1	21.1	37.0	32.0	14.7	14.5	16.0
Buildings and other fixed structures	4.0	-	-	-	-	-	-	-
Machinery and equipment	15.8	20.5	14.8	32.5	27.5	10.7	10.4	11.6
Software and other intangible assets	7.5	3.6	6.2	4.5	4.5	4.0	4.1	4.4
Payments for financial assets	8.1	25.9	3.9	-	-	-	-	-
Total	3 566.1	5 050.2	4 836.6	6 085.9	5 988.8	6 150.1	6 757.4	7 264.0

Expenditure trends

Expenditure increased from R3.57 billion in 2006/07 to R6.1 billion in 2009/10, at an average annual rate of 19.5 per cent. The increase is mainly due to significant increases in the contribution to industrial development zones, and the small and medium enterprise (SME) development programme. Increases in the number of posts and compensation of employees also contributed to the increase.

Over the medium term, expenditure is expected to increase to R7.26 billion, at an average annual rate of 6.1 per cent. In 2010/11, expenditure is expected to remain unchanged, mainly as a result of the transfer of functions to the Department of Economic Development. The increases in expenditure in 2011/12 and 2012/13 are due to the introduction of new incentive schemes.

Expenditure in the *Empowerment and Enterprise Development* programme remained constant at approximately R1.2 billion between 2006/07 and 2009/10. *The Enterprise Organisation* programme is the largest in terms of the budget and provides funding for incentive schemes. Expenditure increases from R1.4 billion in 2006/07 to R3.8 billion in 2012/13, an average annual rate of 17.5 per cent. The strong increase is due to the introduction of new incentive schemes for the automotives and clothing and textiles sectors, and to address backlogs in settling claims from the SME development programme.

Infrastructure spending

Infrastructure spending relates primarily to the critical infrastructure programme and the industrial development zones. Private sector investment in infrastructure and contributions through the critical infrastructure programme have generated about R48 billion worth of investments (after deducting the R14 billion Alcan investment, which was withdrawn) and contributed to creating more than 74 000 job opportunities during infrastructure construction and operations.

Plans to accelerate investments by industrial development zones over the medium term have been derailed by the adverse global economic conditions. However, efforts are being made to lure more investors to the industrial development zones. Between 2002 and 2009, the three industrial development zones (Coega, East London and Richards Bay) created over 38 000 jobs. Construction jobs accounted for about 58 per cent of the total.

Mega infrastructure projects and programmes (over R300 million)

Coega industrial development zone

The Coega industrial development zone was designated in 2002 and is a key project for the department and Eastern Cape. The site near Port Elizabeth, which was originally a greenfield area, includes 11 500ha of land and the adjacent Ngqura deepwater port. The Coega Development Corporation is responsible for the landside infrastructure development and has been prioritising projects according to demand from potential investors. To date, R2.8 billion of government funding has been spent, approximately 90 per cent of which is on infrastructure programmes such as road construction, earthworks, electricity, water and sewers, factory buildings and offices.

The Coega industrial development zone is designed to attract private sector investment in export orientated industries. It aims to create jobs within the industrial development zone, promote the use of domestic industries outside Coega, and boost growth through increased exports, technology transfer and increased employment. A number of private investments have already been secured. 24 private commitments of R49 billion have been finalised and 8 investors with R480 million invested are already operational.

Momentum has been building in Coega's development, and there has been some significant progress over the last year. The first ships docked at Ngqura in October 2009, construction was started on a large business process outsourcing park, and an agreement has been reached on the development of a crude oil refinery that will create an estimated 17 500 direct and indirect jobs. Coega has also initiated the process of securing an agreement to construct a combined cycle gas turbine, and is continuing the drive to attract investors.

The Coega Development Corporation's expenditure increased from R249.8 million in 2006/07 to R859.9 million in 2009/10, at an average annual rate of 51 per cent. Expenditure is expected to decline to R475 million in 2010/11, before increasing again in 2010/12 and 2012/13. The decrease in expenditure in 2010/11 is mainly due to concluded governmental investments for infrastructure development.

in chemicals, 11.1 per cent in manufacturing, 3.7 per cent in energy and 3.7 per cent in film. The provincial distribution is: 3 in Northern Cape, 3 in Gauteng, 4 in North West, 9 in Kwazulu-Natal, 3 in Mpumalanga, 8 in Eastern Cape, 1 in Western Cape and 3 in Limpopo of which 7 of the investments are in the Coega and East London industrial development zones.

A total of 62 097 jobs (34 183 operational and 27 914 construction) are expected to be created through the critical infrastructure programme. The programme's investments have committed to procure goods and services from local SMMEs. Their activities aim to support upstream and downstream industries to create positive spin-offs for the economy, such as smelting facilities to produce value added products. A study on the impact of the critical infrastructure programme on the economy revealed that its investments are most effective when compared to investments in other sectors such as agriculture, transport and government. The budget allocation for 2009/10 is R105.6 million. The baseline allocations for the programme increase to R115.6 million in 2010/2011, R118.5 million in 2011/12 and R181.7 in 2012/13.

Departmental receipts

Revenue is mainly generated from transactions in financial assets and liabilities, which increased from R34.3 million in 2006/07 to R62 million in 2009/10 at an average annual rate of 21.8 per cent, due to an increase in foreign exchange gains, liquor licence fees, and recovery of the previous year's expenditure. The revenue from transactions in financial assets and liabilities is expected to increase over the MTEF period to R90 million in 2012/13. Receipts from sales of goods and services are generated from house rentals every third year. The amounts received under interest reduced considerably due to the decrease in interest rates. The market is expected to recover, and the departmental projects generating revenue from interest on bank deposits and from debtors will increase again over the MTEF period.

Until 2009/10, the department received fines and penalties imposed by the Competition Tribunal for contraventions of competitive practices, as well as dividends paid out once a year by the Industrial Development Corporation of South Africa. These entities have been transferred to the Department of Economic Development from April 2010, and these receipts will be reflected there.

Table 35.3 Departmental receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
Departmental receipts	66 647	94 217	64 931	66 718	66 960	108 260	114 926	120 200
Sales of goods and services produced by department	27 009	3 835	3 064	38 913	3 008	3 590	3 975	5 200
Transfers received	45	–	–	–	–	–	–	–
Interest, dividends and rent on land	5 230	11 315	1 912	16 000	1 950	22 260	23 596	25 000
Sales of capital assets	55	204	110	2	2	–	–	–
Transactions in financial assets and liabilities	34 308	78 863	59 845	11 803	62 000	82 410	87 355	90 000
Total	66 647	94 217	64 931	66 718	66 960	108 260	114 926	120 200

Programme 1: Administration

Table 35.4 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Minister ¹	0.8	0.9	1.6	1.7	1.8	1.9	2.0
Deputy Minister ¹	0.7	0.7	1.3	1.4	1.5	1.6	1.7
Deputy Minister ¹	0.7	0.7	1.3	1.4	1.5	1.6	1.7
Ministry	21.9	21.2	25.7	27.8	33.8	31.2	32.7
Office of the Director-General	28.1	33.0	33.8	47.2	63.0	66.7	71.1
Corporate Services	221.1	248.1	275.4	381.5	339.1	365.6	379.9
Office Accommodation	5.5	6.0	6.5	7.1	7.8	8.3	8.7
Total	278.9	310.7	345.5	468.1	448.5	476.8	497.7
Change to 2009 Budget estimate				47.3	(1.0)	21.9	25.3

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

Economic classification

Current payments	257.9	285.7	330.7	439.8	433.2	461.0	481.0
Compensation of employees	62.0	69.4	87.3	124.2	144.4	152.6	162.1
Goods and services	196.0	216.3	243.5	315.6	288.8	308.4	318.8
<i>of which:</i>							
Consultants and professional services:	25.5	5.7	14.6	21.7	20.7	22.0	23.3
Business and advisory services							
Lease payments	8.8	–	146.6	180.4	162.9	172.4	175.2
Travel and subsistence	14.5	16.3	20.0	17.7	20.3	21.2	22.1
Venues and facilities	112.6	134.4	1.5	2.4	2.3	2.5	2.7
Transfers and subsidies	5.2	6.2	1.8	3.1	2.8	3.0	3.2
Public corporations and private enterprises	5.0	5.3	0.5	0.6	0.6	0.6	0.7
Households	0.2	0.9	1.3	2.5	2.2	2.4	2.5
Payments for capital assets	15.8	18.9	11.0	25.2	12.5	12.8	13.5
Buildings and other fixed structures	4.0	–	–	–	–	–	–
Machinery and equipment	4.2	15.3	7.6	20.8	8.7	8.8	9.3
Software and other intangible assets	7.5	3.6	3.4	4.4	3.9	4.0	4.2
Payments for financial assets	0.0	–	2.0	–	–	–	–
Total	278.9	310.7	345.5	468.1	448.5	476.8	497.7

Details of selected transfers and subsidies

Public corporations and private enterprises							
Public corporations							
Other transfers							
Current	5.0	5.3	0.5	0.6	0.6	0.6	0.7
Industrial Development Corporation: Fund for Research into Industrial Development, Growth and Equity	5.0	5.3	0.5	0.6	0.6	0.6	0.7

Expenditure trends

Expenditure increased strongly from R278.9 million in 2006/07 to R468.1 million in 2009/10, at an average annual rate of 18.8 per cent due to the increase in the number of posts from 853 in 2006/07 to 1 140 in 2009/10. The number of posts will increase to 1 320 in 2012/13. Over the medium term, expenditure is expected to increase to R498 million, at an average annual rate of 2.1 per cent. This is due to operational costs associated with the public private partnership accommodation project, which provide head office accommodation and facilities management services to the department and some of its public entities.

Spending in the *Office of the Director-General* subprogramme increases from R28.1 million in 2006/07 to R71 million in 2010/13, at an average annual rate of 16.7 per cent. This is due to the expansion of the strategic planning unit and increase in the capacity of the Office of the Director-General. The largest allocation goes to the *Corporate Services* subprogramme, which amounts to R2.2 billion over the 7-year period. Expenditure increases from R221.1 million in 2006/07 to R379.9 million in 2012/13, an average annual rate of 9.4 per cent over the 7-year period. The main cost drivers of this subprogramme are compensation of employees (30 per cent), and goods and services (70 per cent).

Programme 2: International Trade and Economic Development

- *International Trade Development* facilitates bilateral and multilateral trade relations and agreements. Provision is made under this subprogramme for the following transfers and subsidies:
 - Organisation for the Prohibition of Chemical Weapons, as the South African contribution to the convention against the use of chemical weapons. The amounts payable are based on the annual fees determined by this organisation
 - ProTechnik Laboratories, as the South African contribution to international non-proliferation treaties and regimes. The amounts payable are based on the annual fees determined by this organisation
 - World Trade Organisation, as the South African membership fee to this global organisation dealing with rules of trade between countries. The amounts payable are based on the annual fees determined by this organisation.
- *African Economic Development* facilitates bilateral and multilateral African trade relations aimed at deepening regional integration. Provision is made under this subprogramme for a transfer payment to the Development Bank of Southern Africa for the regional spatial development initiatives aimed at accelerating sustainable socioeconomic development. Funding is disbursed on the basis of approved business and project plans.

Objectives and measures

- Promote South Africa's role in international trade while addressing economic development by:
 - managing the tariff regime and negotiating investment treaties
 - negotiating trade rules for global integration including market access (reciprocal and non reciprocal)
 - actively participating in international forums.
- Expand exports, attract investment and leverage technology transfer by consolidating trade relations with traditional markets in the north on an ongoing basis.
- Establish and strengthen economic relations with dynamic economies in the south through established intergovernmental platforms with trading partners on an ongoing basis.
- Assist South African companies to address non-tariff measures with trading partners through regular stakeholder interaction.
- Champion the NEPAD and contribute to advancing African peace, security and economic development and integration at continental, regional and bilateral levels through ongoing interactions with other African countries on an ongoing basis.
- Promote regional integration in the Southern African Customs Union and SADC as platforms for integration into the global economy through trade integration, policy coordination and sectoral cooperation on an ongoing basis.
- Promote intra-Africa trade, outward investment into Africa, cross border infrastructure and spatial development initiatives through intergovernmental platforms with African governments and ongoing capacity building programmes.

Service delivery focus

In 2009, 3 bilateral and regional trade agreements and 5 regional intra-Africa trade agreements were signed. 6 other regional intra-Africa trade agreements will be in the process of finalisation over the MTEF period.

8 technical missions are under review and were undertaken and International Trade and Economic Development division participation at the World Economic Forum, Ministerial forum for China-Africa cooperation, G8+5, G20, and the forum on cooperation between South Africa and Russia was facilitated.

In 2008/09, the department participated in conferences and reviews, such as the world trade ministerial conference, the Doha round ministerial meeting, the Southern African Customs Union, World Trade Organisation trade policy review and the G20 process addressing the global economic downturn. In the same year, economic cooperation agreements were signed with Angola, Nigeria, Zambia and Egypt, and work has continued in enhancing integration and building regional capacity in the SADC free trade area and the Eastern and Southern African free trade area. Further afield, a preferential trade agreement was signed with Mercosur, and a Southern African Customs Union-India preferential trade agreement is on course for conclusion by the end of 2010.

In 2008/09, South Africa prepared position papers for the Doha round negotiations on all key issues, including non-agricultural market access, trade related aspects of intellectual property rights services, agriculture and remedies. In an attempt to conclude the negotiations, the department led South Africa's participation in the Doha round ministerial meeting in December 2009.

In 2009, the Non-Proliferation Council was established and the minister appointed members for 3 years. Discussions with the United States on a training programme for customs officials at borders, resulted in hosting an instructors' training session in November 2009. In 2009, declarations were submitted to the Organisation for the Prohibition of Chemical Weapons on South Africa's anticipated activities for 2010. The fifth assistance and protection course for African states parties to the chemical weapons convention was also hosted in 2009.

Expenditure estimates

Table 35.5 International Trade and Economic Development

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
International Trade Development	42.3	43.0	68.8	86.0	83.3	81.9	86.9
African Economic Development	32.3	34.8	39.7	44.4	47.8	48.6	46.6
Total	74.6	77.8	108.6	130.4	131.1	130.6	133.5
Change to 2009 Budget estimate				(43.1)	(61.0)	(59.9)	(58.0)
Economic classification							
Current payments	45.3	51.0	80.2	100.4	98.9	96.1	97.4
Compensation of employees	28.3	32.1	40.3	55.4	64.5	68.3	73.1
Goods and services	17.0	18.9	39.9	45.1	34.4	27.7	24.3
<i>of which:</i>							
<i>Consultants and professional services:</i>	<i>0.7</i>	<i>0.4</i>	<i>0.6</i>	<i>4.8</i>	<i>2.2</i>	<i>2.2</i>	<i>2.3</i>
<i>Business and advisory services</i>							
<i>Travel and subsistence</i>	13.3	14.7	18.4	16.9	16.5	11.8	12.4
<i>Venues and facilities</i>	1.0	1.5	3.0	3.9	3.0	4.0	4.5
Transfers and subsidies	28.9	26.2	28.0	29.5	31.8	33.9	35.4
Foreign governments and international organisations	10.8	9.7	10.6	11.5	12.0	13.0	13.5
Public corporations and private enterprises	18.0	16.5	17.1	18.0	19.8	20.9	21.9
Households	0.0	0.0	0.2	–	–	–	–
Payments for capital assets	0.4	0.6	0.4	0.5	0.5	0.6	0.7
Machinery and equipment	0.4	0.6	0.4	0.4	0.5	0.6	0.7
Total	74.6	77.8	108.6	130.4	131.1	130.6	133.5

Table 35.5 International Trade and Economic Development (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Details of selected transfers and subsidies							
Public corporations and private enterprises							
Public corporations							
Other transfers							
Current	15.4	16.1	16.8	18.0	18.8	19.9	20.9
Development Bank of Southern Africa:	13.8	14.5	15.2	15.9	16.5	17.5	18.5
Regional Spatial Development Initiatives							
ProTechnik Laboratories	1.5	1.5	1.6	2.1	2.3	2.4	2.4
Capital	2.7	0.4	0.3	–	1.0	1.0	1.0
ProTechnik Laboratories	2.7	0.4	0.3	–	1.0	1.0	1.0
Foreign governments and international organisations							
Current	10.8	9.7	10.6	11.5	12.0	13.0	13.5
Organisation for the Prohibition of Chemical Weapons	1.6	2.2	2.3	3.0	3.4	4.0	4.0
World Trade Organisation	9.2	7.5	8.3	8.5	8.6	9.0	9.5

Expenditure trends

Expenditure increased from R74.6 million in 2006/07 to R130.4 million in 2009/10, at an average annual rate of 20.4 per cent. The increase relates mainly to expenditure in goods and services and compensation of employees, due to expanded capacity. Together, expenditure in compensation of employees, and on goods and services increased current payments from R45.3 million in 2006/07 to R100.5 million in 2009/10.

Expenditure is expected to increase to R133.5 million in 2012/13, at an average annual rate of 0.8 per cent over the medium term.

Programme 3: Empowerment and Enterprise Development

- *Enterprise Development* creates an enabling environment conducive to the development and growth of SMMEs and cooperative enterprises, and provides them with innovation and technology support. Under this subprogramme, provision is made for the following transfer payments and subsidies:
 - Small Enterprise Development Agency, which provides non-financial business development and support services for small enterprises. The amounts payable are based on the approved business plan of the entity, and supporting memorandums of understanding.
 - United Nations Industrial Development Organisation which channels the South African contribution towards sustainable global industrial development. The amounts payable are based on the fees determined by member states, including South Africa.
- *Equity and Empowerment* implements BEE and gender policies, including:
 - National Empowerment Fund, which facilitates funding for BEE transactions by providing innovative investment solutions to black people. The amounts payable are based on the approved business plans of the entity and supporting memorandums of understanding.
 - South African Women Entrepreneurs' Network, housed at Khula Enterprise Finance, which supports and grows women entrepreneurship through networking facilities. The amounts payable are based on the approved business plans.
 - Industrial Development Corporation's Isivande Women's Fund, which provides financial support to women entrepreneurs to grow their businesses. The amounts payable are based on approved projects.
- *Regional Economic Development* enhances the competitiveness of local and provincial economies for sustained economic growth by developing policies, strategies and programmes that focus on

underdeveloped regions. Under this subprogramme, provision is made for the following transfer payments and subsidies:

- National Research Foundation’s technology and human resources for industry programme, which supports research and technology development by strengthening the number and skills of appropriately trained people. The amounts payable are based on qualifying scientific, technological, engineering research projects.
- Productivity South Africa’s workplace challenge programme, which finances and supports world class manufacturing and value chain efficiency improvements in South African companies. The amounts payable are based on qualifying projects.
- Industrial Development Corporation’s support programme for industrial innovation, which enables private sector enterprises to develop new products and services. The amounts payable are based on matching grants to contributions by such enterprises.
- Small Enterprise Development Agency’s technology programme, which finances and supports early, seed and start up technology ventures aimed at increasing South Africa’s competitiveness. The amounts payable are based on approved business plans and technology incubators.

Objectives and measures

- Foster the growth of SMMEs and cooperatives by:
 - overseeing the support provided by the Small Enterprise Development Agency to increase the number of SMMEs (currently 2 million) and cooperatives by 2014
 - ensuring that SMME and cooperative contributions to GDP increase from the current 40 per cent to 45 per cent by 2014.
- Facilitate access to procurement opportunities for SMMEs and cooperatives by overseeing the implementation of the 10 products strategy, so that government promotes the participation of SMMEs and cooperatives when procuring the identified products over the next 3 years.
- Implement empowerment and equity policies, thus ensuring the increased economic participation of historically disadvantaged people by gazetting BEE charters under sections 12 and 9 of the Broad Based Black Economic Empowerment Act (2003).
- Deepen technology support in the region through the technology incubator programme by providing access to technology incentives and coordinating regional stakeholder participation in employment creation opportunities, thus forming partnerships that will create at least 4 000 jobs by 2013.

Service delivery focus

To date, 4 charters were gazetted under section 9 and 4 under section 12 of the Broad Based Black Economic Empowerment Act (2003). In 2010, up to 5 new charters (including those gazetted under section 12) will be considered for gazetting under section 9.

The support programme for industrial innovation recorded sales of R237 million, of which R103 million were export sales for new products and processes. In 2008/09, the programme created 877 shop floor jobs, and 70 new projects were supported against a targeted 85. The technology and human resources for industry programme leveraged R227 million from the private sector for new technology development and supported 207 SMMEs in 2009.

In 2008/09, the Small Enterprise Development Agency’s technology programme created 224 SMMEs and supported 46 (47 per cent women owned) with technology transfer interventions. The turnover of these enterprises increased by 23 per cent. 28 quality and standards workshops for SMMEs were hosted countrywide, 103 SMMEs were supported with quality health checks, and 34 products were tested for compliance with international production specifications. 1 158 small business owners were trained in business excellence and on the International Organisation for Standardisation 9000 requirements.

The following initiatives were completed in 2008/09: the 10 product procurement policy framework aimed at increasing access to markets for SMMEs through government procurement; the one stop shop framework for co-locating SMME support services in relevant agencies; the framework for the regulatory review of municipal

by-laws to promote SMME development; the national cooperative mega exhibition and the celebration of the international day for cooperatives held in partnership with KwaZulu-Natal economic development department; the construction, tourism, forestry and transport sector charters were gazetted as sector codes in terms of section 9(1) of the Broad Based Black Economic Empowerment Act (2003), while the chartered accountancy charter was gazetted for public comment under section 9 (5) of the act; the BEE Advisory Council for monitoring and evaluating BEE has been approved and established; the draft preferential procurement regulations was published in partnership with National Treasury to align the Preferential Procurement Policy Framework Act (2000) with the Broad Based Black Economic Empowerment Act (2003); and 17 local economic development strategies for district municipalities were completed.

Expenditure estimates

Table 35.6 Empowerment and Enterprise Development

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Enterprise Development	577.4	575.1	455.1	392.6	422.2	430.7	448.8
Equity and Empowerment	586.5	739.5	353.9	472.3	42.4	49.6	52.1
Regional Economic Development	–	–	282.2	308.9	313.3	355.3	364.1
Total	1 163.9	1 314.6	1 091.1	1 173.9	777.8	835.7	865.0
Change to 2009 Budget estimate				(134.0)	(194.4)	(208.1)	(185.1)

Economic classification

Current payments	26.1	31.0	43.9	94.9	85.0	85.9	89.6
Compensation of employees	11.0	13.2	29.2	45.3	45.3	48.0	51.4
Goods and services	15.1	17.8	14.7	49.6	39.7	38.0	38.2
<i>of which:</i>							
<i>Consultants and professional services:</i>	4.7	6.4	4.2	21.0	17.0	13.0	12.0
<i>Business and advisory services</i>							
<i>Travel and subsistence</i>	5.0	5.7	4.0	11.7	8.0	9.0	10.0
<i>Venues and facilities</i>	2.3	3.4	4.9	3.9	4.0	4.4	4.8
Transfers and subsidies	1 137.6	1 283.3	1 047.1	1 078.2	692.8	749.7	774.9
Departmental agencies and accounts	1 092.3	1 205.9	973.9	999.0	620.1	667.3	683.8
Universities and technikons	6.0	–	10.5	3.0	0.0	0.0	0.0
Foreign governments and international organisations	2.9	4.9	3.5	4.3	4.5	4.8	5.0
Public corporations and private enterprises	31.7	67.5	53.1	64.1	60.5	69.7	77.9
Non-profit institutions	4.7	5.0	6.1	7.6	7.5	7.7	7.9
Households	0.0	0.1	–	0.3	0.2	0.2	0.2
Payments for capital assets	0.2	0.3	0.1	0.8	–	–	0.6
Machinery and equipment	0.2	0.3	0.1	0.8	–	–	0.6
Total	1 163.9	1 314.6	1 091.1	1 173.9	777.8	835.7	865.0

Details of selected transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	597.2	595.9	661.0	687.4	620.1	667.3	683.8
National Empowerment Fund	66.0	100.0	–	116.0	–	–	–
National Productivity Institute: Workplace Challenge	7.9	8.3	8.7	8.0	8.0	8.0	8.2
Small Enterprise Development Agency	311.4	258.8	413.6	331.2	385.1	394.3	405.6
Small Enterprise Development Agency Technology Programme	62.7	73.4	76.7	68.3	76.0	110.0	113.0
National Research Foundation: Technology and Human Resources for Industry Programme	149.1	155.5	162.0	163.8	151.0	155.0	157.0
Capital	495.1	610.0	312.9	311.6	–	–	–
National Empowerment Fund	495.1	610.0	312.9	311.6	–	–	–

Table 35.6 Empowerment and Enterprise Development (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Universities and technikons							
Current	6.0	–	10.5	3.0	0.0	0.0	0.0
Witwatersrand Business School: Centre for Entrepreneurship	3.0	–	2.0	1.5	0.0	0.0	0.0
University of the Witwatersrand: National Aerospace Skills Sector Support Centre	–	–	3.0	1.5	0.0	0.0	0.0
North-West University: Advanced Manufacturing	–	–	3.0	–	0.0	0.0	0.0
University of Pretoria: Advanced Engineering Centre of Excellence	3.0	–	2.5	–	0.0	0.0	0.0
Public corporations and private enterprises							
Public corporations							
Subsidies on production or products							
Current	20.3	10.6	14.1	1.0	0.0	0.0	0.0
South African Bureau of Standards: Trade Metrology	18.3	10.6	11.1	–	–	–	–
Council for Scientific and Industrial Research: Fibre and Textile Centre of Excellence	2.0	–	3.0	1.0	0.0	0.0	0.0
Public corporations and private enterprises							
Public corporations							
Other transfers							
Current	6.4	10.0	19.0	15.4	10.5	10.7	10.9
Council for Scientific and Industrial Research: Technology for Women in Business	6.4	–	–	–	–	–	–
Industrial Development Corporation: Isivande Women's Fund	–	10.0	19.0	9.9	10.5	10.7	10.9
Council for Scientific and Industrial Research: Technology Venture Capital	–	–	–	5.5	0.0	0.0	0.0
Capital	5.0	46.9	–	47.7	45.0	49.0	52.0
Industrial Development Corporation: Support Programme for Industrial Innovation	5.0	46.9	–	47.7	45.0	49.0	52.0
Public corporations and private enterprises							
Private enterprises							
Other transfers							
Capital	–	–	20.0	–	5.0	10.0	15.0
Centurion Aerospace Village	–	–	20.0	–	5.0	10.0	15.0
Foreign governments and international organisations							
Current	2.9	4.9	3.5	4.3	4.5	4.8	5.0
United Nations Industrial Development Organisation	2.9	4.9	3.5	4.3	4.5	4.8	5.0
Non-profit institutions							
Current	4.7	5.0	6.1	7.6	7.5	7.7	7.9
South African Women Entrepreneurs' Network	4.7	5.0	6.1	7.6	7.5	7.7	7.9

Expenditure trends

The Empowerment and Enterprise Development programme became effective on 1 April 2009, and previously formed part of the *Enterprise and Industry Development* programme, which was closed on the same date. The expenditure trends are therefore based and projected on the funding and expenditure of the corresponding subprogrammes.

Between 2006/07 and 2009/10, expenditure remained unchanged at approximately R1.2 billion. Over the medium term, expenditure is expected to decline to R865 million. In 2010/11, expenditure is expected to decrease by 33.7 per cent from R1.2 billion to R777.8 million due the phasing out of funding to the National Empowerment Fund, which became fully capitalised in 2009/10, and the transfer of Khula Enterprise Finance

and the South African Micro-Finance Apex Fund to the Department of Economic Development from 2010/11. Transfer payments to these entities are no longer provided for on this programme.

Spending over the medium term will focus mainly on transfer payments to the Small Enterprise Development Agency and the technology for human resources for industry programme.

Public entities

National Empowerment Fund

Strategic overview: 2006/07 – 2012/13

The National Empowerment Fund was established by the National Empowerment Fund Act (1998) to promote and facilitate black economic equality and transformation. It provides finance and financial solutions to black business across a range of sectors, and structures accessible retail savings products for black people based on state owned equity investments.

The National Empowerment Fund complements other development finance institutions, and often provides funding in collaboration with these development finance institutions.

Since 2008/09, the main challenge for the National Empowerment Fund's business has been the impact of the global economic downturn on its target market and investment portfolio. The fund has had to be more proactive and innovative in managing its investments, structuring its deals, and managing its investment portfolio. For example, in an effort to encourage SMME sustainability, the fund has implemented various measures to assist black SMMEs in distress. Some of these measures include restructuring debt, which has provided immediate cash flow relief to investees, establishing new processes to evaluate and approve SMME applications, and providing non-financial support in the form of mentorship and a business planning toolkit.

The National Empowerment Fund's focus over the medium term will be to continue its work in supporting BEE through supporting black business ventures, providing share ownership opportunities, and the general encouragement of meaningful economic participation by black people. In addition, the fund will have an increasing focus on rural empowerment initiatives, and will dedicate more resources to this area over the MTEF period.

The current capitalisation size of the National Empowerment Fund allows it to move forward and make a contribution to its mandate through advancing funding to the transactions currently under consideration. This is undertaken with the appropriate appetite for risk to make an impact in the targeted sector of establishing and promoting black empowered businesses, at all stages and in all sectors, but with a special emphasis on sectors targeted to contribute to economic growth.

Savings and cost effective service delivery

The National Empowerment Fund's recent recruitment drive reduced the current vacancy rate to 18 per cent, decreasing spending on professional fees. Support costs have been targeted for reduction, with a specific focus on travel, subsistence, temporary staffing, printing, and staff refreshments.

