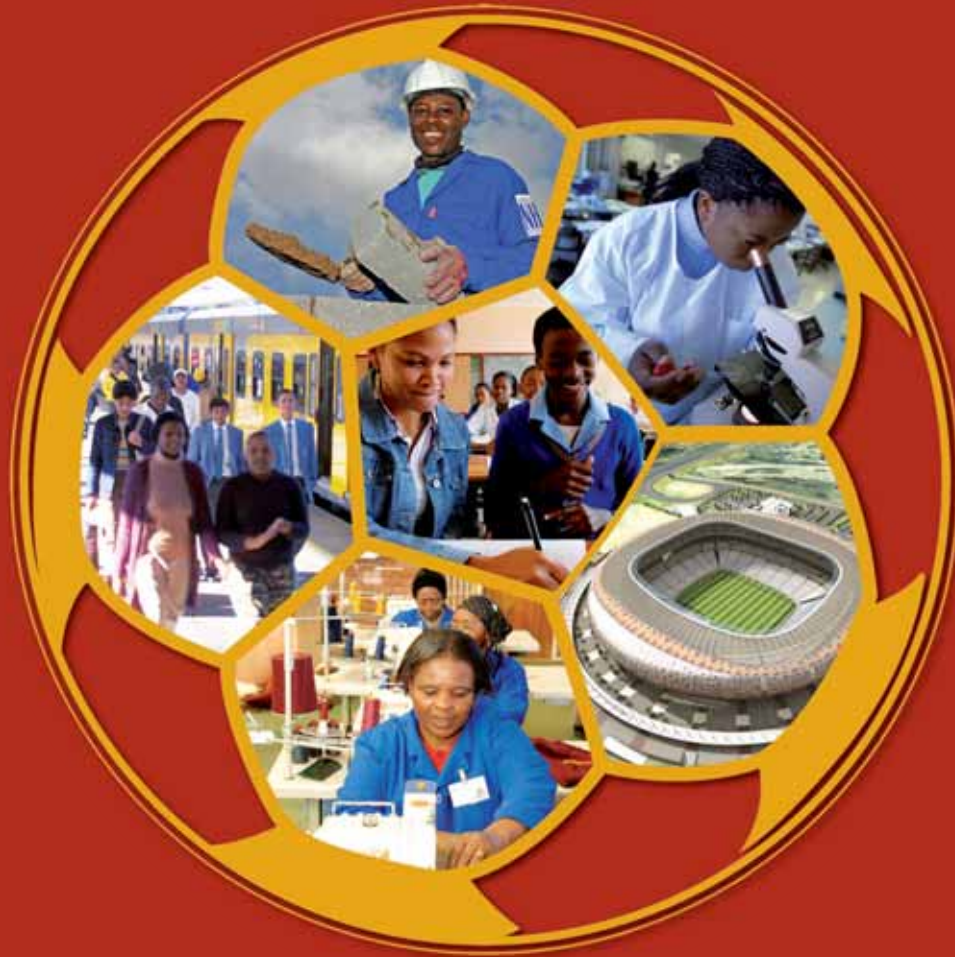


# Vote 27

## Economic Development



# 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**

17 February 2010



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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](http://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.

<b>Newly created vote</b>	<b>Department/s from which all or some functions have been shifted</b>
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 budget<sup>1</sup>, 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.

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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
<b>Revenue (National Revenue Fund)</b>							
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
<b>Total revenue</b>	<b>481 197.0</b>	<b>559 773.8</b>	<b>608 795.7</b>	<b>571 492.1</b>	<b>643 239.0</b>	<b>721 749.2</b>	<b>807 896.4</b>
<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>
<b>Expenditure</b>							
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 <sup>1</sup>	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 <sup>1</sup>	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
<b>Total expenditure</b>	<b>470 192.5</b>	<b>541 495.7</b>	<b>636 063.5</b>	<b>748 816.5</b>	<b>818 142.9</b>	<b>888 337.6</b>	<b>964 313.8</b>
<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>
<b>Budget deficit<sup>2</sup></b>	<b>11 004.5</b>	<b>18 278.1</b>	<b>-27 267.7</b>	<b>-177 324.3</b>	<b>-174 904.0</b>	<b>-166 588.4</b>	<b>-156 417.4</b>
<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 2012/13<sup>1</sup>

R million	Medium term expenditure estimates			Total
	2010/11	2011/12	2012/13	
<b>Central Government Administration</b>	<b>1 882.8</b>	<b>3 072.3</b>	<b>7 510.5</b>	<b>12 465.6</b>
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
<b>Financial and Administrative Services</b>	<b>1 826.9</b>	<b>1 837.5</b>	<b>1 381.0</b>	<b>5 045.4</b>
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
<b>Social Services</b>	<b>5 143.8</b>	<b>8 479.1</b>	<b>13 507.1</b>	<b>27 130.0</b>
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
<b>Justice, Crime Prevention and Security</b>	<b>3 899.4</b>	<b>4 730.2</b>	<b>6 437.0</b>	<b>15 066.6</b>
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
<b>Economic Services and Infrastructure</b>	<b>4 296.7</b>	<b>5 684.4</b>	<b>8 184.8</b>	<b>18 166.0</b>
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
<b>Total</b>	<b>17 049.6</b>	<b>23 803.6</b>	<b>37 020.3</b>	<b>77 873.6</b>

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
<b>Central Government Administration</b>				
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
<b>Financial and Administrative Services</b>				
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
<b>Social Services</b>				
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
<b>Justice, Crime Prevention and Security</b>				
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
<b>Economic Services and Infrastructure</b>				
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
<b>Total appropriation by vote</b>	<b>262 101.6</b>	<b>309 853.1</b>	<b>370 678.0</b>	<b>442 049.4</b>
Plus:				
<b>Direct charges against the National Revenue Fund</b>				
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
<b>Total direct charges against the National Revenue Fund</b>	<b>208 090.9</b>	<b>231 642.6</b>	<b>265 385.4</b>	<b>313 473.5</b>
Contingency reserve	-	-	-	-
Projected underspending	-	-	-	-3 000.0
<b>Total</b>	<b>470 192.5</b>	<b>541 495.7</b>	<b>636 063.5</b>	<b>752 522.9</b>



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	
				<b>Central Government Administration</b>
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
				<b>Financial and Administrative Services</b>
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
				<b>Social Services</b>
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
				<b>Justice, Crime Prevention and Security</b>
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
				<b>Economic Services and Infrastructure</b>
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
<b>437 736.1</b>	<b>461 517.9</b>	<b>486 987.8</b>	<b>520 261.0</b>	<b>Total appropriation by vote</b>
				Plus:
				<b>Direct charges against the National Revenue Fund</b>
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)
<b>311 080.3</b>	<b>350 625.0</b>	<b>389 349.8</b>	<b>420 052.9</b>	<b>Total direct charges against the National Revenue Fund</b>
-	6 000.0	12 000.0	24 000.0	Contingency reserve
-	-	-	-	Projected underspending
<b>748 816.5</b>	<b>818 142.9</b>	<b>888 337.6</b>	<b>964 313.8</b>	<b>Total</b>

**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
<b>Current payments</b>				
<b>Compensation of employees</b>	<b>49 574.2</b>	<b>56 243.2</b>	<b>64 973.4</b>	<b>76 392.8</b>
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
<b>Goods and services</b>	<b>28 335.8</b>	<b>32 354.3</b>	<b>38 587.4</b>	<b>44 065.4</b>
<b>Interest and rent on land</b>	<b>52 193.7</b>	<b>52 879.3</b>	<b>54 396.1</b>	<b>59 995.8</b>
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
<b>Total current payments</b>	<b>130 103.7</b>	<b>141 476.8</b>	<b>157 956.9</b>	<b>180 454.0</b>
<b>Transfers and subsidies to:</b>				
<b>Provinces and municipalities</b>	<b>205 438.3</b>	<b>243 233.9</b>	<b>289 397.3</b>	<b>345 879.0</b>
<b>Provinces</b>	<b>178 867.2</b>	<b>205 829.6</b>	<b>245 302.3</b>	<b>295 353.2</b>
Provincial revenue funds	178 867.2	205 829.6	245 302.3	295 353.2
<b>Municipalities</b>	<b>26 571.1</b>	<b>37 404.3</b>	<b>44 095.1</b>	<b>50 525.8</b>
Municipal bank accounts	26 571.1	37 404.3	44 095.1	50 525.8
<b>Departmental agencies and accounts</b>	<b>38 102.1</b>	<b>44 531.2</b>	<b>53 572.4</b>	<b>58 512.9</b>
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
<b>Universities and technikons</b>	<b>11 056.0</b>	<b>12 003.8</b>	<b>13 897.7</b>	<b>15 437.4</b>
<b>Foreign governments and international organisations</b>	<b>919.3</b>	<b>936.0</b>	<b>1 010.6</b>	<b>1 266.8</b>
<b>Public corporations and private enterprises</b>	<b>13 424.4</b>	<b>18 764.3</b>	<b>20 170.1</b>	<b>20 061.4</b>
<b>Public corporations</b>	<b>9 872.3</b>	<b>14 155.2</b>	<b>14 694.3</b>	<b>17 851.2</b>
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
<b>Private enterprises</b>	<b>3 552.1</b>	<b>4 609.0</b>	<b>5 475.8</b>	<b>2 210.2</b>
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
<b>Non-profit institutions</b>	<b>882.1</b>	<b>1 002.8</b>	<b>1 220.2</b>	<b>1 225.3</b>
<b>Households</b>	<b>62 862.9</b>	<b>70 551.4</b>	<b>79 084.5</b>	<b>91 029.5</b>
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
<b>Total transfers and subsidies</b>	<b>332 685.1</b>	<b>391 023.5</b>	<b>458 352.8</b>	<b>533 412.3</b>
<b>Payments for capital assets</b>				
<b>Buildings and other fixed structures</b>	<b>2 481.5</b>	<b>3 838.2</b>	<b>5 566.8</b>	<b>5 961.3</b>
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
<b>Machinery and equipment</b>	<b>3 322.8</b>	<b>3 210.7</b>	<b>2 965.0</b>	<b>2 741.0</b>
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
<b>Total payments for capital assets</b>	<b>6 067.8</b>	<b>7 182.9</b>	<b>8 780.8</b>	<b>8 898.3</b>
<b>Payments for financial assets</b>	<b>1 335.8</b>	<b>1 812.5</b>	<b>10 972.9</b>	<b>32 758.3</b>
<b>Total</b>	<b>470 192.5</b>	<b>541 495.7</b>	<b>636 063.5</b>	<b>755 522.9</b>
Contingency reserve	-	-	-	-
Projected underspending	-	-	-	-3 000.0
<b>Total</b>	<b>470 192.5</b>	<b>541 495.7</b>	<b>636 063.5</b>	<b>752 522.9</b>

