

Estimates of National Expenditure 2011

Abridged version

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More detailed information for each vote is available at www.treasury.gov.za. More comprehensive coverage of vote specific information is provided, particularly on goods and services, transfers and subsidies, donor funding, public entities and lower level institutional information.

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**National Treasury
Republic of South Africa**

23 February 2011



Foreword

When this publication was introduced in 2001, we stated that “The Estimates of National Expenditure represents a significant step forward in national budget transparency.” Since then, the national budget process has undergone continued reform. The Budget preparation for 2011 saw a shift from budgeting by department to budgeting by function of government, thus enabling a more strategic focus on a smaller number of key outcomes. Using the functional approach, there is better transparency and coordination in budgeting due to participation by stakeholders responsible for delivery across all spheres of government, including the various agencies. Ongoing efforts to reform non-financial performance information have led to a systematic improvement in the veracity of this information. These reforms will lead to greater accountability and control.

Budgets are the link between the outcomes targeted by government and the services that are ultimately delivered. Government’s adoption of the outcomes approach in 2009 started the process of closer cooperation and improved coordination across government departments and agencies towards the attainment of 12 clearly stated outcomes that are of considerable importance to the country’s development. This approach started with the re-organisation of national government departments and was further re-enforced by signed agreements concluded between the president and ministers of national departments.

Budgets proposed for each of the votes in this publication give consideration to the initiatives focused on the 12 outcomes. One of the outcomes warranting a special mention is that of job creation. 2011 has been declared the year of job creation. A key aim of the new growth path is to achieve job creation on a significant scale through economic transformation and inclusive growth.

There is a focus on the reprioritisation of existing budgets, in addition to the allocation of new money made available by the main Budget framework. This publication indicates details per vote of savings amounting to R30.6 billion over the period ahead. This year, specific detail has been included on: the outcomes which institutions contribute towards and the output and other performance measures supporting them; personnel budgets, employee numbers and spending trends; and the purpose and key activities of each sub-programme within a vote. Compared to the abridged version of the Estimates of National Expenditure, the e-publications for each vote contain more comprehensive coverage of goods and services, transfers and subsidies, public entities, lower level expenditure information and information on donor funding.

The independent Open Budget Index assessment of budget transparency began in 2006. It is conducted every two years to measure the availability and comprehensiveness of key budget documents. In 2010, South Africa achieved first place among all the 94 countries surveyed across the world, scoring 92 per cent. South Africa’s score on the index rose from 86 per cent in 2006 (when 59 countries were surveyed), and 87 per cent in 2008 (when 85 countries surveyed).

The detailed expenditure estimates of departments set out in this publication are the result of an arduous executive and administrative process. Executive approval of additional spending allocations and savings takes place under the political guidance of the ministers’ committee on the Budget and follows a wide ranging intergovernmental consultative process led by a committee of senior officials in central government departments.

A special word of thanks is due to all our colleagues from other departments for their contributions. I also wish to express my appreciation to the National Treasury team, which worked tirelessly to produce a document of which we are rightly proud.



Lesetja Kganyago
Director-General: National Treasury

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Introduction

South Africa has once again achieved international recognition for meeting budget transparency and accountability standards. The International Budget Partnership ranks South Africa first among 94 countries in the 2010 Open Budget Survey. The quality and usability of budget documents such as the Estimates of National Expenditure have made a significant contribution to this achievement. Moreover, the Money Bills Amendment Procedure and Related Matters Act (2009) has increased Parliament's oversight over the Budget proposal as it sets out the procedure in terms of which the proposal must be considered for possible amendment. The parliamentary procedure involves canvassing the opinion of civil society groups and lends itself to more participatory budgeting. The increased transparency of budgets and the increased scrutiny make it possible for South African public servants to be held more accountable for their management of resources and performance over the period ahead.

The 2011 Estimates of National Expenditure is a comprehensive publication that provides details of the spending plans of all national departments and agencies for the next three financial years (2011/12 to 2013/14), expenditure outcomes for the past three years (2007/08 to 2009/10), and revised estimates for the current year (2010/11). Information is also provided on legislation, policies, outcomes and performance targets over the seven-year period. Any changes in these areas are explained in relation to trends in planned expenditure. The Estimates of National Expenditure e-publications per vote give more extensive coverage of transfers and subsidies, public entities, goods and services, donor funding and lower level institutional information than does the abridged version of the Estimates of National Expenditure. This more detailed information for each vote is available at www.treasury.gov.za.

In keeping with the ongoing budget reform improvements to the way that public finances are managed and reported, changes have also been made in the 2011 Estimates of National Expenditure. Information on the outcomes that departments and government agencies contribute to and the related outputs included in delivery agreements is briefly discussed in the strategic overview section. Departments will also provide more information on the key functions of each subprogramme on a vote, particularly regarding its transfers and subsidies, personnel complement, volume of work carried out and the composition of spending. A new section on personnel information has been introduced under the expenditure trends section, including a table that provides information on posts funded on budget, vacancies and the number of posts in the department by salary level, as well as by programme and unit cost.

Budgeting for outcomes

Over the past decade, strong growth in public spending has not always been matched with a concomitant improvement in service delivery. If government's development and economic objectives stipulated in the new growth path are to be met, it is stated in the new growth path framework that public service delivery must improve significantly. Better public services require a culture of efficiency, effectiveness and stewardship of public resources, obliging government to become more responsive to the needs of citizens.

This objective is supported by various reform initiatives which have been and continue to be undertaken. At the outset, in 2009 the national macro organisation of the state project effected the reorganisation of national government departments to enhance their efficiency and improve on service delivery. Following on from this, the outcomes approach was adopted and 12 outcome targets were agreed upon for government, and signed ministerial performance agreements and interdepartmental and interagency delivery agreements followed. The outcomes approach provides a platform for achieving greater efficiency in the public service as it is aimed at addressing the weaknesses identified in coordination and cooperation across government. The five major budget priorities over the medium term expenditure framework period are expressed in terms of the 12 government outcomes. Budget decisions are informed by an agreed set of outputs and activities to the extent that they are organised around the 12 government outcomes and elaborated upon in delivery agreements.

Government has taken a different approach in reviewing its spending baseline to realign expenditure with the government outcomes and to make existing resources work with greater efficiency. Government's consumption expenditure (including wages as well as goods and services) has to be managed more efficiently to obtain greater value for money. Over recent years, there have been significant increases in overall personnel costs,

although expenditure on frontline personnel has not increased markedly. Government is targeting the reduction of large administrative budgets in favour of increasing frontline personnel and infrastructure investment, to channel more resources towards the actual delivery of key services.

In developing the 2011 medium term expenditure framework there was a shift towards budgeting by function rather than by department. The functional approach focuses on the purpose (the function) for which funds are to be used, and groups together national, provincial and local government, and government agencies, in terms of the function of government they perform. In this way a consolidated functional expenditure amount can be calculated, and monies transferred from one sphere of government to another can be more easily offset against each other. In support of the reprioritisation of funds in line with outcomes, more effective comparison of allocations with service delivery trends, and assessment of spending proposals, including the trade-offs between different options, are carried out in a given function. This approach provides more transparency and better coordination in the budgeting process. The table below shows the functional classification and, for each function, the national department(s) involved and the outcomes each function supports.

Functional classification of national departments and related outcomes

Functional Classification	Department(s)	Outcome(s)
Economic affairs	Government Communication and Information System [9], Public Enterprises [11], Agriculture, Forestry and Fisheries [26], Economic Development [28], Energy [29], Environmental Affairs [30], Mineral Resources [32], Rural Development and Land Reform [33], Science and Technology [34], Tourism [35], Trade and Industry [36], Transport [37]	Outcome 4: Decent employment through inclusive economic growth Outcome 5: A skilled and capable workforce to support an inclusive growth path Outcome 6: An efficient, competitive and responsive economic infrastructure network Outcome 7: Vibrant, equitable and sustainable rural communities with food security for all Outcome 10: Environmental assets and natural resources that are well protected and continually enhanced
Housing and community amenities	Human Settlements [31], Water Affairs [38]	Outcome 4: Decent employment through inclusive economic growth Outcome 7: Vibrant, equitable and sustainable rural communities with food security for all Outcome 8: Sustainable human settlements and improved quality of household life Outcome 9: A responsive, accountable, effective and efficient local government system
Education	Basic Education [15], Higher Education and Training [17]	Outcome 1: Improved quality of basic education Outcome 5: A skilled and capable workforce to support an inclusive growth path
Health	Health [16]	Outcome 2: A long and healthy life for all South Africans
Social protection	Women, Children and People with Disabilities [8], Labour [18], Social Development [19]	
Recreation, culture and sport	Arts and Culture [14], Sport and Recreation South Africa [20]	Outcome 12: An efficient, effective and development orientated public service and an empowered, fair and inclusive citizenship
Public order and safety	Correctional Services [21], Independent Complaints Directorate [23], Justice and Constitutional Development [24], Police [25]	Outcome 3: All people in South Africa are and feel safe Outcome 11: Create a better South Africa and contribute to a better and safer Africa and World Outcome 12: An efficient, effective and development orientated public service and an empowered, fair and inclusive citizenship
Defence	Defence and Military Veterans [22]	Outcome 3: All people in South Africa are and feel safe Outcome 11: Create a better South Africa and contribute to a better and safer Africa and World
General public service	Presidency [1], Parliament [2], Cooperative Governance and Traditional Affairs [3], Home Affairs [4], International Relations and Cooperation [5], Performance Monitoring and Evaluation [6], Public Works [7], National Treasury [10], Public Service and Administration [12], Statistics South Africa [13], Communications [27]	Outcome 9: A responsive, accountable, effective and efficient local government system Outcome 11: Create a better South Africa and contribute to a better and safer Africa and World Outcome 12: An efficient, effective and development orientated public service and an empowered, fair and inclusive citizenship

The functional groups that have been used are derived from the Classification of the Functions of Government published by the United Nations, but are modified for the South African budgeting context. All decisions on savings and spending in relation to each function were reached as part of a broad consultative process between different stakeholders in the sector, including the medium term expenditure committee of senior officials in central government departments which leads this process, the provincial technical and executive forums, the ministers' committee on the budget, Cabinet and Parliament. These decisions comprise the Budget proposal tabled on Budget day for Parliament's consideration.

Savings and reprioritisation of budgets

While the global economy has been showing signs of recovery, international opinion on the economy is still cautious, on the grounds of perceived uncertainties. In addition to the macroeconomic situation, in line with achieving government's outcomes targets the composition of government expenditure needs to change to ensure that there is value for money. To sustain public expenditure in South African in the long run, a moderation in spending growth over the period ahead is necessary. This necessitates a rigorous review of budget baseline expenditure and an assessment of the:

- capacity of departments and public entities to spend and manage resources appropriately
- strength of the link between expenditure and the outcomes approach as well as with government departmental mandates
- expenditure trade-offs between the different budget options proposed
- non-performing/ underperforming projects/ programmes and entities
- sourcing of funds through savings and reprioritisation initiatives
- alternative revenue raising capacity, cost recovery efforts and donor funding availability.

This year's budget preparation focused extensively on finding savings within the departmental and agency budget baselines linked to a given functional grouping. Departments were able to decrease spending on non-core goods and services, restrict expenditure on low priority programmes, reschedule expenditure, effect savings on foreign exchange rate projections, reduce transfers to certain public entities, improve financial management and reduce expenditure on administration. Savings identified per function over the medium term in this exercise are presented in the table below.

Savings realised per function over the medium term

R thousand	2011/12	2012/13	2013/14	Total
Economic affairs	1 387 674	1 645 222	1 232 355	4 265 251
Housing and community amenities	1 970 233	2 618 510	2 314 474	6 903 217
Education	24 157	24 418	25 590	74 165
Health	44 000	44 000	544 000	632 000
Social protection	1 273 468	1 021 306	519 124	2 813 898
Recreation, culture and sport	28 222	25 571	56 858	110 652
Public order and safety	293 940	1 768 802	1 860 911	3 923 653
Defence	404 824	458 919	434 034	1 297 777
General public service	933 163	1 187 437	875 382	2 995 982
Total	6 359 682	8 794 185	7 862 728	23 016 595

Savings realised over the three years on national votes amounted to R23 billion, of which R6.4 billion is in 2011/12, R8.8 billion in 2012/13 and R7.9 billion in 2013/14. Of these savings, R21.6 billion is reprioritised within functional budget baselines towards meeting existing outcomes commitments. The remainder of R1.4 billion is added to the policy reserve for reallocation. The major savings and reprioritisation areas identified over the medium term are presented in the table below.

Major areas of savings and reprioritisation

Function	Savings identified	Savings redirected
Economic affairs	Non-core goods and services (R2 billion) Underperforming programmes (R1.3 billion)	Road maintenance (R950 million) Expansion of public transport infrastructure and system grant (R580 million) Rural development and land reform (R1.3 billion)
Housing and community amenities	Underperforming programmes (R600 million) Non-core goods and services (R478 million) Rescheduling of expenditure (R759 million) Expanded public works programme: Infrastructure (R688 million)	Completion of De Hoop Dam and a portion of bulk distribution system (R1 billion) Regional bulk infrastructure (R600 million) Expanded public works programme Social sector (R825 million)
Social protection	Non-essential items such as catering and consultation fees (R927 million)	Old age grants - means threshold increased (R280 million) Efficient and effective grant payment model (R535 million)
Public order and safety	Non-essential items (R555 million)	Anti-retroviral drugs for prisoners and additional police personnel (R465 million)
Defence	Non-core goods and services (R1.3 billion)	New remuneration dispensation (R1.3 billion)

In addition to the initial exercise, a further reduction of 0.3 per cent on the budgets of provincial and national departments was also effected; this yielded an additional R6 billion in savings.

Policy reserve

In line with the change to functional budgeting, the additional allocation made available through the national Budget framework was divided per function and a policy reserve was also retained. In the 2011 Budget process the policy reserve was created to fund key government priorities over the next three years. Including the initial identified savings of R1.4 billion that was not reprioritised and the R6 billion identified later, a policy reserve amounting to R33 billion was created. The table below shows how the policy reserve was allocated.

Allocation of the policy reserve

R thousand	2011/12	2012/13	2013/14	Total
For various functions				
Job creation and youth employment	2 000 000	3 000 000	4 000 000	9 000 000
Economic affairs				
Economic regulatory capacity	50 000	50 000	50 000	150 000
Green economy: allocated	200 000	–	–	200 000
unallocated	–	300 000	500 000	800 000
Broadband information and communication technology: universal access	100 000	150 000	200 000	450 000
Rural development and farmer support	150 000	350 000	600 000	1 100 000
Public transport	200 000	400 000	600 000	1 200 000
Agro-Processing Competitiveness Fund	34 000	108 000	108 000	250 000
Khula Direct	55 000	–	–	55 000
Housing and community amenities				
Human settlement upgrading	200 000	400 000	600 000	1 200 000
Water infrastructure and quality	50 000	150 000	200 000	400 000
Education				
School infrastructure	700 000	1 500 000	2 300 000	4 500 000
Further education and training colleges expansion and National Students Financial Aid Scheme	1 949 990	2 714 188	3 075 595	7 739 773
Health				
Public health services	600 000	1 400 000	2 000 000	4 000 000
Public order and safety				
Police capacity and border control	100 000	400 000	900 000	1 400 000
Defence				
Border control	100 000	200 000	300 000	600 000
Total	6 488 990	11 122 188	15 433 595	33 044 773

The largest allocation from the policy reserve amounts to R9 billion and targets job creation and youth employment, which is allocated on the National Treasury vote. It will be allocated to line departments that provide proposals for projects that meet the objectives of the fund. Of the R1 billion allocation for the green

economy, R800 million is currently unallocated to any specific vote but will be announced in the 2011 Budget as available for appropriation over the medium term. Other major allocations in the policy reserve include R7.7 billion for further education and training colleges and the National Student Financial Aid Scheme, R4.5 billion for school infrastructure and R4 billion for public health services.

Additional allocations

Including policy reserve funding, a total addition of R94.1 billion is allocated to government institutions in terms of the revised national Budget framework to fund government's key priorities over the next three years. Of the R94.1 billion, national departments receive R48.8 billion (51.9 per cent): R9.9 billion in 2011/12, R14.7 billion in 2012/13 and R24.2 billion in 2012/13. Provinces and municipalities receive the remainder: R40.2 billion (42.7 percent) to provinces and R5.1 billion (5.4 percent) to municipalities over the medium term. Conditional grants to provinces and municipalities are reflected on both national budgets and the budgets of provinces or municipalities, and are included in the discussion below.

A summary of additional allocations in line with government's policy priorities is provided below by national vote. It is important to note that the discussion on increases in the budget excludes all direct charges against the National Revenue Fund and the amounts of the local and provincial equitable share. Details are only provided for national votes receiving relatively large additional allocations for implementing new programmes or extending existing programmes. The amounts per vote in the discussion below correspond with those in table 2. They represent the gross additional allocations, before the baseline savings and reprioritisation have been effected. The total amounts may therefore be bigger than the overall net change in the budget of a specific vote. In the discussion below, these gross amounts will be referred to as the allocations received for the coming three year medium term expenditure framework period. In certain instances, the savings on a particular vote exceed the gross total allocation to that vote and the overall net change in the budget of that vote is actually negative.

Economic affairs

Taking into account the policy and practical budgeting considerations within this government function in the South African context, this function has been disaggregated broadly into four areas that are each discussed in turn.

Transport

For the **Department of Transport** for the medium term expenditure framework period, R2.7 billion is provided for the public transport infrastructure and systems conditional grant to municipalities to develop integrated public transport networks. The South African National Roads Agency is allocated R2.7 billion for the maintenance of roads and R1.4 billion is allocated to the Passenger Rail Agency South Africa to upgrade and replace Metrorail's signalling infrastructure.

Energy and environmental protection

Over the medium term, the **Department of Environmental Affairs** receives an additional R191 million to implement measures that will address wildlife trafficking, air quality, waste and coastline management, and oil spill disasters. For climate change mitigation and the establishment of a green fund for South Africa, R1 billion is provided. This will be announced in the 2011 Budget as an amount largely not appropriated to any specific vote, except for the R200 million in funding that is allocated to host the 2011 United Nations Conference on Climate Change in 2011/12.

Industrial development

An allocation to the **Economic Development Department** of R250 million is for the Competition Commission to group its work on anti-competitive practices in four priority sectors and to form a specialised cartel investigation unit.

Agriculture, forestry, fisheries and land affairs

An amount of R1.1 billion is the gross allocation to the **Department of Rural Development and Land Reform** for the comprehensive rural development programme.

The **Department of Agriculture, Forestry and Fisheries** receives R500 million for the comprehensive agriculture support programme grant and the land care programme grant.

Also, a gross allocation of R450 million is made available to the **Department of Communications** for broadband services information and communication technologies infrastructure, and universal access in underdeveloped or rural areas in the country.

Housing and community amenities

This function's budget is dominated by transfer payments. Over the MTEF period, an additional R2.1 billion is allocated to the **Department of Human Settlements** for informal settlements upgrading through the new urban settlements development grant. The Social Housing Regulatory Authority receives R972 million to increase the delivery of affordable rental housing.

The **Department of Water Affairs** is allocated a gross addition of R3.7 billion, of which R1 billion is for the completion of the De Hoop Dam and the provision of some bulk infrastructure pipelines, R952 million is for regional bulk infrastructure, R520 million for the completion of the Nandoni pipeline and R450 million for emergency drought relief in the Nelson Mandela Bay municipality.

Education

This function receives the biggest gross total allocation of R33.9 billion. The **Department of Basic Education** receives R8.2 billion, most of which is for transfers to provinces. The funds are mostly for school buildings for the eradication of inappropriate infrastructure structures and to ensure that more schools have water, sanitation and electricity. For bursaries for mathematics and science teachers, R596 million is allocated.

The **Department of Higher Education and Training** receives R3.6 billion for the National Student Financial Aid Scheme for funding higher education students, R300 million for establishing universities in Mpumalanga and Northern Cape, R3.9 billion for a state bursary scheme that will increase poor learners' access to further education and training colleges, and R1.4 billion to further education and training colleges to increase the number of students they enrol.

Health

The gross total allocation to the health function over the medium term is R18.5 billion. Most of this funding is allocated by means of the provincial equitable share. An amount of R1.4 billion is allocated to the national **Department of Health** towards increasing HIV counselling and circumcisions. To improve health facilities and medical equipment in preparation for national health insurance, the department receives a further R1.6 billion.

Social protection

The **Department of Social Development** is allocated R870 million for the South African Social Security Agency to implement a new grants application process that will reduce beneficiary waiting times and fraud.

Recreation, culture and sport

The **Department of Sport and Recreation South Africa** receives a gross allocation of R136 million to provide increased support to national sporting federations to enhance sports development and transformation, particularly in the participation of previously disadvantaged communities.

For the development of the local film industry R135 million is allocated to the National Film and Video Foundation under the **Department of Arts and Culture's** vote and R37 million is also allocated to capacitate the National Library of South Africa.

Public order and safety

Additional funding of R2.1 billion is made available to this function for the **Department of Police's** vote for the recruitment of additional policing personnel in the areas of visible policing, detective services and crime intelligence services. The number of police personnel will increase to 202 260 in 2013/14.

The **Department of Justice and Constitutional Development** receives additional funding of R490 million for the construction of two new high courts in Nelspruit and Polokwane, which will bring the total number of high courts to 16.

The **Department of Correctional Services** is allocated R460 million over the medium term for the upgrading of information technology that will enhance the functioning of the criminal justice system.

Defence

In this function, an amount of R600 million is allocated to the **Department of Defence** to deploy soldiers to the country's borders and upgrade and improve border facilities and equipment.

General public service

An amount of R500 million is added to the budget of **Statistics South Africa** for the 2011 Census, towards the costs of 120 000 field workers and to ensure greater coverage of the population than in the 2001 Census.

The **Department of Public Works** receives an additional R2.2 billion for municipal and accommodation charges payable.

To deal with the post recovery and reconstruction effects of the flooding disaster, R600 million has been allocated under the **National Treasury** vote. The National Treasury also receives R1.5 billion to fund increases in amounts payable to the Political Office Bearers' Pension Fund, as well as increases in costs related to post-retirement benefits and injury-on-duty benefits.

For the new conditional grants to deal with immediate disaster effects, R1.8 billion is allocated over the medium term under the **Cooperative Governance and Traditional Affairs** vote. Of this, R675 million is for the provinces and R1.2 billion is allocated to municipalities.

Overview of expenditure

The main Budget, including state debt costs, provides for total expenditure of R888.9 billion in 2011/12, R968.1 billion in 2012/13 and R1.1 trillion in 2013/14, reflecting a nominal growth rate of approximately 9.1 per cent on average over the medium term expenditure framework period. Non-interest expenditure comprises on average 89.3 per cent of total main Budget expenditure, growing at an average annual rate of 7.6 per cent over the period. These budgeted estimates provide for a contingency reserve set aside to deal with unanticipated events, amounting to R4.1 billion in 2011/12, R11.4 billion in 2012/13 and R23.4 billion in 2013/14.

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

Summary tables

Table 1: Main budget framework 2007/08 to 2013/14

Table 2: Additional allocation to national votes 2011/12 to 2013/14

Table 3: Expenditure by national vote 2007/08 to 2013/14

Table 4: Expenditure by economic classification 2007/08 to 2013/14

Table 5: Amounts to be appropriated from the National Revenue Fund for 2011/12

Table 6a: Conditional grants to provinces 2007/08 to 2013/14

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Table 7: Training expenditure per vote 2007/08 to 2013/14

Table 8: Infrastructure expenditure per vote 2007/08 to 2013/14

Table 9: Personnel expenditure per vote 2007/08 to 2013/14

Table 10: Departmental receipts per vote 2007/08 to 2013/14

Table 1 Main budget framework 2007/08 to 2013/14

R million	Audited outcome			Revised estimate	Medium-term estimates		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Revenue (National Revenue Fund)							
Tax revenue (gross)	572 814.6	625 100.2	598 705.4	672 200.0	741 620.0	827 310.0	927 960.0
Departmental and other receipts, and repayments	12 693.0	12 616.0	8 889.0	12 254.0	10 000.9	11 540.0	12 351.1
Less: Southern Africa Customs Union payments	-24 712.6	-28 920.6	-27 915.4	-14 991.3	-21 763.2	-32 431.8	-35 997.4
Other adjustment ¹	–	–	–	-2 900.0	–	–	–
Total revenue	560 795.1	608 795.5	579 679.0	666 562.7	729 857.6	806 418.2	904 313.7
Percentage of GDP	27.0%	26.3%	23.7%	25.0%	25.0%	25.2%	25.6%
Expenditure							
State debt cost	52 877.1	54 393.7	57 129.2	66 570.4	76 578.7	90 807.7	104 036.2
Percentage of GDP	2.5%	2.4%	2.3%	2.5%	2.6%	2.8%	2.9%
Current payments ²	88 512.0	103 376.4	117 130.0	135 313.3	147 760.3	156 210.6	166 884.0
Transfers and subsidies	391 929.9	458 702.2	532 182.3	578 332.9	648 496.9	695 554.1	740 738.6
Payments for capital assets ²	7 018.5	8 508.4	9 202.2	8 817.0	11 206.9	13 823.7	17 464.5
Payments for financial assets	1 105.9	10 972.6	31 553.0	20 889.7	750.1	0.1	0.1
Unallocated	–	–	–	–	40.0	330.0	530.0
Contingency reserve	–	–	–	–	4 090.4	11 405.4	23 375.2
Total expenditure	541 443.4	635 953.3	747 196.8	809 923.3	888 923.3	968 131.7	1 053 028.6
Percentage of GDP	26.0%	27.5%	30.6%	30.4%	30.5%	30.2%	29.8%
Budget deficit³	19 351.6	-27 157.8	-167 517.7	-143 360.6	-159 065.7	-161 713.5	-148 714.9
Percentage of GDP	0.9%	-1.2%	-6.9%	-5.4%	-5.5%	-5.1%	-4.2%
GDP	2 078 822.0	2 312 965.0	2 442 593.0	2 666 893.9	2 914 861.7	3 201 299.3	3 536 001.5

1. Payment to SACU partners in respect of a previous error in calculation of the 1969 agreement.

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

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

Table 2 Additional allocation to national votes 2011/12 to 2013/14¹

R million		Medium-term expenditure estimates			Total
		2011/12	2012/13	2013/14	
Central Government Administration		1 948.2	2 277.4	2 923.5	7 149.1
1	The Presidency	90.5	131.3	126.4	348.3
2	Parliament	30.4	31.3	32.4	94.1
3	Cooperative Governance and Traditional Affairs	964.1	873.0	1 250.8	3 087.9
4	Home Affairs	176.9	444.8	600.2	1 221.9
5	International Relations and Cooperation	145.2	162.2	170.1	477.4
6	Performance Monitoring and Evaluation	37.4	97.5	114.5	249.3
7	Public Works	493.7	522.3	609.1	1 625.1
8	Women, Children and People with Disabilities	10.0	15.0	20.0	45.0
Financial and Administrative Services		4 067.9	4 190.0	5 261.1	13 519.0
9	Government Communication and Information System	10.1	10.6	9.9	30.6
10	National Treasury	3 442.3	4 048.0	5 097.8	12 588.1
11	Public Enterprises	44.8	4.6	4.6	53.9
12	Public Service and Administration	34.9	44.2	55.0	134.0
13	Statistics South Africa	535.8	82.7	93.8	712.3
Social Services		4 043.4	7 691.7	14 993.2	26 728.2
14	Arts and Culture	66.9	83.1	105.7	255.8
15	Basic Education	826.4	2 574.4	5 649.7	9 050.4
16	Health	442.0	692.0	2 236.0	3 370.0
17	Higher Education and Training	2 215.3	3 560.3	4 403.6	10 179.2
18	Labour	131.7	170.3	187.3	489.3
19	Social Development	312.1	543.3	2 322.5	3 177.9
20	Sport and Recreation South Africa	49.0	68.3	88.4	205.7
Justice, Crime Prevention and Security		3 740.6	5 760.1	7 583.9	17 084.7
21	Correctional Services	579.9	1 046.7	1 147.8	2 774.3
22	Defence and Military Veterans	1 180.2	1 552.8	1 863.6	4 596.6
23	Independent Complaints Directorate	7.9	9.1	10.1	27.1
24	Justice and Constitutional Development	477.0	1 098.6	1 196.9	2 772.4
25	Police	1 495.7	2 052.9	3 365.5	6 914.2
Economic Services and Infrastructure		6 550.4	8 755.2	10 874.5	26 180.1
26	Agriculture, Forestry and Fisheries	194.1	405.7	512.4	1 112.2
27	Communications	105.7	155.9	206.1	467.7
28	Economic Development	101.6	156.0	166.1	423.7
29	Energy	307.9	29.2	32.6	369.7
30	Environmental Affairs	297.9	146.0	186.4	630.3
31	Human Settlements	657.5	1 215.8	1 757.2	3 630.6
32	Mineral Resources	43.2	53.6	34.1	130.9
33	Rural Development and Land Reform	610.4	838.5	1 113.9	2 562.8
34	Science and Technology	14.6	139.9	404.1	558.6
35	Tourism	52.5	42.4	44.9	139.8
36	Trade and Industry	527.6	621.7	646.3	1 795.6
37	Transport	2 180.8	3 689.9	4 786.2	10 656.9
38	Water Affairs	1 456.6	1 260.4	984.2	3 701.2
Total		20 350.6	28 674.3	41 636.1	90 661.1

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

Table 3 Expenditure by national vote 2007/08 to 2013/14

R million	Audited outcome			Adjusted appropriation
	2007/08	2008/09	2009/10	2010/11
Central Government Administration				
1 The Presidency	649.4	308.8	659.1	766.9
2 Parliament	849.8	1 071.5	1 009.0	1 201.6
3 Cooperative Governance and Traditional Affairs	28 359.9	33 386.0	33 661.6	41 748.5
4 Home Affairs	3 241.7	4 666.6	5 195.4	5 834.4
5 International Relations and Cooperation	4 069.7	5 472.3	5 417.4	4 715.8
6 Performance Monitoring and Evaluation	2.0	3.6	10.4	40.5
7 Public Works	3 402.3	4 197.0	5 533.6	7 364.8
8 Women, Children and People with Disabilities	52.5	61.9	77.5	106.2
Financial and Administrative Services				
9 Government Communication and Information System	380.9	427.5	495.4	550.2
10 National Treasury	12 569.3	23 762.8	53 240.6	38 704.9
11 Public Enterprises	4 604.0	3 265.1	3 983.3	555.5
12 Public Service and Administration	609.6	630.6	670.8	658.7
13 Statistics South Africa	1 054.3	1 323.1	1 555.8	2 101.4
Social Services				
14 Arts and Culture	1 585.8	2 114.5	2 224.9	2 441.2
15 Basic Education	4 799.5	6 384.0	7 854.3	10 924.3
16 Health	13 578.6	16 424.5	19 168.6	23 132.5
17 Higher Education and Training	15 999.1	18 767.8	20 684.4	23 776.2
18 Labour	1 431.5	1 507.2	1 698.7	1 835.8
19 Social Development	67 191.4	76 096.7	85 318.2	95 941.1
20 Sport and Recreation South Africa	5 048.0	4 871.4	2 866.4	1 255.5
Justice, Crime Prevention and Security				
21 Correctional Services	11 122.4	12 822.6	13 687.3	15 427.5
22 Defence and Military Veterans	25 180.1	27 801.3	31 324.2	30 442.6
23 Independent Complaints Directorate	80.9	99.3	106.2	131.4
24 Justice and Constitutional Development	7 194.0	8 244.4	9 653.5	10 787.3
25 Police	36 525.9	41 635.2	47 662.5	53 529.7
Economic Services and Infrastructure				
26 Agriculture, Forestry and Fisheries	3 957.2	3 564.9	3 961.8	4 003.9
27 Communications	1 911.8	2 328.6	2 301.9	2 138.0
28 Economic Development	245.1	220.4	314.6	449.8
29 Energy	2 229.8	2 961.7	3 690.9	5 648.7
30 Environmental Affairs	1 564.5	1 789.9	2 124.3	2 438.5
31 Human Settlements	10 503.0	13 269.5	16 407.4	19 305.9
32 Mineral Resources	717.5	768.3	853.8	995.8
33 Rural Development and Land Reform	5 896.6	6 669.8	5 863.8	7 293.4
34 Science and Technology	3 127.3	3 703.5	4 183.9	4 128.0
35 Tourism	1 056.0	1 202.2	1 145.6	1 183.8
36 Trade and Industry	5 050.2	4 836.7	5 923.3	6 194.2
37 Transport	19 155.9	28 161.7	28 664.0	30 380.8
38 Water Affairs	4 802.9	5 797.8	7 188.6	8 203.2
Total appropriation by vote	309 800.8	370 620.6	436 383.5	466 338.6
Plus:				
Direct charges against the National Revenue Fund				
President and Deputy President salary (The Presidency)	2.3	4.0	3.8	4.6
Members remuneration (Parliament)	240.7	304.2	398.8	392.7
State debt costs (National Treasury)	52 877.1	54 393.7	57 129.2	67 606.9
Provincial equitable share (National Treasury)	171 053.7	201 795.6	236 890.8	265 139.4
General fuel levy sharing with metros (National Treasury)	—	—	6 800.1	7 542.4
Skills levy and Setas (Higher Education and Training)	6 284.3	7 234.1	7 815.6	8 424.2
Judges and magistrates salaries (Justice and Constitutional Development)	1 184.5	1 601.1	1 774.9	1 929.9
Total direct charges against the National Revenue Fund	231 642.6	265 332.8	310 813.2	351 040.0
Unallocated	—	—	—	—
Contingency reserve	—	—	—	—
Projected underspending	—	—	—	-1 700.0
Total	541 443.4	635 953.3	747 196.8	815 678.6

Table 3 Expenditure by national vote 2007/08 to 2013/14

Revised estimate	Medium-term expenditure estimates			R million
	2010/11	2011/12	2012/13	2013/14
				Central Government Administration
766.9	815.0	887.5	924.2	The Presidency
1 201.6	1 265.3	1 315.9	1 387.6	Parliament
41 748.5	47 933.6	53 842.8	57 120.8	Cooperative Governance and Traditional Affairs
5 834.4	5 464.1	5 249.7	5 864.3	Home Affairs
4 715.8	4 796.8	5 154.9	5 569.3	International Relations and Cooperation
40.5	75.8	141.0	160.4	Performance Monitoring and Evaluation
7 138.7	7 819.3	8 061.2	8 900.1	Public Works
106.2	117.9	129.5	140.8	Women, Children and People with Disabilities
				Financial and Administrative Services
550.2	496.4	524.4	552.0	Government Communication and Information System
38 375.4	22 598.2	23 469.1	25 578.9	National Treasury
555.5	230.2	199.7	210.4	Public Enterprises
656.7	690.1	726.2	774.5	Public Service and Administration
1 741.7	3 240.9	1 698.3	1 717.7	Statistics South Africa
				Social Services
2 339.7	2 468.6	2 625.1	2 784.7	Arts and Culture
9 093.0	13 868.1	16 557.9	20 409.6	Basic Education
22 218.7	25 731.6	27 610.8	30 136.7	Health
23 757.2	28 228.6	31 318.5	33 688.2	Higher Education and Training
1 793.2	1 981.5	2 098.5	2 221.7	Labour
94 841.0	104 732.7	113 524.0	122 075.5	Social Development
1 249.6	802.7	852.3	915.5	Sport and Recreation South Africa
				Justice, Crime Prevention and Security
15 232.5	16 559.2	17 805.0	18 827.8	Correctional Services
30 442.6	34 605.0	37 371.2	39 702.2	Defence and Military Veterans
131.4	151.6	161.0	170.4	Independent Complaints Directorate
10 742.3	11 413.5	12 674.3	13 409.3	Justice and Constitutional Development
53 529.7	58 061.5	62 077.6	66 696.7	Police
				Economic Services and Infrastructure
4 003.9	4 719.7	5 312.0	5 503.2	Agriculture, Forestry and Fisheries
2 138.0	1 889.1	1 721.7	1 851.7	Communications
384.5	594.5	674.7	713.3	Economic Development
5 648.7	6 089.9	5 575.3	4 304.8	Energy
2 359.8	2 846.1	2 399.3	2 643.0	Environmental Affairs
19 305.9	22 578.5	24 875.1	26 674.7	Human Settlements
995.8	1 036.2	1 107.5	1 178.7	Mineral Resources
7 293.4	8 124.2	8 674.1	9 381.1	Rural Development and Land Reform
4 128.0	4 404.6	4 887.4	5 510.1	Science and Technology
1 183.8	1 242.9	1 273.9	1 345.3	Tourism
6 075.5	6 786.9	7 366.9	7 572.4	Trade and Industry
29 989.4	35 084.0	38 204.4	41 198.9	Transport
7 609.7	9 936.2	10 231.5	10 883.5	Water Affairs
459 919.7	499 480.9	538 380.2	578 700.1	Total appropriation by vote
				Plus:
				Direct charges against the National Revenue Fund
4.6	4.8	5.1	5.3	President and Deputy President salary (The Presidency)
392.7	409.6	430.1	453.8	Members remuneration (Parliament)
66 570.4	76 578.7	90 807.7	104 036.2	State debt costs (National Treasury)
265 139.4	288 492.8	305 725.4	323 604.4	Provincial equitable share (National Treasury)
7 542.4	8 573.1	9 039.7	9 613.4	General fuel levy sharing with metros (National Treasury)
8 424.2	9 148.7	9 606.1	10 134.5	Skills levy and Setas (Higher Education and Training)
1 929.9	2 104.2	2 401.9	2 575.7	Judges and magistrates salaries (Justice and Constitutional Development)
350 003.5	385 312.0	418 016.1	450 423.3	Total direct charges against the National Revenue Fund
–	40.0	330.0	530.0	Unallocated
–	4 090.4	11 405.4	23 375.2	Contingency reserve
–	–	–	–	Projected underspending
809 923.3	888 923.3	968 131.7	1 053 028.6	Total

Table 4 Expenditure by economic classification 2007/08 to 2013/14

R million	Audited outcome			Adjusted appropriation
	2007/08	2008/09	2009/10	2010/11
Current payments				
Compensation of employees	56 221.9	64 819.2	75 276.3	88 740.8
Salaries and wages	46 758.3	53 869.3	62 806.6	74 671.9
Social contributions	9 463.6	10 949.9	12 469.7	14 068.9
Goods and services	32 272.1	38 522.2	41 695.1	47 989.9
Interest and rent on land	52 895.1	54 428.7	57 287.8	67 615.5
Interest (Incl. interest on finance leases)	52 893.9	54 428.5	57 280.1	67 614.7
Rent on land	1.2	0.2	7.7	0.8
Total current payments	141 389.1	157 770.1	174 259.2	204 346.3
Transfers and subsidies to:				
Provinces and municipalities	243 233.6	289 395.9	344 774.7	387 557.9
Provinces	204 668.3	243 851.9	293 163.8	326 000.2
Provincial revenue funds	204 668.3	243 851.9	293 163.8	326 000.2
Municipalities	38 565.4	45 544.0	51 610.8	61 557.8
Municipal bank accounts	38 565.4	45 544.0	51 610.8	61 557.8
Departmental agencies and accounts	44 609.0	53 708.8	57 458.8	56 035.9
Social security funds	8.5	2 508.7	9.7	11.6
Departmental agencies (non-business entities)	44 600.5	51 200.1	57 449.1	56 024.3
Universities and technikons	12 004.1	13 897.7	15 443.5	17 576.1
Foreign governments and international organisations	935.6	1 010.6	1 366.4	1 357.1
Public corporations and private enterprises	19 485.7	20 188.1	21 704.6	20 492.5
Public corporations	14 887.2	14 723.0	19 325.2	18 180.6
Subsidies on products or production	6 293.0	8 060.3	8 477.2	9 836.7
Other transfers to public corporations	8 594.1	6 662.6	10 848.0	8 343.9
Private enterprises	4 598.5	5 465.1	2 379.4	2 311.9
Subsidies on products or production	4 111.4	5 193.5	2 009.5	1 848.5
Other transfers to private enterprises	487.1	271.7	369.9	463.4
Non-profit institutions	1 006.7	1 222.2	1 220.3	1 470.9
Households	70 655.2	79 279.0	90 214.0	98 316.7
Social benefits	65 169.0	73 588.0	84 842.8	92 538.4
Other transfers to households	5 486.3	5 690.9	5 371.2	5 778.3
Total transfers and subsidies	391 929.9	458 702.2	532 182.3	582 807.0
Payments for capital assets				
Buildings and other fixed structures	3 631.3	5 331.6	5 712.2	5 975.7
Buildings	3 356.9	4 860.4	4 598.8	4 757.1
Other fixed structures	274.4	471.2	1 113.4	1 218.5
Machinery and equipment	3 161.5	2 926.7	3 127.6	3 298.6
Transport equipment	1 538.2	1 510.2	1 524.2	1 769.1
Other machinery and equipment	1 623.4	1 416.5	1 603.4	1 529.5
Heritage assets	–	0.1	0.2	–
Specialised military assets	–	–	83.1	19.0
Biological assets	10.6	2.7	2.1	2.0
Land and subsoil assets	27.4	49.0	83.9	0.1
Software and other intangible assets	187.7	198.3	193.2	40.8
Total payments for capital assets	7 018.5	8 508.4	9 202.2	9 336.2
Payments for financial assets	1 105.9	10 972.6	31 553.0	20 889.2
Total	541 443.4	635 953.3	747 196.8	817 378.6
Unallocated	–	–	–	–
Contingency reserve	–	–	–	–
Projected underspending	–	–	–	-1 700.0
Total	541 443.4	635 953.3	747 196.8	815 678.6

Table 4 Expenditure by economic classification 2007/08 to 2013/14

Revised estimate	Medium-term expenditure estimates			
2010/11	2011/12	2012/13	2013/14	R million
88 324.0	94 788.4	100 350.8	107 316.5	Current payments
74 278.1	79 661.6	84 435.8	90 409.3	Compensation of employees
14 046.0	15 126.9	15 914.9	16 907.2	Salaries and wages
				Social contributions
46 980.3	52 944.2	55 829.0	59 536.1	Goods and services
66 579.3	76 606.4	90 838.6	104 067.6	Interest and rent on land
66 578.5	76 605.4	90 837.4	104 066.4	Interest (Incl. interest on finance leases)
0.8	1.1	1.2	1.2	Rent on land
201 883.7	224 339.0	247 018.3	270 920.2	Total current payments
384 334.3	428 131.5	457 512.2	486 602.9	Transfers and subsidies to:
323 080.3	357 928.6	380 449.6	404 251.4	Provinces and municipalities
323 080.3	357 928.6	380 449.6	404 251.4	Provinces
61 254.0	70 202.9	77 062.5	82 351.5	Provincial revenue funds
61 254.0	70 202.9	77 062.5	82 351.5	Municipalities
				Municipal bank accounts
55 866.1	68 241.9	73 170.5	78 537.2	Departmental agencies and accounts
11.6	12.4	13.0	13.7	Social security funds
55 854.6	68 229.5	73 157.5	78 523.5	Departmental agencies (non-business entities)
17 571.1	19 365.4	20 766.7	21 953.2	Universities and technikons
1 358.2	1 463.4	1 723.6	1 830.5	Foreign governments and international organisations
20 459.5	23 642.9	25 011.7	25 561.1	Public corporations and private enterprises
18 180.6	20 434.1	21 742.4	22 063.1	Public corporations
9 836.7	9 879.4	9 997.1	8 896.9	Subsidies on products or production
8 343.9	10 554.7	11 745.4	13 166.3	Other transfers to public corporations
2 278.9	3 208.8	3 269.3	3 498.0	Private enterprises
1 813.5	2 718.2	2 663.9	2 856.4	Subsidies on products or production
465.4	490.6	605.4	641.6	Other transfers to private enterprises
1 461.7	1 500.4	1 874.8	2 099.0	Non-profit institutions
97 282.0	106 151.3	115 494.5	124 154.6	Households
91 514.5	101 279.1	110 239.7	118 596.5	Social benefits
5 767.5	4 872.3	5 254.9	5 558.1	Other transfers to households
578 332.9	648 496.9	695 554.1	740 738.6	Total transfers and subsidies
5 615.9	7 845.0	10 560.6	14 057.6	Payments for capital assets
4 479.1	5 486.6	7 813.1	11 078.5	Buildings and other fixed structures
1 136.8	2 358.3	2 747.6	2 979.1	Buildings
				Other fixed structures
3 144.0	3 302.7	3 202.5	3 344.4	Machinery and equipment
1 699.1	1 922.9	1 645.0	1 697.5	Transport equipment
1 444.9	1 379.8	1 557.5	1 646.9	Other machinery and equipment
0.0	-	-	-	Heritage assets
19.0	20.7	21.3	22.4	Specialised military assets
2.0	0.2	0.3	0.3	Biological assets
0.1	-	-	-	Land and subsoil assets
35.9	38.3	39.1	39.9	Software and other intangible assets
8 817.0	11 206.9	13 823.7	17 464.5	Total payments for capital assets
20 889.7	750.1	0.1	0.1	Payments for financial assets
809 923.3	884 792.9	956 396.3	1 029 123.4	Total
-	40.0	330.0	530.0	Unallocated
-	4 090.4	11 405.4	23 375.2	Contingency reserve
-	-	-	-	Projected underspending
809 923.3	888 923.3	968 131.7	1 053 028.6	Total

Table 5 Amounts to be appropriated from the National Revenue Fund for 2011/12

		Appropriated (including direct charges)	Current payments	Transfers and subsidies	Payments for capital assets	Payments for financial assets	To be appropriated	Increase/ Decrease
R million		2010/11	2011/12					
Central Government Administration								
1	The Presidency	706.8	417.5	387.8	14.5	–	819.8	113.0
2	Parliament	1 571.9	1 383.1	287.9	3.9	–	1 674.9	103.0
3	Cooperative Governance and Traditional Affairs	41 096.9	691.3	47 222.4	19.8	0.1	47 933.6	6 836.7
4	Home Affairs	5 719.6	4 437.4	1 000.1	26.7	–	5 464.1	-255.5
5	International Relations and Cooperation	4 824.4	3 703.1	809.9	283.7	–	4 796.8	-27.7
6	Performance Monitoring and Evaluation	20.4	72.8	–	3.0	–	75.8	55.4
7	Public Works	6 446.3	2 265.4	4 010.3	1 543.6	–	7 819.3	1 372.9
8	Women, Children and People with Disabilities	97.8	60.5	55.2	2.3	–	117.9	20.2
Financial and Administrative Services								
9	Government Communication and Information System	546.2	334.8	159.2	2.4	–	496.4	-49.8
10	National Treasury	378 589.1	78 015.4	317 463.8	13.7	750.0	396 242.8	17 653.7
11	Public Enterprises	350.6	188.1	40.8	1.4	–	230.2	-120.4
12	Public Service and Administration	651.5	396.5	290.9	2.7	–	690.1	38.6
13	Statistics South Africa	1 973.4	3 188.8	10.5	41.7	–	3 240.9	1 267.5
Social Services								
14	Arts and Culture	2 406.7	392.9	2 069.3	6.4	–	2 468.6	61.9
15	Basic Education	10 918.5	2 136.9	11 025.3	706.0	–	13 868.1	2 949.7
16	Health	22 967.9	1 209.3	24 489.3	32.9	–	25 731.6	2 763.6
17	Higher Education and Training	32 144.9	455.8	36 913.4	8.1	–	37 377.3	5 232.4
18	Labour	1 783.9	1 349.9	599.4	32.1	–	1 981.5	197.6
19	Social Development	95 929.1	543.7	104 177.1	11.9	–	104 732.7	8 803.6
20	Sport and Recreation South Africa	1 245.6	222.5	574.1	6.0	–	802.7	-442.9
Justice, Crime Prevention and Security								
21	Correctional Services	15 129.0	15 342.1	31.3	1 185.8	–	16 559.2	1 430.2
22	Defence and Military Veterans	30 715.3	27 278.4	6 978.0	348.6	–	34 605.0	3 889.6
23	Independent Complaints Directorate	129.3	147.6	0.1	4.0	–	151.6	22.3
24	Justice and Constitutional Development	12 180.4	10 933.7	1 791.1	792.9	–	13 517.7	1 337.3
25	Police	52 556.4	54 596.4	464.6	3 000.5	–	58 061.5	5 505.1
Economic Services and Infrastructure								
26	Agriculture, Forestry and Fisheries	3 708.0	2 039.4	2 567.8	112.5	–	4 719.7	1 011.8
27	Communications	2 114.0	585.2	1 299.6	4.3	–	1 889.1	-224.9
28	Economic Development	418.6	123.2	464.8	6.5	–	594.5	175.9
29	Energy	5 535.4	297.2	5 784.9	7.8	–	6 089.9	554.5
30	Environmental Affairs	2 557.8	1 119.1	1 219.0	508.0	–	2 846.1	288.3
31	Human Settlements	19 215.6	642.2	21 700.6	235.7	–	22 578.5	3 362.9
32	Mineral Resources	1 030.0	587.6	438.4	10.1	–	1 036.2	6.2
33	Rural Development and Land Reform	6 769.6	2 524.1	5 564.7	35.4	–	8 124.2	1 354.7
34	Science and Technology	4 615.5	369.7	4 031.6	3.3	–	4 404.6	-210.9
35	Tourism	1 151.8	268.2	968.0	6.7	–	1 242.9	91.0
36	Trade and Industry	6 150.1	1 172.4	5 600.4	14.1	–	6 786.9	636.8
37	Transport	30 178.0	841.8	34 238.0	4.1	–	35 084.0	4 906.0
38	Water Affairs	7 996.6	4 005.2	3 767.2	2 163.9	–	9 936.2	1 939.6
Total		812 142.9	224 339.0	648 496.9	11 206.9	750.1	884 792.9	72 650.0

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

Table 6a Conditional grants to provinces 2007/08 to 2013/14¹

R million	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimates		
	2007/08	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
Central Government								
Administration								
3 Cooperative Governance and Traditional Affairs	–	29.7	–	214.4	214.4	305.0	180.0	190.0
7 Public Works	836.6	889.3	1 466.0	2 252.9	2 181.3	2 270.9	2 504.8	2 778.5
Financial and Administrative Services								
10 National Treasury	–	–	4 200.0	–	–	–	–	–
Social Services								
14 Arts and Culture	163.2	344.6	440.6	512.7	512.7	543.4	570.8	602.2
15 Basic Education	4 012.9	5 215.6	6 460.1	8 683.6	7 107.4	10 546.4	11 330.6	11 953.7
16 Health	12 368.6	14 988.7	17 523.8	21 363.7	20 483.0	23 947.7	25 746.5	28 175.2
17 Higher Education and Training	2 435.3	3 005.8	3 155.3	3 804.0	3 804.0	4 326.0	4 705.1	5 262.4
20 Sport and Recreation South Africa	194.0	293.7	402.3	426.4	426.4	452.0	474.6	500.7
Economic Services and Infrastructure								
26 Agriculture, Forestry and Fisheries	761.7	898.0	973.7	1 166.9	1 166.9	1 487.1	1 683.9	1 866.9
31 Human Settlements	6 988.5	8 727.6	10 819.3	13 032.1	13 032.1	14 941.5	15 599.4	16 457.4
37 Transport	5 853.7	7 663.3	10 832.1	9 404.1	9 012.8	10 615.9	11 928.5	12 860.0
Total	33 614.6	42 056.3	56 273.0	60 860.7	57 940.8	69 435.8	74 724.2	80 647.0

1. Detail provided in the Division of Revenue Act (2011).

Table 6b Conditional grants to municipalities 2007/08 to 2013/14¹

R million	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimates		
	2007/08	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
Central Government								
Administration								
3 Cooperative Governance and Traditional Affairs	7 167.2	7 186.4	8 988.3	9 726.7	9 726.7	12 132.9	14 474.2	15 272.1
7 Public Works	–	–	100.5	623.0	551.4	679.6	665.7	779.5
Financial and Administrative Services								
10 National Treasury	716.5	361.5	808.1	1 394.6	1 186.6	1 184.6	1 279.3	1 326.1
Social Services								
20 Sport and Recreation South Africa	4 605.0	4 295.0	2 168.7	512.6	512.6	–	–	–
Economic Services and Infrastructure								
29 Energy	462.5	589.1	1 074.6	1 240.1	1 240.1	1 376.6	1 151.4	1 214.8
31 Human Settlements	2 948.3	3 572.4	4 418.2	5 157.6	5 157.6	6 267.0	7 409.5	8 126.8
37 Transport	1 174.0	2 928.7	2 431.0	3 709.9	3 709.9	4 838.8	5 037.2	5 602.9
38 Water Affairs	732.9	994.6	902.4	990.5	966.3	1 010.8	399.0	420.9
Total	17 806.4	19 927.6	20 891.8	23 354.9	23 051.2	27 490.3	30 416.4	32 743.1

1. Detail provided in the Division of Revenue Act (2011).

Table 7 Training expenditure per vote 2007/08 to 2013/14

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimates		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Central Government Administration							
1 The Presidency	2.3	1.4	1.9	2.1	2.4	2.5	2.8
2 Parliament	10.6	11.9	10.1	10.4	14.2	15.0	16.8
3 Cooperative Governance and Traditional Affairs	2.3	1.7	1.8	2.4	5.0	5.2	5.5
4 Home Affairs	32.4	34.0	26.4	48.5	37.2	37.5	39.6
5 International Relations and Cooperation	13.1	8.1	12.4	19.6	16.6	17.8	20.0
7 Public Works	15.2	15.2	22.0	27.5	24.8	24.8	26.1
8 Women, Children and People with Disabilities	–	–	–	0.2	0.3	0.4	0.5
Financial and Administrative Services							
9 Government Communication and Information System	4.7	4.2	4.4	4.9	4.8	5.0	5.3
10 National Treasury	16.1	16.9	10.0	20.0	10.8	11.6	12.2
11 Public Enterprises	1.3	2.3	2.2	3.3	2.9	3.1	3.4
12 Public Service and Administration	2.2	3.7	2.6	3.4	3.2	3.4	3.7
13 Statistics South Africa	11.9	14.0	21.2	38.5	21.4	22.5	23.7
Social Services							
14 Arts and Culture	3.1	4.5	2.1	2.3	1.6	1.7	1.8
15 Basic Education	2.8	6.5	1.7	2.8	1.9	2.0	2.1
16 Health	9.5	1.8	4.5	5.5	4.0	4.5	4.9
17 Higher Education and Training	2.5	2.9	1.9	2.4	1.3	1.3	1.3
18 Labour	6.5	8.9	8.3	8.9	11.8	12.0	12.7
19 Social Development	1.7	1.8	2.3	2.5	2.7	2.9	3.0
20 Sport and Recreation South Africa	0.9	0.9	1.1	1.2	1.6	1.6	1.5
Justice, Crime Prevention and Security							
21 Correctional Services	125.6	76.0	89.5	64.0	100.5	105.6	111.0
22 Defence and Military Veterans	87.4	117.7	113.6	145.6	131.9	133.0	141.2
23 Independent Complaints Directorate	0.6	0.4	0.7	1.2	1.2	1.3	1.4
24 Justice and Constitutional Development	18.3	37.5	86.4	78.9	83.6	89.4	94.0
25 Police	966.0	1 124.0	1 253.4	1 386.6	1 449.0	1 514.2	1 590.0
Economic Services and Infrastructure							
26 Agriculture, Forestry and Fisheries	20.3	24.2	16.4	20.0	13.1	14.9	25.5
27 Communications	3.7	6.0	9.0	5.9	6.7	7.3	7.7
28 Economic Development	–	–	–	0.1	0.8	0.9	1.0
29 Energy	0.7	1.6	2.1	2.1	2.7	2.9	3.3
30 Environmental Affairs	2.1	2.2	2.3	2.5	4.1	4.2	4.3
31 Human Settlements	1.2	2.9	2.3	14.1	4.0	4.3	4.5
32 Mineral Resources	1.7	3.8	9.1	3.5	3.9	4.1	4.4
33 Rural Development and Land Reform	9.0	9.4	11.9	12.6	13.3	13.9	–
34 Science and Technology	1.7	2.0	3.2	5.1	5.4	5.6	5.9
35 Tourism	1.4	1.5	1.0	1.0	1.0	1.1	1.1
36 Trade and Industry	1.0	2.5	9.3	11.0	13.4	14.1	14.9
37 Transport	3.2	1.8	3.9	4.0	2.9	3.1	3.5
38 Water Affairs	38.9	40.8	50.6	56.7	62.4	68.6	75.5
Total	1 421.9	1 595.3	1 801.5	2 021.3	2 069.6	2 164.4	2 277.3

Table 8 Infrastructure expenditure per vote 2007/08 to 2013/14¹

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimates		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Central Government Administration							
3 Cooperative Governance and Traditional Affairs	6 967.2	6 969.0	8 727.5	9 514.7	11 500.2	13 983.1	14 752.2
4 Home Affairs	122.9	136.0	102.0	131.1	209.8	215.8	248.0
5 International Relations and Cooperation	649.9	926.7	165.3	267.9	250.9	318.2	319.2
7 Public Works	488.0	988.4	1 253.6	1 376.0	1 443.9	1 474.7	1 724.7
Financial and Administrative Services							
10 National Treasury	41.2	373.5	578.1	1 155.0	853.6	880.0	855.0
Social Services							
14 Arts and Culture	281.2	448.6	449.7	447.8	455.6	483.0	509.5
15 Basic Education	2 636.0	3 101.5	3 884.7	4 832.3	6 398.3	8 408.2	11 617.3
16 Health	5 507.8	3 361.4	3 720.5	5 403.0	5 838.1	6 156.9	5 989.0
18 Labour	64.4	37.6	26.9	28.5	44.2	10.5	7.6
20 Sport and Recreation South Africa	4 605.0	4 295.0	2 168.7	512.6	–	–	–
Justice, Crime Prevention and Security							
21 Correctional Services	1 005.3	948.5	833.6	950.9	968.3	1 016.8	1 072.7
22 Defence and Military Veterans	8.1	621.3	665.0	732.7	1 058.4	1 085.7	1 118.0
24 Justice and Constitutional Development	361.1	479.5	590.1	631.4	759.4	1 105.0	1 161.7
25 Police	732.5	991.2	1 070.1	1 118.2	1 235.3	1 544.6	1 629.5
Economic Services and Infrastructure							
26 Agriculture, Forestry and Fisheries	105.3	110.3	131.7	181.7	260.1	239.3	141.0
27 Communications	646.0	750.0	920.0	540.9	404.0	317.0	376.1
29 Energy	1 435.6	1 739.9	2 400.3	4 239.9	4 334.4	4 533.5	3 200.3
30 Environmental Affairs	603.7	405.4	477.5	637.7	647.8	149.7	187.5
31 Human Settlements	9 936.8	12 300.0	15 087.4	18 155.9	21 440.0	23 488.4	25 101.5
33 Rural Development and Land Reform	5.6	6.3	2.8	6.9	21.2	11.3	4.2
34 Science and Technology	272.0	408.0	699.3	236.9	254.2	473.1	595.2
36 Trade and Industry	911.0	967.5	1 407.3	1 224.4	827.4	839.6	629.9
37 Transport	10 889.1	13 915.3	16 955.1	19 747.4	23 128.1	25 592.1	27 901.4
38 Water Affairs	930.4	1 904.1	2 212.8	2 764.0	4 123.8	4 455.1	5 064.6
Total	49 206.1	56 185.0	64 530.2	74 837.7	86 457.1	96 781.5	104 206.1

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 2007/08 to 2013/14

R million	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimates		
	2007/08	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
Central Government and Administration								
1 The Presidency	117.1	141.7	181.9	209.5	209.5	237.4	251.4	275.6
2 Parliament	517.3	651.0	784.6	868.1	868.1	936.1	990.2	1 046.8
3 Cooperative Governance and Traditional Affairs	128.1	153.8	165.7	232.1	232.1	232.9	245.9	258.1
4 Home Affairs	1 087.0	1 296.0	1 637.1	1 971.1	1 971.1	2 206.6	2 317.5	2 443.5
5 International Relations and Cooperation	1 293.2	1 683.4	1 833.3	1 858.6	1 858.6	1 704.5	1 811.9	2 034.5
6 Performance Monitoring and Evaluation	1.6	2.6	3.4	22.5	22.5	50.9	84.0	102.7
7 Public Works	721.5	801.0	976.1	1 200.9	1 200.9	1 242.1	1 241.2	1 305.1
8 Women, Children and People with Disabilities	4.8	5.9	9.8	24.1	24.1	34.6	39.9	46.3
Financial and Administrative Services								
9 Government Communication and Information System	116.2	114.0	138.7	150.7	150.7	165.4	173.4	183.2
10 National Treasury	272.7	321.0	402.1	552.6	511.2	605.9	637.7	672.2
11 Public Enterprises	56.0	70.4	75.2	90.3	90.3	96.5	101.0	106.2
12 Public Service and Administration	115.8	129.1	156.8	183.6	183.6	208.8	229.5	250.5
13 Statistics South Africa	472.0	700.7	879.2	978.7	931.6	1 531.0	1 165.0	1 185.0
Social Services								
14 Arts and Culture	107.2	126.8	146.3	152.9	152.9	164.8	174.3	183.7
15 Basic Education	150.4	186.3	225.2	271.1	271.1	325.6	349.3	371.7
16 Health	258.6	292.5	333.0	385.0	385.0	424.0	465.0	492.0
17 Higher Education and Training	146.2	174.8	201.8	251.6	249.6	301.5	334.1	359.7
18 Labour	497.9	491.3	576.5	744.8	701.9	786.3	865.8	915.2
19 Social Development	133.6	184.1	220.1	254.9	254.9	267.8	285.1	300.4
20 Sport and Recreation South Africa	43.4	54.5	61.3	75.8	74.3	79.9	84.0	88.4
Justice, Crime Prevention and Security								
21 Correctional Services	6 799.2	8 077.8	9 065.5	10 247.5	10 247.5	10 964.9	11 522.8	12 191.7
22 Defence and Military Veterans	9 735.9	10 620.0	12 705.6	16 219.0	16 219.0	16 770.7	17 700.5	18 787.8
23 Independent Complaints Directorate	45.7	58.0	65.1	75.8	75.8	86.6	91.8	97.2
24 Justice and Constitutional Development	4 250.9	5 326.2	6 028.1	7 262.9	7 224.1	7 631.2	8 382.2	8 850.6
25 Police	25 610.6	29 147.4	33 771.5	38 416.1	38 416.1	41 070.3	43 643.2	47 181.7
Economic Services and Infrastructure								
26 Agriculture, Forestry and Fisheries	811.1	931.3	1 082.2	1 199.6	1 199.6	1 273.0	1 395.3	1 474.5
27 Communications	97.7	108.0	129.6	164.6	164.6	171.7	179.3	188.0
28 Economic Development	—	—	7.9	57.7	33.7	79.2	91.8	96.5
29 Energy	85.5	103.0	133.3	147.9	147.9	181.7	192.4	218.3
30 Environmental Affairs	182.5	197.7	254.0	333.1	333.1	405.2	426.6	451.1
31 Human Settlements	103.5	134.2	166.9	289.0	289.0	319.0	331.9	346.8
32 Mineral Resources	210.1	231.0	275.1	343.7	343.7	377.6	401.0	421.8
33 Rural Development and Land Reform	476.4	614.2	760.9	1 196.8	1 196.8	1 395.7	1 523.3	1 608.9
34 Science and Technology	102.1	141.6	167.5	223.7	223.7	225.3	237.6	259.6
35 Tourism	130.8	106.4	89.6	101.1	101.1	141.9	158.4	169.4
36 Trade and Industry	327.5	383.1	437.7	569.8	533.3	602.2	644.2	676.4
37 Transport	131.3	182.6	228.1	266.2	266.2	294.4	309.9	326.5
38 Water Affairs	880.5	875.6	899.8	1 147.3	964.8	1 195.4	1 272.4	1 348.8
Total	56 221.9	64 819.2	75 276.3	88 740.8	88 324.0	94 788.4	100 350.8	107 316.5

Table 10 Departmental receipts per vote 2007/08 to 2013/14¹

R million	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimates		
	2007/08	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
Central Government Administration								
1 The Presidency	0.3	0.2	0.6	0.5	0.5	0.3	0.3	0.3
2 Parliament	43.4	45.9	38.5	15.5	15.5	11.9	11.5	11.2
3 Cooperative Governance and Traditional Affairs	0.7	0.8	0.5	0.6	0.6	0.6	0.6	0.6
4 Home Affairs	421.1	355.7	442.2	455.3	455.3	482.6	506.7	557.4
5 International Relations and Cooperation	65.1	43.6	23.2	22.0	31.2	22.9	24.0	25.3
6 Performance Monitoring and Evaluation	–	–	–	–	–	–	–	–
7 Public Works	95.8	28.5	39.6	30.9	30.9	38.7	40.6	42.6
8 Women, Children and People with Disabilities	–	–	–	–	–	–	–	–
Financial and Administrative Services								
9 Government Communication and Information System	3.1	3.3	2.9	3.0	2.7	2.5	2.6	2.6
10 National Treasury	5 095.8	5 270.4	2 543.6	3 204.2	2 842.2	1 233.2	2 391.4	2 746.0
11 Public Enterprises	0.1	0.8	1.2	1.2	1.2	0.1	0.1	0.1
12 Public Service and Administration	2.7	1.0	2.2	0.7	0.7	0.7	0.8	0.8
13 Statistics South Africa	17.7	2.8	8.5	2.2	2.2	2.4	2.5	2.7
Social Services								
14 Arts and Culture	0.4	3.6	1.1	0.8	0.8	0.8	0.9	1.1
15 Basic Education	1.9	1.5	0.7	1.2	1.5	1.0	1.1	1.2
16 Health	41.2	31.2	45.2	31.5	31.5	32.8	32.9	36.2
17 Higher Education and Training	6.9	6.7	6.7	7.9	7.9	7.9	8.0	8.0
18 Labour	8.4	28.9	12.9	16.1	16.1	22.4	24.3	25.5
19 Social Development	237.0	16.5	30.6	218.3	0.2	10.1	10.1	10.1
20 Sport and Recreation South Africa	0.0	0.3	0.2	0.3	0.3	0.4	0.4	0.4
Justice, Crime Prevention and Security								
21 Correctional Services	136.3	80.5	108.5	143.4	120.4	126.1	132.3	139.2
22 Defence and Military Veterans	551.9	629.4	699.9	902.5	902.5	803.5	843.7	885.9
23 Independent Complaints Directorate	0.4	0.1	0.2	0.2	0.1	0.1	0.2	0.2
24 Justice and Constitutional Development	317.0	356.8	382.9	377.6	377.6	399.8	422.5	443.7
25 Police	345.1	376.5	347.6	272.9	280.3	263.9	258.7	257.1
Economic Services and Infrastructure								
26 Agriculture, Forestry and Fisheries	121.1	254.0	250.5	119.3	119.3	121.5	118.2	123.6
27 Communications	3 007.4	3 520.1	1 344.8	1 398.7	898.9	913.4	928.0	943.4
28 Economic Development	229.3	244.4	456.0	230.0	366.3	243.8	250.0	263.8
29 Energy	1.2	3.3	4.4	3.7	3.7	3.9	4.1	4.2
30 Environmental Affairs	4.7	8.5	2.1	4.1	4.1	2.8	2.8	2.8
31 Human Settlements	0.7	2.4	0.7	1.2	1.2	0.5	0.6	0.6
32 Mineral Resources	267.1	261.3	212.7	99.0	99.0	27.6	28.0	28.3
33 Rural Development and Land Reform	176.4	64.2	44.0	41.7	41.7	69.0	64.5	68.3
34 Science and Technology	0.2	0.3	1.6	0.4	0.7	0.1	0.1	0.1
35 Tourism	–	–	0.7	1.5	1.5	–	–	–
36 Trade and Industry	94.2	64.9	52.6	108.3	90.3	115.0	120.3	121.5
37 Transport	362.5	215.8	106.1	266.7	266.7	137.4	144.3	151.5
38 Water Affairs	0.1	26.6	76.3	42.1	42.1	22.9	24.3	25.9
Total departmental receipts as per Estimates of National Expenditure	11 657.1	11 950.7	7 291.9	8 025.3	7 057.5	5 122.8	6 401.5	6 932.4
Less: Parliament (retained departmental receipts)	43.4	45.9	38.5	15.5	15.5	11.9	11.5	11.2
Plus: Direct receipts into the National Revenue Fund (National Treasury) ²	1 020.9	–	1 000.0	–	600.0	–	–	–
Plus: South African Revenue Service departmental receipts collection	58.0	711.4	635.1	4 255.0	4 612.0	4 890.0	5 150.0	5 430.0
Total departmental receipts as per Budget Review	12 692.6	12 616.2	8 888.5	12 264.8	12 254.0	10 000.9	11 540.0	12 351.1

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

2. Direct receipts into the National Revenue Fund in this instance refer to Levy accounts/exchange control forfeits collected by the South African Reserve Bank.

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 main divisions of the Appropriation Bill are divided into votes. A vote generally specifies the total amount appropriated per department, but more than one department may be contained within a single vote. 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. In the functional budgeting approach linked to the outcomes approach which has been adopted, these groupings are disaggregated further.

More detailed information for each vote is available on www.treasury.gov.za. More comprehensive coverage of vote specific information, particularly about goods and services, transfers, donor funding, public entities and lower level institutional information is provided.

The chapter for each vote contains the following information:

Budget summary

This table shows the budgeted expenditure for the vote for the three-year MTEF period.

R million	2011/12					2012/13	2013/14
	Total to be Appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Payments for financial assets	Total	Total
MTEF allocation							
Programme name							
Programme name							
Programme name							
Subtotal							
Direct charge against the National Revenue Fund							
Item							
Item							
Total expenditure estimates							
Executive authority	Minister						
Accounting officer	Director-General / Chief Operating Officer						
Website address							

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

The **2011/12 total to be appropriated** shows the expenditure allocation per programme and the aggregated amount for 2011/12 and corresponds with the information in the 2011 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 a department for its operational requirements.

Transfers and subsidies are payments made by a 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 votes 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, **2012/13** and **2013/14**, are also shown. These estimates are not included in the 2011 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 2012 Budget.

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

Total expenditure estimates are the sum of the expenditure on programmes and direct charges, classified into current payments, transfers and subsidies, payments for capital assets and payments for financial assets.

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

Aim

The aim of the vote captures the department's mandate, strategic objectives or 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: 2007/08 – 2013/14

This section describes the department's strategic direction over the period under review. It includes policy and mandate developments, legislative changes, a discussion on how the department will contribute towards the achievement of outcomes that are attributed to it and the related outputs listed in the service delivery agreements, as well as a table of selected quantitative and trendable performance indicators.

Savings and cost effectiveness measures

In this section, departments discuss details of the reprioritisation of budgets and savings and cost reduction measures to be effected over the MTEF period.

These 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		
		2007/08	2008/09	2009/10		2011/12	2012/13	2013/14

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. It should, however, contain key performance indicators that form part of the service delivery agreements.

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 vote 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		
	2007/08	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
R million								
1. Programme name								
2. Programme name								
3. Programme name								
Subtotal								
Direct charge against the National Revenue Fund								
Item								
Item								
Total								
Change to 2010 Budget estimate								

Economic classification

Current payments			
Economic classification item			
Economic classification item			
Transfers and subsidies			
Economic classification item			
Economic classification item			
Payments for capital assets			
Economic classification item			
Economic classification item			
Payments for financial assets			
Total			

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

For comparability, where programme structures have been changed in recent years, expenditure has, where possible, been reallocated to the new approved programme structure for all seven years.

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 any changes made to the appropriation voted in the main 2010 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 were included in the Adjustments Appropriation Bill, which Parliament approved before expenditure could take place, and the details were published in the Adjusted Estimates of National Expenditure publication.

The **revised estimate** for 2010/11 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 2010/11 adjusted appropriation; it is merely a more recent estimate of what the department is likely to spend in this financial year.

The **medium-term expenditure estimates** are shown for 2011/12, 2012/13 and 2013/14. The spending figures for 2011/12 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 2012/13 and 2013/14 are indicative allocations, and will form the basis for planning the 2012 Budget.

Direct charges against the National Revenue Fund are amounts spent in terms of statutes and do not require parliamentary approval and thus are not contained in the Appropriation Bill. 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 2007/08 to 2013/14 are described. Trends are generally represented over the MTEF period between 2010/11 and 2013/14, or over the entire period between 2007/08 and 2013/14.

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 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 after consideration of savings, cost reduction and reprioritisation opportunities.

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.

Personnel information

A brief summary of the personnel posts per programme by salary level is given.

Infrastructure spending

Expenditure on existing, new and mega infrastructure is discussed.

Departmental receipts

Departmental anticipated (non-tax) receipts for the MTEF period are described in relation to receipts for 2010/11.

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2007/08	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
Departmental receipts								
Economic classification item								
Economic classification item								
Total								

Information on each programme

Each programme section (with the exception of the *Administration* programme) opens with the purposes and activities of the subprogrammes that form that programme. Key functions, activities and transfers are highlighted by subprogramme. The work carried out by the subprogramme is explained in relation to the personnel responsible, the spending allocation of the funding, and outputs achieved.

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

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 the provision of specified services and products to eligible citizens and residents (strategic intent/objective) by reducing the time taken to issue passports and travel documents (specific intervention) from 10 days in 2010/11 to 5 days in 2013/14 (progress measure).

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		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
R million							
Subprogramme name							
Subprogramme name							
Subprogramme name							
Total							
Change to 2010 Budget estimate							
Economic classification							
Current payments							
Economic classification item							
Economic classification item							
Transfers and subsidies							
Economic classification item							
Economic classification item							
Payments for capital assets							
Economic classification item							
Economic classification item							
Payments for financial assets							
Total							

Expenditure 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

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 as well as the outcomes and related outputs as stated in service delivery agreements
- selected performance indicators relating to the entity's mandate
- planned deliverables for the next MTEF period
- key achievements 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 that relate to the key activities being carried out
- reprioritisation, savings and cost effectiveness measures implemented
- personnel expenditure by salary level
- a list of other entities for which more detail appears on www.treasury.gov.za appears at the end of each chapter together with a short description of what the entity does and its total budget.

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 and the revised estimate for 2010/11 as well as the audited outcome for 2009/10.

Details of approved 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 personnel posts filled / planned for on funded establishment** in the department at different salary levels **per programme** as at 30 September 2010.

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 for 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 as a proportion of compensation of employees, and the number of people trained by the department.

Summary of departmental public private partnerships projects

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

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

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.

Unitary charge or fee refers to the total payment made to the private party for the provision of the various services.

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.

Project monitoring cost is associated with the ongoing evaluation and monitoring of public private partnerships in operation.

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.

Departmental infrastructure refers to direct spending by a department on infrastructure assets which the department will own.

Infrastructure transfers to other spheres, agencies and departments refers to transfers and grants to other government institutions 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 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 expenditure and revenue tables a dash (-) indicates that information is unavailable or zero.

Vote 1

The Presidency

Budget summary

R million	2011/12				2012/13	2013/14
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	345.3	328.9	2.0	14.5	386.2	407.8
National Planning	83.8	83.8	–	–	96.2	88.9
National Youth Development Agency	385.9	–	385.9	–	405.1	427.4
Subtotal	815.0	412.7	387.8	14.5	887.5	924.2
Direct charge against the National Revenue Fund						
Salary of the President	2.5	2.5	–	–	2.7	2.8
Salary of the Deputy President	2.3	2.3	–	–	2.4	2.5
Total expenditure estimates	819.8	417.5	387.8	14.5	892.5	929.5

Executive authority

Minister in the Presidency

Accounting officer

Chief Operations Officer in the Presidency

Website address

www.thepresidency.gov.za

More detailed information for each vote is available at www.treasury.gov.za. More comprehensive coverage of vote specific information, particularly on goods and services, transfers and subsidies, donor funding, public entities and lower level institutional information, is provided.

Aim

Facilitate a common programme towards the achievement of the electoral mandate and the enhanced integrity of the State through considered planning, coordination, oversight, mobilisation and support.

Programme purposes

Programme 1: Administration

Purpose: Provide effective leadership, strategic management and administrative support services to the principals and branches of the Presidency in fulfilment of the Presidency's mission and mandate.

Programme 2: National Planning

Purpose: Develop the country's long term vision and national strategic plan and contribute towards better outcomes in government through better planning, better long term plans, more policy coherence and clear articulation of long term goals and aspirations.

Programme 3: National Youth Development Agency

Purpose: Facilitate the transfer of funds to the National Youth Development Agency in order that the agency may initiate, implement, facilitate and monitor youth development interventions aimed at reducing youth unemployment and promoting social cohesion.

Strategic overview: 2007/08 – 2013/14

As the institution at the apex of government, the Presidency's mandate is derived from the constitutional mandate of the president, and is mainly to enable the president to exercise his authority and duties as executive and head of state, as outlined in chapter 5 of the Constitution. The Presidency is thus mandated to oversee the

successful implementation of government's strategic agenda and facilitate a common programme that is carried out across government. Through planning, coordination, oversight, mobilisation, support, and monitoring and evaluation, the Presidency ensures that government delivers on its electoral mandate.

Government's 12 outcomes and ministerial service delivery agreements

In terms of government's 12 outcomes, the Presidency contributes directly towards the achievement of an efficient, effective and development orientated public service and an empowered, fair and inclusive citizenship (outcome 12), specifically through tackling corruption in the public service (output 4). This specific task has been assigned to the Minister of Performance Monitoring and Evaluation, who is also responsible for ensuring the implementation of the outcomes approach. Cabinet adopted the new outcomes approach in January 2010 and part of this process has involved the development of 12 strategic outcomes, with measurable outputs and targets that are outlined in detailed delivery agreements with departments. Through the Department of Performance Monitoring and Evaluation, the Minister of Performance Monitoring and Evaluation needs to facilitate the process of regular reporting and monitoring of progress against the agreed outputs and targets in the delivery agreements. The minister is also responsible for providing public service oversight.

Strategic priorities over the medium term

In line with the ministerial service delivery agreements, the following are the prioritised outputs planned for delivery over the MTEF period:

Development of Vision 2025

A key priority for the Presidency over the medium term includes the development of a draft long term vision and strategic plan for South Africa. This is to be a key output from the newly established National Planning Commission.

The lack of an integrated long term plan for government has undermined its ability to provide clear and consistent policies and limited its capacity to mobilise society in pursuit of clear developmental objectives. This is evident in the lack of real social partnerships to resolve key development challenges and it has also hampered efforts to allocate resources in line with government's policy priorities. Furthermore, weaknesses in the coordination of government programmes have led to policy inconsistencies and, in several cases, poor service delivery outcomes. The lack of a unifying vision has also resulted in policy incoherence, with some policies showing competing objectives. A guiding framework such as Vision 2025 will sequence and streamline key policy reforms.

A long term, unifying national vision will strengthen government's strategic management and leadership capability over the medium term. The vision will be backed up by solid technical plans around which programmes, policy priorities and budgets can be shaped to achieve greater programme coherence. It will also facilitate the overall alignment of all spheres of government programmes, towards the successful delivery of the electoral mandate.

Spatial planning norms

The National Planning Commission, with the ministers of human settlements, cooperative governance and traditional affairs, rural development and land affairs, and environmental affairs, is facilitating a process to determine a common position on spatial planning norms and land use management. The commission will lead the development of appropriate spatial planning norms for South Africa, design the instruments for implementing them, and establish the governing legal and regulatory framework.

Review of state owned enterprises

State owned enterprises form a significant part of the key industries that drive the country's economy, providing crucial services such as electricity, transportation and telecommunications. These sectors are drivers of the formal sector of the economy, and provide for the bulk of economic growth. The state owned enterprises deliver a range of social goods and services to contribute to quality of life for all South Africans.

The enterprises are also extremely important for job creation, developing and retaining skills and contributing to government's developmental and transformation agenda. To ensure that they are efficient and viable businesses and delivering on their public mandate in meeting social and infrastructural goals, the Presidency will review all state owned enterprises over the medium term. A component of the review will be the assessment of their

governance and control systems and structures. The review will be carried out by the presidential state owned enterprises review committee, with the specific objective of strengthening the role of the enterprises in delivering on a clearly defined public mandate and supporting government's developmental priorities.

The presidential hotline

Over the medium term, the Presidency will continue to provide an interface with the public through the presidential hotline. It will continue to improve communication and turnaround time in responding to queries. The hotline will also be an important source of information for monitoring government performance in relation to service delivery.

Savings and cost effectiveness measures

Following a Cabinet decision in December 2010 to cut departmental budgets, the Presidency has identified savings of R2.1 million in 2011/12, R2.3 million in 2012/13 and R2.4 million in 2013/14, mainly in goods and services and relating to travel and subsistence, communication, and agency and support services. The Presidency will use the most economic modes of transport and communication and replace temporary staff with permanent officials. These savings will not impact on service delivery.

Selected performance indicators

Table 1.1 The Presidency

Indicator	Programme	Past			Current	Projections		
		2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Number of new districts' integrated development plans aligned with the national spatial development perspective and provincial growth and development plans	National Planning	10	15	14	0	–	–	–
Number of households surveyed on income, consumption and expenditure in the national income dynamics study	National Planning	8 000	7 305	0 ¹	9 600	0 ¹	12 000	0 ¹
Number of research reports per year	National Planning	–	–	–	–	0	1	1

1. The national income dynamics survey is conducted every two years.

Expenditure estimates

Table 1.2 The Presidency

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10			2011/12	2012/13	2013/14
R million				2010/11				
Administration	200.4	257.5	289.9	318.9	318.9	345.3	386.2	407.8
National Planning	28.4	21.9	40.3	49.0	49.0	83.8	96.2	88.9
National Youth Development Agency	420.6	29.4	328.9	399.0	399.0	385.9	405.1	427.4
Subtotal	649.4	308.8	659.1	766.9	766.9	815.0	887.5	924.2
Direct charge against the National Revenue Fund	2.3	4.0	3.8	4.6	4.6	4.8	5.1	5.3
Salary of the President	1.3	2.1	2.1	2.4	2.4	2.5	2.7	2.8
Salary of the Deputy President	1.0	1.9	1.7	2.2	2.2	2.3	2.4	2.5
Total	651.8	312.8	663.0	771.5	771.5	819.8	892.5	929.5
Change to 2010 Budget estimate				44.3	44.3	42.8	77.0	69.1
Economic classification								
Current payments	222.0	270.4	321.5	353.7	353.7	417.5	470.1	483.9
Compensation of employees	117.1	141.7	181.9	209.5	209.5	237.4	251.4	275.6
Goods and services	104.9	128.7	139.6	144.2	144.2	180.1	218.7	208.3

Table 1.2 The Presidency (continued)

R million	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
<i>of which:</i>								
Computer services	2.0	4.9	3.9	12.2	12.2	13.1	19.9	20.6
Consultants and professional services:	19.6	6.4	20.4	36.3	36.3	61.1	44.0	30.1
Business and advisory services								
Agency and support / outsourced services	9.2	14.5	12.2	8.0	8.0	8.9	15.4	15.3
Travel and subsistence	34.9	48.2	49.2	41.6	41.6	50.9	67.6	69.0
Transfers and subsidies	425.1	35.6	331.9	401.1	401.1	387.8	407.3	429.7
Departmental agencies and accounts	424.6	33.4	328.9	400.9	400.9	387.8	407.3	429.7
Households	0.4	2.2	3.0	0.1	0.1	–	–	–
Payments for capital assets	4.7	6.8	9.5	16.7	16.7	14.5	15.2	15.9
Machinery and equipment	4.7	6.8	9.5	16.7	16.7	14.5	15.2	15.9
Payments for financial assets	–	–	0.1	–	–	–	–	–
Total	651.8	312.8	663.0	771.5	771.5	819.8	892.5	929.5

Expenditure trends

Over the MTEF period, the spending focus will continue to be on the provision of support services to the president, deputy president, ministers and deputy minister in the execution of their duties. The activities of the presidential state owned enterprises review committee will be finalised in 2011/12. The purpose of the committee is to ensure that the state owned enterprises respond to a clearly defined public mandate and support government's aspirations for a developmental state.

Between 2007/08 and 2010/11, expenditure increased from R651.8 million to R771.5 million, at an average annual rate of 5.8 per cent. The growth was mainly due to the increase in expenditure on compensation of employees and on goods and services, the result of changes to the departmental structure and the appointment of the Minister for National Planning and support staff. Expenditure decreases from R651.8 million in 2007/08 to R312.8 million in 2008/09, mainly due to the restated expenditure of the National Youth Development Agency, which was formed from the merger between the Umsobomvu Youth Fund and National Youth Commission.

Over the MTEF period, the Presidency receives additional allocations of R90.5 million in 2011/12, R131.3 million in 2012/13 and R126.4 million in 2013/14, mainly for compensation of employees, consultants, and machinery and equipment. Expenditure is projected to increase to R929.5 million in 2013/14, at an average annual rate of 6.4 per cent, due to the expanded capacity in the National Planning Commission, additional political advisors, and expenditure on state owned enterprises.

- The Budget provides additional funds of R90.5 million, R131.3 million and R126.4 million over the medium term for:
- capacity in internal auditing to be shared with the Department of Performance Monitoring and Evaluation (R12.4 million in 2011/12, R50.2 million in 2012/13 and R51.4 million in 2013/14) in the Administration programme
- additional political advisors and support services to the deputy president (R10.3 million in 2011/12, R9.6 million in 2012/13 and R10.2 million in 2013/14)
- appointing the deputy minister and related support staff (R5.3 million in 2011/12, R6 million in 2012/13 and R8 million in 2013/14)
- the newly formed state owned enterprise committee (R24 million in 2011/12)
- the expanded structure of the National Planning Commission and the appointment of researchers and advisors (R29 million in 2011/12, R35.5 million in 2012/13 and R46 million in 2013/14)
- improvements in conditions of service (R7.7 million in 2011/12, R8 million in 2012/13 and R8.3 million in 2013/14)
- the national income dynamic study phase 3 (R20 million in 2012/13)

- the Commonwealth youth programme subscription fee (R1.7 million in 2011/12, R2.0 million in 2012/13 and R2.5 million in 2013/14).

Expenditure on consultants amounts to R135.2 million over the MTEF period, mainly for the presidential state owned enterprises review committee, the national income dynamics study and research for the National Planning Commission. Expenditure on consultants increases from R36.3 million in 2010/11 to R61.1 million in 2011/12, due to once-off funding of R24 million for the state owned enterprises review committee. Expenditure on consultants decreases to R43.9 million in 2012/13 and R30.1 million in 2013/14, because the national income dynamics study will be in its last phase in 2012/13 and research in the National Planning Commission will be decreasing in 2013/14.

Administrative costs equate to 46 per cent of line function programme costs.

Personnel information

The department has an establishment of 708 posts, of which 659 are funded and 49 are additional to the approved establishment. Filled posts increased from 410 in 2007/08 to 592 in 2010/11, and are expected to increase to 647 over the MTEF period. There are 116 vacancies, of which the majority (48 per cent) are at salary levels 13 to 16. A phased in approach to filling vacancies is followed, and every vacancy is evaluated in terms of its contribution to the Presidency's mandate.

The ratio of administrative to line function staff is 1:8.

Departmental receipts

Departmental receipts consist mainly of recovered advances and debts, and receipts from renting out state property. Revenue decreased from R625 000 in 2009/10 to R451 000 in 2010/11, due to the once-off sale of official vehicles in 2009/10. Receipts over the MTEF period are expected to remain relatively stable. They are mainly from parking fees based on the number of employees for the Presidency and the Department of Performance Monitoring and Evaluation. The decrease in the sale of capital assets over the medium term is mainly due to the once-off car auctions held in 2009/10 and 2010/11.

Table 1.3 Departmental receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2007/08	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
Departmental receipts	289	233	625	451	451	331	337	338
Sales of goods and services produced by department	99	131	126	252	252	266	279	280
Sales of scrap, waste, arms and other used current goods	5	1	–	–	–	–	–	–
Interest, dividends and rent on land	19	4	14	16	16	19	13	13
Sales of capital assets	32	–	308	140	140	–	–	–
Transactions in financial assets and liabilities	134	97	177	43	43	46	45	45
Total	289	233	625	451	451	331	337	338

Programme 1: Administration

Expenditure estimates

Table 1.4 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R million	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Ministry ¹	12.9	19.9	21.6	30.2	35.2	38.7	43.9
Management	132.3	167.0	198.4	199.7	201.5	257.0	264.7
Support Services to President	17.0	26.0	25.9	31.2	30.3	33.2	36.5
Support Services to Deputy President	19.9	24.6	24.2	27.4	34.3	35.8	39.0
Cabinet Services	18.4	20.0	19.9	20.4	20.1	21.4	23.8
Commission on State Owned Enterprises	–	–	–	10.0	24.0	–	–
Total	200.4	257.5	289.9	318.9	345.3	386.2	407.8
Change to 2010 Budget estimate				9.3	14.0	21.7	33.5

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

Economic classification

Current payments	191.4	244.6	278.4	300.2	328.9	368.8	389.6
Compensation of employees	106.2	125.9	163.7	186.5	199.7	209.7	230.4
Goods and services	85.2	118.7	114.7	113.7	129.2	159.2	159.2
of which:							
Computer services	2.0	4.9	3.9	12.2	12.1	18.5	18.9
Consultants and professional services:	2.9	2.1	1.8	15.3	27.1	6.3	5.7
Business and advisory services							
Agency and support / outsourced services	9.2	13.4	12.1	7.0	7.2	12.8	12.7
Travel and subsistence	33.0	45.3	46.0	38.7	41.0	55.8	56.2
Transfers and subsidies	4.4	6.2	2.8	2.1	2.0	2.1	2.2
Departmental agencies and accounts	4.0	4.0	–	2.0	2.0	2.1	2.2
Households	0.4	2.2	2.8	0.1	–	–	–
Payments for capital assets	4.6	6.7	8.7	16.6	14.5	15.2	15.9
Machinery and equipment	4.6	6.7	8.7	16.6	14.5	15.2	15.9
Payments for financial assets	–	–	0.1	–	–	–	–
Total	200.4	257.5	289.9	318.9	345.3	386.2	407.8

Details of selected transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	4.0	4.0	–	2.0	2.0	2.1	2.2
Isigodlo	3.0	3.0	–	2.0	2.0	2.1	2.2
South African Chapter of the Renaissance	1.0	1.0	–	–	–	–	–
Households							
Households social benefits							
Current	0.4	2.2	2.8	0.1	–	–	–
Employee social benefits	0.4	2.2	2.8	0.1	–	–	–

Expenditure trends

The spending focus over the MTEF period will be on: providing support services to the political principals and the presidential state owned enterprises review committee (in 2011/12); building capacity in internal auditing and the National Planning Committee; and supporting Cabinet and its structures.

Expenditure increased from R200.4 million in 2007/08 to R318.9 million in 2010/11, at an average annual rate of 16.7 per cent. The growth was mainly due to expanding the programme, with the additional tasks allocated to the minister, and establishing the presidential hotline. Transfers and subsidies to departmental agencies

decreased from R4 million in 2007/08 to R2 million in 2010/11 as a result of the cut in the transfers to the Isigodlo Trust. The agreement to fund the trust came to an end in 2009/10.

Expenditure over the medium term is expected to grow at an average annual rate of 8.5 per cent, from R318.9 million in 2010/11 to R407.8 million in 2013/14.

The *Administration* programme receives additional allocations of R61.5 million in 2011/12, R95.8 million in 2012/13 and R80.4 million in 2013/14, mainly in compensation of employees under the *Management* subprogramme, for costs relating to the presidential state owned enterprises review committee and the last phase of the national income dynamic study, and also to cater for the deputy minister and support staff.

Expenditure on compensation of employees will increase from R199.7 million in 2011/12 and R230.4 million in 2013/14, mainly as a result of an increase in staff in the *Management* subprogramme.

Programme 2: National Planning

- *Ministry* develops the country's long term vision and national strategic plan, and contributes to better outcomes in government through better planning, better long term plans, more policy coherence and clearly articulated long term goals and aspirations. 11 employees fall under this subprogramme, and 57 per cent of its budget is spent on compensation of employees.
- *Research and Policy Services* manages and facilitates research and policy process on long term developmental issues and provides technical support to the National Planning Commission. This entails: producing reports and discussion papers on identified cross cutting issues that affect long term development; translating sector plans to inform South Africa's long term vision and national strategic plan; and providing advice to departments on areas in which the quality of policies, operational plans and implementation strategies need to be improved. The unit publishes South Africa's development indicators each year and a research report based on the national income dynamic study. 34 employees fall under this subprogramme, and 36 per cent of its budget is spent on compensation of employees.
- *Communication and Public Participation* provides support services to the National Planning Commission and its secretariat. This entails providing financial management services, human resource management and development services, supply chain and logistical services, ICT services, and legal advice and contract management services. The unit provides briefings and seminars on national planning publications. 24 employees fall under this subprogramme, and 6 per cent of its budget is spent on compensation of employees.

Objectives and measures

- Improve long term planning and development to ensure the achievement of Vision 2025 by:
 - producing a vision statement and a national development plan for the next 20 years
 - setting out the key challenges that South Africa faces in achieving government's vision over the next 20 years and describing the key trade-offs that would have to be made
 - advising on the sequencing of policies over the next 20 years to achieve government's goals within its means.
- Manage risks to the national development plan by producing cross-cutting sectoral reports on a continuous basis that are likely to impact on the long term trajectory.
- Enhance engagements at all levels by providing support and advice on communication, public participation and parliamentary liaison services through campaigns, seminars and conferences.

Expenditure estimates

Table 1.5 National Planning

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R million	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Ministry	28.4	21.9	40.3	49.0	61.3	71.4	60.3
Research and Policy Services	–	–	–	–	15.0	18.0	20.2
Communication and Public Participation	–	–	–	–	7.5	6.8	8.4
Total	28.4	21.9	40.3	49.0	83.8	96.2	88.9
Change to 2010 Budget estimate				6.0	28.9	55.3	35.6
Economic classification							
Current payments	28.4	21.8	39.3	48.9	83.8	96.2	88.9
Compensation of employees	8.6	11.8	14.4	18.5	32.9	36.7	39.9
Goods and services	19.8	10.0	24.9	30.5	50.9	59.5	49.1
of which:							
Computer services	–	–	–	–	1.0	1.4	1.7
Consultants and professional services:	16.7	4.3	18.6	21.0	34.0	37.7	24.5
Business and advisory services							
Agency and support / outsourced services	–	1.1	0.2	1.0	1.7	2.5	2.6
Travel and subsistence	1.9	2.9	3.2	2.9	9.9	11.8	12.9
Transfers and subsidies	–	–	0.2	–	–	–	–
Households	–	–	0.2	–	–	–	–
Payments for capital assets	0.0	0.1	0.8	0.1	–	–	–
Machinery and equipment	0.0	0.1	0.8	0.1	–	–	–
Total	28.4	21.9	40.3	49.0	83.8	96.2	88.9

Expenditure trends

Spending over the MTEF period will focus on planning and coordinating interventions that increase the effectiveness of existing policies and programmes.

Expenditure in the *National Planning* programme increased from R28.4 million in 2007/08 to R49 million in 2010/11, at an average annual rate of 20 per cent. The growth is mainly for providing strategic support and advice to principals in the Presidency.

Expenditure is expected to increase from R49 million in 2010/11 to R88.9 million in 2013/14, at an average annual rate of 21.9 per cent. This is as a result of expanding the structure of the programme and appointing researchers and advisors. Researchers and advisors are appointed on an ad hoc basis, depending on the expertise needed.

Administrative costs equate to 31 per cent of line function programme costs.

Programme 3: National Youth Development Agency

- *National Youth Development Agency* transfers funds to the National Youth Development Agency, which initiates, implements, facilitates and monitors youth development interventions aimed at reducing youth unemployment and promoting social cohesion.

Table 1.6 National Youth Development Agency

Subprogramme				Adjusted appropriation	Medium-term expenditure estimate		
R million	Audited outcome			2010/11			
	2007/08	2008/09	2009/10				
National Youth Development Agency	420.6	29.4	328.9	399.0	385.9	405.1	427.4
Total	420.6	29.4	328.9	399.0	385.9	405.1	427.4
Change to 2010 Budget estimate				29.0	–	–	–
Economic classification							
Transfers and subsidies	420.6	29.4	328.9	399.0	385.9	405.1	427.4
Departmental agencies and accounts	420.6	29.4	328.9	399.0	385.9	405.1	427.4
Total	420.6	29.4	328.9	399.0	385.9	405.1	427.4
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	420.6	29.4	328.9	399.0	385.9	405.1	427.4
National Youth Development Agency	420.6	29.4	328.9	399.0	385.9	405.1	427.4

The National Youth Development Agency is discussed in the public entities section below.

Public entities and other agencies

Comprehensive coverage of the following public entities is provided with the more detailed information for the vote at www.treasury.gov.za under the budget information link.

- **The National Youth Development Agency** was established in 2009 through the merger of the National Youth Commission and the Umsobomvu Youth Fund. Its main role is to initiate, implement, facilitate and monitor youth development interventions aimed to reduce youth unemployment and promote social cohesion.

Additional tables

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

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R million	2009/10		2009/10	2010/11			2010/11
Administration	238.3	320.1	289.9	283.5	35.4	318.9	318.9
National Planning	38.0	45.7	40.3	48.7	0.3	49.0	49.0
National Youth Development Agency	328.9	328.9	328.9	370.0	29.0	399.0	399.0
Subtotal	605.3	694.8	659.1	702.2	64.7	766.9	766.9
Direct charge against the National Revenue Fund	4.3	4.3	3.8	4.6	–	4.6	4.6
Salary of the President	2.3	2.3	2.1	2.4	–	2.4	2.4
Salary of the Deputy President	2.0	2.0	1.7	2.2	–	2.2	2.2
Total	609.6	699.1	663.0	706.8	64.7	771.5	771.5
Economic classification							
Current payments	270.2	354.0	321.5	322.7	31.1	353.7	353.7
Compensation of employees	154.5	187.4	181.9	205.9	3.6	209.5	209.5
Goods and services	115.7	166.5	139.6	116.7	27.5	144.2	144.2
Transfers and subsidies	331.9	334.4	331.9	371.9	29.1	401.1	401.1
Departmental agencies and accounts	331.9	331.9	328.9	371.9	29.0	400.9	400.9
Households	–	2.5	3.0	–	0.1	0.1	0.1
Payments for capital assets	7.4	10.7	9.5	12.2	4.5	16.7	16.7
Machinery and equipment	7.4	10.7	9.5	12.2	4.5	16.7	16.7
Payments for financial assets	–	–	0.1	–	–	–	–
Total	609.6	699.1	663.0	706.8	64.7	771.5	771.5

Table 1.B Detail of approved establishment and personnel numbers according to salary level¹

	Personnel post status as at 30 September 2010			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year ²	Medium-term estimate		
				2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
Department	659	659	49	410	406	423	592	647	647	647
Salary level 1 – 6	259	259	36	236	219	177	248	258	258	258
Salary level 7 – 10	166	166	6	108	116	135	187	196	196	196
Salary level 11 – 12	111	111	1	30	30	45	84	102	102	102
Salary level 13 – 16	123	123	6	36	41	66	73	91	91	91
Administration	591	591	48	400	396	413	578	578	578	578
Salary level 1 – 6	252	252	36	233	216	174	248	248	248	248
Salary level 7 – 10	157	157	5	107	115	134	183	183	183	183
Salary level 11 – 12	103	103	1	29	29	44	83	83	83	83
Salary level 13 – 16	79	79	6	31	36	61	64	64	64	64
National Planning	68	68	1	10	10	10	14	69	69	69
Salary level 1 – 6	7	7	–	3	3	3	–	10	10	10
Salary level 7 – 10	9	9	1	1	1	1	4	13	13	13
Salary level 11 – 12	8	8	–	1	1	1	1	19	19	19
Salary level 13 – 16	44	44	–	5	5	5	9	27	27	27

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

2. As at 30 September 2010.

Table 1.C Summary of expenditure on training

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Compensation of employees (R million)	117.1	141.7	181.9	209.5	237.4	251.4	275.6
Training expenditure (R million)	2.3	1.4	1.9	2.1	2.4	2.5	2.8
Training as percentage of compensation of employees	2.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Total number trained in department (head count)	97	88	43	304			
<i>of which:</i>							
<i>Employees receiving bursaries (head count)</i>	35	60	52	44			
<i>Learnerships trained (head count)</i>	12	11	–	–			
<i>Internships trained (head count)</i>	17	9	3	27			

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

Project description: Phakisa World		Project annual unitary fee at time of contract	Budgeted expenditure	Medium-term expenditure estimate		
R million			2010/11	2011/12	2012/13	2013/14
Projects signed in terms of Treasury Regulation 16	–	16.7	18.3	19.6	21.4	
PPP unitary charge ¹	–	16.7	18.3	19.6	21.4	
Total	–	16.7	18.3	19.6	21.4	

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

Vote 2

Parliament

Budget summary

R million	2011/12				2012/13	2013/14
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	350.0	347.4	–	2.6	362.2	381.5
Legislation and Oversight	296.4	295.7	–	0.7	308.8	325.8
Public and International Participation	108.9	108.3	–	0.6	113.5	119.7
Members' Facilities	222.0	222.0	–	–	231.3	244.0
Associated Services	287.9	–	287.9	–	300.0	316.5
Subtotal	1 265.3	973.4	287.9	3.9	1 315.9	1 387.6
Direct charge against the National Revenue Fund						
Members' remuneration	409.6	409.6	–	–	430.1	453.8
Total expenditure estimates	1 674.9	1 383.1	287.9	3.9	1 746.0	1 841.4
Executive authority	Speaker of the National Assembly					
Accounting officer	Secretary to Parliament					
Website address	www.parliament.gov.za					

More detailed information for each vote is available at www.treasury.gov.za. More comprehensive coverage of vote specific information, particularly on goods and services, transfers and subsidies, donor funding, public entities and lower level institutional information, is provided.

Aim

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

Programme purposes

Programme 1: Administration

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

Programme 2: Legislation and Oversight

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

Programme 3: Public and International Participation

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

Programme 4: Members' Facilities

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

Programme 5: Associated Services

Purpose: Provide financial support to political parties represented in Parliament and to its leaders and constituency offices.

Strategic overview: 2007/08 – 2013/14

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

Strategic objectives

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

Strengthen the oversight function

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

Increase public participation

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

Strengthen cooperative government

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

Improve and expand international relations

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

Savings and cost effectiveness measures

Parliament has identified efficiency savings of R3.7 million in 2011/12, R3.9 million in 2012/13 and R4.1 million in 2013/14. This relates to the special Cabinet decision made on 8 December 2010 to reduce all departmental baselines by 0.3 per cent to create more fiscal space for core service delivery functions. The savings were effected on administrative spending and overhead costs. The specific areas targeted for cost reductions include communication, entertainment and travel. Parliament will continue to review policies relating to these areas to ensure that spending is kept at minimum levels.

Selected performance indicators

Table 2.1 Parliament

Indicator	Programme	Past			Current	Projections		
		2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Number of bills passed per year	Legislation and Oversight	80	23	23	26	21	25	23
Number of questions put to the executive per year	Legislation and Oversight	2 868	2 286	3 725	3 220	3 154	2 865	3 824
Number of annual reports tabled and scrutinised by committees per year	Legislation and Oversight	223	179	217	189	220	225	220
Number of oversight visits undertaken by committees per year	Legislation and Oversight	50	60	43	44	50	57	60
Number of debates held for the public consideration of issues per year	Public and International Participation	132	45	121	104	110	115	–
Number of visitors to Parliament per year	Public and International Participation	27 106	24 014	24 549	18 253	33 824	40 612	47 521
Number of international agreements adopted per year	Public and International Participation	34	51	32	25	33	30	42

Expenditure estimates

Table 2.2 Parliament

Programme				Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
R million	Audited outcome			2010/11		2011/12	2012/13	2013/14
	2007/08	2008/09	2009/10					
Administration	237.7	356.6	333.1	346.3	346.3	350.0	362.2	381.5
Legislation and Oversight	158.0	198.8	190.3	300.1	300.1	296.4	308.8	325.8
Public and International Participation	64.6	123.0	70.8	79.4	79.4	108.9	113.5	119.7
Members' Facilities	144.2	147.7	156.1	193.9	193.9	222.0	231.3	244.0
Associated Services	245.4	245.4	258.7	281.9	281.9	287.9	300.0	316.5
Subtotal	849.8	1 071.5	1 009.0	1 201.6	1 201.6	1 265.3	1 315.9	1 387.6
Direct charge against the National Revenue Fund	240.7	304.2	398.8	392.7	392.7	409.6	430.1	453.8
Members' remuneration	240.7	304.2	398.8	392.7	392.7	409.6	430.1	453.8
Total	1 090.5	1 375.7	1 407.9	1 594.3	1 594.3	1 674.9	1 746.0	1 841.4
Change to 2010 Budget estimate				22.4	22.4	26.7	27.4	28.3
Economic classification								
Current payments	832.5	1 054.9	1 112.3	1 301.6	1 301.6	1 383.1	1 443.0	1 519.8
Compensation of employees	517.3	651.0	784.6	868.1	868.1	936.1	990.2	1 046.8
Goods and services	315.2	403.9	327.7	433.5	433.5	447.0	452.8	473.0
of which:								
Communication	21.1	20.1	21.9	25.0	25.0	27.0	29.8	31.6
Contractors	36.6	86.0	29.2	19.2	19.2	21.2	20.9	21.7
Travel and subsistence	119.8	115.2	156.9	197.9	197.9	263.3	266.7	279.3
Operating expenditure	31.4	39.9	31.2	37.4	37.4	34.7	32.9	37.1
Transfers and subsidies	252.2	288.4	279.7	281.9	281.9	287.9	300.0	316.5
Departmental agencies and accounts	5.1	40.5	18.2	–	–	–	–	–
Foreign governments and international organisations	1.8	2.6	2.8	–	–	–	–	–
Non-profit institutions	245.4	245.4	258.7	281.9	281.9	287.9	300.0	316.5
Payments for capital assets	5.8	32.3	15.8	10.8	10.8	3.9	3.0	5.0
Machinery and equipment	5.8	32.3	15.8	6.6	6.6	3.9	3.0	5.0
Software and other intangible assets	–	–	–	4.2	4.2	–	–	–
Total	1 090.5	1 375.7	1 407.9	1 594.3	1 594.3	1 674.9	1 746.0	1 841.4

Expenditure trends

The spending focus over the medium term will be on improving educational information and public access to Parliament. Constituency work by members of Parliament will continue to be a strategic spending focus, as this plays a major role in participatory democracy.

Expenditure, including the direct charge against the National Revenue Fund for members' remuneration, increased from R1.1 billion in 2007/08 to R1.6 billion in 2010/11, at an average annual rate of 13.5 per cent. Growth was highest in 2008/09, at 26.1 per cent, due to an additional allocation of R324 million from Parliament's retained earnings. These earnings were used for the 118th Inter-Parliamentary Union meeting in April 2009, aspects of hosting the fourth Parliament, capacity building, and to accommodate increases in public and international participation programmes.

Expenditure is expected to increase from R1.6 billion to R1.8 billion over the medium term, at an average annual rate of 4.9 per cent, due to increases in salaries and normal inflation escalations. The Budget sets out an additional allocation of R94.1 million over the medium term for improved conditions of service. No other additional funds were allocated to Parliament over the MTEF period.

Personnel information

Parliament has a total establishment of 1 595 posts, of which 1 409 are filled. There are no additional posts to the approved establishment. There are 74 vacancies, of which most are in *Administration* and *Legislation and Oversight*. The number of filled posts is expected to increase by 65 in 2010/11 in order to improve leadership capacity and public access to parliamentary services. The specialist level was identified as the weakest link in the organisational structure.

Revenue retained by Parliament

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

Table 2.3 Departmental receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2007/08	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
Opening balance of surplus account	322 236	377 238	372 286	213 468	213 468	185 080	157 020	143 509
Parliamentary receipts	51 735	55 190	38 459	15 500	15 500	11 940	11 489	11 234
Sales of goods and services produced	16 599	16 190	18 069	8 000	8 000	8 440	8 989	9 484
Interest, dividends and rent on land	35 136	38 492	18 431	7 500	7 500	3 500	2 500	1 750
Sales of capital assets	–	508	1 959	–	–	–	–	–
Other revenue	640	–	–	–	–	–	–	–
(Net) Local and foreign aid assistance	640	–	–	–	–	–	–	–
Adjustments to revenue account	211	46 627	(77 449)	33 032	21 112	–	–	–
Increase/(decrease) to direct charges appropriation	(1 672)	45 843	(76 812)	33 032	20 262	–	–	–
Other adjustments	275	(58)	(637)	–	–	–	–	–
Amounts recovered	1 608	842	–	–	850	–	–	–
Changes in retained revenue	2 416	(106 769)	(119 828)	(50 000)	(65 000)	(40 000)	(25 000)	(50 000)
Closing balance of surplus account	377 238	372 286	213 468	212 000	185 080	157 020	143 509	104 743

Programme 1: Administration

Expenditure estimates

Table 2.4 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
R million							
Office of the Speaker	17.4	26.8	25.9	35.5	37.2	38.8	40.9
Office of the Chairperson	11.2	17.2	16.8	17.5	20.4	21.3	22.4
Office of the Secretary	120.7	165.9	156.4	180.1	160.7	165.2	173.7
Corporate Services	28.2	33.8	40.5	45.7	50.4	52.4	55.3
Institutional Support	60.3	113.0	93.5	67.5	81.3	84.6	89.2
Total	237.7	356.6	333.1	346.3	350.0	362.2	381.5
Change to 2010 Budget estimate				11.6	1.7	2.3	1.8
Economic classification							
Current payments	230.0	286.2	300.9	339.7	347.4	360.2	378.1
Compensation of employees	143.2	178.9	188.2	236.8	245.2	261.2	277.9
Goods and services	86.8	107.3	112.7	102.9	102.2	99.0	100.1
of which:							
Communication	7.1	8.0	8.9	7.3	8.0	9.3	9.9
Contractors	24.4	10.9	19.3	6.2	9.7	8.8	8.7
Travel and subsistence	16.0	19.4	15.4	15.2	21.3	21.3	22.4
Operating expenditure	13.4	21.2	20.3	13.4	14.1	11.7	12.3
Transfers and subsidies	5.1	40.5	18.2	–	–	–	–
Departmental agencies and accounts	5.1	40.5	18.2	–	–	–	–
Payments for capital assets	2.6	30.0	14.0	6.5	2.6	2.0	3.4
Machinery and equipment	2.6	30.0	14.0	2.3	2.6	2.0	3.4
Software and other intangible assets	–	–	–	4.2	–	–	–
Total	237.7	356.6	333.1	346.3	350.0	362.2	381.5
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	5.1	40.5	18.2	–	–	–	–
Repair and maintenance programme	5.1	40.5	18.2	–	–	–	–

Expenditure trends

Between 2007/08 and 2010/11, expenditure grew from R237.7 million to R346.3 million, at an average annual rate of 13.4 per cent. This was mainly due to growth in spending in the *Office of the Secretary* subprogramme, which grew by R59 million over the period. The increased spending was on: ICT infrastructure for an electronic document management system and a system to manage travel arrangements; replacement office equipment; and payments to the Department of Public Works for the refurbishment of buildings used by Parliament. In 2008/09, Parliament used its retained earnings to increase capacity in its finance management, internal audit and legal services units, which explains the 46.1 per cent increase in spending in that year.

The 19.9 per cent increase in expenditure in the *Corporate Service* subprogramme in 2009/10 can be attributed to an additional allocation of R44.4 million for hosting the fourth Parliament, restructuring the constitutional and legal services units, and higher than expected salary increases. In 2010/11, Parliament reprioritised funds from capital expenditure in the *Corporate Services* subprogramme to compensation of employees and goods and services in the *Office of the Speaker*, *Office of the Chairperson* and *Office of the Secretary* subprogrammes for recruiting and employing staff with specialised skills. This resulted in the significant growth in expenditure in these subprogrammes in that year.

Over the medium term, expenditure is expected to grow to R381.5 million, at an average annual rate of 3.3 per cent. The growth is mainly due to salary increases and inflation related adjustments, and is offset by efficiency savings due to the implementation of labour saving systems and devices.

Programme 2: Legislation and Oversight

- *National Assembly* provides procedural advice and guidance for the proceedings of the National Assembly. The bulk of this subprogramme's budget is used for administrative services to the National Assembly and for support for its programmes, research activities and events.
- *National Council of Provinces* provides procedural advice and guidance for the proceedings of the National Council of Provinces by tabling bills in line with the Constitution and tabling relevant information to committees. The bulk of this subprogramme's budget is used for administrative services to the National Council of Provinces and for support for its programmes, research activities and events.
- *Legislation and Oversight* provides procedural advice, and research and administrative services to committee proceedings. The bulk of this subprogramme's budget is used for administrative services to the legislation and oversight units, and for support for its programmes, research activities, and events.

Objectives and measures

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

Expenditure estimates

Table 2.5 Legislation and Oversight

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R million	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
National Assembly	8.3	13.9	16.2	22.9	22.7	23.7	25.0
National Council of Provinces	24.6	21.8	13.6	28.7	29.2	30.4	32.1
Legislation and Oversight	125.1	163.1	160.5	248.5	244.5	254.8	268.8
Total	158.0	198.8	190.3	300.1	296.4	308.8	325.8
Change to 2010 Budget estimate				9.3	–	(0.3)	(0.3)
Economic classification							
Current payments	156.0	198.0	188.8	298.5	295.7	308.2	324.4
Compensation of employees	99.8	126.8	142.0	187.0	207.6	218.0	229.0
Goods and services	56.2	71.2	46.8	111.4	88.1	90.2	95.4
of which:							
Communication	3.5	0.5	2.6	3.3	2.8	2.9	3.1
Contractors	1.7	2.9	0.5	4.1	3.1	4.0	4.1
Travel and subsistence	24.2	28.6	18.6	56.5	53.2	52.2	55.1
Operating expenditure	7.9	5.9	5.6	18.4	7.6	7.3	8.1
Payments for capital assets	2.0	0.8	1.5	1.6	0.7	0.6	1.4
Machinery and equipment	2.0	0.8	1.5	1.6	0.7	0.6	1.4
Total	158.0	198.8	190.3	300.1	296.4	308.8	325.8

Expenditure trends

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

Expenditure increased from R158 million in 2007/08 to R300.1 million in 2010/11, at an average annual rate of 23.8 per cent. Growth was more significant in 2008/09, at 25.8 per cent, due to: capacity building for committees (to enable them to comply with the Constitution when doing the business of Parliament, table relevant information on time to committees, and prepare question papers to ensure oversight and public interest); the installation of new and more advanced ICT equipment in committee rooms; and the implementation of the language policy which requires that all official languages are represented equally in Parliament.

Over the medium term, spending is expected to grow at an average annual rate of 2.8 per cent, from R300.1 million in 2010/11 to R325.8 million in 2013/14.

Programme 3: Public and International Participation

- *Public Affairs* provides education and information, public relations, media relations, and events management. The bulk of this subprogramme's budget is used for projects and programmes to promote public education and participation in parliamentary processes, such as tours of Parliament.
- *International Relations* provides protocol services, administration for bilateral and multilateral meetings, and services for official visits (adequate content, and procedural and logistical support for incoming and outgoing delegations).

Objectives and measures

- Improve public participation and involvement in Parliamentary processes by developing a public participation model by 2014, including revamping and reformatting parliamentary radio programmes to include all African languages.
- Improve public education programmes by developing a module on Parliament by 2013 for learning institutions from Grade R to tertiary level.
- Continue to increase public participation through an annual People's Assembly and the Taking Parliament to the People programme twice a year.

Expenditure estimates

Table 2.6 Public and International Participation

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
R million							
Public Affairs	46.1	104.0	49.5	41.6	65.9	68.7	72.4
International Relations	18.6	18.9	21.3	37.8	43.0	44.8	47.3
Total	64.6	123.0	70.8	79.4	108.9	113.5	119.7
Change to 2010 Budget estimate				1.5	–	(0.1)	(0.1)
Economic classification							
Current payments	62.6	119.8	67.7	79.0	108.3	113.1	119.6
Compensation of employees	12.6	18.5	22.4	26.2	35.2	38.5	40.5
Goods and services	50.1	101.3	45.3	52.7	73.2	74.6	79.0
of which:							
Communication	3.2	2.6	2.8	3.3	4.0	4.5	4.2
Contractors	3.2	63.2	2.8	2.8	1.6	1.7	1.7
Travel and subsistence	21.8	15.7	21.2	32.4	38.3	39.3	41.4
Operating expenditure	3.3	4.3	1.6	1.2	6.3	6.6	8.6
Transfers and subsidies	1.8	2.6	2.8	–	–	–	–
Foreign governments and international organisations	1.8	2.6	2.8	–	–	–	–
Payments for capital assets	0.3	0.6	0.3	0.4	0.6	0.4	0.2
Machinery and equipment	0.3	0.6	0.3	0.4	0.6	0.4	0.2
Total	64.6	123.0	70.8	79.4	108.9	113.5	119.7

Table 2.6 Public and International Participation (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Details of selected transfers and subsidies							
Foreign governments and international organisations							
Current	1.8	2.6	2.8	–	–	–	–
International associations	1.8	2.6	2.8	–	–	–	–

Expenditure trends

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

Spending increased from R64.6 million in 2007/08 to R79.4 million in 2010/11, at an average annual rate of 7.1 per cent, and is expected to increase at an average annual rate of 14.7 per cent over the medium term to reach R119.7 million. The increase is due to an increase in Parliament's focus on participation in international activities in 2009/10 and 2010/11. The increase is also required to build more capacity for providing more information to the public on parliamentary processes to allow for increased public participation.

Programme 4: Members' Facilities

- *National Assembly Members' Facilities* provides support and facilities to members to enable them to carry out their legislative mandate efficiently and effectively. This entails a three-day turnaround on claim processing, facilitating real time travel reservations, and conducting inspections of all members' offices to ensure compliance with policy standards. A new programme sponsored by the Speakers' Forum and facilitated by the Public Administration Leadership and Management Academy has been implemented.
- *National Council of Provinces Members' Facilities* provides support and facilities to members to enable them to carry out their legislative mandate efficiently and effectively. This entails providing support for the administration of member turnover at elections, including resignations, appointments and the allocation of travel facilities.

Objectives and measures

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

Expenditure estimates

Table 2.7 Members' Facilities

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
R million							
National Assembly Members' Facilities	131.3	131.8	147.3	177.3	195.5	203.7	214.9
National Council of Provinces Members' Facilities	12.9	15.9	8.8	16.6	26.5	27.6	29.1
Total	144.2	147.7	156.1	193.9	222.0	231.3	244.0
Change to 2010 Budget estimate				–	25.0	25.9	27.3
Economic classification							
Current payments	143.3	146.7	156.1	191.7	222.0	231.3	244.0
Compensation of employees	21.2	22.6	33.1	25.3	38.5	42.3	45.7
Goods and services	122.1	124.1	122.9	166.4	183.6	189.0	198.4
of which:							
Communication	7.2	9.0	7.6	11.1	12.2	13.2	14.5
Contractors	7.2	9.0	6.5	6.2	6.8	6.4	7.2

Table 2.7 Members' Facilities (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Economic classification							
Current payments							
Travel and subsistence	57.9	51.6	101.7	93.8	150.4	153.9	160.4
Operating expenditure	6.8	8.5	3.8	4.5	6.9	7.2	7.9
Payments for capital assets	0.9	1.0	0.0	2.2	–	–	–
Machinery and equipment	0.9	1.0	0.0	2.2	–	–	–
Total	144.2	147.7	156.1	193.9	222.0	231.3	244.0

Expenditure trends

Expenditure grew from R144.2 million in 2007/08 to R193.9 million in 2010/11, at an average annual rate of 10.4 per cent, mainly due to an increase in members' benefits, including travel, medical aid contributions and other logistical facilities. Over the medium term, expenditure is expected to grow at an average annual rate of 8 per cent, from R193.9 million to R244 million. The growth in this programme is mainly due to increased social contributions to Parliamentarians.

Programme 5: Associated Services

- *Political Party Support* provides financial support to political parties to enable them to carry out their legislative mandate efficiently and effectively.
- *Constituency Support* provides financial support to constituency offices to enable them to carry out their legislative mandate efficiently and effectively.
- *Party Leadership Support* provides financial support to political leadership to enable them to carry out their legislative mandate efficiently and effectively.

Expenditure estimates

Table 2.8 Associated Services

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
R million							
Political Party Support	52.3	52.3	55.2	66.6	61.2	63.7	67.3
Constituency Support	188.0	188.0	198.3	209.3	220.8	230.1	242.8
Party Leadership Support	5.0	5.1	5.2	6.0	5.9	6.2	6.5
Total	245.4	245.4	258.7	281.9	287.9	300.0	316.5
Change to 2010 Budget estimate				–	0.0	(0.3)	(0.3)
Economic classification							
Transfers and subsidies	245.4	245.4	258.7	281.9	287.9	300.0	316.5
Non-profit institutions	245.4	245.4	258.7	281.9	287.9	300.0	316.5
Total	245.4	245.4	258.7	281.9	287.9	300.0	316.5
Details of selected transfers and subsidies							
Non-profit institutions							
Current	245.4	245.4	258.7	281.9	287.9	300.0	316.5
Political Party Support	52.3	52.3	55.2	66.6	61.2	63.7	67.3
Constituency Support	188.0	188.0	198.3	209.3	220.8	230.1	242.8
Party Leadership Support	5.0	5.1	5.2	6.0	5.9	6.2	6.5

Expenditure trends

The spending focus over the MTEF period will be on strengthening constituencies and increasing financial support to political parties.

Spending increased from R245.4 million in 2007/08 to R281.9 million in 2010/11, at an average annual rate of 4.7 per cent, and is expected to increase at an average annual rate of 3.9 per cent over the medium term, to reach R316.5 million. Growth was more significant in 2007/08 due to an increase in the allowances to constituencies, political parties and their leaders.

An additional allocation of R9 million per year over the MTEF period is made for increased allowances to political parties to ensure they carry their legislative mandate effectively and efficiently. Accurate calculations of the various support categories for all political party support and timeous notification payments are done over the MTEF period.

Additional tables

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

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R million	2009/10		2009/10	2010/11			2010/11
Administration	247.8	292.2	333.1	317.2	29.1	346.3	346.3
Legislation and Oversight	187.8	233.0	190.3	282.3	17.8	300.1	300.1
Public and International Participation	67.8	98.9	70.8	86.4	(7.0)	79.4	79.4
Members' Facilities	212.0	225.2	156.1	211.4	(17.5)	193.9	193.9
Associated Services	258.7	258.7	258.7	281.9	–	281.9	281.9
Subtotal	974.1	1 108.0	1 009.0	1 179.2	22.4	1 201.6	1 201.6
Direct charge against the National Revenue Fund	376.7	376.7	398.8	392.7	–	392.7	392.7
Members' remuneration	376.7	376.7	398.8	392.7	–	392.7	392.7
Total	1 350.7	1 484.7	1 407.9	1 571.9	22.4	1 594.3	1 594.3
Economic classification							
Current payments	1 081.8	1 197.8	1 112.3	1 279.2	22.4	1 301.6	1 301.6
Compensation of employees	725.7	780.1	784.6	845.7	22.4	868.1	868.1
Goods and services	356.1	417.8	327.7	433.5	–	433.5	433.5
Transfers and subsidies	261.4	261.4	279.7	281.9	–	281.9	281.9
Departmental agencies and accounts	–	–	18.2	–	–	–	–
Foreign governments and international organisations	2.8	2.8	2.8	–	–	–	–
Non-profit institutions	258.7	258.7	258.7	281.9	–	281.9	281.9
Payments for capital assets	7.5	25.4	15.8	10.8	–	10.8	10.8
Machinery and equipment	7.5	25.4	15.8	6.6	–	6.6	6.6
Software and other intangible assets	–	–	–	4.2	–	4.2	4.2
Total	1 350.7	1 484.7	1 407.9	1 571.9	22.4	1 594.3	1 594.3

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

	Personnel post status as at 30 September 2010			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year ²	Medium-term estimate		
				2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Department	1 595	1 409	–	1 179	1 224	1 231	1 409	1 483	1 500	1 510
Salary level 1 – 6	–	–	–	155	68	2	–	–	–	–
Salary level 7 – 10	1 010	883	–	846	923	788	883	807	774	753
Salary level 11 – 12	363	341	–	141	163	323	341	459	495	513
Salary level 13 – 16	222	185	–	37	70	118	185	217	231	244
Administration	814	741	–	711	736	682	741	669	674	669
Salary level 1 – 6	–	–	–	139	65	2	–	–	–	–
Salary level 7 – 10	549	500	–	445	514	497	500	404	382	356
Salary level 11 – 12	144	125	–	102	115	130	125	145	165	178
Salary level 13 – 16	121	116	–	25	42	53	116	120	127	135
Legislation and Oversight	685	575	–	415	415	474	575	675	686	703
Salary level 1 – 6	–	–	–	10	–	–	–	–	–	–
Salary level 7 – 10	411	333	–	375	375	256	333	352	341	355
Salary level 11 – 12	188	188	–	25	28	168	188	252	270	268
Salary level 13 – 16	86	54	–	5	12	50	54	71	75	80
Public and International Participation	96	93	–	53	73	75	93	139	140	138
Salary level 1 – 6	–	–	–	6	3	–	–	–	–	–
Salary level 7 – 10	50	50	–	26	34	35	50	51	51	42
Salary level 11 – 12	31	28	–	14	20	25	28	62	60	67
Salary level 13 – 16	15	15	–	7	16	15	15	26	29	29

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

2. As at 30 September 2010.

Table 2.C Summary of expenditure on training

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Compensation of employees (R million)	259.2	286.4	325.3	450.1	495.5	521.0	559.9
Training expenditure (R million)	10.6	11.9	10.1	10.4	14.2	15.0	16.8
Training as percentage of compensation	4.1%	4.2%	3.1%	2.3%	2.9%	2.9%	3.0%
Total number trained in department (head count)	705	650	655	–			
<i>of which:</i>							
<i>Employees receiving bursaries (head count)</i>	<i>80</i>	<i>80</i>	<i>80</i>	<i>–</i>			

Vote 3

Cooperative Governance and Traditional Affairs

Budget summary

R million	2011/12				2012/13	2013/14
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	212.6	208.7	0.1	3.7	216.0	222.3
Policy, Research and Knowledge Management	46.0	39.0	–	7.0	47.6	50.2
Governance and Intergovernmental Relations	34 213.9	31.8	34 182.0	–	37 684.1	40 077.5
Disaster Response Management	821.2	43.0	775.0	3.1	558.0	594.3
Provincial and Municipal Government Systems	248.3	28.9	219.4	0.0	260.5	274.7
Infrastructure and Economic Development	12 307.9	278.5	12 023.7	5.6	14 986.2	15 804.9
Traditional Affairs	83.8	61.3	22.2	0.4	90.4	97.0
Total expenditure estimates	47 933.6	691.3	47 222.4	19.8	53 842.8	57 120.8

Executive authority

Minister of Cooperative Governance and Traditional Affairs

Accounting officer

Director General of Cooperative Governance and Traditional Affairs

Website address

www.cogta.gov.za

More detailed information for each vote is available at www.treasury.gov.za. More comprehensive coverage of vote specific information, particularly on goods and services, transfers and subsidies, donor funding, public entities and lower level institutional information, is provided.

Aim

Improve cooperative governance across the three spheres of government, in partnership with institutions of traditional leadership, thereby ensuring that provinces and municipalities carry out their service delivery and development functions effectively.

Programme purposes

Programme 1: Administration

Purpose: Provide management, leadership and administration of the department.

Programme 2: Policy, Research and Knowledge Management

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

Programme 3: Governance and Intergovernmental Relations

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

Programme 4: Disaster Response Management

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

Programme 5: Provincial and Municipal Government Systems

Purpose: Provide oversight, support programmes and evidence based regulatory mechanisms for provincial, municipal government and associated institutions and facilitate effective development and service delivery.

Programme 6: Infrastructure and Economic Development

Purpose: Support provincial and local government programmes and systems for the promotion of economic and infrastructure development.

Programme 7: Traditional Affairs

Purpose: Promote and coordinate research and information management and the development of policies and legislation on traditional affairs. Coordinate institutional development and capacity building programmes, in order to enhance efficiency and effectiveness within the institution of traditional affairs.

Strategic overview: 2007/08 – 2013/14

The function of the Department of Cooperative Governance and Traditional Affairs is to develop national policies and legislation relating to provinces and local government. It monitors the implementation of legislation relating to intergovernmental relations, local government administration and financial management, traditional leadership and governance, and disaster management.

The Department of Cooperative Governance and Traditional Affairs had an expanded mandate compared to that of its predecessor, the Department of Provincial and Local Government. The new department's main functions are strengthening coordination across the three spheres of government, supporting local and provincial government, improving regulatory compliance, and building capacity in traditional leadership institutions. It is also committed to working with partners, stakeholders and communities outside of government as a way of deepening cooperative governance in South Africa.

Outcomes and related outputs

In 2010, government introduced its approach to achieving results by identifying 12 outcomes. The Minister for Cooperative Governance and Traditional Affairs is responsible for achieving a responsive, accountable, effective and efficient local government system (outcome 9). The minister's delivery agreement reflects government's pledge to collectively 'work harder, faster and smarter' to develop South Africa. The performance areas in the delivery agreement reflect the department's determination to transcend the obstacles of the past and its commitment to a better future.

The basis for the agreement was the assessment based report on the state of local government, the subsequent 2009 local government turnaround strategy, and the local government 10-point plan, which articulates the key desired outcomes for a functional local government system in the context of current challenges. The local government assessment process clearly showed that all three spheres of government needed to become much more focused on the service delivery challenges in municipalities if the goals of transformation were to be achieved. The turnaround strategy comprised a phased, project approach: a short term focus up to March 2011 and a medium term focus from 2011 to 2014. Phase 1 priorities were to establish a national coordinating unit, to develop municipal turnaround strategies, and to address municipal financial and administrative problems, strengthen the minister's regulatory powers, strengthen ward committee capacity, and improve integrated development planning across the three spheres of government.

The delivery agreement contains seven outputs, defined as follows: implement a differentiated approach to municipal financing, planning and support (output 1); improve access to basic services (output 2); implement the community work programme (output 3); actions supportive of the human settlement outcome (output 4); deepen democracy through a refined ward committee model (output 5); administrative and financial capability

(output 6); and a single window of coordination (output 7). All these outputs relate to the department's work and for each output a number of sub-outputs have been identified.

Local government turnaround strategy

The local government turnaround strategy is being managed in the department, through a national coordinating unit. The strategy is aimed at addressing the internal and external factors that are undermining the functioning of local government. Internal factors include: the quality of decision making by councillors, the quality of appointments, the transparency of tender and procurement systems, and levels of financial management and accountability. External factors include: the revenue base and potential for income generation, inappropriate legislation and regulation, demographic patterns and trends, macro and microeconomic conditions, undue interference by political parties, and weaknesses in national policy, oversight and intergovernmental relations.

The overarching aim of the strategy is to restore people's confidence in municipalities as they are the primary delivery vehicle of public services, and to rebuild and improve the basic requirements for a functional developmental local government. The five strategic objectives of the strategy are to: ensure that municipalities meet the basic needs of communities; build clean, responsive and accountable local government; improve functionality, performance and professionalism in municipalities; improve national and provincial policy, support and oversight to local government; and strengthen partnerships between local government, communities and civil society.

Priorities before and after the 2011 elections

A number of priorities have been earmarked as necessary before the 2011 local government elections. These are to: address the immediate financial and administrative problems in municipalities; promulgate regulations to stem indiscriminate hiring and firing in municipalities; tighten and implement a transparent municipal supply chain management system; ensure that the programmes of national and provincial government and state owned enterprises are reflected in municipal integrated development plans; and overcome the one-size-fits-all approach by differentiating responsibilities and simplifying integrated development plans.

After the elections, the department's ongoing priorities, as outlined in Vision 2014, are: to significantly reduce infrastructure backlogs; for all citizens to have affordable basic services; to formalise all informal settlements; to have clean cities, through the management of waste, so that they create employment and wealth; and to improve municipal financial and administrative capacity through monitoring municipal financial viability.

Providing technical support to low capacity and weak municipalities

Funding from the Siyenza Manje function in National Treasury's vote has been reallocated to technical capacity building in weak local and district municipalities to enhance infrastructure delivery. The focus is on ensuring that there is sufficient in-house technical capacity (civil, mechanical and electrical engineering technicians, project managers, artisans) in local government.

The department was allocated R196.7 million for 2011/12 to establish a technical support programme. The programme will: support municipalities and build their capacity for municipal infrastructure planning, delivery and rehabilitation; provide technical support to enable them to deliver infrastructure sustainably; and monitor municipalities' infrastructure delivery and management performance.

Operation Clean Audit

Launched in July 2009, Operation Clean Audit's main objective is to improve the financial and administrative capacities of municipalities and provincial departments to achieve 100 per cent unqualified audit opinions by 2014. The programme supports municipalities and provincial departments to achieve the following: adequate leadership involvement and effective oversight; effective governance arrangements; systems to address previous audit findings; and conducive financial management arrangements.

The community work programme

As part of government's job creation initiative, the department intends to create 4.5 million job opportunities in historically marginalised communities by 2014 through the community work programme.

Institutionalisation of the Department of Traditional Affairs

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

The department will also focus on dealing with harmful cultural practices, such as illegal initiation schools, which have created negative perceptions of traditions. The department will develop policies to regulate these practices, which will later be drafted into legislation.

Aligning the department's organisational structure with its budget structure

The department has reviewed its budget structure to align it with its mandate. The structure is also designed to ensure a single channel of reporting and accountability for funds. The alignment shows the lines of responsibilities for different outputs and outcomes in the organisational structure. There are now seven budget programmes, compared to the previous five.

Savings and cost effectiveness measures

The department has identified cost savings of R12.5 million in 2011/12, R15.2 million in 2012/13 and R23.7 million in 2013/14. The savings were made by replacing consultants with skilled personnel, reducing catering for internal meetings, travelling by economy class only, and using less costly venues and facilities. A large proportion of the savings will be derived from low priority and once-off projects to minimise any adverse impact on service delivery.

Cabinet identified savings of R38.8 million in 2011/12, R47 million in 2012/13 and R49.6 million in 2013/14. These will be realised by: reducing hotel accommodation and hiring lower grade cars, encouraging the use of shuttle services and car sharing, reducing air travel where possible and booking economy class travel for most staff, bringing previously outsourced functions in-house, and reducing catering and the use of external venues and facilities.

Selected performance indicators

Table 3.1 Cooperative Governance and Traditional Affairs

Indicator	Programme	Past			Current	Projections		
		2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Total number of traditional councils (of 840) supported through capacity building programmes per year	Traditional Affairs	–	–	–	200/840	350/840	600/840	–
Value of municipalities' spending on municipal infrastructure grants per year	Infrastructure and Economic Development	R8.7bn	R9.4bn	R11.1bn	R12.5bn	R11.4bn	R13.9bn	R14.7bn
Total number of households reached with basic services funded by the municipal infrastructure grant:	Infrastructure and Economic Development							
- water		815 293	1 million	1.2 million	1.4 million	1.6 million	1.8 million	2 million
- sanitation		445 070	566 070	687 070	808 070	929 070	1.1 million	1.2 million
- roads		669 636	817 636	965 636	1.1 million	1.3 million	1 486 million	1.7 million
- community lighting		312 183	388 183	464 183	540 186	616 186	692 168	768 150
Percentage of indigent households accessing free basic services:	Infrastructure and Economic Development							
- water		77%	85 %	87%	90%	93%	96%	100%
- electricity		73%	85%	87%	89%	92%	96%	100%

Table 3.1 Cooperative Governance and Traditional Affairs (continued)

Indicator	Programme	Past			Current 2010/11	Projections		
		2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Total number of fully functional disaster management centres (of 62) across the 3 spheres of government	Disaster Response Management	5/62 (8%)	9/62 (15%)	12/62 (19%)	30/62 (48%)	40/62 (65%)	53/62 (85%)	62/62 (100%)
Number of government departments included in the national disaster management centres' wide area network per year, including the Satellite Application Centre and the South African Weather Services	Disaster Response Management	–	–	–	–	3	5	7
Number of students supported through the disaster management bursary programme per year	Disaster Response Management	–	–	23	20	25	30	35
Number of disaster risk management plans submitted to the national disaster management centres per year	Disaster Response Management	–	–	–	5	15	30	40
Number of work opportunities created through the community work programme per year	Infrastructure and Economic Development	–	–	–	57 368	63 170	82 817	87 370
Total number of provinces supported to implement the monitoring, reporting and evaluation system for an responsive, accountable, effective and efficient local government system (outcome 9)	Policy, Research and Knowledge Management	9	9	9	9	9	9	9
Total number of municipalities (of 46 targeted municipalities) supported in implementing local economic development strategies	Infrastructure and Economic Development	–	–	14	22	30	38	46
Total number of municipalities (of 278) with integrated development plans drafted in accordance with development planning outcomes	Provincial and Municipal Government Systems	224	240	260	277	278	278	278

Expenditure estimates

Table 3.2 Cooperative Governance and Traditional Affairs

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10			2011/12	2012/13	2013/14
R million				2010/11				
Administration	125.4	143.3	179.3	197.9	197.9	212.6	216.0	222.3
Policy, Research and Knowledge Management	39.3	40.9	44.9	48.2	48.2	46.0	47.6	50.2
Governance and Intergovernmental Relations	20 759.9	25 656.9	23 936.8	30 666.4	30 666.4	34 213.9	37 684.1	40 077.5
Disaster Response Management	26.1	82.1	123.0	293.2	293.2	821.2	558.0	594.3
Provincial and Municipal Government Systems	238.0	226.4	209.6	251.2	251.2	248.3	260.5	274.7
Infrastructure and Economic Development	7 125.4	7 180.2	9 111.7	10 217.5	10 217.5	12 307.9	14 986.2	15 804.9
Traditional Affairs	45.7	56.3	56.2	74.1	74.1	83.8	90.4	97.0
Total	28 359.9	33 386.0	33 661.6	41 748.5	41 748.5	47 933.6	53 842.8	57 120.8
Change to 2010 Budget estimate				841.2	841.2	1 109.5	1 012.4	1 384.7

Table 3.2 Cooperative Governance and Traditional Affairs (continued)

R million	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
Economic classification								
Current payments	325.0	358.1	443.3	661.1	661.1	691.3	786.8	828.6
Compensation of employees	128.1	153.8	165.7	232.1	232.1	232.9	245.9	258.1
Goods and services	196.8	204.3	277.4	429.0	429.0	458.4	540.9	570.5
of which:								
Computer services	11.0	18.7	21.9	68.2	68.2	50.0	57.0	60.8
Consultants and professional services:	37.8	36.2	36.1	49.1	49.1	36.7	38.7	40.8
Business and advisory services								
Inventory: Materials and supplies	–	0.0	63.6	151.3	151.3	193.4	252.8	266.6
Travel and subsistence	41.0	52.1	56.1	45.4	45.4	45.1	49.0	52.3
Interest and rent on land	–	0.1	0.2	–	–	–	–	–
Transfers and subsidies	28 025.5	33 018.3	33 210.0	41 069.3	41 069.3	47 222.4	53 034.9	56 268.7
Provinces and municipalities	27 842.9	32 775.8	32 848.2	40 500.0	40 500.0	46 545.9	52 227.7	55 422.5
Departmental agencies and accounts	56.6	67.5	78.1	83.2	83.2	86.1	90.3	95.3
Foreign governments and international organisations	0.1	0.1	–	0.5	0.5	–	–	–
Public corporations and private enterprises	120.6	164.8	178.9	189.6	189.6	192.1	196.6	202.0
Non-profit institutions	4.5	9.3	9.3	9.1	9.1	10.2	10.6	11.2
Households	0.8	0.8	95.5	287.0	287.0	388.2	509.6	537.6
Payments for capital assets	7.8	9.2	8.1	18.0	18.0	19.8	21.1	23.5
Machinery and equipment	6.8	9.2	8.1	16.3	16.3	18.0	20.1	21.8
Software and other intangible assets	1.1	–	–	1.7	1.7	1.8	1.0	1.7
Payments for financial assets	1.6	0.4	0.3	0.1	0.1	0.1	0.1	0.1
Total	28 359.9	33 386.0	33 661.6	41 748.5	41 748.5	47 933.6	53 842.8	57 120.8

Expenditure trends

Over the medium term, spending will focus on the local government turnaround strategy and Operation Clean Audit by 2014. These projects are in the *Administration* programme. Furthermore, the community work programme will provide work opportunities to historically marginalised communities and promote universal access to basic services. This will be reflected in consultants and professional services and in transfers and subsidies for transfers to municipalities and departmental agencies.

Expenditure increased from R28.4 billion in 2007/08 to R41.7 billion in 2010/11, at an average annual rate of 13.8 per cent. Over the medium term, expenditure is expected to increase to R57.1 billion in 2013/14, at an average annual rate of 11 per cent. The substantial increase is due to additional allocations for disaster relief of R1.8 billion and R1.2 billion for the equitable share over the MTEF period, the transfer of the infrastructure component of the Siyenza Manje function from National Treasury, the community works programme and inflation related adjustments.

Infrastructure spending

The department is responsible for managing and transferring the municipal infrastructure grant and provides support to provinces and municipalities on implementing municipal infrastructure grant projects. The grant is aimed at eradicating municipal infrastructure backlogs in poor communities to ensure the provision of basic services such as water, sanitation, roads and community lighting.

The municipal infrastructure grant allocation for 2010/11 is R9.5 billion, and increases to R14.7 billion in 2013/14. The targets for 2010/11 are: basic water: 1.4 million households; basic sanitation: 808 070 households; roads: 1.1 million households; community lighting: 540 186 households. The targets for 2013/14 are: basic water: 2 million; sanitation: 1.2 million; roads: 1.7 million; community lighting: 768 150.

Personnel information

The department has an establishment of 647 funded posts, and 297 additional to the approved establishment. The number of posts filled increased from 559 in 2007/08 to 647 in 2010/11, and is expected to grow to 954 over the MTEF period. The growth is due to the expansion of the department's mandate to focus on improving the lives of South Africans by working with key partners and stakeholders, and the establishment of the Department of Traditional Affairs.

The ratio of support staff to line staff is 1:4. The ratio of consultants to departmental personnel is 1:2.

Departmental receipts

Receipts accrue from the collection of parking fees, recovered debt, commission on insurance policy premiums, subsidised vehicles, the recovery of private telephone expenses and the breach of study loan contracts.

Revenue of R731 000 in 2007/08 and R509 000 in 2009/10 was due to receivable losses recovered from accidents, loss of assets by officials, parking fees and private telephone expenses. Over the MTEF period, revenue is expected to increase from R633 000 to R649 000, at an average annual rate of 1.2 per cent. The growth is due to expected increases in loss assets and parking fees.

Table 3.3 Departmental receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2007/08	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
Departmental receipts	731	820	509	627	627	633	649	649
Sales of goods and services produced by department	125	150	146	148	148	150	155	159
Sales of capital assets	337	–	105	–	–	–	–	–
Transactions in financial assets and liabilities	266	668	253	460	460	462	468	460
Total	731	820	509	627	627	633	649	649

Programme 1: Administration

Expenditure estimates

Table 3.4 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
R million							
Ministry ¹	15.1	19.4	43.0	31.3	26.9	28.0	28.4
Management	11.2	10.6	15.2	21.3	10.2	11.1	11.8
Chief Operating Officer	6.0	6.8	6.9	14.0	42.8	37.6	36.0
Corporate Services	26.8	41.4	46.9	38.7	38.8	39.8	41.7
Financial Services	17.0	15.0	16.3	19.0	18.9	20.0	20.8
Communication and Liaison	9.3	11.2	10.8	26.7	25.5	26.8	27.3
Legislation Review and Drafting	8.7	5.8	4.2	12.3	10.6	11.1	11.7
Internal Audit and Risk Management	5.8	6.9	6.2	6.6	9.8	11.1	12.6
Office Accommodation	25.3	26.2	29.7	28.0	29.0	30.4	32.1
Total	125.4	143.3	179.3	197.9	212.6	216.0	222.3
Change to 2010 Budget estimate				9.8	(9.7)	(10.4)	(16.5)

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

Table 3.4 Administration (continued)

Audited outcome				Adjusted appropriation	Medium-term expenditure estimate		
R million	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Economic classification							
Current payments	121.4	140.2	172.7	194.4	208.7	212.0	217.9
Compensation of employees	47.2	57.8	66.6	95.4	90.9	94.9	97.2
Goods and services	74.3	82.4	105.9	99.0	117.8	117.1	120.7
of which:							
Computer services	1.4	7.2	0.6	0.9	5.9	3.0	3.5
Consultants and professional services:	4.3	5.8	4.4	10.8	8.8	9.3	9.2
Business and advisory services							
Inventory: Materials and supplies	–	–	0.0	0.0	0.0	0.0	0.0
Travel and subsistence	7.5	10.5	31.2	13.5	16.6	15.9	16.9
Interest and rent on land	–	0.1	0.2	–	–	–	–
Transfers and subsidies	0.8	0.6	2.8	0.3	0.1	0.1	0.1
Provinces and municipalities	0.0	0.0	0.0	0.2	0.1	0.1	0.1
Households	0.8	0.6	2.7	0.1	–	–	–
Payments for capital assets	1.5	2.1	3.6	3.1	3.7	3.8	4.3
Machinery and equipment	1.3	2.1	3.6	3.1	3.7	3.8	4.3
Software and other intangible assets	0.3	–	–	–	–	–	–
Payments for financial assets	1.6	0.4	0.3	0.1	0.1	0.1	0.1
Total	125.4	143.3	179.3	197.9	212.6	216.0	222.3
Details of selected transfers and subsidies							
Households							
Households social benefits							
Current	0.8	0.6	2.7	0.1	–	–	–
Employee Social Benefit	0.8	0.6	2.7	0.1	–	–	–

Expenditure trends

Expenditure increased from R125.4 million in 2007/08 to R197.9 million in 2010/11, at an average annual rate of 16.4 per cent. The growth was due to inflation related salary adjustments and the increase in funded posts. The increase in spending on goods and services was driven by flagship projects such as Operation Clean Audit, the local government turnaround strategy and the revenue enhancement strategy.

Over the MTEF period, expenditure is expected to increase from R197.9 million in 2010/11 to R222.3 million in 2013/14, at an average annual rate of 4 per cent. The growth is attributed to the establishment of provincial offices and inflation related adjustments to salaries, reflected in the increase in the *Chief Operating Officer* subprogramme. Other contributors to growth over the MTEF period are technical support for provinces and the flagship projects.

Programme 2: Policy, Research and Knowledge Management

- *Management: Research and Policy* manages the activities of this programme, described per subprogramme below. It has 3 staff members. This subprogramme's budget is R2.9 million in 2010/11.
- *Policy and Research Methods* develops policies aimed at improving the performance of municipalities and service delivery. This entails periodic, applied research and evaluation of policies, programmes and projects. The subprogramme has a staff complement of 13, and a total budget of R14.8 million in 2010/11, of which 32 per cent is used for compensation of employees. In 2010/11, a framework for monitoring, reporting and evaluation was developed to be rolled out in provinces and municipalities in 2011/12. Over the medium term, the subprogramme will identify policy gaps and provide research on the latest developments relevant to the department at a total cost of R8.3 million.
- *Knowledge and Information Management* provides knowledge and information management products and services to the department. This entails developing systems to enhance knowledge generation and sharing

among all key stakeholders to support development efforts with municipalities and provinces. The subprogramme has a staff complement of 17, and a total budget of R14.9 million in 2010/11, of which 56.8 per cent is used for compensation of employees. In 2010/11, the subprogramme developed a draft conceptual strategy for knowledge management for the department. This will be rolled out over the medium term at a total cost of R11 million.

- *Information, Communication and Business Technology* provides support, and plans and deploys ICT infrastructure and maintenance in the department. The subprogramme has a staff complement of 15, and a total budget of R15.6 million in 2010/11, of which 40.1 per cent is used for compensation of employees. In 2009/10, an IT platform was created to ensure the provision and maintenance of data warehouses, databases and data storage facilities; and to improve the department's ICT infrastructure.

Objectives and measures

- Strengthen and mainstream monitoring, reporting and evaluation for provincial and local government by providing a framework by March 2012.
- Support the department with research and policy analysis on an ongoing basis, and make recommendations for policy development and change by March 2012.
- Improve knowledge and information management in the local government sector by planning, developing and implementing a knowledge and information management strategy and system by March 2012.
- Improve the department's ICT capability by upgrading information and business technologies by March 2012.

Expenditure estimates

Table 3.5 Policy, Research and Knowledge Management

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
R million							
Management: Research and Policy	1.1	2.3	2.9	2.9	1.7	1.8	1.9
Policy and Research Methods	9.0	13.7	13.5	14.8	8.1	8.6	9.1
Knowledge and Information Management	15.9	11.9	12.2	14.9	10.8	11.5	12.2
Information, Communication and Business Technology	13.3	13.0	16.4	15.6	25.3	25.7	27.0
Total	39.3	40.9	44.9	48.2	46.0	47.6	50.2
Change to 2010 Budget estimate				(1.9)	1.8	0.7	0.7
Current payments	35.6	36.9	44.3	42.5	39.0	41.1	42.7
Compensation of employees	14.6	18.4	24.2	20.5	20.5	21.7	22.8
Goods and services	21.0	18.4	20.2	22.0	18.5	19.5	19.9
of which:							
Computer services	3.3	4.3	7.4	3.9	4.6	4.9	5.1
Consultants and professional services: Business and advisory services	5.5	4.5	3.8	6.2	4.5	4.7	5.0
Travel and subsistence	1.8	4.3	3.9	6.1	3.4	3.6	3.8
Payments for capital assets	3.7	4.0	0.6	5.7	7.0	6.4	7.5
Machinery and equipment	3.7	4.0	0.6	4.0	5.2	5.5	5.8
Software and other intangible assets	0.0	–	–	1.7	1.8	1.0	1.7
Total	39.3	40.9	44.9	48.2	46.0	47.6	50.2

Expenditure trends

Over the MTEF period, spending will focus on improving ICT infrastructure, and on protecting and managing knowledge sharing in the department and municipalities.

Expenditure increased from R39.3 million in 2007/08 to R48.2 million in 2010/11, at an average annual rate of 7 per cent. The increase is mainly due to additional spending to improve ICT infrastructure, and protect and manage knowledge sharing in the department and municipalities. The department consolidated and virtualised

its server environment. A storage area network was implemented to cater for the increased storage demand by network users on the network, through items such as computer services and consultants and professional services. These items will increase from R9.1 million in 2011/12 to R10.1 million in 2013/14.

Over the MTEF period, expenditure is expected to increase from R48.2 million in 2011/12 to R50.1 million in 2013/14, at an average annual rate of 1.4 per cent. The increased expenditure will be prioritised for ICT integration and knowledge management and inflation related adjustments to salaries.

Programme 3: Governance and Intergovernmental Relations

- *Management: Governance*
- *Intergovernmental Relations and Coordination* develops, coordinates and implements an effective system of intergovernmental relations to strengthen coordination. This entails managing intergovernmental dispute resolution, and supporting intergovernmental relation structures. The subprogramme has a staff complement of 9, with a total budget of R9.6 million in 2010/11, of which 65 per cent is used for compensation of employees. In 2011/12, the focus will be on drafting the Green Paper on Cooperative Governance; reviewing policy on the allocation of powers and functions; and new legislation on support, monitoring and interventions in local government. These outputs are anticipated to cost R8.9 million.
- *Intergovernmental Fiscal Relations*: strengthens intergovernmental fiscal relations through equitable share transfers, which refers to the share of nationally raised revenue payable to the local government sphere; manages conditional grants transfers to municipalities according to the payment schedule and the requirements of the Division of Revenue Act; and monitors the financial viability of municipalities and provinces. The subprogramme has a staff complement of 23, and a total budget of R20.7 million in 2010/11, of which 44.8 per cent is used for compensation of employees. The focus over the medium term will be on introducing comprehensive amendments to the Municipal Property Rates Act (2004) through the Municipal Property Rates Bill. The subprogramme will also continue to transfer the equitable share to municipalities and will introduce the national grant coordination framework. The total cost of these will be R14.7 million.
- *Governance and Public Participation* promotes an environment of good governance and public participation by supporting provinces and municipalities in strengthening their governance and coordination capability. The subprogramme has a staff complement of 11, and a total budget of R5.9 million in 2010/11, of which 60 per cent is used for compensation of employees. In 2009/10, the national framework for out of pocket expenses for ward committees was gazetted.
- *South African Local Government Association* transfers funds to the South African Local Government Association, the recognised local government body in terms of the Organised Local Government Act (1997).
- *Municipal Demarcation Board* transfers funds to the Municipal Demarcation Board, which is a constitutional body established in terms of the Municipal Demarcation Board Act (1998).
- *South African Cities Network* transfers funds to the South African Cities Network, which enables cooperation between South African cities and maximises benefits through the exchange of information.
- *United Cities and Local Government of Africa* transfers fund to the United Cities and Local Government of Africa, an association of municipalities and national regional local government associations in Africa.
- *Local Government Equitable Share* is the share of nationally raised revenue which is payable to the local government sphere in terms of section 214 of the Constitution. This transfer will continue to be an integrated funding instrument for supplementing municipal own revenue for the provision of free basic services to poor households and for funding institutional capacity and support for weaker municipalities in poor areas. The subprogramme is supported by a staff complement of 4, and has a total budget of R30.6 billion in 2010/11, of which 100 per cent is transferred to municipalities.

Objectives and measures

- Strengthen coordination through developing and implementing an effective system of intergovernmental relations by developing the White Paper on Cooperative Governance by March 2012.
- Strengthen intergovernmental fiscal relations by coordinating and transferring all grant allocations as per Division of Revenue requirements by March 2012.

- Promote an environment of good governance and public participation through supporting provinces in strengthening their governance and coordination capability by:
 - finalising the legislative framework on ward committees and community participation by March 2012
 - finalising the funding model for ward committees by March 2012.

Expenditure estimates

Table 3.6 Governance and Intergovernmental Relations

Subprogramme				Adjusted appropriation	Medium-term expenditure estimate		
R million	Audited outcome			2010/11			
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Management: Governance	–	–	–	0.7	2.9	3.0	3.2
Intergovernmental Relations Coordination	5.7	8.6	6.0	9.6	8.8	9.3	9.7
Intergovernmental Fiscal Relations	12.1	11.5	8.1	20.7	14.4	14.7	16.0
Governance and Public Participation	21.1	21.3	10.0	5.9	5.7	6.0	6.3
South African Local Government Association	20.5	22.1	23.3	24.6	25.5	26.7	28.2
Municipal Demarcation Board	20.7	25.4	34.6	37.2	38.5	40.4	42.6
South African Cities Network	4.4	4.7	4.8	5.1	5.3	5.5	5.8
United Cities and Local Government of Africa	–	3.6	4.5	4.0	4.9	5.1	5.4
Local Government Equitable Share	20 675.6	25 559.7	23 845.5	30 558.6	34 107.9	37 573.4	39 960.3
Total	20 759.9	25 656.9	23 936.8	30 666.4	34 213.9	37 684.1	40 077.5
Change to 2010 Budget estimate				3 403.0	382.3	561.3	907.2
Economic classification							
Current payments	38.2	40.3	24.2	36.9	31.8	33.0	35.2
Compensation of employees	14.7	19.3	16.9	21.5	19.5	20.2	21.5
Goods and services	23.5	21.0	7.2	15.4	12.3	12.8	13.7
of which:							
Computer services	6.0	0.1	0.1	–	–	–	–
Consultants and professional services:	3.8	4.6	1.8	7.3	6.1	6.6	7.0
Business and advisory services							
Travel and subsistence	2.9	4.8	2.0	5.3	3.0	2.7	2.9
Transfers and subsidies	20 721.2	25 616.4	23 912.6	30 629.5	34 182.0	37 651.1	40 042.3
Provinces and municipalities	20 675.6	25 559.7	23 845.5	30 558.6	34 107.9	37 573.4	39 960.3
Departmental agencies and accounts	41.1	47.5	57.9	61.8	64.0	67.1	70.8
Non-profit institutions	4.5	9.3	9.3	9.1	10.2	10.6	11.2
Payments for capital assets	0.5	0.1	–	–	–	–	–
Machinery and equipment	0.4	0.1	–	–	–	–	–
Software and other intangible assets	0.1	–	–	–	–	–	–
Total	20 759.9	25 656.9	23 936.8	30 666.4	34 213.9	37 684.1	40 077.5
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	41.1	47.5	57.9	61.8	64.0	67.1	70.8
South African Local Government Association	20.5	22.1	23.3	24.6	25.5	26.7	28.2
Municipal Demarcation Board	20.7	25.4	34.6	37.2	38.5	40.4	42.6

Table 3.6 Governance and Intergovernmental Relations (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	20 675.6	25 559.7	23 845.5	30 558.6	34 107.9	37 573.4	39 960.3
Local Government Equitable Share	20 675.6	25 559.7	23 845.5	30 558.6	34 107.9	37 573.4	39 960.3
Non-profit institutions							
Current	4.4	8.3	9.3	9.1	10.2	10.6	11.2
South African Cities Network	4.4	4.7	4.8	5.1	5.3	5.5	5.8
United Cities and Local Government of Africa	–	3.6	4.5	4.0	4.9	5.1	5.4

Expenditure trends

Over the MTEF period, the spending focus will be on transferring the local government equitable share, which is expected to be R111.6 billion over the period, and on monitoring the financial viability of municipalities and provinces. The programme is expected to produce the Green Paper on Cooperative Governance and facilitate local participatory governance.

Expenditure increased from R20.8 billion in 2007/08 to R30.7 billion in 2010/11, at an average annual rate of 13.9 per cent. Expenditure in this programme is dominated by the equitable share transfers to municipalities, which make up 73.2 per cent of the department's budget allocation in 2010/11.

Expenditure is expected to increase to R40.1 billion over the medium term, at an average annual rate of 9.3 per cent. Over the MTEF period, the programme will focus on contributing to a responsive, accountable, effective and efficient local government system (outcome 9). Expenditure will be directed at the transfers, the management of conditional grants, the development of the Green Paper on Cooperative Governance, and support for the establishment of the Southern African Development Community (SADC) local government desk and the consolidation of the SADC local government agenda.

Programme 4: Disaster Response Management

- *Management: Head of Disaster* oversees the performance, management and monitoring of the subprogrammes described below. This subprogramme has staff complement of 3 and a total budget of R8.5 million over the medium term.
- *Legislation, Policy and Compliance Management* develops and provides implementation support for disaster risk management policies and legislative frameworks across all spheres of government. The subprogramme has a staff complement of 5, and a total budget of R12.3 million in 2010/11, of which 34.3 per cent is used for compensation of employees. Over the medium term, at a cost of R7.5 million, the focus will be on reconstituting a technical advisory committee for risk assessments, with the target of establishing 40 disaster management centres and finalising the Fire Services Bill.
- *Planning Coordination and Support* develops and implements disaster risk management operational systems, coordinates disaster risk management capacity building and strategic research, and provides for the allocation of disaster response and relief funding when there has been a disaster. The subprogramme has a staff complement of 4, and a total budget of R10.6 million in 2010/11, of which 27 per cent is used for compensation of employees. Over the medium term, at a total cost of R9.5 million, the unit will fast-track mechanisms for disaster relief funding, provide disaster risk management bursary funding to identified institutions, finalise the development of a national disaster risk management education and training framework, roll out public awareness and research programmes, and fund the publication of Jamba, a journal of disaster risk studies.
- *Intelligence and Information Systems Management* creates and manages the implementation of disaster risk management intelligence and capability systems. This entails establishing and maintaining ICT capability

for disaster management in all spheres of government by: developing, implementing and maintaining a master systems plan for disaster risk management; and developing and managing the implementation of disaster management intelligence systems. The subprogramme has a staff complement of 3, and a total budget of R53 million in 2010/11, of which 17.4 per cent is used for compensation of employees. Over the medium term, at a total cost of R26.4 million in 2010/11, the focus will be on: expanding wide area networks to include the Satellite Application Centre, the South African Weather Service and other national departments; refining the national indicative risk and vulnerability model for adoption by the technical advisory committee; and expanding components of the national disaster management information systems accessible to disaster management centres and fire stations.