Selected performance indicators

Table 35.7 National Empowerment Fund

Indicator	Programme/Activity	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Number of transactions between R5m and R100m per year	Corporate fund	5	8	10	14	25	30	35
Value of transactions between R5m and R100m approved	Corporate fund	R186m	R218m	R219m	R370m	R450m	R600m	R600m
Number of transactions from R250 000 to R10m per year	Imbewu fund	18	23	31	50	90	165	220
Value of transactions between R250 000 and R10m approved	Imbewu fund	R40m	R80m	R78m	R125m	R170m	R300m	R400m

Table 35.7 National Empowerment Fund (continued)

Indicator	Programme/Activity	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Number of transactions for funding small projects in rural areas	Rural and community development unit		1	3	4	5	7	9
Value of transactions for funding small projects in rural areas approved	Rural and community development unit	-	R2m	R9m	R90m	R60m	R120m	R150m
Number of transactions for funding strategic projects	Funding of strategic projects			1	2	3	3	3
Value of transactions for funding strategic projects approved	Funding of strategic projects	-		R5m	R30m	R200m	R200m	R200m

Service delivery focus

The fund's disbursed portfolio had grown from R36.5 million in June 2005 to R1 billion by March 2009, and interim results show that the total disbursed investment portfolio had grown to R1.2 billion by December 2009. It is projected that deals in the disbursed portfolio will reach R1.6 billion by March 2010. The investment (disbursement) targets for the fund management division were arrived at after accounting for the fund's performance against historical targets. Challenges related to consistent investment discipline and criteria were established in terms of the nature of transactions that would qualify for funding.

In 2009, the fund's Asonge share scheme matured fully and awarded bonus shares. The conclusion of the lock in period in 2008/09 to September 2008 saw limited trading in the following year, with only 5 per cent of shares issued initially in 2007 (12 million shares to 84 000 investors) having been sold. The bonus shares were awarded in 2009 on the basis of 1 share for every 10 shares, and a total of 1.1 million shares were issued with an equivalent market value of R139 million.

The fund's asset management division continued to focus on investor education and will roll out a countrywide investor education programme in early 2010. The division also continued identifying opportunities to create new savings and investment vehicles to encourage a savings culture among black people.

The aim of the strategic projects fund is to acquire equity in national strategic projects which are co-financed with other development finance institutions and commercial investors. The fund will warehouse equity and help drive transformation in the project. Once initial project risks are reduced, the fund will transfer its shareholding to BEE groups through a transparent process or by developing further retail products. The fund is building a strategic projects fund portfolio from its zero base, and has dedicated capacity to administer it as a separate division within the fund.

By the end of March 2010, the fund aims to achieve: cumulative investment approvals of R1.6 billion to black empowered businesses and black entrepreneurs, with the target for 2009/10 set at R570 million; the continuation of the fund as the key financier in implementing BEE in the economy, business and projects of national strategic importance; and securing at least another 2 state owned enterprise equity allocations to start developing the next retail product offer.

Expenditure estimates

Table 35.8 National Empowerment Fund: Financial information

Statement of financial performance	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Revenue							
Non-tax revenue	133.1	1 019.1	432.9	405.0	490.0	641.0	830.0
<i>Other non-tax revenue</i>	133.1	1 019.1	432.9	405.0	490.0	641.0	830.0
Transfers received	66.0	100.0	-	116.0	-	-	-
Total revenue	199.2	1 119.1	432.9	521.0	490.0	641.0	830.0

Table 35.8 National Empowerment Fund: Financial information (continued)

Statement of financial performance R million	Audited outcome			Revised estimate 2009/10	Medium-term estimate		
	2006/07	2007/08	2008/09		2010/11	2011/12	2012/13
Expenses							
Current expense	88.9	167.3	328.9	298.2	215.4	370.5	366.1
Compensation of employees	37.1	48.1	60.4	83.0	90.0	98.0	107.0
Goods and services	50.8	116.9	264.7	210.5	121.1	268.3	254.9
Depreciation	1.0	2.3	3.8	4.7	4.3	4.3	4.3
Total expenses	88.9	167.3	328.9	298.2	215.4	370.5	366.1
Surplus / (Deficit)	110.3	951.8	104.0	222.8	274.6	270.5	463.9
Capital Transfers received	495 104.0	609 954.0	312 932.0	311 642.0			
Statement of financial position							
Carrying value of assets	2.4	7.7	11.5	15.5	13.4	10.4	7.9
<i>of which: Acquisition of assets</i>	0.5	7.6	7.5	8.8	2.2	1.3	1.8
Investments	2 407.4	1 957.9	1 998.5	2 456.5	3 317.5	4 375.5	5 582.5
Loans	338.7	–	–	–	–	–	–
Receivables and prepayments	24.3	16.9	24.0	20.0	–	–	–
Cash and cash equivalents	793.0	2 317.8	2 604.2	2 577.3	2 003.0	1 218.5	477.9
Total assets	3 565.8	4 300.3	4 638.2	5 069.4	5 334.0	5 604.4	6 068.3
Accumulated surplus/deficit	185.3	1 137.1	1 241.2	1 464.0	1 738.6	2 009.1	2 472.9
Capital and reserves	2 129.9	1 289.4	1 088.6	1 092.0	1 092.0	1 092.0	1 092.0
Borrowings	1.9	0.8	0.2	–	–	–	–
Trade and other payables	14.7	24.3	29.5	30.0	20.0	20.0	20.0
Provisions	–	4.8	122.0	15.0	15.0	15.0	15.0
Liabilities not classified elsewhere	1 233.9	1 843.9	2 156.8	2 468.4	2 468.4	2 468.4	2 468.4
Total equity and liabilities	3 565.8	4 300.3	4 638.2	5 069.4	5 334.0	5 604.4	6 068.3

Expenditure trends

The net asset value of the National Empowerment Fund has increased from R3.57 billion in 2006/07 to R4.64 billion in 2008/09. This has largely been due to the capitalisation of the National Empowerment Fund by the Department of Trade and Industry and some appreciation in fair value of the asset management portfolio. Between 2006/07 and 2009/10, the National Empowerment Fund received R1.7 billion for capitalisation and R282 million in current transfers. The capitalisation payments ended in 2009/10 and from 2010/11 the National Empowerment Fund will not receive further funding from the department.

Expenditure in goods and services is expected to decrease by 42.5 per cent in 2010/11 then increase in 2011/12 by 121.6 per cent. This is due to retail product expenses, which are project specific, and the impairment provision movements. Capital and reserves represent the fair value of listed investments. Due to the unpredictability of the share price movement, the current fair value was left static for the future periods. Liabilities, not classified elsewhere, represent trust capital transfers received from government. As no further transfers have been provided for the future, numbers are static.

Small Enterprise Development Agency

Strategic overview: 2006/07 – 2012/13

The Small Enterprise Development Agency provides non-financial business development and support services for small enterprises in partnership with other role players. Its mission is to develop, support and promote small enterprises to ensure their growth and sustainability. It aims to enhance the competitiveness and capabilities of small enterprises through coordinated services, programmes and projects and to ensure equitable access to business support services through partnerships. The agency's expected impact is the increased contribution of small enterprises to the South African economy, and the promotion of economic growth, job creation and equity. This impact will be measured through periodic evaluations every three to five years.

Savings and cost effective service delivery

The following measures were put in place to ensure savings and cost effective service delivery: budgets are now linked to performance management; the importance of budget planning has been highlighted to prevent fiscal dumping; and critical percentages are monitored, such as compensation of employees as percentage of total expenditure and rand per client served. Catering, telephone, travelling, accommodation, internet and other operational costs are now monitored monthly, and preventative spending measures have been put in place.

Selected performance indicators

Table 35.9 Small Enterprise Development Agency

Indicator	Programme/Activity	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Number of clients accessing agency services per year*	Support services	140 779	186 195	199 830	120 000	60 000	65 000	70 000
Number of existing and prospective entrepreneurs trained per year**	Training	1 539	22 893	15 000	18 700	13 265	14 000	14 500
Number of unique website visits per year	Information	349 406	514 594	300 000	460 000	475 000	500 000	525 000
Number of clients assisted in business plan development per year	Support services	–	3 661	1 638	8 800	9 680	10 650	11 717
Number of clients trained in starting a business per year	Training	–	8 271	7 059	18 700	20 570	22 630	24 896
Number of business registrations per year***	Support services	–	10 635	5 643	8 800	9 680	10 650	11 717
Number of clients assisted with technology interventions per year	Support services	–	–	–	4 400	4 840	5 320	5 848
Number of clients assisted with access to finance per year	Access to finance	–	1 761	800	2 952	3 250	3 575	3 933
Number of clients assisted with mentoring per year*	Support services	–	–	–	7 380	8 120	8 930	9 821

*2006/07 to 2009/10: all clients accessing Small Enterprise Development Agency services; 2010/11 to 2012/13: only new clients

** Revised targets were introduced in 2008/09 with the introduction of outsourced training.

***Target decreased in 2008/09 as the agency changed its focus to working over a longer period with clients

Service delivery focus

The agency's infrastructure now consists of 8 provincial offices, 42 district branches, 4 mobile units, 58 enterprise information centres and a staff complement of 534. The agency served 199 830 clients in 2008/09 compared to 186 195 in 2007/08. In the 2008/09, the agency's technology programme supported 835 clients, created 1 318 jobs and 5 461 indirect jobs, and established 224 new SMMEs.

In 2008/09, 199 830 people accessed the agency's network points. Of these, 46 695 were assessed and registered and 14 373 received agency services in areas such as business registration (5 643 clients), business planning (1 638 clients), cooperative support (2 502 clients) and access to markets (730 clients), thus exceeding service targets. However, targets were not met in programmes from national office, including sector programmes where the budget was frozen and, in some instances, contracts were cancelled. Achieving targets for 2009/10 is well on track.

Expenditure estimates

Table 35.10 Small Enterprise Development Agency: Financial information

Statement of financial performance	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Revenue							
Non-tax revenue	26.0	36.1	74.6	77.1	48.6	27.2	18.9
Other non-tax revenue	26.0	36.1	74.6	77.1	48.6	27.2	18.9
Transfers received	416.0	348.8	484.8	458.1	471.1	514.3	528.6
Total revenue	442.0	384.8	559.4	535.2	519.7	541.5	547.5
Expenses							
Current expense	405.1	448.2	482.2	535.2	519.7	541.5	547.5
Compensation of employees	123.6	148.5	165.9	181.8	205.8	227.1	247.5
Goods and services	272.8	286.8	302.5	343.7	304.6	304.6	289.9
Depreciation	6.2	9.5	9.6	9.7	9.4	9.8	10.2
Interest, dividends and rent on land	2.4	2.7	4.2	–	–	–	–
Total expenses	405.1	448.2	482.2	535.2	519.7	541.5	547.5
Surplus / (Deficit)	36.9	(63.4)	77.2	–	–	–	–

Expenditure trends

Revenue is dominated by transfers from the Department of Trade and Industry, local government, and local and international donors. Transfers received increased from R416 million in 2006/07 to R458.1 million in 2009/10, at an average annual rate of 3.3 per cent. Over the MTEF period, departmental transfers to the agency and the technology programme are expected to stabilise, reaching R528.6 million by 2012/13.

Total expenditure is expected to increase from R535.2 million in 2009/10 to R547.5 million in 2012/13, at an average annual rate of 0.8 per cent. This is mainly due to increases in compensation of employees spending, which increases substantially from R181.8 million in 2009/10 to R247.5 million in 2012/13 at an average annual rate of 4.3 per cent. Expenditure on goods and services is expected to decrease from R343.7 million in 2009/10 to R289.9 million in 2012/13 at an average annual rate of 8.3 per cent.

Programme 4: Industrial Development

- *Industrial Competitiveness* does advocacy work and develops policies and interventions related to: infrastructural support diversification; eliminating intermediate barriers to entry; deepening domestic technology linkages; and participating in dynamic value chains to improve the industrial competitiveness of the South African economy. Provision is made under this subprogramme for transfers and subsidies to the:
 - Industrial Development Corporation for services rendered for the clothing and textiles programme to provide a production allowance to firms under certain conditions. This programme is still under development and guidelines will be published when funding is provided in 2010/11.
 - South African Bureau of Standards, which develops, promotes and maintains standardisation and quality in connection with commodities, and provides related conformity assessment services aimed at protecting the integrity of the South African market and creating a competitive advantage for industry. Funding is based on the approved business plan of the entity and supporting memorandums of understanding.
 - National Metrology Institute of South Africa, which provides for the use of international systems of units and certain other measurement units, and designates, maintains and keeps national measurement units and standards. Funding is based on the approved business plan of the entity and supporting memorandums of understanding.
 - National Regulator for Compulsory Specifications, which administers and maintains compulsory specifications and regulations that may affect public health, safety or the environment, and has the legal metrology responsibility. Funding is based on the approved business plan of the entity and supporting memorandums of understanding.
 - Council for Scientific and Industrial Research's aerospace industry programme, which creates an industry supplier base that is firmly integrated in global supply chains. One of its aims is to stimulate small business and BEE through various clustering initiatives. The amounts payable are based on identified industry needs, applications and qualifying projects.
 - Council for Scientific and Industrial Research's National Cleaner Production Centre, which undertakes specific cleaner production projects in the chemicals, agro-processing, clothing, textile and automotive sectors. Funds are distributed to qualifying projects.
 - South African Bureau of Standard's plant infrastructure. which upgrades infrastructure and laboratories. Funding is based on the project plan.
 - South African Bureau of Standards' small business technical consulting programme, which participates as a member of international organisations dealing with technical infrastructure and regulatory activities. Funding is distributed according to the membership fees of the various organisations.
- *Customised Sector Programmes* develops high impact sector specific strategies that are crucial for economic growth and employment creation. Funding in this subprogramme is mainly for support services such as compensation of employees and staff related costs.

Objectives and measures

- Contribute to the direct and indirect creation of decent jobs, added value and competitiveness in both domestic and export markets by developing policies, strategies and programmes for the manufacturing sector and related sectors.
- Ensure, through regulatory institutions, that technical infrastructure policies and institutions (including standards, quality assurance, accreditation and metrology institutions) play a strategic role in industrial policy, particularly to deal with unsafe and poor quality imports and promote access to high value export markets on an ongoing basis.
- Upscale industrial policy by developing and implementing an annual 3-year rolling industrial policy action plan.
- Support industrial upgrading through:
 - specific incentives schemes that support capital investment over the MTEF period
 - developing and implementing an industrial climate change response plan and cleaner production initiatives in at least 200 companies from 2009/10 to 2012/13.
- Leverage the economic benefits and development support of South African industries through government procurement, thus creating or retaining 20 000 direct jobs by 2013.

Service delivery focus

The programme participated in and achieved the following in 2009/10: the process to formulate an up scaled industrial policy action plan for the next 3 years was initiated and presented at the Cabinet lekgotla in January 2010. An agreement on the scope of work of the industrial policy support fund has been reached with the Industrial Development Corporation and the project charter has been developed. An upgrading programme for the foundry and tooling industries was initiated, benchmarking was undertaken in the industries, and work around development programmes covering skills development, process and technology upgrading also started.

The national industrial participation programme, designed to leverage economic benefits and support the development of South African industry through effective government procurement, has created or retained more than 18 500 direct jobs since its inception. Progress by the industrial development division to create an enabling environment for industrial upgrading includes providing assistance to firms in meeting the quality standards necessary for accessing demanding foreign markets and ensuring that low quality imports do not undercut the productive base of the manufacturing sector.

The National Cleaner Production Centre continued to promote water and energy efficiency in business and industry by conducting audits and making recommendations on new more efficient equipment. Since 2005, the centre has audited 102 firms with about 25 per cent implementing its recommendations.

The department provided support to accelerate afforestation in Eastern Cape and KwaZulu-Natal and a draft memorandum of understanding was compiled to facilitate the importing of timber from Mozambique by South African small businesses to promote forestry investment in that country.

The programme also carried out the following in 2009/10. An agreement was reached with the furniture industry national task team on key programmes that must be developed to sustain the sector and propel it for future growth. Progress was made jointly by government, labour and business in supporting the automotives and components sector in response to the global economic downturn, a key component being the agreement reached by all parties on the conditionalities included in the rescue package. The automotive investment scheme guidelines were finalised and will be released for public comment in 2010/11. The Handmade Collection brand of environmentally friendly South African craft products that conform to fair trade practices, was promoted and well received in Germany and Portugal. A price monitoring system for carbon steel was developed and is updated monthly and a cost benefit analysis for the introduction of an export duty on scrap metal was completed.

A total number of 1 307 learners were trained to be work ready for the business process outsourcing sector.

Renewed focus was placed on support measures to the clothing, textiles, footwear and leather sector, with challenges in this sector identified as cheap imports, lack of skilled local technical labour, high training costs,

outdated technology and the lack of required investment and initiatives to advance the competitiveness of the local industry.

The interim textile and clothing industry development programme replaced the duty credit certificate scheme, which failed to boost export performance. Both schemes contravene the World Trade Organisation's agreement on subsidies and countervailing measures. The interim programme will be discontinued by the end of March 2010 and a new production incentive scheme is under development to be implemented in the latter part of 2010.

Expenditure estimates

Table 35.11 Industrial Development

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Industrial Competitiveness	220.9	300.8	318.1	328.9	935.8	1 087.4	1 215.8
Customised Sector Programmes	24.3	31.1	74.6	98.0	116.3	135.1	147.0
Total	245.2	331.8	392.7	426.9	1 052.1	1 222.5	1 362.8
Change to 2009 Budget estimate				12.3	415.3	622.7	818.7

Economic classification

Current payments	59.3	80.5	89.0	83.0	105.4	108.5	106.7
Compensation of employees	37.8	47.6	43.0	48.5	61.1	64.8	69.3
Goods and services	21.5	33.0	46.1	34.6	44.3	43.8	37.4
<i>of which:</i>							
<i>Consultants and professional services:</i>	4.0	12.3	12.6	16.1	17.0	17.0	12.0
<i>Business and advisory services</i>							
<i>Travel and subsistence</i>	10.7	11.6	18.3	11.4	11.0	11.5	12.0
<i>Venues and facilities</i>	3.6	4.8	12.5	1.9	9.2	7.5	6.0
Transfers and subsidies	185.6	250.8	300.2	343.3	946.3	1 113.5	1 255.5
Departmental agencies and accounts	47.0	59.3	80.5	105.4	100.1	109.4	112.8
Foreign governments and international organisations	–	–	7.1	5.0	7.0	–	–
Public corporations and private enterprises	138.5	191.2	209.2	232.7	839.1	1 004.1	1 142.7
Households	0.1	0.3	3.3	0.1	–	–	–
Payments for capital assets	0.3	0.6	3.5	0.6	0.5	0.5	0.6
Machinery and equipment	0.3	0.6	0.7	0.6	0.5	0.5	0.6
Software and other intangible assets	–	–	2.8	–	–	–	–
Total	245.2	331.8	392.7	426.9	1 052.1	1 222.5	1 362.8

Details of selected transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	47.0	59.3	80.5	105.4	100.1	109.4	112.8
South African National Accreditation System	10.0	12.5	13.8	14.7	17.7	18.6	22.4
National Metrology Institute of South Africa	36.9	46.8	55.0	54.8	55.3	58.6	60.2
National Regulator for Compulsory Specifications	–	–	11.8	35.9	27.1	32.2	30.2
Public corporations and private enterprises							
Public corporations							
Subsidies on production or products							
Current	1.0	–	–	–	–	–	–
National Automotive Industrial Development Centre	1.0	–	–	–	–	–	–

Table 35.11 Industrial Development (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Details of selected transfers and subsidies							
Public corporations and private enterprises							
Public corporations							
Other transfers							
Current	131.7	175.4	193.2	222.8	249.0	280.1	285.2
Council for Scientific and Industrial Research: National Cleaner Production Centre	4.1	4.5	9.8	19.0	32.1	40.1	41.2
Industrial Development Corporation: Regional Industrial Development	–	30.0	–	–	–	–	–
South African Bureau of Standards: Research Contribution	126.4	138.6	142.1	153.7	167.4	181.5	186.4
South African Bureau of Standards: Small Business Technical Consulting	0.6	0.7	1.3	1.4	1.0	1.1	1.1
Council for Mineral Technology and Research: Customised Sector Programmes	0.5	1.5	1.0	–	–	–	–
Industrial Development Corporation: Customised Sector Programmes	–	–	39.0	48.7	48.5	57.4	56.4
Capital	5.7	15.8	16.0	9.9	184.1	114.0	69.4
Council for Scientific and Industrial Research: Aerospace Industry	5.7	10.0	10.0	9.9	9.9	20.8	21.4
Council for Scientific and Industrial Research: Technology Venture Capital	–	5.8	6.0	–	–	–	–
South African Bureau of Standards-Plant infrastructure	–	–	–	–	174.2	93.2	48.0
Public corporations and private enterprises							
Private enterprises							
Subsidies on production or products							
Current	–	–	–	–	403.0	605.0	764.0
National Foundry Technology Network: Metals	–	–	–	–	3.0	5.0	14.0
Industrial Development Corporation: Clothing and Textile Production Incentive	–	–	–	–	400.0	600.0	750.0
Public corporations and private enterprises							
Private enterprises							
Other transfers							
Current	–	–	–	–	3.0	5.0	24.2
Intsimbi National Tooling Initiative	–	–	–	–	3.0	5.0	24.2
Foreign governments and international organisations							
Current	–	–	7.1	5.0	7.0	–	–
French Institute of South Africa: African Programme on Rethinking Development Economics	–	–	2.5	–	2.0	–	–
United Nations Industrial Development Organisation: Automotive Component Supplier Development Programme	–	–	4.6	5.0	5.0	–	–
Households							
Other transfers to households							
Current	–	–	3.0	–	–	–	–
Umsobomvu Youth Fund: Sponsorship	–	–	3.0	–	–	–	–

Expenditure trends

This programme started to operate with effect from the beginning of April 2009 and previously formed part of the *Enterprise and Industry Development* programme, which was closed on the same date. The expenditure trends are therefore based and projected on the funding and expenditure of the corresponding subprogrammes.

Expenditure between 2006/07 and 2009/10 increased significantly, at an average annual rate of 20.3 per cent, from R245.2 million in 2006/07 to R426.9 million in 2009/10. Much of this is accounted for by the introduction

of the customised sector programmes in 2008/09, of which some of the interventions will be administered by the Industrial Development Corporation. Other transfers to various regulatory bodies also increased over the same period. Over the medium term, expenditure in the *Customised Sector Programmes* subprogramme rises strongly from R98 million in 2009/10 to R147 million in 2012/13, at an average annual rate of 14.5 per cent. Funding was provided for plant infrastructure of the South African Bureau of Standards over the MTEF period. In total, expenditure in the programme increased significantly from R426.9 million to R1.4 billion as a result of the provision for the production incentive for the clothing and textile industry.

Public entities

South African Bureau of Standards

Strategic overview: 2006/07 – 2012/13

The South African Bureau of Standards provides standardisation and conformity assessment services aimed at protecting the integrity of the South African market, protecting consumers, creating a competitive advantage for South African industry, and facilitating access by South Africans to local and international markets. Regulatory functions have been transferred to the National Regulator for Compulsory Specifications. The bureau's work forms part of South Africa's standardisation, quality assurance, accreditation and metrology technical infrastructure.

The Department of Trade and Industry has identified several key action programmes under the industrial policy action plan, which are supported by the bureau: strengthening the enforcement of technical regulations to exclude unsafe products from the South African economy; developing industrial capacity in South Africa; and promoting exports from South Africa and the SADC region.

Over the medium term, the bureau will focus on: reviewing the SADC and African standards strategies to harmonise them with the World Trade Organisation; partnering with national higher education bodies to promote the uptake of standards into the industrial sector; and providing services that will enable the development of industrial capacity in South Africa (or reindustrialisation), including increased support to SMMEs.

Savings and cost effective service delivery

The South African Bureau of Standards has embarked on a major review of its human capital following the transfer of regulatory functions to the National Regulator for Compulsory Specifications. In addition, bureau auditors now travel on low cost airlines, where possible, and book trips in advance, resulting in savings of around 60 per cent on published airfares. The procurement process has been streamlined and enhanced to ensure favourable prices and terms from suppliers.

Selected performance indicators

Table 35.12 South African Bureau of Standards

Indicator	Programme/Activity	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/0	2010/11	2011/12	2012/13
Number of South African national standards developed per year	Development of South African national standards	558	611	634	550	650	700	750
Number of days taken to produce a standard	Development of South African national standards	177	220	330	300	300	300	300
Number of requests for information on standards per year	Development of South African national standards	36 724	34 303	37 208	40 000	40 000	40 000	40 000
Sales of standards per year	Development of South African national standards	R12.3m	R13.9m	R15.3m	R16.9m	R19.3m	R21m	R22.9m
Tests and services revenue per year	Testing and conformity assessments	R194.5m	R174.6m	R189.8m	R199.9m	R218.8m	R231.8m	R248m
Products and systems certification revenue per year	Testing and conformity assessments	R105.6m	R134.6m	R156.1m	R173.8m	R188.3m	R205.2m	R225.8m
Total number of accredited laboratories	Testing and conformity assessments	56	56	67	67	67	67	67
Total number of certification schemes	Testing and conformity assessments	18	16	18	20	20	22	22

Table 35.12 South African Bureau of Standards (continued)

Indicator	Programme/Activity	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/0	2010/11	2011/12	2012/13
Number of test reports per year	Testing and conformity assessments	429 219	376 823	391 886	500 000	575 000	625 000	700 000
Number of clients per year with annual fees less than R10 000	Testing and conformity assessments	10 400	10 800	10 700	10800	11 000	12 000	13 000
Percentage of South African national standards harmonised with international standards	Development of South African national standards	56%	68%	71%	70%	75%	75%	75%
Number of private specifications developed for the government sector per year	Development of South African national standards	217	171	141	130	130	130	130

Service delivery focus

The organisation produced 634 standards in 2008/09 with almost 3 quarters of them harmonised with international standards and by September 2009, 311 South African national standards had been developed with at least 77 per cent of them aligned with international standards. Acceptance by peer organisations and trading partners of the organisation's conformity testing and assessment services is reflected in accreditations that the organisation maintains with both local and international bodies. In 2008/09 and 2009/10, the organisation produced 391 886 and 272 005 test reports.

The condom testing facility is the sole service provider for testing condoms supplied to the Department of Health's HIV and AIDS programme. The Pesticide Residue Laboratory revalidates the maximum residue levels of pesticide used on South African crops to ensure that South African farmers can export to Europe.

The organisation's Shanghai representative office in China became operational in April 2009.

In 2009, the organisation finalised the energy efficiency standard, to ultimately develop a related certification scheme, which will help address issues of energy efficiency.

Expenditure estimates

Table 35.13 South African Bureau of Standards: Financial information

Statement of financial performance R million	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Revenue							
Non-tax revenue	363.2	352.7	397.5	408.4	438.4	471.1	512.7
Sale of goods and services other than capital assets	304.1	318.4	358.5	384.1	416.9	448.1	486.1
<i>of which:</i>							
<i>Sales by market establishments</i>	304.1	318.4	358.5	384.1	416.9	448.1	486.1
<i>Other non-tax revenue</i>	59.0	34.4	39.0	24.3	21.5	22.9	26.6
Transfers received	109.5	119.3	126.1	156.9	170.4	184.5	193.3
Total revenue	472.6	472.1	523.6	565.3	608.8	655.6	706.0
Expenses							
Current expense	400.8	430.7	485.7	596.3	597.6	638.3	687.8
Compensation of employees	244.7	260.5	272.4	322.3	326.4	345.9	366.7
Goods and services	134.8	140.2	183.6	241.9	227.0	243.7	263.7
Depreciation	18.8	24.6	25.3	30.2	44.2	48.6	57.4
Interest, dividends and rent on land	2.5	2.5	2.7	1.8	-	-	-
Transfers and subsidies	5.2	6.3	7.2	7.1	7.5	8.0	8.5
Total expenses	406.0	437.0	492.9	603.4	605.1	646.2	696.3
Surplus / (Deficit)	66.6	35.0	30.7	(38.1)	3.7	9.3	9.8

Table 35.13 South African Bureau of Standards: Financial information (continued)

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Statement of financial position							
Carrying value of assets	157.3	178.3	200.7	194.2	352.5	421.0	433.8
of which: Acquisition of assets	37.6	48.8	50.7	26.9	202.6	117.1	70.3
Investments	237.6	289.1	250.1	256.8	285.0	313.5	344.9
Inventory	0.5	0.4	0.8	0.6	0.5	0.4	0.4
Receivables and prepayments	54.6	63.8	66.6	70.6	74.9	79.4	85.7
Cash and cash equivalents	31.4	2.5	7.6	1.9	6.9	8.8	27.5
Assets not classified elsewhere	32.7	37.8	26.1	25.6	26.9	28.3	29.7
Total assets	514.1	571.9	551.9	549.6	746.7	851.3	922.0
Accumulated surplus/deficit	196.1	246.0	276.7	238.6	242.3	251.6	261.4
Capital and reserves	96.2	93.9	70.6	78.3	84.3	87.3	90.6
Borrowings	27.9	28.3	18.4	17.0	17.5	2.5	0.5
Post-retirement benefits	94.6	90.8	93.4	99.2	109.1	120.0	132.0
Trade and other payables	64.2	69.7	66.9	80.2	85.1	90.2	95.6
Provisions	2.9	–	–	–	–	–	–
Liabilities not classified elsewhere	32.2	43.3	25.8	36.3	208.5	299.7	341.9
Total equity and liabilities	514.1	571.9	551.9	549.6	746.7	851.3	922.0

Expenditure trends

Between 2006/07 and 2009/10, revenue increased from R472.6 million to R565.3 million, at an average rate of 6.2 per cent. Revenue is derived mainly from fees for services provided, such as certification fees and is expected to grow at an average annual rate of 7.7 per cent, from R565.3 million in 2009/10 to R706 million in 2012/13. This is driven mainly by growth in the certification business as improvements in the economic outlook should reduce the number of customers cancelling their listing or permits. No significant growth in test volumes is expected in the laboratories. The webstore upgrade project will be completed in 2009/10 and should lead to improvements in revenue generated from the sale of standards. The research grant from the Department of Trade and Industry amounts to R156.9 million in 2009/10, R170.4 million in 2010/11, R184.5 million in 2011/12 and R193.3 million in 2012/13.

Expenses are projected to increase at an average annual rate of 4.9 per cent, from R603.4 million in 2009/10 to R696.3 million in 2012/13. A net loss of R38 million in 2009/10 is projected due to the transfer of some assets to the National Regulator for Compulsory Specifications as part of the split. The projected increase in expenses over the medium term will be less than the projected increase in revenue, which should improve profitability. The increase in costs will be driven mainly by cost of living adjustments for staff, the impact of expected increases in electricity tariffs and additional depreciation charges associated with the new laboratory buildings. The growth in all other expenses will reflect price adjustments due to inflation as well as currency fluctuations for cost items denominated in foreign currency or linked to exchange rate movements.

