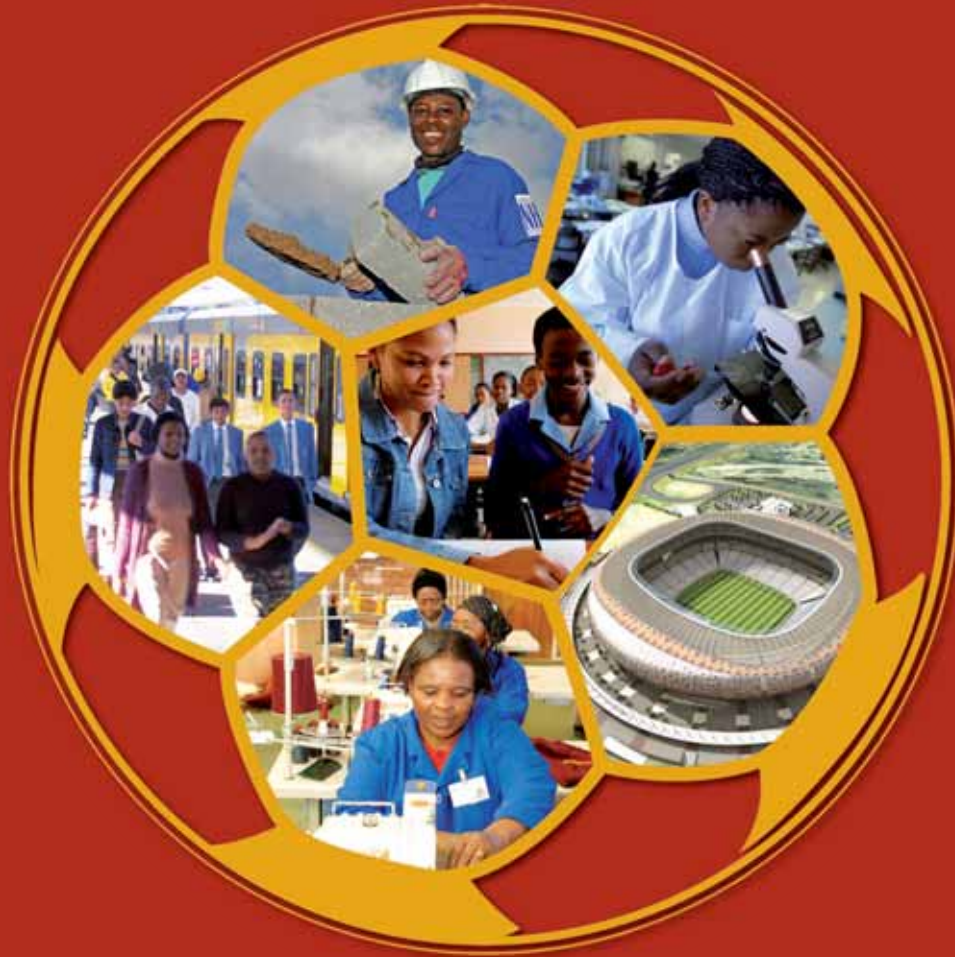


Vote 10

Public Enterprises



Estimates of National Expenditure 2010



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA



Estimates of National Expenditure

2010

National Treasury

Republic of South Africa

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The *Estimates of National Expenditure 2010* booklet for each vote is compiled with the latest available information from departmental and other sources. Some of this information is unaudited or subject to revision. In this booklet, more comprehensive coverage of goods and services, transfers, public entities and lower level institutional information is provided where applicable.

The *Estimates of National Expenditure 2010* as well as the *Estimates of National Expenditure 2010* booklets are also available on www.treasury.gov.za

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

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>	<i>26.2%</i>	<i>26.9%</i>	<i>26.2%</i>	<i>23.3%</i>	<i>23.8%</i>	<i>24.3%</i>	<i>24.5%</i>
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>	<i>2.8%</i>	<i>2.5%</i>	<i>2.3%</i>	<i>2.4%</i>	<i>2.6%</i>	<i>3.0%</i>	<i>3.2%</i>
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>	<i>25.6%</i>	<i>26.0%</i>	<i>27.4%</i>	<i>30.6%</i>	<i>30.3%</i>	<i>29.9%</i>	<i>29.3%</i>
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>	<i>0.6%</i>	<i>0.9%</i>	<i>-1.2%</i>	<i>-7.2%</i>	<i>-6.5%</i>	<i>-5.6%</i>	<i>-4.7%</i>
<i>GDP</i>	<i>1 833 191.0</i>	<i>2 081 626.0</i>	<i>2 320 117.0</i>	<i>2 449 857.9</i>	<i>2 699 888.0</i>	<i>2 967 560.3</i>	<i>3 295 748.7</i>

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	The Presidency	1.5	2.3	1.4	1.9	2.2	2.4	2.6
2	Parliament	10.7	10.6	11.9	10.1	10.4	14.2	15.0
3	Cooperative Governance and Traditional Affairs	1.7	2.3	1.7	1.8	2.4	2.6	2.7
4	Home Affairs	35.6	32.4	34.0	35.1	30.9	28.2	28.5
5	International Relations and Cooperation	4.0	13.1	8.1	12.4	14.4	14.1	14.1
6	Public Works	12.8	15.2	22.0	26.1	27.5	28.5	29.9
Financial and Administrative Services								
8	Government Communication and Information System	2.4	4.7	4.2	3.7	4.4	4.2	4.4
9	National Treasury	9.3	16.1	16.9	33.6	19.8	20.4	21.2
10	Public Enterprises	0.8	1.6	1.7	2.2	1.9	2.0	2.0
11	Public Service and Administration	2.0	2.2	3.7	2.6	3.6	3.5	3.7
12	Statistics South Africa	7.7	11.9	14.0	21.2	45.1	42.1	40.0
Social Services								
13	Arts and Culture	2.4	3.1	4.5	2.1	2.3	2.4	2.5
14	Basic Education	1.6	2.8	6.5	1.7	2.5	2.4	2.5
15	Health	5.5	9.5	1.8	4.5	5.5	6.1	6.6
16	Higher Education and Training	1.8	2.5	2.9	1.9	2.6	2.8	2.9
17	Labour	8.9	6.5	8.9	8.3	8.9	9.3	9.8
18	Social Development	2.2	1.7	1.8	2.3	2.5	2.6	2.8
19	Sport and Recreation South Africa	0.5	0.9	0.9	1.1	1.1	1.1	1.1
Justice, Crime Prevention and Security								
20	Correctional Services	111.4	125.6	76.0	89.5	64.0	100.5	105.6
21	Defence and Military Veterans	85.6	87.4	117.7	113.6	145.6	151.0	167.0
22	Independent Complaints Directorate	0.5	0.6	0.6	0.7	0.7	0.8	0.8
23	Justice and Constitutional Development	12.4	18.3	37.5	86.4	78.9	83.6	89.4
24	Police	807.5	966.0	1 124.0	1 006.5	1 386.6	1 449.0	1 514.2
Economic Services and Infrastructure								
25	Agriculture, Forestry and Fisheries	27.3	20.3	24.2	16.4	20.0	21.8	23.3
26	Communications	3.1	3.7	6.0	9.0	9.4	9.9	10.4
27	Economic Development	-	-	-	-	0.1	0.2	0.2
28	Energy	0.6	0.7	1.6	2.1	3.5	3.9	4.1
29	Environmental Affairs	2.3	2.1	2.2	2.3	2.5	2.7	2.9
30	Human Settlements	2.0	1.2	2.9	12.9	14.1	15.2	16.1
31	Mineral Resources	1.5	1.7	3.8	9.1	3.5	3.9	4.1
32	Rural Development and Land Reform	11.6	9.0	9.4	11.9	12.6	13.3	13.9
33	Science and Technology	1.0	3.6	5.2	6.5	5.1	5.4	5.6
34	Tourism	1.5	1.4	1.5	1.0	1.0	1.0	1.1
35	Trade and Industry	3.2	1.0	2.5	9.3	11.0	11.5	12.0
36	Transport	3.0	3.2	1.8	3.9	4.0	4.0	4.1
37	Water Affairs	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			