- *Disaster Relief Transfers* is a conditional grant which aims at providing immediate relief after a disaster without any scientific assessment. Transfers are only made when a disaster has been declared.

Objectives and measures

- Improve the proactive and responsive capability of the national disaster management centres by providing guidance and policy support on the establishment and functionality of the centres by March 2012.
- Strengthen and update the legislative framework for fire services by submitting amended legislation to Cabinet for approval by March 2012.
- Improve access and proper coordination of disaster risk reduction by coordinating all relevant departments and other stakeholders linked to the national disaster management centres wide area network by March 2012.
- Enhance and strengthen capacity and career paths in the disaster fraternity by providing support to 15 disaster management students through the disaster risk management bursary programme by March 2012.
- Ensure integrated and well coordinated disaster management planning and implementation by providing support to government, the relevant sectors and other stakeholders to submit their disaster risk management plans by March 2012.

Expenditure estimates

Table 3.7 Disaster Response Management

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
R million				2010/11			
Management: Head of Disaster	–	–	17.5	3.1	2.7	2.9	3.0
Legislation, Policy and Compliance	7.2	16.4	6.8	12.3	7.6	8.0	8.5
Management							
Planning Coordination and Support	17.8	9.6	12.5	10.6	9.4	9.6	10.5
Intelligence and Information Systems	1.2	9.1	25.3	52.9	26.4	27.5	32.3
Management							
Disaster Relief Transfers	–	47.0	60.8	214.4	775.0	510.0	540.0
Total	26.1	82.1	123.0	293.2	821.2	558.0	594.3
Change to 2010 Budget estimate				251.7	778.4	513.5	547.3
Economic classification							
Current payments	24.8	33.2	44.4	74.3	43.0	44.7	50.5
Compensation of employees	4.4	5.6	6.2	13.6	18.5	19.2	21.3
Goods and services	20.4	27.5	38.1	60.7	24.6	25.6	29.3
of which:							
Computer services	0.2	6.9	13.4	37.6	3.3	3.5	4.0
Consultants and professional services:	11.3	9.2	11.8	11.4	7.9	8.2	9.3
Business and advisory services							
Inventory: Materials and supplies	–	–	0.0	–	–	–	–
Travel and subsistence	1.3	1.1	1.5	2.7	2.4	2.5	2.8
Transfers and subsidies	0.0	47.0	75.2	214.4	775.0	510.0	540.0
Provinces and municipalities	–	47.0	75.2	214.4	775.0	510.0	540.0
Payments for capital assets	1.3	1.9	3.4	4.6	3.1	3.3	3.8
Machinery and equipment	0.6	1.9	3.4	4.6	3.1	3.3	3.8
Software and other intangible assets	0.7	–	–	–	–	–	–
Total	26.1	82.1	123.0	293.2	821.2	558.0	594.3

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Details of selected transfers and subsidies							
Provinces and municipalities							
Provinces							
Provincial Revenue Funds							
Current	–	29.7	–	214.4	305.0	180.0	190.0
Disaster Relief	–	29.7	–	214.4	–	–	–
Provincial Disaster Grant	–	–	–	–	305.0	180.0	190.0
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	–	17.3	75.2	–	470.0	330.0	350.0
Disaster Relief	–	17.3	60.8	–	–	–	–
Disaster management world cup transfer to municipalities	–	–	14.4	–	–	–	–
Municipal Disaster Grant	–	–	–	–	470.0	330.0	350.0

Expenditure trends

Over the MTEF period, spending will focus on establishing a national disaster management centre, as required by the minister's service level agreement, to support the 9 provincial centres, the 46 district centres and the 6 centres in metros. The expenditure will be in items such as computer services and consultants and business and advisory services, and machinery and equipment.

Expenditure increased from R26.1 million in 2007/08 to R293.2 million in 2010/11, at an average annual rate of 123.8 per cent. The growth was mostly due to additional allocations for unforeseen and unavoidable disaster relief, which amounts to R214 million and R60 million for disaster management contingency plans for the 2010 FIFA World Cup. Spending on establishing the national disaster management centre also contributed to the growth in expenditure in this period.

Expenditure is expected to decrease to R594.3 million in 2013/14 from R821.1 million in 2011/12, at an average annual rate of 14.9 per cent. The programme is dominated by transfers, at 94 per cent of the budget.

Allocations for disaster relief amounting to R1.8 billion have been projected over the MTEF period. The aim is to provide immediate relief for disasters through the disaster to provinces and municipalities.

Programme 5: Provincial and Municipal Government Systems

- *Management: Provincial and Local Government Support*
- *Provincial Government Support and Intervention* provides for and supports the role of provincial government systems for service delivery. This entails strengthening implementation and providing basic municipal services and infrastructure in provinces, managing and coordinating the implementation of services, developing and implementing institutional systems to strengthen provincial and local government administration, and developing a regulatory framework and systems to promote economic and infrastructure development in provinces. The subprogramme has a staff complement of 10, and a total budget of R7.1 million in 2010/11, of which 56.2 per cent is used for compensation of employees. Over the medium term, at a total cost of R9.5 million, the focus will be on rolling out the performance evaluation system and developing and implementing performance management systems in municipalities.
- *Local Government Support and Intervention* provides and supports local government systems for service delivery. This entails strengthening the implementation and provision of basic municipal services and infrastructure in local government, developing and implementing institutional systems to strengthen local public administration, and promoting the financial viability of municipalities. The subprogramme has a staff complement of 11, and a 2010/11 budget of R7 million, of which 59.2 per cent is used for compensation of

employees. Over the medium term, at a total cost of R10.6 million, the focus will be on developing regulations dealing with human resource systems and processes to give effect to the Municipal Systems Amendment Bill, and on ensuring the operational efficiency of the national capacity building coordinating committee and sound implementation of the integrated capacity building plan for local government.

- *Development Planning* facilitates intergovernmental development planning and spatial development planning. This entails supporting and monitoring the alignment of development plans between the spheres and sectors of government. The subprogramme has 8 staff members, and a total budget of R14.5 million in 2010/11, of which 53.5 per cent is used for compensation of employees. Over the medium term, at a total cost of R6 million, the focus will be on strengthening the capacity of municipalities to implement the local government turnaround strategy and developing differentiated and simplified guidelines for crafting and implementing municipal integrated development plans.
- *Municipal Systems Improvement Grant* makes transfers to assist municipalities with building in-house capacity to perform functions and to stabilise institutional and governmental systems.

Objectives and measures

- Support improved service delivery through strengthening the capacity of municipalities to implement the municipal turnaround strategy and their integrated development plans by developing differentiated and simplified guidelines for crafting and implementing municipal integrated development plans by March 2012.
- Give effect to the Municipal Systems Amendment Bill by developing regulations dealing with human resource systems and processes, including the principal Municipal Systems Act (2000), by March 2012.
- Give effect to the single window of coordination for local government capacity building through ensuring the operational efficiency of the national capacity building coordinating committee and the sound implementation of the integrated capacity building plan for local government by March 2012.

Expenditure estimates

Table 3.8 Provincial and Municipal Government Systems

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
R million							
Management: Provincial and Local Government Support	2.6	–	–	10.5	3.2	3.3	3.5
Provincial Government Support and Intervention	–	–	–	7.1	9.4	9.9	10.4
Local Government Support and Intervention	29.7	22.1	4.6	7.0	10.5	11.0	11.6
Development Planning	5.7	4.3	5.0	14.5	5.9	6.2	6.6
Municipal Systems Improvement Grant	200.0	200.0	200.0	212.0	219.4	230.1	242.7
Total	238.0	226.4	209.6	251.2	248.3	260.5	274.7
Change to 2010 Budget estimate				–	(5.2)	(5.8)	(6.2)
Economic classification							
Current payments	37.9	26.2	9.5	39.1	28.9	30.4	32.0
Compensation of employees	14.4	15.3	5.3	26.0	19.4	20.4	21.3
Goods and services	23.5	10.9	4.2	13.1	9.5	10.1	10.6
of which:							
Computer services	–	–	–	0.4	0.2	0.2	0.2
Consultants and professional services:	6.5	1.3	1.7	4.0	2.6	2.7	2.8
Business and advisory services							
Travel and subsistence	11.7	6.8	1.0	4.4	2.9	3.1	3.2

Table 3.8 Provincial and Municipal Government Systems (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Transfers and subsidies	200.0	200.0	200.0	212.0	219.4	230.1	242.7
Provinces and municipalities	200.0	200.0	200.0	212.0	219.4	230.1	242.7
Payments for capital assets	0.1	0.3	0.1	0.1	0.0	–	–
Machinery and equipment	0.1	0.3	0.1	0.1	0.0	–	–
Total	238.0	226.4	209.6	251.2	248.3	260.5	274.7
Details of selected transfers and subsidies							
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	200.0	200.0	200.0	212.0	219.4	230.1	242.7
Municipal systems improvement grant	200.0	200.0	200.0	212.0	219.4	230.1	242.7

Expenditure trends

Spending over the medium term will focus on making transfers for the municipal systems improvement grant to strengthen capacity in municipalities to implement their turnaround strategy, and to develop differentiated and simplified guidelines for crafting and implementing municipal integrated development plans.

Expenditure increased from R238 million in 2007/08 to R251.2 million in 2010/11, at an average annual rate of 1.8 per cent. The growth was mainly due to increases in spending on compensation of employees, which increased by R11.5 million between 2007/08 and 2010/11, due to the focus on implementing the turnaround strategy.

Over the MTEF period, expenditure is expected to increase to R274.7 million, at an average annual rate of 3 per cent. The increase is mainly due to inflation related adjustments to compensation of employees and goods and services.

The ratio of administrative to line function costs is 1:1.

Programme 6: Infrastructure and Economic Development

- *Management: Infrastructure.*
- *Local Economic Development Planning* supports the planning and implementation of local economic development programmes in provincial and local governments within the national framework. The subprogramme has a staff complement of 15, and a 2010/11 budget of R9.8 million, of which 56.7 per cent is used for compensation of employees. In 2010/11, 22 municipalities were supported by this subprogramme, 30 will be supported over the medium term.
- *Infrastructure Development* promotes accelerated infrastructure delivery to strengthen implementation of municipal infrastructure development to targeted communities at local government level to eradicate backlogs and enable access to basic services. The subprogramme has a staff complement of 18, and a 2010/11 budget of R10.7 million, of which 52.3 per cent is used on compensation of employees. In 2009/10, access to basic services increased as follows: basic water: 1.2 million households; basic sanitation: 687 070 households; roads: 965 636 households; and community lighting: 464 183. The target for 2010/11 was: basic water: 1.4 million households; basic sanitation: 808 070 households; roads: 1.1 million households; and community lighting: 540 186 households. Funding for basic services is provided through the municipal infrastructure grant.
- *Municipal Infrastructure Grant* makes transfers to supplement municipal capital budgets to eradicate the backlog in municipal infrastructure. The subprogramme has a total budget of R9.5 billion, of which 100 per cent is used for transfers to municipalities.
- *Community Work Programme* contributes to developing public assets in poor communities, provides income security and work experience for participants, and promotes social and economic inclusion. The

subprogramme has a staff complement of 4, and a 2010/11 budget of R490 million, of which 10 per cent is used for programme management. The subprogramme was transferred to the Department of Cooperative Governance from the Department of Public Works in 2009/10. Implementation of the programme began in 2010/11, and 81 412 work opportunities had been created by the end of December 2010, against the target of 57 368.

- *Special Purpose Vehicle* is intended to be a ring-fenced and dedicated component that will provide support to municipalities, especially those with shortage of technical capacity, towards the improves delivery and management of municipal infrastructure and services. This component currently being established is expected to start with a staff complement of about 30 people in the first year with the headcount project to grow to 45 in the third year. Total budget of R189.6 million in 2010/11 which is expected to grow to R202 million in 2013/14.

Objectives and measures

- Promote community development in the most marginalised communities by creating and maintaining public infrastructure through the community work programme to provide 63 630 new work opportunities by March 2012.
- Improve municipal infrastructure investment and access to basic services through supporting the development and implementation of the comprehensive infrastructure plans of 30 municipalities by entering into agreements with targeted municipalities by March 2012 on their delivery targets and the range of support they require.
- Provide informed and efficient service delivery to indigent households through strengthening the capacity of all 9 provinces to support municipalities in assessing and implementing indigent policies and managing credible indigent registers by developing a standard free basic service national indigent register by March 2012.
- Provide support to 70 municipalities to spend their municipal infrastructure grants by compiling credible cash flows and preparing a payment schedule based on municipal infrastructure grant registered projects by March 2012.

Expenditure estimates

Table 3.9 Infrastructure and Economic Development

Subprogramme				Adjusted appropriation	Medium-term expenditure estimate		
R million	Audited outcome			2010/11	2011/12	2012/13	2013/14
	2007/08	2008/09	2009/10				
Management: Infrastructure	–	–	–	2.3	3.4	3.6	3.7
Local Economic Development Planning	31.0	34.2	37.9	9.8	9.1	9.6	10.0
Infrastructure Development	6.5	12.2	12.9	10.7	12.0	12.9	13.6
Municipal Infrastructure Grant	6 967.2	6 969.0	8 727.5	9 514.7	11 443.5	13 914.1	14 679.4
Community Work Programme	–	–	154.5	490.3	647.9	849.4	896.1
Special Purpose Vehicle	120.6	164.8	178.9	189.6	192.1	196.6	202.0
Total	7 125.4	7 180.2	9 111.7	10 217.5	12 307.9	14 986.2	15 804.9
Change to 2010 Budget estimate				(2 824.6)	(41.0)	(51.6)	(54.4)
Economic classification							
Current payments	37.2	45.8	114.0	221.7	278.5	358.7	378.2
Compensation of employees	22.7	26.5	34.5	23.3	25.6	27.3	28.7
Goods and services	14.5	19.4	79.5	198.4	252.9	331.4	349.5
of which:							
Computer services	0.1	0.3	0.4	24.5	35.0	44.4	46.8
Consultants and professional services:	0.1	4.0	6.0	3.7	3.5	3.6	3.8
Business and advisory services							
Inventory: Materials and supplies	–	0.0	63.5	151.2	193.4	252.8	266.6

Table 3.9 Infrastructure and Economic Development (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
<i>Travel and subsistence</i>	5.5	10.8	5.2	7.3	8.7	12.1	12.8
Transfers and subsidies	7 088.0	7 134.0	8 997.4	9 991.6	12 023.7	14 620.3	15 419.1
Provinces and municipalities	6 967.2	6 969.0	8 727.5	9 514.7	11 443.5	13 914.1	14 679.4
Foreign governments and international organisations	0.1	0.1	–	0.5	–	–	–
Public corporations and private enterprises	120.6	164.8	178.9	189.6	192.1	196.6	202.0
Households	–	–	91.0	286.8	388.2	509.6	537.6
Payments for capital assets	0.2	0.3	0.3	4.2	5.6	7.2	7.6
Machinery and equipment	0.2	0.3	0.3	4.2	5.6	7.2	7.6
Total	7 125.4	7 180.2	9 111.7	10 217.5	12 307.9	14 986.2	15 804.9
Details of selected transfers and subsidies							
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Capital	6 967.2	6 969.0	8 727.5	9 514.7	11 443.5	13 914.1	14 679.4
Municipal infrastructure grant	6 967.2	6 969.0	8 727.5	9 514.7	11 443.5	13 914.1	14 679.4
Households							
Households other transfers							
Current	–	–	91.0	286.8	388.2	509.6	537.6
Community work programme	–	–	91.0	286.8	388.2	509.6	537.6
Public corporations and private enterprises							
Public corporations							
Other transfers to public corporations							
Current	120.6	164.8	178.9	189.6	192.1	196.6	202.0
Development Bank of Southern Africa	120.6	164.8	178.9	189.6	192.1	196.6	202.0
Siyyenza Manje							

Expenditure trends

Spending over the medium term will focus on making transfers to local government for the municipal infrastructure grant.

Expenditure increased from R7.1 billion in 2007/08 to R10.2 billion in 2010/11, at an average annual rate of 12.8 per cent. The growth is mainly due to transfers for the municipal infrastructure grant, which increased by R2.5 billion over the period to eradicate the backlog in municipal infrastructure. The allocation of R12.7 billion for the municipal infrastructure grant for cities over the MTEF period will be transferred to the Department of Human Settlements, which will focus on accelerating land production and fast-tracking the reduction of informal settlements.

Expenditure is expected to increase from R10.2 billion in 2010/11 to R15.8 billion in 2013/14, at an average annual rate of 15.7 per cent. This is mainly in the *Community Work Programme*, in which expenditure grew by R406 million, as part of government's job creation initiative.

The ratio for administrative to line function costs is 2:1.

Programme 7: Traditional Affairs

- *Management: Head of Traditional Affairs*
- *Policy and Legislation for Traditional Affairs* contributes to the development and review of policy and legislative frameworks on traditional affairs. The subprogramme has a staff complement of 14, and a 2010/11 budget of R10.7 million, of which 56.7 per cent is used for compensation of employees. Over the

medium term, at a total cost of R10.4 million, the focus will be on finalising policies on traditional cultural practices with a view to regulating them.

- *Institutional Support and Coordination* provides institutional and capacity building for traditional communities and Khoi-San communities and their respective leadership, coordinates the establishment of intergovernmental relations and partnerships for development and service delivery, and provides support services to the Commission for the Promotion and Protection of the Rights of Cultural, Religious and Linguistic Communities, the Commission on Traditional Leadership Disputes and Claims, and the National House of Traditional Leaders. The subprogramme has a staff complement of 10, and a 2010/11 budget of R7.8 million over the MTEF period, of which 23.5 per cent is used for compensation of employees. In 2010/11, at a total cost of R10.4 million, the assessment instrument for the evaluation of the state of traditional affairs governance was developed for all provinces.
- *National House of Traditional Leaders* transfers funds to the National House of Traditional Leaders, which was established by legislation to represent the interests of the traditional community and advise government. The subprogramme has a staff complement of 22, and a 2010/11 budget of R19 million, of which 59.3 per cent is used for compensation of employees. Over the medium term, the focus will be on the development of policies and legislation on traditional leadership and governance, communal land rights, property rates and other customary obligations, at a total cost of R66.1 million.
- *Commission for the Promotion and Protection of the Rights of Cultural, Religious and Linguistic Communities* makes transfers to the Commission for the Promotion and Protection of the Rights of Cultural, Religious and Linguistic Communities.
- *Commission on Traditional Leadership Disputes and Claims* makes transfers to the Commission on Traditional Leadership Disputes and Claim, which focuses on solving the claims and disputes of traditional leadership. The subprogramme has a staff complement of 12, and a 2010/11 budget of R10.6 million, of which 61.2 per cent is used for compensation of employees. Over the medium term, the focus will be on appointing new commissioners at a total cost of R34.2 million.

Objectives and measures

- Ensure the functionality of the Department of Traditional Affairs by establishing its corporate capacity and capability by recruiting suitably skilled staff and training them by December 2011.
- Ensure better alignment and standardisation in the regulatory, institutional and support framework for traditional affairs across provinces and municipalities by March 2011.
- Ensure that that traditional communities and Khoi-San communities are empowered by reviewing and developing the national support programme for traditional communities and Khoi-San communities and their governance structures by March 2012.
- Promote and integrate the role and place of traditional affairs and the institution of traditional leadership, including Khoi-San leadership, in the South African governance system by establishing synergetic relations with other governance structures across the three spheres of government by March 2012.
- Support well functioning traditional leadership institutions across Africa by ensuring that the institution of traditional leadership, including Khoi-San leadership, plays a central role where relevant in the SADC region and in continental forums in 2011/12.
- Promote traditional knowledge by establishing a comprehensive, user friendly database by March 2012.

Expenditure estimates

Table 3.10 Traditional Affairs

Subprogramme	Audited outcome			Adjusted appropriation 2010/11	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
R million							
Management: Head of Traditional Affairs	–	–	–	4.6	8.8	9.8	11.7
Policy and Legislation for Traditional Affairs	6.6	9.9	9.6	10.7	10.2	11.2	12.1
Institutional Support and Coordination	–	–	–	7.8	11.1	12.7	13.3

Table 3.10 Traditional Affairs (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
National House of Traditional Leaders	13.2	14.9	13.8	19.0	20.7	22.1	23.4
Commission for the Promotion and Protection of the Rights of Cultural, Religious and Linguistic Communities	15.4	20.0	20.3	21.4	22.2	23.2	24.5
Commission on Traditional Leadership Disputes and Claims	10.6	11.5	12.6	10.6	10.9	11.4	12.0
Total	45.7	56.3	56.2	74.1	83.8	90.4	97.0
Change to 2010 Budget estimate				3.2	3.0	4.7	6.5
Economic classification							
Current payments	29.8	35.6	34.3	52.1	61.3	66.8	72.1
Compensation of employees	10.1	10.9	11.8	31.7	38.6	42.2	45.4
Goods and services	19.7	24.7	22.4	20.4	22.7	24.6	26.7
of which:							
Computer services	–	–	–	1.0	1.0	1.1	1.1
Consultants and professional services:	6.4	6.8	6.7	5.9	3.3	3.5	3.8
Business and advisory services							
Travel and subsistence	10.4	13.8	11.4	6.1	8.1	9.1	9.9
Transfers and subsidies	15.4	20.2	22.0	21.5	22.2	23.2	24.5
Provinces and municipalities	–	–	–	0.1	–	–	–
Departmental agencies and accounts	15.4	20.0	20.3	21.4	22.2	23.2	24.5
Households	–	0.2	1.7	–	–	–	–
Payments for capital assets	0.5	0.5	0.0	0.4	0.4	0.4	0.4
Machinery and equipment	0.5	0.5	0.0	0.4	0.4	0.4	0.4
Total	45.7	56.3	56.2	74.1	83.8	90.4	97.0
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	15.4	20.0	20.3	21.4	22.2	23.2	24.5
Commission for the Promotion and Protection of the Rights of Cultural, Religious and Linguistic Communities	15.4	20.0	20.3	21.4	22.2	23.2	24.5
Households							
Households other transfers							
Current	–	–	1.7	–	–	–	–
Traditional leaders act of grace	–	–	1.7	–	–	–	–

Expenditure trends

Over the MTEF period, spending will focus on establishing the programme as a stand-alone department.

Between 2007/08 and 2010/11, expenditure increased from R45.7 million to R74.1 million, at an average annual rate of 17.4 per cent. The growth was due to an additional allocation to build capacity and to fund the National House of Traditional Leaders.

Expenditure is expected to increase to R97 million in 2013/14, at an average annual rate of 9.4 per cent. This growth is the result of building capacity over the medium term for the programme to establish itself as a stand-alone department. The bulk of the increase is reflected in spending in compensation of employees, which is expected to grow by R13.7 million over the medium term.

The ratio for administrative to line function costs is 1:1.2.

Public entities and other agencies

Comprehensive coverage of the following public entities is provided with the more detailed information for the vote at www.treasury.gov.za under the budget information link.

- The **South African Local Government Association** is mandated by the Constitution to assist in the comprehensive transformation of local government. The association participates in intergovernmental structures at a provincial and district level, and is therefore able to influence national and provincial legislation and gauge its impact on local government. Its total budget for 2011/12 is R257 million, which increases to R295.6 million in 2013/14, at an average annual rate of 10.4 per cent.
- The **Municipal Demarcation Board** is an independent authority responsible for determining municipal boundaries. The board is also mandated to declare district management areas, delimit wards for local elections, and assess the capacity of municipalities to perform their functions. Its total budget for 2011/12 is R39.3 million, which increases to R43.1 million in 2013/14, at an average annual rate of 4.4 per cent.
- The **Commission for the Promotion of the Rights of Cultural, Religious and Linguistic Communities** promotes and protects cultural, religious and linguistic rights. The commission focuses on conflict resolution, research, advocacy and community engagement on conflicts pertaining to cultural, religious and linguistic rights within communities. Its total budget for 2011/12 is R22.2 million, which increases to R24.7 million in 2013/14, at an average annual rate of 4.6 per cent.

Additional tables

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

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R million	2009/10		2009/10	2010/11			2010/11
Administration	154.9	180.9	179.3	188.1	9.8	197.9	197.9
Policy, Research and Knowledge Management	85.2	66.8	44.9	50.1	(1.9)	48.2	48.2
Governance and Intergovernmental Relations	23 909.8	24 944.4	23 736.8	30 276.0	390.4	30 666.4	30 666.4
Disaster Response Management	35.5	95.7	62.2	41.6	251.7	293.2	293.2
Provincial and Municipal Government Systems	212.1	250.0	209.6	253.4	(2.2)	251.2	251.2
Infrastructure and Economic Development	8 505.3	8 444.1	9 372.5	10 216.9	0.7	10 217.5	10 217.5
Traditional Affairs	56.5	56.5	56.2	70.9	3.2	74.1	74.1
Total	32 959.3	34 038.4	33 661.6	41 096.9	651.6	41 748.5	41 748.5
Economic classification							
Current payments	379.9	499.0	443.3	619.6	41.5	661.1	661.1
Compensation of employees	194.1	172.3	165.7	246.5	(14.4)	232.1	232.1
Goods and services	185.7	326.7	277.4	373.1	56.0	429.0	429.0
Interest and rent on land	–	–	0.2	–	–	–	–
Transfers and subsidies	32 571.2	33 526.0	33 210.0	40 464.0	605.3	41 069.3	41 069.3
Provinces and municipalities	32 486.3	33 343.9	32 848.2	39 894.7	605.3	40 500.0	40 500.0
Departmental agencies and accounts	78.1	78.1	78.1	83.2	–	83.2	83.2
Foreign governments and international organisations	0.1	0.1	–	0.5	–	0.5	0.5
Public corporations and private enterprises	–	–	178.9	189.6	–	189.6	189.6
Non-profit institutions	4.8	8.3	9.3	9.1	–	9.1	9.1
Households	1.9	95.5	95.5	287.0	–	287.0	287.0
Payments for capital assets	8.2	13.3	8.1	13.3	4.7	18.0	18.0
Machinery and equipment	8.2	13.3	8.1	11.6	4.7	16.3	16.3
Software and other intangible assets	–	–	–	1.7	–	1.7	1.7
Payments for financial assets	–	0.0	0.3	–	0.1	0.1	0.1
Total	32 959.3	34 038.4	33 661.6	41 096.9	651.6	41 748.5	41 748.5

Table 3.B Detail of approved establishment and personnel numbers according to salary level¹

Department	Personnel post status as at 30 September 2010			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year ² 2010/11	Medium-term estimate		
				2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Department	647	647	–	559	549	428	647	647	700	954
Salary level 1 – 6	167	167	–	237	241	139	167	167	170	245
Salary level 7 – 10	228	228	–	133	125	121	228	228	260	341
Salary level 11 – 12	106	106	–	81	79	73	106	106	116	166
Salary level 13 – 16	146	146	–	108	104	95	146	146	154	202
Administration	284	284	–	206	220	162	284	284	310	498
Salary level 1 – 6	79	79	–	82	91	58	79	79	81	144
Salary level 7 – 10	105	105	–	58	54	47	105	105	116	167
Salary level 11 – 12	38	38	–	27	31	24	38	38	49	83
Salary level 13 – 16	62	62	–	39	44	33	62	62	64	104
Policy, Research and Knowledge Management	56	56	–	96	78	56	56	56	58	65
Salary level 1 – 6	21	21	–	37	37	15	21	21	21	22
Salary level 7 – 10	17	17	–	17	13	10	17	17	18	20
Salary level 11 – 12	7	7	–	20	14	12	7	7	8	11
Salary level 13 – 16	11	11	–	22	14	19	11	11	11	12
Governance and Intergovernmental Relations	60	60	–	56	61	52	60	60	68	79
Salary level 1 – 6	16	16	–	31	39	22	16	16	16	18
Salary level 7 – 10	22	22	–	11	11	16	22	22	25	31
Salary level 11 – 12	10	10	–	8	8	11	10	10	10	12
Salary level 13 – 16	12	12	–	6	3	3	12	12	17	18

Table 3.B Detail of approved establishment and personnel numbers according to salary level ¹ (continued)

	Personnel post status as at 30 September 2010			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year ²	Medium-term estimate		
				2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
Disaster Response Management	50	50	–	20	22	17	50	50	55	63
Salary level 1 – 6	16	16	–	3	3	3	16	16	16	17
Salary level 7 – 10	14	14	–	7	8	6	14	14	17	21
Salary level 11 – 12	9	9	–	5	5	5	9	9	11	13
Salary level 13 – 16	11	11	–	5	6	3	11	11	11	12
Provincial and Municipal Government Systems	54	54	–	61	75	44	54	54	70	81
Salary level 1 – 6	12	12	–	31	45	12	12	12	15	18
Salary level 7 – 10	18	18	–	10	10	12	18	18	26	31
Salary level 11 – 12	10	10	–	6	6	6	10	10	12	14
Salary level 13 – 16	14	14	–	14	14	14	14	14	17	18
Infrastructure and Economic Development	67	67	–	78	52	52	67	67	56	67
Salary level 1 – 6	16	16	–	40	14	14	16	16	12	14
Salary level 7 – 10	19	19	–	15	15	15	19	19	22	27
Salary level 11 – 12	17	17	–	8	8	8	17	17	10	12
Salary level 13 – 16	15	15	–	15	15	15	15	15	12	14
Traditional Affairs	76	76	–	42	41	45	76	76	83	101
Salary level 1 – 6	7	7	–	13	12	15	7	7	9	12
Salary level 7 – 10	33	33	–	15	14	15	33	33	36	44
Salary level 11 – 12	15	15	–	7	7	7	15	15	16	21
Salary level 13 – 16	21	21	–	7	8	8	21	21	22	24

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

2. As at 30 September 2010.

Table 3.C Summary of expenditure on training

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Compensation of employees (R million)	128.1	153.8	165.7	232.1	232.9	245.9	258.1
Training expenditure (R million)	2.3	1.7	1.8	2.4	5.0	5.2	5.5
Training as percentage of compensation of employees	1.8%	1.1%	1.1%	1.0%	2.2%	2.1%	2.1%
Total number trained in department (head count)	501	501	501	506			
of which:							
Internships trained (head count)	26	26	26	26			

Table 3.D Summary of expenditure on infrastructure

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome		Adjusted appropriation	Medium-term expenditure estimate		
				2007/08	2008/09		2011/12	2012/13	2013/14
R million									
Infrastructure transfers to other spheres, agencies and departments									
Municipal Infrastructure Grant transfers	Eradicate the backlog in municipal infrastructure for providing basic services to poor household	Various	72 674.8	6 967.2	6 969.0	9 514.7	11 500.2	13 983.1	14 752.2
Total			72 674.8	6 967.2	6 969.0	9 514.7	11 500.2	13 983.1	14 752.2

Vote 4

Home Affairs

Budget summary

R million	2011/12				2012/13	2013/14
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	1 782.9	1 754.2	2.0	26.7	1 569.3	1 323.9
Citizen Affairs	3 093.7	2 095.9	997.8	–	3 135.1	3 966.8
Immigration Affairs	587.6	587.3	0.3	–	545.3	573.6
Total expenditure estimates	5 464.1	4 437.4	1 000.1	26.7	5 249.7	5 864.3

Executive authority Minister of Home Affairs
 Accounting officer Director General of Home Affairs
 Website address www.dha.gov.za

More detailed information for each vote is available at www.treasury.gov.za. More comprehensive coverage of vote specific information, particularly on goods and services, transfers and subsidies, donor funding, public entities and lower level institutional information, is provided.

Aim

Efficiently determine and safeguard the identity and status of citizens. Regulate migration to ensure security, promote development and fulfil our international obligations.

Programme purposes

Programme 1: Administration

Purpose: Provide leadership, management and support services to the department.

Programme 2: Citizen Affairs

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

Programme 3: Immigration Affairs

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

Strategic overview: 2007/08 – 2013/14

The Department of Home Affairs fulfils its civic function by acting as the custodian of citizenship and identity. The department also regulates immigration, enforces the Immigration Act (2002) and determines the status of asylum seekers and refugees. These two functions are essential to the security of the state; they enable access to rights and services, and they support social and economic development.

The department's strategic priorities have been refined to be in line with the 12 national outcomes where relevant. To give effect to these, the department has developed its own outcomes and outputs that are in line with the performance agreement signed with the President.

The department contributes significantly to three of the twelve national outcomes: all people in South Africa are and feel safe (outcome 3); a skilled and capable workforce to support an inclusive growth path (outcome 5); and an efficient, effective and development orientated public service and an empowered, fair and inclusive

citizenship (outcome 12). The department's contribution to these national outcomes is made through the following departmental outcomes: secure South African citizenship and identity (this links to outcome 3); immigration managed effectively and securely in the national interest, social and cultural development (this links to outcomes 3 and 5) and a service that is efficient, accessible and corruption free (this links to outcome 12).

Specific strategic priorities include: securing the identity and status of citizens and residents; implementing effective and efficient refugee management strategies and systems; ensuring access to and quality of service delivery with emphasis on the registration of every child birth within 30 days of delivery; issuing identity documents to every South African aged 16 and older; improving the turnaround times for all services; as well as improving queuing times.

Strategic priorities over the medium term

Securing citizenship and identity

The top priority of the department is to secure the identity and status of citizens by ensuring that the national population register is accurate and protected against fraudulent and corrupt activities. The national registration campaign, which is in its second year, is aimed at ensuring that the birth of all citizens is registered and that all citizens aged 16 and older have been issued with identity documents. One of the successes of the campaign was the issuing of identity documents to all matriculants who sat for their final examinations in 2010. Stakeholder forums have been established across the country, which have helped fight corruption and held officials accountable. Going forward, the aim is to make the early registration of birth the only entry point to the national population register. The late registration of birth is a major source of identity fraud and a stringent new process will be implemented to combat this. Another measure of securing citizenship and identity will be to introduce the live capture of biometric data.

Managing immigration

The effective management of immigration is essential for national security and for development. To this end, amendments to immigration legislation were tabled in Parliament that will enable the improved management of asylum seekers. Over 90 per cent of those applying for asylum are in fact simply seeking work or business opportunities. The regularising of undocumented Zimbabwean nationals will greatly reduce the number of economic migrants claiming asylum. The ongoing review and improvement of the permitting systems will also help to address this problem, as well as facilitating the recruitment of migrants with scarce skills. The department is adopting a risk based approach to managing all these processes, which is aimed at minimising the risks of immigration while maximising the benefits. For example, the movement control system that was enhanced in time for the 2010 FIFA World Cup will be further developed and integrated with other systems.

Improving service delivery

The gains made through the turnaround strategy initiated in 2007 will be sustained and improved on. The track and trace methodology is being expanded to enable better management of key processes and products. The methodology also allows the public to receive accurate information about the progress of their applications through cell phone texting and a call centre.

Increased attention is being paid to securing processes and documents, such as the use of photo digitisation and security features added to birth certificates. The live capture of fingerprints and photographs onto systems will be rolled out over the medium term. This will greatly reduce the risk of identity theft and fraud to individuals and to institutions.

Improving access to services is a high priority, particularly in rural areas and large urban settlements with insufficient offices. Various strategies have been developed and are being implemented, including optimising the use of the call centre, using mobile offices and 4X4 vehicles, the strategic location of new offices, improved quality of services, and a further reduction in turnaround times.

Savings and cost effectiveness measures

The department has identified efficiency savings of R15 million in 2011/12, R356.3 million in 2012/13 and R377.4 million in 2013/14 across all programmes by reducing spending on the following goods and services

items: computer services, status services, outsourced services, travel and subsistence and communication services. These savings include cuts of R15 million in 2011/12, R15.4 million in 2012/13 and R17.9 million in 2013/14 on administrative spending and overhead costs implemented by Cabinet in December 2010 to create more fiscal space for core service delivery functions. The savings identified will be effected without having a negative impact on service delivery.

Selected performance indicators

Table 4.1 Home Affairs

Indicator ¹	Programme	Past			Current	Projections		
		2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Percentage of machine readable passwords (manual process) issued within 24 days	Citizen Affairs	41 days	28 days	29 days	24 days	95% (692 948)	95% (651 577)	95% (684 156)
Percentage of machine readable passports (live capture process) issued within 13 days	Citizen Affairs	0	0	0	13 days	97% (341 302)	97% (434 385)	97% (456 104)
Percentage of identity documents (first issue) issued within 54 days	Citizen Affairs	127 days	60 days	90 days	54 days	95% (1 164 000)	95% (1 105 800)	95% (995 220)
Percentage of identity documents (second issue) issued within 47 days	Citizen Affairs	98 days	56 days	40 days	47 days	95% (1 261 000)	95% (1 197 950)	95% (1 078 155)
Percentage of refugee status determinations (first instance) issued within 6 months	Immigration Affairs	12 months	6 months	6 months	6 months	75% (200 000)	85% (200 000)	95% (200 000)
Percentage of permanent residence permits issued within 8 months	Immigration Affairs	24 months	12 months	6 months	8 months	70% (2 000)	75% (2 500)	80% (3 000)
Percentage of temporary residence permits: work, business and corporate: issued within 8 weeks	Immigration Affairs	8 weeks	6 weeks	4 weeks	16 weeks	70% (116 900)	75% (109 600)	80% (110 300)
Number of permanent and temporary residence permits issued per year	Immigration Affairs	112 626	85 227	117 436	262 762	193 000	190 000	195 000
Number of arrivals and departures cleared per year	Immigration Affairs	27 341 504	28 402 263	29 524 175	34 020 137	30 500 000	31 200 000	32 760 000
Number of illegal foreigners deported per year	Immigration Affairs	312 733	261 950	72 394	65 000	70 000	75 000	80 000

1. Historical data for passports, identity documents and birth, marriage and death registrations have been aligned with official statistics in the annual report. The historical data in the table reflect the turnaround times for enabling documents in terms of averages. From 2011/12, the turnaround times have been changed to reflect committed percentages of volumes to be achieved in a specified period. The reporting format has changed to make targets more specific and measurable.

Expenditure estimates

Table 4.2 Home Affairs

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10			2011/12	2012/13	2013/14
R million				2010/11				
Administration	890.2	1 352.8	1 498.7	1 466.2	1 466.2	1 782.9	1 569.3	1 323.9
Citizen Affairs	1 853.5	2 774.8	3 182.6	3 666.0	3 666.0	3 093.7	3 135.1	3 966.8
Immigration Affairs	498.1	539.0	514.1	702.2	702.2	587.6	545.3	573.6
Total	3 241.7	4 666.6	5 195.4	5 834.4	5 834.4	5 464.1	5 249.7	5 864.3
Change to 2010 Budget estimate				114.8	114.8	460.6	104.8	436.4
Economic classification								
Current payments	2 368.9	3 139.3	3 598.5	4 157.6	4 157.6	4 437.4	4 255.2	4 156.1
Compensation of employees	1 087.0	1 296.0	1 637.1	1 971.1	1 971.1	2 206.6	2 317.5	2 443.5
Goods and services	1 282.0	1 843.2	1 886.2	2 186.5	2 186.5	2 230.8	1 937.7	1 712.6
of which:								
Computer services	127.2	247.5	346.4	469.1	469.1	421.7	393.6	200.3

Table 4.2 Home Affairs (continued)

R million	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
<i>Agency and support / outsourced services</i>	369.3	157.4	183.7	180.7	180.7	179.1	175.1	184.0
<i>Lease payments</i>	93.7	165.5	151.2	339.5	339.5	655.7	391.9	297.8
<i>Travel and subsistence</i>	257.6	235.2	263.3	303.2	303.2	175.5	173.1	182.8
<i>Interest and rent on land</i>	–	–	75.3	–	–	–	–	–
Transfers and subsidies	625.8	1 221.8	1 320.5	1 597.0	1 597.0	1 000.1	967.3	1 679.1
Provinces and municipalities	0.5	0.6	0.9	0.7	0.7	1.2	1.3	1.3
Departmental agencies and accounts	614.7	1 210.3	1 311.9	1 591.4	1 591.4	993.7	960.6	1 672.0
Households	10.7	10.8	7.8	4.9	4.9	5.2	5.4	5.7
Payments for capital assets	220.3	305.0	274.4	79.8	79.8	26.7	27.2	29.0
Machinery and equipment	178.7	164.2	140.9	79.5	79.5	26.7	27.2	29.0
Software and other intangible assets	41.6	140.7	133.5	0.2	0.2	–	–	–
Payments for financial assets	26.7	0.5	2.0	–	–	–	–	–
Total	3 241.7	4 666.6	5 195.4	5 834.4	5 834.4	5 464.1	5 249.7	5 864.3

Expenditure trends

The spending focus over the MTEF period will be on improving access to the services rendered by the department by increasing the number of service points and connecting 120 hospitals to the department's network for registration of birth for babies. Furthermore, the department's focus will be on improving business processes and systems to combat fraud and corruption by rolling out the live capture for both passports and identity documents to districts and regional offices as follows: 60 offices in 2011/12, 160 offices in 2012/13 and 185 offices in 2013/14.

Expenditure increased from R3.2 billion in 2007/08 to R5.8 billion in 2010/11, at an average annual rate of 21.6 per cent. The increase was mainly as a result of additional allocations for: increased capacity, added office accommodation and the refurbishment of existing offices, the department's repair and maintenance programme, the Who Am I Online project, design and planning for the 2010 FIFA World Cup, the transformation of port control, the new passport system, and the Electoral Commission. The 44 per cent increase in expenditure in 2008/09 related to increased allocations to: the Electoral Commission to prepare for the 2009 elections, the Film and Publication Board to expand its monitoring, research and compliance capabilities; and the Government Printing Works for a new production facility.

Over the medium term, expenditure is expected to increase at an average annual rate of 0.2 per cent to reach R5.9 billion. This increase will mainly fund improved conditions of service. The ratio of administrative costs to line function costs in the department is currently 1:6.7.

The Budget sets out additional allocations of R176.9 million in 2011/12, R444.8 million in 2012/13 and R600.2 million in 2013/14 for:

- infrastructure projects (R264.9 million in 2012/13 and R296.8 million in 2013/14)
- municipal and accommodation charges (R21.6 million, R26 million and R29.9 million)
- improved conditions of service in the department, the Electoral Commission and the Film and Publication Board (R75.3 million, R78 million and R90.7 million)
- management of asylum seekers and refugees (R37 million in 2012/13 and R42 million in 2013/14)
- the issuance of work permits (R17.5 million in 2012/13 and R42 million in 2013/14)
- the deployment of mobile offices (R21.5 million in 2012/13).

Infrastructure spending

In 2008/09, the department implemented the Who Am I Online project. The total cost is estimated at R2.2 billion over 5 years. To date, R390.4 million has been spent since 2008/09 and R299.3 million, R298.6 million and R315 million has been allocated over the MTEF period. Although only partial funding has

been allocated for the project, National Treasury has approved the business case for the total lifecycle cost of R2.2 billion beyond the MTEF period.

Who Am I Online

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

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

The contract with Gijima AST, who is a service provider for the implementation of the project, was put on hold from the beginning of 2010/11 due to a dispute. In light of the above, the steps planned for 2010/11 could not be achieved. The department and the service provider are engaged in negotiations to find a common solution to the dispute. Once a settlement has been reached, the relevant stakeholders will be informed accordingly.

Personnel information

The department has an approved establishment of 17 095, of which 9 755 posts are funded. As at the end of September 2010, there were 1 538 vacancies within the department, of which most are in the *Citizen Affairs* and *Immigration Affairs* programmes. The number of filled posts is expected to increase by 669 in 2011/12 to improve leadership capacity and public access to departmental services. The number of operational managers increased, resulting in more middle management positions at provincial level, which was identified as the weakest link in the organisational structure.

The implementation of the new organisational structure in 2008/09 transformed both civic and immigration service functions. The transformation brought about an increase in the number of personnel and changed the skills mix required for the effective functioning of the divisions. As from 2011/12, a revised programme structure will be in place whereby all functions in the *Immigration Affairs* and *Citizen Affairs* programmes are decentralised, integrated at the provincial level and structured under *Citizen Affairs* programme. However, the strategy, policy and planning functions are still centralised at head office for functions. These changes are aimed at strengthening key management levels, especially the number of assistant directors and improving what is currently the weakest link in the structure. Furthermore, bringing in subject matter experts at the middle management levels without forming a hierarchical layer will ensure that the best skills are attracted. A strong increase in salary level 5 driven by minimum competency requirements at both front office and back office staff aim to ensure that corrupt and fraudulent activities are minimised, as the perception around poor salaries would be eliminated.

The ratio of support staff to line function staff in the department is currently 1:11, which the department believes is within acceptable norms.

The department used 355 consultants between 2007/08 and 2009/10, and terminated most of these contracts in 2009/10. The information services branch continues to use a few consultants due to the challenge faced by the department from competition with the private sector in attracting and retaining the best talent in the industry.

Departmental receipts

Revenue is mainly generated from fees charged for issuing identity documents, passports and other official documents. Fees are adjusted upwards for inflation and also the costs of production at the beginning of each year at a nominal percentage. The decrease in revenue in 2008/09 was due to an increase in the number of first issue identity documents, which are issued free of charge. The department expects an increase in revenue in 2010/11 due to increased demand for identity documents in the lead up to the 2011 local government elections. There are plans to establish a trading account in the department at the beginning of 2011/12, which will see the revenue generated from the provision of services retained by the department to be used to fund these services.

Table 4.3 Departmental receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2007/08	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
Departmental receipts	421 123	355 673	442 220	455 256	455 256	482 575	506 704	557 374
Sales of goods and services produced by department	369 460	304 891	384 642	440 031	440 031	466 436	489 758	538 733
Sales of scrap, waste, arms and other used current goods	12	13	20	–	–	–	–	–
Fines, penalties and forfeits	28 788	17 094	33 219	15 014	15 014	15 915	16 711	18 382
Interest, dividends and rent on land	1 783	608	659	211	211	224	235	259
Sales of capital assets	–	–	327	–	–	–	–	–
Transactions in financial assets and liabilities	21 080	33 067	23 353	–	–	–	–	–
Total	421 123	355 673	442 220	455 256	455 256	482 575	506 704	557 374

Programme 1: Administration

Expenditure estimates

Table 4.4 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
R million							
Ministry ¹	28.0	32.8	27.9	37.8	41.6	41.9	44.2
Management Support Services	196.0	398.8	352.9	76.1	84.4	86.0	90.7
Corporate Services	259.4	336.2	352.7	403.1	462.2	469.9	493.8
Transversal Information Technology Management	232.9	386.8	551.3	706.8	853.2	618.8	320.7
Office Accommodation	173.8	198.2	213.8	242.3	341.5	352.6	374.4
Total	890.2	1 352.8	1 498.7	1 466.2	1 782.9	1 569.3	1 323.9
Change to 2010 Budget estimate				6.9	330.5	52.8	(274.2)

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

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

Economic classification

Current payments	831.6	1 224.1	1 344.2	1 423.8	1 754.2	1 540.0	1 292.6
Compensation of employees	160.0	180.6	227.8	266.7	317.3	333.2	351.3
Goods and services	671.6	1 043.5	1 041.3	1 157.1	1 436.9	1 206.7	941.3
of which:							
Computer services	95.0	173.5	292.8	339.4	263.4	285.8	86.4
Agency and support / outsourced services	232.8	6.2	12.1	8.6	9.7	9.5	10.0
Lease payments	93.7	164.1	140.6	328.0	649.7	386.1	291.7
Travel and subsistence	49.3	65.3	78.1	70.8	75.7	75.3	79.0
Interest and rent on land	–	–	75.1	–	–	–	–
Transfers and subsidies	2.7	2.2	2.4	1.5	2.0	2.1	2.2
Provinces and municipalities	0.5	0.6	0.6	0.1	0.6	0.6	0.7
Households	2.3	1.6	1.8	1.3	1.4	1.5	1.6

Table 4.4 Administration (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Payments for capital assets	29.1	126.0	150.1	40.9	26.7	27.2	29.0
Machinery and equipment	22.3	63.0	67.6	40.7	26.7	27.2	29.0
Software and other intangible assets	6.8	63.0	82.6	0.2	–	–	–
Payments for financial assets	26.7	0.5	2.0	–	–	–	–
Total	890.2	1 352.8	1 498.7	1 466.2	1 782.9	1 569.3	1 323.9
Details of selected transfers and subsidies							
Households							
Households social benefits							
Current	2.3	1.6	1.8	1.3	1.4	1.5	1.6
Employee social benefit	2.3	1.6	1.8	1.3	1.4	1.5	1.6

Expenditure trends

Expenditure increased from R890.2 million in 2007/08 to R1.5 billion in 2010/11, at an average annual rate of 18.1 per cent. This increase was mainly as a result of refurbishing the department's offices and upgrading information systems. The significant increase of 52 per cent in expenditure in 2008/09 was mainly for the repair and maintenance of offices and expanded capacity in support services.

Over the MTEF period, spending is expected to decrease at an average annual rate of 0.8 per cent to reach R1.3 billion. This increased spending will mainly provide for municipal and accommodation charges, as well as improved conditions of service.

Programme 2: Citizen Affairs

- *Citizen Affairs Management* provides for the overall managing of the branch for both head office and frontline offices and provides policy direction, sets standards and manages back office processes.
- *Status Services* regulates all matters relating to the national population register. These include: maintaining an accurate register of all citizens and immigrants who have acquired the right to permanent residence; registering births, deaths and marriages; providing travel and citizenship documents; providing financial assistance to citizens abroad who wish to return to South Africa but have no means of doing so; and determining and granting citizenship. The staff complement of the subprogramme is 289 and 54.2 per cent of the total budget is used for compensation of employees.
- *Identification Services* oversees issues relating to identity such as fingerprints, photographs and identity documents by establishing and maintaining national identity systems such as the automated fingerprint identification system. The staff complement of the subprogramme is 507 and 44.4 per cent of the total budget is used for compensation of employees.
- *Access to Services* provides for the development and facilitation of a strategic channel management that will ensure optimal placement and use of the department's services. This will be done by developing, managing and coordinating the departmental footprint strategy, hospital services, mobile units and a customer service centre. The staff complement of the subprogramme is 174 and 30.2 per cent of the total budget is used for compensation of employees.
- *Service Delivery to Provinces* provides for all civic, immigration and refugee affairs support functions in the provinces. The staff complement of the subprogramme is 6 471 and 90.2 per cent of the total budget is used for compensation of employees.
- *Film and Publication Board* transfers funds to the Film and Publication Board; which regulates and controls the creation, production, possession, exhibition and distribution of certain films, interactive computer games and publications, in terms of the Film and Publication Act (1996).
- *Government Printing Works* transfers funds to Government Printing Works, which provides security printing services to the South African government and some states in the Southern African Development Community (SADC).

- *Electoral Commission* transfers funds to the Electoral Commission, which manages the national, provincial and municipal elections, ensures that those elections are free and fair, and declares the results within a prescribed period.

Objectives and measures

- Maintain the service standard for the issuing of enabling documents:
 - issue 95 per cent of the projected 692 948 machine readable passports for manual processes within 24 days over the MTEF period
 - issue 97 per cent of the projected 341 302 machine readable passports for live capture processes within 13 days over the MTEF period
 - issue 95 per cent of the projected 1 164 000 first issue identity document within 54 days over the MTEF period
 - issue 95 per cent of the projected 1 261 000 second issue identity document within 47 days over the MTEF period.

Expenditure estimates

Table 4.5 Citizen Affairs

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
R million							
Citizen Affairs Management	5.0	27.4	16.3	35.3	39.1	38.1	40.3
Status Services	84.2	97.3	213.1	274.3	128.2	131.2	138.4
Identification Services	320.6	327.6	269.5	246.8	240.2	245.1	258.5
Access to Services	28.1	48.1	79.2	117.8	138.5	139.2	146.8
Service Delivery to Provinces	800.9	1 064.1	1 292.6	1 400.3	1 554.0	1 620.9	1 710.8
Film and Publication Board	19.2	33.5	39.8	56.2	65.5	69.0	72.7
Government Printing Works	110.2	137.4	334.8	97.2	129.0	135.7	143.1
Electoral Commission	485.3	1 039.4	937.2	1 437.9	799.2	755.9	1 456.2
Total	1 853.5	2 774.8	3 182.6	3 666.0	3 093.7	3 135.1	3 966.8
Change to 2010 Budget estimate				46.7	136.1	58.2	708.9
Economic classification							
Current payments	1 083.0	1 416.8	1 789.2	2 032.0	2 095.9	2 170.3	2 290.3
Compensation of employees	713.2	948.3	1 252.1	1 448.0	1 627.1	1 709.0	1 801.9
Goods and services	369.8	468.5	536.9	584.0	468.7	461.3	488.4
of which:							
Computer services	32.1	31.3	35.5	61.1	59.1	59.0	62.2
Agency and support / outsourced services	38.0	55.4	68.9	73.4	73.7	72.1	76.3
Lease payments	0.0	0.1	0.3	1.3	1.1	1.1	1.2
Travel and subsistence	98.8	127.4	108.4	121.2	89.2	87.5	92.8
Interest and rent on land	–	–	0.2	–	–	–	–
Transfers and subsidies	621.7	1 219.4	1 317.6	1 595.2	997.8	964.8	1 676.5
Provinces and municipalities	–	–	0.3	0.6	0.7	0.6	0.7
Departmental agencies and accounts	614.7	1 210.3	1 311.9	1 591.4	993.7	960.6	1 672.0
Households	7.0	9.0	5.5	3.3	3.5	3.6	3.8
Payments for capital assets	148.8	138.6	75.8	38.7	–	–	–
Machinery and equipment	143.0	60.8	64.2	38.7	–	–	–
Software and other intangible assets	5.7	77.8	11.6	–	–	–	–
Total	1 853.5	2 774.8	3 182.6	3 666.0	3 093.7	3 135.1	3 966.8

Table 4.5 Citizen Affairs (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	614.7	1 210.3	1 311.9	1 591.4	993.7	960.6	1 672.0
Film and Publication Board	19.2	33.5	39.8	56.2	65.5	69.0	72.7
Government Printing Works	110.2	137.4	334.8	97.2	129.0	135.7	143.1
Electoral Commission	485.3	1 039.4	937.2	1 437.9	799.2	755.9	1 456.2
Households							
Households social benefits							
Current	7.0	9.0	5.4	3.3	3.5	3.6	3.8
Employee social benefit	7.0	9.0	5.4	3.3	3.5	3.6	3.8

Expenditure trends

The spending focus over the MTEF period will be on implementing the national population register campaign, with the focus on birth, marriage and death registrations, and the issuance of identity documents. In addition, business processes and systems will be improved to combat fraud and corruption in the departments.

Expenditure increased from R1.9 billion in 2007/08 to R3.7 billion in 2010/11, at an average annual rate of 25.5 per cent. The increase was mainly due to growth in expenditure on compensation of employees, which grew by R734.8 million between 2007/08 and 2010/11 due to the implementation of the turnaround project in the department.

Expenditure in the *Service Delivery to Provinces* and *Electoral Commission* subprogrammes accounts for a significant portion of overall spending at frontline offices. Expenditure in these two programmes grew between 2007/08 and 2010/11 due to electoral operations.

Over the MTEF period, spending is expected to increase at an average annual rate of 2.7 per cent to reach R4 billion. This increase is mainly due to: a change in the department's programme structure; the total expenditure for provincial offices; and transfers to the Film and Publication Board, Government Printing Works and the Electoral Commission, which are now included in this programme.

The ratio of administrative cost to line function cost in this programme is 1:11.

Programme 3: Immigration Affairs

- *Immigration Affairs Management* provides for the overall managing of the branch and provides policy direction, sets standards and manages back office processes.
- *Admissions Services* controls visas, the admission of travellers at ports of entry, the processing of applications for permanent and temporary residence permits, as well as work, study and other temporary permits. The subprogramme has a staff complement of 535 and 62.9 per cent of the total budget is used for compensation of employees.
- *Immigration Services* deals with immigration matters in foreign countries, detects, detains and deports illegal immigrants in terms of the Immigration Act (2002), and provides policy directives on immigration matters. 61 per cent of the budget in this subprogramme is used towards the payment for compensation of employees.
- *Asylum Seekers* considers and processes refugee asylum cases in line with the Refugees Act (1998) by processing and issuing section 22 and 24 asylum permits, refugee identity documents and refugee passports, referring appeals to the standing committee on refugee affairs for adjudication, and handing over unsuccessful applicants to immigration control for deportation. The subprogramme has a staff complement of 33 and 23.3 per cent of the total budget is used for compensation of employees.

Objectives and measures

- Maintain the service standard for enabling documents while improving on the percentages of applications processed within a specified period:
 - issuing refugee status determination (first instance) within 6 months: increasing from 75 per cent in 2011/12 to 95 per cent in 2013/14
 - issuing permanent residence permits within 8 months: increasing from 70 per cent in 2011/12, to 80 per cent in 2013/14
 - issuing temporary residence permits (work, business, corporate) within 8 weeks: increasing from 70 per cent in 2011/12 to 80 per cent in 2013/14.

Expenditure estimates

Table 4.6 Immigration Affairs

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
R million							
Immigration Affairs Management	38.9	72.6	59.9	46.0	21.4	21.8	23.3
Admission Services	51.2	83.9	183.3	301.0	173.4	128.6	135.5
Immigration Services	328.9	298.0	218.5	310.5	323.8	325.6	341.8
Asylum Seekers	79.1	84.6	52.4	44.7	69.0	69.3	73.1
Total	498.1	539.0	514.1	702.2	587.6	545.3	573.6
Change to 2010 Budget estimate				61.2	(6.0)	(6.2)	1.7
Economic classification							
Current payments	454.3	498.4	465.1	701.8	587.3	545.0	573.3
Compensation of employees	213.8	167.2	157.1	256.4	262.2	275.3	290.3
Goods and services	240.6	331.2	308.0	445.4	325.2	269.6	283.0
of which:							
Computer services	0.0	42.8	18.1	68.6	99.2	48.8	51.6
Agency and support / outsourced services	98.6	95.9	102.7	98.7	95.8	93.4	97.7
Lease payments	–	1.3	10.2	10.2	4.8	4.7	4.9
Travel and subsistence	109.5	42.5	76.8	111.3	10.5	10.3	10.9
Transfers and subsidies	1.4	0.2	0.5	0.3	0.3	0.3	0.3
Households	1.4	0.2	0.5	0.3	0.3	0.3	0.3
Payments for capital assets	42.4	40.4	48.5	0.2	–	–	–
Machinery and equipment	13.4	40.4	9.1	0.2	–	–	–
Software and other intangible assets	29.0	–	39.4	–	–	–	–
Total	498.1	539.0	514.1	702.2	587.6	545.3	573.6

Expenditure trends

The spending focus over the MTEF period will be on integrating immigration systems, in particular the national immigration information system, case management and the movement control system with key citizen affairs systems (home affairs national identification system). Spending will also focus on: implementing an integrated immigration management system by amending the Immigration Act (2002), Refugees Act and regulations in order to manage immigration more efficiently; extending the special dispensation of documenting illegal immigrants from Zimbabwe to other nationals in the SADC; developing and implementing a risk based immigration management approach to minimise risks and maximise benefits to the country; and facilitating the importation of scarce and critical skills into South Africa.

Expenditure increased from R498.1 million in 2007/08 to R702.2 million in 2010/11, at an average annual rate of 12.1 per cent. The increase was mainly due to: higher costs for detaining and deporting illegal immigrants, implementing the advanced passenger profiling system, and employing additional immigration officers ahead of the 2010 FIFA World Cup.

Over the MTEF period, expenditure is expected to decrease, at an average annual rate of 6.5 per cent to reach R573.6 million. The decrease is mainly due to reduced travel and subsistence expenditure as a result of the

saving initiatives on departmental activities. The ratio of administrative costs to line function costs in this programme is currently 1:12.

Public entities and other agencies

Government Printing Works

Strategic overview: 2007/08 – 2013/14

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

The Government Printing Works' main strategic objective is to establish itself as the security printer of choice in Africa. In support of this, three key priorities have been identified for the medium term: the machinery and equipment placement programme will replace all the old technology through an asset replacement programme, which will be in line with international best practice; the entity is acquiring a new production facility and office accommodation, which it is developing in line with its needs; and the entity is adopting a more aggressive marketing strategy to become more competitive and cost efficient.

Savings and cost effectiveness measures

As a result of completing phase one of the construction programme at the new site, the new South African passport is presently manufactured and personalised in a one step operation under one roof, which resulted in improved security and savings to the department. This also allowed the department to substantially improve its service delivery as the new facility personalises passports with a turnaround time of 24 hours.

Another driver of cost saving emanated from commissioning of a new full-colour web press at the Government Printing Works, which will be used for future in-house production of various security documents, such as immigration control forms, visas, and vehicle licence forms. These are presently procured from the private sector at an estimated R75 million per year. The in-house production of these sensitive documents will also enhance the general control measures over the production of security printed matter.

A finance and supply chain management unit was created when the Government Printing Working became a government component. The unit will look into initiatives aimed at revenue growth, cash management and productivity levels.

Selected performance indicators

Table 4.7 Government Printing Works

Indicator	Programme/Activity	Past			Current 2010/11	Projections		
		2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Number of editions of government and provincial gazettes published per year	Production and publications	2 064	2 520	2 772	2 290	2 300	2 300	2 300
Number of new passports printed	Production and publications	1 140 978	1 298 394	832 262	866 500	898 000	943 000	943 000
Number of new identity documents printed	Production and publications	2 345 146	2 579 660	2 430 000	2 544 000	2 671 000	2 804 000	2 804 000
Number of days to recover outstanding debt	Financial management	230	125	63	60	60	60	60

Details of programmes/activities/objectives

The Government Printing Works service mainly entails the provision of all security documents, such as passports, identity documents, certificates, examination papers and forms, and associated non-security documents, such as annual reports, business cards, and printing stationery.

- **Supply of security documents** produces security printed matter. During 2010/11, a new multi-colour webpress was commissioned to replace two existing dilapidated printing presses, which were 30 and 31 years old.

- **Supply of non-security documents** prints a variety of other non-security products such as posters, annual reports, brochures and high volume standard forms used by government departments for administration purposes.
- **Outsourcing of printing services** outsources print orders for security documents and for other commercial work to private sector suppliers due to the general dilapidated state of its existing production capacity. The value of these orders is approximately R100 million per year and it is expected that an increasing proportion of such outsourced orders will be manufactured internally as items of new machinery and equipment are brought into operation.

Table 4.8 Government Printing Works

R million	Audited outcome			Revised estimate 2010/11	Medium-term estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Printing of provincial and government gazettes	32.1	28.9	33.5	34.1	37.0	38.7	40.7
Printing of identity documents	16.7	21.1	48.8	20.9	21.8	22.9	24.0
Printing of passports	14.7	26.4	109.8	282.7	370.8	438.9	435.6
Printing of examination papers	178.8	185.7	198.7	109.2	111.0	120.0	93.5
Printing of other face value forms and other forms/documents	60.6	87.8	72.5	73.0	74.0	82.8	76.0
Other objectives	106.5	154.6	143.0	90.5	61.3	63.6	151.9
Total expense	409.3	504.4	606.3	610.4	675.9	766.9	821.7

Expenditure estimates

Table 4.9 Government Printing Works

Statement of financial performance

R million	Audited outcome			Revised estimate 2010/11	Medium-term estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Revenue							
Non-tax revenue	321.9	358.8	305.3	558.5	566.4	629.4	656.4
Sale of goods and services other than capital assets	306.8	349.9	300.5	555.6	566.4	629.4	656.4
of which:							
Admin fees	0.2	0.2	–	–	–	–	–
Printing and publications	306.6	349.6	300.5	555.6	566.4	629.4	656.4
Other non-tax revenue	15.1	8.9	4.9	2.9	–	–	–
Transfers received	110.3	160.9	393.9	148.7	202.7	238.6	279.6
Total revenue	432.1	519.7	699.3	707.2	769.1	868.0	936.0
Expenses							
Current expense	409.3	504.4	606.3	610.4	675.9	766.9	821.7
Compensation of employees	41.2	42.0	44.9	50.0	79.8	112.9	120.0
Goods and services	361.3	436.2	499.3	522.3	514.7	546.9	561.6
Depreciation	6.8	26.2	62.1	38.1	81.4	107.0	140.1
Total expenses	409.3	504.4	606.3	610.4	675.9	766.9	821.7
Surplus / (Deficit)	22.9	15.2	93.0	96.8	93.2	101.1	114.3
Statement of financial position							
Carrying value of assets	53.0	348.7	359.4	422.1	606.6	822.7	973.6
of which: Acquisition of assets	34.3	322.0	72.9	100.7	265.9	323.1	291.1
Inventory	104.7	124.2	160.4	166.5	209.6	266.9	309.5
Receivables and prepayments	129.8	139.5	152.6	177.8	177.1	189.4	227.9
Cash and cash equivalents	276.8	103.3	390.9	463.2	350.6	204.7	100.4
Total assets	564.3	715.6	1 063.3	1 229.6	1 343.9	1 483.7	1 611.4
Capital and reserves	361.1	376.1	469.1	565.9	659.2	760.4	874.7
Trade and other payables	91.3	113.9	85.3	100.8	75.3	80.4	88.5
Provisions	1.9	2.0	2.1	10.6	1.8	2.5	1.1
Liabilities not classified elsewhere	110.0	223.7	506.8	552.3	607.6	640.4	647.2
Total equity and liabilities	564.3	715.6	1 063.3	1 229.6	1 343.9	1 483.7	1 611.4

Expenditure trends

Spending over the MTEF period will focus on accelerating the asset replacement programme, as well as the development of the Government Printing Works' new production facility. The recapitalisation began in 2007 with the acquisition of equipment for production of the new passport. Further spending over the MTEF period will be channelled into converting the Government Printing Works to a government component.

The Government Printing Works generates revenue mainly from manufacturing security printed matter such as examination papers, identity documents and passports, as well as from manufacturing non-security documents such as statistical reports, annual reports, brochures and standard office stationery. Revenue increased from R432.1 million in 2007/08 to R707.2 million in 2010/11, at an average annual rate of 17.8 per cent. The increase was due to the commissioning of the new production facility and equipment, which resulted in new products as well as improved and more cost efficient production processes. Revenue is expected to increase over the MTEF period at an average annual rate of 9.8 per cent to reach R936 million. This growth is due to an increase in the product portfolio and an increase in profit margins, both of which are a result of the asset replacement programme and the completion of the new facilities.

Expenditure increased from R409.3 million in 2007/08 to R610.4 million in 2010/11, at an average annual rate of 14.3 per cent. The growth was mainly driven by an increase in raw materials needed for the new South African passport, as well as the increase in depreciation costs due to the asset recapitalisation in this period.

Expenditure is expected to increase to R821.7 million over the MTEF period, at an average annual rate of 10.4 per cent. The key cost drivers behind the trend are raw materials, personnel expenditure and depreciation. The increase in raw materials is due to the expected increase in the product portfolio and the depreciation is expected to increase due to the implementation of the asset replacement programme. It is further envisaged that the new organisational structures with appropriate salary structures would also be rolled out and increase expenditure over the MTEF period.

Personnel information

The Government Printing Works has a total establishment of 691 posts, all of which are funded. The number of posts filled increased from 483 in 2007/08 to 605 in 2010/11, and is expected to increase to 638 over the medium term. The growth in both periods is due to additional allocations for increased capacity to improve services in all areas.

There are 181 vacancies within the organisation, of which most are in the semi-skilled and professional salary levels. Most of these vacancies are due to the implementation of a new organisational structure in April 2010, which provides for more specialist positions and strengthens managerial capacity. Newly created posts are being evaluated and the target is to have at least 90 per cent of the approved posts filled by the end of 2011/12. The ratio of support staff to line function staff in the organisation is currently 1:1.1.

Table 4.10 Government Printing Works

	Post status as at 30 September 2010			Number of posts filled on funded establishment						
	Number of posts on approved establishment	Number of funded posts (establishment)	Number of vacant posts	Actual			Mid-year ¹	Medium-term estimate		
				2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Executive management	1	1	1	1	1	1	1	1	1	1
Senior management	25	25	22	7	7	7	31	37	37	37
Middle management	38	38	28	20	24	26	39	39	64	64
Professionals	58	58	28	125	130	138	151	171	175	175
Semi-skilled	551	551	102	305	315	320	358	357	350	340
Very low skilled	18	18	–	25	20	17	25	16	16	16
Total	691	691	181	483	497	509	605	626	648	638
Compensation (R thousand)				41 242	42 015	44 923	49 963	79 847	112 891	120 039
Unit cost (R thousand)				85	85	88	83	128	174	188

1. As at 30 September 2010.

Electoral Commission

Strategic overview: 2007/08 – 2013/14

The Electoral Commission is a chapter 9 constitutional institution reporting directly to Parliament. In line with its mandate, the commission manages the national, provincial and municipal elections, ensures that those elections are free and fair, and declares the results within a prescribed period. The commission aims to continue entrenching itself as the focal point in the delivery of free and fair, cost effective elections. This role is not only the core of its constitutional mandate, but also an important factor in its interaction with other chapter 9 and associated institutions and other election management bodies.

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

The legislation required by the Constitution to manage national and provincial elections is found in the Electoral Act (1998). There have been a number of amendment acts, some of were to amend section of the act declared unconstitutional. One such important amendment allowed registered South Africans living abroad to vote in national elections for the first time in 2009.

The Local Government: Municipal Electoral Act (2000) regulates municipal elections, which allow for a hybrid of ward and proportional representation. The Municipal Electoral Amendment Act was passed by Parliament and assented to by the President on 1 December 2010. The amendments provide, among others, for special votes during the 2011 local government elections (a provision which did not exist previously), and streamline the provisions in the act relating to objections that are material to the results of an election.

The Electoral Commission's operational strategy is determined by the election cycles. This means that its focus is on democracy education in the years between main electoral events. The portfolio committee on international relations and cooperation and the standing committee on public accounts have both expressed concern that the commission needs to provide more voter and democracy education programmes. They also advised that these interventions must be ongoing and visible in non-election cycles. The commission has responded by introducing expanded and new voter and democracy education programmes.

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

Savings and cost effectiveness measures

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

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

Selected performance indicators

Table 4.11 Electoral Commission

Indicator	Programme/Activity	Past			Current	Projections		
		2007/08	2008/09	2009/0	2010/11	2011/12	2012/13	2013/14
Number of liaisons with election management bodies per year	Position the commission as a global leader in electoral democracy	16	15	15	15	15	10	15
Number of elections observed per year	Position the commission as a global leader in electoral democracy	4	4	4	4	4	10	10
Number of registered voters in elections per year	Maintain systems and procedures which will ensure an accurate and up to date national voters' role	–	22 000 000	23 181 997	23 599 273	22 999 273	22 399 273	23 000 000
Percentage of registered voters who cast their vote (baseline: 89% in 1999)	Deliver well run elections which produce credible results	–	–	65%	45%	–	–	–
Number of voter education interventions per year	Educate and inform civil society to optimise citizen participation in democracy and electoral processes	–	239 047	246 170	253 555	261 161	268 996	276 000
Number of party liaison interventions per year	Implement and promote effective electoral processes that will facilitate the participation of political parties and candidates in the management and delivery of free and fair elections	449	1 482	1 234	2 517	1 234	1 234	2 517
Number of voting stations per year	Maintain systems and procedures which will ensure an accurate and up to date national voters' role	18 873	20 000	20 000	22 000	22 000	22 000	23 000
Number of schools as voting stations per year	Maintain systems and procedures which will ensure an accurate and up to date national voters' role	–	11 868	–	12 048	–	–	12 228
Number of information interventions per year	Educate and inform civil society to optimise citizen participation in democracy and electoral processes	6	2 752	834 793	475 866	4 955	4 955	800 000
Number of electoral officials trained per year	Develop and maintain effective business processes (for legal services, human resources management, support services, financial management, and IT services)	386	68 149	133 127	66 000	126 000	73 000	66 000

Details of programmes/activities/objectives

The Electoral Commission aims to continuously entrench itself as the focal point in the delivery of free and fair, cost effective elections. In achieving this overarching goal, the commission has developed seven strategic objectives.

- **Commission Services** assists in projecting the commission as a global leader in electoral democracy. This includes interactions with election management bodies across the African continent and other relevant international bodies, such as the International Institute for Democracy and Electoral Assistance, SADC Electoral Commissions Forum and the African Union (AU). Commission Services observes elections when requested to do so on the African continent and also in other countries. There are 4 personnel in the unit who provide support in achieving this objective and R14.7 million (excluding permanent staff costs) has been allocated over the medium term period.

- **Office of the Chief Executive Officer** develops strategy, monitors project implementation and facilitates independent assurance processes to ensure the effective and efficient functioning of the commission. There are 4 personnel in the unit who provide support in achieving this objective and R36.3 million (excluding permanent staff costs) has been allocated over the medium term period.
- **Electoral Matters** is responsible for the delimitation of boundaries, maintaining the voters roll and voting station information, providing ongoing registration of voters, and the demarcation of municipal boundaries and determination of wards. There are 5 personnel in the unit who provide support in achieving this objective and R69.4 million (excluding permanent staff costs) has been allocated over the medium term period.
- **Party Liaison and Candidate Nomination** provides ongoing liaison with registered political parties and independent candidates. Liaison is done through local structure meetings, workshops and conferences with the view to sharing information and also strengthening relations. There are 5 personnel in the unit who provide support in achieving this objective and R12.5 million (excluding permanent staff costs) has been allocated over the medium term period.
- **Logistics, Infrastructure, Voting and Counting** is responsible for the planning and coordination of the activities required during the Election Day. It also provides infrastructure, such as voting stations, ballot papers and boxes and personnel for elections. There are 439 personnel in this unit who provide support in achieving this objective and R630.6 million (excluding permanent staff costs) has been allocated over the medium term period. Temporary personnel required during Election Day and they are included in the costs of this strategic objective.
- **Communications, Civic Education, Research and Knowledge Management** manages the communication activities and conducts civic education on democracy and elections. It also runs the organisation's training institute and conducts research on the latest developments in elections and democracy. There are 237 personnel in the unit who provide support in achieving this objective and R359.9 million (excluding permanent staff costs) has been allocated over the medium term period.
- **Legal Services, Human Resources, Skills Development and Training, Support Services and Financial Management** provides overall management of the commission and centralised support services. There are 117 personnel who provide support in achieving this objective and R1.9 billion (including all permanent staff) has been allocated over the medium term period.

Table 4.12 Electoral Commission

R million	Audited outcome			Revised estimate 2010/11	Medium-term estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Commission Services	8.9	2.3	2.9	5.9	5.7	5.9	3.1
Electoral Matters: Delimitation, Voters Roll, Voting Station Information	1.1	32.9	22.4	74.6	10.6	5.5	53.4
Electoral Matters: Party Liaison and Candidate Nomination	1.8	1.2	0.8	14.7	1.8	1.9	8.8
Electoral Matters: Logistics, Infrastructure, Voting, Counting	53.8	205.1	290.8	473.1	97.2	64.3	388.8
Outreach: Communications, Civic Education, Research, Knowledge Management	16.5	161.7	64.4	214.8	62.0	65.1	232.8
Other Objectives	298.1	524.2	558.7	677.9	639.0	629.2	787.3
Total expense	380.1	927.3	940.0	1 460.9	816.2	771.9	1 474.2

Expenditure estimates

Table 4.13 Electoral Commission

Statement of financial performance				Revised estimate	Medium-term estimate		
R million	Audited outcome			2010/11	2011/12	2012/13	2013/14
	2007/08	2008/09	2009/10				
Revenue							
Non-tax revenue	26.8	28.2	24.6	23.0	17.0	16.0	18.0
Sale of goods and services other than capital assets	0.0	–	–	0.0	0.0	0.0	0.0
of which:							
Admin fees	0.0	–	–	0.0	0.0	0.0	0.0
Other non-tax revenue	26.8	28.2	24.6	23.0	17.0	16.0	18.0
Transfers received	486.9	1 039.4	937.2	1 437.9	799.2	755.9	1 456.2
Total revenue	513.6	1 067.6	961.8	1 460.9	816.2	771.9	1 474.2
Expenses							
Current expense	379.8	927.3	940.0	1 460.9	816.2	771.9	1 474.2
Compensation of employees	159.0	275.1	293.0	393.1	333.6	348.9	448.1
Goods and services	202.5	616.6	602.8	1 009.4	422.7	380.1	973.4
Depreciation	18.3	35.4	43.2	58.4	59.9	43.0	52.7
Interest, dividends and rent on land	–	0.2	1.0	–	–	–	–
Transfers and subsidies	0.4	–	–	–	–	–	–
Total expenses	380.1	927.3	940.0	1 460.9	816.2	771.9	1 474.2
Surplus / (Deficit)	133.5	140.3	21.8	–	–	(0.0)	–
Carrying value of assets	102.5	305.3	274.6	300.2	252.6	222.5	266.8
of which: Acquisition of assets	52.6	235.4	16.0	84.1	12.3	12.9	96.9
Inventory	1.3	54.8	9.1	20.5	15.0	15.0	21.0
Receivables and prepayments	12.4	11.0	18.2	10.0	10.0	10.0	10.0
Cash and cash equivalents	290.6	237.3	228.5	306.2	175.4	215.4	275.6
Assets not classified elsewhere	–	1.1	2.6	–	–	–	–
Total assets	406.8	609.5	532.9	636.9	453.1	462.9	573.4
Accumulated surplus/deficit	331.2	476.6	498.4	500.9	394.7	414.4	426.4
Trade and other payables	63.4	130.1	31.1	136.0	58.4	48.5	147.0
Provisions	0.3	0.8	1.7	–	–	–	–
Managed funds	11.3	–	–	–	–	–	–
Liabilities not classified elsewhere	0.6	2.1	1.7	–	–	–	–
Total equity and liabilities	406.8	609.5	532.9	636.9	453.1	462.9	573.4

Expenditure trends

Spending over the MTEF period will focus on the 2011 local government elections and the two main registration drives that will be conducted in 2014 in preparation for the 2015 national and provincial election.

The Electoral Commission is funded mainly by a transfer from the Department of Home Affairs, but also generates some non-tax revenue from various sources including sponsorships, political party registration fees and interest received. The increases in transfers received by the commission and non-tax revenue were driven mainly by the election cycle.

Expenditure is mainly influenced by the election cycle, peaking during preparations for an election and then decreasing to fund regular activities in non-election cycles. Expenditure grew significantly from R380.1 million in 2007/08 to R1.5 billion in 2010/11, at an average annual rate of 56.6 per cent. The growth in expenditure was to cater for national and provincial elections in 2009 and two main registration drives in respect of the local government elections in 2011.

Over the medium term, expenditure is expected to decrease to R771.9 million due to the start of a non-election cycle. During this period, civic and democracy education initiatives, permanent staff costs and administrative overheads play a major role in the overall expenditure.

The Budget sets out additional allocations of:

- R80 million in 2011/12 in respect of the new legislative changes that provide for special voting processes during the 2011 local government elections
- R120 million in 2013/14 in respect of the national and provincial elections.

Furthermore, the commission aims to roll over some of the funding allocated in 2010/11 to 2011/12 to cater for election related expenses that will now be taking place in 2011/12 and no longer in the 2010/11 as was envisaged in the 2010 budget.

Personnel information

The Electoral Commission has a total establishment of 885 posts, of which 815 are filled and none are additional to the approved establishment. The number of posts filled increased from 610 in 2007/08 to 815 in 2010/11, and is expected to increase to 885 over the medium term in order to improve overall efficiency.

There are 70 vacancies within the commission, most of which are in the professional and middle management salary levels. The ratio of support staff to line function staff in the commission is currently 1:6, which the entity believes to be within acceptable norms.

Table 4.14 Electoral Commission

	Post status as at 30 September 2010			Number of posts filled on funded establishment						
	Number of posts on approved establishment	Number of funded posts establishment	Number of vacant posts	Actual			Mid-year ¹	Medium-term estimate		
				2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Board members	5	5	–	5	5	5	5	5	5	5
Executive management	4	4	–	4	4	4	4	4	4	4
Senior management	43	43	1	34	42	41	42	43	43	43
Middle management	224	224	31	125	195	205	193	224	224	224
Professionals	515	515	28	419	374	437	487	515	515	515
Semi-skilled	29	29	1	23	27	27	28	29	29	29
Very low skilled	65	65	9	–	–	–	56	65	65	65
Total	885	885	70	610	647	719	815	885	885	885
Compensation (R thousand)				158 964	275 051	292 978	393 065	333 608	348 869	448 142
Unit cost (R thousand)				261	425	407	482	377	394	506

1. As at 30 September 2010.

Other public entities and agencies

Comprehensive coverage of the following public entities is provided with the more detailed information for the vote at www.treasury.gov.za under the budget information link.

- The **Film and Publication Board** regulates and controls the creation, production, possession, exhibition and distribution of certain films, interactive computer games and publications. The board is also responsible for monitoring age restricted business premises for compliance with their licence and registration terms.

Additional tables

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

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R million	2009/10		2009/10	2010/11			2010/11
Administration	1 197.6	1 314.9	1 498.7	1 459.3	6.9	1 466.2	1 466.2
Citizen Affairs	3 115.2	3 163.1	3 182.6	3 619.3	46.7	3 666.0	3 666.0
Immigration Affairs	737.7	785.8	514.1	641.0	61.2	702.2	702.2
Total	5 050.6	5 263.8	5 195.4	5 719.6	114.8	5 834.4	5 834.4

Economic classification							
Current payments	3 548.4	3 713.9	3 598.5	3 987.2	170.5	4 157.6	4 157.6
Compensation of employees	1 608.6	1 659.1	1 637.1	1 896.2	74.9	1 971.1	1 971.1
Goods and services	1 939.8	2 054.8	1 886.2	2 091.0	95.6	2 186.5	2 186.5
Interest and rent on land	–	–	75.3	–	–	–	–
Transfers and subsidies	1 303.8	1 316.5	1 320.5	1 588.6	8.4	1 597.0	1 597.0
Provinces and municipalities	–	–	0.9	0.7	–	0.7	0.7
Departmental agencies and accounts	1 299.1	1 311.9	1 311.9	1 583.0	8.4	1 591.4	1 591.4
Households	4.6	4.6	7.8	4.9	–	4.9	4.9
Payments for capital assets	198.5	233.4	274.4	143.9	(64.1)	79.8	79.8
Machinery and equipment	94.0	94.0	140.9	143.6	(64.1)	79.5	79.5
Software and other intangible assets	104.4	139.4	133.5	0.2	–	0.2	0.2
Payments for financial assets	–	–	2.0	–	–	–	–
Total	5 050.6	5 263.8	5 195.4	5 719.6	114.8	5 834.4	5 834.4

Table 4.B Detail of approved establishment and personnel numbers according to salary level¹

	Personnel post status as at 30 September 2010			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year ²	Medium-term estimate		
				2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
Department	17 095	9 755	788	7 689	8 560	10 494	8 217	8 886	8 886	8 886
Salary level 1 – 6	10 640	7 007	728	5 749	6 423	7 598	5 960	6 462	6 462	6 462
Salary level 7 – 10	5 857	2 410	16	1 687	1 933	2 103	2 035	2 188	2 188	2 188
Salary level 11 – 12	394	177	32	172	131	695	118	124	124	124
Salary level 13 – 16	204	161	12	81	73	98	104	112	112	112
Administration	1 301	857	103	1 248	800	964	718	767	767	767
Salary level 1 – 6	461	366	80	795	506	519	316	324	324	324
Salary level 7 – 10	549	325	9	328	189	318	285	317	317	317
Salary level 11 – 12	180	96	6	85	69	74	64	68	68	68
Salary level 13 – 16	111	70	8	40	36	53	53	58	58	58
Citizen Affairs	9 935	6 854	555	4 509	5 432	7 124	7 208	7 825	7 825	7 825
Salary level 1 – 6	5 979	5 197	532	3 421	4 067	5 402	5 538	6 032	6 032	6 032
Salary level 7 – 10	3 784	1 540	2	1 006	1 303	1 091	1 592	1 710	1 710	1 710
Salary level 11 – 12	111	48	21	55	40	604	46	48	48	48
Salary level 13 – 16	61	69	–	27	22	27	32	35	35	35
Immigration Affairs	5 859	2 044	130	1 932	2 328	2 406	291	294	294	294
Salary level 1 – 6	4 200	1 444	116	1 533	1 850	1 677	106	106	106	106
Salary level 7 – 10	1 524	545	5	353	441	694	158	161	161	161
Salary level 11 – 12	103	33	5	32	22	17	8	8	8	8
Salary level 13 – 16	32	22	4	14	15	18	19	19	19	19

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

2. As at 30 September 2010.

Table 4.C Summary of expenditure on training

	Audited outcome			Adjusted appropriation 2010/11	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Compensation of employees (R million)	1 087.0	1 296.0	1 637.1	1 971.1	2 206.6	2 317.5	2 443.5
Training expenditure (R million)	32.4	34.0	26.4	48.5	37.2	37.5	39.6
Training as percentage of compensation of employees	3.0%	2.6%	1.6%	2.5%	1.7%	1.6%	1.6%
Total number trained in department (head count)	5 300	5 311	4 431	5 261			
<i>of which:</i>							
<i>Employees receiving bursaries (head count)</i>	1 356	1 056	720	592			
<i>Learnerships trained (head count)</i>	–	–	102	102			
<i>Internships trained (head count)</i>	410	347	161	205			

Table 4.D Summary of expenditure on infrastructure

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Departmental infrastructure										
Sebokeng	Construction of new district office	Construction	10.3	-	-	2.1	1.7	6.2	0.4	-
Taung	Construction of new district office	Various	15.9	-	-	2.7	-	3.5	8.0	1.7
Lusikiski	Demolition of old prison and construction of new regional office	Design	32.3	-	-	-	0.8	2.0	10.4	19.2
Hluhluwe	Construction of new district office	Feasibility	12.6	-	-	-	-	8.8	3.8	-
Stanger	Construction of new district office	Feasibility	9.2	-	-	-	-	8.8	0.4	-
Phalaborwa and Mhala	Repairs and maintenance of existing building and construction of additional office space	Tender	17.0	-	-	-	-	6.7	6.1	4.2
Marabastad	Construction of ablution facilities and shelter	Design	5.5	-	-	-	-	2.0	2.7	0.8
Phutaditjaba	Construction of new regional office	Construction	35.7	-	-	5.4	0.9	17.2	12.2	-
Repair and maintenance programme: group 1	Renovations, repairs and maintenance to existing buildings to make them more habitable	Handed over	71.8	39.2	12.3	8.7	11.6	-	-	-
Repair and maintenance programme: group 2	Renovations, repairs and maintenance to existing buildings	Various	131.4	21.1	35.4	5.0	12.7	24.1	18.6	14.5
Repair and maintenance programme: group 3 (follow on)	Maintenance of buildings previously on repair and maintenance programme	Various	89.5	-	-	-	10.9	13.0	28.6	36.9
Look and feel	Renovations and cosmetic changes in departmental office waiting areas: flooring, painting, signage, blinds and new service counters, seats for public	Design	143.5	-	-	-	20.0	35.0	33.9	54.6
Planned maintenance	Minor maintenance work, such as painting, flooring, servicing of air conditioners and burglar proofing	Various	27.0	1.1	1.4	4.5	5.0	5.0	5.0	5.0
Backlog repairs at Department of Home Affairs offices	Buildings repaired in terms of requirements of Occupational Health and Safety Act (1993)	Various	30.9	-	18.9	12.0	-	-	-	-
Office expansion plan	Approximately 77 Thusong service centres (of 172 new proposed centres) catered for in collaboration with the Government Communication and Information System and the South African Social Security Agency	Various	15.7	-	-	15.7	-	-	-	-

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

Project name R million	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation 2010/11	Medium-term expenditure estimate		
				2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Departmental infrastructure										
Other capital projects	Installation of Gensets, UPS, electrical engineering and related services	Various	3.9	-	-	-	3.7	0.2	-	-
Maintenance										
Repair and maintenance programme: group 1	Buildings repaired in terms of requirements of Occupational Health and Safety Act (1993) and department's new corporate requirements	Handed over	71.8	39.2	12.3	8.7	11.6	-	-	-
Repair and maintenance programme: group 2	Buildings repaired in terms of requirements of Occupational Health and Safety Act (1993) and department's new corporate requirements	Various	131.4	21.1	35.4	5.0	12.7	24.1	18.6	14.5
Repair and maintenance programme group 3 (follow on)	Buildings repaired and maintained, which were previously on repair and maintenance programme	Various	89.5	-	-	-	10.9	13.0	28.6	36.9
Look and feel	Renovations and cosmetic changes in departmental office waiting areas	Design	143.5	-	-	-	20.0	35.0	33.9	54.6
Planned maintenance	Upgrading of departmental facilities, such as painting and new flooring	Various	27.0	1.1	1.4	4.5	5.0	5.0	5.0	5.0
Maintenance	Installation of Gensets, earth wire and related services	Various	3.9	-	-	-	3.7	0.2	-	-
Backlog repairs at Department of Home Affairs offices	Buildings repaired in terms of requirements of Occupational Health and Safety Act (1993) and department's new corporate requirements	Various	30.9	-	18.9	12.0	-	-	-	-
Department of Home Affairs office expansion plan	Approximately 77 Thusong service centres (of 172 new proposed centres) catered for in collaboration with the Government Communication and Information System and the South African Social Security Agency	Various	15.7	-	-	15.7	-	-	-	-
Total			1 165.5	122.9	136.0	102.0	131.1	209.8	215.8	248.0

Vote 5

International Relations and Cooperation

Budget summary

R million	2011/12				2012/13	2013/14
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	1 245.5	995.0	–	250.4	1 377.7	1 435.1
International Relations	2 529.8	2 496.5	–	33.3	2 704.5	3 003.7
Public Diplomacy and Protocol Services	211.5	211.5	–	–	228.5	240.0
International Transfers	809.9	–	809.9	–	844.2	890.5
Total expenditure estimates	4 796.8	3 703.1	809.9	283.7	5 154.9	5 569.3

Executive authority Minister of International Relations and Cooperation
 Accounting officer Director General of International Relations and Cooperation
 Website address www.dirco.gov.za

More detailed information for each vote is available at www.treasury.gov.za. More comprehensive coverage of vote specific information, particularly on goods and services, transfers and subsidies, donor funding, public entities and lower level institutional information, is provided.

Aim

Formulate, coordinate, implement and manage South Africa's foreign policy and international relations programmes.

Programme purposes

Programme 1: Administration

Purpose: Develop overall policy and manage the department.

Programme 2: International Relations and Cooperation

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

Programme 3: Public Diplomacy and Protocol Services

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

Programme 4: International Transfers

Purpose: Fund membership fees and transfers to international organisations.

Strategic overview: 2007/08 – 2013/14

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

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

In terms of the 12 national outcomes, the department contributes to creating a better South Africa and contributing to a better and safer Africa and a better world (outcome 11). The department gives effect to this outcome through the following outputs: an enhanced Africa Agenda and sustainable development; reformed global governance, peace and security; the enhanced integration of the Southern African Development Community (SADC) region; and enhanced trade and investment between South Africa and its trade partners.

Key strategic priorities

Continuing the African Agenda

The main thrust of South Africa's foreign policy is the pursuit of the country's national interests and priorities, particularly in relation to the African Agenda. South Africa's engagements in Africa are thus focused on promoting development through the disbursement of development funding, contributing to the resolution of conflicts through helping to operationalise the African Peace and Security Architecture (which includes the African standby force and the early warning centre), and building an environment in which socioeconomic development occurs. The political and economic integration of Africa will continue to drive the African Agenda and will be promoted in all South Africa's interaction with the rest of the world.

Strengthening political and economic integration of the SADC

As an integral part of the SADC region, South Africa will continue to support the promotion of peace, security, stability and prosperity in the region by participating in the SADC electoral advisory council, and by playing a leading role in the SADC electoral observer missions. South Africa will also continue to promote increased regional integration of the SADC through the review of the regional strategic indicative plan and will work to reconfigure the SADC roadmap to guide the regional integration process.

Strengthening South-South relations

Ongoing efforts to strengthen South-South relations have resulted in high level international engagements in recent years. These are critical for promoting solidarity and strengthening interdependence among developing countries in addressing common socioeconomic challenges, such as poverty, education, health, population growth, and issues relating to women and children.

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

Strengthening North-South relations

While continuing with its participation in strategic formations of the north, such as the Organisation for Economic Cooperation and Development, the department will focus on trade agreements with North America, the North American free trade area and the European Union (EU), and will participate in new forums promoting North-South cooperation, such as the EU-Africa and EU-Latin America partnerships, the Tokyo International Conference on African Development, and the Africa-Turkey and Korea-Africa forums. Another matter that will require attention is South Africa's ongoing participation in the commonwealth youth programme, which has seen its funding model changing from voluntary pledges to assessed contributions. This implies greater participation by South Africa in the programmes and issues that affect youth internationally.

Participation in the global system of governance

Through its participation in international forums, notably the United Nations (UN) and its agencies, South Africa works actively towards global, political and socioeconomic stability and security within the multilateral system, promotes human rights and international dialogues and disarmament, non-proliferation and arms control, and climate change, and also participate in the G8 summits and meetings. South Africa will also serve as a non-permanent member of the UN Security Council during 2011 and 2012.

Strengthening political and economic relations

Strengthening South Africa's bilateral relations, with particular focus on African countries, is a key strategic

objective for the country over the MTEF period. The focus will be on strengthening economic cooperation to promote South Africa's trade, investment and tourism potential and opportunities. The department is coordinating efforts across the national, provincial and local spheres of government, including other stakeholders, to compile terms of reference for coordinating its international work, and developing a strategy for marketing and branding South Africa abroad.

Savings and cost effectiveness measures

Over the MTEF period, the department expects to realise savings of R1.1 billion from foreign exchange rate gains.

Efficiency savings of R15.3 million in 2011/2012, R16.2 million in 2012/13 and R25.3 million for 2013/14 have been identified in: catering, entertainment and travel through enhanced control measures to rationalise domestic and international travel; administrative support services by improving the department's ICT through the completion of the voice over internet protocol infrastructure; and mobile phone use through a review of administrative policies, including suspending services to mobile phones once a certain expenditure limit is reached. As savings have been identified in areas where spending was not cost effective, the reduced funding is not expected to have a negative impact on service delivery.

Savings of R105 million in 2011/12, R105.2 million in 2012/13 and R106.6 million 2013/14 were identified within the African Renaissance and International Cooperation Fund from slower than budgeted spending in projects related to post-conflict reconstruction and development in African countries. These savings were reprioritised to the department to fund costs related to South Africa's participation in the United Nations Security Council as a non-permanent member, as well as to increase the funding for departmental operations.

Selected performance indicators

Table 5.1 International Relations and Cooperation

Indicator	Programme	Past			Current	Projections		
		2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Total number of diplomatic missions abroad:	International Relations and Cooperation	121	123	124	124	124	124	124
Africa	International Relations and Cooperation	45	46	46	47	47	47	47
Asia and Middle East	International Relations and Cooperation	31	33	32	32	32	32	32
Americas and Caribbean	International Relations and Cooperation	18	18	18	18	18	18	18
Europe	International Relations and Cooperation	27	27	28	28	28	28	28
Number of bilateral agreements signed with foreign countries per year	International Relations and Cooperation	54	59	65	73	55	61	57
Number of countries assisted with post-conflict reconstruction and development per year	International Relations and Cooperation	12	12	5	4	3	4	3
Number of countries assisted with democratic election processes per year	International Relations and Cooperation	2	4	4	2	3	4	5
Number of incoming and outgoing visits facilitated per year	Public Diplomacy and Protocol Services	216	333	350	250	320	310	330
Number of people facilitated through the VIP lounges at international airports (OR Tambo and Cape Town) per year	Public Diplomacy and Protocol Services	24 141	25 178	26 780	26 500	23 100	23 150	22 500

Table 5.1 International Relations and Cooperation (continued)

Indicator	Programme	Past			Current	Projections		
		2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Number of international conferences hosted by South Africa per year	Public Diplomacy and Protocol Services	5	5	4	2	2	2	2
Number of foreign representatives in South Africa per year	Public Diplomacy and Protocol Services	285	285	286	309	309	309	309

Expenditure estimates

Table 5.2 International Relations and Cooperation

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
R million	2007/08	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
Administration	1 181.3	1 638.4	1 180.2	1 278.6	1 278.6	1 245.5	1 377.7	1 435.1
International Relations	2 122.8	2 652.8	2 869.2	2 375.1	2 375.1	2 529.8	2 704.5	3 003.7
Public Diplomacy and Protocol Services	141.5	152.6	252.9	233.9	233.9	211.5	228.5	240.0
International Transfers	624.1	1 028.4	1 115.2	828.2	828.2	809.9	844.2	890.5
Total	4 069.7	5 472.3	5 417.4	4 715.8	4 715.8	4 796.8	5 154.9	5 569.3
Change to 2010 Budget estimate				(108.6)	(108.6)	(290.2)	(238.1)	(112.1)

Economic classification

Current payments	2 674.5	3 318.3	3 748.0	3 553.4	3 553.4	3 703.1	3 953.6	4 317.6
Compensation of employees	1 293.2	1 683.4	1 833.3	1 858.6	1 858.6	1 704.5	1 811.9	2 034.5
Goods and services	1 381.0	1 634.1	1 875.9	1 694.9	1 694.9	1 998.6	2 141.7	2 283.1
<i>of which:</i>								
Computer services	90.8	97.8	96.7	31.6	31.6	124.5	121.0	123.6
Lease payments	527.0	555.0	867.6	589.7	589.7	882.4	921.9	1 008.6
Property payments	103.5	156.5	225.9	171.9	171.9	238.2	239.3	258.7
Travel and subsistence	230.8	257.2	254.3	218.6	218.6	225.6	267.3	264.1
Interest and rent on land	0.3	0.8	38.8	–	–	–	–	–
Transfers and subsidies	666.9	1 077.6	1 171.9	872.3	872.3	809.9	844.2	890.5
Provinces and municipalities	23.3	16.3	23.6	25.0	25.0	–	–	–
Departmental agencies and accounts	300.0	698.9	631.4	401.1	401.1	450.4	465.2	495.2
Foreign governments and international organisations	324.1	329.4	483.8	427.2	427.2	359.6	379.0	395.3
Public corporations and private enterprises	13.4	16.6	16.4	–	–	–	–	–
Non-profit institutions	–	1.1	–	2.2	2.2	–	–	–
Households	6.2	15.3	16.8	16.8	16.8	–	–	–
Payments for capital assets	728.1	1 043.2	340.4	290.1	290.1	283.7	357.1	361.2
Buildings and other fixed structures	649.9	926.7	165.3	267.9	267.9	250.9	318.2	319.2
Machinery and equipment	61.1	81.5	90.7	22.3	22.3	32.8	38.9	42.0
Land and sub-soil assets	16.3	35.0	83.9	–	–	–	–	–
Software and other intangible assets	0.8	–	0.5	–	–	–	–	–
Payments for financial assets	0.3	33.1	157.2	–	–	–	–	–
Total	4 069.7	5 472.3	5 417.4	4 715.8	4 715.8	4 796.8	5 154.9	5 569.3

Expenditure trends

The spending focus over the MTEF period will be on: strengthening economic and political relations; participating in global governance forums, including serving as a non-permanent member of the United Nations Security Council, and supporting the development of the African continent and the regional integration of the SADC.

Expenditure grew from R4.1 billion in 2007/08 to R4.7 billion in 2010/11, at an average annual rate of 5 per cent. This growth was mainly due to: increased membership contributions to the African Union (AU) and the United Nations. In addition, allocations for the transfer to the African Renaissance and International Cooperation Fund were increased over the period to fund for post-conflict reconstruction and development initiatives in Burundi and the Democratic Republic of the Congo, and for economic reconstruction programmes in Zimbabwe.

Expenditure is expected to increase to R5.6 billion over the MTEF period, at an average annual rate of 5.7 per cent. This growth is mainly the result of an increase in recapitalisation for the African Renaissance and International Cooperation Fund, as well as increased membership contributions for international organisations, such as the SADC and the UN.

The department receives an additional R477.4 million over the MTEF period, which includes R106.4 million to pay unitary fees for the head office campus, R218.1 million for inflation related adjustments in compensation of employees, and R152.9 million for international organisations membership contributions to the AU, SADC and the UN. R58 million has been allocated over the MTEF period to be used for ICT consultancy services in support of the department's global ICT infrastructure.

The ratio of administrative costs to line function programme costs is 1: 3.

Infrastructure spending

The spending focus over the MTEF period will be on the renovation of the chancery in Washington DC and the official residences in Tokyo, as well as the construction of the chancery and official residence in New Delhi, which is estimated to cost R205 million. Infrastructure spending decreased from R649.9 million in 2007/08 to R267.9 million in 2010/11, at an average annual rate of 25.6 per cent. Over the MTEF period, the department will use the available funds to complete construction and acquisition projects already under way. R884.7 million is available for capital projects over the MTEF period. Capital projects completed in 2010/11 include diplomatic villages in Maseru and Abuja, and the renovation of the chancery in Athens and South Africa House in London.

Personnel information

Including cadets and the learnership programme, the department has a total approved establishment of 5 211 posts, of which 2 240 are staff recruited from the countries in which the department's diplomatic missions are located.

There are 499 vacancies, of which 423 are on levels 1-10 and 76 on levels 11-16. The department plans to fill vacant posts in 2011/12. The department has initiated processes to review the structure, with a view to implementing the outcomes over the MTEF period.

Departmental receipts

Departmental receipts are generated from: interest earned from mission bank accounts; refunds received through tax payments at missions related to previous financial years; foreign exchange rate gains; and the sale of capital items, such as redundant furniture and fixtures. Departmental receipts decreased from R65.1 million in 2007/08 to R22.0 million in 2010/11, mainly due to reduced VAT refunds from missions related directly to a reduction in operational spending abroad and the strengthened foreign exchange environment. Over the MTEF period, revenue is expected to increase from R22 million in 2010/11 to R25.3 million in 2013/14, mainly from transactions in financial assets and liabilities.

Table 5.3 Departmental receipts

	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2007/08	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
R thousand								
Departmental receipts	65 056	43 607	23 170	21 994	31 191	22 884	24 006	25 259
Sales of goods and services produced by department	2 332	521	562	527	653	436	457	480
Sales of scrap, waste, arms and other used current goods	539	34 580	431	–	–	112	117	123
Interest, dividends and rent on land	2 116	5 565	894	3 074	7 310	4 445	4 667	4 900
Sales of capital assets	4 958	2 242	2 540	2 770	2 045	3 596	3 756	3 997
Transactions in financial assets and liabilities	55 111	699	18 743	15 623	21 183	14 295	15 009	15 759
Total	65 056	43 607	23 170	21 994	31 191	22 884	24 006	25 259

Programme 1: Administration

Expenditure estimates

Table 5.4 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
R million							
Ministry ¹	2.4	4.3	3.5	4.8	5.1	5.3	5.6
Management	62.1	68.8	71.3	85.1	74.6	86.6	92.5
Corporate Services	418.9	545.3	579.0	624.7	605.8	626.3	659.4
Diplomatic Academy	–	–	52.3	73.5	64.4	75.8	78.1
Foreign and Domestic Properties Management	649.9	959.3	338.4	261.8	249.8	317.0	317.9
Office Accommodation	48.1	60.7	135.8	228.7	245.8	266.7	281.5
Total	1 181.3	1 638.4	1 180.2	1 278.6	1 245.5	1 377.7	1 435.1
Change to 2010 Budget estimate				258.6	165.3	235.9	238.8

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

Economic classification

Current payments	514.7	642.0	757.4	1 009.7	995.0	1 060.0	1 116.5
Compensation of employees	168.5	197.9	237.2	291.2	302.4	319.1	332.3
Goods and services	345.9	443.3	481.4	718.6	692.6	740.9	784.2
of which:							
Computer services	88.4	92.0	90.3	25.5	118.7	115.1	117.4
Lease payments	83.4	102.1	98.4	264.9	267.7	285.9	301.7
Property payments	14.7	17.9	88.0	69.7	70.3	72.6	74.2
Travel and subsistence	57.4	69.0	62.9	29.0	29.4	31.8	33.4
Interest and rent on land	0.3	0.8	38.8	–	–	–	–
Transfers and subsidies	–	1.1	–	2.2	–	–	–
Non-profit institutions	–	1.1	–	2.2	–	–	–
Payments for capital assets	666.8	994.3	283.2	266.7	250.4	317.7	318.6
Buildings and other fixed structures	649.9	926.7	165.3	261.8	250.4	317.7	318.6
Machinery and equipment	–	32.6	33.6	4.9	–	–	–
Land and sub-soil assets	16.3	35.0	83.9	–	–	–	–
Software and other intangible assets	0.7	–	0.5	–	–	–	–
Payments for financial assets	(0.2)	1.1	139.5	–	–	–	–
Total	1 181.3	1 638.4	1 180.2	1 278.6	1 245.5	1 377.7	1 435.1

Table 5.4 Administration (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Details of selected transfers and subsidies							
Non-profit institutions							
Current	–	1.1	–	2.2	–	–	–
Non-profit institutions	–	1.1	–	2.2	–	–	–

Expenditure trends

Expenditure increased from R1.2 billion in 2007/08 to R1.3 billion in 2010/11, at an average annual rate of 2.7 per cent. The growth is attributable to the conclusion of the agreement for the construction of the head office office campus, OR Tambo building. Expenditure on improving the department's ICT infrastructure has increased spending on goods and services from R345.9 million to R718.6 million between 2007/08 and 2010/11, and payments for capital assets by R327.5 million in 2008/09. Most of the increase in spending on goods and services related to lease and property payments.

Expenditure over the MTEF period is expected to grow to R1.4 billion, at an average annual rate of 3.9 per cent. This growth is due to the increased payment of unitary fees for the head office and expenditure on improving the department's ICT infrastructure. Expenditure on consultants increases from R9.9 million in 2011/12 to R11.8 million in 2013/14. Consultants are mainly used to conduct feasibility studies for infrastructure projects.

Programme 2: International Relations and Cooperation

- *Bilateral Relations Management* is the management component at head office that provides strategic policy direction in the implementation of South Africa's foreign policy objectives through the support to South African diplomatic missions abroad. This component represents 10 per cent of the total budget of the programme and the staff complement consists of 640 approved posts.
- *Diplomatic Representation* implements foreign policy and oversees the activities of all South African missions worldwide. The subprogramme has a staff complement of 720 and more than half of the budget is used for compensation of employees.

Objectives and measures

- Strengthen the AU and its structures by:
 - providing financial and technical support for operationalising the African Court of Justice and AU financial institutions by 2012/13
 - providing ongoing financial support for the operations of the Pan African Parliament in terms of country host agreement.
- Contribute to the political and economic integration of African regions by supporting the implementation, by January 2012, of the outcomes of the tripartite summit (the Common Market for Eastern and Southern Africa, the East African Community and SADC) on establishing a free trade area between the summit countries.
- Improve governance and capacity in the SADC secretariat by implementing the secretariat's job evaluation plan and assisting with the recruitment process over the next 3 years.
- Contribute towards the New Partnership for Africa's Development's (NEPAD) process for socioeconomic development in Africa by participating in the African Peer Review Mechanism and submitting the African Peer Review Mechanism country report when required.
- Strengthen bilateral, trilateral and multilateral interest in and relations within the India-Brazil-South Africa Dialogue Forum through continuous active participation in forum structures.
- Strengthen political solidarity, economic cooperation and socio-cultural relations with Asian countries by participating in New Asian-African Strategic Partnership structures over the MTEF period.

- Strengthen North-South economic and political relations and cooperation to advance the African Agenda by participating in the G8 and the Tokyo international conference on Africa development over the next 3 years.

Expenditure estimates

Table 5.5 International Relations

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R million	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Bilateral Relations Management	348.1	400.4	471.9	289.8	306.1	298.2	315.6
Diplomatic Representation	1 774.7	2 252.4	2 397.3	2 085.3	2 223.7	2 406.3	2 688.1
Total	2 122.8	2 652.8	2 869.2	2 375.1	2 529.8	2 704.5	3 003.7
Change to 2010 Budget estimate				(411.7)	(319.5)	(337.8)	(206.0)
Economic classification							
Current payments	2 040.9	2 541.6	2 790.2	2 335.3	2 496.5	2 665.1	2 961.1
Compensation of employees	1 073.2	1 424.2	1 523.3	1 452.3	1 286.7	1 372.1	1 573.0
Goods and services	967.7	1 117.4	1 266.9	883.0	1 209.8	1 293.0	1 388.1
of which:							
Computer services	2.2	5.4	6.1	5.6	5.6	5.6	6.0
Lease payments	435.0	448.8	765.2	321.9	612.4	633.7	704.5
Property payments	88.8	138.5	137.9	102.2	140.0	138.7	156.9
Travel and subsistence	141.3	147.0	135.9	132.6	154.4	184.6	178.0
Transfers and subsidies	22.0	31.9	33.1	16.8	–	–	–
Provinces and municipalities	2.5	–	–	–	–	–	–
Public corporations and private enterprises	13.4	16.6	16.4	–	–	–	–
Households	6.2	15.3	16.8	16.8	–	–	–
Payments for capital assets	59.4	47.3	28.3	23.0	33.3	39.4	42.6
Buildings and other fixed structures	–	–	–	6.1	0.5	0.5	0.6
Machinery and equipment	59.2	47.3	28.3	16.9	32.8	38.9	42.0
Software and other intangible assets	0.2	–	–	–	–	–	–
Payments for financial assets	0.5	32.1	17.7	–	–	–	–
Total	2 122.8	2 652.8	2 869.2	2 375.1	2 529.8	2 704.5	3 003.7

Details of selected transfers and subsidies

Public corporations and private enterprises							
Public corporations							
Other transfers to public corporations							
Current	13.4	16.6	16.4	–	–	–	–
Public corporations and private enterprises	13.4	16.6	16.4	–	–	–	–
Households							
Households social benefits							
Current	6.2	15.3	16.8	16.8	–	–	–
Employee social benefits	6.2	15.3	16.8	16.8	–	–	–

Expenditure trends

Over the MTEF period, the department will focus on facilitating South Africa's participation as a non-permanent member of the United Nations Security Council in 2011 and 2012. The programme will also continue to support the activities of missions and the implementation of foreign policy.

Expenditure grew at an average annual rate of 3.8 per cent, from R2.1 billion in 2007/08 to R2.4 billion in 2010/11. This growth was mainly due to the number of operational foreign missions, which increased from 121 in 2007/08 to 124 in 2010/11. The growth was also attributable to the strengthening of the capacity of missions that had previously operated on a smaller scale, as well as general inflationary increases in the costs of goods

and services. The strengthening of capacity of missions also explains the growth in current payments between 2007/08 and 2010/11, at an average annual rate of 4.6 per cent.

Expenditure is expected to increase over the MTEF period, at an average annual rate of 8.1 per cent, from R2.4 billion in 2010/11 to R3 billion in 2013/14. This increase is mainly due to cost of living and inflation related adjustments on obligatory expenses, such as foreign allowances and rent for foreign accommodation. As expenditure in this programme is significantly affected by exchange fluctuations, the strengthening of the Rand is expected to offset increases in expenditure incurred in foreign currencies.

The ratio of administrative costs to line function costs is 1:3.

Programme 3: Public Diplomacy and Protocol Services

- *Public Diplomacy* provides communication and marketing services to the department in the execution of South Africa's international relations and cooperation, through an integrated, proactive and target-driven public diplomacy and public participation strategy. In its execution, the department liaises with the media, engages with national stakeholders, and promotes South Africa's policies and programmes both nationally and internationally. The subprogramme has a staff complement of 448.
- *Protocol* deals with protocol administration, protocol ceremonial services, state visits, diplomatic liaison, and intergovernmental or provincial protocol services renders support to the president, deputy president and ministers. The subprogramme has a staff complement of 343. The subprogramme organises international conferences and ensures the availability of guesthouses for visitors. Funding is used to cover costs relating to managing the state protocol guesthouses and VIP lounges at the three international airports, the facilitation of incoming and outgoing state visits, and training on protocol matters. In 2010, the subprogramme facilitated the procurement of the presidential suite at Soccer City for the opening and closing ceremonies of the 2010 FIFA World Cup at a cost of R10 million and a further R2 million was spent on accommodation for the invited heads of state and government. The department will facilitate the logistical arrangements of the invited heads of state and government, and imminent persons attending the 17th conference of the parties to the United Nations Framework on Climate Change in Durban in December 2011.

Objectives and measures

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

Expenditure estimates

Table 5.6 Public Diplomacy and Protocol

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
R million							
Public Diplomacy	23.5	36.8	35.3	54.9	52.8	54.6	57.8
Protocol	118.0	115.9	217.6	179.0	158.7	173.9	182.3
Total	141.5	152.6	252.9	233.9	211.5	228.5	240.0
Change to 2010 Budget estimate				1.1	(18.8)	(14.9)	(16.7)

Table 5.6 Public Diplomacy and Protocol (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Economic classification							
Current payments	118.9	134.7	200.4	208.4	211.5	228.5	240.0
Compensation of employees	51.4	61.3	72.7	115.2	115.4	120.7	129.2
Goods and services	67.4	73.4	127.7	93.3	96.1	107.8	110.8
<i>of which:</i>							
Computer services	0.2	0.4	0.4	0.5	0.2	0.3	0.3
Lease payments	8.6	4.2	4.1	2.9	2.2	2.3	2.5
Property payments	–	0.0	–	–	28.0	28.0	27.6
Travel and subsistence	32.1	41.2	55.6	57.0	41.9	50.9	52.7
Transfers and subsidies	20.8	16.3	23.6	25.0	–	–	–
Provinces and municipalities	20.8	16.3	23.6	25.0	–	–	–
Payments for capital assets	1.9	1.6	28.9	0.5	–	–	–
Machinery and equipment	1.9	1.6	28.9	0.5	–	–	–
Total	141.5	152.6	252.9	233.9	211.5	228.5	240.0
Details of selected transfers and subsidies							
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	20.8	16.3	23.6	25.0	–	–	–
Regional Service Council levies	20.8	16.3	23.6	25.0	–	–	–

Expenditure trends

The spending focus over the MTEF period will be on providing protocol support services during outgoing and incoming state visits and for the high level international visits of the president, deputy president and the minister.

Expenditure grew at an average annual rate of 18.2 per cent, from R141.5 million in 2007/08 to R233.9 million in 2010/11. This was due to a significant increase in the number of incoming and outgoing state visits during this period, which contributed to a higher demand for protocol services. Travel and subsistence expenditure was R55.6 million in 2009/10, as the department provided protocol advice and support to other government departments, non-governmental organisations, the private sector and the 2010 FIFA World Cup local organising committee. The department has also been building capacity to respond to the increased demand for protocol and diplomatic services. As a result, expenditure on compensation of employees grew at an average annual rate of 30.8 per cent from R51.4 million in 2007/08 to R115.2 million 2010/11, driven mainly by a personnel headcount increase from 245 to 288 during the same period.

Expenditure is expected to grow from R233.9 million in 2010/11 to R240.0 million in 2013/14, at an average annual rate of 0.9 per cent over the MTEF period. This growth is mainly in spending on compensation of employees and is due to inflation related adjustments to salaries. Expenditure on consultants is expected to decrease from R2.4 million in 2010/11 to R1.9 million in 2013/14. The department uses consultants mainly for the translation of marketing material and communication between foreign missions. The ratio of administrative costs to line function costs is 1:3, which is attributable to high staff turnover of the household aids and protocol officials.

Programme 4: International Transfers

- *International Organisations* provides for South Africa's contribution with regard to membership of international organisations such as the UN, AU and SADC. It also provides for transfers to the African Renaissance and International Cooperation Fund.

Table 5.7 International Transfers

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
R million							
International Organisations	624.1	1 028.4	1 115.2	828.2	809.9	844.2	890.5
Total	624.1	1 028.4	1 115.2	828.2	809.9	844.2	890.5
Change to 2010 Budget estimate				43.5	(117.2)	(121.3)	(128.2)
Economic classification							
Transfers and subsidies	624.1	1 028.4	1 115.2	828.2	809.9	844.2	890.5
Departmental agencies and accounts	300.0	698.9	631.4	401.1	450.4	465.2	495.2
Foreign governments and international organisations	324.1	329.4	483.8	427.2	359.6	379.0	395.3
Total	624.1	1 028.4	1 115.2	828.2	809.9	844.2	890.5

Details of selected transfers and subsidies

Foreign governments and international organisations							
Current	315.8	319.7	477.1	416.6	349.2	368.6	384.9
African Union	110.4	118.5	219.0	159.0	128.9	137.4	144.5
India, Brazil, South Africa Trust Fund	10.1	7.4	7.7	8.1	7.6	8.1	8.5
New Partnership for Africa's Development	30.0	31.6	27.0	22.5	7.5	7.5	7.5
African, Caribbean and Pacific group of states	3.2	3.7	3.7	3.9	3.9	3.9	3.9
Commonwealth	8.1	17.7	7.5	9.4	9.4	9.4	9.4
Southern African Development Community	29.6	30.8	43.2	42.8	40.5	43.2	45.4
United Nations	86.1	79.4	124.2	123.4	117.7	125.5	132.0
Comprehensive Test Ban Treaty	2.9	5.5	2.9	6.0	6.0	6.0	6.0
Humanitarian aid	34.0	24.1	40.8	28.2	24.0	24.0	24.0
United Nations Development Programme in Southern Africa	1.3	1.1	1.1	1.2	1.2	1.2	1.2
African Peer Review Mechanism	–	–	–	12.1	2.5	2.5	2.5

Expenditure trends

The spending focus over the MTEF period will be on membership fees to international organisations and the transfer to the African Renaissance and International Cooperation Fund. These transfer payments will help the department reach its medium term strategic goals of advancing the African Agenda and participating in the global system of governance among others.

Expenditure in this programme grew from R624.1 million in 2007/08 to R828.2 million in 2010/11, at an average annual rate of 9.9 per cent. This growth was mainly due to the recapitalisation of the African Renaissance and International Cooperation Fund to increase funding for post-conflict reconstruction and development initiatives in Burundi and the Democratic Republic of the Congo, and for economic reconstruction programmes in Zimbabwe.

Over the MTEF period, expenditure is expected to increase from R828.2 million to R890.5 million, at an average annual rate of 2.4 per cent. This is mainly due to the increase in the transfer payment to the African Renaissance and International Cooperation Fund and an increase in membership fees to the UN and SADC. The marginal decline in expenditure growth over the MTEF period is attributable to payments of membership fees to international organisations, whose transactions are subject to foreign exchange rate fluctuations. Over the MTEF period, the programme receives additional allocations of R44.6 million, R52.6 million and R55.7 million for the increased membership contributions to the UN and SADC. The South African Development Partnership Agency will be initiated in 2012/13 and will incorporate the African Renaissance and International Cooperation Fund.

Public entities and other agencies

African Renaissance and International Cooperation Fund

Strategic overview: 2007/08 – 2013/14

The African Renaissance and International Cooperation Fund was established in terms of the African Renaissance and International Cooperation Fund Act (2000). The vision of the fund is to promote an African continent that is democratic, non-racial, non-sexist, conflict free and development oriented. The fund promotes economic cooperation between South Africa and other countries, especially in Africa, by funding a range of projects.

In promoting democracy and good governance, the fund provides financial support for elections, institutional restructuring and government reform in identified African countries. The fund also supports initiatives that enable partner countries to promote justice, human rights and respect for international law. The fund supports educational programmes, human resource development, and management training, and offers student bursaries.

Multilateralism and regional interaction are encouraged by the provision of financial support to regional and continental multilateral institutions. The fund supports local economic development by facilitating dialogue on developmental issues. It also promotes the implementation of bilateral development agreements between South Africa and partner countries. In line with its aim of contributing to the wellbeing and needs of women and children in relation to food and nutrition, health, water and sanitation, from time to time the fund identifies projects for providing humanitarian assistance and disaster relief.

Over the MTEF period, the fund will support projects that contribute towards South Africa's foreign policy priority as stated in the medium term strategic framework, particularly the consolidation of the African Agenda.

Savings and cost effectiveness measures

The fund has identified savings of R105 million in 2011/12, R105.2 million in 2012/13 and R106.6 million 2013/14 from slower than budgeted spending on projects related to post-conflict reconstruction and development in African countries. These savings were reprioritised to the department to fund costs related to South Africa's participation in United Nations Security Council as a non-permanent member, and inflation related adjustments to missions' operational cost, such as lease rental, municipality rates and taxes, and for cost of living adjustments. Additional savings and cost effectiveness measures will be mainly achieved through the scrutiny of proposals submitted to the advisory board for consideration and recommendation to the Minister of International Relations and Cooperation and the Minister of Finance.

Selected performance indicators

Table 5.8 African Renaissance and International Cooperation Fund

Indicator	Programme/Activity	Past			Current	Projections		
		2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Number of projects approved per year	Bilateral and other projects	6	9	9	10	15	17	15
Total value of projects approved	Bilateral and other projects	R352m	R476m	R631m	R401m	R450m	R464m	R495m
Value of funds approved for promoting democracy and good governance per year	South Africa's participation in the observer missions in the continent	R96m	R4m	R394m	R141m	R110m	R86m	R91m
Value of funds approved for the prevention and resolution of conflict per year	Bilateral projects related to post-conflict, reconstruction and development in particular Great Lakes Region.	R8m	R10m	R100m	R90m	R80m	R110m	R116m
Value of funds approved for humanitarian assistance and disaster relief per year	Funding, humanitarian and technical assistance to countries in need of disaster relief	R22m	R300m	R10m	R10m	R15m	R15m	R15m
Value of funds approved for cooperation between South Africa and other countries, in particular African countries, per year	Bilateral projects related to socioeconomic development within the Continent.	R35m	R42m	R72m	R70m	R130m	R155m	R163m
Value of funds approved for human resource development per year	Technical assistance to identified countries; and training Congolese public service officials	R176m	R20m	R25m	R80m	R55m	R49m	R55m
Value of funds approved for socioeconomic development and integration per year	Bilateral projects	R15m	R100m	R30m	R10m	R60m	R50m	R53m

Details of programmes/activities/objectives

The main thrust of the fund is to provide: financial support and capacity building for the promotion of democracy and good governance in the identified African countries; skills development; humanitarian assistance and disaster relief; and the implementation of bilateral agreements signed in areas, such as agriculture and health services. Over the medium term, the fund will continue to provide support to any African countries that are holding elections.

Table 5.9 African Renaissance and International Cooperation Fund

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
DFA-GOSS-UNISA	30.0	–	–	–	–	–	–
Assistance of the government of Guinea (Conacry) rice production/food relief/technical assistance	60.0	–	–	–	–	–	–
Maloti-Drakenstein transfrontier	–	–	–	60.0	–	–	–
Zimbabwe projects	–	313.5	300.0	–	–	–	–
Other objectives	262.2	162.1	31.0	341.1	450.4	465.2	495.2
Total expense	352.2	475.6	331.0	401.1	450.4	465.2	495.2

Expenditure estimates

Table 5.10 African Renaissance and International Cooperation Fund

Statement of financial performance				Revised estimate	Medium-term estimate		
R million	Audited outcome			2010/11	2011/12	2012/13	2013/14
	2007/08	2008/09	2009/10				
Revenue							
Non-tax revenue	36.3	46.2	33.9	62.4	65.5	68.8	72.2
<i>Other non-tax revenue</i>	36.3	46.2	33.9	62.4	65.5	68.8	72.2
Transfers received	300.0	698.9	631.4	401.1	450.4	465.2	495.2
Total revenue	336.3	745.1	665.3	463.5	515.9	534.0	567.4
Expenses							
Transfers and subsidies	352.2	475.6	331.0	401.1	450.4	465.2	495.2
Total expenses	352.2	475.6	331.0	401.1	450.4	465.2	495.2
Surplus / (Deficit)	(15.9)	269.5	334.3	62.4	65.5	68.8	72.2
Statement of financial position							
Receivables and prepayments	34.4	41.3	35.9	35.9	35.9	35.9	35.9
Cash and cash equivalents	467.0	698.7	1 032.0	1 432.4	1 953.3	2 528.2	2 654.6
Total assets	501.4	740.0	1 067.9	1 468.3	1 989.2	2 564.1	2 690.5
Accumulated surplus/deficit	45.0	297.9	593.4	412.5	450.9	474.5	500.6
Trade and other payables	456.4	442.1	474.4	392.2	392.3	409.2	431.7
Total equity and liabilities	501.4	740.0	1 067.9	804.7	843.2	883.7	932.3

Expenditure trends

The fund's medium term focus will be on projects relating to promoting peace and stability in Africa, reconstruction and development, and support for urgent humanitarian needs. This will help to promote democracy, good governance as well as the prevention and resolution of conflict.

The main source of funding for the fund is a transfer payment from the Department of International Relations and Cooperation, and interest income from bank deposits with the Corporation for Public Deposits in the South African Reserve Bank. The transfer payment to the fund increased from R300 million in 2007/08 to R401.1 million in 2010/11, at an average annual rate of 10.2 per cent. Over the same period, expenditure increased from R352.2 million to R401.1 million, at an average annual rate of 4.4 per cent. This growth is mainly due to projects related to socioeconomic development on the continent. Over the MTEF period, the

transfer payment is expected to increase from R401.1 million to R495.2 million, at an average annual rate of 7.3 per cent. The increase is mainly to fund projects relating to the resolution of conflict and socioeconomic development.

Personnel information

The fund's activities are administered and managed by the advisory committee. In its current format, the fund does not have a personnel structure and the allocation is earmarked for the funding of projects. The fund is completely supported and administered by the department.

Additional tables

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

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R million	2009/10		2009/10	2010/11			2010/11
Administration	993.1	1 207.7	1 180.2	1 020.0	258.6	1 278.6	1 278.6
International Relations	3 128.6	3 072.0	2 869.2	2 786.8	(411.7)	2 375.1	2 375.1
Public Diplomacy and Protocol	215.3	257.6	252.9	232.9	1.1	233.9	233.9
International Transfers	1 000.0	1 015.6	1 115.2	784.7	43.5	828.2	828.2
Total	5 337.0	5 553.0	5 417.4	4 824.4	(108.6)	4 715.8	4 715.8
Economic classification							
Current payments	3 993.4	4 042.7	3 748.0	3 688.6	(135.2)	3 553.4	3 553.4
Compensation of employees	2 013.3	2 062.6	1 833.3	2 017.1	(158.6)	1 858.6	1 858.6
Goods and services	1 980.1	1 980.1	1 875.9	1 671.4	23.4	1 694.9	1 694.9
Interest and rent on land	–	–	38.8	–	–	–	–
Transfers and subsidies	1 024.4	1 040.0	1 171.9	820.2	52.1	872.3	872.3
Provinces and municipalities	24.4	24.4	23.6	22.3	2.7	25.0	25.0
Departmental agencies and accounts	631.4	631.4	631.4	401.1	–	401.1	401.1
Foreign governments and international organisations	368.7	384.3	483.8	383.7	43.5	427.2	427.2
Public corporations and private enterprises	–	–	16.4	–	–	–	–
Non-profit institutions	–	–	–	–	2.2	2.2	2.2
Households	–	–	16.8	13.1	3.7	16.8	16.8
Payments for capital assets	319.3	470.3	340.4	315.7	(25.5)	290.1	290.1
Buildings and other fixed structures	272.2	423.2	165.3	237.6	30.3	267.9	267.9
Machinery and equipment	47.1	47.1	90.7	78.1	(55.8)	22.3	22.3
Land and sub-soil assets	–	–	83.9	–	–	–	–
Software and other intangible assets	–	–	0.5	–	–	–	–
Payments for financial assets	–	–	157.2	–	–	–	–
Total	5 337.0	5 553.0	5 417.4	4 824.4	(108.6)	4 715.8	4 715.8

Table 5.B Detail of approved establishment and personnel numbers according to salary level¹

	Personnel post status as at 30 September 2010			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year ²	Medium-term estimate		
				2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
Department	5 305	5 211	80	4 463	4 668	4 624	4 712	5 211	5 211	5 211
Salary level 1 – 6	2 818	2 797	19	492	502	494	2 309	2 797	2 797	2 797
Salary level 7 – 10	1 757	1 702	41	3 329	3 561	3 489	1 767	1 702	1 702	1 702
Salary level 11 – 12	449	437	10	408	364	388	396	437	437	437
Salary level 13 – 16	281	275	10	234	241	253	240	275	275	275
Administration	1 088	1 085	80	873	920	942	870	1 085	1 085	1 085
Salary level 1 – 6	347	347	19	372	386	381	292	347	347	347
Salary level 7 – 10	560	560	41	365	389	411	440	560	560	560
Salary level 11 – 12	121	121	10	92	96	99	96	121	121	121
Salary level 13 – 16	60	57	10	44	49	51	42	57	57	57
International Relations	3 798	3 768	–	3 345	3 498	3 416	3 554	3 768	3 768	3 768
Salary level 1 – 6	2 381	2 381	–	65	59	57	1 959	2 381	2 381	2 381
Salary level 7 – 10	935	915	–	2 822	3 021	2 914	1 144	915	915	915
Salary level 11 – 12	282	274	–	285	238	256	266	274	274	274

Table 5.B Detail of approved establishment and personnel numbers according to salary level¹ (continued)

	Personnel post status as at 30 September 2010			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year ²	Medium-term estimate		
				2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Salary level 13 – 16	200	198	–	173	180	189	185	198	198	198
Public Diplomacy and Protocol	419	358	–	245	250	266	288	358	358	358
Salary level 1 – 6	90	69	–	55	57	56	58	69	69	69
Salary level 7 – 10	262	227	–	142	151	164	183	227	227	227
Salary level 11 – 12	46	42	–	31	30	33	34	42	42	42
Salary level 13 – 16	21	20	–	17	12	13	13	20	20	20

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

² As at 30 September 2010.

Table 5.C Summary of expenditure on training

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Compensation of employees (R million)	1 293.2	1 683.4	2 062.6	1 958.6	1 664.1	1 778.1	1 997.5
Training expenditure (R million)	13.1	8.1	12.4	19.6	16.6	17.8	20.0
Training as percentage of compensation of employees	1.0%	0.5%	0.6%	1.0%	1.0%	1.0%	1.0%
Total number trained in department (head count)	1 139	1 139	1 139	962			
<i>of which:</i>							
Employees receiving bursaries (head count)	95	9	9	38			
Learners trained (head count)	42	42	42	39			
Interns trained (head count)	–	–	–	14			

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

Table 10: Summary of departmental public-private partnership (PPP) projects					
Project description: Public Private Partnership for the design, construction, operation and maintenance of a suitable and sustainable working environment for the Department	Project annual unitary fee at time of contract	Budgeted expenditure	Medium-term expenditure estimate		
		2010/11	2011/12	2012/13	2013/14
R million					
Projects signed in terms of Treasury Regulation 16	101.3	162.7	170.0	185.9	196.3
PPP unitary charge	101.3	162.7	170.0	185.9	196.3
Total	101.3	162.7	170.0	185.9	196.3

Table 5.D Summary of departmental public private partnership (PPP) projects (continued)**Disclosure notes for projects signed in terms of Treasury Regulation 16**

Project name	Public Private Partnership for the design, construction, operation and maintenance of a suitable and sustainable working environment for the Department
Brief description	New head office building: PPP agreement for the design, construction, operation and maintenance of a suitable and sustainable working environment
Date PPP agreement was signed	13 March 2009
Duration of PPP agreement	25 years
Escalation index for unitary fee	CPI
Variations / amendments to PPP agreement	NIL
Cost implications of variations/amendments	NIL
Significant contingent fiscal obligations including termination payments, guarantees, warranties and indemnities and maximum estimated value of such liabilities	As per the Contingent Fiscal Liability Report as approved by National Treasury in August 2008

Table 5.E Summary of expenditure on infrastructure

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation 2010/11	Medium-term expenditure estimate		
				2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Departmental infrastructure										
R million	Head Office Campus	Handed over	965.5	300.0	665.5	–	–	–	–	–
	New Delhi (Construction of Chancery and Official Residence)	Feasibility	370.0	–	35.0	–	34.0	5.0	60.0	65.5
Dar es Salaam (Construction of Chancery)	Functional and effective office accommodation	Design	49.5	1.8	0.9	9.0	28.0	15.7	–	–
Kigali (Construction of off Chancery and Official Residence)	Functional and effective office accommodation and official residence	Design	49.5	0.6	0.8	3.7	5.5	7.5	34.0	33.7
Lilongwe (Construction of Chancery and staff Housing)	Functional and effective office accommodation and staff housing	Design	68.8	0.9	1.4	5.6	19.5	32.0	23.3	–
Mbabane (Construction of staff housing)	Functional and effective staff housing	Design	78.0	2.5	1.2	7.5	22.0	22.0	33.5	15.5
Mbabane (Construction of Chancery)	Functional and effective office accommodation	Feasibility	39.0	–	–	2.5	3.5	–	3.5	10.0
Gaborone (Construction of Official Residence)	Functional and effective Official Residence	Design	23.0	0.2	1.4	3.5	–	–	12.0	11.0
Riyadh (Construction of Chancery and Official Residence)	Functional and effective office accommodation and official residence	Feasibility	75.0	–	–	1.8	2.7	2.7	25.0	30.0
Bamako (Construction of Chancery, Official Residence and Staff housing)	Functional and effective office accommodation and official residence	Feasibility	48.0	0.2	–	0.8	2.2	–	4.5	15.0
Dakar (Construction of Chancery)	Functional and effective office accommodation	Feasibility	48.0	–	–	0.8	2.2	–	2.2	11.0
Montivideo (Construction of staff housing)	Functional and effective staff housing	Feasibility	4.5	–	–	0.8	–	–	0.8	3.2
Luanda (Construction of Chancery)	Functional and effective office accommodation	Feasibility	9.5	–	–	1.5	2.5	–	2.5	20.0

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

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
R million			205.4	–	59.4	79.2	41.0	85.0	–	–
Washington (Refurbishment of Chancery)	Functional and effective office accommodation	Feasibility								
Tokyo and New York	Functional and effective and official residence	Feasibility	–	1.0	–	–	–	–	15.0	18.0
Refurbishment at various Missions	Refurbishment of infrastructure	Various	60.2	49.0	40.6	6.0	49.3	42.1	49.5	85.0
Brussels (Acquisition of Chancery)	Functional and effective office accommodation	Identification	–	93.6	–	–	–	–	–	–
Maseru (Construction of Chancery and staff Housing)	Functional and effective office accommodation	Identification	105.2	35.9	46.4	–	–	–	–	–
Riyadh (Acquisition of Land)	Land for the construction of a Chancery	Identification	–	10.6	–	–	–	–	–	–
Bujumbura (Acquisition of Chancery)	Functional and effective office accommodation	Identification	–	4.9	–	–	–	–	–	–
Abuja (Construction of Chancery and Official Residence)	Functional and effective office accommodation and official residence	Construction	122.3	57.1	26.1	42.6	19.4	–	–	–
Pan African Parliament	Functional and effective office accommodation and parliamentary facilities	Feasibility	–	–	48.0	–	30.0	–	–	–
Kigali	Functional and effective and official residence	Feasibility	–	2.2	–	–	–	25.5	35.5	–
Gaborone (Acquisition of Chancery)	Functional and effective office accommodation	Construction	–	22.7	–	–	–	–	–	–
Addis Ababa	Chancery and three residences	Construction	–	66.6	–	–	–	–	–	–
Other	Various	Various	–	–	–	–	6.1	1.1	1.2	1.3
Total			2 321.3	649.9	926.7	165.3	267.9	250.9	318.2	319.2

Vote 6

Performance Monitoring and Evaluation

Budget summary

R million	2011/12			2012/13	2013/14
	Total to be appropriated	Current payments	Payments for capital assets	Total	Total
MTEF allocation					
Administration	22.5	22.1	0.4	45.9	50.1
Outcomes Monitoring and Evaluation	24.7	24.7	–	34.1	43.3
Integrated Public Performance Data Systems	21.7	19.1	2.6	34.3	31.4
Public Sector Administration Oversight	6.8	6.8	–	26.6	35.6
Total expenditure estimates	75.8	72.8	3.0	141.0	160.4
Executive authority	Minister in The Presidency: Performance Monitoring and Evaluation as well as Administration				
Accounting officer	Director General of Performance Monitoring and Evaluation				
Website address	www.thepresidency.gov.za				

More detailed information for each vote is available at www.treasury.gov.za. More comprehensive coverage of vote specific information, particularly on goods and services, transfers and subsidies, donor funding, public entities and lower level institutional information, is provided.

Aim

Support an outcomes oriented approach in intergovernmental planning and resource allocation across all spheres and organs of government.

Programme purposes

Programme 1: Administration

Purpose: Provide leadership, management and support services to the department.

Programme 2: Outcomes Monitoring and Evaluation

Purpose: Coordinate and manage the outcomes oriented performance monitoring and evaluation system.

Programme 3: Integrated Public Performance Data Systems

Purpose: Coordinate and support an integrated government wide performance monitoring and evaluation system.

Programme 4: Public Sector Administration Oversight

Purpose: Coordinate and facilitate public sector administration oversight services.

Strategic overview: 2010/11 – 2013/14

The Department of Performance Monitoring and Evaluation was established in January 2010 as a demonstration of government's commitment to ensuring that its performance impacts meaningfully on the lives of South Africans.

Working closely with the National Planning Commission, the department is to play an important role in setting expectations for improved outcomes across the three spheres of government and other organs of state, using a results oriented approach. The department will review government's data architecture to ensure that the required

performance information is generated, and it will ensure that this information is used in intergovernmental planning and resource allocation.

Legislative and policy mandates

The mandate of the Department of Performance Monitoring and Evaluation is derived from section 85(2)(c) of the Constitution, which states that the president has the executive authority, together with the other members of the Cabinet, to coordinate the functions of state departments and administrations. This mandate has further been elaborated through policy pronouncements by the president in his 2010/11 state of the nation address, as well as through Cabinet, and by the Minister for Performance Monitoring and Evaluation through the Green Paper on Performance Monitoring and Evaluation.

In line with the green paper, the department is specifically mandated to: implement the outcomes approach; assist the president in putting in place performance agreements for each minister; provide advice and support to the president and deputy president on Cabinet memorandums; carry out performance monitoring of individual national and provincial government departments and municipalities; develop and implement citizen based monitoring by incorporating community participation and stakeholder engagement; and coordinate and manage government wide monitoring and evaluation systems.

Strategic priorities

The department will focus on the following key strategic priorities over the medium term: monitoring and evaluating the implementation of delivery agreements through the programme of action system (which monitors the progress of the delivery agreements, and tracks and reports on key aspects through indicators and targets for outputs, sub-outputs and in some cases activities), with a view to refining and improving them and getting realistic targets; reviewing government's data architecture to facilitate its availability for informing policy and management decisions; assisting departments with data analysis and making effective use of evidence for sustainable improvement in service delivery; introducing citizen based monitoring and evaluation mechanisms to promote citizen empowerment; and developing and implementing an objective performance assessment tool with other national departments for institutional performance monitoring.

The department's work will build on existing initiatives with a renewed focus on refining ways of measuring inputs, outputs and outcomes. There will also be a focus on capacity building to improve the technical skills and capabilities required for outcomes based performance management. The department will help institutions turn around blockages and non-delivery.

Policy developments impacting on departmental spending

In 2010, the president expanded the department's mandate. An additional responsibility is the performance monitoring of individual national and provincial departments and municipalities. This will require more staff, office space and furniture, service providers, ICT, and related operational costs. Over the medium term, the department will incrementally expand its organisational structure and related resources.

Government's new outcomes approach to performance

The outcomes approach is embedded in and a direct result of the electoral mandate. The approach was developed in the context of the African National Congress's election manifesto and the medium term strategic framework. The election manifesto identified five priority areas: decent work and sustainable livelihoods; education; health; rural development, food security and land reform; and the fight against crime and corruption. It concretely addresses government's programme of action, which identifies strategic priority areas.

The outcomes approach involves: the development of government's 12 key outcomes, with accompanying outputs and strategic activities and metrics; the development and signing of performance agreements between the president and ministers, which outline high level outputs, metrics and key and contributing activities towards each outcome; the conversion of high level outputs and metrics into 12 detailed delivery agreements with the key partners that need to work together to achieve the outputs (each negotiated agreement spells out who will do what by when and with what resources); and the establishment of effective coordinating structures to ensure that the key partners of the delivery agreements work together to achieve the outputs. These structures will coordinate the implementation of the outcomes, reviewing progress and deciding on interventions when required. The structures will also monitor and evaluate the degree to which the outcomes are being achieved, which, in turn, will provide a feedback loop to annual reviews of the delivery agreements.

Savings and cost effectiveness measures

This is a new department and no cost effectiveness measures were put in place. However, following a Cabinet decision in December 2010 to cut departmental budgets, the department identified savings in goods and services of R116 000 in 2011/12, R131 000 in 2012/13 and R138 000 in 2013/14, mainly for consultants and professional services. The savings will have a minimal impact on service delivery.

Selected performance indicators

Table 6.1 Performance Monitoring and Evaluation

Indicator	Programme	Past			Current ¹	Projections		
		2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Number of signed and reviewed delivery agreements per year	Outcomes Monitoring and Evaluation	–	–	–	12	12	12	12
Number of performance agreements between the president and ministers signed and reviewed per year	Outcomes Monitoring and Evaluation	–	–	–	34	34	34	34
Number of operational data forums per year for each of the outcomes to support data driven and evidence based monitoring and reporting	Integrated Public Performance Data Systems	–	–	–	–	12	12	12
Number of institutional assessments carried out per year	Public Sector Administration Oversight	–	–	–	3	10	15	15
Number of reports compiled per year on actions to address identified weaknesses and gaps escalated	Public Sector Administration Oversight	–	–	–	3	10	15	15

1. The department was formed in 2010/11, so reporting begins in that year.

Expenditure estimates

Table 6.2 Performance Monitoring and Evaluation

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
R million	2007/08	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
Administration	–	–	–	–	–	22.5	45.9	50.1
Outcomes Monitoring and Evaluation	–	–	–	–	–	24.7	34.1	43.3
Integrated Public Performance Data Systems	2.0	3.6	10.4	40.5	40.5	21.7	34.3	31.4
Public Sector Administration Oversight	–	–	–	–	–	6.8	26.6	35.6
Total	2.0	3.6	10.4	40.5	40.5	75.8	141.0	160.4
Change to 2010 Budget estimate				20.2	20.2	37.3	97.3	114.3
Economic classification								
Current payments	2.0	3.6	8.8	33.4	33.4	72.8	123.4	151.8
Compensation of employees	1.6	2.6	3.4	22.5	22.5	50.9	84.0	102.7
Goods and services	0.4	0.9	5.4	10.9	10.9	21.9	39.4	49.2
of which:								
Audit cost: External	–	–	0.0	0.0	0.0	3.9	4.3	4.8
Consultants and professional services:	0.0	–	3.0	1.5	1.5	4.3	9.6	14.7
Business and advisory services								
Lease payments	–	–	–	0.3	0.3	0.0	7.0	10.0
Travel and subsistence	0.1	0.1	0.3	1.9	1.9	3.5	4.2	4.4
Payments for capital assets	0.0	0.0	1.6	7.1	7.1	3.0	17.6	8.6
Machinery and equipment	0.0	0.0	1.6	7.1	7.1	2.4	16.0	7.0
Software and other intangible assets	–	–	–	–	–	0.6	1.6	1.6
Total	2.0	3.6	10.4	40.5	40.5	75.8	141.0	160.4

Expenditure trends

The spending focus over the MTEF period will be on expanding the capacity of the department in the Public Sector Administration Oversight Branch and in the Data Systems Branch by building the data systems and filling critical vacant posts.

Expenditure has grown from R2 million in 2007/08 to R40.5 million in 2010/11, at an average annual rate of 174 per cent, mainly due to additional funds for the department's expanded mandate. Expenditure is expected to increase significantly over the MTEF period, from R40.5 million in 2010/11 to R160.4 million in 2013/14, at an average annual rate of 58.2 per cent, mainly due to increases in the department's establishment.

Over the MTEF period, the department has budgeted R5.3 million in 2011/12, R10.7 million in 2012/13 and R15.8 million in 2013/14 for consultants and professional service providers to provide ICT related services and supplement research and factorial analysis capacity. Administrative costs are expected to make up 30 per cent of the allocated budget in 2011/12, 33 per cent in 2012/13 and 31 per cent in 2013/14.

The department receives additional allocations over the MTEF period of R37.4 million, R97.5 million and R114.5 million, mainly in compensation of employees, advertising, consultants, and machinery and equipment, as it capacitates and begins to implement its programmes.

Personnel information

The department currently has an approved establishment of 106 posts, of which 104 are funded in 2011/12, and there is 1 additional post. The number of filled posts increased from 7 in 2008/09 to 48 in 2010/11, as the original monitoring and evaluation unit in the Presidency was reconstituted to create the Department of Performance Monitoring and Evaluation. Filled posts are expected to increase to 185 in 2012/13 and 213 in 2013/14 to help the department achieve its strategic priority analysis and make effective use of evidence for sustainable improvements in service delivery.

On 30 September 2010 there were 57 funded vacancies in the department, of which 11 were at salary level 11 and 8 are at salary level 7. Most are in the *Administration* programme. The majority have been advertised and are currently filled or in the process of being filled. The department will continue to fill all vacant posts on its current establishment and expects to complete this by May 2011.

The ratio of support staff to line staff is 1:2.

Departmental receipts

The department does expect to generate any receipts.

Programme 1: Administration

Expenditure estimates

Table 6.3 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
R million							
Departmental Management	–	–	–	–	6.7	5.6	5.8
Corporate Services	–	–	–	–	6.1	24.2	26.8
Finance Administration	–	–	–	–	7.1	12.9	14.1
Internal Audit	–	–	–	–	2.6	3.3	3.4
Total	–	–	–	–	22.5	45.9	50.1
Change to 2010 Budget estimate				–	12.2	34.3	37.9
Economic classification							
Current payments	–	–	–	–	22.1	39.9	46.1
Compensation of employees	–	–	–	–	13.0	20.5	22.8
Goods and services	–	–	–	–	9.1	19.5	23.4
of which:							
Audit cost: External	–	–	–	–	3.9	4.3	4.8
Consultants and professional services: Business and advisory services	–	–	–	–	0.5	0.5	0.5
Lease payments	–	–	–	–	–	7.0	10.0
Travel and subsistence	–	–	–	–	0.8	1.0	1.0
Payments for capital assets	–	–	–	–	0.4	6.0	4.0
Machinery and equipment	–	–	–	–	0.4	6.0	4.0
Total	–	–	–	–	22.5	45.9	50.1

Expenditure trends

The spending focus over the MTEF period will be on filling vacant posts in the corporate services, finance and internal audit units to capacitate the department with support staff and provide it with additional office accommodation. As this is a new department, there is no expenditure from 2007/08 to 2010/11.

Expenditure is expected to increase from R22.5 million in 2011/12 to R45.9 million in 2012/13 and R50.1 million in 2013/14. Year-on-year growth is 103.9 per cent in 2012/13 and 9.1 per cent in 2013/14 as the department begins to carry its own administration costs, previously carried by the Presidency.

Expenditure on compensation of employees will increase from R13 million in 2011/12 to R20.5 million in 2012/13 and R22.8 million in 2013/14. Year-on-year growth is 56.9 per cent in 2012/13 and 11.3 per cent in 2013/14, mainly as a result of an increase in staff in the *Corporate Services* subprogramme. The department expects to begin incurring costs for accommodation in 2012/13, and for office furniture and equipment over the medium term.

Over the MTEF period, the programme receives additional allocations of R11.1 million in 2011/12, R31.8 million in 2012/13 and R35.8 million in 2013/14, mainly in compensation of employees and advertising. Most of the growth is in the *Finance Administration* and *Corporate Services* subprogrammes as the programme capacitates its support functions.

Programme 2: Outcomes Monitoring and Evaluation

- *Programme Management for Outcomes Monitoring and Evaluation* provides management and administrative support. This subprogramme consists of the head of the branch and 2 support staff members, and 78 per cent of its budget is used for compensation of employees.

- *Outcomes Facilitation* ensures the development of the outcomes approach to performance monitoring and evaluation by: providing technical and management support to the relevant outcomes coordinating departments; and undertaking independent and objective monitoring and evaluation of progress against set targets. The subprogramme has a staff complement of 26, and 82 per cent of its budget is used for compensation of employees.
- *Outcomes Research* supports the learning of outcomes oriented performance monitoring and evaluation across government, and coordinates research projects. Thus far, the subprogramme has only 2 employees, and 96 per cent of its budget is used for compensation of employees. The unit will be set up in 2011/12 to reach full operational status in 2012/13.

Objectives and measures

- Enhance the management of government service delivery by:
 - translating the medium term strategic framework into a prioritised set of government outcomes with detailed and precise outputs and targets, and undertaking annual reviews of the outcomes
 - ensuring that performance agreements between the president and Cabinet ministers are developed, and monitored on a quarterly basis
 - ensuring that delivery agreements are developed, specifying key partners and their roles and responsibilities in achieving outputs and targets, and revised annually for all outcomes.
- Coordinate the implementation of the delivery agreements by:
 - establishing the implementation forums and providing them with support
 - performing in-year monitoring and evaluation of progress in achieving the set targets.
- Identify and manage delivery failure by removing blockages and addressing problems constraining delivery through a dedicated team for each project.

Expenditure estimates

Table 6.4 Outcomes Monitoring and Evaluation

Subprogramme				Adjusted appropriation	Medium-term expenditure estimate		
R million	Audited outcome			2010/11	2011/12	2012/13	2013/14
	2007/08	2008/09	2009/10				
Programme Management for Outcomes Monitoring and Evaluation	–	–	–	–	2.2	2.3	2.4
Outcomes Facilitation	–	–	–	–	21.7	27.5	35.5
Outcomes Research	–	–	–	–	0.9	4.3	5.5
Total	–	–	–	–	24.7	34.1	43.3
Change to 2010 Budget estimate				–	5.9	10.3	18.0
Economic classification							
Current payments	–	–	–	–	24.7	34.1	43.3
Compensation of employees	–	–	–	–	20.3	27.4	33.3
Goods and services	–	–	–	–	4.4	6.8	10.0
of which:							
Consultants and professional services:	–	–	–	–	1.9	4.0	7.0
Business and advisory services	–	–	–	–	1.4	1.4	1.5
Travel and subsistence	–	–	–	–			
Total	–	–	–	–	24.7	34.1	43.3

Expenditure trends

Spending over the MTEF period will mainly focus on the establishment of this programme to increase its capacity to facilitate and research outcomes based performance monitoring and evaluation throughout government. As this is a new department, there is no expenditure from 2007/08 to 2010/11.

Expenditure is expected to grow from R24.7 million in 2011/12 to R34.1 million in 2012/13 and R43.3 million in 2013/14. Year-on-year growth is 37.9 per cent in 2012/13 and 26.9 per cent in 2013/14, mainly in compensation of employees, consultants, and travel and subsistence costs in the *Outcomes Facilitation*

subprogramme, as the programme builds up capacity and begins to provide technical and management support to the outcomes coordinating departments.

Expenditure on consultants and professional services is expected to increase from R1.9 million in 2011/12 to R4 million in 2012/13 and R7 million in 2013/14, year-on-year growth of 110.5 per cent in 2012/13 and 75 per cent in 2013/14. The consultants supplement the work of outcomes facilitators. Compensation of employees makes up 82.1 per cent of total expenditure over the medium term.

Over the MTEF period, the programme receives additional allocations of R12.2 million in 2011/12, R23.6 million in 2012/13 and R30.9 million in 2013/14, mainly in compensation of employees and consultants.

The ratio of administration costs to line function personnel costs is 1:8

Programme 3: Integrated Public Performance Data Systems

- *Programme Management for Data Systems* provides management and administrative support. This unit consists of the branch head and 2 support staff, and 86 per cent of its budget is used for compensation of employees.
- *Information Technology Support* ensures performance monitoring and evaluation data integration across government by providing technological support to the department. Activities to be developed over the next two years include creating databases to store the department's legacy data, programme of action data, and reports and knowledge assets. 45 per cent of the budget will be used for compensation of employees, 31 per cent for goods and services, and 24 per cent for capital assets. The backbone network infrastructure has been upgraded to fibre optic, with 20 gigabytes capacity, information system infrastructure are being put in place, and maintenance work on the programme of action web based system is being conducted. Major upgrades on IT infrastructure will start in 2011, and should be completed by mid-2012.
- *Programme of Action* administers and maintains the programme of action by focusing on data acquisition, integration, quality assurance and collation from various sources. The subprogramme has a staff complement of 13, and 84 per cent of its budget is used for compensation of employees. Monthly data forum meetings are held for various stakeholders, and training workshops are conducted across departments and provinces.
- *Monitoring and Evaluation Capacity Building* promotes the use of data as a performance management tool across government by overseeing the development of monitoring and evaluation guidelines, as well as providing technical monitoring and evaluation workshops in all provinces. The subprogramme has 1 staff member, and 60 per cent of its budget is used for goods and services.

Objectives and measures

- Enhance the efficiency of monitoring and evaluating the implementation of delivery agreements by developing a new government programme of action system by mid-2011.
- Monitor government's performance in achieving the 12 outcomes and produce data based reports, a programme of action support system and evidence based monitoring and reporting by establishing data forums for each of the 12 outcomes.
- Support the usefulness of the performance assessment tool by:
 - providing technical and data support for assessing the performance of individual departments, municipalities and other government institutions
 - conducting regular programme, sector and system wide performance reviews and evaluations and producing reports as required.
- Entrench the results based monitoring and evaluation system in government through the ongoing development of policy frameworks and norms and standards.

Expenditure estimates

Table 6.5 Integrated Public Performance Data Systems

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R million	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Programme Management for Data Systems	2.0	3.6	10.4	40.5	1.8	1.9	2.0
Information Technology Support	–	–	–	–	10.8	20.1	15.4
Programme of Action	–	–	–	–	7.4	7.7	8.8
Monitoring and Evaluation Capacity Building	–	–	–	–	1.8	4.6	5.1
Total	2.0	3.6	10.4	40.5	21.7	34.3	31.4
Change to 2010 Budget estimate				20.2	12.5	26.1	22.8
Economic classification							
Current payments	2.0	3.6	8.8	33.4	19.1	22.7	26.8
Compensation of employees	1.6	2.6	3.4	22.5	13.3	16.4	20.1
Goods and services	0.4	0.9	5.4	10.9	5.9	6.3	6.6
of which:							
Consultants and professional services:	0.0	–	3.0	1.5	0.1	0.1	0.1
Business and advisory services							
Lease payments	–	–	–	0.3	–	–	–
Travel and subsistence	0.1	0.1	0.3	1.9	1.0	0.7	0.7
Payments for capital assets	0.0	0.0	1.6	7.1	2.6	11.6	4.6
Machinery and equipment	0.0	0.0	1.6	7.1	2.0	10.0	3.0
Software and other intangible assets	–	–	–	–	0.6	1.6	1.6
Total	2.0	3.6	10.4	40.5	21.7	34.3	31.4

Expenditure trends

The spending focus over the MTEF period will be on expanding IT infrastructure development and support to help the department achieve its monitoring and evaluation objectives.

Expenditure increased from R2 million in 2007/08 to R40.5 million in 2010/11 at an average annual rate of 174 per cent, and is expected to decrease to from R40.5 million in 2010/11 to R31.4 million in 2013/14, at an average annual rate of 8.2 per cent. The decrease is due to functions originally funded under the Monitoring and Evaluation unit in the Presidency, now being allocated to three branches in the department. Most of the increase over the MTEF period is a result of an increase in payments for capital assets for IT equipment and network in the *Information Technology Support* subprogramme. The department was also allocated an additional R20 million in the 2010 Adjusted Estimates of National Expenditure for compensation of employees and the operational and office equipment necessary for building capacity as a result of the expanded mandate.

Over the MTEF period, the programme receives additional allocations of R10.7 million in 2011/12, R23.7 million in 2012/13 and R22.4 million in 2013/14, mainly in compensation of employees and for computer services costs, for capacity building. Spending decreases from R40.5 million in 2010/11 to R31.4 million in 2013/14, mainly in compensation of employees, machinery and equipment, travel and subsistence, consultants and computer services. The decrease is mainly stimulated by the 46.4 per cent year-on-year decrease from 2010/11 to 2011/12, due to the once-off R20 million additional allocation in 2010/11. The decrease in compensation of employees of 41.1 per cent in 2011/12 is due to staff moving to other programmes in the department. The 346.2 per cent year-on-year growth in payments for capital assets in 2012/13 is the result of an additional R7.7 million allocation in that item.

The administrative to line function cost ratio is 1:7.

Programme 4: Public Sector Administration Oversight

- *Programme Management for Public Sector Administration Oversight* provides management and administrative support. This unit consists of a branch head and 2 support staff, and 83 per cent of its budget is used for compensation of employees.

- *Performance Assessment* develops and implements an institutional performance assessment tool and will also monitor front-line service delivery. The subprogramme has a staff complement of 3, and 46 per cent of its budget is used for compensation of employees and 54 per cent for goods and services. The subprogramme currently supports the development and implementation of the government wide performance assessment tool. The pilot phase of the tool is expected to be completed by 31 March 2011.
- *Strategic Plan Analysis* provides detailed analysis and monitoring and evaluation reports of strategic plans in government by providing in-depth analysis and evaluation of strategic planning across government. The subprogramme has a staff complement of 2, and 80 per cent of its budget is used for compensation of employees.

Objectives and measures

- Develop an appropriate performance monitoring tool and carry out regular performance monitoring of individual national and provincial departments and municipalities and other government and public sector institutions to enhance service delivery improvement through a more efficient and effective public service.
- Contribute to improving the quality of service delivery by:
 - collecting and analysing data from a wide range of sources to inform the performance assessment of individual government institutions
 - formulating and coordinating the implementation of appropriate interventions to address key areas of weakness identified in the performance assessments
 - carrying out ad hoc performance assessments and evaluations of particular institutions (or areas of service delivery) as requested by the president or the minister, and formulating and coordinating interventions to address the identified weaknesses
 - playing a leading role in the implementation of an efficient, effective and development orientated public service and an empowered, fair and inclusive citizenship (outcome 12) through the development and implementation of a performance assessment tool by April 2011 and through beginning to assess departments from May 2011
 - monitoring front-line service delivery.
- Enhance government wide service delivery by designing a tool for assessing the performance of directors general and heads of department, informed by a comprehensive institutional assessment of management practices and a department's progress in implementing its strategic plan.

Expenditure estimates

Table 6.6 Public Sector Administration Oversight

Subprogramme	Audited outcome			Adjusted appropriation 2010/11	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
R million							
Programme Management for Public Sector Administration Oversight	–	–	–	–	2.0	2.2	2.3
Performance Assessment	–	–	–	–	3.4	13.5	21.9
Strategic Plan Analysis	–	–	–	–	1.4	10.9	11.5
Total	–	–	–	–	6.8	26.6	35.6
Change to 2010 Budget estimate				–	6.8	26.6	35.6
Economic classification							
Current payments	–	–	–	–	6.8	26.6	35.6
Compensation of employees	–	–	–	–	4.3	19.7	26.4
Goods and services	–	–	–	–	2.5	6.9	9.2
of which:							
Consultants and professional services:	–	–	–	–	1.8	5.0	7.1
Business and advisory services	–	–	–	–	0.3	1.1	1.2
Travel and subsistence	–	–	–	–	0.3	1.1	1.2
Total	–	–	–	–	6.8	26.6	35.6

Expenditure trends

The spending focus over the MTEF period will be on expanding the staff complement to around 56 in order to build capacity. Expenditure will be mostly on compensation of employees and consultants to supplement skills where required. As this is a new department, there is no expenditure from 2007/08 to 2010/11.

Expenditure is expected to increase from R6.8 million in 2011/12 to R26.6 million in 2012/13 and R35.6 million in 2013/14. Year-on-year growth is 293.4 per cent 2012/13 and 33.8 per cent in 2013/14, mainly due to the increase in filled posts from 8 in 2011/12 to 44 in 2012/13 and 56 in 2013/14 to allow the department to perform government wide strategic plan analysis, coordinate the continuous development and implementation of the performance assessment tool and to monitor front-line service delivery.

Spending on consultants and professional services provides for critical skills and technical expertise to build capacity for performance assessments and the analysis of strategic plans. Expenditure on this item is expected to be R1.8 million, R5 million and R7.1 million over the MTEF period.

Over the MTEF period, the programme receives additional allocations of R3.3 million in 2011/12, R18.4 million in 2012/13 and R25.4 million in 2013/14, mainly in compensation of employees and consultants and professional services, for capacity building.