Capital amounts of R174 million, R93 million and R48 million will be spent on a major infrastructure project in 2010/11, 2011/12 and 2012/13. The aim of the project is to relocate approximately 6 000 m² of chemical, biological and physical testing laboratories into newly built laboratories, and if possible refurbish the vacated laboratory space.

Programme 5: Consumer and Corporate Regulation

- *Policy and Legislative Development* develops coherent, predictable and transparent regulatory solutions. Funding is mostly used for salaries and related personnel costs.
- *Enforcement and Compliance* ensures that participants in economic activities comply with consumer and corporate rules. Funding is mostly used for inspectors' salaries.
- *Regulatory Services* monitors and funds a number of regulatory agencies, including the:
 - National Gambling Board, which provides a regulatory framework for gambling practices. Funding is based on the approved business plan of the board and supporting memorandums of understanding.

- National Consumer Tribunal which ensures equity in the credit market and balances the rights and responsibilities of credit providers and consumers. Funding is based on the approved business plan of the tribunal and supporting memorandums of understanding.
- National Credit Regulator, which regulates the consumer credit industry to improve consumer protection in the end user credit market. Funding is based on the approved business plan of the regulator and supporting memorandums of understanding.
- National Consumer Commission, which ensures well functioning markets that are fair, competitive and responsible to consumers. Funding is based on the approved business plan of the commission and supporting memorandums of understanding.
- Companies and Intellectual Property Commission, which regulates the enforcement of intellectual property and company laws including the registration of companies. It also aims to improve the regulatory framework affecting the development of small and medium enterprises.
- National Lotteries Board, which is responsible for regulating the National Lottery and all other lotteries in the country.
- Estate Agency Affairs Board, which is responsible for regulating the activities of estate agents and for protecting consumers.
- Companies and Intellectual Property Tribunal, which is responsible for adjudicating matters arising from the provisions in the Companies Act (1973).
- Takeover Regulation Panel and the Financial Reporting Standards Council, which will also be established pursuant to the Companies Act (1973) and will be responsible for regulating affected transactions and the issuing of standards.
- World Intellectual Property Organisation, which facilitates South African contributions to an international regime for intellectual properties. Regulatory Services is responsible for paying the membership fee.

Objectives and measures

- Facilitate easy access to economic participation by:
 - providing economic opportunities for historically disadvantaged citizens
 - enhancing business confidence and certainty in South African business regulation
 - overseeing the department's regulating entities and developing legislation
 - enhancing capacity to monitor the effectiveness of the regulatory agencies and to assess their impact on the economy.
- Ensure consumer protection by:
 - aligning the Alienation of Lands Act (1981) with the Estate Agency Affairs Act (1976) over the MTEF period
 - comprehensively reviewing various intellectual property laws and policies on an ongoing basis.
- Improve efficiency in the governance structures on lottery matters and ensure the optimal distribution of lottery funds for developmental purposes by ensuring harmonisation, avoiding fragmentation, promoting economic development and encouraging innovation.
- Increase public knowledge on the socioeconomic impact of drinking by providing ongoing consumer education.
- Assess the socioeconomic impact of gambling by reviewing the proliferation of gambling.

Service delivery focus

In 2009, the Competition Amendment Act (2009) was passed to strengthen the provisions of the Competition Act (1998) to deal effectively with cartels that engage in price fixing, and collusion. Oversight of entities that are responsible for overseeing competition legislation will be transferred to the Department of Economic Development in 2010/11. Legislation was also passed to protect consumers and reduce regulatory burdens on businesses. Law reform was conducted on the Intellectual Property Amendment Bill, which was resubmitted to Cabinet and approved. A regulatory impact assessment was done on the bill and a report was produced which

deals with intellectual property in relation to access to medicine, education, exceptions, and the interface between competition and intellectual property and between consumers and intellectual property.

In the first quarter of 2009, a policy framework was completed for the National Lottery to address gaps in the area of lottery operations and the distribution of funds to good causes. The department participated in constructive consultations with other government departments on the National Lottery distribution fund to improve the disbursement of funds. The estate agents policy framework document was finalised and published for comment in January 2010, with the objective of drafting a bill. In 2009, 126 company complaints were received, 106 finalised, and 77 search and seizure operations were conducted by Companies and Intellectual Property Registration Office. The Office of Consumer Protection received 368 consumer complaints and recovered R386 717 for consumers. The National Liquor Authority received 59 liquor licence applications and finalised 50, and conducted 75 inspections, of which 25 were conducted with the South African Police Services.

In 2009, the process to establish the National Consumer Commission and the Companies and Intellectual Property Commission progressed. Steering committees were established and funds were secured to carry out the projects. The business case and implementation plans for both entities have been finalised. Awareness campaigns were initiated to inform companies about the Companies Act (2008). Campaigns on consumer protection were conducted and World Intellectual Property Day was celebrated. The minister launched a campaign on the impact of liquor on communities to be rolled out countrywide. The regulatory agencies under the department continued performing satisfactorily and increased their drive to ensure compliance with regulations.

Expenditure estimates

Table 35.14 Consumer and Corporate Regulation

Subprogramme	Audited outcome			Adjusted appropriation 2009/10	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09		2010/11	2011/12	2012/13
R million							
Policy and Legislative Development	8.6	8.7	12.2	15.9	20.9	16.7	26.5
Enforcement and Compliance	31.2	27.7	29.8	47.4	38.0	51.9	37.4
Regulatory Services	66.1	69.6	69.6	102.2	132.7	149.4	165.5
Total	105.9	106.0	111.6	165.5	191.5	218.0	229.4
Change to 2009 Budget estimate				(73.1)	(73.5)	(69.8)	(72.8)
Economic classification							
Current payments	45.9	39.1	44.9	69.1	64.1	66.6	70.2
Compensation of employees	29.0	29.7	31.7	44.3	44.4	47.1	50.4
Goods and services	16.9	9.4	13.1	24.8	19.7	19.5	19.8
<i>of which:</i>							
<i>Consultants and professional services:</i>	7.5	2.2	4.6	9.6	6.5	7.2	7.9
<i>Business and advisory services</i>							
<i>Travel and subsistence</i>	4.2	3.4	4.1	5.9	6.0	5.0	4.0
<i>Venues and facilities</i>	1.9	0.4	1.6	2.0	2.0	2.0	2.0
Transfers and subsidies	59.7	66.6	66.1	95.6	126.8	151.4	159.2
Departmental agencies and accounts	57.5	64.3	62.7	92.9	123.8	148.5	155.2
Foreign governments and international organisations	2.0	2.3	3.1	2.8	3.0	2.9	4.0
Households	0.2	0.0	0.3	–	–	–	–
Payments for capital assets	0.3	0.3	0.6	0.8	0.6	–	–
Machinery and equipment	0.3	0.3	0.6	0.8	0.6	–	–
Total	105.9	106.0	111.6	165.5	191.5	218.0	229.4
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	57.5	64.3	62.7	92.9	123.8	148.5	155.2
Companies and Intellectual Property Commission	–	–	–	–	9.0	14.0	4.2
National Credit Regulator	37.9	44.5	34.1	43.9	46.0	51.0	53.0
National Gambling Board	19.6	19.8	17.3	21.6	22.0	23.6	25.0
National Consumer Tribunal	–	–	11.4	17.5	22.1	26.8	31.5
National Consumer Commission	–	–	–	9.9	24.8	33.0	41.6
Foreign governments and international organisations							
Current	2.0	2.3	3.1	2.8	3.0	2.9	4.0
World Intellectual Property Organisation	2.0	2.3	3.1	2.8	3.0	2.9	4.0

Expenditure trends

Expenditure increased strongly from R105.9 million in 2006/07 to R165.5 million in 2009/10, at an average annual rate of 16 per cent as a result of an increase in transfers to departmental agencies and accounts, which includes funding for newly established entities. Spending on transfers to departmental agencies and accounts rose particularly markedly in 2009/10, by 48.2 per cent, mainly due to the establishment of the National Credit Regulator, into which the Micro-Finance Regulatory Council was incorporated.

Spending is projected to grow at an average annual rate of 11.5 per cent over the medium term to reach an expected R229.4 million in 2012/13. This increase reflects policy and legislative developments for: the enactment of the companies and consumer protection bills in 2008/09; the anticipated establishment of the National Consumer Commission and the Companies and Intellectual Property Commission in 2009/10; and various planned legislative developments in intellectual property over the MTEF period. Increased spending over the medium term reflects the department's drive to improve regulatory oversight, consumer awareness and law enforcement as indicated by the increasing allocations for all three subprogrammes. The increase over the medium term is, however, concentrated in the *Regulatory Services* subprogramme. This subprogramme accounts for the majority of spending on consumer and corporate regulation, and its share of total programme expenditure rises over the MTEF period, from R102.2 million in 2009/10 to R165.5 million in 2011/12, at an average annual rate of 17.4 per cent. This subprogramme is expected to utilise 68.3 per cent of the programme budget over the medium term.

Over the MTEF period, expenditure in the *Policy and Legislative Development* subprogramme is expected to grow at an average annual rate of 18.5 per cent to R26.4 million.

Between 2006/07 and 2009/10 expenditure under the subprogramme *Enforcement and Compliance* increased from R31.2 million to R47.4 million at an annual average rate of 14.9 per cent. Over the medium term, expenditure will decrease from R47.4 million in 2009/10 to R37.4 million at an average annual rate of 7.8 per cent.

Programme 6: The Enterprise Organisation

- *Incentive Administration* manages and implements existing incentive schemes. Provision is made under this subprogramme for the following transfers to public entities and incentive schemes:
 - Coega Development Corporation for bulk infrastructure development at the industrial development zone, through which companies can invest in South Africa, and sustainable growth and employment can be established. The amounts payable are based on approved business plans of the corporation.
 - East London Industrial Development Zone Corporation for bulk infrastructure development at this industrial development zone, through which companies can invest in South Africa, and sustainable growth and employment can be established. The amounts payable are based on approved business plans of the corporation.
 - Richards Bay Industrial Development Zone Company for bulk infrastructure development at this industrial development zone, through which companies can invest in South Africa, and sustainable growth and employment can be established. The amounts payable are based on approved business plans of the company.
 - critical infrastructure programme for bulk infrastructure development. The grants payable are based on qualifying projects.
 - black business supplier development programme for incentives to qualifying companies through which black business suppliers are being supported. The grants payable are based on approved applications.
 - business process outsourcing programme for incentives to qualifying companies through which support is provided to establishing call centres in South Africa. The grants payable are based on approved applications.

- cooperatives incentive scheme for incentives to qualifying companies through which cooperative enterprises in the emerging economy acquire business development services. The grants payable are based on approved applications.
- enterprise development for the small and medium enterprise development programme for incentives to qualifying companies through which a grant is payable to local and foreign investors starting or expanding current operations. The grants payable are based on qualifying assets and projects.
- small and medium manufacturing development programme for incentives to qualifying companies through which grants are payable to local and foreign investors starting or expanding current operations. The grants payable are based on qualifying assets and projects.
- export marketing and investment assistance programme for incentives to qualifying companies through which costs of developing export markets are partially compensated. The grants payable are based on approved applications.
- film and television production incentive scheme for incentives to qualifying companies through which film and television productions in South Africa are supported. The grants payable are based on approved applications.
- staple food fortification programme for incentives in support of the graining milling industry for buying and installing capital equipment for staple food fortification. The amount payable is based on the calculation in terms of mill size as a percentage of the qualifying costs to a maximum of R40 000 per complete fortification unit.
- automotive production and development programme for incentives to qualifying motor vehicle manufacturers in South Africa. The grants payable are based on approved applications.
- *New Incentive Development* develops packages of incentives to support the national industrial development policy and sector strategies. Funding in this subprogramme will provide for human capacity in terms of research and policy development.
- *Business Development and After-Care* facilitates access to targeted enterprises. Funding in this subprogramme will provide for human resources to do reviews on incentive schemes in order to determine the impact of those schemes and how the lessons learned can contribute to the improvement of new schemes being developed.

Objectives and measures

- Develop and promote incentive schemes with the aim of promoting investment, job creation and exports.
- Improve the administrative requirements for incentives to make them more user-friendly with an electronic online application and claim system by July 2010.
- Annually achieve a measurable improvement in identified customer focus indicators for incentive administration by developing measurable indicators.
- Improve administrative efficiency by implementing a new management information system by March 2010 (including the IT system by 2011) to improve the turnaround times on applications and claims for incentive administration.
- Improve the impact of incentive programmes by implementing a monitoring and evaluation system by 2010/11.
- Promote coordination between the different spheres of government and other state institutions by developing a new institutional and governance framework for the programme in 2010/11. This is critical for the success of the industrial development zones programme.
- Reduce reliance on government grants by developing a financing model for the industrial development zones programme in 2010/11.

Service delivery focus

The automotive production and development programme was approved by Cabinet in October 2008 and replaced the motor industry development programme. The automotive investment scheme is now part of the automotive production and development programme and replaces and expands the productive assets allowance scheme, which was terminated in December 2009. The scheme will focus on increasing plant volumes and achieving better economies of scale, and provides for a taxable cash grant based on the amount of the investment.

In 2008/09, 2 new investors, with an estimated investment value of R37 million and an estimated 396 direct jobs, were located at the Coega industrial development zone and in 2009/10, an additional 3 investors with an estimated investment value of R760 million and 370 job opportunities were located with exports projected at approximately R146.4 million. In 2008/09, 4 investors were located in the Nelson Mandela Bay logistics park with a combined estimated investment value of R135 million and in 2009/10, an additional 3 investors with an estimated combined investment value of R481 million were located. In September 2009, 9 projects worth R38 billion were evaluated in the critical infrastructure programme, but they were not approved due to budgetary constraints in the programme. Performance targets over the past 3 years have not been met due to the global economic downturn and the resulting low investment.

The enterprise investment programme was launched in July 2008 to provide grants to support new sector investment projects and their expansion through the manufacturing investment programme and in the tourism sector through the tourism support programme. The manufacturing investment programme is projected to leverage R4.3 billion in investments from the 152 applications approved in 2009 and these projects are expected to create 8 060 jobs with R629 million in grant commitments. The majority of these approvals are made in lead sectors such as transport equipment and metals. 181 projects were adjudicated and 102 approved in the tourism support programme with a total investment value of R1.8 million in tourism establishments around the country. These investments are projected to create 1 819 jobs in the hospitality industry and the cumulative grant for the approved projects is R247 million.

A film and television production rebate programme was introduced in 2004 to attract large foreign and local productions to South Africa. To date, the large budget film production incentive programme has approved 49 productions for a total rebate of R370 million. In February 2008, this programme was replaced with a new incentive scheme with a budget of R666 million over 3 years. By October 2009, the new film production incentive programme had approved 94 productions for a total rebate of R434 million. 53 South African productions, 15 co-productions and 26 foreign productions were approved. The projects supported are expected to have spent R2.4 billion in South Africa on goods and services at their completion. Of this, R1.3 billion is direct foreign expenditure. The success of District 9 increased awareness of South Africa's potential for filmmaking. The department also supported the making of *Invictus*, a co-production with the United States. The department also recently introduced payments to film and production companies according to milestones that will assist South African and co-productions in terms of their cash flow needs.

In March 2007, the fiscus allocated R680 million for business process outsourcing and offshoring incentives over 3 years. By October 2009, 27 applications had been approved, representing a total investment of R1.6 billion. These businesses will create 24 000 jobs over the next 3 years against a targeted 25 000. The largest companies to invest thus far have been Teletech, a multinational from the United States, which also operates a call centre in the Philippines, and Teleperformance, a French company that employs 100 000 workers worldwide. Cape Town, Gauteng and KwaZulu-Natal have been the major beneficiaries of these investments.

Expenditure estimates

Table 35.15 The Enterprise Organisation

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Incentive Administration	1 425.3	2 552.2	2 388.4	3 342.6	3 152.4	3 460.8	3 749.1
New Incentive Development	2.8	3.1	3.2	5.3	9.7	10.0	10.5
Business Development and After-Care	6.1	7.7	9.1	8.9	13.2	13.6	14.0
Total	1 434.3	2 563.1	2 400.7	3 356.9	3 175.3	3 484.5	3 773.6
Change to 2009 Budget estimate				(83.1)	306.5	450.5	587.9
Economic classification							
Current payments	41.8	50.7	71.4	121.7	119.8	124.2	132.4
Compensation of employees	32.3	38.9	49.1	90.4	87.4	90.2	96.5
Goods and services	9.5	11.8	22.3	31.3	32.4	33.9	35.9
<i>of which:</i>							
<i>Consultants and professional services:</i>	<i>2.0</i>	<i>1.8</i>	<i>5.1</i>	<i>11.9</i>	<i>12.5</i>	<i>13.0</i>	<i>14.0</i>
<i>Business and advisory services</i>							
<i>Travel and subsistence</i>	<i>3.2</i>	<i>5.0</i>	<i>9.1</i>	<i>13.6</i>	<i>14.0</i>	<i>14.5</i>	<i>15.0</i>
<i>Venues and facilities</i>	<i>0.3</i>	<i>0.8</i>	<i>1.6</i>	<i>1.5</i>	<i>1.6</i>	<i>1.7</i>	<i>1.7</i>
Transfers and subsidies	1 391.9	2 511.8	2 326.7	3 234.1	3 055.5	3 360.3	3 641.2
Provinces and municipalities	58.2	–	–	–	–	–	–
Public corporations and private enterprises	1 333.7	2 511.6	2 326.7	3 234.1	3 055.5	3 360.3	3 641.2
Households	–	0.2	0.0	–	–	–	–
Payments for capital assets	0.6	0.7	0.8	1.0	–	–	–
Machinery and equipment	0.6	0.7	0.8	1.0	–	–	–
Payments for financial assets	–	–	1.8	–	–	–	–
Total	1 434.3	2 563.1	2 400.7	3 356.9	3 175.3	3 484.5	3 773.6
Details of selected transfers and subsidies							
Provinces and municipalities							
Provinces							
Provincial Revenue Funds							
Capital	58.2	–	–	–	–	–	–
Industrial Development Zones Grant	58.2	–	–	–	–	–	–
Public corporations and private enterprises							
Public corporations							
Other transfers							
Capital	379.8	850.8	872.5	1 177.7	475.0	499.7	513.9
Coega Development Corporation	249.8	726.0	718.4	859.9	475.0	499.7	513.9
East London Industrial Development Zone (Pty) Limited	130.0	124.9	154.0	249.4	–	–	–
Richards Bay Industrial Development Zone Company	–	–	–	68.4	–	–	–
Public corporations and private enterprises							
Private enterprises							
Subsidies on production or products							
Current	759.9	1 177.4	1 230.4	1 728.0	2 271.6	2 541.3	2 739.5
Business Process Outsourcing	–	35.6	105.0	130.0	223.1	233.1	224.0
Small and Medium Enterprise Development Programme	676.6	1 040.2	1 014.8	1 348.5	697.2	591.2	594.2
Film and Television Production Incentive	72.4	96.0	105.5	196.9	245.9	270.3	286.6
Sector Development Programme	–	–	–	–	4.8	3.1	3.2
Small and Medium Manufacturing Development Programme	11.0	5.6	4.7	3.4	1.2	1.3	1.3
Staple Food Fortification Programme	–	–	0.5	0.8	0.0	–	–
Industrial Development Zones-Other	–	–	–	4.5	5.6	1.0	1.0
Enterprise Investment Programme	–	–	–	29.0	346.7	524.5	603.9
Automotive Production and Development Programme: Production Allowance	–	–	–	15.0	747.0	916.8	1 025.4

Table 35.15 The Enterprise Organisation (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Details of selected transfers and subsidies							
Public corporations and private enterprises							
Private enterprises							
Other transfers							
Current	105.7	123.2	148.8	222.9	193.2	200.7	206.2
Black Business Supplier Development Programme	25.0	28.5	27.3	73.9	40.6	43.1	44.2
Co-operatives Incentive Scheme	3.8	–	9.3	34.5	41.6	39.4	40.5
Export Market and Investment Assistance	75.7	89.8	112.1	114.4	111.0	118.3	121.5
South African Capital Goods Feasibility Study Fund	1.3	4.9	–	–	–	–	–
Capital	88.2	360.2	75.1	105.6	115.7	118.5	181.7
Critical Infrastructure Programme	88.2	60.2	75.1	105.6	115.7	118.5	181.7
Critical Infrastructure Programme: ALCAN Aluminium Smelter	–	300.0	–	–	–	–	–

Expenditure trends

Between 2006/07 and 2009/10, expenditure grew significantly at an average annual rate of 32.8 per cent, from R1.43 billion to R3.37 billion. Current expenditure increased mainly due to the appointment of additional staff and related expenditure to deal with the implementation and administration of various new incentive schemes over this period, such as: the production allowance for the automotive production and development programme, the enterprise investment programme, the business process outsourcing programme and the film and television production incentive. Capital injections to the industrial development zones between 2006/07 and 2009/10 amounted to R3.3 billion. From 2006/07 to 2009/10, additional allocations were also made to various incentive schemes, such as the business process outsourcing programme, which began in 2007/08, as well as increased spending on the small and medium enterprise development programme and the film and television production incentive from 2007/08 to 2009/10. In 2007/08, R300 million was allocated to the critical infrastructure programme for the Alcan aluminium smelter.

Over the medium term, expenditure is expected to increase marginally to R3.77 billion in 2012/13, at an average annual rate of 4 per cent. A large portion of the increase is for the R2.6 billion transfer payments budgeted for the automotive production and development programme.

In 2009/10, expenditure on transfer payments increased significantly by 39 per cent due to payments to companies assisted through the small and medium enterprise development programme, the critical infrastructure programme, and companies located in the 3 industrial development zones of Coega, East London and Richards Bay. In addition, R1.9 billion was paid to cover incentive schemes and R1.2 billion went to the industrial development zones in 2009/10.

Programme 7: Trade and Investment South Africa

- *Investment Promotion and Facilitation* facilitates the increase in the quality and quantity of foreign and domestic direct investment by providing an investment recruitment, problem solving and information service to retain and expand investment in South Africa and into Africa.
- *Export Development and Promotion* develops new and existing South African exporter capabilities to grow exports. It provides information, financial support and practical assistance to sustain organic growth in traditional markets and penetrates new high growth markets. Provision is made under this subprogramme for the following transfers and subsidies:
 - Export Consultancy Trust Fund: International Bank for Reconstruction and Development (World Bank) to undertake feasibility studies for capital goods and projects initiated by the World Bank. The amounts payable are based on approved projects of the World Bank.

- Export Consultancy Trust Fund: International Finance Corporation to assist South African businesses to do business successfully with the International Finance Corporation as an investment in building a long term sustainable export strategy for South African goods and services. The amounts payable are based on the diligence investigations and pre-feasibility studies.
- Export Credit Insurance Corporation to provide long term insurance and investment guarantees on behalf of government and to facilitate and encourage South African export trade by underwriting bank loans and investments outside the country to enable foreign buyers to purchase capital goods and services from South Africa. Funding is for the interest make-up scheme, which is administered by the Export Credit Insurance Corporation.
- *International Operations* is responsible for the effective management and administration of the department's foreign office network. Funding is provided for the remuneration of trade advisors and the costs of operating foreign trade offices.

Objectives and measures

- Increase exports by fully implementing the department's export strategy by March 2011.
- Promote trade in new or undeveloped markets through expanding trade mission offices by fully implementing the new foreign economic office strategy by March 2013.
- Promote South African products in targeted high growth markets through 6 international trade initiatives and 18 pavilions, and through funding 50 trade missions, among others, through the export council and provincial investment promotion agencies, by March 2011.
- Facilitate markets for Southern African products and services by promoting and implementing 8 export projects in high yield targeted countries by March 2011.
- Provide a support service for investors by establishing a one-stop facilitation centre for investors by July 2010.
- Enhance the promotion of exports and investment in targeted countries by providing a full suite of corporate services on an ongoing basis to the foreign economic offices.

Service delivery focus

In 2008/09, the executive board approved the export strategy that entered the implementation phase in 2009/10. Progress was made in defining new high growth markets that showed resilience amid the global economic downturn. National pavilions were successfully set up in China, India, Russia and the Democratic Republic of the Congo in 2009 and initial steps were taken to engage with the Brazilian market in 2010/11.

The direct support provided to industry through the export marketing and investment assistance scheme grew by 5 per cent in 2009/10 because the fund supported more national pavilions and trade missions than in previous years and the overall budget allocated to these events was higher, with a return on the department's investment at 1:22. In 2009, South African exports increased by 26 per cent to R637 billion, driven by growth in minerals, motor vehicles and components, and machinery and equipment. Imports increased by 22 per cent to R721 billion due to the growth in imports of machinery and equipment, basic chemicals and transport equipment.

Implementation of the investment promotion and facilitation strategy was furthered in 2009 through 6 themes: sectoral analysis and project packaging, investment climate and policy, investment marketing, investor servicing, effective investment incentives and effective institutional arrangements. Activities to attract investment moved from a generic to a more targeted approach, resulting in a R46.5 billion pipeline of investment projects by March 2010. Investors and exporters will in future be serviced through a one stop facilitation centre, including a support centre staffed by people with disabilities. The department currently has a network of 45 foreign economic offices in 38 countries to facilitate business on behalf of South African companies. In 2008/09, the department's executive board approved a new foreign economic office strategy, which will result in the department having a total of 56 offices in 44 countries including Iran, the Democratic Republic of the Congo and Zimbabwe.

The first graduates of the Canadian Trade Facilitation Office, Indian Foreign Training Institute and the Trade and Investment South Africa training exercise graduated in October 2008 and have been posted abroad. In 2009/10, Trade and Investment South Africa promoted awareness of investment opportunities in South Africa by conducting 3 international investment conferences, 95 investment presentations, 3 investment pavilions, 1 local international investment conference, 5 ministerial or presidential missions, 4 technical missions, 20 inbound missions and 12 outbound missions. It also trained 220 new small exporters and reached 2 200 customers by distributing 3 200 publications.

Expenditure estimates

Table 35.16 Trade and Investment South Africa

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Investment Promotion and Facilitation	28.4	24.6	33.7	44.9	42.3	45.5	49.7
Export Development and Promotion	169.1	153.4	172.7	158.7	157.1	163.7	149.9
International Operations	–	106.5	103.9	90.5	92.1	100.3	118.1
Total	197.4	284.5	310.2	294.1	291.4	309.5	317.8
Change to 2009 Budget estimate				11.0	(2.3)	(4.6)	(21.4)

Economic classification

Current payments	125.5	148.9	175.5	159.8	154.9	169.2	171.6
Compensation of employees	71.7	83.0	85.9	86.0	87.2	94.4	98.9
Goods and services	53.8	65.9	89.6	73.8	67.7	74.8	72.8
<i>of which:</i>							
<i>Consultants and professional services:</i>	3.1	–	8.8	1.7	7.5	7.5	4.8
<i>Business and advisory services</i>							
<i>Lease payments</i>	14.5	14.5	11.0	4.4	5.0	6.1	6.4
<i>Travel and subsistence</i>	14.1	17.6	22.3	21.2	15.0	17.5	18.0
<i>Venues and facilities</i>	5.6	13.3	22.2	21.0	21.3	22.0	23.0
Transfers and subsidies	60.8	134.3	133.6	132.9	136.6	140.3	146.2
Departmental agencies and accounts	0.5	–	–	–	–	–	–
Foreign governments and international organisations	4.5	13.7	9.9	10.5	11.1	11.8	12.3
Public corporations and private enterprises	55.9	120.6	123.6	122.4	120.5	121.5	123.8
Non-profit institutions	–	–	–	–	5.0	7.0	10.0
Payments for capital assets	3.0	1.4	1.1	1.4	–	–	–
Machinery and equipment	3.0	1.4	1.1	1.4	–	–	–
Payments for financial assets	8.1	0.0	0.0	–	–	–	–
Total	197.4	284.5	310.2	294.1	291.4	309.5	317.8

Details of selected transfers and subsidies

Public corporations and private enterprises							
Public corporations							
Other transfers							
Current	51.8	120.6	123.6	122.4	120.5	121.5	123.8
Export Credit Insurance Corporation	51.8	120.6	123.6	122.4	120.5	121.5	123.8
Foreign governments and international organisations							
Current	4.5	13.7	9.9	10.5	11.1	11.8	12.3
Export Consultancy Trust Fund: International Bank for Reconstruction and Development (World Bank)	–	9.1	5.0	5.2	5.5	5.9	6.2
Export Consultancy Trust Fund: International Finance Corporation	4.5	4.7	5.0	5.2	5.5	5.9	6.2
Non-profit institutions							
Current	–	–	–	–	5.0	7.0	10.0
Proudly South African Campaign	–	–	–	–	5.0	7.0	10.0

Expenditure trends

Expenditure increased from R197.4 million in 2006/07 to R294.1 million in 2009/10 at an average annual rate of 14.2 per cent. The increase was mainly due to higher expenditure under the Export Credit Insurance Corporation, which increased from R52 million in 2006/07 to R122.4 million in 2009/10, due to increased spending for the provision of export credit and foreign investment insurance cover on behalf of the South African government. The Export Consultancy Trust Fund's expenditure increased from R5 million in 2006/07 to R11 million in 2009/10. Current expenditure also increased from R125.5 million in 2006/07 to R159.8 million in 2009/10 due to the filling of vacant positions over this period.

Over the MTEF period, the budget is expected to grow from R294.1 million to R317.8 million at a slower average annual rate of 2.6 per cent. The budget over the medium term has been reduced by approximately R23 million, R21 million and R32 million to accommodate the reduction in funding granted to the department for this cycle. The decrease from 2009/10 to 2010/11 mainly resulted from anticipated lower spending under current expenditure and the Export Credit Insurance Corporation.

Expenditure in compensation of employees over the MTEF period is R87.2 million, R94.4 million and R98.9 million, increasing at an average annual rate of 6.5 per cent. The reductions in the *Trade and Industry South Africa* programme's budget relate mainly to cutting down on consulting and entertainment for the Export Credit Insurance Corporation of South Africa.

Public entity

Export Credit Insurance Corporation of South Africa

Strategic overview: 2006/07 – 2012/13

The Export Credit Insurance Corporation was established in terms of the Export Credit and Foreign Investments Insurance Act (1957) as amended. It is a self-sustained, national export credit agency.