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	
<b>76 008.7</b>	<b>84 093.2</b>	<b>90 167.3</b>	<b>95 232.5</b>	<b>Current payments</b>
				<b>Compensation of employees</b>
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
<b>43 205.8</b>	<b>46 843.3</b>	<b>51 466.9</b>	<b>53 656.0</b>	<b>Goods and services</b>
<b>57 601.0</b>	<b>71 359.6</b>	<b>88 465.0</b>	<b>104 024.5</b>	<b>Interest and rent on land</b>
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
<b>176 815.6</b>	<b>202 296.0</b>	<b>230 099.3</b>	<b>252 913.0</b>	<b>Total current payments</b>
				<b>Transfers and subsidies to:</b>
				Provinces and municipalities
<b>345 167.9</b>	<b>381 726.9</b>	<b>417 237.3</b>	<b>442 587.4</b>	<b>Provinces</b>
<b>294 968.2</b>	<b>322 858.2</b>	<b>350 547.1</b>	<b>369 348.4</b>	<b>Provincial revenue funds</b>
294 968.2	322 858.2	350 547.1	369 348.4	
<b>50 199.7</b>	<b>58 868.7</b>	<b>66 690.2</b>	<b>73 239.0</b>	<b>Municipalities</b>
50 199.7	58 868.7	66 690.2	73 239.0	Municipal bank accounts
<b>57 114.3</b>	<b>58 456.5</b>	<b>65 123.0</b>	<b>68 388.7</b>	<b>Departmental agencies and accounts</b>
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)
<b>15 437.4</b>	<b>17 532.0</b>	<b>19 318.5</b>	<b>20 669.2</b>	<b>Universities and technikons</b>
<b>1 260.9</b>	<b>1 313.9</b>	<b>1 288.8</b>	<b>1 380.3</b>	<b>Foreign governments and international organisations</b>
<b>19 725.2</b>	<b>20 129.1</b>	<b>20 700.1</b>	<b>21 489.8</b>	<b>Public corporations and private enterprises</b>
<b>17 555.0</b>	<b>16 988.4</b>	<b>17 034.7</b>	<b>17 355.7</b>	<b>Public corporations</b>
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
<b>2 170.1</b>	<b>3 140.7</b>	<b>3 665.4</b>	<b>4 134.1</b>	<b>Private enterprises</b>
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
<b>1 225.1</b>	<b>2 275.2</b>	<b>2 339.0</b>	<b>1 894.0</b>	<b>Non-profit institutions</b>
<b>90 622.4</b>	<b>98 234.2</b>	<b>108 805.0</b>	<b>117 648.6</b>	<b>Households</b>
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
<b>530 553.1</b>	<b>579 667.8</b>	<b>634 811.7</b>	<b>674 058.0</b>	<b>Total transfers and subsidies</b>
				<b>Payments for capital assets</b>
<b>5 862.9</b>	<b>5 994.9</b>	<b>7 237.3</b>	<b>9 660.6</b>	<b>Buildings and other fixed structures</b>
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
<b>2 735.2</b>	<b>3 236.9</b>	<b>3 381.4</b>	<b>3 525.6</b>	<b>Machinery and equipment</b>
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
<b>8 687.9</b>	<b>9 290.5</b>	<b>10 676.6</b>	<b>13 342.9</b>	<b>Total payments for capital assets</b>
<b>32 760.0</b>	<b>20 888.6</b>	<b>750.0</b>	<b>0.0</b>	<b>Payments for financial assets</b>
<b>748 816.5</b>	<b>812 142.9</b>	<b>876 337.6</b>	<b>940 313.8</b>	<b>Total</b>
–	6 000.0	12 000.0	24 000.0	Contingency reserve
–	–	–	–	Projected underspending
<b>748 816.5</b>	<b>818 142.9</b>	<b>888 337.6</b>	<b>964 313.8</b>	<b>Total</b>

**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 <sup>1</sup>	
R million	2009/10	2010/11						
<b>Central Government Administration</b>								
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
<b>Financial and Administrative Services</b>								
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
<b>Social Services</b>								
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
<b>Justice, Crime Prevention and Security</b>								
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
<b>Economic Services and Infrastructure</b>								
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
<b>Total</b>	<b>732 562.8</b>	<b>202 296.0</b>	<b>579 667.8</b>	<b>9 290.5</b>	<b>20 888.6</b>	<b>812 142.9</b>	<b>79 580.2</b>	

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

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

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	
<b>Central Government Administration</b>									
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
<b>Financial and Administrative Services</b>									
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
<b>Social Services</b>									
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
<b>Economic Services and Infrastructure</b>									
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
<b>Total</b>		<b>29 621.6</b>	<b>34 775.9</b>	<b>43 506.6</b>	<b>58 475.4</b>	<b>58 090.4</b>	<b>61 884.5</b>	<b>69 858.4</b>	<b>74 568.4</b>

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

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

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	
<b>Central Government Administration</b>									
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
<b>Financial and Administrative Services</b>									
9	National Treasury	410.3	716.5	361.5	851.4	611.4	1 394.6	1 575.1	1 586.3
<b>Social Services</b>									
19	Sport and Recreation South Africa	600.0	4 605.0	4 295.0	2 168.7	2 168.7	512.6	–	–
<b>Economic Services and Infrastructure</b>									
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
<b>Total</b>		<b>8 443.1</b>	<b>16 645.0</b>	<b>18 477.3</b>	<b>19 316.2</b>	<b>18 990.1</b>	<b>21 111.1</b>	<b>24 169.1</b>	<b>26 994.8</b>

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

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

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimates		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
<b>Central Government Administration</b>							
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
<b>Financial and Administrative Services</b>							
9 National Treasury	5 035.7	6 327.3	7 768.0	9 910.6	12 569.9	14 486.6	15 405.0
<b>Social Services</b>							
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	–	–
<b>Justice, Crime Prevention and Security</b>							
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
<b>Economic Services and Infrastructure</b>							
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
<b>Total</b>	<b>24 304.4</b>	<b>41 988.0</b>	<b>47 205.2</b>	<b>54 408.3</b>	<b>61 099.7</b>	<b>68 813.1</b>	<b>76 057.9</b>

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	
<b>Central Government Administration</b>									
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
<b>Financial and Administrative Services</b>									
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
<b>Social Services</b>									
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
<b>Justice, Crime Prevention and Security</b>									
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
<b>Economic Services and Infrastructure</b>									
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
<b>Total</b>		<b>49 574.2</b>	<b>56 243.2</b>	<b>64 973.4</b>	<b>76 392.8</b>	<b>76 008.7</b>	<b>84 093.2</b>	<b>90 167.3</b>	<b>95 232.5</b>



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

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
<b>Central Government Administration</b>								
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
<b>Financial and Administrative Services</b>								
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
<b>Social Services</b>								
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
<b>Justice, Crime Prevention and Security</b>								
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
<b>Economic Services and Infrastructure</b>								
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
<b>Total departmental receipts as per Budget Review</b>	<b>10 843.3</b>	<b>12 692.6</b>	<b>12 616.2</b>	<b>9 825.0</b>	<b>8 982.6</b>	<b>10 380.3</b>	<b>11 483.2</b>	<b>12 379.4</b>

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](http://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
<b>MTEF allocation</b>							
Programme name							
Programme name							
Programme name							
<b>Subtotal</b>							
<b>Direct charge against the National Revenue Fund</b>							
Item							
Item							
<b>Total expenditure estimates</b>							
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								
<b>Subtotal</b>								
Direct charge against the National Revenue Fund								
Item								
Item								
<b>Total</b>								
Change to 2009 Budget estimate								

### Economic classification

<b>Current payments</b>			
Economic classification item			
Economic classification item			
<b>Transfers and subsidies</b>			
Economic classification item			
Economic classification item			
<b>Payments for capital assets</b>			
Economic classification item			
Economic classification item			
<b>Payments for financial assets</b>			
<b>Total</b>			

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								
<b>Total</b>								

## 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							
<b>Total</b>							
Change to 2009 Budget estimate							

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

## 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.**

# **Economic Development**

**National Treasury  
Republic of South Africa**



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# Vote 27

## Economic Development

### Budget summary

R thousand	2010/11				2011/12	2012/13
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
<b>MTEF allocation</b>						
Administration	44 802	40 013	–	4 789	56 048	61 318
Economic Policy Development	18 150	18 150	–	–	23 136	29 003
Economic Planning and Coordination	344 402	25 805	318 597	–	399 118	411 924
Economic Development and Dialogue	11 243	11 243	–	–	16 121	18 021
<b>Total expenditure estimates</b>	<b>418 597</b>	<b>95 211</b>	<b>318 597</b>	<b>4 789</b>	<b>494 423</b>	<b>520 266</b>
Executive authority	Minister of Economic Development					
Accounting officer	Director-General of Economic Development					
Website address	Not currently available					

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

### Aim

*The aim of the Economic Development Department is to promote economic development through participatory, coherent and coordinated economic policy and planning for the benefit of all South Africans.*

### Programme purposes

#### Programme 1: Administration

**Purpose:** Coordinate and render an effective, efficient, strategic support and administrative service to the minister, deputy minister, director-general, the department and its agencies.

#### Programme 2: Economic Policy Development

**Purpose:** Strengthen the economic development policy capacity of government; review, develop and propose the alignment of economic policies; and develop policies aimed at broadening participation in the economy and creating decent work opportunities.

#### Programme 3: Economic Planning and Coordination

**Purpose:** Promote economic planning and coordination through developing economic planning proposals; provide oversight and policy coordination of identified development finance institutions and economic regulatory bodies; and contribute to the development of the green economy.

#### Programme 4: Economic Development and Dialogue

**Purpose:** Promote social dialogue; implement strategic frameworks; build capacity among social partners; and promote productivity, entrepreneurship and innovation in the workplace.

## **Strategic overview: 2009/10 – 2012/13**

### **Strategic Priorities**

The five priorities identified in government's electoral mandate were: the transformation of the economy, rural development, education, health, and fighting crime and corruption. The transformation of the economy requires a pro-employment growth path that addresses the structural constraints to absorbing large numbers of people into the economy and the creation of decent work. Government has identified decent work through inclusive economic growth as a desired outcome in the medium term strategic framework.

### **The new department's mandate**

The Economic Development Department is a new department, formed after the 2009 general elections to strengthen government capacity to implement its mandate. The department's focus will be on coordinating the development and review of economic policies and plans that address present economic challenges and structural deficiencies. The department will: coordinate the contributions of government departments, state entities and civil society on economic development; contribute to efforts to align government's economic policies and plans and its political and economic objectives and mandate; and promote government's goals of advancing economic development through decent work opportunities.

As a newly created department, the department is required to establish the structures, systems and processes needed for it to become fully functional. This entails: implementing a recruitment plan, initially focusing on senior officials and support staff; building corporate services capacity that includes human resource management, financial management and IT management; and establishing sound corporate governance practices, including internal audit capacity and planning and reporting systems.

### **Oversight over entities**

The department has oversight over three development finance institutions: the Industrial Development Corporation of South Africa, Khula Enterprise Finance and the South African Micro-Finance Apex Fund. It will promote competitiveness and trade for decent work through its oversight of three economic regulatory bodies: the Competition Commission, the Competition Tribunal, and the International Trade Administration Commission. The department will seek ways to leverage public and private investment for economic development and to maximise the impact of state expenditure and procurement on economic development. The department formulates policy, develops strategy and exercises budgeting oversight to achieve these strategic objectives.

### **Key focus over the medium term**

The department will undertake research and analysis to determine the most appropriate growth path for economic development and decent work. It will evaluate government's macro and microeconomic policy tools to promote government's developmental agenda, and develop a formal framework that is structured around quantifiable measures to establish synergy between policies. The department will develop policies aimed at transforming second economy activities and promoting broad based black economic empowerment (BEE). It will also establish an economic development institute and research programme.

A major focus is the coordination of economic development across government. This includes spatial plans that encompass provincial and local government, sector plans and national government plans. The department aims to promote coherent working plans that align the work of the state and its agencies.

The department will lead a programme of partnership building and dialogue on economic development with social partners and within sectors, and it will coordinate the implementation of national strategic frameworks and social pacts. This partnership programme will seek to build the capacity of social partners on economic development and to harness economic development expertise through knowledge networks in society more broadly. An important focus will be the promotion and enhancement of productivity, entrepreneurship, innovation and social dialogue in the workplace.