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 conditional grants to provinces and municipalities

A conditional grant refers to an allocation made by the national government, from its nationally raised revenue, to a province, local government or municipality, on condition that certain requirements or services are met.

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 donor funding

Donor funding is funding received by departments over and above the allocations provided in the South African government's appropriation legislation.

Donor funding comprises official development assistance and other local and international donations.

Official development assistance is an official resource flow from the international donor community to the South African government in the form of grants, technical cooperation and financial cooperation.

The **programme** column links the donor funding to the vote programme that is associated with it.

The **spending focus** shows what the department aims to achieve by using the funding.

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.

Public Enterprises

National Treasury
Republic of South Africa



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Vote 10

Public Enterprises

Budget summary

R thousand	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	101 276	99 966	710	600	–	107 732	111 843
Energy and Broadband Enterprises	150 364	11 764	–	–	138 600	14 519	14 878
Legal, Governance and Transactions	54 398	18 398	36 000	–	–	19 570	20 376
Manufacturing Enterprises	16 202	16 202	–	–	–	15 646	16 660
Transport Enterprises	18 510	18 510	–	–	–	20 570	23 396
Joint Project Facility	9 840	9 840	–	–	–	8 754	9 087
Total expenditure estimates	350 590	174 680	36 710	600	138 600	186 791	196 240
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 Infraco 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 thousand								
1. Administration	52 248	68 416	80 437	92 018	92 018	101 276	107 732	111 843
2. Energy and Broadband Enterprises	1 841 355	2 514 327	2 136 811	1 959 192	1 959 192	150 364	14 519	14 878
3. Legal, Governance and Transactions	103 867	93 653	145 391	145 863	145 863	54 398	19 570	20 376
4. Manufacturing Enterprises	577 456	1 159 944	267 027	199 335	199 335	16 202	15 646	16 660
5. Transport Enterprises	3 500	752 128	604 930	1 568 730	1 568 730	18 510	20 570	23 396
6. Joint Project Facility	11 409	15 516	30 553	26 022	26 022	9 840	8 754	9 087
Total	2 589 835	4 603 984	3 265 149	3 991 160	3 991 160	350 590	186 791	196 240
Change to 2009 Budget estimate				193 814	193 814	38 727	3 182	3 451

Economic classification

	100 254	126 539	163 683	172 911	172 911	174 680	185 426	194 806
Current payments								
Compensation of employees	47 208	55 998	70 445	81 424	81 424	88 015	93 540	98 325
Goods and services	53 046	70 541	93 238	91 487	91 487	86 665	91 886	96 481
<i>of which:</i>								
Administrative fees	531	652	199	49	49	44	47	49
Advertising	355	1 549	1 061	1 329	1 329	1 255	1 341	1 367
Assets less than the capitalisation threshold	485	580	299	394	394	379	402	411
Audit cost: External	1 372	956	1 089	1 141	1 141	1 198	1 280	1 305
Bursaries: Employees	212	439	611	700	700	770	823	839
Catering: Departmental activities	383	1 021	1 319	1 777	1 777	1 539	1 644	1 678
Communication	2 294	2 492	2 992	3 059	3 059	2 910	3 110	3 171
Computer services	1 190	2 406	2 469	1 944	1 944	3 254	3 477	3 547
Consultants and professional services: Business and advisory services	19 716	27 214	48 195	39 866	39 866	28 754	30 072	34 382
Consultants and professional services: Legal costs	3 129	4 676	2 724	5 985	5 985	7 335	7 837	7 994
Contractors	754	1	1 238	2 749	2 749	2 701	2 886	2 944
Agency and support / outsourced services	2 975	2 966	3 996	4 877	4 877	3 751	4 009	3 916
Entertainment	147	111	197	364	364	246	262	268
Inventory: Food and food supplies	-	-	-	-	-	180	192	196

Table 10.2 Public Enterprises (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 thousand								
Economic classification								
Current payments								
<i>Inventory: Materials and supplies</i>	-	-	2	-	-	-	-	-
<i>Inventory: Medical supplies</i>	2	-	-	-	-	-	-	-
<i>Inventory: Other consumables</i>	16	11	183	72	72	14	15	15
<i>Inventory: Stationery and printing</i>	1 142	2 314	2 694	2 557	2 557	3 070	3 267	3 332
<i>Lease payments</i>	3 490	1 991	2 338	2 508	2 508	2 196	2 346	1 443
<i>Property payments</i>	3 666	5 152	5 808	4 938	4 938	5 432	5 758	6 046
<i>Travel and subsistence</i>	9 323	10 423	11 296	12 352	12 352	16 378	17 497	17 847
<i>Training and development</i>	750	1 648	1 704	2 181	2 181	1 869	1 997	2 037
<i>Operating expenditure</i>	680	2 020	1 195	1 564	1 564	1 973	2 109	2 150
<i>Venues and facilities</i>	434	1 919	1 629	1 081	1 081	1 417	1 515	1 544
Transfers and subsidies	1 292 732	3 540 912	2 278 290	2 059 386	2 059 386	36 710	753	791
Provinces and municipalities	42	-	-	-	-	-	-	-
Departmental agencies and accounts	3 589	-	-	-	-	-	-	-
Public corporations and private enterprises	1 288 517	3 540 342	2 277 640	2 058 706	2 058 706	36 000	-	-
Payments for capital assets	2 741	3 506	878	1 253	1 253	600	612	643
Machinery and equipment	2 517	2 377	844	1 253	1 253	600	612	643
Software and other intangible assets	224	1 129	34	-	-	-	-	-
Payments for financial assets	1 194 108	933 027	822 298	1 757 610	1 757 610	138 600	-	-
Total	2 589 835	4 603 984	3 265 149	3 991 160	3 991 160	350 590	186 791	196 240