In line with its legal mandate, the corporation facilitates and encourages South African export trade by underwriting export credit loans and investments outside South Africa to enable South African contractors to win capital goods and services contracts in other countries. The corporation evaluates export credit and foreign investment risks and provides export credit and foreign investment insurance cover on behalf of the South African government. The corporation is responsible for formulating export credit and underwriting policy, evaluating potential export projects, assessing export risks, structuring appropriate securities to mitigate risks, and administering the payment of the interest makeup payable in terms of the South African export credit support agreement.

The corporation's focus over the medium is: to increase credit and investment insurance with a special focus on the African market; to develop new products to facilitate exports of South African goods and services; to manage the existing insurance portfolio efficiently and diversify sectorally and geographically; to prudently administer the interest makeup mechanism; and to ensure that the pricing of the corporation's products adequately reflect the corporations risks and costs. This will all require the development of the corporation's technical skills base, and over the next three years the corporation will be on a high recruitment drive.

Other medium term activities include: developing a minimum capital requirement model together with external actuaries as part of keeping up to date with technological developments in the industry; reviewing and developing its incurred but not reported reserves model; and reviewing its pricing methodology by benchmarking with other export credit agencies.

Savings and cost effective service delivery

The Export Credit Insurance Corporation has introduced stringent cost reduction measures on entertainment and travelling expenses by introducing assessments on travelling needs and also reviewing the business impact resulting from entertainment expenses.

Selected performance indicators

Table 35.17 Export Credit Insurance Corporation of South Africa

Indicator	Programme/Activity	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Value of insurance portfolio growth per year	Growth in value insurance policies underwritten by the corporation	R8.8bn	R11.5bn	R12.7bn	R13bn	R14bn	R14.5bn	R15bn
Value of premium income per year	Value of premium income earned on the projects and policies underwritten	R130.7m	R146.6m	R305.1m	R216.9m	R146.9m	R161.7m	R170.2m
Value of claims paid per year	Value of claims paid on insurance policies	R150m	R39.6m	R45.2m	R331.9m	R35.1m	R38.6m	R40m
Value of underwriting profit per year*	Value of profit excluding investment income	R104.2m	R228.1m	R82.9m	R41m	R105.3m	R118.9m	R124.4m
Percentage solvency margin	Percentage of gross premiums for the year in relation to insurance technical reserves	827%	143%	791%	478%	761%	700%	669%
Value of GDP contribution, South Africa, per year	Impact of projects underwritten on GDP of exporting country (South Africa)	R291m	R328m	R305m	R329m	R361m	R457m	R460m
Value of GDP contribution, host countries, per year	Impact of projects underwritten on GDP of importing country(host country)	R1.1bn	R1.3bn	R1bn	R1.1bn	R1.2bn	R1.3bn	R1.2bn
Number of jobs facilitated in South Africa per year	Jobs facilitated in exporting country resulting from project underwritten	1 478	1 670	1 432	1 541	1 683	1 767	1 770
Number of jobs facilitated in host country per year	Jobs facilitated in exporting country resulting from project underwritten	8 505	9 611	5 278	5 684	6 212	6 523	6 530

* Profit for 2008/09 and 2009/10 decreased substantially due to material claims paid out during the period

Service delivery focus

In 2008/09, the corporation conducted a comprehensive review of insurance policies and conditions which involved major and potential customers. It obtained approval from the insurance regulator for the unearned premium provision methodology. Methodologies for portfolio concentration risk and reserving for annualised premiums were reviewed and approved by the insurance regulator. The corporation actively participated in the Berne Union committee's dealing with investment insurance and medium to long term credit insurance. It also focused on the credit default risk in the wake of the global economic downturn with increased emphasis on credit default management and managed default risk through a process of evaluation, risk pricing, and reserving. It noted that Mozambique, the highest single exposure in the corporation's portfolio, declined by 6.4 per cent from 38.4 per cent at the beginning of 2009 to 32 per cent at the end of the year; and embarked on a continual legal review exercise of the laws in countries where it has incurred or may incur new exposure.

Expenditure estimates

Table 35.18 Export Credit Insurance Corporation of South Africa: Financial information

Statement of financial performance R million	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Revenue							
Non-tax revenue	499.0	688.6	574.2	563.9	391.7	414.3	439.0
Sale of goods and services other than capital assets	130.7	215.6	305.1	274.4	173.8	191.2	210.3
of which:							
Sales by market establishments	130.7	215.6	305.1	274.4	173.8	191.2	210.3
Other non-tax revenue	368.3	473.1	269.1	289.5	217.9	223.1	228.7

Table 35.18 Export Credit Insurance Corporation of South Africa Limited: Financial information (continued)

Statement of financial performance	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
R million							
Transfers received	51.8	120.6	123.6	122.4	120.5	121.5	123.8
Total revenue	550.8	809.2	697.8	686.3	512.2	535.8	562.8
Expenses							
Current expense	378.4	462.2	623.3	646.2	310.4	330.0	352.8
Compensation of employees	14.0	16.6	19.9	18.4	19.5	20.7	21.9
Goods and services	292.4	302.9	574.5	541.2	201.4	215.2	234.3
Depreciation	0.2	0.1	0.1	0.2	0.2	0.2	0.2
Interest, dividends and rent on land	0.0	0.9	0.0	0.3	–	–	–
Total expenses	378.4	462.2	623.3	646.2	310.4	330.0	352.8
Surplus / (Deficit)	172.4	347.0	74.5	40.1	201.8	205.8	210.0
Statement of financial position							
Carrying value of assets	0.2	0.1	0.3	0.5	0.5	0.4	0.4
<i>of which: Acquisition of assets</i>	0.1	0.0	0.3	0.3	0.2	0.1	0.1
Investments	1 579.3	1 545.8	1 604.3	1 783.9	1 863.5	1 905.2	1 946.0
Receivables and prepayments	83.4	237.1	191.6	203.1	215.3	228.2	241.9
Cash and cash equivalents	484.4	956.3	1 283.6	1 104.9	1 290.0	1 441.4	1 640.5
Assets not classified elsewhere	–	–	123.0	77.9	72.9	67.9	62.9
Total assets	2 147.3	2 739.2	3 202.8	3 170.2	3 442.1	3 643.1	3 891.6
Accumulated surplus/deficit	1 081.0	1 428.1	1 767.8	1 828.0	2 039.8	2 263.5	2 493.5
Trade and other payables	155.1	185.0	87.0	34.6	79.9	41.0	41.7
Provisions	911.1	1 126.2	1 348.0	1 307.7	1 322.4	1 338.6	1 356.4
Total equity and liabilities	2 147.3	2 739.2	3 202.8	3 170.2	3 442.1	3 643.1	3 891.6

Expenditure trends

The entity receives premium payments for reinsurance. Government transfers paid to the Export Credit Insurance Corporation of South Africa increased at an average annual rate of 33.2 per cent, from R51.8 million in 2006/07 to R122.4 million in 2009/10 due to an increase in the allocation for the interest makeup scheme. Over the MTEF period, transfers remain stable at around R120 million per year. Transfers over the medium term are expected to be R120.5 million in 2010/11, R121.5 million in 2011/12 and R123.8 million by 2012/13.

Expenditure increased from R378.4 million in 2006/07 to R646.2 million in 2009/10, at an average annual rate of 19.5 per cent. The large increases in 2008/09 and 2009/10 were a result of claims paid out under the scheme. Expenditure is expected to decrease to R352.8 million over the medium term, at an average annual rate of 18.3 per cent. The significant decrease in 2010/11 by 52 per cent, from R646.2 million in 2009/10 to R310.4 million, is a result of a 62.8 per cent decrease in expenditure on goods and services, from R541.2 million to R201.4 million, due to once-off claims paid in 2009/10, which are not expected to recur over the medium term.

Programme 8: Communication and Marketing

- *Brand Management* is responsible for managing the department's image and ensuring that excellent customer service standards are upheld by improving customer touch points and ensuring strong customer relationship management. Funding in this subprogramme will mainly be used for salaries and related goods and services.
- *External Communications* is responsible for consumer awareness and educational campaigns to ensure a meaningful understanding of the department's offerings. Funding in this subprogramme will mainly be used for marketing costs of these outreach campaigns.

- *Media Relations and Public Relations* ensures that the department's image is visible by improving media relations management and public relations activities. Funding in this subprogramme will mainly be used for expenses related to media briefings, print and electronic publications.

Objectives and measures

- Promote awareness of the department's impact on growth and development by increasing awareness campaigns on the department's programmes from 2 campaigns per quarter in 2009 to 3 per quarter in 2011.
- Minimise negative press coverage of the department and assess performance against benchmarks on a quarterly basis.
- Improve communication about the department's role, products and services by:
 - increasing the frequency of media updates from biweekly to daily by July 2010
 - reaching at least 95 per cent of economic citizens through external events by March 2011
 - increasing the number of media briefings from 2 per quarter to 4 per quarter by March 2011.

Service delivery focus

In the first half of 2009/10, the division managed and supported 63 internal events and exhibitions and approximately 105 print copies of publications including brochures, booklets, leaflets and reports were produced and distributed. Media outputs comprised 58 media enquiries, 112 interviews, 61 media releases, 15 media advisories and 179 items that were covered in the media. An average of 60 000 contacts with economic citizens were handled monthly with economic citizens in the form of telephone calls, emails and faxes, and the department's website received 213 244 hits. Turnaround times in responding to media enquiries were reduced from over a week to a maximum of 2 days as a result of more active participation in engaging with media. Improved levels in the quality of publications both in content and design were achieved. In 2009, the customer contact centre achieved improved service levels and upgraded its systems, and a departmental public liaison officer was appointed.

Expenditure estimates

Table 35.19 Communication and Marketing

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Brand Management	8.0	17.3	30.6	26.2	41.3	40.7	43.0
External Communications	12.0	14.0	22.9	30.1	30.9	21.1	22.2
Media Relations and Public Relations	45.9	30.2	22.6	13.9	10.1	18.1	19.0
Total	65.8	61.5	76.1	70.1	82.2	79.9	84.2
Change to 2009 Budget estimate				4.4	7.4	0.8	1.2

Economic classification

Current payments	49.0	34.1	72.5	63.4	81.7	79.3	83.6
Compensation of employees	11.5	13.6	16.6	19.0	23.6	25.1	26.8
Goods and services	37.5	20.5	55.9	44.4	58.1	54.2	56.8
<i>of which:</i>							
<i>Consultants and professional services:</i>							
<i>Business and advisory services</i>	20.3	0.5	6.1	4.5	9.0	7.0	6.5
<i>Travel and subsistence</i>	1.2	1.6	2.6	3.9	3.0	3.5	4.0
<i>Venues and facilities</i>	1.9	4.9	14.2	4.6	5.0	5.5	6.0
Transfers and subsidies	10.0	0.1	0.0	-	-	-	-
Non-profit institutions	10.0	-	-	-	-	-	-
Households	-	0.1	0.0	-	-	-	-
Payments for capital assets	6.8	1.5	3.6	6.7	0.5	0.6	0.6
Machinery and equipment	6.8	1.5	3.6	6.6	0.4	0.4	0.5
Software and other intangible assets	-	-	-	0.1	0.1	0.1	0.1

Table 35.19 Communication and Marketing (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Payments for financial assets	-	25.9	-	-	-	-	-
Total	65.8	61.5	76.1	70.1	82.2	79.9	84.2

Details of selected transfers and subsidies

Non-profit institutions							
Current	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Proudly South African Campaign	10.0	-	-	-	-	-	-

Expenditure trends

Expenditure in this programme increased from R65.8 million in 2006/07 to an expected R84.2 million in 2012/13 at an average annual rate of 4.2 per cent. Expenditure is expected to rise from R70.1 million in 2009/10 to R84.2 million in 2012/13 at an average annual increase of 6.3 per cent. The increase is mainly in expenditure in compensation of employees, which increases from R23.6 million in 2010/11 to R26.8 million in 2012/13, an average annual rate of 6.6 per cent, which mainly resulted from adjustments for inflation. Over the medium term, the increased costs of marketing and print and electronic publications will push spending up further.

Between 2006/07 and 2009/10, expenditure increased from R65.8 million to R70.1 million, at an average annual rate of 2.1 per cent. This increase is due to the escalation of the costs of advertising, printing and publications.

Additional tables

Table 35.A Summary of expenditure trends and estimates per programme and economic classification

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R million	2008/09		2008/09	2009/10			2009/10
1. Administration	398.1	395.2	345.5	420.9	47.3	468.1	415.6
2. International Trade and Economic Development	90.3	92.9	108.6	112.7	17.8	130.4	125.6
3. Empowerment and Enterprise Development	1 062.9	1 069.5	1 091.1	1 157.0	16.8	1 173.9	1 157.1
4. Industrial Development	376.7	443.6	392.7	414.6	12.3	426.9	410.3
5. Consumer and Corporate Regulation	130.7	119.3	111.6	157.8	7.7	165.5	148.6
6. The Enterprise Organisation	2 402.3	2 416.6	2 400.7	3 440.0	(83.1)	3 356.9	3 382.9
7. Trade and Investment South Africa	297.4	297.8	310.2	283.1	11.0	294.1	295.9
8. Communication and Marketing	73.8	71.7	76.1	65.7	4.4	70.1	52.8
Total	4 832.2	4 906.5	4 836.6	6 051.7	34.2	6 085.9	5 988.8

Economic classification

	984.3	969.8	908.1	979.8	152.4	1 132.1	1 006.4
Current payments							
Compensation of employees	375.4	412.0	383.1	450.5	62.5	513.0	469.0
Goods and services	608.9	557.8	525.0	529.3	89.8	619.1	537.4
Transfers and subsidies	3 832.7	3 904.4	3 903.5	5 037.4	(120.6)	4 916.8	4 950.4
Departmental agencies and accounts	1 043.8	1 108.7	1 117.2	1 178.6	18.7	1 197.3	1 187.4
Universities and technikons	–	10.5	10.5	–	3.0	3.0	3.0
Foreign governments and international organisations	23.2	28.8	34.2	37.6	(3.6)	34.0	28.8
Public corporations and private enterprises	2 762.0	2 745.3	2 730.4	3 817.1	(145.2)	3 671.9	3 720.7
Non-profit institutions	2.5	6.1	6.1	2.6	5.0	7.6	7.6
Households	1.2	5.1	5.2	1.4	1.5	2.9	2.9
Payments for capital assets	15.2	32.3	21.1	34.5	2.4	37.0	32.0
Machinery and equipment	13.2	26.1	14.8	33.9	(1.4)	32.5	27.5
Software and other intangible assets	2.0	6.2	6.2	0.7	3.9	4.5	4.5
Payments for financial assets	–	–	3.9	–	–	–	–
Total	4 832.2	4 906.5	4 836.6	6 051.7	34.2	6 085.9	5 988.8

Table 35.B Detail of approved establishment and personnel numbers according to salary level ¹

Department	Personnel post status as at 30 September 2009			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid year ²	Medium-term estimate		
				2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
Department	1 253	1 357	112	853	891	1 007	1 140	1 197	1 257	1 320
Salary level 1 – 6	161	218	63	106	105	168	207	216	227	240
Salary level 7 – 10	547	593	46	386	402	439	495	520	543	572
Salary level 11 – 12	330	333	3	202	217	227	271	288	303	317
Salary level 13 – 16	215	213	–	159	167	173	167	173	184	191
Administration	346	370	25	255	252	297	321	341	357	375
Salary level 1 – 6	79	99	21	70	69	92	95	100	104	110
Salary level 7 – 10	138	142	4	95	97	107	117	123	128	135
Salary level 11 – 12	85	85	–	55	53	64	76	84	88	92
Salary level 13 – 16	44	44	–	35	33	34	33	34	37	38

Table 35.B Detail of approved establishment and personnel numbers according to salary level ¹ (continued)

	Personnel post status as at 30 September 2009			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid year ²	Medium-term estimate		
				2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
International Trade and Economic Development	160	160	2	85	102	105	111	116	122	127
Salary level 1 – 6	2	4	2	1	1	1	3	3	3	3
Salary level 7 – 10	76	76	–	33	37	37	51	54	56	59
Salary level 11 – 12	46	46	–	25	35	36	28	29	31	32
Salary level 13 – 16	36	34	–	26	29	31	29	30	32	33
Empowerment and Enterprise Development	99	102	3	63	70	73	86	91	94	100
Salary level 1 – 6	1	4	3	2	2	2	4	4	4	4
Salary level 7 – 10	41	41	–	31	34	36	34	36	37	40
Salary level 11 – 12	28	28	–	11	13	13	22	24	24	26
Salary level 13 – 16	29	29	–	19	21	22	26	27	29	30
Industrial Development	137	147	10	89	100	109	107	112	118	123
Salary level 1 – 6	1	11	10	3	3	4	11	12	12	13
Salary level 7 – 10	54	54	–	40	46	49	39	41	43	45
Salary level 11 – 12	40	40	–	22	24	27	29	30	32	33
Salary level 13 – 16	42	42	–	24	27	29	28	29	31	32
Consumer and Corporate Regulation	111	111	4	98	89	90	96	101	103	110
Salary level 1 – 6	1	1	4	3	3	4	5	5	5	6
Salary level 7 – 10	55	55	–	48	40	40	47	50	51	54
Salary level 11 – 12	29	29	–	30	29	29	27	28	29	31
Salary level 13 – 16	26	26	–	17	17	17	17	18	18	19
The Enterprise Organisation	173	222	50	126	138	159	214	224	235	247
Salary level 1 – 6	17	23	7	5	5	5	22	22	24	25
Salary level 7 – 10	97	137	40	82	91	108	133	140	146	154
Salary level 11 – 12	41	44	3	20	22	24	41	43	45	47
Salary level 13 – 16	18	18	–	19	20	22	18	19	20	21
Trade and Investment South Africa	130	148	18	101	104	94	126	131	141	147
Salary level 1 – 6	16	32	16	7	7	6	27	28	31	32
Salary level 7 – 10	50	52	2	41	41	41	47	49	52	55
Salary level 11 – 12	50	50	–	36	38	31	41	43	46	48
Salary level 13 – 16	14	14	–	17	18	16	11	11	12	12
Communication and Marketing	97	97	–	36	36	80	79	81	87	91
Salary level 1 – 6	44	44	–	15	15	54	40	42	44	47
Salary level 7 – 10	36	36	–	16	16	21	27	27	30	30
Salary level 11 – 12	11	11	–	3	3	3	7	7	8	8
Salary level 13 – 16	6	6	–	2	2	2	5	5	5	6

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

2. As at 30 September 2009.

Table 35.C Summary of expenditure on training

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Compensation of employees (R million)	283.6	327.5	383.1	525.7	557.8	590.4	628.5
Training expenditure (R million)	3.2	1.0	2.5	9.3	11.0	11.5	12.0
Training as percentage of compensation	1.1%	0.3%	0.7%	1.8%	2.0%	1.9%	1.9%
Total number trained in department (head count)	450	545	–	1 627			
<i>of which:</i>							
<i>Employees receiving bursaries (head count)</i>	74	105	–	150			
<i>Learnerships trained (head count)</i>	15	20	–	10			
<i>Internships trained (head count)</i>	–	–	–	34			
Households receiving bursaries (R million)	0.3	0.8	1.2	1.4	1.5	1.6	1.6
Households receiving bursaries (head count)	5	13	–	42			

Table 35.D Summary of departmental public private partnership (PPP) projects

Project description: Department of Trade and Industry campus project	Project annual unitary fee at time of contract	Budgeted expenditure	Medium-term expenditure estimate		
		2009/10	2010/11	2011/12	2012/13
R million					
Projects signed in terms of Treasury Regulation 16	99.5	152.9	167.2	159.7	168.9
PPP unitary charge	99.5	148.2	157.8	151.6	161.0
Advisory fees	–	4.5	9.2	7.6	7.5
Project monitoring cost	–	0.2	0.3	0.5	0.5
Total	99.5	152.9	167.2	159.7	168.9

Disclosure notes for projects signed in terms of Treasury Regulation 16

Project name	Department of Trade and Industry(DTI) Public Private Partnership(PPP) campus
Brief description	Department of Trade and Industry Public Private Partnership campus Meintjie Street, Pretoria. Design, Construct and Facility Management Services over period of 25 years
Date PPP agreement was signed	8/1/2003
Duration of PPP agreement	25 years
Escalation index for unitary fee	CPIX linked - July every year on anniversary
Variations / amendments to PPP agreement	Variation orders as per allowed schedules - but no formal amendment to date was signed on the Public Private Partnership Agreement
Cost implications of variations/amendments	Costed per each variation order. Strategic Space strategy will inform over the medium term the quantum of variation orders to be executed.
Significant contingent fiscal obligations including termination payments, guarantees, warranties and indemnities and maximum estimated value of such liabilities	The outstanding debt amount as per financial model

Table 35.E Summary of expenditure on infrastructure

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2006/07	2007/08	2008/09		2010/11	2011/12	2012/13
R million										
Infrastructure transfers to other spheres, agencies and departments										
Critical Infrastructure Programme	New economic infrastructure	Various	1 819.7	88.2	60.2	75.1	105.6	115.7	118.5	181.7
Coega Development Corporation	New foreign investors each year	Various	9 502.5	249.8	726.0	718.4	859.9	475.0	499.7	513.9
East London Industrial Development Zone (Pty) Limited	New foreign investors each year	Various	1 916.2	130.0	124.9	154.0	249.4	-	-	-
Richards Bay Industrial Development Zone Company	New foreign investors each year	Various	721.7	-	-	-	68.4	-	-	-
Centurion aerospace village	Establishment of aero-mechanical manufacturing abilities. Establishment of an aerospace supplier park.	Construction	260.0	-	-	20.0	-	5.0	10.0	15.0
South African Bureau of Standards plant infrastructure	Renovation of South African Bureau of Standards building	Construction	315.4	-	-	-	-	174.2	93.2	48.0
Maintenance										
Infrastructure transfers	Construction and refurbishment of laboratory buildings and plant room	Construction	318.0	-	-	-	-	-	-	-
Total			14 853.5	468.0	911.0	967.5	1 283.3	769.9	721.4	758.6

Vote 36

Transport

Budget summary

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

Executive authority Minister of Transport
Accounting officer Director-General of Transport
Website address www.transport.gov.za

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

Aim

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

Programme purposes

Programme 1: Administration

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

Programme 2: Transport Policy and Economic Regulation

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

Programme 3: Transport Regulation and Accident and Incident Investigation

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

Programme 4: Integrated Planning and Intersphere Coordination

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

Programme 5: Transport Logistics and Corridor Development

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

Programme 6: Public Transport

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

Programme 7: Public Entity Oversight and Border Operations and Control

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

Strategic overview: 2006/07 – 2012/13

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

Key policy developments

Land transport legislation

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

Passenger rail system

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

Road traffic management and regulation

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

Civil aviation

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

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

Road Accident Fund

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

Savings and cost effective service delivery

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

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

Selected performance indicators

Table 36.1 Transport

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

Expenditure estimates

Table 36.2 Transport

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

Expenditure trends

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

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

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

Additional allocations over the medium term include:

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

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

Infrastructure spending

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

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

Rea Vaya bus rapid transit in Johannesburg

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

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

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

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

Departmental receipts

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

Table 36.3 Departmental receipts

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

Programme 1: Administration

Table 36.4 Administration

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

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

Economic classification

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

Details of selected transfers and subsidies

Universities and technikons							
Current	10.1	9.2	7.8	8.2	8.7	9.2	9.6
Universities of Pretoria, KwaZulu-Natal and Stellenbosch	10.1	9.2	7.8	8.2	8.7	9.2	9.6

Expenditure trends

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

Over the MTEF period, the programme's expenditure is expected to decline marginally, at an average annual rate of 1.8 per cent, partly due to the strong decrease of 10.5 per cent in expenditure on goods and services. The decline is the result of cuts in the programme budget for items such travelling and advertisements, and a

reduction in contractor expenditure expenses. Expenditure in the *Management* subprogramme is expected to decrease in 2010/11 due to savings in communication expenditure, mainly for the October Transport Month.

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

Programme 2: Transport Policy and Economic Regulation

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

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

Objectives and measures

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

Service delivery focus

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

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

Expenditure estimates

Table 36.5 Transport Policy and Economic Regulation

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

Economic classification

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

Expenditure trends

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

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

Programme 3: Transport Regulation and Accident and Incident Investigation

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

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

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

Objectives and measures

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

Service delivery focus

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

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

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

Expenditure estimates

Table 36.6 Transport Regulation and Accident and Incident Investigation

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

Expenditure trends

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

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

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

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

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

Programme 4: Integrated Planning and Intersphere Coordination

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

Objectives and measures

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

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

Service delivery focus

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

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

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

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

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

Expenditure estimates

Table 36.7 Integrated Planning and Intersphere Coordination

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

Table 36.7 Integrated Planning and Intersphere Coordination (continued)

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

Expenditure trends

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

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

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

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

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

Public entity

South African National Roads Agency

Strategic overview: 2006/07 – 2012/13

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

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

Savings and cost effective service delivery

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

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

Selected performance indicators

Table 36.8 South African National Roads Agency

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

Service delivery focus

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

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

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

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

Expenditure estimates

Table 36.9 South African National Roads Agency: Programme information

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

Table 36.10 South African National Roads Agency: Financial information

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

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

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

Expenditure trends

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

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

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

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

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

Programme 5: Transport Logistics and Corridor Development

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

Objectives and measures

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

Service delivery focus

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

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

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

Expenditure estimates

Table 36.11 Transport Logistics and Corridor Development

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

Expenditure trends

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

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

Programme 6: Public Transport

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

Objectives and measures

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

Service delivery focus

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

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

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

Expenditure estimates

Table 36.12 Public Transport

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Public Transport Strategy and Monitoring	4.7	2.8	4.2	22.8	10.0	7.8	8.2
Public Transport Management	9 505.1	9 831.4	12 535.4	13 540.2	12 580.8	13 302.1	13 963.7
Taxi Recapitalisation Project Office	231.8	679.8	575.7	754.9	626.8	606.6	636.7
Public Transport Business Development	–	0.4	1.9	1.9	2.4	2.6	2.7
Administration Support	3.6	2.2	3.0	6.0	5.9	6.2	6.5
Public Transport Infrastructure and Systems	699.3	1 795.7	3 059.6	3 126.7	4 203.7	4 429.5	4 129.7
Total	10 444.5	12 312.3	16 179.8	17 452.4	17 429.6	18 354.7	18 747.5
Change to 2009 Budget estimate				144.0	(317.0)	(627.2)	–

Economic classification

Current payments	153.4	135.2	162.0	191.8	151.0	155.4	163.0
Compensation of employees	8.6	11.6	18.0	21.7	26.3	27.8	29.2
Goods and services	144.7	123.6	144.0	170.1	124.6	127.6	133.7
<i>of which:</i>							
<i>Consultants and professional services:</i>	134.0	119.7	139.7	164.4	118.7	121.4	127.2
<i>Business and advisory services</i>							
<i>Travel and subsistence</i>	1.0	1.2	1.5	1.7	1.8	1.9	2.0
Transfers and subsidies	10 291.0	12 175.0	16 017.5	17 260.5	17 278.5	18 199.2	18 584.4
Provinces and municipalities	3 759.0	4 203.4	6 185.8	8 926.8	8 000.9	8 583.5	8 485.9
Departmental agencies and accounts	1.0	130.0	100.0	206.6	–	–	–
Public corporations and private enterprises	6 420.2	7 267.2	9 258.2	7 482.4	8 765.2	9 128.5	9 587.0
Non-profit institutions	11.2	2.9	13.0	14.0	14.8	15.7	16.5
Households	99.5	571.6	460.5	630.8	497.6	471.5	495.0
Payments for capital assets	0.2	0.2	0.3	0.1	0.1	0.1	0.2
Machinery and equipment	0.2	0.2	0.3	0.1	0.1	0.1	0.2
Payments for financial assets	–	1.9	–	–	–	–	–
Total	10 444.5	12 312.3	16 179.8	17 452.4	17 429.6	18 354.7	18 747.5

Details of selected transfers and subsidies

Provinces and municipalities							
Provinces							
Provincial Revenue Funds							
Current	–	–	–	3 531.9	3 863.0	4 153.2	4 360.9
Public Transport Operations Grant	–	–	–	3 531.9	3 863.0	4 153.2	4 360.9
Capital	3 241.0	3 029.4	3 266.0	2 976.7	438.4	5.3	–
Gautrain Rapid Rail Link	3 241.0	3 029.4	3 266.0	2 976.7	438.4	5.3	–
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Capital	518.0	1 174.0	2 919.8	2 418.2	3 699.5	4 425.0	4 125.0
Public Transport Infrastructure and Systems Grant	518.0	1 174.0	2 919.8	2 418.2	3 699.5	4 425.0	4 125.0

Table 36.12 Public Transport (continued)

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

Expenditure trends

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

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

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

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

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

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

The budget provides additional allocations for:

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

Public entity

Passenger Rail Agency of South Africa

Strategic overview: 2006/07 – 2012/13

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

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

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

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

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

Savings and cost effective service delivery

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

Selected performance indicators

Table 36.13 Passenger Rail Agency of South Africa

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

Service delivery focus

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

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

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

Expenditure estimates

Table 36.14 Passenger Rail Agency of South Africa: Programme information

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

Table 36.15 Passenger Rail Agency of South Africa: Financial information

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

Expenditure trends

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

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

of employees expenditure rose significantly, due to the transfer of additional staff from Transnet for Shosholozza Meyl and Autopax operations.