## Savings and cost effective service delivery

The Department of Economic Development is building cost effectiveness into its mode of operation. There will be an emphasis on hiring professional and specialised skills and minimising support staff to increase the impact of staffing costs. In terms of capital expenditure, the department will favour purchasing outright over leases to reduce costs in the medium to long term. The department will also partner with other institutions in hosting and convening policy platforms and knowledge networks to reduce the cost of policy, social dialogue and learning engagements. Other cost containment measures have been introduced in procurement.

## Selected performance indicators

Table 27.1 Economic Development

Indicator*	Programme	2010/11	2011/12	2012/13
Number of policy and analytical papers on economic policy challenges per year	Economic Policy Development	10	20	30
Number of policy platforms on economic policy challenges per year	Economic Policy Development	10	15	20
Number of engagements with provincial and local governments per year	Economic Planning and Coordination	10	20	30
Number of strategic engagements with development finance institutions and economic regulatory bodies per year	Economic Planning and Coordination	6	12	12
Value of special financing facilitated for small businesses, targeted growth sectors and companies in distress per year	Economic Planning and Coordination	R2bn	R3bn	R5bn
Number of sector plans produced or reviewed per year	Economic Planning and Coordination	5	8	10
Number of spatial plans produced or reviewed per year	Economic Planning and Coordination	10	15	20
Number of interventions to promote economic development through leveraging off state expenditure and procurement per year	Economic Planning and Coordination	10	20	25
Number of social dialogue and capacity building engagements per year	Economic Development and Dialogue	10	20	30
Number of economic development agreements (sectoral, workplace and national) facilitated with social partners per year	Economic Development and Dialogue	10	20	30

\*The indicators focus on the tangible products of the department's activities while other economic indicators are in the process of being finalised by Cabinet.

## Expenditure estimates

Table 27.2 Economic Development

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	
R thousand								
1. Administration	-	-	-	29 000	29 000	44 802	56 048	61 318
2. Economic Policy Development	-	-	-	-	-	18 150	23 136	29 003
3. Economic Planning and Coordination	238 668	245 092	220 361	287 192	287 192	344 402	399 118	411 924
4. Economic Development and Dialogue	-	-	-	-	-	11 243	16 121	18 021
<b>Total</b>	<b>238 668</b>	<b>245 092</b>	<b>220 361</b>	<b>316 192</b>	<b>316 192</b>	<b>418 597</b>	<b>494 423</b>	<b>520 266</b>
Change to 2009 Budget estimate				316 192	316 192	418 597	494 423	520 266

### Economic classification

Current payments	-	-	-	22 999	22 999	95 211	123 780	142 811
Compensation of employees	-	-	-	12 643	12 643	59 457	78 000	89 785
Goods and services	-	-	-	10 356	10 356	35 754	45 780	53 026
<i>of which:</i>								
Administrative fees	-	-	-	700	700	475	619	712
Advertising	-	-	-	600	600	1 247	1 621	1 870
Assets less than the capitalisation threshold	-	-	-	90	90	340	443	126
Audit cost: External	-	-	-	-	-	150	195	225
Bursaries: Employees	-	-	-	-	-	100	130	150

Table 27.2 Economic Development (continued)

R thousand	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
<b>Economic classification</b>								
<b>Current payments</b>								
<i>Catering: Departmental activities</i>	-	-	-	250	250	410	534	615
<i>Communication</i>	-	-	-	218	218	495	643	742
<i>Computer services</i>	-	-	-	232	232	-	-	-
<i>Consultants and professional services: Business and advisory services</i>	-	-	-	1 500	1 500	5 875	7 638	8 812
<i>Consultants and professional services: Legal costs</i>	-	-	-	50	50	200	260	300
<i>Contractors</i>	-	-	-	-	-	315	410	472
<i>Agency and support / outsourced services</i>	-	-	-	240	240	-	-	-
<i>Entertainment</i>	-	-	-	6	6	85	111	127
<i>Inventory: Other consumables</i>	-	-	-	-	-	10	13	15
<i>Inventory: Stationery and printing</i>	-	-	-	120	120	730	949	1 095
<i>Property payments</i>	-	-	-	1 400	1 400	5 125	6 663	7 687
<i>Transport provided: Departmental activity</i>	-	-	-	4 300	4 300	-	-	-
<i>Travel and subsistence</i>	-	-	-	-	-	11 127	14 167	16 637
<i>Training and development</i>	-	-	-	-	-	120	156	180
<i>Operating expenditure</i>	-	-	-	460	460	2 895	3 765	4 342
<i>Venues and facilities</i>	-	-	-	190	190	6 055	7 463	8 917
<b>Transfers and subsidies</b>	<b>238 668</b>	<b>245 092</b>	<b>220 361</b>	<b>287 192</b>	<b>287 192</b>	<b>318 597</b>	<b>364 423</b>	<b>370 266</b>
Departmental agencies and accounts	204 578	171 597	150 429	221 211	221 211	248 868	290 511	294 358
Public corporations and private enterprises	34 090	73 495	69 932	65 981	65 981	69 729	73 912	75 908
<b>Payments for capital assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6 001</b>	<b>6 001</b>	<b>4 789</b>	<b>6 220</b>	<b>7 189</b>
Machinery and equipment	-	-	-	6 001	6 001	3 789	4 920	5 689
Software and other intangible assets	-	-	-	-	-	1 000	1 300	1 500
<b>Total</b>	<b>238 668</b>	<b>245 092</b>	<b>220 361</b>	<b>316 192</b>	<b>316 192</b>	<b>418 597</b>	<b>494 423</b>	<b>520 266</b>

## Expenditure trends

Over the MTEF period, expenditure is expected to increase from R316.2 million in 2009/10 to R520.3 million in 2012/13, at an average annual rate of 18.1 per cent. The increase is mainly due to an increase in the number of personnel as the department establishes itself and the resultant increase in expenditure in compensation of employees.

In 2010/11, corporate services and line function capacity will be established. As line function capacity is built, key subprogrammes in the *Economic Policy Development* and *Economic Planning and Coordination* programmes will be activated. It is anticipated that all programmes will be at full capacity within the MTEF period.

The spending focus over the MTEF period will be on the establishment of the department and the initiation of selected critical programmes.

## Departmental receipts

Receipts mainly come from penalties instituted by the Competition Commission and the Competition Tribunal against companies that have been found guilty of violating competition laws. Revenue also includes dividends paid by the Industrial Development Corporation of South Africa to the department.



Table 27.3 Departmental receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
<b>Departmental receipts</b>	<b>177 490</b>	<b>229 291</b>	<b>244 395</b>	<b>484 781</b>	<b>420 000</b>	<b>230 000</b>	<b>243 800</b>	<b>250 000</b>
Fines, penalties and forfeits	107 483	154 291	144 395	–	320 000	140 000	148 400	150 000
Interest, dividends and rent on land	70 007	75 000	100 000	484 781	100 000	90 000	95 400	100 000
<b>Total</b>	<b>177 490</b>	<b>229 291</b>	<b>244 395</b>	<b>484 781</b>	<b>420 000</b>	<b>230 000</b>	<b>243 800</b>	<b>250 000</b>

## Programme 1: Administration

### Expenditure estimates

Table 27.4 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							
Ministry	–	–	–	29 000	16 292	20 310	21 751
Office of the Director-General	–	–	–	–	4 640	5 813	6 280
General Management Services	–	–	–	–	23 870	29 925	33 287
<b>Total</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>29 000</b>	<b>44 802</b>	<b>56 048</b>	<b>61 318</b>
Change to 2009 Budget estimate				29 000	44 802	56 048	61 318

#### Economic classification

<b>Current payments</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>22 999</b>	<b>40 013</b>	<b>49 828</b>	<b>54 129</b>
Compensation of employees	–	–	–	12 643	24 589	29 779	31 381
Goods and services	–	–	–	10 356	15 424	20 049	22 748
<i>of which:</i>							
<i>Administrative fees</i>	–	–	–	700	235	306	352
<i>Advertising</i>	–	–	–	600	1 247	1 621	1 870
<i>Assets less than the capitalisation threshold</i>	–	–	–	90	315	410	90
<i>Audit cost: External</i>	–	–	–	–	150	195	225
<i>Bursaries: Employees</i>	–	–	–	–	100	130	150
<i>Catering: Departmental activities</i>	–	–	–	250	195	254	292
<i>Communication</i>	–	–	–	218	240	312	360
<i>Computer services</i>	–	–	–	232	–	–	–
<i>Consultants and professional services: Business and advisory services</i>	–	–	–	1 500	1 265	1 645	1 897
<i>Consultants and professional services: Legal costs</i>	–	–	–	50	200	260	300
<i>Contractors</i>	–	–	–	–	315	410	472
<i>Agency and support / outsourced services</i>	–	–	–	240	–	–	–
<i>Entertainment</i>	–	–	–	6	85	111	127
<i>Inventory: Other consumables</i>	–	–	–	–	10	13	15
<i>Inventory: Stationery and printing</i>	–	–	–	120	300	390	450
<i>Property payments</i>	–	–	–	1 400	5 125	6 663	7 687
<i>Transport provided: Departmental activity</i>	–	–	–	4 300	–	–	–
<i>Travel and subsistence</i>	–	–	–	–	3 502	4 554	5 254
<i>Training and development</i>	–	–	–	–	120	156	180
<i>Operating expenditure</i>	–	–	–	460	1 005	1 307	1 507
<i>Venues and facilities</i>	–	–	–	190	1 015	1 312	1 520
<b>Payments for capital assets</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>6 001</b>	<b>4 789</b>	<b>6 220</b>	<b>7 189</b>
Machinery and equipment	–	–	–	6 001	3 789	4 920	5 689
Software and other intangible assets	–	–	–	–	1 000	1 300	1 500
<b>Total</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>29 000</b>	<b>44 802</b>	<b>56 048</b>	<b>61 318</b>

## Expenditure trends

Over the medium term, expenditure is expected to increase from R29 million to R61.3 million, at an average annual rate of 28.4 per cent.

Over the MTEF period, expenditure in the *Administration* programme will focus on establishing corporate management capacity to support the work of line function managers, and on strengthening capacity in the *Ministry* and the *Office of the Director-General* subprogrammes. The department will also focus on: sound corporate governance, including planning and reporting, internal audit, financial management, human resource management, and IT management; and on creating capacity for participating in the government cluster system.

## Programme 2: Economic Policy Development

- *Growth Path and Creation of Decent Work* focuses on identifying policies to realise a growth path that addresses the economy's structural constraints, expands the industrial base and creates decent work opportunities on a larger scale. Funding in this subprogramme will mainly be used for compensation of employees and related costs.
- *Economic Policy* evaluates government's macro and microeconomic policy tools to promote government's developmental agenda and improve the alignment, efficiency and impact of the tools. A formal, quantified framework (economic modelling) will be used to establish synergy between policies.
- *Broad Based Black Economic Empowerment* aims to ensure that the economy is transformed to enable the meaningful participation of the majority of citizens, focusing on employment equity, staff training, preferential procurement, enterprise development and the advancement of cooperatives.
- *Second Economy* develops policies that will create and sustain livelihoods and transform second economy activities into dynamic, competitive activities that are part of the economic mainstream and included in tax and other regulatory arrangements. It also develops policies that will ensure decent incomes for entrepreneurs and workers.

Funding in these subprogrammes will mainly be used for compensation of employees and related costs.

## Objectives and measures

- Strengthen economic development policy over the MTEF period by:
  - developing the growth path and consulting on it, and drafting other policy papers, including analytical papers
  - convening policy platforms to improve knowledge of policy options and challenges
  - establishing an economic database and knowledge repository on the real economy
  - establishing an economic development index
  - producing policy papers on strengthening the coherence and alignment of macro and microeconomic policies and promoting opportunities for decent work
  - developing a formal, quantified framework to help establish synergy between various policies
  - developing policy frameworks on BEE and the second economy
  - establishing an economic development institute.