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 Infracore 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 thousand							
Minister ¹	885	951	1 843	1 725	1 816	1 916	2 012
Deputy Minister ¹	–	–	–	1 420	1 496	1 578	1 657
Management	12 899	14 563	22 539	29 507	36 324	39 233	40 945
Corporate Services	34 798	48 518	50 594	54 428	56 208	59 247	61 183
Office Accommodation	3 666	4 384	5 461	4 938	5 432	5 758	6 046
Total	52 248	68 416	80 437	92 018	101 276	107 732	111 843
Change to 2009 Budget estimate				13 221	2 727	3 182	3 451

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 10.4 Administration (continued)

R thousand	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	49 029	64 392	78 909	90 085	99 966	106 367	110 409
Compensation of employees	24 366	28 755	36 479	45 833	49 979	53 020	56 945
Goods and services	24 663	35 637	42 430	44 252	49 987	53 347	53 464
<i>of which:</i>							
Administrative fees	170	220	144	49	44	47	49
Advertising	174	1 257	1 061	1 314	1 255	1 341	1 367
Assets less than the capitalisation threshold	460	564	299	394	379	402	411
Audit cost: External	1 372	956	1 089	1 141	1 198	1 280	1 305
Bursaries: Employees	110	180	611	700	770	823	839
Catering: Departmental activities	319	803	1 165	1 661	1 427	1 524	1 555
Communication	1 290	2 045	2 669	2 438	2 309	2 467	2 516
Computer services	886	2 406	2 441	1 944	3 254	3 477	3 547
Consultants and professional services: Business and advisory services	3 897	8 345	7 282	4 942	6 579	7 029	7 170
Contractors	748	–	1 236	2 749	2 701	2 886	2 944
Agency and support / outsourced services	1 191	–	3 519	4 877	3 751	4 009	3 916
Entertainment	120	91	168	330	179	191	195
Inventory: Food and food supplies	–	–	–	–	180	192	196
Inventory: Materials and supplies	–	–	2	–	–	–	–
Inventory: Medical supplies	2	–	–	–	–	–	–
Inventory: Other consumables	16	11	183	72	14	15	15
Inventory: Stationery and printing	1 021	2 116	2 672	2 548	3 070	3 267	3 332
Lease payments	3 106	1 861	2 338	2 508	2 196	2 346	1 443
Property payments	3 666	5 152	5 808	4 938	5 432	5 758	6 046
Travel and subsistence	4 807	5 152	6 815	7 446	10 889	11 633	11 866
Training and development	763	1 473	1 178	2 177	1 689	1 805	1 841
Operating expenditure	396	1 714	1 121	1 346	1 793	1 916	1 954
Venues and facilities	149	1 291	629	678	878	939	957
Transfers and subsidies	605	570	650	680	710	753	791
Provinces and municipalities	21	–	–	–	–	–	–
Households	584	570	650	680	710	753	791
Payments for capital assets	2 506	3 427	878	1 253	600	612	643
Machinery and equipment	2 282	2 298	844	1 253	600	612	643
Software and other intangible assets	224	1 129	34	–	–	–	–
Payments for financial assets	108	27	–	–	–	–	–
Total	52 248	68 416	80 437	92 018	101 276	107 732	111 843

Details of transfers and subsidies

Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	21	–	–	–	–	–	–
Regional Services Council levies	21	–	–	–	–	–	–
Households							
Other transfers to households							
Current	584	570	650	680	710	753	791
Gifts and donations	584	570	650	680	710	753	791

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 appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R thousand							
Management	3 606	2 112	1 495	2 274	2 234	2 372	2 502
Information Communication Technology Sector Broadband	627 000	1 358	378 489	211 841	142 340	3 967	4 175
Energy Sector	2 146	7 804	6 509	3 828	2 211	4 386	4 207
Nuclear Sector	1 205 014	2 503 053	1 750 318	1 741 249	3 579	3 794	3 994
Initial Public Offering	3 589	-	-	-	-	-	-
Total	1 841 355	2 514 327	2 136 811	1 959 192	150 364	14 519	14 878
Change to 2009 Budget estimate				1 546	-	-	-

Economic classification

Current payments	6 308	12 054	9 811	12 912	11 764	14 519	14 878
Compensation of employees	3 482	5 898	5 761	7 901	8 702	9 214	9 041
Goods and services	2 826	6 156	4 050	5 011	3 062	5 305	5 837
<i>of which:</i>							
<i>Administrative fees</i>	174	68	2	-	-	-	-
<i>Advertising</i>	44	115	-	-	-	-	-
<i>Assets less than the capitalisation threshold</i>	1	3	-	-	-	-	-
<i>Bursaries: Employees</i>	45	216	-	-	-	-	-
<i>Catering: Departmental activities</i>	41	15	54	37	32	34	35
<i>Communication</i>	248	107	83	130	180	192	196
<i>Computer services</i>	84	-	-	-	-	-	-
<i>Consultants and professional services: Business and advisory services</i>	662	4 607	3 127	3 879	2 000	4 171	4 680
<i>Contractors</i>	-	-	2	-	-	-	-
<i>Entertainment</i>	1	5	2	6	26	28	29
<i>Inventory: Stationery and printing</i>	37	6	9	-	-	-	-
<i>Lease payments</i>	34	6	-	-	-	-	-
<i>Travel and subsistence</i>	945	881	383	772	735	785	801
<i>Training and development</i>	289	83	48	-	-	-	-
<i>Operating expenditure</i>	142	14	40	75	68	73	74
<i>Venues and facilities</i>	79	30	300	112	21	22	22
Transfers and subsidies	1 207 992	2 502 273	1 750 000	1 737 750	-	-	-
Provinces and municipalities	3	-	-	-	-	-	-
Departmental agencies and accounts	3 589	-	-	-	-	-	-
Public corporations and private enterprises	1 204 400	2 502 273	1 750 000	1 737 750	-	-	-
Payments for capital assets	55	-	-	-	-	-	-
Machinery and equipment	55	-	-	-	-	-	-
Payments for financial assets	627 000	-	377 000	208 530	138 600	-	-
Total	1 841 355	2 514 327	2 136 811	1 959 192	150 364	14 519	14 878

Table 10.5 Energy and Broadband Enterprises (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Details of transfers and subsidies							
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	3	-	-	-	-	-	-
Regional Services Council levies	3	-	-	-	-	-	-
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	3 589	-	-	-	-	-	-
Diabo Share Trust	3 589	-	-	-	-	-	-
Public corporations and private enterprises							
Public corporations							
Other transfers							
Current	1 204 400	2 502 273	1 750 000	1 737 750	-	-	-
Pebble Bed Modular Reactor	1 204 400	2 502 273	1 750 000	1 737 750	-	-	-

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.