The ratio of administrative costs to line function personnel cost is 1:18

Additional tables

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

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R million	2009/10		2009/10	2010/11			2010/11
Integrated Public Performance Data Systems	4.6	20.0	10.4	20.4	20.2	40.5	40.5
Total	4.6	20.0	10.4	20.4	20.2	40.5	40.5

Economic classification							
Current payments	3.9	17.0	8.8	20.3	13.1	33.4	33.4
Compensation of employees	1.5	6.6	3.4	12.2	10.3	22.5	22.5
Goods and services	2.4	10.4	5.4	8.1	2.8	10.9	10.9
Payments for capital assets	0.7	3.0	1.6	0.0	7.1	7.1	7.1
Machinery and equipment	0.7	3.0	1.6	0.0	7.1	7.1	7.1
Total	4.6	20.0	10.4	20.4	20.2	40.5	40.5

Table 6.B Detail of approved establishment and personnel numbers according to salary level¹

	Personnel post status as at 30 September 2010			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year ²	Medium-term estimate		
				2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Department	106	104	1	–	7	7	48	104	185	213
Salary level 1 – 6	14	14	–	–	–	–	1	14	24	24
Salary level 7 – 10	38	37	–	–	2	2	21	36	73	83
Salary level 11 – 12	23	23	–	–	2	2	11	24	47	56
Salary level 13 – 16	31	30	1	–	3	3	15	30	41	50
Administration	–	–	–	–	–	–	–	36	58	61
Salary level 1 – 6	–	–	–	–	–	–	–	11	16	16
Salary level 7 – 10	–	–	–	–	–	–	–	16	27	28
Salary level 11 – 12	–	–	–	–	–	–	–	5	6	8
Salary level 13 – 16	–	–	–	–	–	–	–	4	9	9
Outcomes	–	–	–	–	–	–	–	31	47	53
Monitoring and Evaluation	–	–	–	–	–	–	–	–	–	–
Salary level 1 – 6	–	–	–	–	–	–	–	1	1	1
Salary level 7 – 10	–	–	–	–	–	–	–	7	16	16
Salary level 11 – 12	–	–	–	–	–	–	–	9	16	16
Salary level 13 – 16	–	–	–	–	–	–	–	14	14	20
Integrated Public Performance Data Systems	106	104	1	–	7	7	48	29	36	43
Salary level 1 – 6	14	14	–	–	–	–	1	2	3	3
Salary level 7 – 10	38	37	–	–	2	2	21	11	14	19
Salary level 11 – 12	23	23	–	–	2	2	11	7	10	11
Salary level 13 – 16	31	30	1	–	3	3	15	9	9	10
Public Sector Administration Oversight	–	–	–	–	–	–	–	8	44	56
Salary level 1 – 6	–	–	–	–	–	–	–	–	4	4
Salary level 7 – 10	–	–	–	–	–	–	–	2	16	20
Salary level 11 – 12	–	–	–	–	–	–	–	3	15	21
Salary level 13 – 16	–	–	–	–	–	–	–	3	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 2010 on The Presidency's establishment.

Vote 7

Public Works

Budget summary

R million	2011/12				2012/13	2013/14
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	751.0	740.3	0.6	10.1	852.7	909.9
Immovable Asset Management	5 424.9	1 206.5	2 687.1	1 531.4	5 408.3	5 919.7
Expanded Public Works Programme	1 575.2	271.6	1 301.6	2.0	1 729.4	1 996.6
Property and Construction Industry Policy Regulations	34.9	34.8	–	0.1	36.4	38.2
Auxiliary and Associated Services	33.2	12.2	21.0	–	34.3	35.7
Total expenditure estimates	7 819.3	2 265.4	4 010.3	1 543.6	8 061.2	8 900.1
Executive authority	Minister of Public Works					
Accounting officer	Director General of Public Works					
Website address	www.publicworks.gov.za					

More detailed information for each vote is available at www.treasury.gov.za. More comprehensive coverage of vote specific information, particularly on goods and services, transfers and subsidies, donor funding, public entities and lower level institutional information, is provided.

Aim

Provide for and manage the accommodation, housing, land and infrastructure needs of national departments. Lead and direct the implementation of the national expanded public works programme. Promote growth, job creation and transformation in the construction and property industries.

Programme purposes

Programme 1: Administration

Purpose: Provide strategic leadership and support services, including for the accommodation needs and overall management of the department.

Programme 2: Immovable Asset Management

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

Programme 3: Expanded Public Works Programme

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

Programme 4: Property and Construction Industry Policy Regulations

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

Programme 5: Auxiliary and Associated Services

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

Strategic overview: 2007/08 – 2013/14

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

The department's planning is aligned with government's medium term strategic framework, three of the government's 12 outcomes, the minister's performance agreement and service level agreements signed with other departments. The minister's performance agreement, which is central to the department's planning, covers three sector outcomes: decent employment through inclusive economic growth (outcome 4), sustainable human settlements and an improved quality of household life (outcome 8), and an efficient, effective and development oriented public service and an empowered, fair and inclusive citizenship (outcome 12). The expanded public works programme is supporting outcome 4, with a focus on alleviating youth unemployment and meeting targets on annual work opportunities created. The Department of Public Works is required to contribute land for low income housing to the Department of Human Settlements in support of outcome 8. In this regard, the department has identified 9 000ha of land to be transferred to the Department of Human Settlements over the medium term. In support of an efficient, effective and development oriented public service and an empowered, fair and inclusive citizenship (outcome 12), the department will continue to ensure the provision of quality infrastructure and office accommodation to its clients by implementing building and maintenance programmes that are supportive of service delivery and that will ensure that state buildings are accessible to all citizens.

Key priorities over the medium term

The expanded public works programme

Phase 2 of the expanded public works programme is in the second year of implementation, and the programme has committed to delivering 4.5 million work opportunities over five years, beginning in 2009. In 2009/10, the programme delivered 625 859 work opportunities, exceeding the initial target of 500 000 work opportunities. The focus over the medium term is on upscaling the programme in participating sectors and in new sectors. The adoption of the new growth path by Cabinet provides more opportunities for the expanded public works programme in the area of job creation. The performance based incentive grants to both provincial and local governments, which include a new allocation for the social sector, will be distributed to incentivise these spheres. The national youth service, a critical component of the expanded public works programme, will continue to benefit from the building and maintenance programmes of the Department of Public Works and client departments. The expanded public works programme is currently a major benefactor of the infrastructure sector projects and this will continue over the medium term. The social and environmental sectors will continue to implement upscaled projects to contribute to the attainment of work opportunity targets of the expanded public works programme.

Building, maintenance and capital works programmes

All departmental programmes pertaining to building, maintenance and capital works will continue to be implemented over the medium term. Some of the projects to be implemented over the medium term include: the upgrading of 110 facilities to allow access to the disabled, the upgrading and construction of 45 department offices, the development of 12 national government precincts, and the redevelopment of 136 infrastructure related border post centres. These projects will be funded from the capital works budgets of the Department of Public Works and client departments.

Transformation and regulation of the property and construction industries

Projects funded include the ongoing implementation of the Government Immovable Asset Management Act (2007), the review of the 1997 White Paper on Public Works, the property incubator programme and the contractor incubator programme. The review of the white paper is aimed at contributing to transformation by continuing to assess the extent to which the department contributes to and is aligned with government's priorities, particularly job creation and poverty eradication among targeted constituencies, such as women and youth.

The property incubator programme and the construction incubator programme are linked to the transformation of the property and construction industries. The property incubator programme aims to bring previously disadvantaged individuals into the property sector. Under the contractor incubator programme, the department will provide support to users and custodian departments regarding the development of life cycle asset management plans.

The energy efficiency programme

The energy efficiency programme is a multi-year programme that began in 2008/09 and aims to ensure the efficient consumption of electricity in state buildings. The energy savings target of 65 000kw/h in 2011/12 will be achieved through: the implementation of shared energy contracts in all 11 of the department's regional offices and countrywide energy efficiency retrofits on public buildings with the allocation of R70 million and from additional funding from the South African National Energy Research Institute. Additional energy savings will also be effected through initiatives by the interdepartmental task team on energy for energy saving in public buildings and behavioural change, which is to be jointly implemented over the medium term by the Department of Public Works and the Government Communications and Information System.

Immovable asset register management

The department has implemented a more focused and coordinated approach to accelerate the ongoing improvement of the immovable asset register. Activities to improve the asset register to be carried out in 2011/12 include: completing essential information for the asset register to align it with generally recognised accounting practice; the vesting of state land to confirm the ownership of state immovable assets; and an amnesty call to identify immovable assets that are unaccounted for.

Capacity building

The scarcity of skills in the construction and built environment sectors requires targeted ongoing human capital development initiatives by the department. The department is facing major challenges around operational resources and the filling of strategic professional and technical skills in areas like project management, financial management and business analysis, which are critical for it to deliver on its the mandate. The department is addressing these challenges by working on a number of initiatives, such as learnerships and internships in some professional councils in partnership with the Council for the Built Environment, a bursary scheme for students, a young professionals programme, and adult basic education and training.

Savings and cost effectiveness measures

Over the medium term, the department has identified savings of R294.8 million, R302.7 million and R152.1 million from expenditure on goods and services.

In the *Administration* programme, the following savings were identified over the medium term: R3.9 million, R4.5 million and R4.8 million from spending on communication; and R9.3 million, R11.5 million and R12.2 million from spending on advertising, communication, consultants and professional services, and agency and support/outsourced services. In the *Immovable Asset Management* programme, the following savings were identified over the medium term: R24 million, R23.5 million and R25.8 million from spending on travel and subsistence, and venues and facilities; R210 million in 2011/12 and R160 million in 2012/13 from the Re Kgabisa Tshwane, dolomite risk management and the energy efficiency projects; and R14.7 million, R13.1 million and R13.7 million from spending on communication, agency and support/outsourced services, and travel and subsistence. In the *Expanded Public Works Programme*, savings of R32 million, R36.3 million and R39.1 million over the medium term were identified from spending on business and advisory services. In

the *Property and Construction Industry Policy Regulations* programme, savings of R876 000, R834 000 and R632 000 were identified from spending on venues and facilities.

In addition, savings of R52.9 million in 2012/13 and R55.9 million in 2013/14 were identified from the scarce skills capacity training project as the project comes to an end in 2011/12; and efficiency savings of R24 million, R24.6 million and R26 million over the medium term were identified from expenditure on goods and services in the *Administration* and *Immovable Asset Management* programme.

To ensure an uninterrupted flow to the department's operations and to facilitate improved service delivery, a review of the department's operational systems is under way to accommodate the decrease in baseline allocations for the department's operations over the medium term. The department is currently streamlining its business processes to reduce costs related to travelling, consultants, hosting meetings and workshops.

In support of the output to ensure the expansion of the expanded public works programme in the social sector as part of decent employment through inclusive economic growth (outcome 4), the Department of Public Works has reprioritised funds from the infrastructure incentive to provide funding for the social sector. The funds reprioritised from the infrastructure sector were as a result of tightening up the infrastructure incentive model and not as a result of downscaling the number of participating public bodies.

Selected performance indicators

Table 7.1 Public Works

Indicator	Programme	Past			Current	Projections		
		2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Percentage of asset register with information fields populated with essential data (out of the present 108 562 properties)	Immovable Asset Management	–	40% (43 424)	50% (54 281)	70% (75 993)	90% (97 705)	100% (108 562)	–
Number of state owned buildings rehabilitated per year	Immovable Asset Management	–	25	5	64	7	10	15
Percentage reduction in electricity consumption in state owned buildings due to retrofitting	Immovable Asset Management	–	1% (13 800kw/h)	1% (17 180kw/h)	3% (37 180kw/h)	7% (65 000kw/h)	–	–
Number of state owned buildings made accessible to people with disability per year	Immovable Asset Management	–	76	200	64	110	100	100
Number of youths participating in the national youth service programme in the department per year	Expanded Public Works Programme	4 466	2 859	2 884	1 156	3 000	4 500	6 000
Total number of municipalities reporting on expanded public works programme targets	Expanded Public Works Programme	71	98	127	162	145	170	200
Total number of expanded public works programme work opportunities created per year	Expanded Public Works Programme	440 226	570 815	625 859	387 962	868 000	1 210 000	1 650 000
Total number of expanded public works programme opportunities created on provincial access roads	Expanded Public Works Programme	58 913	74 616	83 586	82 858	115 000	130 000	145 000

Expenditure estimates

Table 7.2 Public Works

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
R million								
Administration	733.7	801.6	773.4	629.3	629.3	751.0	852.7	909.9
Immovable Asset Management	2 498.1	3 213.6	4 265.1	5 199.4	5 116.4	5 424.9	5 408.3	5 919.7
Expanded Public Works Programme	126.6	133.0	438.1	1 479.1	1 336.0	1 575.2	1 729.4	1 996.6
Property and Construction Industry Policy Regulations	30.9	33.4	17.4	30.0	30.0	34.9	36.4	38.2
Auxiliary and Associated Services	13.0	15.4	39.6	26.9	26.9	33.2	34.3	35.7
Total	3 402.3	4 197.0	5 533.6	7 364.8	7 138.7	7 819.3	8 061.2	8 900.1
Change to 2010 Budget estimate				918.5	692.4	(164.9)	(184.9)	–

Table 7.2 Public Works (continued)

R million	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
Economic classification								
Current payments	1 483.8	1 665.7	1 829.4	2 059.4	2 059.4	2 265.4	2 324.5	2 456.7
Compensation of employees	721.5	801.0	976.1	1 200.9	1 200.9	1 242.1	1 241.2	1 305.1
Goods and services	746.7	831.9	847.5	856.9	856.9	1 008.0	1 065.6	1 134.1
of which:								
Contractors	49.6	120.1	49.2	30.2	30.2	67.0	57.1	54.8
Agency and support / outsourced services	116.9	109.7	78.3	103.5	103.5	137.7	143.9	149.3
Lease payments	179.0	153.9	180.8	197.6	197.6	243.7	256.6	257.6
Property payments	125.8	95.6	263.1	220.3	220.3	258.4	273.4	310.0
Interest and rent on land	15.6	32.8	5.8	1.6	1.6	15.3	17.8	17.6
Transfers and subsidies	1 404.2	1 509.9	2 376.7	3 788.1	3 645.0	4 010.3	4 164.5	4 611.5
Provinces and municipalities	836.6	889.3	1 566.4	2 875.9	2 732.8	2 950.4	3 170.4	3 558.0
Departmental agencies and accounts	552.2	604.1	679.3	711.5	711.5	733.1	751.5	792.9
Foreign governments and international organisations	12.7	13.7	14.8	17.5	17.5	18.5	19.4	20.5
Public corporations and private enterprises	–	–	–	–	–	150.0	–	–
Non-profit institutions	–	–	107.6	179.8	179.8	154.4	219.1	236.0
Households	2.6	2.8	8.6	3.5	3.5	3.9	4.0	4.2
Payments for capital assets	514.4	1 021.4	1 295.0	1 517.3	1 434.3	1 543.6	1 572.2	1 831.8
Buildings and other fixed structures	488.0	988.4	1 253.6	1 376.0	1 293.0	1 443.9	1 474.7	1 724.7
Machinery and equipment	26.1	32.7	41.0	136.1	136.1	94.2	91.8	101.2
Software and other intangible assets	0.3	0.3	0.3	5.1	5.1	5.4	5.7	6.0
of which:								
Capitalised goods and services	–	–	–	23.1	23.1	22.4	19.7	20.5
Payments for financial assets	–	–	32.6	–	–	–	–	–
Total	3 402.3	4 197.0	5 533.6	7 364.8	7 138.7	7 819.3	8 061.2	8 900.1

Expenditure trends

Spending over the MTEF period will focus on: the provision and management of the accommodation, housing, land and infrastructure needs of national departments; leading and improving the coordination of the expanded public works programme; and promoting growth, job creation and transformation in the construction and property industries.

Expenditure has increased at an average annual rate of 29.4 per cent, from R3.4 billion in 2007/08 to R7.4 billion in 2010/11. The growth was driven by an increase in transfers and subsidies, mainly due to the implementation of the second phase of the expanded public works programme in municipalities and provinces from 2009/10. Spending on compensation of employees has also increased between 2007/09 and 2010/11, at an annual average increase of 18.5 per cent. The increase was due to the funding of additional posts for the expanded public works programme. Spending on buildings and other fixed structures increased from R488 million in 2007/08 to R1.4 billion in 2010/11, at an average annual rate of 41.3 per cent, mainly due to increased expenditure for ports of entry and additional funding provided for prestige management for the accommodation requirements of additional ministers and deputy ministers resulting from the expansion of Cabinet in 2009.

Over the MTEF period, expenditure is expected to increase to R8.9 billion, at an average annual rate of 6.5 per cent. The increase is due to additional funds allocated for the devolution of the property rates fund grant to provinces over the MTEF period to offset the anticipated shortfall resulting from further updates to the asset register and cost escalations due to the implementation of the Municipal Property Rates Act (2004). Over the medium term, spending on goods and services will increase by R277.5 million, due mainly to additional funding over the MTEF period to offset the anticipated shortfall in municipal charges expenditure.

The consultants appointed by the department are used for infrastructure and planning to provide technical expertise in the fields of construction and the built environment, particularly for the expanded public works

programme, as the department currently has a shortage of skills in these areas. R120.4 million is allocated for infrastructure and planning consultants over the medium term.

The department receives the following additional allocations over the MTEF period:

- R30 million in 2011/12 for updating the immovable asset register
- R188.3 million over the MTEF period for municipal charges expenditure
- R641.3 million, R718 million and R803.7 million for the devolution of property rates fund grant to provinces
- R200 million, R241.5 million and R286 million for the social sector expanded public works programme incentive grant for provinces
- R57 million in 2012/13 and R66 million in 2013/14 for the expanded public works programme in the non-state sector.

Departmental administrative costs equate to 20 per cent of line function costs in 2011/12, 22 per cent in 2012/13 and 22 per cent in 2013/14. This increase reflects the department's intention to address its current shortage of strategic, professional and technical skills over the medium term.

Infrastructure spending

Small infrastructure project spending

In the prestige category of accommodation provision, the refurbishment of Mahlamba Ndopfu at the Bryntirion estate will begin in April 2011 for a duration of 15 months and at a total cost of R191 million. R86 million has been allocated for 2011/12. The project entails the upgrading of infrastructure such as bulk water, electrical services and roads. This prestige estate provides residential houses for cabinet members including the president.

The project for the construction of offices at the Bryntirion estate will begin in May 2011 for the duration of 20 months and at a total cost of R103 million. R27 million has been allocated for 2011/12. The project entails the construction of office blocks that will accommodate South African Police Service security personnel who provide security to Bryntirion estate residents.

An executive military health facility that will service the president, Cabinet, and VIPs from outside countries is also being provided. The project began in January 2011. The total cost of the project is R62 million, with an allocation of R13 million in 2011/12.

The accessibility programme has 120 small projects at various stages of completion, with a total allocation of R25 million in 2011/12, R28 million in 2012/13 and R30 million in 2013/14. Each project cost less than R1 million and is to improve service delivery by improving access to 310 public buildings and facilities over the MTEF period.

The department has identified 1 435 refurbishment and maintenance projects over the MTEF period for various client departments. R2.5 billion in 2011/12 and R2.7 billion in 2012/13 has been allocated for these projects. The projects are valued at less than R50 million each and aim to improve the condition of buildings to ensure that the clients using the building facilities find them in an adequate functioning condition.

Personnel information

The department has a total establishment of 6 283 posts, of which 4 966 are currently filled and 1 317 are unfunded. Between 2007/08 and 2010/11, the department's staff complement decreased at an annual average rate of 3 per cent. The decrease was mainly due to workshop, cleaning and gardening posts not being filled as and when they became vacant.

The department currently has a total of 965 vacant posts, the majority of which are at salary levels 2, 7, 8, 9 and 11.

Departmental receipts

Revenue is collected through the property management trading entity. In addition, the department also generates revenue through letting properties and official quarters, and from the sale of state owned land and buildings. Buildings that have been sold include redundant military bases and properties that are no longer cost effective to

maintain. Departmental receipts are accumulated from the rental of capital assets, tender documents and minor items such as parking, waste paper, servitude rights and sales of capital assets. Over the medium term, revenue is expected to increase from R30.9 million in 2010/11 to R43 million in 2013/14, at an average annual rate of 11.3 per cent. The increase is mainly due to inflation.

Table 7.3 Departmental receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2007/08	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
Departmental receipts	95 818	28 510	39 592	30 946	30 946	38 658	40 591	42 622
Sales of goods and services produced by department	20 505	24 614	30 018	25 638	25 638	33 896	35 591	37 371
Sales of scrap, waste, arms and other used current goods	449	21	13	154	154	445	467	490
Fines, penalties and forfeits	2	1	4	3	3	16	17	18
Interest, dividends and rent on land	572	552	2 656	620	620	520	546	574
Sales of capital assets	67 664	940	3 062	1 500	1 500	1 385	1 454	1 527
Transactions in financial assets and liabilities	6 626	2 382	3 839	3 031	3 031	2 396	2 516	2 642
Total	95 818	28 510	39 592	30 946	30 946	38 658	40 591	42 622

Programme 1: Administration

Expenditure estimates

Table 7.4 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
R million							
Ministry ¹	17.3	20.3	29.4	34.5	36.3	38.1	40.0
Management	77.1	142.9	50.9	63.5	65.7	69.3	73.3
Corporate Services	362.4	420.9	282.0	213.3	245.5	276.3	291.7
Office Accommodation	277.0	217.4	411.2	318.0	403.5	469.1	504.9
Total	733.7	801.6	773.4	629.3	751.0	852.7	909.9
Change to 2010 Budget estimate				(33.8)	(1.0)	62.5	–

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

Economic classification

Current payments	728.7	795.5	735.8	613.7	740.3	836.4	893.1
Compensation of employees	209.1	226.4	154.2	179.7	170.9	179.5	189.3
Goods and services	506.1	538.6	578.4	433.5	557.5	646.3	693.0
of which:							
Contractors	33.5	96.1	1.1	1.2	1.0	1.1	1.2
Agency and support / outsourced services	48.2	48.9	41.7	15.8	28.0	34.4	35.5
Lease payments	169.6	142.2	166.3	184.3	228.5	240.6	240.8
Property payments	125.3	95.0	262.4	144.7	187.7	245.1	281.7
Interest and rent on land	13.5	30.6	3.3	0.5	12.0	10.7	10.8
Transfers and subsidies	0.2	0.2	0.3	0.6	0.6	0.6	0.7
Households	0.2	0.2	0.3	0.6	0.6	0.6	0.7
Payments for capital assets	4.9	5.9	4.7	15.1	10.1	15.7	16.2
Machinery and equipment	4.8	5.8	4.7	10.1	4.8	10.2	10.4
Software and other intangible assets	0.0	0.0	0.1	5.0	5.3	5.5	5.8
of which:							
Capitalised goods and services	–	–	–	7.0	3.4	3.2	3.3
Payments for financial assets	–	–	32.6	–	–	–	–
Total	733.7	801.6	773.4	629.3	751.0	852.7	909.9

Expenditure trends

Spending over the MTEF period will focus on strategic leadership and support services, including accelerating payments for office accommodation, and the overall management of the department.

Between 2007/08 and 2010/11, spending in this programme decreased at an average annual rate of 5 per cent, from R734 million to R629.3 million. Spending declined over this period mainly due to expenditure on compensation of employees, which has decreased by R29.4 million as a result of the realignment of regional office expenditure from the *Administration* programme with the *Immovable Asset Management* programme.

Over the MTEF period, expenditure is expected to increase to R909.9 million, at an average annual rate of 13.1 per cent. This is mainly due to the additional funding allocated to provide for the anticipated shortfall in the budget for municipal charges expenditure over the medium term.

Programme 2: Immovable Asset Management

- *Infrastructure (Public Works)* funds the acquisition of infrastructure for the department, the prestige portfolio and the infrastructure component of the mandate of the border control operational coordinating committee. The acquisition of infrastructure for the prestige category and the land ports of entry comprise 30 per cent and 25 per cent of the total infrastructure budget, as these are the two largest priorities under this subprogramme.
- *Property Management* funds the allocation for devolution of the property rates funds grant to the provinces. This is a conditional grant allocated to all public works provincial departments to cover the cost of property rates charges of all provincial government buildings. Funds are allocated per province based on the Department of Public Works' calculations, which are informed by the property list from its register of properties. The key output for this subprogramme is the payment of property rates for provincially owned properties as per the verified invoices submitted by the various municipalities in the country.
- *Strategic Asset Investment Analysis* provides for the strategic management of immovable assets owned or used for delivering various government services that are expected to yield functional, economic and social benefits to the state. The staff complement of this subprogramme is 218 and approximately 97 per cent of the budget is spent on compensation of employees and related goods and services.
- *Operation Management* funds the implementation of acquisition and construction of infrastructure for the department and client departments. The staff complement of this subprogramme is 4 079 and 84 per cent of the budget is spent on compensation of employees.
- *Prestige Management* funds the allocation for activities relating to ministers' and deputy ministers' residences. The staff complement for the subprogramme is 67 and 56 per cent of the budget is spent on compensation of employees and goods and services, and 43 per cent on payments for machinery and equipment for ministers and deputy ministers. Over the medium term, the department will upgrade and construct 154 structures in the prestige accommodation category.
- *Special Projects* funds the implementation of non-recurring and technical projects in the department. The staff complement for special projects is 34.
- *Construction Industry Development Board* provides strategic direction for the sustainable growth, reform and improvement of the construction sector, and enhances the sector's role in the economy. The board promotes an enabling, regulatory and developmental framework for effective infrastructure delivery, improved industry performance, sustainable growth and transformation.
- *Council for the Built Environment* focuses on improving stakeholder relations, aligning professions with the needs of the economy, protecting the public from unprofessional or illegally built environment related practices, improving performance of the skills pipeline, and regulating the council and the six professional councils. The council works with government and its entities, the private sector, professional councils, professional institutes or voluntary associations, as well as non-governmental organisations in the built environment.
- *Parliamentary Village Management Board* provides for the transportation and related costs of parliamentarians and related officials.

- *Augmentation of the Property Management Trading Entity* is a special subprogramme for receiving funds to be transferred to the property management trading entity.
- *Independent Development Trust* makes transfers to the Independent Development Trust, which is a development agency.

Objectives and measures

- Enhance the value of the state immovable asset portfolio and improve the condition of buildings by rehabilitating 32 buildings over the MTEF period to ensure that service delivery to client departments is improved.
- Reduce energy consumption in public buildings countrywide by 65 000 kWh in 2011/12 by retrofitting 120 prioritised government buildings with energy efficient lighting.
- Ensure that all state buildings and facilities are accessible to all, including people with disabilities, by building basic requirements such as ramps, parking facilities, ablution facilities, appropriate doorways, lifts and signage for 110 buildings in 2011/12.

Expenditure estimates

Table 7.5 Immovable Asset Management

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R million	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Infrastructure (Public Works)	488.0	988.4	1 253.6	1 376.0	1 443.9	1 474.7	1 724.7
Property Management	836.6	889.3	1 353.9	1 865.2	1 803.2	1 938.0	2 090.9
Strategic Asset Investment Analysis	74.5	98.2	121.1	211.1	253.5	179.8	192.4
Operation Management	519.4	606.3	835.3	920.0	933.2	972.4	1 022.8
Prestige Management	–	–	–	86.0	68.5	52.4	54.6
Special Projects	27.4	28.9	22.8	32.0	42.0	42.0	44.3
Construction Industry Development Board	49.9	41.9	59.3	63.7	66.0	66.9	70.6
Council for the Built Environment	23.9	26.3	24.2	25.5	27.1	27.4	28.9
Parliamentary Villages Management Board	2.4	6.3	6.6	7.0	7.4	7.8	8.2
Augmentation of the Property Management Trading Entity	476.0	528.0	588.4	613.0	630.2	646.8	682.4
Independent Development Trust	–	–	–	–	150.0	–	–
Total	2 498.1	3 213.6	4 265.1	5 199.4	5 424.9	5 408.3	5 919.7
Change to 2010 Budget estimate				948.8	637.9	510.0	–
Economic classification							
Current payments	598.1	705.0	939.3	1 122.6	1 206.5	1 163.2	1 222.3
Compensation of employees	471.0	517.4	761.3	917.5	960.0	953.5	1 005.2
Goods and services	125.0	185.3	175.7	204.1	243.2	202.7	210.4
of which:							
Contractors	15.8	23.6	25.6	16.0	47.5	36.1	33.1
Agency and support / outsourced services	6.7	17.4	20.7	6.9	18.0	11.6	11.4
Lease payments	9.1	11.5	14.0	12.9	14.6	15.4	16.1
Property payments	0.5	0.6	0.6	75.6	70.7	28.4	28.3
Interest and rent on land	2.1	2.2	2.4	1.0	3.3	7.0	6.8
Transfers and subsidies	1 391.2	1 494.4	2 036.5	2 577.3	2 687.1	2 690.4	2 884.5
Provinces and municipalities	836.6	889.3	1 349.7	1 865.2	1 803.2	1 938.0	2 090.9
Departmental agencies and accounts	552.2	602.5	678.4	709.1	730.6	748.9	790.1
Public corporations and private enterprises	–	–	–	–	150.0	–	–
Households	2.4	2.6	8.3	2.9	3.3	3.4	3.5

Table 7.5 Immovable Asset Management (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Payments for capital assets	508.8	1 014.2	1 289.3	1 499.5	1 531.4	1 554.8	1 812.9
Buildings and other fixed structures	488.0	988.4	1 253.6	1 376.0	1 443.9	1 474.7	1 724.7
Machinery and equipment	20.6	25.5	35.4	123.4	87.3	79.8	88.0
Software and other intangible assets	0.3	0.3	0.3	0.1	0.2	0.2	0.2
<i>of which:</i>							
Capitalised goods and services	–	–	–	15.0	18.1	15.6	16.3
Total	2 498.1	3 213.6	4 265.1	5 199.4	5 424.9	5 408.3	5 919.7
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	552.2	602.5	678.4	709.1	730.6	748.9	790.1
Construction Industry Development Board	49.9	41.9	59.3	63.7	66.0	66.9	70.6
Council for the Built Environment	23.9	26.3	24.2	25.5	27.1	27.4	28.9
Parliamentary Villages Management Board	2.4	6.3	6.6	7.0	7.4	7.8	8.2
Property Management Trading Entity	476.0	528.0	588.4	613.0	630.2	646.8	682.4
Households							
Households social benefits							
Current	2.4	2.6	8.3	2.9	3.3	3.4	3.5
Officials on pension: Employee social benefit	2.4	2.6	4.1	2.9	3.3	3.4	3.5
Employees social benefits	–	–	4.2	–	–	–	–
Provinces and municipalities							
Provinces							
Provincial revenue funds							
Current	836.6	889.3	1 349.7	1 865.2	1 803.2	1 938.0	2 090.9
Devolution of property rate funds grant	836.6	889.3	1 349.7	1 865.2	1 803.2	1 938.0	2 090.9
Public corporations and private enterprises							
Public corporations							
Other transfers to public corporations							
Current	–	–	–	–	150.0	–	–
Independent Development Trust	–	–	–	–	150.0	–	–

Expenditure trends

The spending focus over the medium term will be on the provision and management of government's immovable property portfolio in support of government's social, economic, functional and political objective.

Between 2007/08 and 2010/11, spending in this programme increased at an average annual rate of 27.7 per cent, from R2.5 billion to R5.2 billion. The growth is due to increased spending for the devolution of the property rates fund grant to provinces, buildings and other infrastructure expenditure, and the realignment of regional offices from the *Administration* programme to this programme.

Over the MTEF period, spending is expected to increase to R5.9 billion, at an average annual rate of 4.4 per cent. This is due to additional funding provided for the increase in expenditure for the devolution of the property rates fund grant to provinces, which is expected to increase by R641 million in 2011/12, R717 million in 2012/13 and R804 million in 2013/14.

Administrative costs equate to 6 per cent of line function costs in 2011/12, and 11 per cent in 2012/13 and 2013/14. This increase reflects the department's intent to address the shortage of support staff in this programme.

Programme 3: Expanded Public Works Programme

- *Expanded Public Works Programme* promotes the use of government expenditure to create additional employment opportunities by introducing labour intensive delivery methods, and additional employment

and skills programmes for the participation of the unemployed in delivering needed services. The subprogramme has a staff complement of 157 and 73 per cent of the budget is spent on performance based incentives to municipalities and provinces, which are distributed on the basis of their ability to absorb unskilled labour into expanded public works programme projects.

- *Performance Based Incentive Allocations* disburses funds to provinces, municipalities and non-governmental organisations based on set job creation targets. Examples of projects include municipal and provincial expanded public works programme projects for refuse collection, beach cleaning, clearing foreign vegetation, pothole or road mending, and painting government buildings.

Objectives and measures

- Increase the Department of Public Work's participation in the implementation of the expanded public works programme by:
 - training 6 000 youth in the artisan trades of the built environment by 2014
 - ensuring that at least 15 per cent of the youth who have been trained through the national youth service programme are placed in employment opportunities, annually.
- Increase the number of public bodies reporting on the implementation of the expanded public works programme by ensuring that at least 200 municipalities are reporting on the expanded public works programme by March 2014.
- Increase the number of non-state organisations participating in the expanded public works programme from 58 in 2009/10 to 140 by March 2013 by increasing funding to the sector by R57 million in 2012/13 and R66 million in 2013/14.
- Support public bodies in the different sectors to implement the expanded public works programme to contribute the following work opportunities and full time equivalents by March 2014:
 - 2 374 000 work opportunities (903 478 full time equivalents) in the infrastructure sector
 - 1 156 000 work opportunities (325 652 full time equivalents) in the environment sector
 - 750 000 work opportunities (513 043 full time equivalents) in the social sector
 - 640 000 work opportunities (278 261 full time equivalents) in the non-state sector.

Expenditure estimates

Table 7.6 Expanded Public Works Programme

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
R million							
Expanded Public Works Programme	126.6	133.0	99.3	278.1	264.4	268.2	283.3
Performance Based Incentive Allocations	–	–	338.8	1 201.0	1 310.8	1 461.1	1 713.3
Total	126.6	133.0	438.1	1 479.1	1 575.2	1 729.4	1 996.6
Change to 2010 Budget estimate				–	(811.5)	(767.2)	–
Economic classification							
Current payments	126.0	131.9	113.0	286.2	271.6	276.3	290.9
Compensation of employees	29.6	47.8	54.8	93.0	99.1	95.6	97.2
Goods and services	96.4	84.1	58.0	193.2	172.5	180.6	193.6
of which:							
Contractors	0.3	0.2	1.1	5.9	6.3	7.6	8.0
Agency and support / outsourced services	54.5	34.7	15.4	73.5	83.1	89.3	93.6
Lease payments	0.1	0.1	0.1	0.3	0.4	0.4	0.5
Interest and rent on land	–	–	0.1	0.1	0.1	0.1	0.1
Transfers and subsidies	–	–	324.3	1 190.4	1 301.6	1 451.5	1 703.1
Provinces and municipalities	–	–	216.7	1 010.6	1 147.2	1 232.4	1 467.1
Non-profit institutions	–	–	107.6	179.8	154.4	219.1	236.0
Payments for capital assets	0.6	1.1	0.9	2.4	2.0	1.6	2.6
Machinery and equipment	0.6	1.1	0.9	2.4	2.0	1.6	2.6
of which:							
Capitalised goods and services	–	–	–	1.1	0.6	0.6	0.6
Total	126.6	133.0	438.1	1 479.1	1 575.2	1 729.4	1 996.6

Table 7.6 Expanded Public Works Programme (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Details of selected transfers and subsidies							
Non-profit institutions							
Current	–	–	107.6	179.8	154.4	219.1	236.0
Non-state sector	–	–	107.6	179.8	154.4	219.1	236.0
Provinces and municipalities							
Provinces							
Provincial revenue funds							
Current	–	–	116.2	387.6	467.6	566.7	687.6
Expanded Public Works Programme: incentive grant for provinces	–	–	116.2	331.0	267.3	325.2	401.6
Social Sector Expanded Public Works Programme: incentive grant for provinces	–	–	–	56.6	200.4	241.5	286.0
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	–	–	100.5	623.0	679.6	665.7	779.5
Expanded Public Works Programme incentive grant for municipalities	–	–	100.5	623.0	679.6	665.7	779.5

Expenditure trends

The spending focus over the medium term will be on the creation of work opportunities and the provision of training for unskilled, marginalised and unemployed people in South Africa by improving the coordination and performance of the expanded public works programme. Between 2009/10 and 2013/14, 4.5 million work opportunities are expected to be created.

Between 2007/08 and 2010/11, expenditure increased at an average annual rate of 126.9 per cent, from 126.6 million to R1.5 billion. The growth in expenditure was mainly as a result of the increase in the allocation for transfers and subsidies to fund the expanded public works programme incentives for participating public bodies in the infrastructure, non-state sector and the social sector.

Over the MTEF period, expenditure is expected to increase at an average annual rate of 10.5 per cent, to reach R2 billion in 2013/14. This is mainly due to the additional allocations to fund the performance based incentives of the expanded public works programme over the MTEF period.

Administrative costs equate to 6 per cent of line function costs over the medium term. This is based on current funding available over the MTEF period.

Programme 4: Property and Construction Industry Policy Regulations

- *Construction Industry Development Programme* creates an enabling environment for transforming the reconstruction and development industry by developing appropriate legislation and implementation monitoring mechanisms for the sector. The subprogramme has a staff complement of 6.
- *Property Industry Development Programme* provides leadership and guidance on the transformation of the property industry, and promotes uniformity and best practice on immovable asset management in the public sector through policy development. It also sets best practice standards for the compilation and maintenance of immovable asset registers and the administration of rights over state and private land through its guidelines. The subprogramme has a staff complement of 8.

Objectives and measures

- Promote uniformity and best practice in the management of state immovable assets by developing lifecycle asset management guidelines on state immovable assets.
- Regulate the construction and property industries and related professions, over the MTEF period by:

- drafting the Expropriation Bill to align with the Constitution to provide a common framework to guide the processes and procedures for the expropriation of property by all organs of state
- establishing Agrément South Africa as a juristic person through a legislation process.
- Inform policy development in the construction and property industries by reviewing the 1997 White Paper (Public Works Towards the 21st Century) and the 1999 White Paper (Creating an Enabling Environment for Reconstruction, Growth and Development in the Construction Industry) over the MTEF.

Expenditure estimates

Table 7.7 Property and Construction Industry Policy Regulations

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R million	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Construction Industry Development Programme	30.5	20.7	6.1	19.7	23.2	23.5	24.5
Property Industry Development Programme	0.4	12.7	11.3	10.4	11.7	12.9	13.6
Total	30.9	33.4	17.4	30.0	34.9	36.4	38.2
Change to 2010 Budget estimate				(1.5)	(0.3)	(0.3)	–
Economic classification							
Current payments	30.8	33.2	17.4	29.8	34.8	36.3	38.1
Compensation of employees	11.8	9.4	5.8	10.7	12.0	12.6	13.3
Goods and services	19.0	23.8	11.6	19.1	22.7	23.7	24.7
of which:							
Agency and support / outsourced services	7.5	8.6	0.1	7.3	8.6	8.6	8.8
Lease payments	0.0	0.2	0.1	0.1	0.1	0.1	0.1
Payments for capital assets	0.1	0.2	0.0	0.2	0.1	0.1	0.1
Machinery and equipment	0.1	0.2	0.0	0.2	0.1	0.1	0.1
of which:							
Capitalised goods and services	–	–	–	–	0.2	0.2	0.2
Total	30.9	33.4	17.4	30.0	34.9	36.4	38.2

Expenditure trends

The spending focus over the medium term will be on the development of policies that are aligned with the attainment of government's expected outcomes, and the promotion of growth and transformation of the construction and property industries.

Between 2007/08 and 2010/11, expenditure decreased from R30.9 million to R30 million, at an average annual rate of 0.9 per cent. This is due to the realignment of expenditure for regional offices.

Over the MTEF period, expenditure is expected to increase at an average annual rate of 8.3 per cent to reach R38.2 million. This is mainly due to the increase in spending on compensation of employees and related goods and services.

Administrative costs equate to 9 per cent of line function costs over the medium term.

Programme 5: Auxiliary and Associated Services

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

- *Sector Education and Training Authority* aims to influence training and skills development throughout the construction industry.

Expenditure estimates

Table 7.8 Auxiliary and Associated Services

Subprogramme				Adjusted	Medium-term expenditure estimate		
R million	Audited outcome			appropriation			
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Compensation for Losses	0.1	–	–	1.9	2.1	2.2	2.3
Assistance to Organisations for Preservation of National Memorials	12.7	13.7	14.8	17.5	18.5	19.4	20.5
State Functions	0.2	0.1	23.9	5.1	10.1	10.1	10.1
Sector Education and Training Authority	–	1.6	0.9	2.3	2.5	2.6	2.8
Total	13.0	15.4	39.6	26.9	33.2	34.3	35.7
Change to 2010 Budget estimate				5.0	10.0	10.0	–
Economic classification							
Current payments	0.2	0.1	23.9	7.1	12.2	12.3	12.4
Goods and services	0.2	0.1	23.9	7.1	12.2	12.3	12.4
of which:							
Contractors	–	0.1	21.4	7.1	12.2	12.3	12.4
Agency and support / outsourced services	–	–	0.4	–	–	–	–
Lease payments	–	–	0.3	–	–	–	–
Property payments	–	–	0.1	–	–	–	–
Transfers and subsidies	12.8	15.3	15.7	19.8	21.0	22.0	23.3
Departmental agencies and accounts	–	1.6	0.9	2.3	2.5	2.6	2.8
Foreign governments and international organisations	12.7	13.7	14.8	17.5	18.5	19.4	20.5
Households	0.1	–	–	0.0	0.0	0.0	0.0
Total	13.0	15.4	39.6	26.9	33.2	34.3	35.7
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	–	1.6	0.9	2.3	2.5	2.6	2.8
Sector Education and Training Authority	–	1.6	0.9	2.3	2.5	2.6	2.8
Foreign governments and international organisations							
Current	12.7	13.7	14.8	17.5	18.5	19.4	20.5
Commonwealth War Graves Commission	12.7	13.7	14.8	17.5	18.5	19.4	20.5

Expenditure trends

The spending focus over the medium term will be on providing various services, including compensation for losses on the government assisted housing scheme, assistance to organisations for the preservation of national memorials and meeting protocol responsibilities for state functions.

Between 2007/08 and 2010/11, expenditure increased from R13 million to R26.9 million, at an average annual rate of 27.3 per cent. The increase is mainly due to state function expenditure for the presidential inauguration in 2009/10.

Over the MTEF period, expenditure increases at an average annual rate of 9.9 per cent to reach R35.7 million. This is due to the increase in funds allocated for state functions.

Public entities and other agencies

Property management trading entity

Strategic overview: 2007/08 – 2013/14

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

At the end of 2009/10, 92 per cent of all invoices issued to client departments had been paid. An additional R167 million outstanding from previous years was also recovered. The main challenges that the entity faces in reporting its finances are inadequate billing and accounting systems, and an incomplete immovable asset register.

The medium term priorities of the entity include finalising its structure, improving financial management (specifically revenue management), re-evaluating business processes and policies, as well as identifying, acquiring and implementing an IT system that supports its operations. The electronic asset register has been implemented and other accounting systems are now being procured for invoicing, accounting and reporting purposes.

Savings and cost effectiveness measures

The property management trading entity is in the process of confirming the status of occupation of state owned accommodation with its clients, to ensure correct and accurate billing for these properties. This will also improve its invoicing systems. The original devolution was based on the data available at that time, and new, upgraded and alternative accommodation had not been taken into account. Processes are being developed to identify new accommodation in time to allow clients to budget for increased expenditure through the MTEF process and to also improve the entity's revenue collection and make more money available for projects. Compensation of employees and goods and services costs are still carried by the Department of Public Works. Projects and properties (leases) are procured through a supply chain management structure, which ensures the best possible rates.

Selected performance indicators

Table 7.9 Property Management Trading Entity

Indicator	Description	Programme/Activity	Past			Current	Projections		
			2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Amount of revenue collected per year	Amount of revenue collected in line with projections	Revenue Management	4.7bn	4.3bn	5.4bn	6.4bn	7bn	7.8bn	8.7bn
Average number of days to collect revenue	Age analysis of period between issue of invoice and receipt of money	Revenue Management	60	60	60	60	60	60	60
Amount invoiced as outstanding at the end of the year	Money not received at the end of the financial year	Revenue Management	32.8m	143m	109.2m	100m	100m	100m	100m

Expenditure estimates

Table 7.10 Property Management Trading Entity

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Maintenance and Repair of Buildings	1 695.5	753.5	628.6	524.0	831.6	914.8	1 006.2
Operating Leases	1 610.9	1 884.9	2 479.0	2 700.6	2 916.7	3 150.0	3 402.0
Property Rates	1 206.0	409.6	549.8	592.5	651.7	716.9	788.6
Cleaning and Gardening Services	81.1	107.8	135.5	155.7	202.4	263.2	289.5
Other Objectives	33.0	16.2	181.2	39.6	56.2	6.3	6.2
Total expense	4 626.5	3 172.1	3 974.1	4 012.4	4 658.7	5 051.1	5 492.5

Table 7.11 Property Management Trading Entity

Statement of financial performance				Revised estimate	Medium-term estimate		
R million	Audited outcome			2010/11	2011/12	2012/13	2013/14
	2007/08	2008/09	2009/10				
Revenue							
Non-tax revenue	4 218.0	2 545.9	3 328.1	3 631.4	4 028.5	4 404.3	4 810.1
Sale of goods and services other than capital assets	4 211.1	2 543.1	3 327.8	3 626.4	4 023.5	4 399.3	4 805.1
of which:							
Property management fees	4 211.1	2 543.1	3 327.8	2 798.8	3 029.6	3 268.5	3 532.4
Other sales	–	–	–	827.6	993.9	1 130.7	1 272.7
Other non-tax revenue	7.0	2.8	0.2	5.0	5.0	5.0	5.0
Transfers received	476.0	528.0	588.4	613.0	630.2	646.8	682.4
Total revenue	4 694.0	3 073.9	3 916.5	4 244.4	4 658.7	5 051.1	5 492.5
Expenses							
Current expense	3 416.2	3 172.1	3 974.1	3 420.0	4 007.0	4 334.2	4 703.9
Goods and services	3 407.6	3 172.1	3 974.1	3 403.6	3 989.3	4 315.1	4 680.2
Interest, dividends and rent on land	8.6	–	–	16.3	17.6	19.1	23.8
Transfers and subsidies	1 210.3	–	–	592.5	651.7	716.9	788.6
Total expenses	4 626.5	3 172.1	3 974.1	4 012.4	4 658.7	5 051.1	5 492.5
Surplus / (Deficit)	67.6	(98.2)	(57.6)	232.0	–	–	–
Statement of financial position							
Carrying value of assets	–	–	–	5.0	5.0	5.0	5.0
of which: Acquisition of assets	–	–	–	5.0	–	–	–
Receivables and prepayments	1 177.4	2 096.0	2 377.8	1 858.5	1 358.5	858.5	358.5
Cash and cash equivalents	0.8	6.6	9.0	4.0	2.0	2.0	2.0
Assets not classified elsewhere	8.0	–	–	–	–	–	–
Total assets	1 186.1	2 102.5	2 386.8	1 867.5	1 365.5	865.5	365.5
Accumulated surplus/deficit	(130.8)	(167.6)	(225.2)	–	–	–	–
Trade and other payables	1 310.0	722.2	930.6	418.0	218.0	118.0	100.0
Liabilities not classified elsewhere	7.0	1 547.9	1 681.5	1 449.5	1 147.5	747.5	265.5
Total equity and liabilities	1 186.1	2 102.5	2 386.8	1 867.5	1 365.5	865.5	365.5

Expenditure trends

Over the medium term, the trading entity will focus on implementing systems to improve its invoicing, which should improve revenue collection and make more money available for projects. This will entail a process of confirming occupation of state owned accommodation with its clients to ensure correct and itemised billing of these properties.

Expenditure has decreased from R4.6 billion in 2007/08 to R4 billion in 2010/11, at an average annual rate of 4.6 per cent. The decrease is due to a change in reporting from cash to accrual based accounting. Repairs,

rehabilitation and upgrading were previously included in the entity's expenditure, but have now been excluded as they are capital in nature and form part of departmental expenditure. These amounts are now reported under the department's disclosure note as a non-cash item as it affects the immovable assets. In 2010/11, the property management trading entity aims to realise a saving in order to finance the deficit of previous years.

Over the medium term, expenditure is expected to increase at an average annual rate of 11 per cent to reach R5.5 billion. This is mainly due to the annual escalation in lease contracts, which ranges between 8 and 10 per cent as determined by local government, and an inflationary increase in estimates for day-to-day maintenance.

Other public entities

Comprehensive coverage of the following public entities is provided with the more detailed information for the vote at www.treasury.gov.za under the budget information link.

- The **Construction Industry Development Board** provides leadership to stakeholders, stimulates the growth, reform and improvement of the construction sector, and enhances the industry's role in the country's economy.
- The **Council for the Built Environment** oversees and regulates the six professional councils responsible for regulating built environment professionals such as architects, engineers, quantity surveyors, landscape architects, property valuers and project and construction managers.
- The **Independent Development Trust** has evolved from a grant making organisation into a responsive development agency with a well established footprint across South Africa.

Additional tables

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

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R million	2009/10		2009/10	2010/11			2010/11
Administration	778.0	689.0	773.4	663.1	(33.8)	629.3	629.3
Immovable Asset Management	3 799.3	4 357.2	4 265.1	4 250.7	948.8	5 199.4	5 116.4
Expanded Public Works Programme	651.3	765.8	438.1	1 479.1	–	1 479.1	1 336.0
Property and Construction Industry Policy Regulations	33.8	35.4	17.4	31.5	(1.5)	30.0	30.0
Auxiliary and Associated Services	35.6	42.6	39.6	21.9	5.0	26.9	26.9
Total	5 298.0	5 890.1	5 533.6	6 446.3	918.5	7 364.8	7 138.7
Economic classification							
Current payments	1 879.2	1 931.4	1 829.4	2 053.3	6.1	2 059.4	2 059.4
Compensation of employees	887.5	1 012.2	976.1	1 121.4	79.5	1 200.9	1 200.9
Goods and services	991.7	919.2	847.5	931.8	(74.9)	856.9	856.9
Interest and rent on land	–	–	5.8	0.0	1.6	1.6	1.6
Transfers and subsidies	2 150.6	2 448.8	2 376.7	3 019.1	769.0	3 788.1	3 645.0
Provinces and municipalities	1 349.7	1 702.9	1 566.4	2 106.8	769.0	2 875.9	2 732.8
Departmental agencies and accounts	700.7	680.7	679.3	711.5	–	711.5	711.5
Foreign governments and international organisations	16.5	16.5	14.8	17.5	–	17.5	17.5
Public corporations and private enterprises	–	5.0	–	–	–	–	–
Non-profit institutions	80.5	40.5	107.6	179.8	–	179.8	179.8
Households	3.3	3.3	8.6	3.5	–	3.5	3.5
Payments for capital assets	1 268.2	1 509.8	1 295.0	1 373.9	143.3	1 517.3	1 434.3
Buildings and other fixed structures	1 220.6	1 462.3	1 253.6	1 303.9	72.0	1 376.0	1 293.0
Machinery and equipment	42.4	42.4	41.0	64.9	71.3	136.1	136.1
Software and other intangible assets	5.1	5.1	0.3	5.1	–	5.1	5.1
Payments for financial assets	–	–	32.6	–	–	–	–
Total	5 298.0	5 890.1	5 533.6	6 446.3	918.5	7 364.8	7 138.7

Table 7.B Detail of approved establishment and personnel numbers according to salary level ¹

	Personnel post status as at 30 September 2010			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year ²	Medium-term estimate		
				2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
Department	6 283	4 980	316	5 582	5 234	4 966	4 966	4 966	4 966	4 966
Salary level 1 – 6	3 313	2 857	130	3 376	3 096	2 840	2 840	2 840	2 840	2 840
Salary level 7 – 10	2 148	1 540	132	1 615	1 564	1 410	1 410	1 410	1 410	1 410
Salary level 11 – 12	634	442	48	454	434	576	576	576	576	576
Salary level 13 – 16	188	141	6	137	140	140	140	140	140	140
Administration	682	478	62	1 219	536	478	478	478	478	478
Salary level 1 – 6	145	113	27	543	147	113	113	113	113	113
Salary level 7 – 10	338	217	24	498	235	217	217	217	217	217
Salary level 11 – 12	116	86	9	118	88	86	86	86	86	86
Salary level 13 – 16	83	62	2	60	66	62	62	62	62	62
Immovable Asset Management	5 282	4 331	227	4 191	4 544	4 317	4 317	4 317	4 317	4 317
Salary level 1 – 6	3 115	2 722	78	2 822	2 942	2 705	2 705	2 705	2 705	2 705
Salary level 7 – 10	1 699	1 261	107	1 048	1 274	1 131	1 131	1 131	1 131	1 131
Salary level 11 – 12	398	292	39	269	276	426	426	426	426	426
Salary level 13 – 16	70	56	3	52	52	55	55	55	55	55

Table 7.B Detail of approved establishment and personnel numbers according to salary level ¹ (continued)

	Personnel post status as at 30 September 2010			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year ²	Medium-term estimate		
				2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Expanded Public Works Programme	301	157	25	147	140	157	157	157	157	157
Salary level 1 – 6	51	20	23	9	5	20	20	20	20	20
Salary level 7 – 10	103	56	1	56	49	56	56	56	56	56
Salary level 11 – 12	116	60	–	60	66	60	60	60	60	60
Salary level 13 – 16	31	21	1	22	20	21	21	21	21	21
Property and Construction Industry Policy Regulations	18	14	2	25	14	14	14	14	14	14
Salary level 1 – 6	2	2	2	2	2	2	2	2	2	2
Salary level 7 – 10	8	6	–	13	6	6	6	6	6	6
Salary level 11 – 12	4	4	–	7	4	4	4	4	4	4
Salary level 13 – 16	4	2	–	3	2	2	2	2	2	2

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

2. As at 30 September 2010.

Table 7.C Summary of expenditure on training

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Compensation of employees (R million)	721.5	746.4	916.6	1 180.3	1 242.1	1 241.2	1 305.1
Training expenditure (R million)	15.2	15.2	22.0	27.5	24.8	24.8	26.1
Training as percentage of compensation of employees	2.1%	2.0%	2.4%	2.3%	2.0%	2.0%	2.0%
Total number trained in department (head count)	4 200	4 200	4 200	–			
of which:							
Employees receiving bursaries (head count)	600	600	562	–			
Learnerships trained (head count)	172	172	172	–			
Internships trained (head count)	318	318	312	–			

Table 7.D Summary of departmental public private partnership (PPP) projects

Project description:		Project annual unitary fee at time of contract	Budgeted expenditure	Medium-term expenditure estimate		
R million			2010/11	2011/12	2012/13	2013/14
Projects signed in terms of Treasury Regulation 16	119.3	26.2	27.6	28.9	–	
PPP unitary charge	119.3	26.2	27.6	28.9	–	
Total	119.3	26.2	27.6	28.9	–	

Table 7.E Summary of expenditure on infrastructure

Project name		Service delivery outputs	Current project stage	Total project cost	Audited outcome		Adjusted appropriation	Medium-term expenditure estimate			
R million					2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Departmental infrastructure											
Re Kgabisa Tshwane, Pretoria: Agrivaal Building		Rehabilitation	Design	281.4	–	10.7	11.3	6.0	20.1	117.2	116.1
Departmental: various centres		Upgrading and construction of 45 departmental accommodation sites	Various	550.2	39.7	22.7	31.0	32.2	115.2	130.0	140.0
Dolomite: various centres		Management of 50 dolomite risk areas	Various	773.4	43.6	55.2	21.2	115.0	120.0	130.0	190.0
Accessibility: various centres		Upgrading of 110 disabled facilities	Various	114.9	–	1.1	14.6	22.3	25.0	28.0	30.0
Border Control Operational Coordination Committee: various centres		Redevelopment of 136 border post centres	Various	2 811.8	193.6	420.8	531.0	408.1	362.3	335.2	400.1
Prestige: various centres		Upgrading and construction of 154 prestige accommodation sites	Various	4 005.0	157.9	237.2	399.6	440.5	439.7	494.1	624.7
Re Kgabisa Tshwane: various centres		Development of 12 national government precincts	Various	743.2	36.1	180.8	100.7	134.0	119.9	27.8	133.9
Departmental: Bloemfontein regional office		Construction of office block	Construction	162.9	17.1	32.6	31.8	70.1	4.8	–	–
Border Control Operational Coordination Committee: Skilpadshok border post		Redevelopment of border post	Construction	285.8	–	24.7	111.0	125.3	24.8	–	–
Border Control Operational Coordination Committee: Golela border post		Redevelopment of border post	Tender	172.6	–	–	–	10.8	81.0	79.6	1.3
Border Control Operational Coordination Committee: Sani Pass border post		Redevelopment of border post	Design	218.3	–	2.4	1.2	1.3	22.4	60.3	88.6
Prestige, Pretoria, heritage phase 3: Mahamba Ndopfu		Refurbishment of residential building	Design	191.9	–	0.1	–	10.5	108.7	72.6	–
Total				10 311.5	488.0	988.4	1 253.6	1 376.0	1 443.9	1 474.7	1 724.7

Vote 8

Women, Children and People with Disabilities

Budget summary

R million	2011/12				2012/13	2013/14
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	34.2	33.1	–	1.0	36.2	38.2
Women, Empowerment and Gender Equality	64.6	9.1	55.2	0.4	69.9	74.2
Children's Rights and Responsibilities	9.6	9.1	–	0.4	11.9	14.2
Rights of People with Disabilities	9.6	9.1	–	0.4	11.4	14.2
Total expenditure estimates	117.9	60.5	55.2	2.3	129.5	140.8

Executive authority Minister of Women, Children and People with Disabilities
 Accounting officer Director General of Women, Children and People with Disabilities
 Website address www.wcpd.gov.za

More detailed information for each vote is available at www.treasury.gov.za. More comprehensive coverage of vote specific information, particularly on goods and services, transfers and subsidies, donor funding, public entities and lower level institutional information, is provided.

Aim

Drive, accelerate and oversee government's equity, equality and empowerment agenda on women, children and people with disabilities, especially in poor and rural communities.

Programme purposes

Programme 1: Administration

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

Programme 2: Women, Empowerment and Gender Equality

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

Programme 3: Children's Rights and Responsibilities

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

Programme 4: Rights of People with Disabilities

Purpose: Facilitate the translation of national and international instruments into empowerment and socioeconomic development programmes. Oversee and comprehensively report on the national realisation of the rights of people with disabilities and the progressive realisation of equality.

Strategic overview: 2009/10 – 2013/14

Strategic objectives and functions

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

To achieve these objectives, the department will: promote the realisation and protection of the rights of women, children and people with disabilities; coordinate, collaborate and partner with all government departments, publicly funded bodies, organs of civil society and the private sector to ensure that issues related to gender, people with disabilities and children are integrated into all government programmes and results are shown in this regard; set norms and standards for the social, political and economic transformation necessary for achieving national goals and implementing policies; monitor and evaluate the performance of government departments, publicly funded institutions, organs of civil society and the private sector; accelerate the implementation of international obligations on the rights of women, children and people with disabilities to which South Africa is a signatory; advance international cooperation and partnerships for the promotion and protection of gender equality, equalisation of opportunities for people with disabilities and children's rights; and initiate and facilitate the implementation of research and programmes for the empowerment of women, children and people with disabilities.

Focus over the medium term

Over the medium term, the department will engage in research and collaboration with other departments, entities and stakeholders that share its vision. The development and implementation of policy will be based on best practices gleaned from the research. Emphasis will be placed on promoting and advancing the needs of the most vulnerable among each of the three targeted groups. This means those living in rural areas and informal settlements, and those who do not generate any income. The focus will also be on addressing violence against women, children and people with disabilities, and creating awareness of maternal and child health, thus assisting in reducing the rates of maternal and infant mortality.

All these planned strategic interventions will contribute towards creating an efficient, effective and development oriented public service and an empowered fair and inclusive citizenship (outcome 12).

Progress in establishing the department was slower than anticipated. Due to lack of capacity, the department was delayed in establishing financial and other reporting systems required by the Public Finance Management Act (1999), and the department only started operating as a sovereign department in November 2010. The department will be able to start recruiting the necessary staff for it to carry out its mandate in 2010/11.

Savings and cost effectiveness measures

Over the medium term, a baseline reduction of R325 000 in 2011/12, R345 000 in 2012/13 and R364 000 in 2013/14 has been effected by Cabinet to improve efficiency and value for money in the department.

Selected performance indicators

Table 8.1 Women, Children and People with Disabilities

Indicator	Programme	Past			Current	Projections		
		2007/08	2008/09	2009/10 ¹	2010/11 ¹	2011/12	2012/13	2013/14
Number of analysis reports on implementation of legislation per year	All programmes	–	–	–	–	1	3	3
Percentage of mainstreaming of gender disabilities and children considerations by:								
- departments	All programmes	–	–	–	–	30%	50%	75%
- provinces	All programmes	–	–	–	–	25%	35%	50%
- municipalities	All programmes	–	–	–	–	15%	20%	30%
- civil society	All programmes	–	–	–	–	5%	7%	10%
Percentage of improvements on rights, empowerment, equality and dignity registered during the cycle								
- women and girls	Women, Empowerment and Gender Equality	–	–	–	–	10%	20%	35%
- children	Children's Rights and Responsibilities	–	–	–	–	10%	25%	40%
- people with disabilities	Rights of People with Disabilities	–	–	–	–	15%	30%	50%

¹. Progress on the department establishment was slower than anticipated, hence no progress has been reported for 2010/11 indicators.

Expenditure estimates

Table 8.2 Women, Children and People with Disabilities

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
R million								
Administration	–	–	1.7	28.6	28.6	34.2	36.2	38.2
Women, Empowerment and Gender Equality	43.2	50.9	57.0	60.4	60.4	64.6	69.9	74.2
Children's Rights and Responsibilities	5.6	4.6	7.7	8.6	8.6	9.6	11.9	14.2
Rights of People with Disabilities	3.7	6.5	11.0	8.6	8.6	9.6	11.4	14.2
Total	52.5	61.9	77.5	106.2	106.2	117.9	129.5	140.8
Change to 2010 Budget estimate				8.4	8.4	9.7	14.7	19.6
Economic classification								
Current payments	12.8	15.7	28.4	47.7	47.7	60.5	70.6	78.6
Compensation of employees	4.8	5.9	9.8	24.1	24.1	34.6	39.9	46.3
Goods and services	8.0	9.8	18.6	23.5	23.5	25.9	30.7	32.4
of which:								
Property payments	–	–	–	2.7	2.7	9.0	9.9	10.4
Travel and subsistence	2.8	2.4	4.0	9.0	9.0	5.8	8.3	8.7
Operating expenditure	0.6	0.6	1.2	2.6	2.6	2.0	2.3	2.5
Venues and facilities	2.1	1.6	3.1	3.5	3.5	2.9	3.3	3.5
Transfers and subsidies	39.7	46.2	49.1	51.9	51.9	55.2	57.9	61.1
Departmental agencies and accounts	39.7	46.2	49.1	51.9	51.9	55.2	57.9	61.1
Payments for capital assets	–	0.0	–	6.6	6.6	2.3	1.0	1.1
Buildings and other fixed structures	–	–	–	5.3	5.3	–	–	–
Machinery and equipment	–	0.0	–	1.3	1.3	2.3	1.0	1.1
Total	52.5	61.9	77.5	106.2	106.2	117.9	129.5	140.8

Expenditure trends

The spending focus over the medium term will be on: supporting the mainstreaming and oversight of national programmes dealing with women, children and people with disabilities programmes, and facilitating their planning.

Between 2007/08 and 2010/11, expenditure grew from R52.5 million to R106.2 million, at an average annual rate of 26.4 per cent. The increase is attributable to the department's transformation from a unit in the Presidency into a stand-alone department. Over the MTEF period, expenditure is expected to increase from R106.2 million in 2010/11 to R140.8 million in 2013/14, at an average annual rate of 9.9 per cent. This growth is mainly due to additional funding of R8.4 million in 2010/11, R10 million in 2011/12, R15 million in 2012/13 and R20 million in 2013/14, to provide for the department's capacity building plans and the higher than anticipated general salary adjustments. The main area of growth is spending on compensation of employees, which grew by R22.2 million.

Personnel information

The total approved establishment is 175 posts, of which 36 are filled and funded. Additional funding has been provided over the medium term and 134 additional posts will be created. The ratio of administrative to line function staff is 1:2.

Departmental receipts

The department does not collect any receipts as it is a newly established department.

Programme 1: Administration

Expenditure estimates

Table 8.3 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
R million							
Ministry ¹	–	–	1.7	1.8	3.5	3.8	4.0
Management	–	–	–	10.9	9.6	10.1	10.6
Corporate Services	–	–	–	13.7	13.7	14.5	15.3
Office Accommodation	–	–	–	2.2	7.5	7.9	8.3
Total	–	–	1.7	28.6	34.2	36.2	38.2
Change to 2010 Budget estimate				4.1	9.7	10.2	10.7

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

Economic classification

Current payments	–	–	1.7	23.3	33.1	35.7	37.7
Compensation of employees	–	–	1.7	14.0	17.9	19.2	20.2
Goods and services	–	–	–	9.4	15.2	16.5	17.4
of which:							
Property payments	–	–	–	2.7	9.0	9.8	10.3
Travel and subsistence	–	–	–	3.0	1.8	1.9	2.0
Operating expenditure	–	–	–	0.5	0.5	0.5	0.5
Venues and facilities	–	–	–	0.5	0.5	0.6	0.6
Payments for capital assets	–	–	–	5.3	1.0	0.5	0.5
Buildings and other fixed structures	–	–	–	5.3	–	–	–
Machinery and equipment	–	–	–	–	1.0	0.5	0.5
Total	–	–	1.7	28.6	34.2	36.2	38.2

Expenditure trends

In 2007/08 and 2008/09, no expenditure was incurred in the programme because the department was still a unit in the Presidency. In 2009/10, R1.7 million was allocated to provide operating and support systems for the minister.

Over the MTEF period, expenditure is expected to increase from R28.6 million to R38.2 million, at an average annual rate of 10.1 per cent. This increase results from additional funding of R31.7 million provided for office accommodation, ICT infrastructure, machinery and equipment, as well as human capital, to allow the department to deliver on its mandate.

Programme 2: Women, Empowerment and Gender Equality

- *Policy and Planning for Gender Equality* conducts research and analysis on gender related issues to develop appropriate legislation that is sustainable and can be implemented. This subprogramme has a staff complement of 5 and which is expected to increase to 24 over the medium term, and a total budget of R10.1 million over the MTEF period, of which 60.5 per cent will be used for compensation of employees. The subprogramme will develop a policy on maternity and paternity in the family and/or workplace, and coordinate the implementation of the 16 Days of Activism and the 365 days action plan.
- *Mainstreaming and Capacity Development for Gender Equality* integrates activities and creates synergy among government departments, civil society and the private sector. This subprogramme has been allocated a budget of R13.7 million over the medium term, of which 59.6 per cent will be used for compensation of employees. This business unit also undertakes consultations with lead departments to mainstream women empowerment and gender equality in government programmes and national priorities. In 2010/11, the Women's Month celebrations were successfully coordinated at a total cost of R5.6 million.
- *Monitoring and Evaluation and Research for Gender Equality* tracks delivery on constitutional, regional and international mandates by: implementing the sector specific performance tracking system; verifying sectoral performance evaluation and comprehensive reporting systems; ensuring that a research protocol is developed; and monitoring compliance with national and international instruments. This subprogramme has been allocated a budget of R10.6 million over the medium term, of which 59.4 per cent will be used for compensation of employees. In 2010/11, the subprogramme participated in the Commonwealth Secretariat mid-term review meeting in Barbados, at a total cost of R80 000.
- *Commission for Gender Equality* establishes national task teams and ensures that responses to the committee on the elimination of discrimination against women are prepared. This subprogramme facilitates the transfer payment to the Commission for Gender Equality. Over the medium term, a total of R174.2 million will be transferred to the commission.

Objectives and measures

- Monitor and evaluate women's empowerment and gender equality outcomes by developing and maintaining a monitoring and evaluation framework and establishing a database with gender responsive indicators and readily available sex disaggregated data in 2011/12.
- Adapt international and regional instruments on women's empowerment and gender equality into government's existing national gender equity initiatives by reviewing the Domestic Violence Act (1998), the Recognition of Customary Marriages Act (1996) and government's maternity leave policy over the MTEF period.

Expenditure estimates

Table 8.4 Women, Empowerment and Gender Equality

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
R million				2010/11			
Policy and Planning for Gender Equality	–	–	–	2.5	2.8	3.5	3.9
Mainstreaming and Capacity Development for Gender Equality	3.5	4.7	7.9	3.4	3.8	4.8	5.2
Monitoring and Evaluation and Research for Gender Equality	–	–	–	2.6	2.9	3.8	4.0
Commission for Gender Equality	39.7	46.2	49.1	51.9	55.2	57.9	61.1
Total	43.2	50.9	57.0	60.4	64.6	69.9	74.2
Change to 2010 Budget estimate				1.4	–	1.8	2.3
Economic classification							
Current payments	3.5	4.7	7.9	8.0	9.1	11.8	12.9
Compensation of employees	1.7	1.8	2.4	3.3	5.5	7.1	8.0
Goods and services	1.8	2.8	5.5	4.7	3.5	4.7	4.9
of which:							
Travel and subsistence	–	–	–	1.5	1.1	1.7	1.7
Operating expenditure	0.5	0.6	1.2	1.1	0.7	0.9	1.0
Venues and facilities	–	–	–	1.1	0.9	1.1	1.1
Transfers and subsidies	39.7	46.2	49.1	51.9	55.2	57.9	61.1
Departmental agencies and accounts	39.7	46.2	49.1	51.9	55.2	57.9	61.1
Payments for capital assets	–	–	–	0.4	0.4	0.2	0.2
Machinery and equipment	–	–	–	0.4	0.4	0.2	0.2
Total	43.2	50.9	57.0	60.4	64.6	69.9	74.2
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	39.7	46.2	49.1	51.9	55.2	57.9	61.1
Commission for Gender Equality	39.7	46.2	49.1	51.9	55.2	57.9	61.1

Expenditure trends

Over the medium term, the spending focus will be on developing a green paper for a gender equality bill. The department will also develop a monitoring and evaluation framework, and establish a database that will record and track progress on gender equality.

Between 2007/08 and 2010/11, expenditure grew from R43.2 million to R60.4 million, at an average annual rate of 11.8 per cent. This was mainly due to additional funding for human capital to establish the department and to implement programmes. As a result, spending on compensation of employees grew at an average annual rate of 24.8 per cent over the seven-year period. The largest portion of the budget is a transfer payment to the Commission for Gender Equality. The transfer payment increased from R39.7 million in 2007/08 to R51.9 million in 2010/11, at an average annual rate of 9.3 per cent, to provide for higher than anticipated salary increases.

Over the MTEF period, expenditure is expected to increase to R74.2 million in 2013/14, at an average annual rate of 7.1 per cent. The transfer payment to the Commission for Gender Equality is expected to increase from R51.9 million in 2010/11 to R61.1 million in 2013/14, at an average annual rate of 5.6 per cent, mainly due to inflation. Expenditure over the MTEF period in the *Policy and Planning for Gender Equality*, *Mainstreaming and Capacity Development for Gender Equality*, and *Monitoring and Evaluation and Research for Gender Equality* subprogrammes increases by R1.1 million, R1.6 million and R1.3 million due to additional funding of R4 million in the two outer years of the medium term, for capacity building and related operational costs to enable the subprogramme to carry out its mandate.

The ratio of administrative to line function costs is 1:4.

Programme 3: Children's Rights and Responsibilities

- *Policy and Planning for the Promotion and Protection of Children's Rights* aligns children's rights and responsibilities across the three spheres of government. This subprogramme has a staff complement of 6, which is expected to increase to 9 over the medium term, and a total budget of R10.5 million over the medium term, of which 60.8 per cent will be used for compensation of employees. In 2011/12, a children's rights policy framework will be developed, and partnership and advocacy frameworks and strategies will be finalised.
- *Mainstreaming and Capacity Development for the Promotion and Protection of Children's Rights* integrates actions on children's rights and creates synergy among government departments, civil society organisations and the private sector. This subprogramme has a total budget allocation of R14.5 million over the medium term, of which 60.8 per cent will be used for compensation of employees. In 2011/12, the following outputs will be achieved: consultations with lead national and provincial government departments including training on mainstreaming children's considerations and developing a national children's agenda; and the implementation of a flagship programme on street children and promoting the Each One Raise One concept to enhance protection and development of children.
- *Monitoring and Evaluation and Research for the Promotion and Protection of Children's Rights*: tracks delivery on constitutional, regional and international mandates, and international instruments, and ensures that compliance reports are submitted, which include evaluations of quarterly children's rights reports and monitoring the two national children's rights advisory councils. This subprogramme has a total budget allocation of R10.8 million over the medium term, of which 60.5 per cent will be used for compensation of employees. In 2011/12, the subprogramme will coordinate consultative meetings with the national forum of provincial offices on rights of children and the advisory council.

Objectives and measures

- Ensure the realisation of children's rights and responsibilities by:
 - providing leadership and support for planning, coordination and oversight over the MTEF period
 - reporting comprehensively on children's rights policies and legislation over the MTEF period
 - developing and maintaining a children's rights and responsibilities monitoring and evaluation framework over the MTEF period
 - participating in sectoral coordination and in country children's rights forums over the MTEF period.

Expenditure estimates

Table 8.5 Children's Rights and Responsibilities

Subprogramme				Adjusted appropriation	Medium-term expenditure estimate		
R million	Audited outcome			2010/11			
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Policy and Planning for the Promotion and Protection of Children's Rights	–	–	–	2.5	2.8	3.5	4.2
Mainstreaming and Capacity Development for the Promotion and Protection of Children's Rights	5.6	4.6	7.7	3.5	3.9	4.9	5.7
Monitoring and Evaluation and Research for the Promotion and Protection of Children's Rights	–	–	–	2.6	2.9	3.6	4.3
Total	5.6	4.6	7.7	8.6	9.6	11.9	14.2
Change to 2010 Budget estimate				1.4	–	1.6	3.3
Economic classification							
Current payments	5.6	4.6	7.7	8.1	9.1	11.7	14.0
Compensation of employees	1.8	1.8	1.8	3.4	5.6	7.0	9.0
Goods and services	3.9	2.8	5.9	4.7	3.6	4.7	5.0
of which:							
Travel and subsistence	1.5	–	–	2.3	1.5	2.4	2.5

Table 8.5 Children's Rights and Responsibilities (continued)

R million	Audited outcome			Adjusted appropriation 2010/11	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Operating expenditure	0.0	0.0	0.1	0.5	0.4	0.5	0.5
Venues and facilities	1.8	0.9	1.9	0.9	0.7	0.8	0.9
Payments for capital assets	–	0.0	–	0.4	0.4	0.2	0.2
Machinery and equipment	–	0.0	–	0.4	0.4	0.2	0.2
Total	5.6	4.6	7.7	8.6	9.6	11.9	14.2

Expenditure trends

The spending focus over the MTEF period will be on training children and parents on children's rights and responsibilities, piloting the study on child friendly cities and ensuring the implementation of the 1 Goal education campaign, which was piloted during the 2010 FIFA World Cup.

Between 2007/08 and 2010/11, expenditure grew from R5.6 million to R8.6 million, at an average annual rate of 14.9 per cent. The growth in the *Mainstreaming and Capacity Development for the Promotion and Protection of Children's Rights* subprogramme is mainly attributed to funding for advocacy of children's rights and expansion of related projects.

Over the medium term, expenditure is expected to increase from R8.6 million in 2010/11 to R14.2 million in 2013/14, at an average annual rate of 18.4 per cent. This is due to additional funding of R4.9 million allocated in the two outer years of the MTEF period to increase human capital across all subprogrammes.

The ratio of administrative to line function costs is 1:1.

Programme 4: Rights of People with Disabilities

- *Policy and Planning for Equalisation of Opportunities for Persons with Disabilities* reviews policy and planning required to align conceptualisation with the three spheres of government, civil society and the private sector to ensure equity and quality of life for people with disabilities. This subprogramme has a staff complement of 7, which is expected to increase to 18 over the medium term, and a total budget allocation of R10.4 million over the medium term, of which 60 per cent will be used for compensation of employees. Over the medium term, the following outputs will be achieved: information will be gathered on the appropriate assistive devices for different categories of disabilities, a disability bill will be drafted, and guidelines will be developed on provisioning assistive devices.
- *Mainstreaming and Capacity Development for Equalisation of Opportunities for Persons with Disabilities* integrates actions and creates synergy among government departments, civil society and the private sector. This includes implementing the anti-poverty strategy for people with disabilities and developing a national disability agenda. Over the medium term, the following outputs will be achieved: a concept paper for the Disability Empowerment Fund as well as mainstreaming guidelines will be developed; and programmes on rural development and economic empowerment for persons with disabilities will be coordinated.
- *Monitoring and Evaluation and Research for Equalisation of Opportunities for Persons with Disabilities* tracks delivery on constitutional, regional and international mandates by establishing and implementing sector specific performance tracking verification and evaluation systems. Over the medium term, the business unit will develop a strategy to deal with the 2 per cent employment equity target.

Objectives and measures

- Ensure the progressive realisation of the rights of people with disabilities by:
 - reviewing and facilitating amendments to policies and legislation by March 2012
 - developing and maintaining a monitoring and evaluation framework for the rights of people with disabilities over the MTEF period
 - adapting continental and international instruments on people with disabilities into local initiatives over the MTEF period

- developing and managing catalytic projects for the rights and responsibilities of people with disabilities in line with constitutional and international mandates over the MTEF period
- facilitating public private partnerships in the interest of people with disabilities over the MTEF period
- coordinating and participating in forums on the rights of people with disabilities regionally and internationally over the MTEF period.

Expenditure estimates

Table 8.6 Rights of People with Disabilities

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
R million							
Policy and Planning for Equalisation of Opportunities for Persons with Disabilities	–	–	–	2.5	2.8	3.4	4.2
Mainstreaming and Capacity Development for Equalisation of Opportunities for Persons with Disabilities	3.7	6.5	11.0	3.5	3.9	4.6	5.7
Monitoring and Evaluation and Research for Equalisation of Opportunities for Persons with Disabilities	–	–	–	2.6	2.9	3.5	4.3
Total	3.7	6.5	11.0	8.6	9.6	11.4	14.2
Change to 2010 Budget estimate				1.4	–	1.1	3.3
Economic classification							
Current payments	3.7	6.5	11.0	8.1	9.1	11.3	14.0
Compensation of employees	1.3	2.3	3.8	3.4	5.6	6.5	9.0
Goods and services	2.4	4.3	7.2	4.7	3.5	4.7	5.0
of which:							
Travel and subsistence	1.3	2.4	4.0	2.3	1.3	2.3	2.4
Operating expenditure	0.0	0.0	0.0	0.5	0.4	0.5	0.5
Venues and facilities	0.3	0.7	1.2	0.9	0.8	0.8	0.9
Payments for capital assets	–	–	–	0.4	0.4	0.2	0.2
Machinery and equipment	–	–	–	0.4	0.4	0.2	0.2
Total	3.7	6.5	11.0	8.6	9.6	11.4	14.2

Expenditure trends

The spending focus over the MTEF period will be on formulating an economic empowerment policy for people with disabilities, developing a monitoring and evaluation framework including establishing a database, and developing disability specific indicators. This business unit will also compile a country report on the United Nations Convention on the Rights of Persons with Disabilities.

Between 2007/08 and 2010/11, expenditure increased at an average annual rate of 32.3 per cent, from R3.7 million to R8.6 million. This was due to additional funding in the two outer years of the medium term to increase human capital in the *Mainstreaming and Capacity Development for Equalisation of Opportunities for Persons with Disabilities* subprogramme.

Over the medium term, expenditure is expected to increase by R5.6 million, at an average annual rate of 18.4 per cent. This is mainly due to additional funding for compensation of employees to allow the programme to deliver on its expanded mandate.

The ratio of administrative to line function costs in this programme is 2:5.

Public entities and other agencies

Comprehensive coverage of the following public entities is provided with the more detailed information for the vote at www.treasury.gov.za under the budget information link.

- The **Commission for Gender Equality** promotes respect for gender equality. The commission engages in advocacy and education initiatives to raise awareness and challenge patriarchal stereotypes. It seeks to protect and enforce gender rights by investigating complaints by members of the public and by sanctioning appropriate remedies in line with legislation. Its total budget for 2011/12 is R55 million.

Additional tables

Table 8.A Summary of expenditure trends and estimates per programme and economic classification

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R million	2009/10		2009/10	2010/11			2010/11
Administration	1.3	1.5	1.7	24.5	4.1	28.6	28.6
Women, Empowerment and Gender Equality	48.2	50.2	57.0	59.0	1.4	60.4	60.4
Children's Rights and Responsibilities	6.0	6.8	7.7	7.1	1.4	8.6	8.6
Rights of People with Disabilities	8.5	9.7	11.0	7.1	1.4	8.6	8.6
Total	64.0	68.2	77.5	97.8	8.4	106.2	106.2

Economic classification

Current payments	14.9	19.1	28.4	39.3	8.4	47.7	47.7
Compensation of employees	5.9	10.0	9.8	15.7	8.4	24.1	24.1
Goods and services	9.0	9.0	18.6	23.5	–	23.5	23.5
Transfers and subsidies	49.1	49.1	49.1	51.9	–	51.9	51.9
Departmental agencies and accounts	49.1	49.1	49.1	51.9	–	51.9	51.9
Payments for capital assets	–	–	–	6.6	–	6.6	6.6
Buildings and other fixed structures	–	–	–	5.3	–	5.3	5.3
Machinery and equipment	–	–	–	1.3	–	1.3	1.3
Total	64.0	68.2	77.5	97.8	8.4	106.2	106.2

Table 8.B Detail of approved establishment and personnel numbers according to salary level¹

	Personnel post status as at 30 September 2010			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year ² 2010/11	Medium-term estimate		
				2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Department	175	9	–	21	22	33	36	120	149	170
Salary level 1 – 6	41	2	–	3	4	5	6	26	34	38
Salary level 7 – 10	52	3	–	5	4	8	8	34	43	52
Salary level 11 – 12	39	2	–	9	11	9	9	25	33	39
Salary level 13 – 16	43	2	–	4	3	11	13	35	39	41
Administration	121	–	–	3	2	16	18	73	98	119
Salary level 1 – 6	32	–	–	–	–	3	3	20	28	32
Salary level 7 – 10	38	–	–	1	–	4	4	20	29	38
Salary level 11 – 12	22	–	–	1	1	1	1	11	16	22
Salary level 13 – 16	29	–	–	1	1	8	10	22	25	27
Women, Empowerment and Gender Equality	24	–	–	5	6	5	5	22	24	24
Salary level 1 – 6	3	–	–	–	1	–	–	3	3	3
Salary level 7 – 10	7	–	–	1	1	1	1	7	7	7
Salary level 11 – 12	7	–	–	3	3	3	3	6	7	7
Salary level 13 – 16	7	–	–	1	1	1	1	6	7	7
Children's Rights and Responsibilities	12	9	–	7	7	6	6	9	9	9
Salary level 1 – 6	4	2	–	2	2	2	2	1	1	1
Salary level 7 – 10	3	3	–	1	1	1	1	3	3	3
Salary level 11 – 12	3	2	–	3	4	2	2	3	3	3
Salary level 13 – 16	2	2	–	1	–	1	1	2	2	2
Rights of People with Disabilities	18	–	–	6	7	6	7	16	18	18
Salary level 1 – 6	2	–	–	1	1	–	1	2	2	2
Salary level 7 – 10	4	–	–	2	2	2	2	4	4	4
Salary level 11 – 12	7	–	–	2	3	3	3	5	7	7
Salary level 13 – 16	5	–	–	1	1	1	1	5	5	5

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

2. As at 30 September 2010.

Vote 9

Government Communication and Information System

Budget summary

R million	2011/12				2012/13	2013/14
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	113.2	112.9	–	0.3	120.0	127.0
Communication and Content Management	291.0	149.1	140.1	1.7	308.1	323.6
Government and Stakeholder Engagement	92.2	72.8	19.1	0.4	96.3	101.4
Total expenditure estimates	496.4	334.8	159.2	2.4	524.4	552.0
Executive authority	Minister in the Presidency: Performance Monitoring and Evaluation as well as Administration					
Accounting officer	Chief Executive Officer Government Communication and Information System					
Website address	www.gcis.gov.za					

More detailed information for each vote is available at www.treasury.gov.za. More comprehensive coverage of vote specific information, particularly on goods and services, transfers and subsidies, donor funding, public entities and lower level institutional information, is provided.

Aim

Provide a comprehensive communication service on behalf of government to facilitate the involvement of the majority of South Africans in governance, reconstruction and development, nation building and reconciliation.

Programme purposes

Programme 1: Administration

Purpose: Provide overall management of the department.

Programme 2: Communication and Content Management

Purpose: Coordinate the strategic planning of communication related initiatives and activities in the Government Communication and Information System and in government departments. Effect transfer payments to the International Marketing Council.

Programme 3: Government and Stakeholder Engagement

Purpose: Provide leadership and strategic advice to the provincial and local government communication systems. Effect transfer payments to the Media Development and Diversity Agency.

Strategic overview: 2007/08 – 2013/14

Key strategic objectives

The Government Communication and Information System's core mandate is to meet the communication and information needs of government, and the public's need to be informed about the activities of government. This mandate requires the department to consistently ensure that the public has access to information on programmes, policies and opportunities created by government so that the widest number of people are adequately informed about how they can improve their lives and what government services are available to them. The department markets South Africa abroad and domestically through the International Marketing

Council. Through the Media Development and Diversity Agency, which develops community and small media, the department also ensures that historically disadvantaged communities gain access to the media.

Outcomes and outputs

The department contributes to ensuring that an efficient, effective and development oriented public service and empowered, fair and inclusive citizenship is attained (outcome 12). This outcome will be achieved through the following outputs: providing quality service delivery and access; improving human resource management and development; improving business processes, systems, decision rights and accountability management; and contributing to anti-corruption initiatives in the public sector.

The department contributes to these outputs by ensuring direct communication with the public on the programmes of government. The department will conduct ongoing independent research to track the response of the general public to the programmes of government and further receive inputs from the public on what they want to hear from government.

Key priorities over the medium term

The department's priorities over the medium term are to ensure that the government wide communication system disseminates information on programmes and services that will enable communities to participate in bettering their lives. This will ensure that government communication covers priority areas such as speeding up economic growth, improving the health profile of South Africans, intensifying the fight against crime and corruption, and more cooperation with international partners.

Over the medium term, the department aims to provide better strategic support to the government communication system, including ensuring effective communication across national, provincial and local government.

Government wide communication system

As a response to the review of the government wide communication system carried out in 2007/08, in 2009/10, the department implemented several recommendations that emerged from the review. One of these was the relocation of the communication resource centre to the department in April 2009. In 2010/11, the department reviewed its organisational structure, and the changes were approved by the Minister for Public Service and Administration. This means that over the medium term, the department will streamline its activities from eight to three main programmes, to ensure that like functions are grouped together. In addition, the programmes will be headed by deputy chief executive officers to ensure strategic leadership and better control of resources and activities.

In 2009, the department developed the five-year national communication strategy for 2009–2014. The strategy was developed to drive communication priorities that are linked to government's electoral mandate. To ensure that the strategy remains relevant, it is updated annually and highlights communication priorities that may arise in the course of the year. The strategy has been presented to the senior managements of 27 national departments and to all provinces.

The 2010 FIFA World Cup project unit

The Government Communication and Information System's 2010 FIFA World Cup unit was established in April 2007 to spearhead the government marketing and communication initiatives for the 2010 FIFA World Cup. Key activities included the production of booklets and fact sheets on the 2009 FIFA Confederations Cup and 2010 FIFA World Cup, international research on perceptions about South Africa and Africa, technical maintenance and development of the government's website for the event, the development of a 2010 mobisite for fans and visitors, engagements with communication counterparts in the Southern African Development Community, and the provision of support to the 2010 FIFA World Cup organising committee and FIFA communicators.

In the first quarter of 2010/11, an operations room for the 2010 FIFA World Cup, which gave the department the opportunity to coordinate government communication for the event from a central point, was set up. The participation of government communicators from key departments enabled the department to get more clarity and to respond rapidly to issues in the communication environment. The department also provided content development services to departments for speeches and statements during the event. The 2010 FIFA World Cup

has had a significant impact on the country's international profile and South Africa is now more attractive to the international community for tourism, business and investment.

Thusong service centres

The Thusong service centres are the main vehicles used to provide government services in predominantly rural communities and underserved townships. It was mentioned in the 2010 Estimates of National Expenditure that the centres might shift to the Department of Cooperative Governance and Traditional Affairs from April 2010, after a review done by National Treasury's technical assistance unit and the Department of Public Service and Administration, which supported the shift. However, Cabinet did not endorse the proposal and the centres remained in the Government Communication and Information System. In 2010, another review was done to get a sense of the challenges facing the centres and it was recommended that the focus be on mobile and satellite technology rather than concrete structures. Acting on this long term vision will result in greater access to services for people living near the centres. There will therefore be a shift from the number of physical centres built to ensuring universal access to information and services by poor people in marginalised areas.

Broadening access to information

In April 2008, the department established a translation unit. Since then, the provision of information products for major government campaigns in all official languages has become a key focus area. This is in line with the objective of the Draft National Language Policy Bill, which stipulates that communities be empowered with easily accessible information in all official languages. These include 1 million copies of the Programme of Action publication, 2 million copies of a comic publication targeted at lower income groups, a series of 6 radio dramas broadcast on 12 South African radio stations, mobilisation leaflets and posters for provincial offices in all languages. Products that are disseminated through provincial offices in all languages include print media, print media adapted to comic form for lower income groups, leaflets, posters, radio dramas and public service announcements on public and community radio stations.

Enhancing departments' communication

The department has undertaken to provide communication training to ministers. The initial phase at the beginning of 2010 was well received, with ministers already adopting some of the techniques towards improved communication. The department is continuing with this initiative in the outer years by ensuring that all entrusted in communicating the messages of government go on courses to get properly qualified.

Building partnerships

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

Savings and cost effectiveness measures

Over the medium term, efficiency savings of R20.8 million in 2011/12, R1.5 million in 2012/13 and R1.6 million in 2013/14 have been identified in goods and services. R19.3 million of the savings identified in 2011/12 was from the cessation of funding for the CNBC Africa funding in the *Communication and Content Management* programme in 2010/11. The balance of the savings was precipitated by a special Cabinet decision made to reduce all departmental baselines by 0.3 per cent to create more fiscal space for core service delivery functions. The department implemented cost containment measures in spending on goods and services to meet its contribution in this regard, namely in telephone costs, catering, operating payments, venues and facilities, and lease payments. These measures will be effected through effective financial management, monitoring and reporting, and are not expected to hamper service delivery.

Selected performance indicators

Table 9.1 Government Communication and Information System

Indicator	Programme	Past			Current	Projections		
		2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Number of national and international media coverage reports per year	Communication and Content Management	244	246	357	600	800	800	800
Number of regular and ad hoc analytical reports per year	Communication and Content Management	48	42	48	48	48	48	48
Number of rapid responses agendas and recommendations	Communication and Content Management	474	398	551	720	720	720	720
Number of media briefings requests per year	Communication and Content Management	206	90	158	140	140	141	142
Number of radio advertisements and dramas produced per year	Communication and Content Management	40	45	66	15	28	28	28
Number of video programmes produced per year	Communication and Content Management	18	13	54	13	52	52	52
Number of requests for photographic coverage handled per year	Communication and Content Management	383	600	484	600	500	500	500
Number of live broadcasts on community radio stations per year	Communication and Content Management	59	35	59	100	80	80	80
Number of radio talk shows arranged per year	Communication and Content Management	7	40	55	37	14	14	14
Number of government and national events covered by video per year	Communication and Content Management	195	100	54	150	400	400	400
Number of graphic designs produced per year	Communication and Content Management	162	100	155	100	160	160	160
Number of copies of Vuk'uzenzele magazine published per year	Communication and Content Management	9.5 million	10 million	10 million	10 million	15 million	15 million	15 million
Number of ward liaison visits per year	Government and Stakeholder Engagement	—	—	7 895	6 534	6 534	6 534	6 534
Number of development communication projects aligned to the government communication programme per year	Government and Stakeholder Engagement	3 443	2 496	4 583	2 970	2 970	2 970	2 970
Number of communication materials, such as pamphlets, distributed per year	Government and Stakeholder Engagement	5 646	7 083	1 989 970 ¹	700 000	1 million	1 million	1 million
Total number of Thusong service centres operational	Government and Stakeholder Engagement	123	137	150	176	186	206	226

1. In 2009/10, communication material was distributed in respect of two state of the nation addresses, the 2009 FIFA Confederations Cup and pre-2010 FIFA World Cup.

Expenditure estimates

Table 9.2 Government Communication and Information System

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
R million	2007/08	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
Administration	84.2	73.5	80.1	102.8	102.8	113.2	120.0	127.0
Communication and Content Management	239.4	287.6	340.9	367.9	367.9	291.0	308.1	323.6
Government and Stakeholder Engagement	57.3	66.4	74.4	79.5	79.5	92.2	96.3	101.4
Total	380.9	427.5	495.4	550.2	550.2	496.4	524.4	552.0
Change to 2010 Budget estimate				4.0	4.0	(10.7)	9.0	9.9

Table 9.2 Government Communication and Information System (continued)

R million	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
Economic classification								
Current payments	252.2	269.0	314.2	358.9	358.9	334.8	353.3	371.6
Compensation of employees	116.2	114.0	138.7	150.7	150.7	165.4	173.4	183.2
Goods and services	136.1	155.0	175.4	208.1	208.1	169.3	179.9	188.5
of which:								
Computer services	9.8	14.1	15.8	16.9	16.9	13.3	14.0	14.7
Lease payments	10.7	12.2	12.9	20.8	20.8	32.9	35.2	37.7
Travel and subsistence	13.7	18.7	18.9	16.9	16.9	19.3	20.9	21.7
Operating expenditure	9.9	35.5	42.1	40.4	40.4	40.0	42.8	44.7
Transfers and subsidies	123.3	154.6	178.3	187.6	187.6	159.2	168.8	178.0
Departmental agencies and accounts	123.1	154.3	178.0	187.4	187.4	159.2	168.8	178.0
Households	0.2	0.3	0.4	0.2	0.2	–	–	–
Payments for capital assets	5.3	3.7	2.8	3.7	3.7	2.4	2.4	2.4
Machinery and equipment	4.6	3.7	2.7	3.7	3.7	2.1	2.0	2.0
Software and other intangible assets	0.7	–	0.1	–	–	0.4	0.4	0.4
Payments for financial assets	0.0	0.2	0.1	–	–	–	–	–
Total	380.9	427.5	495.4	550.2	550.2	496.4	524.4	552.0

Expenditure trends

The spending focus over the MTEF period will be on continuing to contribute to creating an informed, efficient, effective and development oriented public service by: building communication partnerships with stakeholders, publishing a public sector magazine and an e-newsletter, providing dedicated video and photography support to the president, and developing communication personnel across government and establishing a communication curriculum. The department will also support the International Marketing Council's re-branding projects that focus on marketing South Africa to the general South African public, as well as the efforts of the Media Development and Diversity Agency to enable access to the media by historically disadvantaged communities and individuals.

Expenditure for the department increased from R380.9 million in 2007/08 to R550.2 million in 2010/11, at an average annual rate of 13 per cent. This was mainly due to: funds devolved from the Department of Public Works for office accommodation; departmental activities in preparation for the 2010 FIFA World Cup; government's initiatives in the inclusive economy; additional capacity at provincial offices; the energy efficiency campaign; and the increase in transfer payments to the International Marketing Council for the 2010 FIFA World Cup and CNBC Africa communication programmes.

Over the MTEF period, the expenditure is expected to increase from R550.2 million to R552 million, at an average annual rate of 0.1 per cent. The marginal growth is as a result of completing activities in 2010/11 related to the 2010 FIFA World Cup, the energy efficiency campaign, as well as the cessation of funding for the CNBC Africa communication programmes in the same year.

Over the medium term, the department receives additional allocations for:

- improved conditions of service (R5.3 million, R5.5 million and R5.7 million)
- video and photography support to the Presidency (R1.5 million, R1.6 million and R1.7 million)
- media relations (R1.4 million in 2011/12 and 2012/13, and R1.5 million in 2013/14)
- developing communication personnel and the communication curriculum for communication personnel in government (R1.9 million, R2.1 million and R1 million).

The ratio of administrative costs to line function programme costs is 1:4 and is expected to increase to 1:2 in 2013/14.

Personnel information

The department has an establishment of 509 posts. The number of filled posts grew from 443 in 2007/08 to 480 in 2010/11. The changes are mainly strategic in nature and also resulted in organisational structure changes to facilitate enhanced service delivery. The media rapid response function moved from International Marketing Council to the department in 2009/10 as a result of these changes and is reflected in the growth in staff numbers. Over the MTEF period, filled posts are expected to increase to 509, due to the expansion of the department after the implementation of the organisational review.

There are 17 vacancies within the department distributed across various salary levels. Most of the vacancies were in the *Communication and Content Management* programme. The vacant posts are mainly due to transfers and resignations. Vacant posts typically are filled within three months, according to policy. Most of the vacant posts as at 30 September 2010 have already been advertised, and some interviews were held. The ratio of support staff to line staff is 1:3. The cost ratio of consultants to department personnel is 1:12.5 between 2007/08 and 2010/11, and 1:25 over the MTEF period.

Departmental receipts

Departmental revenue is mainly derived from the sale of photos and videos, interest on outstanding debt, and the sale of advertising space in Vuk'uzenzele magazine.

The departmental receipts are projected to decline from R3.1 million in 2007/08 to R2.6 million in 2013/14, at an average annual rate of 3.2 per cent. This decline is mainly due to a decrease in advertising space sold in Vuk'uzenzele magazine.

Table 9.3 Departmental receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2007/08	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
Departmental receipts	3 134	3 341	2 869	2 954	2 681	2 549	2 569	2 579
Sales of goods and services produced by department	2 653	3 064	2 589	2 470	2 470	2 040	2 040	2 040
Sales of scrap, waste, arms and other used current goods	4	–	–	–	–	–	–	–
Interest, dividends and rent on land	137	197	98	211	211	222	232	232
Transactions in financial assets and liabilities	340	80	182	273	–	287	297	307
Total	3 134	3 341	2 869	2 954	2 681	2 549	2 569	2 579

Programme 1: Administration

Table 9.4 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
R million							
Departmental Management	4.4	5.1	5.6	6.2	7.2	7.5	8.0
Corporate Services	58.7	44.6	46.9	63.8	57.0	60.2	63.3
Financial Administration	5.7	6.4	9.3	7.4	8.3	8.8	9.3
Internal Audit	4.6	4.6	5.3	5.5	6.0	6.3	6.7
Legal Services	0.5	0.8	0.2	–	–	–	–
Office Accommodation	10.2	12.2	12.7	19.9	34.7	37.2	39.8
Total	84.2	73.5	80.1	102.8	113.2	120.0	127.0
Change to 2010 Budget estimate				(64.1)	6.5	26.4	3.1

Table 9.4 Administration (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Economic classification							
Current payments	81.4	71.5	78.4	101.3	112.9	119.7	126.7
Compensation of employees	46.6	33.1	39.7	39.9	47.9	50.2	53.2
Goods and services	34.8	38.4	38.7	61.5	65.0	69.5	73.6
of which:							
Computer services	3.9	6.3	5.6	6.1	8.1	8.5	8.9
Lease payments	10.2	11.8	11.9	19.4	31.4	33.6	36.0
Travel and subsistence	2.9	4.3	5.6	3.1	3.4	4.1	4.1
Operating expenditure	0.8	1.8	2.8	2.2	3.1	3.2	3.4
Transfers and subsidies	0.0	0.0	0.1	0.1	–	–	–
Households	0.0	0.0	0.1	0.1	–	–	–
Payments for capital assets	2.7	2.0	1.6	1.4	0.3	0.3	0.3
Machinery and equipment	2.1	2.0	1.6	1.4	0.3	0.3	0.3
Software and other intangible assets	0.7	–	–	–	–	–	–
Payments for financial assets	0.0	0.1	0.0	–	–	–	–
Total	84.2	73.5	80.1	102.8	113.2	120.0	127.0

Expenditure trends

The spending focus over the MTEF period will be on continuing to provide support to the department in terms of: strategic leadership; human resource management; financial, internal audit and legal administration; supply chain management; and accommodation. It will also provide strategic guidance to the department in relation to information management and IT.

Expenditure for this programme increased from R84.2 million in 2007/08 to R102.8 million in 2010/11, at an average annual rate of 6.9 per cent. This increase was mainly due to rentals for Thusong service centres, as well as once-off expenditure to relocate to the new head office building.

Over the medium term, expenditure is expected to increase to R127 million, at an average annual rate of 7.3 per cent. This growth over the medium term is mainly due to: spending on compensation of employees due to an increase in the number of posts as a result of the department's organisational review; and lease and property payments, as more Thusong service centres become operational and the department builds a new head office building.

Programme 2: Communication and Content Management

- *Programme Management for Communication and Content Management* coordinates strategic planning in the department and in government departments. The subprogramme has a staff complement of 3 and 90 per cent of the budget is allocated to personnel expenditure. The subprogramme is currently in the process of establishing a new magazine for public servants. It is envisaged that the new magazine will be available in 2011/12.
- *Policy and Research* conducts research through independent service providers to assess how government should inform public communication needs, and monitors media coverage of government programmes. The subprogramme has a staff complement of 54 and 47 per cent of the budget in this subprogramme will be used to monitor media coverage of government programmes from a communications perspective and provide an analysis of how the media interprets government policies and programmes. In 2010/11, the subprogramme covered 500 national and international media reports, compiled and produced 60 regular and ad hoc analytical reports and processed 700 rapid response agendas and recommendations. These activities were supported by a budget of R35.8 million, of which R20.2 million was for compensation of employees.
- *Media Engagement* leads and drives interaction and communication between government and the media by, among others, coordinating three government communicators' forums, three ministerial liaison officers'

forum meetings, cluster meetings, news stories, as well as pre-cabinet meetings. This subprogramme employs 36 officers and 33 per cent of the budget will be used to: ensure effective liaisons between ministers for coherent communication strategies; establish, strengthen and maintain working relationships with foreign and independent media; establish relations with South African missions and International Marketing Council country managers to disseminate key government messages. In 2010/11, the subprogramme scheduled three government communicator forum meetings and held monthly cluster meetings (except in December and January). 77 communication planning meetings, which replaced the monthly pre-Cabinet meetings, were held during the year. These activities were supported by a budget of R25.2 million, of which R19.4 million was for compensation of employees.

- *Communication Service Agency* provides leadership in development and production to provide a range of services targeted at the South African public. This is done by handling 130 media campaigns across various platforms annually. This subprogramme has a staff complement of 47 posts and 51 per cent of the budget is used to produce videos, photographs and radio programmes in support of government communication programmes, market and advertise expertise to government communication programmes for both the department and other government departments, and manage and drive the distribution strategy of all products. In 2010/11, the subprogramme projected 500 product development events supported by a budget of R61.8 million, of which R12.5 million was for compensation of employees.
- *Content and Writing* develops content for the department's products, which include the South Africa Yearbook, its subsidiary pocket book and Vuk'uzenzele magazine. This content development entails: commissioning writing assignments, providing language services on products that require translation, editing and developing websites, and producing Vuk'uzenzele on a monthly basis. This subprogramme has a staff complement of 35 and 79 per cent of the budget is used for compensation of employees. In 2010/11, 45 000 copies of the South Africa Year Book were distributed, as well as 20 000 pocket guides. In the same year, Vuk'uzenzele magazine reached over 10 million readers. The unit also produced marketing material for the 2010 FIFA World Cup project and the 16 days of Activism campaign against violence against women and children, and advised government communicators on materials related to various communication campaigns, including the public service strike. These activities were supported by a budget of R58.4 million.
- *International Marketing Council* transfers funds to the International Marketing Council, which develops and implements a proactive and coordinated international marketing and communication strategy for South Africa in order to contribute to job creation, poverty reduction, and the attraction of inward investment, trade and tourism.

Objectives and measures

- Inform government's communication strategy and decisions by analysing the communication environment on a weekly, monthly and quarterly basis, and continuously conducting communication research.
- Intensifying the provision of government information to the general public and specifically promoting greater application of public access to socioeconomic programmes by repositioning Vuk'uzenzele magazine by increasing the print-run from 1.6 million to 2 million per month.
- Exploring the professionalism of government communicators through a qualification course in government communications that will be developed with academic institutions working with the Public Administration Leadership and Management Academy.
- Inform the international marketing strategy of the country by monitoring, assessing and analysing national and international media coverage of the country constantly.
- Increase the knowledge base of Cabinet ministers by producing analytical reports that highlight issues and trends in national and international media on a fortnightly basis.
- Ensure the centrality of government's voice in media by participating in daily rapid response teleconferences that analyse and recommend proactive and reactive communication to issues in the national and international media environment.
- Provide strategic leadership in the development of departmental and provincial communication strategies that are aligned to the national communication strategy framework and driven by the priorities of the

government's programme of action through development of national communication programmes that will serve as a benchmark and provide feedback to departments.

- Ensure that government communication products reach the intended audience in a timely manner by providing distribution services as and when needed.
- Inform the public of government's programmes and developments in the country by:
 - providing photographic, video and graphic design services to government and conducting phone in radio programmes on government programmes
 - documenting the public programmes of the Presidency both domestically and internationally on video and in photographs to profile the work of government
 - producing 45 000 copies of the South African Yearbook and 20 000 copies of the Pocket Guide to South Africa annually.
- Improve unmediated and direct communication by government to the public by:
 - maintaining the print run and distribution of Vuk'uzenzele magazine at 1.25 million per month
 - updating the electronic version of Vuk'uzenzele every second month
 - disseminating the Braille version to visually impaired individuals and organisations every second month.
- Build and strengthen relations with the media to effectively communicate government messages by engaging with the South African National Editors Forum and the Foreign Correspondents Association on a regular basis.
- Ensure clear articulation of government's position across national and international spheres by facilitating targeted and consistent messaging among government departments and key stakeholders locally and internationally.
- Communicate government's programme of action quarterly by producing news and feature articles for dissemination to the media, locally and internationally, as well as to the public via email, the BuaNews website and social media platforms.
- Provide communication support in the Parliament precinct by distributing parliamentary questions and programmes, and providing support for media briefings weekly.

Expenditure estimates

Table 9.5 Communication and Content Management

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
R million							
Programme Management for Communication and Content Management	1.4	1.6	2.3	2.3	2.3	2.4	2.6
Policy and Research	24.4	26.6	34.4	35.8	34.1	36.0	36.8
Media Engagement	15.4	16.9	22.5	25.2	26.4	27.5	29.2
Communication Service Agency	31.7	37.0	48.3	61.8	28.5	30.1	31.7
Content and Writing	48.4	54.0	57.8	58.4	59.6	63.3	66.4
2010 Government Communication Project Management	7.0	11.7	14.2	14.4	–	–	–
International Marketing Council	111.1	139.7	161.4	170.1	140.1	148.8	157.0
Total	239.4	287.6	340.9	367.9	291.0	308.1	323.6
Change to 2010 Budget estimate				80.9	(13.1)	(12.3)	4.3

Table 9.5 Communication and Content Management (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Economic classification							
Current payments	126.4	146.4	178.5	196.0	149.1	157.6	164.9
Compensation of employees	39.9	45.5	58.2	69.5	69.3	72.6	76.2
Goods and services	86.6	100.9	120.3	126.4	79.9	85.0	88.7
of which:							
Computer services	5.9	7.8	10.2	10.8	5.2	5.4	5.7
Lease payments	0.2	0.2	0.8	1.1	1.3	1.3	1.4
Travel and subsistence	4.9	6.1	5.3	6.6	7.8	8.6	9.4
Operating expenditure	9.0	33.2	38.6	37.6	35.8	38.4	40.1
Transfers and subsidies	111.2	139.8	161.4	170.1	140.1	148.8	157.0
Departmental agencies and accounts	111.1	139.7	161.4	170.1	140.1	148.8	157.0
Households	0.1	0.0	0.1	–	–	–	–
Payments for capital assets	1.8	1.3	1.0	1.8	1.7	1.7	1.7
Machinery and equipment	1.7	1.3	0.9	1.8	1.4	1.3	1.3
Software and other intangible assets	0.1	–	0.1	–	0.4	0.4	0.4
Payments for financial assets	0.0	0.1	0.0	–	–	–	–
Total	239.4	287.6	340.9	367.9	291.0	308.1	323.6
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	111.1	139.7	161.4	170.1	140.1	148.8	157.0
International Marketing Council	111.1	139.7	161.4	170.1	140.1	148.8	157.0

Expenditure trends

Over the medium term, the spending in this programme will focus on conducting research and monitoring media coverage of government programmes from a communication perspective, developing content for products produced by the department, and promoting and facilitating the media's understanding of government's agenda.

Expenditure in this programme increased from R239.4 million in 2007/08 to R367.9 million in 2010/11, at an average annual rate of 15.4 per cent. This increase was due to: the incorporation of the media rapid response unit, which was formerly part of the International Marketing Council, into the department's monitoring unit in 2009; second economy initiatives to increase and assist the small to medium entrepreneurship by providing them with more information on how to source support from government institutions, such as Khula Enterprise Finance; and communication efforts around the energy efficiency campaign initiated by Cabinet to address the power outages by educating South Africans on the economic usage of electricity and the available alternatives to electricity.

Over the medium term, expenditure is expected to decrease from R367.9 million to R323.6 million over the medium term, at an average annual rate of 4.2 per cent. This is due to: reassigning the energy efficiency campaign project to the Department of Energy; the discontinuation of the second economy initiatives, which were funded over a three-year period with no additional funding provided; and shifting the 16 Days of Activism campaign out of the department. The completion of the 2010 FIFA World Cup also contributes to the reduction in transfer payments to the International Marketing Council of South Africa over the medium term.

The ratio of administrative costs to line function programme costs is 1:49 between 2007/08 and 2010/11, and is 1:68 between 2011/12 and 2013/14. The cost ratio of consultants to department personnel is 1:5.3 between 2007/08 and 2010/11, and 1:11.1 over the MTEF period. A once-off allocation in 2010/11 was made for consultants for CNBC Africa communications programmes.

Programme 3: Government and Stakeholder Engagement

- *Programme Management for Government and Stakeholder Engagement* provides leadership and strategic advice to the provincial and local government communication system. The subprogramme has a staff complement of 3 and 82 per cent of the budget is allocated to personnel expenditure. The subprogramme is currently in the process of finalising the branding of Thusong Service Centres.
- *Provincial and Local Liaison* provides strategic leadership to the interface of national government communication with provincial and community communication programmes. There are nine provincial offices in the department and each provincial office handles approximately 33 ward liaison visits and 11 development communication projects annually. Each provincial office employs 11 communication officers and 84 per cent of the subprogramme's budget funds ward liaison visits, development communication products and personnel costs. In 2010/11, 4 813 ward liaison visits were made out of a target of 3 projects per communication officer over a ten-month period, and 3 064 projects have been implemented to date. These activities were supported by a budget of R60.6 million and 95 communication officers.
- *Media Development and Diversity Agency* transfers funds to the Media Development and Diversity Agency, which enables historically disadvantaged communities and individuals to gain access to the media, and creates an enabling environment for media development and diversity.

Objectives and measures

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

Expenditure estimates

Table 9.6 Government and Stakeholder Engagement

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R million	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Programme Management for Government and Stakeholder Engagement	–	1.4	1.6	1.6	2.1	2.2	2.3
Provincial and Local Liaison	45.3	50.4	56.2	60.6	71.0	74.1	78.0
Media Development and Diversity Agency	12.0	14.6	16.6	17.3	19.1	20.0	21.0
Total	57.3	66.4	74.4	79.5	92.2	96.3	101.4
Change to 2010 Budget estimate				(12.7)	(4.1)	(5.0)	2.5
Economic classification							
Current payments	44.4	51.1	57.3	61.5	72.8	76.0	80.0
Compensation of employees	29.7	35.3	40.9	41.3	48.3	50.6	53.8
Goods and services	14.7	15.8	16.4	20.2	24.5	25.4	26.2
of which:							
Lease payments	0.4	0.2	0.2	0.3	0.3	0.3	0.3
Travel and subsistence	5.9	8.3	8.0	7.1	8.2	8.2	8.2
Operating expenditure	0.2	0.5	0.7	0.6	1.1	1.2	1.3
Transfers and subsidies	12.1	14.8	16.8	17.4	19.1	20.0	21.0
Departmental agencies and accounts	12.0	14.6	16.6	17.3	19.1	20.0	21.0
Households	0.1	0.2	0.2	0.1	–	–	–
Payments for capital assets	0.8	0.4	0.2	0.5	0.4	0.4	0.4
Machinery and equipment	0.8	0.4	0.2	0.5	0.4	0.4	0.4
Payments for financial assets	0.0	0.0	0.1	–	–	–	–
Total	57.3	66.4	74.4	79.5	92.2	96.3	101.4
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	12.0	14.6	16.6	17.3	19.1	20.0	21.0
Media Development and Diversity Agency	12.0	14.6	16.6	17.3	19.1	20.0	21.0

Expenditure trends

The spending focus of this programme over the MTEF period will be on public communication interventions, including travelling to outlying districts. The programme will provide strategic leadership to the interface of national government communication with provincial communication programmes. It will conduct 6 500 ward liaison visits per year, attend to 3 000 development communication projects aligned with the government communication programme, distribute 1 million copies of communication materials such as pamphlets, and ensure that 232 Thusong service centres are operational by 2014.

Expenditure increased at an average annual rate of 11.5 per cent, from R57.3 million in 2007/08 to R79.5 million in 2010/11. This increase was mainly due to operational costs, such as travel and subsistence, and inventory at provincial offices. Operational costs increased because of the higher demand for development communication and increased fix running costs. Distribution of communication material also increased in 2010/11 due to the 2010 FIFA World Cup.

Over the medium term, expenditure is expected to increase to R101.4 million, at an average annual rate of 8.4 per cent. The increase is to cater for the Media Development and Diversity Agency, which is now included in the programme. The programme also receives an additional R5.5 million over the MTEF period to cater for the higher than expected salary adjustments.

The ratio of administrative costs to line function programme costs was 1:30 between 2007/08 and 2010/11, and is expected to be 1:35 between 2011/12 and 2013/14. The cost ratio of consultants to department personnel exceeds 1:100 over the seven-year period.

Public entities and other agencies

Comprehensive coverage of the following public entities is provided with the more detailed information for the vote at www.treasury.gov.za under the budget information link.

- The **International Marketing Council of South Africa** develops and implements an international marketing and communication strategy for South Africa to contribute to job creation and poverty reduction and attract inward investment, trade and tourism. The entity's total budget is R140.1 million in 2011/12.
- The **Media Development and Diversity Agency** promotes media development and diversity to ensure that all citizens can access information in a language of their choice and to transform media access, ownership and control patterns in South Africa. The entity's total budget is R43.9 million in 2011/12.

Additional tables

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

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R million	2009/10		2009/10	2010/11			2010/11
Administration	81.0	78.0	80.1	101.6	1.2	102.8	102.8
Communication and Content Management	325.5	342.5	340.9	366.3	1.6	367.9	367.9
Government and Stakeholder Engagement	75.5	76.3	74.4	78.3	1.2	79.5	79.5
Total	482.0	496.8	495.4	546.2	4.0	550.2	550.2
Economic classification							
Current payments	296.7	315.5	314.2	355.5	3.4	358.9	358.9
Compensation of employees	131.2	137.1	138.7	147.0	3.7	150.7	150.7
Goods and services	165.6	178.5	175.4	208.4	(0.3)	208.1	208.1
Transfers and subsidies	182.7	178.2	178.3	187.4	0.2	187.6	187.6
Departmental agencies and accounts	182.7	178.0	178.0	187.4	–	187.4	187.4
Households	–	0.2	0.4	–	0.2	0.2	0.2
Payments for capital assets	2.5	3.0	2.8	3.4	0.4	3.7	3.7
Machinery and equipment	2.5	3.0	2.7	3.4	0.4	3.7	3.7
Software and other intangible assets	–	0.1	0.1	–	–	–	–
Payments for financial assets	–	–	0.1	–	–	–	–
Total	482.0	496.8	495.4	546.2	4.0	550.2	550.2

Table 9.B Detail of approved establishment and personnel numbers according to salary level ¹

	Personnel post status as at 30 September 2010			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved	Number of funded posts establishment	Number of posts additional to the establishment	Actual			Mid-year ²	Medium-term estimate		
				2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
Department	497	487	10	443	461	476	480	509	509	509
Salary level 1 – 6	101	100	1	102	112	97	99	105	105	105
Salary level 7 – 10	261	259	2	228	232	254	252	266	266	266
Salary level 11 – 12	85	82	3	66	69	80	82	86	86	86
Salary level 13 – 16	50	46	4	47	48	45	47	52	52	52
Administration	136	133	3	130	137	129	133	145	145	145
Salary level 1 – 6	50	50	–	57	61	50	49	53	53	53
Salary level 7 – 10	50	48	2	44	42	44	48	51	51	51
Salary level 11 – 12	21	21	–	14	20	21	21	24	24	24
Salary level 13 – 16	15	14	1	15	14	14	15	17	17	17
Communication and Content Management	193	186	7	168	171	181	183	191	191	191
Salary level 1 – 6	29	28	1	28	30	27	28	31	31	31
Salary level 7 – 10	89	89	–	79	78	86	85	89	89	89
Salary level 11 – 12	52	49	3	41	41	48	50	48	48	48
Salary level 13 – 16	23	20	3	20	22	20	20	23	23	23
Government and Stakeholder Engagement	168	168	–	145	153	166	164	173	173	173
Salary level 1 – 6	22	22	–	17	21	20	22	21	21	21
Salary level 7 – 10	122	122	–	105	112	124	119	126	126	126
Salary level 11 – 12	12	12	–	11	8	11	11	14	14	14
Salary level 13 – 16	12	12	–	12	12	11	12	12	12	12

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

2. As at 30 September 2010.

Table 9.C Summary of expenditure on training

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Compensation of employees (R million)	116.2	114.0	138.7	150.7	165.4	173.4	183.2
Training expenditure (R million)	4.7	4.2	4.4	4.9	4.8	5.0	5.3
Training as percentage of compensation	4.0%	3.7%	3.2%	3.2%	2.9%	2.9%	2.9%
Total number trained in department (head count)	370	381	342	305			
<i>of which:</i>							
<i>Employees receiving bursaries (head count)</i>	71	135	51	58			
<i>Learnerships trained (head count)</i>	10	10	11	–			
<i>Internships trained (head count)</i>	25	25	26	15			

Vote 10

National Treasury

Budget summary

R million	2011/12					2012/13	2013/14
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Payments for financial assets	Total	Total
MTEF allocation							
Administration	281.1	271.3	2.0	7.7	–	306.9	322.1
Economic Policy, Tax, Financial Regulation and Research	120.4	100.4	19.3	0.6	–	127.4	135.5
Public Finance and Budget Management	198.9	165.4	33.0	0.5	–	207.9	219.1
Asset and Liability Management	822.6	72.3	–	0.3	750.0	76.2	78.3
Financial Systems and Accounting	658.2	592.4	63.0	2.8	–	690.3	740.2
International Financial Relations	812.4	32.5	779.8	0.2	–	1 064.3	1 141.2
Civil and Military Pensions, Contributions to Funds and Other Benefits	3 139.8	43.8	3 096.0	–	–	3 198.1	3 367.3
Technical Support and Development Finance	4 156.2	158.6	3 996.1	1.4	–	4 655.8	5 707.7
Revenue Administration	8 653.6	–	8 653.6	–	–	9 244.4	9 757.2
Financial Intelligence and State Security	3 755.0	–	3 755.0	–	–	3 897.8	4 110.3
Subtotal	22 598.2	1 436.7	20 397.8	13.7	750.0	23 469.1	25 578.9
Direct charge against the National Revenue Fund							
Provincial Equitable Share	288 492.8	–	288 492.8	–	–	305 725.4	323 604.4
State Debt Costs	76 578.7	76 578.7	–	–	–	90 807.7	104 036.2
General Fuel Levy Sharing with Metros	8 573.1	–	8 573.1	–	–	9 039.7	9 613.4
Total expenditure estimates	396 242.8	78 015.4	317 463.8	13.7	750.0	429 042.0	462 832.8
Executive authority	Minister of Finance						
Accounting officer	Director-General of the National Treasury						
Website address	www.treasury.gov.za						

More detailed information for each vote is available at www.treasury.gov.za. More comprehensive coverage of vote specific information, particularly on goods and services, transfers and subsidies, donor funding, public entities and lower level institutional information is provided.

Aim

Support economic growth and development, good governance, social progress and rising living standards through the accountable, economical, efficient, equitable and sustainable management of public finances, maintenance of macroeconomic and financial sector stability and effective financial regulation of the economy.

Programme purposes

Programme 1: Administration

Purpose: Provide strategic management, leadership and administrative support to the department.

Programme 2: Economic Policy, Tax, Financial Regulation and Research

Purpose: Provide specialist policy research, analysis and advisory services in the areas of macroeconomics, microeconomics, taxation, the financial sector, and regulatory reform.

Programme 3: Public Finance and Budget Management

Purpose: Provide analysis and advice on fiscal policy and public finances, intergovernmental financial relations and expenditure planning and priorities. Manage the annual budget process and provide public finance management support.

Programme 4: Asset and Liability Management

Purpose: Manage government's annual funding programme in a manner that ensures prudent cash management and an optimal portfolio of debt and other fiscal obligations. Promote and enforce prudent financial management of state owned entities through financial analysis and oversight.

Programme 5: Financial Systems and Accounting

Purpose: Facilitate accountability, governance and oversight by promoting transparent, economical, efficient and effective management in respect of revenue, expenditure, assets and liabilities in the public sector.

Programme 6: International Financial Relations

Purpose: Facilitate the deepening of South Africa's role in regional and international economic integration.

Programme 7: Civil and Military Pensions, Contributions to Funds and Other Benefits

Purpose: Provide for government's pension and post-retirement medical benefit obligations to former employees of state departments and bodies, and provide for similar benefits to retired members of the military.

Programme 8: Technical Support and Development Finance

Purpose: Facilitate technical assistance to departments, for purposes of capacity building, improving the value received for public funds spent. Provide specialised support relating to the planning and implementation of public sector infrastructure development.

Programme 9: Revenue Administration

Purpose: Administer an efficient tax system, providing tax education to the public, ensuring maximum compliance with tax and customs legislation and providing a customs service that will maximise revenue collection, and facilitate trade.

Programme 10: Financial Intelligence and State Security

Purpose: Combat financial crime including money laundering and terror financing activities. Gather intelligence for purposes of national security, defence and combating crime.

Strategic overview: 2007/08 – 2013/14

The local and global economic and financial context

National Treasury's strategic intent is focused on the fiscal and financial requirements for improving the country's economic recovery and ensuring sustainable long term growth. According to the recently released World Bank Global Economic Prospects report, it will take between five and fifteen years for the world to gain the ground lost during the global downturn that started in 2008. Though negatively affected, the South African economy showed relative resilience, which proved that its foundations are strong. The public infrastructure programme, for example, which is

partly funded by transfers from National Treasury and executed in the provinces, provided an essential stimulus to the economy during the recession, with the associated spending boosting economic activity and investment in the future growth of South Africa's economy. While there was stronger than expected growth in the first six months of 2010, this is largely attributed to the benefits of the 2010 FIFA World Cup. This means that growth is likely to moderate before picking up again in 2011/12. Real GDP growth is projected to rise from 3 per cent in 2010 to 3.5 per cent in 2011/12, 4.1 per cent in 2012/13 and 4.4 per cent in 2013/14.

It is against this backdrop that, as the custodian of public funds and finances, National Treasury will act to minimise the time required to bring the economy back to sufficiently high and sustained growth rates.

Prudent fiscal stance

The country's low debt starting point has enabled government to respond to the effects of the downturn by significantly expanding borrowing, ensuring that spending on economic and social services can be maintained despite a decline in tax revenue. This counter cyclical response has stood the country in good stead as it has limited the human and economic costs of the recession. While this has resulted in increased debt costs, National Treasury is committed to bringing these down over time and maintaining fiscal sustainability.

Overseeing the implementation of cost savings across government

There is a need to continue with the belt tightening and reprioritisation measures that were instituted at the start of the recession, to ensure that policy and delivery departments and agencies deliver on their core mandates. The Treasury has set bold savings targets for the public sector over the next three years. Since the government savings and reprioritisation drive was launched in 2009/10, over R23 billion worth of savings has been identified across all levels of government. This has helped to supplement those areas in the public sector that are in need of urgent financial support. The department is committed to finding more savings and to continue to use funds efficiently to eliminate wastage.

Priorities over the medium term

Social security and retirement reform

Many jobs were lost during the recession and this has had direct and multiple effects on hundreds of thousands of households. To mitigate these effects, the concentrated efforts of all sectors of government are now needed to rapidly rebuild the country's economy. At the same time, in line with the need for government to play a more prominent role in addressing rising income inequality, social security and retirement reform will continue to form part of the focus over the medium term. Government has also committed itself to give effect to social security, retirement and the national health insurance reforms over the medium term, which will benefit those who have not been able to afford health services.

Public service policy formulation

Over the next three years and as mandated by the Public Finance Management Act (1999), National Treasury will remain at the centre of policy formation in government and will continue to drive major policies to underpin growth and development of this country. The department's strategic plan over the medium term has taken into account that the period ahead will be tough and requires the full participation of all spheres of government. Sustainable job creation is an example of such a shared priority, where the high unemployment rate of the country's youth is a real concern that calls for an immediate and concerted government response.

Reviewing the expenditure of the public service

National Treasury plans to undertake targeted expenditure reviews of public services, to contribute to the planning and monitoring of service delivery against expenditure. This should also refine the budget process and further advance the efficient and effective allocation of resources.

Intergovernmental relations

National Treasury places great value on maintaining a robust intergovernmental financial and fiscal relations system. This is necessary to achieve service delivery targets and efficient government spending. National Treasury's infrastructure delivery improvement programme will continue to support provincial departments in planning and executing their infrastructure programmes. The overall public sector budget for infrastructure in the next three years is close to R850 billion and measures are being taken to ensure that allocated funds are deployed in a manner that will realise the public benefits intended, and to ensure that wastage is minimised.

Cost effective procurement

In its drive to reduce wastage and improve the effectiveness of public funds spent, National Treasury has placed more emphasis on ensuring that supply chain principles and practices are being implemented as intended in government's supply chain management framework. A specialised audit services unit has also been established to reduce tender fraud and corruption. This unit will focus on developing fraud detection guidelines for supply chain management processes and providing fraud awareness and investigative capacity to departments. National Treasury facilitates and manages 57 transversal term contracts, at an estimated annual value of R13 billion.

Review of development finance institutions

A review of development finance institutions was completed in 2008. The purpose of the review was to ensure that these institutions use resources more efficiently in support of government's social and economic policy objectives as well as minimising wasteful competition and overlap with the private sector. These institutions have continued to play a constructive role in broadening economic participation, providing access to development funds and supporting the country's development agenda. Coordination of delivery against their respective mandates will be enhanced through the establishment of a council of ministers for a development finance system.

Savings and cost effectiveness measures

The department has identified efficiency savings of R237.7 million in 2011/12, R215.9 million in 2012/13 and R163.7 million in 2013/14, of which R60.1 million, R60.8 million and R64.1 million relate to savings identified in line with the December 2010 Cabinet decision to redirect funding to the front line service delivery departments.

Savings are a result of: regulated cellular phone usage, the reduced use of external venues and facilities and related catering expenses, monitored airfare and vehicle rental costs, and accommodation costs for local and foreign travelling expenses. These measures realised savings of R90 million in 2011/12, R80 million each in 2012/13 and 2013/14 in the *Revenue Administration* programme. Savings of R40 million, R80.9 million and R64.4 million over the medium term were also realised in the *Civil and Military Pensions, Contributions to Funds and Other Benefits* programme from restructuring of post-retirement medical benefits. The department does not expect these savings to impact on service delivery.

Selected performance indicators

Table 10.1 National Treasury

Indicator	Programme	Past			Current 2010/11	Projections		
		2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Number of training courses and workshops presented per year on the implementation of financial management reforms	Financial Systems and Accounting	217	128	80	100	150	200	200
Number of individuals trained per year to assist with the implementation of financial management reforms	Financial Systems and Accounting	4 204	3 200	1 600	2 000	3 000	4 000	4 000

Table 10.1 National Treasury (continued)

Indicator	Programme	Past			Current	Projections		
		2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Value of government gross annual borrowing	Asset and Liability Management	R16.1bn	R49.7bn	R183bn	R157.8bn	R175.8bn	R199.2bn	R198.1bn
Cost to service debt as a percentage of GDP	Asset and Liability Management	2.5%	2.3%	2.3%	2.5%	2.6%	2.8%	2.9%
Net loan debt as a percentage of GDP	Asset and Liability Management	23.2%	22.7%	27.6%	30.8%	34.3%	37.5%	39.2%
Percentage of identified transversal contracts with strategic sourcing principles introduced	Financial Systems and Accounting	80% (47)	85% (35)	100% (20)	100% (20)	100% (32)	100% (26)	100% (20)
Total number of neighbourhood development partnership grant projects granted award status	Technical Support and Development Finance	72	80	90	90	90	90	90
Total number of neighbourhood development partnership grant projects under construction	Technical Support and Development Finance	4	7	15	40	45	45	45

Expenditure estimates

Table 10.2 National Treasury

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
R million								
Administration	177.6	203.7	242.8	279.1	248.7	281.1	306.9	322.1
Economic Policy, Tax, Financial Regulation and Research	70.6	70.8	71.9	104.2	91.5	120.4	127.4	135.5
Public Finance and Budget Management	119.4	134.1	141.9	187.1	170.5	198.9	207.9	219.1
Asset and Liability Management	57.8	10 062.5	31 053.2	20 822.5	20 817.9	822.6	76.2	78.3
Financial Systems and Accounting	366.7	475.7	542.7	693.8	608.8	658.2	690.3	740.2
International Financial Relations	524.4	567.3	576.4	596.8	594.0	812.4	1 064.3	1 141.2
Civil and Military Pensions, Contributions to Funds and Other Benefits	2 176.8	2 331.3	4 955.1	2 592.8	2 672.1	3 139.8	3 198.1	3 367.3
Technical Support and Development Finance	938.2	659.6	5 314.3	1 798.2	1 541.4	4 156.2	4 655.8	5 707.7
Revenue Administration	5 511.0	6 302.8	7 148.4	8 142.2	8 142.2	8 653.6	9 244.4	9 757.2
Financial Intelligence and State Security	2 626.7	2 955.1	3 193.9	3 488.2	3 488.2	3 755.0	3 897.8	4 110.3
Subtotal	12 569.3	23 762.8	53 240.6	38 704.9	38 375.4	22 598.2	23 469.1	25 578.9
Direct charge against the National Revenue Fund	223 930.8	256 189.3	300 820.1	340 288.7	339 252.2	373 644.6	405 572.9	437 254.0
Provincial Equitable Share	171 053.7	201 795.6	236 890.8	265 139.4	265 139.4	288 492.8	305 725.4	323 604.4
State Debt Costs	52 877.1	54 393.7	57 129.2	67 606.9	66 570.4	76 578.7	90 807.7	104 036.2
General Fuel Levy Sharing with Metros	–	–	6 800.1	7 542.4	7 542.4	8 573.1	9 039.7	9 613.4
Total	236 500.1	279 952.1	354 060.7	378 993.6	377 627.6	396 242.8	429 042.0	462 832.8
Change to 2010 Budget estimate				(11 100.0)	(12 466.0)	(14 567.5)	(12 983.3)	(3 503.8)

Economic classification

Current payments	53 738.2	55 317.2	58 259.4	69 055.6	67 825.7	78 015.4	92 341.1	105 647.8
Compensation of employees	272.7	321.0	402.1	552.6	511.2	605.9	637.7	672.2
Goods and services	588.4	602.5	728.2	896.2	744.2	830.8	895.7	939.5
of which:								
Computer services	245.1	253.4	386.7	446.3	403.3	417.9	438.3	458.5

Table 10.2 National Treasury (continued)

R million	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
Economic classification								
<i>Consultants and professional services: Business and advisory services</i>	176.5	134.9	161.6	228.8	163.4	212.0	228.5	243.6
<i>Lease payments</i>	25.6	19.6	30.7	26.2	25.2	34.2	36.4	38.6
<i>Travel and subsistence</i>	38.7	43.9	36.2	53.6	43.2	49.7	56.2	63.8
Interest and rent on land	52 877.1	54 393.7	57 129.2	67 606.9	66 570.4	76 578.7	90 807.7	104 036.2
Transfers and subsidies	182 744.1	214 625.0	264 789.2	289 171.8	289 043.3	317 463.8	336 692.9	357 177.4
Provinces and municipalities	171 770.2	202 157.1	248 699.1	274 076.4	273 868.4	298 250.6	316 044.5	334 543.9
Departmental agencies and accounts	8 218.6	9 518.4	10 511.0	11 875.9	11 875.9	13 275.4	13 409.4	14 153.9
Universities and technikons	2.3	5.5	5.5	5.5	0.5	–	–	–
Foreign governments and international organisations	503.8	550.5	555.2	564.9	564.9	781.9	1 032.6	1 107.7
Public corporations and private enterprises	101.7	82.0	88.5	93.0	98.0	2 060.0	3 055.0	4 051.5
Non-profit institutions	0.1	–	0.1	0.1	0.1	0.1	0.1	0.1
Households	2 147.4	2 311.5	4 930.0	2 556.0	2 635.5	3 095.8	3 151.4	3 320.3
Payments for capital assets	13.0	9.4	11.7	16.2	8.6	13.7	8.0	7.6
Buildings and other fixed structures	–	–	–	–	–	3.6	–	–
Machinery and equipment	13.0	9.4	11.7	16.2	8.6	10.1	8.0	7.6
Payments for financial assets	4.7	10 000.5	31 000.4	20 750.0	20 750.0	750.0	–	–
Total	236 500.1	279 952.1	354 060.7	378 993.6	377 627.6	396 242.8	429 042.0	462 832.8

Expenditure trends

The spending focus over the medium term will be on formulating policy as mandated by the Public Finance Management Act (1999), maintaining robust intergovernmental financial and fiscal, social security and retirement reforms, and enhancing a specialised audit services unit to reduce tender fraud and corruption.

Between 2007/08 and 2010/11, total expenditure increased from R12.6 billion to R38.7 billion, at an average annual rate of 45.5 per cent. The increase was mainly due to payments to Eskom of R10 billion in 2008/09, R30 billion in 2009/10 and R20 billion in 2010/11 for the subordinated loan. The Eskom loan is accounted for in payments for financial assets, which accounts for 38.5 per cent of the department's spending between 2007/08 and 2010/11. Also included as payments for financial assets are the R1 billion and R750 million in spending that was incurred in 2009/10 and 2010/11 for the Land and Agricultural Development Bank of South Africa recapitalisation. Transfer payments account for 57.3 per cent of expenditure over this period and include: provincial and local government transfers, civil and military pension payments, as well as transfers to the South African Revenue Service and the South African Secret Service.

Between 2007/08 and 2010/11, the operational budget increased from R861 million to R1.5 billion, mainly due to an increase in personnel capacity in areas such as international economic relations, the 2010 FIFA World Cup unit, economic research, social retirement reforms and the infrastructure delivery implementation programme.

Between 2010/11 and 2013/14, total expenditure (excluding direct charges) is expected to decrease from R38.7 billion to R25.6 billion, at an average annual rate of 12.9 per cent. The decrease is mainly due to the phasing out of the Eskom subordinated loan in 2010/11, as well as the end of the recapitalisation funding for the Land and Agricultural Development Bank of South Africa in 2011/12. Excluding the Eskom loan and the bank's recapitalisation, National Treasury's expenditure is expected to increase from R18 billion in 2010/11 to R25.6 billion in 2013/14, at an

average annual rate of 12.5 per cent. This increase is mainly due to an additional R9 billion allocation over the medium term for the *Employment Creation Facilitation Fund* subprogramme in the *Technical Support and Development Finance* programme. The increase is also attributable to the annual effect of adjustments to expenditure on compensation of employees and post-retirement medical benefits, an increased contribution to the African Development Bank, common monetary area compensation payments and enhancing the infrastructure delivery implementation programme.

Over the medium term, the department receives additional non-statutory allocations of R3.4 billion in 2011/12, R4.1 billion in 2012/13 and R5.2 billion in 2013/14. These allocations are mainly in transfer payments for:

- the employment creation facilitation fund (R9 billion over the medium term)
- post-retirement medical benefits, the state's contribution to the political office bearer's fund and injury on duty expenditure (R1.5 billion over the medium term)
- post-disaster recovery and reconstruction funding (R600 million in 2011/12)
- the increased membership contributions to the African Development Bank and the African Development Fund (R466.2 million over the medium term)
- the shortfall in the estimated annual increase of the circulation of notes and coins related to the common monetary area (R309 million over the medium term)
- the expansion of the crime intelligence structure (R260 million over the medium term)
- the increased membership contributions to the World Bank (R168.1 million over the medium term).

An additional R59.4 million is also allocated to the department over the medium term for inflation related adjustment to compensation of employees.

The use of consultants is limited to areas where there are critical skills shortages or a lack of technical expertise, such as for economic research support, technical assistance to departments for public private partnership projects, specialised audit services, accounting standards and financial management capacity building initiatives, legal expertise, and engineering capacity support for the infrastructure delivery implementation programme. The ratio of consultancy costs to compensation of employees is 1:2.6 over the MTEF period.

The ratio of administrative costs to line function costs is 1:100 in 2011/12, and 1:50 in 2012/13 and 2013/14.

The department is responsible for the main statutory transfers to provincial governments. More information on these transfers can be found in chapter 7 and annexure E of the 2011 Budget Review and the 2011 Division of Revenue Bill. The National Treasury vote also includes a provision for servicing government's debt obligations, which is a direct charge against the National Revenue Fund in terms of section 73 of the Public Finance Management Act (1999).

Infrastructure spending

Neighbourhood development partnership grant projects

National Treasury, through the neighbourhood development partnership grant, is involved in the construction of new and better community facilities, which includes pedestrian bridges and community centres. The total cost for the infrastructure spending over the medium term is R2.6 billion. The budget has increased from R578.1 million in 2009/10 to R1.2 billion in 2010/11.

In 2009/10, the pedestrian walkways linking the informal settlement areas in Orange Farm to Stretford Station in Gauteng were completed at a cost of R17.4 million in March 2010. The project focused on increasing community safety by providing safe access between residences and the station. The project contributed to job creation through the extensive use of local labour.

In the same year, the basement parking for the Walter Sisulu Square of Dedication in Kliptown, Soweto was also completed in March at a cost of R30 million. This project addressed the need for

safe parking to support tourism and commercial development for the square, the Holiday Inn and other economic amenities in the area.

In 2010/11, six projects were completed at a cost of R126 million. These included road improvement and highway interchanges in Mpumalanga, at a cost of R29 million, as part of the greenfield development and an intermodal transport facility in Bridge City, which will integrate nodes and open up economic development in the city.

Refurbishing 32 Church Square

National Treasury will be refurbishing the building at 32 Church Square in Pretoria to create more space and a better working environment for National Treasury staff. This project will be completed in 2011/12 at a cost of R3.6 million.

Personnel information

The Treasury has an approved establishment of 1 446. The funded personnel establishment expanded from 860 in 2007/08 to 1 245 in 2010/11. This expansion was due to structural changes made to enhance service delivery, which includes increased responsibilities in monitoring pension administration, playing a greater role in the international sphere, and providing more support to provincial and local government. Over the MTEF period, the number of personnel is expected to increase to 1 289.

There are 155 vacancies within the department, of which most are in the *Administration, Economic Policy, Tax, Financial Regulation and Research*, and *Financial Systems and Accounting* programmes. The vacancies exist due to resignations, transfers and retirements, and are being filled as and when they become vacant. It takes approximately three to five months to fill positions from salary level 11-15 due to the difficulties in attracting the right skills at the right level of remuneration. 52 vacant positions remain unfunded (mainly from salary level 6 to 12) due to budgetary constraints. The department will endeavour to fill all the critical funded posts over the medium term.

The ratio of support to line function staff is 1:12.5 each year of the MTEF period and the ratio of consultants to departmental personnel is 1:15.4.

Departmental receipts

The main items of revenue are interest on government deposits and dividends received from the South African Reserve Bank. Over the medium term, revenue is expected to decrease from R3.2 billion in 2010/11 to R2.7 billion in 2013/14. Interest on exchequer investments is affected by domestic and international interest rates, exchange rates and the level of government's cash balances.

Table 10.3 Departmental receipts

	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
R thousand	2007/08	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
Departmental receipts	5 095 776	5 270 354	2 543 597	3 204 202	2 842 232	1 233 233	2 391 418	2 746 007
Sales of goods and services produced by department	45 215	49 273	300 418	84 903	84 903	60 151	40 400	104 957
Sales of scrap, waste, arms and other used current goods	–	7	3	6	6	5	18	10
Interest, dividends and rent on land	4 884 243	4 953 175	2 085 054	2 861 970	2 500 000	900 400	2 100 500	2 400 500
Sales of capital assets	–	324	212	80	80	–	–	40
Transactions in financial assets and liabilities	166 318	267 575	157 910	257 243	257 243	272 677	250 500	240 500

Table 10.3 Departmental receipts (continued)

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2007/08	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
National Revenue Fund receipts	1 020 877	–	1 000 000	–	600 000	–	–	–
Levy Accounts from SARB	1 020 877	–	1 000 000	–	600 000	–	–	–
Total	6 116 653	5 270 354	3 543 597	3 204 202	3 442 232	1 233 233	2 391 418	2 746 007

Programme 1: Administration

Expenditure estimates

Table 10.4 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R million	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Ministry ¹	1.7	2.4	2.8	3.3	3.5	3.6	3.8
Departmental Management	24.7	26.2	28.1	34.7	33.8	35.5	38.3
Corporate Services	61.8	65.3	85.9	94.7	95.2	103.2	115.2
Enterprise Wide Risk Management	8.9	9.6	11.8	22.9	17.3	18.2	19.0
Financial Administration	18.7	22.6	25.3	32.2	32.0	33.6	35.4
Legal Services	13.6	14.2	11.9	14.1	13.1	13.7	14.4
Internal Audit	6.4	8.7	11.7	10.6	9.1	9.5	10.0
Communications	5.4	7.1	7.3	8.3	8.9	9.5	10.1
Office Accommodation	36.5	47.7	58.0	58.3	68.3	80.2	76.1
Total	177.6	203.7	242.8	279.1	281.1	306.9	322.1
Change to 2010 Budget estimate				35.3	27.9	45.2	45.9

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

Economic classification

Current payments	167.4	199.0	233.8	266.9	271.3	302.5	317.7
Compensation of employees	61.1	69.8	91.8	125.4	131.5	138.1	145.7
Goods and services	106.3	129.2	142.0	141.5	139.9	164.4	171.9
of which:							
Computer services	18.3	21.0	23.2	25.6	28.4	33.5	39.7
Consultants and professional services: Business and advisory services	19.6	11.2	13.9	9.7	5.2	5.6	7.3
Lease payments	17.8	18.2	29.5	23.3	32.0	34.0	36.0
Travel and subsistence	9.9	12.0	12.2	13.3	13.7	15.3	17.4
Transfers and subsidies	2.6	1.5	1.3	2.1	2.0	2.0	2.1
Departmental agencies and accounts	0.2	0.3	0.4	0.4	0.4	0.4	0.5
Households	2.4	1.2	1.0	1.7	1.6	1.6	1.6
Payments for capital assets	7.4	3.1	7.6	10.1	7.7	2.4	2.4
Buildings and other fixed structures	–	–	–	–	3.6	–	–
Machinery and equipment	7.4	3.1	7.6	10.1	4.1	2.4	2.4
Payments for financial assets	0.1	0.1	0.0	–	–	–	–
Total	177.6	203.7	242.8	279.1	281.1	306.9	322.1

Expenditure trends

Between 2007/08 and 2010/11, expenditure increased from R177.6 million to R279.1 million, at an average annual rate of 16.3 per cent. The increase was mainly due to the accommodation refurbishment programme, and the upgrade of office telecommunication, ICT systems and

executive boardrooms. These factors are also responsible for the increase in payments for capital assets from R7.4 million in 2007/08 to R10.1 million in 2010/11, at an average annual rate of 10.6 per cent.

Over the MTEF period, expenditure is expected to grow from R279.1 million to R322.1 million, at an average annual rate of 4.9 per cent. The growth is mainly due to increased compensation costs, and increased spending on goods and services for office accommodation, IT system upgrades and audit fees. The bulk of the goods and services budget is allocated in computer services, consultants, and lease and property payments. R3.6 million is allocated to payments for capital assets in 2011/12 for the refurbishment of the 32 Church Square building.

There has been a decrease in the number of consultants used, from 26 in 2007/08 to 15 in 2010/11, and a further reduction is projected over the medium term, from 15 to 8. The ratio of consultancy expenses to spending on compensation of employees is 1:5.3 each year over the MTEF period. The consultants are mainly used for IT support, co-sourced internal audit function and legal services. Spending on consultants between 2007/08 and 2013/14 decreases from R30.4 million to R17.9 million. The decrease is attributed to the phasing out of outsourced services for both IT and the internal audit, to allow for the establishment of sustainable capacity within the department.

Payments for capital assets are expected to decrease from R10.1 million in 2010/11 to R2.4 million in 2013/14, at an average annual rate of 38.3 per cent. The decrease is mainly due to the finalisation of the telecommunications and ICT systems upgrades. An additional R13 million has been allocated over the medium term for inflation related salary adjustments.

Programme 2: Economic Policy, Tax, Financial Regulation and Research

- *Programme Management for Economic Policy, Financial Regulation and Research* provides advice on policy to promote economic growth, employment, macroeconomic stability and regional integration. In 2010/11, this subprogramme has a staff complement of 8, and a total budget of R13.8 million, of which 40 per cent (R5.5 million) is for compensation of employees. The balance is mainly for travelling and subsistence and subscriptions for research journals.
- *Research* funds the department's economic research programmes and promotes the research capacity of local academic researchers in the areas of economic growth, job creation, macroeconomic stability, taxation, financial sector development, regulations, retirement reform and poverty alleviation. There are no employees for the research unit as all work is undertaken by consultants. The subprogramme has a total budget of R9.7 million in 2010/11, wholly used for economic research. The subprogramme also includes funding for economic research undertaken by Economic Research Southern Africa, at a cost of R10 million per year over the medium term, and the Centre for Research into Economics and Finance in Southern Africa.
- *Financial Sector Policy* provides policy advice on the financial sector, in relation to the regulatory framework and supporting legislation. This entails modernising the financial regulatory framework in response to the global economic downturn, and facilitating financial stability, retirement reform and financial sector access and transformation. The subprogramme has a staff complement of 44 and a total budget of R23.3 million in 2010/11, of which 85.8 per cent (R20 million) is used for compensation of employees. In 2010, after extensive research and consultation, the unit prepared a discussion document on improvements to the financial regulatory framework in South Africa to make financial supervision more effective. The work was undertaken using internal capacity.
- *Tax Policy* is responsible for drafting the annual tax legislation and providing advice, tax revenue analysis and revenue forecasting. The unit implemented tax policy reforms on the legislative framework needed to shift the secondary tax on companies to a withholding tax on

dividends in the hands of shareholders, industrial policy incentives, and the turnover tax for small businesses. The subprogramme has a staff complement of 39, and a total budget of R24.4 million in 2010/11, of which 87.3 per cent (R21.3 million) is used for compensation of employees. In 2010/11, work on environmental fiscal reform continued, with the implementation of a vehicle carbon emission tax in September 2010, using internal resources. The Mineral and Petroleum Resources Royalty Act (2008) was also promulgated in 2010.

- *Economic Policy* provides macroeconomic, microeconomic, forecasting and regulatory technical and policy analysis for the annual budget and other government processes, and reviews policy. The subprogramme has a staff complement of 38, and a total budget of R25 million in 2010/11, of which 76.4 per cent (R19.1 million) is used for compensation of employees. The balance is mainly for travelling and subsistence and subscriptions for research journals. The division provides analytical work and policy advice on a wide range of issues, including inflation management, electricity pricing, economic growth, structural budget balances, employment creation and the exchange rate.
- *Cooperative Banking Development Agency* provides for the registration and supervision of deposit taking savings and credit cooperative banks, community banks and village banks. The agency also facilitates, promotes and funds the education and training of cooperative banks. The agency began operating in 2010/11 with an allocation of R8.2 million. Over the medium term, transfers are expected to increase to R13.5 million, at an average annual rate of 18.1 per cent. This is mainly to support the agency's services, which include supervision, training, liquidity support and benchmarking the performance of financial cooperatives and cooperative banks.

Objectives and measures

- Improve South Africa's macroeconomic framework through quarterly analytical development, research, and policy advisory services in support of promoting economic growth, macroeconomic stability and retirement reform.
- Review and strengthen the regulatory framework for the financial sector by continuing to implement the Basle II capital accord, which came into effect in January 2008.
- Support economic research and capacity by funding relevant institutions annually.

Expenditure estimates

Table 10.5 Economic Policy, Tax, Financial Regulation and Research

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
R million							
Programme Management for Economic Policy, Financial Regulation and Research	1.2	14.0	13.3	13.8	21.6	21.9	22.9
Research	11.2	8.8	8.5	9.7	14.0	15.2	15.9
Financial Sector Policy	9.5	14.0	17.5	23.3	25.8	27.0	28.4
Tax Policy	11.8	15.3	17.3	24.4	25.5	26.8	28.2
Economic Policy	36.8	18.7	15.3	25.0	24.3	25.4	26.6
Cooperative Banking Development Agency	–	–	–	8.2	9.3	11.1	13.5
Total	70.6	70.8	71.9	104.2	120.4	127.4	135.5
Change to 2010 Budget estimate				(0.4)	0.1	(9.1)	(13.4)

Table 10.5 Economic Policy, Tax, Financial Regulation and Research (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Economic classification							
Current payments	70.0	65.0	66.4	90.4	100.4	105.8	111.5
Compensation of employees	26.1	34.8	44.8	66.0	71.9	75.3	79.0
Goods and services	44.0	30.2	21.6	24.4	28.5	30.5	32.5
<i>of which:</i>							
Computer services	0.3	0.1	0.0	0.4	0.3	0.3	0.3
Consultants and professional services: Business and advisory services	11.2	8.7	8.5	9.6	14.0	15.2	15.9
Lease payments	6.6	0.1	0.1	0.3	0.2	0.2	0.3
Travel and subsistence	11.9	7.8	4.4	6.5	6.2	6.4	7.3
Transfers and subsidies	–	5.0	5.0	13.2	19.3	21.1	23.5
Departmental agencies and accounts	–	–	–	8.2	9.3	11.1	13.5
Universities and technikons	–	5.0	5.0	5.0	–	–	–
Public corporations and private enterprises	–	–	–	–	10.0	10.0	10.0
Payments for capital assets	0.5	0.7	0.5	0.6	0.6	0.5	0.5
Machinery and equipment	0.5	0.7	0.5	0.6	0.6	0.5	0.5
Total	70.6	70.8	71.9	104.2	120.4	127.4	135.5
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	–	–	–	8.2	9.3	11.1	13.5
Cooperative Banking Development Agency	–	–	–	8.2	9.3	11.1	13.5
Universities and technikons							
Current	–	5.0	5.0	5.0	–	–	–
University of Cape Town	–	5.0	5.0	5.0	–	–	–
Public corporations and private enterprises							
Private enterprises							
Other transfers to private enterprises							
Current	–	–	–	–	10.0	10.0	10.0
Economic Research Southern Africa	–	–	–	–	10.0	10.0	10.0

Expenditure trends

The spending focus over the medium term will be on reviewing tax policy proposals for the budget, preparing the legislative changes to support tax proposals, and developing policies to promote economic growth, macroeconomic stability and retirement reforms.

Expenditure increased from R70.6 million in 2007/08 to R104.2 million in 2010/11, at an average annual rate of 13.9 per cent. This increase was mainly in spending on compensation of employees, consultants, and transfer payments to universities and technikons. These increases are mainly to cater for increases in capacity from 2008/09 for the cost of research work for regulatory impact and microeconomic analysis, and the policy advice implications for legislation in the areas of tax, pensions and banking regulations. The transfer payment to the University of Cape Town is for the economic research that was facilitated through the institution that will be continued with the Economic Research Southern Africa private enterprise.

Expenditure over the MTEF period is expected to grow from R104.2 million to R135.5 million, at an average annual rate of 9.1 per cent. The growth is mainly in current payments due to the

continued increase in capacity for economic research, improvements to the functioning of the financial regulatory system, and enhancements to both the tax and economic policy proposals over the MTEF period. The economic research that was previously solicited through the University of Cape Town will be done by Economic Research Southern Africa over the medium term, which results in a 21.2 per cent increase in transfer payments due to the new transfers to public corporations and private enterprises over the medium term.

The ratio of administrative costs to line function programme costs is 1:10 each year over the MTEF period. Spending on consultants has increased from R11.2 million in 2007/08 to R15.9 million in 2013/14, due to increased economic research support and this includes the Centre for Research into Economics and Finance in Southern Africa and the Economic Research Southern Africa. The ratio of consultancy costs to spending on compensation of employees is 1:5 each year over the MTEF period. An additional R8.4 million has been allocated over the medium term for inflation related salary adjustments.

Programme 3: Public Finance and Budget Management

- *Programme Management for Public Finance and Budget Management* provides support for the planning, monitoring and delivering of the programme's activities. This subprogramme has a staff complement of 12 and a total budget of R15.8 million in 2010/11, of which 41.7 per cent (R6.6 million) is used for compensation of employees and the balance for publishing budget documents. In 2010/11, as part of the second phase of capacitating local government, preparation work was done for the mayors' induction course and for aligning a cash flow management system with current developments around local government budget formats.
- *Public Finance* provides financial and budgetary analysis of government programmes, advises on policy and service delivery trends, and manages National Treasury's relations with other national departments. This subprogramme has a staff complement of 97 and a total budget of R55.3 million in 2010/11, of which 83.9 per cent (R46.4 million) is used for compensation of employees, and the balance mainly for social security and retirement reforms. In 2010/11, a new quarterly financial reporting format was implemented for reporting to Parliament through the standing committee on appropriations, using internal resources.
- *Budget Office and Coordination* provides fiscal policy advice, oversees expenditure planning and the national budget process, leads the budget reform programme, coordinates international technical assistance and donor finance, and compiles public finance statistics. The Budget Office is also responsible for the regulatory framework to promote a consistent approach to governance, organisational and institutional design, financial management, human resource management and the governance of public entities, government agencies and departmental business enterprises. This subprogramme has a staff complement of 71 and a total budget of R39 million in 2010/11, of which 86.2 per cent (R33.6 million) is used for compensation of employees and the balance mainly for editing budget documents and travelling, to support Parliament's oversight responsibility.
- *Intergovernmental Relations* coordinates fiscal relations between national, provincial and local government, and promotes sound provincial and municipal budgetary planning, reporting and financial management. This subprogramme has a staff complement of 71 and a total budget of R45.6 million in 2010/11, of which 75.2 per cent (R34.3 million) is used for compensation of employees. The balance goes to, among others, a consultancy (R4.8 million) for establishing a city budget forum to facilitate initiatives to support improvements in service delivery, a system for budget monitoring, and the development of the new budget formats. These initiatives include reforms in financing and planning municipal infrastructure, with 6 metropolitan municipalities and 3 aspirant metropolitan municipalities being targeted. The new budget formats were rolled out to all 283 municipalities in 2010/11 and will be further enhanced in 2011/12.

- *Financial and Fiscal Commission* derives its mandate from chapter 13 of the Constitution, as amended. Sections 220, 221 and 222 and related sections 214(2), 219(5), 228(2)(b), 229(5), 230(2), 230A(2) and 230A(2) provide for independent, objective, impartial and unbiased advice to government on the division of revenue across all spheres of government and in the enactment of legislation pertaining to provincial taxes, municipal fiscal powers and functions, and provincial and municipal loans. This subprogramme, which is a transfer payment to the Financial and Fiscal Commission, increased from R26.6 million in 2009/10 to R31.4 million in 2010/11, due to increased capacity for fiscal research and adjustments for inflation.

Objectives and measures

- Give effect to government's economic, fiscal, social and development goals by preparing a budget framework and medium term expenditure recommendations annually.
- Contribute to improved financial management by promoting sound planning, budgeting and project management, including support to public finance reforms in provinces and municipalities, on an ongoing basis.
- Promote transparency and accountability by publishing annually the Budget Review, the Estimates of National Expenditure, provincial and local government budget and expenditure reviews, the medium term budget policy statement and appropriation legislation, containing relevant, accurate and clear financial information and associated indicators for service delivery and performance according to the various guidelines.
- Promote the improved planning and analysis of public expenditure and service delivery and the appropriate use of public and private financial resources for social and economic development and infrastructure investment by analysing expenditure and performance information and compiling quarterly reports.
- Develop the policy framework for social security, retirement and health insurance arrangements by the end of 2011 through a dedicated project management unit.

Expenditure estimates

Table 10.6 Public Finance and Budget Management

Subprogramme				Adjusted appropriation	Medium-term expenditure estimate		
R million	Audited outcome				2011/12	2012/13	2013/14
	2007/08	2008/09	2009/10	2010/11			
Programme Management for Public Finance and Budget Management	12.9	13.6	16.2	15.8	25.5	27.6	29.7
Public Finance	28.3	30.6	35.6	55.3	54.9	57.2	59.8
Budget Office and Coordination	22.2	29.8	32.8	39.0	42.5	43.9	46.1
Intergovernmental Relations	28.5	34.0	30.7	45.6	43.0	44.7	47.1
Financial and Fiscal Commission	27.5	26.1	26.6	31.4	33.0	34.4	36.3
Total	119.4	134.1	141.9	187.1	198.9	207.9	219.1
Change to 2010 Budget estimate				7.4	10.4	18.2	(31.9)

Economic classification

Current payments	91.0	106.2	113.1	153.9	165.4	172.9	182.3
Compensation of employees	70.4	80.6	90.0	120.8	132.9	139.2	146.1
Goods and services	20.5	25.6	23.1	33.1	32.5	33.7	36.2
of which:							
Computer services	0.2	0.7	0.7	0.4	0.2	0.2	0.2
Consultants and professional services: Business and advisory services	2.7	4.2	6.9	11.4	17.1	17.5	18.8
Lease payments	0.4	0.4	0.3	0.5	0.4	0.5	0.5
Travel and subsistence	5.5	6.3	4.4	7.9	5.2	5.5	5.9

Table 10.6 Public Finance and Budget Management (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Transfers and subsidies	27.5	26.6	27.8	31.9	33.0	34.4	36.3
Departmental agencies and accounts	27.5	26.1	26.6	31.4	33.0	34.4	36.3
Universities and technikons	–	0.5	0.5	0.5	–	–	–
Households	–	–	0.8	0.0	–	–	–
Payments for capital assets	1.0	1.3	0.9	1.3	0.5	0.6	0.5
Machinery and equipment	1.0	1.3	0.9	1.3	0.5	0.6	0.5
Total	119.4	134.1	141.9	187.1	198.9	207.9	219.1
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	27.5	26.1	26.6	31.4	33.0	34.4	36.3
Financial and Fiscal Commission	27.5	26.1	26.6	31.4	33.0	34.4	36.3

Expenditure trends

The spending focus over the medium term will be on continuing to enhance the implementation of the infrastructure delivery improvement programme to provincial departments, increasing capacity for the benefits assessments, supporting the parliamentary liaison office, and the comprehensive expenditure reviews.