## Service delivery focus

Over the MTEF period, the focus will be on generating economic policy knowledge for consultation and discussion to make recommendations to government decision makers. This programme will address ways in which government can improve the delivery of services. By focusing on international best practice, addressing the expansion of infrastructure and removing bottlenecks to economic development, the department aims to optimise the expansion of the economy. This will be achieved through improving the consultative processes with stakeholders to enhance the efficiency and effectiveness of government plans.

## Expenditure estimates

Table 27.5 Economic Policy Development

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R thousand							
Growth Path and Creation of Decent Work	-	-	-	-	4 789	5 679	7 460
Economic Policy	-	-	-	-	6 555	8 567	10 874
Broad Based Black Economic Empowerment	-	-	-	-	4 738	6 170	7 357
Second Economy	-	-	-	-	2 068	2 720	3 312
<b>Total</b>	-	-	-	-	<b>18 150</b>	<b>23 136</b>	<b>29 003</b>
Change to 2009 Budget estimate				-	18 150	23 136	29 003
<b>Economic classification</b>							
<b>Current payments</b>	-	-	-	-	<b>18 150</b>	<b>23 136</b>	<b>29 003</b>
Compensation of employees	-	-	-	-	10 155	12 742	17 011
Goods and services	-	-	-	-	7 995	10 394	11 992
<i>of which:</i>							
<i>Administrative fees</i>	-	-	-	-	60	78	90
<i>Assets less than the capitalisation threshold</i>	-	-	-	-	10	13	15
<i>Catering: Departmental activities</i>	-	-	-	-	60	78	90
<i>Communication</i>	-	-	-	-	70	91	105
<i>Consultants and professional services: Business and advisory services</i>	-	-	-	-	1 900	2 470	2 850
<i>Inventory: Stationery and printing</i>	-	-	-	-	80	104	120
<i>Travel and subsistence</i>	-	-	-	-	2 700	3 510	4 050
<i>Operating expenditure</i>	-	-	-	-	895	1 164	1 342
<i>Venues and facilities</i>	-	-	-	-	2 220	2 886	3 330
<b>Total</b>	-	-	-	-	<b>18 150</b>	<b>23 136</b>	<b>29 003</b>

## Expenditure trends

Over the medium term, spending will focus on filling senior and support posts, commissioning research, and developing systems.

Expenditure is expected to increase from R18.2 million in 2010/11 to R29 million in 2012/13, at an average annual rate of 26 per cent. The increase is due to organisational development and expanding the programme outputs which necessitated an increase in the number of staff members.

## Programme 3: Economic Planning and Coordination

- *Spatial, Sector and Planning* focuses on coordinating economic plans that help realise government's broader goals, including spatial plans that embrace provincial and local government, sector plans and national government plans.
- *Economic Development, Financing and Procurement* undertakes research and analysis on government's development programmes and processes, budgeting and procurement to identify opportunities for improving local procurement and production.
- *Investment for Economic Development* provides policy oversight and strategic direction to the Industrial Development Corporation of South Africa, Khula Enterprise Finance, the South African Micro-Finance Apex Fund and provincial agencies. It provides information, analysis and options in relation to mechanisms through which government is able to channel and direct public and private investment into economic development.

- *Competitiveness and Trade for Decent Work* provides policy oversight and strategic direction to the Competition Commission, Competition Tribunal and the International Trade Administration Commission. It provides information, analysis and options in relation to the use of competition and trade measures to promote economic development goals, and also develops proposals for promoting economic goals through engagement on economics at the regional, continental and international levels.
- *Green Economy* coordinates work to identify and realise job and economic opportunities related to long term environmental and climate change challenges.

Funding in these subprogrammes will mainly be used for compensation of employees and related costs.

## Objectives and measures

- Promote economic planning and coordination by:
  - submitting economic planning proposals to the National Planning Commission, Cabinet and the provinces
  - coordinating sector plans for key sectors
  - developing proposals for the harmonisation of national, provincial and local economic plans
  - developing spatial economic development action plans in key and distressed areas
  - exercising policy, strategy and budgetary oversight over identified development finance institutions and economic regulatory bodies
  - developing an economic development strategy to enhance investment for economic development
  - publishing research papers on government's developmental priorities and procurement processes
  - engaging with international agencies and multilateral institutions.

## Service delivery focus

Over the medium term, the focus will be on coordinating and analysing spatial, sectoral and national economic plans, and building internal capacity to develop policy for and ensure the accountability of government entities. Improved coordination will enhance the outputs of the spheres of government and ensure the better utilisation of resources.

## Expenditure estimates

Table 27.6 Economic Planning and Coordination

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
R thousand							
Spatial, Sector and Planning	–	–	–	–	12 409	15 660	19 497
Economic Development, Financing and Procurement	–	–	–	–	3 806	5 388	6 271
Investment for Economic Development	164 090	157 494	108 025	143 328	156 634	171 360	177 032
Competitiveness and Trade for Decent Work	74 578	87 598	112 336	143 864	171 552	206 709	209 123
Green Economy	–	–	–	–	1	1	1
<b>Total</b>	<b>238 668</b>	<b>245 092</b>	<b>220 361</b>	<b>287 192</b>	<b>344 402</b>	<b>399 118</b>	<b>411 924</b>
Change to 2009 Budget estimate				287 192	344 402	399 118	411 924
<b>Economic classification</b>							
<b>Current payments</b>	–	–	–	–	25 805	34 695	41 658
Compensation of employees	–	–	–	–	17 675	24 825	29 679
Goods and services	–	–	–	–	8 130	9 870	11 979
<i>of which:</i>							
<i>Administrative fees</i>	–	–	–	–	165	215	248
<i>Assets less than the capitalisation threshold</i>	–	–	–	–	15	20	23
<i>Catering: Departmental activities</i>	–	–	–	–	145	189	218

Table 27.6 Economic Planning and Coordination (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
<b>Economic classification</b>							
<b>Current payments</b>							
<i>Communication</i>	–	–	–	–	185	240	277
<i>Consultants and professional services: Business and advisory services</i>	–	–	–	–	2 160	2 808	3 240
<i>Inventory: Stationery and printing</i>	–	–	–	–	250	325	375
<i>Travel and subsistence</i>	–	–	–	–	3 575	4 348	5 308
<i>Operating expenditure</i>	–	–	–	–	465	605	696
<i>Venues and facilities</i>	–	–	–	–	1 170	1 120	1 592
<b>Transfers and subsidies</b>	<b>238 668</b>	<b>245 092</b>	<b>220 361</b>	<b>287 192</b>	<b>318 597</b>	<b>364 423</b>	<b>370 266</b>
Departmental agencies and accounts	204 578	171 597	150 429	221 211	248 868	290 511	294 358
Public corporations and private enterprises	34 090	73 495	69 932	65 981	69 729	73 912	75 908
<b>Total</b>	<b>238 668</b>	<b>245 092</b>	<b>220 361</b>	<b>287 192</b>	<b>344 402</b>	<b>399 118</b>	<b>411 924</b>

**Details of transfers and subsidies**

<b>Departmental agencies and accounts</b>							
<b>Departmental agencies (non-business entities)</b>							
<b>Current</b>	<b>204 578</b>	<b>171 597</b>	<b>150 429</b>	<b>221 211</b>	<b>248 868</b>	<b>290 511</b>	<b>294 358</b>
Competition Commission	17 333	23 221	44 000	69 939	88 818	116 595	114 020
Competition Tribunal	8 000	8 670	9 909	13 040	13 625	15 175	15 600
International Trade Administration Commission	49 245	55 707	58 427	60 885	64 343	68 204	71 666
South African Micro Finance Apex Fund	130 000	83 999	38 093	77 347	82 082	90 537	93 072
<b>Public corporations and private enterprises</b>							
<b>Public corporations</b>							
<b>Other transfers</b>							
<b>Current</b>	<b>34 090</b>	<b>73 495</b>	<b>69 932</b>	<b>65 981</b>	<b>69 729</b>	<b>73 912</b>	<b>75 908</b>
Khula Enterprise Finance Limited	34 090	73 495	69 932	65 981	69 729	73 912	75 908

**Expenditure trends**

Over the medium term, spending will focus on filling senior and support posts, commissioning research, and developing systems.

Over the MTEF period, expenditure is expected to increase from R287.2 million to R411.9 million, at an average annual rate of 12.8 per cent. This is mainly due to transfers and subsidies, which are expected to increase from R287.2 million in 2009/10 to R370.3 million in 2012/13, at an average annual rate of 8.8 per cent. Spending in compensation of employees is also expected to increase over the MTEF period as the programme builds up capacity to support the department's mandate.

**Public Entities****Competition Commission****Strategic overview: 2006/07 – 2012/13**

The Competition Commission was established in terms of the Competition Act (1998), and is responsible for promoting competitive market conditions. The commission's activities revolve around: the investigation, prevention and prosecution of horizontal or vertical restrictive practices that are prohibited in terms of the act; the investigation and prosecution of the abuse of dominance, which includes price discrimination, exclusionary

acts, and excessive pricing; merger reviews and analysis to determine whether a proposed merger would prevent or lessen competition, as well as its impact on public interest issues such as employment and BEE; the analysis of exemption applications in terms of section 10 and schedule 1 of the act; and advocating for key stakeholders to make competition sensitive decisions, either in formulating policy and legislation or in conducting their day-to-day business.

From April 2010, the entity will be transferred from the Department of Trade and Industry to the new Department of Economic Development

Available measures indicate that staff turnover is down, job satisfaction has improved, and that perceptions about the role of the commission have improved. The focus for the medium term is to prioritise activities in sectors and cases which are likely to have the most meaningful impact on a specific industry or the economy as a whole. Efforts will be directed at formulating the necessary guidelines to apply the criteria for prioritisation more effectively.

### Savings and cost effective service delivery

The commission implemented measures to reduce its spending by delaying appointments to non-critical positions, reducing travel costs, postponing research projects and impact assessments, and reducing case administration fees, including attorneys' fees. The commission continuously monitors its expenditure and has a risk management strategy that ensures that the budget does not go into deficit.

### Selected performance indicators

Table 27.7 Competition Commission

Indicator	Programme/Activity	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/0	2010/11	2011/12	2012/13
Number of merger cases registered per year	Investigation of notified mergers	413	507	414	180	192	216	264
Number of prohibited practices complaints received per year	Investigation and prosecution of anti-competitive practices	93	193	210	200	200	200	200
Number of prohibited practices cases initiated per year	Enforcement and compliance	6	10	23	13	15	17	15
Number of advisory opinions given per year	Enforcement and compliance	46	45	70	50	56	60	60
Number of research projects conducted per year on specific sectors and topics related to industrial organisation	Policy and research	10	6	5	5	2	2	2

### Service delivery focus

In 2008/09, the commission prioritised 4 sectors: financial services, food and agro-processing, infrastructure and construction. The probability of anticompetitive conduct in these sectors is high and impacts adversely on consumers and the economy. Several cases were finalised in these sectors, such as the consent agreement with Sasol in which it agreed to pay a penalty of R250 million for its involvement in a cartel.

In 2009/10, the commission referred 2 complaints involving cartel conduct in the steel industry to the Competition Tribunal. Hearings into a bread cartel also took place in 2009 and the commission continued to intensify its anti-cartel enforcement activities by raiding cement manufacturers that were allegedly colluding. The Competition Commission referred its findings of an abuse of dominance claim against Telkom to the Competition Tribunal for adjudication, and has asked the tribunal to levy an administrative penalty of 10 per cent on Telkom's annual turnover for the financial year that ended 31 March 2009. Between April and December 2009, there was a reduction in merger notifications from 513 in 2007/08 to 414 in 2008/09. A reduction in mergers to 180 is attributed to the amendments in merger thresholds and the economic downturn.