Public entities

Broadband Infraco

South Africa lags behind its international counterparts in terms of ICT penetration and the rate at which new technology is adopted. Broadband services in South Africa are more expensive and the penetration is much lower than international benchmarks. Broadband Infraco was established in 2007 in terms of the Broadband Infraco Act (2007) as a state led intervention to introduce competition in the telecommunications market. It has invested in a national long distance fibre optic network based on the fibre optic assets deployed by Eskom on power transmission lines and Transtel on railway lines, which will form the backbone of the second national operator. By December 2009, Broadband Infraco had deployed and commissioned 11 700 km of the network.

In addition to national connectivity, international connectivity is also a major cost component of broadband costs in South Africa. Since its inception, Broadband Infraco's strategy has focused on reducing the cost of this key element. The construction and maintenance agreement was signed in April 2009. Once completed and fully commissioned, the system will reduce broadband costs and increase bandwidth capacity for all South African citizens, including the science community.

The west coast submarine cable system is expected to be ready for service by mid-2011. The following features are worth noting: the marine environmental survey started in July 2009 and should be completed in February 2010; the manufacturing of the marine cable began in December 2009 and is scheduled to be completed in September 2010; the deployment of the optical line terminal equipment began in November 2009 and is due for completion in June 2010; the marine cable installation will begin in September 2010 and is expected to be completed in March 2011.

Between 2006/07 and 2010/11, Broadband Infracore will have been capitalised with R1.3 billion for establishment and operational costs, made up as follows: R627 million in 2006/07, R377 million in 2008/09, R208.5 million in 2009/10, and the final transfer of R138.6 million in 2010/11.

Eskom

Eskom generates 95 per cent of the electricity used in South Africa and 45 per cent of the electricity used in Africa. Eskom's reserve margin has been steadily declining since 1999 as a result of increasing demand and not enough additional capacity being commissioned. This was particularly acute in January 2008 when the reserve margin dropped to alarmingly low levels (3.6 per cent commercially available), resulting in extensive load shedding. Low coal stockpile levels (12 days compared to the 20 days which is acceptable in the industry) also contributed to the low reserve margin in 2007/08. Eskom has since introduced a recovery plan, which increased the average stockpile level to 45 days, as at the end of March 2009.

Since 2004, Eskom has been undertaking a capacity expansion (build) programme to increase capacity and ensure the secure supply of electricity. Completed projects between 2005/06 and 2008/09 include the return to service and construction of three power stations. As a result, Eskom delivered 4 454MW of additional generating capacity into the system between 2005/06 and 2008/09. The focus for 2009/10 includes finalising the multi-year price determination and other regulatory matters, as well as securing funding arrangements for the capital expansion programme.

Over the five-year period from 2008/09 to 2012/13, Eskom's revised build programme is estimated at R385 billion. Major projects still to be completed include the construction of three new power stations. Other major projects include the return to service of two power stations and the construction of three new power stations and transmission projects. Eskom plans to deliver another 772MW of capacity into the system in 2009/10, and additional generating capacity of 1 925MW from 2010/11 to 2012/13.

In June 2009, the National Energy Regulator of South Africa approved an average price increase of 31.3 per cent for Eskom for the nine months from July 2009 to March 2010. Included in the increase is the 2c/kWh environmental levy payable to government (levied on the sale of electricity generated from non-renewable sources), which must be recovered by Eskom within the price increase. The regulator decided to allow Eskom the increased tariff to recover additional primary energy costs of R2.8 billion. A further application for a tariff increase of 35 per cent per year for the multi-year price determination period from April 2010 to March 2013 was submitted to the regulator in November 2009.

Pebble Bed Modular Reactor

The Pebble Bed Modular Reactor is a nuclear architect engineering company focused on the design and licensing of a standardised nuclear heat supply system and pebble fuel. It is a national long term technology development programme. It was established in 1999 to develop and market small scale, high temperature reactors locally and internationally.

In September 2008, a number of significant local and international factors led to a review of the company's business model, business case and product offering. The new business model and business case were approved by the board in May 2009. The new product offering is intended to reduce technical and financial risk by moving from a direct cycle to an indirect cycle and operating at lower temperatures. The indirect cycle is a standardised nuclear heat supply system, which uses steam for both electricity generation and process heat applications, and thus expands the company's customer base. The company has been successfully involved in the next generation nuclear plant programme in the United States and is in the process of applying for the next stage (safety tests for quality and licences). If successful, this will result in additional funding being released to the company. The fuel development laboratories in Pelindaba have produced advanced fuel spheres for irradiation, which is part of the process of testing the pebble fuel which will be used in the nuclear reactor.

The social impact assessment study, which was updated to address deficiencies, was resubmitted to the public for comment in the third quarter of 2009, and the environmental impact study is currently undergoing an internal review. The final report is due to be released at the end of 2009/10.

The company's focus over the medium term is on delivering a viable and sustainable business model, business case and product offering that will allow it to deliver a product without additional funding from government,

and that will service both the electricity and process heat industries. An interdepartmental task team was established late in 2009 to assess an appropriate way forward. The team included: the Department of Public Enterprises; National Treasury; and the departments of energy, and science and technology.

The following transfers were made to the company: R1.2 billion in 2006/07, R2.5 billion in 2007/08, R1.7 billion in 2008/09, and R1.7 billion in 2009/10. No further funds have been committed by government.

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 underway.