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

Programme 7: Public Entity Oversight and Border Operations and Control

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

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

Objectives and measures

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

Service delivery focus

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

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

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

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

Expenditure estimates

Table 36.16 Public Entity Oversight and Border Operations and Control

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Public Entity Oversight	130.8	165.1	2 660.6	177.0	144.4	144.9	153.0
Border Operations and Control	–	–	0.2	2.2	1.3	1.3	1.4
Administration	0.2	0.8	2.5	3.2	3.6	3.8	4.0
Economic Regulation	–	0.6	–	–	–	–	–
Total	131.1	166.4	2 663.2	182.4	149.3	150.1	158.4
Change to 2009 Budget estimate				4.7	60.6	57.1	(9.2)

Economic classification

Current payments	4.1	4.3	13.9	27.9	13.4	14.2	14.9
Compensation of employees	2.1	3.5	5.6	8.0	8.6	9.1	9.6
Goods and services	2.0	0.8	8.3	19.9	4.8	5.1	5.3
<i>of which:</i>							
<i>Consultants and professional services: Business and advisory services</i>	1.2	0.0	2.2	17.1	1.9	2.0	2.1
<i>Travel and subsistence</i>	0.1	0.2	0.4	0.8	0.9	0.9	1.0
Transfers and subsidies	126.8	162.0	2 649.1	154.3	135.7	135.7	143.3
Departmental agencies and accounts	126.8	162.0	2 649.1	154.3	135.7	135.7	143.3
Payments for capital assets	0.2	0.1	0.2	0.2	0.2	0.2	0.2
Machinery and equipment	0.2	0.1	0.2	0.2	0.2	0.2	0.2
Total	131.1	166.4	2 663.2	182.4	149.3	150.1	158.4

Details of selected transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	126.8	162.0	149.1	154.3	135.7	135.7	143.3
Railway Safety Regulator	21.2	27.3	33.4	37.3	35.6	37.5	39.3
Road Traffic Management Corporation	90.5	93.0	89.6	83.6	73.6	78.9	83.6
South African Maritime Safety Authority	7.7	12.9	8.5	12.1	9.4	10.0	10.5
South African Civil Aviation Authority	7.4	28.9	7.5	7.8	8.2	–	–
Ports Regulator	–	–	10.2	13.6	8.8	9.4	9.8

Expenditure trends

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

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

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

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

Public entities

Air Traffic and Navigation Services Company

Strategic overview: 2006/07 – 2012/13

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

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

Savings and cost effective service delivery

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

Selected performance indicators

Table 36.17 Air Traffic and Navigation Services Company

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

Service delivery focus

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

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

Expenditure estimates

Table 36.18 Air Traffic and Navigation Services Company: Financial information

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

Expenditure trends

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

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

Travel costs are expected to rise at an average annual rate of 9.4 per cent over the medium term, as new candidate air traffic controllers are trained and equipped on different systems countrywide. Additional travel costs will also be incurred in the drive to recruit controllers externally. Further, repairs and maintenance

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

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

Airports Company of South Africa

Strategic overview: 2006/07 – 2012/13

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

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

Selected performance indicators

Table 36.19 Airports Company of South Africa

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

Service delivery focus

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

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

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

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

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

Expenditure estimates

Table 36.20 Airports Company of South Africa Limited: Financial information

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

Expenditure trends

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

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

Expenditure increased from R2.1 billion in 2006/07 to R4.3 billion in 2009/10, at an average annual rate of 26.7 per cent. Over the medium term, expenditure is expected to increase to R5.9 billion in 2012/13, at an average annual rate of 10.7 per cent. The substantial growth in the earlier period is due to interest, dividends and

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

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

Road Accident Fund

Strategic overview: 2006/07 – 2012/13

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

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

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

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

Savings and cost effective service delivery

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

Selected performance indicators

Table 36.21 Road Accident Fund

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

* Ratio changed in 2008/09

Service delivery focus

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

Expenditure estimates

Table 36.22 Road Accident Fund: Programme information

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

Table 36.23 Road Accident Fund: Financial information

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

Table 36.23 Road Accident Fund: Financial information (continued)

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

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

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

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

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

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

Additional tables

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

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R million	2008/09		2008/09	2009/10			2009/10
1. Administration	170.5	245.2	235.9	231.0	8.7	239.8	239.8
2. Transport Policy and Economic Regulation	37.7	47.2	32.6	51.6	2.9	54.5	32.7
3. Transport Regulation and Accident and Incident Investigation	255.9	432.6	466.7	195.6	200.1	395.7	395.7
4. Integrated Planning and Inter-sphere Coordination	7 769.5	8 767.0	8 297.7	5 738.8	145.7	5 884.5	5 884.5
5. Transport Logistics and Corridor Development	22.2	35.1	22.2	31.8	(2.5)	29.3	13.2
6. Public Transport	12 073.5	12 277.2	13 120.2	17 308.3	144.0	17 452.4	17 452.4
7. Public Entity Oversight and Border Operations and Control	179.3	2 688.6	2 663.2	177.7	4.7	182.4	145.9
Total	20 508.5	24 492.8	24 838.6	23 734.8	503.7	24 238.5	24 164.1

Economic classification

	790.7	1 044.4	989.6	794.4	226.4	1 020.8	946.4
Current payments							
Compensation of employees	196.2	230.2	182.6	212.8	8.2	221.0	221.0
Goods and services	594.5	814.2	807.0	581.6	218.2	799.8	725.4
Transfers and subsidies	19 675.5	23 445.0	23 829.3	22 936.8	277.2	23 214.0	23 214.0
Provinces and municipalities	6 436.0	7 519.2	7 269.0	8 837.0	260.9	9 097.9	9 097.9
Departmental agencies and accounts	4 342.8	6 828.5	6 814.1	5 958.1	16.3	5 974.4	5 974.4
Universities and technikons	7.8	7.8	7.8	8.2	–	8.2	8.2
Foreign governments and international organisations	4.9	4.9	4.9	5.1	–	5.1	5.1
Public corporations and private enterprises	8 410.9	8 611.4	9 258.2	7 482.4	–	7 482.4	7 482.4
Non-profit institutions	14.1	14.1	14.1	15.1	–	15.1	15.1
Households	459.1	459.1	461.2	630.9	–	630.9	630.9
Payments for capital assets	42.3	3.5	5.7	3.7	0.1	3.8	3.8
Buildings and other fixed structures	38.8	–	–	–	–	–	–
Machinery and equipment	3.5	3.5	5.7	3.7	0.1	3.8	3.8
Payments for financial assets	–	–	14.1	–	–	–	–
Total	20 508.5	24 492.8	24 838.6	23 734.8	503.7	24 238.5	24 164.1

Table 36.B Detail of approved establishment and personnel numbers according to salary level¹

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

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

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

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

2. As at 30 September 2009.

Table 36.C Summary of expenditure on training

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

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

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

Disclosure notes for projects signed in terms of Treasury Regulation 16

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

Table 36.E Summary of expenditure on infrastructure

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

Vote 37

Water Affairs

Budget summary

R million	2010/11				2011/12	2012/13
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	884.2	833.6	11.7	38.9	902.1	947.8
Water Management	364.7	355.8	0.8	8.2	386.6	405.9
National Water Resources Infrastructure Programme	2 241.4	–	2 241.4	–	2 520.2	2 740.0
Regional Management	4 329.0	2 303.9	948.5	1 076.6	5 077.3	5 320.5
Water Sector Regulation	177.2	139.5	36.1	1.6	204.0	214.1
Total expenditure estimates	7 996.6	3 632.8	3 238.5	1 125.3	9 090.2	9 628.2
Executive authority	Minister of Water and Environmental Affairs					
Accounting officer	Director-General of Water Affairs					
Website address	www.dwa.gov.za					

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

Aim

The aim of the Department of Water Affairs is to ensure the availability and supply of water at national level, facilitate equitable and sustainable social and economic development, and ensure the universal and efficient supply of water services at local level.

Programme purposes

Programme 1: Administration

Purpose: Policy leadership, advice and core support services, including finance, human resources, legal, information and management services, communication and corporate planning.

Programme 2: Water Management

Purpose: Ensure that the country's water resources are used, developed, conserved and managed in a sustainable and equitable manner for the benefit of all people.

Programme 3: National Water Resources Infrastructure Programme

Purpose: Ensure a reliable supply of water, with accessible risk, from bulk raw water resources infrastructure to meet sustainable demand for South Africa. Solicit and source funding to construct, operate and maintain bulk raw water resources infrastructure in an efficient and effective manner by strategically managing risks and assets.

Programme 4: Regional Management

Purpose: Coordinate effective implementation of the department's strategic goals and objectives at the regional level, including the establishment of water resource management institutions. Facilitate water conservation and demand management. Accelerate communities' access to water infrastructure.

Programme 5: Water Sector Regulation

Purpose: Ensure that the country's drinking water is safe, accessible and affordable and that the water resources are protected and allocated in a sustainable and equitable manner for the benefit of all people and future generations.

Strategic overview: 2006/07 – 2012/13

In 2009/10, the Department of Water Affairs was restructured to focus its attention on its core functions of: policy formulation, water resource management, infrastructure development, capacity building, intergovernmental and intra-sectoral coordination, and water regulation. As a result of the restructuring, the forestry function was moved to the Department of Agriculture, Forestry and Fisheries, while the sanitation function was moved to the Department of Human Settlements.

Significant achievements

A number of achievements are worth noting for 2009/10.

As part of its efforts to ensure sustainable and equitable water resource management, the department published the water for growth and development framework and consulted broadly with various stakeholders. This policy provides the overarching framework that guides the main actions and decisions by key role players in the sector to ensure that as a resource, water contributes to economic growth and social development.

Regulating the quality of water

While substantial progress has been made in redressing the backlog in the provision of water and sanitation services, greater focus is now being placed on regulating the quality of water. Providing all South Africans with access to safe and clean drinking water is a constitutional obligation and helps to ensure that communities remain healthy. The department has introduced and implemented a programme called the drinking water assessment, which is aimed at assessing the quality of water within various municipalities and which is in line with international best practice. As at December 2009, blue drop status certificates had been awarded to 23 water supply systems managed by water services authorities. This award of excellence indicates that these institutions comply with the South African national drinking water standards, as well as with all other legal requirements and best practice requirements. The nine 2010 FIFA World Cup host cities fall under this group of municipalities. Similarly, over the same period, 32 waste water treatment works had achieved green drop status by complying with all regulatory and best practices requirements.

Contributing to poverty alleviation

In contributing to poverty alleviation, the department implemented various programmes such as the Water for Water and Working on Fire programmes, which resulted in the creation of job opportunities as part of the government's expanded public works programme. The department supplies rainwater tanks to rural schools, which aims to promote food security by assisting with the establishment of food gardens and the acquisition of basic agricultural skills. Support in the form basic water infrastructure was also given to 1200 resource poor farmers. During 2009/10, a total of 1019 schools were provided with water and sanitation.

Strengthening intergovernmental relations

The Water for Growth and Development framework has been rolled out to 7 provinces and provincial action plans were developed. These plans will inform the implementation of recommendations contained in the framework, with a particular emphasis on promoting integrating planning and improving coordination within the water sector.

Priorities over the medium term

The department has re-examined its position and identified the following strategic priorities for the medium term. The priorities are directly aligned with the priorities set out in government's medium term strategic framework.

Contributing to economic growth and social development

Over the long term, the department plans to develop, maintain and rehabilitate water infrastructure to meet a basic social need and ensure economic growth. However, significant challenges remain in addressing the maintenance, rehabilitation and refurbishment backlogs that impact on the operational efficiency of national water resource infrastructure. In response to these problems, the department started a dam safety rehabilitation programme in 2005 to rehabilitate and refurbish 25 dams throughout the country. A similar programme has been started to rehabilitate the water conveyance infrastructure.

Implementing the appropriate pricing structures for bulk raw water supply will ensure that water resources are used and managed in a sustainable and effective manner. Under the current pricing strategy, annual water tariffs increases are capped and exclude certain categories of users from paying cost-recovering tariffs. A revision of the current water pricing strategy is underway and aims to ensure that tariffs are reflective of the costs of maintaining, rehabilitating and refurbishing water resource infrastructure.

Greater emphasis will be placed on eradicating the licence backlogs to ensure that water is equitably distributed and managed effectively. In particular, the department will fast track the approval of licence applications in the forestry, mining and agricultural sectors to promote economic growth within these priority areas.

Ensuring sustainable and equitable water resource management

Over the medium term, the department will focus on examining future water needs by: developing water reconciliation strategies; collecting and analysing information on water resources; and improving water use efficiency through the implementation of water conservation and demand management initiatives, particularly in the Vaal, Umgeni, Algoa Bay in the Nelson Mandela Bay Metro, and Berg River systems. The department will prioritise the development of tools and measures to curb inefficient water use.

Promoting rural development

The Working for Water programme works in partnership with local communities to ensure the integrity of South Africa's natural resources by eliminating invasive plants, protecting against fires and restoring woodlands. The programme also provides job opportunities for communities in rural areas. Over the medium term, the department will cooperate with the departments of environmental affairs, agriculture, forestry and fisheries, and public works, relevant provincial departments as well as environment and research foundations and private companies to extract the maximum benefit from the Working for Water, Working for Fire, and rain harvesting programmes. The construction of bulk raw water projects will continue to form a key tool for promoting rural development.

Promoting water security in the rest of Africa

Strengthening regional water institutions through strategic engagement within the Southern African Development Community (SADC) and Africa, and by chairing events such as the African Ministers Council on Water will remain a priority for the department. In mitigating the adverse effects of climate change, the department will lead and participate in initiatives to promote water security in Africa.

Supporting local government

In supporting the implementation of the local government turnaround strategy, the department will strengthen intergovernmental relations within the water sector, position water as a central component of local economic development, build consensus around rapid response strategies, facilitate the implementation of skills development measures and harmonise local government and water sector legislation.

Improving the department's capacity to deliver quality services

The department will continue with the improvement of its financial management capacity to ensure that it maintains the unqualified audits from the auditor-general. The management of organisational performance will

be improved through the development of an automated monitoring and evaluation system to ensure the credibility of information provided to various authorities. The development of specific scarce skills is also critical for addressing the gaps that currently exist and plans will be implemented to improve systems and create a culture of high performance within the department. To ensure that the oversight function is performed effectively throughout the public entities reporting to the department, a governance and compliance framework will be implemented. The department also aims to build the internal capacity required to regulate the technical, economic, environmental and social aspects involved in providing water services.

Savings and cost effective service delivery

Over the MTEF period, the department's baseline has been reduced, with baseline efficiency savings of R478.9 million: R102 million in 2010/11, R157.7 million in 2011/12 and R219.2 million in 2012/13. The bulk of these savings comes from the *Regional Management* programme, which saves R354.4 million over the medium term for decreases in expenditure on consultants and professional service providers. This amounts to R14.5 million in 2010/11, R75.7 million in 2011/12 and R135.2 million in 2012/13.

Other efficiency savings are made in the *Administration* and *National Water Resources Infrastructure* programmes. Within the *Administration* programme, savings in 2010/11 are expected to amount to 1.9 per cent of the total programme budget and are largely the result of cuts in expenditure on outsourced services and consultants. Savings in the *National Water Resources Infrastructure* programme of R59.3 million over the MTEF period reflects the decreases in expenditure made by the department's trading entity.

In effecting these savings, the department will introduce efficient approaches to service delivery. These include refocusing its attention on its core functions, re-allocating its existing resources more efficiently and outsourcing contracts where practical. More attention will be paid to achieving value for money in contracting with service providers by negotiating for better rates with consultants. Given the widespread geographical footprint of the department across provinces, savings in the cost of travelling will be made through the adoption of smarter technologies such as video conferencing.

Selected performance indicators

Table 37.1 Water Affairs

Indicator	Programme	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Number of additional people provided with access to water resources	Regional Management	1.25 million	1.27 million	1.06 million	703 000	1.2 million	1.2 million	–
Number of new water management areas in which compulsory licensing processes have been completed	Water Sector Regulation	–	–	2	5	2	2	3
Number of bulk infrastructure schemes implemented per year	Regional Management	–	31	32	45	54	38	31
Number of new reconciliation strategies developed to ensure water security per year	Water Management	–	3	5	8	2	2	4
Total number of water monitoring stations and number of priority catchments optimally monitored *	Water Management	1 600	1 600	2 000	2 050	5 priority catchments	5 priority catchments	5 priority catchments
Number of water licences issued per year	Water Sector Regulation	185	90	80	200	250	300	250
Number of additional rainwater harvesting tanks distributed for food production	Regional Management	54	50	300	500	500	500	500
Number of additional resource poor farmers supported through subsidies	Regional Management	–	300	30	360	200	220	240
Total number of municipalities supported in implementing water conservation/water demand management	Regional Management	–	8	50	80	4	–	–
Percentage completion on construction of Inyaka water treatment works	Regional Management	9%	16%	36%	59%	84%	100%	–

Table 37.1 Water Affairs (continued)

Indicator	Programme	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Percentage completion on construction of Nandoni water distribution network and water treatment works	Regional Management	16%	38%	65%	96%	100%	-	-
Percentage completion on construction of Hluhluwe regional water scheme	Regional Management	-	12%	35%	61%	90%	100%	-
Hectares of land cleared per year	Regional Management	722 023	595 011	642 448	684 777	715 400	889 915	889 915
Hectares of land converted woodlots per year	Regional Management	-	-	670	990	1 655	2 050	2 050
Number of jobs created by Working for Water per year	Regional Management	21 561	28 785	25 339	23 700	25 300	28 400	28 400
Number of jobs created by Working on Fire per year	Regional Management	1 416	1 528	1 651	1 669	2 221	2 890	2 890

*The unit of measurement for this indicator changes from number of water monitoring stations to the number of catchment areas optimally monitored, as a result of technological changes in the infrastructure used to monitor water.

Expenditure estimates

Table 37.2 Water Affairs

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
R million								
1. Administration	546.9	609.3	698.8	822.3	788.0	884.2	902.1	947.8
2. Water Management	257.5	300.5	331.8	345.1	338.4	364.7	386.6	405.9
3. National Water Resources Infrastructure Programme	852.5	1 185.9	1 644.3	2 519.4	2 280.7	2 241.4	2 520.2	2 740.0
4. Regional Management	2 079.6	2 558.4	2 977.4	3 497.8	3 427.4	4 329.0	5 077.3	5 320.5
5. Water Sector Regulation	115.4	148.8	142.9	158.1	135.3	177.2	204.0	214.1
Total	3 851.9	4 802.9	5 795.3	7 342.6	6 969.8	7 996.6	9 090.2	9 628.2
Change to 2009 Budget estimate				381.9	9.1	351.7	287.9	386.9

Economic classification

Current payments	2 383.8	2 382.7	2 592.1	3 054.2	2 990.5	3 632.8	4 152.6	4 385.6
Compensation of employees	972.0	890.7	862.5	1 043.1	1 001.4	1 166.5	1 196.7	1 212.4
Goods and services	1 411.6	1 491.3	1 729.4	2 011.1	1 989.1	2 466.2	2 955.9	3 173.2
<i>of which:</i>								
<i>Consultants and professional services:</i>	<i>576.3</i>	<i>562.8</i>	<i>522.4</i>	<i>631.2</i>	<i>631.2</i>	<i>713.1</i>	<i>808.2</i>	<i>949.5</i>
<i>Business and advisory services</i>								
<i>Contractors</i>	35.1	50.3	87.4	328.9	328.9	162.0	154.1	168.1
<i>Agency and support / outsourced services</i>	154.8	181.4	294.3	262.5	262.5	830.8	1 179.4	1 296.5
<i>Property payments</i>	107.2	142.0	132.2	155.7	155.7	166.7	179.2	194.8
Interest and rent on land	0.2	0.6	0.2	-	-	-	-	-
Transfers and subsidies	1 369.3	2 050.0	2 705.3	3 539.4	3 230.3	3 238.5	3 076.8	3 455.0
Provinces and municipalities	385.9	732.9	994.7	925.0	854.6	890.7	380.7	399.8
Departmental agencies and accounts	852.9	1 190.2	1 649.6	2 362.5	2 123.8	2 102.7	2 400.7	2 623.5
Foreign governments and international organisations	3.5	0.5	0.6	180.7	180.7	180.1	180.1	180.1
Public corporations and private enterprises	83.9	39.2	0.0	-	-	-	-	-
Non-profit institutions	0.2	0.4	0.4	0.4	0.4	0.5	0.5	0.5
Households	43.0	86.8	60.0	70.7	70.7	64.4	114.8	251.2
Payments for capital assets	88.4	366.5	494.6	749.1	749.1	1 125.3	1 860.8	1 787.6
Buildings and other fixed structures	15.9	320.7	450.3	675.5	675.5	1 038.3	1 769.2	1 691.8
Machinery and equipment	61.2	40.6	41.2	66.6	66.6	74.2	77.9	81.6
Biological assets	-	-	-	-	-	0.3	0.4	0.4
Software and other intangible assets	11.3	5.3	3.1	7.0	7.0	12.5	13.3	13.9
Payments for financial assets	10.4	3.7	3.3	-	-	-	-	-
Total	3 851.9	4 802.9	5 795.3	7 342.6	6 969.8	7 996.6	9 090.2	9 628.2

Expenditure trends

The Department of Water Affairs' mandate has been revised to reflect its greater focus on the core functions of infrastructure development, water resource management and water regulation. In line with this strategic realignment, the forestry functions were shifted to the Department of Agriculture, Forestry and Fisheries, and sanitation function was moved to the Department of Human Settlements. This shift impacts on the department's audited outcomes by reducing the vote's audited figures by R453.8 million in 2006/07, R582.5 million in 2007/08 and R736.3 million in 2008/09.

Based on these revised figures, total expenditure increased from R3.9 billion in 2006/07 to R7.3 billion in 2009/10, at an average annual rate of 24 per cent. This significant increase is driven by expenditure on the development of bulk water infrastructure. This includes funds allocated for the construction of new dams and ancillary infrastructure such as water treatment works and distribution pipelines, and the rehabilitation and repair of existing bulk infrastructure. Between 2006/07 and 2009/10, expenditure in the *National Water Resources Infrastructure* programme increased at an average annual rate of 43.5 per cent, from R852.5 million to R2.5 billion. This made it the fastest growing programme within the department. Under the new budget structure, this programme consolidates expenditure on raw bulk water infrastructure, which was previously accounted for in the *Water Resources Management* programme.

Similarly, expenditure on the *Regional Management* programme includes all expenditure within the department related to its regional activities. These activities include the establishment of regional water management institutions; the development of community water infrastructure and the transfer of water schemes, and support to the water sector and the Department of Water Affairs regional offices. These activities were previously classified as subprogrammes and incorporated in both the *Water Resources Management* and *Water Services* programmes. As a result of this consolidation of subprogrammes, the *Regional Management* programme now accounts for 47.6 per cent of the department's total budget in 2009/10.

The Department of Water Affairs is primarily responsible for infrastructure development. However, much of the financing, construction, implementation and commissioning of the raw bulk water infrastructure is done by the water trading entity. In contrast, regional bulk infrastructure is mainly developed by water service authorities and water boards. Transfers and subsidies made by the department rose from R1.4 billion in 2006/07 to R3.5 billion in 2009/10, at an average annual rate of 27.4 per cent as a result of this sectoral division of roles and responsibilities.

Over the medium term, expenditure is expected to grow from R7.3 billion to R9.6 billion, at an average annual rate of 3.2 per cent. This increase includes additional allocations of R70.1 million 2010/11, R275.5 million in 2011/12 and R 380.6 million in 2012/13. These additional allocations are for the expansion of the regional bulk infrastructure programme and are for: meeting the universal access to water and sanitation in line with the housing provision target of 2014; creating additional employment opportunities; addressing the threat of an ageing workforce in the critical areas of the engineering, scientific and technical disciplines; and implementing monitoring, oversight and enforcement of water quality and water security.

The shift of the forestry and sanitation functions of the department impacts on the department's audited outcomes for previous years by reducing the vote's audited figures for compensation of employees by R254 million in 2006/07, R272 million in 2007/08 and R322 million in 2008/09.

Based on these revised figures, total expenditure on personnel increased from R972 million in 2006/07 to R1 billion in 2009/10, at an average annual rate of 2.4 per cent. This marginal growth can be partly attributed to the transfer of personnel from the department to water service authorities within local government as part of the transfer of water schemes.

Infrastructure spending

Infrastructure spending includes direct expenditure on national water resources infrastructure by the department through its public entities and indirect expenditure on infrastructure through transfers from the department to water service authorities and water boards for regional bulk infrastructure. Infrastructure spending for national bulk water is accounted for in the *National Water Resources Infrastructure* programme while infrastructure spending for regional bulk is reported in the *Regional Management* programme.

Mega projects (Over 300 million per year)

Infrastructure expenditure on mega projects owned by the Department of Water Affairs is expected to increase from R 1.7 billion in 2009/10 to R2.1 billion in 2012/13. Most of this expenditure will be allocated to the second phase of the Olifants River water resource development project, which includes: the building of the De Hoop Dam to store water in the Steelpoort River and the construction of a bulk raw water distribution system to distribute water for domestic and mining use in the greater Sekhukhune district.

The Department of Water Affairs owns approximately 350 dams across South Africa and is responsible for their maintenance. The department is implementing a dam safety rehabilitation programme to ensure the continued structural and operational safety of dams. Between 2005 and 2009, R890 million has been spent on rehabilitating dams throughout the country. Over the MTEF period, additional expenditure of R962.7 million will be allocated to the dam safety rehabilitation project.

Infrastructure transfers by the department to provinces and municipalities for mega projects include R21.3 million in 2009/10. This was used for feasibility studies for the Sedibeng bulk regional sewerage scheme, and the Matoks and Magalies Water to Waterberg projects.

The Olifants River Water Resources Development Project

The second phase of the Olifants River water resource development project involved two distinct but interrelated infrastructure development components: the construction of the De Hoop Dam on the Steelpoort River and the development of a bulk distribution system in the middle Olifants River catchment. The overall objectives of the project are to supply water for domestic and commercial use in Limpopo.

Construction of the dam started in 2007 and is scheduled for completion in 2012. To date, the foundations for the dam have been laid. By December 2009, a volume of 180 000 cubic metres out of an expected 940 000 cubic metres of concrete had already been placed. The partial impoundment of water behind the dam is scheduled to begin by October 2010 and the first delivery of water from the dam is expected by April 2011.

The related infrastructure includes a road diversion of 20km, housing and offices. The project has also supported government objectives through the promotion of broad based black economic empowerment. The number of jobs created by the construction of the dam and related infrastructure peaked at 1 200 in 2009.

The construction of the bulk distribution system to deliver water from the dam to users has not yet started. The Trans-Caledon Tunnel Authority has been contracted to finance and implement this system. The full share of the cost to meet the needs of the commercial users will be recovered through valid off-take agreements with commercial water users, including the mines and Eskom. The construction will be funded from both off-budget sources in the form of debt capital as well as the fiscus. Construction on the bulk distribution system will begin in 2011.

The total cost of the Olifants River water resource development project is expected to amount to R13.7 billion over the project lifecycle, of which R8.3 billion will be funded from the fiscus and R5.4 billion from off budget funding. The De Hoop Dam is expected to be complete by 2012/13 and the bulk distribution system by 2016/17.

Large infrastructure projects and programmes (between R50 million and R300 million)

Infrastructure expenditure on large projects owned by the department is expected to increase from R494 million in 2010/11 to R1.1 billion in 2012/13. These large infrastructure projects undertaken by the department include:

- Nandoni water treatment works and distribution scheme, which is a regional bulk infrastructure project, will supply water to the Vhembe district municipality. Various aspects of the project have been completed. The water treatment works have been commissioned. Over the medium term, material quality problems, which have arisen on the distribution lines, will be resolved with the help of an independent panel of experts.
- Nwamitwa Dam will provide additional storage to meet the growing water supply requirements of the population. This project is in the inception phase, with geotechnical and hydrological investigations, the

development of the civil engineering plan for bulk infrastructure, and the scoping phase of the environmental impact assessment still under way.

- Mokolo River augmentation will supply water to the new Medupi Power station, coal mines and Lephalale municipality. The project creates opportunities for the development of any future power stations and new petrochemical industries in Limpopo. The first phase of the project comprises a new pipeline from the Mokolo dam to the end-users. The environmental impact assessment for the first phase is under way. Discussions were held with the departments of environmental affairs and public enterprises in order to fast track the procurement of the relevant environmental authorisations. The contribution from the fiscus for this project is expected to reach R0.9 billion.
- The raising of Clan William dam will provide an additional yield of 10 million m³ per year for irrigation by resource poor farmers. The feasibility study for this project has been completed. The environmental impact assessment has been finalised and two appeals were received.
- The lower Sundays River government water scheme extension will expand irrigation, with an emphasis on establishing and supporting resource poor farmers in identified areas. The department is responsible for connecting the new extension to the existing infrastructure. The pre-feasibility study for this project has been completed.
- Inyaka pump, station and water treatment, which is a regional bulk infrastructure project, will provide a reliable water supply of 100ML per day to the Bushbuckridge local municipality. The second phase of the water treatment works has been commissioned to supply 50ML of water per day. The construction of the second and fourth phases has begun and 25 per cent of this phase has been completed.

Small infrastructure projects (below R50 million)

The following small infrastructure projects are under way:

- The Hluhluwe regional water supply scheme will supply water to the rural areas in the Umkanykude district municipality. The main pipeline to Hluhluwe town has been completed and design work on the fourth phase has started.
- The raising of the Hazelmere dam will augment the water supply to Umgeni Water. The environmental impact assessment has been finalised.

Departmental receipts

Receipts accounted for as departmental revenue include the repayment of loans granted to water boards, water user associations, local government, and interest on these loans. Income from water related sales is paid into the water trading entity and does not form part of departmental receipts. With the shift of the forestry function to the Department of Agriculture, Forestry and Fisheries, all revenue from the sale of wood and related products is now excluded from the departmental revenue and audited figures for the historical years have been revised.

Departmental receipts decreased from R137.2 million in 2006/07 to R39.8 million in 2009/10. The decrease is attributed to abnormal receipts of R104.3 million recorded in 2006/07 due to a once-off loan repayment effected by the Bloemfontein Water Board. In 2009/10, the department collected revenue of R39.8 million, of which R17.8 million was from interest accruing on long term investments. Interest decreased from R27.5 million in 2006/07 to R17.8 million in 2009/10 as a result of state loans that were issued to water and irrigation boards and a few municipalities nearing maturity. Whereas in the earlier years of the loan repayment interest formed a bigger component of the installment as the loan tends towards maturity, the capital repayments form the bigger portion of the instalment. The transferring of some staff debts from the department to the Department of Agriculture, Forestry and Fisheries will also result in a decrease in interest collected. Over the MTEF period, revenue is expected to increase from R39.8 million in 2009/10 to R44 million in 2012/13, driven by the collection of interest on loans to water boards and water user associations.