## Expenditure estimates

Table 27.8 Competition Commission: Programme information

R thousand	Audited outcome			Revised estimate 2009/10	Medium-term estimate		
	2006/07	2007/08	2008/09		2010/11	2011/12	2012/13
Staff Costs	-	-	-	-	26 269	44 727	64 536
Litigation costs and use of Economic Experts	9 052	15 461	21 032	17 316	30 678	33 705	37 033
Other programmes	65 834	76 210	89 604	111 858	130 458	146 755	169 299
<b>Total expense</b>	<b>74 886</b>	<b>91 671</b>	<b>110 636</b>	<b>129 174</b>	<b>187 405</b>	<b>225 187</b>	<b>270 868</b>

Table 27.9 Competition Commission: Financial information

Statement of financial performance R thousand	Audited outcome			Revised estimate 2009/10	Medium-term estimate		
	2006/07	2007/08	2008/09		2010/11	2011/12	2012/13
<b>Revenue</b>							
<b>Non-tax revenue</b>	<b>52 375</b>	<b>62 668</b>	<b>55 245</b>	<b>40 637</b>	<b>98 587</b>	<b>108 592</b>	<b>156 848</b>
Sale of goods and services other than capital assets <i>of which:</i>	48 625	57 312	50 506	29 552	31 410	36 831	47 654
Admin fees	48 625	57 312	50 506	29 552	31 410	36 831	47 654
Other non-tax revenue	3 750	5 356	4 739	11 085	67 177	71 761	109 194
Transfers received	19 144	23 221	44 000	69 939	88 818	116 595	114 020
<b>Total revenue</b>	<b>71 519</b>	<b>85 889</b>	<b>99 245</b>	<b>110 576</b>	<b>187 405</b>	<b>225 187</b>	<b>270 868</b>
<b>Expenses</b>							
<b>Current expense</b>	<b>66 737</b>	<b>82 386</b>	<b>101 822</b>	<b>123 923</b>	<b>181 645</b>	<b>218 107</b>	<b>261 148</b>
Compensation of employees	26 707	34 522	54 938	74 554	112 903	144 875	180 351
Goods and services	39 160	46 999	46 052	47 088	64 536	69 031	75 723
Depreciation	805	811	807	2 281	4 206	4 201	5 074
Interest, dividends and rent on land	65	54	25	-	-	-	-
Transfers and subsidies	8 149	9 285	8 814	5 251	5 760	7 080	9 720
<b>Total expenses</b>	<b>74 886</b>	<b>91 671</b>	<b>110 636</b>	<b>129 174</b>	<b>187 405</b>	<b>225 187</b>	<b>270 868</b>
<b>Surplus / (Deficit)</b>	<b>(3 367)</b>	<b>(5 782)</b>	<b>(11 391)</b>	<b>(18 598)</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Expenditure trends

The commission receives transfers from the department and filing fees from external parties. Revenue increased from R71.5 million in 2006/07 to R110.6 million in 2009/10, at an average annual rate of 15.8 per cent. This is mainly as a result of an increase in the transfers received by the commission. Transfers increase from R69.9 million in 2009/10 to R114 million for 2012/13, at an average annual rate of 17.7 per cent. Transfers increased to fund expenditure related to the increasing number of investigations. The increase in the transfers is offset by a decrease in filing fees from external parties due to the increase in the merger threshold on 1 April 2009. This resulted in a decrease in the number of merger notifications and the resultant fee income generated, at an average annual rate of 39 per cent. Over the MTEF period, revenue is expected to increase to R270.9 million at an average annual rate of 34.8 per cent due to increases in transfers from the department. This is also due to additional funds required for expanding the organisation.

Expenditure increased from R74.9 million in 2006/07 to R129.2 million in 2009/10, at an average annual rate of 19.9 per cent. Over the medium term, expenditure is expected to reach R270.9 million, at an average annual rate of 28.1 per cent. This is mainly due to the increase in investigations arising from the commission's proactive approach to enforcement activities and its corporate leniency policy. In addition, there has been an increase in the number of cases before the Competition Tribunal, and consequently, case related costs for litigation and economic experts are expected to increase by 82 per cent, from R17 million in 2009/10 to R31 million in 2010/11. With the imminent criminalisation of cartels and envisaged market enquiries, this trend is expected to continue over the medium term. The commission has therefore budgeted for an expansion in its structure. The staff complement is expected to increase from 138 at the end of March 2010 to 195 at the end of March 2013.

## Competition Tribunal

### Strategic overview: 2006/07 – 2012/13

The Competition Act (1998) is administered by three autonomous agencies: the Competition Commission, the Competition Tribunal and the Competition Appeal Court. The Competition Tribunal is the adjudicative agency. All large mergers and alleged restrictive practices are brought before the tribunal by the Competition Commission and interested parties for adjudication. The tribunal may also hear appeals from certain decisions which the commission is empowered to make. Oversight of the Competition Tribunal will be transferred from the Department of Trade and Industry to the new Department of Economic Development from April 2010.

The tribunal has seven strategic objectives, divided into three major categories. Indicators and targets are assigned to outputs in each category.

**Policy and legislation:** compliance with relevant legislation and fairness, objectivity and independence

**Enforcement and compliance:** ensuring timely decisions of a high calibre, and providing efficient, competent and speedy service to the public

**Education and awareness:** encouraging effective communication internally and externally, inculcating a pro-competitive values system, and maintaining a good corporate image and reputation.

As one of the national antitrust authorities, the tribunal plays an essential role in creating a national culture of respect for the principles of competitive conduct, which now apply almost worldwide. The transparency and vigour of the tribunal's proceedings contribute significantly to creating and entrenching a culture that promotes competition.

### Savings and cost effective service delivery

The tribunal's budget is primarily determined by administrative expenses and is not project based. Personnel expenses account for more than half of the budget, and the ability to identify items on which the tribunal can save is limited. The tribunal has decided that all staff will travel economy class locally and it is rationalising expenditure on training and attending conferences.

### Selected performance indicators

Table 27.10 Competition Tribunal

Indicator	Programme/Activity	Past			Current*	Projections**		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Number of larger matters referred by the commission per year	Enforcement and compliance	87	102	104	40	-	-	-
Number of larger matters heard (some from a previous period) per year	Enforcement and compliance	89	100	102	42	-	-	-
Number of larger matters heard within specified turnaround times per year	Enforcement and compliance	58	88	81	25	-	-	-
Number of larger merger orders issued per year	Enforcement and compliance	85	98	102	42	-	-	-
Number of larger merger orders issued within specified timeframes per year	Enforcement and compliance	85	98	102	29	-	-	-
Number of other matters (not larger mergers) heard per year	Enforcement and compliance	35	47	38	14	-	-	-
Number of media reports per year	Education and awareness	460	482	375	288	-	-	-
Number of merger cases registered per year	Investigation of notified mergers	413	507	414	180	192	216	264
Number of prohibited practices complaints received per year	Investigation and prosecution of anti-competitive practices	93	193	210	200	200	200	200



Table 27.10 Competition Tribunal (continued)

Indicator	Programme/Activity	Past			Current*	Projections**		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Number of prohibited practices cases initiated per year	Enforcement and compliance	6	10	23	13	15	17	15
Number of advisory opinions given per year	Enforcement and compliance	46	45	70	50	56	60	60
Number of research projects conducted per year on specific sectors and topics related to industrial organisation	Policy and research	10	6	5	5	2	2	2

\*Up to 31 December 2009

\*\* Due to the nature of its business, which depends on the cases before it, no projections could be made by the tribunal for these kinds of indicators.

### Service delivery focus

Since 2008/09, the number of cases of restrictive practices, particularly cartel cases, referred to the Competition Tribunal, has increased. Several of these have come in the form of consent orders and it appears that the Competition Commission's corporate leniency programme has played a significant role in the success of these investigations. The tribunal has continued to play a leading role in relevant international bodies such as the International Competition Network and members of the tribunal continue, on an annual basis, to participate actively at the network's annual conference. The tribunal and the Competition Commission have participated actively in the competition committee of the Organisation for Economic Cooperation and Development and its membership has recently been renewed for a further 3 years.

### Expenditure estimates

Table 27.11 Competition Tribunal: Programme information

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Personnel	7 205	7 739	9 394	10 991	14 084	14 929	15 824
Training	1 163	1 433	1 306	1 941	1 518	1 609	1 710
Professional Services	2 991	4 510	4 562	3 528	4 117	4 364	4 626
Recruitment Costs	20	51	71	108	108	115	122
Administrative Expenses	1 543	1 501	1 957	1 926	2 590	2 761	2 944
Other programmes	197	195	303	1 008	1 215	1 641	1 738
<b>Total expense</b>	<b>13 119</b>	<b>15 429</b>	<b>17 593</b>	<b>19 502</b>	<b>23 632</b>	<b>25 419</b>	<b>26 964</b>

Table 27.12 Competition Tribunal: Financial information

Statement of financial performance	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
<b>Revenue</b>							
<b>Non-tax revenue</b>	<b>8 761</b>	<b>10 797</b>	<b>10 688</b>	<b>6 383</b>	<b>10 007</b>	<b>10 244</b>	<b>11 364</b>
Sale of goods and services other than capital assets	8 149	9 286	8 816	5 424	5 760	6 106	6 472
<i>of which:</i>							
<i>Admin fees</i>	8 149	9 286	8 816	5 424	5 760	6 106	6 472
<i>Other non-tax revenue</i>	612	1 511	1 872	959	4 247	4 138	4 892
<b>Transfers received</b>	<b>8 000</b>	<b>8 670</b>	<b>9 909</b>	<b>13 040</b>	<b>13 625</b>	<b>15 175</b>	<b>15 600</b>
<b>Total revenue</b>	<b>16 761</b>	<b>19 467</b>	<b>20 597</b>	<b>19 423</b>	<b>23 632</b>	<b>25 419</b>	<b>26 964</b>
<b>Expenses</b>							
<b>Current expense</b>	<b>13 119</b>	<b>15 429</b>	<b>17 593</b>	<b>19 502</b>	<b>23 632</b>	<b>25 419</b>	<b>26 964</b>
Compensation of employees	7 205	7 739	9 394	10 991	14 084	14 929	15 824
Goods and services	5 674	7 450	7 837	8 054	9 083	9 644	10 245
Depreciation	197	197	303	402	465	846	895
Interest, dividends and rent on land	43	43	59	55	-	-	-
<b>Total expenses</b>	<b>13 119</b>	<b>15 429</b>	<b>17 593</b>	<b>19 502</b>	<b>23 632</b>	<b>25 419</b>	<b>26 964</b>
<b>Surplus / (Deficit)</b>	<b>3 642</b>	<b>4 038</b>	<b>3 004</b>	<b>(79)</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Expenditure trends

The tribunal generates revenue mainly from transfers received from government. Non-tax revenue is generated from filing fees. Revenue increased from R16.8 million in 2006/07 to R19.4 million in 2009/10, at an average annual rate of 4.9 per cent. This was mainly due to an increase in transfers received, which grew to fund expenditure arising from the increase in the number of cases before the tribunal. Over the MTEF period, revenue is expected to increase to R27 million, at an average annual rate of 11.6 per cent. Transfers received from the department over the medium term are set to increase as a result of an expected reduction in own revenue from filling fees.