Between 2007/08 and 2010/11, expenditure increased from R119.4 million to R187.1 million, at an average annual rate of 16.1 per cent. The increase is mainly due to costs associated with the intensified implementation of the infrastructure delivery improvement programme. The increases in current payment across all subprogrammes are mainly in spending on compensation of employees. The number of employees grew from 199 in 2007/08 at a cost of R70.4 million, to 220 in 2010/11 at a cost of R120.8 million. Spending on consultants grew from R2.7 million in 2007/08 for 6 consultants to R11.4 million in 2010/11 for 10 consultants. The transfer payments to departmental agencies and accounts grew from R27.5 million in 2007/08 to R31.4 million in 2010/11, mainly due to increases in transfers to the Financial and Fiscal Commission.

Over the MTEF period, expenditure is expected to increase from R187.1 million in 2010/11 to R219.1 million in 2013/14, at an average annual rate of 5.4 per cent. This increase is mainly in spending on compensation of employees across all subprogrammes, which is expected to grow from R120.8 million in 2010/11 to R146.1 million in 2013/14, due to inflation related adjustments to salaries. In addition, spending on consultants is expected to grow from R11.4 million for 10 consultants to R18.8 million for 17 consultants over the same period, at an average annual rate of 18.2 per cent. The Financial and Fiscal Commission transfer payment is expected to grow from R31.4 million to R36.3 million over the medium term, at an average annual rate of 5 per cent.

The consultants are mainly used for editing budget documents, including the Estimates of National Expenditure, Adjusted Estimates of National Expenditure, Budget Review, Medium Term Budget Policy Statement, Medium Term Expenditure Reporting Framework, and extensive work for social security retirement reforms. Spending on consultancy expenditure increases from R2.7 million in 2007/08 to R18.8 million in 2013/14, mainly due to increases in the number and volume of publications, comprehensive reviews of expenditure and more work done on social reforms.

The bulk of spending in this programme is on compensation of employees, which uses an average of 66.2 per cent of the total budget each year over the medium term. The ratio of administrative costs to line function programme costs is 1:10 each year over the MTEF period. An additional R12.9 million has been allocated over the medium term for inflation related salary adjustments.

Programme 4: Asset and Liability Management

- *Programme Management for Asset and Liability Management* provides support for planning, monitoring and delivering the programme's activities. This subprogramme has a staff complement of 4 and a total budget of R15.1 million in 2010/11, of which 13.9 per cent (R2.1 million) is used for compensation of employees. In 2010/11, R4.8 million was spent mainly on consultations for the development of a treasury management system, the optimal capital structure and appropriate dividend policies for state owned entities.
- *State Owned Entity Financial Management and Governance* promotes the optimal allocation and use of financial resources and sound corporate governance in state owned entities through financial oversight in accordance with government policy. This subprogramme has a staff complement of 30 and a total budget of R21.3 million in 2010/11, of which 95.3 per cent (R20.3 million) is used for compensation of employees. In 2009/10, the callable capital of the Development Bank of Southern Africa was increased to R20 billion to extend its lending capacity to approximately R140 billion.
- *Government Debt Management* is responsible for government's long term funding needs, manages domestic and foreign debt, and contributes to the development of financial markets. Government successfully financed its gross borrowing requirement of R156.6 billion by mainly raising funds in domestic capital markets, while coordinating borrowing between government and state owned entities. This subprogramme has a staff complement of 18 and a total budget of R14.2 million in 2010/11, of which 88 per cent (R12.5 million) was used for compensation of employees. In 2010/11, 4 new domestic government bonds were introduced to increase the number of funding instruments, and government raised US\$2 billion (R14.5 billion) in international capital markets as prefunding for 2010/11.
- *Financial Operations* provides for government's short term funding needs, manages cash in all spheres of government, accounts for debt and the investment of government surplus cash, supplies reliable systems, and provides quality information. This subprogramme has a staff complement of 18 and a total budget of R14.3 million in 2010/11, of which 64.3 per cent (R9.2 million) is used for compensation of employees and the balance for the maintenance of the old treasury management system. The amount of public sector cash available for use by government and the provinces as bridging finance increased from R12.4 billion in 2009/10 to R34 billion in 2010/11. The domestic debt module delivered in December 2010 will be implemented by mid-2011, and the remaining modules will be completed by 2012.
- *Strategy and Risk Management* develops and maintains a risk management framework by implementing debt management strategies. This subprogramme has a staff complement of 15. The domestic debt portfolio is projected to stabilise at 64 per cent fixed and 36 per cent non-fixed as government issues instruments that maximise cash subject to market demand. Through active debt management strategies, the debt portfolio ratio will improve towards the risk benchmark of a 70:30 fixed to non-fixed rate. In 2010/11, the foreign debt ratio fell to 10 per cent, which was affirmed by Standard & Poor's (BBB+) and Fitch Ratings (BBB+).
- *Financial Investments* provides funding mainly for the recapitalisation of Eskom and the Land and Agricultural Development Bank of South Africa. In 2009/10, the bank was mandated to coordinate its strategic role with that of the Department of Rural Development and Land Reform and the Department of Agriculture, Forestry and Fisheries, in supporting developing farmers. A pilot curatorship and emerging farmer's support facility model for financially distressed black farmers who are clients of the bank is being implemented. Based on an assessment of the model's success, Cabinet will be approached about extending it further.

Objectives and measures

- Oversee state owned entities to promote the maximisation of delivery on government's objectives through exercising oversight over schedule 2 and 3B entities by, among others: reviewing corporate plans and annual reports; reviewing applications for guarantees and

borrowing limits; coordinating state owned enterprises' borrowing programmes and monitoring progress; tracking progress on capital expenditure programmes; and monitoring guarantees and taking remedial action where necessary.

- Exercise shareholder oversight over the Development Bank of Southern Africa, the Land and Agricultural Development Bank of South Africa, the Public Investment Corporation, and the South African Special Risks Insurance Association to ensure that they promote government's policy objectives while remaining financially sound institutions by: reviewing corporate plans; negotiating shareholder compacts for signature by the Minister; and reviewing quarterly and annual reports.
- Finance government's gross borrowing requirements of R175.8 billion by March 2012 by borrowing money from domestic and international markets.
- Improve the affordability of government debt by reducing the net loan debt to 33.6 per cent of GDP and the cost to service debt to 2.6 per cent of GDP by March 2012.
- Ensure that government's liquidity requirements are consistently met through effective cash management.
- Enable government to manage financial risks and attract investment by reviewing credit, debt, country ratings and contingent liability risk benchmarks and by ensuring adherence to these standards by March 2012.

Expenditure estimates

Table 10.7 Asset and Liability Management

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
R million							
Programme Management for Asset and Liability Management	16.5	22.7	12.0	15.1	13.1	14.1	13.0
State Owned Entity Financial Management and Governance	16.1	11.9	13.9	21.3	22.1	23.1	24.3
Government Debt Management	9.2	10.5	11.2	14.2	14.6	15.3	16.0
Financial Operations	11.3	11.0	10.1	14.3	14.8	15.3	16.2
Strategy and Risk Management	4.8	6.4	6.0	7.5	8.0	8.4	8.8
Financial Investments	–	10 000.0	31 000.0	20 750.0	750.0	–	–
Total	57.8	10 062.5	31 053.2	20 822.5	822.6	76.2	78.3
Change to 2010 Budget estimate				5.3	0.2	0.1	(2.0)
Economic classification							
Current payments	55.3	61.9	53.1	72.1	72.3	75.9	78.0
Compensation of employees	30.1	33.4	38.1	51.1	55.6	58.3	61.3
Goods and services	25.3	28.5	15.0	21.0	16.7	17.6	16.7
of which:							
Computer services	4.1	2.5	2.1	5.5	5.5	6.2	5.0
Consultants and professional services: Business and advisory services	15.0	17.0	6.5	9.8	6.7	6.7	6.9
Lease payments	0.1	0.1	0.2	0.2	0.2	0.2	0.2
Travel and subsistence	2.0	2.6	1.9	2.6	1.7	1.8	1.8
Payments for capital assets	2.5	0.6	0.1	0.3	0.3	0.3	0.3
Machinery and equipment	2.5	0.6	0.1	0.3	0.3	0.3	0.3
Payments for financial assets	–	10 000.0	31 000.0	20 750.0	750.0	–	–
Total	57.8	10 062.5	31 053.2	20 822.5	822.6	76.2	78.3

Expenditure trends

The spending focus over the medium term will be on sectoral oversight, liability management, the maintenance of a risk management framework, and on ensuring sound corporate governance in state owned entities.

Between 2007/08 and 2010/11, expenditure increased from R57.8 million to R20.8 billion, at an average annual rate of 611.4 per cent. This increase is attributed to transfer payments in the *Financial Investments* subprogramme to Eskom for the subordinated loan (R10 billion in 2008/09, R30 billion in 2009/10 and R20 billion in 2010/11) and to the Land and Agricultural Development Bank of South Africa for recapitalisation (R1 billion in 2009/10 and R750 million in 2010/11). Excluding these payments, operational expenditure between 2007/08 and 2010/11 increased from R57.8 million to R72.5 million, at an average annual rate of 7.8 per cent. This increase was mainly in the *State Owned Entity Financial Management and Governance* and *Government Debt Management* subprogrammes due to the formulation of the state owned entities' capital structure and dividend policy, and to the impact on the annual national adjustment of salaries. The growth is also attributed to the development of a treasury management system that will address the operations and support the needs of the department. Between 2007/08 and 2010/11, although the number of employees decreases from 102 to 100, spending on compensation of employees increases from R30.1 million to R51.1 million, at an average annual rate of 19.4 per cent to match the level of remuneration to the skills required. Conversely, spending on consultants decreases from R15 million for 4 consultants to R9.8 million for 7 consultants, at an average annual rate of 13.3 per cent, mainly due to once-off costing experts for the Pebble Bed Modular Reactor in 2008/09 and phasing in of a less costly project for the development of a treasury management system.

Over the MTEF period, expenditure is expected to decrease from R20.8 billion in 2010/11 to R78.3 million in 2013/14, at an average annual rate of 84.5 per cent. The decrease is due to the phasing out of the Eskom subordinated loan in 2010/11 and the recapitalisation of the Land and Agricultural Development Bank of South Africa in 2011/12. Over the medium term, the programme budget, excluding the amounts for Eskom and the bank, increases from R72.5 million to R78.3 million, at an average annual rate of 2.6 per cent. The increase is mainly due to the finalisation of the treasury management system. Spending on consultants is expected to decrease from R9.8 million in 2010/11 to R6.9 million in 2013/14, mainly due to the phasing out of the development of the management system and the capital project for state owned entities.

The ratio of administrative costs to line function programme costs is 1:12.5 each year over the MTEF period. The ratio of spending on consultants to compensation of employees over the MTEF period is 1:4.8 each year. An additional R5.3 million has been allocated over the medium term for inflation related salary adjustments.

Programme 5: Financial Systems and Accounting

- *Programme Management for Financial Systems and Accounting* provides support for planning, monitoring and delivering the programme's activities. This subprogramme has a staff complement of 10 and a total budget of R14 million in 2010/11, of which 42.1 per cent (R5.9 million) is used for compensation of employees. The balance is for financial management training and support for all spheres of government.
- *Supply Chain Policy* develops policy that regulates the supply chain processes in the public sector. This subprogramme has a staff complement of 58 and a total budget of R39.1 million in 2010/11, of which 66.5 per cent (R26 million) is used for compensation of employees. Of the balance, R9.2 million was used for developing the asset management module for the integrated financial management system. In 2010/11, the draft revised preferential procurement regulations, which align preferential procurement with the aims of the Broad Based Black Economic Empowerment Act (2003) and its codes of good practice, were workshopped with

the parliamentary standing committee on finance and appropriations, and the National Economic Development and Labour Council.

- *Financial Systems* maintains and improves existing financial management systems and replaces outdated systems to comply with the Public Finance Management Act (1999) and generally recognised accounting practice. This subprogramme has a staff complement of 40 (with an additional 5 service providers) and a total budget of R429.7 million in 2010/11, of which 3.9 per cent (R16.6 million) is used for compensation of employees. 96.1 per cent of the balance was used for customising the commercial off-the-shelf financial management system for the procurement asset management human resources module. Furthermore, lead site preparations have started in National Treasury and the Limpopo provincial treasury for the new asset management module of the integrated financial management system. The Department of Defence and Military Veterans and three other Limpopo provincial departments are scheduled to go live by March 2011.
- *Financial Reporting for National Accounts* is responsible for accounting for: the National Revenue Fund and the Reconstruction and Development Fund; banking services for national government; and for providing support for all spheres of government in implementing financial reporting frameworks and preparing a consolidated financial statement. This subprogramme has a staff complement of 49 and a total budget of R77.3 million in 2010/11, of which 31.7 per cent (R24.5 million) is used for compensation of employees. 47.6 per cent (R36.8 million) of the balance is for transfers to the Independent Regulatory Board for Auditors (R29.3 million) and the Accounting Standards Board (R7.5 million). In 2010/11, 1 334 municipal officials were trained on the new generally recognised accounting practice standards at a total cost of R345 000.
- *Financial Management Policy and Compliance Improvement* includes improving financial management, developing the reporting frameworks in line with international and local best practice, developing and implementing accounting policies, and improving the financial management and internal audit capacity in government. This subprogramme has a staff complement of 89 and a total budget of R112.2 million in 2010/11, of which 43.8 per cent (R49.1 million) was used for compensation of employees. The balance of R40 million relates to special audit services forensic investigations. This unit aims to combat fraud and corruption in all government entities, and was established in collaboration with law enforcement agencies, the auditor general and other relevant stakeholders to curb non-compliance with legislation and the undermining of good financial management. The unit will also lead the supply chain management compliance task team aimed at eliminating fraud and corruption in the procurement of goods and services by government.
- *Audit Statutory Bodies* provides for compensation for certain shortfalls in statutory bodies and municipalities in terms of the Auditor General Act (1995).
- *Service Charges: Commercial Banks* provides for bank service charges for all departments' deposit accounts.

Objectives and measures:

- Improve financial management in government by implementing a capacity building strategy for financial management, internal audit and risk management to enhance institutional, organisational and individual capacity, and by supporting the strategy through a detailed implementation plan with specific outputs and timelines over the MTEF period, including:
 - promoting and enforcing transparency and the management of revenue, expenditure, assets and liabilities in all three spheres of government; implementing generally recognised accounting practice standards, accounting policies, reporting frameworks and other accounting guidelines; and administering the National Revenue Fund and the Reconstruction and Development Fund as well as banking services for national departments by March 2012
 - formulating accounting and governance frameworks and providing support to entities to improve accountability, oversight and governance in all government entities annually

- intervening to rectify the breakdown of financial management in national, provincial and local government institutions and investigating fraud and corruption in these institutions when required
- capacitating the building of an internal audit function through prudent use of shared audit resources between National Treasury and the South African Revenue Service by March 2012.
- Improve supply chain management by:
 - enhancing supply chain management compliance monitoring and combating supply chain management related corruption by ensuring compliance with prescribed procedures and prescripts and by operationalising the supply chain management compliance monitoring unit by the end of March 2012
 - ensuring the successful implementation of the revised preferential procurement regulations, which will form the initial phase of the comprehensive review of the supply chain management framework, in all national and provincial departments, constitutional institutions, public entities and municipalities by 2011/12
 - improving value for money on contracts by quantifying the economic benefits of applying strategic sourcing methodologies to 3 strategic transversal term contracts in 2011/12
 - enhancing the application of strategic sourcing in 2011/12.
- Maintain government's current financial systems at a level of 98 per cent availability, including by providing system support and user training in 2011/12, by rolling out the completed modules and fast-tracking the development and implementation of the remaining modules of the integrated financial management system.
- Facilitate the implementation of the integrated financial management system by managing the user requirement statement repository in 2011/12.
- Complete the development and implementation of the inventory management, payroll and core financial management modules by rolling out the completed modules (human resource management, procurement management and asset management) of the integrated financial management system to lead departments in 2011/12.

Expenditure estimates

Table 10.8 Financial Systems and Accounting

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
R million							
Programme Management for Financial Systems and Accounting	15.7	15.4	11.7	14.0	12.3	12.9	13.3
Supply Chain Policy	28.8	20.8	30.6	39.1	40.2	42.4	44.6
Financial Systems	231.3	250.5	373.4	429.7	399.4	414.6	430.4
Financial Reporting for National Accounts	48.6	53.2	64.8	77.3	77.0	82.1	87.2
Financial Management Policy and Compliance Improvement	18.4	29.3	42.4	112.2	103.3	107.9	115.2
Audit Statutory Bodies	23.8	106.4	19.6	21.4	25.9	30.3	49.3
Service Charges: Commercial Banks	0.1	0.1	0.2	0.2	0.2	0.2	0.2
Total	366.7	475.7	542.7	693.8	658.2	690.3	740.2
Change to 2010 Budget estimate				(33.3)	(89.2)	(75.1)	(67.3)

Table 10.8 Financial Systems and Accounting (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Economic classification							
Current payments	318.3	338.7	487.7	631.9	592.4	618.4	647.9
Compensation of employees	54.8	64.1	90.4	122.2	138.2	144.9	152.0
Goods and services	263.5	274.6	397.3	509.8	454.2	473.5	495.9
of which:							
Computer services	222.1	228.6	360.6	414.1	383.2	397.7	413.1
Consultants and professional services: Business and advisory services	11.3	5.0	11.6	41.6	34.4	35.7	41.0
Lease payments	0.5	0.6	0.5	1.6	1.3	1.4	1.4
Travel and subsistence	3.8	6.3	5.6	14.3	9.6	11.3	12.4
Transfers and subsidies	47.4	134.1	52.8	58.6	63.0	69.2	90.2
Departmental agencies and accounts	47.1	134.1	52.8	58.2	62.6	68.8	89.8
Households	0.3	–	–	0.4	0.4	0.4	0.4
Payments for capital assets	1.0	2.9	2.2	3.3	2.8	2.7	2.1
Machinery and equipment	1.0	2.9	2.2	3.3	2.8	2.7	2.1
Total	366.7	475.7	542.7	693.8	658.2	690.3	740.2
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	47.1	134.1	52.8	58.2	62.6	68.8	89.8
Accounting Standards Board	6.2	7.4	7.2	7.5	8.0	8.4	8.8
Independent Regulatory Board for Auditors	17.1	20.3	22.0	29.3	28.7	30.2	31.6
Auditor-General	23.8	106.4	19.6	21.4	25.9	30.3	49.3
Institute for Public Finance and Auditing	–	–	3.9	–	–	–	–

Expenditure trends

The spending focus over the medium term will be on enhancing the specialised audit unit aimed at combating fraud and corruption in all government institutions, strengthening capacity building efforts, and maintaining and improving the existing financial management systems.

Between 2007/08 and 2010/11, expenditure increased from R366.7 million to R693.8 million, at an average annual rate of 23.7 per cent. The increase was mainly due to growth in the programme's establishment (from 145 to 231 employees), the chartered accountancy academy programme, and the formulation of the financial management capability maturity model. Most of the increase between 2007/08 and 2010/11 was in the *Financial Systems* subprogramme, where expenditure on the integrated financial management system increased from R59.4 million to R217 million, at an average annual rate of 54 per cent. Increases are also attributable to the ongoing maintenance work on the legacy systems, such as the basic accounting system, Logis, Persal and Vulindlela.

Computer services contributed to 58.7 per cent of total spending between 2007/08 and 2010/11, transfers to departmental agencies and accounts 14.8 per cent, and compensation of employees 15.7 per cent. Spending on consultancy services grew from R12 million for 6 consultants to R41.6 million for 12 consultants over the same period, mainly for specialised audit services and the financial management capability maturity model. The main transfer payments in this programme are to the Accounting Standards Board, the Independent Regulatory Board for Auditors, and the auditor general.

Over the MTEF period, expenditure is expected to increase from R693.8 million to R740.2 million, at an average annual rate of 2.2 per cent. The increase is mainly due to the enhancement of the special audit services unit, which resulted in an average annual increase of 32.2 per cent in the transfer payments in the *Audit Statutory Bodies* subprogramme.

The ratio of administrative costs to line function programme costs is 1:25 each year over the MTEF period.

Consultancy expenditure is expected to decrease from R41.6 million for 12 consultants in 2010/11 to R41 million for 11 consultants in 2013/14. Consultants are used mainly for formulating the financial management capability maturity model, assisting with the development of accounting standards, and for special audit services. The ratio of spending on consultants to compensation of employees is 1:3.6 each year over the MTEF period and 1:4.26 per cent each year over the seven-year period. An additional R13.7 million has been allocated over the medium term for inflation related salary adjustments.

Programme 6: International Financial Relations

- *Programme Management for International Financial Relations* supports the planning, monitoring and delivering the programme's activities. This subprogramme has a staff complement of 6 and a total budget of R8 million in 2010/11, of which 48.9 per cent (R3.9 million) is for compensation of employees. The balance is for travel and subsistence cost due to international engagements mainly with the Bretton Woods institutions.
- *International Economic Cooperation* focuses on improving South Africa's participation in international economic institutions and debates. It also facilitates the deepening of South Africa's role in regional integration through the Southern African Development Community (SADC) and the Southern African Customs Union, and works through key economic institutions such as the African Development Bank, the United Nations Economic Commission for Africa and New Partnership for Africa's Development. This subprogramme has a staff complement of 36 and a total budget of R25.9 million in 2010/11, of which 66.4 per cent (R17.2 million) is used for compensation of employees. The balance is for co-hosting the South African Customs Union and SADC summit in order to determine regional economic integration. In 2009/10, the subprogramme successfully negotiated two loans for Eskom of €1.86 billion (R18.2 billion) from the African Development Bank and US\$3.8 billion (R27.1 billion) from the World Bank.
- *Common Monetary Area Compensation* transfers funds to Lesotho, Namibia and Swaziland for the rand monetary area agreement. The budget decreased from R409.9 million in 2009/10 to R381 million in 2010/11, mainly due to rand circulation in the SADC.
- *Financial and Technical Support* caters for support of Africa specific programmes, which includes the logistical arrangement of the African Development Bank. This subprogramme makes transfer payments.
- *African Development Bank and African Development Fund* transfers funds with the purpose of buying shares and subscriptions, as well as the accelerated encashment schedule to support African development. The budget increased from R57.3 million in 2009/10 to R80.6 million in 2010/11, due to the commitment to support development of the African continent.
- *World Bank Group* transfers funds to the World Bank, including the International Development Association, which is part of the group, and provides debt relief to poor countries in terms of a bilateral agreement between donor countries. The budget for 2009/10 and 2010/11 has been maintained at R68 million as per the agreed financial commitment.
- *Collaborative Africa Budget Reform Initiative* transfers funds to the Collaborative Africa Budget Reform Initiative to provide capacity building in financial sector management, budget reform and governance through South Africa's contributions. A transfer of R1.2 million started in 2010/11.

- *Commonwealth Fund for Technical Cooperation* transfers funds to the Commonwealth Fund for Technical Cooperation to assist developing member countries in acquiring the knowledge and institutional capacity needed to address development priorities. The contribution was R3.5 million in 2009/10 and it increased to R4.1 million in 2010/11 due to changes in the exchange rate.
- *International Funding Facility for Immunisation* transfers funds to the International Finance Facility for Immunisation to support healthcare, particularly the provision of vaccines to reduce the number of vaccine preventable deaths among children under the age of 5. The pledge of US\$1 million (R7.5 million) in 2009/10 for this cause increased to R10 million in 2010/11 due to changes in the exchange rate.
- *Investment Climate Facility* transfers funds to the Investment Climate Facility to support initiatives on climate change. The last payment of R7.6 million was processed in 2009/10.

Objectives and measures

- Advance South Africa's national economic interests through regular strategic analysis and engagement and negotiation at financial and economic forums.
- Increase Africa's voice and improve South Africa's participation in international economic institutions like the International Monetary Fund, the World Bank, the G20 and the African Development Bank, including reforming the Bretton Woods institutions.
- Promote regional economic integration in the SADC and strengthen economic links within Africa by providing ongoing support in SADC forums and by supporting the Southern African Customs Union to meet regional challenges, including the existing revenue sharing formula.

Expenditure estimates

Table 10.9 International Financial Relations

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
R million							
Programme Management for International Financial Relations	9.5	0.7	2.7	8.0	9.3	9.4	9.8
International Economic Cooperation	13.1	18.8	19.9	25.9	23.3	24.5	26.1
Common Monetary Area Compensation	320.6	362.5	409.9	381.0	403.8	602.1	653.9
Financial and Technical Support	–	–	–	18.1	13.3	26.1	27.7
African Development Bank and African Development Fund	76.9	93.8	57.3	80.6	225.4	241.9	268.6
World Bank Group	86.6	68.0	68.0	68.0	121.9	144.5	138.5
Collaborative Africa Budget Reform Initiative	–	–	–	1.2	1.2	1.3	1.3
Commonwealth Fund for Technical Cooperation	3.4	3.7	3.5	4.1	4.4	4.8	5.1
International Funding Facility for Immunisation	7.4	9.6	7.5	10.0	9.7	9.7	10.2
Investment Climate Facility	6.8	10.2	7.6	–	–	–	–
Total	524.4	567.3	576.4	596.8	812.4	1 064.3	1 141.2
Change to 2010 Budget estimate				5.7	193.2	369.3	2.2

Table 10.9 International Financial Relations (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Economic classification							
Current payments	20.1	19.3	22.5	33.7	32.5	33.9	35.7
Compensation of employees	11.0	11.5	14.3	21.1	22.4	23.4	24.5
Goods and services	9.1	7.8	8.2	12.6	10.1	10.5	11.2
of which:							
Computer services	0.0	0.0	0.1	0.0	0.0	0.0	0.0
Consultants and professional services: Business and advisory services	3.4	0.1	0.5	0.9	0.3	0.3	0.3
Lease payments	0.0	0.0	0.0	0.1	0.0	0.0	0.0
Travel and subsistence	3.1	5.4	4.8	5.9	7.1	7.5	8.1
Transfers and subsidies	504.0	547.8	553.8	562.9	779.8	1 030.4	1 105.3
Universities and technikons	2.3	–	–	–	–	–	–
Foreign governments and international organisations	501.7	547.8	553.8	562.9	779.8	1 030.4	1 105.3
Payments for capital assets	0.2	0.2	0.1	0.2	0.2	0.1	0.2
Machinery and equipment	0.2	0.2	0.1	0.2	0.2	0.1	0.2
Total	524.4	567.3	576.4	596.8	812.4	1 064.3	1 141.2

Details of selected transfers and subsidies

Universities and Technikons							
Current	2.3	–	–	–	–	–	–
University of Cape Town	2.3	–	–	–	–	–	–
Foreign governments and international organisations							
Current	338.2	386.0	428.5	396.2	419.2	617.9	670.6
Common Monetary Area Compensation	320.6	362.5	409.9	381.0	403.8	602.1	653.9
Collaborative Africa Budget Reform Initiative	–	–	–	1.2	1.2	1.3	1.3
Commonwealth Fund for Technical Cooperation	3.4	3.7	3.5	4.1	4.4	4.8	5.1
International Funding Facility for Immunization	7.4	9.6	7.5	10.0	9.7	9.7	10.2
Investment Climate Facility	6.8	10.2	7.6	–	–	–	–
Capital	163.6	161.8	125.3	166.7	360.6	412.5	434.7
Financial and Technical Support	–	–	–	18.1	13.3	26.1	27.7
African Development Bank and African Development Fund	76.9	93.8	57.3	80.6	225.4	241.9	268.6
World Bank Group	86.6	68.0	68.0	68.0	121.9	144.5	138.5

Expenditure trends

The spending focus over the medium term will be on the recapitalisation of the African Development Bank, the commitment to the World Bank, as well as honouring membership and other contributions based on international contractual obligations.

Spending increased from R524.4 million in 2007/08 to R596.8 million in 2010/11, at an average annual rate of 4.4 per cent. The growth was mainly due to the impact of Rand circulation as per the common rand monetary area agreement, which increased expenditure from R320.6 million to R381 million, at an average annual rate of 5.9 per cent. The increase over the period was also due to spending on compensation of employees, which increased from R11 million in 2007/08 for 26 staff to R21.1 million in 2010/11 for 33 staff. However, over the same period, transfer payments to the World Bank decline from R86.6 million to R68 million, at an average annual rate of 7.8 per cent. The *Investment Climate Facility* subprogramme's three-year obligation came to an end in 2009/10. Spending on consultants decreased from R3.4 million in 2007/08 for three

consultants to R863 000 in 2010/11 for one consultant. The decrease was mainly due to increased internal capacity, which reduced the need for consultants.

Expenditure over the MTEF period is expected to increase from R596.8 million to R1.1 billion, at an average annual rate of 24.1 per cent. The increase is mainly due to additional funds allocated to international commitments, namely for: the recapitalisation of the African Development Bank, honouring the commitment to the World Bank, increased membership contributions, and expected increases in Rand circulation for common monetary area compensation. For these reasons, spending over the MTEF period grows as follows: from R80.6 million to R268.6 million in the *African Development Bank and African Development Fund* subprogramme, at an average annual rate of 49.4 per cent; from R381 million to R653.9 million in the *Common Monetary Area Compensation* subprogramme, at an average annual rate of 19.7 per cent; and from R68 million to R138.5 million in the *World Bank Group* subprogramme, at an average annual rate of 26.8 per cent.

Spending on compensation of employees is expected to increase over the medium term at an average annual rate of 5.1 per cent for inflation related adjustments to salaries. Spending on consultancy service decreases from R3.4 million in 2007/08 to R315 000 in 2013/14, mainly due to once-off technical support for South Africa's hosting of the G20 in 2007/08.

The ratio of administrative to line function programme costs is 1:33.3 per year over the MTEF period. The ratio of spending on consultants to spending on compensation of employees is 1:100 for each year of the seven-year period. An additional R2.2 million has also been allocated over the medium term for inflation related salary adjustments.

Programme 7: Civil and Military Pensions, Contributions to Funds and Other Benefits

- *Programme Management for Civil and Military Pensions, Contributions to Funds and Other Benefits* provides support to the planning, monitoring and delivery of the programme's activities. This subprogramme has a staff complement of 3 and a total budget of R2.3 million in 2011/12, of which all will be used for compensation of employees.
- *Government Pensions Administration Agency* provides administrative services in accordance with the Temporary Employees Pension Fund Act (1979), the Associated Institutions Pension Fund Act (1963) on behalf of National Treasury, post-retirement medical subsidies as provided for and regulated by Public Service Coordinating Bargaining Council resolutions, the Military Pensions Act (1976), military pensions in terms of this act, injury on duty payments in terms of the Compensation for Occupational Injuries and Diseases Act (1993), special pensions in terms of the Special Pensions Act (1996) on behalf of National Treasury.
- *Civil Pensions and Contributions to Funds* provides for the payment of benefits to pension and other funds to the beneficiaries of various public sector bodies in terms of different statutes such as medical aid schemes, collective bargaining agreements and other commitments. In 2010/11, 11 663 injury on duty claims were paid out at a cost of R365.4 million, 71 005 monthly medical aid contributions were made in 2009/10 at a cost of R1.5 billion, and 72 467 members will be paid by the end of 2010/11 at a cost of R1.5 billion.
- *Military Pensions and Other Benefits* provides for the payment of military pension benefits and medical claims arising from treatment for disability, medical assistance devices and other related expenses in terms of statutory commitments. In 2010/11, 7 054 monthly military pensions were paid out at a cost of R171.8 million.

Objectives and measures

- Ensure customer satisfaction by processing post-retirement medical benefit applications within 60 days and paying all medical subsidies within 7 days of receiving them.

- Eliminate the backlog on implementing the Special Pensions Amendment Act (2008) by the end of March 2011/12 by:
 - ensuring that the administration only deals with applications that are not older than 3 months or are current
 - developing a policy to deal with applicants under 35 years of age who applied before the amendment and sending them letters (and application packs) requesting them to reapply.
- Ensure customer satisfaction by punctual and accurate payments of injury on duty benefits to civil servants within 7 days of receiving complete documentation, thus reducing the backlog by 40 per cent (from 2 300 to 920).
- Ensure punctual and accurate payment of military pensions within 3 weeks of receiving completed documentation and of medical treatments within 30 days of receiving an original account, thus reducing the backlog by 40 per cent (from 1 600 to 640).

Expenditure estimates

Table 10.10 Civil and Military Pensions, Contributions to Funds and Other Benefits

Subprogramme	Audited outcome			Adjusted appropriation 2010/11	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
R million							
Programme Management for Civil and Military Pensions, Contributions to Funds and Other Benefits	–	–	–	1.9	2.3	2.4	2.6
Government Pensions Administration Agency	29.9	18.2	25.5	35.0	41.5	43.9	43.9
Civil Pensions and Contributions to Funds	2 000.0	2 158.8	4 767.7	2 384.1	2 908.2	2 951.7	3 109.4
Military Pensions and Other Benefits	146.9	154.3	161.9	171.8	187.8	200.1	211.4
Total	2 176.8	2 331.3	4 955.1	2 592.8	3 139.8	3 198.1	3 367.3
Change to 2010 Budget estimate				1.9	471.5	446.2	464.0

Economic classification

Current payments	25.3	17.9	25.3	36.9	43.8	46.4	46.5
Compensation of employees	–	–	–	1.9	2.3	2.4	2.6
Goods and services	25.3	17.9	25.3	35.0	41.5	43.9	43.9
of which:							
Consultants and professional services: Business and advisory services	25.3	17.9	25.3	35.0	41.5	43.9	43.9
Transfers and subsidies	2 146.9	2 313.0	4 929.6	2 555.9	3 096.0	3 151.7	3 320.8
Foreign governments and international organisations	2.1	2.7	1.4	2.0	2.1	2.2	2.4
Non-profit institutions	0.1	–	0.1	0.1	0.1	0.1	0.1
Households	2 144.7	2 310.4	4 928.2	2 553.9	3 093.8	3 149.4	3 318.3
Payments for financial assets	4.6	0.3	0.2	–	–	–	–
Total	2 176.8	2 331.3	4 955.1	2 592.8	3 139.8	3 198.1	3 367.3

Details of selected transfers and subsidies

Households							
Households social benefits							
Current	2 144.0	2 309.6	4 927.6	2 553.2	3 093.0	3 148.5	3 317.4
Other Benefits	56.1	62.8	70.0	75.8	83.8	89.0	10.1
Injury on Duty	337.4	349.3	376.2	365.4	426.4	452.4	481.8
Government Contribution to Medical Schemes	1 336.7	1 423.0	1 451.7	1 518.7	1 830.2	1 880.9	2 067.8
Special Pensions	246.4	296.9	337.4	387.7	412.9	404.7	396.6

Table 10.10 Civil and Military Pensions, Contributions to Funds and Other Benefits (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Pension Benefits RSA President	0.8	2.0	4.6	3.9	5.4	5.8	6.1
Military Pension Ex-Servicemen	39.0	37.7	36.1	32.8	38.8	41.3	43.6
SA Citizen Force	91.5	96.9	103.5	112.6	120.8	128.6	135.7
Political Officer Bearers Pension Fund	19.7	21.3	2 525.8	30.0	146.5	115.9	143.8
Other Benefits Ex-Servicemen	16.3	19.7	22.2	26.4	28.1	30.0	31.9
Foreign governments and international organisations							
Current	2.1	2.7	1.4	2.0	2.1	2.2	2.4
United Kingdom tax	2.1	2.7	1.4	2.0	2.1	2.2	2.4

Expenditure trends

The spending focus over the medium term will be mainly on establishing the Government Pensions Administration Agency and the Political Office Bearer's Pension Fund, eradicating the backlog of injury on duty cases, and making contributions to post-retirement medical benefits.

Government's contributions to pensions, military and other benefits on behalf of retired civil servants, in the form of transfers to households, accounts for 98.7 per cent of expenditure in this programme. Expenditure increased from R2.2 billion in 2007/08 to R2.6 billion in 2010/11, at an average annual rate of 6 per cent. This growth is mainly due to above average increases in medical and other benefit tariffs, and increased spending on compensation for injury on duty. In 2009/10, there was a once-off transfer payment of R2.5 billion to the Political Office Bearers Pension Fund for its pension obligations to members who did not return to office after the 2009 general elections. The expenditure on consultants relates to the services provided by the Government Pensions Administration Agency. The cost of the service increased from R25.3 million in 2007/08 to R35 million in 2010/11, at an average annual rate of 11.4 per cent. This increase was mainly due to the increase in internal capacity within the agency to deal with backlog, which relates to special pensions, military pensions and injury on duty.

Expenditure is expected to increase from R2.6 billion in 2010/11 to R3.4 billion in 2013/14, at an average annual rate of 9.1 per cent. The growth is mainly due to the additional allocation of R1.5 billion for the implementation of the benefit equalisation for the political office bearers; increases in the medical and other benefit tariffs; increased spending on injury on duty as a result of the backlog eradication; and the implementation of the Special Pensions Amendment Act (2008), which will expand benefits to widows and orphans. Spending on consultants is expected to grow from R35 million in 2010/11 to R43.9 million in 2013/14, at an average annual rate of 7.9 per cent. This increase is in line with inflation and also due to an increase in critical administration capacity.

Programme 8: Technical Support and Development Finance

- *Programme Management for Technical Support and Development Finance* provides advisory and capacity building initiatives focused on public private partnerships, project management, infrastructure service delivery and public finance information systems. This subprogramme has a staff complement of 80 and a total budget of R185.6 million in 2010/11, of which 23.8 per cent (R44.1 million) is used for compensation of employees. The bulk of spending, however, is for 27 full time technical assistants deployed to 9 provincial education, health and public works departments to support the infrastructure improvement programme.
- *Local Government Financial Management and Restructuring Grants* provides for transfers to municipalities and assists them in building capacity to implement the financial management reforms underpinning the Municipal Finance Management Act (2003). It also provides

financial assistance to municipalities to help them implement the act as part of capacity building efforts to modernise financial management in local government. In 2010/11, this subprogramme transferred R364.6 million to local government.

- *Gautrain Loan* provides for a once-off transfer of R4.2 billion in 2009/10 to fund the shortfall for the Gautrain rapid rail link project.
- *Neighbourhood Development Partnership Grant* provides for the transfer to municipalities for developing high quality social facilities and economic infrastructure platforms in townships. In 2010/11, this subprogramme transferred R1.2 billion to local government for the implementation of awarded projects.
- *Development Bank of Southern Africa* is an implementing agent of the Siyenza Manje project, which is an initiative to build capacity and support programmes within local government by hiring experts and young professionals in areas where there are skills shortages. In 2010/11, R93 million was transferred to the bank.
- *Post-disaster Recovery and Reconstruction* is a new transfer of R600 million in 2011/12 to deal with post-disaster recovery activities.
- *Employment Creation Facilitation Fund* supports the government initiative to enable the creation of a developmental economy in order to create jobs. The subprogramme will begin functioning in 2011/12. The subprogramme's budget is R9 billion over the medium term.

Objectives and measures

- Assist in the design and co-financing of neighbourhood development partnership grant projects by:
 - maintaining the number of awards under management at 90 in 57 municipalities per year
 - increasing the number of township regeneration capital projects under construction from 23 to 45 in the implementation phase over the MTEF period.
- Build financial skills by improving internal and external reporting by 2011 on financial management grants as they relate to budget, service delivery and budget implementation plans, in-year-monitoring and annual reports.
- Ensure proper planning and implementation of infrastructure maintenance by the provincial departments of education, health, and transport through quarterly monitoring of their delivery of provincial infrastructure.

Expenditure estimates

Table 10.11 Technical Support and Development Finance

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
R million							
Programme Management for Technical Support and Development Finance	120.1	136.0	147.6	185.6	171.5	186.5	205.1
Local Government Financial Management and Restructuring Grants	675.3	180.0	300.0	364.6	434.6	479.3	526.1
Neighbourhood Development Partnership Grant	41.2	261.6	578.1	1 155.0	850.0	880.0	855.0
Gautrain Loan	–	–	4 200.0	–	–	–	–
Development Bank of Southern Africa	101.7	82.0	88.5	93.0	100.0	110.0	121.5
Post-disaster recovery and reconstruction	–	–	–	–	600.0	–	–
Employment Creation Facilitation Fund	–	–	–	–	2 000.0	3 000.0	4 000.0
Total	938.2	659.6	5 314.3	1 798.2	4 156.2	4 655.8	5 707.7
Change to 2010 Budget estimate				(11 512.3)	(11 104.0)	(11 563.2)	(10 908.6)

Table 10.11 Technical Support and Development Finance (continued)

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
R million							
Economic classification							
Current payments	113.7	115.5	128.5	162.8	158.6	177.6	192.1
Compensation of employees	19.3	26.7	32.7	44.1	51.2	56.0	61.0
Goods and services	94.4	88.7	95.8	118.7	107.4	121.6	131.2
<i>of which:</i>							
Computer services	0.1	0.5	0.1	0.3	0.2	0.3	0.3
Consultants and professional services: Business and advisory services	88.1	70.8	88.5	110.9	92.9	103.4	109.5
Lease payments	0.1	0.2	0.2	0.2	0.1	0.2	0.2
Travel and subsistence	2.5	3.4	2.9	3.2	6.1	8.5	10.9
Transfers and subsidies	824.2	543.5	5 185.5	1 635.0	3 996.1	4 476.7	5 513.9
Provinces and municipalities	716.5	361.5	5 008.1	1 394.6	1 184.6	1 279.3	1 326.1
Departmental agencies and accounts	6.0	100.1	88.9	147.4	761.4	152.4	146.3
Public corporations and private enterprises	101.7	82.0	88.5	93.0	2 050.0	3 045.0	4 041.5
Payments for capital assets	0.4	0.6	0.2	0.4	1.4	1.5	1.6
Machinery and equipment	0.4	0.6	0.2	0.4	1.4	1.5	1.6
Total	938.2	659.6	5 314.3	1 798.2	4 156.2	4 655.8	5 707.7
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	6.0	100.1	88.9	147.4	161.4	152.4	146.3
Project Development Facility Trading Account	6.0	–	–	3.0	23.0	28.0	33.0
Technical Assistance Unit Trading Entity	–	20.0	18.9	19.4	38.4	44.4	58.3
Neighbourhood Development Partnership Grant	–	80.1	70.0	125.0	100.0	80.0	55.0
Capital	–	–	–	–	600.0	–	–
Post disaster recovery and reconstruction	–	–	–	–	600.0	–	–
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	675.3	180.0	300.0	364.6	434.6	479.3	526.1
Local Government Restructuring Grant	530.0	–	–	–	–	–	–
Local Government Financial Municipalities Grant	145.3	180.0	300.0	364.6	434.6	479.3	526.1
Capital	41.2	181.5	508.1	1 030.0	750.0	800.0	800.0
Neighbourhood Development Partnership Grant	41.2	181.5	508.1	1 030.0	750.0	800.0	800.0
Public corporations and private enterprises							
Public corporations							
Public corporations - subsidies on products and production							
Current	101.7	82.0	88.5	93.0	100.0	110.0	121.5
Development Bank of Southern Africa	101.7	82.0	88.5	93.0	100.0	110.0	121.5
Provinces and municipalities							
Provinces							
Provincial Revenue Funds							
Capital	–	–	4 200.0	–	–	–	–
Gautrain Loan	–	–	4 200.0	–	–	–	–

Table 10.11 Technical Support and Development Finance (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Public corporations and private enterprises							
Public corporations							
Other transfers to public corporations							
Current	-	-	-	-	1 950.0	2 935.0	3 920.0
Employment Creation Facilitation Fund	-	-	-	-	1 950.0	2 935.0	3 920.0

Expenditure trends

The spending focus over the medium term will be on funding post-disaster recovery and reconstruction and providing public funds for job creation initiatives, infrastructure grants for the design of partnership projects, and infrastructure delivery improvement programme projects. Spending will also focus on the enhancement of the delivery capability of the different municipalities.

Between 2007/08 and 2010/11, expenditure increased from R938.2 million to R1.8 billion, at an average annual rate of 24.2 per cent. The growth was mainly due to the implementation of the infrastructure delivery implementation programme, the creation of capacity for social security through its project management unit, the 2010 FIFA World Cup, and the neighbourhood development partnership grant. Spending in the *Local Government Financial Management and Restructuring Grants* subprogrammes decreased between 2007/08 and 2010/11, at an average annual rate of 18.6 per cent, mainly due to the phasing out of the local government restructuring grant. Spending in the *Development Bank of Southern Africa* subprogramme for the Siyenza Manje project decreased at an average annual rate of 2.9 per cent over the same period, mainly due to the phasing out of the financial management grant in 2007/08.

Expenditure over the MTEF period is expected to increase from R1.8 billion to R5.7 billion, at an average annual rate of 47 per cent. The increase is primarily due to an additional allocation of R600 million in 2011/12 for post-disaster recovery and reconstruction, an additional allocation of R9 billion over the medium term for the *Employment Creation Facilitation Fund* subprogramme and the focused implementation of the neighbourhood development partnership grant. Spending on compensation of employees in the *Programme Management for Technical Support and Development Finance* subprogramme grows from R44.1 million in 2010/11 to R51.4 million in 2013/14, mainly due to increased capacity for project management support and the monitoring of provinces.

Spending on consultants decreases from R110.9 million for 30 consultants in 2010/11 to R109.5 million for 27 consultants in 2013/14. The ratio of administrative costs to line function programme costs is 1:33.3 each year over the MTEF period.

Programme 9: Revenue Administration

- *South African Revenue Service* makes transfers to allow the South African Revenue Service to provide core tax administration services and maintain the IT services that support operations. Activities include branch operations, tax payer audits, call centre operations, processing operations, debt management and IT support.

Expenditure estimates

Table 10.12 Revenue Administration

Subprogramme				Adjusted			
R million	Audited outcome			appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
South African Revenue Service	5 511.0	6 302.8	7 148.4	8 142.2	8 653.6	9 244.4	9 757.2
Total	5 511.0	6 302.8	7 148.4	8 142.2	8 653.6	9 244.4	9 757.2
Change to 2010 Budget estimate				75.4	(90.0)	(80.0)	(80.0)
Economic classification							
Transfers and subsidies	5 511.0	6 302.8	7 148.4	8 142.2	8 653.6	9 244.4	9 757.2
Departmental agencies and accounts	5 511.0	6 302.8	7 148.4	8 142.2	8 653.6	9 244.4	9 757.2
Total	5 511.0	6 302.8	7 148.4	8 142.2	8 653.6	9 244.4	9 757.2
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	5 255.7	6 021.1	6 996.5	7 972.0	7 855.0	8 394.7	8 914.9
South African Revenue Service	5 255.7	6 021.1	6 996.5	7 972.0	7 855.0	8 394.7	8 914.9
Capital	255.3	281.7	152.0	170.2	798.6	849.7	842.3
South African Revenue Service	255.3	281.7	152.0	170.2	798.6	849.7	842.3

Expenditure trends

The spending focus over the medium term will be on making transfer payments to enable the South African Revenue Service to implement enforcement initiatives and continue to modernise IT systems.

Between 2007/08 and 2010/11, expenditure increased from R5.5 billion to R8.1 billion, at an average annual rate of 13.9 per cent. R644.8 million of the increase was mainly due to the development of e-filing and the modernisation of the South African Revenue Service's IT systems.

Over the MTEF period, expenditure is expected to increase from R8.1 billion in 2010/11 to R9.8 billion in 2013/14, at an average annual rate of 6.2 per cent. The increase is mainly for spending on compensation of employees to provide for additional capacity for the auditing of tax payers.

Programme 10: Financial Intelligence and State Security

- *Financial Intelligence Centre* transfers funds to the Financial Intelligence Centre, which enhances the integrity of the South African financial system while creating new measures for investigating authorities to pursue criminal activity. The transfer payment increased from R141.6 million in 2009/10 to R181.4 million in 2010/11 to provide for the development of an IT system.
- *Secret Services* provides government with accurate, topical, policy relevant and timeous foreign intelligence to promote, enhance and protect the national security and interests of South Africa and its citizens. Services also include support of the National Intelligence Agency, the South African Secret Service, and certain activities of the detective service of the South African Police Service. The transfer payment increased from R3.1 billion in 2009/10 to

R3.3 billion in 2010/11, mainly due to salary adjustments and the 2010 FIFA World Cup project.

Expenditure estimates

Table 10.13 Financial Intelligence and State Security

Subprogramme				Adjusted	Medium-term expenditure estimate		
R million	Audited outcome			appropriation			
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Financial Intelligence Centre	42.5	111.5	141.6	181.4	136.5	142.3	150.0
Secret Services	2 584.2	2 843.6	3 052.2	3 306.8	3 618.5	3 755.5	3 960.3
Total	2 626.7	2 955.1	3 193.9	3 488.2	3 755.0	3 897.8	4 110.3
Change to 2010 Budget estimate				(100.0)	50.3	52.0	19.9
Economic classification							
Transfers and subsidies	2 626.7	2 955.1	3 193.9	3 488.2	3 755.0	3 897.8	4 110.3
Departmental agencies and accounts	2 626.7	2 955.1	3 193.9	3 488.2	3 755.0	3 897.8	4 110.3
Total	2 626.7	2 955.1	3 193.9	3 488.2	3 755.0	3 897.8	4 110.3
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	2 025.4	2 593.7	2 739.9	3 075.9	3 401.1	3 546.8	3 738.2
Financial Intelligence Centre	36.8	105.6	99.5	108.6	85.7	89.8	94.9
Secret Services	1 988.6	2 488.1	2 640.4	2 967.3	3 315.4	3 457.0	3 643.3
Capital	601.3	361.4	454.0	412.3	354.0	351.0	372.1
Financial Intelligence Centre	5.7	5.9	42.2	72.8	50.8	52.5	55.1
Secret Services	595.7	355.5	411.8	339.5	303.2	298.5	317.0

Expenditure trends

The spending focus over the medium term will be on making transfer payments to the Financial Intelligence Centre and the South African Secret Service.

Expenditure increased from R2.6 billion in 2007/08 to R3.5 billion in 2010/11, at an average annual rate of 9.9 per cent. The increase was mainly due to an upgrading of IT systems to allow the Financial Intelligence Centre, among others, to monitor and detect money laundering, and for increases in operational costs of the South African Secret Services.

Expenditure over the MTEF period is expected to increase from R3.5 billion to R4.1 billion, at an average annual rate of 5.6 per cent. The increase is mainly for salary adjustments, and the continued modernisation of the Financial Intelligence Centre's IT systems. The centre's increased presence in all nine provinces also contributes to increased spending in this subprogramme.

Public entities and other agencies

The Public Investment Corporation Limited

Strategic overview: 2007/08 - 2013/14

The Public Investment Corporation is the investment management company that manages investments on behalf of the Government Employees Pension Fund, Unemployment Insurance Fund, Compensation Commissioner, Compensation Commissioner Fund and the Associated Institutions Pension Fund. The Public Investment Corporation is wholly owned by the South African government. The Public Investment Corporation's largest client is the Government Employees Pension Fund with assets worth about R910.9 billion entrusted to the corporation.

The strategic focus of the corporation between 2007/08 and 2010/11 included entrenching a culture of shareholder participation and publishing the corporate governance and proxy voting policy to ensure consistency between the companies, shareholders, the organisation and fund managers that invest on the organisation's behalf. The corporation became a signatory to both the United Nations Principle of Responsible Investment and the United Nations Global Compact and has been at the forefront of efforts to raise the profile of the principles of responsible investing in South Africa. Following the corporation's successful execution of the core satellite equities investment strategy, 75 per cent of equities are managed in-house and 25 per cent externally. The value of properties managed by the corporation's asset manager has reached the R34.9 billion mark.

The corporation's strategic thrust over the medium term is to continue to deliver performance on investment that exceeds the set benchmarks, focus on client retention, increase the quantum invested and also the number of deals for the Isibaya Fund. (The corporation established the Isibaya Fund in 1999 to participate in projects that promote job creation, poverty alleviation and economic transfer.) The corporation aims to achieve greater alignment with the mandates of its clients by reducing the number of deviations resulting from tracking errors, as well as through the restructuring of funds managed through the equities. It will further consolidate and grow the properties business, invest in the Pan African Infrastructure Development Fund, promote good corporate governance and shareholder activism, and continue to operate to high standards.

Selected performance indicators

Table 10.14 Public Investment Corporation Limited

Indicator	Past			Current	Projections		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Value of revenue per year	R385m	R436m	R345m	R385m	R406m	R394m	R493m
Value of operating expenses per year	R222m	R278m	R275m	R256m	R271m	R279m	R288m
Value of net profit after tax per year	R162m	R158m	R72m	R63.7m	R61m	R16m	R92m
Total value of funds under management	R786.8bn	R739.7bn	R910.9bn	987bn	– ¹	– ¹	– ¹
Number of clients per year	36	38	38	38	41	43	45

1. Due to market sensitivity, forward information on managed funds cannot be made available.

Details of programme/activities/objectives

Table 10.15 Public Investment Corporation Limited

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Incurred on investing funds on behalf of clients	222.1	278.2	275.1	318.4	344.8	378.8	401.6
Total expense	222.1	278.2	275.1	318.4	344.8	378.8	401.6

The corporation has one main programme, the Investment Division, which provides asset management business and is led by the chief investment officer. This component consists of the four investment divisions: fixed income and dealing, equities, properties and the Isibaya Fund. The fair value of assets under management (by the Public Investment Corporation) increased by 23 per cent, from R739.7 billion in March 2009 to R910.9 billion as at 31 March 2010. The listed equities portfolio was a major contributor to the growth achieved, increasing in value from R270 billion to R437 billion by the end of 2009/10, representing growth of 62 per cent. The value of property assets under management increased by 15 per cent, from R23.4 billion in March 2009 to R26.9 billion at the end of March 2010.

Expenditure estimates

Table 10.16 Public Investment Corporation Limited

Statement of financial performance				Revised estimate	Medium-term estimate		
R million	Audited outcome						
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Revenue							
Non-tax revenue	385.0	436.4	347.0	327.7	406.1	394.3	493.3
Sale of goods and services other than capital assets	349.5	390.1	310.2	314.8	400.2	389.9	490.5
of which:							
Sales by market establishments	349.5	390.1	310.2	314.8	400.2	389.9	490.5
Other non-tax revenue	35.5	46.4	36.8	13.0	5.9	4.4	2.8
Total revenue	385.0	436.4	347.0	327.7	406.1	394.3	493.3
Expenses							
Current expense	156.2	210.9	229.3	287.1	324.1	367.0	381.0
Compensation of employees	84.6	125.6	134.2	192.2	218.5	244.6	259.3
Goods and services	61.1	79.6	88.5	76.1	87.9	107.9	106.3
Depreciation	10.4	5.4	6.4	7.8	8.0	10.7	11.3
Interest, dividends and rent on land	0.1	0.2	0.2	10.9	9.6	3.9	4.1
Total expenses	222.1	278.2	275.1	318.4	344.8	378.8	401.6
Surplus / (Deficit)	162.9	158.3	71.9	9.3	61.3	15.5	91.8
Statement of financial position							
Carrying value of assets	16.2	19.6	31.4	233.6	280.6	277.9	271.9
of which: Acquisition of assets	11.1	8.9	20.9	210.0	55.1	8.0	5.3
Investments	2.0	1.9	193.5	0.1	0.1	0.1	0.1
Receivables and prepayments	53.2	46.6	43.2	34.2	36.2	38.4	40.7
Cash and cash equivalents	198.7	339.2	174.2	169.0	199.9	267.0	335.1
Assets not classified elsewhere	54.7	41.2	1.5	69.9	19.8	36.3	51.7
Total assets	324.8	448.5	443.8	506.7	536.6	619.7	699.4
Accumulated surplus/deficit	261.8	418.0	410.9	434.3	502.2	584.8	672.4
Capital and reserves	6.2	0.0	0.0	0.0	0.0	0.0	0.0
Borrowings	1.6	1.4	1.6	1.6	1.6	1.6	1.7
Trade and other payables	49.9	20.1	21.7	34.2	20.7	20.1	21.3
Provisions	5.3	9.1	9.6	4.1	4.0	3.8	4.0
Liabilities not classified elsewhere	–	–	–	0.0	0.0	0.0	0.0
Total equity and liabilities	324.8	448.5	443.8	474.3	528.6	610.4	699.4

Expenditure trends

The spending focus over the medium term will be on investing more and delivering better performance over investments. The Public Investment Corporation receives a management fee for the management of assets for the Government Employee Pension fund.

Revenue decreased from R385 million in 2007/08 to R327.7 million in 2010/11, at an average annual rate of 5.2 per cent. The decrease was mainly due the economic downturn and the loss of asset value. Other non-tax revenue decreases at an average annual rate of 51.1 per cent over the seven-year period due to the decrease in the management fee paid for the management of assets by clients.

Over the medium term, revenue is expected to increase from R327.7 million in 2010/11 to R493.3 million in 2013/14, at an average annual rate of 14.6 per cent. This is due to the fee earned from managing the assets of the Governments Employee Pension Fund. Other non-tax revenue decreases from R13 million in 2010/11 to R2.8 million in 2013/14, at an average annual rate of 39.9 per cent over the medium term. The decrease is due to adjustments to the fair value of assets.

Between 2007/08 and 2010/11, expenditure increased from R222.1 million to R318.4 million, at an average annual rate of 12.8 per cent. The increase was due to the acquisition of IT systems and related software licences and maintenance costs, and the leasing of a new building to accommodate

the increase in staff. Expenditure over the MTEF period is expected to grow from R318.4 million in 2010/11 to R401.6 million in 2013/14, at an average annual rate of 8 per cent. The growth is due to the introduction of the long term incentives and expenditure on IT systems. The increase in the rental of premises will also contribute to the increase in the corporation's expenditure over the MTEF period.

South African Revenue Service

Strategic overview: 2007/08 – 2013/14

The South African Revenue Service was established in terms of the South African Revenue Service Act (1997) to support government to meet its key growth developmental objectives by facilitating legitimate trade, protecting South African ports of entry and eliminating illegal trade and tax evasion. By administering an efficient tax system, the service is reducing the compliance burden, ensuring delivery on revenue targets and ensuring good governance and administration. The service is also responsible for ensuring maximum compliance with tax and customs legislation and providing a customs service that maximises revenue collection, protects South Africa's borders and facilitates trade.

2009/10 was an extremely challenging year for the service as the financial crisis and the ensuing global economic downturn were felt. GDP contracted by 1.2 per cent in 2009/10, and this had a significantly adverse effect on revenue collections: revenue of R598.7 billion was collected in 2009/10, R26.4 billion (4.5 per cent) less than in 2008/09. This was the first decline in revenue in the history of the service. The consumer price index declined from an average of 11.5 per cent in 2008 to 7.1 per cent in 2009.

The revenue estimate for 2009/10 was set at R659.3 billion in the 2009 Budget. At the end of the first half of 2009/10, corporate income tax collection was R11 billion (14 per cent) lower than in 2008/09, the collection of value added tax on imports was down by R12 billion and customs duty declined by R3.3 billion (29 per cent). While the 2010 revised expected deficit was estimated to increase to 7.3 per cent of GDP, the service collected R598.7 billion, more than the revenue estimate in the 2010 Budget, with the deficit being limited to 6.8 per cent.

In 2009/10, the service continued to focus on its core mandate of revenue collection by embarking on a countrywide internal campaign to promote the special revenue collection initiatives, which resulted in the collection of R25.5 billion.

The service has identified a number of strategic priorities for the medium term: to ensure sustainability; to drive productivity, service quality and cost efficiency; to fully deliver on its customs mandate in a way that is aligned with government's stated intentions; to streamline governance and strengthen leadership; to fully implement taxpayer and trader segmentation to strengthen the business model; to maximise value creation by enabling employees to perform optimally; and to deepen key external relationships to enhance the service's reputation. The South African Revenue Service is continuing with its modernisation strategy, in which core processes and systems are streamlined and routine tasks automated.

Savings and cost effectiveness measures

Over the medium term, the entity has savings of R90 million in 2011/12 and R80 million in 2012/13 and 2013/14, realised through operational efficiency due to the shift to the automated system.

Selected performance and indicators

Table 10.17 South African Revenue Service

Indicator	Programme/Activity	Past			Current	Projections		
		2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Value of annual revenue collected	Tax collection and assessment	R572.8bn	R625.1bn	R589.0bn	R651.0bn	R751.0bn	R840.0bn	R944.0bn
Number of personal income tax returns per year	Tax collection and assessment	3 747 376	3 951 534	3 791 873	3 810 832	3 848 941	4 041 388	4 041 388
Number of corporate tax returns per year	Tax collection and assessment	442 391	587 719	638 026	641 216	647 628	680 009	680 009
Number of value added tax returns per year	Tax collection and assessment	3 794 204	4 272 620	3 821 856	3 840 965	3 879 375	4 073 343	4 073 343
Number of pay as you earn (PAYE) returns per year	Tax collection and assessment	3 977 234	4 273 038	4 029 279	4 049 425	4 089 920	4 294 416	4 294 416
Number of imports bill of entry per year	Tax collection and assessment	2 436 690	2 173 108	2 180 336	2 245 746	2 355 541	2 473 318	2 473 318
Number of exports per year	Tax collection and assessment	3 135 939	2 940 294	2 893 890	2 980 707	3 126 435	3 282 756	3 282 756
Percentage on time filing	Tax collection and assessment	–	–	78.6%	80%	83%	85%	87%
Percentage reduction in outstanding returns	Tax collection and assessment			5%	8%	5%	5%	5%
Revenue collected against staff cost incurred	Tax collection and assessment	–	–	134:1	133:1	136:1	141:1	156:1
Percentage first contact resolution via contact centres	Tax collection and assessment	–	–	44%	50%	87.5%	90%	90%
Uptake in electronic declaration (Southern African Customs Union)	Customs operations	–	–	36%	50%	75%	80%	85%
Percentage adherence to turnaround time for electronic declarations processing (2 hours)	Custom operations	–	–	72%	85%	95%	95%	95%

Details of programme/activities/objectives

Table 10.18 South African Revenue Service

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Operations (Revenue Collection and Revenue Administration)	2 880.3	3 148.0	3 317.7	3 658.6	3 892.8	4 141.9	4 407.0
Customs Operations	548.7	689.4	800.8	966.3	1 028.2	1 094.0	1 164.0
Large Business Centre and Segmentation Management	170.3	197.6	228.4	267.5	284.7	302.9	322.3
Modernisation and Impactful Projects	420.9	413.8	305.1	644.8	699.2	747.3	747.3
Strategy Enablement and Enforcement	297.5	485.1	596.0	700.4	745.2	792.9	843.6
Other Objectives	1 297.6	1 582.8	1 756.4	1 918.8	2 008.4	2 161.9	2 308.2
Total expense	5 615.3	6 516.9	7 004.4	8 156.5	8 658.3	9 240.8	9 792.3

- The South African Revenue Service has a total budget of R8.2 billion in 2010/11, of which 76 per cent is used in the following programmes: South African Revenue Service Operations, Strategy Enablement and Enforcement, Customs and Border Management, Legal and Policy Management, and Modernisation and Impactful Projects.
- **South African Revenue Service Operations (office of the chief financial officer)** provides core tax administration services and IT services that support operations. Activities include branch operations, tax payer audits, call centre operations, processing operations, debt management and IT support. In 2010/11, R3.7 billion was budgeted for operations. In 2010/11, net revenue collected in April to December 2010 was R476 billion against the Medium Term

Budget Policy Statement estimate of R484.5 billion, with a shortfall of R8.5 billion (-1.8 per cent). This represents an increase of R48.1 billion (11.2 per cent) for the same period in 2009/10. The ratio of staff to consultants was 1:0.2 in 2009/10, for implementing the modernisation programme.

- **Strategy Enablement and Enforcement** is responsible for the entity's strategic and risk management, anti-corruption and security services, stakeholder management and national investigation services. In 2010/11, R700.4 million was budgeted for these activities. In September 2010, the service made a number of significant improvements to the operations audit and enforcement audit processes. In November 2010, a new voluntary disclosure programme application form was introduced, which dynamically adjusts to the nature of taxes involved in the disclosure. In December 2010, during the filing season, the contact centre received more than 680 000 calls and answered more than 645 000, achieving a service level of 73 per cent of calls answered in 30 seconds, and only a 5 per cent abandonment rate. For 2011/12, the programme has budgeted for a staff complement of 1 165 at a cost of R550 million.
- **Customs and Border Management** protects and manages the borders of South Africa to promote legal trade and restrict illegal trade, facilitates trade, and maximises customs revenue collections. In 2010/11, R966.3 million was budgeted for this programme, of which 90 per cent was used for the modernisation of customs and the border control management project. The carbon emissions tax was introduced and went live in September 2010, precipitating the need to enhance the legacy systems to accept, validate and calculate the duties that were levied for imported vehicles that qualify for the tax. The Department of Home Affairs requested the South African Revenue Service to provide input on enhancing the current Zimbabwean permit process that was completed in December 2010 and the current departmental national identification solution. For 2011/12, the programme has budgeted for a staff complement of 3 080 at a cost of R828 million.
- **Modernisation and Impactful Projects** provides innovative strategies to improve the operations of the organisation. This entails improving core processes and introducing systems that automate streamlined and routine tasks. In 2010/11, R644.8 million was budgeted for modernisation. Over the medium term, the modernisation budget will increase from R699.2 million in 2011/12 to R747.3 million in 2013/14. The South African Revenue Service introduced the use of electronic signature pads that enabled tax payers to digitally sign their ITR12 returns captured over the counter at SARS offices. The submission process of the first pay as you earn (PAYE) interim reconciliation declaration for March to August 2010 took place from September to October 2010. A strategic business agreement between the South African Revenue Service and IBM started in January 2011 and will expire in December 2013. It covers disaster recovery services, professional and operational services, maintenance services, and enterprise and software licenses and services.

Expenditure estimates

Table 10.19 South African Revenue Service

Statement of financial performance				Revised estimate	Medium-term estimate		
R million	Audited outcome			2010/11	2011/12	2012/13	2013/14
	2007/08	2008/09	2009/10				
Revenue							
Non-tax revenue	333.1	364.6	366.2	316.2	257.0	268.3	280.3
Sale of goods and services other than capital assets	212.9	–	29.1	–	–	–	–
of which:							
Admin fees	–	–	1.1	–	–	–	–
Sales by market establishments	–	–	28.0	–	–	–	–
Other sales	212.9	–	–	–	–	–	–
Other non-tax revenue	120.2	364.6	337.1	316.2	257.0	268.3	280.3
Transfers received	5 511.0	6 303.5	7 148.4	8 141.8	8 653.6	9 244.4	9 757.2

Table 10.19 South African Revenue Service (continued)

Statement of financial performance				Revised estimate	Medium-term estimate		
R million	Audited outcome			2010/11	2011/12	2012/13	2013/14
	2007/08	2008/09	2009/10				
Total revenue	5 844.1	6 668.1	7 514.6	8 458.0	8 910.6	9 512.7	10 037.5
Expenses							
Current expense	5 615.3	6 516.9	6 996.9	8 156.5	8 658.3	9 240.8	9 792.3
Compensation of employees	3 500.3	4 021.5	4 427.8	5 039.1	5 368.8	5 753.6	6 179.0
Goods and services	1 865.7	2 218.1	2 188.0	2 661.7	2 776.9	2 927.4	3 028.1
Depreciation	218.3	277.3	381.1	440.2	496.3	542.8	567.2
Interest, dividends and rent on land	31.0	–	–	15.5	16.3	17.1	18.0
Total expenses	5 615.3	6 516.9	7 004.4	8 156.5	8 658.3	9 240.8	9 792.3
Surplus / (Deficit)	228.8	151.3	510.3	301.5	252.2	271.9	245.2
Statement of financial position							
Carrying value of assets	818.2	1 123.8	1 335.2	1 636.7	1 939.0	2 245.9	2 521.1
of which: Acquisition of assets	442.5	647.2	632.0	741.7	798.6	849.7	842.3
Receivables and prepayments	81.4	94.4	84.5	86.9	89.6	92.5	95.8
Cash and cash equivalents	1 072.5	981.7	1 373.7	1 389.1	1 356.1	1 339.6	1 329.7
Total assets	1 972.2	2 199.9	2 793.5	3 112.8	3 384.6	3 678.0	3 946.5
Accumulated surplus/deficit	655.5	753.5	1 263.8	1 565.3	1 817.6	2 089.5	2 334.6
Capital and reserves	33.2	61.8	61.8	61.8	61.8	61.8	61.8
Trade and other payables	441.0	659.0	715.8	730.1	744.7	759.6	774.8
Provisions	334.9	355.6	346.1	368.6	392.6	418.1	445.3
Liabilities not classified elsewhere	507.6	369.9	406.0	406.0	406.0	406.0	406.0
Total equity and liabilities	1 972.2	2 199.9	2 793.5	3 131.8	3 422.6	3 735.0	4 022.5

Expenditure trends

The spending focus over the medium term will be on divisions that have the greatest impact on service delivery, including continuing with the modernisation programme, which has played a significant part in the South African Revenue Service's achievements to date.

Total revenue increases from R5.8 billion in 2007/08 to R8.5 billion in 2010/11, at an average annual rate of 13.1 per cent. Transfers received over the medium term increase from R8.1 billion to R9.8 billion, at an average annual rate of 6.2 per cent. The growth is mainly to provide for enforcement initiatives and continued IT enhancements as part of the modernisation programme. Over the seven-year period, other non-tax revenue grew from R120.2 million in 2007/08 to R280.3 million in 2013/14, at an average annual rate of 32.6 per cent. This growth is due to revenue from value added tax, company income tax, customs and duties, and pay as you earn tax.

Between 2007/08 and 2010/11, spending grew from R5.6 billion to R8.2 billion, at an average annual rate of 13.3 per cent. The growth was driven by spending on compensation of employees and goods and services relating to improving revenue collection, additional auditors, border control and the modernisation project. Over the medium term, spending is projected to grow from R8.2 billion to R9.8 billion, at an average annual rate of 6.3 per cent. The growth is mainly due to spending on compensation of employees, which is expected to comprise 62.5 per cent of total spending over the MTEF period to provide for the additional capacity required to audit tax payers. In addition, the South African Revenue Service aims to progressively transform its skills base to become a more specialised and high level task team. Spending on goods and services grows at an average annual rate of 7.2 per cent over the seven-year period to provide for inflationary adjustments.

Development Bank of Southern Africa

Strategic overview: 2007/08 – 2013/14

The Development Bank of Southern Africa is one of several finance development institutions in South Africa. Its primary purpose is to promote sustainable economic development and growth, and human resource development and institutional capacity building by mobilising financial and

other resources from the national and international private and public sectors. Given the scope of the development challenge, and limited financial, institutional and human capital in the SADC region, the bank aims to proactively broaden and deepen its development impact to support government in accelerating service delivery, job creation, integrated spatial development and regional integration. In this context, the bank is also redefining its role as a government delivery agent and focusing on: catalytic interventions to enhance national competitiveness and social equity; planning and designing programmes to boost changes in the structure of the economy; high impact, scalable infrastructure projects; supporting initiatives to plan and design infrastructure; and being a lead arranger for government.

Over the medium term, the bank's strategic goals are to: catalyse, expand and enable delivery of basic and social services; provide and build human and institutional capacity; promote broad based economic growth, job creation, efficiency, fixed capital formation and regional integration; and engender sustainability, internally and externally, in financial, environmental, institutional and social terms. The strategy still involves a strong focus on municipal support through the provision of infrastructure funding and capacity building support (especially to under resourced municipalities) to increase delivery capacity and reduce implementation risks in under developed regions. Key capacity building initiatives include Siyenza Manje (the project implementation task force), Sustainable Communities and the Vulindlela Academy.

Savings and cost effectiveness measures

To effectively manage costs, the bank has a prudential cost to income ratio limit of 45 per cent. In 2009/10, the bank piloted an expense management strategy, which is an initiative that aims to manage costs at efficient levels.

Savings of 20 per cent were made on budgeted expenses for the year to 31 December 2010, which can be attributed to efficient spending, as well as the timing differences of actual versus budgeted expenses. These expenses are expected to be within the budgeted amount at the end of the financial year, and the expense management strategy will also be implemented over the MTEF period.

Selected performance indicators

Table 10.20 Development Bank of Southern Africa

Indicator	Programme/Activity	Past			Current	Projections		
		2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Value of disbursements (loans and equity) to infrastructure related projects per year	Siyenza Manje	R3.9bn	R9.3bn	R5.8bn	R13.5bn	R15.7bn	R7.2bn	R7.2bn
Co-funding ratio (other funding as proportion of bank disbursements) ¹	Siyenza Manje	1:1.3	1:1.3	1:1.3	1:1.3	1:1.3	1:1.3	1:1.3
Cost to income ratio	Siyenza Manje	37%	40%	41%	42%	43%	43%	43%
Total number of learners not employed by the bank trained at Vulindlela Academy	Vulindlela Academy	2 000	5 259	7 483	10 000	11 000	12 000	12 000
Number of municipal officials trained at Vulindlela Academy per year	Vulindlela Academy	–	4 500	3 856	7 500	8 250	9 075	9 075
Value of municipality infrastructure grant and other infrastructure expenditure grants implemented in projects per year	Vulindlela Academy	R3.8bn	R4bn	R5bn	R6bn	R6bn	R6bn	R6bn

Table 10.20 Development Bank of Southern Africa (continued)

Indicator	Programme/Activity	Past			Current	Projections		
		2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Number of municipalities supported per year	Vulindlela Academy	155	172	186	172	172	172	172
Number of technical projects completed per year	Vulindlela Academy	200	769	840	770	847	932	932
Total number of non-technical projects completed	Vulindlela Academy	200	300	300	300	300	300	300

1. For every R1 the Bank commits, other organisations commit R5.32 (2006/07).

Details of programmes/activities/objectives

Table 10.21 Development Bank of Southern Africa

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Development loans and grants	3 343.8	3 233.4	3 274.2	3 058.0	3 633.1	4 462.5	5 202.4
Siyenza Manje - Funded by DBSA portion only	36.3	94.0	137.0	143.0	157.3	173.0	190.3
Vulindlela Academy	9.0	1.0	35.3	46.5	51.2	56.3	61.9
Sustainable Communities	13.0	16.0	20.9	25.9	28.5	31.3	34.5
Local Economic Development	–	–	4.9	8.2	9.0	9.9	10.9
Other Objectives	–	101.0	112.0	164.1	180.5	198.6	218.4
Total expense	3 402.1	3 445.4	3 584.3	3 445.7	4 059.5	4 931.6	5 718.5

- The bank has a total budget of R4.2 billion in 2010/11, of which 72.3 per cent is used in the Siyenza Manje and Vulindlela Academy programmes.
- **Siyenza Manje** improves the capacity of municipalities to mitigate performance constraints that hamper sustained service delivery. This entails focusing on three main intervention areas: unlocking and implementing government grants, mainly municipal infrastructure grants; assisting municipalities to improve their financial management; and helping with the preparation of various sector plans as part of integrated development planning in low capacity and poorly resourced municipalities. In 2010/11, R3 billion was budgeted for this programme, which is 72 per cent of the total budget. The programme deployed 189 engineers, 80 finance experts, 26 planners, 164 artisans and 156 specialists and young professionals in 2009/10. In 2010/11, the bank deployed 20 permanent bank employees, 261 specialists and 143 young professionals to the programme to focus on improving financial management, at a total cost of R294 million to 31 December 2010.
- **Vulindlela Academy** offers practical, customised capacity building and training to: the bank's intermediaries, including local municipalities in South Africa; SADC development finance institutions; government departments; state owned enterprises and public utilities; non-governmental organisations; and some private sector companies involved in development and finance. In 2009/10, the academy made 11 366 training interventions, trained 1 031 delegates from SADC countries and 2 974 delegates from other intermediaries, and created 64 869 job opportunities, at a total cost of R15 million, which is 11 per cent of the total Vulindlela Academy budget. In 2010/11, the academy provided training to 9 505 delegates for the period ending 31 December 2010, including 8 139 municipal employees or officers, 1 146 representatives from the SADC region and 220 other delegates from the public and private sectors. The bank was supported by 30 external training services providers, at a total cost of R15 million.

Expenditure estimates

Table 10.22 Development Bank of Southern Africa

Statement of financial performance				Revised	Medium-term estimate		
R million	Audited outcome			estimate			
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Revenue							
Non-tax revenue	4 667.9	4 871.7	4 206.6	4 230.1	4 830.0	5 803.5	6 825.7
Sale of goods and services other than capital assets	49.0	84.1	88.6	145.3	111.6	69.4	75.2
of which:							
Sales by market establishments	49.0	84.1	88.6	145.3	111.6	69.4	75.2
Other non-tax revenue	4 619.0	4 787.6	4 117.9	4 084.8	4 718.3	5 734.0	6 750.5
Total revenue	4 667.9	4 871.7	4 206.6	4 230.1	4 830.0	5 803.5	6 825.7
Expenses							
Current expense	3 355.8	3 363.0	3 516.8	3 385.7	3 965.6	4 832.1	5 613.0
Compensation of employees	376.0	424.5	483.6	514.2	569.7	603.8	640.1
Goods and services	1 635.8	1 235.2	1 044.9	785.9	818.8	909.6	971.7
Depreciation	5.8	6.9	17.0	14.1	21.9	28.1	28.4
Interest, dividends and rent on land	1 338.1	1 696.3	1 971.3	2 071.5	2 555.3	3 290.5	3 972.8
Transfers and subsidies	46.3	82.5	67.5	60.0	93.9	99.5	105.5
Total expenses	3 402.1	3 445.4	3 584.3	3 445.7	4 059.5	4 931.6	5 718.5
Surplus / (Deficit)	1 265.9	1 426.3	622.3	784.4	770.5	871.9	1 107.2
Statement of financial position							
Carrying value of assets	318.5	389.0	471.2	543.9	649.2	1 018.3	1 340.3
of which: Acquisition of assets	30.8	75.6	91.6	86.8	127.2	408.8	359.6
Investments	7 191.6	7 931.6	8 858.3	9 369.4	10 361.4	11 499.7	12 807.0
Loans	23 307.5	29 465.5	32 968.5	38 950.8	50 278.1	60 147.0	69 447.1
Receivables and prepayments	114.9	120.5	139.0	234.4	246.2	258.5	271.4
Cash and cash equivalents	2 313.8	2 475.1	2 706.8	3 178.6	2 884.6	2 871.2	2 841.9
Total assets	33 246.3	40 381.6	45 143.9	52 277.1	64 419.5	75 794.6	86 707.7
Capital and reserves	15 779.9	17 235.5	17 890.3	18 418.4	19 173.5	20 029.1	21 119.0
Borrowings	16 780.5	22 405.4	26 326.6	32 629.0	43 952.3	54 404.5	64 156.7
Post-retirement benefits	195.8	226.6	233.9	256.3	271.7	288.0	305.2
Trade and other payables	490.1	514.1	693.1	973.4	1 022.0	1 073.1	1 126.8
Total equity and liabilities	33 246.3	40 381.6	45 143.9	52 277.1	64 419.5	75 794.6	86 707.7

Expenditure trends

The spending focus over the medium term will be on: expanding and enabling the delivery of basic and social services; providing and building human and institutional capacity; and promoting broad based economic growth, efficiency, fixed capital formation and regional integration.

Revenue is mainly generated from interest income from loans and borrowing. The interest income is largely derived from the development loan book. Between 2007/08 and 2010/11, revenue decreased from R4.7 billion to R4.2 billion, at an average annual rate of 3.2 per cent. This decrease was mainly due to the economic downturn. Over the medium term, revenue increased from R4.2 billion in 2010/11 to R6.8 billion in 2013/14, at an average annual rate of 17.3 per cent. The increase is mainly due to improving the quality of the bank's loan portfolio, which generated interest and dividends, and which also accounts for the average annual growth of 18.2 per cent over the medium term on other non-tax revenue. Between 2007/08 and 2010/11, sales by market establishment grew at an average annual rate of 43.7 per cent due to net fee income earned from foreign exchange, and revaluations of financial instruments. The key drivers for these income streams are defined by lending activities to corporate clients, income generated through dividends

income, account servicing fees, investment management fees, sales commission and syndication fees.

Spending between 2007/08 and 2010/11 remained at R3.4 billion. The slower spending on goods and services in 2010/11 was driven by lower than budgeted expenditure due to cost saving initiatives. Operating costs over the MTEF period are expected to increase from R3.4 billion in 2010/11 to R5.7 billion in 2013/14, at an average annual rate of 18.4 per cent. The increase is mainly due to increased interest paid on the development loan book, which is due to increased payments on disbursement goals, funding for poorly resourced municipalities under the targeted infrastructure programme, research and advisory services, technical assistance grants, and grants to the development fund.

Land and Agricultural Development Bank of South Africa

Strategic overview: 2007/08 - 2013/14

The Land and Agricultural Development Bank of South Africa is a development finance institution with a mandate to address agricultural and rural development in South Africa. The bank operates in the agricultural and agri-business sectors and is regulated by the Land and Agricultural Development Bank Act (2002) and the Public Finance Management Act (1999). The bank is keen to resume the development component of its mandate, and this should be evident in the projects that are moving through the pipeline.

In 2008/09, the bank recorded a positive profit and received an unqualified audit report. This marked the beginning of the more stable period that is evidence of the turnaround strategy implemented by the incumbent board of directors and the new executive management. The turnaround strategy involved three phases: clean-up, stabilisation and sustainability.

The bank made a profit of R379 million in 2009/10 compared to R168 million in 2008/09, and also received an unqualified audit report. The bank is currently working on the sustainability phase of the turnaround strategy, which should see the bank entrench its strategic position in the agricultural finance sector and pursue its mandate more robustly. The bank is also reviewing its pricing and funding models.

A key recent achievement was the diversification of investors to fund the growing loan book. In 2010/11, the bank launched the domestic medium term note and secured additional loan capital of R1.1 billion, raised in bank bonds that are subscribed to by investors in the private sector.

In 2009, National Treasury increased the guarantee to the bank from R1.5 billion to R3.5 billion to put it in good standing with existing and potential creditors. This guarantee is being reduced progressively through periodic cash injections into the bank, which will continue until R3.5 billion has been transferred. In December 2009 and October 2010, the bank received R1 billion and R746 million as part of the recapitalisation programme, reducing the government guarantee to R1.8 billion. As the bank's liquidity stabilises, it is in a position to embark on the next phase of its development plan, including: addressing IT deficiencies in procurement, payroll and banking; intensifying efforts to recover non-performing loans and improve the balance sheet; managing an acceptable cost to income ratio; and implementing a divesting strategy on the land for development finance unit's portfolio.

Savings and cost effectiveness measures

Through the Fit for the Future project, the bank seeks to address operational efficiencies by reviewing the way its business is conducted. This will allow the bank to respond competitively and in good time to business demands as well as to optimise the use of its resources.

Selected performance indicators

Table 10.23 Land and Agricultural Development Bank of South Africa

Indicator	Programme/Activity	Past			Current	Projections		
		2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Value of funds set aside for agricultural development per year	Land Bank Finance	R432m	R586m	R1.2bn	R2.4bn	R4.8bn	R4.1bn	R4.1bn
Ratio of expenses to income	Land Bank Finance	74.2%	129%	59%	84%	74%	67%	66%
Loan book quality	Land Bank Finance	17.6%	16.2%	20%	20%	20%	20%	20%
Net interest margin	Land Bank Finance	3.6%	3.4%	5.4 %	2.5%	3.2 %	3.4 %	3.5%
Capital adequacy ratio (including guarantee from National Treasury)	Land Bank Finance	24.5%	25.3%	42%	42%	44%	43%	44%

Details of programme/activities/objectives

Table 10.24 Land and Agricultural Development Bank of South Africa

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Financing of development farmers	2 087.8	2 110.0	1 766.6	1 389.8	1 519.7	1 691.9	1 757.0
Total expense	2 087.8	2 110.0	1 766.6	1 389.8	1 519.7	1 691.9	1 757.0

The bank has one main programme, Land Bank Finance, which provides long term mortgage loans (fixed instalment loans for capital expenditure). The bank strives to be a provider of world class agricultural financial services. Part of its mandate also includes contributing to rural development and stability, social upliftment and job creation. In 2010/11, loans in arrears amounting to R348 million had been collected by the end of December 2010. The performing loan book grew by R1.4 billion, while the non-performing book decreased from R1.8 billion (13.1 per cent) in March 2010 to R1.4 billion (9.4 per cent) in December 2010. This was supported by a staff complement of 600. Personnel costs were R246 million and professional fees R14 million over the same period. Professional fees are expected to increase to about R35 million, mainly due to various IT projects currently under way.

Expenditure estimates

Table 10.25 Land and Agricultural Development Bank of South Africa

Statement of financial performance				Revised estimate	Medium-term estimate		
R million	Audited outcome			2010/11	2011/12	2012/13	2013/14
	2007/08	2008/09	2009/10				
Revenue							
Non-tax revenue	2 105.4	2 278.1	2 145.7	1 517.4	1 701.2	1 951.5	2 080.0
Sale of goods and services other than capital assets of which:	33.4	78.4	81.4	31.5	37.7	40.9	43.7
Admin fees	25.9	26.6	61.9	31.5	37.7	40.9	43.7
Sales by market establishments	7.5	51.8	19.5	–	–	–	–
Other non-tax revenue	2 072.0	2 199.7	2 064.4	1 485.9	1 663.5	1 910.6	2 036.3
Total revenue	2 105.4	2 278.1	2 145.7	1 517.4	1 701.2	1 951.5	2 080.0
Expenses							
Current expense	2 064.9	2 088.0	1 743.5	1 368.2	1 496.9	1 667.8	1 731.6
Compensation of employees	214.5	204.7	263.8	276.8	292.6	308.1	325.7
Goods and services	483.4	442.4	399.4	215.6	186.9	208.4	225.1
Depreciation	12.3	8.7	10.0	2.8	8.3	5.7	8.9
Interest, dividends and rent on land	1 354.7	1 432.3	1 070.2	872.9	1 009.1	1 145.7	1 171.9

Table 10.25 Land and Agricultural Development Bank of South Africa (continued)

Statement of financial performance				Revised	Medium-term estimate		
	Audited outcome			estimate			
R million	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Total expenses	2 087.8	2 110.0	1 766.6	1 389.8	1 519.7	1 691.9	1 757.0
Surplus / (Deficit)	17.5	168.1	379.1	127.6	181.5	259.6	323.0
Statement of financial position							
Carrying value of assets	244.7	239.0	231.7	251.7	265.2	279.9	295.7
of which: Acquisition of assets	4.3	1.3	20.5	12.9	12.8	8.0	11.8
Investments	945.6	868.6	1 073.9	124.4	131.5	138.4	146.3
Inventory	385.3	264.2	250.9	–	–	–	–
Receivables and prepayments	13 891.2	11 892.6	12 294.4	14 072.9	14 582.5	15 852.5	16 957.1
Cash and cash equivalents	1 443.7	4 023.3	2 857.9	2 500.5	2 726.3	3 103.7	3 206.0
Assets not classified elsewhere	231.7	276.3	169.0	266.1	196.3	202.0	132.4
Total assets	17 142.1	17 563.9	16 877.8	17 215.5	17 901.8	19 576.5	20 737.5
Accumulated surplus/deficit	2 332.2	2 221.2	3 585.2	3 817.1	4 743.6	5 503.2	6 335.2
Capital and reserves	97.0	106.6	121.7	127.8	131.5	132.5	133.4
Borrowings	12 965.5	13 161.0	10 661.9	11 798.8	11 694.1	12 526.7	12 888.1
Post-retirement benefits	201.9	191.4	190.1	207.5	211.7	215.9	220.2
Trade and other payables	250.1	165.4	273.9	71.3	75.4	79.4	83.9
Provisions	23.1	367.4	416.2	283.4	299.6	284.6	300.0
Managed funds	752.1	679.0	923.1	873.1	720.2	819.9	772.3
Liabilities not classified elsewhere	520.1	671.7	705.5	36.4	25.8	14.4	4.4
Total equity and liabilities	17 142.1	17 563.9	16 877.8	17 215.5	17 901.8	19 576.5	20 737.5

Expenditure trends

The spending focus over the medium term will be on financing development farmers.

Revenue generated decreased from R2.1 billion in 2007/08 to R1.5 billion in 2010/11, at an average annual rate of 10.3 per cent. This decrease is attributed to interest rate cuts, which reduced interest income. Revenue is expected to recover and grow at an average annual rate of 11.1 per cent over the MTEF period to reach R2.1 billion.

Between 2007/08 and 2010/11, expenditure decreased from R2.1 billion to R1.4 billion, at an average annual rate of 12.7 per cent. The decrease is due to the interest rate cuts, which have reduced the amount of interest paid over the period. Over the MTEF period, expenditure is expected to increase from R1.4 billion in 2010/11 to R1.8 billion in 2013/14, at an average annual rate of 8.1 per cent. The increase is mainly driven by interest paid on funding liabilities.

Other public entities and agencies

Comprehensive coverage of the following public entities is provided with the more detailed information for the vote at www.treasury.gov.za under the budget information link.

- The **Accounting Standards Board** sets standards of generally recognised accounting practice for all spheres of government. It also promotes the effective management of revenue and expenditure, and the assets and liabilities of the entities to which the standards apply, and ensures that there is transparent reporting on these.
- The **Cooperative Banks for Development Agency** provides for the registration, as cooperative banks, of deposit taking financial service cooperatives, savings and credit cooperatives, community banks and village banks, and for their regulation and supervision. The agency also facilitates, promotes and funds the education and training of cooperative bank personnel.

- The **Financial Intelligence Centre** ensures that the information it provides to law enforcement authorities is used in a non-partisan manner, particularly where successful prosecution can have a high impact. It is the youngest of government's compliance institutions and its creation was spurred by the need to enhance the integrity of the South African financial system while also creating new measures for investigating authorities to pursue criminal activity.
- The **Financial Services Board** supervises and regulates the non-banking financial services industry in the following areas: long term and short term insurance, retirement funds and friendly societies, financial service providers, collective investment schemes and capital markets. The board also advises the Minister of Finance through various advisory committees comprising industry experts.
- The **Government Pensions Administration Agency** provides pension administration services in the following categories in accordance with related legislation: the Temporary Employees Pension Fund Act (1979); the Associated Institutions Pension Fund Act (1963) on behalf of National Treasury; post-retirement medical subsidies as provided for and regulated by Public Service Coordinating Bargaining Council resolutions; military pensions in terms of the Military Pensions Act (1976); injury on duty payments in terms of the Compensation for Occupational Injuries and Diseases Act (1993); special pensions in terms of the Special Pensions Act (1996); and technical support and development finance programme on behalf of National Treasury.
- The **Independent Regulatory Board for Auditors** protects the public that relies on the services of registered auditors and supports registered auditors.
- The **South African Special Risk Insurance Association** supports the insurance industry by providing cover for special risks, such as riots, strikes, political unrest, terrorist attacks, civil commotion, public disorder and labour disturbances.
- The **Financial and Fiscal Commission** plays a key role in the evolution of the intergovernmental fiscal relations system. It is also strategically positioned to take cognisance of the financial needs of local, provincial and national government.

Additional tables

Table 10.A Summary of expenditure trends and estimates per programme and economic classification

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R million	2009/10		2009/10	2010/11			2010/11
Administration	188.8	238.3	242.8	243.7	35.3	279.1	248.7
Economic Policy, Tax, Financial Regulation and Research	64.9	87.8	71.9	104.7	(0.4)	104.2	91.5
Public Finance and Budget Management	126.3	151.4	141.9	179.7	7.4	187.1	170.5
Asset and Liability Management	30 064.4	31 066.2	31 053.2	20 817.1	5.3	20 822.5	20 817.9
Financial Systems and Accounting	742.3	649.2	542.7	727.1	(33.3)	693.8	608.8
International Financial Relations	602.5	566.9	576.4	591.1	5.7	596.8	594.0
Civil and Military Pensions, Contributions to Funds and Other Benefits	4 920.3	4 920.3	4 955.1	2 590.9	1.9	2 592.8	2 672.1
Technical Support and Development Finance	14 777.6	14 806.9	5 314.3	1 806.0	(7.8)	1 798.2	1 541.4
Revenue Administration	7 035.5	7 148.4	7 148.4	8 066.8	75.4	8 142.2	8 142.2
Financial Intelligence and State Security	3 153.7	3 210.1	3 193.9	3 588.2	(100.0)	3 488.2	3 488.2
Subtotal	61 676.2	62 845.6	53 240.6	38 715.4	(10.5)	38 704.9	38 375.4
Direct charge against the National Revenue Fund	293 119.0	303 672.8	300 820.1	339 873.7	415.0	340 288.7	339 252.2
Provincial Equitable Share	231 050.9	236 877.8	236 890.8	260 973.7	4 165.7	265 139.4	265 139.4
State Debt Costs	55 268.0	59 995.0	57 129.2	71 357.6	(3 750.7)	67 606.9	66 570.4
General fuel levy sharing with metros	6 800.1	6 800.1	6 800.1	7 542.4	–	7 542.4	7 542.4
Total	354 795.2	366 518.4	354 060.7	378 589.1	404.5	378 993.6	377 627.6
Economic classification							
Current payments	56 513.7	61 249.1	58 259.4	72 806.9	(3 751.3)	69 055.6	67 825.7
Compensation of employees	334.2	438.5	402.1	538.5	14.1	552.6	511.2
Goods and services	911.5	815.7	728.2	910.9	(14.7)	896.2	744.2
Interest and rent on land	55 268.0	59 995.0	57 129.2	71 357.6	(3 750.7)	67 606.9	66 570.4
Transfers and subsidies	268 270.9	274 253.0	264 789.2	285 017.7	4 154.1	289 171.8	289 043.3
Provinces and municipalities	252 182.2	257 978.5	248 699.1	269 910.7	4 165.7	274 076.4	273 868.4
Departmental agencies and accounts	10 352.7	10 568.7	10 511.0	11 891.4	(15.5)	11 875.9	11 875.9
Universities and technikons	5.5	5.5	5.5	5.5	–	5.5	0.5
Foreign governments and international organisations	579.5	549.0	555.2	566.8	(1.9)	564.9	564.9
Public corporations and private enterprises	267.4	267.4	88.5	93.0	–	93.0	98.0
Non-profit institutions	0.1	0.1	0.1	0.1	–	0.1	0.1
Households	4 883.5	4 883.8	4 930.0	2 550.2	5.8	2 556.0	2 635.5
Payments for capital assets	10.6	16.3	11.7	14.5	1.7	16.2	8.6
Machinery and equipment	10.6	16.3	11.7	14.5	1.7	16.2	8.6
Payments for financial assets	30 000.0	31 000.0	31 000.4	20 750.0	–	20 750.0	20 750.0
Total	354 795.2	366 518.4	354 060.7	378 589.1	404.5	378 993.6	377 627.6

Table 10.B Detail of approved establishment and personnel numbers according to salary level¹

	Personnel post status as at 30 September 2010			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year ² 2010/11	Medium-term estimate		
				2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Department	1 446	1 245	52	860	1 018	1 073	1 090	1 289	1 289	1 289
Salary level 1 – 6	71	77	9	129	150	72	74	79	79	79
Salary level 7 – 10	603	507	9	301	399	458	482	545	545	545
Salary level 11 – 12	440	360	12	196	224	285	261	351	351	351
Salary level 13 – 16	332	301	22	234	245	258	273	314	314	314
Administration	419	379	13	258	313	334	329	395	395	395
Salary level 1 – 6	49	55	7	92	119	51	52	57	57	57
Salary level 7 – 10	248	218	2	106	113	200	190	224	224	224
Salary level 11 – 12	68	55	1	30	36	44	44	59	59	59
Salary level 13 – 16	54	51	3	30	45	39	43	55	55	55
Economic Policy, Tax, Financial Regulation and Research	162	123	3	84	94	100	103	129	129	129
Salary level 1 – 6	1	1	–	3	2	–	1	1	1	1
Salary level 7 – 10	35	21	–	25	32	17	36	32	32	32
Salary level 11 – 12	70	57	1	28	24	47	30	51	51	51
Salary level 13 – 16	56	44	2	28	36	36	36	45	45	45
Public Finance and Budget Management	288	249	9	199	215	212	220	251	251	251
Salary level 1 – 6	2	2	–	6	2	2	2	2	2	2
Salary level 7 – 10	100	83	1	64	96	72	79	88	88	88
Salary level 11 – 12	103	87	3	51	54	73	69	83	83	83
Salary level 13 – 16	83	77	5	78	63	65	70	78	78	78
Asset and Liability Management	123	110	–	102	85	88	100	109	109	109
Salary level 1 – 6	6	5	–	5	5	5	5	5	5	5
Salary level 7 – 10	50	42	–	36	36	34	38	38	38	38
Salary level 11 – 12	42	39	–	37	30	28	34	43	43	43
Salary level 13 – 16	25	24	–	24	14	21	23	23	23	23
Financial Systems and Accounting	329	263	5	145	215	238	231	280	280	280
Salary level 1 – 6	9	10	2	19	19	10	10	10	10	10
Salary level 7 – 10	129	110	1	53	91	105	106	125	125	125
Salary level 11 – 12	112	79	1	30	50	62	53	77	77	77
Salary level 13 – 16	79	64	1	43	55	61	62	68	68	68
International Financial Relations	49	40	5	26	31	34	33	42	42	42
Salary level 1 – 6	2	2	–	2	2	2	2	2	2	2
Salary level 7 – 10	17	9	1	6	6	7	9	11	11	11
Salary level 11 – 12	19	15	–	9	14	14	9	14	14	14
Salary level 13 – 16	11	14	4	9	9	11	13	15	15	15
Civil and Military Pensions, Contributions to Funds and Other Benefits	8	8	–	–	–	–	1	3	3	3
Salary level 7 – 10	2	2	–	–	–	–	–	1	1	1
Salary level 11 – 12	3	3	–	–	–	–	1	1	1	1
Salary level 13 – 16	3	3	–	–	–	–	–	1	1	1
Technical Support and Development Finance	68	73	17	46	65	67	73	80	80	80
Salary level 1 – 6	2	2	–	2	1	2	2	2	2	2
Salary level 7 – 10	22	22	4	11	25	23	24	26	26	26
Salary level 11 – 12	23	25	6	11	16	17	21	23	23	23
Salary level 13 – 16	21	24	7	22	23	25	26	29	29	29

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

2. As at 30 September 2010.

Table 10.C Summary of expenditure on training

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Compensation of employees (R million)	272.7	314.3	402.1	552.6	605.2	634.5	666.5
Training expenditure (R million)	16.1	16.9	10.0	20.0	10.8	11.6	12.2
Training as percentage of compensation	5.9%	5.4%	2.5%	3.6%	1.8%	1.8%	1.8%
Total number trained in department (head count)	993	792	–	–			
<i>of which:</i>							
<i>Employees receiving bursaries (head count)</i>	70	46	–	–			
<i>Internships trained (head count)</i>	435	46	–	–			
Households receiving bursaries (R million)	0.6	0.8	1.0	1.6	1.6	1.6	1.6
Households receiving bursaries (head count)	20	20	–	–			

Table 10.D Summary of expenditure on infrastructure

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome		Adjusted appropriation	Medium-term expenditure estimate		
				2007/08	2008/09		2009/10	2011/12	2012/13
R million									
Departmental infrastructure									
32 Church Square	Refurbishment of office accommodation to create a better working environment	Various	–	–	–	–	3.6	–	–
Infrastructure transfers to other spheres, agencies and departments									
Neighbourhood Development Partnership Grant	Construction of new and better community facilities (e.g. Pedestrian bridges, community centres, etc)	Various	–	41.2	373.5	578.1	850.0	880.0	855.0
Total			–	41.2	373.5	578.1	853.6	880.0	855.0

Vote 11

Public Enterprises

Budget summary

R million	2011/12				2012/13	2013/14
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	106.7	104.6	0.8	1.4	113.0	118.8
Energy and Broadband Enterprises	58.7	18.7	40.0	–	20.2	21.7
Legal and Governance	12.2	12.2	–	–	13.5	14.3
Manufacturing Enterprises	13.1	13.1	–	–	13.4	14.3
Transport Enterprises	26.6	26.6	–	–	25.7	25.5
Joint Project Facility	13.0	13.0	–	–	13.9	15.9
Total expenditure estimates	230.2	188.1	40.8	1.4	199.7	210.4
Executive authority	Minister of Public Enterprises					
Accounting officer	Director General of Public Enterprises					
Website address	www.dpe.gov.za					

More detailed information for each vote is available at www.treasury.gov.za. More comprehensive coverage of vote specific information, particularly on goods and services, transfers and subsidies, donor funding, public entities and lower level institutional information, is provided.

Aim

Provide effective shareholder management of state owned enterprises that report to the department. Support and promote economic efficiency and competitiveness for a better life for all South Africans.

Programme purposes

Programme 1: Administration

Purpose: Achieve the department's strategic objectives by providing management supporting functions and processes.

Programme 2: Energy and Broadband Enterprises

Purpose: Align the corporate strategies and performance of Eskom, the Pebble Bed Modular Reactor and Broadband Infraco with government's strategic intent and performance targets.

Programme 3: Legal and Governance

Purpose: Provide systems that align state owned enterprises with legal and corporate governance best practice and with government's strategic intent.

Programme 4: Manufacturing Enterprises

Purpose: Align the corporate strategies and performance of Denel and the South African Forestry Company Limited with government's strategic intent and performance targets. Develop proposals in terms of the state owned enterprises' role in developing an advanced manufacturing cluster.

Programme 5: Transport Enterprises

Purpose: Align the corporate strategies and performance of Transnet, South African Airways and South African Express Airways with government's strategic intent and performance targets.

Programme 6: Joint Project Facility

Purpose: Align the department and its portfolio of state owned enterprises with national economic strategies, such as the new growth path and associated objectives through focused policy research and the development of catalytic projects.

Strategic overview: 2007/08 – 2013/14

The Department of Public Enterprises provides shareholder management of nine state owned enterprises: Alexkor, Broadband Infraco, Denel, Eskom, the Pebble Bed Modular Reactor, the South African Forestry Company, South African Airways, South African Express Airways and Transnet.

Revised mission statement and 2010–2014 strategic plan

The state owned enterprises are strategic instruments of industrial policy and core players in the new growth path. The department aims to provide decisive strategic direction to the state owned enterprises so that their businesses are aligned with the national growth strategies arising out of the new growth path. It will do this by ensuring that their planning and performance, and investments and activities, are in line with government's medium term strategic framework and the minister's service delivery agreement.

In relation to government's 12 outcomes, the Department of Public Enterprises is contributing directly to creating an efficient, competitive and responsive economic infrastructure network (outcome 6), which forms the basis of the minister's service delivery agreement, signed in October 2010. Over the medium term, the department will focus on achieving the outputs and sub-outputs that are linked to the outcome and contained in the agreement. These are: improving the delivery and maintenance of infrastructure and monitoring the rollout of the Transnet and Eskom build programmes; achieving policy and regulatory clarity in sectors in which the state owned enterprises operate; improving the operational efficiencies of the state owned enterprises, particularly in relation to the reliable delivery of rail and ports services and the reliable generation, distribution and transmission of electricity; and developing operational indicators for each of the required sub-outputs identified as part of the delivery agreement. (Where necessary, these will be included in the shareholder compacts concluded between the boards of the state owned enterprises and the minister.)

Strategic focus over the medium term

Providing decisive leadership and ensuring that the government shareholder management model is implemented

The department provides support to the minister in his interactions with the state owned enterprises. This involves preparing for structured meetings between the minister and the chairman of each board, as well as research and briefing on issues.

The department shareholder management model measures the state owned enterprises' performance against delivery targets. The model aims to achieve consistency in compliance in corporate governance practices as well as the synchronisation of outcomes based planning and performance reporting. The model is being continuously refined. Progress on the model to date includes: clarity on the strategic intent of each state owned enterprise and performance focused shareholder compacts; the development of a logical planning and monitoring and evaluation framework; the development of guidelines on board management and founding documents; and the tracking of trends in financial and operational performance through the department's performance measuring dashboard, the Isibuko dashboard. (The dashboard facilitates the quarterly reporting required from the state owned enterprises.)

Optimising capital investment and operational efficiencies in state owned enterprises

The provision of adequate and efficient infrastructure services can stimulate investment and increase productivity in state owned enterprises' customers. In 1976, public investment in infrastructure in South Africa peaked at 16 per cent of GDP. By 1994, it had declined to approximately 4 per cent of GDP where it remained until Eskom and Transnet announced the major build programmes in 2004 and government began a fixed asset investment programme in 2005.

Benchmarking actual public investment in infrastructure between 1994 and 2009 against a steady state of investment of at least 10 per cent of GDP per year over the same period suggests a shortfall of approximately R1.5 trillion. This illustrates a gap in infrastructure investment which needs to be addressed and funded.

A number of state owned enterprises are suffering from operational inefficiencies, which are negatively impacting on the economy. A key challenge for the department is to play a catalytic role in improving efficiencies through positively influencing the boards' execution of their oversight and operational management functions in relation to the enterprises. This will require a much higher level of analysis, benchmarking, target setting and remedial action than in previous years. The department will also continue to monitor progress on the expansion of the capacity of state owned enterprises, such as the capital programmes of Eskom and Transnet, through better funding and risk management.

Refining the policy and regulatory environment

The quality of the current policy and regulatory environment has been identified as a key risk to the state owned enterprises and their ability to play a developmental role in the economy. In particular, the regulation of infrastructure tariffs needs to enable both Eskom and Transnet to recover costs and attract investment to meet the needs of the economy. In addition, the department needs to monitor closely what additional investments will be required of Eskom in the integrated resource plan for energy, as this may require significant additional funding. Another key area relates to the establishment of a single buyer office to enable independent power producers' access to the grid. In relation to Transnet, the department will be engaging with the establishment of the rail and port regulator to ensure that the policy and regulatory regime provides an appropriate balance between encouraging additional investment and promoting competition. The department will continue to put considerable effort into working with policy departments, such as the departments of energy and transport, to create a more enabling environment for the enterprises to better serve the public interest.

Integrating key programmes into the broader industrial policy and economic cluster programme

Another area of strategic focus over the short to medium term is the systematic integration of key programmes in state owned enterprises into the new growth path and the industrial policy action plan 2. For example, both the industrial policy action plan and the new growth path have prioritised public procurement leveraging to develop manufacturing. The department will thus focus on driving the implementation of fleet procurement programmes in locomotives and renewable generation technologies. The integration of supplier development policies that will embed procurement leverage into the state owned enterprise procurement policy framework will also be closely monitored. The department is considering new governance mechanisms to enable better coordination across government departments (particularly with respect to the Department of Trade and Industry) and to provide more effective oversight of the rollout of these programmes. The role of the South African Forestry Company in supporting rural development is being considered.

Knowledge management

It is critical that the department optimise its internal learning processes. This involves collating and recording existing presentations and documents under relevant themes, developing training programmes in key areas and initiating processes that capture the practical experiential learning around shareholder management.

Savings and cost effectiveness measures

Through a reprioritisation exercise, the department has indentified savings of R788 000 in 2011/12, R557 000 in 2012/13 and R594 000 in 2013/14 in spending in the information management unit, and on goods and services. The department has reallocated the funds to its capital budget to purchase new equipment. In addition, Cabinet approved savings on the vote of R560 000 in 2011/12, R589 000 in 2012/13 and R621 000 in 2013/14. To realise these savings, the department reduced administrative spending and overhead costs in corporate services in the knowledge centre unit for printing, photocopier leases and related expenditure.

Selected performance indicators

Table 11.1 Public Enterprises

Indicator	Programme	Past			Current	Projections		
		2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Number of new shareholder compacts signed	Energy and Broadband Enterprises; Legal, Governance and Transactions; Manufacturing Enterprises; Transport Enterprises	5	3	9	8	8	8	8
Number of new corporate plans reviewed	Energy and Broadband Enterprises; Legal, Governance and Transactions; Manufacturing Enterprises; Transport Enterprises	8	5	9	8	8	8	8
Number of quarterly financial reviews per year	Energy and Broadband Enterprises; Legal, Governance and Transactions; Manufacturing Enterprises; Transport Enterprises	32	15	36	32	32	32	32
Number of projects per year	Joint Project Facility	13	11	8	5	6	6	6

Expenditure estimates

Table 11.2 Public Enterprises

Programme				Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
Audited outcome				2010/11		2011/12	2012/13	2013/14
R million	2007/08	2008/09	2009/10					
Administration	68.4	80.4	88.7	106.8	106.8	106.7	113.0	118.8
Energy and Broadband Enterprises	2 514.3	2 136.8	1 958.8	174.5	174.5	58.7	20.2	21.7
Legal and Governance	93.7	145.4	144.1	50.0	50.0	12.2	13.5	14.3
Manufacturing Enterprises	1 159.9	267.0	198.1	192.8	192.8	13.1	13.4	14.3
Transport Enterprises	752.1	604.9	1 568.7	21.3	21.3	26.6	25.7	25.5
Joint Project Facility	15.5	30.6	25.0	10.2	10.2	13.0	13.9	15.9
Total	4 604.0	3 265.1	3 983.3	555.5	555.5	230.2	199.7	210.4
Change to 2010 Budget estimate				205.0	205.0	43.4	3.4	3.4
Economic classification								
Current payments	126.5	163.7	165.0	178.2	178.2	188.1	197.7	208.3
Compensation of employees	56.0	70.4	75.2	90.3	90.3	96.5	101.0	106.2
Goods and services	70.5	93.2	89.8	87.9	87.9	91.5	96.6	102.1
of which:								
Consultants and professional services:	27.2	48.2	40.8	37.5	37.5	35.3	36.1	37.7
Business and advisory services								
Consultants and professional services:	4.7	2.7	5.1	4.1	4.1	5.8	6.7	7.2
Legal costs								
Property payments	5.2	5.8	5.9	5.8	5.8	7.1	7.8	8.4
Travel and subsistence	10.4	11.3	14.2	12.6	12.6	16.1	17.0	18.1
Transfers and subsidies	3 540.9	2 278.3	3 608.5	238.0	238.0	40.8	0.8	0.8
Public corporations and private enterprises	3 540.3	2 277.6	3 607.8	237.3	237.3	40.0	–	–
Households	0.6	0.7	0.7	0.7	0.7	0.8	0.8	0.8
Payments for capital assets	3.5	0.9	1.3	0.7	0.7	1.4	1.2	1.3
Machinery and equipment	2.4	0.8	1.3	0.7	0.7	1.4	1.2	1.3
Software and other intangible assets	1.1	0.0	0.0	–	–	–	–	–
Payments for financial assets	933.0	822.3	208.6	138.6	138.6	–	–	–
Total	4 604.0	3 265.1	3 983.3	555.5	555.5	230.2	199.7	210.4

Expenditure trends

Expenditure decreased from R4.6 billion in 2007/08 to R555.5 million in 2010/11, at an average annual rate of 50.6 per cent. The decrease was due to a reduction in transfer payments to state owned enterprises. Between 2007/08 and 2010/11, transfer payments to state owned enterprises of R11.8 billion were made as follows:

- R1.8 billion to Denel for capitalisation and claims under the indemnity agreement, which was approved through the Special Adjustments Appropriation Act (2007), the Adjustments Appropriation Act (2008), the Adjustments Appropriation Act (2009) and the Adjustments Appropriation Act (2010)
- R367.8 million to Alexkor for the implementation of the Richtersveld settlement, exploration, operating costs and township development costs
- R6 billion (including value added tax) to the Pebble Bed Modular Reactor for the development of the demonstration and fuel plants, operational costs and to provide for the statutory requirement for decommissioning and dismantling of the fuel development laboratory
- R2.3 billion to South African Airways for the restructuring and turnaround strategies, and to improve the debt-equity ratio of the company
- R724.1 million to Broadband Infraco for establishment and operational costs
- R140 million to Transnet for the purchase and transfer to government of South African Express Airways
- R445 million to South African Express Airways for recapitalisation, of which R40 million was for working capital and R405 million for the purchase of aircraft.

Over the same period, current payments increased from R126.5 million in 2007/08 to R178.2 million in 2010/11, at an average annual rate of 12.1 per cent. This was primarily attributable to an increase in expenditure on compensation of employees as a result of approved annual increments and an increase in the department's establishment, which was partly due to the creation of the office of the deputy minister for the first time in 2009/10. Strengthening capacity in priority sectors also increased spending by R34.3 million. Spending on goods and services between 2007/08 and 2010/11 increased by R17.4 million, due to inflation and an escalation in operational expenditure to support the increased personnel establishment.

Spending on consultants and professional services increases from R27.2 million in 2007/08 to R37.7 million in 2013/14, at an average annual rate of 5.6 per cent. Over the MTEF period, spending on consultants and professional services increases at an average annual rate of 0.2 per cent, due to the need to support critical skills and provide specialist technical expertise in the priority sectors in the department.

Transfers to state owned enterprises in 2009/10 and 2010/11 amount to R4.2 billion, allocated as follows:

- R1.8 billion to the Pebble Bed Modular Reactor in 2009/10 and 2010/11
- R1.6 billion to South African Airways in 2009/10
- R347.1 million to Broadband Infraco in 2009/10 and 2010/11
- R165.1 million to Alexkor in 2009/10 and 2010/11
- R373.2 million to Denel in 2009/10 and 2010/11.

R60 million (R20 million in 2010/11 and R40 million in 2011/12) has been allocated to the Pebble Bed Modular Reactor for the statutory requirement for decommissioning and dismantling the fuel development laboratory.

Over the medium term, expenditure is expected to decrease from R555.5 million to R210.4 million, at an average annual rate of 27.6 per cent as a result of a reduction in transfer payments to state owned enterprises. This decrease is marginally offset by an increase of R30.1 million in current payments over the same period. This increase is mainly due to increased spending on compensation of employees due to annual increments and an increase in the establishment from 138 in 2007/08 to 181 in 2013/14. Accordingly, expenditure on goods and services increases to provide support to the larger personnel establishment.

Personnel information

The total personnel establishment increased from 163 posts in 2007/08 to 175 posts in 2010/11. This increase was mainly driven by: the creation of the office of the chief investment portfolio manager, which includes the state owned entity risk management function within the office of the director general; and the establishment of the office of the deputy minister. There are 27 vacancies within the department, of which the majority are in salary levels 13-15 in the sector specific programmes as well as a number of support function posts in the *Administration* programme. These posts are vacant because of the scarce skills required and uncompetitive remuneration packages.

The ratio of support staff to line function staff is 2.6:1, with all staff in the *Administration* programme regarded as support staff.

Departmental receipts

Revenue is mainly generated from commissions on insurance premiums and parking revenue. In 2008/09, R435.5 million was received from the Diabo Share Trust, made up of funds that had not yet been disbursed to potential beneficiaries.

Table 11.3 Departmental receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2007/08	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
Departmental receipts	69	818	1 168	1 214	1 214	88	92	96
Sales of goods and services produced by department	34	37	36	42	42	44	46	48
Sales of scrap, waste, arms and other used current goods	–	1	–	2	2	2	2	2
Interest, dividends and rent on land	4	595	7	80	80	17	18	19
Sales of capital assets	–	–	19	5	5	–	–	–
Transactions in financial assets and liabilities	31	185	1 106	1 085	1 085	25	26	27
Extraordinary receipts	–	435 462	–	–	–	–	–	–
Diabo Trust	–	435 462	–	–	–	–	–	–
Total	69	436 280	1 168	1 214	1 214	88	92	96

Programme 1: Administration

- **Office of the Chief Investment and Portfolio Manager** (in the *Management* subprogramme) applies a portfolio approach to the management and shareholder investment of all state owned enterprises falling under the purview of the department, including conducting comprehensive cross cutting portfolio reviews on a quarterly basis. The office serves to enhance portfolio management through portfolio analysis to determine overall portfolio structure, highlight shifts in portfolio composition, determine potential impact to portfolio performance and identify measures to strengthen the portfolio. The office provides analysis of trends and strategic portfolio recommendations to the Minister of Public Enterprises to proactively manage any exposure that may arise.

Objectives and Measures

- Provide strategic leadership and effective oversight over the departmental activities by:
 - synchronising logical planning, monitoring and evaluation processes
 - performing performance monitoring and shareholder risk management to investments in state owned enterprises
 - developing the department's capital structure framework for state owned enterprises
 - managing the equity interest and contingent liability exposure of the department's investment portfolio
 - developing investment policy and identifying sources for capital funding
 - ensuring economic and regulatory cohesion for network infrastructure
 - providing specialist transaction input and advice
 - implementing the Richtersveld deed of settlement
 - redirecting Alexkor's commercial focus and sustainability.

Expenditure estimates

Table 11.4 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
R million							
Ministry ¹	8.4	11.6	19.8	22.2	24.5	26.1	27.0
Management	7.3	12.8	12.9	22.1	16.5	17.6	18.6
Internal Audit	2.0	2.6	3.0	3.2	3.6	3.8	4.1
Corporate Services	17.0	23.8	22.7	26.7	27.4	29.1	30.5
Chief Financial Officer	18.4	14.8	16.2	17.1	17.5	18.2	19.3
Communications	10.9	9.3	8.2	9.8	10.5	10.8	11.5
Office Accommodation	4.4	5.5	5.9	5.8	6.8	7.4	7.9
Total	68.4	80.4	88.7	106.8	106.7	113.0	118.8
Change to 2010 Budget estimate				5.6	(1.0)	1.1	0.8

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

Economic classification

Current payments	64.4	78.9	86.7	105.4	104.6	111.0	116.7
Compensation of employees	28.8	36.5	42.8	48.9	52.1	55.0	57.2
Goods and services	35.6	42.4	43.9	56.5	52.5	56.0	59.5
of which:							
Consultants and professional services:	8.3	7.3	5.4	16.2	8.6	9.2	9.7
Business and advisory services							
Consultants and professional services:	–	–	0.1	0.1	2.0	2.1	2.3
Legal costs							
Property payments	5.2	5.8	5.9	5.8	7.1	7.8	8.4
Travel and subsistence	5.2	6.8	9.8	8.8	10.2	10.7	11.4
Transfers and subsidies	0.6	0.7	0.7	0.7	0.8	0.8	0.8
Households	0.6	0.7	0.7	0.7	0.8	0.8	0.8
Payments for capital assets	3.4	0.9	1.3	0.7	1.4	1.2	1.3
Machinery and equipment	2.3	0.8	1.3	0.7	1.4	1.2	1.3
Software and other intangible assets	1.1	0.0	0.0	–	–	–	–
Total	68.4	80.4	88.7	106.8	106.7	113.0	118.8

Expenditure trends

The spending focus will be on administrative costs as no transfers to state owned enterprises over the MTEF period are included in this programme.

Expenditure increased from R68.4 million in 2007/08 to R106.8 million in 2010/11, at an average annual rate of 16.0 per cent. The growth was driven by spending in the *Corporate Services* and *Management* subprogrammes as the department centralised operational expenditure such as IT licences and services, photocopying equipment, and training and communication into this programme. Establishing the deputy minister's office in 2009/10 and shifting the risk component in the *Legal and Governance* programme to the chief investment portfolio manager's office to this programme also contributed to the increase. Spending on compensation of employees increased from R28.8 million in 2007/08 to R48.9 million in 2010/11, at an average annual rate of 19.4 per cent. The increase is attributable to annual salary increments and an increase in the number of personnel in this programme. Spending on goods and services increased from R35.6 million in 2007/08 to R56.5 million in 2010/11, at an average annual rate of 16.6 per cent. This increase in expenditure on goods and services was to provide support to the larger personnel establishment.

Expenditure is expected to grow from R106.8 million to R118.8 million over the MTEF period, at an average annual rate of 3.6 per cent. The growth is mainly due to inflation related adjustments to the baseline as adjusted to reflect savings from the centralisation of services.

Programme 2: Energy and Broadband Enterprises

- *Management* comprises the office of the deputy director general. 85.5 per cent of the budget is used for compensation of employees.
- *ICT Broadband Sector* provides shareholder oversight of Broadband Infraco. This includes overseeing agreements between parties, assessing the business plan, monitoring the national and international long distance networks, and providing overarching shareholder management. The unit has a staff complement of 7 and 70.2 per cent of the budget is used for compensation of employees.
- *Energy Sector* provides shareholder oversight of Eskom. This entails: generating, transmitting and distributing electricity with a particular emphasis on security of supply and optimising current operations; and carrying out oversight of the Pebble Bed Modular Reactor, which includes monitoring the progress of the implementation of the care and maintenance programme to preserve intellectual property and assets as approved by Cabinet. The unit has a staff complement of 11 and 81.9 per cent of this subprogramme's budget is used for the decommissioning and dismantling of the Pebble Bed Modular Reactor fuel laboratory, and related costs.
- *Legal and Risk (Energy and Broadband Enterprises)* deals with all legal, governance and risk work specifically related to the above mentioned state owned enterprises. The unit has a staff complement of 4 and 79.2 per cent of the budget is used for compensation of employees.

Objectives and measures

- Continuously ensure the alignment of shareholder strategic intent in relation to state owned enterprises' role in achieving government objectives in the energy and communication sectors.
- Evaluate corporate plans annually and advise boards about material deviations.
- Monitor and benchmark the implementation of corporate plans and shareholder compacts.
- Assess shareholder and enterprise risks at least quarterly, and advise boards on areas of concern.
- Support the security of electricity supply by:
 - examining Eskom's maintenance and operational practices, distribution efficiency and the reserve margin annually
 - receiving regular updates from and ongoing interaction with Eskom, and engaging with stakeholders in the energy sector.
- Reduce dependence on the fiscus by monitoring cost escalations for the build programme and developing innovative funding mechanisms.
- Monitor the implementation and evaluate quarterly reports of the competitive supplier development programme to leverage off Eskom's capital expenditure in the development of local supplier industries.
- Maintain state owned assets by monitoring progress against the implementation of the care and maintenance programme by the Pebble Bed Modular Reactor.
- Create an enabling policy and regulatory environment for the state owned enterprises by engaging with the Department of Energy and the National Electricity Regulator of South Africa on new policies and regulations affecting Eskom as and when they arise over the MTEF period.
- Ensure that the West Coast submarine cable system is ready for service in 2011 by monitoring Broadband Infraco's participation in the West Coast submarine cable system consortium on a quarterly basis.
- Support increased access to broadband by:
 - monitoring Broadband Infraco's price reports annually
 - increasing the number of access points to broadband in major cities and under serviced areas through rolling out the national long distance infrastructure.

Expenditure estimates

Table 11.5 Energy and Broadband Enterprises

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R million	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Management	2.1	1.5	4.0	2.9	2.4	2.6	2.7
ICT Broadband Sector	1.4	378.5	210.6	142.3	4.4	4.6	5.0
Energy Sector	2 510.9	1 756.8	1 744.1	29.3	48.8	9.9	10.5
Legal and Risk (Energy and Broadband Enterprises)	–	–	–	–	3.0	3.2	3.4
Total	2 514.3	2 136.8	1 958.8	174.5	58.7	20.2	21.7
Change to 2010 Budget estimate				24.1	44.1	5.4	6.0
Economic classification							
Current payments	12.1	9.8	12.5	15.9	18.7	20.2	21.7
Compensation of employees	5.9	5.8	6.7	11.7	11.9	12.5	13.4
Goods and services	6.2	4.1	5.8	4.1	6.8	7.8	8.3
of which:							
Consultants and professional services:	4.6	3.1	4.4	2.6	5.2	6.0	6.5
Business and advisory services							
Travel and subsistence	0.9	0.4	1.1	0.7	0.9	0.9	1.0
Transfers and subsidies	2 502.3	1 750.0	1 737.8	20.0	40.0	–	–
Public corporations and private enterprises	2 502.3	1 750.0	1 737.8	20.0	40.0	–	–
Payments for financial assets	–	377.0	208.5	138.6	–	–	–
Total	2 514.3	2 136.8	1 958.8	174.5	58.7	20.2	21.7
Details of selected transfers and subsidies							
Public corporations and private enterprises							
Public corporations							
Other transfers to public corporations							
Current	2 502.3	1 750.0	1 737.8	20.0	40.0	–	–
Pebble Bed Modular Reactor	2 502.3	1 750.0	1 737.8	20.0	40.0	–	–

Expenditure trends

Spending in this programme over the medium term will focus on making transfer payments to: the Pebble Bed Modular Reactor Company for decommissioning and dismantling costs in 2010/11 and 2011/12, and Broadband Infraco for the final capitalisation transfer in 2010/11.

Expenditure decreased from R2.5 billion in 2007/08 to R174.5 million in 2010/11, at an average annual rate of 58.9 per cent. Over the medium term, expenditure is expected to decrease to R21.7 million, at an average annual rate of 50.1 per cent. The decrease in both periods is due to a reduction of transfer payments to state owned enterprises, particularly the Pebble Bed Modular Reactor project, as it has been placed into care and maintenance, and Broadband Infraco, as the entity will not be receiving further funding from the fiscus.

Programme 3: Legal and Governance

- *Management* comprises the office of the deputy director general. The subprogramme has a staff complement of 2 and 84.3 per cent of the budget is used for compensation of employees.
- *Legal* provides effective and sound legal advice to the department to ensure potential legal risks to the department are highlighted and accounted for. The subprogramme has a staff complement of 4 and 55.3 per cent of the budget is used on goods and services, including expert legal advice and normal operational expenditure.
- *Governance* develops frameworks to promote transparency and good corporate governance within state owned enterprises. The subprogramme has a staff complement of 2 and 69.6 per cent of the budget is used on goods and services, including expert legal advice and normal operational expenditure.

Objectives and measures

- Ensure effective shareholder oversight of all the state owned enterprises by:
 - addressing constraints on state owned enterprise contract negotiation and management to improve commercial competence and contribute to economic growth and development
 - providing assistance on developing and negotiating shareholder compacts, significance and materiality frameworks annually, and as and when necessary, borrowing power delegations
 - assisting in assessing applications for the approval of significant and material transactions
 - assisting in board appointments and shareholder preparations for annual general meetings
 - continuously updating the database on the department's dashboard on board appointments
 - annually reviewing the ownership policy, governance toolkit and guidelines, as well as appointments to, and remuneration and performance of the boards of the state owned enterprises.
- Ensure that state owned enterprises and the department comply with legal requirements by:
 - monitoring, quarterly, state owned enterprises' corporate governance indicators through the dashboard
 - monitoring and assessing legislative impacts on state owned enterprises and alerting the enterprises to changes and possible risks.

Expenditure estimates

Table 11.6 Legal and Governance

Subprogramme				Adjusted appropriation	Medium-term expenditure estimate		
R million	Audited outcome						
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Management	2.2	2.1	1.7	2.0	2.0	2.1	2.3
Legal	83.9	140.8	141.3	45.3	5.9	6.8	7.3
Governance	7.5	2.5	1.1	2.8	4.2	4.5	4.8
Total	93.7	145.4	144.1	50.0	12.2	13.5	14.3
Change to 2010 Budget estimate				(4.4)	(7.4)	(6.9)	(7.2)
Economic classification							
Current payments	20.9	15.1	15.0	14.0	12.2	13.5	14.3
Compensation of employees	10.9	7.8	7.5	5.4	5.6	6.0	6.3
Goods and services	10.0	7.3	7.5	8.6	6.5	7.5	8.0
of which:							
Consultants and professional services: Business and advisory services	1.1	3.1	1.6	3.7	2.6	2.8	3.0
Consultants and professional services: Legal costs	4.7	2.7	4.8	4.0	2.9	3.6	3.9
Travel and subsistence	0.9	1.0	0.9	0.6	0.7	0.7	0.8
Transfers and subsidies	72.7	130.0	129.1	36.0	–	–	–
Public corporations and private enterprises	72.7	130.0	129.1	36.0	–	–	–
Payments for financial assets	–	0.3	–	–	–	–	–
Total	93.7	145.4	144.1	50.0	12.2	13.5	14.3
Details of selected transfers and subsidies							
Public corporations and private enterprises							
Public corporations							
Other transfers to public corporations							
Current	72.7	130.0	129.1	36.0	–	–	–
Alexkor	72.7	130.0	129.1	36.0	–	–	–

Expenditure trends

Expenditure decreased from R93.7 million in 2007/08 to R50.0 million in 2010/11, at an average annual rate of 18.9 per cent. Over the medium term, expenditure is expected to decrease to R14.3 million, at an average annual rate of 34.1 per cent. The decrease in both periods is driven by the reduction in transfers to Alexkor due to the

finalisation of the Richtersveld community's land claim, which formed part of the court case settlement, and the final establishment of the township.

Programme 4: Manufacturing Enterprises

- *Management* comprises the office of the deputy director general. The subprogramme has a staff complement of 2 and 81.5 per cent of the budget over the MTEF period goes to compensation of employees.
- *Defence Sector* oversees Denel's financial and strategy implementation. The unit has a staff complement of 6 and 67.5 per cent of the budget over the MTEF period is used for compensation of employees.
- *Forestry Sector* monitors the activities of the South African Forestry Company. The unit has a staff complement of 3 and 53.9 per cent of the budget over the MTEF period is used for compensation of employees.
- *Legal and Risk (Manufacturing)* deals with all legal, governance and risk work specifically related to state owned enterprises. The unit has a staff complement of 2 and 83.9 per cent of the budget over the MTEF period is used for compensation of employees.

Objectives and measures

- Ensure alignment in shareholder strategic intent in relation to state owned enterprises' role in achieving objectives in the defence manufacturing and the forestry sectors by reviewing enterprise strategies and mandates in the context of political and sectoral policy shifts.
- Ensure that the corporate strategies and plans of state owned enterprises are aligned with government's strategic intent by reviewing and evaluating these strategies and plans annually, and alerting the boards and enterprises to material deviations.
- Facilitate the financial and operational sustainability of Denel by reviewing the Denel board to bring it to a full complement of members with the requisite skills, experience and expertise, as well as developing a turnaround plan that clearly indicates how the company will achieve commercial sustainability and reduce its dependence on the fiscus.
- Monitor Denel's turnaround by:
 - measuring ongoing performance against the turnaround plan
 - setting working capital management targets and conducting monthly performance reviews
 - providing support to ensure the effective restructuring of Denel Saab Aerostructures and Denel Dynamics to return to commercial viability
 - ensuring optimal alignment between Denel's restructuring plan and the strategic requirements of the Department of Defence and Military Veterans, particularly the alignment with the Department of Defence and Military Veterans' military strategy, once the Department of Defence has finalised their revision of the defence strategy.
- Facilitate the process of defining Denel's future role in the economy by regular interaction and discussions with various stakeholders.
- Facilitate financial sustainability to ensure commercial viability by assessing and monitoring the implementation of the South African Forestry Company turnaround plan, measured by improved financial performance on an ongoing basis.
- Provide clarity on the future role of the South African Forestry Company by:
 - developing an internal position paper for broader consultation between the South African Forestry Company Limited, and the departments of Agriculture, Forestry and Fisheries and Rural Development and Land Reform
 - ensuring that the mandate of South African Forestry Company is aligned with government's strategic objectives both domestically and internationally by assessing the company's quarterly reports.
- Facilitate the disposal of minority shares by engaging with the Department of Rural Development and Land Reform on its position on the optimal institutional vehicle to ensure the transfer of shares and developmental benefits to community beneficiaries.

- Monitor progress on resolving land claims over the 61 per cent of land owned by the South African Forestry Company.

Expenditure estimates

Table 11.7 Manufacturing Enterprises

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R million	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Management	1.5	1.3	1.6	3.2	1.9	2.1	2.2
Defence Sector	1 157.6	264.3	195.6	187.4	5.2	5.1	5.4
Forestry Sector	0.9	1.4	0.9	2.2	3.8	4.1	4.4
Legal and Risk (Manufacturing)	–	–	–	–	2.1	2.2	2.3
Total	1 159.9	267.0	198.1	192.8	13.1	13.4	14.3
Change to 2010 Budget estimate				176.6	(2.6)	(3.3)	(3.3)
Economic classification							
Current payments	6.0	9.4	6.2	11.5	13.1	13.4	14.3
Compensation of employees	3.9	4.7	4.3	7.2	8.9	9.0	9.5
Goods and services	2.0	4.7	1.9	4.3	4.2	4.5	4.8
of which:							
Consultants and professional services:	0.7	3.7	1.5	3.5	2.9	3.1	3.3
Business and advisory services							
Travel and subsistence	0.6	0.3	0.4	0.6	1.0	1.0	1.1
Transfers and subsidies	221.0	257.6	191.9	181.3	–	–	–
Public corporations and private enterprises	221.0	257.6	191.9	181.3	–	–	–
Payments for financial assets	933.0	–	–	–	–	–	–
Total	1 159.9	267.0	198.1	192.8	13.1	13.4	14.3
Details of selected transfers and subsidies							
Public corporations and private enterprises							
Public corporations							
Other transfers to public corporations							
Current	221.0	257.6	191.9	181.3	–	–	–
Denel	221.0	257.6	191.9	181.3	–	–	–

Expenditure trends

The spending focus of the programme will be primarily on administrative costs as no transfers will be made to state owned enterprises over the MTEF period.

Expenditure decreased from R1.2 billion in 2007/08 to R192.8 million in 2010/11, at an average annual rate of 45 per cent. This is primarily due to the decrease in transfers to Denel. Denel received R1.2 billion in 2007/08, including R221 million to pay a claim for an indemnity granted to Denel and R933 million as a final capital investment. Additional transfers of R257.6 million in 2008/09, R191.9 million in 2009/10 and R181.3 million in 2010/11 were made as further payments for indemnity claims.

Expenditure is expected to decrease from R192.8 million in 2010/11 to R14.3 million in 2013/14, at an average annual rate of 58 per cent. The decrease is due to the cessation of transfer payments to the state owned enterprises.

Programme 5: Transport Enterprises

- *Management* comprises the office of the deputy director general. The unit has a staff complement of 2 and 65.2 per cent of the budget over the MTEF period is used for compensation of employees.
- *Transport Sector* provides shareholder oversight of Transnet. The unit has a staff complement of 8 and 54.35 per cent of this subprogramme's budget over the MTEF period will be used for goods and services.

- *Aviation Sector* provides shareholder oversight of South African Airways and South African Express Airways. The unit has a staff complement of 6 and 59 per cent of the budget over the MTEF period is used for compensation of employees.
- *Legal and Risk (Transport)* deals with all legal, governance and risk work specifically related to Transnet, South African Airways and South African Express. The unit has a staff complement of 3 and 55.5 per cent of the budget over the MTEF period is used for compensation of employees.

Objectives and measures

- Promote the alignment of corporate strategies of state owned enterprises with government's objectives in relation to the transport and aviation sectors by undertaking a comprehensive review of corporate strategies, business plans, and annual and quarterly performance.
- Provide the boards of Transnet, South African Airways and South African Express Airways with strategic intent statements at their annual general meetings to highlight shareholder priority areas and guide the policy direction of the enterprises.
- Implement a long term strategy for improving the efficiency and performance of investments by state owned enterprises by annually monitoring the key performance indicators and concluding shareholder compacts with the boards of Transnet, South African Airways and South African Airways Express.
- Create an enabling environment for transport enterprises and ensure an appropriate balance between the enterprise interest and the consumer interest by:
 - engaging with the policy departments and relevant regulators on a regular basis as and when required
 - ensuring the compliance of transport enterprises with the Public Finance Management Act (1999) and other legislative prescripts.
- Ensure the contribution of Transnet to achieving an efficient, competitive and responsive infrastructure (output 3 of outcome 6) by:
 - increasing the market share of total freight to rail to an annualised 250mt from the current 177 by 2014 by undertaking a detailed diagnostic of challenges facing Transnet Freight Rail and developing an integrated government response to growing rail market share
 - facilitating the introduction of private sector investment in rail through public private partnerships to assist with the provision of requisite infrastructure where such investments are unaffordable on the Transnet balance sheet
 - overseeing the introduction of multiple private operators on the branch line network to revitalise the network as a feeder to the core network and to realise socioeconomic benefits
 - facilitating the introduction of competition for the management of container terminals through the establishment of the Ngqura container terminal as a transshipment terminal
 - pursuing incremental improvements in ports productivity and rail operational efficiencies by creating performance incentives via the Transnet shareholder compact.
- Ensure the global competitiveness of the South African freight logistics industry by implementing national corridor performance measurement tools and indicators over the MTEF period to quantify the operational efficiency of freight corridors.
- Improve investment in rail infrastructure by monitoring the rollout of Transnet's capital expenditure programme by annually assessing its impact for any significant deviations from corporate plans, including tracking cost overruns and time delays on major capital projects and taking the necessary action.
- Monitor the implementation of the competitive supplier development programme to leverage Transnet's capital expenditure for the development of local supplier industries by evaluating the quarterly Transnet reports.
- Provide support to South African Airways to achieve sustainable levels of profitability by:
 - overseeing the implementation of the initiatives relating to the R1.6 billion guarantee to South African Airways
 - encouraging consistent generation of bottom line profits in order to strengthen South African Airways' balance sheet.

- Monitor the alignment, strategy and mandate of South African Airways and South African Express Airways with the African aviation strategy by evaluating, quarterly, corporate plans and performance against targets.

Expenditure estimates

Table 11.8 Transport Enterprises

Subprogramme				Adjusted appropriation	Medium-term expenditure estimate		
R million	Audited outcome			2010/11	2011/12	2012/13	2013/14
	2007/08	2008/09	2009/10				
Management	0.8	6.4	3.0	2.8	3.4	3.6	3.9
Transport Sector	4.5	9.8	13.1	12.4	12.6	10.8	9.6
Aviation Sector	746.9	588.8	1 552.5	6.1	7.6	8.1	8.6
Legal and Risk (Transport)	–	–	–	–	3.0	3.2	3.4
Total	752.1	604.9	1 568.7	21.3	26.6	25.7	25.5
Change to 2010 Budget estimate				2.7	6.0	2.3	0.8
Economic classification							
Current payments	7.7	19.9	19.6	21.3	26.6	25.7	25.5
Compensation of employees	3.1	10.5	9.6	13.3	14.3	14.7	15.6
Goods and services	4.6	9.5	10.0	8.0	12.3	11.0	9.8
<i>of which:</i>							
Consultants and professional services:	3.6	8.5	8.6	6.7	8.3	6.7	5.3
Business and advisory services							
Consultants and professional services:	–	–	–	–	0.6	0.6	0.7
Legal costs							
Travel and subsistence	0.4	0.5	1.1	0.8	2.2	2.4	2.6
Transfers and subsidies	744.4	140.0	1 549.1	–	–	–	–
Public corporations and private enterprises	744.4	140.0	1 549.1	–	–	–	–
Payments for financial assets	–	445.0	–	–	–	–	–
Total	752.1	604.9	1 568.7	21.3	26.6	25.7	25.5
Details of selected transfers and subsidies							
Public corporations and private enterprises							
Public corporations							
Other transfers to public corporations							
Current	744.4	140.0	1 549.1	–	–	–	–
South African Airways	744.4	–	1 549.1	–	–	–	–
South African Express	–	140.0	–	–	–	–	–

Expenditure trends

The spending focus of the programme will be primarily on administrative costs as no transfers will be made to state owned enterprises over the MTEF period.

Expenditure decreased from R752.1 million in 2007/08 to R21.3 million in 2010/11, at an average annual rate of 69.5 per cent. The decrease was due to the cessation of transfers to state owned enterprises. Over the medium term, expenditure is expected to increase to R25.5 million, at an average annual rate of 6.2 per cent, mainly to provide adequate support to the entities managed in this programme.

Programme 6: Joint Project Facility

- *Management* comprises the office of the deputy director general. The unit has a staff complement of 1 and its entire budget is allocated to compensation of employees.
- *Joint Project Facility* provides programme management support for a number of catalytic projects that align the department and its portfolio of state owned enterprises to national economic strategies. 79.1 per cent of the subprogramme's budget over the MTEF period will be used for goods and services.

Achievements of Joint Project Facility projects

- The **procurement leverage/competitive supplier development programme** leverages off state owned enterprises' capital and operational procurements associated with Eskom and Transnet's build programmes to promote investments in plant, technologies and skills in state owned enterprises' suppliers. This supports the industrial policy action plan 2 and the new growth path. It includes both transactional and programmatic (fleet procurement) The South African renewables initiative aims to reduce the cost of capital for renewables and provide additional funding for the renewable energy feed-in tariff. In future, the procurement leverage programme aims to establish a centre of excellence. The infrastructure supplier benchmarking programme, which builds the competitiveness of the local supplier base and is focused on supplier profiling, benchmarking, capacity building and matchmaking, will be relocated to the Department of Trade and Industry.
- **Policy programmes** aim at establishing the role of state owned enterprises and the shareholder executive in the developmental state. They will also focus on the role of state owned enterprises in government's new growth path and develop a departmental position on macroeconomic policy.
- The **innovative infrastructure investment dialogue programme** aims at interrogating existing investment plan assumptions around unlocking growth and developing policies and funding strategies to increase the rate of investment in Eskom and Transnet. Better dialogue with key stakeholders is being contemplated to improve the performance of state owned enterprises.
- The **framework for Africa programme** aims at defining focus areas with acceptable risk parameters and clear developmental impacts for the involvement of South Africa's state owned enterprises in Africa and will also develop implementation policy for state owned enterprises.
- The human resource, capacity building and transformation programme has several subprogrammes:
 - The **skills development programme** leverages the skills development capacity of state owned enterprises and their core suppliers to ensure the optimum provision of scarce and critical skills (artisans, technicians and engineers) in support of the build programme. This includes: overseeing skills planning and implementation in state owned enterprises and their suppliers; facilitating partnerships between state owned enterprises, further education and training institutions and industry, in support of artisan development; ensuring that state owned enterprises support the national skills agenda; and monitoring scarce and critical skills in state owned enterprises and ensuring skills performance indicators are included in shareholder compacts.
 - The **management learning programme** develops a cadre of management leadership capability in state owned enterprises, agencies and regulators in South Africa and Africa. The University of Cape Town's Graduate School of Business launched this programme in May 2010.
 - The **parliamentary learning programme (Autumn School)** is an annual event to provide the parliamentary portfolio committee and National Council of Provinces select committees on public enterprises with an opportunity to engage in dialogue with industry experts around key issues facing government and the state owned enterprises.
- The **environmental issues project** balances environmental conservation with the need to develop infrastructure rapidly. The environmental impact assessment process for strategically important developments has been streamlined for the state owned enterprises' build programmes and a fund has been established to assist the process. The environmental impact assessments for strategically important developments are monitored, and where necessary ministerial intervention can be sought. The project also participates in broader engagements around air quality, water provision and climate change.
- The **property project** leverages off the non-core property portfolios of state owned enterprises to contribute to state priorities, such as land release for human settlement, property sector transformation, urban renewal and socioeconomic development.

Expenditure estimates

Table 11.9 Joint Project Facility

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R million	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Management	2.5	0.3	0.4	0.8	1.3	1.4	1.4
Joint Project Facility	13.0	30.2	24.6	9.4	11.7	12.5	14.4
Total	15.5	30.6	25.0	10.2	13.0	13.9	15.9
Change to 2010 Budget estimate				0.3	4.2	4.8	6.3
Economic classification							
Current payments	15.5	30.6	25.0	10.2	13.0	13.9	15.9
Compensation of employees	3.5	5.3	4.3	3.8	3.7	4.0	4.2
Goods and services	12.1	25.3	20.7	6.4	9.3	9.9	11.7
of which:							
Consultants and professional services:	8.9	22.4	19.3	4.6	7.7	8.2	9.9
Business and advisory services							
Consultants and professional services:	–	–	0.2	–	–	–	–
Legal costs							
Travel and subsistence	2.5	2.3	0.9	1.0	1.1	1.2	1.3
Total	15.5	30.6	25.0	10.2	13.0	13.9	15.9

Expenditure trends

As a result of the realignment of the department's functions, the *Joint Project Facility* subprogramme was moved to this programme from the *Manufacturing Enterprises* programme in 2007/08. Historical expenditure has been adjusted accordingly.

Expenditure decreased from R15.5 million in 2007/08 to R10.2 million in 2010/11, at an average annual rate of 13.1 per cent. This was due to the completion of some of the research projects. In 2010/11, the programme's projects increased from four to five as a result of the South African renewables initiative project being launched.

Over the MTEF period, expenditure is expected to increase from R10.2 million to R15.9 million, at an average annual rate of 15.9 per cent. This is mainly due to the expansion over the MTEF period of some of the projects and programmes, and two new projects to be launched from 2011/12.

Public entities and other agencies

Comprehensive coverage of the following public entities is provided with the more detailed information for the vote at www.treasury.gov.za under the budget information link.

No transfers will be made to any of the following public entities, except the Pebble Bed Modular Reactor over the MTEF period:

- **Alexkor** mines diamonds in the Alexander Bay area, including marine mining and land mining.
- **Broadband Infraco** was established in 2007 as a state led intervention to introduce competition in the telecommunications market and contribute to increasing access to broadband services including underserved areas.
- **Denel's** mandate is to supply South Africa's armed forces with strategic and sovereign capabilities. It also plays a major role in contributing to the development of South Africa's advanced manufacturing capability.
- The **Pebble Bed Modular Reactor** was a nuclear architect engineering company that was focused on the design and licensing of a standardised nuclear heat supply system and pebble fuel. The company's business model has been revised to focus on the preservation and maintenance of intellectual property and assets. R40 million will be allocated during 2011/12 for decommissioning and dismantling costs.
- **South African Airways** is South Africa's national air carrier. Owned by government, it is a full service network operating international, regional and domestic scheduled services, from its head office at OR Tambo International Airport.

- **South African Express Airways** operates regional and domestic flights from OR Tambo International Airport in Johannesburg, serving secondary routes in South Africa and Africa. The airline was established in 1994.
- **South African Forestry Company** manages and develops commercial forests. The company's activities include forestry management and timber harvesting and processing.
- **Eskom** generates 95 per cent of the electricity used in South Africa and 45 per cent of the electricity used in Africa.
- **Transnet** is the largest and most crucial part of the freight logistics chain that delivers goods to every South African.

Additional tables

Table 11.A Summary of expenditure trends and estimates per programme and economic classification

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R million	2009/10		2009/10	2010/11			2010/11
Administration	78.8	90.5	87.0	101.3	5.6	106.8	106.8
Energy and Broadband Enterprises	1 957.6	1 959.2	1 958.8	150.4	24.1	174.5	174.5
Legal and Governance	152.8	147.4	145.8	54.4	(4.4)	50.0	50.0
Manufacturing Enterprises	8.5	199.3	198.1	16.2	176.6	192.8	192.8
Transport Enterprises	1 566.0	1 568.7	1 568.7	18.5	2.7	21.3	21.3
Joint Project Facility	33.7	26.0	25.0	9.8	0.3	10.2	10.2
Total	3 797.3	3 991.2	3 983.3	350.6	205.0	555.5	555.5
Economic classification							
Current payments	171.0	172.9	165.0	174.7	3.6	178.2	178.2
Compensation of employees	79.5	81.4	75.2	88.0	2.3	90.3	90.3
Goods and services	91.5	91.5	89.8	86.7	1.3	87.9	87.9
Transfers and subsidies	1 867.5	2 059.4	3 608.5	36.7	201.3	238.0	238.0
Public corporations and private enterprises	1 866.8	2 058.7	3 607.8	36.0	201.3	237.3	237.3
Households	0.7	0.7	0.7	0.7	–	0.7	0.7
Payments for capital assets	1.3	1.3	1.3	0.6	0.1	0.7	0.7
Machinery and equipment	1.3	1.3	1.3	0.6	0.1	0.7	0.7
Payments for financial assets	1 757.6	1 757.6	208.6	138.6	–	138.6	138.6
Total	3 797.3	3 991.2	3 983.3	350.6	205.0	555.5	555.5

Table 11.B Detail of approved establishment and personnel numbers according to salary level ¹

	Personnel post status as at 30 September 2010			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year ²	Medium-term estimate		
				2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
Department	175	175	–	138	137	140	148	181	181	181
Salary level 1 – 6	16	16	–	11	11	11	15	16	16	16
Salary level 7 – 10	66	66	–	57	63	59	61	66	66	66
Salary level 11 – 12	29	29	–	25	23	25	22	34	34	34
Salary level 13 – 16	64	64	–	45	40	45	50	65	65	65
Administration	106	106	–	87	88	88	90	112	112	112
Salary level 1 – 6	16	16	–	11	11	11	15	16	16	16
Salary level 7 – 10	45	45	–	40	44	39	40	45	45	45
Salary level 11 – 12	19	19	–	17	17	18	15	24	24	24
Salary level 13 – 16	26	26	–	19	16	20	20	27	27	27
Energy and Broadband Enterprises	23	23	–	13	15	15	19	23	23	23
Salary level 7 – 10	8	8	–	5	6	7	8	8	8	8
Salary level 11 – 12	5	5	–	1	1	2	2	5	5	5
Salary level 13 – 16	10	10	–	7	8	6	9	10	10	10
Legal and Governance	8	8	–	19	11	7	7	8	8	8
Salary level 7 – 10	2	2	–	5	3	2	2	2	2	2
Salary level 11 – 12	1	1	–	3	1	1	1	1	1	1
Salary level 13 – 16	5	5	–	11	7	4	4	5	5	5
Manufacturing Enterprises	13	13	–	7	6	8	10	13	13	13
Salary level 7 – 10	3	3	–	3	2	3	3	3	3	3
Salary level 11 – 12	2	2	–	1	2	2	2	2	2	2
Salary level 13 – 16	8	8	–	3	2	3	5	8	8	8

Table 11.B Detail of approved establishment and personnel numbers according to salary level ¹ (continued)

	Personnel post status as at 30 September 2010			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year ²	Medium-term estimate		
				2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Transport Enterprises	19	19	–	6	11	16	16	19	19	19
Salary level 7 – 10	6	6	–	2	5	6	6	6	6	6
Salary level 11 – 12	1	1	–	1	1	1	1	1	1	1
Salary level 13 – 16	12	12	–	3	5	9	9	12	12	12
Joint Project Facility	6	6	–	6	6	6	6	6	6	6
Salary level 7 – 10	2	2	–	2	3	2	2	2	2	2
Salary level 11 – 12	1	1	–	2	1	1	1	1	1	1
Salary level 13 – 16	3	3	–	2	2	3	3	3	3	3

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

2. As at 30 September 2010.

Table 11.C Summary of expenditure on training

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Compensation of employees (R million)	56.0	70.4	75.2	90.7	97.2	103.6	108.7
Training expenditure (R million)	1.3	2.3	2.2	3.3	2.9	3.1	3.4
Training as percentage of compensation of employees	2.4%	3.3%	2.9%	3.6%	3.0%	3.0%	3.2%
Total number trained in department (head count)	165	173	252	256			
<i>of which:</i>							
Employees receiving bursaries (head count)	34	36	36	31			
Internships trained (head count)	20	22	22	18			
Households receiving bursaries (head count)	–	4	–	3			

Vote 12

Public Service and Administration

Budget summary

R million	2011/12				2012/13	2013/14
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	165.3	162.8	–	2.5	176.7	189.9
Human Resource Management and Development	34.0	34.0	–	–	36.5	39.5
Labour Relations and Remuneration Management	23.3	23.3	–	–	25.3	27.0
Public Sector Information and Communication Technology Management	40.9	40.7	–	0.1	43.3	46.0
Service Delivery and Organisational Transformation	204.8	65.4	139.4	0.1	214.3	227.8
Governance and International Relations	221.9	70.4	151.5	–	230.2	244.2
Total expenditure estimates	690.1	396.5	290.9	2.7	726.2	774.5
Executive authority	Minister of Public Service and Administration					
Accounting officer	Director General of Public Service and Administration					
Website address	www.dpsa.gov.za					

More detailed information for each vote is available at www.treasury.gov.za. More comprehensive coverage of vote specific information, particularly on goods and services, transfers and subsidies, donor funding, public entities and lower level institutional information, is provided.

Aim

Lead the modernisation of the public service, through a generally applicable framework of norms and standards, to improve service delivery.

Programme purposes

Programme 1: Administration

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

Programme 2: Human Resource Management and Development

Purpose: Develop, implement and monitor human resource management policies.

Programme 3: Labour Relations and Remuneration Management

Purpose: Develop, implement and maintain labour relations and compensation policies. Ensure coordinated engagement with organised labour.

Programme 4: Public Sector Information and Communication Technology Management

Purpose: Develop, implement and monitor information communication technology policies and norms and standards that enable citizen centred services.

Programme 5: Service Delivery and Organisational Transformation

Purpose: Promote a service delivery and organisational transformation framework. Engage in interventions and partnerships to promote efficient and effective service delivery.

Programme 6: Governance and International Relations

Purpose: Improve participatory governance, strengthen the fight against corruption and engagement with international partners in the field of public administration.

Strategic overview: 2007/08 – 2013/14

The mandate of the Department of Public Service and Administration has evolved over the years, in line with the strategic priorities of government. While initially it was to transform and modernise the public service by developing and implementing policies and frameworks, it is now also to provide implementation support to other government departments to ensure compliance with the policies and frameworks, improve service delivery and performance, and strengthen the monitoring and evaluation functions.

Strategic objectives in line with government's major priorities

In terms of government's 12 outcomes, the Minister for Public Service and Administration has been allocated the responsibility of coordinating the implementation and monitoring of, and reporting on an efficient, effective and development oriented public service and an empowered, fair and inclusive citizenship (outcome 12).

Medium term objectives

To integrate the work required to realise this outcome into the department's outputs and activities, 10 key priorities and their related objectives have been identified. They will be the department's focus over the medium term:

Service delivery quality and access

The department will be working towards improved and more effective public sector accountability by ensuring that the Batho Pele principles are further entrenched in the public service. It has introduced a measure for assessing the impact of Batho Pele across all spheres of government, and a Batho Pele impact assessment concept document will be developed and institutionalised in all sectors of government, starting with the health, education, criminal justice and governance and administration sectors. Another important initiative for improving service delivery and access is the Khaedu project, an integral part of the Batho Pele revitalisation strategy. The objectives of the project are to: equip all senior management service members with a basic management tool kit for problem identification, analysis and resolution; expose senior management service members from all departments to service delivery issues at the coalface, and monitor and evaluate its implementation to ensure that the toolkit is understood and used.

Effective systems, structures and processes

The department will lead the continual development of the human resource module of the integrated financial management system. The system aims to consolidate and replace ageing financial and human resource systems with modern integrated financial management systems to enhance integrity and effectiveness in the public service. Over the medium term, the department will implement this component of the system in 14 selected national and provincial departments.

Leverage ICT as a strategic resource for the e-government strategy

The next generation e-government strategy is a critical ICT initiative that aims to automate and modernise platforms through which government conducts business and renders services, largely using mobile technology platforms. A conceptual framework has been developed for the implementation of an e-government prototype platform that will e-enable these pro-poor services: registration of birth and identity documents; notification of death; registration for foster care and pension grants; and application for maintenance orders. Over the medium term, the department will focus on developing an actual platform from the prototype and having 50 automated e-government services operational by the end of 2013/14. The department will also continue improving frontline services by providing ICT connectivity at all Thusong service centres.

Effective recruitment practices and human resource development in the public service

The department will continue to support the development of human resource training programmes designed to improve the development of human resource managers in the public service. It will also continue to develop and implement policies for more effective learnerships and internships.

Efficient human resource management, practices, norms and standards

The department will be conducting an analysis of organisational and senior management services skills gaps in 46 government departments, from which policies and guidelines for compulsory development programmes will be developed. The outer years of the MTEF period will focus on the implementation of these policies. The department will also focus on developing policy interventions to improve the recruitment process in the public service.

Healthy, safe working environments for all public servants

The department developed the employee health and wellness framework in 2008, from which a number of policies were developed. Over the medium term, the department will be monitoring and evaluating departments' implementation plans on employee health and wellness with the necessary tools and technologies. The department will also provide the necessary support to ensure that 80 per cent of prioritised departments are implementing employee health and wellness programmes thoroughly.

Appropriate governance structures and decision making

As part of ensuring appropriate governance structures and decision making, the department will develop policies and guidelines for governance and management structures. During the first year of the MTEF period, the department will mainly focus on institutionalising these policies and guidelines, while the outer years will focus on providing support for implementation.

Citizen engagement and public participation

Under this priority, the department will be conducting engagements with stakeholders to reflect citizens' needs, conduct a survey to determine the level of citizens' awareness of their rights, and develop norms and standards for community development workers' engagement with communities.

Effective tackling of corruption

To contribute to lowering the levels of corruption in the public service, the department will focus on improving IT security in the public service. The department plans to reduce transgression in relation to financial systems and security risks to government systems and information by developing and implementing a vulnerability assessment programme.

Contribution towards improved public service and administration in Africa and international arena

The department will continue to contribute to the African Peer Review Mechanism by implementing the national programme of action.

Savings and cost effectiveness measures

Over the MTEF period, savings of R6.2 million will be realised in the *Administration, Service Delivery and Organisational Transformation*, and *Governance and International Relations* programmes through cost containment measures, such as participation in the government fleet management scheme, restricting the use of business class air travel and car hire, and through keeping delegations to national and international destinations as small as possible, to reduce travelling costs. Other cost saving initiatives include: using more economical ICT that will reduce the overall cost of telephonic communications by 30 per cent; applying discounted rates on cellular telephone contracts that have been negotiated by the department; spending less on catering and entertainment; adopting an electronic landline telephone accounting system that saves on paper and ink cartridges; and reducing printing costs by limiting the procurement of personal printers and by using multifunctional photocopy machines for printing. The savings have been identified on non-core items, which will not have a negative impact on the department's service delivery.

Selected performance indicators

Table 12.1 Public Service and Administration

Indicator	Programme	Past			Current	Projections		
		2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Number of departments where HR Connect skills database and processes have been implemented per year	Human Resource Management and Development	22	22	46	54	19 ¹	–	–
Number of departmental human resource plans analysed and feedback provided per year	Human Resource Management and Development	6	75	99	109	50	40	70
Number of departments submitting human resource development implementation plans per year	Human Resource Management and Development	–	43	72	100	90	100	74
Number of departments equipped with tools and skills in employee health and wellness per year	Human Resource Management and Development	–	–	–	46	47	48	45
Number of departments in which quality methodologies on business process management have been rolled out per year	Service Delivery and Organisational Transformation	–	–	–	–	2	20	14
Number of provincial departments in which the citizen engagement strategy is implemented per year	Service Delivery and Organisational Transformation	–	–	–	–	30	30	30
Number of community development workers trained and inducted per year	Service Delivery and Organisational Transformation	–	–	–	–	1 052	1 009	1 069
Number of national and provincial departments in which training in Batho Pele is conducted per year	Service Delivery and Organisational Transformation	–	–	–	20	40	40	40
Number of national departments where the citizen segmentation of the geographic information system is institutionalised per year	Service Delivery and Organisational Transformation	–	–	–	–	5	10	10
Number of departments assisted with the ministerial directives on organisational structuring per year	Service Delivery and Organisational Transformation	30	51	42	6	70	45	45
Number of departments assisted with organisational design interventions per year	Service Delivery and Organisational Transformation	6	12	6	20	20	10	15
Number of entries for Centre for Public Service Innovation awards solicited and adjudicated per year	Service Delivery and Organisational Transformation	35	110	109	112	135	140	150
Number of successful innovative projects replicated per year	Service Delivery and Organisational Transformation	–	–	1	2	2	3	3
Number of Department of Public Service and Administration policies evaluated for effectiveness per year	Governance and International Relations	–	–	2	4	4	4	–
Number of departments assisted with addressing PERSAL data quality per year	Governance and International Relations	5	10	17	5	20	20	20
Number of departments in which the employee satisfaction survey has been conducted per year	Governance and International Relations	–	–	2	4	5	10	10

Table 12.1 Public Service and Administration (continued)

Indicator	Programme	Past			Current	Projections		
		2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Number of monitoring and evaluation tools and templates implemented by departments per year	Governance and International Relations	–	–	–	–	3	2	2
Number of international governance and public administration projects implemented through departments and international agencies per year	Governance and International Relations	2	4	2	2	4	4	4

1. Project will be completed in 2011/12.

Expenditure estimates

Table 12.2 Public Service and Administration

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
R million	2007/08	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
Administration	89.3	96.2	125.4	148.7	148.7	165.3	176.7	189.9
Human Resource Management and Development	21.6	29.4	36.8	43.4	41.5	34.0	36.5	39.5
Labour Relations and Remuneration Management	102.2	107.1	88.0	23.7	23.7	23.3	25.3	27.0
Public Sector Information and Communication Technology Management	38.3	32.3	34.8	40.5	40.5	40.9	43.3	46.0
Service Delivery and Organisational Transformation	207.6	189.4	204.6	203.2	203.2	204.8	214.3	227.8
Governance and International Relations	150.6	176.1	181.1	199.2	199.2	221.9	230.2	244.2
Total	609.6	630.6	670.8	658.7	656.7	690.1	726.2	774.5
Change to 2010 Budget estimate				7.2	5.3	32.9	42.1	52.8
Economic classification								
Current payments	366.2	396.8	407.0	378.5	376.6	396.5	418.7	450.4
Compensation of employees	115.8	129.1	156.8	183.6	183.6	208.8	229.5	250.5
Goods and services	250.4	267.7	250.0	194.6	192.7	187.7	189.2	200.0
of which:								
Computer services	36.3	27.4	24.3	33.9	33.9	40.6	39.2	41.5
Consultants and professional services:	28.8	24.6	26.6	32.4	30.5	18.4	16.2	17.1
Business and advisory services								
Lease payments	13.3	12.4	29.2	25.6	25.6	26.5	28.5	30.2
Travel and subsistence	24.7	33.5	29.1	37.1	37.1	39.5	40.8	42.8
Interest and rent on land	–	0.1	0.2	0.2	0.2	–	–	–
Transfers and subsidies	239.9	223.0	254.3	275.4	275.4	290.9	302.3	318.7
Provinces and municipalities	0.0	0.0	0.0	0.0	0.0	–	–	–
Departmental agencies and accounts	239.2	219.0	252.9	273.0	273.0	290.4	301.8	318.1
Foreign governments and international organisations	0.2	0.7	0.6	0.6	0.6	0.5	0.5	0.5
Public corporations and private enterprises	0.4	–	–	–	–	–	–	–
Households	0.0	3.3	0.9	1.7	1.7	–	–	–
Payments for capital assets	3.4	10.6	9.4	4.8	4.8	2.7	5.3	5.4
Machinery and equipment	3.4	10.1	9.3	4.6	4.6	2.5	5.1	4.5
Software and other intangible assets	–	0.5	0.2	0.2	0.2	0.1	0.1	0.9
Payments for financial assets	0.0	0.2	0.0	–	–	–	–	–
Total	609.6	630.6	670.8	658.7	656.7	690.1	726.2	774.5

Expenditure trends

The spending focus over the medium term will be on implementing projects and programmes that relate to the 10 strategic priorities discussed in the strategic overview by building the capacity required to implement the strategies effectively.