Table 37.3 Departmental receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
Departmental receipts	137 152	55	26 643	72 567	39 826	41 173	43 952	44 037
Sales of goods and services produced by department	4 948	3 172	2 210	38 066	5 325	5 578	5 983	6 202
Sales of scrap, waste, arms and other used current goods	14	64	105	53	53	53	53	53
Fines, penalties and forfeits	1	–	–	12	12	–	–	–
Interest, dividends and rent on land	27 452	6 022	9 379	17 829	17 829	15 282	15 936	15 432
Sales of capital assets	473	255	–	–	–	–	–	–
Transactions in financial assets and liabilities	104 264	(9 458)	14 949	16 607	16 607	20 260	21 980	22 350
Total	137 152	55	26 643	72 567	39 826	41 173	43 952	44 037

Programme 1: Administration

Table 37.4 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Minister ¹	1.1	1.6	2.0	1.7	1.8	1.9	2.0
Deputy Minister ¹	–	–	–	3.0	1.5	1.6	1.7
Management	91.6	142.6	112.3	137.7	216.9	215.3	224.6
Corporate Services	304.7	298.8	406.2	425.7	364.0	382.2	401.6
Office Accommodation	91.0	106.0	123.3	138.3	156.0	170.6	185.8
Financial Management	58.5	60.3	55.1	115.8	144.0	130.5	132.2
Total	546.9	609.3	698.8	822.3	884.2	902.1	947.8
Change to 2009 Budget estimate				21.1	31.0	11.8	12.6

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

Economic classification

Current payments	466.9	522.2	666.7	780.5	833.6	846.5	889.3
Compensation of employees	116.3	148.5	157.5	278.3	317.0	302.4	317.6
Goods and services	350.6	373.6	509.2	502.1	516.6	544.2	571.6
<i>of which:</i>							
<i>Consultants and professional services: Business and advisory services</i>	43.2	52.0	52.5	78.9	144.5	145.6	150.1
<i>Contractors</i>	1.8	2.2	23.1	3.5	20.0	21.1	22.2
<i>Agency and support / outsourced services</i>	16.7	12.7	66.0	38.5	56.6	58.4	61.0
<i>Property payments</i>	91.4	107.8	123.1	150.5	162.4	177.3	192.9
Transfers and subsidies	32.3	58.0	14.9	6.6	11.7	11.4	12.1
Provinces and municipalities	0.1	0.0	0.0	–	–	–	–
Departmental agencies and accounts	0.4	0.6	0.7	1.0	1.1	1.2	1.2
Foreign governments and international organisations	3.5	0.5	0.6	0.1	0.1	0.1	0.1
Households	28.4	56.9	13.6	5.5	10.5	10.1	10.8
Payments for capital assets	37.3	29.1	13.9	35.2	38.9	44.3	46.5
Buildings and other fixed structures	5.5	14.4	0.1	3.5	4.0	5.3	5.6
Machinery and equipment	25.6	13.5	13.5	30.2	24.3	27.6	29.0
Software and other intangible assets	6.2	1.2	0.2	1.4	10.7	11.3	11.9
Payments for financial assets	10.4	–	3.3	–	–	–	–
Total	546.9	609.3	698.8	822.3	884.2	902.1	947.8

Table 37.4 Administration (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	0.4	0.6	0.7	1.0	1.1	1.2	1.2
Energy Sector Education Training Authority	0.4	0.6	0.7	1.0	1.1	1.2	1.2
Households							
Other transfers to households							
Current	-	-	-	3.5	3.5	3.5	3.6
Disbursements : Poverty Campaign	-	-	-	1.0	1.0	1.0	1.0
Disbursements: Youth Programmes	-	-	-	0.5	0.5	0.5	0.5
Learning Academy: Bursaries	-	-	-	2.0	2.0	2.0	2.1

Expenditure trends

Expenditure in the programme increased from R546.9 million in 2006/07 to R822.3 million in 2009/10, at an average annual rate of 14.6 per cent. Expenditure in compensation of employees grew by 33.8 per cent between 2006/07 and 2009/10 due to the appointment of additional staff to strengthen the financial management and internal audit functions, and the integration of the *Information Services* subprogramme into the *Corporate Services* subprogramme, thus increasing expenditure in the programme.

Over the MTEF period, expenditure is expected to increase at an average annual rate of 4.9 per cent, from R822.3 million in 2009/10 to R947.8 million in 2012/13. This is due to inflation related adjustments.

Programme 2: Water Management

- *Integrated Planning* develops a comprehensive plan that guides all initiatives and infrastructure development within the water sector; taking into account the water needs of all users and identifying the appropriate mix of interventions, that will ensure a reliable supply of water in the most efficient, sustainable and socially beneficial manner.
- *Policy and Strategy* covers the development of policy, plans and strategies to implement functions required to ensure the reliable and equitable supply of water. This includes developing reconciliation strategies to enable water supply to meet demand.
- *Water Ecosystem* develops the policy and plans required to ensure the protection of water resources, such as developing a system for classifying water resources as required by the National Water Act (1998).
- *Water Information Management* is responsible for the development of new monitoring stations and the refurbishment of existing stations to ensure adequate information and knowledge to sustainably manage water resources, including information on the impact of global changes on water resources.

Objectives and measures

- Ensure that available water is used efficiently by implementing education and awareness campaigns on conservation and demand management and by developing regulations by 2011/12.
- Maintain a reliable and equitable supply of water by:
 - completing the revision of the national water resource strategy in 2010/11
 - developing 2 strategies and feasibility plans to reconcile water requirements and available resources by 2010/11.
- Improve regional water resources management by ensuring that shared water resources are managed collaboratively with neighbouring states by establishing the secretariat and undertaking international water

resource management plans for shared watercourses with Mozambique, Botswana and Swaziland by 2010/11.

- Respond and adapt to the impact of climate change through improving water resources monitoring by refurbishing existing river flow gauging stations and developing 4 new stations by 2010/11.
- Ensure that water resources are managed sustainably by developing efficient pricing structures to raise funding for refurbishing existing infrastructure by March 2011.
- Ensure the efficient use and protection of water resources by finalising the water resources classification system and determining the resource class in 2 priority areas by 2010/11.

Service delivery focus

In 2009, the water for development and growth framework was approved by Cabinet and various stakeholders from all sectors were consulted. Water reconciliation strategies were developed for major economic centres including Gauteng, Cape Town, eThekweni and Nelson Mandela Bay in 2008/09. Cabinet has since approved implementing the second phase of the Lesotho Highlands water project and the augmentation of water supply for the City of Cape Town through the Berg River project, which was inaugurated in March 2009.

Water conservation and demand management projects were implemented in Johannesburg, eThekweni, Nelson Mandela Bay and City of Cape Town in 2009/10. In November 2009, the department hosted the 7th session of the African Ministers Council on Water and the 2nd Africa Water Week in November 2009, which resulted in the minister assuming the chairmanship of the African Ministers Council on Water for the next 2 years.

Expenditure estimates

Table 37.5 Water Management

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Integrated Planning	74.6	84.0	96.6	90.0	128.5	136.2	143.0
Policy and Strategy	61.8	64.7	62.0	72.8	37.0	39.2	41.1
Water Ecosystem	15.1	21.0	27.7	23.0	61.9	65.6	68.9
Water Information Management	106.0	130.8	145.5	159.3	137.4	145.6	152.9
Total	257.5	300.5	331.8	345.1	364.7	386.6	405.9
Change to 2009 Budget estimate				–	(1.0)	(1.2)	(1.3)
Economic classification							
Current payments	240.4	289.6	324.7	331.0	355.8	377.2	396.4
Compensation of employees	82.0	89.1	94.9	118.0	133.1	146.8	156.2
Goods and services	158.3	200.5	229.8	213.0	222.7	230.4	240.2
<i>of which:</i>							
<i>Consultants and professional services:</i>							
<i>Business and advisory services</i>	115.1	126.5	59.6	43.1	93.5	97.5	103.1
<i>Contractors</i>	–	0.0	6.5	6.8	3.2	3.2	3.4
<i>Agency and support / outsourced services</i>	–	12.8	19.1	20.2	16.2	16.8	16.2
<i>Property payments</i>	–	–	–	–	0.4	0.4	0.4
Transfers and subsidies	0.1	1.5	0.3	1.5	0.8	0.8	0.8
Provinces and municipalities	0.1	0.0	0.0	–	–	–	–
Public corporations and private enterprises	–	1.5	–	–	–	–	–
Households	0.0	0.0	0.3	1.5	0.8	0.8	0.8
Payments for capital assets	17.0	9.4	6.8	12.5	8.2	8.6	8.7
Buildings and other fixed structures	0.0	0.1	0.6	–	–	–	–
Machinery and equipment	15.6	7.1	4.0	8.8	6.9	7.2	7.3
Software and other intangible assets	1.4	2.1	2.2	3.7	1.3	1.4	1.4
Total	257.5	300.5	331.8	345.1	364.7	386.6	405.9

Expenditure trends

Expenditure increased from R257.5 million in 2006/07 to R345.1 million in 2009/10, at an average annual rate of 10.3 per cent. Spending is expected to increase to R405.8 million over the medium term, at an average annual rate of 5.6 per cent. The slower growth rate in this programme reflects the extensive changes to the department's programme structure, which now comprises 4 subprogrammes. Due to the restructuring, the programme's functions were shifted to other programmes within the department. Expenditure in the *Water Information Management* subprogramme increased from R106 million in 2006/07 to R159.3 million in 2009/10, due to the funds spent on monitoring systems. The equipment acquired for the monitoring stations and systems resulted in an increase in payments for capital assets at an average annual rate of 84 per cent between 2006/07 and 2009/10. Expenditure in the *Water Ecosystems* subprogramme is expected to increase at an average annual rate of 36 per cent over the MTEF period

Public entities and other agencies

Rand Water

Strategic overview: 2006/07 – 2012/13

Rand Water has supplied bulk potable water to Gauteng and its surrounding areas for 106 years. Rand Water extracts water from the Vaal dam, purifies and disinfects it, pumps it to 3 satellite booster pumping stations, and from there to 58 reservoirs and on to Rand Water's customers. Rand Water is the largest water utility in Africa, currently providing bulk potable water to an estimated 10.5 million people in Gauteng and in parts of Mpumalanga, Free State and North West. Its turnover is more than R4.7 billion, and its asset base of R7.9 billion includes pumping stations, purification plants and reservoirs.

Rand Water is also an implementing agent in various community projects. In response to the institutional reform under way in the water sector, over the medium term Rand Water will expand its water sales, improve operational efficiency and ensure that the best fit technology is used for it to deliver on its mandate. In order to achieve these objectives, the organisation will focus on developing a high performance culture, positively engaging the stakeholder base, and maintaining sound financial management practices.

Savings and cost effective service delivery

Rand Water's cost containment initiatives involve: cost control and improved operational efficiencies in all operational areas; improving the utilisation of existing assets to benchmarked performance (asset turnover); increasing focus on cash management to ensure liquidity to fund operations and investment; achieving a return on investment that exceeds the weighted average cost of capital; using optimal funding structures to raise debt cost effectively and reduce weighted average cost of debt; integrating capital, operational and customer management; and managing the balance sheet on issues such as post-retirement funding and strategic asset and liability management.

Selected performance indicators

Table 37.6 Rand Water

Indicator	Programme/Activity	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Net debt to equity ratio	Financial management	0.21	0.18	0.16	0.15	0.29	0.46	0.61
Debt service ratio	Financial management	-0.01	-4.83	-14.36	2.72	41.22	69.57	61.28
Debt to asset ratio	Financial management	0.28	0.24	0.25	0.23	0.30	0.37	0.43
Costs per kilolitre	Raw Water	R1.34	R1.38	R1.55	R1.70	R1.83	R1.97	R2.12
Profit for the year	Financial management	R743m	R839.5m	R595.6m	R303.7m	R201.1m	R141.2m	R299.5m

Service delivery focus

Rand Water met all peak daily demands in 2008/09, thus complying with the bulk water supply contract. In that year, the maximum daily rate achieved was 4373 Ml/d, with the maximum for the year 4284 Ml/d. Rand Water continues to monitor water quality standards to ensure alignment with World Health Organisation standards. In

2008/09, Rand Water maintained the quality of water delivered to customers at the level required by the South African SANS 241 water quality standard, which sets out the specifications for water quality.

Expenditure estimates

Table 37.7 Rand Water: Activity information

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Raw water	1 899.1	1 952.9	2 251.2	2 464.5	2 771.8	3 067.6	3 401.6
Energy	318.4	350.3	493.1	697.3	874.4	1 063.2	1 238.7
Chemicals	168.9	97.7	138.8	198.1	217.9	239.7	263.7
Depreciation	160.1	175.8	163.7	180.0	204.4	234.2	266.3
Labour	642.1	726.1	827.7	893.7	969.9	1 051.8	1 142.1
Other activities	384.2	401.3	514.8	546.3	557.2	761.2	937.2
Total expense	3 572.9	3 704.1	4 389.3	4 979.9	5 595.6	6 417.7	7 249.5

Table 37.8 Rand Water: Financial information

Statement of financial performance R million	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Revenue							
Non-tax revenue	4 315.9	4 543.6	4 984.9	5 283.6	5 796.7	6 558.8	7 549.0
Sale of goods and services other than capital assets <i>of which:</i>	4 118.6	4 274.4	4 676.9	5 055.5	5 689.8	6 446.1	7 430.1
<i>Bulk water sales</i>	4 118.6	4 274.4	4 676.9	5 055.5	5 689.8	6 446.1	7 430.1
<i>Other non-tax revenue</i>	197.3	269.2	308.0	228.1	106.9	112.7	118.9
Total revenue	4 315.9	4 543.6	4 984.9	5 283.6	5 796.7	6 558.8	7 549.0
Expenses							
Current expense	3 572.9	3 704.1	4 389.3	4 979.9	5 595.6	6 417.7	7 249.5
Compensation of employees	642.1	694.8	848.3	893.7	969.9	1 051.8	1 142.1
Goods and services	2 694.3	2 733.3	3 269.6	3 817.9	4 280.3	4 808.9	5 367.2
Depreciation	160.1	175.8	179.9	180.5	204.4	234.2	266.3
Interest, dividends and rent on land	74.9	98.5	96.9	87.8	141.0	322.7	473.9
Total expenses	3 572.9	3 704.1	4 389.3	4 979.9	5 595.6	6 417.7	7 249.5
Surplus / (Deficit)	743.0	839.5	595.6	303.7	201.1	141.2	299.5
Statement of financial position							
Carrying value of assets	4 572.7	5 020.8	5 817.0	6 636.5	7 872.0	9 177.8	10 581.5
<i>of which: Acquisition of assets</i>	456.0	640.2	981.0	1 000.0	1 440.0	1 540.0	1 670.0
Investments	132.6	124.2	127.6	105.4	42.5	–	–
Inventory	37.2	41.0	46.1	46.1	51.8	54.9	58.2
Receivables and prepayments	520.2	469.2	581.7	559.0	707.8	801.0	922.3
Cash and cash equivalents	994.7	1 349.6	1 351.2	782.2	500.0	500.0	500.0
Assets not classified elsewhere	–	13.9	10.6	–	–	–	–
Total assets	6 257.3	7 018.6	7 934.1	8 129.2	9 174.2	10 533.8	12 062.0
Accumulated surplus/deficit	4 509.0	5 338.8	5 938.4	6 242.1	6 443.2	6 584.4	6 883.9
Borrowings	725.7	728.5	728.3	630.0	1 808.7	3 030.8	4 171.7
Post-retirement benefits	236.7	215.2	228.7	306.3	86.9	–	–
Trade and other payables	705.9	733.4	1 035.9	950.8	835.4	918.6	1 006.4
Provisions	80.0	–	–	–	–	–	–
Liabilities not classified elsewhere	–	2.8	2.9	–	–	–	–
Total equity and liabilities	6 257.3	7 018.6	7 934.1	8 129.2	9 174.2	10 533.8	12 062.0

Expenditure trends

Rand Water generates revenue from the sale of bulk water. Revenue increased from R4.3 billion in 2006/07 to R5.3 billion in 2009/10, at an average annual rate of 7 per cent. Over the medium term, revenue is expected to grow to R7.5 billion in 2012/13, at an average annual rate of 13.3 per cent. These increases are due to increases in bulk water tariffs over the MTEF period and rising bulk water sale volumes.

Expenditure increased from R3.6 billion in 2006/07 to R5 billion in 2009/10, at an average annual rate of 11.7 per cent. This increase is due to higher energy costs and chemical costs used in the purification and pumping of water. Increases in expenditure are due to compensation of employees as Rand Water expands its operations to cater for the rising water demand. Over the medium term, expenditure is expected to reach R7.2 billion, at an average annual rate of 13.3 per cent. This increase is due to the refurbishment of water infrastructure owned by Rand Water. It is expected that this project will cost R2.9 billion over the MTEF period.

Infrastructure development for Rand Water will be financed by a combination of internal sources and debt finance. Over the MTEF period, borrowings are expected to grow significantly from R630 million in 2009/10 to R4.2 billion in 2012/13, at an average annual rate of 87.8 per cent, driven by major infrastructure development and renovations. A portion of this increase is also attributable to the rising costs of construction.

Umgeni Water

Strategic overview: 2006/07 – 2012/13

Umgeni Water provides affordable bulk potable water to the eThekweni and Msunduzi metropolitan municipalities, and the Ugu, iLembe, Sisonke and uMgungundlovu district municipalities. Umgeni Water thus contributes to socioeconomic development within KwaZulu-Natal by ensuring that water infrastructure is functioning efficiently and that water quality meets the prescribed standards. In 2002, Umgeni Water adopted a 10-year corporate strategy to improve its financial sustainability by adopting sound financial management systems, improving operational efficiency and promoting economically viable expansion into other regions. As a result of this turnaround strategy, the organisation has managed to weather the negative impacts of the recession. Umgeni Water ended 2008/09 with a surplus of R527 million, and maintained its surpluses over the MTEF period. Over the medium term, the utility will continue to focus on achieving the targets set out in the 2000–2012 corporate plan, with a particular emphasis on charging affordable tariffs, investing in new infrastructure, reducing debt levels and implementing its asset management programme.

Savings and cost effective service delivery

Over the MTEF period, Umgeni Water will reduce total interest bearing debt to minimise the cost of finance and interest. Between 2007/08 and 2008/09, net finance costs decreased from R165 million to R116 million. Over the same period, interest cover improved from 3.3 to 5.5 times.

Selected performance indicators

Table 37.9 Umgeni Water

Indicator	Programme/Activity	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Net debt/equity ratio	Water management	2.6	1.12	0.48	0.54	0.46	0.33	0.22
Debt service ratio	Water management	2.14	3.36	5.51	7.91	5.03	5.36	7.38
Debt to asset ratio	Water management	0.67	0.57	0.49	0.46	0.31	0.25	0.191
Costs per kilolitre	Water management	R2.53	R2.24	R2.16	R2.421	R2.62	R2.43	R2.76
Profit for the year	Water management	R250.5m	R392.9m	R527m	R470.2m	R528.2m	R572.9m	R711.4

Service delivery focus

Umgeni Water's bulk potable water sales volume grew by 3 per cent in 2008/09 from 2007/08 with an overall surplus of R527 million, resulting in capital and reserves increasing to R1.5 million.

As at June 2009, R237 million was spent on capital expenditure, of which R219 million was spent on 5 projects currently in the construction phase. In 2009/10, Umgeni Water undertook refurbishments and upgrades on water

works aligned with its asset management plans. Maintenance expenditure amounted to R100.8 million in 2008/09, compared to R77.2 million in 2007/08 in line with Umgeni Water's emphasis on the efficient management of existing infrastructure.

Umgeni Water entered into long term agreements of approximately 5 years with the 6 water services authorities. A memorandum of understanding was concluded with Sisonke district municipality on signing a bulk water supply agreement in 2009/10.

Expenditure estimates

Table 37.10 Umgeni Water: Financial information

Statement of financial performance	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Revenue							
Non-tax revenue	1 286.4	1 405.6	1 691.3	1 711.0	1 648.7	1 864.3	2 079.2
Sale of goods and services other than capital assets	1 188.0	1 289.0	1 492.7	1 617.1	1 633.7	1 855.9	2 070.7
<i>of which:</i>							
<i>Bulk water sales</i>	1 188.0	1 289.0	1 492.7	1 617.1	1 633.7	1 855.9	2 070.7
<i>Other non-tax revenue</i>	98.3	116.6	198.6	93.9	15.1	8.4	8.5
Total revenue	1 286.4	1 405.6	1 691.3	1 711.0	1 648.7	1 864.3	2 079.2
Expenses							
Current expense	1 035.8	1 012.7	1 164.3	1 240.8	1 120.5	1 291.5	1 367.8
Compensation of employees	226.1	268.8	293.6	265.7	285.1	305.9	329.1
Goods and services	338.0	316.3	435.6	553.7	519.0	759.7	825.0
Depreciation	162.3	156.9	167.6	172.4	176.4	92.3	99.9
Interest, dividends and rent on land	309.4	270.8	267.5	249.1	140.0	133.6	113.8
Total expenses	1 035.8	1 012.7	1 164.3	1 240.8	1 120.5	1 291.5	1 367.8
Surplus / (Deficit)	250.5	392.9	527.0	470.2	528.2	572.8	711.4
Statement of financial position							
Carrying value of assets	2 538.2	2 528.3	2 633.3	3 119.9	3 729.1	4 141.6	4 642.9
<i>of which: Acquisition of assets</i>	232.3	110.3	237.0	655.2	694.6	504.8	601.2
Investments	528.9	945.5	1 240.0	126.9	126.9	126.9	126.9
Inventory	7.5	10.3	9.1	10.3	10.3	10.3	10.3
Receivables and prepayments	137.8	150.2	183.8	173.5	187.8	209.6	231.1
Cash and cash equivalents	21.2	13.6	7.7	1.0	0.4	0.6	0.4
Assets not classified elsewhere	3.1	12.9	10.0	93.0	8.8	8.8	8.8
Total assets	3 236.6	3 660.9	4 084.0	3 524.5	4 063.2	4 497.7	5 020.4
Accumulated surplus/deficit	184.6	577.4	1 104.4	1 510.7	2 038.9	2 611.7	3 323.1
Capital and reserves	451.2	445.1	442.8	442.8	442.8	442.8	442.8
Borrowings	2 180.6	2 078.3	1 978.9	1 302.8	1 261.2	1 131.1	947.2
Post-retirement benefits	119.5	164.4	187.6	–	55.1	50.1	48.5
Trade and other payables	171.9	235.6	276.6	232.8	247.8	244.6	241.5
Provisions	86.2	119.8	60.4	17.3	17.3	17.3	17.3
Liabilities not classified elsewhere	42.6	40.3	33.2	18.0	–	–	–
Total equity and liabilities	3 236.6	3 660.9	4 084.0	3 524.5	4 063.2	4 497.7	5 020.4

Expenditure trends

Umgeni Water generates revenue mainly from the sale of bulk potable water to 6 municipalities in KwaZulu-Natal. Revenue grew from R1.3 billion in 2006/7 to R1.7 billion in 2009/10, at an average annual rate of 10 per cent. This strong growth rate is mainly driven by an increase in revenue from bulk water sales as well as an increase in the number of implementation activities undertaken by Umgeni Water on behalf of the department and municipalities. Revenue is expected to grow from R1.7 billion to R2.1 billion over the medium term, at an average annual rate of 6.7 per cent. This was due to inflation related increases in the bulk water tariffs.

Expenditure increased from R1 billion in 2006/07 to R1.2 billion in 2009/10, at an average annual rate of 6.2 per cent. This is due to the rising costs of energy and chemicals over the medium term. Expenditure is

expected to increase to R1.4 billion, at an average annual rate of 3.3 per cent. This is as a result of Umgeni Water expanding its services to smaller communities in urban and peri-urban areas which were not previously served. Capital expenditure over the MTEF period is therefore expected to amount to R1.6 billion.

Infrastructure developments for Umgeni Water will be financed by a combination of internal reserves and debt finance. Over the MTEF period, borrowings decrease at an average annual rate of 10.1 per cent as the organisation repays existing debt and capital projects currently under construction near completion.

Programme 3: National Water Resources Infrastructure Programme

- *Infrastructure Development and Rehabilitation* provides for the design, construction and commissioning of raw water resources infrastructure as well as the rehabilitation and refurbishment of existing infrastructure to ensure the safety and functionality of departmental dams and related structures.
- *Operations of Water Resources* ensures the effective management of water resources and the sustainable operation and management of bulk raw water infrastructure, through the augmentation of the water trading entity.

Funds in this programme are transferred to the water trading entity.

Objectives and measures

- Ensure the effective and sustainable management of water resources by transferring sufficient funds to the water trading entity for the design, construction and commissioning of bulk raw water resources infrastructure on a regular basis.
- Ensure the effective and sustainable management of water resources by transferring sufficient funds to the water trading entity to manage and operate existing bulk raw water infrastructure.

Expenditure estimates

Table 37.11 National Water Resources Infrastructure Programme

Subprogramme	Audited outcome			Adjusted appropriation 2009/10	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09		2010/11	2011/12	2012/13
R million							
Infrastructure Development and Rehabilitation	541.5	902.3	1 328.1	2 231.6	2 101.4	2 353.0	2 564.5
Operations of Water Resources	311.0	283.6	316.2	287.8	140.0	167.1	175.5
Total	852.5	1 185.9	1 644.3	2 519.4	2 241.4	2 520.2	2 740.0
Change to 2009 Budget estimate				242.4	(191.9)	(97.9)	-

Economic classification

Transfers and subsidies	852.5	1 185.9	1 644.3	2 519.4	2 241.4	2 520.2	2 740.0
Departmental agencies and accounts	852.5	1 185.9	1 644.3	2 339.4	2 061.4	2 340.2	2 560.0
Foreign governments and international organisations	-	-	-	180.0	180.0	180.0	180.0
Total	852.5	1 185.9	1 644.3	2 519.4	2 241.4	2 520.2	2 740.0

Details of selected transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Capital	852.5	1 185.9	1 644.3	2 339.4	2 061.4	2 340.2	2 560.0
Water Trading Entity (Augmentation)	311.0	283.6	316.2	107.8	140.0	167.1	175.5
Water Trading Entity (Infrastructure)	541.5	902.3	1 328.1	2 231.6	1 921.4	2 173.0	2 384.5
Foreign governments and international organisations							
Capital	-	-	-	180.0	180.0	180.0	180.0
Komati River Basin Water Authority	-	-	-	180.0	180.0	180.0	180.0

Expenditure trends

The *National Water Resources Infrastructure* programme's sole responsibility is to provide transfer payments to the water trading entity. The entity manages the development and rehabilitation of infrastructure as well as the operation of infrastructure on behalf of the department.

Expenditure in this programme increased from R852.5 million in 2006/07 to R2.5 billion in 2009/10, at an average annual rate of 43.5 per cent. The significant growth in the programme is as a result of additional allocations for the Olifants River water resources development project and the dam safety rehabilitation programme. Expenditure in the *Infrastructure, Development and Rehabilitation* subprogramme increased by 68 per cent, from R1.3 billion in 2008/09 to R2.2 billion in 2009/10. This was the result of a rollover of R227 million and the additional allocation of R600 million for the social component of De Hoop Dam. The decrease in expenditure in 2010/11 is the result of reprioritising R500 million to fund water loss efficiency, asset management, waste water works and water infrastructure. These allocations within the subprogramme are disbursed as transfers to the water trading entity. The transfer payments to the water trading entity grew from R852.5 million in 2006/07 to R2.7 billion in 2012/13, at an average annual rate of 20.1 per cent.

Over the MTEF period, expenditure in this programme is expected to grow marginally at an average annual rate of 2.8 per cent, from R2.5 billion in 2009/10 to R 2.7 billion in 2012/13.

Expenditure in the *Operation of Water Resources* subprogramme is expected to decrease over the medium term at an average annual rate of 15.2 per cent due to better cost recovery approaches, which are reducing the need for augmentations from the department.

Public entities

Water trading entity

Strategic overview: 2006/07 – 2012/13

The water trading account was established in 1995 to ring fence departmental revenues collected through the sale of bulk water and related services from voted appropriations. The trading account was subsequently amended by the Public Finance Management Act (1999), under which it became the water trading entity in 2008. The rationale was to create an entity which would manage the recovery of usage costs to ensure the long term sustainability of South Africa's water resources.

Since its inception, the water trading entity has faced numerous challenges, including reviewing and resolving accounting issues, setting up organisational processes, and verifying the extensive network of national water resource infrastructure. From 2007/08, the entity had a R12 billion backlog on the maintenance and refurbishment of infrastructure assets. Much of this backlog was caused by water tariffs that did not reflect cost reflective tariffs.

Over the medium term, the water trading entity will focus on developing new raw water supply infrastructure through a comprehensive dam safety rehabilitation programme. The operation and maintenance of water resources infrastructure will be prioritised to ensure the supply of water in accordance with agreements with water users. The entity will also review the water pricing strategy. Particular emphasis will be put on developing a pricing and cost recovery framework that promotes social equity, fosters ecological sustainability, improves financial management, and ensures economic efficiency. The rollout of a water trading enterprise wide risk management system will be completed by March 2011.

Savings and cost effective service delivery

The water trading entity is expected to save R59.3 million over the MTEF period (R17.5 million in 2010/11, R20.2 million in 2011/12 and R21 million in 2012/13). Savings are mainly derived from cuts in expenditure on infrastructure support functions and decreases in spending on consultants and travelling.

In effecting these savings, the entity will introduce efficient approaches to service delivery, including refocusing on core functions, reallocating existing resources, and outsourcing contracts where practical. Better rates will be

negotiated with consultants, and the entity will save on travelling by using communications technologies such as video conferencing.

Selected performance indicators

Table 37.12 Water trading entity

Indicator	Past			Current	Projections		
	2006/7	2007/8	2008/9	2009/10	2010/11	2011/12	2012/13
Total number of dam safety projects undertaken (completed in brackets)	35	36	43(11)	52(21)	58(27)	64(43)	75(52)
Percentage completion on construction of Olifants River water resources development project phase 2A (De Hoop Dam and related infrastructure)	2%	8%	27%	51%	76%	93%	100%
Percentage completion on construction of Nwamitwa Dam	–	–	–	6%	17%	38%	61%
Percentage completion on construction of raising Clanwilliam Dam wall	–	–	–	–	7%	24%	53%
Percentage completion on construction of Mokolo River augmentation	–	–	–	1%	31%	71%	99%
Revenue generated per year to fund the refurbishment programme	R346m	R357.4m	R130.9m	R525m	R563.9m	R714.6m	R914.6m

Service delivery focus

New bulk raw water infrastructure will be constructed for the storage and conveying of water over the MTEF period. A key focus over the medium term is to eradicate the backlog on maintaining rehabilitating existing national water resources infrastructure.