Public hearings were held on the licensing of Broadband Infraco and an electronic communications network services licence was granted in November 2009. Monitoring of Broadband Infraco'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 thousand							
Management	2 148	2 208	2 062	2 225	3 018	3 209	3 354
Legal and Litigation	7 690	9 224	9 509	11 729	9 466	10 063	10 511
Governance	5 066	7 511	2 531	1 725	1 853	1 961	2 082
Transactions	88 963	74 710	131 289	130 184	40 061	4 337	4 429
Total	103 867	93 653	145 391	145 863	54 398	19 570	20 376
Change to 2009 Budget estimate				(6 891)	36 000	-	-
Economic classification							
Current payments	19 559	20 906	15 093	16 773	18 398	19 570	20 376
Compensation of employees	11 126	10 857	7 784	8 636	9 367	9 920	10 534
Goods and services	8 433	10 049	7 309	8 137	9 031	9 650	9 842
<i>of which:</i>							
<i>Administrative fees</i>	5	176	19	-	-	-	-
<i>Advertising</i>	59	29	-	15	-	-	-
<i>Assets less than the capitalisation threshold</i>	2	12	-	-	-	-	-
<i>Bursaries: Employees</i>	34	19	-	-	-	-	-
<i>Catering: Departmental activities</i>	5	50	35	19	22	24	25
<i>Communication</i>	268	168	87	126	141	151	153
<i>Computer services</i>	69	-	-	-	-	-	-
<i>Consultants and professional services: Business and advisory services</i>	1 782	1 077	3 118	823	21	23	23
<i>Consultants and professional services: Legal costs</i>	3 129	4 676	2 724	5 985	7 335	7 837	7 994
<i>Contractors</i>	2	1	-	-	-	-	-
<i>Agency and support / outsourced services</i>	1 660	2 549	13	-	-	-	-
<i>Entertainment</i>	11	9	12	6	17	18	18
<i>Inventory: Stationery and printing</i>	57	123	2	-	-	-	-
<i>Lease payments</i>	125	33	-	-	-	-	-
<i>Travel and subsistence</i>	907	898	987	997	1 345	1 437	1 465
<i>Training and development</i>	142	59	249	-	-	-	-
<i>Operating expenditure</i>	32	97	25	116	75	80	82
<i>Venues and facilities</i>	144	73	38	50	75	80	82

Table 10.6 Legal, Governance and Transactions (continued)

R thousand	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	84 128	72 700	130 000	129 090	36 000	-	-
Provinces and municipalities	11	-	-	-	-	-	-
Public corporations and private enterprises	84 117	72 700	130 000	129 090	36 000	-	-
Payments for capital assets	180	47	-	-	-	-	-
Machinery and equipment	180	47	-	-	-	-	-
Payments for financial assets	-	-	298	-	-	-	-
Total	103 867	93 653	145 391	145 863	54 398	19 570	20 376

Details of transfers and subsidies

Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	11	-	-	-	-	-	-
Regional Services Council levies	11	-	-	-	-	-	-
Public corporations and private enterprises							
Public corporations							
Other transfers							
Current	84 117	72 700	130 000	129 090	36 000	-	-
Legal Claim	2 035	-	-	-	-	-	-
Alexkor	82 082	72 700	130 000	129 090	36 000	-	-

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.

Public entity**Alexkor**

Since November 1992, Alexkor has been run as a public company with the state as sole shareholder. Alexkor mines diamonds in the Alexander Bay area, including marine mining and land mining.

In 2003, the Constitutional Court ruled that the Richtersveld community had a legitimate claim to its ancestral land from which it was forcibly removed after diamonds were discovered there in the early 1920s. The court found that the community had been evicted under discriminatory apartheid laws and was entitled to have both the land and mineral rights returned. Alexkor has been subject to a number of business constraints, including the land claim. These constraints have resulted in decreasing diamond recoveries over the years. The deed of settlement for the land claim was signed in April 2007, and the Department of Public Enterprises has mandated Alexkor to explore options to reposition the company as a state owned mining and minerals company. This new strategy will enable Alexkor to respond to new mining and mineral opportunities.

While continuing with mining activities in the current constrained economic context, Alexkor is focused on implementing the Richtersveld land restitution order imposed on it by the land claims court. The court order obliges Alexkor to transfer land and mineral rights to the Richtersveld community, establish Alexander Bay as a formal township, undertake environmental rehabilitation, and establish a pool and share joint venture with the Richtersveld Mining Company for future mining activities.

In 2009, Alexkor's agricultural and maricultural assets and portions of land were transferred to the Richtersveld community. Work has begun on upgrading municipal engineering services to municipal standards to enable the formal establishment of Alexander Bay township. Erven in the township will be transferred to the community and the Richtersveld local municipality will take over the functions of providing municipal services once the township is formally established. Alexkor has submitted its application for the conversion of its mining rights to the Department of Mineral Resources and is awaiting a response. Its land mining rights will then be transferred to the Richtersveld Mining Company.

As a consequence of the transfer of the agricultural and maricultural assets of Alexkor to the Richtersveld community as well as the imminent formation of the pool and share joint venture, Alexkor has implemented a restructuring plan and is looking at how to revise its mandate so that it is aligned with government's policy on state ownership of mineral resources. It has ceased its own mining activities to contain costs, and mining activities are now sourced from locally based contracted mining companies, with Alexkor providing processing and administrative services. The pooling of resources between the company and the contractors has in principle allowed the company to increase its diamond production levels, but the economic crisis has negatively impacted on diamond market prices, which has resulted in a drop in Rand based diamond revenues.

Alexkor's reported results for the year ended 31 March 2009 were below the previous year's performance as well as below its corporate plan projections. Revenue decreased by 8.8 per cent from R139.8 million to R127.5 million. The company recorded an operating loss of R77.6 million (2008/09: R5.9 million profit) and a net loss of R65.7 million (2008/09: R4.8 million loss).

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 thousand							
Management	2 435	1 519	1 317	1 797	8 835	7 738	9 187
Forestry Sector	6 684	865	1 393	1 395	2 437	2 648	1 995
Defence Sector	568 337	1 157 560	264 317	196 143	4 930	5 260	5 478
Total	577 456	1 159 944	267 027	199 335	16 202	15 646	16 660
Change to 2009 Budget estimate				190 868	-	-	-

Economic classification

Current payments	10 452	5 959	9 387	7 469	16 202	15 646	16 660
Compensation of employees	3 691	3 939	4 651	5 465	6 376	6 837	6 445
Goods and services	6 761	2 020	4 736	2 004	9 826	8 809	10 215
<i>of which:</i>							
Administrative fees	113	128	9	-	-	-	-
Advertising	73	-	-	-	-	-	-
Assets less than the capitalisation threshold	22	-	-	-	-	-	-
Bursaries: Employees	15	16	-	-	-	-	-
Catering: Departmental activities	18	17	32	15	15	16	16
Communication	380	62	33	105	76	82	83
Computer services	114	-	-	-	-	-	-
Consultants and professional services: Business and advisory services	3 547	659	3 707	1 515	8 900	7 820	9 206
Contractors	3	-	-	-	-	-	-
Agency and support / outsourced services	75	388	464	-	-	-	-
Entertainment	14	4	10	11	11	11	12
Inventory: Stationery and printing	23	4	2	-	-	-	-
Lease payments	222	42	-	-	-	-	-
Travel and subsistence	2 410	625	332	338	761	813	829
Training and development	(426)	12	63	-	-	-	-
Operating expenditure	96	58	-	-	-	-	-
Venues and facilities	62	5	84	20	63	67	69

Table 10.7 Manufacturing Enterprises (continued)

R thousand	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	4	220 969	257 640	191 866	-	-	-
Provinces and municipalities	4	-	-	-	-	-	-
Public corporations and private enterprises	-	220 969	257 640	191 866	-	-	-
Payments for capital assets	-	16	-	-	-	-	-
Machinery and equipment	-	16	-	-	-	-	-
Payments for financial assets	567 000	933 000	-	-	-	-	-
Total	577 456	1 159 944	267 027	199 335	16 202	15 646	16 660

Details of transfers and subsidies

Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	4	-	-	-	-	-	-
Regional Services Council levies	4	-	-	-	-	-	-
Public corporations and private enterprises							
Public corporations							
Other transfers							
Current	-	220 969	257 640	191 866	-	-	-
Denel	-	220 969	257 640	191 866	-	-	-

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.