Spending between 2007/08 and 2010/11 increased from R609.6 million to R658.7 million, at an average annual rate of 2.6 per cent. Growth between 2007/08 and 2010/11 was as a result of increased spending in 2008/09 in the *Human Resource Management and Development* programme to finance the rollout of the HR Connect project. Between 2007/08 and 2010/11, spending in the *Administration* programme grew by R59.4 million due to the devolution of accommodation funds from the Department of Public Works to national departments and the appointment of a new deputy minister. Over the same period, spending in the *Labour Relations and Remuneration Management* programme decreased by R78.5 million as a result of shifting expenditure for incapacity leave and ill health retirement to related departments' votes.

Expenditure is expected to grow from R658.7 million to R774.5 million over the medium term, at an average annual rate of 5.6 per cent. This was mainly as a result of higher than anticipated general salary adjustments, and spending to build capacity in the department and office of the newly appointed deputy minister.

The department's use of consultants will be reduced significantly over the MTEF period as the department builds its capacity. Consultants have been used to provide technical skills in the development and implementation projects, including: skills assessments in the public service, policy on incapacity leave and ill health retirement projects, the ICT expenditure review project, the organisational capacity assessment framework and tools, the employee satisfaction and user satisfaction survey, and the cleanup of PERSAL.

The department receives additional funding of R34.9 million in 2011/12, R44.2 million in 2012/13 and R55 million in 2013/14 to be used as follows over the medium term:

- R19.2 million for higher than anticipated general salary adjustments
- R13 million for the newly appointed deputy minister to run her office
- R87.1 million for capacity building and related operational costs
- R14.7 million for transfers to the Public Service Commission.

The ratio of administrative costs to line function costs is 1:2.6.

Personnel information

The department has an establishment of 437 posts, of which 44 are additional to the approved establishment. There are currently 486 funded posts and 62 unfunded posts. The department's establishment is expected to increase to 521 over the MTEF period to provide the capacity to implement additional work resulting from the minister's service delivery agreement and the 12 outcomes. Vacant posts exist because the department's budget could not accommodate all posts on the establishment. Additional funding has been provided to increase the establishment.

The ratio of support staff to line function staff is 1:1.08.

Departmental receipts

The department generates revenue mostly from parking fees, interest on bursary debts, commissions, and the recovery of previous years' expenditure. Receipts are expected to remain relatively stable over the MTEF period. Once-off amounts were received in 2007/08 as follows: R297 000 from the Commonwealth Secretariat as sponsorship for the fourth Africa meeting of heads of public service; R100 000 from Sportsman's Warehouse as a sponsorship for the Indaba project; R110 000 from the Government Employees Medical Scheme as a sponsorship for the employee health and wellness day; and R223 000 from Bytes Harges and R430 000 from the Gauteng provincial government for the Global Forum V on fighting corruption and safeguarding integrity. In 2009/10, the department sold two vehicles for the Minister of Public Service and Administration for R1.1 million.

Table 12.3 Departmental receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2007/08	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
Departmental receipts	2 701	962	2 242	666	666	740	770	800
Sales of goods and services produced by department	382	416	336	271	271	270	285	300
Sales of scrap, waste, arms and other used current goods	–	–	17	–	–	–	–	–
Transfers received	1 200	–	–	–	–	–	–	–
Interest, dividends and rent on land	43	50	22	40	40	40	40	40
Sales of capital assets	–	3	1 064	–	–	–	–	–
Transactions in financial assets and liabilities	1 076	493	803	355	355	430	445	460
Total	2 701	962	2 242	666	666	740	770	800

Programme 1: Administration

Table 12.4 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R million	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Ministry ¹	15.0	19.4	28.8	31.7	38.7	39.5	42.3
Departmental Management	7.4	8.6	7.5	8.1	9.9	10.4	11.1
Corporate Services	34.4	40.4	47.3	64.6	68.5	74.7	80.3
Finance Administration	16.5	15.6	14.3	17.5	20.9	23.6	26.3
Internal Audit	1.6	2.4	4.8	4.4	4.8	4.3	4.6
Office Accommodation	14.4	9.9	22.8	22.4	22.4	24.1	25.4
Total	89.3	96.2	125.4	148.7	165.3	176.7	189.9
Change to 2010 Budget estimate				8.1	23.0	27.4	32.5

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

Economic classification

Current payments	86.0	91.5	120.8	146.1	162.8	174.3	187.5
Compensation of employees	38.8	47.4	57.9	73.1	84.7	93.9	102.3
Goods and services	47.3	44.1	62.7	72.8	78.1	80.4	85.2
of which:							
Computer services	6.7	3.7	5.6	11.5	13.3	14.2	14.8
Consultants and professional services:	1.6	1.1	2.5	2.1	2.0	1.1	1.1
Business and advisory services							
Lease payments	9.3	8.4	22.1	19.8	20.8	22.4	23.6
Travel and subsistence	7.7	10.4	11.7	14.9	16.8	17.6	18.5
Interest and rent on land	–	0.0	0.2	0.2	–	–	–
Transfers and subsidies	0.0	1.1	0.2	0.1	–	–	–
Households	0.0	1.1	0.2	0.0	–	–	–
Payments for capital assets	3.3	3.6	4.4	2.6	2.5	2.3	2.5
Machinery and equipment	3.3	3.5	4.4	2.4	2.5	2.3	2.5
Software and other intangible assets	–	0.1	–	0.2	–	–	–
Total	89.3	96.2	125.4	148.7	165.3	176.7	189.9

Expenditure trends

Expenditure increased from R89.3 million in 2007/08 to R148.7 million in 2010/11, at an average annual rate of 18.5 per cent. This was due to increased spending in the *Ministry* subprogramme, which grew by R16.7 million to finance the appointment of a deputy minister and create capacity for her office. The filling of vacant posts, mainly at senior level, also contributed to the increase between 2007/08 and 2010/11. Spending on compensation of employees grew from R38.8 million to R73.1 million between 2007/08 and 2010/11 and an

additional R30.2 million was spent in the *Corporate Services* subprogramme over the period for the same reason. The increase in spending of R8 million in the *Office Accommodation* subprogramme was due to the devolution of accommodation funds from the Department of Public Works.

Expenditure is expected to increase to R189.9 million over the MTEF period, at an average annual rate of 8.5 per cent. The increase is due to additional funding of R11.7 million in 2011/12, R15.3 million in 2012/13 and R19.5 million in 2013/14 for operational costs for the office of the newly appointed deputy minister, to increase capacity to implement expanded activities, mainly in the *Corporate Services* subprogramme, and to provide for higher than anticipated general salary adjustments. Spending in the *Financial Administration* subprogramme is expected to increase at an average annual rate of 14.5 per cent, from R17.5 million in 2010/11 to R26.3 million, mainly due to the centralisation of all audit and State Information Technology Agency costs into this programme.

Programme 2: Human Resource Management and Development

- *Management: Human Resource Management* provides for administrative support and management of the programme. This subprogramme has a staff complement of 3 and a budget of R9.1 million over the medium term, of which 68.3 per cent will be used for compensation of employees.
- *Senior Management Services* ensures that there is a professional management service in the public service. This is done by establishing and implementing competency based management through developing transversal employment policies, prescripts and guidelines, and other career practices for senior management service members. This subprogramme has a staff complement of 7 and a budget of R14.7 million over the medium term, of which 78 per cent will be used for compensation of employees. In 2009/10, a senior management services skills gap assessment was conducted in 40 departments and skills gaps were identified and analysed. The implementation of a newly approved competency assessment battery is currently in progress.
- *Human Resource Planning, Performance and Practice* develops policies, prescripts, processes and systems that provide advice and implementation support to improve human resource planning, employment practices and employee performance management. This subprogramme has a staff complement of 14 and a total budget of R27.6 million over the medium term, of which 70.3 per cent will be used for compensation of employees. In 2009/10, the HR Connect project, which is a skills audit process, was rolled out to 46 of the 50 targeted departments at a cost of R12.8 million. By April 2011, the revision of the senior management service performance management and development system should be finalised.
- *Diversity Management* develops policies and guidelines on employment equity in the public service that are intended to remove barriers of access into and within the workplace for designated groups and prevent direct and indirect discrimination against the designated groups. This subprogramme has a staff complement of 8 and a total budget of R15.7 million over the medium term, of which 83.4 per cent will be used for compensation of employees. In 2010/11, 6 consultative workshops were held on the youth development framework and policy on reasonable accommodation and assistive devices at a cost of R106 306.
- *Employee Health and Wellness* promotes and manages health and wellness in the public service and improves the quality of work life through focused strategies and a holistic framework. This subprogramme has a staff complement of 7 and a total budget of R18.9 million over the medium term, of which 66.9 per cent will be used for compensation of employees. The following outputs were achieved in 2009/10 at a cost of R1.3 million: 308 out of a target of 312 public servants were trained on HIV and AIDS mainstreaming; and health and wellness policy workshops on organisational readiness assessment and operational planning tools were conducted.
- *Human Resource Development* aims to improve the competency levels of public servants through capacity development activities, such as internships, learnerships and skills programmes, designed to ensure a constant pool of productive and contributing employees. This subprogramme has a staff complement of 7 and a total budget of R15 million over the medium term, of which 81.7 per cent will be used for compensation of employees. In 2009/10 and 2010/11, support was given to departments to compile their human resource development organisational readiness assessment reports. 116 national and provincial departments submitted reports in 2009 and 173 submitted their reports between March and April 2010.

- *Integrated Financial Management Systems* develops, implements and manages the human resources component of the integrated financial management system project. This subprogramme has a staff complement of 3 and a total budget of R8.9 million over the medium term, of which 68.3 per cent will be used for compensation of employees. In 2009/10, the development of the human resources management module of the integrated financial management system was completed. The system has gone live in the Department of Public Service and Administration.

Objectives and measures

- Provide information on job requirements in the public service to contribute to addressing the skills gap by finalising the implementation of the HR Connect skills database in all government departments by 2011/12 and maintaining the system thereafter.
- Strengthen senior management system performance by reviewing and revising the performance management and development system through a strategic framework by April 2012.
- Reduce the vacancy rate from 21 per cent to 10 per cent and improve the recruitment process by March 2014 by conducting research and developing appropriate interventions, including identifying categories where special recruitment measures must be introduced and developing guidelines on improving the practice of career management.
- Support the human resource planning strategic framework for the public service by increasing annual departmental submissions of human resource plans to 100 per cent of all departments by 2014.
- Increase the number of government departments implementing employee health and wellness policies from 40 in 2010/11 by an additional 40 per year by developing the capacity to implement these policies through workshops, policy advocacy and communication sessions, organisational systems and governance initiatives.
- Contribute to Cabinet's target to increase the representation at senior management levels of women from 34 per cent to 50 per cent, and of disabled persons from 0.2 per cent to 2 per cent by 2014 by developing and communicating diversity management related strategies.
- Monitor the implementation of gender, disability and youth frameworks by all departments by analysing the reports submitted by departments biannually.
- Improve disability and gender mainstreaming and the implementation of strategies to facilitate the transformation of departments by capacitating gender and disability focal points by providing a training workshop for the national departments and one workshop per province.
- Modernise and enhance the effectiveness of public service financial systems by developing the human resource module of the integrated financial management system and implementing it in 2 lead sites by 2011.

Expenditure estimates

Table 12.5 Human Resource Management and Development

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
R million							
Management: Human Resource Management	2.2	3.5	3.8	2.5	2.8	3.1	3.2
Senior Management Services	2.7	3.0	2.5	4.4	4.7	4.8	5.3
Human Resource Planning, Performance and Practice	6.3	9.6	16.1	19.8	8.5	9.2	9.9
Diversity Management	2.5	3.6	4.6	4.6	4.8	5.2	5.7
Employee Health and Wellness	4.1	4.5	5.1	5.1	5.8	6.3	6.8
Human Resource Development	3.8	4.3	3.3	4.5	4.7	5.0	5.4
Integrated Financial Management Systems	–	0.9	1.5	2.5	2.7	3.0	3.3
Total	21.6	29.4	36.8	43.4	34.0	36.5	39.5
Change to 2010 Budget estimate				2.5	1.5	2.1	3.2

Table 12.5 Human Resource Management and Development (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Economic classification							
Current payments	21.6	29.1	36.7	43.3	34.0	36.5	39.5
Compensation of employees	14.0	17.3	18.1	22.6	24.6	26.6	29.1
Goods and services	7.7	11.8	18.6	20.7	9.4	9.9	10.4
of which:							
Computer services	0.2	0.9	1.1	0.2	0.1	0.2	0.2
Consultants and professional services:	0.9	2.9	10.3	12.9	0.8	0.2	0.1
Business and advisory services							
Lease payments	0.4	0.2	0.1	0.2	0.1	0.1	0.2
Travel and subsistence	2.6	3.3	2.6	3.1	4.1	3.7	3.9
Payments for capital assets	0.0	0.3	0.1	0.1	–	–	–
Machinery and equipment	0.0	0.3	0.1	0.1	–	–	–
Total	21.6	29.4	36.8	43.4	34.0	36.5	39.5

Expenditure trends

The spending focus over the medium term will be on completing the HR Connect project, developing the integrated management system and implementing interventions aimed at improving the recruitment in the public service.

Expenditure increased from R21.6 million in 2007/08 to R43.4 million in 2010/11, at an average annual rate of 26.1 per cent. Over the medium term, expenditure is expected to increase to R39.5 million, at an average annual rate of 3.1 per cent. The increased spending between 2007/08 and 2010/11 was mainly due to the R12 million allocated to the *Human Resource Planning* subprogramme for the rollout of the HR Connect project to departments in 2009/10. The HR Connect project will be completed in 2010/11 and the programme's budget is expected to decrease over the medium term as a result, which also explains the significant decline in spending on consultants and professional services. Spending in the *Employee Health and Wellness* subprogramme is expected to grow by R1.7 million over the medium term, due to the rollout of four new employee health and wellness policies. Spending in the *Management* subprogramme decreased by R1.3 million in 2010/11 due to funding allocated for State Information Technology Agency services and audit costs being moved from this programme to the *Administration* programme. The ratio of administrative costs to line function costs in this programme is 1:11.

Programme 3: Labour Relations and Remuneration Management

- *Management: Labour Relations and Remuneration* provides administrative support and management of the programme. This subprogramme has a staff complement of 3 and a total budget of R7.5 million, of which 69.1 per cent will be used for compensation of employees.
- *Remuneration and Market Analysis* develops, implements and maintains policies, practices and systems on remuneration. This subprogramme has a staff complement of 8 and a total budget of R18.4 million over the medium term, of which 78.9 per cent will be used for compensation of employees. The resolutions on all occupation specific dispensations were finalised in 2009/10 and have been fully implemented, except for those medical and therapeutic services which were signed in October 2010 and which will be implemented in February and March 2011 with an effective date of 1 July 2010.
- *Conditions of Service* focuses on the development, implementation and maintenance of policies and practices on general and macro benefits including implementing the occupation specific dispensation. This subprogramme has a staff complement of 11 and a total budget of R25.8 million, of which 65.5 per cent will be used for compensation of employees. In May 2010, the Minister for Public Service and Administration and labour parties in the Public Service Coordinating Bargaining Council launched the redress programme to address past discriminatory pension practices in the public service. The rollout of the project should be finalised by 31 March 2012. In relation to the review of the housing allowance and the prevailing policy, a

formal investigation on the development of a pension secured housing finance scheme for the public service was commissioned in May 2010. The investigation has been concluded and the department has developed proposals on the concept and is in the process of finalising discussions with relevant stakeholders on the proposed scheme.

- *Labour Relations and Negotiations* is responsible for the development, implementation and maintenance of policies and systems on labour relations issues for the public service and to ensure coordinated collective bargaining in the Public Service Coordinating Bargaining Council and the General Public Service Sectoral Bargaining Council. This subprogramme has a staff complement of 10 and a total budget of R24 million over the medium term, of which 87.1 per cent will be used for compensation of employees. In 2010, a research report was compiled on the review of the framework on discipline and incapacity in the public service, and PALAMA has been requested to realign the labour relations training material for accreditation and rollout from 2011/12.

Objectives and measures

- Determine trends on employment and government spending on salaries and conditions of service by conducting a comprehensive personnel expenditure review for the public service by March 2012.
- Review the remuneration policy for the public service by March 2012 in line with the personnel expenditure review and stakeholder consultations.
- Assess the implementation of occupation specific dispensations and draft a report by March 2013 to inform the Minister for the Public Service and Administration for the review of the dispensations.
- Facilitate the establishment of an integrated public service and ensure the mobility of staff by aligning remuneration and conditions of service between the public service and local government and implementing the remuneration policy framework for the single public service by March 2013.
- Establish the efficient management of annual and sick leave in the public service by:
 - establishing baseline data by the end of 2011 to identify possible management gaps and inform the development of a management framework
 - benchmarking internationally and consulting with departments and sectors on current working time arrangements in relation to their service delivery mandates by 2011/12.
- Advance the efficient management of working time in the public service by:
 - establishing baseline data by the end of 2011/12 to inform investigations into rearranging working time in the public service
 - conducting an investigation to identify areas requiring re-arrangement of working time to improve service delivery by 2013/14
 - finalising negotiations during 2011/12 on salaries and other matters, such as housing, shift allowances, medical aid, recognition of qualifications, working hours, and minimum service level agreements.

Expenditure estimates

Table 12.6 Labour Relations and Remuneration Management

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
R million							
Management: Labour Relations and Remuneration	2.2	3.6	3.1	1.7	2.3	2.5	2.6
Remuneration and Market Analysis	3.5	4.2	4.7	4.6	5.4	5.8	7.2
Conditions of Service	80.7	94.1	75.2	6.8	7.8	9.1	8.9
Labour Relations and Negotiations	15.7	5.2	5.1	10.6	7.8	7.9	8.3
Total	102.2	107.1	88.0	23.7	23.3	25.3	27.0
Change to 2010 Budget estimate				2.0	1.1	2.2	2.6

Table 12.6 Labour Relations and Remuneration Management (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Economic classification							
Current payments	102.1	107.0	88.0	22.0	23.3	25.3	27.0
Compensation of employees	12.1	12.4	13.2	16.7	17.4	19.3	20.7
Goods and services	90.0	94.6	74.8	5.3	5.8	6.1	6.4
of which:							
Computer services	0.2	0.7	0.8	0.1	0.1	0.1	0.1
Consultants and professional services:	0.4	1.1	0.2	1.9	2.8	2.7	3.0
Business and advisory services							
Lease payments	0.3	0.0	0.1	0.2	0.1	0.1	0.1
Travel and subsistence	1.0	1.8	1.3	2.0	1.8	2.0	1.9
Transfers and subsidies	-	-	-	1.7	-	-	-
Households	-	-	-	1.7	-	-	-
Payments for capital assets	0.0	0.1	0.0	-	-	-	-
Machinery and equipment	0.0	0.1	0.0	-	-	-	-
Total	102.2	107.1	88.0	23.7	23.3	25.3	27.0
Details of selected transfers and subsidies							
Households							
Households other transfers							
Current	-	-	-	1.7	-	-	-
Employee social benefit	-	-	-	1.7	-	-	-

Expenditure trends

The spending focus over the MTEF period will be on reviewing collective bargaining and labour relation structures and procedures in the public service and developing a new remuneration policy framework.

Expenditure decreased significantly from R102.2 million in 2007/08 to R23.7 million in 2010/11, at an average annual rate of 38.5 per cent. The decrease in expenditure was mainly in the *Conditions of Service* subprogramme, which decreased by R73.9 million due to the shifting of expenditure for incapacity leave and ill-health retirement from this subprogramme to the individual departments. The *Labour Relations and Negotiations* subprogramme increased by R5.1 million in 2010/11 as a result of additional funding provided for advertising and other costs relating to the public service strike.

Over the MTEF period, expenditure is expected to grow by R27 million, at an average annual rate of 4.4 per cent. The increase is mainly due to additional funding of R10.8 million received over the medium term for spending on compensation of employees across all subprogrammes, mainly for salary adjustments. The ratio of administrative to line function costs in this programme is 1:3.

Programme 4: Public Sector Information and Communication Technology Management

- *Management: Public Sector Information and Communication Technology* provides administrative support and management of the programme. This subprogramme has a staff complement of 3 and a budget of R17.4 million over the medium term, of which 68.3 per cent will be used for goods and services.
- *E-Government* provides support and leadership to national and provincial departments and the State Information Technology Agency in the development of a government wide architecture and system integration plan. This subprogramme has a staff complement of 3 and a total budget of R11.9 million over the medium term, of which 55 per cent will be used for compensation of employees. The department intends to realise its vision of automating and modernising the platform on which government does its business and renders services through the next generation e-government project. Thus far, a conceptual framework for the implementation of a catalytic prototype has been developed, and further work will be done over the medium term including design, deployment, testing and refinement.

- *Information and Communication Technology Policy and Planning* develops policies, strategies and regulations on ICT across the public service, oversees the State Information Technology Agency, provides secretarial services to the Government Information Technology Officers' Council, and oversees all ICT initiatives in the public service. This subprogramme has a staff complement of 6 and a total budget of R15 million over the medium term, of which 57.4 per cent will be used for compensation of employees. The following outputs were achieved in 2009: a review of ICT expenditure was initiated to identify opportunities for better management and governance, and opportunities for reducing costs while enabling good public administration and accelerated service delivery were improved.
- *Information and Communication Technology Infrastructure and Operations* supports all national and provincial departments on significant transversal projects and e-government projects. This subprogramme has a staff complement of 8 and a total budget of R83.9 million over the medium term, of which 69.7 per cent will be used ICT infrastructure. Connecting government institutions is a critical element in supporting front line staff and enabling them to deliver simpler, more effective services. For example, in 2010/11, 97 Thusong service centres located in remote and rural communities were connected to State Information Technology Agency and government back-end systems.

Objectives and measures

- Contribute to the improvement of service delivery by:
 - connecting 120 Thusong service centres by March 2012
 - completing the connectivity blueprint and bandwidth strategies for connecting schools, libraries, clinics and municipalities over the medium term
 - implementing the next generation e-government platform within the next 3 years.
- Enhance IT governance by adopting and implementing the control objectives for IT framework as the standard for IT governance by March 2013.
- Improve IT security by:
 - developing a security policy and governance framework by March 2010
 - deploying a pilot public key infrastructure to enhance the security of one transversal application by March 2012.
- Reduce government ICT costs over the MTEF period by consolidating printers, optimising network infrastructure (voice and data) and improving on the way software is being procured and managed.
- Consolidate and optimise IT infrastructure and service management by developing a government wide IT plan and a shared services blueprint to assist departments and municipalities to improve security and reduce the costs of ICT over the next three years.

Expenditure estimates

Table 12.7 Public Sector Information and Communication Technology Management

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
R million							
Management: Public Sector Information and Communication Technology	1.4	4.6	4.0	2.8	5.4	5.9	6.2
E-Government	1.6	2.3	5.1	2.8	4.2	3.7	4.0
Information and Communication Technology Policy and Planning	6.2	6.0	6.1	4.8	5.3	5.6	6.0
Information and Communication Technology Infrastructure and Operations	29.1	19.3	19.6	30.2	26.0	28.1	29.8
Total	38.3	32.3	34.8	40.5	40.9	43.3	46.0
Change to 2010 Budget estimate				(1.5)	(0.9)	(0.6)	(0.3)

Table 12.7 Public Sector Information and Communication Technology Management (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Economic classification							
Current payments	37.8	30.2	32.8	40.4	40.7	40.4	43.1
Compensation of employees	8.7	8.1	9.5	10.2	11.3	12.4	13.5
Goods and services	29.1	22.1	23.4	30.2	29.4	27.9	29.7
of which:							
Computer services	25.7	16.6	13.7	21.3	21.4	20.2	21.6
Consultants and professional services:	0.4	0.7	5.9	0.8	2.4	2.5	2.6
Business and advisory services							
Lease payments	0.2	0.1	0.0	0.1	0.1	0.1	0.1
Travel and subsistence	1.3	2.1	1.4	2.1	2.8	2.9	2.9
Transfers and subsidies	0.4	–	0.0	–	–	–	–
Public corporations and private enterprises	0.4	–	–	–	–	–	–
Payments for capital assets	–	2.1	2.0	0.1	0.1	2.9	2.9
Machinery and equipment	–	2.1	2.0	0.1	–	2.8	2.0
Software and other intangible assets	–	–	–	0.0	0.1	0.1	0.9
Total	38.3	32.3	34.8	40.5	40.9	43.3	46.0

Expenditure trends

Between 2007/8 and 2010/11, expenditure grew from R38.3 million to R40.5 million, at an average annual rate of 1.9 per cent. This increase was mainly due to inflation related adjustments. Spending in the *Management: Public Sector Information and Communication Technology* subprogramme decreased by 31.4 per cent, from R4 million in 2009/10 to R2.8 million in 2010/11, due to the shifting of the audit function and State Information Technology Agency costs to the *Administration* programme.

Over the MTEF period, expenditure is expected to grow from R40.5 million to R46 million, at an average annual rate of 4.4 per cent. This is mainly due to additional funding of R3 million in this programme over the medium term across all subprogrammes for salary and inflation related adjustments. The ratio of administrative to line function costs in this programme is 1:6.

Programme 5: Service Delivery and Organisational Transformation

- *Management: Service Delivery and Organisational Transformation* provides administrative support to and management of the programme. This subprogramme has a staff complement of 3 and a budget of R10 million over the medium term, of which 63.2 per cent will be used for compensation of employees.
- *Service Delivery Planning* coordinates and facilitates short term service delivery improvement initiatives. This subprogramme has a staff complement of 2 and a total budget of R5 million over the medium term, of which 75.8 per cent will be used for compensation of employees. During the first half of 2010/11, 500 practitioners were trained on the rollout of service delivery improvement plans through the Batho Pele change management engagement programme.
- *Service Delivery Improvement Mechanisms* supports interventions and partnerships which improve efficiency and effectiveness. This subprogramme has a staff complement of 14 and a total budget of R34 million over the medium term, of which 64 per cent will be used for compensation of employees. In 2010/11, research was conducted on the national knowledge management framework, for which a concept document was developed and a consultative workshop was held in November 2010.
- *Organisational Development of the Public Sector* focuses on the organisational development of the public sector. This subprogramme has a staff complement of 17 and a total budget of R41.6 million over the medium term, of which 65.6 per cent will be used for compensation of employees. In the first half of 2010/11, the department provided guidance and advice to the 9 offices of the premiers on provincial configurations in line with the national macro reorganisation of the state. This involved overall project

management and assistance with organisational design to give effect to the transfer of government functions, the renaming of departments, and the splitting of some of the existing departments in line with Cabinet portfolios announced in May 2009. The Department of Public Service and Administration has already assisted 14 departments that have requested assistance on organisational design matters. The Department of Public Service and Administration and the National Treasury will produce a guide and the principles which should underpin appropriate delegations and decision rights, and will engage in a proactive and extensive support programme to assist departments in reviewing their existing delegations and decision rights against the principles in the guide.

- *Community Development and Participation* ensures the smooth coordination and implementation of the community development workers programme in the public service and the promotion of citizen participation. This subprogramme has a staff complement of 7 and a total budget of R16.5 million over the medium term, of which 54.5 per cent will be used for compensation of employees. In 2010/11, draft regulations for the community development and participating programmes were compiled and are scheduled to be implemented in March 2013.
- *Change Management* promotes cultural change in the public service and coordinates the dissemination of lessons for improving service delivery. This subprogramme has a staff complement of 15 and a total budget of R38.1 million over the medium term, of which 60.8 per cent will be used for compensation of employees. In the first half of 2010/11, a change readiness study for the integrated public service was initiated. Effective service delivery implementation is often undermined by over-centralisation of decision making powers with insufficient delegation to staff at the coalface.
- *Integrated Access Mechanisms* facilitates community development through access to government services. This subprogramme has a staff complement of 3 and a total budget of R17.5 million over the medium term, of which 46.6 per cent will be used for compensation of employees and 42.5 per cent for consultants. By 2010/11, the following outputs had been achieved: the geographic information system was established and currently displays the location of service points of selected departments and includes up to date demographic information about South Africa's population; and a draft guideline on improving access to service points was established. Over the medium term, the geographic information system will be enhanced to include additional functionality and service delivery data.
- *Public Administration Leadership and Management Academy* transfers funds to PALAMA, which aims to enhance the quality, extent and impact of public sector management and leadership development through collaboration with other training service providers, compulsory training programmes, and the facilitation of training for all spheres of government.
- *Centre for Public Service Innovation* unlocks innovation in the public sector and creates an enabling environment for improved and innovative service delivery through capacity development activities. This subprogramme has a staff complement of 14 and a total budget of R47.7 million over the medium term, of which 60.9 per cent will be used for compensation of employees. In 2010/11, the following outputs were achieved: successfully hosting the fourth conference on innovation, which 400 public sector delegates attended; holding the 8th Annual Innovation Awards in November 2010 to reward innovative initiatives; and identifying and developing an appropriate assistive device for visually impaired teachers, which is currently being used by 50 teachers in 20 schools as part of a comprehensive pilot project.
- *Public Service Education and Training Authority* transfers funds to the Public Service Education and Training Authority, which develops a coordinated framework for providing public service education and training. Due to administrative challenges, the authority was unable to administer its funding, so no transfer payments were made. The transfer payments will begin in 2011/12.

Objectives and measures

- Contribute to the implementation of service delivery quality improvement initiatives by developing a methodology on business process quality management and unit costing and implementing both in the departments of education and health by March 2012.
- Institutionalise quality service delivery to all departments by developing and implementing the national knowledge management framework and establishing service delivery forums across the public service by March 2014.

- Contribute to organisational development and transformation by finalising the strategic frameworks on managing organisational change and service delivery implementation by March 2012.
- Improve access to 6 basic services to citizens by developing and implementing a strategy over the MTEF period to build capacity among community development workers.
- Contribute to improving service delivery competency in the public service by providing training on Batho Pele principles over the MTEF period.
- Improve service delivery and senior management service competency by developing and implementing the revised Khaedu management strategy by March 2012.
- Assist departments to develop sector specific generic structures and organisational review projects to promote organisational development by developing strategic frameworks and tools for organisational capacity assessments and the modernisation of the state by 2025.
- Improve the competency of organisational development practitioners by providing training, support and advice on organisational design matters over the medium term.
- Prevent indiscriminate restructuring of departments by monitoring organisational structuring implemented by departments, in collaboration with the auditor general, on an ongoing basis.
- Promote innovative service delivery by investigating, piloting, demonstrating and mainstreaming at least 3 sustainable models and solutions per year.
- Entrench a culture of innovation in the public service through knowledge platforms and products, including by:
 - hosting an annual public sector innovation conference
 - annually rewarding innovative service delivery projects in 5 categories
 - publishing and disseminating 2 editions per year of the innovation journal Ideas that Work.

Expenditure estimates

Table 12.8 Service Delivery and Organisational Transformation

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R million	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Management: Service Delivery and Organisational Transformation	2.6	3.0	2.2	2.7	3.0	3.4	3.5
Service Delivery Planning	1.1	5.9	2.2	2.7	1.5	1.7	1.8
Service Delivery Improvement Mechanisms	9.5	11.6	10.6	11.7	10.6	11.5	12.0
Organisational Development of the Public Sector	15.5	13.9	10.2	12.5	12.8	13.9	14.9
Community Development and Participation	8.3	3.0	5.9	5.7	5.0	5.5	6.0
Change Management	17.2	12.0	13.1	11.3	12.3	12.0	13.9
Integrated Access Mechanisms	–	1.1	2.1	3.8	5.4	5.9	6.3
Public Administration Leadership and Management Academy	131.1	105.4	121.1	118.4	118.3	122.5	129.2
Centre for Public Service Innovation	11.0	18.7	16.1	14.3	14.8	15.9	17.0
Public Service Education and Training Authority	11.3	14.7	21.0	20.0	21.0	22.1	23.3
Total	207.6	189.4	204.6	203.2	204.8	214.3	227.8
Change to 2010 Budget estimate				(1.5)	(3.2)	(1.0)	0.7
Economic classification							
Current payments	76.4	79.0	80.7	64.5	65.4	69.6	75.2
Compensation of employees	34.0	29.4	39.5	36.7	39.1	43.3	47.3
Goods and services	42.4	49.7	41.2	27.8	26.3	26.4	27.9
of which:							
Computer services	3.3	4.9	1.5	0.3	2.8	2.9	3.0
Consultants and professional services:	10.8	8.6	5.2	3.3	8.2	6.9	7.8
Business and advisory services							
Lease payments	2.6	1.9	3.1	1.8	1.4	1.5	1.6
Travel and subsistence	6.7	9.1	7.5	6.1	4.4	4.8	5.2
Transfers and subsidies	131.1	107.6	121.8	138.5	139.4	144.6	152.6
Departmental agencies and accounts	131.1	105.4	121.1	138.5	139.4	144.6	152.5
Households	0.0	2.2	0.6	0.0	–	–	–

Table 12.8 Service Delivery and Organisational Transformation (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Payments for capital assets	0.1	2.7	2.2	0.2	0.1	0.0	0.1
Machinery and equipment	0.1	2.7	2.0	0.2	0.1	0.0	0.1
Software and other intangible assets	–	0.1	0.1	0.0	–	–	–
Total	207.6	189.4	204.6	203.2	204.8	214.3	227.8
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	131.1	105.4	121.1	138.5	139.4	144.6	152.5
Public Administration Leadership and Management Academy	131.1	105.4	121.1	118.4	118.3	122.5	129.2
Public Sector Education and Training Authority	–	–	–	20.0	21.0	22.1	23.3

Expenditure trends

The spending focus over the MTEF period will be on developing and implementing the Batho Pele impact assessment, the Khaedu project and the community development workers programme

Expenditure decreased from R207.6 million in 2007/08 to R203.2 million in 2010/11, at an average annual rate of 0.7 per cent. The decrease in expenditure of R18.2 million in 2008/09 was mainly in the *Community Development and Participation* subprogramme, due to the completion of the community development indaba, and the *Public Administration Leadership and Management Academy* subprogramme due to a once-off allocation for purchasing furniture and equipment for the new building of the academy. Between 2007/08 and 2010/11, spending in the *Centre for Public Service Innovation* subprogramme grew at an average annual rate of 9.2 per cent, from R11 million to R14.3 million, due to additional allocations in 2008/09 and 2009/10 for new accommodation and the establishment of the centre. *Public Service Education and Training Authority* subprogramme's expenditure grew at an average annual rate of 21 per cent, from R11.3 million in 2007/08 to R20 million in 2010/11 to increase capacity required for the establishment of the entity.

Expenditure over the MTEF period is expected to increase from R203.2 million to R227.8 million, at an average annual rate of 3.9 per cent. This is mainly due to additional funding over the medium term of R10.4 million mainly for inflation related adjustments to salaries. In addition, R1.2 million has been redirected from other programmes to the *Integrated Access Mechanisms* subprogramme to fund the geographic information systems project. The ratio of administrative to line function costs in this programme is 1:64.

Programme 6: Governance and International Relations

- *Management: Governance and International Relations* provides administrative support to and management of the programme. This subprogramme has a staff complement of 3 and a budget of R16.4 million over the medium term, of which 68.6 per cent will be used for operations, and mainly travel and subsistence.
- *Integrity and Ethics Management* is responsible for establishing and implementing strategies for fighting corruption and improving ethical conduct in the public service. This subprogramme has a staff complement of 9 and a total budget of R51.8 million over the medium term, of which 60.8 per cent will be used for compensation of employees. In 2009/10 and 2010/11, the following outputs were achieved: a compliance audit of the minimum anti-corruption capacity requirements for 60 provincial departments and 26 national departments was carried out; the programme participated in the three meetings of the Organisation for Economic Cooperation and Development working group on bribery in international business transactions; representatives attended a meeting of the United Nations Convention Against Corruption intergovernmental working group; 428 officials from Mpumalanga, Eastern Cape, Free State, Western Cape and Northern Cape were trained as part of the public service anti-corruption capacity building programme. 327 participants from the business sector in Mpumalanga, Gauteng and KwaZulu-Natal were also trained.

- *International and African Affairs* establishes and maintains bilateral and multilateral relations on governance and public administration by implementing global and continental programmes and projects for improving governance and public administration. This subprogramme has a staff complement of 15 and a total budget of R34 million over the medium term, of which 70.4 per cent will be spent on compensation of employees. In 2009/10 and 2010/10, the following outputs were achieved: a strategy on the establishment of a Southern African Development Community public administration cluster was developed; the 6th conference of African ministers for public service was hosted, which adapted the African charter and a long term strategy for the continental public administration programme; and the department chaired and contributed to the establishment of the virtual centre of excellence within the India-Brazil-South Africa working group on public administration framework.
- *Monitoring and Evaluation* manages a system for planning, monitoring and evaluating programmes that enable transformation in the public sector. This subprogramme has a staff complement of 13 and a total budget of R27.2 million over the medium term, of which 75.9 per cent will be used for compensation. In 2009/10 and 2010/11, the following outputs were achieved: an employee satisfaction survey was conducted in the offices of premiers in Limpopo and North West, and in the Department of Transport; the 2010 service user satisfaction methodology to be employed in the public service was developed; the public service monitoring and evaluation framework, guidelines, glossary of terms and capacity building plans were developed and are expected to be approved by March 2011; 2 analytical and evaluation reports on the implementation of the Department of Public Service and Administration's policies were produced; and the PERSAL clean-up strategy, guide, tools, methodology and implementation plan were developed.
- *African Peer Review Mechanism* ensures the adoption of policies, standards and practices that lead to political stability, high economic growth, sustainable development and accelerated sub-regional and continental economic integration. This is done by sharing experiences and reinforcing best practices, including identifying deficiencies and assessing capacity building needs. This subprogramme has a staff complement of 4 and a total budget of R26.4 million over the medium term, of which 65.1 per cent will be used on operations, and mostly on venues and facilities. In 2009/10 and 2010/11, the following outputs were achieved: there was continued implementation of the African Peer Review Mechanism plan of action; and the national African Peer Review Mechanism framework for institutionalising the programme in the national development process was drafted. In 2010/11, R6 million was spent and a further R2.3 million will be reprioritised from other areas to increase the budget for the African Peer Review Mechanism.
- *Integrated Public Administration Reforms* supports the minister and director general in working towards greater public administration integration through facilitating the introduction of enabling frameworks, stakeholder liaison and programme coordination. This subprogramme has a staff complement of 9 and a total budget of R66.5 million over the medium term, of which 82 per cent will be used for operations and 44.3 per cent for outsourced services. In 2009/10 and 2010/11, the subprogramme played a key role in the establishment of the country's first public service pilot urban mall in Soweto by contributing to the development of business processes, ICT systems, organisational structures, as well as the layout and facilities.
- *Public Service Commission* transfers funds to the Public Service Commission, which oversees and evaluates the functioning of the public service with a view to establishing good governance and best practice principles.

Objectives and measures

- Ensure that South Africa complies with the African Peer Review Mechanism's norms and standards by managing and implementing the African Peer Review Mechanism's national framework by submitting annual progress reports to the African Union (AU) and Cabinet.
- Monitor and evaluate public sector programmes, policies and projects to ensure accountability and transparency by implementing a monitoring and evaluation framework in selected national and provincial departments by end of 2011/12.
- Contribute to the African Agenda and international best practices on the transformation of the public service and public administration by:
 - implementing the continental governance and public administration programme

- advancing South-South cooperation on public administration
- regularly participating in the global governance dialogue.
- Tackle corruption in the public service and monitor compliance with national and international anti-corruption instruments across the public service by establishing and operationalising a specialised anti-corruption unit by end of 2011/12.

Expenditure estimates

Table 12.9 Governance and International Relations

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
R million							
Management: Governance and International Relations	2.2	4.1	3.1	3.3	5.2	5.5	5.8
Integrity and Ethics Management	11.5	7.2	5.7	7.7	16.6	17.2	18.0
International and African Affairs	10.7	21.3	10.7	10.3	10.5	11.3	12.2
Monitoring and Evaluation	4.4	5.8	5.3	8.7	8.5	9.0	9.8
African Peer Review Mechanism	2.4	3.9	6.7	9.5	8.3	8.4	9.7
Integrated Public Administration Reforms	11.3	20.2	17.8	25.1	21.8	21.6	23.1
Public Service Commission	108.1	113.7	131.8	134.6	151.1	157.2	165.6
Total	150.6	176.1	181.1	199.2	221.9	230.2	244.2
Change to 2010 Budget estimate				(2.5)	11.6	12.0	14.1
Economic classification							
Current payments	42.2	60.0	47.9	62.1	70.4	72.5	78.1
Compensation of employees	8.3	14.6	18.6	24.4	31.7	34.0	37.6
Goods and services	33.9	45.4	29.3	37.8	38.7	38.5	40.5
of which:							
Computer services	0.2	0.6	1.5	0.4	2.9	1.8	1.8
Consultants and professional services:	14.7	10.3	2.5	11.4	2.3	2.8	2.4
Business and advisory services							
Lease payments	0.6	1.7	3.7	3.6	3.9	4.3	4.7
Travel and subsistence	5.4	6.8	4.4	8.8	9.6	9.8	10.4
Transfers and subsidies	108.4	114.3	132.3	135.2	151.5	157.7	166.1
Departmental agencies and accounts	108.1	113.7	131.8	134.6	151.1	157.2	165.6
Foreign governments and international organisations	0.2	0.7	0.5	0.6	0.4	0.5	0.5
Payments for capital assets	0.0	1.7	0.8	1.9	–	–	–
Machinery and equipment	0.0	1.3	0.8	1.9	–	–	–
Software and other intangible assets	–	0.3	0.0	0.0	–	–	–
Payments for financial assets	–	0.1	0.0	–	–	–	–
Total	150.6	176.1	181.1	199.2	221.9	230.2	244.2
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	108.1	113.7	131.8	134.6	151.1	157.2	165.6
Public Service Commission	108.1	113.7	131.8	134.6	151.1	157.2	165.6

Expenditure trends

The spending focus over the medium term will be on developing an anti-corruption management system, developing and implementing the bilateral and multilateral engagement framework, conducting the African Peer Review Mechanism country review and compiling progress reports on it.

Expenditure increased from R150.6 million in 2007/08 to R199.2 million in 2010/11, at an average annual rate of 9.8 per cent. This was mainly due to additional funding in 2008/09 in the *African Peer Review Mechanism* and *Integrated Public Administration Reforms* subprogrammes to conclude the African Peer Review Mechanism country assessment report and to implement the single public service project. Spending in the

Monitoring and Evaluation subprogramme also contributed to the increase from R4.4 million in 2007/08 to R8.7 million in 2010/11, an average annual increase of 25 per cent, due to expenditure on performance assessments through the public management watch system.

Expenditure is projected to grow from R199.2 million in 2010/11 to R244.2 million in 2013/14, at an average annual rate of 7 per cent. This is mainly due to additional allocations for: establishing the special anti-corruption unit, which accounts for the R10.3 million growth in the *Integrity and Ethics Management* subprogramme; revising the complaints and grievance rules within public service; and evaluating poverty reduction programmes throughout government. Inflation related adjustments for salaries and operational costs also contribute to the growth. The ratio of administrative to line function costs in this programme is 1:41.

Other departments within the vote

Public Service Commission

Strategic overview: 2007/08 – 2013/14

The Public Service Commission derives its mandate from sections 195 and 196 of the Constitution. The commission is the only government body independently empowered and mandated to oversee and evaluate the functioning of the public service, with a view to establishing good governance and best practice principles. As a custodian of good governance established by the Constitution, the commission provides Parliament and the national and provincial legislatures with an independent perspective on the performance of the public service, while advising the national and provincial executives on good administrative practice.

Over the MTEF period, the commission aims to strengthen partnerships with other appropriate institutions that have monitoring and evaluation responsibilities. The implementation of the framework for the evaluation of heads of department is critical in the context of the introduction of new performance agreements and service delivery agreements with ministers and premiers.

The following are the key functions that will impact on the spending plans over the medium term:

The commission continues to play a critical role in promoting sound labour relations in the public service. By reviewing grievances that have been referred to it by the executive authorities, as well as resolving grievances within departments, it contributes to the amicable resolution of grievances and sets trends and benchmarks for grievance management. The trend reports point to areas needing attention. The commission also gives guidance to departments on grievance resolution management and through focused meetings with specific departments. Since 2010, heads of department have had the option of either lodging their grievances directly with the commission or with the relevant executive authority. This means that over the MTEF period, the commission's investigative work will increase.

In terms of government's new outcomes approach, the commission can make a valuable contribution by conducting citizen satisfaction surveys. The survey findings, together with the commission's findings in its inspections of departments' service delivery sites, will help government to gauge the progress it is making in ensuring a better life for all South Africans.

The national anti-corruption hotline, which is managed by the commission, is an important public participation mechanism for reporting cases of alleged corruption. The successful investigation of some cases has resulted in the imposition of a sanction of dismissal of employees found guilty of misconduct, and large sums of money involved in acts of corruption being recovered.

Savings and cost effectiveness measures

Over the MTEF period, savings of R434 000, R451 000 and R476 000 will be realised through cost containment measures and a focus on improving efficiency. These measures have been identified in the *Corporate Services* subprogramme in the *Administration* programme and include: limiting and prioritising local and foreign trips to save on travel and accommodation costs; reducing expenditure on entertainment; and making reports available on the commission's website to reduce printing costs.

Selected performance indicators

12.10 Public Service Commission

Indicator	Programme/Activity	Past			Current	Projections		
		2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Total number of grievances investigated and concluded	Leadership and Management Practices	597	654	614	700	750	800	850
Number of reports on the management of grievances in the public service per year	Leadership and Management Practices	3	1	2	1	1	1	1
Number of research reports on labour relations per year	Leadership and Management Practices	3	1	1	1	1	1	1
Percentage of 146 heads of department whose performance is evaluated	Leadership and Management Practices	56% (73)	8% (12)	52% (76)	100% (146)	100% (146)	100% (146)	100% (146)
Percentage of 146 heads of department whose performance agreements have been quality assured and filed	Leadership and Management Practices	82% (119)	73% (106)	59% (86)	100% (146)	100% (146)	100% (146)	100% (146)
Number of reports on public service leadership per year	Leadership and Management Practices	5	2	3	2	2	2	2
Number of reports on monitoring and evaluation per year	Monitoring and Evaluation	22	27	32	23	16	16	16
Number of reports on service delivery per year	Monitoring and Evaluation	9	8	4	6	10	10	10
Number of public administration investigations concluded per year	Integrity and Anti-Corruption	10	4	27	47	10	10	10
Number of public administration research projects finalised and reports published per year	Integrity and Anti-Corruption	7	4	2	2	1	1	1
Number of national anti-corruption hotline cases reported per year	Integrity and Anti-Corruption	1 624	1 348	1 800	2 000	2 000	2 000	2 000
Percentage of financial disclosure forms received and scrutinised	Integrity and Anti-Corruption	77% (6 558)	100% (8 700)	78% (7 099)	100% (8 900)	100% (9 000)	100% (9 100)	100% (9 100)

Details of programmes/activities/objectives

The total budget allocated to this department for 2010/11 was R134.6 million, of which 50.7 per cent was used in the Administration programme

Administration manages the office of the Public Service Commission and provides centralised support services. The total budget for this programme over the medium term is R247.8 million, of which 54 per cent will be spent on corporate services. This programme is supported by 59 administration staff.

Leadership and Management Practices promotes sound public service leadership, human resources management, labour relations and labour practices. The programme comprises two subprogrammes: Labour Relations Improvements and Leadership and Human Resource Reviews. This programme has a staff complement of 37 and the budget over the medium term is R74.5 million, of which 89 per cent will be used for compensation of employees. In 2009/10, the following outputs were achieved: 464 grievances were received and assessed and of these, 137 cases were finalised and 179 grievances were referred back to departments due to insufficient information provided; the guidelines for evaluation of heads of department 2008/2009 were produced and distributed in September 2009; and a fact sheet on the filling of performance agreements was completed.

Monitoring and Evaluation establishes a high standard of service delivery, monitoring and good governance in the public service. The programme comprises two subprogrammes: Governance Monitoring and Service Delivery, and Compliance Evaluations. This programme has a staff complement of 45 and a total budget of R72.8 million over the medium term, of which 86.5 per cent will be used for compensation of employees. A transversal monitoring and evaluation system was successfully implemented in 25 departments (7 national and 18 provincial) in 2009/10, and in 30 departments (2 national and 28 provincial) in 2010/2011. In 2010/11, the

Public Service Commission evaluated the role of agencification in public service delivery, with case studies on the South African Social Security Agency and the Small Enterprise Development Agency.

Integrity and Anti-Corruption undertakes public administration investigations, promotes a high standard of ethical conduct among public servants and contributes to preventing and combating corruption. The programme comprises two subprogrammes: Public Administration Investigations and Professional Ethics. This subprogramme has a staff complement of 43 and a total budget of R78.8 million over the medium term, of which 85.3 per cent will be used for compensation of employees. In 2010/11, the following outputs were achieved: 11 complaints on human resource related issues, unethical behaviour, and corruption and maladministration were finalised; a report on financial misconduct for 2008/2009 was finalised; a fact sheet on the financial disclosure framework was completed and distributed to all relevant stakeholders; and 8 115 cases of alleged corruption have been referred to departments for investigation, feedback 2 928 cases has been received and 1 631 cases on the national anti-corruption hotline's case management system have been closed.

Objectives and measures

- Improve public service labour relations, practices and policies, monitor the standard of public service leadership, and evaluate human resource policies by:
 - increasing investigations of grievances and complaints lodged by public servants from 700 in 2010/11 to 850 in 2013/14
 - implementing the performance management framework and evaluating all qualifying heads of department in 2012/13.
- Improve governance practices in the public service by:
 - evaluating the management practices and service delivery performance of at least 15 departments and undertaking at least 1 programme evaluation per year
 - conducting at least 6 service delivery assessments per year by 2011/12 to establish the expectations and perceptions of citizens on service delivery.
- Investigate and improve public administration practices by conducting 10 audits and investigations into public administration practices per year by 2013/14, and by making recommendations to departments on how to promote good governance.
- Promote professional ethics and integrity in the public service by researching and evaluating professional ethics and corruption prevention and from 2012/13 the department will produce 1 report with recommendations per year
- Monitor and raise awareness of potential conflicts of interest among managers by managing the financial disclosure framework through official correspondence and annual reporting on non-complying managers, to increase compliance to 100 per cent by 2012/13.
- Contribute to the fight against corruption by continuously managing the national anti-corruption hotline.

Expenditure estimates

Table 12.11 Public Service Commission

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
R million								
Administration	58.9	59.4	72.4	68.2	68.2	78.9	82.1	86.8
Leadership and Management Practices	13.8	14.6	16.4	21.3	21.3	23.8	24.8	26.0
Monitoring and Evaluation	17.5	19.0	19.7	22.0	22.0	23.2	24.2	25.4
Integrity and Anti-Corruption	17.9	20.7	23.3	23.1	23.1	25.2	26.1	27.5
Total	108.1	113.7	131.8	134.6	134.6	151.1	157.2	165.6
Change to 2010 Budget estimate				0.8	0.8	5.5	6.0	6.1

Table 12.11 Public Service Commission (continued)

R million	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
Economic classification								
Current payments	105.4	112.3	120.6	133.8	133.8	150.2	156.3	164.7
Compensation of employees	69.3	77.2	87.6	103.4	103.4	112.2	117.8	123.7
Goods and services	36.0	35.1	33.0	30.4	30.4	38.0	38.5	41.0
of which:								
Computer services	2.1	2.2	3.3	0.0	0.0	4.3	4.3	4.4
Consultants and professional services:	5.0	4.5	4.0	2.5	2.5	3.8	3.7	4.2
Business and advisory services								
Lease payments	7.8	7.3	7.4	9.6	9.6	10.3	10.8	11.4
Travel and subsistence	7.0	8.4	5.0	2.6	2.6	5.3	5.3	5.5
Transfers and subsidies	0.0	0.0	10.1	0.0	0.0	0.0	0.0	0.1
Households	–	–	10.1	–	–	–	–	–
Payments for capital assets	2.7	1.3	1.0	0.7	0.7	0.8	0.8	0.9
Machinery and equipment	2.6	1.3	1.0	0.7	0.7	0.8	0.8	0.9
Software and other intangible assets	0.1	–	–	–	–	–	–	–
Payments for financial assets	–	0.0	0.1	–	–	–	–	–
Total	108.1	113.7	131.8	134.6	134.6	151.1	157.2	165.6

Expenditure trends

The spending focus over the medium term will be on strengthening measures to inculcate a culture of integrity within the public service by researching and evaluating professional ethics and corruption prevention. The commission will also carry out research on how to conduct lifestyle audits in the public service.

Between 2007/8 and 2010/11, expenditure grew from R108.1 million to R134.6 million, at an annual average rate of 7.6 per cent. This growth was as a result of additional funds received for revising the complaints and grievance rules, establishing the national anti-corruption hotline, creating the integrity and anti-corruption branch, managing conflicts of interest, evaluating poverty reduction programmes, and the devolution of funds for accommodation from the Department of Public Works.

Over the MTEF period, expenditure is expected to grow at an average annual rate of 7.2 per cent to reach R165.6 million in 2013/14. This growth is mainly due to additional funds received for inflation related salary adjustments and operational costs. The ratio of administrative costs to line function costs for the commission is 1:1.1.

Personnel information

The commission had 247 funded posts, of which 184 are filled. The vacancy rate was 26 per cent, with the highest vacancy rates in salary levels 8 and 10. The Administration programme had the highest vacancy rate, at 45 per cent. This is mainly attributable to delays in filling vacant posts. The commission anticipates filling all funded posts over the medium term.

Public Administration Leadership and Management Academy

Strategic overview: 2007/08 – 2013/14

The mandate of the Public Administration Leadership and Management Academy is outlined in the Public Service Amendment Act (2007). The draft Public Administration Management Bill reinforces this mandate, which is to enhance the quality, extent and impact of public sector management and leadership development.

The academy plays a significant role in developing capacity through training designed to support effective service delivery. Since the reconstitution of the organisation in August 2008, following a Cabinet decision, the academy has sought to increase the number of public servants trained through a range of training programmes offered either directly or in collaboration with partners and providers. Between 2007/08 and 2009/10, the academy trained a total of 104 816 public sector officials, which translates to 369 594 person training days.

In terms of government's outcome based performance approach, the work of the academy relates to developing an efficient, effective and development oriented public service and an empowered, fair and inclusive citizenship (outcome 12). In support of this outcome the academy has a critical role to play in the development of skills and personnel in the public sector. The academy will also contribute towards the improvement of capacity and efficacy of the state, and to entrench a culture and practice of efficiency, transparency, honesty and compassion.

To achieve the targets set for 2014, the training and development interventions will be needs based, respond to government priority skills areas, support government's developmental agenda and contribute to increased performance. The academy will therefore identify mandatory programmes for public servants to undertake, and a minimum number of compulsory annual training days per public servant, and develop the appropriate policy for this. The academy will undertake these interventions within the framework of its five broad strategic objectives: delivering its mandated services to users and an extensive range of partners; developing effective relations with key stakeholders; making lateral contributions to collaborative inter-organisational undertakings; implementing sound corporate governance; and migrating to the new business model.

Savings and cost effectiveness measures

Over the MTEF period, savings of R1.1 million will be realised. Cost saving measures for promoting efficiency and reducing wastage have been identified across the department specifically under goods and services, and will be implemented in a manner that will not jeopardise service delivery. PALAMA will reduce the use of consultants as well as travel and subsistence costs, and will continue to review policies relating to these areas to ensure that non-core expenditure is kept at a minimum.

Selected performance indicators

Indicators are reported under the training trading account, in the public entities section below.

Details of programmes/activities/measure

The total budget allocated to this department for 2010/11 was R118.4 million, of which 52.6 per cent was used in the Administration programme.

Administration facilitates the overall management of PALAMA and provides support services for its organisational functions. This programme has a staff complement of 54 and a total budget of R196.4 million over the medium term, of which 55.2 per cent will be used for goods and services.

Public Sector Organisational and Staff Development facilitates transfer payments to the training trading account for management development and training public sector employees.

Objectives and measures

Objectives and measures are reported under the training trading account, in the public entities section below.

Expenditure estimates

Table 12.12 Public Administration Leadership and Management Academy

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
R million	2007/08	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
Administration	73.9	62.8	63.6	62.2	62.2	63.2	64.8	68.4
Public Sector Organisational and Staff Development	57.2	42.6	57.5	56.2	56.2	55.1	57.7	60.9
Total	131.1	105.4	121.1	118.4	118.4	118.3	122.5	129.2
Change to 2010 Budget estimate				0.9	0.9	–	–	–
Economic classification								
Current payments	66.2	56.3	57.4	60.4	60.4	61.1	62.7	66.1
Compensation of employees	13.3	11.8	18.3	24.4	24.4	25.9	27.2	28.7

Table 12.12 Public Administration Leadership and Management Academy (continued)

R million	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
Economic classification								
Goods and services	52.9	44.5	39.1	36.0	36.0	35.3	35.5	37.4
of which:								
Consultants and professional services:	14.3	9.0	6.9	3.6	3.6	4.5	5.2	5.7
Business and advisory services								
Agency and support / outsourced services	–	6.7	8.2	5.8	5.8	5.7	4.7	5.1
Lease payments	18.0	2.2	5.0	3.7	3.7	4.2	4.4	4.6
Travel and subsistence	2.8	1.6	2.3	4.0	4.0	3.9	3.2	3.4
Interest and rent on land	–	–	0.1	–	–	–	–	–
Transfers and subsidies	57.2	42.6	57.6	56.2	56.2	55.1	57.7	60.9
Departmental agencies and accounts	57.2	42.6	57.5	56.2	56.2	55.1	57.7	60.9
Payments for capital assets	7.6	6.5	5.9	1.9	1.9	2.0	2.1	2.3
Machinery and equipment	7.4	5.9	5.2	1.6	1.6	2.0	2.1	2.2
Software and other intangible assets	0.2	0.5	0.7	0.3	0.3	0.1	0.1	0.1
Payments for financial assets	0.0	–	0.2	–	–	–	–	–
Total	131.1	105.4	121.1	118.4	118.4	118.3	122.5	129.2

Expenditure trends

The spending focus over the MTEF period will be on supporting local government's turnaround strategy through the provision of training to frontline support staff and unemployed youth. The department will also implement capacity building programmes through skills development and deployment to the coalface of service delivery.

The transfer payment to the training trading account constitutes 45.8 per cent of PALAMA's total spending over the seven-year period. Between 2007/08 and 2010/11, expenditure decreased from R131.1 million to R118.4 million, at an average annual rate of 3.3 per cent. The decrease was due to an additional once-off payment of R60 million provided in the 2007 Adjusted Estimates of National Expenditure to equip the new PALAMA premises and provide start-up funding for public sector mass induction training.

Over the MTEF period, expenditure is expected to increase at an average annual rate of 2.9 per cent to reach R129.2 million. The increase is as a result of additional funding of R1.1 million in 2011/12 and 2012/13, and R1.2 million in 2013/14 to provide for the higher than anticipated general salary adjustments. The ratio of administrative costs to line function programme costs is 1:1.9. The department has allocated R15.3 million over the medium term for the use of contractors, consultants and professional services. Consultants used provide support to the department for the designing and development of course material.

Personnel information

The total establishment of the department stood at 268 posts in 2010/11 compared to 242 posts in 2009/10. There are 194 filled posts, including those additional to the establishment and 7 interns. There are 74 vacancies, of which 32 are funded and 42 are unfunded. It is important to note that the department is in the process of a far-reaching and fundamental transformation that is expected to have implications for the number of staff and consequently the funding for compensation of employees in the following and subsequent financial years.

Public entities and other agencies

State Information Technology Agency

Strategic overview: 2007/08 – 2013/14

The State Information Technology Agency was established in 1999 to consolidate and coordinate the state's IT resources, save costs through economies of scale, increase delivery capabilities and improve interoperability. The agency was established in terms of the State Information Technology Agency Act (1998), and is funded through the provision of services stipulated in the service level agreements referred to in the legislation. The

agency continues to provide a broad spectrum of IT services that relate to infrastructure, hosting and data centres, and procurement.

The agency is currently in the process of implementing a turnaround strategy and operating plan that will build on its demonstrated capabilities and address all the challenges facing the agency. The strategy has identified six key outcomes which must be achieved over the next three to five years: to be the proficient lead agency in public sector IT; to achieve an effective and integrated public sector ICT supply chain management system; to ensure competitive pricing and financial sustainability; to be an effective regulator; to carry out effective governance and monitoring; and to be an employer of choice.

Key policy developments and activities that impact on departmental spending plans over the medium term are: providing ICT connectivity and remote support to Dinaledi schools, community libraries and Thusong service centres; creating an ICT blueprint that governs the deployment of ICTs to Thusong service centres, and that can be used as a model to roll out ICT to clinics, schools, and community radio stations; deploying a shared services platform to support ICTs deployed within these communities; establishing an open source programme office that will create an open source laboratory, and an implementation roadmap for open source deployment throughout government; contributing to the development of a catalytic next generation e-government prototype; developing the framework for a new enterprise resource planning system in government's integrated financial management systems; developing a government wide enterprise architecture framework; and developing a framework for adopting a service orientated architecture within government.

The turnaround strategy will be executed through programmes and projects with approved operating plans and projected budgets.

Savings and cost effectiveness measures

The agency's contributions to reducing the cost of conducting business include: creating a shared services model for centralising, standardising and consolidating the delivery of all service offerings; adopting a standard operating environment that can aid in reducing the total cost of ownership; developing and implementing an IT asset management strategy; providing a syndicated disaster recovery capacity for government; developing options to minimise duplication by consolidating and standardising non-core business infrastructure and applications; ensuring preferential procurement pricing from original equipment manufacturers; ensuring preferential procurement on the bandwidth costs to government from telecommunications service providers; participating in the development of a local government ICT framework; entering into single or multi-year government wide contracts with major software suppliers and single enterprise licences for vendors that dominate the space; extending hardware and software procurement models to incorporate mass storage, backup, telecommunications and other IT devices and peripherals; making software and hardware renewal a government wide initiative as opposed to a departmental function; establishing a streamlined procurement process and using volume purchasing and site licences to establish attractive prices on standardised hardware and software; and developing cost effective and flexible procurement practices, such as strategic sourcing and performance based contracts that will allow government to obtain greater value for its ICT expenditure.

Selected performance indicators

Table 12.13 State Information Technology Agency

Indicator	Past			Current	Projections		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Percentage of operating profit margin	6%	6%	6%	6%	6%	6%	6%
Liquidity ratio	2:1	2:1	2:1	1.5:1	1.5:1	1.5:1	1.5:1
Value of debtors balances per year	R618.2m	R692.4m	R768m	R770m	R769m	R791m	R831m
Solvency ratio	2:1	2:1	2:1	0	2:1	2:1	2:1
Percentage of external customer satisfaction according to satisfaction index	61%	70%	70%	75%	79%	79%	79%
Percentage turnover rate of personnel with critical skills	8%	7%	6%	0%	7%	7%	7%
Average employee satisfaction according to satisfaction index 1 to 5, 1 = poor and 5 = excellent)	2,5	2,8	3	3,5	3,7	3,9	3,9

Expenditure estimates

Table 12.14 State Information Technology Agency

Statement of financial performance				Revised estimate	Medium-term estimate		
R million	Audited outcome			2010/11	2011/12	2012/13	2013/14
	2007/08	2008/09	2009/10				
Revenue							
Non-tax revenue	3 773.5	4 162.0	4 099.7	4 312.8	4 699.4	5 166.9	5 681.0
Sale of goods and services other than capital assets	3 614.4	3 933.6	3 941.8	4 240.8	4 622.5	5 084.8	5 593.2
of which:							
IT services revenue	3 614.4	3 933.6	3 941.8	4 240.8	4 622.5	5 084.8	5 593.2
Infrastructure (mainframe, network)	159.1	228.4	157.9	72.0	76.9	82.1	87.7
Total revenue	3 773.5	4 162.0	4 099.7	4 312.8	4 699.4	5 166.9	5 681.0
Expenses							
Current expense	3 345.5	4 006.0	4 050.1	4 247.5	4 576.3	4 983.1	5 425.4
Compensation of employees	1 240.9	1 432.4	1 709.6	1 775.2	1 902.8	1 998.0	2 097.9
Goods and services	1 932.4	2 327.5	2 105.2	2 313.1	2 489.3	2 779.9	3 114.9
Depreciation	124.4	172.4	177.5	159.1	184.1	205.1	212.7
Interest, dividends and rent on land	47.8	73.7	57.7	–	–	–	–
Total expenses	3 474.3	4 051.5	4 067.9	4 266.4	4 610.8	5 034.5	5 497.0
Surplus / (Deficit)	299.2	110.5	31.7	46.4	88.6	132.4	184.0
Statement of financial position							
Carrying value of assets	594.1	616.0	517.2	630.1	631.8	672.1	704.3
of which: Acquisition of assets	261.8	198.5	88.0	275.8	190.0	250.0	250.0
Inventory	15.9	19.6	67.6	78.8	86.6	80.3	84.3
Receivables and prepayments	809.6	918.4	854.5	1 072.7	950.0	807.9	848.2
Cash and cash equivalents	1 101.3	984.7	1 085.2	722.5	727.4	1 167.6	1 226.0
Assets not classified elsewhere	39.8	73.3	144.6	20.8	456.1	546.9	668.9
Total assets	2 560.6	2 612.0	2 669.1	2 524.8	2 852.0	3 274.8	3 531.8
Accumulated surplus/deficit	740.6	851.1	882.9	929.3	1 017.9	1 150.3	1 334.3
Capital and reserves	625.3	625.3	627.3	627.3	627.3	627.3	627.3
Borrowings	20.8	10.4	10.4	5.2	–	–	–
Post-retirement benefits	93.2	102.4	110.8	110.8	110.8	166.8	166.8
Trade and other payables	625.7	690.6	577.2	602.1	750.0	836.2	836.2
Provisions	73.5	66.9	–	–	40.2	63.4	111.3
Liabilities not classified elsewhere	381.4	265.2	460.5	250.0	305.7	430.6	455.8
Total equity and liabilities	2 560.6	2 612.0	2 669.1	2 524.8	2 852.0	3 274.8	3 531.8

Expenditure trends

Over the MTEF period, spending will focus on implementing a turnaround strategy and operating plan that will address the challenges facing the agency.

The agency's main source of revenue is from sales by the market establishment, including revenue from IT services. Between 2007/08 and 2010/10, revenue increased from R3.8 billion to R4.3 billion, at an average annual rate of 4.6 per cent. The main contributor to this increase is sales of goods and services. Revenue is expected to increase from R4.3 billion in 2010/11 to R5.7 billion in 2013/14, due to an anticipated increase in sales of services.

Between 2007/08 and 2010/11, expenditure grew from R3.5 billion in 2007/08 to R4.3 billion in 2010/11, at an average annual rate of 7.1 per cent. The main contributor of this increase is the growth of the business intelligence and technology unit due to its piloting of a performance management tool on the enterprise planning system in 2008. A significant portion of the expenditure is attributed to spending on compensation of employees, which accounts for 41.2 per cent of current expenses. Over the medium term, expenditure is expected to grow at an average annual rate of 8.8 per cent, to reach R5.5 billion. This increase is mainly due to inflation related adjustments to salaries.

Personnel information

As at the 30 September 2010, the agency had an approved funded establishment of 3 883 posts, of which 2 654 had been filled. As part of the turnaround strategy, the agency is currently focusing on resourcing the entity. It is

expected that the establishment will increase to 3 903 by 2013/14 and that 1 249 posts will be filled over the medium term. Each of the entity's departments are being assessed and evaluated to determine the required skills and resources. As a result of this exercise, there is currently a moratorium on all non-recoverable vacancies, while recoverable vacancies are approved on an individual basis.

Table 12.15 State Information Technology Agency

	Post status as at 30 September 2010			Number of posts filled on funded establishment						
	Number of post on approved establishment	Number of funded posts	Number of vacant posts	Actual			Mid- year ¹	Medium-term estimate		
				2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Board members	18	9	1	9	7	18	18	19	19	19
Executive management	3	6	1	6	5	3	3	9	9	9
Senior management	35	37	2	34	32	36	35	35	35	40
Middle management	724	1 000	103	608	425	715	724	690	755	1 000
Professionals	1 283	1 716	148	1 090	929	1 278	1 283	1 500	1 650	1 716
Semi-skilled	530	1 019	255	538	510	532	530	650	700	1 019
Very low skilled	61	96	37	48	63	59	61	70	85	100
Total	2 654	3 883	547	2 333	1 971	2 641	2 654	2 973	3 253	3 903
Compensation (R thousand)				1 240 878	1 432 387	1 709 646	1 775 239	1 902 836	1 997 978	2 097 877
Unit cost (R thousand)				532	727	647	669	640	614	538

1. As at 30 September 2010.

Other public entities

Comprehensive coverage of the following public entities is provided with the more detailed information for the vote at www.treasury.gov.za under the budget information link.

- The **Public Services Sector Education and Training Authority** implements sector skills plans to develop appropriate skills in the public sector, develops and registers public sector learning programmes, acts as an education and training quality assurance body for the public sector, and distributes skills development levy funds. The authority's total budget for 2010/11 is R21.1 million.
- The **training trading account for PALAMA** functions within PALAMA as a mechanism for the partial recovery of the costs of training programmes. The branches of the trading account directly facilitate and monitor the provision of leadership development and management training at all three levels of government, in collaboration with provincial academies and local government training entities. The account's total budget for 2010/11 is R117.2 million.

Additional tables

Table 12.A Summary of expenditure trends and estimates per programme and economic classification

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R million	2009/10		2009/10	2010/11			2010/11
Administration	109.6	116.2	125.4	140.5	8.1	148.7	148.7
Human Resource Management and Development	40.5	39.7	36.8	40.8	2.5	43.4	41.5
Labour Relations and Remuneration Management	17.7	86.6	88.0	21.7	2.0	23.7	23.7
Public Sector Information and Communication Technology Management	39.1	38.1	34.8	42.0	(1.5)	40.5	40.5
Service Delivery and Organisational Transformation	200.1	206.7	204.6	204.7	(1.5)	203.2	203.2
Governance and International Relations	189.3	195.6	181.1	201.7	(2.5)	199.2	199.2
Total	596.3	682.8	670.8	651.5	7.2	658.7	656.7
Economic classification							
Current payments	331.9	405.9	407.0	376.9	1.6	378.5	376.6
Compensation of employees	137.9	153.4	156.8	174.4	9.2	183.6	183.6
Goods and services	194.0	252.5	250.0	202.5	(7.9)	194.6	192.7
Interest and rent on land	–	–	0.2	–	0.2	0.2	0.2
Transfers and subsidies	262.8	275.2	254.3	271.6	3.7	275.4	275.4
Departmental agencies and accounts	262.4	274.8	252.9	271.2	1.8	273.0	273.0
Foreign governments and international organisations	0.4	0.4	0.6	0.4	0.2	0.6	0.6
Households	0.0	0.0	0.9	–	1.7	1.7	1.7
Payments for capital assets	1.6	1.6	9.4	2.9	1.9	4.8	4.8
Machinery and equipment	1.5	1.5	9.3	2.6	1.9	4.6	4.6
Software and other intangible assets	0.1	0.1	0.2	0.3	(0.1)	0.2	0.2
Total	596.3	682.8	670.8	651.5	7.2	658.7	656.7

Table 12.B Detail of approved establishment and personnel numbers according to salary level ¹

	Personnel post status as at 30 September 2010			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year ²	Medium-term estimate		
				2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Department	522	437	44	–	–	466	440	521	521	521
Salary level 1 – 6	151	126	26	–	–	132	120	140	140	140
Salary level 7 – 10	135	114	9	–	–	122	121	122	122	122
Salary level 11 – 12	123	99	5	–	–	101	95	138	138	138
Salary level 13 – 16	113	98	4	–	–	111	104	121	121	121
Administration	241	199	14	–	–	210	210	219	219	219
Salary level 1 – 6	105	86	11	–	–	87	87	91	91	91
Salary level 7 – 10	64	57	–	–	–	60	60	60	60	60
Salary level 11 – 12	39	29	2	–	–	29	29	35	35	35
Salary level 13 – 16	33	27	1	–	–	34	34	33	33	33
Human Resource Management and Development	80	78	10	–	–	61	45	71	71	71
Salary level 1 – 6	16	15	6	–	–	13	9	12	12	12
Salary level 7 – 10	15	14	3	–	–	12	8	14	14	14
Salary level 11 – 12	29	29	1	–	–	19	15	25	25	25
Salary level 13 – 16	20	20	–	–	–	17	13	20	20	20

Table 12.B Detail of approved establishment and personnel numbers according to salary level¹ (continued)

	Personnel post status as at 30 September 2010			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year ²	Medium-term estimate		
				2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Labour Relations and Remuneration Management	37	29	1	–	–	56	46	65	65	65
Salary level 1 – 6	5	3	1	–	–	10	3	10	10	10
Salary level 7 – 10	11	10	–	–	–	17	16	17	17	17
Salary level 11 – 12	12	10	–	–	–	18	16	23	23	23
Salary level 13 – 16	9	6	–	–	–	11	11	15	15	15
Public Sector Information and Communication Technology Management	31	21	2	–	–	32	31	41	41	41
Salary level 1 – 6	3	3	1	–	–	3	3	7	7	7
Salary level 7 – 10	7	3	–	–	–	3	7	3	3	3
Salary level 11 – 12	9	5	–	–	–	9	9	16	16	16
Salary level 13 – 16	12	10	1	–	–	17	12	15	15	15
Service Delivery and Organisational Transformation	71	59	4	–	–	58	58	67	67	67
Salary level 1 – 6	12	10	3	–	–	10	9	10	10	10
Salary level 7 – 10	19	15	–	–	–	15	15	15	15	15
Salary level 11 – 12	20	16	–	–	–	16	16	20	20	20
Salary level 13 – 16	20	18	1	–	–	17	18	22	22	22
Governance and International Relations	62	51	13	–	–	49	50	58	58	58
Salary level 1 – 6	10	9	4	–	–	9	9	10	10	10
Salary level 7 – 10	19	15	6	–	–	15	15	13	13	13
Salary level 11 – 12	14	10	2	–	–	10	10	19	19	19
Salary level 13 – 16	19	17	1	–	–	15	16	16	16	16

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

2. As at 30 September 2010.

Table 12.C Summary of expenditure on training

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Compensation of employees (R million)	115.8	129.1	156.8	183.6	210.0	230.7	251.8
Training expenditure (R million)	2.2	3.7	2.6	3.4	3.2	3.4	3.7
Training as percentage of compensation of employees	1.9%	2.9%	1.7%	1.8%	1.5%	1.5%	1.5%
Total number trained in department (head count)	200	202	211	211			
of which:							
Employees receiving bursaries (head count)	47	45	42	41			
Learnerships trained (head count)	–	–	5	–			
Internships trained (head count)	24	25	25	25			

Table 12.D Summary of departmental public private partnership (PPP) projects

Project description: National Fleet Contract (RTG718PPP)		Project annual unitary fee at time of contract	Budgeted expenditure	Medium-term expenditure estimate		
R million			2010/11	2011/12	2012/13	2013/14
Projects signed in terms of Treasury Regulation 16		1.0	1.6	1.6	1.7	1.7
PPP unitary charge		1.0	1.6	1.6	1.7	1.7
Total		1.0	1.6	1.6	1.7	1.7

Disclosure notes for projects signed in terms of Treasury Regulation 16

Project name	National fleet contract (RT718SP also known as RTG718PPP)
Brief description	Provision of fleet vehicles to the state (full maintenance lease contract)
Date PPP agreement was signed	3 June 2009
Duration of PPP agreement	Five years (ending November 2011)
Escalation index for unitary fee	CPIX (annually) factored in at 3.2% for 2010/2011 and 4% per year on the variable factors for the remaining period
Net present value of all payment obligations discounted at appropriate duration government bond yield	N/A
Variations / amendments to PPP agreement	CPIX increase effective annually within the month of December
Cost implications of variations / amendments	R121 000 from 2011 - 2014
Significant contingent fiscal obligations including termination payments, guarantees, warranties and indemnities and maximum estimated value of such liabilities	N/A

Vote 13

Statistics South Africa

Budget summary

R million	2011/12				2012/13	2013/14
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	414.5	396.8	9.5	8.2	437.7	466.4
Economic Statistics	196.4	196.3	0.0	0.0	207.4	220.9
Population and Social Statistics	121.8	121.3	0.2	0.3	117.9	125.6
Methodology and Standards	75.6	75.4	0.1	–	79.8	85.0
Statistical Support and Informatics	195.1	181.8	0.0	13.2	206.0	219.5
Corporate Relations	414.7	413.8	0.6	0.3	437.9	466.6
Survey Operations	1 822.9	1 803.3	–	19.6	211.6	133.8
Total expenditure estimates	3 240.9	3 188.8	10.5	41.7	1 698.3	1 717.7
Executive authority	Minister in the Presidency: National Planning Commission					
Accounting officer	Statistician General of Statistics South Africa					
Website address	www.statssa.gov.za					

More detailed information for each vote is available at www.treasury.gov.za. More comprehensive coverage of vote specific information, particularly on goods and services, transfers and subsidies, donor funding, public entities and lower level institutional information, is provided.

Aim

Provide a relevant and accurate body of statistics to inform users on the dynamics in the economy and society by applying internationally acclaimed practices.

Programme purposes

Programme 1: Administration

Purpose: Manage the department and provide centralised support services.

Programme 2: Economic Statistics

Purpose: Produce economic statistics to meet user requirements.

Programme 3: Population and Social Statistics

Purpose: Produce population, demographic, labour market and social statistics to meet user requirements in line with internationally recognised practices.

Programme 4: Methodology and Standards

Purpose: Provide expertise on quality and methodology for official statistics, standards for conducting surveys and a business sampling frame.

Programme 5: Statistical Support and Informatics

Purpose: Enable service delivery programmes through the use of technology in the production and use of official statistics. Promote and provide better access to official statistics.

Programme 6: Corporate Relations

Purpose: Provide statistical information to support policy makers. Manage stakeholders and interact with international statistical agencies. Provide effective communication activities.

Programme 7: Survey Operations

Purpose: Provide collection and processing support to produce official statistics.

Strategic overview: 2007/08 – 2013/14

Statistics South Africa aims to contribute to the realisation of South Africa's development outcomes by leading and partnering with other government departments in statistical production systems to provide accurate and quality statistical information on economic, demographic, social and environmental developments. The information is used to inform planning, public policy, and decision making, as well as for monitoring and evaluating government programmes. Statistics South Africa's overall strategic goal is to increase the supply of official statistics to better meet user needs.

Outcomes and related outputs

In relation to government's 12 outcomes, Statistics South Africa's main contribution is towards creating a better South Africa and contributing to a better and safer Africa and world (outcome 11). The department will provide information that will form the basis for evidence in policy decisions, policy implementation and policy evaluation. The department will achieve this by producing and coordinating the relevant and necessary statistical information required for policy making, planning, and monitoring and evaluation. It is a state resource for providing public statistics.

New strategic direction and programme structure

In 2010, Statistics South Africa adopted a new strategic direction in response to government's 12 outcomes. A strategic review revealed critical gaps in the statistical system, relating to information, quality and skills. Addressing these gaps over the next five years will involve transforming the country's statistical system. The transformation, which by its nature must involve partnerships between producers of statistics, is aimed at increasing the supply of official statistics for decision making, planning, monitoring and measuring. This is reflected in Statistics South Africa's new vision, which is to be South Africa's leading partner in quality statistics.

After an intensive review of its strategic objectives and priorities in 2010, Statistics South Africa amended its programme structure. This resulted in certain subprogrammes in the budget structure being renamed.

Key strategic priorities

Expanding the statistical information base to inform evidence based decisions

The department's key strategic thrust over the next five years, informed by the 12 outcomes of government's medium term strategic framework, will be to expand and improve the measurement of statistical information in the following 10 areas: economic growth and transformation; prices; employment, job creation and decent work; life circumstances, service delivery and poverty; population dynamics; sustainable resource management; health; education; safety and security; and rural development, food security and land reform.

Census 2011

A priority for Statistics South Africa in 2011/12 is Census 2011, which will be conducted in October 2011. The department has been planning for the census, building capacity and getting all the systems ready since 2001. Lessons from the previous censuses, and the community and household surveys have provided the foundations for Census 2011. The census is a huge administrative, human and logistical task. Planning has been done from the approximately 100 offices around the country include the demarcation of 106 000 enumeration areas, listing every address in the country, printing 20 million questionnaires, appointing 160 000 fieldworkers and visiting approximately 14 million households. The results of the census will be the cornerstone of the statistical system and will feed into the statistical information base of the identified areas of influence.

Enhancing public confidence and trust in statistics

Public confidence in official statistics is essential to the functioning of a democracy. The key building blocks for ensuring that statistics produced in the national statistics system are meaningful and reliable include: rolling out a quality management system; declaring statistics as official; developing and maintaining the dwelling frame; developing and maintaining the business sampling frame; implementing policy research and analysis; and implementing integrated communication, marketing and stakeholder relations.

Improving productivity and service delivery

To address internal challenges while maintaining the pace of delivering high quality statistical information, the department has adopted measures to ensure more effective and efficient business practices. It has designed a range of interventions to enhance, integrate and streamline its administrative, management and logistical processes and support services. The following strategic initiatives are intended to improve the department's productivity and service delivery over the next five years: implementing an integrated approach to fieldwork; implementing a corporate data processing facility; improving governance and accountability; and enhancing the functionality of provincial and district offices.

Leading the development and coordination of statistical production in South Africa

As South Africa's official statistics agency, the department is mandated to coordinate the production of national statistics through the organising framework of the national statistics system. The department leads South Africa's statistical system by collaborating with stakeholders and providing official statistics. To continue and improve this function over the next five years, the department will work towards creating an enabling regulatory environment, coordinate statistical planning across organs of state, coordinate statistical production among organs of state, coordinate statistical reporting among organs of state, and raise the profile and status of statistics.

Investing in learning and growth

Organisational value is created through human, organisational and information capital. To continue on its trajectory of building a high performing organisation, the focus over the medium term will be on: developing human capacity through its internship, learnership and schools programmes; establishing a statistics training institute and partnering with tertiary institutions; investing in information capital by modernising the way the organisation conducts its business, including restructuring the way systems, data and information are developed and managed; and creating a positive organisational culture and management ethos that is able to embrace and drive change.

Promoting international cooperation and participation in statistics

The department has an important role to play in responding to the increasing global demand for statistics, particularly in Africa. Engaging with other official agencies on the continent, the department will share and learn from other countries about implementing and maintaining international standards and best practice. Over the next five years, to enhance international participation in the production of statistics, the department will promote the importance of developing a culture of evidence based policy formulation and decision making, and continue to build international partnerships.

Savings and cost effectiveness measures

Statistics South Africa has identified efficiency savings of R140.8 million in 2011/12, R154 million in 2012/13 and R243 million in 2013/14 across all programmes, from having implemented a range of cost saving measures. Savings of R16.6 million, R27.3 million and R18.8 million were identified over the medium term in compensation of employees, as fieldwork contract posts were replaced with a permanent field work force. In addition, R116 million, R121.8 million and R128.5 million is expected to be saved over the same period, due to the delay in acquiring suitable accommodation for the department. Finalising Census 2011 in 2012/13 also contributes a further saving of R90.7 million in 2013/14.

The balance of the savings are the result of a special Cabinet decision made in December 2010 to reduce all departmental baselines by 0.3 per cent to create more fiscal space for core service delivery functions. The department identified further savings of R8.2 million in 2011/12 and R4.9 million in both 2012/13 and 2013/14

to meet its 0.3 per cent contribution. The following measures were put in place to identify these savings: the government owned vehicle fleet was increased to reduce the number of vehicles hired; accommodation expenditure was capped per person; the video conferencing facility was upgraded to minimise the number of officials travelling from provinces to attend meetings at head office; and the processing of questionnaires was centralised to improve efficiency.

Selected performance indicators

Table 13.1 Statistics South Africa

Indicator	Programme	Past			Current	Projections		
		2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Number of sectors reported on: quarterly and annual GDP estimates	Economic Statistics ¹	34	34	34	34	–	–	–
Number of quarterly and annual GDP estimates releases per year	Economic Statistics ¹	–	–	–	–	5	5	5
Number of economic sectors reported on: industry and trade statistics	Economic Statistics ¹	7	9	9	9	–	–	–
Number of releases on industry and trade statistics per year	Economic Statistics ¹	–	–	–	–	142	142	142
Number of economic sectors reported on: financial statistics	Economic Statistics ¹	8	8	8	8	–	–	–
Number of releases on financial statistics per year	Economic Statistics ¹	–	–	–	–	17	17	17
Number of commodity price movements collected per year: consumer price index	Economic Statistics ¹	1 100	1 100	400	400	–	–	–
Number of consumer price index releases per year	Economic Statistics ¹	–	–	–	–	12	12	12
Number of commodity price movements collected per year: producer price index	Economic Statistics ¹	1 700	1 645	1 645	1640	–	–	–
Number of producer price index releases per year	Economic Statistics ¹	–	–	–	–	12	12	12
Number of industries reported on: labour market trends	Economic Statistics ¹	8	8	8	8	–	–	–
Number of releases on employment and earnings per year	Economic Statistics ¹	–	–	–	–	4	4	4
Number of releases on labour market dynamics per year	Population and Social Statistics	2	2	4	4	4	4	4
Number of releases on the changing profile of the population per year	Population and Social Statistics	18	18	18	18	17	17	17
Total number of municipalities demarcated	Statistical Support and Informatics	0	0	117	164	234	234	0
Number of census questionnaires collected during the pilot (2009/10) and the main census (2011/12)	Survey Operations	–	–	120 000	–	14 000 000	–	–

1. Performance indicators for all economic statistics series are changed for the medium term and are thus reflected separately from those of the preceding years.

Expenditure estimates

Table 13.2 Statistics South Africa

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
R million	2007/08	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
Administration	208.1	251.3	335.2	375.9	370.6	414.5	437.7	466.4
Economic Statistics	129.5	138.8	165.4	178.9	171.2	196.4	207.4	220.9
Population and Social Statistics	173.3	128.8	90.8	119.4	86.3	121.8	117.9	125.6
Methodology and Standards	28.8	44.8	53.5	60.5	55.4	75.6	79.8	85.0
Statistical Support and Informatics	190.7	267.0	250.8	228.7	206.5	195.1	206.0	219.5
Corporate Relations	166.2	327.1	380.1	343.7	387.1	414.7	437.9	466.6
Survey Operations	157.8	165.4	280.1	794.3	464.5	1 822.9	211.6	133.8
Total	1 054.3	1 323.1	1 555.8	2 101.4	1 741.7	3 240.9	1 698.3	1 717.7
Change to 2010 Budget estimate				128.0	(231.7)	395.0	(71.3)	70.0
Economic classification								
Current payments	978.7	1 267.4	1 471.2	1 988.9	1 695.7	3 188.8	1 652.6	1 669.0
Compensation of employees	472.0	700.7	879.2	978.7	931.6	1 531.0	1 165.0	1 185.0
Goods and services	506.7	566.2	591.6	1 009.7	763.4	1 657.2	486.9	483.4
of which:								
Computer services	59.6	52.5	72.6	90.1	80.6	106.0	92.0	91.8
Agency and support / outsourced services	20.3	32.6	23.0	49.2	49.2	793.6	3.3	3.5
Property payments	13.4	12.5	28.5	20.5	27.1	83.3	87.7	92.7
Travel and subsistence	170.9	227.0	225.9	193.0	120.3	297.4	104.3	109.6
Interest and rent on land	–	0.5	0.4	0.4	0.7	0.6	0.6	0.7
Transfers and subsidies	1.5	2.0	7.1	8.9	8.8	10.5	11.1	11.8
Non-profit institutions	0.1	0.1	0.2	0.1	0.1	0.1	0.1	0.1
Households	1.4	1.9	6.9	8.8	8.7	10.4	11.0	11.7
Payments for capital assets	51.8	53.8	46.9	103.6	36.6	41.7	34.7	36.9
Machinery and equipment	47.2	53.6	45.0	99.4	32.5	35.1	27.7	29.5
Software and other intangible assets	4.6	0.2	1.9	4.1	4.1	6.6	6.9	7.4
Payments for financial assets	22.4	–	30.7	–	0.6	–	–	–
Total	1 054.3	1 323.1	1 555.8	2 101.4	1 741.7	3 240.9	1 698.3	1 717.7

Expenditure trends

Spending over the medium term will focus on expanding the statistical database by funding the Census 2011 project and the national statistics system as a strategic priority.

Expenditure has increased from R1.1 billion in 2007/08 to R2.1 billion in 2010/11, at an average annual rate of 25.8 per cent. The increase was mainly due to preparations for the main census to take place in October 2011.

Expenditure is expected to decrease from R2.1 billion in 2010/11 to R1.7 billion in 2013/14, at an average annual rate of 6.5 per cent as Census 2011 activities wind down. The increase of R1.1 million in 2011/12 is mainly due to the allocation for Census 2011.

Delays caused by land availability issues have resulted in the rescheduling of allocations of R116 million in 2011/12 and R121.8 million in 2012/13. These allocations were to have funded a new building for the department. The department receives additional allocations of: R102.3 million over the medium term to improve conditions of service; R500 million for Census 2011 in 2011/12; and R50 million in 2012/13 and R60 million in 2013/14 for municipal and accommodation charges.

The ratio of administrative costs to line function cost over the medium term are expected to be 1:6, 1:2 and 1:2.

Personnel information

The number of personnel (contract and permanent) has increased from 2 700 in 2009/10 to 3 696 in 2010/11. The increase is mainly due to the integrated fieldwork strategy and the preparation for the Census 2011 project. Posts have been restructured within the organisation to provide a more efficient organisational structure and establishment to be able to produce quality statistics.

The number of posts decreases over the medium term from 3 696 in 2010/11 to 3 276 in 2013/14. There is, however, a significant increase to 6 941 posts in 2011/12 due to support staff appointed for Census 2011, which will take place in October 2011. The number of staff will then decrease to 4 380 in 2012/13, as the activities of Census 2011 wind down.

Departmental receipts

Statistics South Africa products are disseminated at no cost to clients and most of its products are available free online. The main sources of revenue in Statistics South Africa are parking provided to employees, commission on garnishee orders, publication sales and debt recovery.

Departmental receipts decrease from R17.7 million to R2.7 million over the seven-year period. The amount reflected in 2007/08 relates to irregular expenditure incurred on consultancy services in the previous year as well as over expenditure on compensation of employees during 2002/03. During 2009/10 money was deducted from fringe benefits of field workers who incurred damages to rented vehicles during surveys in preceding years.

Table 13.3 Departmental receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2007/08	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
Departmental receipts	17 710	2 806	8 474	2 239	2 152	2 380	2 523	2 666
Sales of goods and services produced by department	988	1 115	1 230	1 200	1 234	1 306	1 384	1 464
Sales of scrap, waste, arms and other used current goods	86	1	12	65	2	3	4	5
Interest, dividends and rent on land	88	184	253	110	114	121	128	135
Transactions in financial assets and liabilities	16 548	1 506	6 979	864	802	950	1 007	1 062
Total	17 710	2 806	8 474	2 239	2 152	2 380	2 523	2 666

Programme 1: Administration

- *Departmental Management* drives the strategic direction for the department, monitors organisational performance, builds project management capabilities and provides project management expertise to priority projects. This subprogramme has a staff complement of 32 and a total budget of R27.8 million in 2010/11, of which 61.2 per cent is used for compensation of employees. In 2009/10, at a total cost of R28.3 million, a new strategic direction for the department and building project management capabilities in the department was developed.
- *Corporate Services* provides support to the department by: coordinating internal policy reviews and development; facilitating organisational risk management; promoting fraud prevention; providing legal support, human resource services, a reliable and cost effective fleet and travel service; and providing a conducive working environment compliant with legislation. This subprogramme has a staff complement of 343 employees and a total budget of R198.9 million in 2010/11, of which 53.3 per cent is used for compensation of employees. In 2009/10, the following outputs were achieved at a total cost of R192.4 million: the rollout of risk management software; the conducting of fraud awareness programmes in all provinces; and the implementation of employee wellness programmes and a subsidised vehicle scheme.
- *Financial Administration* provides financial, procurement, asset management and provincial financial support services to the department. This subprogramme has a staff complement of 161 and a total budget of R67.7 million in 2010/11, of which 64.9 per cent is used for compensation of employees. In 2009/10, the

following outputs were achieved at a total cost of R55.6 million: an invoice tracking system was piloted; corporate services functions were provided to all provinces; a biannual asset disposal was completed; and cash management services were reviewed in all provinces.

- *Internal Audit* provides internal audit services to the department. In 2009/10, 66 per cent of scheduled audits were finalised. This was supported by a total spending of R6.3 million. This subprogramme has a staff complement of 17 and a total budget of R7.7 million in 2010/11, of which 89.2 per cent is used for compensation of employees. The budget increases to R9.3 million in 2011/12 for co-sourcing all audit activities in the medium term due to the increase in the number of district offices.
- *National Statistics System* aims to expand the domain of statistical production and increase the supply of official statistics by addressing the information, quality and skills gaps in statistical production. This subprogramme has a staff complement of 24 and a total budget of R14.4 million in 2010/11, of which 77.5 per cent is used for compensation of employees. In 2009/10, the following outputs were achieved at a total cost of R10.3 million: the assessments of registers and administrative records were finalised in 3 divisions; generic guidelines, standards and benchmarks for the South African statistical quality assessment framework were finalised; and a review of the framework and its timeframe as well as training in other divisions was conducted.
- *Office Accommodation* provides a conducive working environment that is compliant with legislation. The department has 63 buildings with a budget of R59.3million in 2010/11. The allocation is increased to R71.2 million in 2011/12 due to an increase in inflation.

Expenditure estimates

Table 13.4 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R million	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Departmental Management	23.5	21.9	28.3	27.8	39.7	42.0	44.7
Corporate Services	100.0	134.2	192.4	198.9	200.8	212.0	225.9
Financial Administration	43.1	47.8	55.6	67.7	70.6	74.6	79.4
Internal Audit	4.3	5.1	6.3	7.7	9.3	9.9	10.5
National Statistics System	6.6	6.8	10.3	14.4	22.9	24.2	25.8
Office Accommodation	30.4	35.5	42.3	59.4	71.2	75.1	80.0
Total	208.1	251.3	335.2	375.9	414.5	437.7	466.4
Change to 2010 Budget estimate				11.5	(162.9)	(141.4)	(16.1)
Economic classification							
Current payments	202.5	243.7	325.3	358.2	396.8	419.1	446.4
Compensation of employees	89.5	115.4	150.4	183.1	212.7	224.6	239.3
Goods and services	112.9	128.3	174.9	175.1	184.0	194.3	207.0
of which:							
Computer services	1.8	0.6	0.8	4.3	4.9	5.2	5.6
Agency and support / outsourced services	1.3	1.1	4.1	1.8	2.4	2.5	2.7
Property payments	7.0	5.6	13.7	3.1	76.3	80.5	86.1
Travel and subsistence	14.7	22.5	69.0	29.0	25.3	26.8	28.5
Interest and rent on land	–	0.0	0.1	0.1	0.1	0.1	0.2
Transfers and subsidies	0.5	1.8	4.5	8.6	9.5	10.0	10.7
Non-profit institutions	–	0.1	–	–	0.1	0.1	0.1
Households	0.5	1.7	4.5	8.6	9.4	9.9	10.6
Payments for capital assets	4.8	5.8	4.6	9.1	8.2	8.7	9.2
Machinery and equipment	4.8	5.8	4.6	9.1	7.9	8.4	8.9
Software and other intangible assets	–	–	–	–	0.3	0.3	0.3
Payments for financial assets	0.3	–	0.8	–	–	–	–
Total	208.1	251.3	335.2	375.9	414.5	437.7	466.4
Details of selected transfers and subsidies							
Households							
Households other transfers							
Current	–	1.7	4.5	8.6	8.9	9.4	10.1
Bursaries to households	–	1.7	4.5	8.6	8.9	9.4	10.1

Expenditure trends

Spending between 2007/08 and 2010/11 grew from R208.1 million to R375.9 million, at an average annual rate of 21.8 per cent. The growth was mainly due to the increase in accommodation costs from establishing new provincial and district offices, as well as capacity building in the *National Statistics System* subprogramme. The increase in the *Internal Audit* subprogramme is due to audits conducted in provincial offices.

Spending is expected to increase from R375.9 million to R466.4 million over the medium term, at an average annual rate of 7.4 per cent. The increase is due to the allocation for the *National Statistics System* subprogramme, which grew at an average annual rate of 21.3 per cent over the medium term. Additional funding of R50 million in 2012/13 and R60 million in 2013/14 has been allocated to the *Office Accommodation* subprogramme to provide for municipal and accommodation costs.

Consultants in this programme are mainly used for: auditing; designing the strategy for the development of statistics; providing financial, legal and technical advice; and due diligence assessments for the new building.

Programme 2: Economic Statistics

- *Programme Management for Economic Statistics* provides strategic direction and leadership for this programme. This subprogramme has a staff complement of 3 and a total budget of R2.8 million in 2010/11, of which 81.6 per cent will be spent on compensation of employees.
- *Short Term Indicators* provides information on turnover and volumes in eight economic sectors on a monthly and quarterly basis through the publication of statistical releases. This subprogramme has a staff complement of 99 and a total budget of R26.7 million in 2010/11, of which 90 per cent is used for compensation of employees. In 2009/10, 131 statistical releases were published, at a cost of R22 million, against a target of 130.
- *Large Sample Surveys* provides periodic information on turnover and volumes in 8 economic sectors. This subprogramme has a staff complement of 114 and a total budget of R26.7 million in 2010/11, of which 88.1 per cent is used for compensation of employees. In 2009/10, 5 statistical releases were published and 6 large sample surveys were conducted at a cost of R27.6 million. At the end of the third quarter of 2010/11, the results of 7 large sample surveys were released.
- *Producer Price Index and Employment Statistics* provides information on the producer price index and on employment levels in the formal non-agricultural sector. This subprogramme has a staff complement of 112 and a total budget of R27.8 million in 2010/11, of which 90.1 per cent is used for compensation of employees. In 2009/10, 12 statistical releases on producer price changes and 4 statistical releases on employment and earnings were published at a cost of R22.8 million.
- *Consumer Price Index* provides information on the level of inflation by producing various consumer price indices. This subprogramme has a staff complement of 227 and a total budget of R46.6 million in 2010/11, of which the bulk is used for compensation of employees. In 2009/10, 12 releases on consumer price changes were published at a cost of R48.7 million.
- *Financial Statistics* tracks public sector spending and the financial performance of private sector organisations. This subprogramme has a staff complement of 127 and a total budget of R32.3 million in 2010/11, of which 89.7 per cent is used for compensation of employees. In 2009/10, at a cost of R30.3 million, 11 releases were published including the annual release on the non-financial census of municipalities for 2007/08.
- *National Accounts* produces GDP data and other integrative statistical products. This subprogramme has a staff complement of 17 and a total budget of R8.9 million in 2010/11, of which 86.6 per cent is used for compensation of employees. In 2009/10, the following outputs were achieved at a total cost of R7.6 million: 6 sets of condensed supply and use tables were published; 1 report on the overview of 2005 social accounting matrix was published; 1 position paper on non-profit institutions was published; 1 discussion document on information and communication technology was published; and 1 research document on environmental economic accounts was published.
- *Economic Analysis and Research* integrates and analyses information from various data sources. This subprogramme has a staff complement of 9 and a total budget of R7 million in 2010/11, of which

60.7 per cent is used for compensation of employees. In 2009/10, at a total cost of R4.2 million, the following publications were produced: a research paper on the independent calculation of all GDP estimates through the production approach; a research paper on the calculation of GDP estimates through the income approach; and 11 integrative research reports.

Objectives and measures

- Inform economic planning, monitoring and decision making by providing accurate, relevant and timely economic statistical information through the application of internationally recognised practices, by publishing quarterly and annual GDP estimates providing information on 10 sectors of the economy as well as regular statistical releases on employment and earnings, industry and trade, and financial statistics.
- Provide information for inflation targeting and on the changing cost of living by improving the measurement of price changes in the economy through the application of internationally recognised practices, by publishing monthly statistical releases on the consumer price index and producer price index.

Expenditure estimates

Table 13.5 Economic Statistics

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R million	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Programme Management for Economic Statistics	1.9	2.1	2.2	2.8	2.8	2.9	3.1
Short Term Indicators	17.1	18.6	22.0	26.7	27.3	28.9	30.8
Large Sample Surveys	24.0	20.3	27.6	26.7	32.9	34.7	37.0
Producer Price Index and Employment Statistics	17.2	18.7	22.8	27.8	28.0	29.5	31.5
Consumer Price Index	38.2	43.1	48.7	46.6	49.2	51.9	55.3
Financial Statistics	23.3	25.8	30.3	32.3	35.5	37.5	40.0
National Accounts	6.8	8.8	7.6	8.9	11.3	11.9	12.7
Economic Analysis and Research	0.8	1.5	4.2	7.0	9.4	10.0	10.6
Total	129.5	138.8	165.4	178.9	196.4	207.4	220.9
Change to 2010 Budget estimate				4.5	12.2	12.3	15.1
Economic classification							
Current payments	129.5	138.8	164.0	178.2	196.3	207.3	220.9
Compensation of employees	105.5	118.9	144.9	156.8	177.7	187.6	199.9
Goods and services	24.0	19.8	19.0	21.2	18.6	19.6	20.9
of which:							
Agency and support / outsourced services	0.5	0.2	0.6	0.1	–	–	–
Property payments	0.1	0.3	0.2	0.0	0.0	0.0	0.0
Travel and subsistence	10.6	7.7	7.9	7.8	6.6	6.9	7.4
Interest and rent on land	–	0.0	0.0	0.1	0.0	0.1	0.1
Transfers and subsidies	–	0.0	0.3	0.2	0.0	0.0	0.0
Non-profit institutions	–	–	0.2	–	–	–	–
Households	–	0.0	0.1	0.2	0.0	0.0	0.0
Payments for capital assets	0.0	–	0.6	0.5	0.0	0.0	0.0
Machinery and equipment	0.0	–	0.6	0.5	0.0	0.0	0.0
Payments for financial assets	0.0	–	0.6	–	–	–	–
Total	129.5	138.8	165.4	178.9	196.4	207.4	220.9

Expenditure trends

Spending over the medium term will focus on building capacity in personnel to continuously review and improve the programme's activities as part of the effort to increase public confidence in official statistics.

Spending in the programme grew from R129.5 million in 2007/08 to R178.9 million in 2010/11, at an average annual rate of 11.4 per cent. The growth is mainly due to increased personnel capacity to generate a range of

economic statistics. Spending on compensation of employees grew by R51.3 million over this period mainly due to the payment of an additional 37 per cent in lieu of benefits to contract workers.

Spending is expected to grow from R178.9 million in 2010/11 to R220.9 million in 2013/14, at an average annual rate of 7.3 per cent. The growth is mainly due to an increase in personnel capacity to continue improving the generation of economic statistics. Consultancy services will be used for: conducting peer reviews on consumer price index methods and planning, implementing hand held digital data collection devices, and analysing income and expenditure information.

The ratio of administrative costs to line function programme costs is 1:49 over the medium term.

Programme 3: Population and Social Statistics

- *Programme Management for Population and Social Statistics* provides strategic direction and leadership for this programme. This subprogramme has a staff complement of 7 and a total budget of R5.1 million in 2010/11, of which 80.6 per cent is used for compensation of employees.
- *Population Statistics* publishes population statistics collected through population censuses and surveys. This subprogramme has a staff complement of 63 and a total budget of R23.2 million in 2010/11, of which 37.5 per cent is used for compensation of employees. In the run-up to the population census in 2011, research activities were carried out to test the viability and/or necessity of questions in the previous census and community survey questionnaires. This ultimately resulted in compiling a draft tabulation plan, an approved questionnaire for the pilot census in 2009, and printing training manuals.
- *Health and Vital Statistics* publishes statistics on births, deaths, marriages, divorces, tourism and migration based on administrative records. This subprogramme has a staff complement of 98 and a total budget of R23.9 million in 2010/11, of which 97 per cent is used for compensation of employees. In 2009/10, the following publications and reports were completed at a cost of R21.2 million: publications on mortality and causes of death for 2007; a thematic report on child mortality; an annual release on recorded live births for 2008; the marriage and divorce register for 2008; and 12 tourism and migration reports and a thematic report on road traffic casualties.
- *Social Statistics* provides information on living conditions and tourism through general household and tourism surveys. This subprogramme has a staff complement of 10 and a total budget of R10.1 million in 2010/11, of which 67.2 per cent is used for compensation of employees. In 2009/10, an annual report on the life circumstances of South Africans was published, at a total cost of R1.4 million.
- *Demographic Analysis* collates and analyses data from census, surveys and administrative data in order to compile mid-year population estimates and generate a knowledge base on social and population themes. This subprogramme has a staff complement of 13 and a total budget of R7.3 million in 2010/11, of which 75.5 per cent is used for compensation of employees. In 2009/10, R3.9 million was spent on compiling and releasing a mid-year population estimate.
- *Survey Coordination, Monitoring and Evaluation* monitors and assures the quality of field operations of household surveys and censuses. The subprogramme has a staff complement of 14 and a total budget of R8.3 million in 2010/11, of which 84.4 per cent is used for compensation of employees. In 2009/10, a monitoring and evaluation framework was developed for household surveys and the post-enumeration survey for the pilot census, at a cost of R5.8 million.
- *Labour Statistics* provides information on labour market trends in South Africa through the labour force survey. This subprogramme has a staff complement of 15 and a total budget of R15.8 million in 2010/11, of which 50 per cent is used for compensation of employees. In 2009/10, at a cost of R14.5 million, quarterly releases on labour market information were published with an average response rate of 91 per cent.
- *Poverty and Inequality Statistics* provides information on poverty levels as well as the income and expenditure trends. This subprogramme has a staff complement of 36 and a total budget of R25.7 million, of which 79.1 per cent is used for compensation of employees. In 2009/10, a living conditions survey was conducted and data processed on a continuous basis, at a total cost of R25.3 million.

Objectives and measures

- Inform social and economic development planning, monitoring and decision making by providing accurate, relevant and timely statistical information through the application of internationally recognised practices, by publishing regular information on the labour market, vital registrations, poverty levels, living conditions, and service delivery, as well as population dynamics and demographic trends.

Expenditure estimates

Table 13.6 Population and Social Statistics

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R million	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Programme Management for Population and Social Statistics	2.5	4.0	3.5	5.1	5.5	5.9	6.2
Population Statistics	11.4	20.9	15.1	23.2	18.3	8.6	9.2
Health and Vital Statistics	12.3	19.4	21.2	23.9	12.9	13.6	14.5
Social Statistics	4.5	6.6	1.4	10.1	12.0	12.7	13.6
Demographic Analysis	4.9	4.1	3.9	7.3	5.9	6.3	6.7
Survey Coordination, Monitoring and Evaluation	1.0	5.4	5.8	8.3	15.6	16.5	17.6
Labour Statistics	129.0	39.5	14.5	15.8	17.5	18.5	19.7
Poverty and Inequality Statistics	7.7	28.9	25.3	25.7	34.0	35.9	38.2
Total	173.3	128.8	90.8	119.4	121.8	117.9	125.6
Change to 2010 Budget estimate				(4.2)	(26.5)	(40.0)	(36.0)
Economic classification							
Current payments	172.4	128.8	89.2	113.7	121.3	117.4	125.1
Compensation of employees	83.3	90.4	68.4	81.7	79.1	77.8	82.9
Goods and services	89.1	38.3	20.8	32.0	42.2	39.5	42.1
of which:							
Computer services	0.1	0.2	0.0	–	2.1	2.3	2.4
Agency and support / outsourced services	0.4	0.2	2.6	0.3	1.5	0.5	0.6
Property payments	0.3	0.8	0.0	0.5	–	–	–
Travel and subsistence	62.9	23.5	8.0	11.8	16.2	16.0	17.1
Transfers and subsidies	0.1	0.0	0.1	0.1	0.2	0.2	0.2
Non-profit institutions	0.1	–	–	0.1	–	–	–
Households	0.1	0.0	0.1	–	0.2	0.2	0.2
Payments for capital assets	0.7	0.0	0.1	5.6	0.3	0.3	0.3
Machinery and equipment	0.1	0.0	0.1	5.6	0.3	0.3	0.3
Software and other intangible assets	0.5	–	–	–	–	–	–
Payments for financial assets	0.1	–	1.4	–	–	–	–
Total	173.3	128.8	90.8	119.4	121.8	117.9	125.6

Expenditure trends

Spending over the medium term will focus on the *Survey Coordination, Monitoring and Evaluation* subprogramme, which is responsible for monitoring the quality of fieldwork operations for surveys.

Spending decreased from R173.3 million in 2007/08 to R119.4 million in 2010/11, at an average annual rate of 11.7 per cent. The decrease is reflected in the *Labour Statistics* subprogramme, which decreased at an average annual rate of 69.4 per cent over the period due to the labour survey that ended in 2007/08 and which was replaced by the re-engineered quarterly labour force survey. Also the budget for the *Health and Vital Statistics* subprogramme increased by R7.1 million to provide for a project that supplies information on mortality and the causes of death.

Over the medium term, spending is expected to grow from R119.4 million to R125.6 million, at an average annual rate of 1.7 per cent. Most of the growth is in the *Survey Coordination, Monitoring and Evaluation* subprogramme, which is expected to grow by R7.3 million in 2011/12 to improve the quality of statistics.

The ratio of administrative costs to line function programme costs is 1:32.3 in 2011/12, and 1:24 in 2012/13 and 2013/14.

Programme 4: Methodology and Standards

- *Programme Management for Methodology and Standards* provides strategic direction and leadership for this programme. This subprogramme has a staff complement of 3 and a total budget of R2.8 million in 2010/11, of which 73.6 per cent is used for compensation of employees.
- *Methodology and Evaluation* provides technical expertise on methodologies and technical solutions for producing official statistics and conducting reviews of surveys. This subprogramme has a staff complement of 65 and a total budget of R30.8 million in 2010/11, of which 92.1 per cent is used for compensation of employees. In 2009/10, the following outputs, which were supported by a total spending of R27.1 million, were achieved: methodologies and procedures for the post-enumeration survey were finalised; 90 per cent of technical solutions were developed as per request from survey areas; quarterly reports on samples for economic and social surveys and the maintenance of the master sample were compiled; and 2 survey areas were reviewed against the South African statistical quality assessment framework.
- *Survey Standards* develops standards, classifications and definitions for surveys undertaken by the department. This subprogramme has a staff complement of 7 and a total budget of R2.6 million in 2010/11, of which 79.5 per cent is used for compensation of employees. In 2009/10, the following outputs, which were supported by a total spending of R2.5 million, were achieved: the development of 2 standards and the publication of the third version of the concepts and definitions manual.
- *Business Register* maintains and improves the sampling frame for economic statistics. This subprogramme has a staff complement of 76 and a total budget of R24.3 million for 2010/11, of which 95 per cent is used for compensation of employees. In 2009/10, the following outputs, which were supported by a total spending of R21.7 million, were achieved: quarterly reports on business sampling frame performance and quality indicators were produced; and a final snapshot of the business sampling frame and the creation of a preliminary common sampling frame were completed.

Objectives and measures

- Improve the comparability and accuracy of statistical information by reviewing and evaluating methodological compliance in survey areas annually and applying appropriate quality criteria, standards, classifications and procedures.
- Ensure accurate and reliable statistical information by drawing annual samples for all economic surveys based on a sound business sampling frame.

Expenditure estimates

Table 13.7 Methodology and Standards

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
R million							
Programme Management for Methodology and Standards	1.7	1.9	2.2	2.8	6.9	7.3	7.7
Methodology and Evaluation	15.4	24.2	27.1	30.8	39.5	41.7	44.4
Survey Standards	1.0	0.7	2.5	2.6	3.5	3.7	4.0
Business Register	10.6	18.0	21.7	24.3	25.7	27.1	28.9
Total	28.8	44.8	53.5	60.5	75.6	79.8	85.0
Change to 2010 Budget estimate				1.1	10.2	14.4	16.0

Table 13.7 Methodology and Standards (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Economic classification							
Current payments	28.7	44.8	53.3	60.5	75.4	79.7	84.9
Compensation of employees	25.6	38.7	47.2	55.6	70.0	73.9	78.7
Goods and services	3.1	6.1	6.1	4.9	5.5	5.8	6.2
of which:							
Computer services	–	2.8	–	–	–	–	–
Agency and support / outsourced services	0.1	0.0	–	–	–	–	–
Property payments	0.0	0.1	0.0	0.0	0.0	0.0	0.0
Travel and subsistence	0.7	1.4	1.6	2.3	1.8	1.9	2.0
Transfers and subsidies	–	–	0.0	–	0.1	0.2	0.2
Households	–	–	0.0	–	0.1	0.2	0.2
Payments for capital assets	0.0	–	0.1	0.0	–	–	–
Machinery and equipment	0.0	–	0.1	0.0	–	–	–
Payments for financial assets	–	–	0.0	–	–	–	–
Total	28.8	44.8	53.5	60.5	75.6	79.8	85.0

Expenditure trends

The spending focus over the medium term will be on increasing capacity in the *Methodology and Evaluation* subprogramme and launching a business register reform project in 2011/12.

Spending in this programme increased at an average annual rate of 28.1 per cent, from R28.8 million in 2007/08 to R60.5 million in 2010/11. The increase was mainly due to analysis and consultations with experts, as well as the auditing of methodological standards. The *Business Register* subprogramme increased at an average annual rate of 31.7 per cent between 2007/08 and 2010/11, due to increased spending for maintaining the business sampling frame and conducting a quality improvement survey through increased capacity.

Spending over the medium term is expected to increase from R60.5 million to R85 million, at an average annual rate of 12 per cent. The growth is mainly due to capacity building in the *Methodology and Evaluation* subprogramme to increase the methodological support provided to surveys to increase the quality of statistical data produced. Furthermore, Census 2011 is also expected to have an impact on the *Survey Standards* subprogramme's allocation as it is responsible for monitoring the standard at which the survey is conducted.

The ratio of administrative costs to line function programme costs is 1:49 over the medium term.

Programme 5: Statistical Support and Informatics

- *Programme Management for Statistical Support and Informatics* provides strategic direction and leadership for this programme. This subprogramme has a staff complement of 3 and a total budget of R2.6 million in 2010/11, of which 76.7 per cent is used for compensation of employees.
- *Geography Services* provides a mapping and information service to the department and other users. This subprogramme has a staff complement of 55 and a total budget of R32.3 million in 2010/11, of which 50 per cent is used for compensation of employees and 24 per cent is used for aerial photography. In 2009/10, the following outputs were achieved with a total cost of R22.5 million: 90 per cent of place names were updated; 50 per cent of enumeration and demarcation was completed; 480 enumeration areas for the census were verified; and 5 per cent of municipalities with traditional dwelling units were assigned with numbers.
- *Geography Frames* provides a sampling frame for household surveys and censuses. This subprogramme has a staff complement of 44 and a total budget of R44.9 million in 2010/11, of which 38.5 per cent is used for compensation of employees. A total of 53 per cent of the dwelling frame was completed by March 2010 and 17.5 per cent (45) municipalities were covered during this project, at a total cost of R114.9 million.

- *Publication Services* provides editing, publishing and distribution services to survey areas. This subprogramme has a staff complement of 45 and a total budget of R18.9 million in 2010/11, of which 68.3 per cent is used for compensation of employees and 17.3 per cent on internal printing services. In 2009/10, the following outputs were achieved at a total cost of R15.6 million: published 250 releases were published as well as reviewed standards for the publication of releases.
- *Data Management and Technology* provides technology infrastructure for the department and supports data management across statistical series. This subprogramme has a staff complement of 48 and a total budget of R121.1 million in 2010/11, of which 57.4 per cent is used for computer services such as software licences and data lines, and 20.7 per cent is used to procure computer hardware and systems as well as new software to improve technological infrastructure for the department in preparation for Census 2011. In 2009/10, the following outputs were achieved at a total cost of R92.9 million: 28 per cent implementation of the virtual private network; 80 per cent implementation of the network management system, which has since been completed; and the implementation of the ICT business continuity plan.
- *Business Modernisation* improves data and information management across the organisation by modernising the way business is conducted and supported by technology. This subprogramme has a staff complement of 12 and a total budget of R8.8 million in 2010/11, of which 79.9 per cent is used for compensation of employees. In 2009/10, the drafting of a business modernisation strategy was completed at a total cost of R2.5 million.

Objectives and measures

- Ensure a reliable sampling frame for household surveys by updating the spatial frame and database annually.
- Support the production of official statistics by continuously upgrading ICT infrastructure, and ensuring 90 per cent network availability.

Expenditure estimates

Table 13.8 Statistical Support and Informatics

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
R million				2010/11			
Programme Management for Statistical Support and Informatics	1.8	1.8	2.3	2.6	2.6	2.8	3.0
Geography Services	37.9	60.6	22.5	32.3	38.0	40.1	42.7
Geography Frames	31.9	74.8	114.9	44.9	19.5	20.6	21.9
Publication Services	14.9	14.8	15.6	18.9	19.5	20.6	22.0
Data Management and Technology	96.8	110.6	92.9	121.1	108.3	114.4	121.8
Business Modernisation	7.5	4.3	2.5	8.8	7.1	7.5	8.0
Total	190.7	267.0	250.8	228.7	195.1	206.0	219.5
Change to 2010 Budget estimate				(7.8)	(4.3)	0.4	2.5
Economic classification							
Current payments	158.0	219.1	221.2	203.5	181.8	192.0	204.6
Compensation of employees	40.1	97.8	124.4	70.6	79.3	83.7	89.2
Goods and services	117.9	121.0	96.6	132.9	102.5	108.2	115.3
of which:							
Computer services	57.4	48.9	53.2	71.0	74.2	78.3	83.4
Agency and support / outsourced services	1.0	0.3	0.7	0.4	0.0	0.0	0.0
Property payments	0.1	0.0	0.0	–	–	–	–
Travel and subsistence	7.1	32.1	28.3	3.2	3.2	3.4	3.6
Interest and rent on land	–	0.2	0.2	0.0	0.1	0.1	0.1
Transfers and subsidies	0.6	0.0	0.0	–	0.0	0.0	0.0
Households	0.6	0.0	0.0	–	0.0	0.0	0.0

Table 13.8 Statistical Support and Informatics (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Payments for capital assets	32.1	47.9	25.4	25.2	13.2	14.0	14.9
Machinery and equipment	28.8	47.7	23.5	21.1	6.9	7.3	7.8
Software and other intangible assets	3.3	0.2	1.9	4.1	6.3	6.7	7.1
Payments for financial assets	–	–	4.2	–	–	–	–
Total	190.7	267.0	250.8	228.7	195.1	206.0	219.5

Expenditure trends

The spending focus over the medium term will be on improving the accessibility of data by enhancing systems and infrastructure.

Spending grew at an average annual rate of 6.2 per cent, from R190.7 million in 2007/08 to R228.7 million in 2010/11. The increase was mainly due to the development of a database by the dwelling frame project between 2008/09 and 2009/10, as well as the ICT infrastructure project that was rolled out in 2009/10.

Expenditure over the medium term is expected to decrease from R228.7 million to R219.5 million, at an average annual rate of 1.4 per cent. The decline is mainly due to a significant decrease in spending in the *Geographic Frames* subprogramme as a result of the movement some of its functions to the provinces. The *Data Management and Technology* subprogramme's allocation was also reduced as the preparation for Census 2011 is finalised and support is maintained.

The ratio of the administrative costs to line function programme costs is 1:99 over the medium term.

Programme 6: Corporate Relations

- *Programme Management for Corporate Relations* provides strategic direction and leadership for this programme. This subprogramme has a staff complement of 5 and a total budget of R8.4 million, of which 59.5 per cent is used for compensation of employees.
- *International Relations* manages relations with international statistical agencies. This subprogramme has a staff complement of 13 and a total budget of R13.1 million in 2010/11, of which 25.5 per cent is used on travelling and subsistence. In 2009/10, R41.4 million was used to: host the 57th International Statistics Institute conference, launch the ISibalo capacity building programme, organise the 5th Symposium on Statistical Development, develop a strategy for international statistical development, participate in the development of the African strategy for the 2008 system of national accounts, and participate in developing the strategy for the harmonisation of African statistics.
- *Provincial Coordination* provides provincial capacity to support the collection and use of official statistics as well as statistical support to provincial and local stakeholders. This subprogramme has a staff complement of 374 and a total budget of R300 million in 2010/11, of which 72.3 per cent is used for compensation of employees. In 2009/10, the following outputs were achieved at a total cost of R317.2 million: support to data collection was provided; geographic operations were conducted; and the national statistics system, statistical information services and the statistical infrastructure for Census 2011 were implemented.
- *Stakeholder Relations and Marketing* maintains relations with stakeholders across the country. This subprogramme has a staff complement of 42 and a total budget of R15.4 million in 2010/11, of which 86.7 per cent is used for compensation of employees. In 2009/10, an increased accessibility to the department's website was achieved (5.7 million visitor sessions and 627 248 publications), at a total cost of R11.7 million.
- *Corporate Communications* manages media relations and internal communication. This subprogramme has a staff complement of 8 and a total budget of R6.8 million in 2010/11, of which 59.4 per cent is used for compensation of employees. In 2009/10, the following outputs were achieved with a total cost of R4.8 million: the weekly internal newsletter Pulse was issued; biannual staff meetings were held; and the quarterly external newsletter, The Fieldworker, was launched.

Objectives and measures

- Increase awareness and the use of official statistics by maintaining and improving stakeholder relations and managing external and internal communications by annually conducting stakeholder workshops in all provinces to inform and consult with stakeholders on statistical matters and improving website visitor sessions through publicity campaigns and interactions with stakeholders.
- Provide an integrated data collection service which ensures timeliness and accuracy, and disseminate quality statistics through statistical technical support services to provincial and local stakeholders.
- Ensure alignment with international standards, best practice and statistical skills development by increasing participation, sharing and learning in international statistical initiatives on an ongoing basis.

Expenditure estimates

Table 13.9 Corporate Relations

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R million	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Programme Management for Corporate Relations	4.4	3.0	5.0	8.4	3.2	3.4	3.6
International Relations	15.2	15.4	41.4	13.1	18.6	19.6	20.9
Provincial Coordination	135.8	295.5	317.2	300.0	368.7	389.4	414.8
Stakeholders Relations and Marketing	7.2	9.9	11.7	15.4	16.3	17.2	18.3
Corporate Communications	3.7	3.3	4.8	6.8	7.9	8.3	8.9
Total	166.2	327.1	380.1	343.7	414.7	437.9	466.6
Change to 2010 Budget estimate				40.5	98.5	112.4	123.2
Economic classification							
Current payments	165.1	327.0	369.5	343.7	413.8	437.0	465.5
Compensation of employees	66.3	157.2	246.4	246.6	342.5	361.7	385.3
Goods and services	98.8	169.7	123.0	96.9	71.0	75.0	79.9
of which:							
Computer services	–	–	–	0.1	0.1	0.1	0.1
Agency and support / outsourced services	16.2	30.7	0.5	12.3	0.2	0.3	0.3
Property payments	4.5	5.5	4.3	14.0	5.8	6.2	6.6
Travel and subsistence	43.0	84.2	76.0	41.3	39.3	41.5	44.3
Interest and rent on land	–	0.1	0.1	0.1	0.3	0.3	0.3
Transfers and subsidies	0.3	0.0	0.1	–	0.6	0.6	0.7
Non-profit institutions	0.1	–	–	–	–	–	–
Households	0.2	0.0	0.1	–	0.6	0.6	0.7
Payments for capital assets	0.0	0.1	2.4	0.0	0.3	0.3	0.3
Machinery and equipment	0.0	0.1	2.4	0.0	0.3	0.3	0.3
Payments for financial assets	0.8	–	8.1	–	–	–	–
Total	166.2	327.1	380.1	343.7	414.7	437.9	466.6

Expenditure trends

The spending focus over the medium term will be on: conducting Census 2011; fostering statistical development and cooperation internationally, specifically in Africa; improving communication; and finalising the implementation of a permanent field work force in provinces.

Spending grew at an average annual rate of 27.4 per cent, from R166.2 million in 2007/08 to R343.7 million in 2010/11. The increase was mainly due to the international statistical conference in August 2009, as well as moving some activities from some of the subprogrammes in the *Population and Social Statistics* programme and the *Geography Frames* subprogramme to provincial offices.

Spending over the medium term is expected to grow from R343.7 million in 2010/11 to R466.6 million in 2013/14, at an average annual rate of 10.7 per cent. The growth is as a result of increased expenditure in the

International Relations subprogramme to enable the department to strengthen its leadership and support in statistical development internationally. A further increase is shown in the *Corporate Communications* subprogramme to create a receptive environment for all the department's products and services. Employing permanent fieldwork staff increases the allocation to provincial offices.

The ratio of administrative costs to line function programme costs is 1:19 over the medium term.

Programme 7: Survey Operations

- *Programme Management for Survey Operations* provides strategic direction and leadership to this programme. This subprogramme has a staff complement of 3 and a total budget of R2 million in 2010/11, of which 42.1 per cent is used for compensation of employees.
- *Population Census* conducts periodic population censuses and surveys. This subprogramme has a staff complement of 1 690 employees, of which 103 are permanent, and a total budget of R734.2 million, of which 44 per cent is used for fieldwork related activities in preparation for Census 2011. In 2009/10, fieldwork was conducted for the Census 2011 mini-pilot project at a total cost of R204.8 million. The pilot, however, was not finalised in 2009/10 due to changes in the department's methodological approach and was thus rescheduled for October 2011.
- *Household Survey Operations* coordinates and integrates collection activities across surveys. This subprogramme has a staff complement of 402 and a total budget of R30.9 million in 2010/11, of which 49 per cent is used for of employees and 23.9 per cent is used for travelling and subsistence for fieldworkers conducting surveys. In 2009/10, data was collected for the general household, domestic tourism and living conditions surveys at a total cost of R54.4 million.
- *Corporate Data Processing* manages the editing and processing of data. This subprogramme has a staff complement of 125 and a total budget of R27.1 million in 2010/11, of which 75.6 per cent is used for compensation of employees and 19 per cent will be used for a site upgrade for additional production and storage space. In 2009/10, the following outputs were achieved at a total cost of R20.5 million: data processing was completed for the quarterly labour force survey, the domestic tourism survey, the general household survey, the living conditions survey, and the survey of employment and the self-employed.

Objectives and measures

- Increase the statistical information base by conducting a population census in 2011.
- Ensure the efficiency and effectiveness of survey operations by coordinating and integrating household survey operations (such as the quarterly labour force survey, the general household survey and the income and expenditure survey) annually.
- Improve the quality of editing and processing data by standardising and optimising the use of technology (such as scanning and handheld devices) annually.

Expenditure estimates

Table 13.10 Survey Operations

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
R million							
Programme Management for Survey Operations	–	–	0.5	2.0	2.0	2.1	2.3
Population Census	149.3	44.9	204.8	734.2	1 738.3	122.2	38.6
Household Survey Operations	3.4	116.6	54.4	30.9	24.3	25.6	27.3
Corporate Data Processing	5.1	3.9	20.5	27.1	58.4	61.6	65.7
Total	157.8	165.4	280.1	794.3	1 822.9	211.6	133.8
Change to 2010 Budget estimate				82.4	467.9	(29.3)	(34.6)

Table 13.10 Survey Operations (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Economic classification							
Current payments	122.5	165.2	248.6	731.1	1 803.3	200.2	121.6
Compensation of employees	61.7	82.3	97.4	184.4	569.8	155.7	109.6
Goods and services	60.8	82.9	151.2	546.7	1 233.5	44.5	12.0
of which:							
Computer services	0.3	–	18.6	14.6	24.7	6.1	0.4
Agency and support / outsourced services	0.8	0.1	14.5	34.3	789.4	0.0	0.0
Property payments	1.3	0.2	10.2	2.9	1.2	1.0	–
Travel and subsistence	31.8	55.5	35.1	97.6	205.0	7.8	6.7
Transfers and subsidies	0.0	0.2	2.1	–	–	–	–
Households	0.0	0.2	2.1	–	–	–	–
Payments for capital assets	14.2	–	13.7	63.2	19.6	11.4	12.1
Machinery and equipment	13.4	–	13.7	63.2	19.6	11.4	12.1
Software and other intangible assets	0.8	–	–	–	–	–	–
Payments for financial assets	21.1	–	15.7	–	–	–	–
Total	157.8	165.4	280.1	794.3	1 822.9	211.6	133.8

Expenditure trends

The spending focus over the medium term will be on Census 2011 in the *Population Census* subprogramme. Consultants are mainly used to assist with the actual census, which takes place in 2011/12.

Spending between 2007/08 and 2010/11 grew at an average annual rate of 71.4 per cent, from R157.8 million in 2007/08 to R794.3 million. The significant increase is mainly due to the Census 2011 pilot that the department was unable to finalise in 2009 which was rescheduled to 2010. Treasury approved a rollover request for the project to be finalised. Expenditure in the *Household Survey Operations* subprogramme increased at an average annual rate of 108.9 per cent between 2007/08 and 2010/11, with the appointment of 233 fieldworkers to conduct social surveys.

Spending is expected to decrease to R133.8 million in 2013/14 from R794.3 million in 2010/11, at an average annual rate of 44.8 per cent. There is, however, an increase in spending of 129.5 per cent in 2011/12 due to the allocation for Census 2011, which will be completed in that year. Spending on the census in subsequent years is limited to processing and disseminating the results.

The ratio of administrative costs to line function programme costs is 1:19 over the medium term.

Additional tables

Table 13.A Summary of expenditure trends and estimates per programme and economic classification

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R million	2009/10		2009/10	2010/11			2010/11
Administration	342.2	342.6	333.7	376.9	(1.0)	375.9	370.6
Economic Statistics	166.8	170.6	167.6	173.2	5.6	178.9	171.2
Population and Social Statistics	155.3	170.2	91.5	122.0	(2.6)	119.4	86.3
Methodology and Standards	60.9	59.1	55.3	59.2	1.3	60.5	55.4
Statistical Support and Informatics	206.6	235.9	243.5	236.3	(7.6)	228.7	206.5
Corporate Relations	245.3	266.4	293.2	303.0	40.7	343.7	387.1
Survey Operations	431.6	470.4	371.0	702.9	91.4	794.3	464.5
Total	1 608.6	1 715.2	1 555.8	1 973.4	128.0	2 101.4	1 741.7
Economic classification							
Current payments	1 553.6	1 651.4	1 471.2	1 871.5	117.4	1 988.9	1 695.7
Compensation of employees	928.9	1 015.8	879.2	891.0	87.7	978.7	931.6
Goods and services	624.7	635.7	591.6	980.5	29.2	1 009.7	763.4
Interest and rent on land	–	–	0.4	–	0.4	0.4	0.7
Transfers and subsidies	0.1	4.4	7.1	3.8	5.1	8.9	8.8
Foreign governments and international organisations	–	0.2	–	–	–	–	–
Non-profit institutions	–	–	0.2	–	0.1	0.1	0.1
Households	0.1	4.2	6.9	3.8	5.0	8.8	8.7
Payments for capital assets	55.0	59.3	46.9	98.1	5.5	103.6	36.6
Machinery and equipment	54.6	56.7	45.0	93.9	5.5	99.4	32.5
Software and other intangible assets	0.4	2.7	1.9	4.1	–	4.1	4.1
Payments for financial assets	–	–	30.7	–	–	–	0.6
Total	1 608.6	1 715.2	1 555.8	1 973.4	128.0	2 101.4	1 741.7

Table 13.B Detail of approved establishment and personnel numbers according to salary level ¹

	Personnel post status as at 30 September 2010			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year ²	Medium-term estimate		
				2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Department	4 469	4 448	21	3 754	4 879	2 700	3 696	6 941	4 380	3 276
Salary level 1 – 6	2 165	2 160	5	1 523	2 744	1 010	1 782	3 503	2 234	1 333
Salary level 7 – 10	1 601	1 586	15	1 586	1 500	1 142	1 350	2 661	1 442	1 250
Salary level 11 – 12	458	458	–	436	445	348	362	508	453	442
Salary level 13 – 16	245	244	1	209	190	200	202	269	251	251
Administration	686	673	13	927	689	569	569	703	687	672
Salary level 1 – 6	191	191	–	195	212	143	153	253	237	222
Salary level 7 – 10	346	333	13	530	328	305	295	295	295	295
Salary level 11 – 12	92	92	–	134	103	71	72	92	92	92
Salary level 13 – 16	57	57	–	68	46	50	49	63	63	63
Economic Statistics	726	726	–	983	764	668	670	739	739	739
Salary level 1 – 6	397	397	–	580	544	380	379	399	399	399
Salary level 7 – 10	247	247	–	329	178	212	217	256	256	256
Salary level 11 – 12	51	51	–	49	36	46	44	52	52	52
Salary level 13 – 16	31	31	–	25	6	30	30	32	32	32
Population and Social Statistics	237	236	1	1 291	1 787	253	194	157	157	157
Salary level 1 – 6	72	72	–	681	1 215	68	68	7	7	7
Salary level 7 – 10	87	87	–	433	403	114	69	62	62	62
Salary level 11 – 12	35	35	–	124	113	40	24	45	45	45
Salary level 13 – 16	43	42	1	53	56	31	33	43	43	43

Table 13.B Detail of approved establishment and personnel numbers according to salary level ¹ (continued)

	Personnel post status as at 30 September 2010			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year ²	Medium-term estimate		
				2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Methodology and Standards	149	149	–	147	156	141	137	170	170	170
Salary level 7 – 10	90	90	–	51	98	84	82	97	97	97
Salary level 11 – 12	42	42	–	63	41	39	39	47	47	47
Salary level 13 – 16	17	17	–	33	17	18	16	26	26	26
Statistical Support and Informatics	211	209	2	406	1 029	188	151	202	202	202
Salary level 1 – 6	23	21	2	67	725	45	21	20	20	20
Salary level 7 – 10	109	109	–	243	243	99	82	103	103	103
Salary level 11 – 12	50	50	–	66	40	25	29	50	50	50
Salary level 13 – 16	29	29	–	30	21	19	19	29	29	29
Corporate Relations	1 531	1 530	1	–	454	379	1 369	1 820	1 169	1 169
Salary level 1 – 6	899	898	1	–	48	57	845	1 182	658	658
Salary level 7 – 10	445	445	–	–	250	193	364	452	342	342
Salary level 11 – 12	140	140	–	–	112	91	121	138	124	124
Salary level 13 – 16	47	47	–	–	44	38	39	48	45	45
Survey Operations	929	925	4	–	–	502	606	3 150	1 256	167
Salary level 1 – 6	583	581	2	–	–	317	316	1 642	913	27
Salary level 7 – 10	277	275	2	–	–	135	241	1 396	287	95
Salary level 11 – 12	48	48	–	–	–	36	33	84	43	32
Salary level 13 – 16	21	21	–	–	–	14	16	28	13	13

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

2. As at 30 September 2010.

Table 13.C Summary of expenditure on training

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Compensation of employees (R million)	472.0	702.1	1 015.8	891.0	1 531.0	1 165.0	1 185.0
Training expenditure (R million)	11.9	14.0	21.2	38.5	21.4	22.5	23.7
Training as percentage of compensation of employees	2.5%	2.0%	2.1%	4.3%	1.4%	1.9%	2.0%
Total number trained in department (head count)	1 003	3 788	2 678	2 847			
<i>of which:</i>							
Employees receiving bursaries (head count)	224	331	329	411			
Internships trained (head count)	33	34	43	43			
Households receiving bursaries (R million)	0.5	1.7	4.0	5.0	8.9	9.4	10.1
Households receiving bursaries (head count)	–	26	43	26			

Vote 14

Arts and Culture

Budget summary

R million	2011/12			2012/13	2013/14
	Total to be appropriated	Current payments	Transfers and subsidies	Total	Total
MTEF allocation					
Administration	178.8	175.3	–	193.0	206.3
Performing Arts	549.4	29.6	519.5	606.9	655.9
National Language Services	101.6	26.9	73.7	105.2	111.1
Cultural Development	180.7	54.9	125.4	188.5	199.1
Heritage Promotion	763.7	52.8	710.5	811.6	852.1
National Archives and Library Services	694.5	53.5	640.1	719.9	760.2
Total expenditure estimates	2 468.6	392.9	2 069.3	2 625.1	2 784.7

Executive authority Minister of Arts and Culture
 Accounting officer Director General of Arts and Culture
 Website address www.dac.gov.za

More detailed information for each vote is available at www.treasury.gov.za. More comprehensive coverage of vote specific information, particularly on goods and services, transfers and subsidies, donor funding, public entities and lower level institutional information, is provided.

Aim

Develop and preserve South African arts and culture to ensure social cohesion and nation building.

Programme purposes

Programme 1: Administration

Purpose: Provides leadership, management and support functions of the department.

Programme 2: Performing Arts

Purpose: Promote the performing arts.

Programme 3: National Language Services

Purpose: Promote the official languages of South Africa and enhance the linguistic diversity of the country.

Programme 4: Cultural Development

Purpose: Promote and develop South African arts and culture.

Programme 5: Heritage Promotion

Purpose: Policy, legislation and strategic direction for identifying, conserving and promoting cultural heritage.

Programme 6: National Archives and Library Services

Purpose: Facilitate full and open access to the archival and information resources of South Africa.

Strategic overview: 2007/08 – 2013/14

Job creation and growth

The Department of Arts and Culture contributes to South Africa's economic growth path by making interventions to improve South Africa's cultural industries. To contribute to job creation, poverty reduction, skills transfer, small business development and broad based black economic empowerment (BEE), the department allocates funding via the *Investing in Culture* programme and works closely with the public entities and agencies falling under its supervision.

The department has also helped to promote local cultural industries by facilitating access to international networking platforms at markets, festivals and exhibitions. It has a robust skills development and training programme, especially targeted at vulnerable groups such as women, youth, and the disabled, to ensure the sustainable growth of the creative sectors.

Supporting South Africa's cultural diversity and heritage

The department continues to implement strategies to ensure that the celebration and commemoration of national days, historical events and festivals are inclusive and contribute to national reconciliation, nation building and social cohesion. It supports education oriented commemorations and events hosted by museums, libraries, galleries, theatres, archives, playhouses and community art centres and community halls.

The department is supporting the National Heritage Council of South Africa in developing the national liberation heritage route project, which is aimed at preserving and promoting the significant events, people and places that narrate the history of South Africa's liberation. A digitisation policy for the preservation of heritage is also being implemented, and national guidelines on digitising heritage resources and the use of digitisation to improve access to heritage collections as a learning resource are being developed. The implementation of the underwater cultural heritage policy, developed in 2009/10, will ensure the safeguarding and promotion of South Africa's underwater cultural heritage.

The department will continue to use Heritage Month to promote South Africa's cultural diversity in areas such as poetry, dance and indigenous foods. Annual commemorative activities such as the annual Chief Albert Luthuli Memorial Lecture, the annual commemoration of the Matola Raid and the five-year programme to declare the gravesites of women icons as national heritage sites during Women's Month, will further contribute to affirming communities and creating inclusivity and unity. The department aims to develop and monitor the implementation of policy, legislation and strategic direction for identifying, conserving and promoting cultural heritage and will do an audit on intangible cultural heritage in South Africa in 2011.

The department is working with its partners in the Southern African Development Community (SADC) and the African Union (AU) on building and upgrading museums and memorials to commemorate liberation struggle heroes. For example, the Matola monument and interpretive centre will memorialise the Matola Raid of 1981, in which South African freedom fighters were killed by the apartheid regime, and South Africa and Algeria are cooperating on a project that honours Miriam Makeba.

Improving access to information

As the custodian of government records, the National Archives and Records Service continues to support and guide records and information management procedures across government to ensure that records of enduring value will be permanently preserved in the archives. Over the medium term, the national automated archival information retrieval system will be upgraded to make access to information easier.

The transformation of the library sector continues with the implementation of the community library services conditional grant. The department is developing a policy framework to determine norms and standards for community libraries to ensure equity of access and to address disparities in services, practices and procedures in libraries.

Over the medium term, at least 10 imbizos will be conducted countrywide to create an information and ideas platform to strengthen interaction and feedback between the department and the arts and culture sector.

Building social capital

As a contributor to an empowered, fair and inclusive citizenship (outcome 12), the department will host a number of initiatives. Social dialogues and Bontle Ubuhle-Bethu programmes for the beautification of public spaces will be held to promote social interaction and cohesive neighbourhoods and communities. Projects will also be initiated to encourage the Ilima/Letsema concept of people coming together to deliver a common goal. National dialogues on social cohesion and nation building will be conducted in all provinces, and will culminate in an inclusive annual summit on social cohesion and nation building, to be held in June 2011.

Savings and cost effectiveness measures

The department has identified savings of R38.1 million over the MTEF period, including: R20.5 million from goods and services (R4.6 million in 2011/12, R8.6 million in 2012/13 and R7.4 million in 2013/14) on non-core items like travel and subsistence, departmental catering, communication, and venue and facility hire; R6 million from transfers to households (R2 million in each year) and R11.6 million from transfers to the National Arts Council (R2 million in 2011/12, R2.5 million in 2012/13 and R7.1 million in 2013/14). These amounts were reprioritised over the MTEF period: R19.3 million to the Bloemfontein National Museum to clear the deficit and fund operations; and R18.7 million to the National Film and Video Foundation for the development of the local film industry and the resultant job creation.

Further savings of R23.1 million (R7.3 million in 2011/12, R7.7 million in 2012/13 and R8.1 million in 2013/14) were made as requested by Cabinet, mainly from transfers to households in the Performing Arts, Cultural Development and Heritage Promotion programmes, and from goods and services across all programmes. The savings are in non-core areas and will not affect service delivery.

Selected performance indicators

Table 14.1 Arts and Culture

Indicator	Programme	Past			Current	Projections		
		2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Number of projects that use arts and culture for social (community) development per year	Performing Arts	–	5	6	9	10	10	10
Number of new projects supported in the Investing in Culture initiative	Cultural Development	387	501	520	411	600	630	650
Number of new jobs created through Investing in Culture projects	Cultural Development	7 740	10 020	11 000	352 ¹	12 500	13 125	13 500
Number of geographical names changed per year	Heritage Promotion	51	88	100	18	120	120	120
Number of community libraries upgraded per year	National Archives and Library Services	40	40	43	12	75	80	85
Number of new community libraries established	National Archives and Library Services	4	9	7	4	14	16	18
Number of flags distributed to schools per year	National Archives and Library Services	2 000	14 000	6 000	350 000 ²	12 000	12 500	13 000

1. In 2010/11, most of the Investing in Culture subprogramme's staff was dismissed due to fraud and maladministration. Only projects which were cleared and verified were paid, and very few new projects were introduced. The department is remodelling the programme, and projections are in line with past performance.

2. The increase is due to hand held flags handed out during the 2010 FIFA World Cup and the Fly the Flag campaign.

Expenditure estimates

Table 14.2 Arts and Culture

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10			2011/12	2012/13	2013/14
R million				2010/11				
Administration	129.6	182.4	162.9	178.0	176.5	178.8	193.0	206.3
Performing Arts	289.4	369.2	490.8	466.3	466.3	549.4	606.9	655.9
National Language Services	87.0	92.7	85.9	94.0	94.0	101.6	105.2	111.1
Cultural Development	151.2	150.5	119.4	187.1	187.1	180.7	188.5	199.1
Heritage Promotion	659.9	863.8	803.3	884.3	784.3	763.7	811.6	852.1
National Archives and Library Services	268.8	456.0	562.7	631.6	631.6	694.5	719.9	760.2
Total	1 585.8	2 114.5	2 224.9	2 441.2	2 339.7	2 468.6	2 625.1	2 784.7
Change to 2010 Budget estimate				34.5	(67.0)	51.1	62.4	81.1
Economic classification								
Current payments	289.6	381.7	380.5	380.3	380.3	392.9	429.0	454.9
Compensation of employees	107.2	126.8	146.3	152.9	152.9	164.8	174.3	183.7
Goods and services	182.4	254.8	234.3	227.4	227.4	228.1	254.7	271.2
of which:								
Consultants and professional services:	21.4	1.7	52.6	16.4	16.4	13.7	23.0	24.2
Business and advisory services								
Agency and support / outsourced services	1.3	54.8	5.6	43.3	43.3	41.7	42.8	44.3
Lease payments	28.5	35.0	32.5	51.9	51.9	53.9	60.2	65.3
Travel and subsistence	50.3	81.6	58.2	23.6	23.6	24.7	24.4	25.8
Transfers and subsidies	1 293.7	1 726.4	1 839.2	2 054.4	1 954.4	2 069.3	2 189.5	2 322.9
Provinces and municipalities	163.2	344.6	440.6	512.7	512.7	543.4	570.8	602.2
Departmental agencies and accounts	939.6	1 185.0	1 209.6	1 315.1	1 215.1	1 317.4	1 412.5	1 500.3
Non-profit institutions	8.5	10.0	10.5	11.3	11.3	12.3	12.9	13.6
Households	182.4	186.7	178.5	215.3	215.3	196.2	193.3	206.9
Payments for capital assets	2.1	6.0	4.5	6.6	5.1	6.4	6.6	7.0
Machinery and equipment	2.1	6.0	4.5	6.6	5.1	6.4	6.6	7.0
Payments for financial assets	0.4	0.5	0.7	–	–	–	–	–
Total	1 585.8	2 114.5	2 224.9	2 441.2	2 339.7	2 468.6	2 625.1	2 784.7

Expenditure trends

Spending over the medium term will focus on the continued funding of the community library services conditional grant and transfers to heritage and arts institutions.

Expenditure grew at an average annual rate of 15.5 per cent, from R1.6 billion in 2007/08 to R2.4 billion in 2010/11. The growth was mainly due to additional spending on capital projects, such as developing Freedom Park as a commemorative facility, upgrading and maintaining museums, and improving public and community library services.

The Budget provides additional allocations of R66.9 million, R83.1 million and R105.7 million over the medium term, mainly for:

- improved conditions of service (R5.4 million, R5.6 million and R5.7 million)
- transfers to the National Film and Video Foundation to develop the local film industry and create jobs (R33.5 million, R42.8 million and R58.9 million)
- municipal and accommodation charges (R10 million, R13 million and R16 million)
- institutional support and capacity building for the National Library of South Africa and the South African Library for the Blind (R11.5 million, R12 million and R13 million)
- operational costs of the Bloemfontein National Museum (R5 million, R6.8 million and R7.6 million)

- bursaries for heritage studies (R1.5 million, R3 million and R4.5 million).

Over the medium term, expenditure is expected to grow from R2.4 billion in 2010/11 to R2.8 billion in 2013/14, at an average annual rate of 4.5 per cent. The growth was mainly due to increases in transfers to provinces, as well as transfers to departmental agencies and accounts. These increases are mainly due to upgrading and maintenance in public entities, and the continued allocation for the community library services grant.

Personnel information

The department has an establishment of 824 posts, of which 496 are funded and 9 are additional to the approved establishment. The number of filled posts increased from 417 in 2007/08 to 461 in 2010/11, and is expected to increase to 493 over the medium term as a result of the newly approved organisational structure.

There are 35 vacancies in the department, of which 18 are in salary levels 13 to 16, 4 are in levels 11 to 12, 7 are in levels 9 to 10, and 6 are in levels 1 to 6. Most are in the *Administration* programme. These posts have been approved as part of the revised organisational structure, but are not funded.

The ratio of support personnel to line function personnel is 1:1, and the cost ratio of consultants to departmental personnel is 1:8.

Infrastructure spending

The construction of the new national library building in Pretoria was completed in 2009 at a cost of R374 million, and the second phase of Freedom Park will be completed in 2010/11 at a cost of R700 million. The department will continue to upgrade all its public entities, and has allocated R455.6 million in 2011/12, R483 million in 2012/13 and R509.5 million in 2013/14 for this.

Departmental receipts

Departmental receipts include mainly miscellaneous items, such as debt repayments and revenue generated through service fees charged by the National Archives of South Africa for copying documents and registering coats of arms. Receipts from transactions in financial assets and liabilities decreased at an average annual rate of 73.3 per cent between 2008/09 and 2010/11, from R3.6 million to R846 000, due to decreased debt recovery.

Table 14.3 Departmental receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2007/08	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
Departmental receipts	374	3 554	1 097	846	846	785	923	1 129
Sales of goods and services produced by department	257	237	249	604	604	670	753	899
Sales of scrap, waste, arms and other used current goods	–	1	–	–	–	–	–	–
Fines, penalties and forfeits	–	1	–	–	–	–	–	–
Interest, dividends and rent on land	–	25	12	8	8	15	20	30
Sales of capital assets	117	–	–	–	–	–	–	–
Transactions in financial assets and liabilities	–	3 290	836	234	234	100	150	200
Total	374	3 554	1 097	846	846	785	923	1 129

Programme 1: Administration

Expenditure estimates

Table 14.4 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R million	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Ministry ¹	2.5	2.5	3.0	3.3	3.5	3.7	3.9
Management	27.0	102.3	39.7	70.3	76.6	81.0	53.2
Corporate Services	63.1	31.4	68.9	41.8	31.3	33.2	67.6
Office Accommodation	37.0	46.2	51.2	62.6	67.3	75.2	81.6
Total	129.6	182.4	162.9	178.0	178.8	193.0	206.3
Change to 2010 Budget estimate				23.5	8.0	11.4	14.7

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

Economic classification

Current payments	127.7	175.3	157.7	175.8	175.3	189.5	202.6
Compensation of employees	41.3	52.1	58.7	57.2	59.7	62.6	66.0
Goods and services	86.4	123.2	99.1	118.6	115.5	126.9	136.6
of which:							
Consultants and professional services:	4.1	0.6	7.6	9.7	4.8	5.1	5.4
Business and advisory services							
Agency and support / outsourced services	–	22.8	–	–	–	–	–
Lease payments	28.5	35.0	32.5	51.9	53.9	60.2	65.3
Travel and subsistence	13.4	17.0	21.7	8.2	8.4	8.9	9.4
Transfers and subsidies	0.5	2.9	2.7	–	–	–	–
Households	0.5	2.9	2.7	–	–	–	–
Payments for capital assets	1.1	4.1	2.2	2.3	3.5	3.6	3.7
Machinery and equipment	1.1	4.1	2.2	2.3	3.5	3.6	3.7
Payments for financial assets	0.2	0.1	0.2	–	–	–	–
Total	129.6	182.4	162.9	178.0	178.8	193.0	206.3

Expenditure trends

Spending increased from R129.6 million in 2007/08 to R178 million in 2010/11, at an average annual rate of 11.2 per cent, and is expected to increase at an average annual rate of 5 per cent over the medium term to reach R206.3 million. The fluctuating growth in expenditure in the *Management* and *Corporate Services* subprogrammes over the seven-year period is due to changes to the number of ministerial izimbizos held each year, which also accounts for the fluctuating growth in spending on goods and services between 2007/08 and 2010/11. In 2010/11, the allocation for goods and services increased by R23.3 million, due to a virement mainly for the payment of lease and municipality services. Goods and services spending between 2007/08 and 2010/11 grew at an average annual rate of 11.1 per cent, and over the medium term at an average annual rate of 4.8 per cent. Additional funding of R45 million is provided over the MTEF period, mainly for office accommodation.

Programme 2: Performing Arts

- *Promotion of Performing Arts* develops the literary, visual and performing arts through financial assistance to various performing arts institutions as well as groups and individuals. It also supports the arts and social development through activities directed at vulnerable groups, such as persons with disabilities and out of school youth. There are 26 staff members in the subprogramme which manages all the functions in the programmes. The bulk of its budget is used for salaries and other personnel related costs.
- *National Arts Council* transfers funds to the National Arts Council, which supports the various disciplines of arts and culture through financial support, guided by funding criteria that promote government objectives.

- *Arts Institutions* transfers funds to various playhouses to promote the performing arts. The bulk of this subprogramme's budget is used for operating the playhouses.
- *National Film and Video Foundation* transfers funds to the National Film and Video Foundation in support of skills, local content and local marketing development in South Africa's film and video industry.
- *Capital Works of Playhouses* funds and administers capital grants to playhouses for maintenance and other capital projects. 100 per cent of the budget is transferred to qualifying entities. In 2009/10, R70 million was transferred to the Playhouse Company, the Windybrow Theatre, the State Theatre, Artscape, and the Performing Arts Centre of the Free State for maintenance and repairs.

Objectives and measures

- Provide vulnerable groups with access to arts, culture and heritage programmes by building sustainable partnerships with 10 non-governmental organisations and other identified social partners including 45 schools (5 from each province) over the medium term.
- Develop arts, culture and heritage programmes informed by strategies for women, children and people with disabilities by establishing partnerships with all provinces in 2011.
- Promote social cohesion in South Africa by:
 - establishing a research hub and centres or platforms for dialogue by March 2012
 - establishing 9 social cohesion implementing committees by March 2012
 - hosting an annual national social cohesion summit in June 2011.

Expenditure estimates

Table 14.5 Performing Arts

Subprogramme				Adjusted appropriation	Medium-term expenditure estimate		
R million	Audited outcome			2010/11	2011/12	2012/13	2013/14
	2007/08	2008/09	2009/10				
Promotion of Performing Arts	49.6	98.5	136.9	87.6	71.1	74.2	78.7
National Arts Council	66.9	72.9	78.5	65.6	68.5	87.2	87.6
Arts Institutions	136.2	154.4	165.2	174.2	184.9	194.2	204.9
National Film and Video Foundation	36.7	37.9	39.1	38.9	74.9	86.2	104.7
Capital Works of Playhouses	–	5.6	71.0	100.0	150.0	165.0	180.0
Total	289.4	369.2	490.8	466.3	549.4	606.9	655.9
Change to 2010 Budget estimate				100.3	30.5	38.7	50.5
Economic classification							
Current payments	19.2	53.3	38.9	29.8	29.6	30.5	32.2
Compensation of employees	6.8	8.2	10.5	11.1	11.9	12.5	13.1
Goods and services	12.4	45.1	28.4	18.7	17.7	18.0	19.1
of which:							
Consultants and professional services:	2.3	–	9.1	1.6	1.7	1.8	1.8
Business and advisory services	–	15.1	–	1.2	–	–	–
Agency and support / outsourced services	5.6	14.6	3.4	3.9	3.6	3.4	3.6
Travel and subsistence							
Transfers and subsidies	270.0	315.5	451.8	436.2	519.5	576.1	623.3
Departmental agencies and accounts	234.9	265.6	348.4	372.8	472.0	526.1	570.3
Non-profit institutions	4.9	5.2	5.5	5.9	6.2	6.5	6.9
Households	30.3	44.8	97.9	57.5	41.2	43.4	46.1
Payments for capital assets	0.1	0.2	0.1	0.3	0.3	0.3	0.3
Machinery and equipment	0.1	0.2	0.1	0.3	0.3	0.3	0.3
Payments for financial assets	0.0	0.2	0.0	–	–	–	–
Total	289.4	369.2	490.8	466.3	549.4	606.9	655.9

Table 14.5 Performing Arts (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	234.9	260.0	277.4	272.8	322.0	361.1	390.3
Artscape	31.5	35.5	37.7	39.9	42.3	44.5	46.9
Market Theatre	17.0	19.3	20.6	21.8	23.1	24.3	25.6
National Arts Council	66.9	72.9	78.5	65.6	68.5	87.2	87.6
Performing Arts Centre of the Free State	22.7	25.8	27.9	29.3	31.1	32.7	34.5
Playhouse Company	26.6	30.2	32.3	34.1	36.1	38.0	40.0
State Theatre	27.1	30.9	33.3	35.0	37.1	39.0	41.1
Windybrow Theatre	6.5	7.4	7.9	8.4	8.9	9.3	9.8
National Film and Video Foundation	36.7	37.9	39.1	38.9	74.9	86.2	104.7
Capital	–	5.6	71.0	100.0	150.0	165.0	180.0
Capital works of playhouses	–	5.6	71.0	100.0	150.0	165.0	180.0
Households							
Households other transfers							
Current	30.1	44.8	97.9	57.5	41.2	43.4	46.1
Visual and performing arts projects	9.3	13.8	46.1	57.5	41.2	43.4	46.1
2010 FIFA World Cup projects	20.8	30.9	51.8	–	–	–	–
Non-profit institutions							
Current	4.9	5.2	5.5	5.9	6.2	6.5	6.9
Business Arts South Africa	4.9	5.2	5.5	5.9	6.2	6.5	6.9

Expenditure trends

Spending over the medium term will focus on promoting the performing arts, developing the local film industry, and maintaining and upgrading playhouses.

Expenditure grew from R289.4 million in 2007/08 to R466.3 million in 2010/11, at an average annual rate of 17.2 per cent, and is expected to increase at an average annual rate of 12 per cent over the MTEF period to reach R655.9 million. The increase in expenditure over the MTEF period is attributed to spending in the *Capital Works of Playhouses* subprogramme, which grew due to the inclusion of the repairs, maintenance and upgrading of art institutions. The decline in transfers and subsidies to households of R40.4 million between 2009/10 and 2010/11 was as a result of 2010 FIFA World Cup projects coming to an end.

Spending is largely dominated by transfers to departmental agencies, with spending in 2010/11 amounting to 80 per cent or R372.8 million of the programme's projected total spending in that year. The biggest beneficiary is the National Arts Council, which funds various arts bodies and projects, including the philharmonic orchestras. Transfers to the National Arts Council have been reduced by R2 million in 2011/12, R2.5 million in 2012/13 and R7.1 million in 2013/14, due to cost containment initiatives. The reduced funding will not have a negative impact, as the council has adequate cash surpluses from unallocated grants in previous years. Over the MTEF period, this programme receives an additional R135.2 million, mainly for the transfer payment to the National Film and Video Foundation, mainly for film development.

The ratio of administrative costs to line function costs is 1:290.

Programme 3: National Language Services

- *National Language Services* promotes the national language policy and develops strategies for implementing it. The bulk of this subprogramme's budget is used for implementing language development programmes, such as the development of human language technologies and the translation of government documents in all 11 official languages. There are 61 staff members in this subprogramme, with an estimated

18.5 per cent of the budget spent on salaries and other personnel related costs. In 2009/10, 165 African language documents, 93 Afrikaans, 372 English and 514 foreign language documents were translated or edited.