Expenditure grew from R13.1 million in 2006/07 to R19.5 million in 2009/10, at an average annual rate of 14.2 per cent. Over the MTEF period, expenditure is expected to increase to R27 million at an average annual rate of 11.5 per cent due to the increase in the number of cases referred to the tribunal. The tribunal also makes a large provision for legal fees as particular cases may require the tribunal to seek legal opinion.

## Industrial Development Corporation of South Africa

### Strategic overview: 2006/07 – 2012/13

The Industrial Development Corporation of South Africa is a self-financing national development finance institution. The oversight of the corporation will be transferred from the Department of Trade and Industry to the new Department of Economic Development from 1 April 2010.

The main objectives of the corporation are to support industrial capacity development and entrepreneurial development in South Africa and the rest of Africa. The corporation's strategy emphasises the developmental outcomes that need to be achieved through its funding activities. These outcomes include: the creation of sustainable employment opportunities; growing sectoral diversity; supporting new entrepreneurs entering the economy; supporting BEE; supporting small, micro and medium enterprises (SMME); promoting regional equity; and supporting export focused enterprises. These outcomes have to be achieved while ensuring that the corporation remains financially sustainable.

Over the medium term, the Industrial Development Corporation of South Africa will increase its focus on innovation and establish internally developed industrial projects. The corporation will also play an expanded role in providing policy makers with industrial and other economic research and analysis.

### Savings and cost effective service delivery

Given the prevailing economic conditions, the corporation is implementing austerity measures in areas where service delivery will not be affected, such as sponsorships and marketing.

### Selected performance indicators

Table 27.13 Industrial Development Corporation of South Africa

Indicator	Programme/Activity	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/0	2010/11	2011/12	2012/13
Number of jobs expected to be created and saved in South Africa per year through funding approvals	Industrial finance, project finance, funding for distressed companies, export finance, special funding schemes	33 146	33 637	26 761	39 836	50 113	39 069	41 227
Total value of funding approvals per year, including funding to distressed companies and funding to the rest of Africa	Industrial finance, project finance, funding for distressed companies, special funding schemes	R5.9bn	R8.5bn	R10.8bn	R12.6bn	R14.3bn	R14.1bn	R14.9bn
Total value of funding approvals per year for projects benefiting the rest of Africa	Industrial finance, project finance, export finance	R365m	R2.1bn	R2.9bn	R1.8bn	R1.9bn	R3.7bn	R3.9bn
Total value of funding approvals per year for companies in distress*	Funding for distressed companies	–	–	–	R2.9bn	R3.3bn	–	–

Table 27.13 Industrial Development Corporation of South Africa (continued)

Indicator	Programme/Activity	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/0	2010/11	2011/12	2012/13
Value of dividends received per year from unlisted investments (excluding unlisted investments with an underlying link to listed investments)	Investment portfolio	R740m	R899m	R2.2bn	R530m**	R530m	R530m	R530m
Percentage difference between the rate of interest received and interest paid on loan funding	Investment portfolio	3.3%	2.9%	1.8%	1.8%	1.8%	1.8%	1.8%
Percentage of clients who are satisfied with the corporation's service***	Results of an external survey	81%	81%	86%	86%	86%	86%	86%

\* Project covers only 2009/10 and 2010/11

\*\*The drop is as a result of the recession. The market value of the corporation's subsidiaries fell and it received less dividends.

\*\*\*Results of external survey

### Service delivery focus

In 2008/09, the value of funding approvals increased by 27 per cent to R10.8 billion, a 39 per cent increase in the number of approvals to 231, and funding approvals for investment in the rest of Africa increased by 38 per cent to R2.9 billion.

The organisation's funding extends across the economy with projects in most sectors, including agriculture, mining, manufacturing and the services industries. Some examples of sub-sectors benefiting from funding approvals in 2008/09 included mariculture, manganese ore mining, boat building, automotive components, hotels, motion picture production and biomass fuel pellets. Development also continues on projects in the solar and wind energy industries.

R6.1 billion has been set aside to assist distressed businesses in 2009/10 and 2010/11. Funding will facilitate the creation of 24 200 new direct jobs in South Africa and 5 000 in the rest of Africa in the 2 financial years. In the first 3 quarters of 2009/10, the organisation approved funding of R1.1 billion for companies in distress (including one company in a neighbouring country). These approvals were expected to save more than 7 700 jobs in South Africa in 2009/10.

### Expenditure estimates

Table 27.14 Industrial Development Corporation of South Africa Financial information

Statement of financial performance	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R thousand							
<b>Revenue</b>							
<b>Non-tax revenue</b>	<b>8 867 790</b>	<b>10 051 000</b>	<b>16 550 000</b>	<b>7 390 000</b>	<b>9 822 000</b>	<b>11 489 000</b>	<b>12 967 630</b>
Sale of goods and services other than capital assets	3 131 000	4 657 000	9 480 000	4 732 000	5 500 000	5 775 000	6 063 750
<i>of which:</i>							
<i>Other sales</i>	3 131 000	4 657 000	9 480 000	4 732 000	5 500 000	5 775 000	6 063 750
<i>Other non-tax revenue</i>	5 736 790	5 394 000	7 070 000	2 658 000	4 322 000	5 714 000	6 903 880
<b>Total revenue</b>	<b>8 867 790</b>	<b>10 051 000</b>	<b>16 550 000</b>	<b>7 390 000</b>	<b>9 822 000</b>	<b>11 489 000</b>	<b>12 967 630</b>
<b>Expenses</b>							
<b>Current expense</b>	<b>4 522 790</b>	<b>6 100 000</b>	<b>10 929 000</b>	<b>5 522 000</b>	<b>7 541 580</b>	<b>8 893 995</b>	<b>9 436 154</b>
Compensation of employees	765 463	824 000	898 000	960 000	1 085 000	1 193 500	1 312 850
Goods and services	3 035 327	4 391 000	8 069 000	3 869 000	5 157 580	5 440 495	5 023 304
Depreciation	165 000	167 000	198 000	275 000	297 000	319 000	341 000
Interest, dividends and rent on land	597 000	574 000	670 000	740 000	1 011 000	1 765 000	2 554 000
<b>Total expenses</b>	<b>4 522 790</b>	<b>6 100 000</b>	<b>10 929 000</b>	<b>5 522 000</b>	<b>7 541 580</b>	<b>8 893 995</b>	<b>9 436 154</b>
<b>Surplus / (Deficit)</b>	<b>4 345 000</b>	<b>3 951 000</b>	<b>5 621 000</b>	<b>1 868 000</b>	<b>2 280 420</b>	<b>2 595 005</b>	<b>3 531 476</b>

**Table 27.14 Industrial Development Corporation of South Africa Financial information (continued)**

Statement of financial performance R thousand	Audited outcome			Revised estimate 2009/10	Medium-term estimate		
	2006/07	2007/08	2008/09		2010/11	2011/12	2012/13
<b>Statement of financial position</b>							
Carrying value of assets	2 230 000	3 055 000	3 042 000	3 955 000	4 105 000	4 268 000	4 409 000
<i>of which: Acquisition of assets</i>	178 000	601 000	741 000	1 093 000	347 000	372 000	372 000
Investments	49 703 000	73 874 000	53 059 000	51 706 000	66 181 000	67 323 000	74 060 000
Inventory	700 000	1 032 000	816 000	1 304 000	1 200 000	1 250 000	1 300 000
Loans	5 476 000	5 148 000	8 820 000	11 150 000	18 581 000	25 416 000	30 833 000
Receivables and prepayments	1 040 000	1 954 000	2 033 000	1 272 000	1 300 000	1 350 000	1 400 000
Cash and cash equivalents	4 466 000	5 370 000	5 607 000	1 695 000	1 496 000	1 503 000	1 481 000
<b>Total assets</b>	<b>63 615 000</b>	<b>90 433 000</b>	<b>73 377 000</b>	<b>71 082 000</b>	<b>92 863 000</b>	<b>101 110 000</b>	<b>113 483 000</b>
Accumulated surplus/deficit	52 574 000	75 848 000	65 065 000	59 699 000	67 284 000	71 092 000	76 105 000
Capital and reserves	-	-	-	2 243 000	2 243 000	2 243 000	2 243 000
Borrowings	5 721 000	5 839 000	5 165 000	6 249 000	15 116 000	23 411 000	30 061 000
Trade and other payables	5 320 000	8 746 000	3 147 000	2 891 000	8 220 000	4 364 000	5 074 000
<b>Total equity and liabilities</b>	<b>63 615 000</b>	<b>90 433 000</b>	<b>73 377 000</b>	<b>71 082 000</b>	<b>92 863 000</b>	<b>101 110 000</b>	<b>113 483 000</b>

### Expenditure trends

The corporation generates revenue from services to clients, dividends, and interest and rentals. Revenue decreased from R8.9 billion in 2006/07 to R7.4 billion in 2009/10, at an average annual rate of 6 per cent. This was mainly as a result of adverse economic conditions which led to a decline corporate profits and consequently lower dividends.

Expenditure is expected to grow substantially from R5.5 billion in 2009/10 to R9.4 billion in 2012/13 at an average annual rate of 19.6 per cent. The increase is driven largely by staff costs. The corporation employs professional staff consisting of chartered accountants, engineers, economists and persons trained in other specialised disciplines. The corporation expects to increase its staffing in order to increase its level of investments to budgeted levels. The increase over the MTEF period also results from the substantial fall in expenditure on goods and services in 2009/10, from R8.1 billion to R3.9 billion, due to a once-off payment.

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### International Trade Administration Commission of South Africa

#### Strategic overview: 2006/07 - 2012/13

The aim of the International Trade Administration Commission of South Africa is to foster economic growth and development, raise income levels, and promote investment and employment in South Africa and the Southern African Customs Union area by establishing an administration system for international trade. The commission's core functions are: customs tariff investigations, trade remedies, and import and export control. The oversight of the commission will be transferred from the Department of Trade and Industry to the new Department of Economic Development from April 2010.

The commission's three key strategic objectives are to: contribute to economic growth and development by applying international trade instruments; ensure strategic alignment and continued relevance with government's agenda; and ensure organisational efficiency and effectiveness through business support services.

A new five year strategy has been implemented from 2009/10. The focus is on aligning the application of trade instruments to government's industrial and trade policy and to monitor and assess the impact of trade instruments. The commission also provides technical inputs (in the form of trade analysis and advice) both to government trade and industrial policy processes and to bilateral, regional and multilateral trade negotiations.

### Savings and cost effective service delivery

The commission committed itself to cost saving interventions that include: not creating new positions unless extremely necessary; a moratorium on the use of consultants; rationalising job advertisements; and limiting foreign travel. Rates with key service providers and suppliers will be renegotiated, and all IT applications will be retained until the end of their licence period. Savings in different divisions are to be identified quarterly, provided that they do not hamper the organisation's operations.

### Selected Performance Indicators

Table 27.15 International Trade Administration Commission of South Africa

Indicator	Programme/Activity	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Number of engagements	Trade related engagements	28	28	31	38	36	36	36
Number of trade remedy investigations and reviews initiated	Trade remedy investigations and reviews	13	14	6	14	14	14	14
Number of applications for permits and certificates successfully processed (i.e. issued or rejected)	Permits and certificates issued	25 596	27 632	26 352	22 800	24 040	23 896	25 260
Number of on-sight verifications of permits, quotas and certificates issued	On-site verifications	45	49	58	100	100	128	160
Number of container inspections concluded	Container inspections	447	474	508	500	500	500	600

### Service delivery focus

In 2008/09, the inputs from the commission into tariff and trade policy were accepted by the Department of Trade and Industry. The review of anti-dumping regulations and countervailing regulations is at an advanced stage and will be finalised over the medium term. An impact study on trade remedy instruments was initiated in 2009 and a draft report was finalised. In line with the objectives of the national industrial policy objectives, tariffs on the aluminium and steel, clothing and textile, chemicals, metals, electronics and equipment sectors were reviewed. In 2009, the import and export unit was directly involved in administering the temporary quota restrictions on clothing and textile imports from China and the new import and export regulations were finalised. Key activities in 2009 also included the completion of the core business training for all investigators, which was offered by the University of the Witwatersrand. The commission also embarked on road shows in 2008/09 and 2009/10 to raise awareness about the organisation and share information about its applied trade instruments.