The auditor-general's disclaimers and qualifications were dealt with through the business process reengineering project (Siyanoqoba) and the enterprise wide asset management project (Sakhile), which were completed in 2008/09. These projects ensure that the water trading entity complied with the accrual accounting requirements of the Public Finance Management Act (1999). The entity has embarked on the next phase of the business efficiency drive, aiming to complete the adoption of best practices and systems by March 2010.

Refurbishment and rehabilitation projects were undertaken to ensure the integrity of key infrastructure delivering water users. Larger projects include the rehabilitation of the ongoing Gamtoos government water scheme, which delivers water to the Nelson Mandela Bay metropolitan municipality and irrigation farmers in Eastern Cape, with about R40 million spent on the project in 2009/10. Another large project is the rehabilitation of the Vlaktefontein canal at an estimated cost of R1.7 billion over the next 7 to 8 years. This canal is part of the conveyance system delivering water to Sasol Synfuels and Eskom's power stations. Refurbishment is currently taking place on mechanical and electrical components in the conveyance and pump systems to ensure reliable water delivery to water users, including Eskom and Sasol.

The entity will participate in a review of its funding model and pricing strategy due to a R10 billion backlog on maintaining and refurbishing infrastructure assets. The development of the funding model and pricing strategy is expected to be formally adopted by the government forum and other sector stakeholders in February 2010 and will be simultaneously launched by the Minister of Water Affairs. The project is expected to be completed by March 2011.

Expenditure estimates

Table 37.13 The Water trading entity: Programme information

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Implementation of water resources management activities	410.9	387.1	394.0	363.6	391.6	422.9	457.8
Operations, maintenance and refurbishment of national water resources schemes	1 150.4	1 083.8	1 103.1	1 017.9	1 096.3	1 184.1	1 281.8
Implementation of new water resources infrastructure	1 369.7	1 290.3	1 313.3	1 211.9	1 305.2	1 409.7	1 526.1
Bulk water supply to strategic users e.g. Eskom, Sasol	606.5	571.3	581.5	536.6	577.9	624.2	675.7
Implementation of dam safety projects	260.7	245.6	250.0	230.7	268.1	291.8	315.1
Total expense	3 798.2	3 578.2	3 641.9	3 360.7	3 639.1	3 932.6	4 256.5

Table 37.14 The Water trading entity: Financial information

Statement of financial performance	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
R million							
Revenue							
Non-tax revenue	1 915.9	1 790.2	1 747.0	1 885.7	2 096.3	2 398.6	2 588.2
Sale of goods and services other than capital assets of which:	1 620.2	1 777.8	1 732.8	1 879.7	2 088.3	2 388.6	2 577.4
<i>Sale of Bulk Water</i>	1 620.2	1 754.8	1 712.8	1 849.7	2 056.3	2 354.6	2 540.7
<i>Other sales</i>	–	23.0	20.0	30.0	32.0	34.0	36.7
<i>Other non-tax revenue</i>	295.7	12.4	14.2	6.0	8.0	10.0	10.8
Transfers received	487.7	332.8	391.4	219.8	258.7	292.6	307.7
Total revenue	2 403.6	2 123.0	2 138.3	2 105.5	2 355.1	2 691.1	2 895.8
Expenses							
Current expense	3 620.0	3 396.3	3 456.9	3 360.7	3 639.1	3 932.6	4 256.5
Compensation of employees	453.3	528.1	661.5	717.5	774.9	836.8	903.8
Goods and services	960.5	1 436.9	1 235.9	938.1	1 014.0	1 077.4	1 141.9
Depreciation	2 205.2	1 387.1	1 490.5	1 635.1	1 790.2	1 958.4	2 146.0
Interest, dividends and rent on land	1.0	44.2	68.9	70.0	60.0	60.0	64.8
Transfers and subsidies	178.3	181.8	185.0	–	–	–	–
Total expenses	3 798.2	3 578.2	3 641.9	3 360.7	3 639.1	3 932.6	4 256.5
Surplus / (Deficit)	(1 394.6)	(1 455.2)	(1 503.5)	(1 255.2)	(1 284.0)	(1 241.5)	(1 360.7)
Statement of financial position							
Carrying value of assets	93 939.2	87 297.6	87 174.3	87 770.4	88 462.7	89 605.8	90 059.1
of which: Acquisition of assets	173.7	566.0	1 376.7	2 234.9	2 483.4	3 101.4	2 599.3
Inventory	19.9	18.9	14.0	14.0	12.0	10.0	10.8
Receivables and prepayments	1 481.1	1 535.4	2 166.6	1 716.6	1 500.0	1 300.0	1 404.0
Cash and cash equivalents	370.2	120.5	0.2	–	–	–	–
Total assets	95 810.4	88 972.4	89 355.1	89 501.0	89 974.7	90 915.8	91 473.9
Accumulated surplus/deficit	(432.4)	1 458.2	1 353.9	98.7	(1 185.3)	(2 426.8)	(3 787.4)
Capital and reserves	95 099.6	86 309.5	84 910.3	84 688.8	84 795.9	85 396.4	85 947.6
Borrowings	10.6	36.3	37.0	37.0	37.0	37.0	40.0
Trade and other payables	825.3	572.7	1 388.7	1 879.5	2 160.5	2 297.5	2 137.5
Provisions	70.0	78.9	85.2	90.3	95.7	101.4	107.5
Liabilities not classified elsewhere	237.3	516.8	1 580.1	2 706.6	4 070.9	5 510.2	7 028.7
Total equity and liabilities	95 810.4	88 972.4	89 355.1	89 501.0	89 974.7	90 915.8	91 473.9

Expenditure trends

The water trading entity generates revenue from water resource management and water resource infrastructure charges, and transfers from the department. Total revenue decreased from R2.4 billion in 2006/07 to R2.1 billion in 2009/10, at an average annual rate of 4.3 per cent. This is due to the inclusion of revenue from 2005/06 in the 2006/07 financials to meet the revenue recognition standards under accrual accounting. Over the medium term, revenue is expected to increase to R2.9 billion, at an average annual rate of 11.2 per cent. The increase over the medium term is due to increases in water resource management and water resource infrastructure charges, which are projected to increase from R1.8 billion in 2009/10 to R2.5 billion in 2012/13.

The entity is currently not generating enough revenue due to the price caps set by the water pricing strategy, and has incurred a deficit of R1.3 billion in 2009/10 as a result of this. The entity is therefore not able to generate enough revenue to fund the refurbishment and improvement of infrastructure assets. Non-payment of accounts also impacts negatively on the entity's financial position. Accounts receivable and prepayments showed an initial increase between 2006/7 and 2008/09 due to non-payment by municipalities, irrigators and water board accounts. The amounts accrued under accounts receivable and prepayments are expected to stabilise over the MTEF period.

Expenditure decreased from R3.8 billion in 2006/07 to R3.4 billion in 2009/10, at an average annual rate of 4 per cent, due to an abnormal adjustment for depreciation in 2006/07 driven by increases in expenditure in compensation of employees and goods and services. Over the MTEF period, expenditure is expected to increase

to R4.3 billion, at an average annual rate of 8.2 per cent. Expenditure in compensation of employees increased at an average annual rate of 16.5 per cent between 2006/07 and 2009/10. The annual increases are due to inflation related adjustments and the filling of vacant positions. The decrease of 24.1 per cent in goods and services between 2008/09 and 2009/10 was a result of improving the internal process for the capitalisation of refurbishment of infrastructure assets, and measures taken to save operating costs.

Trans-Caledon Tunnel Authority

Strategic overview: 2006/07 – 2012/13

The Trans-Caledon Tunnel Authority was initially established in 1986 in terms of the Water Act (1956). The authority now functions in terms of the National Water Act (1998) and a number of ancillary acts. This legislative framework allows the authority to implement projects in terms of specific directives from the Minister of Water Affairs.

The Trans-Caledon Tunnel Authority is a specialised liability management entity. Its mandate is to finance, develop and implement bulk raw water infrastructure within an acceptable risk framework and in the most cost effective manner to benefit water consumers. The authority's liability management activities cover the entire project cycle (from raising the finance to overseeing the engineering, construction and commissioning activities). The authority also plays an important role as an expert advisor to the Department of Water Affairs and other water management institutions on project initiation, restructuring treasury activities and reviewing water tariff methodologies.

In 2009/10, the Trans-Caledon Tunnel Authority fulfilled its mandate of designing, financing, implementing and commissioning bulk water projects. The authority successfully completed the construction and commissioning of two flagship projects: the Berg Water project and the Vaal River eastern subsystem augmentation project. The Berg Water project increases Cape Town's water supply to 523 million m³ per year and is expected to alleviate the water shortages in the region. Similarly, the Vaal River eastern subsystem augmentation project now delivers water to meet Eskom's and Sasol's water needs in Secunda. This was necessitated by Eskom's re-commissioning of mothballed power stations and Sasol's increased fuel production.

Given the organisation's good implementation record and its strong credit rating, the Minister of Water Affairs issued a number of additional directives in 2008/09 to the authority to raise funding for and implement the bulk water infrastructure projects, including phase two of the Mooi-Mgeni transfer scheme, the Komati Water scheme augmentation project and phase two of the Olifants River water resource development. Over the medium term, the organisation is expected to focus on the implementation of these ministerial directives. Moreover, the organisation will strengthen its internal capacity to provide advisory and treasury management services to the water sector.

Selected performance indicators

Table 37.15 Tans-Caledon Tunnel Authority

Indicator	Programme/Activity	Past			Current	Projections			
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	
Average interest rate	Benchmark	Lesotho Highlands water project	8.16%	9.55%	10.48%	8.93%	9.29%	9.29%	9.29%
	Actual		7.95%	9.11%	10.30%				
	Benchmark	Berg water project	8.39%	10.45%	11.56%	9.55%	7.97%	8.69%	8.71%
	Actual		8%	10.17%	9.53%				
	Benchmark	Vaal River eastern subsystem augmentation project	8.31%	10.33%	11.80%	9.92%	7.97%	8.69%	8.71%
	Actual		8.29%	10.21%	9.76%				
Credit rating	Long term	Berg water project	maintained AA+						
	Short term		maintained AA+						
	Long term	Vaal River eastern subsystem augmentation project	maintained AA+						
	Short term		maintained AA+						

Service delivery focus

Since completing the first phase of the Lesotho Highlands Water Project in 2001, emphasis has been placed on debt management to ensure that optimal capital structure is adopted and that revenue collected is sufficient to repay debts. In 2008/09, the □tabilize□on remained a preferred borrower in domestic and international money markets and both the Vaal River eastern sub-system augmentation and Berg Water projects maintained their Fitch credit rating of AA+. Over the medium term, debt and liability management services will also be extended to these projects. In 2009/10, the □tabilize□on worked closely with the departments of water affairs and the public enterprises to begin acquiring an engineering service provider to implement and fund the Mokolo Crocodile water augmentation project.

The second phase of the R1.7 billion Mooi-Mgeni transfer scheme in the KwaZulu-Natal midlands augments the existing transfer scheme into the Mgeni River catchment, increasing the yield by 60 million m³ to 394 million m³ per year. With an approved R3.1 billion borrowing limit from National Treasury, this phase involves constructing the new Spring Grove Dam on the Mooi River, a new pump station and a new pipeline from the dam to the Mpfana River, with construction set to begin in July 2010 for delivery by mid-2013. In the second phase of the Olifants River water resource development project, bulk water infrastructure will be constructed to meet the water requirements of new mines and a power station in Limpopo, with construction expected to begin in late 2011 for delivery in 2013. Construction on the Komati Water scheme augmentation project, which supplies water to Eskom's Duvha and Matla power stations in Mpumalanga, is set to begin in October 2010 for delivery in the third quarter of 2011 on an estimated budget of R1.7 billion.

To maintain a sustainable financial position, the organisation's operating surplus totalled R1.8 billion in 2008/09 compared to R1.6 billion in 2007/08. Revenue generated from the sale of raw water amounted to R2.5 billion in 2009 compared to R2.1 billion in 2008. An unqualified audit report was obtained for 2008/09.

The organisation handed over houses worth around R30 million that were initially constructed in the La Motte village for contractors on the Berg Water project, to the Stellenbosch municipality. Revenue from this sale will be used to fund housing developments in the area.

Expenditure estimates

Table 37.16 Trans-Caledon Tunnel Authority: Financial information

Statement of financial performance	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
R million							
Revenue							
Non-tax revenue	2 407.0	2 539.5	3 133.0	2 861.6	3 004.7	3 156.5	3 316.0
Sale of goods and services other than capital assets	1 952.0	2 088.8	2 493.3	2 838.0	2 981.3	3 131.9	3 290.1
of which:							
Sale of Bulk Water	1 952.0	2 088.8	2 493.3	2 838.0	2 981.3	3 131.9	3 290.1
Other non-tax revenue	455.0	450.7	639.6	23.7	23.5	24.6	25.9
Total revenue	2 407.0	2 539.5	3 133.0	2 861.6	3 004.7	3 156.5	3 316.0
Expenses							
Current expense	2 520.6	2 725.5	3 211.0	2 979.8	3 128.8	3 285.3	3 449.5
Compensation of employees	36.0	57.2	101.0	113.7	119.4	125.4	131.7
Goods and services	547.5	398.5	465.0	548.3	575.7	604.5	634.7
Depreciation	96.1	35.9	40.3	37.2	39.0	41.0	43.0
Interest, dividends and rent on land	1 841.0	2 209.8	2 603.7	2 280.7	2 394.7	2 514.4	2 640.1
Total expenses	2 520.6	2 725.5	3 211.0	2 979.8	3 128.8	3 285.3	3 449.5
Surplus / (Deficit)	(113.6)	(186.0)	(78.0)	(118.2)	(124.1)	(128.7)	(133.5)

Table 37.16 Trans-Caledon Tunnel Authority: Financial information (continued)

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Statement of financial position							
Carrying value of assets	17 536.0	18 549.0	22 107.6	19 545.1	19 948.8	20 371.4	20 814.8
<i>of which: Acquisition of assets</i>	1.8	13.0	399.6	430.7	442.8	463.6	486.5
Investments	1 018.1	1 908.0	864.4	3 604.0	3 270.5	3 615.2	3 977.1
Receivables and prepayments	547.8	467.0	956.0	1 478.0	1 543.9	1 619.7	1 700.4
Cash and cash equivalents	0.1	–	10.0	31.9	41.5	44.9	47.4
Assets not classified elsewhere	–	29.0	27.0	28.3	27.7	29.3	30.4
Total assets	19 102.0	20 953.0	23 965.0	24 687.2	24 832.4	25 680.5	26 570.2
Accumulated surplus/deficit	(3 510.0)	(3 550.8)	(3 628.8)	(3 747.0)	(3 871.1)	(3 999.8)	(4 133.4)
Capital and reserves	141.0	–	–	–	–	–	–
Borrowings	21 786.5	23 735.0	26 683.0	27 597.3	27 824.7	28 757.6	29 734.6
Trade and other payables	681.9	766.2	908.2	834.1	875.8	919.6	965.6
Provisions	2.6	2.7	2.7	2.8	3.0	3.1	3.3
Total equity and liabilities	19 102.0	20 953.0	23 965.0	24 687.2	24 832.4	25 680.5	26 570.2

Expenditure trends

The Trans-Caledon Tunnel Authority derives its revenue from the sale of bulk water and the provision of advisory services to the water sector. Sales of bulk water from the Lesotho Highlands water project, the Berg Water project and the Vaal River eastern subsystem augmentation project account for 91.4 per cent of total revenue over the 7-year period. Revenue increased from R2.4 billion to R2.9 billion between 2006/07 and 2009/10, at an average annual rate of 5.9 per cent. This marginal increase masks some important developments in the work of the authority. Revenue increased rapidly between 2007/08 and 2008/09 from R2.5 billion to R3.1 billion due to additional consultancy fees paid by the department to the authority for the provision of advisory services on the Komati Water scheme augmentation, Mokolo Crocodile water augmentation and Olifants River water resource development projects. Revenue received from advisory services is expected to decrease over the MTEF period as these bulk infrastructure projects move into the construction phase. Over the MTEF period, revenue is expected to grow at an average annual rate of 5 per cent.

Interest, dividends, rent and financing charges accounted for 76.5 per cent of all expenditure incurred by the authority in 2009/10. Expenditure increased from R2.5 billion in 2006/07 to R3 billion in 2009/10, at an average annual rate of 5.7 per cent. This is due to an increase in expenditure on compensation of employees and goods and services to expand the authority's capacity to implement the additional 4 projects from 2008/09 onwards.

Expenditure is expected to increase to R3.5 billion over the medium term, at an average annual rate of 5 per cent. This is due to an increase in operational expenditure over the medium term as the number of projects the authority is mandated to implement increases from 3 to 7. Capital expenditure for 2007/08 is relatively low, amounting to R13 million, and is projected to increase to R486.5 million in 2012/13 as the additional projects are implemented.

Programme 4: Regional Management

- *Stakeholder Management / Sector Support* monitors sector performance, coordinates sector collaborations and intergovernmental relations and ensures that the provincial water sector plans are aligned with provincial growth and development strategies.
- *Institutional Establishment* contributes to the establishment of effective water management institutions.
- *Regional Programme Coordination* ensures the implementation of departmental regional programmes.
- *Water Conservation and Demand Management* ensures the conservation of water through efficient infrastructure management and the water use efficiency programme.
- *Accelerate Access to Community Infrastructure* implements an accelerated community infrastructure programme to achieve the target for universal access to water supply.

- *Natural Resource Management Programmes* administers the Working for Water, Working on Fire and Working for Wetlands programmes. The programme works in partnership with local communities, to whom it provides jobs, and also with government departments including the departments of environmental affairs, agriculture, forestry and fisheries, and trade and industry, provincial departments and environment and research foundations and private companies.
- *Poverty Interventions* manages and facilitates poverty intervention programmes, which includes the extended public works programme and other labour intensive projects such as the erection of rain water tanks.
- *Regional Bulk* develops regional bulk infrastructure for water supply and water treatment works and supplements regional bulk sanitation collector systems as well as regional waste water treatment works.
- *Transfer of Water Schemes* guides the transfer of the operation and maintenance functions of water services schemes to water services institutions to ensure effective local operation and management.
- *Support Services* provides support services to the programme in the regions, namely human resources, financial management and general administration.

Objectives and measures

- Improve the management of water resources in South Africa by:
 - overseeing the functioning of the Inkomati and Breede-Overberg catchment management authorities by ensuring that their annual and quarterly reports are tabled in Parliament on time
 - creating and supporting 4 water users associations in 2010/11.
- Promote intergovernmental cooperation in the water sector by:
 - reviewing and ensuring the alignment of 9 provincial water sector plans with provincial growth and development strategies by March 2011.
- Facilitate good governance in the water sector by supporting the implementation of the water sector plans in the 9 provinces in the context of the water for growth and development framework by March 2011.
- Build institutional capacity in local government to provide water services by:
 - developing national policy, norms and standards, guidelines and tools to assist municipalities
 - providing targeted engineering advice and technical support to municipalities, where necessary, in line with the department's regulatory function
 - assisting municipalities to develop and implement the regulatory performance measurement system.
- Foster better donor relations in the water sector by completing the donor funded water sector support programme (Masibambane III) funded by the European Union in March 2011.
- Promote regional cooperation and water security in Africa by participating in strategic SADC and African water engagements, and by strengthening partnerships with New Partnership for Africa's Development structures and regional structures.

Service delivery focus

In 2009, regional collaboration was enhanced through the implementation of a capacity building programme in 7 SADC countries (Lesotho, Swaziland, Namibia, Botswana, the Democratic Republic of the Congo, Mozambique and South Africa). In 2009/10, proposals on training process controllers in 8 provinces were approved by the Local Government Sector Education and Training Authority to address the severe shortage of qualified technical staff in water service authorities.

The second edition of the water service authority checklist, which was published in 2008/09, was replaced by the regulatory performance measurement system, which became operational in 68 municipalities in 2009/10. In June 2009, all regional offices submitted their 7-point plans, which are strategies to eradicate the backlog in licensing and reduce turnaround time.

In 2008/09, 257 890 additional households were served with water and 326 477 households were served with sanitation. From April to December 2009, 188 311 households were served with water and 177 178 with sanitation. 601 496ha of invasive vegetation were cleared in 2008/09 against a target of 218 000ha. Between

April and September 2009, 447 603ha of alien plants were cleared through the Working for Water programme. In 2009/10, an estimated 30 270 people and 1 442 small, medium and micro enterprises benefited from the Working for Water programme. 9 regional bulk projects have been completed to date and 25 initiated between April and December 2009. 58 of 60 transfer agreements were signed and 4 592 staff members were transferred to water service authorities in 2008/09. Water service authorities have shown 85 per cent compliance with the Division of Revenue Act. 40 per cent of transferred schemes were refurbished and 70 per cent were transferred in 2009/10.

Expenditure estimates

Table 37.17 Regional Management

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Stakeholder Management / Sector Support	147.5	140.7	149.9	239.7	426.0	196.9	207.9
Institutional Establishment	156.6	254.3	179.9	242.2	697.6	591.4	465.9
Regional Programme Coordination	–	–	–	0.9	0.9	1.0	1.0
Water Conservation and Demand Management	–	–	–	167.0	41.3	29.3	29.5
Accelerate Access to Community Infrastructure	–	–	–	50.0	6.9	60.0	65.0
Natural Resource Management Programmes	468.2	556.1	650.2	627.1	908.1	1 260.5	1 371.5
Poverty Interventions	–	–	–	173.1	167.6	161.4	169.4
Regional Bulk	–	300.0	443.2	616.8	893.0	1 675.3	1 849.1
Transfer of Water Schemes	1 145.2	1 113.2	1 345.0	1 129.8	865.6	685.7	720.0
Support Services	162.1	194.2	209.3	251.2	322.0	415.8	441.1
Total	2 079.6	2 558.4	2 977.4	3 497.8	4 329.0	5 077.3	5 320.5
Change to 2009 Budget estimate				145.1	550.3	412.4	414.6
Economic classification							
Current payments	1 574.5	1 457.5	1 489.6	1 813.8	2 303.9	2 766.5	2 929.4
Compensation of employees	740.1	615.3	572.6	597.7	664.5	692.5	680.7
Goods and services	834.2	841.5	916.9	1 216.1	1 639.4	2 074.0	2 248.7
<i>of which:</i>							
<i>Consultants and professional services:</i>	373.7	339.1	380.3	473.9	416.6	488.7	616.1
<i>Business and advisory services</i>							
<i>Contractors</i>	20.1	36.2	55.2	311.6	131.6	122.1	134.4
<i>Agency and support / outsourced services</i>	138.1	155.9	186.4	187.4	758.0	1 104.2	1 219.4
<i>Property payments</i>	15.8	34.3	9.1	5.3	3.9	1.4	1.5
Interest and rent on land	0.2	0.6	0.2	–	–	–	–
Transfers and subsidies	472.0	774.3	1 015.0	984.4	948.5	504.6	660.4
Provinces and municipalities	385.7	732.9	994.7	925.0	890.7	380.7	399.8
Departmental agencies and accounts	–	3.7	4.6	22.1	40.2	59.3	62.3
Foreign governments and international organisations	–	–	–	0.6	–	–	–
Public corporations and private enterprises	83.9	37.7	0.0	–	–	–	–
Households	2.4	0.1	15.8	36.8	17.5	64.5	198.3
Payments for capital assets	33.1	322.9	472.8	699.6	1 076.6	1 806.2	1 730.7
Buildings and other fixed structures	10.4	306.2	449.6	672.0	1 034.4	1 763.9	1 686.2
Machinery and equipment	19.1	14.9	22.6	25.7	41.3	41.4	43.5
Biological assets	–	–	–	–	0.3	0.4	0.4
Software and other intangible assets	3.7	1.9	0.6	1.9	0.5	0.6	0.6
Payments for financial assets	–	3.7	–	–	–	–	–
Total	2 079.6	2 558.4	2 977.4	3 497.8	4 329.0	5 077.3	5 320.5

Table 37.17 Regional Management (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Details of selected transfers and subsidies							
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	385.7	641.7	985.7	871.3	661.7	380.0	399.0
Water Services Operating Subsidy Grant	385.7	641.7	985.7	871.3	661.7	380.0	399.0
Capital	-	91.2	9.0	53.7	228.4	-	-
Municipal Drought Relief Grant	-	91.2	9.0	53.7	228.4	-	-
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	-	3.7	4.6	22.1	40.2	59.3	62.3
Catchment Management Agencies (Seed Funding)	-	3.7	4.6	22.1	40.2	59.3	62.3
Public corporations and private enterprises							
Public corporations							
Subsidies on production or products							
Current	83.9	37.7	-	-	-	-	-
Water Services Operating Subsidy Indirect Grant: Water Boards	83.9	37.7	-	-	-	-	-
Foreign governments and international organisations							
Current	-	-	-	0.6	-	-	-
International Centre for Water Economics and Governance (WEGA)	-	-	-	0.6	-	-	-
Households							
Other transfers to households							
Current	-	-	-	3.6	15.5	62.5	196.3
Resource for poor farmers	-	-	-	3.6	3.5	3.6	3.8
Water Services Operating Subsidy Grant	-	-	-	-	12.1	58.9	192.5

Expenditure trends

The *Regional Management* programme accounts for the largest proportion of expenditure in the department. This programme finances regional infrastructure through transfers from the department to provinces and municipalities. The programme also houses the Working for Water and Working on Fire initiatives. Expenditure in the programme grew at an average annual rate of 18.9 per cent, from R2.1 billion in 2006/07 to R3.5 billion in 2009/10. This strong growth is mainly due to additional transfers to local government for the construction of water supply and distribution infrastructure. Between 2006/07 and 2009/10, transfers to provinces and municipalities increased from R385.7 million to R925 million, at an average annual rate of 33.9 per cent.

The increase in expenditure for the *Stakeholder Management / Sector Support* subprogramme increased significantly from R149.9 million in 2008/09 to R239.6 million in 2009/10 at an average annual rate of 59.9 per cent due to the drought relief in Western Cape municipalities and the cholera outbreak in Limpopo and Mpumalanga. Over the medium term, funds amounting to R3.8 million are allocated for the *Regional Programme Coordination* subprogramme to implement and support the implementation of regional bulk water infrastructure in local government. Transfers to departmental agencies are expected to grow significantly over the medium term, from R22.1 million in 2009/10 to R 62.3 million in 2012/13, at an average annual rate of 41.3 per cent. This is due to additional funding for the establishment of new catchment management agencies and for building organisational capacity in the 2 existing agencies. This translates into an increase of 188 per cent in the *Institutional Establishment* subprogramme.

Over the MTEF period, the programme's budget is expected to grow at an average annual rate of 15 per cent, from R3.5 billion to R5.3 billion. This increase is due to the continuation of the regional bulk infrastructure development, through an additional allocation of R554 million, of which R54 million is allocated for drought relief in Limpopo in 2010/11. This translates to an increase in expenditure in the *Regional Bulk* subprogramme,

which grows at an average annual rate of 44.2 per cent. Expenditure in the *Support Services* subprogramme is expected to increase significantly over the MTEF period, at an average annual rate of 20.6 per cent, to reach R441.1 million as the department expands its capacity to support regions with the implementation of regional bulk infrastructure projects.

Over the MTEF period, the expenditure in the *National Resource Management* subprogramme is expected to increase at an average annual rate of 29.8 per cent due to a shift of components of the expanded public works programme from the Department of Public Works to the Department of Water Affairs. Over the medium term, additional funds are appropriated for expanded public works programme incentive grants amounting to R386.4 million for the Working for Water programme and R111.6 million for Working on Fire programmes.

Programme 5: Water Sector Regulation

- *Economic and Social Regulation* ensures that pricing is efficient and cost reflective, achieves value for money for consumers and, where appropriate, that trade-offs are made between the cost quality of service and sustainability of service.
- *Water Use* authorises all water use activities in South Africa through the use of regulatory instruments such as licensing and water allocation reform.
- *Enforcement* ensures that water usage complies with norms and standards as per licence authorisation and that drinking water quality complies with South African national standard 241, regulates illegal water use and curbs pollution.
- *Resource Regulation* promotes compliance and the monitoring of policies and strategies, including dam safety.

Objectives and measures

- Ensure that the quality of water resources meets the needs of all consumers by implementing the water quality management programme and regulating it in 3 water management areas in 2010/11 (upper Vaal, upper Olifants, and Crocodile (west) and Marico).
- Ensure the equitable allocation of water resources to promote social and economic development through implementing water allocation reform and licensing by completing compulsory licensing processes in 3 catchment management areas (Umhlathuze, Jan Dissels and Inkomati) by March 2011.
- Ensure that all South African citizens have access to safe drinking water by implementing blue drop compliance monitoring and ensuring that 400 water systems are assessed by March 2011.
- Reduce pollution in water resources throughout South Africa by ensuring all 500 waste water treatment plants comply with effluent standards and are assessed for green drop status by March 2011.

Service delivery focus

In 2008, the department officially launched the blue drop/green drop certification programme during the municipal indaba. The objective of this regulation programme is to award water supply systems, waste water treatment works and water services authorities with statuses of excellence based on effective drinking water quality and waste water management practices. A secondary objective is to adequately inform the general public on the regulator's confidence levels in the respective management practices of each service system and waste water treatment works. In 2008/09, 22 municipalities met the blue drop certification requirements.

The first assessments in all 9 provinces began in 2009, while the completed audits formed the basis of the inaugural blue drop report, published in May 2009 and presented at the second drinking water quality conference in Port Elizabeth. The minister awarded 23 water supply systems with blue drop status and 32 waste water treatment facilities with green drop status at the conference in 2009/10. The inaugural green drop report will be published in early 2010. Second round assessments for blue drop status in 2010 began in December 2009 while the department completed audits for all the 2010 FIFA World Cup host cities. The second blue drop report is scheduled to be released in March 2010. Over the medium term, the department will implement

comprehensive monitoring and evaluation systems to support municipalities in achieving compliance with water regulation.