- *Pan South African Language Board* transfers funds to the Pan South African Language Board, which creates an environment conducive to developing, using and promoting the 11 official languages, as well as the Khoe, Nama, San and South African sign languages.

Objectives and measures

- Promote access to services and information for all citizens in the official language of choice by:
 - establishing a national centre for human language technologies by December 2011
 - developing machine aided translation tools by June 2011
 - developing a multilingual telephone based information system by December 2012
 - producing and exhibiting 9 sets of books in all official indigenous languages by May 2011, in compliance with the national language policy framework.
- Promote the use of all official languages by:
 - developing and supplying specialised terminologies in 10 of the official languages by March 2012
 - providing translation and editing services to all government departments by March 2012.

Expenditure estimates

Table 14.6 National Language Services

Subprogramme				Adjusted appropriation	Medium-term expenditure estimate		
R million	Audited outcome						
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
National Language Services	43.4	45.3	35.8	41.1	45.5	46.2	48.9
Pan South African Language Board	43.6	47.5	50.2	52.9	56.1	58.9	62.2
Total	87.0	92.7	85.9	94.0	101.6	105.2	111.1
Change to 2010 Budget estimate				0.5	0.4	(3.3)	(3.3)
Economic classification							
Current payments	25.5	20.7	26.0	23.2	26.9	40.0	42.3
Compensation of employees	12.2	14.7	17.3	19.3	22.9	25.2	26.6
Goods and services	13.3	6.0	8.7	3.9	4.0	14.7	15.8
of which:							
Consultants and professional services:	4.6	1.1	2.3	0.5	0.6	9.1	9.6
Business and advisory services							
Agency and support / outsourced services	–	0.2	–	–	–	–	–
Travel and subsistence	2.1	2.9	2.4	0.4	0.5	0.9	1.1
Transfers and subsidies	61.4	71.1	59.8	69.8	73.7	64.2	67.8
Departmental agencies and accounts	43.6	47.5	50.2	52.9	56.1	58.9	62.2
Households	17.8	23.6	9.7	17.0	17.6	5.3	5.6
Payments for capital assets	0.2	0.9	0.1	1.0	0.9	1.0	1.0
Machinery and equipment	0.2	0.9	0.1	1.0	0.9	1.0	1.0
Total	87.0	92.7	85.9	94.0	101.6	105.2	111.1
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	43.6	47.5	50.2	52.9	56.1	58.9	62.2
Pan South African Language Board	43.6	47.5	50.2	52.9	56.1	58.9	62.2
Households							
Households other transfers							
Current	17.8	23.6	9.7	17.0	17.6	5.3	5.6
Language development projects	17.8	23.6	9.7	17.0	17.6	5.3	5.6

Expenditure trends

The spending focus over the medium will be on: establishing a national centre for human language technologies; funding the three components of the virtual centre (speech resource development, text resource development, and resource management); facilitating and coordinating human language technologies projects and activities; and conducting research, development and collaboration projects and activities.

Expenditure grew from R87 million in 2007/08 to R111.1 million in 2013/14, at an average annual rate of 3.6 per cent. Expenditure in the *Pan South African Language Board* subprogramme, which transfers funds to the Pan South African Language Board, increased from R43.6 million in 2007/08 to R52.9 million in 2010/11, at an average annual rate of 6.6 per cent. This subprogramme's growth in expenditure was mainly to support the development of the board's national lexicography units. Spending by the *National Language Services* subprogramme decreased by 21 per cent in 2009/10, due to once-off payments for machine aided translation tools in 2008/09. Spending on consultants decreased at an average annual rate of 53.8 per cent between 2007/08 and 2010/11, due to the telephone interpreting services of South Africa project coming to an end. Over the medium term, spending on consultants increases at an average annual rate of 176.8 per cent, mainly due to activities related to human language technologies projects. This programme receives an additional R2.4 million over the MTEF period solely for inflation related adjustments to compensation of employees in the *National Language Services* subprogramme.

The ratio of administrative costs to line function cost is 1:25.

Programme 4: Cultural Development

- *Cultural Development* supports the creative industries by developing strategies, participating in various stakeholder forums, supporting projects in the various disciplines, and by providing training. There are 17 staff in this subprogramme, with 69.1 per cent of its budget used for transfers to projects, which are disbursed on the basis of business plans and agreements between the department and beneficiaries. In 2010/11, a skills development programme was implemented at the Vhutsila a vhu tibiwi arts and crafts centre.
- *Investing in Culture* promotes job creation, skills development and economic empowerment, and supports business start-ups and poverty alleviation projects. This subprogramme has 4 staff. The bulk of its budget is used for transfers to projects, which are initially disbursed on the basis of business plans and agreements between the department and the individual or group contractors. Due to the forensic audit, no new projects were undertaken in 2010/11.
- *International Cooperation* ensures South Africa's cultural participation in bilateral and multilateral activities, secures official development assistance, strengthens the national presence in the international arena, and builds international partnerships. This subprogramme has 21 staff. The bulk of its budget is used for showcasing and promoting South African arts and culture abroad, and compensation of employees and other personnel related costs. Three cultural agreements were signed in 2009/10: between South Africa and Algeria, South Africa and Egypt, and South Africa, Ethiopia and Ghana.

Objectives and measures

- Improve access to sustainable markets by driving and supporting initiatives aimed at moving 660 creative industries practitioners from the fringes of economic activity into the mainstream in 2011/12.
- Increase access and participation by arts and culture practitioners in international markets by adding 10 more signed international agreements, programmes of cooperation and cultural exchanges by March 2012.
- Align the department's international programme with its domestic mandate by developing an international relations policy by March 2012.
- Rationalise and consolidate the department's international relations programme by conducting an audit of 150 existing bilateral cultural agreements by March 2012.
- Implement a new Investing in Culture structure and funding model by August 2011 to accelerate job creation and poverty alleviation.

Expenditure estimates

Table 14.7 Cultural Development

Subprogramme				Adjusted appropriation	Medium-term expenditure estimate		
R million	Audited outcome			2010/11			
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Cultural Development	26.5	38.9	44.5	23.5	27.0	27.0	28.6
Investing in Culture	85.1	55.6	39.1	131.2	119.0	125.0	131.8
International Cooperation	39.5	56.0	35.9	32.4	34.7	36.5	38.7
Total	151.2	150.5	119.4	187.1	180.7	188.5	199.1
Change to 2010 Budget estimate				19.2	(4.2)	(4.1)	(4.1)
Economic classification							
Current payments	48.8	65.9	67.3	53.4	54.9	57.5	60.6
Compensation of employees	17.1	19.3	22.4	24.1	25.8	27.1	28.5
Goods and services	31.7	46.5	44.9	29.3	29.1	30.4	32.0
<i>of which:</i>							
Consultants and professional services:	6.3	–	14.9	1.7	1.9	1.9	2.0
Business and advisory services	–	8.4	–	21.0	20.2	21.1	22.2
Agency and support / outsourced services	18.0	32.5	17.2	4.6	4.8	5.1	5.4
Travel and subsistence							
Transfers and subsidies	102.2	84.0	51.5	133.2	125.4	130.5	138.0
Households	102.2	84.0	51.5	133.2	125.4	130.5	138.0
Payments for capital assets	0.1	0.5	0.5	0.5	0.5	0.5	0.5
Machinery and equipment	0.1	0.5	0.5	0.5	0.5	0.5	0.5
Payments for financial assets	0.0	0.2	0.1	–	–	–	–
Total	151.2	150.5	119.4	187.1	180.7	188.5	199.1
Details of selected transfers and subsidies							
Households							
Households other transfers							
Current	102.2	84.0	51.5	133.2	125.4	130.5	138.0
Cultural industries	14.7	30.4	29.1	13.4	18.7	18.5	19.9
Investing in Culture	76.2	43.0	11.8	117.4	105.0	110.3	116.3
International promotion programme	11.3	10.6	10.7	2.5	1.6	1.7	1.8

Expenditure trends

Over the medium term, spending will focus on: consolidating and expanding job creation and skills development projects through the *Investing in Culture* subprogramme and through mainstreaming creative industry practitioners; creating international exposure opportunities for South African cultural practitioners; conducting broad based research on arts, culture and heritage to determine global trends to identify opportunities for collaboration with and development of South African cultural sectors; and developing effective, efficient and well coordinated intergovernmental and stakeholder relations.

Expenditure grew from R151.2 million to R187.1 million between 2007/08 and 2010/11, at an average annual rate of 7.4 per cent. Over the medium term, spending is projected to grow at an average annual rate of 2.1 per cent to reach R199.1 million, due to efficiency savings.

Spending in the programme relates mainly to transfer payments, the largest of which is a transfer to households as part of the poverty alleviation strategy in the *Investing in Culture* subprogramme. The expenditure increase of R105.6 million in 2010/11 is lower than spending in 2009/10, due to the temporary suspension of this subprogramme and the termination of some officials because of fraud. The programme receives an additional allocation of R2.6 million over the medium term solely for inflation related adjustments to compensation of employees.

The ratio of administrative costs to line function costs is 1:17.

Programme 5: Heritage Promotion

- *Promotion of Heritage* funds a range of heritage initiatives and projects, such as Heritage Month and the repatriation of South African cultural and heritage objects. This subprogramme has 23 staff members who manage all the functions of this programme. It also funds the Bureau of Heraldry, which registers symbols, popularises national symbols through public awareness campaigns, and coordinates the national orders award ceremony. In 2009/10, a draft report on the national digitisation policy was compiled.
- *Heritage Institutions* funds and determines policy for declared cultural institutions and heritage bodies by ensuring that funds to the institutions are used to preserve, protect and promote heritage. The subprogramme has no staff. 100 per cent of funds are transferred to the museums.
- *South African Heritage Resources Agency* transfers funds to the South African Heritage Resources Agency for developing norms and standards to manage and protect heritage resources, including auditing heritage resources and developing management plans. 100 per cent of funds are transferred to the South African Heritage Resources Agency.
- *South African Geographical Names Council* transfers funds to the South African Geographical Names Council, which is an advisory body that facilitates name changes by consulting with communities to advise the minister. In 2009/10, 100 geographical names were changed.
- *Capital Works of Heritage Institutions* focuses mainly on providing and administering capital grants for constructing and maintaining heritage infrastructure. The bulk of its budget is spent on awarding funds to entities, based on their business plans. These include the national legacy projects, which develop commemorative structures and programmes, such as the Matola monument and interpretive centre complex, which started in 2010/11.

Objectives and measures

- Promote the appreciation of heritage by developing new commemorative structures and national legacy projects in 2011/12 that reflect South African history, such as: the Sarah Bartmann Centre of Remembrance in Hankey; the Women's Museum in East London; the KhoiSan Heritage Route in all 9 provinces, the Bhambatha rebellion against poll tax legacy project; and the commemoration of the Matola Raid in Maputo.
- Reflect the cultural and linguistic diversity of South Africa by standardising geographical names and changing approximately 120 place names per year over the MTEF period.
- Promote skills development through cultural heritage projects by:
 - enhancing the South African Museums Association training programme by March 2011
 - providing 3 scholarships in the field of museology conservation by 2012
 - developing the heritage human resources development strategy by March 2012.
- Preserve intangible cultural heritage by:
 - documenting intangible cultural heritage in danger of extinction by March 2012
 - compiling a representative list of the entire intangible heritage in the borders of South Africa by March 2012.
- Improve the management of the heritage sector by:
 - reviewing policies on museums by March 2010
 - digitising heritage resources by March 2012.
- Improve the effective management of South Africa's underwater cultural heritage by reviewing the legislation for underwater cultural heritage by March 2013.

Expenditure estimates

Table 14.8 Heritage Promotion

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R million	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Promotion of Heritage	57.5	47.7	52.0	48.0	56.5	60.7	66.1
Heritage Institutions	331.1	480.6	533.1	479.2	370.6	390.8	412.7
South African Heritage Resources Agency	29.3	31.4	33.8	36.2	38.5	40.5	42.7
South African Geographical Names Council	1.3	5.1	5.6	7.0	7.5	7.7	8.1
Capital Works of Heritage Institutions	240.8	299.0	178.7	313.8	290.6	312.0	322.5
Total	659.9	863.8	803.3	884.3	763.7	811.6	852.1
Change to 2010 Budget estimate				(109.7)	4.0	6.8	9.3
Economic classification							
Current payments	30.0	28.4	42.7	47.8	52.8	55.3	58.4
Compensation of employees	9.8	9.9	9.8	12.6	15.1	16.0	17.0
Goods and services	20.2	18.6	32.9	35.1	37.7	39.3	41.4
<i>of which:</i>							
<i>Consultants and professional services:</i>	1.7	–	11.1	1.2	1.3	1.3	1.4
<i>Business and advisory services</i>	1.3	6.4	5.6	17.0	17.5	17.7	18.1
<i>Agency and support / outsourced services</i>	5.9	6.1	7.5	4.2	5.9	4.5	4.7
<i>Travel and subsistence</i>							
Transfers and subsidies	629.7	835.1	760.4	836.1	710.5	755.9	793.3
Departmental agencies and accounts	601.0	810.7	745.4	829.0	699.5	743.0	777.7
Non-profit institutions	0.2	0.2	0.2	0.2	0.2	0.3	0.3
Households	28.5	24.2	14.8	6.8	10.8	12.6	15.4
Payments for capital assets	0.2	0.2	0.1	0.4	0.4	0.4	0.4
Machinery and equipment	0.2	0.2	0.1	0.4	0.4	0.4	0.4
Total	659.9	863.8	803.3	884.3	763.7	811.6	852.1
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	360.2	511.8	566.8	515.2	408.9	431.0	455.2
Afrikaanse Taalmuseum: Paarl	2.9	3.2	3.5	4.0	4.2	4.4	4.7
Freedom Park Trust: Pretoria	88.2	194.0	251.0	187.8	58.4	61.3	64.7
Iziko Museums of Cape Town	40.9	44.6	48.4	50.8	53.9	56.6	59.8
Luthuli Museum	4.7	5.4	5.9	6.2	6.6	7.0	7.3
Natal Museum: Pietermaritzburg	10.4	11.4	12.9	13.5	14.3	15.0	15.9
National Heritage Council	36.7	46.2	48.4	46.7	47.3	49.7	52.4
National Museum: Bloemfontein	19.6	21.5	23.4	24.5	31.0	34.1	36.3
Nelson Mandela Museum: Mthatha	13.0	14.0	14.8	15.7	16.6	17.5	18.4
Robben Island Museum: Cape Town	52.0	69.1	49.9	51.8	55.0	57.7	60.9
South African Heritage Resources Agency	29.3	31.4	33.8	36.2	38.5	40.5	42.7
National English Literary Museum: Grahamstown	5.3	5.8	6.4	6.7	7.1	7.5	7.9
Transformation of heritage institutions	–	2.5	–	–	–	–	–
Voortrekker Museum: Pietermaritzburg	7.5	8.2	8.8	9.3	9.8	10.3	10.9
War Museum of the Boer Republics: Bloemfontein	5.1	5.6	6.1	6.3	6.7	7.1	7.5
William Humphreys Art Gallery: Kimberley	3.7	4.1	4.4	4.7	4.9	5.2	5.5
Northern Flagship Institution	41.1	45.0	49.0	51.2	54.4	57.1	60.3

Table 14.8 Heritage Promotion (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Capital	240.8	299.0	178.7	313.8	290.6	312.0	322.5
Capital works of heritage institutions	240.8	299.0	178.7	313.8	290.6	312.0	322.5
Households							
Households other transfers							
Current	28.5	24.2	14.8	6.8	10.8	12.6	15.4
Projects that promote heritage	28.5	24.2	14.8	6.8	9.3	9.6	10.9
Bursaries for heritage studies	–	–	–	–	1.5	3.0	4.5

Expenditure trends

Over the medium term, spending will focus on: developing 13 current and new commemorative national legacy projects that reflect inclusive South African history by 2014; implementing national legacy projects; and reviewing and aligning legislation relating to heritage, archives, libraries and heraldry.

Expenditure increased from R659.9 million to R884.3 million between 2007/08 and 2010/11, at an average annual rate of 10.2 per cent. This growth was due to an increase in capital transfers to upgrade the buildings of the public entities.

Over the medium term, expenditure is expected to decrease from R884.3 million to R852.1 million, at an average annual rate of 1.2 per cent. The decrease is mainly due to the completion of projects such as Freedom Park in 2010/11 and a once-off additional allocation in 2009/10 for capital works, which accounts for the decrease of R53.9 million in 2010/11 in the Heritage Institutions subprogramme. Transfers to the South African Geographical Names Council increased by 304.2 per cent (R3.9 million) in 2008/09, due to additional allocations to accelerate the standardisation of place names. Over the medium term, this programme receives an additional R29.9 million, mainly for bursaries for heritage studies.

The ratio of administrative costs to line function costs is 1:41.

Programme 6: National Archives and Library Services

- *National Archive Services* acquires, preserves, manages and makes accessible public and non-public records with enduring value. This subprogramme has 126 staff. The bulk of its budget is used for salaries and other personnel related costs.
- *National Library Services* funds libraries and institutions and develops related policy. There are 8 staff. In February 2010, the draft South African community library and information services bill was submitted for public comment.
- *Community Library Services* transfers funds to provincial departments for the community library services conditional grant for constructing libraries, hiring personnel and purchasing library materials. There are no staff. 100 per cent of this subprogramme's budget is used for transfers.
- *Capital Works of Libraries* provides and administers capital grants to associated institutions for maintenance and other capital projects. The bulk of this new subprogramme's budget will be used to award funds based on approved business plans from entities.

Objectives and measures

- Improve good governance by promoting efficient records management in organs of state, approving submitted filing plans and systems and disposal authorities, and issuing at least 7 guidelines or circulars per year.
- Preserve and protect heritage resources by drafting an internal digitisation strategy focusing on both digitising for preservation and for access by August 2011, so that digitisation can start at the National Archives and the National Film, Video and Sound Archives.
- Ensure more equitable access to library resources over the 2011 MTEF period by:

- developing and implementing a policy framework for norms and standards for community libraries by March 2012
- acquiring 25 per cent more reading material, including in indigenous languages, and adequate staff in libraries where stock and staff are problems
- building or establishing more libraries in areas where there are none or too few.

Expenditure estimates

Table 14.9 National Archives and Library Services

Subprogramme				Adjusted appropriation	Medium-term expenditure estimate		
R million	Audited outcome						
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
National Archive Services	42.1	45.4	51.6	53.3	55.6	58.6	61.5
National Library Services	63.5	65.9	70.4	65.6	80.5	84.6	89.5
Community Library Services	163.2	344.6	440.6	512.7	543.4	570.8	602.2
Capital Works of Libraries	–	–	–	–	15.0	6.0	7.0
Total	268.8	456.0	562.7	631.6	694.5	719.9	760.2
Change to 2010 Budget estimate				0.7	12.5	13.0	14.0
Economic classification							
Current payments	38.4	38.0	47.9	50.4	53.5	56.2	58.8
Compensation of employees	20.0	22.6	27.6	28.6	29.4	31.0	32.5
Goods and services	18.4	15.4	20.3	21.8	24.1	25.3	26.3
of which:							
Consultants and professional services:	2.3	–	7.5	1.7	3.4	3.8	4.0
Business and advisory services	–	1.7	–	4.2	4.0	4.0	4.0
Agency and support / outsourced services	5.2	8.5	6.1	2.4	1.4	1.7	1.6
Travel and subsistence							
Transfers and subsidies	229.8	417.8	513.0	579.0	640.1	662.8	700.5
Provinces and municipalities	163.2	344.6	440.6	512.7	543.4	570.8	602.2
Departmental agencies and accounts	60.2	61.3	65.6	60.4	89.7	84.5	90.1
Non-profit institutions	3.4	4.7	4.8	5.2	5.8	6.1	6.4
Households	3.1	7.2	1.9	0.8	1.2	1.5	1.8
Payments for capital assets	0.4	0.1	1.5	2.2	0.8	0.9	0.9
Machinery and equipment	0.4	0.1	1.5	2.2	0.8	0.9	0.9
Payments for financial assets	0.1	0.0	0.4	–	–	–	–
Total	268.8	456.0	562.7	631.6	694.5	719.9	760.2
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	60.2	61.3	65.6	60.4	74.7	78.5	83.1
National Library of South Africa	36.3	39.6	42.3	45.1	58.4	61.3	65.0
South African Library for the Blind	13.9	10.6	11.3	12.0	13.5	14.1	14.8
National Library of South Africa: Community libraries	10.0	11.0	12.0	3.4	2.9	3.1	3.3
Capital	–	–	–	–	15.0	6.0	7.0
Capital works of libraries	–	–	–	–	15.0	6.0	7.0

Table 14.9 National Archives and Library Services (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Households							
Households other transfers							
Current	3.1	7.2	1.9	0.8	1.2	1.5	1.8
Projects that conserve archival material	3.1	7.2	1.9	0.8	1.2	1.5	1.8
Non-profit institutions							
Current	3.4	4.7	4.8	5.2	5.8	6.1	6.4
Blind South Africa	3.4	4.7	4.8	5.2	5.8	6.1	6.4
Provinces and municipalities							
Provinces							
Provincial revenue funds							
Current	163.2	344.6	440.6	512.7	543.4	570.8	602.2
Community library services grant	163.2	344.6	440.6	512.7	543.4	570.8	602.2

Expenditure trends

Spending over the medium term focuses on expanding the community library services conditional grant to improve access to library services in poor communities and to ensure that specialised libraries consolidate and maintain their services.

Expenditure increased from R268.8 million to R631.6 million between 2007/08 and 2010/11, at an average annual rate of 32.9 per cent. The increase was mainly due to the introduction of the community library services conditional grant in 2007/08. Expenditure is expected to grow to R760.2 million over the medium term at an average annual rate of 6.4 per cent. The growth is driven mainly by additional funding in 2008/09 for support to participants in the United Nations Educational, Scientific and Cultural Organisation's Memory of the World programme and for exhibitions related to the Timbuktu manuscripts project. Over the medium term, the National Archive Services subprogramme receives an additional allocation of R3 million solely for inflation related adjustments to compensation of employees, while the National Library Services transfer payment receives an additional R36.5 million.

The ratio of administrative to line function costs is 1:26.

Public entities and other agencies

Freedom Park Trust

Freedom Park was declared a cultural institution by the Minister of Arts and Culture in terms of the Cultural Institutions Act (1998) in 2009. Freedom Park is a national government project executed via the Freedom Park Trust. The park is situated on a 52ha site on Salvokop Hill in Pretoria. When completed, it will be a national monument and museum. The park has three elements: a garden of remembrance; commemorative spaces; and //hapo, which includes information resources and hospitality facilities. The objective of Freedom Park is to establish visible cultural structures that celebrate and commemorate diverse and important South African events, spanning pre-history to colonisation to the struggle for democracy, and ending with a vision for the future.

Phase 2 of the construction and development of the park is planned for completion in 2010/11. Completed elements include Sikhumbuto, the Wall of Names, Uitspanplek, the Sanctuary, the Gallery of Leaders, the Reeds, Moshate, and Isivivane. The //hapo phase will be completed in 2011/12, and will tell the history of Southern Africa in narrative and visual form, covering 3.6 billion years. The trust will continue to promote access to commemoratively diverse and important South African events relating to the struggle for democracy and providing a vision for the future.

Savings and cost effectiveness measures

The Freedom Park Trust's cost saving measures included a reduction in: staff training and departmental team building activities, external entertainment, cleaning and office supplies, and resource materials or books.

Details of programmes/activities/objectives

The majority of the budget goes towards operational costs. The park will receive its final capital allocation of R134 million in 2010/11.

Expenditure estimates

Table 14.10 Freedom Park Trust

Statement of financial performance				Revised estimate	Medium-term estimate		
R million	Audited outcome						
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Revenue							
Non-tax revenue	7.3	15.0	9.6	11.9	15.6	18.6	19.8
Sale of goods and services other than capital assets	–	0.2	0.3	2.8	3.6	6.0	7.1
of which:							
Admin fees	–	0.2	0.3	2.8	3.6	6.0	7.1
Other non-tax revenue	7.3	14.8	9.3	9.1	12.0	12.6	12.7
Transfers received	51.8	178.9	205.0	53.8	58.4	61.3	64.7
Total revenue	59.0	193.8	214.6	65.7	74.0	79.9	84.5
Expenses							
Current expense	50.1	68.0	77.6	65.7	74.0	79.9	84.5
Compensation of employees	19.1	25.3	32.0	37.0	43.4	47.3	50.6
Goods and services	26.9	35.0	29.3	24.2	21.8	24.0	26.0
Depreciation	4.1	7.6	16.4	4.4	8.8	8.6	7.9
Total expenses	50.1	68.0	77.6	65.7	74.0	79.9	84.5
Surplus / (Deficit)	8.9	125.9	137.0	–	–	–	–

Expenditure trends

Funding for the trust consists of a grant from the Department of Arts and Culture for operational expenditure. The trust also generates its own revenue from entrance fees and hiring its premises for events. Transfers from the department are expected to be R58.4 million in 2011/12, R61.3 million in 2012/13 and R64.7 million in 2013/14.

Revenue grew from R59 million in 2007/08 to R65.7 million in 2010/11, at an average annual rate of 3.7 per cent. The growth was due to higher transfer payments from the Department of Arts and Culture for the completion of capital projects. Revenue over the MTEF period is projected to grow at an average annual rate of 8.8 per cent, driven mainly by increased income from venue hire and admission fees. This accounts for projected growth in own revenue at an average annual rate of 18.5 per cent, from R11.9 million in 2010/11 to R19.8 million in 2013/14.

Expenditure grew from R50.1 million in 2007/08 to R65.7 million in 2010/11, at an average annual rate of 9.5 per cent. The growth was due to increased spending on infrastructure. Spending over the medium term is projected to grow at an average annual rate of 8.8 per cent. The increase is mainly a result of spending on compensation of employees, which is expected to grow from R37 million in 2010/11 to R50.6 million in 2013/14, at an average annual rate of 11 per cent as the trust expands its human resource capacity.

Personnel information

Table 14.11 Freedom Park Trust

	Post status as at 30 September 2010			Number of posts filled on funded establishment						
	Number of posts on approved establishment	Number of funded posts establishment	Number of vacant posts	Actual			Mid year ¹	Medium-term estimate		
				2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Executive management	2	2	1	2	2	3	1	2	2	2
Senior management	11	11	1	12	7	11	10	11	11	11
Middle management	23	23	1	13	32	22	22	23	23	23
Professionals	33	33	1	25	25	31	32	33	33	33
Semi-skilled	15	15	2	12	12	11	13	15	15	15
Very low skilled	18	18	–	24	37	18	18	20	20	20
Total	102	102	6	88	115	96	96	104	104	104
Compensation (R thousand)				19 116	25 343	31 970	37 006	43 411	47 293	50 619
Unit cost (R thousand)				217	220	333	385	417	455	487

1. As at 30 September 2010

The trust has an establishment of 102 posts, all of which are funded. The number of filled posts increased from 88 in 2007/08 to 96 in 2010/11 as the park began operations. There are 6 vacant posts spread across the semi-skilled to executive levels. Over the MTEF period, the trust plans to increase its staff complement to 104 posts, mainly in the lower skills level.

Other public entities and agencies

Comprehensive coverage of the following public entities is provided with the more detailed information for the vote at www.treasury.gov.za under the budget information link.

- The **South African Heritage Resources Agency** is the national administrative management body for the protection of South Africa's cultural heritage. The agency's main functions include managing the national estate through partnerships with other bodies to promote an integrated heritage resources management system. The entity's total budget for 2011/12 is R44.1 million.
- The **National Arts Council** facilitates opportunities for people to practise and appreciate the arts. The council also promotes the general application of the arts in the community, fosters the expression of national identity by means of the arts, promotes freedom in the practice of the arts, and gives historically disadvantaged people greater access to the arts. Its total budget for 2011/12 is R70.5 million.
- The **National Film and Video Foundation** develops and promotes the film and video industry in South Africa. The foundation promotes local film and video products, supports the development of and access to the industry, and addresses historical imbalances in infrastructure, skills, and resources in the industry. Its total budget for 2011/12 is R76.6 million.
- The **Pan South African Language Board** is a constitutional institution that promotes an awareness of multilingualism as a national resource and supports previously marginalised languages. It is mandated to investigate complaints about language rights violations from any individual, organisation or institution. Its total budget for 2011/12 is R57.7 million.
- The **National Heritage Council** engages heritage stakeholders in public and private institutions, including the various organs of civil society, mobilising debates and building awareness about heritage. Its total budget for 2011/12 is R48 million.
- The following **arts institutions** receive annual transfers from the Department of Arts and Culture: the State Theatre, the Playhouse Company, ArtsCape, the Market Theatre, the Performing Arts Council of the Free State and the Windybrow Theatre. In addition to the annual transfer from the department, these entities also generate their own revenue through entrance fees, donor assistance and sponsorships. The total amount of transfers in 2011/12 is R184.9 million, excluding capital works.

- The following officially declared **cultural institutions** are dependent on annual transfers from the Department of Arts and Culture: Northern Flagship Institution, Pretoria; Iziko Museum, Cape Town; Natal Museum, Pietermaritzburg; Bloemfontein National Museum; Die Afrikaanse Taalmuseum, Paarl; The National English Literary Museum, Grahamstown; Voortrekker Museum, Pietermaritzburg; War Museum of the Boer Republics, Bloemfontein; Robben Island Museum, Cape Town; William Humphreys Art Gallery, Kimberley; Luthuli Museum, Stanger; and Nelson Mandela Museum, Mthatha. The total amount of transfers in 2011/12 is R287.7 million, excluding capital works.
- The Department of Arts and Culture oversees various **libraries**, including the National Library of South Africa, a statutory body, the South African Library for the Blind, and the South African Blind Workers' Organisation, also known as Literature for the Visually Handicapped. The total amount of transfers to the libraries in 2011/12 is R79.2 million, excluding capital works.

Additional tables

Table 14.A Summary of expenditure trends and estimates per programme and economic classification

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R million	2009/10		2009/10	2010/11			2010/11
Administration	129.5	144.1	162.9	154.6	23.5	178.0	176.5
Performing Arts	375.6	432.9	380.6	366.0	100.3	466.3	466.3
National Language Services	106.0	93.3	85.9	93.5	0.5	94.0	94.0
Cultural Development	224.1	174.9	158.6	167.8	19.2	187.1	187.1
Heritage Promotion	1 214.2	1 218.9	874.3	993.9	(109.7)	884.3	784.3
National Archives and Library Services	574.2	568.0	562.7	630.9	0.7	631.6	631.6
Total	2 623.5	2 632.1	2 224.9	2 406.7	34.5	2 441.2	2 339.7
Economic classification							
Current payments	308.4	315.4	380.5	318.1	62.2	380.3	380.3
Compensation of employees	146.3	146.3	146.3	149.0	3.9	152.9	152.9
Goods and services	162.1	169.1	234.3	169.1	58.3	227.4	227.4
Transfers and subsidies	2 309.0	2 310.7	1 839.2	2 082.0	(27.6)	2 054.4	1 954.4
Provinces and municipalities	440.6	440.6	440.6	512.7	–	512.7	512.7
Departmental agencies and accounts	1 550.7	1 561.3	1 209.6	1 325.1	(10.0)	1 315.1	1 215.1
Non-profit institutions	10.5	10.5	10.5	11.3	–	11.3	11.3
Households	307.2	298.3	178.5	232.9	(17.6)	215.3	215.3
Payments for capital assets	6.0	6.0	4.5	6.6	–	6.6	5.1
Machinery and equipment	6.0	6.0	4.5	6.6	–	6.6	5.1
Payments for financial assets	–	–	0.7	–	–	–	–
Total	2 623.5	2 632.1	2 224.9	2 406.7	34.5	2 441.2	2 339.7

Table 14.B Detail of approved establishment and personnel numbers according to salary level ¹

	Personnel post status as at 30 September 2010			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year ²	Medium-term estimate		
				2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Department	824	496	9	417	427	492	461	493	493	493
Salary level 1 – 6	240	124	3	151	111	126	118	124	124	124
Salary level 7 – 10	385	232	1	152	194	233	225	231	231	231
Salary level 11 – 12	123	82	–	73	80	90	78	80	80	80
Salary level 13 – 16	76	58	5	41	42	43	40	58	58	58
Administration	275	182	9	148	151	182	174	184	184	184
Salary level 1 – 6	77	42	3	54	36	43	43	44	44	44
Salary level 7 – 10	125	82	1	55	69	86	79	82	82	82
Salary level 11 – 12	45	31	–	23	28	34	31	31	31	31
Salary level 13 – 16	28	27	5	16	18	19	21	27	27	27
Performing Arts	52	30	–	19	20	24	24	30	30	30
Salary level 1 – 6	1	–	–	3	–	–	–	–	–	–
Salary level 7 – 10	28	14	–	3	7	12	14	14	14	14
Salary level 11 – 12	13	9	–	8	9	9	8	9	9	9
Salary level 13 – 16	10	7	–	5	4	3	2	7	7	7
National Language Services	86	64	–	47	55	60	62	64	64	64
Salary level 1 – 6	5	3	–	8	3	4	3	3	3	3
Salary level 7 – 10	70	51	–	32	45	46	50	51	51	51
Salary level 11 – 12	6	6	–	4	3	6	5	6	6	6
Salary level 13 – 16	5	4	–	3	4	4	4	4	4	4
Cultural Development	88	51	–	48	54	59	44	51	51	51
Salary level 1 – 6	8	1	–	8	1	1	1	1	1	1
Salary level 7 – 10	35	22	–	10	20	24	20	22	22	22
Salary level 11 – 12	31	18	–	21	25	25	18	18	18	18
Salary level 13 – 16	14	10	–	9	8	9	5	10	10	10

Table 14.B Detail of approved establishment and personnel numbers according to salary level ¹ (continued)

	Personnel post status as at 30 September 2010			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year ²	Medium-term estimate		
				2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
Heritage Promotion	67	33	–	34	28	28	23	28	28	28
Salary level 1 – 6	6	6	–	7	4	4	1	4	4	4
Salary level 7 – 10	40	13	–	13	12	13	11	12	12	12
Salary level 11 – 12	13	9	–	9	8	7	7	7	7	7
Salary level 13 – 16	8	5	–	5	4	4	4	5	5	5
National Archives and Library Services	256	136	–	121	119	139	134	136	136	136
Salary level 1 – 6	143	72	–	71	67	74	70	72	72	72
Salary level 7 – 10	87	50	–	39	41	52	51	50	50	50
Salary level 11 – 12	15	9	–	8	7	9	9	9	9	9
Salary level 13 – 16	11	5	–	3	4	4	4	5	5	5

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

2. As at 30 September 2010.

Table 14.C Summary of expenditure on training

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Compensation of employees (R million)	107.2	126.8	146.3	152.9	164.8	174.3	183.7
Training expenditure (R million)	3.1	4.5	2.1	2.3	1.6	1.7	1.8
Training as percentage of compensation of employees	2.9%	3.6%	1.5%	1.5%	1.0%	1.0%	1.0%
Total number trained in department (head count)	108	122	135	–			
<i>of which:</i>							
<i>Employees receiving bursaries (head count)</i>	90	82	90	–			
<i>Internships trained (head count)</i>	100	86	100	–			

Table 14.D Summary of expenditure on infrastructure

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome		Adjusted appropriation	Medium-term expenditure estimate			
				2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Infrastructure transfers to other spheres, agencies and departments										
Arts institutions: Capital works	Building, maintenance and upgrading of infrastructure in various heritage institutions, playhouses, libraries and archives	Various	4 656.0	112.8	267.1	249.7	313.8	455.6	483.0	509.5
National Library of South Africa, Pretoria Campus: Construction of new building	Construction of the National Library, (33 000m ²) and seating for 1 300 users	Handed over	374.0	94.5	14.5	–	–	–	–	–
Archives building: Expansion	Construction of a new archives repository (including film archives); adaptation and upgrading of current building to become offices of records; construction of new office block with public service areas	Design	503.2	33.5	23.0	–	–	–	–	–
Freedom Park	Construction of a memorial, museum and monument	Construction	700.0	40.5	144.0	200.0	134.0	–	–	–
Total			6 233.1	281.2	448.6	449.7	447.8	455.6	483.0	509.5

Vote 15

Basic Education

Budget summary

R million	2011/12				2012/13	2013/14
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	301.7	286.3	11.0	4.4	320.8	340.0
Curriculum Policy, Support and Monitoring	1 835.1	1 564.6	270.0	0.5	1 901.3	2 013.5
Teachers, Education Human Resources and Institutional Development	522.0	72.2	449.4	0.4	747.2	973.2
Planning, Information and Assessment	6 387.5	170.4	5 516.7	700.5	8 405.3	11 614.7
Educational Enrichment Services	4 821.7	43.4	4 778.1	0.2	5 183.3	5 468.3
Total expenditure estimates	13 868.1	2 136.9	11 025.3	706.0	16 557.9	20 409.6
Executive authority	Minister of Basic Education					
Accounting officer	Director General of Basic Education					
Website address	www.education.gov.za					

More detailed information for each vote is available at www.treasury.gov.za. More comprehensive coverage of vote specific information, particularly on goods and services, transfers and subsidies, donor funding, public entities and lower level institutional information, is provided.

Aim

Develop, maintain and support a South African school education system for the 21st century.

Programme purposes

Programme 1: Administration

Purpose: Manage the department and provide strategic and administrative support services.

Programme 2: Curriculum Policy, Support and Monitoring

Purpose: Develop curriculum and assessment policies and monitor and support their implementation.

Programme 3: Teachers, Education Human Resources and Institutional Development

Purpose: Promote quality teaching and institutional performance through effective supply, development and utilisation of human resources.

Programme 4: Planning, Information and Assessment

Purpose: Promote quality and effective service delivery in the basic education system through monitoring and evaluation, planning and assessment.

Programme 5: Educational Enrichment Services

Purpose: Develop policies and programmes to improve the quality of learning in schools.

Strategic overview: 2007/08 – 2013/14

The department was established as a result of the national macro re-organisation of the state in 2009 and became operational with its own budget on 1 April 2010. The department's key strategic objective is to ensure that quality education is provided to all learners in the South African schooling system. It aims to achieve this by

ensuring that the department's policies and the approved curriculum are effectively implemented and by reviewing and refining the areas that do not contribute to quality education.

Outcomes and related outputs

The department is responsible for the improved quality of basic education (outcome 1). Outputs related to the achievement of this outcome include: improving the quality of teaching and learning; undertaking regular assessment to track progress; improving early childhood development; and ensuring a credible outcomes focused planning and accountability system.

All these outputs are part of existing plans in the education sector, and include projects such as Foundations for Learning, which was launched in 2008 and is aimed at improving performance in literacy and numeracy in the foundation phase. However, these outputs will be emphasised over the MTEF period and incorporated into the department's Action Plan to 2014: Towards the Realisation of Schooling 2025. The draft action plan sets out the goals that the national education system will be working towards and the activities required to achieve these goals by 2014, as part of the realisation of the greater, longer term vision of quality education in schools by 2025.

Focus over the medium term

The integrated quality management system

The integrated quality management system contributes towards the improvement of the quality of teaching and learning, by assessing educators on an annual basis and identifying areas in need of development. External moderators visit schools to monitor the implementation of the system and to provide support where necessary. Between 2008/09 and 2010/11, 67 per cent of schools in the country were visited and follow up visits were made to 13 per cent of these schools where the system was not being properly implemented. To ensure accountability in schools, principals will be required to take greater responsibility in assessing the performance of educators. Over the medium term, a revised teacher performance appraisal system for post level 1 to 2 educators and a performance appraisal system for principals and deputy principals and office based educators will be finalised.

Appropriate allocation of educator posts to schools

The educator post provisioning model, which is used to allocate a specific number of teachers to a school, has been revised and is currently being tested to assess its impact on the quality of teaching and learning in schools, before implementation in 2013. The revised model compensates for the different needs of small schools and schools where there is multi-grade teaching, and will attempt to manage the staffing uncertainty created by annual learner number fluctuations. The model also compensates poorer schools by allocating them more posts. Post provisioning norms are being developed for inclusive education, which will also be tested before implementation. An education human resource management system will be implemented by provinces in 2011, which aims to enhance the administration of conditions of service of educators by improving the management of information on salaries, allowances, housing, leave and pensions.

System for tracking patterns of learner enrolment, completion and dropping out

The learner unit record information and tracking system will track changes in the patterns of enrolment, completion, retention and dropouts among learners, thus contributing to a credible outcomes focused planning and accountability system. This system will also provide accurate enrolment numbers and will be able to track individual learner movements horizontally from school to school and province to province, as well as vertically from grade to grade. The system will be the primary tool for reporting on individual learners that do not complete or reach secondary school level. It will also be the main monitoring tool to establish whether the required increase in secondary school enrolment by 2014 has been reached and to monitor the enrolment goals for Grade R.

Infrastructure

Despite substantial investments in school infrastructure over the years, there are still schools that are housed in unsafe and inappropriate structures and that do not have basic facilities like water and sanitation. The eradication of these structures and the provision of basic facilities to all schools is a priority over the medium term. The accelerated schools infrastructure delivery initiative will be rolled out over the MTEF period to

accelerate the delivery of school infrastructure, including the provision of facilities like school libraries, laboratories, computer centres and nutrition centres. This will serve to improve the general environment within which learning and teaching take place. This initiative will be supported and coordinated by an infrastructure delivery unit that will be established in the department in 2011. Maintenance of school infrastructure will not be neglected, and, as outlined in the infrastructure policy framework and norms and standards for education infrastructure that were finalised in June 2010, receives increased attention. The norms will be used to standardise the design and construction of schools and will lead to gains in cost, through economies of scale and efficiency, and quicker turnaround times for construction.

Annual national assessments

Annual national assessments that focus on literacy/language and numeracy/mathematics in grades 3, 6 and 9 will be conducted each year from 2010, to provide regular, valid and credible data on levels and quality of measurable educational outcomes achieved nationally. These results will also be benchmarked internationally. The assessments will improve the quality of learning and teaching as teachers will be exposed to better standards and assessment techniques and provincial education departments will be able to provide appropriate interventions to the schools that need them the most.

The department will also continue to ensure credible and quality examinations and assessment practices for all subjects in the national senior certificate, which sets a national standard for examinations in the country. The administration of these question papers across all provincial education departments will be supported and monitored to ensure that the examination and assessment processes are fair and do not disadvantage learners. Feedback on performance in the examinations will be provided to provinces, districts and schools, which will then provide the basis for appropriate support programmes to improve teaching and learning.

The national curriculum statement

The national curriculum statement for grades R to 12 is integral to the achievement of the goals of the 2014 action plan in terms of improving the quality of teaching and thus learner performance. To strengthen the implementation of the national curriculum statement in schools, a curriculum and assessment policy statement was developed for each subject by grade in 2010. The curriculum and assessment policy statement takes the current national curriculum statement and provides detailed specifics to guide teachers on the topics and content to be taught in each subject, and the relevant assessment types that must be implemented in the teaching of each of the subjects. The curriculum and assessment policy statement will be implemented in the foundation phase and Grade 10 in 2012, in the intermediate, senior phase and Grade 11 in 2013, and in Grade 12 in 2014.

The promotion of literacy and numeracy skills, which are critical foundation skills for learning in the early grades, is fundamental to the success of the schooling sector. The department has developed literacy and numeracy workbooks for grades 1 to 6 to support and strengthen the development of these areas for implementation in schools in 2011. The efficacy of these workbooks will be evaluated in 2011 so that changes can be made to the workbooks in the outer years of the MTEF period.

In addition, attention will be given to mathematics, science and technology to consolidate support for these subjects and to ensure that quality outputs can be achieved in these areas. The World Bank impact evaluation of the Dinaledi schools project in 2010 has reported that the project has had positive impacts on mathematics and science outputs. From 2011, the conditional grant funding for the Dinaledi schools project will be used to strengthen mathematics and science participation and performance in the 500 Dinaledi schools. The project will also be broadened to include teacher training and monitoring in other schools offering mathematics and science.

Enrichment programmes

A number of guidelines and programmes are in place to assist schools in addressing discrimination and promoting social cohesion, such as the integration and anti-discrimination strategy and the Bill of Responsibilities, which, though not a legal document, is taught to learners as part of the life skills curriculum. A focus over the medium term will continue to be on developing, monitoring and evaluating policies and programmes for the overall health of learners and educators in the education system, as well as providing access to and participation in school enrichment and adult literacy programmes.

Savings and cost effectiveness measures

The department has identified savings of R48.3 million in 2011/12, R49.8 million in 2012/13 and R52.1 million in 2013/14 in all programmes under goods and services, mainly in travel and subsistence, operating expenditure, inventory, and computer services. The department reprioritised activities to create efficiency savings of R24.9 million over the medium term and address the projected shortfalls on the budget for the national curriculum statement examinations and assessment function. Further savings of R125.3 million over the MTEF period as requested by Cabinet were made on the administrative budget throughout the department and from the workbooks project, where savings were identified by developing the content of the books internally.

Selected performance indicators

Table 15.1 Basic Education

Indicator	Programme	Past			Current	Projections		
		2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Number of new learners enrolled in the Kha Ri Gude mass literacy campaign per year	Curriculum Policy, Support and Monitoring	–	360 000	613 643	608 000	680 000	676 000 ¹	672 000 ¹
Number of learners who completed the Kha Ri Gude course per year	Curriculum Policy, Support and Monitoring	–	342 000	545 666	486 000	545 000	540 000 ¹	538 000 ¹
Number of matric mathematics university (or equivalent) passes at the Dinaledi schools per year	Curriculum Policy, Support and Monitoring	6 105	15 184	11 462	15 000	17 000	25 000	30 000
Number of matric science university (or equivalent) passes at the Dinaledi schools per year	Curriculum Policy, Support and Monitoring	6 397	8 289	4 920	6 000	8 000	11 000	15 000
Number of public ordinary schools moderated through school based integrated quality management system evaluations per year	Teachers, Education Human Resources and Institutional Development	–	4 021	7 500	8 500	8 000	8 000	8 000
Number of Funza Lushaka bursaries awarded per year	Teachers, Education Human Resources and Institutional Development	3 669	5 190	9 192 ²	10 150 ²	8 517	11 717	15 217
Total numbers of learners captured by the learner unit record information tracking system	Planning, Information and Assessment	–	4.2 million	7.2 million	10 million	10.5 million	11.8 million	12.3 million
Total numbers of public ordinary schools interacting with learner unit record information tracking system	Planning, Information and Assessment	–	7 400	17 000	24 000	25 000	25 600	25 850
Total number of schools and districts evaluated through the national education evaluation development unit	Planning, Information and Assessment	–	–	–	–	7 000	12 000	15 000
Number of learners fed a meal each school day per year	Educational Enrichment Services	6 million	6.1 million	7.4 million	8.1 million	9.2 million	9.4 million	9.7 million

1. Fewer tutors can be hired in these years due to the increase in the stipend paid to tutors, which results in fewer learners being enrolled.

2. The unspent Funza Lushaka funds from 2007/08 and 2008/09 were spent in 2009/10 and 2010/11, increasing the pool of funds available in those years and resulting in more bursaries awarded in those years.

Expenditure estimates

Table 15.2 Basic Education

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10			2011/12	2012/13	2013/14
R million				2010/11				
Administration	106.1	121.4	154.6	258.0	258.0	301.7	320.8	340.0
Curriculum Policy, Support and Monitoring	295.0	540.9	564.2	1 352.0	1 072.0	1 835.1	1 901.3	2 013.5
Teachers, Education Human Resources and Institutional Development	176.1	283.3	497.5	495.0	495.0	522.0	747.2	973.2
Planning, Information and Assessment	2 808.1	3 320.1	4 030.4	4 928.1	4 923.1	6 387.5	8 405.3	11 614.7
Educational Enrichment Services	1 414.1	2 118.2	2 607.5	3 891.2	3 891.2	4 821.7	5 183.3	5 468.3
Total	4 799.5	6 384.0	7 854.3	10 924.3	10 639.3	13 868.1	16 557.9	20 409.6
Change to 2010 Budget estimate				4 758.1	4 473.1	6 318.3	8 458.6	11 864.8
Economic classification								
Current payments	621.4	949.8	950.4	1 784.2	1 527.3	2 136.9	2 203.7	2 334.2
Compensation of employees	150.4	186.3	225.2	271.1	271.1	325.6	349.3	371.7
Goods and services	471.0	763.6	725.2	1 513.1	1 256.2	1 811.3	1 854.4	1 962.5
of which:								
Inventory: Stationery and printing	19.0	99.2	84.1	67.9	36.0	110.1	63.5	67.7
Property payments	0.8	10.9	10.8	126.9	124.2	131.0	138.2	145.7
Travel and subsistence	44.1	52.4	55.3	38.8	38.8	56.4	64.0	67.5
Operating expenditure	244.7	356.0	398.4	1 104.3	886.5	1 355.5	1 420.2	1 501.4
Transfers and subsidies	4 158.0	5 421.3	6 895.5	9 136.5	9 106.5	11 025.3	12 033.4	12 880.2
Provinces and municipalities	4 012.9	5 215.6	6 460.1	8 683.6	8 653.6	10 546.4	11 330.6	11 953.7
Departmental agencies and accounts	134.9	196.2	419.6	442.5	442.5	468.0	691.4	914.4
Foreign governments and international organisations	8.9	8.7	11.1	10.3	10.3	10.9	11.4	12.0
Non-profit institutions	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Households	1.2	0.8	4.8	0.1	0.1	–	–	–
Payments for capital assets	5.0	12.8	8.2	3.6	5.4	706.0	2 320.8	5 195.2
Buildings and other fixed structures	–	–	–	–	–	700.0	2 315.0	5 189.0
Machinery and equipment	4.8	11.2	6.6	3.4	5.2	5.9	5.7	6.1
Software and other intangible assets	0.2	1.5	1.6	0.2	0.2	0.1	0.1	0.1
Payments for financial assets	15.1	0.1	0.2	–	–	–	–	–
Total	4 799.5	6 384.0	7 854.3	10 924.3	10 639.3	13 868.1	16 557.9	20 409.6

Expenditure trends

The spending focus over the MTEF period will be on providing literacy and numeracy workbooks and lesson plans to learners and teachers to improve learner performance in these areas. These workbooks will be provided to learners in grades R to 6 in 2011, and will be extended to other grades over the medium term. The department will also focus on providing support and oversight to provinces for their school infrastructure delivery, which will improve physical conditions under which teaching and learning take place. The Kha Ri Gude mass literacy project, aimed at reducing adult literacy, remains a key programme as does the oversight and support provided for the national school nutrition programme grant in provinces.

Expenditure increased from R4.8 billion in 2007/08 to R10.9 billion in 2010/11, at an average annual rate of 31.5 per cent, and is expected to continue growing over the medium term, at an average annual rate of 23.2 per cent, to reach R20.4 billion in 2013/14. The growth between 2007/08 and 2010/11 is mainly due to increases in the national school nutrition programme conditional grant and the mass literacy campaign, and additional allocations for the workbooks project. The projected growth over the medium term is mainly due to the additional allocations of R25.8 billion for the school infrastructure backlogs grant and shifting the education infrastructure grant from the infrastructure grant to provinces, formerly on National Treasury's vote, into this vote.

The Budget provides additional allocations over the MTEF period of R6.3 billion, R8.5 billion and R11.9 billion for the following priority areas:

- Funza Lushaka teacher bursaries (R200 million in 2012/13 and R396 million in 2013/14)
- national curriculum statement review including printing and distributing documents (R80 million in 2011/12)
- attaining full functionality in the newly established department (R20 million, R26 million and R29.0 million)
- improving conditions of service (R9.2 million, R9.5 million and R9.8 million)
- national curriculum statement examinations and assessment function (R14.2 million, R18.9 million and R19.9 million)
- curriculum and professional development unit (R3 million, R5 million and R6 million)
- expanded public works programme: social sector incentive grant: Kha Ri Gude (R44 million, R53 million and R62.8 million)
- school infrastructure backlogs indirect grant (R700 million, R2.3 billion and R5.2 billion)
- education infrastructure grant (R5.5 billion, R5.9 billion and R6.2 billion).

Infrastructure spending

The infrastructure grant to provinces, on the vote of National Treasury, which contained a funding window for school infrastructure, will be phased out in 2011/12 and the education portion of this grant will become the education infrastructure conditional grant. This grant will be used to supplement the ongoing infrastructure programme in provinces, including the maintenance programmes of the new and revamped structures built from the schools infrastructure backlogs indirect grant, for the construction of new schools and additional spaces (specialist rooms); as well as for upgrading, rehabilitating and maintaining new and existing schools. R17.6 billion is allocated to this grant over the MTEF period.

R8.2 billion has been allocated to the school infrastructure backlogs indirect grant over the MTEF period. The grant's purpose is to eradicate inappropriate school infrastructure such as mud schools and other unsafe structures, and to ensure that all schools are provided with basic services like water, sanitation and electricity. These funds will be used to replace 395 mud schools, provide water to 1 307 schools, sanitation to 536 schools and electricity to 1 434 schools. Provincial education departments will ensure that the ongoing maintenance costs of these schools are part of their infrastructure plans.

A total of R711.6 million has been allocated for the technical secondary schools recapitalisation conditional grant to build, refurbish and resource new and existing teaching spaces (technology workshops and classrooms). R631.6 million of this amount is allocated over the MTEF period. The funding is to be used to build 101 new workshops, refurbish 347 workshops, deliver and install equipment in 435 workshops, and train 1 500 technology teachers. The grant will end in 2013/14 and from then on the maintenance of the facilities will be the function of the provincial education departments.

Personnel information

The department has 600 funded posts, all of which are currently filled. The number of funded posts is expected to increase to 645 over the medium term in line with the additional allocation for attaining full functionality in terms of personnel. The additional posts are mainly at salary levels 11, 13 and 14.

The average ratio of support staff to line staff over the MTEF period is expected to remain at 1:2 for filled posts. The cost ratio of consultants to department personnel is 1:18.

Departmental receipts

Departmental receipts are not significant and arise mainly from administrative fees for replacing grade 12 certificates. Other receipts include commission received on insurance, parking fees from staff members, interest received from debtor payments, sales of waste paper, and recovery of contract debt and previous years' expenditure. Over the MTEF period, it is anticipated that the main source of revenue will continue to be from administrative fees.

Table 15.3 Departmental receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2007/08	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
Departmental receipts	1 865	1 452	705	1 170	1 485	1 026	1 091	1 155
Sales of goods and services produced by department	401	537	457	762	1 444	782	836	890
Sales of scrap, waste, arms and other used current goods	–	43	21	25	5	5	5	5
Transfers received	193	50	15	–	–	–	–	–
Interest, dividends and rent on land	13	315	6	158	5	10	15	20
Sales of capital assets	20	–	5	–	–	–	–	–
Transactions in financial assets and liabilities	1 238	507	201	225	31	229	235	240
Total	1 865	1 452	705	1 170	1 485	1 026	1 091	1 155

Programme 1: Administration

Expenditure estimates

Table 15.4 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
R million							
Ministry ¹	11.2	11.6	24.5	17.8	18.0	18.9	19.8
Department Management	17.5	18.8	20.0	30.8	59.2	64.9	69.3
Corporate Services	48.2	36.8	44.8	53.1	57.0	60.7	65.1
Office of the Chief Financial Officer	17.1	20.2	24.2	28.1	30.8	32.1	33.6
Internal Audit	1.5	1.6	1.6	1.4	2.1	2.2	2.3
Office Accommodation	10.6	32.4	39.6	126.7	134.7	142.1	149.8
Total	106.1	121.4	154.6	258.0	301.7	320.8	340.0
Change to 2010 Budget estimate				12.6	29.8	36.5	42.0

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

Economic classification

Current payments	85.5	111.0	136.0	246.2	286.3	304.7	323.0
Compensation of employees	39.2	47.0	61.4	74.8	100.4	108.1	117.2
Goods and services	46.4	64.0	74.5	171.4	185.9	196.5	205.8
of which:							
Inventory: Stationery and printing	1.2	1.7	1.9	3.1	6.3	7.3	7.2
Property payments	0.7	10.8	10.8	126.9	131.0	138.2	145.7
Travel and subsistence	10.0	9.3	10.6	7.8	10.6	10.9	11.4
Operating expenditure	1.4	2.2	1.3	1.4	5.2	6.0	5.5

Table 15.4 Administration (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Transfers and subsidies	9.7	9.1	14.8	10.4	11.0	11.6	12.2
Departmental agencies and accounts	0.1	0.1	0.1	0.1	0.2	0.2	0.2
Foreign governments and international organisations	8.7	8.7	11.1	10.3	10.9	11.4	12.0
Households	0.8	0.4	3.7	–	–	–	–
Payments for capital assets	1.8	1.2	3.8	1.4	4.4	4.6	4.8
Machinery and equipment	1.7	1.2	3.4	1.3	4.4	4.5	4.7
Software and other intangible assets	0.0	0.0	0.4	0.1	0.1	0.1	0.1
Payments for financial assets	9.1	0.0	0.0	–	–	–	–
Total	106.1	121.4	154.6	258.0	301.7	320.8	340.0
Details of selected transfers and subsidies							
Foreign governments and international organisations							
Current	7.7	8.6	11.0	10.1	10.7	11.3	11.9
United Nations Educational, Scientific and Cultural Organisation	7.7	8.6	11.0	10.1	10.7	11.3	11.9

Expenditure trends

Expenditure increased at an average annual rate of 34.5 per cent, from R106.1 million in 2007/08 to R258 million in 2010/11, and is expected to increase further over the medium term, at an average annual rate of 9.6 per cent, to reach R340 million in 2013/14. The increases in both periods are mainly in the *Office Accommodation* subprogramme and can largely be attributed to the increase in the public private partnership unitary fee for the new office building for the department for which construction began in 2006/07. This also accounts for the high consultancy fees in 2008/09 and 2009/10, and the marked increase in property payments in 2010/11. The 31 per cent increase in spending in the *Department Management* subprogramme over the MTEF period is the result of new project expenditure on the Action Plan to 2014: Towards the Realisation of Schooling 2025, which sets out the goals that the national education system will be working towards.

Programme 2: Curriculum Policy, Support and Monitoring

- *Programme Management: Curriculum Policy, Support and Monitoring* manages delegated administrative and financial responsibilities and coordinates all monitoring and evaluation functions. This subprogramme has a staff complement of 3 and its full budget is used for salaries and other personnel related costs.
- *Curriculum Implementation and Monitoring* supports and monitors the implementation of the national curriculum policy. This includes monitoring and responding to curriculum implementation, early childhood development and inclusive education. This subprogramme has a staff complement of 52. 22 per cent of the inclusive education budget is used for the drafting of guidelines and resource materials for schools, while 89.8 per cent of the budget is used for transfer payments to provinces for the technical schools recapitalisation conditional grant. Based on the 2009 national senior certificate results, the department developed a self-study guide to support teachers on subject content that was problematic. In addition, the department developed practical assessment tasks for subjects with a practical component in Grade 12. These support materials were developed, printed and distributed to schools in 2010/11 at a cost of R1.8 million.
- *Kha Ri Gude Literacy Project* expands the provision of basic literacy education for adults. There are currently 38 930 registered volunteer educators, supervisors, coordinators and monitors. This subprogramme has a staff complement of 10 and 90 per cent of its budget is used for stipends to volunteer educators, learner and teacher support materials, and assessments. In 2010, at a cost of R2.6 million, a team of 43 monitors was appointed to monitor a sample of learning sites each month to improve the quality of teaching and learning and ensure the integrity of the campaign.
- *Curriculum and Quality Enhancement Programmes* supports programmes that enhance curriculum outcomes in the basic education system. Activities in this subprogramme include curriculum innovation and e-learning, enhancement of programmes and evaluation of school performance, text book policy

development and implementation, and support for the Dinaledi schools project. This subprogramme has a staff complement of 31. A key project within this subprogramme is developing literacy and numeracy workbooks. In 2010/11, workbooks were developed in all official languages for grades 1 to 6 and distributed to all schools. The department plans to extend this project to other grades over the MTEF period, when 90 per cent of the subprogramme's budget will be used for these workbooks. 8.3 per cent of this subprogramme's budget will be used for transfer payments to provinces for the Dinaledi schools recapitalisation conditional grant. The 2011/12 allocation for the Dinaledi schools grant (R70 million) will: ensure that each learner in grades 8 to 12 has a textbook for each subject; set up 300 mobile science laboratories and provide science kits to 150 schools; and provide 300 ICT laboratories, each equipped with 50 computers.

Objectives and measures

- Reduce the number of illiterate adults in South Africa by 2.2 million by 2012 through the Kha Ri Gude mass literacy campaign to teach illiterate adults to read and write.
- Contribute to job creation by recruiting and training 41 000 volunteer educators and coordinators for the Kha Ri Gude mass literacy campaign in 2011/12.
- Improve the quality of mathematics, science and technology education by providing support to and monitoring the performance and participation of 500 Dinaledi schools in these subjects over the MTEF period to increase the number of matric mathematics university passes from 15 000 in 2010 to 30 000 in 2014 and matric science university passes from 6 000 in 2010 to 15 000 by 2014.
- Improve educational outcomes in the long term by increasing the number of five-year-old learners enrolled in publicly funded Grade R classes in public primary schools and community based early childhood development sites to 900 000 learners by 2011/12.
- Contribute to improving the performance of learners with special needs by:
 - adapting the curriculum and learner support materials for learners in special schools, in line with the curriculum and assessment policy statements for learners in mainstream schools
 - providing training for managers and teachers in all schools for the visually and hearing impaired in 2011 and 2012.

Expenditure estimates

Table 15.5 Curriculum Policy, Support and Monitoring

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
R million							
Programme Management: Curriculum Policy, Support and Monitoring	1.2	1.5	1.6	0.8	1.9	1.9	2.0
Curriculum Implementation and Monitoring	257.8	59.7	51.3	107.3	222.7	233.8	246.6
Kha Ri Gude Literacy Project	17.1	457.0	443.2	468.3	540.1	573.9	612.3
Curriculum and Quality Enhancement Programmes	18.9	22.8	68.1	775.5	1 070.5	1 091.7	1 152.6
Total	295.0	540.9	564.2	1 352.0	1 835.1	1 901.3	2 013.5
Change to 2010 Budget estimate				(4.1)	90.4	19.2	27.9
Economic classification							
Current payments	294.4	538.4	563.0	1 270.8	1 564.6	1 590.9	1 686.0
Compensation of employees	27.2	34.4	41.4	51.2	55.6	58.7	62.0
Goods and services	267.1	503.9	521.6	1 219.6	1 509.0	1 532.2	1 623.9
of which:							
Inventory: Stationery and printing	2.5	90.0	70.2	45.5	83.8	35.9	39.2
Property payments	0.0	0.0	0.1	–	–	–	–
Travel and subsistence	7.6	8.8	8.8	6.7	5.8	6.5	7.0
Operating expenditure	201.7	331.8	392.8	1 098.5	1 347.7	1 411.5	1 492.9

Table 15.5 Curriculum Policy, Support and Monitoring (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Transfers and subsidies	0.2	0.3	1.0	80.0	270.0	310.0	327.1
Provinces and municipalities	–	–	–	80.0	270.0	310.0	327.1
Departmental agencies and accounts	0.0	0.0	0.1	–	–	–	–
Foreign governments and international organisations	0.2	–	–	–	–	–	–
Households	0.0	0.3	1.0	–	–	–	–
Payments for capital assets	0.4	2.3	0.1	1.1	0.5	0.4	0.5
Machinery and equipment	0.4	2.2	0.1	1.0	0.5	0.4	0.4
Software and other intangible assets	0.0	0.1	0.0	0.1	0.0	0.0	0.0
Payments for financial assets	0.1	0.0	0.1	–	–	–	–
Total	295.0	540.9	564.2	1 352.0	1 835.1	1 901.3	2 013.5
Details of selected transfers and subsidies							
Provinces and municipalities							
Provinces							
Provincial Revenue Funds							
Current	–	–	–	–	70.0	100.0	105.5
Dinaledi schools grant	–	–	–	–	70.0	100.0	105.5
Capital	–	–	–	80.0	200.0	210.0	221.6
Technical secondary schools recapitalisation grant	–	–	–	80.0	200.0	210.0	221.6

Expenditure trends

Over the medium term, the focus will be on specific interventions to improve educational outcomes. These include the distribution of workbooks, the recapitalisation of technical schools and the additional resources given to Dinaledi schools. Other projects, like the Kha Ri Gude mass literacy project, will continue to be prioritised as they are expanded over the MTEF period, especially with the introduction of the allocation of R159.8 million over this period for the expanded public works programme: Kha Ri Gude.

Expenditure increased at an average annual rate of 66.1 per cent, from R295 million in 2007/08 to R1.4 billion in 2010/11. Expenditure is expected to grow at an average annual rate of 14.2 per cent over the medium term to reach R2 billion in 2013/14. This is due to the additional funds allocated for the workbooks project, the introduction of the technical schools recapitalisation grant in 2010/11 and the Dinaledi schools conditional grant in 2011/12. The increase of 38 per cent in 2011/12 in the *Curriculum and Quality Enhancement Programmes* subprogramme is mainly due to the higher allocation for the workbooks project, an additional allocation towards the curriculum review project in 2011/12 and the Dinaledi schools conditional grant.

Expenditure in the *Curriculum Implementation and Monitoring* subprogramme decreased by 76.9 per cent between 2007/08 and 2008/09 due to a once-off allocation in 2007/08 for printing, publishing and distributing learner support materials as part of the national recovery plan after the June 2007 educators' strike. The growth in expenditure in goods and services between 2007/08 and 2010/11, at an average annual rate of 65.9 per cent, was also due to the introduction of the Kha Ri Gude mass literacy campaign in 2008/09 and the R524 million allocation for workbooks in the 2009 adjustments budget and R750 million in 2010/11. The ratio of administrative costs to line function costs in this programme is 1:1 593 in 2010/11.

Programme 3: Teachers, Education Human Resources and Institutional Development

- *Programme Management: Teachers, Education Human Resources and Institutional Development* manages delegated administrative and financial responsibilities and coordinates all monitoring and evaluation functions. This subprogramme has a staff complement of 4 and its full budget is used for salaries and other personnel related costs.
- *Education Human Resources Management* is responsible for human resources management, school educators, and educator labour relations. Activities in this subprogramme include: education human

resource planning, provisioning and monitoring; educator performance management and development and whole school evaluation; and education labour relations and conditions of service. This subprogramme has a staff complement of 132 and 71.8 per cent of its budget is used for the integrated quality management system project. In 2010/11, at a cost for R2.6 million, 5 304 schools were visited by external moderators, of which 4 585 were first time visits and 719 follow up visits.

- *Education Human Resources Development* develops policies and programmes to promote district development and management as well as governance capacity in education. Activities in this subprogramme include: continuing professional teacher development; initial teacher education; and education management and governance development. This subprogramme has a staff complement of 29 and 97 per cent of its budget is used for the transfer to the National Student Financial Aid Scheme for the Funza Lushaka teacher bursaries. In 2010/11, R445.8 million was spent on the Funza Lushaka teacher bursaries scheme to provide bursaries to 10 150 students, of which 2 524 will enter the teaching profession in 2011. In 2010/11, the targeted teacher development plan that targets priority subjects and geographical areas was taken up by all provinces, with 127 785 (32.8 per cent) teachers targeted for development.

Objectives and measures

- Improve teaching practice over the MTEF period by providing support and development to teachers and schools through first time and follow up visits, as part of the integrated quality management system.
- Improve the direct management and leadership of schools by:
 - monitoring and providing guidance to provinces on the work of provincial whole school evaluation teams
 - monitoring and providing guidance to provinces on the work of district level structures, systems and operations that are meant to support curriculum implementation to improve the quality of basic education
 - monitoring, evaluating and providing guidance to provincial departments of education on the implementation of the policy guide on the organisation, roles and responsibilities of education districts.
- Improve classroom management and teaching and learning by supporting the implementation of the national framework for human resource planning to ensure that: the demand for teachers is accurately determined, there is a sufficient supply of teachers, norms and standards are set and maintained for teacher distribution and utilisation, and strategies are in place to retain teachers.
- Improve the quality of teaching and learning by improving teaching practice through ensuring an adequate supply of young and inspired recruits into the system, improving in-service teacher development and improving their accountability levels by:
 - implementing a teacher recruitment campaign and awarding 8 517 Funza Lushaka bursaries to improve the supply of new fully qualified teachers, with a target of 6 200 new teachers aged 30 years and below entering public service for the first time in 2011
 - providing quality and relevant training packages for 220 000 teachers in priority subject areas (English first additional language at all levels; literacy and numeracy in foundation phase; and mathematics, science and technology in intermediate, senior and further education and training phase, with accounting added in the further education and training phase), predominantly at under-performing schools by the end of 2012.

Expenditure estimates

Table 15.6 Teachers, Education Human Resources and Institutional Development

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
R million							
Programme Management: Teachers, Education Human Resources and Institutional Development	2.7	2.9	3.0	3.0	3.1	3.2	3.4
Education Human Resources Management	8.8	26.2	38.8	46.2	49.1	51.5	54.3
Education Human Resources Development	164.6	254.2	455.7	445.8	469.8	692.4	915.5
Total	176.1	283.3	497.5	495.0	522.0	747.2	973.2
Change to 2010 Budget estimate				(10.2)	(3.6)	194.5	388.4

Table 15.6 Teachers, Education Human Resources and Institutional Development (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Economic classification							
Current payments	53.3	102.7	95.7	69.5	72.2	75.0	79.0
Compensation of employees	17.8	31.7	46.6	55.5	59.7	62.6	65.9
Goods and services	35.4	71.0	49.1	14.0	12.5	12.4	13.0
of which:							
Inventory: Stationery and printing	1.2	1.6	2.3	1.4	2.0	1.5	1.6
Travel and subsistence	4.1	7.6	8.1	10.0	9.5	9.9	10.4
Operating expenditure	2.1	2.6	1.3	0.2	0.0	0.0	0.0
Transfers and subsidies	122.3	180.0	401.6	425.0	449.4	671.9	893.9
Departmental agencies and accounts	122.0	180.0	401.5	425.0	449.4	671.9	893.9
Households	0.3	–	0.1	–	–	–	–
Payments for capital assets	0.4	0.5	0.2	0.5	0.4	0.3	0.3
Machinery and equipment	0.4	0.5	0.2	0.5	0.4	0.3	0.3
Payments for financial assets	0.1	0.0	0.0	–	–	–	–
Total	176.1	283.3	497.5	495.0	522.0	747.2	973.2
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	122.0	180.0	401.5	425.0	449.4	671.9	893.9
South African Council for Educators	2.0	–	1.5	1.0	–	–	–
National Student Financial Aid Scheme	120.0	180.0	400.0	424.0	449.4	671.9	893.9

Expenditure trends

The spending focus over the MTEF period will be on the Funza Lushaka bursaries, which comprise 90 per cent of this programme's projected expenditure over the period.

Expenditure increased at an average annual rate of 41.1 per cent, from R176.1 million in 2007/08 to R495 million in 2010/11. This growth was mainly due to additional funds allocated for the Funza Lushaka bursary scheme from 2007/08 and an integrated quality management system from 2008/09, and is reflected in the *Education Human Resources Development* subprogramme's increased expenditure. This also explains the increase in transfers and subsidies as the National Student Financial Aid Scheme administers the Funza Lushaka bursaries.

Expenditure for this programme is expected to increase over the medium term at an average annual rate of 25.3 per cent to reach R973.2 million in 2013/14. This is mainly due to the growth in the *Education Human Resources Development* subprogramme to fund transfers to the National Student Financial Aid Scheme for the Funza Lushaka bursary scheme.

The ratio of administrative costs to line functions cost in this programme is 1:23 in 2010/11.

Programme 4: Planning, Information and Assessment

- *Programme Management: Planning, Information and Assessment* manages delegated administrative and financial responsibilities and coordinates all monitoring and evaluation functions. This subprogramme has a staff complement of 3 and its full budget is used for salaries and other personnel related costs.
- *Information Management Systems* develops systems and procedures to support and maintain the integrated education management systems based on individual learner records, and monitors and reports on the implementation of the education information policy in the basic education sector. This subprogramme has a staff complement of 21 and 50.3 per cent of its budget is used for the education management information system project, which provides accurate enrolment numbers and will track individual learner movement

within the system between schools, provinces and grades. In 2010, 11 298 schools and 5 277 116 learners were uploaded to the learner unit information and tracking system.

- *Financial and Physical Planning* focuses on cross-cutting aspects such as: financial and physical resource planning; budgeting support; and coordination of the implementation of national policy with provincial education departments. This subprogramme has a staff complement of 26 and 97.7 per cent of its budget is used for transfer payments to provinces for the recently introduced school infrastructure backlogs grant, as well as the education infrastructure grant.
- *National Assessments and Public Examinations* promotes the integrity of national school assessments and examinations by, among other things: setting and moderating all Grade 12 examination papers; moderating the examination writing process by visiting writing centres and ensuring that question papers remain sealed and stored in a secure location until the day that the papers are written; and moderating the marking process in all provinces by visiting marking centres, and ensuring that these centres are secure. The subprogramme also provides timely and reliable data on the achievement of learning outcomes by, among other things, announcing a summary of the grade 12 results centrally each year and ensuring that results are released across all provinces at the same time after all the results have been verified. Monitoring progress over time is also carried out in this subprogramme, by monitoring and publishing performance trends in all national examinations and assessments each year. This subprogramme has a staff complement of 75 and 38 per cent of its budget is used to pay examiners and moderators for the national Grade 12 examinations as well as for a transfer to Umalusi. In 2010, 537 543 full time candidates wrote the Grade 12 national senior certificate with 364 513 learners passing. An annual national assessment will be conducted in February 2011 in grades 3 and 6, and a pilot study in grade 9 at a cost of R29.5 million.
- *National Education Evaluation Development Unit* evaluates the entire education system to ensure the provision of quality education by means of: establishing frameworks for school functionality; establishing the causes of poor performance; learning more about the factors responsible for school functionality and excellence; making policy recommendations on how to improve school functionality; disseminating good practices about school improvement; and reporting on the state of schooling in South Africa. This subprogramme has a staff complement of 7 and its full budget is used for compensation of employees and other personnel related costs. In 2011, a draft bill to establish this subprogramme as a statutory body will be tabled in Parliament and 100 schools will be evaluated. The unit has been allocated a budget of R11.9 million for 2011/12.

Objectives and measures

- Improve the delivery of school infrastructure by providing the necessary oversight and support to provinces.
- Improve literacy and numeracy by providing independently moderated literacy and numeracy tests and reports for all grade 3 and 6 learners, and using the results to direct appropriate support to schools in 2011/12.
- Improve learner performance in Grade 12 in 2011/12 by providing comprehensive Grade 12 subject reports based on the findings of Grade 12 markers to all schools.
- Improve the ability of the education sector to respond to enrolment and performance shifts by ensuring that all learners in public ordinary and special schools are captured on the national learner unit record information system by October 2011.
- Improve teacher and learner performance by evaluating 100 schools in 2011/12 and recommending assistance in areas requiring development.

Expenditure estimates

Table 15.7 Planning, Information and Assessment

Subprogramme				Adjusted appropriation	Medium-term expenditure estimate		
R million	Audited outcome			2010/11	2011/12	2012/13	2013/14
	2007/08	2008/09	2009/10				
Programme Management: Planning, Information and Assessment	0.8	1.0	0.7	1.0	2.0	2.1	2.2
Information Management Systems	24.2	34.3	32.1	32.1	29.8	32.1	33.8
Financial and Physical Planning	2 645.4	3 136.8	3 898.6	4 769.1	6 220.5	8 226.0	11 425.6
National Assessments and Public Examinations	137.7	148.0	98.0	114.2	123.3	132.7	139.9
National Education Evaluation and Development Unit	–	–	0.9	11.6	11.9	12.5	13.2
Total	2 808.1	3 320.1	4 030.4	4 928.1	6 387.5	8 405.3	11 614.7
Change to 2010 Budget estimate				4 767.2	6 203.7	8 210.6	11 409.1
Economic classification							
Current payments	151.2	171.8	123.9	158.2	170.4	187.4	198.2
Compensation of employees	52.6	57.7	57.7	63.3	80.0	88.6	93.8
Goods and services	98.6	114.2	66.2	94.8	90.3	98.9	104.4
<i>of which:</i>							
<i>Inventory: Stationery and printing</i>	13.6	5.1	7.6	16.3	16.0	16.7	17.6
<i>Travel and subsistence</i>	16.0	22.3	21.8	8.8	23.1	28.7	30.3
<i>Operating expenditure</i>	29.3	17.9	2.7	3.4	2.5	2.7	3.0
Transfers and subsidies	2 648.9	3 139.7	3 902.6	4 769.7	5 516.7	5 902.5	6 227.1
Provinces and municipalities	2 636.0	3 123.5	3 884.7	4 752.3	5 498.3	5 883.2	6 206.7
Departmental agencies and accounts	12.9	16.1	17.9	17.4	18.4	19.3	20.4
Households	0.0	0.1	0.0	0.1	–	–	–
Payments for capital assets	2.2	8.6	3.9	0.3	700.5	2 315.4	5 189.5
Buildings and other fixed structures	–	–	–	–	700.0	2 315.0	5 189.0
Machinery and equipment	2.1	7.1	2.6	0.3	0.5	0.4	0.5
Software and other intangible assets	0.2	1.4	1.3	–	–	–	–
Payments for financial assets	5.8	–	0.1	–	–	–	–
Total	2 808.1	3 320.1	4 030.4	4 928.1	6 387.5	8 405.3	11 614.7
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	12.9	16.0	17.8	17.4	18.4	19.3	20.4
Umalusi Council for Quality Assurance in General and Further Education and Training	12.9	16.0	16.5	17.4	18.4	19.3	20.4
Human Science Research Council	–	–	1.4	–	–	–	–
Provinces and municipalities							
Provinces							
Provincial Revenue Funds							
Current	–	22.0	–	–	–	–	–
Disaster management grant	–	22.0	–	–	–	–	–
Capital	2 636.0	3 101.5	3 884.7	4 752.3	5 498.3	5 883.2	6 206.7
Education infrastructure grant	2 636.0	3 101.5	3 884.7	4 752.3	5 498.3	5 883.2	6 206.7

Expenditure trends

The spending focus over the MTEF period will be on school infrastructure via the transfer to provinces of the education infrastructure conditional grant and the school infrastructure indirect grant managed by the department.

Expenditure grew at an average annual rate of 20.6 per cent, from R2.8 billion in 2007/08 to R4.9 billion in 2010/11, mainly due to additional allocations for Grade R and special school infrastructure over this period. The

33.8 per cent decrease in expenditure in the *National Assessments and Public Examinations* subprogramme in 2009/10 was as a result of a once-off allocation to prepare and implement the national curriculum statement examinations in 2008/09. This also accounts for the decrease in expenditure in compensation of employees and agency and support/outsourced services in 2009/10. Expenditure in machinery and equipment grew by 242.8 per cent in 2008/09, mainly due to upgrading equipment to meet the requirements of setting national examination papers.

Over the medium term, expenditure is expected to increase to R11.6 billion in 2013/14, at an average annual rate of 33.1 per cent. This is mainly due to the introduction of the school infrastructure backlogs indirect grant and the transfer payment to provincial education departments for the education infrastructure conditional grant in the *Financial and Physical Planning* subprogramme. R17.6 billion will be transferred to provincial education departments and R8.2 billion will be managed by the department for this over the MTEF period. The ratio of administrative costs to line function cost in this programme is 1:17.6 in 2010/11.

Programme 5: Educational Enrichment Services

- *Programme Management: Educational Enrichment Services* manages delegated administrative and financial responsibilities and coordinates all monitoring and evaluation functions. This subprogramme has a staff complement of 5 and its full budget is used for salaries and other personnel related costs.
- *Partnerships in Education* manages policy, programmes and systems on the creation of a safe learning environment, and facilitates enrichment programmes in schools through collaborative programmes with organisations such as the South African Police Service, the United Nations Children's Fund, Boys Town and Girls Town schools, and provincial education departments. This entails safety enrichment and sport in education as well as the quality learning and teaching campaign. This subprogramme has a staff complement of 22 and its full budget is used for compensation of employees and other personnel related costs, as well as for projects involving collaborative partnerships. The quality learning and teaching campaign, which is a collaborative agreement with teacher unions, governing body associations and learner representative bodies, was successfully launched in all provinces in 2010. In the same year, a protocol document outlining a collaboration between the department and the South African Police Service was developed and signed by the ministers of the department and the South African Police Service. Provinces are currently implementing the first phase of the protocol in which 1 000 schools have been identified and linked with local police stations.
- *Care and Support in Schools* manages policies on the overall wellness of educators and learners, manages and monitors the national school nutrition programme, and develops and monitors policies and programmes promoting gender equity, non-racism, non-sexism, democratic values in education and an understanding of human rights in public schools. This subprogramme has a staff complement of 48 and 99.1 per cent of its budget is used for the transfer to the national school nutrition programme and the HIV and AIDS conditional grants to provincial education departments. In 2010, 8 125 695 learners were fed through the national school nutrition programme on designated feeding days, while expansion of the programme to quintile 2 secondary schools was successfully implemented in all provinces at a cost of R3.6 billion.

Objectives and measures

- Increase sexual and reproductive health knowledge, skills and decision making among learners, educators and school support staff by:
 - supporting the implementation of the integrated strategy on HIV and AIDS in 2011/12
 - distributing the national guidelines on peer education to all schools in 2011/12
 - supporting the implementation of phase II of the pilot peer education in four provinces in 2011/12.
- Improve the health and performance of learners by facilitating the early identification and treatment of health barriers to learning of Grade 1 learners in quintile 1 primary schools in 2011/12 by linking schools, districts and provincial education departments to health providers.
- Improve learner performance and retention by developing guideline documents for school governing bodies and teacher training programmes in 2011/12 to promote human rights, diversity and social cohesion, and thus facilitate education excellence and reduce the number of school drop-outs.

- Improve learner and school safety and security by linking an additional 9 000 schools with their local police stations and training safe school committees in these schools in 2011/12.
- Improve learner retention by ensuring that all children remain effectively enrolled in school up to the year in which they turn 15 through the phased enrolment of schools in well organised school sport, physical education activities and music education programmes.
- Improve gender equity in schools by ensuring that a policy framework and a monitoring and evaluation framework for the basic education system are put in place in 2011/12.
- Ensure that gender related barriers in the basic education system are reduced by implementing an advocacy programme to reduce sexual violence in schools and supporting provincial departments in training teachers by providing training materials and training their trainers on addressing sexual abuse in 2011/2012.

Expenditure estimates

Table 15.8 Educational Enrichment Services

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R million	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Programme Management: Educational Enrichment Services	1.5	1.7	2.3	3.3	3.2	3.4	3.5
Partnerships in Education	8.4	6.0	11.3	11.0	14.8	15.5	16.2
Care and Support in Schools	1 404.2	2 110.5	2 593.9	3 876.9	4 803.8	5 164.4	5 448.5
Total	1 414.1	2 118.2	2 607.5	3 891.2	4 821.7	5 183.3	5 468.3
Change to 2010 Budget estimate				(7.5)	(1.9)	(2.2)	(2.6)
Economic classification							
Current payments	37.0	25.9	31.8	39.4	43.4	45.7	48.2
Compensation of employees	13.6	15.4	18.1	26.2	29.8	31.3	32.8
Goods and services	23.4	10.5	13.7	13.2	13.6	14.5	15.4
of which:							
Inventory: Stationery and printing	0.5	0.9	2.1	1.5	2.0	2.1	2.2
Travel and subsistence	6.3	4.4	5.9	5.5	7.5	7.9	8.4
Operating expenditure	10.2	1.5	0.3	0.9	0.0	0.0	0.1
Transfers and subsidies	1 376.9	2 092.2	2 575.5	3 851.4	4 778.1	5 137.4	5 420.0
Provinces and municipalities	1 376.9	2 092.1	2 575.4	3 851.4	4 778.1	5 137.4	5 419.9
Non-profit institutions	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Payments for capital assets	0.2	0.1	0.2	0.3	0.2	0.1	0.1
Machinery and equipment	0.2	0.1	0.2	0.3	0.2	0.1	0.1
Total	1 414.1	2 118.2	2 607.5	3 891.2	4 821.7	5 183.3	5 468.3
Details of selected transfers and subsidies							
Provinces and municipalities							
Provinces							
Provincial Revenue Funds							
Current	1 376.9	2 092.1	2 575.4	3 851.4	4 778.1	5 137.4	5 419.9
National school nutrition programme grant	1 219.3	1 927.1	2 394.5	3 663.3	4 578.8	4 928.1	5 199.1
HIV and AIDS (life skills education) grant	157.6	165.0	180.9	188.0	199.3	209.3	220.8

Expenditure trends

The spending focus over the MTEF period will be on supporting and monitoring the current programme and expanding it to include learners in quintile 3 secondary schools.

Expenditure grew from R1.4 billion in 2007/08 to R3.9 billion in 2010/11, at an average annual rate of 40.1 per cent. This was due to increased allocations to expand the national school nutrition programme conditional grant, which explains the increase in transfers to provinces. The planned expansion of this programme to secondary schools began in 2009/10 and resulted in an increase in compensation of employees due to the additional oversight required.

Over the MTEF period, expenditure is expected to increase to R5.5 billion, at an average annual rate of 12 per cent. This is the result of extending the programme to secondary school learners in quintile 3.

Expenditure in the *Partnerships in Education* and *Care and Support in Schools* subprogrammes fluctuates, depending on the number of projects and campaigns undertaken in each year. This is also the reason for the fluctuations in operating expenditure, expenditure in agency and support/outsourced services, and consultants and professional services.

The ratio of administrative costs to line function costs in this programme is 1:12 in 2010/11.

Public entities and other agencies

Comprehensive coverage of the following public entities is provided with the more detailed information for the vote at www.treasury.gov.za under the budget information link.

- The **South African Council for Educators** is responsible for the registration, promotion and professional development of educators, and for setting, maintaining and protecting their ethical and professional standards. Its total budget in 2011/12 is R44.6 million.
- The **Education Labour Relations Council** promotes and maintains good relations between employer and employee. Its total budget in 2011/12 is R57.5 million.
- **Umalusi Council for Quality Assurance in General and Further Education and Training** sets and maintains standards in general and further education and training through the development and management of the general and further education and training qualifications framework. Its total budget in 2011/12 is R83.2 million.

Additional tables

Table 15.A Summary of expenditure trends and estimates per programme and economic classification

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R million	2009/10		2009/10	2010/11			2010/11
Administration	141.4	150.6	154.6	244.4	13.6	258.0	258.0
Curriculum Policy, Support and Monitoring	539.5	1 071.9	564.2	1 355.9	(4.0)	1 352.0	1 072.0
Teachers, Education Human Resources and Institutional Development	499.6	498.1	497.5	505.2	(10.2)	495.0	495.0
Planning, Information and Assessment	135.5	140.2	4 030.4	4 915.9	12.2	4 928.1	4 923.1
Educational Enrichment Services	2 613.9	2 613.6	2 607.5	3 897.1	(5.9)	3 891.2	3 891.2
Total	3 929.9	4 474.4	7 854.3	10 918.5	5.8	10 924.3	10 639.3
Economic classification							
Current payments	923.1	1 456.0	950.4	1 777.1	7.1	1 784.2	1 527.3
Compensation of employees	217.1	229.9	225.2	255.4	15.7	271.1	271.1
Goods and services	705.9	1 226.1	725.2	1 521.7	(8.6)	1 513.1	1 256.2
Transfers and subsidies	3 000.1	3 009.7	6 895.5	9 137.3	(0.8)	9 136.5	9 106.5
Provinces and municipalities	2 571.9	2 575.4	6 460.1	8 683.6	–	8 683.6	8 653.6
Departmental agencies and accounts	416.6	418.1	419.6	441.5	1.0	442.5	442.5
Foreign governments and international organisations	11.5	11.5	11.1	12.2	(1.9)	10.3	10.3
Non-profit institutions	0.1	0.1	0.1	0.1	–	0.1	0.1
Households	–	4.6	4.8	–	0.1	0.1	0.1
Payments for capital assets	6.7	8.8	8.2	4.1	(0.4)	3.6	5.4
Machinery and equipment	6.7	8.5	6.6	4.0	(0.6)	3.4	5.2
Software and other intangible assets	0.0	0.3	1.6	0.0	0.2	0.2	0.2
Payments for financial assets	–	–	0.2	–	–	–	–
Total	3 929.9	4 474.4	7 854.3	10 918.5	5.8	10 924.3	10 639.3

Table 15.B Detail of approved establishment and personnel numbers according to salary level ¹

	Personnel post status as at 30 September 2010			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year ²	Medium-term estimate		
				2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
Department	731	600	31	740	728	732	600	635	641	645
Salary level 1 – 6	167	137	31	173	170	173	137	139	139	139
Salary level 7 – 10	302	253	–	315	305	307	253	257	257	259
Salary level 11 – 12	172	151	–	151	152	151	151	161	162	162
Salary level 13 – 16	90	59	–	101	101	101	59	78	83	85
Administration	263	192	18	241	249	239	192	210	211	214
Salary level 1 – 6	101	70	18	92	89	92	70	72	72	72
Salary level 7 – 10	78	69	–	79	85	77	69	71	71	73
Salary level 11 – 12	44	30	–	41	45	41	30	35	36	36
Salary level 13 – 16	40	23	–	29	30	29	23	32	32	33
Curriculum Policy, Support and Monitoring	96	89	2	107	103	106	89	91	91	91
Salary level 1 – 6	16	20	2	21	21	21	20	20	20	20
Salary level 7 – 10	23	18	–	28	25	27	18	19	19	19
Salary level 11 – 12	41	39	–	39	38	39	39	39	39	39
Salary level 13 – 16	16	12	–	19	19	19	12	13	13	13

Table 15.B Detail of approved establishment and personnel numbers according to salary level ¹ (continued)

	Personnel post status as at 30 September 2010			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year ²	Medium-term estimate		
				2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Teachers, Education Human Resources and Institutional Development	165	130	2	173	166	171	130	132	132	132
Salary level 1 – 6	8	6	2	16	16	16	6	6	6	6
Salary level 7 – 10	118	89	–	123	117	121	89	90	90	90
Salary level 11 – 12	29	26	–	23	22	23	26	27	27	27
Salary level 13 – 16	10	9	–	11	11	11	9	9	9	9
Planning, Information and Assessment	132	126	6	157	151	155	126	134	139	140
Salary level 1 – 6	30	29	6	35	35	35	29	29	29	29
Salary level 7 – 10	55	52	–	57	53	55	52	52	52	52
Salary level 11 – 12	32	40	–	33	32	33	40	40	40	40
Salary level 13 – 16	15	5	–	32	31	32	5	13	18	19
Educational Enrichment Services	75	63	3	62	59	61	63	68	68	68
Salary level 1 – 6	12	12	3	9	9	9	12	12	12	12
Salary level 7 – 10	28	25	–	28	25	27	25	25	25	25
Salary level 11 – 12	26	16	–	15	15	15	16	20	20	20
Salary level 13 – 16	9	10	–	10	10	10	10	11	11	11

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

2. As at 30 September 2010.

Table 15.C Summary of expenditure on training

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Compensation of employees (R million)	150.4	186.3	225.2	271.1	325.6	349.3	371.7
Training expenditure (R million)	2.8	6.5	1.7	2.8	1.9	2.0	2.1
Training as percentage of compensation of employees	1.9%	3.5%	0.8%	1.0%	0.6%	0.6%	0.6%
Total number trained in department (head count)	364	316	285	154			
<i>of which:</i>							
Employees receiving bursaries (head count)	26	24	21	19			
Learnerships trained (head count)	–	–	20	–			
Internships trained (head count)	103	42	54	46			
Households receiving bursaries (R million)	120.0	180.0	400.0	424.0	449.4	671.9	893.9
Households receiving bursaries (head count)	3 791	5 447	9 294	10 112			

Table 15.D Summary of departmental public private partnership (PPP) projects

Project description: Finance, design, construction, operation and maintenance of new serviced head office accommodation for the Department of Basic Education	Project annual unitary fee at time of contract	Budgeted expenditure	Medium-term expenditure estimate		
		2010/11	2011/12	2012/13	2013/14
R million					
Projects signed in terms of Treasury Regulation 16	126.7	126.7	134.7	142.1	149.8
PPP unitary charge	124.0	124.0	131.8	139.0	146.6
Advisory fees	0.5	0.5	0.5	0.6	0.6
Project monitoring cost	2.2	2.2	2.4	2.5	2.6
Total	126.7	126.7	134.7	142.1	149.8

Disclosure notes for projects signed in terms of Treasury Regulation 16

Project name	New head office building
Brief description	Finance, design, construction, operation and maintenance of new serviced head office accommodation for the Department of Basic Education
Date PPP agreement was signed	20/04/2007
Duration of PPP agreement	27 Years (2 years construction, 25 years service)
Escalation index for unitary fee	CPIX
Net present value of all payment obligations discounted at appropriate duration government bond yield	R1 576 044 149
Variations / amendments to PPP agreement	Variation 1: Enlargement of building approved on 18 January 2008. Variation 2: Upgrading of certain facilities approved on 28 July 2009.
Cost implications of variations/amendments	Financial close: Real annual unitary payment base date 1 October 2006 (excl. VAT) R71 350 877. VO1: Real annual unitary payment base date 1 October 2006 (excl. VAT) R76 710 526. VO2: Real annual unitary payment base date 1 October 2006 (excl. VAT) R96 700 000.
Significant contingent fiscal obligations including termination payments, guarantees, warranties and indemnities and maximum estimated value of such liabilities	Maximum exposure on termination for default by the department of R1 156 385 155 in year 2011, March, and R1 060 072 172 in year 2023, March, for default by the private party.

Table 15.E Summary of expenditure on infrastructure

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Departmental infrastructure										
School infrastructure backlogs grant	395 mud schools replaced, 1 307 schools provided with water, 536 with sanitation and 1 434 with electricity	Identification	8 204.0	–	–	–	–	700.0	2 315.0	5 189.0
Infrastructure transfers to other spheres, agencies and departments										
Education infrastructure grant	New schools and additional spaces (specialist rooms) constructed, existing school infrastructure upgraded and rehabilitated, new and existing school infrastructure maintained	Construction	17 588.2	2 636.0	3 101.5	3 884.7	4 752.3	5 498.3	5 883.2	6 206.7
Technical secondary schools recapitalisation grant	32 new workshops built, 147 existing workshops refurbished, equipment delivered and installed at 191 workshops, 578 technology teachers trained	Identification	711.6	–	–	–	80.0	200.0	210.0	221.6
Total			26 503.8	2 636.0	3 101.5	3 884.7	4 832.3	6 398.3	8 408.2	11 617.3

Vote 16

Health

Budget summary

R million	2011/12				2012/13	2013/14
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	326.1	318.0	0.4	7.7	325.3	344.4
Health Planning and Systems Enablement	160.8	157.5	0.4	2.9	178.0	189.8
HIV and AIDS, TB and Maternal, Child and Women's Health	8 026.5	357.6	7 664.7	4.2	9 377.1	11 188.2
Primary Health Care Services	730.0	123.4	593.0	13.6	143.0	150.1
Hospitals, Tertiary Services and Workforce Development	15 962.7	97.1	15 864.3	1.3	17 015.8	17 663.7
Health Regulation and Compliance Management	525.4	155.8	366.4	3.2	571.6	600.5
Total expenditure estimates	25 731.6	1 209.3	24 489.3	32.9	27 610.8	30 136.7
Executive authority	Minister of Health					
Accounting officer	Director General of Health					
Website address	www.doh.gov.za					

More detailed information for each vote is available at www.treasury.gov.za. More comprehensive coverage of vote specific information, particularly on goods and services, transfers and subsidies, donor funding, public entities and lower level institutional information, is provided.

Aim

Provide leadership and coordination of health services to promote the health of all people in South Africa through an accessible, caring and high quality health system based on the primary health care approach.

Programme purposes

Programme 1: Administration

Purpose: Provide overall management of the department and centralised support services.

Programme 2: Health Planning and Systems Enablement

Purpose: Improve access and quality of health services through planning, integration of health systems, reporting, monitoring and evaluation, and research.

Programme 3: HIV and AIDS, TB and Maternal, Child and Women's Health

Purpose: Coordinate, manage and fund HIV and AIDS, tuberculosis and maternal, child and women's health programmes. Develop and oversee the implementation of policies, systems and norms and standards.

Programme 4: Primary Health Care Services

Purpose: Develop and implement a uniform district health system. Develop policy for district health services. Identify and promote centres of excellence. Support planning, delivery and monitoring.

Programme 5: Hospitals, Tertiary Services and Workforce Development

Purpose: Develop policies, delivery models and clinical protocols for hospitals and emergency medical services. Ensure that Academic Medical Centres services and health workforce programmes are aligned.

Programme 6: Health Regulation and Compliance Management

Purpose: Regulate the procurement of medicines and pharmaceutical supplies, including trade in health products. Promote accountability and compliance through regulatory bodies for effective governance and quality of health care.

Strategic overview 2007/08 – 2013/14

The strategic thrust of the public health sector between 2007/08 and 2013/14 is to accelerate the rate of progress in health related Millennium Development Goals, through a revitalised primary health care approach and overhauling the health system to enhance its capacity to deliver improved health outcomes. The 10-point plan for 2010–2014 is the pivot for this. A key focus is the provision of strategic leadership, and the country's turnaround in the field of HIV and AIDS has been internationally recognised.

Strategic priorities

HIV and AIDS and tuberculosis

Prevention remains the cornerstone of HIV and AIDS interventions. A massive health care provider initiated HIV counselling and testing campaign was launched by the president in April 2010, and is being implemented in all nine provinces and 52 districts. Over 6.2 million people have been counselled, and 5.4 million people, who would otherwise not have known their HIV status, have undergone testing. More than 1.3 million people living with HIV and AIDS have been initiated on treatment. Tuberculosis cure rates are improving across the country, while treatment defaulter rates are decreasing. Community involvement in tuberculosis management and control is evidenced by the large numbers of community health workers being trained in the directly observed treatment short course programme, and former tuberculosis patients serving as treatment ambassadors. Eligible multi-drug resistant tuberculosis and extremely drug resistant tuberculosis patients are being initiated on treatment.

Improved primary health care and public health facilities

A re-engineered primary health care model for South Africa has been developed, which emphasises: a population oriented service delivery approach; strengthened community based services; the deployment of multidisciplinary primary health care teams, including community health workers across defined geographic areas; and greater community involvement in securing and promoting health. The primary health care approach is vital for improving health outcomes, and for achieving national health insurance. District support teams will be established with medical specialists.

Close to 1 200 quality improvement projects are being implemented with partners in health facilities across the country to improve patient experiences of health care provision in the public sector.

A more efficient health sector

The efficiency of the health sector is also being improved. A new financial management turnaround plan has been developed jointly with the technical assistance unit at National Treasury. This will assist in improving financial management and in reversing the trends of over expenditure, accruals and unauthorised expenditure. A moratorium has been placed on the acquisition of ICT solutions, until a national ICT strategy is finalised. This is aimed at curbing massive investments in ICT solutions that have proved to lack interoperability and the ability to improve the health sector's monitoring and evaluation capacity. The department has established a research and data coordination committee, which will improve the quality and integrity of data on health indicators.

Progress with setting up a national health insurance

Key milestones are also being achieved in the implementation of national health insurance. In 2011, a detailed plan for the implementation of the national health insurance will be produced, a public discussion paper released and draft legislation compiled.

Outcomes and related outputs

In 2010, government adopted an outcome based approach to service delivery and performance management. The health sector is responsible for the achievement of a long and healthy life for all South Africans (outcome 2). Thus, the strategic focus of the health sector over the 2011/12–2013/14 planning cycle will be on

implementing the interventions to achieve the four outputs entailed in the minister's performance agreement, and elaborated on in the negotiated service delivery agreement for 2010–2014.

These are: increasing life expectancy, reducing maternal and child mortality rates, combating HIV and AIDS and decreasing the burden of diseases from tuberculosis, and strengthening health system effectiveness. Strategies for achieving these are reflected in the relevant medium term plans of provincial health departments. To enhance its capacity to deliver on the negotiated service delivery agreement for 2010–2014, the national Department of Health has redesigned its organisational structure (and budget programme structure). The organisation's structure will consist of six programmes for the 2011/12–2013/14 planning cycle.

Savings and cost effectiveness measures

The department has identified efficiency savings of R84.2 million, R82 million and R78.6 million over the MTEF period in spending on goods and services across all programmes. The department has implemented cost saving measures and put systems in place to realise these savings with a special focus on administrative costs, foreign travel and catering. Savings on venue hire and conferencing will also be realised from completing renovations on and the recent relocation to the Civitas building. The review and alignment of the department's organisational structure, as well as focusing funding for non-governmental organisations on the new priorities outlined in the negotiated service delivery agreement 2010-2014, will contribute to the implementation of cost effective programmes. Savings of R36 million, R45 million and R54 million identified over the medium term as a result of adjusting the hospital revitalisation grant based on revised cash flow forecasts.

Selected performance indicators

Table 16.1 Health

Indicator	Programme	Past			Current 2010/11	Projections		
		2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Total number of provinces with financial improvement plans	Administration	–	–	9	9	9	9	9
Bed utilisation rate in district hospitals ¹	Primary Health Care Services	65.2%	67.8%	66.9%	54.4%	70%	75%	75%
Average length of stay in district hospital (days)	Primary Health Care Services	4.5	4.4	4.3	4.4	4	3.8	3.6
Primary health care utilisation rate: Average number of primary health care visits per person per year	Primary Health Care Services	2.4	2.4	2.5	2.5	2.6	2.8	3
Tuberculosis cure rate ²	HIV and AIDS, TB and Maternal, Child and Women's Health	60%	60%	68%	70%	75%	80%	85%
Tuberculosis treatment defaulter rate ³	HIV and AIDS, TB and Maternal, Child and Women's Health	7%	8.5%	7.9%	7%	6%	5%	5%
Number of new patients put on antiretroviral treatment per year	HIV and AIDS, TB and Maternal, Child and Women's Health	483 084	781 907	539 819	440 000	625 000	650 000	675 000
Antenatal care coverage	HIV and AIDS, TB and Maternal, Child and Women's Health	101.5%	111.8%	109.4%	100%	100%	100%	100%
National immunisation coverage rate ⁴ (children under the age of 1 year)	HIV and AIDS, TB and Maternal, Child and Women's Health	87% 899 256	92.1% 926 168	97.4% 955 485	95% 1 066 401	95% 1 066 401	95% 1 066 401	95% 1 066 401
Measles immunisation coverage rate (second dose) ⁵	HIV and AIDS, TB and Maternal, Child and Women's Health	71.2% (736 098)	78% (797 617)	90% (900 347)	95% (1 066 401)	95% (1 066 401)	95% (1 066 401)	95% (1 066 401)
Percentage of babies testing Polymerase Chain Reaction positive 6 weeks after birth out of all babies tested	HIV and AIDS, TB and Maternal, Child and Women's Health	12.3%	9.2%	10.9%	11.1%	7.5%	7%	6.5%
Percentage of facilities assessed against core standards	Health Regulation and Compliance Management	–	–	–	–	20% (866)	40% (1 733)	60% (2 600)

1. The number of beds that are occupied in district hospitals expressed as the proportion of all available bed days, calculated as the number of actual beds multiplied by the average days in a month (30.42).

2. New smear positive pulmonary tuberculosis cases that were cured as a proportion of all new smear positive pulmonary tuberculosis cases.

3. New smear positive tuberculosis cases that defaulted treatment as a proportion of all new smear positive tuberculosis cases.

4. Proportion of children in the target area under 1 year of age who completed their primary course of immunisation coverage. The denominator is influenced by estimates of the national population under the age of 1, released by Statistics South Africa.

5. Proportion of children who received their second measles dose normally at 18 months, annualised.

Expenditure estimates

Table 16.2 Health

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
R million	2007/08	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
Administration	213.6	241.0	269.9	282.1	282.1	326.1	325.3	344.4
Health Planning and Systems Enablement	88.1	120.0	142.0	135.5	124.5	160.8	178.0	189.8
HIV and AIDS, TB and Maternal, Child and Women's Health	2 414.3	3 394.4	4 923.5	6 678.6	6 668.6	8 026.5	9 377.1	11 188.2
Primary Health Care Services	639.4	703.1	775.2	711.9	699.9	730.0	143.0	150.1
Hospitals, Tertiary Services and Workforce Development	9 844.4	11 550.3	12 618.1	14 827.9	13 947.2	15 962.7	17 015.8	17 663.7
Health Regulation and Compliance Management	378.8	415.5	440.0	496.4	496.4	525.4	571.6	600.5
Total	13 578.6	16 424.5	19 168.6	23 132.5	22 218.7	25 731.6	27 610.8	30 136.7
Change to 2010 Budget estimate				1 635.5	721.7	2 023.6	1 766.1	–
Economic classification								
Current payments	728.9	916.8	1 089.7	1 173.3	1 140.3	1 209.3	1 260.0	1 322.0
Compensation of employees	258.6	292.5	333.0	385.0	385.0	424.0	465.0	492.0
Goods and services	470.3	624.3	756.7	788.3	755.3	785.3	795.0	830.0
of which:								
Advertising	30.5	16.7	95.2	106.3	102.3	77.2	92.9	102.9
Consultants and professional services:	112.6	124.5	39.0	103.0	95.0	116.2	120.8	121.6
Business and advisory services								
Inventory: Medical supplies	76.8	103.9	325.5	187.3	187.3	150.9	136.0	141.0
Travel and subsistence	88.1	125.2	67.9	111.1	100.1	114.4	119.4	122.5
Transfers and subsidies	12 827.6	15 466.1	18 065.8	21 914.2	21 033.5	24 489.3	26 316.2	28 778.2
Provinces and municipalities	12 368.6	14 988.7	17 523.8	21 363.7	20 483.0	23 947.7	25 746.5	28 175.2
Departmental agencies and accounts	301.9	315.9	335.9	355.6	355.6	361.2	377.1	397.9
Universities and technikons	0.4	0.7	0.5	1.1	1.1	1.1	1.2	1.2
Non-profit institutions	156.0	160.2	202.8	193.8	193.8	179.3	191.4	203.8
Households	0.7	0.6	2.9	–	–	–	–	–
Payments for capital assets	22.0	41.4	13.0	44.9	44.9	32.9	34.7	36.6
Buildings and other fixed structures	–	–	–	2.8	2.8	–	–	–
Machinery and equipment	21.7	41.4	11.7	42.1	42.1	32.9	34.7	36.6
Software and other intangible assets	0.3	–	1.3	–	–	–	–	–
Payments for financial assets	0.1	0.2	0.0	–	–	–	–	–
Total	13 578.6	16 424.5	19 168.6	23 132.5	22 218.7	25 731.6	27 610.8	30 136.7

Expenditure trends

Spending over the MTEF period will focus on supporting provinces and municipalities to strengthen the implementation of an effective response to HIV and AIDS through the national strategic plan for HIV and AIDS 2007–2011, building additional capacity in the provinces, and partially subsidising funding for the provision of antiretroviral treatment. The bulk of spending will be on making transfers to provinces and municipalities from the *HIV and AIDS, TB and Maternal, Child and Women's Health* and the *Hospitals, Tertiary Services and Workforce Development* programmes. Provinces will also receive support to fund costs associated with training health professionals, developing and recruiting medical specialists in under-served provinces, and strengthening undergraduate and post graduate teaching and training processes in health facilities. National Health Insurance is a key priority in the 2011/12 budget and several budget allocations are intended to support its preparatory phase.

Expenditure grew from R13.6 billion in 2007/08 to R23.1 billion 2010/11, at an average annual rate of 19.4 per cent. Over the medium term, expenditure is expected to grow to R30.1 billion, at a average annual rate of 9.2 per cent. The increase in both periods is driven largely by the transfers to provinces and municipalities.

The Budget includes new allocations of R442 million for 2011/12, R692 million for 2012/13 and R2.2 billion for 2013/14 for spending on the following policy priorities:

- R10 million per year to forensic chemistry laboratories to purchase equipment and appoint staff to address backlogs
- R10 million to the South African Health Products and Regulatory Authority to establish itself and to deal with the medicine registration backlogs. (This is a once off payment, based on the understanding that the agency will generate and retain its own revenue going forward.)
- R10 million, R20 million and R10 million to the Office of Standards Compliance and Quality Assurance to establish itself and to support its inspectorate, certificate of compliance and ombudsman functions
- R30 million additional per year to progressively increase the distribution of condoms bringing the total to R130 million in 2011/12
- R21 million, R17 million and R13 million for infrastructure management and private public partnerships to build capacity in the department to oversee the hospital revitalisation projects and to support planning and transaction advisor costs for large private public partnership projects
- R5 million, R7 million, and R9 million for health technology to support provincial upgrading of engineering workshops and equipment audits and to develop equipment packages and systems for health technology
- R5 million per year for the national health insurance to support development work and projects including the ministerial advisory committee
- R4 million in 2011/12 and 2012/13, and R5 million in 2013/14 to develop improved hospital tariff schedules for use by provinces and the Road Accident Fund, including an improved uniform patient fee structure, Road Accident Fund reimbursements and tariff structure, and developing a diagnosis related groups system
- R9 million, R5 million and R5 million to nursing colleges to plan and coordinate the second phase of upgrading, recapitalising and maintaining nursing colleges following the infrastructure audit
- R5 million per year for health information systems to support national workgroup investigations of new patient based IT systems and to propose next steps in IT infrastructure to support the district health information system
- R3 million, R5 million and R7 million for the Health Systems Trust to support health systems research activities, including the annual health review and district health barometer
- R2 million per year to publish standardised annual health statistics in the new annual health statistics publication to facilitate performance auditing and better inform the public and health service providers
- R5 million, R6 million and R7 million for the Compensation Commissioner for Occupational Diseases to address backlogs in compensation, improve systems and address problems identified in audit reports
- R2 million, R3 million and R4 million to monitor and support provinces to stabilise provincial finances and improve audit outcomes
- R60 million in 2011/12 and 2012/13, and R1.4 billion in 2013/14 for the HIV and AIDS conditional grant for the rapidly growing treatment programme and to strengthen prevention programmes including R60 million per year for male circumcision
- R250 million, R500 million and R750 million for the national tertiary services conditional grant to support public hospitals to achieve norms and standards partly in preparation for the national health insurance and to implement standards and guidelines of the Office of Standards Compliance and Quality Assurance, as well as to address differential costs of occupation specific dispensation for doctors.

The ratio of administrative costs to line function programme costs is 1:100 in 2010/11.

Infrastructure spending

The previous infrastructure grant to provinces has been subdivided into its functional components. R1.7 billion, R1.8 billion and R1.9 billion over the MTEF period, which make up the previous grant's health component, has been added as a new conditional grant in the department. This grant has helped to fund health infrastructure such as primary health care, maintenance and smaller hospital projects.

Allocations for the hospital revitalisation grant over the MTEF period are R4.1 billion, R4.3 billion and R4.1 billion. The department has started with the planning and design phase for five flagship private public partnership projects for the following hospitals: Chris Hani Baragwanath, Garankuwa, King Edward VII, Polokwane and Eastern Cape academic complex.

Personnel information

The department's organogram structure has been revised. The number of personnel employed is currently 1 249. The filling of vacant posts was affected by envisaged restructuring as well as limited funding. Provision has been made in the medium term to address the vacancy rate with technical staff and other administrative critical posts, based on identified priorities aligned with the service delivery agreement.

Departmental receipts

The main source of revenue is from fees for registration of medicines by the South African Health Products Regulatory Authority. Modern technological advancements such as an electronic document management system are being introduced to enhance the efficiency of the authority. Efficient information systems will also enhance the agency's ability to effectively generate, record and account for its own revenue. To achieve this going forward, substantial investments are required in the development stages of this regulatory institution.

Table 16.3 Departmental receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2007/08	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
Departmental receipts	41 193	31 188	45 190	31 457	31 457	32 776	32 919	36 211
Sales of goods and services produced by department	39 447	29 676	38 355	30 451	30 451	31 766	32 265	35 492
Sales of scrap, waste, arms and other used current goods	67	71	57	84	84	88	92	101
Interest, dividends and rent on land	297	249	1 012	252	252	252	263	289
Transactions in financial assets and liabilities	1 382	1 192	5 766	670	670	670	299	329
Total	41 193	31 188	45 190	31 457	31 457	32 776	32 919	36 211

Programme 1: Administration

Expenditure estimates

Table 16.4 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
R million							
Ministry ¹	17.5	22.6	22.1	28.8	31.7	32.6	34.3
Management	19.7	22.9	20.6	24.7	37.2	38.5	40.3
Corporate Services	125.1	133.0	159.6	148.2	156.3	151.8	159.9
Office Accommodation	38.2	41.6	46.4	51.6	55.3	58.8	61.7
Financial Management	13.1	21.1	21.2	28.8	45.5	43.6	48.2
Total	213.6	241.0	269.9	282.1	326.1	325.3	344.4
Change to 2010 Budget estimate				17.3	26.2	(5.6)	–

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

Economic classification

	206.1	218.5	265.6	264.0	318.0	316.8	335.0
Current payments							
Compensation of employees	75.6	86.7	100.5	114.4	121.2	128.5	134.9
Goods and services	130.6	131.8	165.1	149.6	196.8	188.3	200.1
of which:							
Advertising	10.2	7.2	15.6	7.0	7.4	7.4	7.8
Consultants and professional services:	4.9	2.8	2.7	3.8	10.3	10.4	14.1
Business and advisory services							
Travel and subsistence	30.6	28.5	15.7	24.1	24.3	25.1	25.1

Table 16.4 Administration (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Economic classification							
Transfers and subsidies	0.4	0.4	0.4	0.4	0.4	0.5	0.5
Departmental agencies and accounts	0.3	0.3	0.3	0.4	0.4	0.5	0.5
Households	0.2	0.1	0.0	–	–	–	–
Payments for capital assets	7.0	22.0	4.0	17.8	7.7	8.0	8.9
Buildings and other fixed structures	–	–	–	2.8	–	–	–
Machinery and equipment	7.0	22.0	3.9	15.0	7.7	8.0	8.9
Software and other intangible assets	0.0	–	0.1	–	–	–	–
Payments for financial assets	0.0	0.1	0.0	–	–	–	–
Total	213.6	241.0	269.9	282.1	326.1	325.3	344.4

Expenditure trends

Expenditure grew from R214 million in 2007/08 to R282 million in 2010/11, at an average annual rate of 9.7 per cent. Over the medium term, expenditure is expected to grow to R344 million, at an average annual rate of 6.9 per cent. The bulk of the increase in both periods goes towards filling critical vacant management and administrative posts, as well as for spending on goods and services related to high audit fees, communication, property leases, and travel and subsistence.

Programme 2: Health Planning and Systems Enablement

- *Technical Policy and Planning* provides advisory and strategic technical assistance on policy and planning and supports policy implementation. This subprogramme has a staff complement of 15 and a total budget of R16.8 million, of which 89 per cent is used for compensation of employees. In 2011/12, improved guidelines for health planning and budgeting through all levels of the healthcare system will be developed and implemented. A national health information warehouse is being developed in the national Department of Health, which will support health planning and the implementation of the national health insurance.
- *Health Information Management, Monitoring and Evaluation* develops and maintains a national health information system, and commissions and coordinates research. This entails the development and implementation of disease surveillance programmes, the coordination of health research and monitoring and evaluation of strategic health programmes. This subprogramme has a staff complement of 59 and a budget of R38.5 million, of which 40 per cent is used for compensation of employees. An integrated system to monitor the implementation of annual performance plans and identify risks at national, provincial and district level will be developed and piloted in 2011/12.
- *Sector Procurement Policy* provides rules and regulations that are set in place to govern the process of acquiring goods and services required by the sector. A central procurement authority is being established to improve efficiency of procurement systems. This subprogramme has a staff complement of 53 and a total budget of R18.6 million, of which 29 per cent is used for compensation of employees. Over the medium term, 30 per cent of licensed medicine prescribers will be inspected each year for compliance with the relevant legislation.
- *Financial Planning and Health Economics* undertakes health economics research, develops policy for medical schemes and public private partnerships, and provides technical oversight for the Council for Medical Schemes. This subprogramme has a staff complement of 53 and a total budget of R21.9 million, of which 29 per cent is used for compensation of employees. In 2010/11, the department started developing a national revenue model for the improvement of revenue collection and retention at national and provincial level. It is envisaged that the model will be finalised during 2011/12 and implemented in three Provinces.
- *National Health Insurance* develops and implements policies, legislation and frameworks for the expansion of health insurance to the broader population; and oversees the coordination of research into alternative health care financing mechanisms for achieving universal health coverage. This subprogramme has a staff

complement of 6 and a total budget of R8 million, of which 30 per cent is used for compensation of employees and 59 per cent for goods and services. In 2010/11, the draft national health insurance policy proposal document was submitted to Cabinet for consideration, after which an interministerial committee was established. A revised policy document has been developed and will be resubmitted to Cabinet in 2011/12. The department is also in the process of preparing enabling legislation for establishing the National Health Insurance Fund, to be submitted to Cabinet before December 2011. An additional R15 million has been made available over the MTEF period to strengthen this subprogramme.

- *International Relations* develops and implements bilateral and multilateral agreements to strengthen the health system, including agreements on the recruitment of health workers from other countries, and provides technical capacity to South Africa in fields such as health technology management and surveillance systems. The department is establishing mechanisms for the implementation of cross border projects on malaria, HIV and AIDS, tuberculosis, and other communicable diseases to ensure that communities in border areas have access to quality health services. These mechanisms will be finalised in April 2011 and implemented in 2011/12 in 5 provinces that share borders with other Southern African Development Community (SADC) member states.

Objectives and measures

- Facilitate and coordinate evidence based planning for all levels of the health care system, aligned to the health sector's 10-point plan and negotiated service delivery agreement, by implementing the revised guidelines for planning by the end of 2011/12.
- Develop and implement an integrated monitoring and evaluation system, aligned to outcomes contained in the negotiated service delivery agreement, by the end of 2011/12.
- Monitor HIV and syphilis prevalence by conducting the 2011 national HIV survey in October and November 2011 and publishing the reports of the 2010 national HIV survey by August 2011.
- Improve access to essential medicines by maintaining less than 3 per cent out-of-stock levels of drugs on the essential drugs list, tuberculosis drugs and antiretroviral medicines.
- Contribute to the establishment of the national health insurance to provide a universal coverage health financing system with improved balance between public and private sources by:
 - developing policy proposals for implementation over a 14-year phased period
 - submitting legislation for the establishment of the National Health Insurance Fund to Cabinet by December 2011.
- Strengthen African countries' health systems and improve health outcomes by promoting, implementing, coordinating and monitoring bilateral and multilateral agreements between SADC states, African Union member states, international organisations and partners on an ongoing basis.

Expenditure estimates

Table 16.5 Health Planning and Systems Enablement

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
R million							
Technical Policy and Planning	–	–	–	–	16.8	29.9	35.1
Health Information Management, Monitoring and Evaluation	25.6	27.7	39.5	30.6	38.5	39.6	41.4
Sector Procurement Policy	14.4	13.9	15.2	15.5	18.6	19.2	20.2
Financial Planning and Health Economics	10.2	15.6	50.7	35.9	21.9	22.6	23.4
National Health Insurance	1.2	1.4	1.7	2.8	8.0	8.1	8.2
International Relations	36.7	61.5	35.0	50.7	57.1	58.6	61.6
Total	88.1	120.0	142.0	135.5	160.8	178.0	189.8
Change to 2010 Budget estimate				(14.6)	(1.0)	6.9	–

Table 16.5 Health Planning and Systems Enablement (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Economic classification							
Current payments	86.5	117.7	108.8	129.0	157.5	174.4	186.0
Compensation of employees	38.1	44.7	48.8	59.8	71.5	87.4	95.5
Goods and services	48.4	73.0	60.0	69.3	85.9	87.0	90.5
of which:							
Advertising	–	1.2	0.7	0.8	1.8	1.2	1.3
Consultants and professional services:	5.8	2.9	6.2	7.1	18.8	19.1	19.7
Business and advisory services							
Travel and subsistence	13.9	33.2	11.0	21.8	25.3	25.7	26.9
Transfers and subsidies	0.6	0.4	30.4	0.4	0.4	0.5	0.5
Provinces and municipalities	–	–	30.0	–	–	–	–
Departmental agencies and accounts	0.4	0.4	0.4	0.4	0.4	0.5	0.5
Households	0.2	0.0	0.1	–	–	–	–
Payments for capital assets	1.0	1.9	2.8	6.1	2.9	3.2	3.4
Machinery and equipment	0.9	1.9	1.9	6.1	2.9	3.2	3.4
Software and other intangible assets	0.0	–	0.9	–	–	–	–
Total	88.1	120.0	142.0	135.5	160.8	178.0	189.8
Details of selected transfers and subsidies							
Provinces and municipalities							
Provinces							
Provincial Revenue Funds							
Current	–	–	30.0	–	–	–	–
2010 World Cup health preparatory strategy grant	–	–	30.0	–	–	–	–

Expenditure trends

Spending over the MTEF period will be mainly in the *Health Information Management, Monitoring and Evaluation*, *Financial Planning and Health Economics* and *International Relations* subprogrammes.

Expenditure has grown from R88.1 million in 2007/08 to R135.5 million in 2010/11. Over the medium term, expenditure is expected to grow to R189.8 million. The bulk of the increased expenditure will go to strengthening health planning in consultation with all the nine provincial departments to ensure that there is one national health system and strengthening monitoring and evaluation systems across the country to ensure credible health information in preparation for the national health insurance.

Programme 3: HIV and AIDS, TB, and Maternal, Child and Women's Health

- *HIV and AIDS and TB* develops national policy and administers national HIV and AIDS and sexually transmitted infections programmes, including coordinating the implementation of the HIV and AIDS and tuberculosis plans and related conditional grant. This subprogramme has a staff complement of 81 and a total budget of R8 billion, of which 98 per cent is transferred to provinces. In 2010/11, 4.5 million female and over 450 million male condoms were distributed at a cost of R108 million. Over the medium term, the aim is to increase condom distribution to 1 billion male and over 6 million female condoms per year. By the end of November 2010, 1.27 million patients were on antiretroviral therapy at a cost of R5.5 billion. The 2009 antenatal care survey reflected that the occurrence of HIV infection stabilised at around 29.4 per cent among pregnant women.
- *Maternal, Child and Women's Health* monitors policies, guidelines, and norms and standards for maternal, child and youth, and women's health. This subprogramme has a staff complement of 55 and a total budget of R51.7 million, of which 32 per cent is used for compensation of employees and 64 per cent for goods and services. In 2010/11, voluntary counselling and testing, and the prevention of mother to child transmission services were provided in more than 95 per cent of health facilities countrywide at a cost of R122.6 million.

The department will continue to implement key initiatives to reduce maternal and child morbidity and mortality as outlined in the strategic plan for maternal, neonatal, child and women's health for South Africa 2008 to 2013. A mass immunisation campaign was held in 2010/11.

Objectives and measures

- Scale up the combination of prevention interventions to reduce new HIV infections by:
 - increasing provision of male condoms to 1 billion a year and female condoms to 6 million a year
 - expanding provision of circumcision services to reach 500 000 eligible males per year
 - underpinning the prevention strategies by provider initiated HIV counselling and testing to reach 10 million people per year.
- Improve the quality of life of people living with HIV and AIDS by providing an appropriate package of care, treatment and support services to at least 80 per cent of this target group and their families by 2014.
- Reduce infant, child and youth morbidity and mortality by:
 - improving immunisation coverage from 88 per cent in 2009/10 to 95 per cent in 2011/12
 - increasing the percentage of pregnant women who are tested for HIV from 80 per cent in 2009/10 to 95 per cent in 2011/12
 - ensuring that all districts achieve more than 90 per cent full immunisation coverage by 2011/12.
- Reduce maternal mortality by ensuring that 100 per cent of institutions implement the recommendations from the Saving Mothers Saving Babies report by March 2012.
- Reduce the burden of tuberculosis and increase the national tuberculosis cure rate from 68 per cent in 2008 to 75 per cent in 2012 through intensified case finding, improving infection control and ensuring treatment adherence.

Expenditure estimates

Table 16.6 HIV and AIDS, TB and Maternal, Child and Women's Health

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R million	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
HIV and AIDS and TB	2 394.3	3 370.9	4 868.0	6 620.7	7 974.8	9 344.1	11 153.6
Maternal, Child and Women's Health	20.0	23.5	55.4	57.9	51.7	32.9	34.6
Total	2 414.3	3 394.4	4 923.5	6 678.6	8 026.5	9 377.1	11 188.2
Change to 2010 Budget estimate				101.8	15.4	28.8	–

Economic classification

Current payments	254.3	350.9	345.7	433.4	357.6	366.5	385.0
Compensation of employees	36.2	39.1	43.5	49.6	54.7	57.5	60.4
Goods and services	218.1	311.8	302.2	383.8	302.9	309.0	324.6
of which:							
Advertising	15.7	1.8	76.6	93.0	61.9	77.6	86.7
Consultants and professional services:	92.2	103.8	4.9	9.5	8.8	9.8	10.0
Business and advisory services							
Inventory: Medical supplies	76.1	103.3	181.2	186.5	150.0	135.0	140.0
Travel and subsistence	20.5	27.1	17.7	30.5	26.9	29.1	29.5
Transfers and subsidies	2 158.8	3 043.0	4 576.8	6 241.2	7 664.7	9 006.2	10 798.5
Provinces and municipalities	2 006.2	2 885.4	4 376.1	6 051.8	7 493.0	8 824.6	10 606.7
Universities and technikons	0.4	0.7	0.5	1.1	1.1	1.2	1.2
Non-profit institutions	152.1	156.6	198.1	188.4	170.6	180.4	190.6
Households	0.1	0.2	2.0	–	–	–	–
Payments for capital assets	1.2	0.6	1.0	4.0	4.2	4.5	4.7
Machinery and equipment	1.2	0.6	1.0	4.0	4.2	4.5	4.7
Total	2 414.3	3 394.4	4 923.5	6 678.6	8 026.5	9 377.1	11 188.2

Table 16.6 HIV and AIDS, TB and Maternal, Child and Women's Health (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Details of selected transfers and subsidies							
Provinces and municipalities							
Provinces							
Provincial Revenue Funds							
Current	2 006.2	2 885.4	4 376.1	6 051.8	7 493.0	8 824.6	10 606.7
Comprehensive HIV and AIDS Grant	2 006.2	2 885.4	4 376.1	6 051.8	7 493.0	8 824.6	10 606.7
Non-profit institutions							
Current	152.1	156.6	198.1	188.4	170.6	180.4	190.6
Lifeline	15.0	16.0	–	12.2	13.0	13.6	14.3
Lovelife	40.0	55.0	–	77.4	62.0	66.1	70.4
Soul City	17.0	14.0	–	17.0	13.0	13.9	14.8
Maternal Child and Women's Health: NGOs	0.6	–	0.6	1.1	1.2	1.3	1.3
HIV and AIDS: NGOs	53.6	58.1	193.8	65.1	69.0	72.5	76.1
Tuberculosis: NGOs	2.9	3.5	3.7	3.9	–	–	–
South Africa AIDS Vaccine Initiative	23.0	10.0	–	11.7	12.4	13.0	13.6

Expenditure trends

The spending focus over the MTEF period will be on strengthening HIV and AIDS prevention programmes.

Expenditure has grown from R2.4 billion in 2007/08 to R6.7 billion in 2010/11, at an average annual rate of 40.4 per cent. This was done equitably on the basis of the burden from the disease that each province carries and progress on treatment uptake. Over the medium term, expenditure is expected to increase to R11.2 billion, at an average annual rate of 18.8 per cent. Growth between 2007/08 and 2010/11 is mostly due to transfers to provinces for the HIV and AIDS conditional grant, which has increased as a result of higher numbers of new patients being placed on antiretroviral treatment. The growth over the medium term is partly due to additional funding of R60 million in 2011/12 and 2012/13, and R1.4 billion in 2013/14 for the HIV and AIDS conditional grant to provinces. The additional grants are to allow the provinces to significantly expand access to antiretroviral treatment, implement the HIV counselling and testing campaign, and initiate the male circumcision programme.

Programme 4: Primary Health Care Services

- *District Health Services* promotes, coordinates and institutionalises the district health system, integrates the implementation of programmes, including health promotion and environmental health at all levels of the health care system including community based services, and ensures that there are norms and standards for all aspects of primary health care. This subprogramme has a staff complement of 43 and a total budget of R23.6 million, of which 30 per cent is used for compensation of employees and 68 per cent for goods and services. In 2011/12, the following outputs will be achieved: the policy for the implementation of the district health system will be revised; the revision of the primary health care model will be completed; and the first phase of implementing the family health teams will commence. It is planned that 50 primary health care outreach teams, consisting of professional nurses, enrolled nurses and community health workers, will be deployed in different wards across the country, each serving about 1 500 families (estimated 6 000 people). District support teams will be established with medical specialists.
- *Communicable Diseases* develops policies and supports provinces to ensure the control of infectious diseases, and supports the National Institute of Communicable Diseases. This subprogramme has a staff complement of 68 and a total budget of R14.5 million, of which 52 per cent is used for compensation of employees. The target over the medium term is to reduce the incidence of local malaria cases from 0.66 to 0.56 per 1 000 population at risk in endemic provinces. In 2011/2012, the subprogramme will develop: a monitoring and evaluation plan, a malaria active case detection guidelines, and a baseline survey for the

malaria cross border initiatives. Furthermore, the national malaria programme will be redirected towards malaria elimination through enhanced collaboration with countries, such as Botswana, Mozambique, Swaziland and Zimbabwe. Coordinates outbreak response activities such as Cholera and rift valley fever.

- *Non-Communicable Diseases* establishes policy, legislation and guidelines; and assists provinces in implementing and monitoring chronic diseases, disability, elderly people, eye care, oral health, mental health and substance abuse, injury prevention, organ transplantation and forensic pathology services. Diabetes and hypertension advocacy and screening campaigns will be conducted to promote healthy lifestyles. This subprogramme is also responsible for the funding of forensic pathology conditional grant that is transferred to provinces. It has a total budget of R669.5 million, of which 88 per cent is transferred to provinces. In 2010/11, the mini drug master plan was developed. This will be implemented in phases over the medium term in conjunction with other government departments. The department will continue to support provinces in implementation of the long term care model. Moreover, chronic care, whether from communicable or non-communicable causes, will be aligned wherever possible. In particular, a single chronic care model will be rolled out in three districts in 2011/12.
- *Health Promotion and Nutrition* formulates and monitors policies, guidelines, and norms and standards for health promotion and nutrition. This subprogramme has a staff complement of 33 and a total budget of R22 million, of which 36 per cent is used for compensation of employees and 58 per cent is used for goods and services. In support of the refocus of health interventions towards prevention and promotion, the department is in the process of finalising an integrated health promotion policy and strategy. This work will continue in 2011/12 with the development and finalisation of an implementation plan.

Objectives and measures

- Eliminate malaria by 2018 by reducing local transmission to zero per 1 000 population at risk through the implementation of the malaria elimination strategy which has been implemented in prior years.
- Prevent and manage non-communicable diseases by implementing the chronic care model and strengthening the implementation of the long term care model for diabetes over the MTEF period.
- Improve community participation in supporting the delivery of primary health care services by 2011/12 by establishing governance structures in which members will be elected by communities to represent their interests, in line with the National Health Act (2003).
- Improve primary health care services by conducting a comprehensive primary health care audit by January 2012 focusing on the implementation of the primary health care package, health infrastructure, human resources, and some elements of health technology.
- Start up and entrench enhanced community based services in each district by establishing 54 family health teams in all 9 provinces by 2011/12 and deploying them in different wards to serve about 1 500 families (estimated 6 000 people) per team, thus contributing to the continuum of care and ensuring that patients who require home based care are taken care of and that the community is educated about their health.
- Improve health outcomes through ensuring that 52 district health plans are used for planning, monitoring and reporting and programme implementation by providing direct and indirect support to the district management teams in the process of developing their district health plans, which will be received from the districts by the end of February 2012.
- Establish programme for injuries and violence including road accidents.

Expenditure estimates

Table 16.7 Primary Health Care Services

Subprogramme				Adjusted appropriation	Medium-term expenditure estimate		
R million	Audited outcome			2010/11			
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
District Health Services	7.9	11.7	11.6	46.4	23.6	20.5	21.8
Communicable Diseases	5.3	8.1	204.2	17.0	14.5	15.1	15.8
Non-Communicable Diseases	607.6	656.8	548.1	628.3	669.5	84.2	88.2
Health Promotion and Nutrition	18.7	26.6	11.3	20.2	22.5	23.2	24.3
Total	639.4	703.1	775.2	711.9	730.0	143.0	150.1
Change to 2010 Budget estimate				16.6	(3.9)	(622.2)	–
Economic classification							
Current payments	72.0	92.6	218.7	139.6	123.4	126.0	132.5
Compensation of employees	36.8	42.4	47.5	54.6	58.5	62.4	65.5
Goods and services	35.3	50.2	171.2	85.1	65.0	63.6	67.0
of which:							
Advertising	3.6	5.1	1.5	4.2	5.1	5.5	5.8
Consultants and professional services: Business and advisory services	2.5	1.5	3.0	35.2	13.1	9.7	10.1
Inventory: Medical supplies	0.7	0.5	144.3	0.7	0.7	0.9	0.9
Travel and subsistence	8.9	15.0	7.1	13.6	13.6	13.8	14.3
Transfers and subsidies	556.3	596.0	553.8	559.5	593.0	2.8	2.9
Provinces and municipalities	551.8	594.5	551.9	557.0	590.4	–	–
Departmental agencies and accounts	3.0	0.4	–	–	–	–	–
Non-profit institutions	1.4	1.0	1.9	2.5	2.6	2.8	2.9
Households	0.1	0.2	0.0	–	–	–	–
Payments for capital assets	11.1	14.5	2.7	12.8	13.6	14.3	14.7
Machinery and equipment	10.9	14.5	2.4	12.8	13.6	14.3	14.7
Software and other intangible assets	0.2	–	0.3	–	–	–	–
Total	639.4	703.1	775.2	711.9	730.0	143.0	150.1
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	3.0	0.4	–	–	–	–	–
Human Science Research Council	3.0	0.4	–	–	–	–	–
Provinces and municipalities							
Provinces							
Provincial Revenue Funds							
Current	551.8	594.5	551.9	557.0	590.4	–	–
Cholera conditional grant	–	–	50.0	–	–	–	–
Forensic pathology services conditional grant	551.8	594.5	501.9	557.0	590.4	–	–

Expenditure trends

Spending over the MTEF period will be focused on the *Communicable Diseases*, *Non-Communicable Diseases*, *District Health Services* and *Health Promotion and Nutrition* subprogrammes.

Expenditure grew from R639.4 million in 2007/08 to R711.9 million in 2010/11. The growth was driven mostly by expenditure in the *Non-Communicable Diseases* subprogramme for the forensic pathology conditional grant, which grew to facilitate the relocation of forensic mortuaries from the South African Police Service, for the refurbishment of infrastructure at these mortuaries, and, where required, construction of new mortuaries. Over the medium term, spending is expected to decrease to R150.1 million. The decrease is due to shifting the forensic pathology conditional grant from this programme into the provincial equitable share in 2012/13

(R620 million in 2012/13 and R654 million in 2013/14). Provinces will continue funding the grant after the handover period, which began in 2005/06.

Programme 5: Hospital, Tertiary Services and Workforce Development

- *Health Facilities Infrastructure Management* focuses on enabling provinces to plan, manage, modernise, rationalise and transform infrastructure, health technology, hospital management and improvement of the quality of care in line with national policy objectives. This subprogramme is responsible for funding the conditional grant for the revitalisation of hospitals and the new health infrastructure grant. It has a total budget of R5.9 billion, of which 99 per cent is transferred to provinces. In 2010/11, there were over 2 200 individual infrastructure related projects (valued at R9 billion) recorded in the health sector, including 417 projects as part of the hospital revitalisation programme. The department will continue with the planning and design phase for five flagship tertiary hospital projects to be implemented through private public partnerships. From 2011/12, the hospital revitalisation grant and health infrastructure grant will be managerially integrated with the department.
- *National Tertiary Services Management* focuses on developing credible, long term provision of tertiary and high quality specialised services in a modernised and reconfigured manner; and identifies tertiary and regional hospitals that should serve as centres of excellence for disseminating quality improvements. The subprogramme is responsible for the management of national tertiary services grant. The purpose of the grant is to provide strategic funding to enable provinces to plan, modernise, rationalise and transform the tertiary hospital services platform in line with national policy objectives, including access and equity. The subprogramme has total budget of R8.1 billion, of which 99 per cent is transferred to provinces.
- *Hospital Management* deals with national policy on hospital and emergency medical services by focusing on developing an effective referral system to ensure clear delineation of responsibility by level of care, clear guidelines for referral and improved communication, and development of specific detailed hospital plans. This subprogramme has a staff complement of 5 and a total budget of R12.3 million, of which 57 per cent is used for compensation of employees. Quality improvement plans for hospitals focusing on the following priority areas have been developed and implemented in 56 hospitals. This will be expanded to 289 hospitals in the MTEF period.
- *Human Resources Policy Research and Planning* is responsible for medium to long range human resources planning in the national health system. This entails implementing the national human resources for health plan, facilitating capacity development for sustainable health workforce planning, and developing and implementing human resources information systems for planning and monitoring purposes. This subprogramme has a staff complement of 57 and a total budget of R9.6 million, of which 55 per cent is used for compensation of employees. The work on the development of revised national human resources for the health plan commenced started in the current financial year. It is envisaged that the revised plan will be finalised and published in 2011/12.
- *Sector Labour Relations and Planning* supports negotiations and collective bargaining; and the prevention, management and resolution of disputes and labour unrest in the Public Health and Social Development Sectoral Bargaining Council. This subprogramme has a staff complement of 8 and a total budget of R4 million, of which 68 per cent is used for compensation of employees. The focus has been on improving conditions of service, productivity and motivation of health care workers. In October 2010, the occupation specific dispensation for allied health professionals in the medical, diagnostic and therapeutic services was accepted and signed by the majority of trade unions in the bargaining council.
- *Health Human Resources and Workforce Management and Development* is responsible for developing sector specific strategic workforce management and development policies, including the development and introduction of new health professional categories, clinical in-service training programmes and coordinating and harmonising sector specific employment policies and practices. This subprogramme funds the health professions training and development conditional grant. It has a budget total of R2 billion in 2011/12, of which 99 per cent is transferred to provinces. In 2009/10, the clinical associate programme entered its second academic year at three universities, namely Walter Sisulu University, University of Pretoria and

University of the Witwatersrand. 106 students are currently enrolled in the programme, with 23 graduating from Walter Sisulu University in May 2011 and 83 are expected to graduate at the end of 2011.

Objectives and measures

- Accelerate the delivery of health infrastructure by:
 - developing and implementing a national infrastructure plan in conjunction with provincial infrastructure units by March 2012
 - developing and applying health infrastructure norms and standards for all levels of health services at all stages of the development cycle over the MTEF period
 - conducting cost modelling for all components and levels of health facilities for various applications, including capital and upkeep planning over the MTEF period
 - establishing a projects management information system for project and programme monitoring and oversight by March 2012
 - establishing project management units supporting the technical professional capacity of provinces for infrastructure service delivery by March 2012.
- Contribute to the improvement of the quality of health professionals by:
 - implementing programmes for the production of new health professional categories for mid-level workers, including clinical associates, emergency care practitioners and community health workers
 - increasing the number of nurses trained in comprehensive care management and the treatment of HIV and AIDS (including nurse initiated treatment) from 219 by the end of March 2010 to 6 000 by the end of March 2012.
- Revised training curricula for nursing education and to improve nursing practice, leadership and governance.
- Collaborate with higher education authorities to increase number of medical graduates.

Expenditure estimates

Table 16.8 Hospitals, Tertiary Services and Workforce Development

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R million	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Health Facilities Infrastructure	2 901.7	3 702.7	4 199.7	5 522.5	5 877.1	6 193.5	6 024.2
Management							
National Tertiary Services Management	5 321.7	6 134.8	6 616.4	7 398.9	8 052.2	8 692.3	9 392.8
Hospital Management	7.4	7.5	8.1	9.1	12.3	12.6	13.2
Human Resource Policy Research and Planning	3.9	7.5	17.2	8.9	9.6	10.0	10.5
Sector Labour Relations and Planning	2.0	2.9	3.5	4.0	4.3	4.5	4.8
Health Human Resources and Workforce Management and Development	1 607.7	1 695.0	1 773.3	1 884.7	2 007.2	2 102.8	2 218.1
Total	9 844.4	11 550.3	12 618.1	14 827.9	15 962.7	17 015.8	17 663.7
Change to 2010 Budget estimate				1 489.5	1 955.5	2 309.2	–
Economic classification							
Current payments	33.1	41.2	50.7	71.7	97.1	92.5	93.7
Compensation of employees	19.4	23.7	28.5	31.0	36.4	38.2	40.1
Goods and services	13.8	17.5	22.2	40.7	60.6	54.3	53.6
of which:							
Advertising	0.1	0.5	0.2	0.7	0.7	0.7	0.8
Consultants and professional services:	1.7	0.2	10.5	23.1	33.0	25.3	22.4
Business and advisory services							
Travel and subsistence	5.1	6.3	4.5	7.9	10.9	11.3	11.9
Transfers and subsidies	9 810.6	11 508.8	12 565.9	14 755.0	15 864.3	16 921.9	17 568.6
Provinces and municipalities	9 810.6	11 508.8	12 565.8	14 755.0	15 864.3	16 921.9	17 568.6
Households	0.0	0.0	0.1	–	–	–	–
Payments for capital assets	0.6	0.4	1.5	1.2	1.3	1.4	1.4
Machinery and equipment	0.6	0.4	1.5	1.2	1.3	1.4	1.4
Total	9 844.4	11 550.3	12 618.1	14 827.9	15 962.7	17 015.8	17 663.7

Table 16.8 Hospitals, Tertiary Services and Workforce Development (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Details of selected transfers and subsidies							
Provinces and municipalities							
Provinces							
Provincial Revenue Funds							
Current	8 994.7	10 548.8	11 363.4	13 284.1	14 162.5	15 100.9	15 647.4
Health professional training conditional grant	1 596.2	1 679.1	1 759.8	1 865.4	1 977.3	2 076.2	2 190.4
National tertiary services grant	5 321.2	6 134.1	6 614.4	7 398.0	8 048.9	8 688.8	9 389.2
Hospital revitalisation grant	2 077.3	2 735.6	2 989.1	4 020.7	4 136.3	4 335.9	4 067.9
Capital	815.9	960.0	1 202.4	1 470.9	1 701.9	1 821.0	1 921.1
Health infrastructure grant	815.9	960.0	1 202.4	1 470.9	1 701.9	1 821.0	1 921.1

Expenditure trends

The spending focus over the MTEF period will be on the health infrastructure planning across the provinces as well as the strengthening of tertiary services.

Expenditure has grown from R9.8 billion in 2007/08 to R14.8 billion in 2010/11. The growth was mainly in transfers and subsidies to the infrastructure grant to provinces.

Over the medium term, spending is expected to increase to R17.7 billion. Additional allocations of R250 million, R500 million and R750 million over the medium term were made for the national tertiary services grant to support public hospitals' preparation for the national health insurance and to implement the standards and guidelines of the Office of Standards Compliance.

Programme 6: Health Regulation and Compliance Management

- *Food Control and Regulation* regulates foodstuffs and non-medical health products to ensure food safety by developing and implementing food control policies, norms and standards, and regulations. This subprogramme has a staff complement of 25 and a total budget of 7.8 million, of which 62 per cent is used for compensation of employees. In 2011/12, the department will develop, finalise and publish 5 regulations in line with the relevant provisions of the Foodstuffs, Cosmetics and Disinfectants Act (1972).
- *Public Entities Management* provides policy frameworks for health public entities with regard to planning, budgeting procedures, financial reporting and oversight, ownership, governance, remuneration and accountability. This subprogramme has a total budget of R364.9 million, of which 99 per cent is transferred to the different public entities. The department is in the process of developing a policy framework for the management of public entities and expects it to be finalised in 2011/12.
- *Office of Standards Compliance* deals with quality assurance, compliance with national standards and patient complaints; and radiation control. This subprogramme has a staff complement of 15 employees and a total budget of R41.2 million, of which 55 per cent is used for compensation of employees. In 2011/12, new policies relating to the legislative amendment governing the establishment and functioning of the Office of Standards Compliance and relevant regulations are anticipated to be implemented.
- *Compensation Commissioner for Occupation Diseases* is responsible for the payment of benefits to active and ex-miners who have been diagnosed with lung related diseases as a result of the risky work they have performed in the mines or classified works. This subprogramme has a staff complement of 55 employees and a total budget of R18.1 million, of which 31 per cent is used for compensation of employees and 50 per cent is used for goods and services. This subprogramme contains only administrative costs.
- *Occupational Health* regulates and increases access to benefit medical examinations for ex-mine workers at the Medical Bureau for Occupational Diseases and improves the quality of occupational health services for mines and the health sector. This subprogramme has a staff complement of 12 and a total budget of R22.1 million, of which 67 per cent is used for compensation of employees. The subprogramme will

continue to improve access to benefit medical examinations for ex-mine workers in designated public hospitals. The 2011/12 target is 26 000 ex-mineworkers.

- *Pharmaceutical Trade and Product Regulation* regulates the procurement of medicines and pharmaceutical supplies, and regulates and provides the oversight of trade in health products to ensure access to safe and affordable medicines. This subprogramme has a staff complement of 147 employees and a total budget of R71.3 million, of which 46 per cent is used for compensation of employees. In 2011/12, the department will develop and finalise the organisational design changes, the changes to the registration processes as well as the changes to the fee structures in relation to the transition towards the new South African Health Products Regulation Agency.

Objectives and measures

- Improve the registration of medicines and reduce the time taken to reach the market through reducing the backlog on medicine registrations by building in-house capacity, training and aggressively recruiting evaluators, managing clinical trials and performing inspections on an ongoing basis.
- Improve oversight of the registration of pharmaceutical and related products by establishing the Pharmaceutical and Related Product Regulation and Management Authority in 2011/12.
- Improve the quality of health services by establishing an independent Office of Standards Compliance as a national quality certification body by 2012.
- Improve access to occupational health services by increasing the number of comprehensive occupational health units in district hospitals to 100 in 2011/12.

Expenditure estimates

Table 16.9 Health Regulation and Compliance Management

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
R million							
Food Control and Regulation	4.3	6.4	5.4	6.2	7.8	8.1	8.5
Public Entities Management	298.9	315.7	335.3	355.7	364.9	382.8	405.5
Office of Standards Compliance	12.7	17.7	16.3	29.7	41.2	62.3	54.5
Compensation Commissioner for Occupational Diseases	10.6	10.4	12.3	12.0	18.1	19.1	27.7
Occupational Health	14.3	16.9	16.4	19.8	22.1	23.0	24.1
Pharmaceutical Trade and Product Regulation	37.9	48.4	54.2	72.9	71.3	76.3	80.1
Total	378.8	415.5	440.0	496.4	525.4	571.6	600.5
Change to 2010 Budget estimate				24.8	31.4	49.0	–
Economic classification							
Current payments	76.8	96.0	100.2	135.6	155.8	183.8	189.7
Compensation of employees	52.6	55.9	64.2	75.6	81.7	91.0	95.6
Goods and services	24.2	40.1	36.0	60.0	74.1	92.8	94.2
of which:							
Advertising	0.9	1.0	0.5	0.6	0.4	0.4	0.4
Consultants and professional services: Business and advisory services	5.5	13.4	11.6	24.1	32.1	46.5	45.3
Inventory: Medical supplies	–	0.0	0.0	0.1	0.1	0.1	0.1
Travel and subsistence	9.1	15.1	11.9	13.2	13.5	14.5	14.8
Transfers and subsidies	300.8	317.6	338.6	357.8	366.4	384.4	407.2
Departmental agencies and accounts	298.3	314.9	335.2	354.8	360.3	376.2	396.9
Non-profit institutions	2.5	2.6	2.8	2.9	6.1	8.3	10.3
Households	0.0	0.1	0.7	–	–	–	–
Payments for capital assets	1.1	1.9	1.2	3.0	3.2	3.4	3.5
Machinery and equipment	1.1	1.9	1.2	3.0	3.2	3.4	3.5
Total	378.8	415.5	440.0	496.4	525.4	571.6	600.5

Table 16.9 Health Regulation and Compliance Management (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	295.6	312.5	331.5	352.2	357.6	373.2	393.9
Council for Medical Schemes	3.3	6.2	3.9	4.0	4.2	4.3	4.5
National Health Laboratory Services	69.1	70.2	76.5	77.7	82.2	84.6	88.9
Medical Research Council	223.3	236.1	251.1	270.5	271.2	284.3	300.5
Non-profit institutions							
Current	2.5	2.6	2.8	2.9	6.1	8.3	10.3
Health Systems Trust	2.5	2.6	2.8	2.9	6.1	8.3	10.3
Departmental agencies and accounts							
Social security funds							
Current	2.6	2.4	3.7	2.6	2.8	2.9	3.1
Compensation Fund	2.6	2.4	3.7	2.6	2.8	2.9	3.1

Expenditure trends

The spending focus over the MTEF period will be on making transfers to public entities, mainly the Medical Research Council and the National Health Laboratory Service.

Expenditure has grown from R378.8 million in 2007/08 to R496.4 million in 2010/11, at an average annual rate of 9.4 per cent. Over the medium term, spending is expected to grow to R600.5 million, at an average annual rate of 6.6 per cent. The largest spending increase is in the *Office of Standards* compliance subprogramme to create an independent agency for quality assurance and accreditation of health facilities. There is also strong growth in *Pharmaceutical Trade and Product Regulation* subprogramme to reduce large backlogs in medicine registration and establish the South African Health Products Regulatory Authority.

Public entities and other agencies

National Health Laboratory Service

Strategic overview: 2007/08 – 2013/14

The National Health Laboratory Service was established in 2001 in terms of the National Health Laboratory Service Act (2000). The service supports the Department of Health by providing cost effective diagnostic laboratory services to all state clinics and hospitals. It also provides health science training and education, and research. It is recognised as the largest diagnostic pathology service in South Africa and services over 80 per cent of the population, through a national network of approximately 265 laboratories. Its specialised divisions include the National Institute for Communicable Diseases, the National Institute for Occupational Health, the National Cancer Registry and the Antivenom Unit.

The service maintains strong partnerships with the national departments of health, science and technology, and education, as well as the Medical Research Council, the Council for Scientific and Industrial Research, health science faculties at universities and universities of technology across the country, provincial hospitals, clinics, local authorities and medical practitioners.

The National Institute for Communicable Diseases is the national organisation responsible for public health surveillance of communicable diseases, and coordinating appropriate responses. It has carried out surveillance programmes on: acute respiratory tract infections, the rotavirus, hospitalisations from respiratory infections, and influenza data for vaccine manufacturing decisions through the viral watch programme.

The National Institute for Occupational Health is South Africa's major centre for occupational health development, training, service support and research. The institute provides leadership and support for the

development of effective occupational health services by maintaining and developing specialist reference laboratory, advisory and information services centrally and peripherally. The institute provides specialised support to the national departments of health, mineral resources and labour. A new initiative in the current period (2010/11) led to an occupational health and safety service for all 6 500 employees in the National Health Laboratory Service. The National Institute for Occupational Health provides services to over 1.2 million public servants.

The key strategic objectives for the National Health Laboratory Service over the next five years are to: develop a new service delivery model that is more affordable for the public sector; determine a best fit service delivery model; deliver a quality, customer focused service; align resources, support services and infrastructural development for service delivery; become the laboratory services' employer of choice; prioritise innovation and research to be relevant, appropriate and leading edge; become the country's lead provider health information; drive stakeholder collaboration; position the service as the provider of choice for the national health insurance; and protect the community and environment. A new funding model for training and research will be explored.

Savings and cost effectiveness measures

Improvements in efficiency and productivity year-on-year have resulted in price increases being kept significantly below inflation over the last four years, with the 2010 seeing an overall price increase of 1 per cent and a price reduction of 10 per cent for the priority programmes of HIV, tuberculosis and cervical screening. The entity is focused on finding solutions to keep costs down without compromising access or quality. In partnership with Western Cape, projects were initiated to develop tools to minimise inappropriate and unnecessary tests. To ensure the optimisation of scarce resources and better sharing of epidemiological skills and expertise, the National Cancer Registry and the Cancer Epidemiology Research Group were merged with the National Institute for Occupational Health.

Selected performance indicators

Table 16.10 National Health Laboratory Service

Indicator	Programme/Activity	Past			Current	Projections		
		2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Percentage of CD4 tests completed in 72 hours per year (volume of CD4 tests)	Laboratory Cost	75% (1 425 750)	82% (2 113 140)	86% (2 537 860)	85% (2 614 032)	90% (2 906 188)	95% (3 221 025)	95% (3 382 076)
Percentage of viral load tests completed in 4 days per year (volume of viral load tests)	Laboratory Cost	35% (269 850)	39% (440 310)	41% (437 060)	56% (605 002)	70% (794 066)	80% (952 879)	95% (1 188 121)
Percentage of tuberculosis microscopy tests completed in 48 hours per year (volume of tuberculosis microscopy tests)	Laboratory Cost	50% (1 695 500)	58% (2 440 060)	60% (2 77 800)	96% (4 911 621)	97% (5 210 922)	98% (5 527 876)	98% (5 804 270)
Percentage of HIV PCR tests completed in 5 days per year (volume of HIV PCR tests)	Laboratory Cost	43% (87 937)	47% (101 177)	55% (124 630)	65% (160 133)	70% (181 073)	75% (203 708)	80% (228 152)

Details of programmes/activities/objectives

Table 16.11 National Health Laboratory Service

	Audited outcome			Revised estimate	Medium-term estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
R million							
Laboratory Costs	1 986.2	2 445.1	2 760.5	3 170.5	3 423.4	3 752.8	4 139.8
Surveillance Costs	85.4	94.5	110.0	122.0	133.1	146.4	161.1
Occupational Health Costs	21.4	23.6	42.8	45.0	55.0	60.4	66.5
Grant Research	42.7	47.2	136.1	65.0	80.0	90.0	100.0
Total expense	2 135.7	2 610.4	3 049.5	3 402.5	3 691.5	4 049.7	4 467.4

The entity has implemented a gate keeping project that aims to develop protocols that clinicians will use to ensure inappropriate and unnecessary tests are minimised. This will contribute to a lower test cost without compromising quality. The entity will be developing a training academy in 2011/12 to ensure that staff understand the culture of performance and accountability. One of the entity's mandates is to train medical technicians, medical technologists and pathologists in collaboration with the universities. Work has started on reviewing the current National Health Laboratory Service model from the perspective of service and financing mechanisms. The new model will focus on developing economies of scale, standardising processes, improving technology and automation to deliver a reduced cost to the customer.

Expenditure estimates

Table 16.12 National Health Laboratory Service

Statement of financial performance				Revised estimate	Medium-term estimate		
	Audited outcome						
R million	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Revenue							
Non-tax revenue	2 275.9	2 739.0	3 105.7	3 457.0	3 870.8	4 258.7	4 684.1
Sale of goods and services other than capital assets	2 232.3	2 676.1	3 049.5	3 409.0	3 845.6	4 230.2	4 653.2
of which:							
Sales by market establishments	2 232.3	2 676.1	3 049.5	3 409.0	3 845.6	4 230.2	4 653.2
Other non-tax revenue	43.6	62.9	56.3	48.0	25.2	28.5	31.0
Transfers received	104.9	124.5	203.0	137.7	82.2	84.6	88.9
Total revenue	2 380.9	2 863.5	3 308.7	3 594.7	3 953.0	4 343.3	4 773.0
Expenses							
Current expense	2 135.7	2 610.4	3 049.5	3 402.5	3 691.5	4 049.7	4 467.4
Compensation of employees	350.5	404.8	412.1	450.0	550.0	605.0	680.0
Goods and services	1 739.6	2 147.7	2 465.4	2 821.6	3 015.7	3 315.9	3 646.9
Depreciation	44.9	56.6	171.0	130.5	115.8	116.8	125.5
Interest, dividends and rent on land	0.7	1.3	1.0	0.4	10.0	12.0	15.0
Total expenses	2 135.7	2 610.4	3 049.5	3 402.5	3 691.5	4 049.7	4 467.4
Surplus / (Deficit)	245.2	253.1	259.2	192.2	261.5	293.6	305.7
Acquisition of assets	127	181	220	72	89	140	180

Expenditure trends

Revenue is generated mostly from laboratory testing. Between 2007/08 and 2010/11, revenue increased from R2.4 billion to R3.6 billion. Over the medium term, revenue is expected to increase to R4.8 billion. The increase in both periods is mostly attributable to the increase in test volumes.

Expenditure grew from R2.1 billion in 2007/08 to R3.4 billion in 2010/11. Expenditure over the MTEF period is expected to increase to R4.5 billion, at an average annual rate of 9.5 per cent. The growth in both periods is mostly due to increases in the volume of laboratory tests conducted and associated material costs. Material costs increased from R614 million in 2007/08 to R887 million 2010/11. Consulting fees relate to the implementation of a new laboratory information system and upgrading the enterprise resource planning system. The administrative costs have remained at 10 per cent of the entity's total costs.

Personnel information

The entity has an establishment of 7 019 posts, of which 6 784 are funded and 235 are additional to the approved establishment. The number of posts filled increased from 6 132 in 2007/08 to 7 019 in 2010/11, and is expected to grow to 7 340 over the medium term. This is as a result of increased workload.

There are 68 vacancies within the entity, of which 16 are in grade C1 and 15 in TB/TC. Vacancies have been placed on hold while the current workflow analysis is being conducted. The ratio of support staff to core staff is 1:5.

South African Medical Research Council

Strategic overview: 2007/08 – 2013/14

The South African Medical Research Council was established in 1969 in terms of the South African Medical Research Council Act (1991). The objectives of the council are to promote the improvement of health and quality of life through research, development and technology transfer. Research is primarily conducted through council funded research units.

The council's researchers have made significant contributions to the key priorities of the national Health Department's 10-point plan, via operational and applied research projects, by supporting programmes, or on an advisory level by serving on policy and technical teams. Examples include work on the national health insurance, quality and standards, the prevention of mother to child transmission, tuberculosis, HIV prevention, and surveillance systems. Researches burden of disease and undertakes national youth behaviour survey; global youth tobacco survey and supports national demographic and health survey.

In November 2010, a new board was appointed and tasked with appointing a chief executive and assisting with the council's 2011–2015 strategic plan. The science, engineering, and technology institutes' 2010 review of the council, as well as input from its major stakeholders, will play a role in this process. The council's biggest challenge is to be able to play a pivotal role in supporting the country's national and provincial health departments in achieving their performance targets. The focus over the medium term will be on the four outcome areas of the national Department of Health and alignment with the 10-point plan priorities.

Savings and cost effectiveness measures

Following the science, engineering and technology institutes' review and flowing from the council's analysis of its own cost structure, a project is being implemented to address efficiencies and the cost structure of the support functions. It is envisaged that the project, when completed by the end of 2011, will enable the council to identify bottlenecks and inefficiencies, and what activities are best outsourced.

Selected performance indicators

Table 16.13 South African Medical Research Council

Indicator	Programme/Activity	Past			Current	Projections		
		2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Number of peer reviewed publications per year	Linked to all research programmes	653	706	696	700	705	705	710
Number of new patents per year	Linked to some research programmes	4	2	7	3	2	1	1
Number of PhD students per year	Linked to all research programmes	57	62	50	50	50	52	52

Details of programmes/activities/objectives

The South African Medical Research Council conducts and funds national health research, and supports research capacity development. The council's HIV and AIDS, and tuberculosis units are conducting clinical research on microbicides, antiretroviral and tuberculosis treatment and diagnostics. Funding of research related costs amounts to 65 per cent of the council's total budget of R588 million. By the end of March 2011, the telemedicine project is expected to have implement 100 telemedicine workstations at rural public health facilities at a cost of R6 million.