Public entities

Denel

Denel was incorporated as a private company in April 1992, when it separated from the Armaments Corporation of South Africa. At the time, the industrial and manufacturing activities of the corporation were integrated into Denel. Denel's mandate is to supply South Africa's armed forces with strategic and sovereign capabilities. Denel also plays a major role in contributing to the development of South Africa's advanced manufacturing capability. The Denel group of companies currently delivers products ranging from ammunition to missiles, and also carries out systems design and integration for land and air capabilities for the Department of Defence and Military Veterans.

Denel's turnaround strategy was initiated in 2005, providing for a shift from major systems development towards the manufacture of sub-systems and components for local and global markets. The strategy is driven by the need for Denel to be commercially viable and reduce its dependence on the fiscus. A key part of the strategy is for Denel to enter into equity partnerships that can provide it with access to international markets, technical expertise and capital. Equity partnerships have thus far been secured in four of Denel's businesses: engine manufacturing, munitions, optronics and aero structures. Significant progress has been made in securing an equity partnership in its missiles business. Apart from the aerostructures business, all the equity partnerships are currently profitable.

Denel is currently focusing on reducing the total cost of ownership to the Department of Defence and Military Veterans, securing predictability in multi-year orders from the department to enable effective planning and delivery, and becoming the supplier of choice to the department. A current initiative aims to bring about an operational merger between the South African Air Force and Denel Aviation to enhance its value add to the department. Denel is also aiming to improve its operational capabilities and service delivery.

Denel's losses have decreased from R549 million in 2006/07 to R544 million in 2008/09. The 2008/09 loss was heavily impacted by an impairment of R171 million in the aerostructures business, Denel Saab Aerostructures, and interest costs as a result of high borrowings. Revenue has also been negatively impacted by the delays in the A400M programme. However, revenue increased from R3.3 billion in 2006/07 to R3.9 billion in 2008/09, and is expected to increase further over the medium term.

The South African Forestry Company

The South African Forestry Company manages and develops commercial forests. The company's activities include forestry management and timber harvesting and processing, domestically and in neighbouring countries. The company's main subsidiary, Komatiland Forests, operates in Mpumalanga, Limpopo and KwaZulu-Natal. Softwood saw timber is sold in South Africa and soft and hardwood saw timber and pulp wood in Mozambique. Komatiland Forests has an 80 per cent shareholding in the Mozambican forestry company, Ifloma, while the remaining 20 per cent is held by the Mozambican government.

Cabinet's decision on the role of the company and the privatisation of Komatiland Forests was finalised in March 2007, but pending land claims have delayed implementation. The Minister of Public Enterprises extended the disposal of the company by five years to 2011/12 to allow for the resolution of the land claims. The company has maintained normal operations with incremental expansion to preserve its value until its future role is determined. It established an enterprise development project in 2008/09 to create jobs and alleviate poverty in the rural areas where it operates. The enterprises include bee keeping, charcoal manufacturing and tourism. It is envisaged that communities will own and manage these enterprises after the privatisation. With rural development a key priority for government, the future role of the company will be tabled in Cabinet in 2010 as it is ideally positioned to promote rural development.

The company reported a net profit of R638.5 million in 2007/08 and R702 million in 2008/09, mainly due to plantation valuation gains as a result of the high demand of timber in those years. However, the economic downturn has had a severe impact on the company's operations and revenue, and current projections for 2009/10 indicate that it will be reporting a loss.

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 thousand							
Management	–	761	6 353	2 470	2 518	2 697	2 826
Transport Sector	2 299	4 486	9 799	11 231	9 689	10 736	15 216
Aviation Sector	1 201	746 881	588 778	1 555 029	6 303	7 137	5 354
Total	3 500	752 128	604 930	1 568 730	18 510	20 570	23 396
Change to 2009 Budget estimate				2 726	–	–	–

Table 10.8 Transport Enterprises (continued)

R thousand	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	3 498	7 712	19 930	19 650	18 510	20 570	23 396
Compensation of employees	2 162	3 087	10 478	9 152	10 030	10 741	11 318
Goods and services	1 336	4 625	9 452	10 498	8 480	9 829	12 078
<i>of which:</i>							
Administrative fees	69	4	-	-	-	-	-
Advertising	5	-	-	-	-	-	-
Bursaries: Employees	8	4	-	-	-	-	-
Catering: Departmental activities	-	120	14	21	18	19	20
Communication	108	32	33	100	89	95	97
Computer services	37	-	28	-	-	-	-
Consultants and professional services: Business and advisory services	801	3 627	8 525	8 805	6 582	7 801	10 010
Contractors	1	-	-	-	-	-	-
Agency and support / outsourced services	49	29	-	-	-	-	-
Entertainment	1	2	2	8	9	10	10
Inventory: Stationery and printing	4	6	6	1	-	-	-
Lease payments	3	-	-	-	-	-	-
Travel and subsistence	254	357	506	1 370	1 485	1 586	1 618
Training and development	(18)	21	166	4	180	192	196
Operating expenditure	14	50	9	27	37	40	40
Venues and facilities	-	373	163	162	80	86	87
Transfers and subsidies	2	744 400	140 000	-	-	-	-
Provinces and municipalities	2	-	-	-	-	-	-
Public corporations and private enterprises	-	744 400	140 000	-	-	-	-
Payments for capital assets	-	16	-	-	-	-	-
Machinery and equipment	-	16	-	-	-	-	-
Payments for financial assets	-	-	445 000	1 549 080	-	-	-
Total	3 500	752 128	604 930	1 568 730	18 510	20 570	23 396

Details of transfers and subsidies

Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	2	-	-	-	-	-	-
Regional Services Council levies	2	-	-	-	-	-	-
Public corporations and private enterprises							
Public corporations							
Other transfers							
Current	-	744 400	140 000	-	-	-	-
South African Airways	-	744 400	-	-	-	-	-
South African Express	-	-	140 000	-	-	-	-

Expenditure trends

Expenditure increased significantly from R3.5 million in 2006/07 to R1.6 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 Airway's 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.