Targets over the medium term for awarding blue drop certificates are 100 in 2010/11, 170 in 2011/12 and 220 in 2012/13. For green drop certificates, the targets are 60 in 2010/11, 100 in 2010/11 and 150 in 2012/13.

Expenditure estimates

Table 37.18 Water Sector Regulation

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Economic and Social Regulation	52.2	78.2	79.1	76.4	75.6	81.8	85.9
Resource Regulation	41.1	35.2	32.0	53.4	50.9	53.9	56.6
Water Use	22.0	35.5	31.8	28.3	50.7	68.3	71.7
Total	115.4	148.8	142.9	158.1	177.2	204.0	214.1
Change to 2009 Budget estimate				(26.7)	(36.6)	(37.2)	(39.1)

Economic classification

Current payments	102.0	113.4	111.0	128.9	139.5	162.4	170.5
Compensation of employees	33.6	37.8	37.5	49.0	52.0	55.1	57.9
Goods and services	68.4	75.7	73.6	79.8	87.5	107.3	112.6
<i>of which:</i>							
<i>Consultants and professional services: Business and advisory services</i>	44.2	45.1	29.9	35.3	58.6	76.4	80.2
<i>Contractors</i>	13.1	11.9	2.6	6.9	7.3	7.7	8.1
<i>Agency and support / outsourced services</i>	–	–	22.9	16.4	–	–	–
Transfers and subsidies	12.3	30.2	30.8	27.4	36.1	39.9	41.8
Non-profit institutions	0.2	0.4	0.4	0.4	0.5	0.5	0.5
Households	12.1	29.9	30.4	27.0	35.6	39.4	41.3
Payments for capital assets	1.0	5.2	1.1	1.8	1.6	1.7	1.8
Buildings and other fixed structures	0.1	0.0	–	–	–	–	–
Machinery and equipment	1.0	5.1	1.1	1.8	1.6	1.7	1.8
Total	115.4	148.8	142.9	158.1	177.2	204.0	214.1

Details of selected transfers and subsidies

Households							
Other transfers to households							
Current	12.1	29.9	30.4	27.0	34.6	38.4	40.3
Financial assistance to small scale farmers	12.1	29.9	29.8	26.4	34.0	37.8	39.7
Financial assistance for dam safety	–	–	0.5	0.6	0.6	0.6	0.7

Expenditure trends

Overall spending on the *Water Sector Regulation* programme increased from R115.4 million in 2006/07 to R158.1 million in 2009/10, at an average annual rate of 11.1 per cent. Spending in this programme is expected to increase further, from R158.1 million in 2009/10 to R214.1 million in 2012/13, at an average annual rate of 10.7 per cent. This is mainly due to adjustments for inflation. Transfers and subsidies to households increase from R27 million to R41.3 million over the medium term, at an average annual rate of 15.3 per cent. Over the medium term, expenditure in this programme will be driven by the increasing number of water licences issued in terms of the allocation framework. This results in an increase in expenditure in the *Water Use* subprogramme of 36.3 per cent over the MTEF period.

Additional tables

Table 37.A Summary of expenditure trends and estimates per programme and economic classification

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R million	2008/09		2008/09	2009/10			2009/10
1. Administration	606.4	611.4	698.8	801.2	21.1	822.3	788.0
2. Water Management	352.9	356.4	331.8	345.1	–	345.1	338.4
3. National Water Resources Infrastructure Programme	1 931.9	2 191.9	1 644.3	2 277.0	242.4	2 519.4	2 280.7
4. Regional Management	2 991.9	3 014.0	2 977.4	3 357.3	140.5	3 497.8	3 427.4
5. Water Sector Regulation	144.3	144.3	142.9	162.7	(4.6)	158.1	135.3
Total	6 027.3	6 317.9	5 795.3	6 943.2	399.4	7 342.6	6 969.8
Economic classification							
Current payments	3 130.2	2 536.6	2 592.1	2 874.4	179.8	3 054.2	2 990.5
Compensation of employees	944.8	1 012.5	862.5	988.3	54.8	1 043.1	1 001.4
Goods and services	2 185.3	1 524.1	1 729.4	1 886.1	125.0	2 011.1	1 989.1
Interest and rent on land	0.0	–	0.2	–	–	–	–
Transfers and subsidies	2 832.0	3 265.3	2 705.3	3 325.6	213.8	3 539.4	3 230.3
Provinces and municipalities	861.5	994.7	994.7	978.6	(53.6)	925.0	854.6
Departmental agencies and accounts	1 936.9	2 196.9	1 649.6	2 120.1	242.4	2 362.5	2 123.8
Foreign governments and international organisations	0.6	0.6	0.6	180.1	0.6	180.7	180.7
Non-profit institutions	0.4	0.4	0.4	0.4	–	0.4	0.4
Households	32.7	72.7	60.0	46.3	24.4	70.7	70.7
Payments for capital assets	65.1	516.0	494.6	743.3	5.7	749.1	749.1
Buildings and other fixed structures	5.6	418.6	450.3	670.2	5.3	675.5	675.5
Machinery and equipment	47.9	50.7	41.2	66.1	0.5	66.6	66.6
Software and other intangible assets	11.6	46.7	3.1	7.0	–	7.0	7.0
Payments for financial assets	–	–	3.3	–	–	–	–
Total	6 027.3	6 317.9	5 795.3	6 943.2	399.4	7 342.6	6 969.8

Table 37.B Summary of personnel numbers and compensation of employees

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Permanent and full time contract employees							
Compensation (R million)	947.5	865.0	768.9	945.1	1 068.6	1 098.7	1 114.5
Part time and temporary contract employees							
Compensation (R million)	22.4	23.5	91.2	95.5	95.5	95.5	95.5
Unit cost (R million)	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Personnel numbers (head count)	290	290	1 073	1 073	1 073	1 073	1 073
Total for department							
Compensation (R million)	972.0	890.7	862.5	1 043.1	1 166.5	1 196.7	1 212.4
Unit cost (R million)	2.9	2.7	0.8	0.9	1.0	1.1	1.1
Personnel numbers (head count)	330	330	1 113	1 113	1 113	1 113	1 113

Table 37.C Summary of expenditure on training

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Compensation of employees (R million)	972.0	890.7	862.5	1 055.3	1 136.4	1 198.2	1 263.0
Training expenditure (R million)	37.0	38.9	40.8	63.1	65.7	67.3	70.7
Training as percentage of compensation	3.8%	4.4%	4.7%	6.0%	5.8%	5.6%	5.6%
Total number trained in department (head count)	2 181	2 220	2 923	848			
<i>of which:</i>							
<i>Employees receiving bursaries (head count)</i>	392	384	364	349			
<i>Learnerships trained (head count)</i>	189	189	189	–			
<i>Internships trained (head count)</i>	40	40	96	31			
Households receiving bursaries (R million)	630.0	630.0	16.2	15.0	15.9	16.9	17.7
Households receiving bursaries (head count)	42	42	120	187			

Table 37.D Summary of departmental public private partnership (PPP) projects

Project description: R million	Project annual unitary fee at time of contract	Budgeted expenditure 2009/10	Medium-term expenditure estimate		
			2010/11	2011/12	2012/13
Projects signed in terms of Treasury Regulation 16	535.1	112.1	125.6	100.7	-
PPP unitary charge	535.1	112.1	125.6	100.7	-
Total	535.1	112.1	125.6	100.7	-

1. Only projects that have received Treasury Approval: 1

Disclosure notes for projects signed in terms of Treasury Regulation 16

Project name	The Provisioning of Fleet Management Services to the National department of Transport
Brief description	The monthly hiring of long term and short term vehicles
Date PPP agreement was signed	14 November 2006 with the National Department of Transport
Duration of PPP agreement	Period of 5 years starting on 14 November 2006
Escalation index for unitary fee	Based on annual CPIX revised every year on 14 November

Table 37.E Summary of expenditure on infrastructure

Project name R million	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation 2009/10	Medium-term expenditure estimate		
				2006/07	2007/08	2008/09		2010/11	2011/12	2012/13
Departmental infrastructure										
Olifants River water stabilize development project phase 2A at De Hoop dam	Water supply to new mining developments, supplementation of water supplies to Polokwane and to various communities on the Nebo Plateau and Steelpoort valley	Construction	2 831.2	58.2	178.8	597.6	655.5	649.5	468.5	223.1
Olifants River water resources development project	Bulk distribution works	Tender	2 810.0	7.0	0.3	2.0	111.7	208.0	285.0	342.0
Dam safety rehabilitation programme	Rehabilitation of dams and dam safety improvements	Construction	2 116.3	20.8	198.3	435.3	484.4	319.8	362.9	273.1
Raising of Clanwilliam dam	Upgrading of the existing dam to stabilize the distortion and the augmentation of water supply to meet increasing demands	Design	1 343.6	-	-	-	-	78.1	125.4	336.5
Mvoti river-iSithundu dam	Secure water supply to domestic and industrial users	Feasibility	689.7	-	-	-	-	-	-	-
Mokolo River augmentation	Augmentation of water supply to the new power stations, extension of mining activities and for the fast growing population in the area	Tender	936.1	-	-	-	12.2	82.8	269.9	285.0
Nwanthwa dam	Meet the projected growing primary supply requirements to the year 2025, to improve the water availability for the riverine ecosystem and to stabilize water availability to the irrigation sector	Feasibility	1 206.7	-	-	6.2	62.1	57.0	171.0	293.0
Mzimkulu channel storage	Ensure a reliable water supply during dry periods	Feasibility	262.2	-	-	-	-	-	-	-
Sunday River government water scheme	Extension of the water scheme canal system to provide irrigation water to resource poor farmers	Feasibility	444.6	-	-	-	-	-	-	42.6
Vioolsdrift dam	Water supply to the Vioolsdrift area	Feasibility	798.0	-	-	-	-	-	-	160.7
Raising of Hazelmere dam	Augmentation of water supply to Umgeni Water	Design	79.8	-	-	-	34.2	45.6	-	-
Sediberg bulk regional sewerage scheme	Waste water treatment works	Feasibility	1 200.0	-	1.1	3.8	20.0	34.0	30.0	57.0
Maboks	Regional water supply scheme	Feasibility	1 000.0	-	-	0.8	0.6	-	-	-
Magalies water to Waterberg	Regional water supply scheme	Feasibility	1 000.0	-	0.5	0.9	0.7	-	-	-
Chris Ham district municipality cluster 6	Dams, weirs, boreholes, reservoirs, pump stations, bulk pipelines and surge tanks	Design	324.0	-	-	5.0	6.5	7.6	41.0	57.0

Table 37.E Summary of expenditure on infrastructure (continued)

Project name R million	Service delivery outputs	Current project stage	Total project cost	Audited outcome		Adjusted appropriation	Medium-term expenditure estimate			
				2006/07	2007/08		2008/09	2010/11	2011/12	2012/13
Infrastructure transfers to other spheres, agencies and departments										
Mbizana regional bulk water supply and bulk water scheme	The raw water supply system including the proposed Ludeke dam, raw water pump station: extension of the Nomlacu water treatment plant near the town of Bizana, and the initial development of the bulk treated water supply system	Design	338.1	-	7.4	1.9	34.5	26.8	77.3	90.8
Great Kei River basin	Water supply scheme	Feasibility	120.0	-	0.9	0.5	-	-	-	-
Gaukenti bulk water supply scheme, Mkwambati regional water supply and flagstaff regional water scheme	Dam construction, water treatment works, pump station, bulk pipelines	Feasibility	540.0	-	1.2	-	-	-	-	-
Ndlambe dam, Albany coast bulk water supply	Water treatment works, pump stations, pipelines and reservoirs	Feasibility	400.0	-	0.6	-	-	-	-	-
Jagersfontein and Fauresmith bulk water supply phases 1 - 3	Water treatment works, storage reservoir and pumping mains	Construction	167.0	-	16.0	18.7	13.6	15.0	30.0	73.7
Sterkfontein dam scheme	Water treatment works, storage reservoir, pumping mains and a 45km pipeline	Construction	196.0	-	7.8	14.6	30.0	55.0	76.3	14.0
Mohokare bulk water supply	Water treatment works, pumping mains, pump stations and storage reservoirs	Feasibility	272.0	-	-	-	0.2	-	-	-
Thabo Mofutsanyane Bulk Water Supply	Water treatment works, pumping mains, pump stations and storage reservoirs	Feasibility	470.0	-	-	-	-	-	-	-
Moghaka regional water scheme	Water treatment works, pumping mains, pump stations and storage reservoirs	Feasibility	230.0	-	-	-	0.8	-	-	-
Xhariep regional water scheme	Water treatment works, pumping mains, pump stations and storage reservoirs	Feasibility	240.0	-	-	-	-	-	-	-
Motheo regional water scheme	Water treatment works, pumping mains, pump stations and storage reservoirs	Feasibility	410.0	-	-	-	-	-	-	-
Greater Mthonjaneni Bulk Phase	Water treatment works, reservoir, pump stations and booster pump stations and rising main pipeline	Handed over	199.6	-	11.0	27.8	1.2	19.8	40.7	99.2
Ngebo regional bulk water supply	Raw water abstraction facility, conventional water treatment works, pipeline rising main, concrete reservoir and distribution pipelines	Design	182.6	-	-	5.4	1.7	30.1	55.5	90.3
Mhabatshane bulk water supply	Water infrastructure	Feasibility	138.0	-	-	-	-	-	-	-
Greater Eston water scheme	Bulk pipeline, pumping mains, pump stations, treatment works	Feasibility	124.0	-	-	1.4	-	-	-	-

Table 37.E Summary of expenditure on infrastructure (continued)

Project name R. million	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation 2009/10	Medium-term expenditure estimate		
				2006/07	2007/08	2008/09		2010/11	2011/12	2012/13
Infrastructure transfers to other spheres, agencies and departments										
Pongolapoort bulk water scheme	Bulk pipeline, pumping mains, pump stations, treatment works	Feasibility	150.0	-	-	-	-	-	-	-
Nebo bulk water supply	2 pump stations, reservoir and water treatment works	Construction	254.6	-	6.5	19.4	31.9	30.0	60.0	75.0
Mooihoek and Tubatse bulk water supply	13km of steel pipe	Construction	240.0	-	5.0	23.4	25.0	13.0	45.0	70.0
Mametya Sekororo	Construction of a water treatment works at the Oaks/Willows. Construction of a rising main pipelines. Construction of one command reservoir and 2 substantial storage reservoirs	Design	132.0	-	-	10.0	-	7.0	48.0	51.8
Mogalakwena bulk water supply	Refurbishment of 19 boreholes, equipping of 2 new boreholes. Construction of bulk pipeline from Fothane to Sekuruwe. Construction of bulk pipeline to link Wellfield with raw water pipeline, construction of new command reservoir	Construction	800.0	-	19.0	20.0	28.5	28.0	60.0	80.0
Lebalelo central and north regional water supply	Regional water supply scheme	Feasibility	600.0	-	-	1.4	0.5	-	-	-
Nwamitwa regional water supply scheme	Regional water supply scheme	Feasibility	644.0	-	1.5	0.3	0.6	-	-	-
Glen Alphine	Regional water supply scheme	Feasibility	345.0	-	1.0	0.4	0.9	-	-	-
Acornhoek bulk water supply	Re-commission and reconstruction of a pipeline	Feasibility	160.0	-	-	-	21.7	13.3	84.0	41.0
Moutse raw water supply	Pipeline	Feasibility	210.0	-	-	-	1.5	-	-	-
Ehlanzeni bulk water supply	Water treatment plant, reservoir and pipeline	Feasibility	380.0	-	-	-	-	-	-	-
Nkangala bulk water scheme	Reservoir and pipeline	Feasibility	200.0	-	-	-	-	-	-	-
Heuningvei and Moshaweng bulk water supply	Water to both rural communities and stock farmers.	Tender	104.3	-	0.4	1.0	1.6	-	35.0	68.5
Van der Kloof and Petrusville	The project entails the identification of a sustainable source, the rehabilitation of the existing infrastructure, the construction of new boreholes, reservoirs and the extension of the bulk and reticulation lines	Construction	248.0	-	1.7	23.3	7.0	-	17.0	18.0
Extension of Kalahari east pipeline	Construction of pipelines from the Orange River to the development of a new water treatment works and pumpstations	Feasibility	168.0	-	-	-	-	-	-	-

Table 37.E Summary of expenditure on infrastructure (continued)

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate			
				2006/07	2007/08	2008/09		2009/10	2010/11	2011/12	2012/13
R million											
Infrastructure transfers to other spheres, agencies and departments											
Upgrade of Vaal Gamagara scheme	The extension of the Kalahari east pipeline to supply water to Kgalagadi region. The project entails the construction of a pipeline and associated infrastructure such as pump stations	Feasibility	180.0	-	-	-	1.8	-	-	-	-
Madibeng bulk water scheme	Bulk water supply	Feasibility	270.0	-	0.5	-	3.0	20.0	40.0	45.9	-
Taung and Naledi bulk water scheme	Taung Bulk water supply	Tender	292.4	-	-	-	10.0	33.5	65.0	70.0	-
Ratlou bulk water scheme	Bulk water supply	Feasibility	400.0	-	0.8	-	-	-	-	-	-
Greater Marnusa bulk water scheme	Bulk water supply	Feasibility	410.0	-	-	-	1.0	-	-	-	-
Ngaka Modire district municipality	Water supply	Feasibility	240.0	-	-	-	-	-	-	-	-
Pietermaritzburg bulk water project	Moses Kotane local municipality water supply	Identification	150.0	-	-	-	-	-	-	-	-
West coast	Water supply	Feasibility	158.0	-	-	0.4	-	-	-	-	-
Eden regional water supply	Pumping schemes and pipelines, desalination plant	Feasibility	125.0	-	-	-	0.5	-	-	-	-
Western highveld regional bulk water supply	Water treatment works	Feasibility	200.0	-	-	-	2.1	-	-	-	-
Themba regional scheme	Water treatment works	Feasibility	199.9	-	-	-	-	-	-	-	-
Sundays River Paterson bulk water supply	Pump station, reservoirs and pipeline	Construction	73.8	-	18.0	-	12.5	10.5	14.0	18.8	-
Ibika water supply	The bulk supply will be constructed to the various command reservoirs in the supply area	Construction	49.0	-	0.6	3.2	5.0	11.0	20.0	8.2	-
Mnowasa bulk water supply	Dam construction, water treatment works, bulk pipelines and reservoirs	Tender	71.3	-	3.1	4.3	5.0	27.0	24.0	8.0	-
Xhora east water scheme	Dam construction, water treatment works, bulk pipelines, and reservoirs	Construction	31.4	-	3.0	3.4	5.6	9.4	8.7	-	-
Tsomo water supply	Bulk pipelines and reservoirs	Construction	22.3	-	-	-	20.0	2.3	-	-	-
Chris Hani district municipality cluster 5	Dams, weirs, boreholes, reservoirs, pump stations, bulk pipelines and surge tanks	Design	43.0	-	-	2.0	4.5	6.0	8.5	13.3	-
Chris Hani district municipality cluster 9	Dams, weirs, boreholes, reservoirs, pump stations, bulk pipelines and surge tanks	Design	125.7	-	-	4.0	8.0	18.0	21.5	35.0	-

Table 37.E Summary of expenditure on infrastructure (continued)

Project name R. million	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation 2009/10	Medium-term expenditure estimate		
				2006/07	2007/08	2008/09		2010/11	2011/12	2012/13
Infrastructure transfers to other spheres, agencies and departments										
Xonxa dam water supply to Lukhanji	Bulk pipelines, reservoirs, upgrade water treatment plant and pump stations	Design	84.6	-	1.0	0.7	2.8	5.9	12.0	45.1
Hofmeyer and Middelburg	Boreholes and pipelines	Design	49.5	-	1.0	-	5.0	7.0	24.0	12.5
OR Tambo Mthatha bulk water	Upgrading of water treatment works	Construction	34.0	-	4.4	22.1	3.3	-	-	-
Extensions at Coffee Bay	Water treatment works, pump station, bulk pipelines	Construction	80.0	-	1.1	18.3	17.8	21.0	22.0	-
Alfred Nzo bulk water supply scheme	Dam construction, water treatment works, bulk pipelines and reservoirs	Feasibility	66.1	-	1.0	2.7	0.4	7.0	25.0	30.0
Idutywa east scheme	Water supply	Feasibility	60.0	-	0.6	-	-	-	-	-
Sudwana water scheme	Water supply	Feasibility	40.0	-	0.6	-	-	-	-	-
Ngqamakhwe water scheme	Water supply	Feasibility	30.0	-	0.5	0.6	-	-	-	-
Mgwali south water supply	Bulk supply will be constructed to the various command reservoirs in the supply area.	Feasibility	44.0	-	-	-	-	-	-	-
OR Tambo Mthatha	Water supply	Feasibility	70.0	-	0.5	0.9	1.7	-	-	-
Mt Frere bulk water supply	Bulk pumping main and pump station	Feasibility	20.0	-	-	-	-	-	-	-
Burgsdorp bulk water supply	Dam, pump stations, bulk pipeline and surge tanks	Identification	70.0	-	-	-	-	-	-	-
Lady Gray bulk water supply	Water treatment works	Identification	10.0	-	-	-	-	-	-	-
Barkly East raw water abstraction and water treatment works upgrade	Pump station and pipelines	Identification	16.0	-	-	-	-	-	-	-
Maclear water supply bulk scheme	Dam	Identification	50.0	-	-	-	-	-	-	-
Bulk water supply to Ikwezi municipality	Borehole, pipeline and reservoirs	Identification	5.0	-	-	-	-	-	-	-
Ngwathe bulk water supply	Borehole drilling, pumping mains, reservoir construction, borehole pumping plant	Construction	9.3	-	4.8	-	2.5	2.0	-	-
Tokologo regional water supply phase 1	Water treatment works, pumping mains, pump stations and storage reservoirs	Design	83.9	-	0.7	0.7	0.2	15.0	47.0	20.3
Westonaria regional bulk water supply	Waste water treatment works	Design	103.6	-	-	3.4	6.7	20.0	33.0	40.5

Table 37.E Summary of expenditure on infrastructure (continued)

Project name R million	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
Infrastructure transfers to other spheres, agencies and departments										
Mathulini	Construction of reservoirs, rising main pipelines and extensions to the watenworks.	Handed over	21.6	-	13.3	8.3	-	-	-	-
Matlangeni waterborne sanitation	Sanitation improvements	Construction	10.5	-	-	-	8.9	1.1	0.5	-
Driefontein complex bulk water supply	Package plant for waste water	Construction	126.1	-	-	-	2.8	24.3	38.2	61.4
Greytown regional bulk water supply scheme	Pump stations, bulk water mains, reservoirs, bulk water distribution network, linkage to the 5 existing schemes and reticulation infrastructure	Construction	118.0	-	-	12.5	10.3	12.5	40.8	42.0
Emadlangeni Bulk regional water scheme	Refurbishment of raw water pipeline, pressure management, refurbishment of existing water treatment works and a mains replacement programme	Construction	50.0	-	-	9.6	9.5	5.9	15.2	9.8
Nongoma water supply	Gravity main, reservoirs, 2 balancing tanks and 2 pump stations.	Construction	27.9	-	20.2	2.6	5.1	-	-	-
Mandlakazi water supply	Augmentation of water treatment works and augmentation of water and booster pumpstations, and bulk pipelines	Construction	163.1	-	18.8	10.2	25.1	27.0	49.5	32.6
Hiabisa water supply	Water treatment works, pump stations, bulk pipelines and bulk reservoirs	Construction	126.7	-	6.6	9.0	24.0	22.1	36.6	28.5
Dukuduku resettlement	Bulk pipelines, 3 booster pump stations and 2 main reservoirs	Feasibility	56.0	-	-	-	1.0	19.5	25.0	11.0
Greater Bulwer Donnybrook Water Scheme	Bulk pipeline, pumping mains, pump stations, water treatment works and boreholes	Feasibility	103.6	-	-	-	-	-	-	-
Qudeni phase 2	Bulk pipeline, pumping mains, pump stations and water treatment works	Feasibility	36.0	-	-	-	-	-	-	-
Buffalo flats phase 2	Bulk pipeline, pumping mains, pump stations and water treatment works	Feasibility	36.0	-	-	-	-	-	-	-
uMkhanyakude bulk water supply	Bulk pipeline, pumping mains, pump stations and water treatment works	Identification	72.0	-	-	-	-	-	-	-
uThukela bulk water supply	Water infrastructure	Identification	65.0	-	-	-	-	-	-	-
Amajuba bulk water supply	Water infrastructure	Identification	70.0	-	-	-	-	-	-	-
Groblersdal Luikau bulk water supply	Construction of Pump main pipelines and pump stations	Construction	32.2	-	9.3	8.2	13.0	-	-	-
Sinthumule Kutama bulk water augmentation	Construction of bulk pipeline	Construction	146.5	-	5.0	15.0	15.0	16.0	51.0	44.5
Olifantspoort water treatment works	Upgrading of the water treatment works	Construction	280.0	-	10.0	20.0	43.6	1.7	20.0	-

Table 37.E Summary of expenditure on infrastructure (continued)

Project name R. million	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation 2009/10	Medium-term expenditure estimate		
				2006/07	2007/08	2008/09		2010/11	2011/12	2012/13
Infrastructure transfers to other spheres, agencies and departments										
Speecon bulk water supply	Construction of a pipeline. Construction of 11 reservoirs	Construction	73.0	-	8.5	13.0	18.0	19.0	-	-
Ohrigstad	Regional water supply	Feasibility	50.0	-	-	0.7	0.2	-	-	-
Nzhelele Valley bulk water	Regional water supply scheme	Feasibility	100.0	-	0.8	0.2	0.5	-	-	-
Makhado west extension	Regional water supply scheme	Feasibility	120.0	-	0.9	0.3	1.9	-	-	-
Lephalale bulk water augmentation for Eskom	Regional water supply scheme	Feasibility	200.0	-	1.0	0.2	1.9	-	-	-
Delmas phase 3 at Bloemendal	A 32km pipeline and will consist of continuously welded laid in backfilled trench. The project will be funded by Rand Water, grants and Delmas local municipality	Design	25.0	-	-	-	-	10.0	9.0	6.0
Mbombela 2010 water and sanitation	Support to 2010 FIFA World Cup activities comprise a central bulk water supply pipeline and the Maltafin Reservoir	Construction	61.9	-	6.0	6.0	19.9	30.0	-	-
Hoxane bulk water supply	A water treatment facility, which is co-funded by the Mbombela and Bushbuckridge municipalities	Construction	19.4	-	5.7	3.0	-	10.7	-	-
Miejane trust regional bulk water supply	Water will be pumped out of the Crocodile River	Construction	17.5	-	7.5	10.0	-	-	-	-
Orange River, Colesberg, Noupoot bulk water supply	A pipeline from the Orange River	Construction	89.6	-	-	-	12.7	10.0	33.0	34.0
Siyanda regional bulk schemes in Tsantsabane	Upgrade the existing water and sewerage bulk infrastructure in the Postmasburg area.	Construction	44.9	-	-	-	0.4	-	44.5	-
Siyanda Regional bulk schemes in Riemvasmaak	Water supply	Tender	4.0	-	-	-	-	-	4.0	-
Kenhart bulk water supply	Construction of a pipeline from the Orange River to Kenhart to supplement the current groundwater supply	Construction	63.1	-	-	-	13.0	39.2	15.0	-
Windsorton bulk water supply	The provision of bulk water supply to the community of Holpan.	Feasibility	14.0	-	-	-	-	-	-	-
Richtersveld bulk water scheme	Water supply	Feasibility	17.9	-	-	-	0.2	-	-	-

Table 37.E Summary of expenditure on infrastructure (continued)

Project name R million	Service delivery outputs	Current project stage	Total project cost	Audited outcome		Adjusted appropriation	Medium-term expenditure estimate	
				2006/07	2007/08		2008/09	2010/11
Infrastructure transfers to other spheres, agencies and departments								
Niekerkshoop bulk water supply	Supplementation of the current available groundwater with surface water from the Orange River	Feasibility	18.6	-	-	-	-	-
Upgrade of the Homevale water treatment works	Extension of the Homevale water treatment plant	Feasibility	89.4	-	-	-	-	-
Thembehlhe bulk water supply	Thembehlhe Municipality consists of Supply of water from the Orange River	Tender	28.1	1.4	1.6	2.0	-	-
Maqwassi Hills regional water supply	Construction of a pipeline of reservoir and pump station, 2 elevated steel tanks	Construction	66.0	20.0	43.2	2.8	-	-
Ventersdorp bulk water supply	Water treatment plant pipelines, pumpstations and reservoirs	Feasibility	45.0	-	-	1.0	-	-
Moretele bulk water supply	Reservoirs pipelines, pump stations and boreholes	Feasibility	40.0	0.5	1.0	-	-	-
Management and master plans	Provincial master plan	Identification	-	-	-	2.5	-	-
Clanwilliam and Lambertsbaai regional water supply	Construction of a pipeline, reservoir and pump station, 2 elevated steel tanks	Feasibility	23.0	2.1	0.4	3.1	9.9	10.0
Tulbagh bulk water supply	Water treatment plant pipelines, pump stations and reservoirs	Feasibility	58.0	0.6	0.4	5.0	11.0	10.0
Drakenstein waste water treatment plant	Reservoirs, pipelines, pump stations and boreholes	Feasibility	29.0	-	0.6	1.0	6.0	15.0
George bulk water supply and augmentation	Provincial master plan	Feasibility	59.0	1.2	0.4	7.0	8.0	22.3
Knysna local municipality	Desalination of sea water and upgrading of bulk supply system from Clanwilliam	Feasibility	52.0	-	-	0.5	-	-
Worcester water treatment plant	Diversion works, pipeline and reservoir	Feasibility	83.0	-	0.2	0.6	-	-
Drakenstein water supply	Waste water treatment plant	Identification	55.0	-	-	0.5	-	-
Kannaland water supply	Pumping scheme, dams and pipelines	Identification	14.0	-	-	-	-	-
Overstrand water supply	Pumping scheme and pipelines for water re-use	Identification	19.0	-	-	-	-	-
Central Karoo water supply	Waste water treatment plant	Identification	16.0	-	-	-	-	-
Head office management, systems and planning	Dam and pipelines	Various	-	4.0	2.8	15.5	60.0	171.3
Total			32 809.6	85.9	644.4	1 467.1	2 279.9	3 358.1
								284.7
								3 805.1