### Expenditure estimates

Table 27.16 International Trade Administration Commission of South Africa: Programme information

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
International Trade Administration	48 407	52 809	55 878	59 286	77 178	84 096	90 667
<b>Total expense</b>	<b>48 407</b>	<b>52 809</b>	<b>878</b>	<b>59 286</b>	<b>77 178</b>	<b>84 096</b>	<b>90 667</b>

Table 27.17 International Trade Administration Commission of South Africa: Financial information

Statement of financial performance R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
<b>Revenue</b>							
<b>Non-tax revenue</b>	852	576	1 594	1 489	12 835	15 892	19 001
Sale of goods and services other than capital assets <i>of which:</i>	19	3	80	15	20	20	20
<i>Other sales</i>	19	3	80	15	20	20	20
<i>Other non-tax revenue</i>	833	573	1 514	1 474	12 815	15 872	18 981
Transfers received	49 245	55 707	58 427	60 885	64 343	68 204	71 666
<b>Total revenue</b>	<b>50 097</b>	<b>56 283</b>	<b>60 021</b>	<b>62 374</b>	<b>77 178</b>	<b>84 096</b>	<b>90 667</b>
<b>Expenses</b>							
<b>Current expense</b>	<b>48 407</b>	<b>52 809</b>	<b>55 878</b>	<b>59 286</b>	<b>77 178</b>	<b>84 096</b>	<b>90 667</b>
Compensation of employees	31 228	33 885	35 678	39 246	54 913	60 404	66 445
Goods and services	15 563	16 305	18 097	18 497	19 606	20 783	22 030
Depreciation	1 596	2 540	1 945	1 492	2 599	2 849	2 133
Interest, dividends and rent on land	20	79	158	52	60	60	60
<b>Total expenses</b>	<b>48 407</b>	<b>52 809</b>	<b>55 878</b>	<b>59 286</b>	<b>77 178</b>	<b>84 096</b>	<b>90 667</b>
<b>Surplus / (Deficit)</b>	<b>1 690</b>	<b>3 474</b>	<b>4 143</b>	<b>3 088</b>	<b>-</b>	<b>-</b>	<b>-</b>

### Expenditure trends

The International Trade Administration Commission of South Africa's main source of revenue is transfers received from government. These increased from R49.2 million in 2006/07 to R60.9 million in 2009/10, at an average annual rate of 7.4 per cent. Transfers received are set to increase to R71.7 million in 2012/13, at an average rate of 5.6 per cent over the MTEF period.

Expenditure has grown steadily in line with the business plan at an average annual rate of 7 per cent from R48.4 million in 2006/07 and to R59.3 million in 2009/10. It is expected to increase to R90.7 million over the medium term at an average annual rate of 15.2 per cent. The increase takes into account the implementation of the results of the job evaluation exercise undertaken. The bulk of expenditure is on employee costs and goods and services.

### Khula Enterprise Finance

#### Strategic overview: 2006/07 – 2012/13

As a development finance institution focusing on small businesses, Khula Enterprise Finance has been a financial facilitator for the development of the rapidly growing small medium enterprises sector in South Africa for more than 10 years. Over the years, it has adapted to market forces and changed its approach to meet the demands of an increasingly valuable sector in the development and growth of the South African economy. The oversight of Khula Enterprise Finance will be transferred from the Department of Trade and Industry to the new Economic Development Department from April 2010.

Khula Enterprise Finance's strategic objectives for 2010 to 2012 are to: extend its outreach and impact; build an effective institution that achieves its mandate in a financially sustainable manner; invest in human resources development and create and retain high performance teams; establish good processes to support operational activities; increase awareness of Khula Enterprise Finance and its products in its target market; and achieve high client satisfaction levels.

## Selected performance indicators

Table 27.18 Khula Enterprise Finance

Indicator	Programme/Activity	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/0	2010/11	2011/12	2012/13
Value of loans approved per year	Maximise access to finance	R746m	R605m	R315m	R188m	R157m	R144m	R87m
Value of approved loans disbursed per year	Maximise access to finance	R343m	R443m	R281m	R237m	R401m	R300m	R243m
Number of loans disbursed to SMMEs per year	Maximise development impact	3 557	2 472	2 829	1 570	2 670	1 990	1 610
Percentage of total loan values distributed to priority provinces per year	Provincial distribution	30%	42%	36%	36%	36%	36%	36%
Percentage of loans made to black businesses per year	Broaden participation	65%	72%	52%	52%	52%	52%	52%
Percentage of loans made to woman owned businesses per year	Broaden participation	32%	39%	34%	34%	34%	34%	34%
Loans below R250 000 disbursed to SMMEs	Supporting micro enterprises	-	50%	31%	40%	40%	40%	40%
Percentage net portfolio growth	Portfolio growth	-	28%	12%	1%	1%	-4%	-23%
Number of successful partnerships concluded per year	Portfolio growth	5	4	3	3	2	1	-
Percentage bad debt provision v. debtors book	Quality of debtors book	7%	10%	16%	28%	15%	15%	15%

## Service delivery focus

The organisation's loan book increased from R123 million in 2002 to R968 million in 2009. In 2009, the development impact was achieved by ensuring that 52 per cent of the organisation's funding went to black business and 36 per cent to targeted provinces. Businesses operated by women received 34 per cent of the total disbursement and businesses requiring funding of less than R250 000 were also supported. Since 2006/07, approvals to retail finance institutions and joint ventures, via the credit indemnity product, have continued to exceed those to the banks. Approvals to banks decreased by 31 per cent in 2009 compared to 60 per cent in the previous years. This fundamental change in product mix is significant as it represents a shift towards a direct investment approach in SMME funding as opposed to favouring the leverage effects of the credit indemnity product. In 2009, 5 new funds were established to increase SMMEs' access to finance.

In 2008/09, the level of business approvals decreased by 48 per cent, from R605 million in 2007/08 to R315 million in 2008/09 due to the prevailing economic downturn and uncertainty about the approval of the organisation's recapitalisation plan. The potential deal flow for 2009/10 was estimated at R1 billion, with the growth arising from business loans and funds. In 2008/09, the organisation also provided business skills, pre-loan support and post-loan assistance to SMMEs applying for loans from commercial banks and other financial institutions. These services were provided through a network of experienced and accredited service providers, predominantly funded and supported by the organisation and mentors in the Thuso mentorship programme housed within the organisation's support services.

## Expenditure estimates

Table 27.19 Khula Enterprise Finance Limited: Financial information

Statement of financial performance R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
<b>Revenue</b>							
<b>Non-tax revenue</b>	<b>176 509</b>	<b>205 297</b>	<b>213 163</b>	<b>145 302</b>	<b>141 601</b>	<b>118 346</b>	<b>100 609</b>
Sale of goods and services other than capital assets <i>of which:</i>							
<i>Sales by market establishments</i>	66 551	79 518	101 773	81 599	87 957	78 339	68 322
<i>Other non-tax revenue</i>	109 958	125 779	111 390	63 703	53 644	40 007	32 287
Transfers received	-	-	-	65 981	69 729	73 912	75 908
<b>Total revenue</b>	<b>176 509</b>	<b>205 297</b>	<b>213 163</b>	<b>211 283</b>	<b>211 330</b>	<b>192 258</b>	<b>176 517</b>
<b>Expenses</b>							
<b>Current expense</b>	<b>145 486</b>	<b>151 975</b>	<b>185 086</b>	<b>261 215</b>	<b>219 344</b>	<b>206 669</b>	<b>203 287</b>
Compensation of employees	23 495	26 731	31 177	33 846	44 822	49 304	54 234
Goods and services	113 522	107 475	147 958	226 446	173 524	156 220	147 878
Depreciation	1 190	1 034	1 090	923	998	1 145	1 175
<b>Total expenses</b>	<b>145 486</b>	<b>151 975</b>	<b>185 086</b>	<b>261 215</b>	<b>219 344</b>	<b>206 669</b>	<b>203 287</b>
Surplus / (Deficit)	31 023	53 322	28 077	(49 932)	(8 014)	(14 411)	(26 770)
Capital Transfers received	34 090	73 495	69 932				

## Expenditure trends

Khula Enterprise Finance earns revenue on business loans and related activities, and also receives transfers from the department. Revenue increased from R176.5 million in 2006/07 to R211.3 million in 2009/10. This increase was due to a transfer from the department of R66 million which was offset partially by a decline in revenue due adverse global economic conditions and a general decrease in interest rates over the period. Revenue is expected to increase to R176.5 million over the MTEF period mainly due to an increase in transfers from the department.

Expenditure increased from R145.5 million in 2006/07 to R261.2 million in 2009/10. The increase is due to the opening of retail offices that will expand Khula Enterprise Finance's network. Over the MTEF period, expenditure is expected to decrease to R203.3 million, at an average annual rate of 21.8 per cent. This is due to a more focused approach in the company's strategy and a concentration on the core mission.

## South African Micro-Finance Apex Fund

## Strategic overview: 2006/07 – 20/12/13

The South African Micro-Finance Apex Fund, a trading entity of the Department of Trade and Industry, will be transferred to the Department of Economic Development in April 2010. The fund has been operational since 2006, and provides wholesale funding and capacity building support to on-lending financial intermediaries, which provide affordable financial services to the enterprising poor in South Africa. Thus, the fund contributes to building a vibrant micro-finance industry to ensure the growth of micro and small businesses, thus reducing poverty and unemployment.

The fund's focus is on establishing a network of sustainable micro-finance institutions. The fund will provide loans of R114 million over the medium term to on-lending financial intermediaries.

The South African Micro-Finance Apex Fund has implemented a major evaluation of its operating model. The results will also identify binding constraints, lessons learnt and best practice benchmarking standards to stimulate the developmental micro-finance sector in South Africa.

## Savings and cost effective service delivery

In 2008/09, the South African Micro-Finance Apex Fund made noticeable progress in establishing and implementing improved systems in financial management, risk management and in its internal control environment.



Cost saving measures have focused on travel, a lot of which is required for the fund's work due to the geographical spread of clients and the need for close interaction and monitoring. All employees, including executives, are travelling economy class to cut costs. Where necessary, a comparison between the cost of road travel and air travel is made, especially if there are a number of people going on one business trip. The procurement process has been streamlined and improved to ensure that the fund will be able to get favourable prices and terms from suppliers.

### Selected performance indicators

Table 27.20 South African Micro-Finance Apex Fund

Indicator	Past			Current*	Projections		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Value of disbursements to financial intermediaries per year	R9.1m	R18.5m	R9.1m	R33.5m	R36m	R38.2m	R40.6m
Number of borrowers per year	4 346	13 198	29 714	15 040	17 025	18 652	19 065
Number of savers per year	14 353	18 133	17 255	12 527	18 500	20 356	22 580
Value of disbursements to financial intermediaries per year for capacity building	R10.7m	R5.9 m	R 3.4 m	R9.6m	R10.5m	R15.7m	R20.5m

\*Estimate

### Service delivery focus

In 2009, the organisation embarked on road shows to 6 provinces to disseminate product information to 18 000 people within targeted groups. With the backing of local community radio stations, the print media and national television broadcasters, the organisation reached an audience of more than 11.8 million. Through the road shows, the organisation invested R2 million in local businesses for transport, catering and entertainment.