Public entities

Transnet

Transnet has been transformed into a focused freight transport company whose mission is to lower the cost of doing business through providing port, rail, and pipeline infrastructure and cost effective, efficient operations within acceptable benchmark standards. Transnet's key role is to assist in lowering the cost of doing business in South Africa and to enable economic growth.

The global economic downturn is expected to curtail growth in the freight volumes handled by Transnet until demand and commodity prices return to mid-2008 levels. This is posing a challenge, particularly as it comes so soon after the company had transitioned from the initial turnaround phase into the growth phase of its strategy. In 2009, several key initiatives were implemented to strengthen operational efficiencies, human capital development and financial and risk management. Commercial and operational integration has significantly improved through the implementation of freight corridor teams along the four primary corridors: the Gauteng – Cape Town, Gauteng – Durban, Richards Bay and Sishen-Saldanha.

Transnet's financial performance was resilient in spite of the economic downturn and limited volumes. In particular, cost was contained below inflation. Iron ore volumes increased by about 30 per cent in 2009, compared to the previous year. The existing Durban to Johannesburg pipeline is operating above design capacity and is on target to be replaced by the new multi-product pipeline 2011. The ability to deliver profitable and sustainable volume growth requires Transnet to focus on a set of strategic initiatives within the framework of the growth strategy. These are: increasing market share in container land transport and delivering on committed volumes in iron ore and coal; focusing capital investments on value creating growth; effecting targeted cost reductions; implementing a funding plan and ensuring the cost effective procurement of capital; and improving key productivity measures and securing economies of scale.

Transnet's capital expenditure programme is progressing according to schedule and is focused on: the expansion of the iron ore and coal lines and the upgrading of rolling stock and infrastructure; the new deepwater port of Ngqura in Eastern Cape; and the development and construction of the new multi-product pipeline from Durban to Johannesburg.

Transnet has targeted operational improvements across the business in line with the shareholder compact, including operational efficiency targets for port and rail service delivery. Locomotive efficiency and availability improved in 2008/09 and is targeted for further improvement in the current MTEF period. Wagon turnaround efficiency, however, declined in the period and is targeted for improvement. Average ship turnaround at the Durban container terminal improved to 47 hours, 9 hours faster than the 2008/09 target. While average container moves per crane hour have improved, they remain below target.

The borrowings programme is on track. About 80 per cent of borrowing requirements have already been secured. Gearing remains at an acceptable level, which enables the successful execution of the capital expenditure programme. Net profit from operations decreased by 14.5 per cent compared to the previous reporting period. This was due to: a marginal increase in revenue of 2.9 per cent (an effect of the global economic downturn); depreciation and amortisation (acceleration of the capital investment programme and depreciation on revalued port facilities and pipelines); and impairments of R187 million in the rail division, relating to derailments. Capital investment expenditure for the 6-month period was R8.7 billion. R4.7 billion was spent on maintaining infrastructure and equipment, and R4 billion on expanding capacity.

South African Airways

South African Airways is South Africa's national air carrier. Owned by the government, it is a full service network operating international, regional and domestic scheduled services, from its head office at OR Tambo International Airport. Its main business units include passenger and mail air services, cargo, South African Airways Technical and a Voyager loyalty programme.

The airline has made good progress towards achieving its restructuring targets, under the guidance of a private consultancy. Restructuring started in March 2007 to ensure the airline's survival and future sustainable profitability. The two biggest restructuring initiatives have been completed: the grounding of the fleet of Boeing

747s and consultations with labour on standardising and simplifying conditions of employment, with final agreements being put in place. These two initiatives make up more than half of the total restructuring targets.

The restructuring plan has achieved audited savings of R2.5 billion, 8 per cent ahead of that target. Revenue enhancing initiatives focused on improving returns per ticket and improving passenger load factors per route. Passenger load factors were 70 per cent before restructuring, and improved to 73 per cent in 2008/09. On time performance has improved by as much as 15 per cent since 2007, and remains ahead of target. At the end of 2007/08, operational performance improvements resulted in a profit of R123 million, excluding restructuring costs.

While in 2008/09, the company achieved a profit of R7 million, the profit margin target was not achieved due to hedging losses arising from unexpected movements in oil prices as well as the global economic downturn, which negatively affected traffic volumes. In 2009/10, a guarantee of R1.6 billion was issued in favour of South African Airways to provide additional cover for unexpected volatility in operating performances in the current economic circumstances. The airline also made provision for the additional liability relating to the international financial reporting interpretation committee's ruling on customer loyalty programmes. In terms of the ruling, the company has to account for the Voyager programme differently, which has meant deferring revenue for 2009/10.

The airline postponed the acquisition of aircraft from Airbus. The aircraft are now expected to be delivered from 2013, giving the airline sufficient time to structure the funding to pay for them.

Over the MTEF period, the company will implement further restructuring initiatives to complete the process of commercialising certain business units, disposing of non-core businesses, and introducing equity partners in certain divisions that require capital injections. An implementation plan is expected to be developed in 2010. Options are also being considered for establishing South African Airways Technical as a maintenance hub in Africa to service many airlines. The airline is also considering restructuring options for cargo. South African Airways will continue its expansion into the profitable African market, while stabilising activities in the domestic and intercontinental markets. It will also increase the number of flights during the 2010 FIFA World Cup by making full use of the available fleet, extending hours of operation and using chartered aircraft.

South African Express Airways

South African Express Airways operates regional and domestic flights from OR Tambo International Airport in Johannesburg, serving secondary routes in South Africa and African. The airline was established in 1994. The airline's African operation includes services to Botswana, Namibia, the Democratic Republic of the Congo and Mozambique. It also provides a feeder air service that connects with the South African Airways network. The company was transferred from Transnet to the Department of Public Enterprises in 2008/09.

The airline has consistently generated profits over the last 5 years. It made a profit of R235 million in 2008/09, growth of 19 per cent over the previous years and 3 per cent above the corporate plan target. The company's capital base has been strengthened by R445 million, and the R356 million loan acquired from Transnet was recognised as equity following the transfer from Transnet to the Department of Public Enterprises. This has improved its balance sheet position, which now shows a debt to equity ratio of 45 per cent.

The airline is expanding into Africa and continues to provide an important feeder air service to South African Airways. It has consistently maintained current load factors of 67 per cent over the last three years in line with its corporate plan, including through the economic downturn. Passenger growth was 3.1 per cent in 2008/09, slightly below the corporate plan target. 2009/10 is expected to be more difficult as a result of economic conditions but the airline is expected to perform better in 2010/11, when GDP is expected to grow again following the hosting of the 2010 FIFA World Cup and as the economy starts to recover from the recession.