Table 16.14 South African Medical Research Council

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
HIV vaccine and prevention	86.4	90.5	92.0	96.0	97.0	98.0	102.0
TB epidemiology and clinical	33.2	59.2	78.9	80.0	82.0	84.0	87.0
Diabetes	15.4	22.0	12.2	14.0	12.0	13.0	16.0
Outside research collaborators	39.3	30.7	45.3	46.0	48.8	56.2	60.4
Malaria	54.8	55.6	32.3	47.0	51.0	52.0	55.0
Other objectives	255.8	235.7	240.0	292.2	289.1	302.1	312.3
Total expense	484.8	493.7	500.7	575.2	579.9	605.3	632.7

Expenditure estimates

Table 16.15 South African Medical Research Council

Statement of financial performance				Revised estimate	Medium-term estimate		
	Audited outcome						
R million	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Revenue							
Non-tax revenue	306.4	335.2	317.7	317.9	316.1	322.3	333.3
Sale of goods and services other than capital assets	278.6	281.9	284.9	292.0	290.0	295.0	305.0
of which:							
Sales by market establishments	278.6	281.9	284.9	292.0	290.0	295.0	305.0
Other non-tax revenue	27.8	53.4	32.8	25.9	26.1	27.3	28.3
Transfers received	221.3	202.1	222.7	270.5	271.2	284.3	300.5
Total revenue	527.7	537.4	540.4	588.4	587.3	606.5	633.7
Expenses							
Current expense	484.8	493.7	500.7	575.2	579.9	605.3	632.7
Compensation of employees	213.5	237.6	244.0	268.2	271.6	288.7	307.9
Goods and services	261.6	245.5	245.7	292.6	296.3	304.4	312.2
Depreciation	9.6	10.6	10.8	14.2	11.8	12.0	12.5
Interest, dividends and rent on land	0.1	0.1	0.3	0.2	0.2	0.2	0.1
Total expenses	484.8	493.7	500.7	575.2	579.9	605.3	632.7
Surplus / (Deficit)	42.8	43.7	39.7	13.3	7.4	1.3	–
Acquisition of assets	11	18	21	16	16	17	17

Expenditure trends

The focus on expenditure in the medium term will be on reducing salary costs relative to other expenditure.

The council receives approximately 40 per cent of its total funding from government. The balance is made up of internal revenue from interest and rentals, and contract income. Between 2007/08 and 2010/11, revenue increased from R527.7 million to R588.4 million, at an average annual rate of 3.7 per cent. Revenue is expected to increase to R633.7 million over the medium term, at an average annual rate of 2.5 per cent. The government grant is likely to increase less than the inflationary rate in the short term. Over the MTEF period, a significant increase in contract research is not anticipated.

Expenditure increased from R484.8 million in 2007/08 to R575.2 million in 2010/11, at an average annual rate of 5.9 per cent. Over the medium term, expenditure is expected to increase to R632.7 million, at an average annual rate of 3.2 per cent. The growth in both periods is mostly in spending on salaries, which is the largest component of the council's expenditure followed by spending on HIV and tuberculosis programmes. Salary expenditure is expected to increase from the current 41 per cent of revenue to 43 per cent by end of 2013/14 to allow the entity to fill senior scientist and executive positions.

Other public entities and agencies

Comprehensive coverage of the following public entities is provided with the more detailed information for the vote at www.treasury.gov.za under the budget information link.

- The **Council for Medical Schemes** is the national medical schemes regulatory authority established in terms of the Medical Schemes Act (1998). The council's vision for the medical scheme industry is that it is effectively regulated to protect the interests of members and promote fair and equitable access to private health financing.
- The **Compensation Commissioner for Occupational Diseases in Mines and Works** was established in terms of the Occupational Diseases in Mines and Works Act (1973), as amended. Its main statutory functions include: administering the Mines and Works Compensation Fund to compensate ex-miners disabled by occupational lung disease; determining and recovering levies from controlled mines and works;

awarding benefits to miners and ex-miners suffering from occupational lung related diseases; and investing levies collected and interest earned from investments.

Additional tables

Table 16.A Summary of expenditure trends and estimates per programme and economic classification

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R million	2009/10		2009/10	2010/11			2010/11
Administration	236.6	274.7	269.9	264.8	17.3	282.1	282.1
Health Planning and Systems Enablement	108.5	153.6	142.0	127.8	7.7	135.5	124.5
HIV and AIDS, TB and Maternal, Child and Women's Health	4 010.6	4 936.9	4 923.5	6 576.8	101.8	6 678.6	6 668.6
Primary Health Care Services	651.8	802.8	775.2	695.3	16.6	711.9	699.9
Hospitals, Tertiary Services and Workforce Development	11 608.0	11 805.6	12 618.1	14 810.2	17.7	14 827.9	13 947.2
Health Regulation and Compliance Management	442.6	449.9	440.0	493.0	3.4	496.4	496.4
Total	17 058.1	18 423.5	19 168.6	22 967.9	164.5	23 132.5	22 218.7
Economic classification							
Current payments	937.9	1 149.7	1 089.7	1 063.0	110.3	1 173.3	1 140.3
Compensation of employees	299.9	329.1	333.0	371.2	13.8	385.0	385.0
Goods and services	638.0	820.5	756.7	691.8	96.5	788.3	755.3
Transfers and subsidies	16 091.8	17 247.4	18 065.8	21 874.2	40.0	21 914.2	21 033.5
Provinces and municipalities	15 578.4	16 702.5	17 523.8	21 323.7	40.0	21 363.7	20 483.0
Departmental agencies and accounts	329.6	335.9	335.9	355.6	–	355.6	355.6
Universities and technikons	1.0	1.0	0.5	1.1	–	1.1	1.1
Non-profit institutions	182.9	206.0	202.8	193.8	–	193.8	193.8
Households	–	2.0	2.9	–	–	–	–
Payments for capital assets	28.3	26.4	13.0	30.7	14.2	44.9	44.9
Buildings and other fixed structures	–	–	–	2.8	–	2.8	2.8
Machinery and equipment	28.3	26.4	11.7	27.9	14.2	42.1	42.1
Software and other intangible assets	–	–	1.3	–	–	–	–
Total	17 058.1	18 423.5	19 168.6	22 967.9	164.5	23 132.5	22 218.7

Table 16.B Detail of approved establishment and personnel numbers according to salary level¹

	Personnel post status as at 30 September 2010			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year ² 2010/11	Medium-term estimate		
				2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Department	1 675	1 674	50	1 298	1 371	1 331	1 249	1 371	1 391	1 411
Salary level 1 – 6	660	660	12	533	558	543	519	559	567	574
Salary level 7 – 10	669	669	16	507	541	523	465	541	547	555
Salary level 11 – 12	212	212	14	158	169	163	159	168	170	174
Salary level 13 – 16	134	133	8	100	103	102	106	103	107	108
Administration	508	508	3	443	468	454	380	468	475	482
Salary level 1 – 6	282	282	2	267	282	273	224	282	286	289
Salary level 7 – 10	151	151	–	125	132	128	103	132	134	137
Salary level 11 – 12	40	40	1	30	32	31	30	32	32	33
Salary level 13 – 16	35	35	–	21	22	22	23	22	23	23
Health Planning and Systems Enablement	241	241	4	173	182	177	155	182	185	188
Salary level 1 – 6	60	60	–	48	49	48	40	49	50	51
Salary level 7 – 10	121	121	2	79	85	82	73	85	86	88
Salary level 11 – 12	35	35	1	27	29	28	25	29	29	29
Salary level 13 – 16	25	25	1	19	19	19	17	19	20	20

Table 16.B Detail of approved establishment and personnel numbers according to salary level ¹ (continued)

	Personnel post status as at 30 September 2010			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year ²	Medium-term estimate		
				2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
HIV and AIDS, TB and Maternal, Child and Women's Health	187	187	24	129	136	132	143	136	138	140
Salary level 1 – 6	32	32	2	20	20	20	24	20	20	20
Salary level 7 – 10	102	102	9	69	75	72	67	75	75	76
Salary level 11 – 12	32	32	8	26	27	26	30	27	28	29
Salary level 13 – 16	21	21	5	14	14	14	22	14	15	15
Primary Health Care Services	245	245	6	202	213	207	199	213	216	219
Salary level 1 – 6	85	85	–	53	54	53	66	55	56	56
Salary level 7 – 10	106	106	2	105	114	110	90	113	114	116
Salary level 11 – 12	34	34	2	27	28	27	26	28	28	29
Salary level 13 – 16	20	20	2	17	17	17	17	17	18	18
Hospitals, Tertiary Services and Workforce Development	125	125	9	98	104	101	91	104	105	107
Salary level 1 – 6	32	32	5	28	28	28	22	28	29	29
Salary level 7 – 10	46	46	3	34	34	34	35	35	36	36
Salary level 11 – 12	31	31	1	21	25	23	22	24	24	25
Salary level 13 – 16	16	16	–	15	17	16	12	17	16	17
Health Regulation and Compliance Management	369	368	4	253	268	260	281	268	272	275
Salary level 1 – 6	169	169	3	117	125	121	143	125	126	129
Salary level 7 – 10	143	143	–	95	101	97	97	101	102	102
Salary level 11 – 12	40	40	1	27	28	28	26	28	29	29
Salary level 13 – 16	17	16	–	14	14	14	15	14	15	15

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

2. As at 30 September 2010.

Table 16.C Summary of expenditure on training

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Compensation of employees (R million)	258.6	292.5	333.0	385.0	424.0	465.0	492.0
Training expenditure (R million)	9.5	1.8	4.5	5.5	4.0	4.5	4.9
Training as percentage of compensation	3.7%	0.6%	1.4%	1.4%	1.0%	1.0%	1.0%
Total number trained in department (head count)	625	261	274	287			
<i>of which:</i>							
Employees receiving bursaries (head count)	115	217	110	98			
Internships trained (head count)	28	81	81	17			
Households receiving bursaries (R million)	–	–	–	3.3	7.1	10.7	12.3
Households receiving bursaries (head count)	–	–	–	56			

Table 16.D Summary of expenditure on infrastructure

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
R million										
Infrastructure transfers to other spheres, agencies and departments										
Health infrastructure grant	Health facilities planned, designed, constructed, maintained and operationalised									
			-	815.9	960.0	1 202.4	1 470.9	1 701.9	1 821.0	1 921.1
Frontier Hospital	Upgrade to 450 beds	Construction	90.0	90.0	48.9	36.0	84.1	74.5	57.5	68.6
St Elizabeth's Hospital	Upgrade to 426 beds	Construction	78.5	78.5	42.4	58.4	90.9	85.2	46.6	45.5
Dr Malizo Mpehle (new hospital)	135 new beds	Construction	206.2	206.2	75.1	48.0	13.2	13.3	-	-
St Patrick's Hospital	Upgrade to 280 beds	Construction	47.5	47.5	43.7	65.7	67.8	62.4	51.2	49.0
Madwaleni Hospital	120 new beds	Feasibility	-	-	-	-	4.1	21.2	41.1	88.6
Cecilia Makiwane Hospital	600 new beds	Tender	-	-	-	-	92.4	120.0	200.7	129.9
Boitumelo Hospital	Upgrade to 340 beds	Construction	177.6	177.6	82.3	96.7	90.0	58.2	57.5	37.5
Pelononi Hospital	Upgrade to 720 beds	Construction	65.7	65.7	44.5	43.8	111.0	96.0	42.0	40.0
Free State Psychiatric Hospital	Upgrade to 847 beds	Design	8.5	8.5	7.4	6.1	30.0	102.6	86.5	92.0
Trompsburg Hospital	62 new beds	Construction	1.8	1.8	22.1	9.3	44.0	57.0	80.0	55.0
Ladybrand Hospital	60 new beds	Construction	1.5	1.5	-	12.2	44.0	52.1	76.6	78.0
Manguang Hospital	Upgrade to 250 beds	Design	2.2	2.2	-	-	30.0	31.5	59.0	58.8
Dihlabeng Hospital	Upgrade to 155 beds	Feasibility	4.3	4.3	-	-	10.0	15.0	31.0	45.3
Germiston Hospital	300 new beds	Construction	69.2	69.2	127.9	94.7	211.3	90.3	159.0	-
Natalspruit Hospital	760 new beds	Construction	372.8	372.8	278.3	169.6	286.4	453.6	350.0	-
Zola Hospital	300 new beds	Construction	106.8	106.8	38.1	90.2	195.0	252.6	290.1	-
Mamelodi Hospital	250 new beds	Handed over	200.0	200.0	78.9	40.4	68.7	-	-	-
Chris Hani Baragwanath Hospital	Accident and emergency unit, administration, x-ray and pharmacy upgraded	Handed over	337.3	337.3	230.9	137.2	35.8	-	-	-
Lilian Ngoyi Hospital	300 new beds	Feasibility	23.3	23.3	-	-	-	-	5.0	260.0
Sebokeng Hospital	Existing district hospital upgraded	Feasibility	5.4	5.4	-	-	-	-	4.0	250.0
Themba Hospital	Existing regional hospital upgraded	Feasibility	29.3	29.3	-	-	-	-	7.0	200.0
Daveyton Hospital	Existing district hospital upgraded	Feasibility	3.7	3.7	-	-	-	-	7.9	44.7
Rietvlei Hospital	Upgrade to 239 beds	Construction	74.9	74.9	-	-	24.9	70.1	73.5	7.3
King George V Hospital	Upgrade to 930 beds	Construction	369.5	369.5	193.2	109.9	140.5	159.4	114.1	48.4
Ngwelazane Hospital	Upgrade to 859 beds	Construction	128.0	128.0	87.8	51.3	108.1	215.8	122.1	200.0
Dr Pixley ka Seme Hospital	500 new beds	Design	3.2	3.2	3.4	12.9	48.0	70.2	104.9	130.2
Madadeni Hospital	1 488 new beds	Feasibility	3.3	3.3	1.6	0.5	40.5	8.0	18.1	37.5
Edendale Hospital	850 new beds	Feasibility	1.4	1.4	0.6	0.5	55.4	15.0	120.3	69.4
Dr J Dube Hospital	450 new beds	Design	4.5	4.5	-	-	2.4	-	8.2	35.2
Hiabisa Hospital	Nursing residence, pharmacy and outpatient department upgraded (presidential project)	Handed over	172.6	172.6	15.4	24.4	14.6	3.7	-	-

Table 16.D Summary of expenditure on infrastructure (continued)

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
R million				125.8	5.6	2.2	2.5	–	–	–
Dikong Hospital	252 new beds	Handed over	125.8	133.2	14.4	7.6	10.2	–	–	–
Nkhensani Hospital	288 new beds	Handed over	133.2	50.7	78.3	50.8	81.3	59.0	6.0	–
Leaba Hospital	Upgrade to 400 beds	Construction	50.7	21.7	57.2	42.1	63.0	44.9	30.5	10.0
Maphuta L. Malatji Hospital	Upgrade to 100 beds	Construction	21.7	57.7	67.5	43.9	64.5	48.0	4.0	–
Thabamopo Hospital	Upgrade to 400 beds	Construction	57.7	3.0	14.1	20.7	42.0	76.3	57.0	55.0
Thabazimbi Hospital	112 new beds	Construction	3.0	3.0	4.9	0.5	5.0	55.5	60.0	55.0
Musina Hospital	96 new beds	Feasibility	3.0	–	–	–	7.0	7.5	55.0	60.0
Evuxakeni Hospital	Psychiatric hospital upgraded	Feasibility	–	–	–	–	–	–	–	–
Warmbaths Hospital	Regional hospital upgraded	Feasibility	–	–	–	–	4.0	7.0	50.0	54.0
Tshilidzini Hospital	Regional hospital upgraded	Identification	–	–	–	–	1.0	8.0	55.0	40.0
St Ritas's Hospital	Regional hospital upgraded	Identification	–	–	–	–	1.0	10.0	54.0	41.3
Rob Ferreira Hospital	Upgrade to 301 beds	Construction	66.4	66.4	47.8	171.5	202.5	150.0	55.0	65.0
Themba Hospital	Upgrade to 623 beds	Construction	48.5	48.5	31.8	113.3	54.6	91.6	80.0	3.0
Ernelo Hospital	Upgrade to 310 beds	Construction	42.6	42.6	27.2	88.5	63.1	86.6	45.7	4.3
Lydenburg Hospital	District hospital upgraded	Feasibility	–	–	–	–	–	3.2	15.0	35.0
Nelspruit Tertiary Hospital	530 new beds	Feasibility	0.1	0.1	2.9	1.5	–	15.0	60.0	130.3
Tlswalo Hospital	Upgraded	Feasibility	–	–	–	–	2.2	1.2	46.8	30.0
Barberton Hospital	Upgraded	Feasibility	–	–	–	–	1.5	1.5	40.0	35.0
KwaMhlanga Hospital	District hospital upgraded	Identification	–	–	–	–	2.0	2.0	30.0	47.0
Kimberley (new mental health facility)	310 new beds	Construction	272.8	272.8	123.7	83.9	69.8	10.0	–	–
Prof ZK Mathew's Hospital	45 new beds	Construction	63.1	63.1	21.3	6.7	1.7	–	–	–
Uppington Hospital	300 new beds	Construction	74.8	74.8	27.5	164.7	220.0	240.0	197.0	89.0
De Aar Hospital	154 new beds	Construction	52.5	52.5	0.8	8.6	103.1	136.4	115.0	100.0
Postmasburg Hospital	123 new beds	Feasibility	5.4	5.4	–	0.5	20.0	15.0	105.3	165.4
Kimberley Hospital	577 new beds	Feasibility	–	–	–	–	0.2	–	2.0	20.0
Kuruman Hospital	422 new beds	Identification	–	–	–	–	0.2	–	2.5	22.0
Moses Kotane Hospital	200 new beds	Various	258.1	258.1	70.3	54.4	46.5	5.0	–	–
Vryburg Hospital	120 new beds	Various	220.6	220.6	116.6	69.5	47.0	5.0	–	–
Brits Hospital	185 new beds	Construction	32.1	32.1	55.3	52.8	96.0	180.1	146.0	102.2
Bophelong Hospital	648 new beds	Tender	–	–	–	37.6	96.3	152.0	168.4	178.5
Lichtenburg Hospital	105 new beds	Design	–	–	–	16.9	35.0	20.0	81.3	91.2
Rustenburg Hospital	Upgraded	Feasibility	–	–	–	2.2	–	2.5	–	–
George Hospital	Upgrade to 265 beds	Construction	111.9	111.9	8.0	26.4	46.9	27.0	3.5	–
Vredenburg Hospital	Upgrade to 80 beds	Construction	64.0	64.0	6.8	23.3	21.5	35.3	73.3	9.1
Worcester Hospital	Upgrade to 275 beds	Construction	233.2	233.2	41.2	33.1	43.7	6.8	28.7	9.5
Paarl Hospital	Upgrade to 325 beds	Construction	153.7	153.7	92.5	146.1	134.0	33.1	1.0	–
Khayelitsha Hospital	230 new beds	Construction	3.2	3.2	42.2	118.2	195.1	133.7	66.3	33.6
Mitchell's Plain Hospital	230 new beds	Construction	0.7	0.7	18.0	16.5	194.7	231.9	222.3	85.9
Valkenberg Hospital	420 new beds	Feasibility	4.2	4.2	3.0	6.3	8.0	3.0	71.7	180.0

Table 16.D Summary of expenditure on infrastructure (continued)

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
R million										
Tygerburg Hospital	New tertiary hospital through public private partnership	Feasibility	-	-	-	-	2.0	5.2	28.8	147.7
Limpopo Academic Hospital	New tertiary hospital through public private partnership	Feasibility	-	-	-	-	-	50.0	15.4	48.3
Grant management (R5.5 million) per province			-	-	-	-	-	49.5	49.5	49.5
Total			4 691.9	5 507.8	3 361.4	3 720.5	5 403.0	5 838.1	6 156.9	5 989.0

Vote 17

Higher Education and Training

Budget summary

R million	2011/12				2012/13	2013/14
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	161.6	160.6	0.2	0.9	174.7	185.8
Human Resource Development, Planning and Monitoring Coordination	33.8	31.2	2.4	0.2	35.2	37.2
University Education	23 429.5	41.4	23 387.8	0.4	26 076.5	27 844.5
Vocational and Continuing Education and Training	4 475.4	149.0	4 326.0	0.4	4 889.2	5 462.9
Skills Development	128.3	73.7	48.3	6.2	142.9	157.7
Subtotal	28 228.6	455.8	27 764.6	8.1	31 318.5	33 688.2
Direct charge against the National Revenue Fund						
Sector education and training authorities	7 319.0	–	7 319.0	–	7 684.9	8 107.6
National Skills Fund	1 829.7	–	1 829.7	–	1 921.2	2 026.9
Total expenditure estimates	37 377.3	455.8	36 913.4	8.1	40 924.6	43 822.7

Executive authority Minister of Higher Education and Training

Accounting officer Director General of Higher Education and Training

Website address www.dhet.gov.za

More detailed information for each vote is available at www.treasury.gov.za. More comprehensive coverage of vote specific information, particularly on goods and services, transfers and subsidies, donor funding, public entities and lower level institutional information, is provided.

Aim

Develop and support a quality higher and vocational education sector. Promote access to higher and vocational education and skills development training opportunities.

Programme purposes

Programme 1: Administration

Purpose: Provide overall management and administration of the department.

Programme 2: Human Resource Development, Planning and Monitoring Coordination

Purpose: Provide strategic direction in the development, implementation and monitoring of departmental policies and the human resource development strategy for South Africa.

Programme 3: University Education

Purpose: Develop and coordinate policy and regulatory frameworks for an effective and efficient university education system. Provide financial support to universities, the National Student Financial Aid Scheme and the National Institutes for Higher Education.

Programme 4: Vocational and Continuing Education and Training

Purpose: Plan, develop, evaluate, monitor and maintain national policy, programmes, assessment practices and systems for vocational and continuing education and training, including further education and training colleges and post-literacy adult education and training.

Programme 5: Skills Development

Purpose: Promote and monitor the national skills development strategy. Develop skills development policy and a regulatory framework for an effective skills development system.

Strategic overview: 2007/08 – 2013/14

The Department of Higher Education and Training was established during the national macro reorganisation exercise in 2009 to create a single and coherent post-school education and training system structured to meet the aspirations of youth and adults, and became operational with its own budget in April 2010. The department consists of functions inherited from the former Department of Education, such as university education, further education and training at college level, and adult education and training (excluding basic literacy and numeracy). It is also responsible for functions related to skills development, including providing oversight of and strategic direction to the National Skills Fund, coordinating the sector education and training authorities, and providing oversight of the Institute for the National Development of Learnerships Employment Skills and Labour Assessments, transferred from the Department of Labour.

Expanding the vocational education and training system

In 2007/08, the national curriculum (vocational) qualification was introduced with its related programmes and curricula. The further education and training recapitalisation grant (2006/07 to 2009/10) supported 50 colleges to enable them to offer the new vocational curriculum. The national plan for colleges was also promulgated to signal how the college sector should expand. Between 2007/08 and 2009/10, R600 million was spent on further education and training college bursaries, which benefited 106 378 students. The integrated education information system for the school, further education and training and adult basic education and training sectors was designed in that period. The design for the integrated further education and training management information system was completed and piloted in three further education and training colleges.

Over the MTEF period, the focus will be on amending legislation to integrate education and training and so that the further education and training colleges become an exclusive national legislative competence.

Developments in higher education

The transformation process in the higher education sector has been the key focus over the past few years, following the adoption of the national plan for higher education in 2001, including a review of higher education funding. A successful stakeholder summit on transforming higher education was held in 2010, where all stakeholders adopted a declaration to accelerate the transformation of the university sub-system.

Between 2007/08 and 2010/11, higher education institutions received additional earmarked funding targeted at improving teaching and learning, student residences and university infrastructure. The department also reviewed policies and criteria for the use of research and teaching development grants and is currently revising them. The department will continue to assist institutions with capacity building and to support student representative councils. A policy framework for internationalising higher education systems will be finalised. The framework is aimed at providing a systems approach to international opportunities and assistance to other countries, with a particular emphasis on Africa.

An implementation plan for the National Student Financial Aid Scheme, based on recommendations and public comments received in 2009/10 from a review of the operations of the scheme, is currently being processed in Cabinet.

Over the medium term, the department will: review the funding framework policy; establish the national university applications service; deal with the first phase implementation of establishing universities in Mpumalanga and Northern Cape; implement recommendations emanating from the review of the National Student Financial Aid Scheme; revise the regulations for annual reporting by higher education institutions; and provide institutional support, including capacity building and support to student leadership, councils and institutional forums.

Skills development

The Skills Development Amendment Act (1998), amended in December 2008, and the Skills Development Levy Act (1999) provide the framework for government's various skills development functions. Over the medium term, the department will prioritise simplifying and improving the skills development system by: developing a performance monitoring and evaluation system of the sector education and training authorities; improving the provision and alignment of the support that the sector education and training authorities and the National Skills Fund give to universities and further education and training colleges; and strengthening the National Skills Authority to carry out its advisory role to the minister.

A new landscape for the sector education and training authorities, informed by both government's new growth path and the imperatives of the industrial policy action plan 2, has been designed. The new landscape will ensure a broad coverage of skills development in all key sectors of the economy and that each sector education and training authority corresponds with its relevant economic sector.

The National Skills Fund assists government to drive key skills strategies as well as meet the training needs of the unemployed and vulnerable groups. It will continue to promote strategic partnerships and innovation in skills development project delivery and to respond to national skills priorities and target gaps and complement resource shortages for national priorities. The objectives of the fund will be achieved within the overall framework of the national human resource development strategy for South Africa and the national skills development strategy III, announced in January 2011.

Outcomes and related outputs

The department's activities are linked to creating a skilled and capable workforce to support an inclusive growth path (outcome 5), of which the first of five outputs is to establish a credible institutional mechanism for skills planning (output 1). Work related to skills planning will focus on developing frameworks for career guidance services and for coordinated information on skills supply and demand in the country, culminating in an integrated information system for the higher education and training sector. The integrated system will include interfaces with the datasets of other departments such as the Department of Labour and the Department of Home Affairs. An implementation forum for the skills planning output that includes all delivery partners has been established. Outputs 2 and 3 relate to increasing access to skills development programmes at further education and training colleges, those run by the sector education and training authorities, and learnerships in the workplace. Output 4, which seeks to increase access to high level programmes, is being taken forward in a detailed enrolment planning exercise with all universities. The exercise will also focus on increased throughput at universities. Output 5, which deals with research, development and innovation, is being addressed in collaboration with the Department of Science and Technology.

Savings and cost effectiveness measures

The department has identified savings of R33.6 million in goods and services across all programmes and R15.7 million from reductions to transfers to departmental agencies over the MTEF period. These savings were reprioritised in the department to the further education and training colleges, and adult education and training examinations.

Additional Cabinet approved savings of R250.1 million were effected over the MTEF period by implementing cost saving measures, including: reducing government's contribution to the National Skills Fund by R75 million; reducing transfers to public entities by R9.6 million; and reducing spending on goods and services items by R98.9 million, and machinery and equipment by R14.4 million across all programmes.

Selected performance indicators

Table 17.1 Higher Education and Training

Indicator	Programme	Past			Current	Projections		
		2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Number of students enrolled in higher education institutions per year	University Education	761 100	783 900	837 779	816 400	866 000	890 000	914 000
Proportion of higher education enrolments in science, engineering and technology, business, humanities	University Education	28:30:42	30:31:39	28:29:43	30:33:37	28:29:43	28:29:43	29:30:41
Number of higher education graduates per year	University Education	126 900	133 000	144 852	141 900	146 000	148 467	152 690
Number of new artisans registered for training by sector education and training authorities	Skills Development	4 304	17 228	12 600	19 288	21 217	23 338	25 670
Number of trained artisans participating in trade tests at the Institute for the National Development of Learnerships, Employment Skills and Labour Assessments per year	Skills Development	9 000	8 337	12 000	10 000	10 000	10 000	10 000

Expenditure estimates

Table 17.2 Higher Education and Training

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
R million								
Administration	68.7	84.6	103.3	122.7	122.7	161.6	174.7	185.8
Human Resource Development, Planning and Monitoring Coordination	27.1	27.1	29.4	26.7	26.7	33.8	35.2	37.2
University Education	13 241.0	15 413.0	17 152.8	19 540.3	19 540.3	23 429.5	26 076.5	27 844.5
Vocational and Continuing Education and Training	2 545.3	3 112.5	3 261.4	3 933.3	3 933.3	4 475.4	4 889.2	5 462.9
Skills Development	117.1	130.5	137.5	153.2	134.2	128.3	142.9	157.7
Subtotal	15 999.1	18 767.8	20 684.4	23 776.2	23 757.2	28 228.6	31 318.5	33 688.2
Direct charge against the National Revenue Fund	6 284.3	7 234.1	7 815.6	8 424.2	8 424.2	9 148.7	9 606.1	10 134.5
Sector education and training authorities	5 027.4	5 787.3	6 252.4	6 739.4	6 739.4	7 319.0	7 684.9	8 107.6
National Skills Fund	1 256.9	1 446.8	1 563.1	1 684.8	1 684.8	1 829.7	1 921.2	2 026.9
Total	22 283.4	26 001.9	28 500.0	32 200.4	32 181.4	37 377.3	40 924.6	43 822.7
Change to 2010 Budget estimate				55.5	36.5	2 124.0	3 462.3	4 300.0

Economic classification

Current payments	273.9	318.7	332.7	403.2	388.7	455.8	514.4	554.5
Compensation of employees	146.2	174.8	201.8	251.6	249.6	301.5	334.1	359.7
Goods and services	127.6	143.9	130.9	151.6	139.1	154.3	180.3	194.8
<i>of which:</i>								
Computer services	23.3	20.0	16.7	21.7	20.4	27.4	28.9	29.9
Lease payments	12.8	4.2	7.6	2.6	2.6	9.0	10.4	11.2
Property payments	1.8	10.6	10.9	26.9	26.9	45.1	49.6	53.2
Travel and subsistence	31.5	35.8	28.3	39.6	38.6	33.0	41.8	44.6
Transfers and subsidies	21 988.3	25 678.1	28 146.5	31 786.1	31 786.1	36 913.4	40 402.2	43 261.2
Provinces and municipalities	2 435.3	3 005.8	3 155.3	3 804.0	3 804.0	4 326.0	4 705.1	5 262.4
Departmental agencies and accounts	7 606.9	8 872.3	9 690.0	10 462.8	10 462.8	13 232.2	14 941.7	16 057.3
Universities and technikons	11 941.5	13 797.4	15 297.2	17 516.7	17 516.7	19 352.7	20 752.9	21 938.8
Foreign governments and international organisations	2.1	2.3	2.2	2.3	2.3	2.4	2.6	2.7
Households	2.5	0.3	1.8	0.3	0.3	–	–	–
Payments for capital assets	4.9	4.9	20.7	11.1	6.6	8.1	8.0	6.9
Buildings and other fixed structures	–	0.6	1.9	–	–	–	–	–
Machinery and equipment	4.8	4.1	14.9	11.0	6.5	8.1	8.0	6.9
Software and other intangible assets	0.1	0.2	4.0	0.1	0.1	–	–	–
Payments for financial assets	16.4	0.1	0.1	–	–	–	–	–
Total	22 283.4	26 001.9	28 500.0	32 200.4	32 181.4	37 377.3	40 924.6	43 822.7

Expenditure trends

Spending over the medium term will focus on the *University Education* programme, which consists mainly of transfers to higher education institutions and the National Student Financial Aid Scheme.

Excluding direct charges against the National Revenue Fund, expenditure increased from R16 billion in 2007/08 to R23.8 billion in 2010/11, at an average annual rate of 14.1 per cent. Expenditure is expected to grow at an average annual rate of 12.3 per cent over the medium term to reach R33.7 billion in 2013/14. Increases for both periods were mainly due to increases in higher education subsidies, the National Student Financial Aid Scheme and the further education and training colleges conditional grant.

Spending on capital assets increased in 2009/10 by R15.8 million, mainly due to the costs of setting up the new department, which accounts for the 31.4 per cent increase in spending on this item between 2007/08 and 2010/11. Over the medium term, expenditure on capital assets is expected to decrease at an average annual rate of 14.5 per cent and will be primarily for maintenance of assets.

Spending is expected to grow from R32.2 billion in 2010/11 to R43.8 billion in 2013/14, at an average annual rate of 12.3 per cent. The growth is mainly due to additions to the further education and training colleges conditional grant and to the National Student Financial Aid Scheme as outlined below.

The department receives additional allocations over the MTEF period of R1.8 billion, R3 billion and R3.5 billion, mainly for:

- the National Student Financial Aid Scheme for higher education, and further education and training college student awards and bursaries (R1.7 billion, R2.7 billion and R3.2 billion)
- National Student Financial Aid Scheme administration (R48 million, R51 million and R54 million)
- funding to establish universities in Mpumalanga and Northern Cape (R50 million, R100 million and R150 million)
- funding to allow the newly established department to attain full functionality (R44 million, R61.7 million and R73.4 million)
- further education and training colleges, and the adult education and training examination function (R39 million, R61.9 million and R71.2 million)
- funding for municipal and accommodation charges (R17 million, R20 million and R22 million)
- improved conditions of service (R8.3 million, R8.6 million and R8.9 million)
- the higher education HIV and AIDS programme (R5 million, R7 million and R9 million)
- additional funding for the further education and training colleges conditional grant for increased student enrolment (R250 million, R427 million and R749 million) and improved conditions of service for further education and training college personnel (R104 million, R109 million and R115 million).

The ratio of administrative costs to line function costs between 2007/08 and 2010/11 is 1:46 and is expected to grow to 1:62 over the MTEF period, which indicates that the department will be less reliant on consultants as more of its essential posts get filled.

Personnel information

The department currently has 757 funded posts and expects them to increase to 839 over the medium term as the newly established department becomes fully functional. There are currently no vacant funded posts.

The ratio of administration staff to line function staff is 1:2.6.

Departmental receipts

The main revenue sources for the department are the repayments of government loans by higher education institutions, fees for technical examinations and revenue generated by the Institute for the National Development of Learnerships, Employment Skills and Labour Assessments from fees for trade tests, boarding and rental. Departmental receipts of R7.9 million are expected for 2010/11 and are projected to increase to R8 million in 2013/14.

Table 17.3 Departmental receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2007/08	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
Departmental receipts	6 873	6 744	6 720	7 894	7 894	7 928	7 958	7 997
Sales of goods and services produced by department	694	834	728	2 540	2 540	2 680	2 814	2 954
Sales of scrap, waste, arms and other used current goods	–	28	60	14	14	15	16	17
Interest, dividends and rent on land	4 037	4 101	4 162	3 606	3 606	3 534	3 463	3 394
Sales of capital assets	12	–	–	–	–	–	–	–
Transactions in financial assets and liabilities	2 130	1 781	1 770	1 734	1 734	1 699	1 665	1 632
Total	6 873	6 744	6 720	7 894	7 894	7 928	7 958	7 997

Programme 1: Administration

Expenditure estimates

Table 17.4 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
R million							
Ministry ¹	10.2	10.6	14.9	16.5	24.5	26.6	29.0
Department Management	8.4	9.7	12.8	15.6	19.1	21.6	22.8
Corporate Services	41.1	54.7	64.2	65.0	73.8	78.0	82.1
Office Accommodation	9.0	9.6	11.4	25.6	44.1	48.5	52.0
Total	68.7	84.6	103.3	122.7	161.6	174.7	185.8
Change to 2010 Budget estimate				22.1	55.5	59.0	26.4

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

Economic classification

Current payments	58.1	83.4	94.4	120.7	160.6	173.7	184.8
Compensation of employees	24.1	28.8	36.5	53.9	70.8	75.0	79.5
Goods and services	34.0	54.6	58.0	66.8	89.7	98.7	105.3
of which:							
Computer services	7.2	6.9	7.8	14.0	16.9	17.3	17.7
Lease payments	8.9	0.7	3.0	0.9	1.4	1.6	1.7
Property payments	0.7	10.0	9.6	25.9	44.1	48.5	52.1
Travel and subsistence	5.7	6.3	8.2	8.8	9.8	11.7	12.9
Transfers and subsidies	0.7	0.2	1.2	0.4	0.2	0.2	0.2
Departmental agencies and accounts	0.1	0.1	0.1	0.1	0.2	0.2	0.2
Households	0.7	0.1	1.1	0.3	–	–	–
Payments for capital assets	1.4	1.0	7.7	1.6	0.9	0.9	0.9
Machinery and equipment	1.4	1.0	7.4	1.6	0.9	0.9	0.9
Software and other intangible assets	0.0	0.0	0.2	–	–	–	–
Payments for financial assets	8.4	–	–	–	–	–	–
Total	68.7	84.6	103.3	122.7	161.6	174.7	185.8

Expenditure trends

Expenditure increased at an average annual rate of 21.3 per cent, from R68.7 million in 2007/08 to R122.7 million in 2010/11, mainly due to the additional personnel, goods and services, and capital costs required for the establishment of a new department. Expenditure is expected to continue increasing over the medium term, at an average annual rate of 14.9 per cent, to reach R185.8 million in 2013/14. The increase is mainly due to the provision for the newly appointed deputy minister, which accounts for spending in the *Ministry* subprogramme growing at a projected average annual rate of 20.6 per cent over the medium term.

Programme 2: Human Resource Development, Planning and Monitoring Coordination

- *Programme Management: Human Resource Development, Planning and Monitoring Coordination* manages delegated administrative and financial responsibilities and coordinates all monitoring and evaluation functions. This subprogramme has a staff complement of 3 and its full budget is used for compensation of employees and related costs.
- *Human Resource Development, Strategic Planning and Coordination* provides strategic direction in the development, implementation and monitoring of departmental policies; and coordinates activities in relation to the national human resource development strategy. This subprogramme has a staff complement of 15 and the bulk of its budget is used for projects, compensation of employees and other personnel related costs. The Human Resource Development Council was launched in March 2010 and by September 2010, 3 meetings had been held. Cabinet approved the restructured human resource development strategy for South Africa in September 2010, to be pursued over the medium term, on condition that the strategy be amended to: target labour absorbing activities; identify targets associated with the various commitments on these activities; specify the latest statistics on unemployed youth; and include all sectors identified in the industrial policy action plan.
- *Planning, Information, Monitoring and Evaluation Coordination* monitors and evaluates policy outputs of the department and coordinates research in the fields of higher education and training. It also ensures that education policies, plans and legislation are developed into well functioning systems through the ongoing monitoring of the implementation of policies, plans and legislation. This subprogramme has a staff complement of 16 and the bulk of its budget is used for compensation of employees and other related personnel costs. In 2010/11, an analysis of the current systems of the department and its entities was undertaken and information system gaps have been identified. An integrated higher education management information system will also be completed over the MTEF period.
- *International Relations* develops and promotes international relations and supports the United Nations Educational, Scientific and Cultural Organisation in the higher education subsystem. It also manages, monitors and reports on international donor grant funding. This subprogramme has a staff complement of 13 and the bulk of its budget is used for international delegations hosted by the minister, transfers to the Commonwealth of Learning and the India-Brazil-South Africa trilateral commission, compensation of employees and other related personnel costs. In 2010/11, the department was represented at various international forums including: the United Nations Educational, Scientific and Cultural Organisation's national commission; an extra-ordinary meeting of Southern African Development Community (SADC) ministers responsible for education, and science and technology; the Association for the Development of Education in Africa's triennial on education and training; and on various binational and joint commissions.
- *Legal and Legislative Services* manages the legal and legislative services of the department and supports provincial education departments, sector education and training authorities and the National Skills Fund on legal and legislative matters. This subprogramme has a staff complement of 11 and the bulk of its budget is used for compensation of employees and other personnel related costs. Outputs over the medium term include providing legal advice and managing any litigation, drafting regulations and legislation such as that which may be required to facilitate the shifting of the further education and training college function from provinces to the department, and managing and reporting on the statutory obligations relating to human rights.
- *Social Inclusion in Education* promotes access to and participation by all learners in higher education and training programmes, manages the development, evaluation and maintenance of policy, programmes and systems for learners with special needs; and monitors the implementation of policies. This subprogramme has a staff complement of 6 and the bulk of its budget is used for compensation of employees and other related personnel costs. Outputs over the medium term include compiling a report on the state of transformation in higher education and training, a plan for the development of effective and coherent career guidance services for the higher education and training sector, and a review to identify successful inclusion programmes in institutions of higher learning.

Objectives and measures

- Increase the economy's ability to create employment by ensuring the finalisation of the restructured human resource development strategy for South Africa, including setting up and supporting the Human Resource Development Council by March 2012.
- Improve educational planning by ensuring that a master system plan is developed to integrate all education and training information, particularly learner unit record databases, by March 2012.
- Improve access, equity and the quality of the education and training sector by:
 - compiling a monitoring and evaluation report on the education and training system and developing a sector plan for the system by March 2012
 - establishing a social inclusion, equity and transformation unit to serve all the sub-systems in the higher education and training landscape by March 2014.

Expenditure estimates

Table 17.5 Human Resource Development, Planning and Monitoring Coordination

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
R million							
Programme Management: Human Resource Development, Planning and Monitoring Coordination	0.6	0.8	0.8	1.9	2.4	2.5	2.7
Human Resource Development, Strategic Planning and Coordination	3.7	4.2	4.4	6.0	6.7	7.1	7.6
Planning, Information, Monitoring and Evaluation Coordination	5.5	6.9	7.4	5.2	6.6	7.0	7.4
International Relations	10.4	6.9	7.6	7.4	10.1	9.7	10.1
Legal and Legislative Services	2.3	3.0	4.0	3.9	4.8	5.4	5.7
Social Inclusion in Education	4.7	5.2	5.2	2.2	3.3	3.5	3.8
Total	27.1	27.1	29.4	26.7	33.8	35.2	37.2
Change to 2010 Budget estimate				0.6	5.0	3.3	(5.5)
Economic classification							
Current payments	24.5	24.4	26.5	24.1	31.2	32.4	34.3
Compensation of employees	12.4	15.6	19.1	19.0	26.6	28.2	29.8
Goods and services	12.1	8.8	7.5	5.1	4.6	4.2	4.5
of which:							
Computer services	0.0	0.1	1.2	0.6	0.3	0.4	0.4
Lease payments	0.6	0.1	0.1	0.0	–	–	–
Travel and subsistence	4.6	3.4	2.3	2.2	2.5	1.9	2.0
Transfers and subsidies	2.1	2.4	2.7	2.3	2.4	2.6	2.7
Foreign governments and international organisations	2.1	2.3	2.2	2.3	2.4	2.6	2.7
Households	–	0.1	0.6	–	–	–	–
Payments for capital assets	0.4	0.3	0.1	0.3	0.2	0.2	0.2
Machinery and equipment	0.4	0.1	0.1	0.2	0.2	0.2	0.2
Software and other intangible assets	0.0	0.1	0.0	0.1	–	–	–
Total	27.1	27.1	29.4	26.7	33.8	35.2	37.2
Details of selected transfers and subsidies							
Foreign governments and international organisations							
Current	1.8	1.9	1.8	1.9	2.0	2.1	2.2
Commonwealth of Learning	1.8	1.9	1.8	1.9	2.0	2.1	2.2

Expenditure trends

The spending focus over the medium term will be on implementing the activities in the national human resources development strategy and facilitating the integration of all education information systems.

Expenditure is expected to increase at an average annual rate of 11.8 per cent over the medium term to reach R37.2 million. The increase is due: to additional personnel for the *Human Resource Development, Strategic Planning and Monitoring Coordination* programme to facilitate the human resources and development strategy

for South Africa entrusted to the department; and for the *Planning, Information, Monitoring and Evaluation Coordination* subprogramme to establish and strengthen the systems required to develop an integrated information system for the higher education and training sector.

The fluctuating trend in expenditure in the *International Relations* subprogramme over the seven-year period is due to the varying number of annual international events attended or hosted by the minister. This variation is also reflected in expenditure on goods and services, which increased to R12.1 million in 2007/08, mainly as a result of hosting the third conference of African ministers of education in August 2007, but which decreased thereafter to R5.1 million in 2010/11, at an average annual rate of 25.1 per cent. The average ratio of administration to line function costs is 1:13 over the MTEF period.

Programme 3: University Education

- *Programme Management: University Education* manages delegated administrative and financial responsibilities and coordinates all monitoring and evaluation functions. This subprogramme has a staff complement of 3 and the bulk of its budget is used for compensation of employees and personnel related costs.
- *University - Academic Planning and Management* plans and monitors the university system by analysing institutional and national plans and by maintaining programmes and qualification combinations. This subprogramme has a staff complement of 23 and the bulk of its budget is used for transfers to the National Student Financial Aid Scheme, the Council on Higher Education and the South African Qualifications Authority. In 2010/11, R129 million and R430 million were released to universities for the research development grant and the teaching development grant. In 2010/11 and 2011/12, R3.3 billion is allocated to universities for infrastructure development. This, together with universities' own R2.2 billion investments, will bring the total investment on infrastructure to R5.5 billion over the two-year period. Other outputs over the medium term include developing a framework for increased enrolment, throughput and graduates in scarce and critical skills with an initial focus on the health and animal sciences, natural and physical sciences, engineering sciences and teacher education.
- *University - Financial Planning and Information Systems* coordinates and manages the development and maintenance of universities' information systems and an appropriate funding framework for a diverse university system. This subprogramme has a staff complement of 10 and the bulk of its budget is used for projects, compensation of employees and other personnel related costs. Most of the plans for the clinical training grant for 2010/11 and 2011/12 have been approved and funding was released to universities based on satisfactory progress reports. In May 2010, the health sciences review committee issued a report on the health professions training and development grant to the minister. Outputs over the medium term include a new policy framework for funding health sciences professionals' clinical training, and reviewing the higher education management information system.
- *University - Policy and Development* regulates private university institutions and provides policy support for the development of universities. This subprogramme has a staff complement of 27 and the bulk of its budget is used for projects, compensation of employees and other personnel related costs. In August 2010, research publications by all 23 public higher education institutions in the form of books and conference proceedings were evaluated and awarded credits. Outputs over the medium term include implementing improvements to the research outputs policy, reporting on the first phase of the university transformation indicators monitoring process, and an operational private higher education institutions data management system.
- *Teacher Education* develops and monitors the implementation of policy, systems and programmes to ensure quality teacher education and training for producing and supporting teachers. This includes providing teachers for the schooling sector, practitioners for the early childhood development and adult education and training sectors, and lecturers for universities and colleges. This subprogramme has a staff complement of 17 and the bulk of its budget is used for compensation of employees and other personnel related costs. In 2010/11, a comprehensive teacher education plan was developed, preparatory work for taking forward the foundation phase teacher education project was completed, and a teacher education policy for public comment was finalised. Outputs over the medium term include finalising a policy on teacher education qualifications, developing a new teacher education and development plan for implementation in 2011/12, and developing a policy on further education and training lecturer qualifications.

- *University Subsidies* transfers payments to universities. The bulk of this subprogramme's budget is used for unconditional block grant transfers, which are divided among all 23 universities and are based on research outputs, teaching inputs and outputs, and contextual factors, such as the number of disadvantaged students enrolled at an institution.

Objectives and measures

- Improve the performance and output of the university sub-system through targeted interventions (such as earmarked grants for teaching and research development, infrastructure and foundation programmes, and enrolment planning) and ongoing monitoring and evaluation over the medium term. The allocation of the grants will be based on progress reports in these areas in relation to approved project plans submitted by institutions.
- Improve the governance of universities through ongoing technical support to university councils and other university constituencies and through the ongoing monitoring and evaluation of annual reports, policies, statutes and student charters each year.
- Extend and improve university education to meet high level human resources needs and promote research and knowledge generation by monitoring and evaluating student enrolments relative to the annual enrolment targets set by the minister.
- Improve access to university education opportunities by coordinating the programmes of the national institutes for higher education in Mpumalanga and Northern Cape (in the short term), and then by planning the operationalisation of these universities over the medium term.
- Promote access to and support for teacher education institutions to ensure that more and better qualified teachers are provided, in line with national needs, by:
 - increasing the number of institutions offering foundation phase teacher education from 13 institutions to 18 institutions in 2011/12
 - increasing the intake of foundation phase teacher education students by 10 per cent each year.

Expenditure estimates

Table 17.6 University Education

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
R million							
Programme Management: University Education	2.0	3.3	2.8	1.6	2.2	2.3	2.4
University - Academic Planning and Management	1 286.1	1 598.7	1 837.1	1 999.4	4 045.1	5 288.1	5 866.5
University - Financial Planning and Information Systems	2.5	2.0	2.6	4.9	6.7	7.1	7.3
University - Policy and Development	8.5	10.5	12.0	12.2	15.6	18.4	21.4
Teacher Education	0.4	1.1	1.1	5.6	7.2	7.7	8.2
University Subsidies	11 941.5	13 797.4	15 297.2	17 516.7	19 352.7	20 752.9	21 938.8
Total	13 241.0	15 413.0	17 152.8	19 540.3	23 429.5	26 076.5	27 844.5
Change to 2010 Budget estimate				5.6	1 791.5	2 913.3	3 354.0

Table 17.6 University Education (continued)

Audited outcome				Adjusted appropriation	Medium-term expenditure estimate		
R million	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Economic classification							
Current payments	21.5	24.3	29.8	36.7	41.4	45.9	50.2
Compensation of employees	14.9	17.3	21.9	29.0	32.9	34.9	36.7
Goods and services	6.6	7.1	7.9	7.7	8.5	11.0	13.5
of which:							
Computer services	0.0	0.1	–	0.5	0.8	0.9	0.9
Lease payments	0.0	0.0	0.1	0.1	0.0	0.0	0.0
Property payments	0.0	0.0	0.0	0.0	0.1	0.0	0.1
Travel and subsistence	3.1	3.6	3.7	3.9	3.3	3.6	4.1
Transfers and subsidies	13 219.2	15 388.6	17 122.6	19 503.5	23 387.8	26 030.4	27 794.1
Departmental agencies and accounts	1 277.7	1 591.1	1 825.4	1 986.7	4 035.1	5 277.5	5 855.3
Universities and technikons	11 941.5	13 797.4	15 297.2	17 516.7	19 352.7	20 752.9	21 938.8
Payments for capital assets	0.3	0.1	0.3	0.2	0.4	0.2	0.2
Machinery and equipment	0.3	0.1	0.3	0.2	0.4	0.2	0.2
Total	13 241.0	15 413.0	17 152.8	19 540.3	23 429.5	26 076.5	27 844.5
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	1 277.7	1 591.1	1 825.4	1 986.7	4 035.1	5 277.5	5 855.3
National Student Financial Aid Scheme	1 212.7	1 522.4	1 744.7	1 909.4	3 956.8	5 194.7	5 768.3
Council on Higher Education	29.3	31.2	41.7	36.0	36.8	39.2	40.8
South African Qualifications Authority	35.7	37.6	39.1	41.3	41.4	43.6	46.1
Universities and technikons							
Current	11 864.0	13 742.6	15 258.0	17 484.7	19 333.1	20 735.9	21 924.8
University subsidies	11 864.0	13 742.6	15 258.0	17 484.7	19 333.1	20 735.9	21 924.8
Capital	77.5	54.8	39.2	32.0	19.6	17.0	14.0
University subsidies	77.5	54.8	39.2	32.0	19.6	17.0	14.0

Expenditure trends

The spending focus over the medium term will be on improving access and performance at universities through targeted interventions, including providing specific purpose grants and establishing universities in Northern Cape and Mpumalanga.

Expenditure grew from R13.2 billion in 2007/08 to R19.5 billion in 2010/11, at an average annual rate of 13.9 per cent, and is expected to increase at an average annual rate of 12.5 per cent over the medium term to reach R27.8 billion. The increase in both periods is due to the increase in funding for the National Student Financial Aid Scheme and transfers to universities. Transfer payments to higher education institutions are the programme's largest spending item and are expected to increase at an average annual rate of 7.8 per cent over the MTEF period. The increased transfers will support: renewing infrastructure and academic programmes in institutions to improve their graduate outputs, particularly in scarce and critical skill domains such as engineering, and other science and technology fields; and improving the efficiency and quality of teaching services at institutions.

Expenditure in the *University - Financial Planning and Information Systems* subprogramme is expected to grow by R2.3 million over the MTEF period, at an average annual rate of 14.5 per cent. The increase is due to the expansion of support to universities and other related activities over the medium term.

Over the MTEF period, an average of 19.2 per cent of programme expenditure is for transfers to the National Student Financial Aid Scheme for student loans and operations. These transfer payments are expected to increase at an average annual rate of 44.5 per cent over the medium term to reach R5.8 billion in 2013/14. The increase is attributable to additional funding for university and further education and training college student awards, as well as increased funding for the administration costs of the National Student Financial Aid Scheme.

The average ratio of administration to line function costs over the MTEF period is 1:20.

Programme 4: Vocational and Continuing Education and Training

- *Programme Management: Vocational and Continuing Education and Training* manages delegated administrative and financial responsibilities and coordinates all monitoring and evaluation functions. The programme has a staff complement of 3 and the bulk of this subprogramme's budget is used for compensation of employees and other related costs.
- *Planning and Institutional Support* provides the framework, coordination of and support to further education and training colleges for managing, governing and delivering vocational and occupational programmes, and manages the further education and training conditional grant to provinces. It also regulates the provision of education and training by private education institutions in the further education and training band of the national qualifications framework. This subprogramme has a staff complement of 33 and the bulk of its budget is used for transfers to the 50 further education and training colleges for their operational expenditure. In 2010, operational planning workshops for further education and training colleges were conducted in all provinces, an annual reporting tool for private education institutions was developed and dispatched to 269 private colleges, and all public further education and training colleges and provincial education departments were trained on the department's bursary schemes. Outputs over the medium term include an initial report on implementing the national funding norms for further education and training colleges, draft amendments to national funding norms for further education and training colleges, and a ministerial gazette determining the implementation date of the national funding norms for adult learning centres.
- *Programmes and Qualifications* develops and maintains vocational education and training programmes, provides for implementing the student support services framework, and provides leadership and support for training and developing lecturers. This programme has a staff complement of 143 and the bulk of its budget is used for costs related to setting national site based assessment tasks and examination question papers including accommodation, travel, subsistence, and fees for setting, moderating and translating question papers. In August 2010, a national materials development workshop for adult education and training practitioners was held, which focused on level 4 mathematical literacy, mathematical sciences, communication and life orientation. Outputs over the medium term include interventions to address students' academic performance, increased programme choices, governance and leadership at colleges, and setting and delivering question papers and site based assessment tasks for further education and training colleges.

Objectives and measures

- Ensure the continued relevance of further education and training college programmes by reviewing and changing programmes through consultation with relevant role players over the MTEF period.
- Improve the quality of the delivery of programmes at further education and training colleges by coordinating the training and support of lecturers over the MTEF period.
- Ensure quality education provision by private further education and training institutions by regulating the programmes offered by these institutions over the MTEF period.
- Increase the youth and adult participation, retention and throughput rates in vocational and occupational programmes by initiating and supporting interventions that address these issues in the next three years.
- Improve the linkages between colleges, industry and universities of technology by facilitating and supporting partnerships between them over the medium term.

Expenditure estimates

Table 17.7 Vocational and Continuing Education and Training

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
R million							
Programme Management: Vocational and Continuing Education and Training	1.9	2.2	0.8	0.6	1.7	1.8	1.9
Planning and Institutional Support	2 459.2	3 015.6	3 165.5	3 816.8	4 340.3	4 720.5	5 278.7
Programmes and Qualifications	84.2	94.7	95.1	115.9	133.4	166.9	182.4
Total	2 545.3	3 112.5	3 261.4	3 933.3	4 475.4	4 889.2	5 462.9
Change to 2010 Budget estimate				42.1	331.2	537.4	942.2
Economic classification							
Current payments	100.7	106.2	102.1	129.0	149.0	183.5	199.8
Compensation of employees	47.9	63.1	66.9	83.3	106.9	127.8	142.0
Goods and services	52.7	43.1	35.2	45.7	42.1	55.7	57.8
of which:							
Computer services	16.0	5.6	7.3	8.1	9.0	10.2	10.7
Lease payments	2.9	2.9	3.9	1.0	6.5	7.5	7.8
Travel and subsistence	14.6	18.1	11.5	22.5	15.7	22.3	22.5
Transfers and subsidies	2 435.9	3 005.9	3 155.3	3 804.0	4 326.0	4 705.1	5 262.4
Provinces and municipalities	2 435.3	3 005.8	3 155.3	3 804.0	4 326.0	4 705.1	5 262.4
Households	0.6	0.0	0.0	–	–	–	–
Payments for capital assets	0.8	0.4	4.0	0.4	0.4	0.7	0.8
Machinery and equipment	0.8	0.4	0.2	0.4	0.4	0.7	0.8
Software and other intangible assets	0.0	0.0	3.8	–	–	–	–
Payments for financial assets	8.0	0.1	0.1	–	–	–	–
Total	2 545.3	3 112.5	3 261.4	3 933.3	4 475.4	4 889.2	5 462.9
Details of selected transfers and subsidies							
Provinces and municipalities							
Provinces							
Provincial Revenue Funds							
Current	2 435.3	3 005.8	3 155.3	3 804.0	4 326.0	4 705.1	5 262.4
Further education and training colleges grant	1 804.2	2 210.7	3 155.3	3 804.0	4 326.0	4 705.1	5 262.4
Further education and training colleges sector recapitalisation grant	631.1	795.2	–	–	–	–	–

Expenditure trends

The spending focus over the medium term will be on continuing to support the delivery of programmes at further education and training colleges.

Expenditure increased at an average annual rate of 15.6 per cent, from R2.5 billion in 2007/08 to R3.9 billion in 2010/11. Expenditure is expected to increase over the medium term at an average annual rate of 11.5 per cent to reach R5.5 billion. The increase in both periods is mainly due to the additional allocations to the further education and training colleges conditional grant to allow for increased enrolment at these colleges. Spending in the *Planning and Institutional Support* subprogramme is expected to increase at an average annual rate of 11.4 per cent, from R3.8 billion to R5.3 billion over the MTEF period, mainly to carry out the necessary oversight required for the conditional grant.

The expenditure on the *Programmes and Qualifications* subprogramme is expected to grow from R115.9 million in 2010/11 to R182.4 million in 2013/14, at an average annual rate of 16.3 per cent to ensure that the department is able to meet its responsibilities for setting up and implementing the further education and training colleges, and adult education and training examinations.

The average ratio of administration to line function costs over the MTEF period 1:94.

Programme 5: Skills Development

- *Programme Management: Skills Development* manages delegated administrative and financial responsibilities and coordinates all monitoring and evaluation functions. This subprogramme has a staff complement of 5 and the bulk of its budget is used for compensation of employees and other personnel related costs.
- *SETA Coordination* supports, monitors and reports on the implementation of the national skills development strategy at sectoral level. This is done by establishing and managing the performance of service level agreements with sector education and training authorities. This subprogramme also manages and coordinates national artisan development and specialised technical training. This subprogramme has a staff complement of 263 and the bulk of its budget is used for compensation of employees and other personnel related costs. A key focus over the medium term will be improving the coordination of key objectives within the programme for sector education and training authority support and performance management.
- *National Skills Development Services* transfers funds to the National Skills Fund, manages projects identified in the national skills development strategy, and advises the minister on national skills development policy and strategy. This subprogramme has a staff complement of 9. In 2010/11, the National Skills Fund implemented projects contributing to the second national skills development strategy. These projects include the Career Help Line project, which was implemented by the South African Qualifications Authority, and a research project to establish a charter for the humanities. Between August and November 2010, the National Skills Authority, an advisory body to the minister on issues related to skills development, tabled its recommendations on restructuring the sector education and training authority landscape. In January 2011, the minister announced the third national skills development strategy, which will charter the way forward for skills development over the next 5 years.
- *Quality Development and Promotion* coordinates the work of the Quality Council for Trades and Occupations to develop, register and quality assure the implementation of qualifications and standards for occupationally based learning across all sectors of the economy. This subprogramme has a staff complement of 12. Funds will be transferred to the council in 2011/12. The council, which was launched on 1 April 2010, is responsible for standards generation and quality assurance of all work based qualifications from national qualifications framework level 1 to 10.

Objectives and measures

- Improve skills development planning and matching by securing the adoption of the third national skills development strategy by all employers (government and private sector) and its alignment with the human resource development strategy for South Africa by March 2012.
- Improve the skill levels of workers by aligning the work of the sector education and training authorities and the National Skills Fund to the targets contained in the third national skills development strategy over the MTEF period.
- Ensure that skills development objectives are achieved by annually monitoring and evaluating the delivery of targets contained in the national skills development strategy II and III.
- Improve the development of relevant skills by restructuring the sector education and training authority landscape to enhance the performance of the authorities over the medium term.

Expenditure estimates

Table 17.8 Skills Development

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R million	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Programme Management: Skills Development	–	–	–	0.6	3.5	3.7	3.9
SETA Coordination	55.9	65.1	75.7	70.7	71.8	75.2	79.3
National Skills Development Services	60.4	63.7	60.6	62.1	34.5	44.0	53.4
Quality Development and Promotion	0.8	1.8	1.3	19.7	18.4	20.0	21.0
Total	117.1	130.5	137.5	153.2	128.3	142.9	157.7
Change to 2010 Budget estimate				(15.1)	(59.2)	(50.7)	(17.2)

Table 17.8 Skills Development (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Economic classification							
Current payments	69.1	80.4	79.9	92.8	73.7	79.0	85.4
Compensation of employees	46.9	50.1	57.5	66.5	64.3	68.3	71.8
Goods and services	22.2	30.3	22.4	26.3	9.4	10.7	13.6
of which:							
Computer services	–	7.4	0.5	(1.5)	0.3	0.3	0.3
Lease payments	0.4	0.5	0.5	0.6	1.1	1.3	1.6
Property payments	1.1	0.5	1.3	0.9	0.9	1.0	1.1
Travel and subsistence	3.4	4.4	2.5	2.2	1.7	2.2	3.1
Transfers and subsidies	46.0	47.1	49.0	51.7	48.3	57.9	67.4
Departmental agencies and accounts	44.8	46.9	49.0	51.7	48.3	57.9	67.4
Households	1.2	0.1	0.1	0.0	–	–	–
Payments for capital assets	2.0	3.1	8.6	8.7	6.2	6.0	4.9
Buildings and other fixed structures	–	0.6	1.9	–	–	–	–
Machinery and equipment	2.0	2.4	6.8	8.7	6.2	6.0	4.9
Total	117.1	130.5	137.5	153.2	128.3	142.9	157.7

Details of selected transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	44.8	46.9	49.0	51.7	48.3	57.9	67.4
National Skills Fund	44.8	46.9	49.0	51.7	29.9	37.9	46.4
Quality Council for Trades and Occupations	–	–	–	–	18.4	20.0	21.0

Expenditure trends

Over the medium term, the spending focus will be on facilitating the achievement of the goals set in the national skills development strategy.

Expenditure increased at an average annual rate of 9.4 per cent, from R117.1 million in 2007/08 to R153.2 million in 2010/11, mainly due to the establishment of the Quality Council for Trades and Occupations. Expenditure is expected to increase to R157.7 million over the medium term, at an average annual rate of 1.1 per cent.

Payments for capital assets increased by R5.5 million in 2009/10 due to upgrading buildings and security systems at the Institute for the National Development of Learnerships, Employment Skills and Labour Assessments. Spending on current payments is expected to decrease by R19.0 million in 2011/12, as funds allocated for the Quality Council for Trades and Occupations will be classified as a transfer payment when the council is listed as a public entity.

Over the medium term, the department will focus on setting up the Quality Council for Trades and Occupations and realigning this programme with the objectives of the new national skills development strategy.

The average ratio of administration to line function costs is 1:24 over the 2011 MTEF period.

Public entities and other agencies**National Student Financial Aid Scheme****Strategic overview: 2007/08 – 2013/14**

The National Student Financial Aid Scheme, established in terms of the National Student Financial Aid Scheme Act (1999), is responsible for administering and allocating loans and bursaries to eligible students, developing criteria and conditions for granting loans and bursaries in consultation with the minister, raising funds, recovering loans, maintaining and analysing a database, and undertaking research for the better use of financial

resources. The scheme also advises the minister on student financial aid in general, and performs other functions assigned to it by the minister.

Over the medium term, the scheme will be restructured based on the recommendations from a 2009/10 review conducted of the organisation and its operations, including the strengthening of the scheme's financial and information technology oversight capacity.

Savings and cost effectiveness measures

The scheme has identified savings over the medium term as a result of the decision to fix the interest rate on outstanding debtor accounts on 1 April each year. This reduced printing, postage and other costs related to mailing debtor account statements, which are now sent quarterly instead of every time interest rates change. Savings have also been identified over the medium term from using electronic loan agreement forms to reduce printing, courier and data capturing costs, and to improve turnaround times. The initiative is expected to start delivering savings from 2011/12 onwards.

Selected performance indicators

Table 17.9 National Student Financial Aid Scheme

Indicator	Programme/Activity	Past			Current	Projections		
		2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Number of students assisted in higher education per year ¹	Student Loans - HEIs	113 519	118 450	135 208	187 500	198 750	208 680	219 000
Pass rate (number of courses passed by loan recipients) ²	Student Bursaries - HEIs	75%	77%	74%	75%	75%	75%	75%
Funds recovered from previous loan recipients per year	Student Loans - HEIs	R479 million	R556 million	R636 million	R577 million	R801 million	R842 million	R932 million
Total number of Funza Lushaka bursary recipients ³	Student Bursaries - HEI's	3 669	5 190	9 192	10 150	8 517	11 717	15 217
Total number of further education and training bursary recipients	Student Bursaries - FET Colleges	12 283	35 352	55 173	62 500	160 000	226 000	259 000

1. Recipients of awards from all sources of funding.

2. The National Student financial Aid Scheme's pass rate is a reported figure from each higher education institution, which provides a breakdown of the number of courses a student enrolled for in a particular year, and the number of courses passed in that year. It does not provide an indication of progression and does not correlate with progression rates, as students may pass more than 50 per cent of their courses but these may not necessarily be credit bearing, weighted or major courses that contribute to progression to the next academic year.

3. Bursaries for students studying to become teachers.

Details of programmes/activities/objectives

Table 17.10 National Student Financial Aid Scheme

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Student Bursaries - HEI's	612.4	855.7	1 277.6	1 603.7	1 641.5	1 757.3	1 871.5
Student Bursaries - FET Colleges	65.3	219.0	310.5	315.0	337.1	353.9	371.6
Administration and operating expenses	263.3	396.3	1 123.6	262.8	446.5	701.7	906.5
Total expense	941.0	1 471.0	2 711.8	2 181.5	2 425.1	2 813.0	3 149.6

The scheme administers and allocates loans and bursaries to eligible students, and develops criteria and conditions for granting loans and bursaries. Loan repayments increased from R556 million in 2008/09 to R636 million in 2009/10 as the scheme improved its debt recovery and collection strategy. The number of students assisted through bursaries and loans increased by 19.1 per cent, from 113 519 in 2007/08 to 135 208 in 2009/10. In 2010/11, this is expected to increase by 39 per cent to 187 500 students. The growth is expected to continue over the medium term, resulting in awards being given to 450 674 students by 2013/14.

Expenditure estimates

Table 17.11 National Student Financial Aid Scheme

Statement of financial performance				Revised estimate	Medium-term estimate		
R million	Audited outcome			2010/11	2011/12	2012/13	2013/14
	2007/08	2008/09	2009/10				
Revenue							
Non-tax revenue	411.5	590.2	298.9	451.8	497.0	546.7	601.4
<i>Interest on investments and student loans</i>	411.5	590.2	298.9	451.8	497.0	546.7	601.4
Transfers received	1 507.1	1 969.1	2 568.9	2 848.7	4 734.1	6 213.5	7 026.9
Total revenue	1 918.5	2 559.3	2 867.7	3 300.6	5 231.1	6 760.3	7 628.3
Expenses							
Current expense	263.3	42.9	53.4	76.7	76.3	81.9	86.6
Compensation of employees	13.1	16.8	18.7	24.8	34.0	37.5	39.6
Goods and services	250.8	25.1	31.4	49.5	39.2	40.5	42.8
Depreciation	(0.6)	1.1	3.2	2.4	3.1	3.9	4.2
Transfers and subsidies	677.8	1 428.1	2 658.4	2 104.8	2 348.8	2 731.0	3 063.1
Total expenses	941.0	1 471.0	2 711.8	2 181.5	2 425.1	2 813.0	3 149.6
Surplus / (Deficit)	977.5	1 088.3	156.0	1 119.1	2 806.1	3 947.3	4 478.6

Expenditure trends

The National Student Financial Aid Scheme generates revenue mainly from transfers by the Department of Higher Education and Training. The transfers are expected to be R4.7 billion in 2011/12, R6.2 billion in 2012/13 and R7 billion in 2013/14, and include allocations for university loans and further education and training college bursaries (R1.6 billion, R2 billion and R2.1 billion). The scheme also receives transfers from the Department of Basic Education for the Funza Lushaka bursaries (R449.4 million, R671.9 million, R893.9 million) for prospective teachers.

Expenditure increased from R941 million in 2007/08 to R2.2 billion in 2010/11, at an average annual rate of 32.3 per cent, mainly due to additions for university and further and training college loans and bursaries.

Expenditure is expected to increase from R2.2 billion to R3.1 billion over the medium term, at an average annual rate of 13 per cent, due to the increased allocation of funds for student bursaries (further education and training, and Funza Lushaka programmes) and loans. Despite the significant growth in student loans and bursary awards, administrative expenditure is expected to increase by 4.1 per cent from R76.7 million in 2010/11 to R86.6 million in 2013/14.

The increasing number of student loans awarded is recognised directly on the scheme's balance sheet, but not recorded as expenditure in the year they are granted. This will result in a significant accounting surplus each year, despite the funds having been used for their allocated purpose. Also contributing to the surplus, donor funds for student financial aid are received at the beginning of the academic year and disbursed during the academic year (which extends into the subsequent financial year). Furthermore, the surplus is a result of recovered funds from loan repayments and interest received. The recovered funds are allocated in the following year, as there is no certainty on the amount that will be recovered from previous debtors in a given year.

Personnel information

Table 17.12 National Student Financial Aid Scheme

	Post status as at 30 September 2010			Number of posts filled on funded establishment						
	Number of posts on approved establishment	Number of funded posts (establishment)	Number of vacant posts	Actual			Mid-year ¹	Medium-term estimate		
				2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Executive management	5	5	3	1	1	1	2	5	5	5
Senior management	6	6	–	4	6	6	6	9	9	9
Middle management	14	14	2	7	8	9	12	19	20	20
Professionals	2	2	–	1	1	1	2	5	5	5
Semi-skilled	65	65	1	69	73	69	64	79	88	88
Total	92	92	6	82	89	86	86	117	127	127
Compensation (R thousand)				13 111	16 757	18 734	24 750	33 960	37 475	39 631
Unit cost (R thousand)				160	188	218	288	290	295	312

1. As at 30 September 2010

The scheme's establishment is 92 posts, all of which are funded. The establishment is expected to increase to 117 posts over the medium term, as the organisation increases the number of operational staff and senior management to manage the increasing volume of loans and bursaries being granted annually. There are 91 filled posts currently. Of the 10 vacancies, 3 are in executive management, 4 in middle management and 3 are semi-skilled. The scheme is in the process of filling the vacancies, most of which are newly created positions.

Over the medium term, the ratio of support staff to line staff is expected to change from 1:3.4 to 1:4.2.

Consultants are engaged on once-off organisational change projects if required, and not used to fill vacant posts.

National Skills Fund

Strategic overview: 2007/08 – 2013/14

The National Skills Fund was established in 1999 in terms of the Skills Development Act (1998). It is funded from 20 per cent of the skills development levies collected by the South African Revenue Service. The fund's key objectives include: funding national skills development priority projects as identified in the national skills development strategy; funding projects related to the achievement of the purpose of the act as determined by the accounting authority and the payment of skills development collection costs incurred by the South African Revenue Service; and administering the fund.

Key priorities over the medium term include: managing the closure processes of the projects funded under the second national skills development strategy; providing funds to support projects identified as national priorities in the third strategy and other projects related to the achievement of the purpose of the act; and steering the development of internal and external structures and systems that effectively enable the achievement of these objectives.

The second national skills development strategy ends on 31 March 2011. The third strategy was launched by the Minister of Higher Education and Training in January 2011 for implementation from 1 April 2011.

Savings and cost effectiveness measures

The National Skills Fund has targeted areas in which savings will be made over the medium term, including, travel, accommodation, limiting the number of participants at workshops and advertising.

Selected performance indicators

Table 17.13 National Skills Fund

Indicator	Programme/Activity	Past			Current	Projections		
		2007/08	2008/09	2009/0	2010/11	2011/12	2012/13	2013/14
Number of additional unemployed persons assisted to enter learning programmes (Scare skills) ¹	Critical Skills Support	57 570	20 770	20 331	18 800	12 400	12 400	12 400
Number of new learners who have completed learning programmes (Scare Skills) ¹	Critical Skills Support	38 008	23 625	10 767	7 360	4 960	11 040	11 040
Number of New undergraduate bursaries awarded ¹	Critical Skills Support	726	1 179	4 694	2 800	2 800	2 800	2 800
Number of new postgraduate bursaries awarded ¹	Critical Skills Support	1 120	1 500	1 088	856	1 200	1 200	1 200
Number of new registered adult basic education and training learners who have completed programme ¹	ABET	–	18 715	44 803	–	2 500	2 500	2 500
Number of additional unemployed people trained (Social Development funding window including the expanded public works programme) ¹	Social Development Initiatives	101 924	11 940	12 802	6 500	100 000	100 000	100 000
Number of additional trained unemployed people placed in employment (Social Development Funding Window including the expanded public works programme) ¹	Social Development Initiatives	71 054	6 696	7 008	3 250	70 000	70 000	70 000

1. Subject to revised National Skills Development Strategy 2011 - 2016

Details of programmes/activities/objectives

Table 17.14 National Skills Fund

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Administration/Operations	69.3	81.9	82.4	107.1	179.2	198.4	208.4
Social Development Initiatives	325.8	162.0	75.2	164.0	965.8	1 062.3	1 120.8
Adult Basic Education and Training	64.0	119.7	99.4	8.2	40.0	40.0	42.2
Strategic Projects	170.7	200.7	306.2	140.5	310.0	310.0	327.1
Critical Skills Support	83.4	256.1	257.9	457.0	840.0	860.0	907.3
Constituency Capacity Building and Other	89.1	109.9	50.0	104.0	456.9	492.1	519.2
Total expense	802.3	930.3	871.1	980.8	2 791.8	2 962.9	3 124.9

The fund provides support for critical skills, adult basic education and training programmes, strategic projects, and social development initiatives. By the end of October 2010, the National Skills Fund had disbursed R380 million of the 2010/11 budget to support skills development of unemployed people or new entrants to the labour market. Business processing and outsourcing training grants to the value of R121 million have been contractually committed over a 3-year period, which will benefit a further 19 100 targeted new entrant workers. By March 2010, the fund met 78 per cent of the national skills development strategy target of training 450 000 unemployed people.

Expenditure estimates

Table 17.15 National Skills Fund

Statement of financial performance				Revised estimate	Medium-term estimate		
R million	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Revenue							
Non-tax revenue	250.6	405.0	378.5	350.0	343.8	378.2	399.0
Other non-tax revenue	250.6	405.0	378.5	350.0	343.8	378.2	399.0
Transfers received	1 301.7	1 493.8	1 612.1	1 736.6	1 859.6	1 959.1	2 073.3
Total revenue	1 552.2	1 898.8	1 990.6	2 086.6	2 203.4	2 337.3	2 472.2
Expenses							
Current expense	69.3	81.9	82.4	107.1	179.2	198.4	208.4
Compensation of employees	10.9	11.8	13.9	29.0	35.1	40.3	42.5
Goods and services	58.4	70.1	68.5	78.1	144.1	158.1	165.9
Transfers and subsidies	733.0	848.4	788.7	873.7	2 612.6	2 764.5	2 916.5
Total expenses	802.3	930.3	871.1	980.8	2 791.8	2 962.9	3 124.9
Surplus / (Deficit)	750.0	968.5	1 119.5	1 105.8	(588.4)	(625.6)	(652.7)

Expenditure trends

The fund receives revenue mainly from transfers received from direct charges against the National Revenue Fund transferred by the Department of Higher Education and Training. Revenue is projected to grow from R2.1 billion to R2.5 billion over the medium term at an average annual rate of 5.8 per cent. This growth is mainly due to increased receipts of the skills development levy, which is collected on a monthly basis by the South African Revenue Service and transferred via the department to the fund.

Expenditure increased from R802.3 million in 2007/08 to R980.8 million in 2010/11, at an average annual rate of 6.9 per cent. This was driven mainly by payments for skills development projects aligned with the second national skills development strategy. Between 2007/08 and 2010/11, spending on compensation of employees grew at an average annual rate of 38.4 per cent due to salary adjustments. Spending in 2011/12 is expected to increase as a result of the implementation of the national skills development strategy, which presents an opportunity for the fund to spend much more than it could in the past through an even broader skills delivery system in the country.

Spending over the MTEF period is expected to increase from R980.8 million in 2010/11 to R3.1 billion in 2013/14, at an average annual rate of 47.1 per cent. The growth is mainly due to the new goals indicated in the revised national skills development strategy.

The projected deficits in the current year and over the MTEF period are due to an increase in the rollout of skills programmes. The fund has adequate cash and cash reserves in the current year and over the MTEF period to fund these projected deficits.

Personnel information

The fund has an approved establishment of 48 for 2011/12, of which all are funded. They have one post which is additional to the approved establishment. The fund has 38 filled posts with 10 vacant posts, 4 of which are middle management level posts and 5 are semi-skilled level posts. The process of filling these posts has not yet been determined by the Department of Higher Education and Training. The ratio of support staff to core function staff is approximately 1:1.

Sector education and training authorities

Strategic overview: 2007/08 – 2013/14

There are currently 21 sector education and training authorities that are mandated by section 9 of the Skills Development Act (1998) to provide skills development across various economic sectors. Their main objectives are to: implement sector skills plans to develop appropriate skills; develop and register learning programmes; and distribute skills development levy funds. The sector education and training authorities have moved from the Department of Labour to the Department of Higher Education and Training as part of the macro reorganisation of the state.

The sector education and training authorities meet the national skills development strategy targets through a legislated service level agreement with the Department of Higher Education and Training. These annual agreements are determined by the national skills development strategy's five-year target, which is also calculated in annual terms. The sector education and training authority sector skills plans have formed the basis for the first formally published, occupationally based national scarce skills list. The list has also been integrated into the Department of Home Affairs' processes for issuing scarce skills immigration work permits. The sector skills plans are automatically uploaded through an integrated data collection process into the employment services system so that the list is efficiently updated.

The third national skills development strategy, which was launched in January 2011 and runs beyond the medium term, sets targets for all sector education and training authority programmes. The strategy will be implemented from 1 April 2011.

Savings and cost effectiveness measures

All the sector education and training authorities have savings and cost effectiveness measures in place, which range from the imposing a moratorium on filling non-critical vacancies to identifying savings in a number of areas including, travel, accommodation and workshop attendance and advertising.

Selected performance indicators

Table 17.16 Sector Education and Training Authorities

Indicators	Past			Current	Projections		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Number of additional BEE small, medium and micro enterprises and cooperatives that receive skills development support per year	1 442	2 251	1 770	2 491	2 615	2 745	2 896
Number of additional adult basic education and training learners registered by sector education and training authorities per year	40 583	39 116	46 750	34 786	36 525	38 350	40 459
Number of additional adult basic education and training learners who have completed programmes each year	20 415	14 471	31 392	22 713	23 484	24 658	26 014
Number of additional workers assisted to enter scarce and critical skills programmes through learnerships apprenticeships, bursaries and skills programmes per year	112 100	103 296	56 398	59 954	62 950	66 097	69 732
Number of additional workers enrolled in scarce and critical skills programmes who have completed learning programmes each year	71 529	108 887	35 194	36 988	38 837	40 778	43 021
Percentage of workers successfully completed learning programmes annually	64%	79%	50%	50%	50%	50%	53%
Number of additional unemployed people assisted to enter scarce and critical skills programmes through learnerships, apprenticeships, internships, bursaries and skills programmes each year	57 570	60 126	36 804	31 295	32 859	34 501	36 399
Number of additional unemployed learners who have completed learning programmes each year	38 008	63 349	22 785	14 445	15 167	15 925	16 801
Number of additional youth supported through new venture creation programmes each year	2 559	3 406	3 406	2 092	14 344	15 061	15 889
Number of additional ventures sustainable 12 months after completion of the programme each year	1 791	1 475	3 408	4 215	4 425	4 646	4 902

Details of programmes/activities/objectives

Table 17.17 Sector Education and Training Authorities

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Administration/Operations	511.3	585.9	614.6	760.0	776.3	549.6	582.5
Discretionary Grants	937.3	1 482.9	1 852.0	1 902.0	1 934.3	2 041.1	2 119.9
Mandatory Grants	1 949.7	2 432.6	2 753.7	2 720.9	3 422.2	3 910.9	4 152.5
Skills Development and Research	112.8	138.8	137.2	307.3	161.2	161.2	61.4
Standards Generating Body	103.0	111.7	127.9	205.3	33.3	15.3	8.9
Other Objectives	670.3	563.9	851.9	848.0	975.3	865.2	1 091.7
Total expense	4 284.5	5 315.8	6 337.4	6 743.4	7 302.6	7 543.4	8 016.9

Sector education and training authorities implement sector skills plans to develop appropriate skills, develop and register learning programmes, and distribute skills development levy funds. These organisations have moved from the Department of Labour to the Department of Higher Education and Training as part of the macro reorganisation of the state. Sector education and training authorities have structures that cater for three programmes: administration, which deals with costs as contemplated in regulation 4(3) of the Skills Development Act; discretionary grants as contemplated in regulation 7 of the act; and mandatory grants as contemplated in regulation 6 of the act. The bulk of the expenditure (about 47 per cent) is spent on mandatory grants, which are paid to contributing employers claiming back for training provided.

In 2009/10, the Manufacturing, Engineering and Related Services training authority began the retrenchment assistance programme, which was aimed at retraining workers who had been retrenched or were in the process of being retrenched as a result of the industry downturn or workplace closure. As at 31 March 2010, there were 23 companies actively participating in the project, benefiting 8 393 individuals, with a further 7 companies in the queue for approval.

Expenditure estimates

Table 17.18 Sector Education and Training Authorities

Statement of financial performance				Revised estimate	Medium-term estimate		
R million	Audited outcome			2010/11	2011/12	2012/13	2013/14
	2007/08	2008/09	2009/10				
Revenue							
Non-tax revenue	464.1	646.1	560.3	304.0	367.2	363.7	367.7
Sale of goods and services other than capital assets	4.6	8.5	1.7	1.2	0.9	0.9	0.9
of which:							
Sales by market establishments	4.4	8.2	1.4	1.2	0.9	0.9	0.9
Other sales	0.2	0.3	0.3	—	—	—	—
Other non-tax revenue	459.5	637.6	558.7	302.8	366.3	362.8	366.8
Transfers received	5 168.9	5 941.3	6 395.4	6 829.6	7 466.2	7 822.3	8 249.3
Total revenue	5 633.0	6 587.4	6 955.8	7 133.6	7 833.5	8 186.1	8 617.0
Expenses							
Current expense	657.6	729.9	776.4	834.6	963.9	1 019.4	1 072.1
Compensation of employees	314.8	368.7	378.7	436.0	489.9	517.8	550.5
Goods and services	316.7	329.1	372.2	377.6	451.1	477.9	498.3
Depreciation	22.4	28.9	22.6	18.1	19.5	20.2	19.6
Interest, dividends and rent on land	3.6	3.2	2.9	2.9	3.4	3.5	3.7
Transfers and subsidies	3 627.0	4 585.8	5 561.0	5 908.9	6 338.6	6 524.0	6 944.7
Total expenses	4 284.5	5 315.8	6 337.4	6 743.4	7 302.6	7 543.4	8 016.9
Surplus / (Deficit)	1 348.5	1 271.6	618.4	390.1	530.9	642.7	600.1

Expenditure trends

Total revenue is expected to grow at an average annual rate of 7.0 per cent over the seven-year period, from R5.6 billion in 2007/08 to R8.6 billion in 2013/14. The skills development levy collected by the South African Revenue Service and transferred to the sector education and training authorities accounts for 93.7 per cent of total revenue over the medium term. Other non-tax revenue fluctuates over the seven-year period due to fluctuations in interest earned on investments and the use of investments to fund training programmes.

Spending over the seven-year period grows at an average annual rate of 9.4 per cent, from R4.3 billion in 2007/08 to R8.0 billion in 2013/14. The increase is driven mainly by payments relating to skills development programmes. Between 2007/08 and 2010/11, spending on compensation of employees grew at an average annual rate of 11.5 per cent due to higher salary adjustments, and is projected to grow at an average annual rate of 8.1 per cent over the MTEF period. Spending on goods and services increased at an average annual rate of 6.0 per cent between 2007/08 and 2010/11 due to increased spending on computer services and consultants. Over the medium term, expenditure on this item is expected to increase at an average annual rate of 9.7 per cent due to increased spending on audit costs, communication, travel and subsistence, and advertising related to marketing the revised national skills development strategy.

The surpluses over the seven-year period are due to the rate of spending on skills development programmes being much lower than the skills levy collected. An average of 89.3 per cent of the levy collected is spent on skills development programmes.

Personnel information

The 22 education and training authorities had a total of 1 687 filled posts on their establishment as at 30 September 2010, with an associated compensation of employees budget of R436 million, which renders the unit cost per employee to R258 400.

Other public entities

Comprehensive coverage of the following public entities is provided with the more detailed information for the vote at www.treasury.gov.za under the budget information link.

- The **Council on Higher Education** implements the higher education qualifications framework by generating and setting standards and other quality assurance functions, and monitors and evaluates the achievement of South African higher education policy goals and objectives. The council's total budget for 2011/12 is R40.7 million.
- The **South African Qualifications Authority** ensures access, quality, redress and development for all learners through an integrated national framework of learning achievements. The organisation's total budget for 2011/12 is R103.9 million.

Additional tables

Table 17.A Summary of expenditure trends and estimates per programme and economic classification

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R million	2009/10		2009/10	2010/11			2010/11
Administration	103.4	104.3	107.7	95.1	27.6	122.7	122.7
Human Resource Development, Planning and Monitoring Coordination	27.8	29.2	28.6	27.0	(0.4)	26.7	26.7
University Education	17 138.5	17 149.1	17 150.0	19 537.0	3.3	19 540.3	19 540.3
Vocational and Continuing Education and Training	87.6	3 260.2	3 260.6	3 893.3	40.0	3 933.3	3 933.3
Skills Development	152.3	153.8	137.5	168.3	(15.1)	153.2	134.2
Subtotal	17 509.6	20 696.6	20 684.4	23 720.7	55.5	23 776.2	23 757.2
Direct charge against the National Revenue Fund	7 750.0	7 750.0	7 815.6	8 424.2	–	8 424.2	8 424.2
Sector education and training authorities	6 200.0	6 200.0	6 252.4	6 739.4	–	6 739.4	6 739.4
National Skills Fund	1 550.0	1 550.0	1 563.1	1 684.8	–	1 684.8	1 684.8
Total	25 259.6	28 446.6	28 500.0	32 144.9	55.5	32 200.4	32 181.4

Economic classification

Current payments	336.2	343.4	332.7	382.4	20.8	403.2	388.7
Compensation of employees	193.6	203.3	201.8	228.9	22.7	251.6	249.6
Goods and services	142.6	140.1	130.9	153.5	(1.9)	151.6	139.1
Transfers and subsidies	24 913.0	28 092.1	28 146.5	31 752.7	33.5	31 786.1	31 786.1
Provinces and municipalities	–	3 168.3	3 155.3	3 772.7	31.3	3 804.0	3 804.0
Departmental agencies and accounts	9 615.4	9 624.4	9 690.0	10 462.8	–	10 462.8	10 462.8
Universities and technikons	15 297.2	15 297.2	15 297.2	17 516.7	–	17 516.7	17 516.7
Foreign governments and international organisations	0.4	0.4	2.2	0.4	1.9	2.3	2.3
Households	–	1.7	1.8	–	0.3	0.3	0.3
Payments for capital assets	10.5	11.1	20.7	9.8	1.2	11.1	6.6
Buildings and other fixed structures	3.0	3.0	1.9	–	–	–	–
Machinery and equipment	7.4	8.0	14.9	9.8	1.2	11.0	6.5
Software and other intangible assets	0.1	0.1	4.0	0.1	0.0	0.1	0.1
Payments for financial assets	–	–	0.1	–	–	–	–
Total	25 259.6	28 446.6	28 500.0	32 144.9	55.5	32 200.4	32 181.4

Table 17.B Detail of approved establishment and personnel numbers according to salary level ¹

	Personnel post status as at 30 September 2010			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year ²	Medium-term estimate		
				2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Department	1 057	757	17	819	803	815	757	837	829	839
Salary level 1 – 6	449	370	3	382	377	382	370	388	385	383
Salary level 7 – 10	376	242	6	287	278	283	242	275	271	280
Salary level 11 – 12	151	93	1	101	99	101	93	105	104	107
Salary level 13 – 16	81	52	7	49	49	49	52	69	69	69
Administration	279	193	7	148	145	148	192	241	241	248
Salary level 1 – 6	120	100	1	73	71	73	100	112	112	112
Salary level 7 – 10	98	54	2	45	44	45	54	74	74	80
Salary level 11 – 12	28	20	–	17	17	17	20	26	26	27
Salary level 13 – 16	33	19	4	13	13	13	18	29	29	29

Table 17.B Detail of approved establishment and personnel numbers according to salary level ¹ (continued)

	Personnel post status as at 30 September 2010			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year ² 2010/11	Medium-term estimate		
				2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Human Resource Development, Planning and Monitoring Coordination	98	46	3	59	56	58	46	61	61	62
Salary level 1 – 6	17	7	–	11	11	11	7	11	11	11
Salary level 7 – 10	39	21	2	25	22	24	21	27	27	28
Salary level 11 – 12	26	12	–	13	13	13	12	13	13	13
Salary level 13 – 16	16	6	1	10	10	10	6	10	10	10
University Education	113	67	4	56	53	55	67	77	75	79
Salary level 1 – 6	22	19	–	14	14	14	19	20	20	20
Salary level 7 – 10	35	18	2	14	12	13	18	23	21	23
Salary level 11 – 12	43	20	–	20	19	20	20	23	23	25
Salary level 13 – 16	13	10	2	8	8	8	10	11	11	11
Vocational and Continuing Education and Training	220	174	3	175	168	173	174	175	169	167
Salary level 1 – 6	99	81	2	86	83	86	81	82	79	77
Salary level 7 – 10	74	55	–	58	55	56	55	54	52	52
Salary level 11 – 12	35	27	1	22	21	22	27	27	26	26
Salary level 13 – 16	12	11	–	9	9	9	11	12	12	12
Skills Development	347	277	–	381	381	381	278	283	283	283
Salary level 1 – 6	191	163	–	198	198	198	163	163	163	163
Salary level 7 – 10	130	94	–	145	145	145	94	97	97	97
Salary level 11 – 12	19	14	–	29	29	29	14	16	16	16
Salary level 13 – 16	7	6	–	9	9	9	7	7	7	7

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

2. As at 30 September 2010.

Table 17.C Summary of expenditure on training

	Audited outcome			Adjusted appropriation 2010/11	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Compensation of employees (R million)	146.2	174.8	201.8	251.6	301.5	334.1	359.7
Training expenditure (R million)	2.5	2.9	1.9	2.4	1.3	1.3	1.3
Training as percentage of compensation of employees	1.7%	1.7%	0.9%	1.0%	0.4%	0.4%	0.4%
Total number trained in department (head count)	335	287	134	219			
<i>of which:</i>							
Employees receiving bursaries (head count)	20	26	31	52			
Internships trained (head count)	62	25	19	8			
Households receiving bursaries (R million)	100.0	200.0	300.0	318.0	387.1	453.9	598.9
Households receiving bursaries (head count)	9 732	22 857	34 286	–			

Vote 18

Labour

Budget summary

R million	2011/12				2012/13	2013/14
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	697.2	665.4	0.2	31.6	725.0	766.4
Inspection and Enforcement Services	386.7	386.7	0.1	–	427.4	453.2
Public Employment Services	296.1	194.3	101.9	–	313.5	330.6
Labour Policy and Industrial Relations	601.4	103.6	497.3	0.5	632.5	671.5
Total expenditure estimates	1 981.5	1 349.9	599.4	32.1	2 098.5	2 221.7
Executive authority	Minister of Labour					
Accounting officer	Director General of Labour					
Website address	www.labour.gov.za					

More detailed information for each vote is available at www.treasury.gov.za. More comprehensive coverage of vote specific information, particularly on goods and services, transfers and subsidies, donor funding, public entities and lower level institutional information, is provided.

Aim

Regulate the labour market through policies and programmes developed in consultation with social partners, which are aimed at: improved economic efficiency and productivity; employment creation; sound labour relations; eliminating inequality and discrimination in the workplace; alleviating poverty in employment; enhancing occupational health and safety awareness and compliance in the workplace; and nurturing the culture of acceptance that worker rights are human rights.

Programme purposes

Programme 1: Administration

Purpose: Provide management, strategic and administrative support services to the ministry and the department.

Programme 2: Inspection and Enforcement Services

Purpose: Ensure the implementation of and compliance with Department of Labour policies and programmes through monitoring, evaluation and inspections.

Programme 3: Public Employment Services

Purpose: Assist companies and workers to adjust to changing labour market conditions. Regulate private employment agencies.

Programme 4: Labour Policy and Industrial Relations

Purpose: Facilitate the establishment of an equitable and sound labour relations environment and the promotion of South Africa's interests in international labour matters through research, analysing and evaluating labour policy, and providing statistical data on the labour market, including providing support to institutions that promote social dialogue.

Strategic overview: 2007/08 – 2013/14

Creating employment and fighting against poverty, inequality and discrimination continue to be the most pressing development challenges for the South African government in general and the Department of Labour in particular. The department is therefore arranging its priorities to effectively address these challenges.

Outcomes and related outputs

In relation to government's 12 outcomes, the department is focusing on decent employment through inclusive economic growth (outcome 4). Policies and programmes will be put in place to promote job creation, reduce poverty by increasing employment, and eliminate inequality and discrimination in the workplace. The department contributes to the following outputs: making growth more labour absorbing, reducing youth unemployment, raising the country's international competitiveness, reviewing support for small business, and supporting the expanded public works programme.

Strategic priorities

Amending legislation

To contribute to the creation of decent employment, the department will, after consultation with stakeholders, present amended bills to Parliament in 2011/12 for the following legislation: the Basic Conditions of Employment Act (1997), the Employment Equity Act (1998), the Labour Relations Act (1995), the Unemployment Insurance Act (2001), and the new Employment Services Bill.

Labour market policies and programmes

In the interest of realising decent work, the department is continuing to regulate non-employment and employment conditions through inspection and enforcement, to ensure that employer organisations comply with all labour market policies. In this way the department will be contributing to an environment that encourages investment and is conducive to economic growth and the reduction of poverty. Effective compliance monitoring and enforcement mechanisms will be developed and implemented to ensure compliance with all legislation and to give effect to the Decent Work agenda.

The new Employment Services Bill and accompanying regulations will be promulgated in 2011/12. The bill is aimed at facilitating the entry and re-entry of job seekers into the labour market by assisting companies and workers to adjust to changing labour market conditions and by regulating private employment agencies and labour migration. Systems and programmes will be put in place to ensure that all job seekers registering on the national database of job seekers are assessed and profiled within 60 days of registration, and that the database is maintained. Life skills support programmes will be provided to Unemployment Insurance Fund beneficiaries that have been identified to participate in small business and cooperatives. The department will also develop and implement youth training and employment creation innovation programmes for at least 100 000 youth in 2011/12.

The department will undertake a review of small business determination to improve support to small business and cooperatives.

It will also approve and implement the policy framework for rehabilitating and reintegrating injured workers into the labour market

Decent Work country programme

In September 2010, the social partners at the National Economic Development and Labour Council, and the International Labour Organisation finalised and signed the Decent Work country programme for South Africa. The main goal of the programme is to promote opportunities for people to obtain decent and productive work in conditions of freedom, equity, security and human dignity. The four pillars of the Decent Work agenda are: the fundamental principles of rights at work and international labour standards; employment and income opportunities; social dialogue and tripartism (collaboration between government, trade unions and employers); and social protection and social security. To ensure compliance with the Decent Work country programme, the labour inspection system will need to be strengthened in line with international standards. The department will work with the International Labour Organisation to ensure that the organisation's interventions are responsive to South Africa's needs.

Labour market information systems

The department will enhance all its labour market information systems to produce relevant, accurate, and updated information. This information will assist policy makers and any other stakeholders interested in changes in labour market trends to review policies and propose new interventions in the labour market. Completing and implementing the department's executive dashboard system remains a key strategic priority for improving service delivery in the department, along with the integrated client database, where information on employees and organisations is kept and managed.

Savings and cost effectiveness measures

The department has identified efficiency savings of R28.5 million and implemented cost containment initiatives in goods and services expenditure across all programmes over the MTEF period. This includes travel and subsistence, inventory, computer services, and consultants and contractors. Of the R28.5 million, R17.5 million is reprioritised to the National Economic Development and Labour Council and R10.9 million to the Commission for Conciliation, Mediation and Arbitration to address strategic funding pressures. Further savings of R17 million over the MTEF period as required by Cabinet were made on external audit costs and venues and facilities.

Selected performance indicators

Table 18.1 Labour

Indicator	Programme	Past			Current	Projections		
		2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Number of reported occupational health and safety incidents investigated per year	Inspection and Enforcement Services	4 106	2 956	1 888	2 000	2 000	2 000	2 000
Number of registered job seekers on the Employment Services for South Africa system per year	Public Employment Services	169 059	421 686	636 140	450 000	600 000	700 000	800 000
Number of registered job seekers placed in employment opportunities per year	Public Employment Services	5 578	17 115	260 817	300 000	450 000	560 000	680 000
Number of employers on Employment Services for South Africa system that registers vacancies on the database per year	Public Employment Services	– ¹	– ¹	– ¹	1 500	2 000	3 000	4 000
Number of private placement agencies registered and licensed per year	Public Employment Services	– ¹	– ¹	– ¹	1 000	1 500	2 000	2 500
Number of youth placed in training and income generating opportunities per year	Public Employment Services	– ¹	89 420	71 366	50 000	100 000	150 000	200 000
Number of JSE Securities Exchange listed companies assessed for employment equity per year	Labour Policy and Industrial Relations	7	11	67	60 ²	30	40	40

1. New indicators. Reporting will begin in 2011/12.

2. Includes employers that had been previously assessed but were followed up to ensure implementation of the director general's recommendations. 2011/12 data is new employers.

Expenditure estimates

Table 18.2 Labour

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
R million								
Administration	572.5	567.9	669.2	656.3	648.4	697.2	725.0	766.4
Inspection and Enforcement Services	259.6	259.2	290.0	366.6	337.4	386.7	427.4	453.2
Public Employment Services	210.0	297.6	264.8	277.9	275.8	296.1	313.5	330.6
Labour Policy and Industrial Relations	389.4	382.5	474.7	535.0	531.7	601.4	632.5	671.5
Total	1 431.5	1 507.2	1 698.7	1 835.8	1 793.2	1 981.5	2 098.5	2 221.7
Change to 2010 Budget estimate				51.9	9.3	114.9	156.0	172.4

Table 18.2 Labour (continued)

R million	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
Economic classification								
Current payments	1 037.2	1 036.7	1 165.0	1 285.4	1 236.4	1 349.9	1 437.5	1 520.1
Compensation of employees	497.9	491.3	576.5	744.8	701.9	786.3	865.8	915.2
Goods and services	539.3	545.3	588.5	540.6	534.5	563.6	571.7	604.9
of which:								
Communication	48.6	44.2	46.0	38.8	38.7	43.3	37.4	39.4
Lease payments	77.8	87.4	198.2	162.3	162.1	204.4	221.8	233.4
Property payments	33.9	20.8	63.8	65.1	65.0	42.1	46.9	50.8
Travel and subsistence	105.4	107.2	102.0	87.9	89.8	80.9	79.1	83.0
Transfers and subsidies	382.2	457.2	516.3	537.3	539.8	599.4	630.9	669.9
Departmental agencies and accounts	316.5	323.2	411.5	458.0	458.0	515.7	543.0	577.2
Foreign governments and international organisations	7.4	10.4	8.6	9.6	10.7	10.2	10.7	11.3
Non-profit institutions	56.3	119.2	92.1	69.3	69.3	73.3	76.9	81.1
Households	2.0	4.5	4.1	0.4	1.8	0.2	0.3	0.3
Payments for capital assets	9.8	9.0	16.9	13.1	17.0	32.1	30.1	31.6
Buildings and other fixed structures	6.3	2.7	0.2	3.8	3.8	4.0	0.0	0.0
Machinery and equipment	3.6	6.3	16.7	9.4	13.2	28.2	30.1	31.6
Payments for financial assets	2.3	4.3	0.5	–	–	–	–	–
Total	1 431.5	1 507.2	1 698.7	1 835.8	1 793.2	1 981.5	2 098.5	2 221.7

Expenditure trends

Spending over the medium term will focus on protecting vulnerable workers, reintegrating work seekers into the labour market and ensuring decent work. The *Labour Policy and Industrial Relations* programme will focus its spending on addressing financial constraints at the Commission for Conciliation, Mediation and Arbitration and the National Economic Development and Labour Council, in addition to promulgating the labour amendment bills. The *Inspection and Enforcement Services* programme will focus spending on professionalising the labour inspectorate, while the *Public Employment Services* programme will focus on providing an efficient work seeker registration and job matching process.

Expenditure grew from R1.4 billion in 2007/08 to R1.8 billion in 2010/11, at an average annual rate of 8.6 per cent. The increase was mainly due to increased spending in compensation of employees, which grew by R246.9 million over the period as a result of the 10.5 per cent public servants salary increase received in 2009/10, as well as additional allocations for upgrading labour inspectors' salaries and for appointing career counsellors.

Expenditure is projected to grow to R2.2 billion over the MTEF period, at an average annual rate of 6.6 per cent, and will provide for increased spending on transfers and subsidies due to additional allocations to the National Economic Development and Labour Council and the Commission for Conciliation, Mediation and Arbitration.

A function shift in 2010/11 resulted in the skills development services function moving from the Department of Labour to the Department of Higher Education and Training.

The 2011 Budget provides additional allocations of R131.8 million in 2011/12, R170.3 million in 2012/13 and R187.3 million in 2013/14, mainly for:

- the Commission for Conciliation, Mediation and Arbitration (R94.7 million, R103.2 million and R113.1 million) for a case management system and for increases in operational costs.
- the National Economic Development and Labour Council (R6.5 million, R5.3 million and R5.7 million) for increases in operational costs

- the employment of additional specialist inspectors in the Inspection and Enforcement Services programme (R28.0 million in 2012/13 and R32.0 million in 2013/14)
- improved conditions of service (R25.6 million, R26.7 million and R27.6 million)
- increased municipal and accommodation charges costs (R4.9 million, R7.1 million and R8.9 million).

The ratio of administrative cost to line function cost in the department is 1:3.

Infrastructure spending

All the Department of Labour's infrastructure spending was on small projects relating to labour centres, including new centres in Taung, Rustenburg and Mount Ayliff. These projects will provide safe working conditions for staff and improve access to services for the public. The total cost of is envisaged to be R44.5 million. R9.2 million has been spent, and a further R4 million will be spent over the MTEF period. The slow spending on infrastructure is due to the fact that only one new labour centre in Rustenburg is in the construction phase. This site was handed over in October 2010 and no payments had been received as at the end of December 2010. 43 construction projects are in the site identification phase, 2 are in the planning phase, and 1 contract will be awarded in early 2011.

Over the medium term, spending on infrastructure projects will focus on the completion of the Rustenburg and Taung labour centres and consultant fees to get the 43 requested sites cleared and the planning phase completed. After that, the other projects will be advertised for construction and funds will be requested. This will prevent bottlenecks and will also enable the Department of Labour to activate other projects if a planned project cannot continue due to unforeseen delays.

The only building on the repairs and maintenance programme is Laboria House, which is in the second year of maintenance. The aim is to upgrade the building to comply with occupational health and safety regulations. The total cost is projected at R21.1 million. R6.2 million has been spent, with a further R14.7 million projected to be spent from 2010/11 and over the MTEF period. The project is expected to conclude in 2013/14.

R113.5 million has already been spent on repair and maintenance projects at the sheltered employment factories and various labour centres to upgrade them to be compliant with occupational health and safety regulations. Repair and maintenance programmes for three sheltered employment factories are in planning.

Personnel information

The department has an establishment of 3 490 posts, of which 3 467 are funded and 24 are additional to the establishment. Filled posts decreased from 3 459 in 2007/08 to 3 092 in 2010/11, and are expected to grow to 3 655 in 2013/14. The decrease between 2007/08 and 2010/11 is attributed to the transfer of 372 posts from the Department of Labour to the Department of Higher Education and Training in 2010/11. The increase over the MTEF period is part of the departmental strategy to professionalise the labour inspectorate in order to improve the quality of delivery and effectively meet clients' requirements.

There are 375 vacancies in the department, of which most are in the *Administration* and *Inspection and Enforcement Services* programmes on salary levels 5, 6 and 9. The 83 vacant posts on salary level 5 are mainly due to vacant posts for client service officers, who are frontline staff at labour centres. A number of these posts are in the process of being filled through internal promotions. The 69 vacant posts at salary level 6 are mainly due to labour inspector posts that have been upgraded from salary level 5, which also accounts for the decrease in the number of salary level 5 posts in 2009/10. The 65 vacant posts at salary level 9 are due to expired two-year contracts for research interns from Wits University.

The ratio of support staff to line staff in the department is 1:36, and that of consultants to department personnel is 1:249 employees.

Departmental receipts

Revenue is generated mainly from administrative fees and commission from insurance companies for deducting premiums from staff salaries and parking fees. Revenue is also received from financial transactions in assets and liabilities, comprising of fees from stale cheques, recoveries from the previous financial year and breach of contract fees.

Transactions in financial assets and liabilities grew significantly in 2008/09, due to the recovery of R15.3 million for compensation of employees from the Compensation Fund. Receipts from fines and forfeitures resulting from prosecutions in terms of labour legislation are channelled through the Department of Justice and Constitutional Development. Over the medium term, departmental receipts are expected to increase from R16.1 million in 2010/11 to R25.5 million in 2013/14, at an average annual rate of 16.6 per cent, due to an increase in the number of garnishee orders, issuing and renewal of occupational health and safety licenses, and increased interest from staff debt and the recovery of staff debt.

Table 18.3 Departmental receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2007/08	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
Departmental receipts	8 448	28 863	12 916	16 113	16 113	22 419	24 320	25 536
Sales of goods and services produced by department	3 968	4 608	5 247	9 150	9 150	9 699	10 220	10 731
Sales of scrap, waste, arms and other used current goods	87	46	43	100	100	106	200	210
Fines, penalties and forfeits	395	436	537	558	558	954	1 100	1 155
Interest, dividends and rent on land	1 283	3 905	821	2 701	2 701	4 240	5 000	5 250
Sales of capital assets	–	–	331	–	–	–	–	–
Transactions in financial assets and liabilities	2 715	19 868	5 937	3 604	3 604	7 420	7 800	8 190
Total	8 448	28 863	12 916	16 113	16 113	22 419	24 320	25 536

Programme 1: Administration

Expenditure estimates

Table 18.4 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
R million							
Ministry ¹	14.0	14.0	14.2	11.9	12.7	14.3	15.1
Management	359.5	334.6	387.2	391.9	391.2	400.7	423.1
Corporate Services	44.3	47.2	50.3	44.5	49.3	52.0	54.9
Office of the Chief Financial Officer	70.3	77.7	78.3	70.3	69.4	73.9	77.6
Office Accommodation	84.4	94.4	139.0	137.8	174.6	184.1	195.6
Total	572.5	567.9	669.2	656.3	697.2	725.0	766.4
Change to 2010 Budget estimate				6.3	6.6	9.0	11.0

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

Economic classification

Current payments	560.2	553.1	649.6	647.1	665.4	694.8	734.6
Compensation of employees	168.9	151.5	208.1	260.9	258.8	272.6	287.4
Goods and services	391.2	401.6	441.5	386.1	406.6	422.2	447.2
of which:							
Communication	25.7	23.9	23.7	19.1	20.9	18.5	19.4
Lease payments	75.7	86.0	197.4	160.9	201.2	218.0	229.9
Property payments	27.0	19.2	55.7	58.7	35.5	39.9	43.6
Travel and subsistence	50.9	42.5	40.9	30.4	28.9	29.9	31.6
Transfers and subsidies	1.0	2.2	2.5	0.2	0.2	0.2	0.2
Households	1.0	2.2	2.5	0.2	0.2	0.2	0.2
Payments for capital assets	9.0	8.4	16.6	9.0	31.6	30.0	31.6
Buildings and other fixed structures	6.3	2.7	0.2	3.8	4.0	0.0	0.0
Machinery and equipment	2.7	5.7	16.4	5.3	27.6	30.0	31.6
Payments for financial assets	2.3	4.3	0.5	–	–	–	–
Total	572.5	567.9	669.2	656.3	697.2	725.0	766.4

Expenditure trends

Expenditure increased at an average annual rate of 4.7 per cent, from R572.5 million in 2007/08 to R656.3 million in 2010/11. Between 2007/08 and 2010/11, spending on transfers and subsidies decreased at an average annual rate of 42.3 per cent, mainly due to decreased spending on retirement packages. Spending on payments for capital assets is projected to increase at an average annual rate of 51.9 per cent over the MTEF period, which can be attributed to the planned purchase of mobile labour centres to increase access to services in remote areas.

Spending is projected to increase by 5.3 per cent over the MTEF period to reach R766.4 million in 2013/14. This is mostly due to increased spending in the *Office Accommodation* subprogramme, which grows from R138.0 million in 2010/11 to R196.0 million in 2013/14 as a result of additional allocations for increased municipal charges. In 2010/11, R13 million was spent on contractors for the repairs and maintenance programme at labour centres.

Programme 2: Inspection and Enforcement Services

- *Management and Support Services: Inspection and Enforcement Services* manages the delegated administrative and financial responsibilities of the office of the deputy director general of inspection and enforcement services, and provides corporate support to line function subprogrammes in the programme. There are 40 staff posts in this subprogramme, including 24 pupil inspector posts. 79.4 per cent of the budget is used for salaries and other personnel related costs.
- *Occupational Health and Safety* promotes health and safety in the workplace by regulating dangerous activities and the use of plant and machinery through inspections to ensure compliance with the Occupational Health and Safety Act (1993). There are 17 staff posts in this subprogramme, and 56 per cent of its budget is used for salaries and other personnel related costs. The number of occupational health and safety incidents was reduced by 1 538 incidents, through advocacy activities, from 5 326 in 2008/09 to 3 788 in 2009/10.
- *Registration: Inspection and Enforcement Services* registers incidents relating to labour relations and occupational health and safety matters as reported by members of the public, and communicates these to the relevant structures in the *Compliance, Monitoring and Enforcement* subprogramme for investigation. There are 1 464 staff posts in this subprogramme, and 29 per cent of its budget is used for salaries and other personnel related costs. In 2009/10, this section registered 184 589 labour complaints at a cost of R66.3 million.
- *Compliance, Monitoring and Enforcement* ensures that employers and employees comply with labour legislation through regular inspections and following up on reported incidents. There are 1 556 inspection services posts and 143 provincial management posts. Inspection services gets 60 per cent of the programme's budget, and provincial management gets 7 per cent, for salaries and other personnel related costs. Over 150 831 of the 184 589 labour complaints received were investigated in 2009/10, at a cost of approximately R188.3 million.
- *Training of Staff: Inspection and Enforcement Services* defrays all expenditure relating to staff training within this programme in order to easily identify it for reporting purposes.

Objectives and measures

- Protect vulnerable workers by:
 - inspecting 130 000 workplaces to achieve 80 per cent compliance with labour legislation by employers and employees inspected (proactive and reactive), within 90 days of receiving the complaint, with a specific focus on vulnerable sectors (private security, agriculture, forestry, hospitality, and domestic workers) to ensure that Decent Work principles are adhered to
 - settling at least 70 per cent of labour related complaints within 14 days of registering the complaint.
- Promote equity in the workplace by inspecting 140 designated employers or companies and 60 JSE Securities Exchange listed companies to achieve 80 per cent compliance with employment equity legislation by 2011/12 to ensure the transformation of the labour market.

- Promote social protection by:
 - reducing accidents and injuries in the 4 high risk sectors (iron and steel, construction, chemicals, and agriculture and forestry) by conducting 20 audits per sector and 4 blitz inspections per year
 - increasing the promotion of knowledge and awareness of occupational health and safety to employers and workers in the agriculture sector by rolling out the roving safety representative project to North West and Free State province during 2011/12
 - reducing the overexposure of workers to silica dust by conducting inspections in 200 Gauteng workplaces in the following industries: foundries (40), ceramics (20), sandstone (20), construction (30), refractories (80) and sandblasting (10) in 2011/12.
- Strengthen the department's institutional capacity by developing and implementing competency and induction programmes for existing and new inspectors by 2011/12.

Expenditure estimates

Table 18.5 Inspection and Enforcement Services

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R million	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Management Support Services:	6.0	9.5	10.6	16.3	13.3	14.1	14.9
Inspection and Enforcement Services							
Occupational Health and Safety	9.7	12.6	12.4	14.3	13.5	14.8	15.5
Registration: Inspection and Enforcement Services	63.0	61.1	66.3	70.4	88.0	90.8	95.9
Compliance, Monitoring and Enforcement	177.9	173.3	199.2	261.9	267.3	302.9	321.8
Training of Staff: Inspection and Enforcement Services	3.0	2.6	1.4	3.8	4.5	4.8	5.1
Total	259.6	259.2	290.0	366.6	386.7	427.4	453.2
Change to 2010 Budget estimate				10.0	6.4	35.5	39.7
Economic classification							
Current payments	258.5	257.9	289.6	366.5	386.7	427.4	453.1
Compensation of employees	190.3	183.6	210.7	285.0	311.1	350.7	372.3
Goods and services	68.2	74.4	79.0	81.4	75.6	76.6	80.8
of which:							
Communication	14.9	12.1	14.2	13.2	15.1	15.0	15.9
Lease payments	0.9	0.3	0.2	0.5	2.1	2.3	2.5
Property payments	2.6	0.7	3.8	3.5	3.7	3.8	4.0
Travel and subsistence	29.8	37.2	38.3	36.8	31.3	30.7	32.1
Transfers and subsidies	0.7	1.1	0.4	0.2	0.1	0.1	0.1
Households	0.7	1.1	0.4	0.2	0.1	0.1	0.1
Payments for capital assets	0.4	0.1	0.0	0.0	–	–	–
Machinery and equipment	0.4	0.1	0.0	0.0	–	–	–
Total	259.6	259.2	290.0	366.6	386.7	427.4	453.2

Expenditure trends

The spending focus over the MTEF period will be on professionalising the inspectorate. The labour inspectorate system will be strengthened to monitor and enforce compliance with legislation through the employment of appropriately qualified and experienced inspectors to ensure that decent work principles are adhered to and that vulnerable workers are protected.

Expenditure increased from R259.6 million in 2007/08 to R366.6 million in 2010/11, at an average annual rate of 12.2 per cent. The increase is due to increased spending in compensation of employees to retain inspectors by improving their remuneration. This also accounts for the 31.5 per cent increase in expenditure in the *Compliance, Monitoring and Enforcement* subprogramme in 2010/11.

The average annual decrease of 38.8 per cent in spending on transfers and subsidies between 2007/08 and 2010/11 can be attributed to lower expenditure on retirement packages due to fewer staff retiring, and also

accounts for the average annual decrease of 30 per cent over the MTEF period. The average annual decrease of 74.7 per cent in payments for capital assets from 2007/08 to 2010/11 is due to lower expenditure on purchasing office furniture. The department does not envisage replacing any furniture over the MTEF period, which accounts for the 100 per cent decrease in projected expenditure on this item.

Over the medium term, expenditure is expected to increase from R366.6 million in 2010/11 to R453.2 million in 2013/14, at an average annual rate of 7.3 per cent, mainly due to additional allocations of R28 million in 2012/13 and R32 million in 2013/14 for the creation of new specialist inspector posts in the *Occupational Health and Safety* subprogramme.

The ratio of administrative cost to line function cost in this programme is 1:26.6.

Programme 3: Public Employment Services

- *Management and Support Services: Public Employment Services* manages delegated administrative and financial responsibilities; coordinates all planning, monitoring and evaluation functions; and provides corporate support to line function subprogrammes. There are 66 staff posts in this subprogramme, and 61 per cent of its budget is used for salaries and other personnel related costs.
- *Employer Services* facilitates the registration of employers, responds to companies in distress and regulates private employment agencies, among other activities. There are 455 staff posts in this subprogramme, and 78 per cent of its budget is used for salaries and other personnel related costs.
- *Registration and Placement Services: Public Employment Services* registers work seekers, retrenched workers, work vacancies, and training and income generating opportunities on the employment services system; and facilitates access to employment and income generating opportunities for the unemployed and under-employed. Employers register their vacancies on the department's employment services database, and work seekers register themselves. Placement officers interview work seekers and match them to vacancies or refer them to career guidance or training programmes. There are 117 staff posts in this subprogramme, and 93 per cent of its budget is used for salaries and other personnel related costs. In 2009/10, 636 140 job seekers were registered on the database at an estimated cost of R18.1 million.
- *Designated Groups Special Services* transfers funds to national councils which promote the employment of people with disabilities, the youth and women, in collaboration with sheltered employment factories and other relevant bodies. 100 per cent of the subprogramme's budget is used for the transfers.
- *Sheltered Employment Factories and Subsidies to Designated Workshops* transfers funds to subsidised workshops for the blind and subsidised work centres for people with disabilities, and aims to improve the administration, production and financial control of sheltered employment factories and workshops by employing appropriately skilled staff and implementing and monitoring the relevant policies. There are 13 posts in this subprogramme, and 3 per cent of its budget is used for salaries and other personnel related costs.
- *Productivity South Africa* transfers funds to Productivity South Africa, which promotes improvements in workplace productivity and competitiveness. 100 per cent of this subprogramme's budget is used for the transfers.
- *Unemployment Insurance Fund* provides for the possible future funding of the Unemployment Insurance Fund.
- *Compensation Fund* provides for costs incurred through claims from civil servants for injuries sustained on duty or occupational related illnesses, and provides for the funding of possible requests from the Compensation Fund.
- *Training of Staff: Public Employment Services* facilitates the training and development of staff within the programme, to comply with the 1 per cent payroll Skills Development Levies Act (1999). 100 per cent of the budget is used for this.

Objectives and measures

- Reduce unemployment by registering and placing unemployed people in decent work through:
 - providing free recruitment and selection services for at least 70 per cent of reported government posts at levels 2 to 9 and selected positions in state owned enterprises and municipalities annually
 - filling at least 50 per cent of job opportunities on the employment services database within 60 days of their registration on the system
 - supporting a multi-pronged strategy to reduce youth unemployment through youth training and employment creation innovation programmes for at least 100 000 youth by March 2012
 - making and submitting 200 recommendations to the Department of Home Affairs on migrant corporate and general work permit applications by March 2012
 - providing career counselling and employability enhancement programmes for 50 per cent of referred work seekers by 2011/12.
- Contribute to the implementation of the framework for South Africa's response to the international economic crisis by:
 - approving, within 30 days, 80 per cent of recommended applications received from the Commission for Conciliation, Mediation and Arbitration and sector education and training authorities for the training layoff scheme and the social plan programme
 - disbursing funding for at least 50 per cent of approved applications within 30 days of approval.
- Facilitate the employment of 500 veterans and people with disabilities per year by ensuring that service products (sheltered employment factories) orders and sales are increased by 30 per cent per year.
- Facilitate the achievement of employment equity targets for disability by training 600 learners with disabilities per year for employment in the mainstream economy.

Expenditure estimates

Table 18.6 Public Employment Services

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R million	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Management and Support Services:	7.1	6.9	16.1	15.9	19.8	21.8	21.9
Public Employment Services							
Employer Services	102.7	116.2	111.3	124.2	143.9	155.7	163.9
Registration and Placement Services:	18.1	20.5	18.1	39.2	27.0	25.4	28.2
Public Employment Services							
Designated Groups Special Services	0.5	0.5	0.5	0.7	0.7	0.8	0.8
Sheltered Employment Factories and Subsidies to Designated Workshops	48.1	105.6	80.3	56.4	59.8	62.7	66.2
Productivity South Africa	26.6	41.1	29.5	31.2	34.1	35.8	37.7
Unemployment Insurance Fund	–	–	–	0.0	0.0	0.0	0.0
Compensation Fund	5.9	6.4	6.0	8.9	9.6	10.1	10.6
Training of Staff: Public Employment Services	1.0	0.4	3.1	1.4	1.3	1.3	1.3
Total	210.0	297.6	264.8	277.9	296.1	313.5	330.6
Change to 2010 Budget estimate				(2.5)	3.7	4.7	4.8
Economic classification							
Current payments	130.6	146.2	150.6	178.8	194.3	206.5	217.8
Compensation of employees	94.6	111.7	109.8	140.9	152.3	175.8	185.3
Goods and services	35.9	34.5	40.8	38.0	41.9	30.7	32.4
of which:							
Communication	6.5	6.8	6.8	5.2	6.0	2.5	2.6
Lease payments	0.8	0.2	0.2	0.6	0.8	1.1	0.6
Property payments	3.9	0.6	2.4	2.5	2.1	2.2	2.3
Travel and subsistence	15.3	16.0	14.4	12.9	11.4	8.6	8.9

Table 18.6 Public Employment Services (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Transfers and subsidies	79.2	151.3	114.1	95.0	101.9	107.0	112.9
Departmental agencies and accounts	32.5	47.5	35.5	40.1	43.7	45.8	48.4
Foreign governments and international organisations	0.1	–	–	–	–	–	–
Non-profit institutions	46.4	103.3	78.3	54.9	58.2	61.1	64.5
Households	0.1	0.5	0.3	0.0	0.0	0.0	0.0
Payments for capital assets	0.3	0.1	0.1	4.0	–	–	–
Machinery and equipment	0.3	0.1	0.1	4.0	–	–	–
Total	210.0	297.6	264.8	277.9	296.1	313.5	330.6
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	26.6	41.1	29.5	31.2	34.1	35.8	37.7
Productivity South Africa	26.6	41.1	29.5	31.2	34.1	35.8	37.7
Departmental agencies and accounts							
Social security funds							
Current	5.9	6.4	6.0	8.9	9.6	10.1	10.6
Compensation Fund	5.9	6.4	6.0	8.9	9.6	10.1	10.6
Non-profit institutions							
Current	45.9	102.8	77.8	54.2	57.5	60.3	63.7
Subsidised Workshops for the Blind	7.0	7.4	7.7	8.2	8.7	9.1	9.6
Subsidised Work-Centres for the Disabled	38.8	95.4	70.1	46.0	48.8	51.2	54.1

Expenditure trends

The spending focus over the MTEF period will support government's multi-pronged strategy to reduce youth unemployment and increase job creation by: registering and placing work seekers in decent employment; increasing the registering of job opportunities to support job matching and placement services; and training and placing 450 000 youth in employment creation innovation programmes.

Expenditure increased at an average annual rate of 9.8 per cent, from R210 million in 2007/08 to R277.9 million in 2010/11, mainly due to additional allocations to employ career counsellors to implement the employment services programme in the provinces. Expenditure on the *Management and Support Services: Public Employment Services* subprogramme grew at an average annual rate of 30.9 per cent from 2007/08 to 2010/11, mainly due to an increase in spending on additional capacity for this new programme.

Between 2007/08 to 2010/11, spending on payments for capital assets grew at an average annual rate of 145.9 per cent due to the purchase of office furniture and equipment. The department does not envisage replacing these items over the MTEF period, resulting in the decreased spending at an average annual rate of 100 per cent over the MTEF period.

Over the medium term, expenditure is expected to grow to R330.6 million in 2013/14, at an average annual rate of 6 per cent. Compensation of employees comprises the bulk of this spending, which provides for the expansion of the employment services system to implement the new Employment Services Bill.

The ratio of administrative cost to line function cost in this programme is 1:8.3.

Programme 4: Labour Policy and Industrial Relations

- *Management and Support Services: Labour Policy and Industrial Relations* manages delegated administrative and financial responsibilities; coordinates all planning, monitoring and evaluation functions; and provides corporate support to line function subprogrammes. The staff complement is 18, and 67.3 per cent of the budget is used for salaries and other personnel related costs.

- *Strengthen Civil Society* makes transfers to various civil society organisations which provide resources, support and expertise to improve the independence and self-reliance of workers and employers, with the aim of strengthening the capacity of workers and employers to contribute to a stable and smoothly functioning labour market. There are no staff in this subprogramme, and 100 per cent of the budget is transferred to civil society organisations.
- *Collective Bargaining* manages the implementation of the Labour Relations Act (1995) through developing policies and practices that promote sound labour relations. There are 32 staff posts for overseeing the legal compliance of various bargaining and statutory councils, registered trade unions, and registered employer organisations. This subprogramme uses 83.5 per cent of its budget for salaries and other personnel related costs, and 16.5 per cent to: register labour organisations and de-register those that are non-compliant; publish and extend collective agreements; support and advance participation in collective bargaining structures; participate in the governance structures of the Commission for Conciliation, Mediation and Arbitration; and participate in relevant National Economic Development and Labour Council activities. During the third quarter of 2010/11, 17 collective agreements were published at a cost of R400 000.
- *Employment Equity and Standards* promotes equity in the labour market through improving the enforcement of the Employment Equity Act (1998), and protects vulnerable workers in the labour market by administering the Basic Conditions of Employment Act (1997). The number of staff is 35, and 26 per cent of the budget is used to amend legislation, conduct income differential assessments, publish employment equity compliance information, and market the employment equity online reporting facility. Employment equity implementation and enforcement mechanisms were strengthened during 2010/11 at a cost of R1 million.
- *Commission for Conciliation, Mediation and Arbitration* transfers funds to the Commission for Conciliation, Mediation and Arbitration; which promotes fairness in the workplace through dispute prevention and dispute resolution services. There are no staff in this subprogramme, and 100 per cent of the budget is transferred to the Commission for Conciliation, Mediation and Arbitration.
- *Research, Policy and Planning* supports policy formulation in the department through conducting research; managing commissioned research projects; monitoring and evaluating working conditions and policies affecting the labour market in South Africa and elsewhere; and identifying relevant labour market interventions and policy options. There is 12 staff, and 33.5 per cent of the budget is used for compensation of employees and 59 per cent for commissioning research. The latest research, monitoring and evaluation agenda was implemented in the last quarter of 2009/10 and will finish by mid-2011/12, at a total cost of R11.2 million.
- *Labour Market Information and Statistics* collects, collates, analyses and disseminates internal and external labour market statistics to show the changes in the South African labour market that impact on labour legislation, and triggers further research. There are 14 staff at head office and 87 at the provincial offices, with 76.9 per cent of the budget used for salaries and other personnel related costs. The draft industrial action report was released for comment, and will have been submitted to the Minister of Labour in February 2011 for approval. The publication cost for the report is R50 000.
- *International Labour Matters* facilitates bilateral and multilateral cooperation between the department and its partners internationally to exchange information and best practices on labour market issues. There are 12 staff and 52.4 per cent of the budget is transferred to the International Labour Organisation and the African Regional Labour Administration Centre for South Africa's membership fees.
- *National Economic Development and Labour Council* transfers funds to the National Economic Development and Labour Council, which promotes economic growth, participation in economic decision making and social equity. The subprogramme has 1 staff member, with 98 per cent of the budget transferred to the National Economic Development and Labour Council.

Objectives and measures

- Improve the status of vulnerable workers by:
 - reviewing 9 sectoral determinations on appropriate minimum wages and conditions of employment by March 2016
 - investigating the feasibility of establishing a medical aid scheme for the private security sector by March 2013 to bring it in line with other sectors
 - investigating the feasibility of establishing a provident fund for the domestic worker and agricultural sectors by March 2013 to bring them in line with other sectors.
- Contribute to efforts to stimulate employment creation in the small business sector by reviewing the small business ministerial determination by March 2012.
- Address income disparities along racial and gender lines by:
 - developing a report on the norms and benchmarks for proportionate income differentials by March 2012, to provide an objective analysis of income trends
 - strengthening employment equity by conducting 30 income differential assessments by March 2012.
- Manage the implementation of the Labour Relations Act (1995) by extending collective agreements and registering or de-registering labour organisations within 90 days of receiving a completed application.

Expenditure estimates

Table 18.7 Labour Policy and Industrial Relations

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R million	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Management and Support Services:	7.3	8.1	8.5	9.2	10.6	10.9	11.6
Labour Policy and Industrial Relations							
Strengthen Civil Society	9.9	15.9	13.8	14.4	15.1	15.8	16.7
Collective Bargaining	9.0	9.3	9.5	10.7	11.2	11.7	12.2
Employment Equity and Standards	23.4	23.6	17.9	18.8	24.7	26.0	27.4
Commission for Conciliation, Mediation and Arbitration	270.6	261.7	356.4	402.0	448.1	473.3	503.5
Research, Policy and Planning	15.0	4.8	8.5	18.1	15.7	16.7	17.6
Labour Market Information and Statistics	23.8	22.4	22.4	28.4	31.8	33.1	34.9
International Labour Matters	17.0	22.4	17.7	17.1	19.9	20.7	21.8
National Economic Development and Labour Council	13.3	14.3	20.0	16.4	24.4	24.4	25.9
Total	389.4	382.5	474.7	535.0	601.4	632.5	671.5
Change to 2010 Budget estimate				38.1	98.2	106.8	116.8
Economic classification							
Current payments	88.0	79.5	75.2	93.0	103.6	108.8	114.7
Compensation of employees	44.1	44.6	48.0	58.0	64.1	66.7	70.2
Goods and services	44.0	34.9	27.2	35.1	39.5	42.0	44.5
of which:							
Communication	1.4	1.5	1.3	1.4	1.4	1.4	1.5
Lease payments	0.4	0.9	0.5	0.3	0.4	0.4	0.4
Property payments	0.4	0.2	1.9	0.5	0.8	0.8	0.9
Travel and subsistence	9.4	11.5	8.4	7.9	9.3	9.8	10.4
Transfers and subsidies	301.3	302.7	399.3	441.9	497.3	523.7	556.8
Departmental agencies and accounts	284.0	275.7	376.0	417.9	472.0	497.2	528.8
Foreign governments and international organisations	7.3	10.4	8.6	9.6	10.2	10.7	11.3
Non-profit institutions	9.9	15.9	13.8	14.4	15.1	15.8	16.7
Households	0.1	0.7	0.9	–	–	–	–
Payments for capital assets	0.1	0.4	0.2	0.0	0.5	0.1	0.0
Machinery and equipment	0.1	0.4	0.2	0.0	0.5	0.1	0.0
Total	389.4	382.5	474.7	535.0	601.4	632.5	671.5

Table 18.7 Labour Policy and Industrial Relations (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	284.0	275.7	376.0	417.9	472.0	497.2	528.8
Commission for Conciliation, Mediation and Arbitration	270.6	261.7	356.4	402.0	448.1	473.3	503.5
National Economic Development and Labour Council	13.3	14.0	19.6	15.9	23.9	23.9	25.3
Non-profit institutions							
Current	9.9	15.9	13.8	14.4	15.1	15.8	16.7
Strengthen Civil Society	9.9	15.9	13.8	14.4	15.1	15.8	16.7
Foreign governments and international organisations							
Current	6.8	9.8	8.2	9.0	9.6	10.1	10.6
International Labour Organisation	6.8	9.8	8.2	9.0	9.6	10.1	10.6

Expenditure trends

The spending focus over the MTEF period will be on: protecting vulnerable workers through the review and extension of sectoral determinations; promoting sound labour relations and promoting equity in the labour market through employment equity assessments and reviews of directors general; and strengthening the capacity of labour market institutions to contribute to employment creation.

Expenditure increased from R389.4 million in 2007/08 to R535.0 million in 2010/11, at an average annual rate of 11.2 per cent. This was mainly due to additional funding of R61.6 million in 2010/11 to the Commission for Conciliation, Mediation and Arbitration to fund the increased demand for its services.

Expenditure is expected to increase at an average annual rate of 7.9 per cent over the MTEF period to reach R671.5 million in 2013/14. This is mainly due to additional funding of R311 million allocated to the Commission for Conciliation, Mediation and Arbitration over the MTEF period for its case management system and an increase in operational costs.

The ratio of administrative cost to line function cost in this programme is 1:7.8.

Public entities and other agencies

Unemployment Insurance Fund

Strategic overview: 2007/08 – 2013/14

The Unemployment Insurance Fund was established in terms of section 4(1) of the Unemployment Insurance Act (2001). The fund contributes to the alleviation of poverty in South Africa by providing short term unemployment insurance to all workers who qualify for unemployment related benefits, as legislated in the act, as amended. The fund is financed by a dedicated tax on the wage bill, as legislated in the Unemployment Insurance Contributions Act (2002). Over the medium term, the fund will focus on the implementation of the Department of Labour's new service delivery model of decentralisation and integrated service delivery. A service delivery improvement plan that embraces the principles of good governance and Batho Pele will help to ensure the plan's success.

Key priorities for the short to medium term include: reintegrating unemployed workers back into the labour market; assisting with job creation projects; restructuring the fund's benefits and coverage; combating fraud and corruption; improving the capacity and efficacy of the fund; improving service delivery, revenue inflows, and customer awareness and satisfaction; funding poverty alleviation schemes; improving governance; strengthening the fund's institutional capacity; and encouraging compliance through enhanced service delivery and improved stakeholder relations.

The fund is a key stakeholder in the country's social security reform process. The fund's management and actuaries have explored various scenarios on improving benefits that will contribute significantly to government's objective of a comprehensive social security scheme.

Savings and cost effectiveness measures

The fund saved 36 per cent in administrative expenditure, which comprises R241.2 million on operating expenditure and R164.8 million on employee costs. Savings in operating expenditure include: decreased spending on advertising; decreased spending on consultants and contractors as a result of the suspension of system developments; and initiatives to reduce air travel, car rental and accommodation.

Selected performance indicators

Table 18.8 Selected performance indicators

Indicator	Programme/Activity	Past			Current	Projections		
		2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Percentage increase in revenue collection compared to previous year	Encourage compliance through enhanced service delivery	13.8% (R9.1bn)	12.7% (R10.3bn)	4.1% (R10.8bn)	Linked to consumer price index	Linked to consumer price index	Linked to consumer price index	Linked to consumer price index
Number of weeks to process claims	Encourage compliance through enhanced service delivery	6	5	5	5	5	5	5
Percentage of benefit claims finalised within allocated period	Encourage compliance through enhanced service delivery	76.5% (403 836)	62% (476 705)	51.5% (412 572)	80%	80%	82.5%	85%
Number of unemployed people registered on the Unemployment Insurance Fund database reintegrated into employment	Fund unemployment alleviation schemes	— ¹	— ¹	774	800	1 200	2 000	2 000
Percentage of the Unemployment Insurance Fund's total investments used for mandated direct social responsibility investments	Fund unemployment alleviation schemes	— ²	— ²	— ²	60%	70%	80%	90%
Percentage increase in the value of overpayment recoveries	Encourage compliance through enhanced service delivery	74% (R16.4m)	35.6% (R22.2m)	33% (R37.2m)	15%	18%	20%	22%

1. New indicator.

2. This investment programme began in 2010/11.

Details of programmes/activities/objectives

Table 18.9 Unemployment Insurance Fund

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Unemployment Benefits	2 030.9	2 834.2	4 536.4	4 583.9	5 244.0	5 999.1	6 863.0
Illness Benefits	187.4	211.6	231.8	414.1	473.7	541.9	620.0
Maternity Benefits	460.2	537.1	623.8	962.8	1 101.5	1 260.1	1 441.5
Adoption Benefits	0.7	0.5	0.7	1.6	1.9	2.1	2.4
Dependants Benefits	242.3	263.9	317.3	560.8	651.8	745.7	853.1
Other Objectives	1 566.0	817.5	2 178.9	1 797.6	2 139.3	2 238.8	2 289.3
Total expense	4 487.4	4 664.8	7 888.9	8 320.8	9 612.2	10 787.7	12 069.3

The fund's ultimate goal is to provide a social safety net to qualifying workers who become unemployed, through further job training, job creation, job retention and devising social plans.

In 2009/10, the fund paid R5.7 billion in claims to 779 604 beneficiaries, of which:

- R4.5 billion was paid to 628 595 claimants for unemployment benefits

- R231 million was paid to 24 720 claimants for illness benefits
- R624 million was paid to 104 529 claimants for maternity and adoption benefits
- R317 million was paid to 21 760 claimants for dependant benefits.

In 2009/10, the fund registered 47 106 new employers on its database, raising the total number of registered employers to 1 280 950; and it added 166 453 employees, raising the total to 7 757 241 registered employees. Through the improvement of the fund's business processes and a communication drive, a benefit approval rate of 97.3 per cent was obtained.

Expenditure estimates

Table 18.10 Unemployment Insurance Fund

Statement of financial performance				Revised estimate	Medium-term estimate		
R million	Audited outcome						
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Revenue							
Non-tax revenue	2 271.5	3 528.6	4 099.5	3 001.4	3 353.7	3 663.3	3 911.2
Sale of goods and services other than capital assets	1.8	2.0	2.3	2.9	4.2	4.4	3.6
<i>of which:</i>							
<i>Sales by market establishments</i>	1.8	2.0	2.1	1.8	2.2	2.4	2.5
<i>Other sales</i>	0.0	0.0	0.2	1.0	1.9	2.0	1.2
<i>Other non-tax revenue</i>	2 269.7	3 526.5	4 097.2	2 998.6	3 349.5	3 658.9	3 907.5
Transfers received	9 082.8	10 223.9	10 643.0	11 404.6	12 202.9	13 057.1	13 971.1
Total revenue	11 354.4	13 752.5	14 742.5	14 406.0	15 556.5	16 720.3	17 882.2
Expenses							
Current expense	1 259.6	757.5	848.0	1 271.5	1 283.9	1 320.6	1 393.7
Compensation of employees	335.1	349.0	416.7	620.9	657.4	697.5	735.9
Goods and services	919.5	405.1	426.6	643.6	618.9	614.5	647.8
Depreciation	4.6	3.4	4.7	6.9	7.5	8.6	10.0
Interest, dividends and rent on land	0.4	0.0	0.0	0.0	0.0	0.0	0.0
Transfers and subsidies	3 227.8	3 907.2	7 040.9	7 049.3	8 328.3	9 467.1	10 675.6
Total expenses	4 487.4	4 664.8	7 888.9	8 320.8	9 612.2	10 787.7	12 069.3
Surplus / (Deficit)	6 867.0	9 087.7	6 853.6	6 085.2	5 944.4	5 932.6	5 813.0

Expenditure trends

Over the medium term, the Unemployment Insurance Fund will focus its spending on: the implementation of poverty alleviation schemes to assist unemployed workers registered on the fund's database; strengthening the institutional capacity of the fund; and encouraging compliance by employers through advocacy, enhanced service delivery and improved stakeholder relations and reforms to the unemployment insurance scheme.

The fund generates revenue from unemployment contributions and from non-tax revenue, which is mostly driven by interest on investments. Total revenue is expected to grow at an average annual rate of 6.3 per cent over the seven-year period, from R11.4 billion in 2007/08 to R17.9 billion in 2013/14. Most of this revenue is from unemployment insurance contributions.

Expenditure grew from R4.5 billion in 2007/08 to R8.3 billion in 2010/11, at an average annual rate of 22.9 per cent, and is expected to grow at an average annual rate of 13.2 per cent over the medium term to reach R12.1 billion in 2013/14. This is as a result of an increase in expenditure in compensation of employees, due to the appointment of additional regional staff and payroll auditors, general salary adjustments, the decentralisation of staff for functions in the provinces, the organisational restructuring of the fund and an increase in transfers and subsidies paid to the fund's beneficiaries.

The 55.9 per cent decrease in spending on goods and services in 2008/09 was mainly due to adjustments to fair value of assets of R520.1 million. Transfers and subsidies, or unemployment insurance claims paid, increased

by 80.2 per cent in 2009/10 due to increased retrenchments arising from the global economic crisis. This trend is expected to continue over the medium term.

The accumulated surplus is projected to reach R48.7 billion in 2013/14. The fund has reserved R16.2 billion for outstanding and future claims, as recommended by the fund's actuaries. Surpluses over the seven-year period are due to expenditure on claims being less than revenue received.

Personnel information

Table 18.11 Unemployment Insurance Fund

	Post status as at 30 September 2010			Number of posts filled on funded establishment						
	Number of posts on approved establishment	Number of funded posts (establishment)	Number of vacant posts	Actual			Mid-year ¹	Medium-term estimate		
				2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Executive management	1	1	–	1	1	1	1	1	1	1
Senior management	11	10	–	8	9	9	8	20	20	20
Middle management	26	24	3	20	22	21	24	53	53	53
Professionals	49	48	5	42	42	44	44	101	101	101
Semi-skilled	103	96	16	79	78	81	90	191	191	191
Very low skilled	260	260	25	225	228	245	260	193	193	193
Total	450	439	49	375	380	401	427	559	559	559
Compensation (R thousand)				335 110	349 014	416 734	620 924	657 443	697 546	735 912
Unit cost (R thousand)				894	918	1 039	1 454	1 176	1 248	1 316

1. As at 30 September 2010.

The entity has an establishment of 450 posts, of which 439 are funded. The number of filled posts increased from 375 in 2007/08 to 427 in 2010/11, and is expected to grow to 559 over the medium term. This is as a result of the fund's organisational restructuring to align its structure to its key business processes, taking into account the decentralisation drive to improve service delivery and the implementation of the virtual office concept.

There are 49 vacancies within the fund, of which 25 are at the very low skilled level, 16 are in the semi-skilled level, 3 are in middle management, and 5 are in the professional level. These posts remain vacant pending the finalisation of the organisational restructuring process.

Compensation Fund

Strategic overview: 2007/08 – 2013/14

The Compensation Fund administers the Compensation for Occupational Injuries and Diseases Act (1993), as amended. In terms of the act, the fund's main objective is to provide compensation for disability, illness and death resulting from occupational injuries and diseases.

The fund generates its revenue from levies paid by employers, which consist mainly of annual assessments paid by registered employers on the basis of a percentage or fixed rate of the annual earnings of their employees as well as interest earned from investments. The act, however, makes provision for a minimum assessment to ensure that the assessment is not less than the administration costs incurred.

Over the past few years, there has been progress in reducing the service delivery challenges experienced by the fund and its clients. For example, services to beneficiaries were improved by shorter turnaround times. Access to beneficiaries was also improved, as was communication with stakeholders. To meet its key strategic priority of improving the health profile of the country, the fund will focus on the following:

- intensifying the implementation of the rehabilitation and reintegration policy framework
- enlisting the help of tracing agents to contact injured employees and dependants and obtain outstanding information to finalise claims, thus reducing the number of outstanding claims in the fund's operations
- conducting a study on all employees on pension and those who require prosthetic devices, to compile a database for the fund.

To ensure equity of access to the fund's services, the fund has, as a pilot project, decentralised certain claims functions to four provinces (Limpopo, KwaZulu-Natal, Eastern Cape and Free State). The functions that have been decentralised include the registration of claims, adjudication on liability, and the payment of medical claims. Decentralising operations to the point of contact with clients, enhancing accessibility for client segments, and forming strategic partnerships will continue to be a central part of improving the fund's capacity to deliver quality services. To further the equity of access objective, the fund will decentralise some of its services to Gauteng, North West, Western Cape and Mpumalanga by the end of March 2011. More medical professionals will be employed on a per session basis to support the receipt and processing of applications in provinces.

Savings and cost effectiveness measures

The fund has identified efficiency savings over the MTEF period through implementing the following cost cutting measures: telephone lines are disconnected after 16h00, with the call centre providing after hour services; the number of meetings have been reduced and are scheduled at the offices to reduce travel; as a result of the decentralisation project, most project staff have been deployed to the provinces, thus minimising travelling costs; business travel is also scrutinised; and workshops are held in-house.

Selected performance indicators

Table 18.12 Compensation Fund

Indicator	Programme/Activity	Past			Current	Projections		
		2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Number of new claims registered	Compensation Claims	209 830	203 711	200 559	346 962	353 901	360 979	368 189
Percentage of registered claims finalised	Compensation Claims	70% (165 585)	70% (158 481)	60% (143 066)	70% (75 677)	70% (88 475)	70% (90 245)	70% (92 047)
Percentage of medical claims finalised within a three-month period	Medical Claims	70% (194 330)	70% (203 761)	70% (195 312)	70% (205 005)	70% (207 665)	70% (212 583)	70% (217 510)
Percentage growth in assessment revenue	Administration/Operations	70%	100%	7%	3%	4%	5%	6%
Percentage increase in the number of registered employers	Administration/Operations	1.9%	6%	5%	5%	5%	5%	5%
Percentage of debtors revenue collected each year	Administration/Operations	–	–	0%	0.5%	0.5%	0.5%	0.5%

Details of programmes/activities/objectives

Table 18.13 Compensation Fund

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Administration/Operations	602.2	439.4	495.5	641.1	518.5	518.4	532.5
Medical Claims	1 287.2	1 540.3	1 451.5	1 864.8	2 275.3	2 423.2	2 556.4
Compensation Claims	652.0	1 389.1	1 142.5	844.4	1 533.5	1 633.1	1 723.0
Claims Provisions	1 863.0	1 292.1	836.0	1 867.5	2 221.7	2 319.7	2 394.8
Other Objectives	1 618.8	782.2	932.2	–	–	–	–
Total expense	6 023.2	5 443.1	4 857.8	5 217.9	6 548.8	6 894.4	7 206.7

The Compensation Fund provides medical care and income benefits to workers who are injured on the job or who develop occupational diseases, including survivor benefits to families of victims of employment related fatalities and funding for the rehabilitation of disabled workers. The turnaround time on medical payments in 2009/10 averaged 78 days for 739 549 claims. This translates into an 8 per cent improvement in the turnaround time for medical payments compared to 2008/09. Processes, capacity, and systems are being improved to decrease this turnaround time further. In 2009/10, 84 per cent of medical claims, totalling R1.4 billion, were paid within 3 months of receiving full documentation, compared to R1.5 billion in 2008/09.

Expenditure estimates

Table 18.14 Compensation Fund

Statement of financial performance				Revised estimate	Medium-term estimate		
	Audited outcome						
R million	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Revenue							
Non-tax revenue	1 752.5	2 580.4	2 609.7	2 427.8	2 104.3	2 209.5	2 320.0
<i>Other non-tax revenue</i>	1 752.5	2 580.4	2 609.7	2 427.8	2 104.3	2 209.5	2 320.0
Transfers received	3 556.3	4 035.4	4 506.7	4 601.8	4 923.9	5 219.3	5 532.5
Total revenue	5 308.8	6 615.8	7 116.5	7 029.6	7 028.2	7 428.9	7 852.5
Expenses							
Current expense	602.2	439.8	495.5	903.2	944.5	912.1	960.6
Compensation of employees	148.6	130.0	152.5	324.0	494.5	526.6	555.6
Goods and services	453.1	304.8	334.9	576.3	445.7	381.1	400.1
Depreciation	0.4	5.1	3.7	2.5	3.7	3.7	3.9
Interest, dividends and rent on land	–	0.0	4.5	0.5	0.6	0.6	1.0
Transfers and subsidies	5 421.0	5 003.3	4 362.3	4 314.7	5 604.3	5 982.3	6 246.0
Total expenses	6 023.2	5 443.1	4 857.8	5 217.9	6 548.8	6 894.4	7 206.7
Surplus / (Deficit)	(714.4)	1 172.6	2 258.6	1 811.7	479.4	534.5	645.9

Expenditure trends

The Compensation Fund will focus its spending over the medium term on restructuring the fund, implementing the early return to work policy, and decentralising its services for ease of access and efficient processing of claims.

The fund generates revenue from assessed levies on employers. Between 2007/08 and 2010/11, total revenue increased from R5.3 billion to R7.0 billion at an average annual rate of 9.8 per cent, due to increased compliance by employers in submitting annual assessments and increased return on investments. Total revenue is expected to increase at a slower average annual rate of 3.8 per cent over the MTEF period to reach R7.9 billion in 2013/14, with the assessment fees levied on employers comprising 69 per cent of total revenue.

Expenditure decreased from R6 billion in 2007/08 to R5.2 billion in 2010/11, at an average annual rate of 4.7 per cent, due to the clearing of backlog claims in 2007/08. By the end of the second quarter of 2010/11, 65 per cent of current claims were processed and paid within 90 days of receiving complete documentation. Expenditure is expected to grow at a strong average annual rate of 11.4 per cent over the medium term to reach R7.2 billion in 2013/14, due to computer system enhancements, repairs and maintenance of the fund's buildings, and increased transfers paid for claims. Surpluses from 2008/09 to 2013/14 are due to expenditure on claims being less than the revenue received.

Personnel information

Table 18.15 Compensation Fund

	Post status as at 30 September 2010			Number of posts filled on funded establishment						
	Number of posts on approved establishment	Number of funded posts (establishment)	Number of vacant posts	Actual			Mid-year ¹	Medium-term estimate		
				2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Executive management	1	1	–	1	1	1	1	1	1	1
Senior management	12	12	–	3	6	12	12	25	25	25
Middle management	52	37	–	21	19	52	264	207	207	207
Semi-skilled	212	184	–	199	179	212	212	820	820	820
Very low skilled	432	409	–	656	379	432	432	609	609	609
Total	709	643	–	880	584	709	921	1 662	1 662	1 662
Compensation (R thousand)				148 643	129 985	152 485	323 969	494 503	526 646	555 611
Unit cost (R thousand)				169	223	215	352	298	317	334

1. As at 30 September 2010.

The fund has an establishment of 709 posts, of which 643 are funded. The number of filled posts increased from 880 in 2007/08 to 921 in 2010/11 and is expected to grow to 1 662 in 2011/12 due to decentralisation of functions.

Commission for Conciliation, Mediation and Arbitration

Strategic overview: 2011/12 – 2013/14

The Commission for Conciliation, Mediation and Arbitration is an independent and autonomous organisation established in terms of the Labour Relations Act (1995) to deliver services to ensure that fair labour practices are observed in South Africa. The commission's core mandate is to advance economic development, social justice, labour peace and the democratisation of the workplace.

The commission has developed a new strategy, *Siyaphambili*, which sets out the road map for 2010-2015. The strategy aims to position the commission to impartially promote social justice and economic development in the world of work. This will be achieved by ensuring that the commission's services are of a high quality and that its processes and operations are effective and efficient.

The global economic crisis has adversely affected the South African labour market, resulting in significant job losses and business closures. In 2009/10 and 2010/11, the commission witnessed an increase in its workload, a direct result of the crisis. To deal with the dramatic increase in the demand for its services, the commission had to develop innovative solutions.

Savings and cost effectiveness measures

The commission has identified efficiency savings through implementing initiatives to reduce costs and keep them in line with prior years. The commission expects to save: in excess of R1.5 million in 2010/11 from discontinuing the practice of paying senior commissioner fees on less complicated matters; R4 million from using level A commissioners or restricting senior commissioners to claiming a level A fee; R1.2 million from revising the travel policy to pay allowances in line with the South African Revenue Service requirements and requiring a cost benefit analysis before a travel booking is made; R500 000 from enforcing the guidelines on saving energy and recycling paper; and R4.2 million from postponing the filling of non-critical vacancies to 2011/12.

Selected performance indicators

Table 18.16 Commission for Conciliation, Mediation and Arbitration

Indicator	Programme/Activity	Past			Current	Projections		
		2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Number of jurisdiction referrals	Conciliation, Mediation and Arbitration of Cases	90 982	85 847	118 842	119 362	131 298	144 428	158 871
Percentage of pre-conciliations heard	Conciliation, Mediation and Arbitration of Cases	13% (12 256)	14% (11 603)	14% (16 283)	15% (18 205)	10% (20 026)	10% (22 028)	10% (24 231)
Percentage of pre-conciliations settled (of jurisdiction cases)	Conciliation, Mediation and Arbitration of Cases	7% (5 988)	7% (5 661)	6% (7 256)	7% (8 533)	7% (9 386)	7% (10 325)	7% (11 357)
Percentage of conc-arbs heard (of jurisdiction referrals)	Conciliation, Mediation and Arbitration of Cases	45% (40 703)	43% (36 572)	40% (47 375)	41% (49 222)	50% (54 144)	50% (59 559)	50% (65 514)
Percentage of conc-arbs finalised of jurisdiction referrals	Conciliation, Mediation and Arbitration of Cases	37% (33 982)	45% (30 033)	32% (47 375)	34% (41 086)	40% (45 195)	40% (49 714)	40% (54 685)
Number of cases settled (based on finalised cases)	Conciliation, Mediation and Arbitration of Cases	48 983	45 834	65 004	71 976	79 174	87 091	95 800

Details of programmes/activities/objectives

Table 18.17 Commission for Conciliation, Mediation and Arbitration

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Deliver excellent service rooted in social justice ensuring balance between quality and quantity	94.8	123.6	154.3	170.8	194.5	201.9	211.1
Build skills to achieve professionalism	11.5	13.0	12.3	12.7	14.6	15.7	17.0
Enhance and entrench internal processes and systems for optimal deployment of resources	54.2	68.9	86.4	91.9	98.5	103.5	111.5
Align the structure that will enable optimal implementation of the strategy	103.4	116.6	110.9	114.6	131.4	141.6	152.7
Enrich the role of CCMA in labour market	1.1	1.3	4.5	2.4	5.0	6.0	7.0
Other objectives	3.3	4.3	12.4	16.0	16.0	17.1	18.3
Total expense	268.2	327.7	380.8	408.5	460.0	485.9	517.6

One of the main functions of the Commission for Conciliation, Mediation and Arbitration is the conciliation of workplace disputes and the arbitration of disputes that remain unresolved after conciliation. This is the responsibility of the capacity building and outreach department and the mediation department. The number of disputes or cases referred increased from 140 366 in 2008/09 to 153 657 in 2009/10. The increase is as a result of the impact of the global economic crisis. The number of cases over the medium term will depend on economic and labour market conditions.

The commission is also responsible for accrediting and considering applications for subsidies by bargaining councils and private agencies. The discretionary statutory functions include supervising ballots for unions and employer organisations, and providing training and information relating to the primary objectives of the Labour Relations Act (1995).

In addition, the commission manages the training layoff scheme on behalf of government. The aim of the scheme is to curb retrenchments during the economic downturn by the temporary suspension of work of a worker or group of workers, during which time the worker will undergo training, forfeiting a salary in lieu of a training allowance, with the employer continuing to pay benefits.

Expenditure estimates

Table 18.18 Commission for Conciliation, Mediation and Arbitration

Statement of financial performance				Revised estimate	Medium-term estimate		
R million	Audited outcome			2010/11	2011/12	2012/13	2013/14
	2007/08	2008/09	2009/10				
Revenue							
Non-tax revenue	10.6	12.0	9.1	6.5	11.9	12.6	14.1
Sale of goods and services other than capital assets	0.6	4.7	3.1	1.5	1.6	1.7	1.9
of which:							
Other sales	0.6	4.7	3.1	1.5	1.6	1.7	1.9
Other non-tax revenue	10.0	7.3	6.0	5.0	10.3	10.9	12.2
Transfers received	259.3	278.7	356.4	402.0	448.1	473.3	503.5
Total revenue	269.9	290.7	365.6	408.5	460.0	485.9	517.6
Expenses							
Current expense	268.2	327.7	380.8	408.5	460.0	485.9	517.6
Compensation of employees	114.9	129.6	123.3	127.4	146.0	157.4	169.6
Goods and services	146.5	191.2	251.4	274.0	308.8	326.0	345.7
Depreciation	6.8	6.9	6.1	7.1	5.3	2.5	2.2
Total expenses	268.2	327.7	380.8	408.5	460.0	485.9	517.6
Surplus / (Deficit)	1.7	(37.0)	(15.2)	-	-	-	-

Expenditure trends

Over the medium, the spending focus of the commission will be on the implementation of its case management system at all Department of Labour offices and on employing the requisite staff to enable the organisation to provide an efficient service to the public.

The commission generates revenue from interest received and user charges. Total revenue grew from R269.9 million in 2007/08 to R408.5 million in 2010/11, at an average annual rate of 14.8 per cent, due to an additional allocation of R61.6 million in 2010/11 from the Department of Labour to fund an increase in demand for the commission's services brought about by the global economic crisis. Over the medium term, total revenue is expected to increase at an average annual rate of 8.2 per cent to reach R517.6 million in 2013/14, due to additional allocations totalling R311 million for a new case management system, which is projected to bring in an additional 45 000 cases per year, as well as due to increased operational costs.

Between 2007/08 and 2013/14, expenditure grew significantly at an average annual rate of 9.8 per cent, from R268.2 million in 2007/08 to R408.5 million in 2010/11, mainly due to an average annual increase of 23.2 per cent on goods and services for case disbursements as a result of increased caseloads. Compensation of employees is projected to increase over the medium term at an average annual rate of 10 per cent from R127.4 million in 2010/11 to R169.6 million in 2013/14, as a result of increased caseloads and higher operational expenditure respectively, relating to the case management system.

Personnel information

Table 18.19 Commission for Conciliation, Mediation and Arbitration

	Post status as at 30 September 2010			Number of posts filled on funded establishment						
	Number of posts on approved establishment	Number of funded posts (establishment)	Number of vacant posts	Actual			Mid-year ¹	Medium-term estimate		
				2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Executive Management	8	8	–	8	8	8	8	10	10	10
Senior Management	10	10	–	10	10	10	10	10	10	10
Middle Management	19	19	–	14	14	14	19	20	20	20
Semi-skilled	438	438	–	441	441	441	441	447	447	447
Total	475	475	–	473	473	473	478	487	487	487
Compensation (R thousand)				114 878	129 600	123 250	127 366	145 960	157 353	169 649
Unit cost (R thousand)				243	274	261	266	300	323	348

1. As at 30 September 2010.

The commission has an establishment of 475 posts, all of which are funded. The number of filled posts remained constant at 473 between 2007/08 and 2009/10, but is expected to increase from 478 in 2010/11 to 487 over the medium term in order to meet the increased demand for the commission's services. There are no vacant posts.

The ratio of support staff to line function staff is 1:2.

Other public entities and agencies

Comprehensive coverage of the following public entities is provided with the more detailed information for the vote at www.treasury.gov.za under the budget information link.

- The **National Economic Development and Labour Council** requires organised labour, organised business, community based organisations and government to work as a collective to promote the goals of economic growth and social and economic equity. The entity's total budget for 2011/12 is R24.8 million.
- **Productivity South Africa** aims to improve the productive capacity of the economy through interventions that encourage social dialogue and collaboration between government, labour and business. The entity's total budget for 2011/12 is R104.9 million.