### Expenditure estimates

Table 27.21 South African Micro Finance Apex Fund Activity information

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Implementation of Accpac ERP system	-	-	-	900	1 500	-	-
HR Organisational Development	-	-	-	1 500	-	-	-
Implementation of Regulatory system	-	-	800	1 321	500	-	-
Capacity Building	20 680	14 500	11 696	10 500	15 700	20 580	25 100
Poverty Alleviation and Enterprise development	34 615	16 100	10 000	19 000	19 500	23 600	19 800
Other activities	23 302	43 800	43 534	44 126	44 882	46 357	48 172
<b>Total expense</b>	<b>78 597</b>	<b>74 400</b>	<b>66 030</b>	<b>77 347</b>	<b>82 082</b>	<b>90 537</b>	<b>93 072</b>

Table 27.22 South African Micro-Finance Apex Fund: Financial information

Statement of financial performance R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
<b>Revenue</b>							
Non-tax revenue	597	9 259	15 733	11 064	11 510	11 811	11 812
Other non-tax revenue	597	9 259	15 733	11 064	11 510	11 811	11 812
Transfers received	35 615	49 580	46 671	77 347	82 082	90 537	93 072
<b>Total revenue</b>	<b>36 212</b>	<b>58 839</b>	<b>62 404</b>	<b>88 411</b>	<b>93 592</b>	<b>102 348</b>	<b>104 884</b>

Table 27.22 South African Micro Finance Apex Fund Financial information (continued)

Statement of financial performance	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
R thousand							
<b>Expenses</b>							
Current expense	25 440	43 754	43 437	43 876	44 854	46 248	49 976
Compensation of employees	9 856	19 013	23 610	24 200	24 991	25 921	28 676
Goods and services	15 242	23 993	18 735	18 063	18 588	18 813	19 594
Depreciation	342	739	1 091	1 612	1 275	1 514	1 706
Interest, dividends and rent on land	–	9	1	–	–	–	–
Transfers and subsidies	10 772	5 956	3 398	9 600	10 500	15 700	20 580
<b>Total expenses</b>	<b>36 212</b>	<b>49 710</b>	<b>46 835</b>	<b>53 476</b>	<b>55 354</b>	<b>61 948</b>	<b>70 556</b>
<b>Surplus / (Deficit)</b>	<b>–</b>	<b>9 129</b>	<b>15 569</b>	<b>34 935</b>	<b>38 238</b>	<b>40 400</b>	<b>34 328</b>
<b>Statement of financial position</b>							
Carrying value of assets	1 052	2 596	3 700	4 678	5 803	7 589	8 883
<i>of which: Acquisition of assets</i>	1 607	2 304	2 205	2 600	2 400	3 300	3 000
Loans	7 523	10 414	14 330	19 000	19 500	23 600	25 800
Receivables and prepayments	3	–	5	1	2	2	2
Cash and cash equivalents	90 098	133 083	133 277	127 105	126 032	119 536	116 276
<b>Total assets</b>	<b>98 676</b>	<b>146 093</b>	<b>151 312</b>	<b>150 784</b>	<b>151 337</b>	<b>150 727</b>	<b>150 961</b>
Capital and reserves	31 360	87 490	103 059	105 826	105 918	106 150	106 150
Trade and other payables	2 906	5 850	3 738	3 263	3 696	2 632	2 890
Provisions	1 385	2 152	2 492	1 672	1 700	1 922	1 898
Liabilities not classified elsewhere	63 025	50 601	42 023	40 023	40 023	40 023	40 023
<b>Total equity and liabilities</b>	<b>98 676</b>	<b>146 093</b>	<b>151 312</b>	<b>150 784</b>	<b>151 337</b>	<b>150 727</b>	<b>150 961</b>

### Expenditure trends

Revenue is generated from transfers and subsidies from the Economic Development Department. Transfers and subsidies increased from R35.6 million in 2006/07 to R77.3 million in 2009/10, at an average annual rate of 29.5 per cent. This was due to expansion of services. Over the MTEF period, transfers and subsidies are expected to increase to R93.1 million, at an average annual rate of 6.4 per cent.

Expenditure increased from R36.2 million in 2006/07 to R53.5 million in 2009/10, at an average annual rate of 13.9 per cent. This was due to an increase in compensation of employees spending. Over the medium term, expenditure is expected to increase to R70.6 million, at an average annual rate of 9.7 per cent.

## Programme 4: Economic Development and Dialogue

- *National Social Dialogue and Strategic Frameworks* contributes to social dialogue on economic development issues and policy development and coordinates, monitors and ensures the development and implementation of action plans and framework agreements on the global economic downturn.
- *Sector and Workplace Social Dialogue* promotes workplace and sector agreements and social pacts that address the challenges of growth and development, and productivity and innovation.
- *Capacity Building for Economic Development* promotes and builds the research output and knowledge of social partners of the economic development of sectors and issues relating to equity and productivity. It will also harness economic development expertise through an advisory panel, knowledge networks and learning events.
- *Productivity, Entrepreneurship, Innovation* develops a policy framework for increasing productivity and enhancing entrepreneurship and innovation. The results will inform the work of the programme's other three subprogrammes.

## Objectives and measures

- Promote social dialogue and productivity, entrepreneurship and innovation in the workplace over the MTEF period by:
  - convening and participating in national social dialogue forums on economic development
  - facilitating social pacts at workplace, sector and national levels
  - facilitating, monitoring and reporting on the implementation of framework agreements and social pacts
  - hosting learning events for economic development knowledge networks
  - hosting an annual economic development conference
  - establishing an advisory panel on economic development.

## Service delivery focus

Over the medium term, this programme will focus on: facilitating and engaging in social dialogue between social partners in South Africa; reporting on and facilitating the implementation of social pacts; building knowledge creation capacity for economic development; and contributing to agreements in the regional, continental and international spheres that promote South Africa's economic development.

## Expenditure estimates

Table 27.23 Economic Development and Dialogue

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R thousand							
National Social Dialogue and Strategic Frameworks	-	-	-	-	7 682	10 778	12 002
Sector and Workplace Social Dialogue	-	-	-	-	400	520	600
Capacity Building for Economic Development	-	-	-	-	1 710	2 538	2 960
Productivity, Entrepreneurship and Innovation	-	-	-	-	1 451	2 285	2 459
<b>Total</b>	-	-	-	-	<b>11 243</b>	<b>16 121</b>	<b>18 021</b>
Change to 2009 Budget estimate					11 243	16 121	18 021

### Economic classification

<b>Current payments</b>	-	-	-	-	<b>11 243</b>	<b>16 121</b>	<b>18 021</b>
Compensation of employees	-	-	-	-	7 038	10 654	11 714
Goods and services	-	-	-	-	4 205	5 467	6 307
<i>of which:</i>							
<i>Administrative fees</i>	-	-	-	-	15	20	22
<i>Catering: Departmental activities</i>	-	-	-	-	10	13	15
<i>Consultants and professional services: Business and advisory services</i>	-	-	-	-	550	715	825
<i>Inventory: Stationery and printing</i>	-	-	-	-	100	130	150
<i>Travel and subsistence</i>	-	-	-	-	1 350	1 755	2 025
<i>Operating expenditure</i>	-	-	-	-	530	689	795
<i>Venues and facilities</i>	-	-	-	-	1 650	2 145	2 475
<b>Total</b>	-	-	-	-	<b>11 243</b>	<b>16 121</b>	<b>18 021</b>

## Expenditure trends

Expenditure is expected to increase from R11.2 million in 2010/11 to R18 million in 2012/13, at an average annual rate of 26.8 per cent.

Over the medium term, spending will focus on: filling senior and support posts; hosting social dialogue forums and learning events; establishing monitoring and reporting systems; establishing key institutions; and national and international travel.

## Additional tables

Table 27.A Summary of expenditure trends and estimates per programme and economic classification

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R thousand	2008/09		2008/09	2009/10			2009/10
1. Administration	-	-	-	-	29 000	29 000	29 000
3. Economic Planning and Coordination	-	-	220 361	292 474	(5 282)	287 192	287 192
<b>Total</b>	-	-	<b>220 361</b>	<b>292 474</b>	<b>23 718</b>	<b>316 192</b>	<b>316 192</b>

### Economic classification

Current payments	-	-	-	-	22 999	22 999	22 999
Compensation of employees	-	-	-	-	12 643	12 643	12 643
Goods and services	-	-	-	-	10 356	10 356	10 356
<b>Transfers and subsidies</b>	-	-	<b>220 361</b>	<b>292 474</b>	<b>(5 282)</b>	<b>287 192</b>	<b>287 192</b>
Departmental agencies and accounts	-	-	150 429	226 493	(5 282)	221 211	221 211
Public corporations and private enterprises	-	-	69 932	65 981	-	65 981	65 981
<b>Payments for capital assets</b>	-	-	-	-	<b>6 001</b>	<b>6 001</b>	<b>6 001</b>
Machinery and equipment	-	-	-	-	6 001	6 001	6 001
<b>Total</b>	-	-	<b>220 361</b>	<b>292 474</b>	<b>23 718</b>	<b>316 192</b>	<b>316 192</b>

Table 27.B Detail of approved establishment and personnel numbers according to salary level <sup>1</sup>

	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 <sup>2</sup>	Medium-term estimate		
				2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
<b>Department</b>	-	-	-	-	-	-	-	124	124	138
Salary level 1 – 6	-	-	-	-	-	-	-	14	14	13
Salary level 7 – 10	-	-	-	-	-	-	-	22	22	25
Salary level 11 – 12	-	-	-	-	-	-	-	28	28	29
Salary level 13 – 16	-	-	-	-	-	-	-	60	60	71
<b>Administration</b>	-	-	-	-	-	-	-	<b>60</b>	<b>60</b>	<b>61</b>
Salary level 1 – 6	-	-	-	-	-	-	-	14	14	13
Salary level 7 – 10	-	-	-	-	-	-	-	16	16	17
Salary level 11 – 12	-	-	-	-	-	-	-	18	18	18
Salary level 13 – 16	-	-	-	-	-	-	-	12	12	13
<b>Economic Policy Development</b>	-	-	-	-	-	-	-	<b>18</b>	<b>18</b>	<b>23</b>
Salary level 1 – 6	-	-	-	-	-	-	-	-	-	-
Salary level 7 – 10	-	-	-	-	-	-	-	3	3	4
Salary level 11 – 12	-	-	-	-	-	-	-	2	2	3
Salary level 13 – 16	-	-	-	-	-	-	-	13	13	16
<b>Economic Planning and Coordination</b>	-	-	-	-	-	-	-	<b>34</b>	<b>34</b>	<b>40</b>
Salary level 1 – 6	-	-	-	-	-	-	-	-	-	-
Salary level 7 – 10	-	-	-	-	-	-	-	2	2	3
Salary level 11 – 12	-	-	-	-	-	-	-	6	6	6
Salary level 13 – 16	-	-	-	-	-	-	-	26	26	31

Table 27.B Detail of approved establishment and personnel numbers according to salary level <sup>1</sup> (continued)

	Personnel post status as at 30 September 2009			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid year <sup>2</sup>	Medium-term estimate		
				2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Economic Development and Dialogue	-	-	-	-	-	-	-	12	12	14
Salary level 7 – 10	-	-	-	-	-	-	-	1	1	1
Salary level 11 – 12	-	-	-	-	-	-	-	2	2	2
Salary level 13 – 16	-	-	-	-	-	-	-	9	9	11

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

2. As at 30 September 2009.