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 underway.

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 thousand							
Management	–	2 503	348	853	1 070	1 149	1 212
Joint Project Facility	11 409	13 013	30 205	25 169	8 770	7 605	7 875
Total	11 409	15 516	30 553	26 022	9 840	8 754	9 087
Change to 2009 Budget estimate				(7 656)	–	–	–

Economic classification

Current payments	11 408	15 516	30 553	26 022	9 840	8 754	9 087
Compensation of employees	2 381	3 462	5 292	4 437	3 561	3 808	4 042
Goods and services	9 027	12 054	25 261	21 585	6 279	4 946	5 045
<i>of which:</i>							
<i>Administrative fees</i>	–	56	25	–	–	–	–
<i>Advertising</i>	–	148	–	–	–	–	–
<i>Assets less than the capitalisation threshold</i>	–	1	–	–	–	–	–
<i>Bursaries: Employees</i>	–	4	–	–	–	–	–
<i>Catering: Departmental activities</i>	–	16	19	24	25	27	27
<i>Communication</i>	–	78	87	160	115	123	126
<i>Consultants and professional services: Business and advisory services</i>	9 027	8 899	22 436	19 902	4 672	3 228	3 293
<i>Entertainment</i>	–	–	3	3	4	4	4
<i>Inventory: Stationery and printing</i>	–	59	3	8	–	–	–
<i>Lease payments</i>	–	49	–	–	–	–	–
<i>Travel and subsistence</i>	–	2 510	2 273	1 429	1 163	1 243	1 268
<i>Operating expenditure</i>	–	87	–	–	–	–	–
<i>Venues and facilities</i>	–	147	415	59	300	321	327
Transfers and subsidies	1	–	–	–	–	–	–
Provinces and municipalities	1	–	–	–	–	–	–
Total	11 409	15 516	30 553	26 022	9 840	8 754	9 087

Details of transfers and subsidies

Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	1	–	–	–	–	–	–
Regional Services Council levies	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 thousand	2008/09		2008/09	2009/10			2009/10
1. Administration	65 986	73 081	80 074	83 227	8 791	92 018	92 018
2. Energy and Broadband Enterprises	2 137 580	2 137 979	2 136 811	1 957 646	1 546	1 959 192	1 959 192
3. Legal, Governance and Transactions	158 163	152 416	145 754	148 324	(2 461)	145 863	145 863
4. Manufacturing Enterprises	11 641	269 435	267 027	8 467	190 868	199 335	199 335
5. Transport Enterprises	605 669	604 360	604 930	1 566 004	2 726	1 568 730	1 568 730
6. Joint Project Facility	28 823	32 107	30 553	33 678	(7 656)	26 022	26 022
Total	3 007 862	3 269 378	3 265 149	3 797 346	193 814	3 991 160	3 991 160
Economic classification							
Current payments	164 837	166 317	163 683	170 963	1 948	172 911	172 911
Compensation of employees	71 492	67 970	70 445	79 476	1 948	81 424	81 424
Goods and services	93 345	98 347	93 238	91 487	-	91 487	91 487
Transfers and subsidies	2 842 650	3 102 166	2 278 290	1 867 520	191 866	2 059 386	2 059 386
Public corporations and private enterprises	2 842 000	3 101 516	2 277 640	1 866 840	191 866	2 058 706	2 058 706
Households	650	650	650	680	-	680	680
Payments for capital assets	375	895	878	1 253	-	1 253	1 253
Machinery and equipment	375	861	844	1 253	-	1 253	1 253
Biological assets	-	34	-	-	-	-	-
Software and other intangible assets	-	-	34	-	-	-	-
Payments for financial assets	-	-	822 298	1 757 610	-	1 757 610	1 757 610
Total	3 007 862	3 269 378	3 265 149	3 797 346	193 814	3 991 160	3 991 160

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 thousand)	46 614	55 278	69 389	80 368	86 880	92 336	97 058
Unit cost (R thousand)	338	401	510	499	520	553	581
<i>Administration</i>	283	331	415	539	467	496	532
<i>Energy and Broadband Enterprises</i>	232	454	384	716	580	614	603
<i>Legal, Governance and Transactions</i>	506	571	708	785	669	709	752
<i>Manufacturing Enterprises</i>	527	563	775	911	638	684	645
<i>Transport Enterprises</i>	432	515	1 048	763	669	716	755
<i>Joint Project Facility</i>	794	577	882	887	594	635	674
Personnel numbers (head count)	138	138	136	161	167	167	167
Total for department							
Compensation (R thousand)	47 208	55 998	70 445	81 424	88 015	93 540	98 325
Unit cost (R thousand)	303	354	446	445	466	495	520
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 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	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 1 – 6	-	-	-	-	-	-	-	-	-	-
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 1 – 6	-	-	-	-	-	-	-	-	-	-
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 thousand)	47 208	55 998	70 445	79 248	88 015	93 540	98 325
Training expenditure (R thousand)	750	1 648	1 704	2 181	1 869	1 997	2 037
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>							
<i>Employees receiving bursaries (head count)</i>	34	34	36	36			
<i>Internships trained (head count)</i>	18	20	22	22			
Households receiving bursaries (head count)	-	-	4	-			

Table 10.E Summary of donor funding

Donor	Project	Departmental programme name	Amount committed	Main economic classification	Spending focus	Audited outcome			Estimate	Medium-term expenditure estimate		
						2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R thousand												
In kind												
United Kingdom - Department for International Development	Capacity building and technical skills transferred to the department	6. Joint Project Facility	-	Goods and services	Increased levels of technical skills in the Department of Public Enterprises and ability to perform oversight function	14 328	12 945	-	-	-	-	-
United Kingdom - Department for International Development	Support on electricity capacity building and technical skills transfer to energy sector	2. Energy and Broadband Enterprises	-	Goods and services	Increased levels of technical skills in the Department of Public Enterprises and ability to perform oversight function	-	1 775	-	-	-	-	-
United Kingdom - Department for International Development	Support on non-core (including forestry), capacity building and technical skills transferred to forestry sector	4. Manufacturing Enterprises	-	Goods and services	Increased levels of technical skills in the Department of Public Enterprises and ability to perform oversight function	-	1 577	-	-	-	-	-
United Kingdom - Department for International Development	Support on ports, capacity building and technical skills transfer to transport sector	5. Transport Enterprises	-	Goods and services	Increased levels of technical skills in the Department of Public Enterprises and ability to perform oversight function	-	655	-	-	-	-	-
Total			-			14 328	16 952	-	-	-	-	-