Additional tables

Table 18.A Summary of expenditure trends and estimates per programme and economic classification

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R million	2009/10		2009/10	2010/11			2010/11
Administration	635.7	670.1	669.2	650.0	6.3	656.3	648.4
Inspection and Enforcement Services	334.8	319.5	290.0	356.6	10.0	366.6	337.4
Public Employment Services	274.2	258.9	264.8	280.4	(2.5)	277.9	275.8
Labour Policy and Industrial Relations	426.3	460.8	474.7	496.9	38.1	535.0	531.7
Total	1 671.0	1 709.2	1 698.7	1 783.9	51.9	1 835.8	1 793.2

Economic classification							
Current payments	1 208.9	1 208.2	1 165.0	1 259.9	25.5	1 285.4	1 236.4
Compensation of employees	669.9	632.6	576.5	738.4	6.4	744.8	701.9
Goods and services	539.0	575.6	588.5	521.5	19.1	540.6	534.5
Transfers and subsidies	427.8	463.1	516.3	515.2	22.1	537.3	539.8
Departmental agencies and accounts	344.0	391.2	411.5	429.8	28.2	458.0	458.0
Foreign governments and international organisations	9.3	9.3	8.6	9.6	–	9.6	10.7
Non-profit institutions	74.3	60.5	92.1	75.5	(6.2)	69.3	69.3
Households	0.2	2.1	4.1	0.2	0.1	0.4	1.8
Payments for capital assets	34.3	37.9	16.9	8.8	4.3	13.1	17.0
Buildings and other fixed structures	27.6	29.4	0.2	3.8	–	3.8	3.8
Machinery and equipment	6.7	8.5	16.7	5.0	4.3	9.4	13.2
Payments for financial assets	–	–	0.5	–	–	–	–
Total	1 671.0	1 709.2	1 698.7	1 783.9	51.9	1 835.8	1 793.2

Table 18.B Detail of approved establishment and personnel numbers according to salary level¹

	Personnel post status as at 30 September 2010			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year ²	Medium-term estimate		
				2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Department	3 490	3 467	24	3 459	2 765	3 100	3 092	3 577	3 655	3 655
Salary level 1 – 6	1 771	1 771	–	1 921	1 512	1 627	1 582	1 756	1 756	1 756
Salary level 7 – 10	1 541	1 530	11	1 379	1 113	1 320	1 359	1 490	1 542	1 542
Salary level 11 – 12	117	113	5	109	98	99	102	256	282	282
Salary level 13 – 16	61	53	8	51	41	53	49	75	75	75
Administration	1 197	1 194	3	1 226	1 017	1 014	1 068	1 194	1 194	1 194
Salary level 1 – 6	685	685	–	743	599	577	615	685	685	685
Salary level 7 – 10	431	431	–	400	349	358	384	431	431	431
Salary level 11 – 12	48	48	–	45	43	44	42	48	48	48
Salary level 13 – 16	33	30	3	38	26	34	27	30	30	30
Inspection and Enforcement Services	1 430	1 431	–	1 479	1 154	1 425	1 291	1 520	1 598	1 598
Salary level 1 – 6	889	889	–	934	762	885	795	894	894	894
Salary level 7 – 10	518	518	–	525	371	518	474	573	625	625
Salary level 11 – 12	16	17	–	17	15	16	15	44	70	70
Salary level 13 – 16	7	7	–	3	6	6	7	9	9	9
Public Employment Services	650	635	15	543	435	474	539	650	650	650
Salary level 1 – 6	169	169	–	211	128	139	144	149	149	149
Salary level 7 – 10	448	443	5	318	293	320	375	342	342	342

Table 18.B Detail of approved establishment and personnel numbers according to salary level¹ (continued)

	Personnel post status as at 30 September 2010			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year ²	Medium-term estimate		
				2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Salary level 11 – 12	22	17	5	13	13	13	15	133	133	133
Salary level 13 – 16	11	6	5	1	1	2	5	26	26	26
Labour Policy and Industrial Relations	213	207	6	212	159	187	194	213	213	213
Salary level 1 – 6	28	28	–	33	23	26	28	28	28	28
Salary level 7 – 10	144	138	6	135	100	124	126	144	144	144
Salary level 11 – 12	31	31	–	34	27	26	30	31	31	31
Salary level 13 – 16	10	10	–	9	8	11	10	10	10	10

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

2. As at 30 September 2010.

Table 18.C Summary of expenditure on training

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Compensation of employees (R million)	497.9	491.3	576.5	744.8	786.3	865.8	915.2
Training expenditure (R million)	6.5	8.9	8.3	8.9	11.8	12.0	12.7
Training as percentage of compensation	1.3%	1.8%	1.4%	1.2%	1.5%	1.4%	1.4%
Total number trained in department (head count)	3 167	2 005	4 423	3 557			
of which:							
Employees receiving bursaries (head count)	144	238	196	242			
Leaverships trained (head count)	250	–	–	19			
Internships trained (head count)	313	–	68	72			

Table 18.D Summary of departmental public private partnership (PPP) projects

Project description: Siemens business services - IT agreement		Project annual unitary fee	Budgeted expenditure	Medium-term expenditure estimate		
R million		at time of contract	2010/11	2011/12	2012/13	2013/14
Projects signed in terms of Treasury Regulation 16		40.8	76.7	83.7	86.9	–
PPP unitary charge ¹		40.8	76.7	83.7	86.9	–
Total		40.8	76.7	83.7	86.9	–

Disclosure notes for projects signed in terms of Treasury Regulation 16

Project name	Public private partnership agreement between the Department of Labour and Siemens Business Services for the provision of IT services.
Brief description	The IT PPP agreement is regarded by the department as a way of achieving its objectives against the background of the requirements of the specialised knowledge and expertise needed to develop and manage a modern IT service.
Date PPP agreement was signed	30/11/2002
Duration of PPP agreement	10 years
Escalation index for unitary fee	Annual increases by CPIX as well as increases based on the number of computer users.
Net present value of all payment obligations discounted at appropriate duration government bond yield	Net present value calculated at R117 987 322 utilising the government bond yield of 8.55%.
Variations / amendments to PPP agreement	The PPP agreement makes provision for a change management process that deals with changes to the agreement and unitary fee.
Cost implications of variations/amendments	The change management notes that have an impact on the unitary fee are listed under item 2 of remarks by the CIO.

Table 18.E Summary of departmental public private partnership (PPP) projects

Project description: National fleet project		Budgeted expenditure 2010/11	Medium-term expenditure estimate		
R million	Project annual unitary fee at time of contract		2011/12	2012/13	2013/14
Projects signed in terms of Treasury Regulation 16	103.2	31.7	33.2	–	–
PPP unitary charge ¹	103.2	31.7	33.2	–	–
Total	103.2	31.7	33.2	–	–

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

Table 18.F Summary of expenditure on infrastructure

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
R million										
Departmental infrastructure										
Taung labour centre: construction of building	New labour centre	Design	4.2	-	-	-	-	-	-	-
Rustenburg labour centre: construction of building	New labour centre	Construction	15.4	1.1	-	-	1.8	4.0	-	-
Mount Ayif labour centre: construction of building	New labour centre	Design	15.2	-	-	-	1.9	-	-	-
Durban labour centre: repairs	Electrical and mechanical repairs	Various	2.7	-	2.7	-	-	-	-	-
Other labour centres	Various construction, such as electrical repairs	Various	7.0	5.2	-	0.2	-	0.0	0.0	0.0
Maintenance										
Pretoria head office, Laboria House: follow-on repair and maintenance programme	Maintaining head office building to be occupational health and safety compliant	Construction	21.1	-	0.6	5.6	5.1	4.4	2.1	3.0
Sheltered employment factories: repair and maintenance programme	Maintaining sheltered employment factories to be occupational health and safety compliant	Various	95.6	9.5	12.9	14.8	11.0	22.1	-	-
Kimberley sheltered employment factory: second follow-on repair and maintenance programme	Maintaining sheltered employment factory to be occupational health and safety compliant	Tender	8.3	6.3	1.0	0.7	3.2	4.0	4.0	0.3
Bloemfontein: sheltered employment factory: second follow-on repair and maintenance programme	Maintaining sheltered employment factory to be occupational health and safety compliant	Tender	3.6	7.4	3.6	1.8	0.1	0.4	1.9	2.1
Pretoria, Silverton: sheltered employment factory head office: second follow-on on repair and maintenance programme	Maintaining sheltered employment head office to be occupational health and safety compliant	Tender	9.2	1.2	0.7	0.2	0.8	6.0	2.5	2.2
Potchefstroom sheltered employment factory: repair and maintenance programme	Maintaining sheltered employment factory to be occupational health and safety compliant	Completed	1.6	1.1	0.3	-	-	-	-	-
Upington and Kuruman labour centre, Kimberley sheltered employment factory: repair and maintenance programme	Maintaining sheltered employment factory and labour centre to be occupational health and safety compliant	Completed	8.8	2.3	3.0	0.1	-	-	-	-
George labour centre: repair and maintenance programme	Maintaining labour centre to be occupational health and safety compliant	Completed	1.4	0.8	0.4	-	-	-	-	-
East London labour centre and sheltered employment factory: repair and maintenance programme	Maintaining sheltered employment factory and labour centre to be occupational health and safety compliant	Completed	7.5	3.3	0.8	-	-	-	-	-
Pietermaritzburg sheltered employment factory: repair and maintenance programme	Maintaining sheltered employment factory to be occupational health and safety compliant	Completed	4.9	2.2	0.5	-	-	-	-	-

Table 18.F Summary of expenditure on infrastructure (continued)

Project name		Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
					2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
R million											
Maintenance											
Pretoria sheltered employment factory and labour centre: repair and maintenance programme		Maintaining sheltered employment factory and labour centre to be occupational health and safety compliant	Completed	9.0	0.2	0.1	1.6	3.7	3.4	–	
Phalaborwa, Hoedspruit and Seshego labour centres: repair and maintenance programme		Maintaining labour centres to be occupational health and safety compliant	Completed	5.2	2.4	0.3	0.2	–	–	–	
Witbank, Lydenburg and Komatipoort labour centres: repair and maintenance programme		Maintaining labour centres to be occupational health and safety compliant	Completed	9.6	7.3	1.1	0.0	–	–	–	
Western Cape labour centres and sheltered employment factories: repair and maintenance programme		Maintaining sheltered employment factories and labour centres to be occupational health and safety compliant	Completed	21.3	8.9	2.9	0.5	–	–	–	
Durban Masonic Grove: emergency repair and maintenance programme		Maintaining labour centre to be occupational health and safety compliant	Completed	6.1	2.0	1.6	–	–	–	–	
Gauteng south: repair and maintenance programme		Maintaining sheltered employment factories and labour centres to be occupational health and safety compliant	Completed	20.5	3.2	5.0	1.2	0.9	–	–	
Total				278.4	64.4	37.6	26.9	28.5	44.2	10.5 7.6	

Vote 19

Social Development

Budget summary

R million	2011/12				2012/13	2013/14
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	234.0	229.5	–	4.5	245.3	255.9
Social Assistance	97 560.2	–	97 560.2	–	106 255.6	114 409.3
Social Security Policy and Administration	6 244.4	97.1	6 144.7	2.6	6 296.0	6 640.8
Welfare Services Policy Development and Implementation Support	450.8	140.2	307.2	3.4	474.1	502.8
Social Policy and Integrated Service Delivery	243.2	76.9	165.0	1.4	252.9	266.8
Total expenditure estimates	104 732.7	543.7	104 177.1	11.9	113 524.0	122 075.5

Executive authority Minister of Social Development
 Accounting officer Director General of Social Development
 Website address www.dsd.gov.za

More detailed information for each vote is available at www.treasury.gov.za. More comprehensive coverage of vote specific information, particularly on goods and services, transfers and subsidies, donor funding, public entities and lower level institutional information, is provided.

Aim

Ensure protection against vulnerability by creating an enabling environment for the provision of a comprehensive, integrated and sustainable social development service.

Programme purposes

Programme 1: Administration

Purpose: Provide leadership, management and support services to the department and the sector.

Programme 2: Social Assistance

Purpose: Provide income support to vulnerable groups.

Programme 3: Social Security Policy and Administration

Purpose: Provide for social security policy development and fair administration of social assistance.

Programme 4: Welfare Services Policy Development and Implementation Support

Purpose: Create an enabling environment for the delivery of equitable developmental welfare services through the formulation of policies, norms and standards, and best practices. Provide support to implementation agencies.

Programme 5: Social Policy and Integrated Service Delivery

Purpose: Support community development and promote evidence based policy-making in the department and the social development sector.

Strategic overview: 2007/08 – 2013/14

The Department of Social Development continues to give effect to its constitutional and other legislative and policy mandates by providing direct income support to individuals, and engaging in research and policy development that explores longer term solutions to the social ills prevailing in South Africa's socioeconomic landscape.

Over the next three years, the minister's performance agreement places emphasis on increasing food security, HIV prevention and expansion of the expanded public works social sector programmes. The core focus of social development is social security, welfare services and community development. In 2010/11, notable progress was made in all these areas.

Social security

The provision and administration of social assistance continues to be the largest responsibility of the department. Almost 3.8 million older people and permanently disabled people received income support. Over 10 million children received the child support grant, while 531 898 benefited from the foster care grant. The extension of the child support grant to children up to the age of 18 is being implemented in three phases until 2012. This will significantly reduce the number of children living in poverty. As part of the interdepartmental task team for social security, and in line with delivery agreement commitments, the department will support social security reform proposals aimed at introducing a mandatory pillar of social insurance to provide for retirement, disability and survivor benefits.

Welfare services

Welfare services cover a wide scope of policies and programmes designed to address the needs of vulnerable members of society, particularly children, older people, victims of violence and people with disabilities. In the last two years, the department has prioritised the development of key legislation and capacity building of social services professionals. Significant progress has been made in the development of norms and standards to address the lack of uniformity in the delivery of social welfare services. It is anticipated that these will be finalised in the near future. The funding of service delivery partners remains a challenge, reaching a critical point during the year, with a group of non-governmental organisations litigating the Free State provincial department. Improving relations and developing a new funding policy is a key objective in the short term.

Community development

In 2011, the department will place more emphasis on repositioning its community development activities. This is particularly relevant given the formation of new departments with interfacing mandates and services. These include the departments of rural development and land reform, public service and administration, and cooperative governance and traditional affairs, which have different forms of community and poverty eradication programmes.

The department has developed a set of priorities in line with the political landscape, government outcomes and the socioeconomic challenges facing South Africans. These high level priority areas include: improving welfare services and early childhood development, strengthening communities through community mobilisation and development, and providing comprehensive social security, including income support, and a safety net for the destitute. These priorities are each supported by strategic interventions, activities and performance indicators in the strategic plan and in the minister's performance agreement.

Savings and cost effectiveness measures

The department has identified efficiency savings of R993.4 million over the medium term. Most of the saving relates to reducing, by R870 million, administration expenses for the payment of social assistance grants. This is a conservative estimate as it is likely to be R1 billion each year, once the South African Security Agency implements a new payment model.

Efficiency savings of R57.5 million over the medium term have also been identified in goods and services. This will be achieved by reducing communication, catering, consultancy, agency, outsourced services, subsistence and travel related expenditure. Since 2009, both domestic and international trips were scaled down and only the

director general and the minister travelled business class on domestic flights. As far as possible bookings are made during office hours to avoid after hour fees, rental cars are shared where possible, and accommodation is limited to four stars and less. Catering for internal meetings has been scaled down. Outsourcing of services has been reduced and the bid evaluation committee must approve all new tenders after carefully considering the available budget. The department will continue to implement cost saving measures and review business processes to decrease operational costs and to improve efficiencies.

Selected performance indicators

Table 19.1 Social Development

Indicator	Programme	Past			Current	Projections		
		2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Total number of old age grant beneficiaries	Social Assistance	2.2 million	2.3 million	2.5 million	2.7 million	2.7 million	2.8 million	2.8 million
Total number of war veterans grant beneficiaries	Social Assistance	1 963	1 599	1 236	938	813	703	608
Total number of disability grant beneficiaries	Social Assistance	1.4 million	1.4 million	1.3 million	1.2 million	1.3 million	1.3 million	1.3 million
Total number of child support grant beneficiaries	Social Assistance	8.2 million	8.8 million	9.4 million	10.4 million	11.0 million	11.3 million	11.6 million
Total number of foster care grant beneficiaries	Social Assistance	443 191	476 394	489 322	531 898	612 651	708 592	819 853
Total number of care dependency grant beneficiaries	Social Assistance	101 836	107 065	118 972	121 194	128 133	134 604	141 358
Total number of grant-in-aid grant beneficiaries	Social Assistance	37 343	46 069	49 000	58 500	61 425	65 110	68 366
Total number of social assistance backlog appeals cases adjudicated	Social Security Policy and Administration	–	–	22 940	40 000	20 000	– ¹	– ¹
Number of new appeals cases adjudicated	Social Security Policy and Administration	–	–	–	15 000	15 000	15 000	15 000
Total number of social work scholarships awarded	Welfare Services Policy Development and Implementation Support	983	2 900	5 250	5 625	5 400	6 000	6 200
Total number of registered early childhood development sites captured on the national database	Welfare Services Policy Development and Implementation Support	3 053	10 755	15 837	17 837	23 577	25 934	26 062
Percentage of applications for registration as non-profit organisation dealt with within 2 months	Social Policy and Integrated Service Delivery	72%	80%	77%	80%	80%	90%	100%

1. This short term project will be completed in 2011/12.

Expenditure estimates

Table 19.2 Social Development

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
R million								
Administration	169.5	203.4	217.7	236.4	236.4	234.0	245.3	255.9
Social Assistance	62 471.9	70 715.9	79 259.7	89 368.2	88 268.1	97 560.2	106 255.6	114 409.3
Social Security Policy and Administration	4 190.7	4 699.7	5 253.8	5 772.0	5 772.0	6 244.4	6 296.0	6 640.8
Welfare Services Policy Development and Implementation Support	167.3	271.8	375.9	411.2	411.2	450.8	474.1	502.8
Social Policy and Integrated Service Delivery	192.1	205.9	211.0	153.3	153.3	243.2	252.9	266.8
Total	67 191.4	76 096.7	85 318.2	95 941.1	94 841.0	104 732.7	113 524.0	122 075.5
Change to 2010 Budget estimate				12.0	(1 088.0)	(982.7)	(499.7)	1 780.5

Table 19.2 Social Development (continued)

	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
R million	2007/08	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
Economic classification								
Current payments	321.1	426.6	464.9	549.1	549.1	543.7	559.3	590.6
Compensation of employees	133.6	184.1	220.1	254.9	254.9	267.8	285.1	300.4
Goods and services	187.5	242.6	244.7	294.2	294.2	275.9	274.2	290.2
of which:								
Computer services	7.7	16.1	9.6	34.8	34.8	20.4	21.0	22.7
Consultants and professional services:	53.6	72.9	74.1	75.7	75.7	81.9	74.4	84.9
Business and advisory services								
Lease payments	10.1	12.1	18.1	25.8	25.8	29.1	31.2	32.9
Travel and subsistence	38.0	61.8	56.1	58.4	58.4	48.3	47.7	48.0
Interest and rent on land	–	–	0.1	–	–	–	–	–
Transfers and subsidies	66 862.3	75 659.7	84 849.4	95 381.8	94 281.8	104 177.1	112 952.7	121 472.8
Departmental agencies and accounts	4 322.3	4 878.5	5 523.7	5 940.9	5 940.9	6 549.0	6 625.5	6 988.2
Universities and technikons	0.5	–	–	–	–	–	–	–
Foreign governments and international organisations	0.5	1.4	1.9	2.0	2.0	1.9	2.0	2.2
Non-profit institutions	52.2	55.7	61.1	65.2	65.2	65.9	69.5	73.1
Households	62 486.9	70 724.2	79 262.8	89 373.8	88 273.7	97 560.2	106 255.6	114 409.3
Payments for capital assets	7.7	8.3	3.8	10.1	10.1	11.9	12.0	12.1
Machinery and equipment	7.7	8.3	3.8	9.6	9.6	11.4	11.4	11.4
Software and other intangible assets	–	–	–	0.5	0.5	0.5	0.6	0.7
Payments for financial assets	0.3	2.1	0.0	–	–	–	–	–
Total	67 191.4	76 096.7	85 318.2	95 941.1	94 841.0	104 732.7	113 524.0	122 075.5

Expenditure trends

The spending focus over the MTEF period will be on providing income support to vulnerable groups. A new budget structure will be implemented for the department from 2011/12. This provides greater detail on spending by grant type in the *Social Assistance* programme.

Expenditure increased from R67.2 billion in 2007/08 to R95.9 billion in 2010/11, at an average annual rate of 12.6 per cent, mainly as a result of an increase in the *Social Assistance* programme's transfers, which is approximately 93.2 per cent of the department's budget in 2010/11. The transfers increased due to lowering the qualifying age for men to access the old age grant and extending the child support grant to all children under the age of 15.

Over the medium term, expenditure is expected to increase to R122 billion, at an average annual rate of 8 per cent. The increase is mainly due to the extension of the child support grant to all children under 18.

In 2011/12, the department expects to transfer: R6.1 billion to the South African Social Security Agency to administer the grant system; R161.4 million to the National Development Agency; R244 million for social work bursaries; and R43.4 million for the LoveLife programme. The department has an operational budget of R555.6 million in 2011/12, which decreases by 0.7 per cent from R559.3 million in 2010/11.

The department receives the following additional allocations over the MTEF period:

- R2 million in 2011/12 and R3 million in 2012/13 for a feasibility study for provincial welfare services infrastructure
- R3 million in 2011/12 for the department's review of the National Development Agency
- R9.5 million in 2011/12, R10.7 million in 2012/13 and R13.6 million in 2013/14 to establish and maintain accreditation systems, develop and maintain probation case management system, establish and maintain a register of children in diversion programmes, and procure computer equipment for probation practitioners

- R5 million in 2011/12, R5.2 million in 2012/13 and R5.5 million in 2013/14 to enhance social development management information systems
- R182.8 million in 2011/12, R314.6 million in 2012/13 and R566.6 million in 2013/14 to allow the South African Social Security Agency to introduce a new payment model for social grants, implement the integrated grants administration model, reduce the agency's deficit and improve conditions of service for personnel
- R100 million in 2011/12, R200 million in 2012/13 and R300 million in 2013/14 to provide for an upward adjustment to the income thresholds for receipt of the old age and disability grant
- R1.4 billion in 2013/14 for the projected shortfall on social grants
- R7.5 million during each year of the MTEF period to improve conditions of service in the department.

Personnel information

The department has a total establishment of 696 posts, all of which are funded.

There are 105 posts at the senior level, of which 8 are vacant, 164 at the middle level, of which 14 are vacant, and 427 at the lower level, of which 46 are vacant. The department started a strategic realignment process to align adjustments with its organisational structure, and has not yet provided for changes in the number of employees.

The *Administration* programme has 339 employees, which constitutes 48 per cent of the total establishment of the department.

Spending on consultants takes up to 29 per cent of the department's budget allocation for personnel. Additional allocations are received for consultants on the information systems, the infrastructure feasibility study, and the review of the National Development Agency, and for the payment of fees to the panel members of the Independent Tribunal for Social Assistance Appeals.

Departmental receipts

Revenue derives from interest earned on social assistance transfer funds deposited into the bank accounts of cash payment contractors before they are disbursed to beneficiaries, recoveries from dormant accounts of social assistance grant beneficiaries, and unallocated receipts that cannot be linked to individual debtor accounts. Other departmental receipts include interest on debt, cancelled uncashed cheques, parking fees for senior managers, recoveries of private telephone expenses and breach of study contracts.

The once-off revenue items of R227.1 million in 2007/08, R429 000 in 2008/09 and R12.9 million in 2009/10 were due to interest earned on social assistance transfers and unspent funding on social assistance transfers to provinces.

Table 19.3 Departmental receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2007/08	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
Departmental receipts	236 957	16 484	30 617	218 251	150	10 070	10 080	10 145
Sales of goods and services produced by department	84	–	–	140	150	35	40	45
Interest, dividends and rent on land	9 821	16 055	17 591	18 000	–	10 035	10 040	10 100
Sales of capital assets	–	–	105	–	–	–	–	–
Transactions in financial assets and liabilities	227 052	429	12 921	200 111	–	–	–	–
Total	236 957	16 484	30 617	218 251	150	10 070	10 080	10 145

Programme 1: Administration

Table 19.4 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
R million							
Ministry ¹	21.9	26.1	31.7	22.3	19.2	19.5	20.5
Department Management	37.6	50.5	48.8	50.6	58.2	61.8	65.3
Corporate Management	57.6	73.0	70.8	91.5	79.2	82.4	87.0
Finance	40.5	40.9	46.9	43.4	46.2	47.4	50.1
Internal Audit	3.0	3.3	3.0	5.3	4.2	4.4	4.6
Office Accommodation	8.9	9.6	16.5	23.3	27.0	29.8	28.3
Total	169.5	203.4	217.7	236.4	234.0	245.3	255.9
Change to 2010 Budget estimate				17.4	2.4	3.4	0.6

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

Economic classification

Current payments	164.4	199.5	213.8	231.3	229.5	240.4	250.6
Compensation of employees	68.6	83.3	95.8	108.3	118.3	125.0	131.7
Goods and services	95.8	116.2	117.9	123.0	111.2	115.4	118.8
of which:							
Computer services	7.7	12.9	8.9	26.8	10.6	10.7	11.9
Consultants and professional services:	25.4	25.1	24.6	11.9	14.4	16.0	18.0
Business and advisory services							
Lease payments	9.6	10.8	17.3	23.6	26.9	28.8	30.4
Travel and subsistence	18.0	24.1	25.1	20.9	17.6	16.1	15.6
Interest and rent on land	–	–	0.1	–	–	–	–
Transfers and subsidies	–	–	1.4	–	–	–	–
Households	–	–	1.4	–	–	–	–
Payments for capital assets	4.9	3.9	2.5	5.1	4.5	4.9	5.3
Machinery and equipment	4.9	3.9	2.5	4.7	4.1	4.3	4.6
Software and other intangible assets	–	–	–	0.5	0.5	0.6	0.7
Payments for financial assets	0.2	–	–	–	–	–	–
Total	169.5	203.4	217.7	236.4	234.0	245.3	255.9

Expenditure trends

Expenditure increased at an average annual rate of 11.7 per cent, from R169.5 million in 2007/08 to R236.4 million in 2010/11. It is projected to increase further at an average annual rate of 4.6 per cent over the medium term, to reach R255.9 million. Office lease costs are a key expenditure item, and are projected to be R26.9 million in 2011/12, R28.8 million in 2012/13 and R30.4 million in 2013/14.

Programme 2: Social Assistance

- *Social Assistance Transfers* provides for the payment of social assistance grants to beneficiaries that qualify for social assistance in terms of the Social Security Act (2004):
- *Old Age* provides income support to elderly people above the age of 60 earning an annual income below R31 536 (single) and R63 072 (married). In 2010/11, approximately 2 659 470 older people received grants, and this is projected to increase to 2 844 243 in 2013/14. These grants are estimated to cost R36.6 billion in 2011/12.
- *War Veterans* provides a grant for the men and women who fought in World War II and the Korean War. The grants are estimated to cost R12 million in 2011/12.
- *Disability* provides a grant for people living with a permanent or temporary disability earning an annual income below R31 536 (single) and R63 072 (married). In 2010/11, approximately 1 231 323 million

disabled people received grants, and this is projected to increase to 1 314 517 million in 2013/14. The grants are estimated to cost R17.8 billion in 2011/12.

- *Foster Care* provides a grant for children placed in foster care through a court order in terms of the Children's Act (2005). In 2010/11, approximately 540 748 foster children received a grant. The number of foster children is projected to increase to 819 853 by 2013/14. The grants are estimated to cost R5.5 billion in 2011/12.
- *Care Dependency* provides a grant to caregivers earning an annual income below R129 600 (single) and R259 200 (married) in support of caring for a child who is mentally or physically disabled. In 2010/11, approximately 108 409 caregivers received grants for approximately 121 194 disabled children. The number of disabled children qualifying for a grant is projected to increase to 141 358 by 2013/14. The grants are estimated to cost R1.7 billion in 2011/12.
- *Child Support* provides a grant to parents and caregivers of children under 18 born after 1 December 1993 and earning an annual income below R30 000. In 2010/11, approximately 5 596 022 caregivers received a grant for approximately 10.4 million children. The number of children in homes qualifying for a grant is projected to increase to 11.6 million by 2013/14. The grants are estimated to cost R35.6 billion in 2011/12.
- *Grant-in-Aid* is an additional grant to the recipients of the older persons grant, the disability grant and the war veterans grant who require regular attendance from another person due to their physical or mental condition. The grants are estimated to cost R175 million in 2011/12.
- *Social Relief* provides temporary income support or food parcels to those facing undue hardship. This assistance is estimated to cost R160 million in 2011/12.

Objectives and measures

- Expand the social assistance safety net by:
 - phasing in, over the MTEF period, the extension of the child support grant to eligible children under the age of 18 years
 - moving towards aligning the income threshold of the old age grant to the tax payment threshold, through implementing an adjustment to the means test for the old age and disability grants in 2011/12.

Expenditure estimates

Table 19.5 Social Assistance

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
R million							
Old Age	22 803.0	25 934.0	29 826.4	33 970.1	36 573.6	39 913.1	42 975.8
War Veterans	21.8	19.7	16.6	15.0	12.0	11.0	9.9
Disability	15 281.4	16 473.4	16 566.7	17 408.5	17 813.2	19 438.7	20 626.1
Foster Care	3 414.3	3 934.8	4 434.3	5 231.7	5 535.7	5 833.1	6 280.7
Care Dependency	1 132.1	1 292.5	1 434.1	1 579.8	1 727.1	1 884.7	2 129.2
Child Support	19 626.0	22 348.6	26 669.8	30 860.1	35 563.7	38 810.0	41 992.6
Grant-in-Aid	87.0	90.0	146.3	160.0	175.0	190.0	205.0
Social Relief	106.2	623.0	165.5	143.0	160.0	175.0	190.0
Total	62 471.9	70 715.9	79 259.7	89 368.2	97 560.2	106 255.6	114 409.3
Change to 2010 Budget estimate				–	(1 034.0)	(552.4)	1 726.9
Transfers and subsidies	62 471.9	70 715.9	79 259.7	89 368.2	97 560.2	106 255.6	114 409.3
Households	62 471.9	70 715.9	79 259.7	89 368.2	97 560.2	106 255.6	114 409.3
Total	62 471.9	70 715.9	79 259.7	89 368.2	97 560.2	106 255.6	114 409.3

Table 19.5 Social Assistance (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Details of selected transfers and subsidies							
Households							
Households social benefits							
Current	62 471.9	70 715.9	79 259.7	89 368.2	97 560.2	106 255.6	114 409.3
Old Age	22 803.0	25 934.0	29 826.4	33 970.1	36 573.6	39 913.1	42 975.8
War Veterans	21.8	19.7	16.6	15.0	12.0	11.0	9.9
Disability	15 281.4	16 473.4	16 566.7	17 408.5	17 813.2	19 438.7	20 626.1
Foster Care	3 414.3	3 934.8	4 434.3	5 231.7	5 535.7	5 833.1	6 280.7
Care Dependency	1 132.1	1 292.5	1 434.1	1 579.8	1 727.1	1 884.7	2 129.2
Child Support	19 626.0	22 348.6	26 669.8	30 860.1	35 563.7	38 810.0	41 992.6
Grant-in-Aid	87.0	90.0	146.3	160.0	175.0	190.0	205.0
Social Relief	106.2	623.0	165.5	143.0	160.0	175.0	190.0

Expenditure trends

Social assistance is the largest portion (93 per cent) of the department's budget. The main focus is on providing income support to the elderly, the disabled and to caregivers of children. Expenditure increased from R62.5 million in 2007/08 to R89.4 million in 2010/11, at an average annual rate of 12.7 per cent, as almost 15 million South Africans qualified for social assistance compared to approximately 12 million in 2010/11. In addition, the department concluded the gradual implementation of the age equalisation process in 2010, which allowed all eligible men to receive social grants from the age of 60. 277 393 men have benefited from this.

Over the MTEF period, expenditure is projected to increase at an average annual rate of 8.3 per cent, to reach R114 billion in 2013/14. The increase is mainly due to lowering the qualifying age for the old age grant for men from 65 to 60, and to extending the qualifying age for the child support grant to 18 (for children born after 31 December 1993).

Table 19.6 Social grants beneficiary numbers by type of grant 2007/08 to 2013/14

Type of grant	March 2008	March 2009	March 2010	March 2011 projected	March 2012 projected	March 2013 projected	March 2014 projected
Old age	2 218 993	2 343 995	2 489 637	2 659 470	2 729 359	2 786 026	2 844 243
War veterans	1 963	1 599	1 236	938	813	703	608
Disability	1 413 263	1 371 712	1 298 770	1 231 323	1 265 271	1 289 518	1 314 517
Foster care	443 191	476 394	489 322	531 898	612 651	708 592	819 853
Care dependency	101 836	107 065	118 972	121 194	128 133	134 604	141 358
Child support	8 195 524	8 765 354	9 380 713	10 387 238	10 976 510	11 303 073	11 588 704
Grant-in-aid	37 343	46 069	49 000	58 500	61 425	65 110	68 366
Total (Excl Grant in Aid)	12 374 770	13 066 118	13 778 649	14 932 061	15 712 737	16 222 516	16 709 281

Programme 3: Social Security Policy and Administration

- *Social Security Policy Development* provides for developing and reviewing social security policy and legislation. Over the past three years, the subprogramme has focused on the extension of the child support grant, so that by 2012 all children under 18 years in poor households will be eligible for the grant. This subprogramme has a staff complement of 46, and 38 per cent of its total budget in 2011/12 will be used for compensation of employees. Legislation has been prepared in 2010 for the consolidation and delegation of social relief measures, and these will, over the medium term, become the responsibility of the provincial departments of social development.
- *Appeals Adjudication* provides a fair and just independent adjudication service for social assistance appeals. The unit currently has 45 employees, mostly on contract for administering the services of the appeals tribunal. The minister has appointed 69 additional panel members to deal specifically with backlog appeals.

Since its establishment in 2008/09, the unit has had 60 790 appeals lodged, of which 22 940 were considered and finalised by March 2010. R40 million in 2010/11 and R20 million in 2011/12 has been made available to eradicate the backlog by March 2012.

- *Social Grants Administration* provides for the operational costs of the South African Social Security Agency. R6.1 billion will be transferred to the agency for the administration of the grants, including the management information system.
- *Social Grants Fraud Investigations* provides for the continued funding of fraud investigations conducted by the South African Social Security Agency in partnership with law enforcement agencies. R73 million of the total budget will be transferred to the agency in 2011/12 for investigations.

Objectives and measures

- Strengthen social security by:
 - drafting a proposal on social assistance for refugees for Cabinet approval by June 2011
 - initiating public consultation on social security and retirement reforms by June 2011
 - supporting the interdepartmental task teams on social security reforms, with legislation covering retirement provisions and business cases for key institutions, by March 2012.
- Provide for the fair application of social assistance by improving the appeals administration and adjudication service by:
 - adjudicating all new appeals within 90 days
 - finalising backlog appeals by March 2012.

Expenditure estimates

Table 19.7 Social Security Policy and Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
R million							
Social Security Policy Development	36.0	38.9	29.5	58.3	41.0	43.3	45.8
Appeals Adjudication	1.1	23.2	47.8	72.7	51.4	43.5	45.9
Social Grants Administration	4 142.7	4 630.3	5 168.9	5 561.5	6 070.6	6 123.5	6 459.1
Social Grants Fraud Investigations	–	–	–	69.9	73.1	76.7	80.6
Programme Management	10.8	7.3	7.6	9.6	8.4	9.0	9.5
Total	4 190.7	4 699.7	5 253.8	5 772.0	6 244.4	6 296.0	6 640.8
Change to 2010 Budget estimate				3.7	43.9	46.3	47.4
Economic classification							
Current payments	31.8	56.8	81.8	131.5	97.1	92.6	98.2
Compensation of employees	10.0	19.3	25.3	33.2	30.8	32.4	34.1
Goods and services	21.8	37.5	56.4	98.3	66.3	60.2	64.1
of which:							
Computer services	–	3.2	0.0	8.1	4.0	4.2	4.4
Consultants and professional services:	6.0	21.3	28.2	42.7	29.5	22.9	26.1
Business and advisory services							
Lease payments	0.0	0.1	0.1	1.8	1.9	2.0	2.0
Travel and subsistence	2.5	6.7	10.8	15.8	11.1	10.8	10.5

Table 19.7 Social Security Policy and Administration (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Transfers and subsidies	4 157.7	4 639.4	5 171.8	5 638.0	6 144.7	6 201.4	6 540.9
Departmental agencies and accounts	4 142.7	4 630.3	5 168.9	5 631.4	6 143.7	6 200.3	6 539.7
Foreign governments and international organisations	–	0.8	0.9	1.0	1.1	1.1	1.2
Non-profit institutions	–	–	0.5	–	–	–	–
Households	14.9	8.3	1.5	5.6	–	–	–
Payments for capital assets	1.1	1.4	0.2	2.5	2.6	2.0	1.7
Machinery and equipment	1.1	1.4	0.2	2.5	2.6	2.0	1.7
Payments for financial assets	0.1	2.1	–	–	–	–	–
Total	4 190.7	4 699.7	5 253.8	5 772.0	6 244.4	6 296.0	6 640.8
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	4 142.7	4 630.3	5 168.9	5 631.4	6 143.7	6 200.3	6 539.7
South African Social Security Agency	4 142.7	4 630.3	5 168.9	5 631.4	6 143.7	6 200.3	6 539.7
Households							
Households other transfers							
Current	14.9	8.3	1.5	5.6	–	–	–
Social relief	4.9	8.3	1.5	5.6	–	–	–
Disaster relief	10.1	–	–	–	–	–	–

Expenditure trends

The spending focus over the MTEF period will be on eradicating the appeals backlogs and ensuring that all pre-litigation appeal matters are processed and effectively responded to, to avoid adverse court orders and litigation costs. Other key expenditure items in this programme include the social grants administration and social fraud investigation functions performed by the South African Social Security Agency.

Expenditure increased from R4.19 billion in 2007/08 to R5.77 billion in 2010/11, at an average annual rate of 11.3 per cent.

Expenditure is expected to increase at an average annual rate of 3.1 per cent over the medium term, to reach R6.6 billion in 2013/14. Additional funding of R182.8 million in 2011/12, R314.6 million in 2012/13 and R566.6 million in 2013/14 has been reprioritised within the agency for the implementation and rollout of the integrated grants application process, the implementation of a new social grants payment model, deficit reduction and improved conditions of service for staff.

Programme 4: Welfare Services Policy Development and Implementation Support

- *Service Standards* ensures the transformation and standardisation of social welfare services through developing and coordinating policies and legislation that promote integration and quality driven, professional service delivery. This subprogramme has a staff complement of 30, and 38.5 per cent of its budget is for compensation of employees. Baseline studies of existing policies and the current legislative framework were conducted in the process of developing norms and standards. Business processes for social welfare services were mapped and redesigned, in line with target groups and service focus areas. Consultative workshops on norms and standards were held nationally and in all provinces, and an indaba was organised and attended by 230 stakeholders. The social welfare services framework was finalised. 775 stakeholders received training on generic norms and standards and the integrated service delivery model.
- *Social Work Scholarships* provides full scholarships for students interested in studying social work. 5 574 students are currently sponsored at various universities. R244 million is available to support 4 400 existing students and provide 1 000 new scholarships in 2011/12. To date, the programme has produced 2 086 graduates, who were absorbed across all nine provinces.

- *Substance Abuse* develops, supports and monitors the implementation of policies, legislation, and norms and standards for treating substance abuse. This subprogramme has a staff complement of 9, and 32.3 per cent of its total budget in 2010/11 is for compensation of employees. In April 2010, legislation for the prevention and treatment of substance abuse was promulgated.
- *Older Persons* develops, supports and monitors the implementation of policies, legislation, and norms and standards for social welfare services to older people. This subprogramme has a staff complement of 8, and 34.1 per cent of its total budget in 2011/12 is for compensation of employees. In April 2010, the Older Persons Act (2006) was launched, and provincial coordinators and non-governmental organisations were trained to implement it.
- *People with Disabilities* develops, supports and monitors the implementation of policies, legislation and norms and standards for social welfare services to people with disabilities. This subprogramme has a staff complement of 8, and 34.9 per cent of its total budget in 2011/12 is for compensation of employees. Draft policy on social services to people with disabilities has been developed, and consultations undertaken. In 2011, the policy will be presented for approval, and the development of the bill will begin. The implementation plan for the United Nations Convention on the Rights of People with Disabilities was developed and approved.
- *Children* develops, supports and monitors the implementation of policies, legislation, and norms and standards for social welfare services to children. This subprogramme has a staff complement of 53, and 54.3 per cent of its total budget in 2011/12 is for compensation of employees. In 2009/10, the department promulgated and implemented the Children's Act (2005), and an intersectoral implementation plan was developed to support and assist with the implementation of the act. Service providers have been trained, and the child protection register has been implemented.
- *Families* develops, supports and monitors the implementation of policies, legislation and programmes to strengthen families. This subprogramme has a staff complement of 9, and 48.9 per cent of its total budget in 2011/12 is for compensation of employees. In 2010/11, 416 service providers were trained in family preservation, the framework of positive values and on the manual on families in crisis. An integrated plan for services to families has been finalised through a consultative process, for implementation by all stakeholders.
- *Social Crime Prevention and Victim Empowerment* develops, supports and monitors the implementation of policies, legislation and programmes to protect, empower and support child, youth and adult offenders, and victims of crime and violence. This subprogramme has a staff complement of 24, and 32.1 per cent of its total budget is for compensation of employees. In 2010/11, blueprints on minimum norms and standards for secure care centres were developed. The next area of work will focus on accreditation for diversion programmes, to meet the requirements of the Child Justice Act (2008).
- *Youth* develops and facilitates the implementation of policies, legislation and programmes to protect vulnerable youth. This subprogramme has a staff complement of 7, and 44.5 per cent of its total budget in 2011/12 will be for compensation of employees.
- *HIV and AIDS* develops, supports and monitors the implementation of policies, programmes and guidelines to prevent and mitigate the impact of HIV and AIDS, in line with the 2007-2011 national strategic plan. This subprogramme has a staff complement of 33, and 16.8 per cent of its total budget in 2011/12 will be for compensation of employees. R43.6 million (64 per cent of the total budget) has been made available for non-profit organisations and the LoveLife programme in 2011/12. In 2009/10, 1 000 community caregivers were trained on psycho-social wellbeing, and an estimated 10 000 were trained in 2010/11. A standardised monitoring and evaluation system for home based care was developed in 2009/10.

Objectives and measures

- Facilitate enhanced welfare service provision by:
 - implementing the recruitment and retention strategy for social workers over the MTEF period
 - developing and implementing norms and standards and improving business processes for social welfare services by March 2014
 - increasing the number of social workers in the sector by providing full scholarships for 5 400 social work students in 2011

- finalising policy on the registration, management and financing of developmental social welfare services by June 2011
- developing and facilitating the implementation of a costing model for the delivery of social welfare service by March 2012
- developing a draft Social Service Professions Bill by March 2012.
- Promote, develop and protect older people's rights by:
 - developing community based care services for older people by March 2012
 - implementing a capacity building programme on the protocol for the management of elder abuse by March 2012
 - facilitating the development of provincial older people's forums and capacity building on the Older Persons' Charter by March 2012.
- Protect and promote the rights of people with disabilities by:
 - developing and implementing training and capacity building programmes on disability mainstreaming by March 2013, to improve understanding of the mainstreaming concept
 - aligning social service policies and programmes for people with disabilities with the United Nations Convention on the Rights of Persons with Disabilities by March 2012
 - developing legislation on social services for people with disabilities by March 2012
 - developing psycho-social programmes to enhance the wellbeing and self-esteem of youth with disabilities by March 2013.
- Facilitate the provision of quality social welfare services to children, including those in need of care and protection, by:
 - ensuring the implementation of the Children's Act (2005) over the MTEF period
 - implementing the strategy to expand national adoption services by the end of March 2013
 - improving the child protection system through implementing the national surveillance study on child abuse and neglect (phase 2) by the end of March 2013
 - improving alternative care to children through implementing protocols and guidelines on foster care in all provinces by the end of March 2013
 - implementing phase 1 of the transformation strategy on child and youth care centres by March 2012
 - expand access to early childhood development and partial care services for children in the 0-4 age cohort by March 2012
 - monitoring the policy framework and guidelines for statutory services for child headed households and children living on the streets, to ensure implementation by the end of March 2013.
- Support and strengthen families and communities by:
 - redrafting the White Paper for Services to Families by March 2012, following consultations
 - developing programmes and services by March 2013 to preserve and strengthen families.
- Reduce social crime by:
 - building capacity through training 500 probation practitioners on social crime prevention strategies and the Child Justice Act (2008) by March 2012
 - institutionalising the diversion accreditation system by March 2012
 - developing a training programme on human trafficking and an accreditation system and mechanisms for human trafficking programmes and non-governmental organisations by March 2012
 - implementing a database and electronic referral system by March 2012.
- Reduce substance abuse and related criminal acts by:
 - finalising the regulations on substance abuse by March 2012
 - rolling out a national anti-drugs and substance abuse campaign in all provinces by December 2012
 - developing treatment programmes and a treatment model for substance abuse by March 2012.

- Develop and facilitate the implementation of responsive and focused youth development programmes by:
 - strengthening the capacity of youth non-profit organisations to facilitate effective youth development programmes over the MTEF period
 - facilitating the implementation of the norms and standards for the Masupa-Tsela youth pioneer programme by March 2012.
- Contribute to reducing the incidence of HIV and AIDS and minimising its burden and psycho-social impact by:
 - developing a strategy for community capacity enhancement by March 2012, to facilitate social behaviour change
 - conducting community conversations to build HIV and AIDS competent communities in 3 districts each in 7 provinces by March 2012
 - facilitating and monitoring the implementation of a national coordinated response for orphans and other children made vulnerable by HIV and AIDS by March 2012
 - incorporating 30 per cent of municipalities' orphaned and vulnerable children interventions into their integrated development plans by March 2012
 - facilitating a functional home community based care monitoring and evaluation system in 50 districts by March 2012
 - facilitating the training of 100 home community based care organisations, 5 000 community caregivers and 500 supervisors by March 2012.

Expenditure estimates

Table 19.8 Welfare Services Policy Development and Implementation Support

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
R million							
Service Standards	7.5	9.8	17.4	20.4	21.5	23.3	24.9
Substance Abuse	10.8	10.5	7.7	9.0	10.5	11.0	11.6
Older Persons	5.6	8.5	10.4	8.5	9.6	10.2	10.7
People with Disabilities	5.1	6.5	8.9	8.1	8.4	8.8	9.3
Children	15.7	26.9	28.9	32.6	34.3	36.1	38.0
Families	3.2	6.2	6.3	6.6	7.8	8.4	8.9
Social Crime Prevention and Victim Empowerment	9.0	16.3	14.9	17.0	27.4	29.6	33.6
Youth	4.6	7.3	5.1	5.0	6.0	6.3	6.6
HIV and AIDS	51.3	57.8	55.6	62.4	67.8	70.1	74.0
Social Worker Scholarships	50.0	111.9	210.0	226.0	244.0	256.0	270.0
Programme Management	4.7	10.1	10.7	15.5	13.6	14.3	15.1
Total	167.3	271.8	375.9	411.2	450.8	474.1	502.8
Change to 2010 Budget estimate				(2.6)	5.0	6.2	9.0

Table 19.8 Welfare Services Policy Development and Implementation Support (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Economic classification							
Current payments	65.5	103.5	106.2	121.1	140.2	147.7	158.7
Compensation of employees	30.3	49.4	61.2	70.5	71.0	74.6	78.6
Goods and services	35.2	54.1	45.0	50.6	69.3	73.1	80.1
<i>of which:</i>							
Computer services	0.0	0.0	0.0	0.0	5.8	6.1	6.4
Consultants and professional services: Business and advisory services	8.9	17.0	15.2	15.8	27.2	28.8	33.5
Lease payments	0.3	1.1	0.6	0.1	0.2	0.2	0.2
Travel and subsistence	8.2	16.3	10.7	14.8	12.5	13.2	13.9
Transfers and subsidies	100.9	166.1	268.9	288.7	307.2	322.6	340.2
Departmental agencies and accounts	50.0	111.9	210.0	226.0	244.0	256.0	270.0
Universities and technikons	0.5	–	–	–	–	–	–
Foreign governments and international organisations	0.3	0.4	0.4	0.4	0.2	0.2	0.2
Non-profit institutions	50.2	53.8	58.4	62.3	63.0	66.4	69.9
Households	–	–	0.1	–	–	–	–
Payments for capital assets	0.9	2.2	0.8	1.4	3.4	3.9	3.9
Machinery and equipment	0.9	2.2	0.8	1.3	3.4	3.9	3.9
Software and other intangible assets	–	–	–	0.1	–	–	–
Total	167.3	271.8	375.9	411.2	450.8	474.1	502.8
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	50.0	111.9	210.0	226.0	244.0	256.0	270.0
National Student Financial Aid Scheme	50.0	111.9	210.0	226.0	244.0	256.0	270.0
Non-profit institutions							
Current	48.3	49.5	58.1	61.5	62.7	66.0	69.6
Lovelife	41.0	41.0	41.0	43.5	43.4	45.6	48.1
Service standards national bodies	0.6	0.5	1.0	1.4	1.5	1.6	1.6
Substance abuse national bodies	1.2	1.1	2.0	2.2	2.4	2.5	2.6
Older persons national bodies	0.5	0.3	1.6	1.8	1.9	2.0	2.1
Disabilities national bodies	1.5	1.8	2.9	2.9	3.1	3.2	3.4
Children national bodies	2.1	2.7	5.5	5.7	6.0	6.3	6.7
Families national bodies	0.7	1.0	1.2	1.0	1.1	1.3	1.4
Social crime prevention national bodies	0.6	1.3	2.8	3.1	3.3	3.5	3.7

Expenditure trends

Spending over the MTEF period will focus on increasing the supply of social workers to meet the demand for welfare services by providing full scholarships to social work students.

Expenditure increased from R167.3 million in 2007/08 to R411.2 million in 2010/11, at an average annual rate of 35 per cent. This growth was mainly due to the introduction of the social work scholarship programme and to strengthening capacity and leadership in provincial welfare service delivery.

Expenditure is projected to increase to R502.8 million over the MTEF period, at an average annual rate of 6.9 per cent. Compensation of employees grew at an average annual rate of 32.5 per cent between 2007/08 and 2010/11 to expand capacity for policy development across all the subprogrammes. The allocation for social work scholarships remains the largest expenditure item in this programme, at 54 per cent.

Programme 5: Social Policy and Integrated Service Delivery

- *Social Policy Research and Development* provides strategic guidance on social policy development, coordination and evaluation; and supports the department's initiatives and responsibilities in the United Nations (UN), the UN Educational, Scientific and Cultural Organisation, the African Union (AU), and the Southern African Development Community (SADC) in areas relating to social policy, research and evidence based policy making. This subprogramme has a staff complement of 3, and 39.4 per cent of its total budget in 2011/12 will be for compensation of employees. Two policy development training sessions were held with 52 senior civil servants, and a social policy roundtable was held.
- *Special Projects and Innovation* provides for the coordination, incubation and innovation of departmental and social cluster initiatives, such as the expanded public works programme. This subprogramme has a staff complement of 7, and 62.2 per cent of its total budget is for compensation of employees. The social sector expanded public works programme should deliver 750 000 work opportunities by 2014. A range of other strategic initiatives, such as the Kwanda community development project, the military veterans programme and the community works programme, were initiated.
- *Population Policy Promotion* supports, monitors and evaluates the implementation of the White Paper on Population Policy for South Africa by conducting research on population trends and dynamics; raises awareness on population and development concerns; and supports and builds technical capacity to implement population policy. This subprogramme has a staff complement of 40 employees, and 71 per cent of its total budget in 2011/12 will be for compensation of employees. In 2011/12, the population unit will: undertake capacity building workshops with 10 local municipalities to mainstream gender into local planning processes; conduct 20 training courses, involving 500 participants to introduce population concerns into policy making and planning in different spheres of government; and produce 4 major research reports on key population concerns.
- *Registration and Monitoring of Non-Profit Organisations* improves the registration of non-profit organisations in terms of the Nonprofit Organisations Act (1997). This subprogramme has a staff complement of 32, and 69.4 per cent of its total budget in 2011/12 will be for compensation of employees. In 2009/10, 18 393 applications from non-profit organisations were received and processed, with 10 309 having met the registration requirements. The total number of registered non-profit organisations has grown to 65 635 since implementing the act, an increase of over 14 per cent from 2009/10, after a special project was created to deal with the backlog in applications, at a cost of approximately R1 million. It is expected that 72 000 non-profit organisation registrations and associated support will be dealt with in 2011/12.
- *Substance Abuse Advisory Services and Oversight* monitors the implementation of policies, legislation, and norms and standards for substance abuse, with the Central Drug Authority monitoring and providing support for implementing the national drug master plan. This subprogramme has a staff complement of 4 and 28.5 per cent of its total budget in 2011/12 will be used for compensation of employees. The key focus in 2011/12 is to facilitate the development of the new national drug master plan and to strengthen national and provincial substance abuse forums and local drug action committees.
- *Community Development* develops and facilitates the implementation of policies, guidelines, and norms and standards to ensure the effective and efficient delivery of community development services and programmes. This subprogramme has a staff complement of 30, and 41.6 per cent of its total budget in 2011/12 will be for compensation of employees. In 2011/12, the focus will be on developing a policy framework for community development and on advocating and mobilising a strategy for effective community participation in development processes.
- *National Development Agency* provides grants to civil society organisations to implement sustainable community driven projects that address food security and create employment and income opportunities. In 2011/12, R161.3 million will be transferred to the National Development Agency.

Objectives and measures

- Strengthen social policy research and facilitate policy development by:
 - managing and coordinating commissioned research in the department on an ongoing basis to ensure the quality, value and relevance of the research
- Enhance the livelihoods of poor households and communities by:
 - finalising the national community development policy framework by March 2013
 - finalising a departmental strategic framework for community development by March 2012
 - facilitating the adoption and inclusion of the registered national community development qualification in the qualification mix of institutions of higher learning by March 2014
 - developing the advocacy and mobilisation strategy for community participation and ownership of development processes, and facilitating the strategy's implementation by March 2013
 - developing capacity building programmes for community development practitioners and community based organisations, and implementing them by March 2012
 - profiling poor communities and households and coordinating their referral for appropriate interventions by March 2012.
- Improve efficiency in registering non-profit organisations by:
 - registering all new applicants within 2 months
 - handling all organisations' appeals within 3 months of their lodging an appeal.
- Promote the implementation of South Africa's population policy by:
 - organising 20 training sessions (500 participants) on key population concerns per year
 - finalising 4 research reports on key population concerns per year.

Expenditure estimates

Table 19.9 Social Policy and Integrated Service Delivery

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
R million							
Social Policy Research and Development	2.2	6.2	3.5	3.0	4.9	5.2	5.5
Special Projects and Innovation	3.4	3.0	5.1	5.5	6.6	7.0	7.4
Population Policy Promotion	19.8	23.2	18.2	17.4	18.6	19.7	20.8
Registration and Monitoring of Non-Profit Organisations	6.7	11.4	11.0	13.9	17.5	18.9	20.0
Substance Abuse Advisory Services and Oversight	–	0.7	3.3	4.8	5.5	5.8	6.2
Community Development	10.7	16.2	14.9	14.6	20.2	18.2	19.2
National Development Agency	129.2	136.3	144.8	83.5	161.4	169.3	178.5
Programme Management	20.0	8.9	10.2	10.6	8.4	8.9	9.3
Total	192.1	205.9	211.0	153.3	243.2	252.9	266.8
Change to 2010 Budget estimate				(6.4)	(0.1)	(3.2)	(3.4)
Economic classification							
Current payments	59.4	66.8	63.2	65.2	76.9	78.7	83.1
Compensation of employees	24.7	32.0	37.8	43.0	47.8	53.1	56.0
Goods and services	34.7	34.8	25.3	22.2	29.1	25.5	27.1
of which:							
Computer services	–	0.0	0.7	–	–	–	–
Consultants and professional services:	13.4	9.6	6.0	5.3	10.8	6.7	7.3
Business and advisory services							
Lease payments	0.1	0.1	0.1	0.2	0.2	0.3	0.3
Travel and subsistence	9.4	14.7	9.5	7.0	7.1	7.5	8.0

Table 19.9 Social Policy and Integrated Service Delivery (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Transfers and subsidies	131.8	138.3	147.6	86.9	165.0	173.1	182.4
Departmental agencies and accounts	129.5	136.3	144.8	83.5	161.4	169.3	178.5
Foreign governments and international organisations	0.2	0.2	0.6	0.6	0.7	0.7	0.7
Non-profit institutions	2.1	1.9	2.2	2.9	2.9	3.1	3.2
Payments for capital assets	0.8	0.8	0.3	1.2	1.4	1.2	1.2
Machinery and equipment	0.8	0.8	0.3	1.2	1.4	1.2	1.2
Total	192.1	205.9	211.0	153.3	243.2	252.9	266.8
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	129.2	136.3	144.8	83.5	161.4	169.3	178.5
National Development Agency	129.2	136.3	144.8	83.5	161.4	169.3	178.5
Non-profit institutions							
Current	1.3	0.2	1.4	1.9	2.0	2.0	2.1
Soul City	1.0	–	1.0	1.0	1.0	1.0	1.0
National Association of Burial Societies of South Africa	0.3	0.2	0.4	0.9	1.0	1.0	1.1

Expenditure trends

Spending over the MTEF period will focus on community development, through the transfers to the National Development Agency.

Expenditure decreased from R192.1 million in 2007/08 to R153.3 million in 2010/11, at an average annual rate of 7.3 per cent. This was due to the budget decrease of R70 million for the National Development Agency in 2010/11, after taking into consideration the cumulative reserves in their account.

The budget is expected to increase to R266.8 million over the MTEF period, at an average annual rate of 20.3 per cent. The main expenditure in this programme is on to the transfers to the National Development Agency, which account for 54.5 per cent of the programme's budget allocation in 2010/11.

Public entities and other agencies

South African Social Security Agency

Strategic overview: 2007/08 – 2013/14

The South African Social Security Agency derives its mandate from the South African Social Security Agency Act (2004). It aims to ensure the provision of social assistance services to alleviate poverty in terms of its constitutional and legislative framework.

The administration of the social assistance function has resulted in the introduction of various service delivery initiatives. Among these initiatives is the improved grant application process, which was piloted in Free State and will be rolled out to the rest of the country over the MTEF period. The process will streamline the current grant application process and ensure that application processes across regions are standardised.

Since its establishment, the agency has focused on improving the turnaround time of the grant process from application to approval. Significant progress has been made. By the end of 2007/08, 1 422 344 applications had been processed, increasing to 1 823 919 in 2008/09 and 2 051 909 in 2009/10.

In addition to improved grant application processes, the agency will also concentrate on improving the integrity and efficiency in the grants administration system by ensuring its records and data are complete, accurate and up to date. Flaws in these areas have been cause for concern in recent audits, and it is imperative that the agency strengthens this aspect of its operations.

The existing structural and operational challenges in the current cash payment system of social grants suggest that the grants payment system requires an overhaul to ensure that grant recipients can access their payments at any time and in any place. In addition, by modernising the payment system the average cost of administering social assistance will reduce significantly.

There was an increase on the completed life certificates, from 250 000 in 2007/08 to 300 000 in 2008/09. This has further increased to 500 000 completed reviews and life certificates in 2009/10. By the second quarter of 2010/11, over 800 000 beneficiaries were both reviewed and life certified. However, a backlog of 1.6 million still needs to be dealt with.

Over the medium term, the agency will concentrate on the following strategic priorities: continuing to develop a customer care centred benefits administration and management system; improving the integrity of its systems; and improving access to social security services.

Savings and cost effectiveness measures

Since implementing targeted cost containment measures, the agency has seen a marked improvement in the efficiency of spending. Specific expenditure items were trimmed, such as travel and subsistence, and communication, by implementing new policies. This reduced expenditure on travel and subsistence from R77 million in 2009/10 to R53 million in 2010/11. In addition, expenditure on communication was reduced from R103 million in 2009/10 to R61 million in 2009/10. The agency also succeeded in reducing wastage on other expenditure items, such as advertising and catering.

The agency accelerated efficiencies in its operations with regard to the disbursement of social grants by encouraging beneficiaries to transfer to more efficient payment methods. From 2009/10 to 2010/11, the agency has been able to migrate another 2.3 million beneficiaries from receiving their grants in cash to receiving them in their banking accounts. Just under half of social grant beneficiaries now receive their grants directly into a bank account, from as few as 14 per cent in 2007/08.

Since 2008/09, savings have also been achieved through renegotiating lower prices with payment contractors in order to standardise conditions. To date, savings of R131 million have been realised on transaction costs as a result. Further price reductions negotiated in 2010/11 are expected to yield over R200 million in savings for the year. These savings are expected to increase substantially over the MTEF period once the agency has implemented a new payments system.

Selected performance indicators

Table 19.10 South African Social Security Agency: Selected performance and operations indicators

Indicator	Programme/Activity	Past			Current	Projections		
		2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Average cost of administering social assistance (R/beneficiary)	Grants Administration and Customer Services	R29	R31	R35	R34	R29	R30	R30
Average direct cost of paying grants (R/grant)	Grants Administration and Customer Services	R14	R15	R15	R15	R13	R13	R8
Percentage of beneficiaries receiving payments through the banking system	Grants Administration and Customer Services	14.4% (1 777 429)	16.4% (2 109 361)	34% (4 616 369)	47% (6 948 980)	52% (8 136 807)	67% (10 920 337)	80% (11 840 368)
Number of life certificates completed	Grants Administration and Customer Services	250 000	300 000	500 000	750 000	1.2 million	1.8 million	2.7 million

Details of programmes/activities/objectives

The agency administers social assistance on behalf of the Department of Social Development, which involves: processing applications for social grants and social relief of distress, maintaining beneficiary records, handling applicant and beneficiary enquiries, and disbursing grants to qualifying beneficiaries. 45 per cent of the agency's expenditure (R2.4 billion in 2009/10) is for cash payments to contractors to pay out grants in cash to beneficiaries at pre-authorised payment sites. In 2011/12, the agency will review this costly payment method and implement a modern electronic system with less reliance on cash. The new system will improve security for beneficiaries, improve their ability to transact, and increase their options for accessing their funds, and will also substantially reduce the agency's costs.

Expenditure estimates

Table 19.11 South African Social Security Agency

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Executive Management	52.0	46.9	267.5	204.5	214.7	225.5	237.9
Corporate Services	497.8	583.5	653.4	725.3	761.6	799.7	843.7
Finance	2 375.2	3 053.6	2 981.4	2 519.5	2 428.2	2 358.7	2 271.6
Information Technology	478.2	443.1	442.7	363.7	381.9	295.6	302.6
Grants Administration and Customer Services	996.6	1 151.2	1 178.1	1 260.8	1 720.9	2 036.9	2 338.0
Other Objectives	151.1	202.5	149.9	140.0	147.0	172.0	180.9
Total expense	4 550.9	5 480.7	5 672.9	5 213.8	5 654.3	5 888.4	6 174.6

Table 19.12 South African Social Security Agency

Statement of financial performance

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Revenue							
Non-tax revenue	6.7	11.1	13.1	8.4	8.8	9.2	9.7
Sale of goods and services other than capital assets of which:	1.7	–	–	2.5	2.6	2.7	2.8
Admin fees	1.7	–	–	0.7	0.7	0.7	0.7
Sales by market establishments	–	–	–	–	0.0	0.0	0.0
Other sales	–	–	–	1.8	1.9	2.0	2.1
Other non-tax revenue	4.9	11.1	13.1	5.9	6.2	6.5	6.8
Transfers received	4 142.7	4 630.3	5 168.9	5 631.4	6 143.7	6 200.3	6 539.7
Total revenue	4 149.4	4 641.3	5 182.0	5 639.8	6 152.4	6 209.4	6 549.4
Expenses							
Current expense	6 816.0	7 808.2	8,280.7	7 660.2	8 209.4	7 615.6	8 034.4
Compensation of employees	1 079.7	1 396.8	1 499.1	1 658.7	1 831.6	1 932.4	2 029.0
Goods and services of which:	3 469.9	3 838.2	4 068.1	3 438.7	3 703.8	3 830.3	4 013.3
Payment Contractors	2 189.9	2 397.4	2 439.8	2 350.9	2 474.6	1 642.8	1 771.2
Communication	48.5	53.6	103.1	61.3	44.7	46.8	49.2
Travel and subsistence	27.9	30.8	77.4	52.6	55.3	58.0	60.9
Depreciation	–	48.0	55.3	58.1	57.5	61.3	64.3
Interest, dividends and rent on land	–	43.4	38.0	39.8	41.8	43.9	46.4
Transfers and subsidies	1.3	154.3	12.5	18.4	19.5	20.5	21.6
Total expenses	4 550.9	5 480.7	5 672.9	5 213.8	5 654.3	5 888.4	6 174.6
Surplus / (Deficit)	(401.5)	(839.4)	(490.9)	426.0	498.1	321.1	374.8

Table 19.13 South African Social Security Agency

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Statement of financial position							
Carrying value of assets	222.1	472.3	432.1	426.5	400.4	372.1	342.5
of which: Acquisition of assets	141.7	250.0	16.3	53.9	32.9	34.5	36.2
Inventory	–	6.2	24.6	25.8	27.1	28.5	29.9
Receivables and prepayments	93.0	67.8	95.0	99.7	104.7	311.8	115.5
Cash and cash equivalents	0.0	2.3	9.2	32.7	50.1	371.7	747.0
Total assets	315.1	548.6	560.9	584.8	582.4	1 084.1	1 234.9
Accumulated surplus/deficit	195.1	(393.3)	(884.2)	(458.2)	39.9	361.0	735.8
Borrowings	–	410.0	345.6	–	–	–	–
Trade and other payables	76.2	328.9	885.4	620.5	98.9	257.4	10.1
Provisions	–	154.1	159.3	23.5	24.7	25.9	27.2
Liabilities not classified elsewhere	43.9	48.9	54.8	398.9	418.9	439.8	461.8
Total equity and liabilities	315.1	548.6	560.9	584.8	582.4	1 084.1	1 234.9

Expenditure trends

Spending over the MTEF period will focus on improving the grant applications process, systems development and tackling social grant fraud. In addition, the agency will implement a new social grants payment model that will result in substantial savings. The agency is budgeting for a surplus that grows to R735 million in 2013/14, a turnaround from its deficit of R884 million in 2009/10.

Over the MTEF period, expenditure is projected to increase from R5.2 billion in 2010/11 to R6.2 billion in 2013/14, at an average annual rate of 5.8 per cent. R870 million will be reprioritised from cash payment contractors to rolling out the improved grant application process and strengthening the agency's systems and record keeping. Savings will also be used to stabilise the agency's financial position.

Other public entities and other agencies

Comprehensive coverage of the following public entities is provided with the more detailed information for the vote at www.treasury.gov.za under the budget information link.

- The **National Development Agency** grants funds to civil society organisations for development projects for poor communities and for strengthening the institutional capacity of other civil society organisations that provide services to poor communities. It also promotes consultation and dialogue between civil society and the state, debates policy development and does research. Its total budget for 2011/12 is R175 million.

Additional tables

Table 19.A Summary of expenditure trends and estimates per programme and economic classification

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R million	2009/10		2009/10	2010/11			2010/11
Administration	192.5	207.0	217.7	219.0	17.4	236.4	236.4
Social Assistance	80 380.3	80 432.7	79 259.7	89 368.2	–	89 368.2	88 268.1
Social Security Policy and Administration	5 223.9	5 258.3	5 253.8	5 768.3	3.7	5 772.0	5 772.0
Welfare Services Policy Development and Implementation Support	400.5	401.8	375.9	413.8	(2.6)	411.2	411.2
Social Policy and Integrated Service Delivery	211.1	208.4	211.0	159.8	(6.4)	153.3	153.3
Total	86 408.3	86 508.2	85 318.2	95 929.1	12.0	95 941.1	94 841.0

Economic classification							
Current payments	449.2	462.1	464.9	543.0	6.1	549.1	549.1
Compensation of employees	220.0	225.4	220.1	245.1	9.8	254.9	254.9
Goods and services	229.2	236.8	244.7	297.8	(3.7)	294.2	294.2
Interest and rent on land	–	–	0.1	–	–	–	–
Transfers and subsidies	85 949.4	86 036.3	84 849.4	95 376.0	5.9	95 381.8	94 281.8
Departmental agencies and accounts	5 489.2	5 523.7	5 523.7	5 940.9	–	5 940.9	5 940.9
Foreign governments and international organisations	1.5	1.8	1.9	1.7	0.3	2.0	2.0
Non-profit institutions	63.5	63.1	61.1	65.2	–	65.2	65.2
Households	80 395.3	80 447.7	79 262.8	89 368.2	5.6	89 373.8	88 273.7
Payments for capital assets	9.8	9.8	3.8	10.1	–	10.1	10.1
Machinery and equipment	9.2	9.2	3.8	9.6	–	9.6	9.6
Software and other intangible assets	0.6	0.6	–	0.5	–	0.5	0.5
Total	86 408.3	86 508.2	85 318.2	95 929.1	12.0	95 941.1	94 841.0

Table 19.B Detail of approved establishment and personnel numbers according to salary level¹

	Personnel post status as at 30 September 2010			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year ²	Medium-term estimate		
				2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
Department	655	655	70	619	606	580	596	696	699	699
Salary level 1 – 6	161	161	46	157	148	152	146	185	186	186
Salary level 7 – 10	235	235	15	225	216	199	207	242	244	244
Salary level 11 – 12	157	157	3	144	151	132	147	164	164	164
Salary level 13 – 16	102	102	6	93	91	97	96	105	105	105
Administration	338	338	23	330	323	294	301	337	337	337
Salary level 1 – 6	108	108	10	109	112	102	95	106	106	106
Salary level 7 – 10	120	120	12	115	113	100	104	118	118	118
Salary level 11 – 12	60	60	–	60	56	50	56	63	63	63
Salary level 13 – 16	50	50	1	46	42	42	46	50	50	50
Social Security Policy and Administration	59	59	31	62	49	39	52	90	90	90
Salary level 1 – 6	9	9	28	15	9	4	8	29	29	29
Salary level 7 – 10	11	11	–	14	8	5	10	16	16	16
Salary level 11 – 12	18	18	2	15	16	11	14	22	22	22
Salary level 13 – 16	21	21	1	18	16	19	20	23	23	23

Table 19.B Detail of approved establishment and personnel numbers according to salary level ¹ (continued)

	Personnel post status as at 30 September 2010			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year ²	Medium-term estimate		
				2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Welfare Services	176	176	8	157	154	167	170	176	176	176
Policy Development and Implementation Support										
Salary level 1 – 6	24	24	1	21	16	23	24	24	24	24
Salary level 7 – 10	69	69	3	62	60	64	63	69	69	69
Salary level 11 – 12	64	64	–	56	58	57	64	64	64	64
Salary level 13 – 16	19	19	4	18	20	23	19	19	19	19
Social Policy and Integrated Service Delivery	82	82	8	70	80	80	73	93	96	96
Salary level 1 – 6	20	20	7	12	11	23	19	26	27	27
Salary level 7 – 10	35	35	–	34	35	30	30	39	41	41
Salary level 11 – 12	15	15	1	13	21	14	13	15	15	15
Salary level 13 – 16	12	12	–	11	13	13	11	13	13	13

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

2. As at 30 September 2010.

Table 19.C Summary of expenditure on training

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Compensation of employees (R million)	133.6	184.1	220.1	254.9	267.8	285.1	300.4
Training expenditure (R million)	1.7	1.8	2.3	2.5	2.7	2.9	3.0
Training as percentage of compensation of employees	1.3%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Total number trained in department (head count)	487	378	400	437			
<i>of which:</i>							
Employees receiving bursaries (head count)	301	54	74	75			
Learnerships trained (head count)	–	–	13	58			
Internships trained (head count)	15	76	64	–			
Households receiving bursaries (R million)	50.0	111.9	210.0	226.0	244.0	256.0	270.0
Households receiving bursaries (head count)	1 428	2 900	6 500	–			

Vote 20

Sport and Recreation South Africa

Budget summary

R million	2011/12				2012/13	2013/14
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	110.7	108.7	0.1	2.0	112.6	121.5
Sport Support Services	158.6	55.5	103.1	–	182.9	208.4
Mass Participation	502.1	31.2	471.0	–	524.3	551.0
International Liaison and Events	23.0	23.0	–	–	24.3	25.7
Facilities Coordination	8.2	4.1	–	4.1	8.3	8.9
Total expenditure estimates	802.7	222.5	574.1	6.0	852.3	915.5
Executive authority	Minister of Sport and Recreation South Africa					
Accounting officer	Director General of Sport and Recreation South Africa					
Website address	www.srsa.gov.za					

More detailed information for each vote is available at www.treasury.gov.za. More comprehensive coverage of vote specific information, particularly on goods and services, transfers and subsidies, donor funding, public entities and lower level institutional information, is provided.

Aim

Maximise access, development and excellence at all levels of participation in sport and recreation to improve social cohesion, nation building and the quality of life of all South Africans.

Programme purposes

Programme 1: Administration

Purpose: Management, strategic and administrative support services.

Programme 2: Sport Support Services

Purpose: Support recognised sport and recreation bodies and public entities, and monitor and report on their performance.

Programme 3: Mass Participation

Purpose: Create an enabling environment. Provide support to increase the number of participants in sport and recreation in South Africa.

Programme 4: International Liaison and Events

Purpose: Coordinate inter and intragovernment sport and recreation relations. Support the hosting of identified major events.

Programme 5: Facilities Coordination

Purpose: Facilitate the provision and management of sustainable sport and recreation facilities.

Strategic overview: 2007/08 – 2013/14

In terms of government's 12 outcomes, Sport and Recreation South Africa is a delivery partner for an efficient, effective and development oriented public service and an empowered, fair and inclusive citizenship (outcome 12). To this end, it will harness the benefits of sport to enrich social capital and ultimately contribute towards an empowered, fair and inclusive citizenship. Using the draft 2010 White Paper on Sport and Recreation, the department aims to increase the number of South Africans participating in sport and recreation and improve the international participation and performance of South African athletes. These are two of the department's main objectives. Based on extensive consultation with stakeholders, the white paper will be tabled in 2011, after which a national sport plan will be developed.

The National Sport and Recreation Amendment Act (2007) provides the framework for relationships between the department and its external clients. This includes the department's strategic alliance with the South African Sports Confederation and Olympic Committee, which is key to improving South Africa's international ranking in selected sports.

The department continues to promote drug free sport.

International sport

Over the medium term, the department will continue to strengthen international relations with a view to securing more resources for South African sport.

South Africa supports the activities of the Supreme Council for Sports in Africa and Zone VI and has provided support in the hosting of major events in the country. In 2008, a working relationship with the Department of Tourism as well as South African Tourism was established to promote sport tourism. The department partnered with the Department of Tourism in hosting the inaugural United Nations (UN) World Tourism Organisation's international summit on tourism, sport and mega-events in 2010.

2010 FIFA World Cup

The department ensured compliance with and the effective coordination of the 17 guarantees signed by FIFA, thereby contributing to the successful hosting of the 2010 FIFA World Cup. The department will continue to support projects sustaining the 2010 FIFA World Cup legacy over the medium term.

Focus over the medium term

Sport as a mechanism for development

The department will continue to use sport as a mechanism for development by hosting events in marginalised areas, establishing and revitalising school sport leagues, and training coaches and technical officials in line with the relevant outcomes of government of fostering inclusive citizenship, physical wellbeing, skills development and economic growth. In addition to delivering and supporting sustainable mass participation programmes, concerted efforts will be made to lobby national federations to host sporting events in areas that have not traditionally been used for this. In 2011, the department will also start implementing cooperative programmes with the Department of Arts and Culture to build social capital and foster social cohesion. The Department of Arts and Culture plans to use major sporting events as nation building exercises and also to offer cultural programmes at selected sport and recreation events and youth camps. The department will also work more closely with other national departments to capitalise on the spin-offs from sport, such as increased tourism, peace and safety, social cohesion and improved health.

Sport promotion and mass participation programmes

Sport promotion programmes, including a national sport promotion media campaign and a more stringent monitoring and evaluation system with indicators, will highlight the significant impact these components have on the lives of ordinary South Africans. The department will continue to support the training of recreation coordinators, facilitators and administrators and provide financial support for recreation projects. The department will strengthen its relationship with the Department of Basic Education in delivering school sport programmes, supporting national school league competitions and facilitating the training of school sport coaches and technical officials to enable them to deliver quality sport programmes to school children.

The department will intensify its oversight of national sport federations to achieve maximum impact from public funds. Corporate governance continues to be a challenge in many of these federations, which also impacts on their ability to attract funding from sponsors.

The department will continue to lobby municipalities to have more funds allocated to the building and maintenance of community sport facilities.

High performance programmes

The department will ease the transition from mass based to high performance programmes through coordinating and monitoring talent identification and development, and through the provision of scientific support to talented athletes from disadvantaged areas through special development programmes. These programmes will be supported by an athlete tracking system so that the impact of the interventions can be assessed.

Savings and cost effectiveness measures

Over the MTEF period, the department has identified efficiency savings of R26.6 million across all programmes (R6.8 million in 2011/12, R9.6 million in 2012/13 and R10.2 million in 2013/14). Items in goods and services targeted for cost reduction include: R2.9 million from advertising by using less costly means of advertising, R15.4 million from travel and subsistence by reducing the number of international trips and travelling more cheaply, R4 million from contractors by providing services in-house rather than outsourcing them, and R1.7 million from venues and facilities by sharing responsibilities with the provinces for coordinating school sport tournaments.

R4.5 million in savings identified in various goods and services items will be reprioritised to Boxing South Africa in 2011/12 to settle its liability to the South African Revenue Service.

Selected performance indicators

Table 20.1 Sport and Recreation South Africa

Indicator	Programme	Past			Current	Projections		
		2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Number of sport and recreation bodies receiving financial support per year	Sport Support Services	67	58	62	61	61	61	61
Number of sub-elite athletes receiving support per year	Sport Support Services	— ¹	— ¹	— ¹	1 607	1 800	2 000	2 500
Number of national school league competitions supported	Mass Participation	— ²	— ²	— ²	— ²	10	12	14
Number of school sport coaches, technical officials, managers and administrators trained per year	Mass Participation	— ²	— ²	— ²	— ²	500	700	1 000
Number of participants in sport promotion projects managed by Sport and Recreation South Africa per year	Mass Participation	— ³	— ³	12 165	20 000	28 000	35 000	40 000
Number of 2010 legacy projects implemented per year	Mass Participation	3	3	4	6	5	5	5
Number of major international events receiving intra-governmental support per year	International Liaison and Events	5	5	10	10	15	20	24

1. Sport and Recreation South Africa supported elite athletes in the past, but the South African Sports Confederation and Olympic Committee has taken over.

2. New indicators included in the minister's performance agreement.

3. These figures were previously consolidated with the mass participation conditional grant figures and thus separate historical figures are not available.

Expenditure estimates

Table 20.2 Sport and Recreation South Africa

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
R million	2007/08	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
Administration	82.0	74.1	80.1	88.9	88.3	110.7	112.6	121.5
Sport Support Services	85.4	88.6	122.7	104.3	102.3	158.6	182.9	208.4
Mass Participation	249.0	349.3	452.4	473.2	472.4	502.1	524.3	551.0
International Liaison and Events	11.9	44.0	7.6	22.2	19.9	23.0	24.3	25.7
Facilities Coordination	3.8	6.0	5.9	6.7	6.7	8.2	8.3	8.9
2010 FIFA World Cup Unit	4 615.9	4 309.3	2 197.9	560.1	560.1	–	–	–
Total	5 048.0	4 871.4	2 866.4	1 255.5	1 249.6	802.7	852.3	915.5
Change to 2010 Budget estimate				9.9	4.1	42.2	58.6	78.2

Economic classification

Current payments	185.6	223.4	208.4	187.8	181.9	222.5	227.0	240.7
Compensation of employees	43.4	54.5	61.3	75.8	74.3	79.9	84.0	88.4
Goods and services	142.2	168.9	147.0	112.0	107.6	142.6	142.9	152.3
<i>of which:</i>								
Contractors	30.4	43.8	50.0	36.2	35.3	41.5	43.2	45.0
Lease payments	2.0	2.6	1.8	4.1	4.1	14.7	15.2	18.9
Travel and subsistence	29.9	59.7	40.9	27.7	26.9	33.0	28.7	31.2
Venues and facilities	27.2	13.3	7.6	9.0	7.7	11.9	12.2	12.0
Interest and rent on land	–	–	0.1	–	–	–	–	–
Transfers and subsidies	4 859.3	4 644.0	2 653.1	1 062.6	1 062.6	574.1	619.6	668.2
Provinces and municipalities	4 799.0	4 588.7	2 570.9	939.0	939.0	452.0	474.6	500.7
Departmental agencies and accounts	10.5	7.5	9.9	12.3	12.3	18.5	16.1	17.0
Foreign governments and international organisations	–	–	15.0	40.0	40.0	–	–	–
Non-profit institutions	49.7	47.6	57.3	71.3	71.3	103.7	128.9	150.5
Households	0.0	0.2	–	–	–	–	–	–
Payments for capital assets	2.9	4.1	4.8	5.1	5.1	6.0	5.7	6.6
Buildings and other fixed structures	0.1	–	–	–	–	–	–	–
Machinery and equipment	2.8	3.9	4.7	5.1	5.1	6.0	5.7	6.6
Heritage assets	–	0.1	0.2	–	–	–	–	–
Software and other intangible assets	0.1	0.1	0.0	–	–	–	–	–
Payments for financial assets	0.2	0.0	0.1	–	–	–	–	–
Total	5 048.0	4 871.4	2 866.4	1 255.5	1 249.6	802.7	852.3	915.5

Expenditure trends

The spending focus over the MTEF period will continue to be on promoting mass participation in sport and recreation, mainly through the mass sport and recreation participation programme grant, and on the development of sport at various levels by supporting school sport, club development and sport federations.

Expenditure decreased from R5 billion in 2007/08 to R1.3 billion in 2010/11, at an average annual rate of 37.1 per cent. The decrease was mainly due to the upgrade and construction of stadiums for the 2010 FIFA World Cup being completed.

Over the MTEF period, expenditure is projected to decrease at an average annual rate of 10 per cent, to reach R915.5 million. This is mainly due to the completion of projects relating to the 2010 FIFA World Cup that took place in 2010/11. This is offset by additional allocations to: the mass sport and recreation participation conditional grant, which is expected to increase from R452 million in 2011/12 to R500.7 million in 2013/14;

and to sport federations, which are expected to increase expenditure in the *Sport Support Services* programme by R104 million, including savings generated.

The ratio of administrative costs to line function costs increased from 1:0.5 in 2007/08 to 1:0.6 in 2010/11. Over the MTEF period, the ratio remains at 1:0.6, which exceeds the benchmark of 1:4 for a department with policy and oversight responsibilities. The department will address this imbalance over the medium term by implementing a new functional and post establishment structure.

The 2011 Budget allocates an additional R205.7 million over the MTEF period, of which:

- R7.6 million is for improved conditions of service
- R136 million is for increased support to national sport federations
- R40 million is for increased municipal and accommodation charges
- R16.5 million is for new office accommodation
- R5.5 million is for increased operational costs at Boxing South Africa.

Personnel information

The department has an establishment of 220 posts, all of which are funded. The number of posts filled increased from 191 in 2007/08 to 193 in 2010/11 and is expected to increase to 206 over the medium term to fulfil monitoring and evaluation responsibilities.

There are 27 vacancies in the department, most of which are between salary levels 5 and 9, and in the *Administration* programme. These posts remain vacant because this programme is currently adequately staffed. The cost ratio of consultants to departmental personnel is 1:172.

Departmental receipts

Revenue is generated mainly from the cancellation of expired warrant vouchers, commission paid, and other incidentals such as parking fees, recovery of private telephone expenses and replacement of access cards. Revenue grew from R46 000 in 2007/08 to R346 000 in 2010/11, at an average annual rate of 95.9 per cent. The increase was mostly due to the refund of the 2008 Zone IV Youth Games participation fees to Sport and Recreation South Africa in 2009/10. Revenue is expected to increase to R402 000, at an average annual rate of 5.1 per cent over the MTEF period.

Table 20.3 Departmental receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2007/08	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
Departmental receipts	46	258	186	346	346	363	441	402
Sales of goods and services produced by department	39	54	55	63	63	66	69	73
Transfers received	–	75	–	–	–	–	–	–
Interest, dividends and rent on land	1	3	13	15	15	16	17	18
Sales of capital assets	–	–	54	–	–	–	60	–
Transactions in financial assets and liabilities	6	126	64	268	268	281	295	311
Extraordinary receipts	–	–	5 900	–	–	–	–	–
Public corporations and private enterprises	–	–	730	–	–	–	–	–
International organisation	–	–	5 170	–	–	–	–	–
Total	46	258	6 086	346	346	363	441	402

Programme 1: Administration

Expenditure estimates

Table 20.4 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R million	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Ministry ¹	14.9	16.7	16.5	15.6	19.2	17.9	18.7
Management	5.8	6.1	3.8	6.4	7.7	7.7	7.9
Strategic and Executive Support	3.0	2.8	3.3	5.1	5.5	5.7	6.1
Corporate Services	46.4	31.7	37.0	38.2	43.0	44.4	48.1
Office of the Chief Financial Officer	10.0	12.3	15.4	15.8	17.5	18.6	18.4
Internal Audit	0.7	3.0	2.9	4.2	4.0	4.1	4.4
Office Accommodation	1.2	1.4	1.2	3.7	13.8	14.2	17.9
Total	82.0	74.1	80.1	88.9	110.7	112.6	121.5
Change to 2010 Budget estimate				1.1	13.2	12.4	15.9

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

Economic classification

Current payments	78.8	71.5	77.9	87.0	108.7	111.0	119.3
Compensation of employees	29.0	37.3	41.8	51.9	57.8	60.9	64.0
Goods and services	49.8	34.2	36.0	35.1	50.9	50.2	55.3
of which:							
Contractors	0.2	0.5	1.8	2.9	3.0	3.0	3.7
Lease payments	2.0	2.5	1.8	4.1	14.7	15.2	18.9
Travel and subsistence	14.7	9.7	10.2	11.1	11.5	9.1	9.4
Venues and facilities	1.1	0.8	0.8	0.4	1.0	0.9	1.0
Interest and rent on land	–	–	0.1	–	–	–	–
Transfers and subsidies	0.1	0.2	0.1	0.1	0.1	0.1	0.1
Departmental agencies and accounts	0.0	0.1	0.1	0.1	0.1	0.1	0.1
Households	0.0	0.2	–	–	–	–	–
Payments for capital assets	2.9	2.4	2.0	1.9	2.0	1.5	2.2
Buildings and other fixed structures	0.1	–	–	–	–	–	–
Machinery and equipment	2.8	2.3	1.9	1.9	2.0	1.5	2.2
Heritage assets	–	0.1	0.2	–	–	–	–
Software and other intangible assets	0.1	0.1	0.0	–	–	–	–
Payments for financial assets	0.2	0.0	0.1	–	–	–	–
Total	82.0	74.1	80.1	88.9	110.7	112.6	121.5

Expenditure trends

Expenditure has increased from R82 million in 2007/08 to R88.9 million in 2010/11, at an average annual rate of 2.7 per cent. This is mostly due to increased spending on compensation of employees, which grew by R22.9 million over this period due to the incorporation of the South African Sports Commission into the department. This was offset by a decrease of R14.7 million in expenditure on goods and services.

Expenditure is expected to increase over the medium term at an average annual rate of 11.0 per cent, to reach R121.5 million. The increase is due to additional allocations for increased municipal and office accommodation charges, and new office accommodation. This increase is also reflected in expenditure in the *Office Accommodation* subprogramme, which is expected to rise from R3.7 million in 2010/11 to R17.9 million in 2013/14, at an average annual rate of 69 per cent.

Programme 2: Sport Support Services

- *Programme Management: Sport Support Services* manages delegated administrative and financial responsibilities and coordinates all monitoring and evaluation functions. There are 3 staff members in this subprogramme and the entire budget is used for salaries and other personnel related costs.
- *Sport and Recreation Service Providers* transfers funds to sport and recreation organisations (mainly, national federations), and monitors the use of the funds in line with service level agreements signed between the national federations and the department. This subprogramme has a staff complement of 7. An average of 57 per cent of this subprogramme's budget will be transferred to national federations for administration, development, club development and discretionary funding over the MTEF period. The subprogramme also administers the transfers made to Boxing South Africa and the South African Institute for Drug-Free Sport, and to non-governmental organisations such as loveLife for the promotion of HIV and AIDS awareness through sport.
- *Club Development* supports the formation or revitalisation of clubs and leagues at the local level in conjunction with support from national federations. There are 3 staff members in this subprogramme. Approximately 50 per cent of this subprogramme's budget is used to procure sport equipment and attire that the department provides directly to beneficiaries. In 2009/10, 858 sport clubs were supported at a cost of R12 million against a target of 600.
- *Education and Training* coordinates the development and updating of education and training materials, and monitors the development of the required human resource base necessary for sustaining sport and recreation. There are 3 staff members in this subprogramme. Roughly 50 per cent of this subprogramme's budget is used to: develop sport specific South African Qualifications Authority unit standards; produce manuals; and train sector education and training authority accredited facilitators. In 2011/12, the department will develop learning programmes for training street children, juvenile and adult offenders, senior citizens and early learning development practitioners in providing recreation activities, and a database will be developed to register recreation service providers.
- *Scientific Support* coordinates and monitors the provision of scientific support services to national development athletes. This is complemented by basic sport science education for coaches and community gym coordinators. There are 3 staff members in this subprogramme. 80 per cent of the budget is used to provide training camps, continuous medical and scientific support, and a residential programme for athletes. In 2009/10, 1 041 elite athletes were supported against a target of 1 157, as well as 308 new junior athletes against a target of 150, at a cost of R20 million. In 2010/11, the focus shifted to national development athletes and 1 607 have been supported thus far.

Objectives and measures

- Increase active participation in sport and recreation to promote physical wellbeing, foster social cohesion and contribute to nation building by providing financial support to at least 61 identified sport and recreation bodies in 2011/12, and by monitoring the use of this financial support to ensure that the above mentioned objectives are achieved.
- Support high performance sport by annually monitoring and evaluating services delivered by the South African Sports Confederation and Olympic Committee in preparing and delivering Team South Africa to selected multi-coded international events, such as the 2011 All Africa Games (Mozambique), and the 2012 Olympic Games and Paralympic Games (London).
- Sustain sport development by supporting (with sport equipment, attire, and generic and sport specific capacity building) the formation or revitalisation of 189 clubs in 2011/12 in conjunction with national federations that provide technical support and coach education.
- Empower the sport and recreation human resource base by coordinating the development or updating of 20 sport specific education and training manuals, and by supporting the development of a core group of 500 accredited facilitators in 2011/12.
- Facilitate the transition of at least 1 800 talented athletes from mass participation programmes to high performance programmes in 2011/12 by providing scientific support services, including medical and sport science support.

Expenditure estimates

Table 20.5 Sport Support Services

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
R million							
Programme Management: Sport Support Services	0.4	1.6	1.4	2.0	2.0	2.0	2.2
Sport and Recreation Service Providers	76.9	76.8	72.5	74.6	109.0	131.9	154.4
Club Development	5.4	5.5	11.9	3.3	3.1	3.3	3.5
Education and Training	2.7	4.7	17.6	3.1	3.1	3.2	3.5
Scientific Support	–	–	19.3	21.3	41.4	42.4	44.8
Total	85.4	88.6	122.7	104.3	158.6	182.9	208.4
Change to 2010 Budget estimate				2.3	28.3	47.7	65.7
Economic classification							
Current payments	28.5	33.5	55.5	35.8	55.5	56.8	60.4
Compensation of employees	3.4	5.0	5.4	6.8	9.2	9.7	10.2
Goods and services	25.2	28.5	50.2	29.0	46.3	47.1	50.2
of which:							
Contractors	17.1	17.3	35.8	19.6	34.4	36.0	37.5
Travel and subsistence	2.5	6.7	11.3	3.9	6.3	5.2	6.7
Venues and facilities	1.0	2.4	0.7	2.2	2.0	2.1	2.1
Transfers and subsidies	56.8	55.1	67.1	68.6	103.1	126.1	148.0
Departmental agencies and accounts	10.5	7.5	9.8	12.3	18.4	16.1	17.0
Non-profit institutions	46.3	47.6	57.3	56.3	84.7	110.0	131.0
Total	85.4	88.6	122.7	104.3	158.6	182.9	208.4
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	9.1	7.5	9.8	12.3	18.4	16.1	17.0
Boxing South Africa	3.9	2.0	3.1	2.2	6.8	2.9	3.1
South African Institute for Drug-Free Sport	5.2	5.5	6.7	10.0	11.6	13.1	13.8
Non-profit institutions							
Current	46.3	47.6	57.3	56.3	84.7	110.0	131.0
loveLife Games	25.0	26.2	27.5	28.7	30.4	32.2	34.0
Sport Federations	21.3	21.4	29.9	27.6	54.3	77.8	97.0

Expenditure trends

The spending focus over the medium term will be on continuing to assist sport federations, increasing the establishment of sustainable clubs affiliated to provincial sport federations, and providing scientific support to identified talented athletes to enhance their performance.

Expenditure increased from R85.4 million in 2007/08 to R104.3 million in 2010/11, at an average annual rate of 6.9 per cent. The growth was mostly due to increased spending in 2009/10 as a result of a rollover of R15 million from 2008/09 for training volunteers for the 2010 FIFA World Cup. As a result, the budget for the *Education and Training* subprogramme increased from R4.7 million in 2008/09 to R17.7 million in 2009/10.

Over the medium term, expenditure is expected to grow at an average annual rate of 25.9 per cent to reach R208.4 million. This is mostly due to increased expenditure in the *Sport and Recreation Service Providers* subprogramme, as a result of additional allocations to support sport federations and to further assist Boxing South Africa. Increased expenditure in the *Scientific Services* subprogramme to train more athletes through sport science institutes in preparation for the 2012 Olympics and for research on medical and scientific interventions also contributes to this growth. The ratio of administrative costs to line function costs is projected to increase from 1:18 in 2010/11 to 1:27 over the MTEF period.

Programme 3: Mass Participation

- *Programme Management: Mass Participation* manages delegated administrative and financial responsibilities and coordinates all monitoring and evaluation functions. There are 3 staff members in this subprogramme and the entire budget is used for compensation of employees and related costs.
- *Community Mass Participation* delivers sport promotion programmes by focusing on increasing the number of participants in sport and recreation, with an emphasis on disadvantaged and marginalised groups. There are 7 staff members in this subprogramme. 96 per cent of this subprogramme's budget is the transfer of the mass participation conditional grant to provinces. In the first half of 2010/11, the grant was used to train 16 734 coaches, administrators, technical officials and facility managers against a target of 22 000. 52 provincial 2010 mass mobilisation road shows were held, exceeding the target of 45, with over 20 000 participants.
- *School Sport* facilitates the support and operation of a national school sport governing and coordinating structure, contributes financially to establishing national leagues and talent identification programmes, provides financial support for participation in international school sport competitions, and monitors and evaluates the delivery of school sport in South Africa. This subprogramme has a staff complement of 9. 71 per cent of this subprogramme's funds are transferred to sport federations for organising national school competitions. In 2009/10, 8 540 learners participated in national school sport events against a target of 12 000. This was due to the planned summer games being cancelled as provinces did not submit their entries in time. In 2011/12, the department will transfer funds to the national federation responsible for organising their respective national competitions.

Objectives and measures

- Encourage active lifelong participation in sport by delivering sustainable programmes to 28 000 South Africans in 2011/12, with the emphasis on women, youth, persons with disabilities, senior citizens and rural communities.
- Sustain the legacy associated with the 2010 FIFA World Cup by supporting 5 legacy projects in 2011/12.
- Promote physical wellbeing by facilitating the training of 500 school coaches and technical officials in 2011/12 and by establishing or revitalising 200 school leagues in 2011/12 in collaboration with the Department of Basic Education.

Expenditure estimates

Table 20.6 Mass Participation

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R million	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Programme Management: Mass Participation	0.4	1.0	0.5	1.4	1.8	1.8	1.9
Community Mass Participation	207.1	312.3	423.6	445.2	473.1	496.3	521.7
School Sport	41.6	36.0	28.2	26.6	27.3	26.2	27.4
Total	249.0	349.3	452.4	473.2	502.1	524.3	551.0
Change to 2010 Budget estimate				6.2	3.2	1.3	(0.8)
Economic classification							
Current payments	52.0	55.7	50.1	31.8	31.2	30.8	30.8
Compensation of employees	3.0	4.3	5.5	6.8	7.6	8.0	8.4
Goods and services	49.0	51.4	44.6	25.1	23.6	22.8	22.5
of which:							
Contractors	11.3	18.0	7.3	5.8	1.8	1.8	1.2
Lease payments	0.1	0.0	0.0	–	–	–	–
Travel and subsistence	7.1	19.3	16.9	6.4	9.4	8.2	8.7
Venues and facilities	18.0	2.6	4.3	2.2	4.2	4.3	3.7
Transfers and subsidies	197.0	293.7	402.3	441.4	471.0	493.5	520.2
Provinces and municipalities	194.0	293.7	402.3	426.4	452.0	474.6	500.7
Non-profit institutions	3.0	–	–	15.0	19.0	18.9	19.5
Total	249.0	349.3	452.4	473.2	502.1	524.3	551.0

Table 20.6 Mass Participation (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Details of selected transfers and subsidies							
Non-profit institutions							
Current	3.0	–	–	15.0	19.0	18.9	19.5
Sport federations	3.0	–	–	15.0	19.0	18.9	19.5
Provinces and municipalities							
Provinces							
Provincial revenue funds							
Current	194.0	293.7	402.3	426.4	452.0	474.6	500.7
Mass sport and recreation participation programme grant	194.0	293.7	402.3	426.4	452.0	474.6	500.7

Expenditure trends

Spending over the medium will continue to focus on rolling out the programme and supporting school sport through sport federations.

Expenditure grew at an average annual rate of 23.9 per cent, from R249 million in 2007/08 to R473.2 million in 2010/11. This was mainly due to the expansion of the mass sport and recreation participation programme conditional grant and additions to the conditional grant for school sport projects in 2006/07, as well as 2010 legacy projects in 2007/08, which increased the budget for the *Community Mass Participation* subprogramme by R238.1 million over this period.

Over the medium term, expenditure is expected to grow at an average annual rate of 5.2 per cent to reach R551 million. This is as a result of growth in spending on the *Community Mass Participation* subprogramme. The average annual growth of 5.6 per cent in spending on transfers and subsidies over the MTEF period is to fund sport federations to assist in coordinating national schools sport competitions.

The ratio of administrative costs to line function costs is projected to decrease from 1:23 in 2010/11 to 1:17 over the MTEF period. This increase reflects the department's intent to address the shortage of line function staff to monitor the conditional grant performance in provinces.

Programme 4: International Liaison and Events

- *International Liaison* negotiates government-to-government agreements and manages programmes of cooperation. The subprogramme has a staff complement of 4 and the entire budget is used for compensation of employees and other personnel related costs. In 2010/11, 2 memorandums of understanding have been signed thus far against a target of 4. 4 international arrangements were signed, meeting the target of 4 in 2009/10. 5 International protocols of action have been signed against a target of 10 for 2010/11.
- *Major Events* coordinates and manages government's support services for hosting identified major events in South Africa and at international events as per requests from the minister. There are two staff members in this subprogramme. 34 per cent of this subprogramme's budget is used for contractors and venues and facilities to provide the required support services at identified major events. In 2009/10, 9 international sporting events were successfully supported against a target of 4. In 2010/11, national federations were provided with intra-governmental assistance to host 13 international events.

Objectives and measures

- Enrich sport development, particularly skills in coaching, officiating, administration and sport science, by executing at least 5 international exchange programmes in 2011/12.
- Contribute to sound continental relations by participating in all AU and Supreme Council for Sports in Africa initiatives in 2011/12.
- Promote sport tourism to South Africa, in conjunction with the Department of Tourism, by providing at least 15 national federations with intra-governmental assistance to host their international events in 2011/12.

Expenditure estimates

Table 20.7 International Liaison and Events

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
R million							
International Liaison	5.3	5.5	3.9	3.8	3.7	3.8	4.1
Major Events	6.6	38.5	3.6	18.4	19.3	20.4	21.7
Total	11.9	44.0	7.6	22.2	23.0	24.3	25.7
Change to 2010 Budget estimate				(1.1)	(2.3)	(2.5)	(2.6)
Economic classification							
Current payments	11.5	44.0	7.6	22.2	23.0	24.3	25.7
Compensation of employees	2.1	3.0	2.5	2.7	3.0	3.2	3.3
Goods and services	9.5	41.0	5.0	19.5	20.0	21.1	22.4
of which:							
Contractors	0.1	4.0	1.9	7.3	2.0	2.1	2.3
Lease payments	0.0	0.1	0.0	–	–	–	–
Travel and subsistence	2.1	19.8	0.9	4.9	4.5	4.8	5.1
Venues and facilities	6.5	7.4	1.4	3.8	4.7	4.9	5.1
Transfers and subsidies	0.4	–	–	–	–	–	–
Non-profit institutions	0.4	–	–	–	–	–	–
Total	11.9	44.0	7.6	22.2	23.0	24.3	25.7

Expenditure trends

Spending over the medium term will be focused on providing support to national sport federations hosting international events and developing sport tourism as a key objective of South Africa's tourism strategy, as well as providing hosting centres for the 2011 All Africa Games and 2012 Olympic and Paralympic Games.

Expenditure grew from R11.9 million in 2007/08 to R22.2 million in 2010/11, at an average annual rate of 23 per cent. The growth was mainly the result of major events hosted by South Africa in 2008/09, such as the Zone VI youth games, and the support provided for South Africa's participation in the 2008 Olympic and Paralympic Games in Beijing. This also explains spending in the *Major Events* subprogramme, which grew from R6.6 million in 2007/08 to R18.4 million in 2010/11, at an average annual rate of 40.7 per cent. There were no such major events in 2009/10, which accounts for the decline in spending on travel and subsistence and venues and facilities between 2008/09 and 2009/10. Over the medium term, expenditure in this programme is expected to increase at an average annual rate of only 5 per cent, to reach R25.7 million.

Programme 5: Facilities Coordination

- *Planning and Advocacy* lobbies for, facilitates and coordinates the provision of sport and recreation facilities by municipalities and other relevant institutions. The subprogramme is also responsible for implementing the programme for youth development against violence through sport funded by the German development bank, Kreditanstalt für Wiederaufbau. There are 4 staff members in this subprogramme. All expenditure in this programme is for personnel and related costs.
- *Technical Support* provides technical assistance to local authorities and other relevant stakeholders for constructing and managing sport facilities to ensure compliance with national standards. It also oversees procuring gymnasium equipment to selected municipalities. One person is employed in this subprogramme. 75 per cent of the budget is used for purchasing equipment and the balance is dedicated to developing skills for managing sport and recreation facilities in municipalities. In the first half of 2010/11, 67 site inspections were conducted as part of technical assistance to municipalities.

Objectives and measures

- Improve the participation opportunities available to South Africans by lobbying 100 municipalities in 2011/12 to build sport and recreation facilities from the municipal infrastructure grant allocated to them. The facilities must meet the needs identified in the national sport and recreation facilities plan.
- Contribute to youth development by ensuring the effective implementation of the youth development against violence through sport programme.
- Ensure compliance with national sport and recreation facility standards by providing technical assistance to a minimum of 80 per cent of the requests received from municipalities and other stakeholders in 2011/12.
- Contribute to skills development by training 75 facility managers in specialised sport turf grass management in 2011/12.

Expenditure estimates

Table 20.8 Facilities coordination

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R million	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Planning and Advocacy	2.1	2.9	2.4	2.6	2.7	2.9	2.9
Technical Support	1.7	3.1	3.5	4.1	5.5	5.5	6.0
Total	3.8	6.0	5.9	6.7	8.2	8.3	8.9
Change to 2010 Budget estimate				0.1	(0.1)	(0.2)	(0.1)
Economic classification							
Current payments	3.8	4.4	3.1	3.5	4.1	4.1	4.5
Compensation of employees	1.1	1.4	1.8	2.1	2.3	2.4	2.5
Goods and services	2.8	3.0	1.3	1.3	1.9	1.8	2.0
of which:							
Contractors	0.4	0.4	0.5	0.7	0.3	0.2	0.3
Travel and subsistence	2.0	2.2	0.6	0.4	1.3	1.3	1.4
Payments for capital assets	–	1.6	2.8	3.2	4.1	4.2	4.4
Machinery and equipment	–	1.6	2.8	3.2	4.1	4.2	4.4
Total	3.8	6.0	5.9	6.7	8.2	8.3	8.9

Expenditure trends

The spending focus over the medium term will be on continuing to provide technical support to municipalities to allow them to provide more community sport facilities.

Expenditure grew from R3.8 million in 2007/08 to R6.7 million in 2010/11, at an average annual rate of 20.6 per cent. The increase is mainly due to the provision of mobile gymnasiums to local municipalities. In addition, spending on compensation of employees grew at an average annual rate of 26.7 per cent between 2007/08 and 2010/11, due to the higher annual cost of living salary adjustments and the appointment of additional personnel.

Over the medium term, expenditure is expected to increase to R8.9 million, at an average annual rate of 9.9 per cent. The increase is due to growth in expenditure on payments for capital assets to provide for more mobile gymnasiums. Growth in spending on compensation of employees is expected to slow over the MTEF period as the need for additional personnel declines.

Programme 6: 2010 FIFA World Cup Unit

This programme was set up to coordinate government's functions in relation to the 2010 FIFA World Cup, including providing oversight for the building and upgrading of stadiums and the preparations of host cities for the event. The programme is phased out and the personnel employed have been absorbed by other programmes.

Table 20.9 2010 FIFA World Cup Unit

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
R million							
Technical	4 605.1	4 298.3	2 171.2	512.6	–	–	–
Non-Technical	10.8	11.0	26.6	47.5	–	–	–
Total	4 615.9	4 309.3	2 197.9	560.1	–	–	–
Change to 2010 Budget estimate				1.4	–	–	–

Economic classification

Current payments	10.9	14.3	14.2	7.5	–	–	–
Compensation of employees	4.9	3.5	4.2	5.6	–	–	–
Goods and services	6.0	10.8	10.0	2.0	–	–	–
<i>of which:</i>							
Contractors	1.3	3.6	2.9	0.0	–	–	–
Travel and subsistence	1.4	2.0	1.0	1.1	–	–	–
Venues and facilities	0.7	0.0	0.4	0.4	–	–	–
Transfers and subsidies	4 605.0	4 295.0	2 183.7	552.6	–	–	–
Provinces and municipalities	4 605.0	4 295.0	2 168.7	512.6	–	–	–
Foreign governments and international organisations	–	–	15.0	40.0	–	–	–
Total	4 615.9	4 309.3	2 197.9	560.1	–	–	–

Details of selected transfers and subsidies

Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	4 605.0	4 295.0	2 168.7	512.6	–	–	–
2010 FIFA World Cup stadiums Development grant	4 605.0	4 295.0	1 661.1	302.3	–	–	–
2010 World Cup host city operating grant	–	–	507.6	210.3	–	–	–
Foreign governments and international organisations							
Current	–	–	15.0	40.0	–	–	–
FIFA	–	–	15.0	40.0	–	–	–

Other public entities

Comprehensive coverage of the following public entities is provided with the more detailed information for the vote at www.treasury.gov.za under the budget information link.

- **Boxing South Africa** administers professional boxing, recognises amateur boxing, creates synergy between professional and amateur boxing, and promotes interaction between associations of boxers, managers, promoters, trainers. The entity's total budget for 2011/12 is R10.5 million.
- The **South African Institute for Drug Free Sport** promotes participation in sport without the use of prohibited performance enhancing substances and methods, and educates sportspeople on fair play and the harmful effects of doping. The entity's total budget for 2011/12 is R13.2 million.

Additional tables

Table 20.A Summary of expenditure trends and estimates per programme and economic classification

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R million	2009/10		2009/10	2010/11			2010/11
Administration	87.0	84.5	82.0	84.2	4.7	88.9	88.3
Sport Support Services	99.8	124.2	121.3	104.0	0.3	104.3	102.3
Mass Participation	449.4	460.1	451.8	468.7	4.5	473.2	472.4
International Liaison and Events	18.0	9.2	7.6	23.3	(1.1)	22.2	19.9
Facilities Coordination	6.5	6.4	5.9	6.6	0.1	6.7	6.7
2010 FIFA World Cup Unit	2 199.3	2 199.5	2 197.9	558.7	1.4	560.1	560.1
Total	2 859.9	2 883.9	2 866.4	1 245.6	9.9	1 255.5	1 249.6

Economic classification

Current payments	207.5	226.0	208.4	192.9	(5.1)	187.8	181.9
Compensation of employees	67.9	67.6	61.3	75.3	0.5	75.8	74.3
Goods and services	139.6	158.4	147.0	117.6	(5.6)	112.0	107.6
Interest and rent on land	–	–	0.1	–	–	–	–
Transfers and subsidies	2 648.7	2 654.2	2 653.1	1 047.6	15.0	1 062.6	1 062.6
Provinces and municipalities	2 570.9	2 570.9	2 570.9	939.0	–	939.0	939.0
Departmental agencies and accounts	7.9	9.9	9.9	12.3	–	12.3	12.3
Foreign governments and international organisations	15.0	15.0	15.0	40.0	–	40.0	40.0
Non-profit institutions	54.9	58.4	57.3	56.3	15.0	71.3	71.3
Payments for capital assets	3.7	3.7	4.8	5.1	–	5.1	5.1
Machinery and equipment	3.7	3.7	4.7	5.1	–	5.1	5.1
Heritage assets	–	–	0.2	–	–	–	–
Payments for financial assets	–	–	0.1	–	–	–	–
Total	2 859.9	2 883.9	2 866.4	1 245.6	9.9	1 255.5	1 249.6

Table 20.B Detail of approved establishment and personnel numbers according to salary level ¹

	Personnel post status as at 30 September 2010			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year ²	Medium-term estimate		
				2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
Department	220	220	4	191	180	188	193	206	206	206
Salary level 1 – 6	58	58	1	53	43	52	52	54	54	54
Salary level 7 – 10	94	94	3	77	78	74	76	91	91	91
Salary level 11 – 12	37	37	–	33	33	36	38	35	35	35
Salary level 13 – 16	31	31	–	28	26	26	27	26	26	26
Administration	150	150	2	126	120	129	129	150	150	150
Salary level 1 – 6	45	45	–	36	31	39	38	45	45	45
Salary level 7 – 10	63	63	2	53	53	51	51	63	63	63
Salary level 11 – 12	24	24	–	22	22	24	25	24	24	24
Salary level 13 – 16	18	18	–	15	14	15	15	18	18	18
Sport Support Services	21	21	2	18	17	18	19	21	21	21
Salary level 1 – 6	5	5	1	4	2	3	3	5	5	5
Salary level 7 – 10	10	10	1	8	9	9	10	10	10	10
Salary level 11 – 12	3	3	–	3	3	3	3	3	3	3
Salary level 13 – 16	3	3	–	3	3	3	3	3	3	3

Table 20.B Detail of approved establishment and personnel numbers according to salary level ¹ (continued)

	Personnel post status as at 30 September 2010			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year ² 2010/11	Medium-term estimate		
				2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Mass Participation	22	22	–	20	20	17	20	22	22	22
Salary level 1 – 6	2	2	–	5	5	4	5	2	2	2
Salary level 7 – 10	13	13	–	8	9	7	8	13	13	13
Salary level 11 – 12	4	4	–	4	4	4	4	4	4	4
Salary level 13 – 16	3	3	–	3	2	2	3	3	3	3
International Liaison and Events	7	7	–	10	8	7	7	7	7	7
Salary level 1 – 6	1	1	–	2	1	1	1	1	1	1
Salary level 7 – 10	3	3	–	5	4	3	3	3	3	3
Salary level 11 – 12	2	2	–	2	2	2	2	2	2	2
Salary level 13 – 16	1	1	–	1	1	1	1	1	1	1
Facilities coordination	6	6	–	4	5	6	6	6	6	6
Salary level 1 – 6	1	1	–	1	1	1	1	1	1	1
Salary level 7 – 10	2	2	–	1	2	2	2	2	2	2
Salary level 11 – 12	2	2	–	1	1	2	2	2	2	2
Salary level 13 – 16	1	1	–	1	1	1	1	1	1	1
2010 FIFA World Cup Unit	14	14	–	13	10	11	12	–	–	–
Salary level 1 – 6	4	4	–	5	3	4	4	–	–	–
Salary level 7 – 10	3	3	–	2	1	2	2	–	–	–
Salary level 11 – 12	2	2	–	1	1	1	2	–	–	–
Salary level 13 – 16	5	5	–	5	5	4	4	–	–	–

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

2. As at 30 September 2010.

Table 20.C Summary of expenditure on training

	Audited outcome			Adjusted appropriation 2010/11	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Compensation of employees (R million)	43.4	54.5	61.3	75.8	79.9	84.0	88.4
Training expenditure (R million)	0.9	0.9	1.1	1.2	1.6	1.6	1.5
Training as percentage of compensation of employees	2.2%	1.7%	1.9%	1.6%	1.9%	1.9%	1.7%
Total number trained in department (head count)	349	352	109	116			
of which:							
Employees receiving bursaries (head count)	6	32	29	35			
Internships trained (head count)	12	11	26	18			

Table 20.D Summary of expenditure on infrastructure

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Infrastructure transfers to other spheres, agencies and departments										
R million										
2010 FIFA World Cup stadiums development grant	9 stadiums constructed or upgraded, compliant with FIFA standards	Handed over	11 463.4	4 605.0	4 295.0	1 661.1	302.3	-	-	-
2010 World Cup host city operating grant	Fan parks and viewing areas constructed, and stadium precincts developed	Handed over	717.8	-	-	507.6	210.3	-	-	-
Total			12 181.2	4 605.0	4 295.0	2 168.7	512.6	-	-	-

Vote 21

Correctional Services

Budget summary

R million	2011/12				2012/13	2013/14
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	4 449.6	4 375.9	12.9	60.8	4 840.2	5 129.1
Security	5 597.9	5 595.5	1.1	1.3	5 975.6	6 356.6
Corrections	1 537.3	1 521.3	15.4	0.6	1 614.2	1 695.0
Care	1 853.9	1 851.8	–	2.1	1 987.5	2 088.9
Development	559.3	542.9	–	16.3	587.4	617.1
Social Reintegration	576.9	576.7	0.1	0.2	605.7	636.0
Facilities	1 984.3	877.9	1.9	1 104.5	2 194.4	2 305.0
Total expenditure estimates	16 559.2	15 342.1	31.3	1 185.8	17 805.0	18 827.8

Executive authority Minister of Correctional Services
 Accounting officer National Commissioner of Correctional Services
 Website address www.dcs.gov.za

More detailed information for each vote is available at www.treasury.gov.za. More comprehensive coverage of vote specific information, particularly on goods and services, transfers and subsidies, donor funding, public entities and lower level institutional information, is provided.

Aim

Contribute to maintaining and protecting a just, peaceful and safe society by enforcing court imposed sentences, detaining inmates in safe custody while maintaining their human dignity and developing their sense of social responsibility, and promoting the general development of all inmates and persons subject to community corrections.

Programme purposes

Programme 1: Administration

Purpose: Provide the administrative, management, financial, information and communication technology, research, policy coordination and good governance support functions necessary for all service delivery by the department and in support of the functions of the ministry.

Programme 2: Security

Purpose: Provide safe and secure conditions for all persons incarcerated, consistent with human dignity, in support of security for personnel and the public.

Programme 3: Corrections

Purpose: Provide needs based correctional sentence plans and interventions, based on an assessment of the security risk and criminal profile of individuals, targeting all elements associated with offending behaviour, and focusing on the offence for which a person is sentenced to a correctional centre or correctional supervision, remanded in a correctional centre or paroled.

Programme 4: Care

Purpose: Provide needs based care programmes and services aimed at maintaining the personal wellbeing of all inmates in the department's care.

Programme 5: Development

Purpose: Provide needs based personal development programmes and services to sentenced persons in the department's care.

Programme 6: Social Reintegration

Purpose: Provide services focused on: offenders' preparation for release; effective supervision of those on parole and under correctional supervision; as well as the facilitation of the social reintegration of released offenders into their communities.

Programme 7: Facilities

Purpose: Provide physical infrastructure that supports safe and secure custody, humane conditions, corrective services, care, development, and general administration.

Strategic overview: 2007/08 – 2013/14

The mandate of the Department of Correctional Services is derived from the Constitution, the Correctional Services Act (1998), the Criminal Procedure Act (1977), and the 2005 White Paper on Corrections. The department is geared towards contributing to maintaining and protecting a just, peaceful and safe society by: enforcing decisions and sentences of courts as they are prescribed in legislation; detaining all inmates in safe custody while ensuring their human dignity; and promoting the rehabilitation, social responsibility and human development of all offenders.

Ensuring that all people in South Africa are and feel safe (outcome 3)

The department is a key stakeholder in the justice, crime prevention and security cluster. In relation to government's 12 outcomes, the department will significantly contribute to ensuring that all people in South Africa are and feel safe (outcome 3), the key outcome for this cluster. The department's contribution will mainly be through improving the effectiveness and ensuring the integration of the criminal justice system (output 2), with specific focus on achieving the following departmental sub-outputs: reduce the average length of time in remand detention; increase the percentage of parolees without parole violations; increase offender involvement in rehabilitation programmes; and increase the number of victims who attend parole hearings. Effective rehabilitation and parole systems assist in reducing the rate of recidivism, and the reduction in the length of time in remand detention has to do with the speedy processing of court cases. The department has developed the White Paper on Remand Detention, identified dedicated remand detention facilities, and started the implementation of the video remand system and the automated person identification systems. The department also contributes to combating corruption within the justice, crime prevention and security cluster to enhance its effectiveness and its ability to serve as a deterrent against crime (output 3). The department has developed a fraud prevention strategy, a whistle blowing policy and a compliance improvement plan as measures to address corruption within the department.

Strategic priorities over the medium term

Strengthening the remand detention system

Remand detainees form a significant proportion (30 per cent) of the incarcerated population and contribute substantially to the overcrowding of correctional facilities. Over the medium term, the department will create a remand detention management branch that will be responsible for coordinating the provision of services in relation to remand detainees in South Africa (including those remanded in South African Police Service and Department of Social Development facilities). Efforts will be made, through integrated IT systems, to improve the exchange of information between departments in the justice cluster, which will accelerate the processing of remand detainee cases, thus alleviating overcrowding. The department will also ensure the effective implementation of the White Paper on Remand Detention, which was approved by Cabinet in 2010. The paper

seeks to address current challenges in managing remand detainees. Some of the measures proposed in the paper are: developing a strategy for managing high risk remand detainees; reducing time spent in remand detention; and formalising the procedures for surrendering remand detainees to the South African Police Services.

Improving the parole system

In 2010, Cabinet approved the Correctional Matters Amendment Bill, which seeks to strengthen the parole system to ensure a balance between upholding the rights of the inmates and minimising the risk to society posed by offenders released on parole. It also broadens the criteria for eligibility for parole to include seriously ill and physically incapacitated inmates. Plans are under way to begin the implementation of the legislation as soon as it is passed into law.

Effective rehabilitation of offenders

The 2005 White Paper on Corrections puts the rehabilitation of offenders at the core of the department's mandate. Over the medium term, the department will intensify the implementation of rehabilitation programmes with a view to minimising the rate of recidivism. The department is in the process of recruiting key personnel required for the effective implementation of the programmes. The occupational specific dispensation implemented by the department will go a long way in attracting suitably qualified staff and will also act as a staff retention strategy. Furthermore, several correctional facilities will be upgraded over the medium term, to reduce overcrowding and create a conducive environment for rehabilitation. The department will continue to strengthen its partnerships with non-governmental organisations and communities, to complement its efforts in the rehabilitation drive.

Review of the organisational structure and the budget programme structure

With a view to facilitating the effective implementation of the 2005 White Paper on Corrections and to ensure the safe custody and care of offenders, the department is in the process of reviewing its organisational structure to create an enabling environment where all officers directly or indirectly have a role to play in the work of the criminal justice system. The department has also developed a new budget programme structure, which is more reflective of its core functions. The structure was developed in consultation with National Treasury and will be implemented with effect from 1 April 2012. The previous seven programmes have been rationalised into five: *Administration, Incarceration, Rehabilitation, Care, and Social Reintegration*.

Savings and cost effectiveness measures

Efficiency savings of R48.1 million in 2011/12, R54.8 million in 2012/13 and R57.8 million in 2013/14 have been identified in spending on goods and services in the *Administration* programme. Items targeted for savings include fleet services, computer services and business advisory services. The department will minimise the use of consultants and repair and maintenance of vehicles as well as reduce expenditure on computer services. Only non-core items will be targeted to ensure that service delivery is not affected.

The department has introduced the following cost cutting measures to ensure that spending is aligned with key departmental priorities: strict control over travelling (only essential trips, economy class air travel, and less expensive hotels and related costs), the use of consultants and departmental printing; limited use of hired accommodation facilities for meetings, conferences and workshops; and minimal expenditure on advertising, branding and the marketing of departmental activities.

In addition, the department's baseline has been reduced by R1.4 billion in 2012/13 and R1.5 billion in 2013/14 due to the delays in the procurement of four new public private partnership correctional facilities (Paarl, Port Shepstone, Klerksdorp and Nigel). Funding has been reallocated to other priorities within the justice, crime prevention and security cluster, and will be reinstated once contracts have been signed.

Selected performance indicators

Table 21.1 Correctional Services

Indicator	Programme	Past			Current	Projections		
		2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Percentage of inmates who escape from correctional and remand detention facilities per year	Security	0.05% (82/158 029)	0.04% (65/160 643)	0.03% (56/162 861)	0.04% (67/161 021)	0.036% (60/167 816)	0.034% (58/170 350)	0.032% (55/172 922)
Percentage of inmates assaulted in correctional and remand detention facilities per year	Security	0.66% (1 038/158 029)	0.82% (13 18/160 643)	1.38% (2 240/162 861)	1.44% (2 320/161 021)	2.48% ¹ (4 162/167 816)	2.2% (3 748/170 350)	2% (3 458/172 922)
Percentage of overcrowding in correctional and remand detention facilities per year ³	Corrections	37.91% (43 444/114 585)	40.03% (45 925/114 719)	40.4% (46 824/115 827)	36.2% (42 748/118 165)	36% (42 539/118 165)	34% (40 176/118 165)	32% (37 813/118 165)
Percentage of offenders serving sentences longer than 24 months who have sentence plans - Cumulative	Corrections	9.8% (9 836/100 170)	12.3% (12 551/101 845)	51.3% (52 716/102 678)	60% (60 910/101 513)	70% (71 601/102 288)	80% (83 552/104 441)	90% (95 392/105 997)
Percentage of inmates with CD4 count below 350 who are on ARV treatment - Cumulative	Care	–	–	34% (7 640/22 303)	84% (10 150/12 049)	92% (12 186/13 161)	93% (14 382/15 316)	94% (16 745/17 636)
Percentage of eligible offenders who participate in literacy programmes as per their sentence plans per year	Development	–	81% (1 410/1 735)	59.8% (4 070/6 810)	69.2% (4 534/6 549)	64.7% (4 404/6 811)	64.7% (4 580/7 083)	64.7% (4 763/7 366)

Table 21.1 Correctional Services (continued)

Indicator	Programme	Past			Current	Projections		
		2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Percentage of eligible offenders who participate in skills development programmes as per their sentence plans per year	Development	— ²	— ²	— ²	18.6% (6 804/36 571)	18.92% (7 058/37 303)	19.1% (7 295/38 049)	19.43% (7 539/38 810)
Percentage of parolees without violations per year	Social Reintegration	66.3% (21 138/31 884)	80.9% (27 661/34 190)	71.9% (27 045/37 609)	74.9% (28 169/37 609)	76.2% (31 237/40 993)	78.5% (35 075/44 682)	79.6% (38 768/48 703)
Ratio of incarcerated offenders with sentences of 24 months and less to probationers	Social Reintegration	1:1.4	1:1.5	1:1.4	1:1.5	1:1.6	1:1.7	1:1.7

1. The percentage of inmates assaulted in correctional and remand detention facilities is projected to increase from 1.4 per cent in 2010/11 to 2.5 per cent in 2011/12, due to the increased rate of reporting among inmates. An assessment undertaken by the department revealed that in the past, there was serious under-reporting of assault cases.

2. Figures for the past three years are not available as the indicator has been reviewed, shifting the focus from the number of training sessions per inmate to the number of inmates trained. The department now focuses on productivity orientated rather than activity orientated indicators.

3. Department of Correctional Services total lockup figures vary from day to day. The performance information is calculated against an average daily lockup.

Expenditure estimates

Table 21.2 Correctional Services

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10			2011/12	2012/13	2013/14
R million				2010/11				
Administration	2 857.7	3 315.5	3 517.1	4 056.9	4 056.9	4 449.6	4 840.2	5 129.1
Security	3 732.3	4 552.0	4 828.4	5 179.5	5 179.5	5 597.9	5 975.6	6 356.6
Corrections	909.3	1 022.5	1 252.8	1 457.4	1 457.4	1 537.3	1 614.2	1 695.0
Care	1 263.8	1 349.9	1 548.7	1 757.0	1 757.0	1 853.9	1 987.5	2 088.9
Development	365.9	453.4	436.7	559.0	559.0	559.3	587.4	617.1
Social Reintegration	370.8	426.6	469.9	542.6	542.6	576.9	605.7	636.0
Facilities	1 622.5	1 702.9	1 633.8	1 875.1	1 680.1	1 984.3	2 194.4	2 305.0
Total	11 122.4	12 822.6	13 687.3	15 427.5	15 232.5	16 559.2	17 805.0	18 827.8
Change to 2010 Budget estimate				298.4	103.4	531.8	(472.2)	(454.7)
Economic classification								
Current payments	9 906.2	11 623.0	12 638.6	14 425.4	14 425.4	15 342.1	16 487.6	17 487.4
Compensation of employees	6 799.2	8 077.8	9 065.5	10 247.5	10 247.5	10 964.9	11 522.8	12 191.7
Goods and services	3 107.0	3 545.2	3 573.0	4 177.9	4 177.9	4 377.2	4 964.7	5 295.7
of which:								
Agency and support / outsourced services	288.3	378.5	333.5	393.5	393.5	407.0	427.7	449.9
Inventory: Other consumables	227.1	290.2	261.8	358.2	358.2	317.8	333.5	350.3
Lease payments	825.4	956.0	1 138.8	1 230.5	1 230.5	1 362.4	1 490.3	1 586.0
Property payments	352.9	375.5	416.0	527.2	527.2	722.1	830.3	875.9

Table 21.2 Correctional Services (continued)

R million	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
Transfers and subsidies	33.0	38.7	47.3	30.0	30.0	31.3	32.9	34.6
Provinces and municipalities	2.1	2.0	2.2	3.3	3.3	3.7	3.9	4.1
Departmental agencies and accounts	3.5	3.9	–	5.2	5.2	5.4	5.7	6.0
Public corporations and private enterprises	–	–	0.2	–	–	–	–	–
Households	27.5	32.8	44.8	21.5	21.5	22.1	23.3	24.5
Payments for capital assets	1 180.5	1 158.6	990.4	972.1	777.1	1 185.8	1 284.5	1 305.8
Buildings and other fixed structures	1 087.0	1 035.5	910.5	950.9	755.9	1 104.2	1 071.8	1 071.9
Machinery and equipment	87.5	90.8	44.2	21.2	21.2	81.6	212.7	233.9
Biological assets	–	0.1	0.2	–	–	–	–	–
Software and other intangible assets	6.0	32.2	35.5	–	–	–	–	–
Payments for financial assets	2.6	2.3	11.2	–	–	–	–	–
Total	11 122.4	12 822.6	13 687.3	15 427.5	15 232.5	16 559.2	17 805.0	18 827.8

Expenditure trends

Over the medium term, the department will focus on strengthening the parole system, implementing rehabilitation programmes and improving the management of remand detainees by establishing a remand detention branch at the department's head office.

Expenditure grew at an average annual rate of 11.5 per cent, from R11.1 billion in 2007/08 to R15.4 billion in 2010/11, and is projected to reach R18.8 billion over the medium term, at an average annual growth rate of 6.9 per cent. These increases are driven mostly by spending on compensation of employees, which increased from R6.8 billion to R10.2 billion, at an average annual rate of 14.7 per cent between 2007/08 and 2010/11. This was mainly due to the implementation of the occupation specific dispensation for correctional officials and others as required by the Public Service Coordinating Bargaining Council resolution 1 of 2007. Over the medium term, spending on compensation of employees is expected to grow to R12.2 billion, at an average annual rate of 6 per cent, due to salary increases.

Spending on consultant services mainly caters for upgrading computerised systems and maintaining information systems. Provision is also made for the payment of legal, external audit and laboratory fees, as well as transaction advisors for the new public private partnership prisons and other projects. Expenditure on consultant services decreased from R181.2 million in 2009/10 to R122.8 million in 2010/11. This decrease is mainly due to cost cutting measures within the department. Expenditure on consultant services is expected to increase from R102.4 million in 2011/12 to R123.5 million in 2013/14, due to expected increases in audit, legal and laboratory fees.

The Budget sets out additional allocations of R579.9 million in 2011/12, R1 billion in 2012/13 and R1.1 billion in 2013/14 to cater for: improved conditions of service; increased municipal charges; upgrading of the department's IT infrastructure; antiretroviral treatment for inmates; operational costs for three correctional facilities currently being upgraded; and consumables such as coal for boilers, fuel for generators and cleaning materials.

The ratio of administration costs to line function costs is 1:3. Administration costs include all costs linked to the *Management, Finance, Corporate Services, Central Services, Office Accommodation* and *Staff Accommodation* subprogrammes, as well as compensation of employees and travel and subsistence for support staff under line function programmes.

Infrastructure spending

Expenditure on buildings and other fixed structures decreased from R1.1 billion in 2007/08 to R950.9 million in 2010/11. The decrease in expenditure was mainly due to the completion of the Kimberly correctional centre in 2009/10. Over the medium term, expenditure is expected to grow to R1.1 billion in 2013/14, at an average

annual rate of 4.1 per cent, and will cater for the upgrading of various correctional facilities including Burgersdorp, Estcourt, Tzaneen, Zeerust, Nongoma and Makhado.

Mega infrastructure project spending

Feasibility studies for the planned additional correctional centres at Paarl, Port Shepstone, Klerksdorp and Nigel concluded that a public private partnership was the most cost effective method of procurement. All design, construction, maintenance and operational functions will be performed by the private party for the first 8 to 10 years of the contract. Thereafter, the department will take over custodial services, rehabilitation programmes and offender management. For the remaining period of the contract, the private party will be responsible for maintenance of facilities and any other operations, excluding offender management, rehabilitation and custodial services. The bid evaluation process began in January 2011 and construction will start in 2012.

Large projects

Eight correctional facilities will be upgraded over the medium term (Brandvlei, Van Rhynsdorp, Warmbokkeveld Estcourt, Zeerust, Tzaneen, Ingwavuma, Nongoma and Nkandla), and 2 023 more bed spaces created. As at 31 December 2010, R235.9 million had been spent on this. Expenditure on large projects will amount to R733.3 million in 2011/12, R785.8 million in 2012/13 and R599 million in 2013/14.

Small projects

Several small projects will be implemented over the medium term, including: upgrading various structures at correctional facilities; building parole board offices, access gates and visitors waiting rooms; installing standby generators; and replacing kitchen equipment, boilers and incinerators, as well as power, water and sewerage facilities. As at 31 December 2010, R26.6 million had been spent on this. Expenditure on small projects will be R173.1 million in 2011/12, R87.9 million in 2012/13 and R274.7 million in 2013/14.

Personnel information

The department has an establishment of 61 130 posts, of which 41 500 are funded and 43 are additional to the approved establishment. The number of posts filled decreased from 41 054 in 2007/08 to 40 260 in 2010/11, but is expected to grow to 41 500 over the medium term to improve service delivery. The historical decrease in the number of filled posts was due to a moratorium placed on the filling of vacant posts to fund the budget shortfall emanating from the Public Service Coordinating Bargaining Council resolution 1 of 2007.

There are 1 240 vacancies within the department. These posts are vacant due to high staff turnover coupled with the length of time it takes to complete the recruitment process. The ratio of non-centre staff to centre based staff is 1:9 and that of consultants to department personnel is 1:497.

Departmental receipts

Revenue is mostly generated from selling products made in correctional centre workshops, hiring out offender labour and letting accommodation to personnel. A portion of revenue from offender labour is also paid to inmates as gratuity. Between 2007/08 and 2010/11, departmental receipts increased from R136.3 million to R143.4 million, at an average annual rate of 1.7 per cent. The decrease in 2008/09 was due to incorrectly deducted rentals for departmental accommodation in 2007/08, which had to be refunded to staff members. Over the medium term, receipts are expected to decrease at an average annual rate of 1.0 per cent to reach R139.2 million in 2013/14.

Table 21.3 Departmental receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2007/08	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
Departmental receipts	136 313	80 506	108 478	143 402	120 359	126 136	132 305	139 183
Sales of goods and services produced by department	68 725	14 885	40 769	63 775	51 079	53 530	55 996	58 907
Sales of scrap, waste, arms and other used current goods	8 700	2 383	1 791	8 510	1 854	1 943	2 042	2 148
Transfers received	–	61	143	–	–	–	–	–
Fines, penalties and forfeits	15 030	16 836	15 694	22 030	16 138	16 913	17 776	18 700
Interest, dividends and rent on land	400	375	753	318	266	279	293	308
Sales of capital assets	205	1 412	1 402	1	1	1	1	1
Transactions in financial assets and liabilities	43 253	44 554	47 926	48 768	51 021	53 470	56 197	59 119
Total	136 313	80 506	108 478	143 402	120 359	126 136	132 305	139 183

Programme 1: Administration

Expenditure estimates

Table 21.4 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
R million							
Ministry ¹	13.9	14.8	23.5	19.4	20.4	21.8	22.5
Management	303.0	345.7	389.2	446.8	474.1	497.3	522.2
Corporate Services	856.0	922.7	970.5	1 252.3	1 249.5	1 260.8	1 329.0
Finance	679.3	890.4	808.3	757.3	827.6	848.7	882.7
Central Services	256.8	292.6	321.0	420.6	460.5	607.0	648.2
Office Accommodation	730.2	830.3	532.0	1 140.8	1 397.0	1 582.9	1 701.7
Staff Accommodation	18.4	19.0	472.6	19.7	20.7	21.7	22.8
Total	2 857.7	3 315.5	3 517.1	4 056.9	4 449.6	4 840.2	5 129.1
Change to 2010 Budget estimate				71.0	186.6	379.0	422.5

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

Economic classification

Current payments	2 801.8	3 225.2	3 435.8	4 043.2	4 375.9	4 635.8	4 904.0
Compensation of employees	1 330.6	1 502.6	1 716.8	2 098.2	2 216.7	2 240.0	2 363.1
Goods and services	1 471.2	1 722.5	1 719.0	1 945.0	2 159.2	2 395.9	2 541.0
of which:							
Agency and support / outsourced services	57.5	41.2	13.5	12.5	13.1	13.8	14.4
Inventory: Other consumables	79.6	127.5	71.2	58.7	49.3	51.2	53.4
Lease payments	410.3	474.1	602.3	649.3	713.2	808.0	868.2
Property payments	348.2	375.2	415.6	526.5	720.5	828.6	874.2
Transfers and subsidies	8.5	9.1	7.8	12.4	12.9	13.5	14.2
Provinces and municipalities	2.1	2.0	2.2	3.3	3.7	3.9	4.1
Departmental agencies and accounts	3.5	3.9	–	5.2	5.4	5.7	6.0
Public corporations and private enterprises	–	–	0.2	–	–	–	–
Households	3.0	3.1	5.3	3.9	3.7	3.9	4.1

Table 21.4 Administration (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Payments for capital assets	44.8	78.9	67.8	1.3	60.8	190.8	210.9
Machinery and equipment	38.8	46.7	32.2	1.3	60.8	190.8	210.9
Software and other intangible assets	6.0	32.2	35.5	–	–	–	–
Payments for financial assets	2.6	2.3	5.7	–	–	–	–
Total	2 857.7	3 315.5	3 517.1	4 056.9	4 449.6	4 840.2	5 129.1
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	3.5	3.9	–	5.2	5.4	5.7	6.0
Safety and Security Sector Education and Training Authority	3.5	3.9	–	5.2	5.4	5.7	6.0
Households							
Households social benefits							
Current	3.0	3.1	5.3	3.9	3.7	3.9	4.1
Employee Social Benefit	3.0	3.1	5.3	3.9	3.7	3.9	4.1
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	2.1	2.0	2.2	3.3	3.7	3.9	4.1
Vehicle Licences	2.1	2.0	2.2	3.3	3.7	3.9	4.1

Expenditure trends

The spending focus over the MTEF period is on upgrading ICT infrastructure and on municipal charges.

Expenditure increased from R2.9 billion in 2007/08 to R4.1 billion in 2010/11, at an average annual rate of 12.4 per cent, and is expected to grow to R5.1 billion over the medium term, at an average annual rate of 8.1 per cent. The increase between 2007/08 and 2010/11 was due to an increased allocation for the master information systems plan, which covers systems development, upgrading network and backup systems, and integrating information with other criminal justice system departments. The increase of 17.9 per cent in the first four years in the *Central Services* subprogramme is due to additional allocations for the master information systems plan. The increase over the medium term is as a result of additional funding of R60 million in 2011/12, R190 million in 2012/13 and R210 million in 2013/14 to upgrade IT infrastructure. Allocations of R148.2 million in 2011/12, R199.6 million in 2012/13 and R242.3 million have also been provided for municipal charges.

Between 2007/08 and 2010/11, expenditure on compensation of employees increased from R1.3 billion to R2.1 billion, at an average annual rate of 16.4 per cent. This was due to the implementation of the occupation specific dispensation. Over the medium term, spending on this item is expected to grow at an average annual rate of 4 per cent to reach R2.4 billion in 2013/14, due to salary increases.

Consultant services in this programme include IT support and technical services procured through the State Information Technology Agency. Expenditure on consultants increased from R29.1 million in 2007/08 to R106.2 million in 2010/11 at an average annual rate of 53.9 per cent, and is expected to decrease over the MTEF to R104.9 million in 2013/14, due to the implementation of cost saving measures (including minimizing the use of consultants).

Programme 2: Security

- *Security* funds activities aimed at ensuring the provision of safe and secure conditions for all incarcerated persons while providing protection for personnel and security for the public. Security services are delivered to 241 correctional facilities and a 161 000 daily average inmate population countrywide. In 2009/10, the

subprogramme had a staff complement of 22 659, and spent R4.8 billion, of which 97 per cent was used for compensation of employees. In 2009/10, the department reduced the number of escapes to 56, from a high of 112 in 2005/06. This translates to a ratio of 3.4 escapes per 10 000 inmates, against a target of 4 escapes per 10 000 inmates. The number of assaults reported in the same year was 137 per 10 000 inmates, exceeding the annual target of 83 assaults per 10 000 inmates.

Objectives and measures

- Enhance the safety and security of officials, inmates and the public by:
 - reducing assaults from 2.5 per cent in 2011/12 to 2 per cent in 2013/14
 - reducing the number of escapes from 0.04 per cent in 2011/12 to 0.03 per cent in 2013/14
 - implementing the integrated security technology framework by 2012/13.

Expenditure estimates

Table 21.5 Security

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
R million							
Security	3 732.3	4 552.0	4 828.4	5 179.5	5 597.9	5 975.6	6 356.6
Total	3 732.3	4 552.0	4 828.4	5 179.5	5 597.9	5 975.6	6 356.6
Change to 2010 Budget estimate				38.0	182.7	294.1	362.6
Economic classification							
Current payments	3 692.0	4 533.8	4 806.0	5 177.2	5 595.5	5 973.1	6 354.0
Compensation of employees	3 538.9	4 367.0	4 680.2	5 051.0	5 463.3	5 834.1	6 207.8
Goods and services	153.2	166.7	125.8	126.2	132.3	139.0	146.2
of which:							
Agency and support / outsourced services	88.2	0.5	0.7	0.7	0.8	0.8	0.9
Inventory: Other consumables	12.6	8.7	12.8	11.3	11.8	12.4	13.1
Lease payments	0.0	0.1	0.1	0.1	0.1	0.1	0.1
Transfers and subsidies	7.2	10.5	16.4	1.1	1.1	1.2	1.2
Households	7.2	10.5	16.4	1.1	1.1	1.2	1.2
Payments for capital assets	33.0	7.7	1.0	1.2	1.3	1.4	1.4
Machinery and equipment	33.0	7.6	0.8	1.2	1.3	1.4	1.4
Biological assets	–	0.1	0.2	–	–	–	–
Payments for financial assets	0.0	–	5.0	–	–	–	–
Total	3 732.3	4 552.0	4 828.4	5 179.5	5 597.9	5 975.6	6 356.6
Details of selected transfers and subsidies							
Households							
Households social benefits							
Current	7.0	10.0	16.0	1.0	1.0	1.0	1.0
Employee social benefit	7.0	10.0	16.0	1.0	1.0	1.0	1.0

Expenditure trends

The spending focus over the medium term will be on developing an integrated security technology framework to integrate and upgrade the current security technology systems in the department. The framework will be completed in 2012/13 and will form the basis of the future security strategy.

Expenditure increased from R3.7 billion in 2007/08 to R5.2 billion in 2010/11, at an average annual rate of 11.5 per cent, and is expected to increase to R6.4 billion over the medium term, at an average annual rate of 7.1 per cent. The growth in expenditure provides for improved security in correctional centres and operational costs for three correctional centres that are being upgraded. These include the Brandvlei, Van Rhynsdorp and Warmbokkeveld correctional centres, which are set to open in 2011/12.

Between 2007/08 and 2010/11, expenditure on compensation of employees increased from R3.5 billion to R5.1 billion, at an average annual rate of 12.6 per cent. The increase was due to the implementation of the occupation specific dispensation for correctional officers. Over the medium term, spending on this item is expected to grow at an average annual rate of 7.1 per cent, to reach R6.2 billion in 2013/14. The increase is mainly due to salary increases.

Consultant expenditure decreased from R14 million in 2009/10 to R89 000 in 2010/11 at an average annual rate of 99.4 per cent owing to the termination of the contract for manning control security rooms. The services are now being provided internally.

The ratio of administrative costs to line function costs is 1:30.

Programme 3: Corrections

- *Personal Corrections* provides needs based correctional sentence plans and interventions based on assessing the security risk and criminal profile of individuals; and reduces overcrowding to allow rehabilitation to take place in a humane and secure environment. In 2009/10, the subprogramme had a staff complement of 5 594, and spent R1.3 billion, of which 96.6 per cent is used for compensation of employees. In 2009/10, the following outputs were achieved: 5 600 correctional sentence plans were compiled and 44 481 offenders participated in correctional programmes.

Objectives and measures

- Facilitate the effective rehabilitation of offenders by:
 - compiling correctional sentence plans for all newly admitted offenders serving longer than 24 months
 - reducing the backlog of correctional sentence plans from 45 840 in 2011/12 to 31 171 in 2013/14
 - reducing the level of overcrowding from 40 per cent in 2008/09 to 32 per cent in 2013/14.

Expenditure estimates

Table 21.6 Corrections

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
R million							
Personal Corrections	909.3	1 022.5	1 252.8	1 457.4	1 537.3	1 614.2	1 695.0
Total	909.3	1 022.5	1 252.8	1 457.4	1 537.3	1 614.2	1 695.0
Change to 2010 Budget estimate				(125.7)	(138.5)	(150.6)	(166.8)
Economic classification							
Current payments	894.1	1 005.7	1 234.8	1 442.2	1 521.3	1 597.4	1 677.3
Compensation of employees	858.5	973.4	1 210.4	1 407.9	1 485.3	1 559.6	1 637.6
Goods and services	35.7	32.3	24.4	34.3	35.9	37.8	39.7
of which:							
Inventory: Other consumables	1.7	1.5	2.2	2.9	2.6	2.7	2.9
Lease payments	0.2	0.2	0.3	0.4	0.4	0.4	0.4
Transfers and subsidies	14.9	16.3	17.6	14.7	15.4	16.2	17.0
Provinces and municipalities	0.1	–	–	–	–	–	–
Households	14.8	16.3	17.6	14.7	15.4	16.2	17.0
Payments for capital assets	0.3	0.5	0.4	0.6	0.6	0.7	0.7
Machinery and equipment	0.3	0.5	0.4	0.6	0.6	0.7	0.7
Total	909.3	1 022.5	1 252.8	1 457.4	1 537.3	1 614.2	1 695.0

Table 21.6 Corrections (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Details of selected transfers and subsidies							
Households							
Households social benefits							
Current	14.0	16.0	17.0	12.9	15.0	16.0	16.0
Employee social benefit	14.0	16.0	17.0	12.9	15.0	16.0	16.0
Households other transfers							
Current	0.8	0.3	0.6	1.8	0.4	0.2	1.0
Prisoner gratuity	0.8	0.3	0.6	1.8	0.4	0.2	1.0

Expenditure trends

The spending focus over the MTEF period will be on improving services at correctional centre level, including rehabilitating offenders in line with the 2005 White Paper on Corrections. The key elements of improving rehabilitation of offenders lie in the implementation of the new correctional sentence plans, the work of the case management committees and parole processes, and the refinement of job descriptions of correctional officials that have been part of the occupation specific dispensation process.

Expenditure increased from R909.3 million in 2007/08 to R1.5 billion in 2010/11, at an average annual rate of 17 per cent, and is expected to increase to R1.7 billion in 2013/14, at an average annual rate of 5.2 per cent. The increase between 2007/08 and 2010/11 was mainly due to additional allocations for implementing various departmental occupation specific dispensations. Between 2007/08 and 2010/11, expenditure on compensation of employees increased from R858.5 million to R1.4 billion, at an average annual rate of 17.9 per cent. The increase was due to the implementation of the occupation specific dispensation for correctional officers. Over the medium term, spending on this item is expected to grow at an average annual rate of 5.2 per cent to reach R1.6 billion in 2013/14, due to salary increases.

Expenditure on consultant services is set to increase from R68 000 in 2010/11 to R80 000 in 2013/14 at an average annual rate of 5.6 per cent, due to higher transcribing costs. The services include transcribing of sentence remarks on cases obtained from the court. The ratio of administrative costs to line function costs is 1:5.

Programme 4: Care

- *Personal Wellbeing* provides needs based programmes and services aimed at maintaining the personal wellbeing of incarcerated persons by facilitating: physical fitness; social functioning; healthcare; and spiritual, moral and psychological wellbeing. In 2009/10, the subprogramme had a staff complement of 2 517, and spent R1.5 billion, of which 58.2 per cent was on goods and services items such as nutritional and medical supplies for inmates. In the same year, the following outputs were achieved: 9 494 offenders participated in psychological services, exceeding the annual target of 8 400; and 7 640 offenders were placed on antiretroviral treatment, exceeding the annual target of 5 100.

Objectives and measures

- Improve the health and personal wellbeing of inmates by increasing the number of offenders on antiretroviral treatment from 34 per cent in 2009/10 to 99 per cent in 2013/14.

Expenditure estimates

Table 21.7 Care

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R million	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Personal Wellbeing	1 263.8	1 349.9	1 548.7	1 757.0	1 853.9	1 987.5	2 088.9
Total	1 263.8	1 349.9	1 548.7	1 757.0	1 853.9	1 987.5	2 088.9
Change to 2010 Budget estimate				253.0	247.1	294.3	302.5
Economic classification							
Current payments	1 260.2	1 344.4	1 543.8	1 754.9	1 851.8	1 985.3	2 086.5
Compensation of employees	442.5	526.4	641.9	785.2	835.5	877.1	920.8
Goods and services	817.7	818.0	901.9	969.8	1 016.3	1 108.1	1 165.7
of which:							
Agency and support / outsourced services	140.8	335.4	317.7	378.6	391.2	411.1	432.5
Inventory: Other consumables	74.4	70.6	93.7	171.4	173.2	182.1	191.5
Lease payments	0.4	0.4	0.4	0.5	0.5	0.5	0.6
Property payments	0.1	0.1	0.0	0.1	0.1	0.1	0.1
Transfers and subsidies	0.9	0.6	2.7	–	–	–	–
Households	0.9	0.6	2.7	–	–	–	–
Payments for capital assets	2.7	4.8	2.2	2.0	2.1	2.2	2.4
Machinery and equipment	2.7	4.8	2.2	2.0	2.1	2.2	2.4
Total	1 263.8	1 349.9	1 548.7	1 757.0	1 853.9	1 987.5	2 088.9
Details of selected transfers and subsidies							
Households							
Households social benefits							
Current	0.9	0.6	2.7	–	–	–	–
Employee social benefit	0.9	0.6	2.7	–	–	–	–

Expenditure trends

Over the medium term, the spending focus is on providing antiretroviral treatment for inmates, health care services and treatment of inmates with mental illnesses.

Between 2007/08 and 2010/11, expenditure grew from R1.3 billion to R1.8 billion, at an average annual rate of 11.6 per cent. Most of the growth was on compensation of employees, which increased from R442.5 million to R785.2 million, at an average annual rate of 21.1 per cent, due to the implementation of the occupation specific dispensation. Spending is projected to grow to R2.1 billion over the medium term, at an average annual rate of 5.9 per cent. The increase is due to additional funding of R40 million in 2012/13 and R42 million in 2013/14 for antiretroviral treatment for inmates.

Spending of R53 million in 2008/09 and R46.5 million in 2009/10 on consultant services was for feasibility studies on outsourcing pharmaceutical and nutritional services. Provision was also made for laboratory services for the medical treatment of offenders.

The ratio of administrative costs to line function costs is 1:3.

Programme 5: Development

- *Personal Development of Offenders* provides programmes and services aimed at developing competencies by providing opportunities for skills and social development. Activities and services include technical training, recreation, sports, education and the agriculture and production workshops. In 2009/10, the subprogramme had a staff complement of 1 398 and spent R436.7 million, of which 66.7 per cent was on compensation of employees. In 2009/10, 4 070 offenders participated in literacy programmes against 6 810 offenders eligible to participate per their sentence plans.

Objectives and measures

- Facilitate the development of offenders by:
 - increasing the number of inmates participating in literacy programmes from 1 410 in 2008/09 to 4 763 in 2013/14
 - increasing the number of inmates participating in skills development from 6 804 in 2010/11 to 7 539 in 2013/14.

Expenditure estimates

Table 21.8 Development

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R million	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Personal Development of Offenders	365.9	453.4	436.7	559.0	559.3	587.4	617.1
Total	365.9	453.4	436.7	559.0	559.3	587.4	617.1
Change to 2010 Budget estimate				32.6	3.4	2.9	0.5
Economic classification							
Current payments	354.0	422.6	428.5	543.4	542.9	570.2	599.1
Compensation of employees	225.0	242.4	291.3	322.7	343.6	360.7	378.6
Goods and services	129.0	180.2	137.2	220.7	199.4	209.5	220.4
of which:							
Agency and support / outsourced services	1.7	1.5	1.6	1.7	1.9	2.0	2.1
Inventory: Other consumables	50.2	72.7	71.0	90.7	55.4	58.2	61.2
Lease payments	0.5	0.5	0.6	0.5	0.6	0.6	0.6
Property payments	0.0	0.1	0.3	0.2	0.2	0.3	0.3
Transfers and subsidies	0.8	0.4	0.6	–	–	–	–
Provinces and municipalities	(0.1)	–	–	–	–	–	–
Households	0.9	0.4	0.6	–	–	–	–
Payments for capital assets	11.2	30.4	7.5	15.6	16.3	17.2	18.1
Machinery and equipment	11.2	30.4	7.5	15.6	16.3	17.2	18.1
Payments for financial assets	–	–	0.1	–	–	–	–
Total	365.9	453.4	436.7	559.0	559.3	587.4	617.1

Expenditure trends

Over the MTEF period, the focus will be on increasing inmate participation in agriculture based programmes and production workshops, literacy programmes, adult basic education and training, and further education and training, with a view to improve the employability of inmates upon release.

Expenditure increased from R365.9 million in 2007/08 to R559 million in 2010/11, at an average annual rate of 15.2 per cent. This was mainly due to the implementation of the occupation specific dispensation for correctional officials, educators and artisans. Over the medium term, expenditure is projected to increase to R617.1 million in 2013/14, at an average annual rate of 3.4 per cent, due to increases in salaries and the number of offenders who participate in literacy programmes. Between 2007/08 and 2010/11, expenditure on compensation of employees increased from R225 million to R322.7 million, at an average annual rate of 12.8 per cent, due to the implementation of the occupation specific dispensation. Over the medium term, spending on this item is expected to grow at an average annual rate of 5.5 per cent, to reach R378.6 million in 2013/14, due to increases in salaries.

Expenditure on consultant services increased from R1.7 million in 2007/08 to R3.4 million in 2010/11 at an average annual rate of 26 per cent, mainly due to payments for external service providers for agricultural services.

The ratio of administrative costs to line function costs is 1:6.

Programme 6: Social Reintegration

- *Community Liaison* provides services which prepare offenders for completing their sentences, and facilitate their social acceptance and effective reintegration into their respective communities. There are currently 208 community corrections offices nationally. In 2009/10, the subprogramme had a staff complement of 1 813 and spent R469.9 million, of which 91.6 per cent was on compensation of employees. In 2009/10, the department handled an active daily average caseload of 37 609 in relation to parolees under the system of community corrections.

Objectives and measures

- Facilitate the social acceptance and effective reintegration of offenders on parole by increasing the percentage of parolees without violations from 71.9 per cent in 2009/10 to 79.6 per cent in 2013/14.

Expenditure estimates

Table 21.9 Social Reintegration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R million	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Community Liaison	370.8	426.6	469.9	542.6	576.9	605.7	636.0
Total	370.8	426.6	469.9	542.6	576.9	605.7	636.0
Change to 2010 Budget estimate				(32.1)	(29.4)	(31.1)	(35.8)
Economic classification							
Current payments	370.0	424.8	468.3	542.3	576.7	605.5	635.7
Compensation of employees	337.5	390.7	436.9	497.0	529.1	555.5	583.2
Goods and services	32.4	34.1	31.4	45.4	47.5	50.0	52.6
of which:							
Inventory: Other consumables	0.8	0.4	0.8	1.5	1.3	1.4	1.5
Lease payments	0.8	0.9	1.0	1.3	1.4	1.5	1.6
Transfers and subsidies	0.5	1.6	1.3	0.1	0.1	0.1	0.1
Households	0.5	1.6	1.3	0.1	0.1	0.1	0.1
Payments for capital assets	0.3	0.2	0.1	0.2	0.2	0.2	0.2
Machinery and equipment	0.3	0.2	0.1	0.2	0.2	0.2	0.2
Payments for financial assets	–	–	0.1	–	–	–	–
Total	370.8	426.6	469.9	542.6	576.9	605.7	636.0

Expenditure trends

Over the medium term, the spending focus will be on reducing parole violations, improving the capacity of community corrections and increasing the number of victims participating in parole hearings.

Expenditure increased from R370.8 million in 2007/08 to R542.6 million in 2010/11, at an average annual rate of 13.5 per cent. This was due to an increase in activities at community corrections offices following the implementation of special remission initiatives. The increase was also due to overtime payments for Saturdays and public holidays in line with the requirements of Public Service Coordinating Bargaining Council resolution 1 of 2007 and the implementation of the occupation specific dispensation for correctional officials. Over the medium term, expenditure is projected to increase to R636 million, at an average annual rate of 5.4 per cent. Between 2007/08 and 2010/11, expenditure on compensation of employees increased from R337.5 million to R497 million, at an average annual rate of 13.8 per cent. The increase was due to the implementation of the occupation specific dispensation. Over the medium term, spending on this item is expected to grow at an average annual rate of 5.5 per cent, to reach R583.2 million in 2013/14. The ratio of administrative costs to line function costs is 1:5.

Programme 7: Facilities

- *Public Private Partnership Prisons* funds the department's financial commitment to the suppliers of 2 private correctional facilities. In 2009/10, the subprogramme had a staff complement of 6, and R731.7 million was spent on the 2 public private partnership prisons.
- *Facilities Planning* funds the provision of infrastructure for correctional and other facilities, with the main focus on creating additional bed spaces for offenders. In 2009/10, the subprogramme had a staff complement of 9 and spent R754 million, of which 74 per cent was spent on infrastructure development. In 2009/10, 3 000 bed spaces were created, against a target of 3 338, through the completion and operationalisation of the Kimberly correctional centre. In 2010/11, no additional bed spaces will be created.
- *Building and Maintenance* funds the maintenance and upgrading of correctional and other facilities, and the provision of power supplies, water purification and sanitation services. In 2009/10, the subprogramme had a staff complement of 312 personnel and spent R148.1 million, of which 50.6 per cent was used on compensation of employees. Expenditure for 2010/11 is projected to be R162.1 million and the staff complement 373. Three kitchen upgrading projects and long term maintenance projects were completed in 2009/10. In 2010/11, the department prioritised upgrading kitchens, repairing or replacing boilers, and installing emergency generators, water and sewerage facilities.

Objectives and measures

- Ensure that physical infrastructure supports safe and secure custody by increasing the number of new bed spaces for sentenced offenders by 610 in 2011/12, 779 in 2012/13 and 6 000 in 2013/14.

Expenditure estimates

Table 21.10 Facilities

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R million	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Public Private Partnership Prisons	617.5	677.0	731.7	795.7	843.3	876.4	911.8
Facilities Planning	879.8	887.1	754.0	917.2	972.1	1 020.7	1 076.8
Building and Maintenance	125.2	138.8	148.1	162.1	168.9	297.3	316.3
Total	1 622.5	1 702.9	1 633.8	1 875.1	1 984.3	2 194.4	2 305.0
Change to 2010 Budget estimate				61.6	79.9	(1 260.8)	(1 340.2)
Economic classification							
Current payments	534.0	666.6	721.3	922.1	877.9	1 120.3	1 230.7
Compensation of employees	66.2	75.3	87.9	85.6	91.3	95.9	100.7
Goods and services	467.9	591.3	633.4	836.5	786.6	1 024.5	1 130.1
of which:							
Inventory: Other consumables	7.9	8.8	10.1	21.6	24.2	25.4	26.7
Lease payments	413.1	479.7	534.2	578.3	646.2	679.2	714.5
Property payments	4.6	0.1	0.1	0.3	1.2	1.3	1.3
Transfers and subsidies	0.2	0.2	0.8	1.8	1.9	2.0	2.1
Households	0.2	0.2	0.8	1.8	1.9	2.0	2.1
Payments for capital assets	1 088.2	1 036.0	911.4	951.2	1 104.5	1 072.1	1 072.2
Buildings and other fixed structures	1 087.0	1 035.5	910.5	950.9	1 104.2	1 071.8	1 071.9
Machinery and equipment	1.2	0.5	0.9	0.2	0.2	0.2	0.3
Payments for financial assets	–	0.0	0.2	–	–	–	–
Total	1 622.5	1 702.9	1 633.8	1 875.1	1 984.3	2 194.4	2 305.0

Table 21.10 Facilities (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Details of selected transfers and subsidies							
Households							
Households social benefits							
Current	0.2	0.2	0.8	1.8	1.9	2.0	2.1
Employee social benefit	0.2	0.2	0.8	1.8	1.9	2.0	2.1

Expenditure trends

Over the MTEF period, the spending focus will be on making the three upgraded facilities in Western Cape operational, upgrading and refurbishing other correctional facilities, and the procurement of the four planned public private partnership correctional facilities.

Expenditure increased from R1.6 billion in 2007/08 to R1.9 billion in 2010/11, at an average annual rate of 4.9 per cent, due to the construction of the Kimberly correctional centre and the upgrading of the Brandvlei, Van Rhynsdorp and Warmbokkeveld correctional facilities. Spending is expected to increase further over the medium term, at an average annual rate of 7.1 per cent, to reach R2.3 billion. The increase is due to the upgrading of correctional facilities at Burgersdorp, Estcourt, Tzaneen, Zeerust, Nongoma and Makhado.

The bulk of this programme's expenditure is on payments for capital assets, which includes the construction of new correctional facilities and the upgrading and replacement of existing ones. The capital funds for the four planned public private partnership correctional facilities will be reallocated once the contracts have been signed.

R5.7 million in 2007/08, R141 000 in 2008/09 and R573 000 in 2009/10 were spent on the services provided by the public private partnership transaction advisor. A budget of R111 000 has been allocated in 2010/11 for the same purpose. Consultants will be engaged to conduct feasibility studies on the 10 planned remand detention facilities to determine the most cost effective procurement method.

The ratio of administrative costs to line function costs is 1:86.

Additional tables

Table 21.A Summary of expenditure trends and estimates per programme and economic classification

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R million	2009/10		2009/10	2010/11			2010/11
Administration	3 478.1	3 476.3	3 517.1	3 985.9	71.0	4 056.9	4 056.9
Security	4 425.3	4 960.0	4 828.4	5 141.5	38.0	5 179.5	5 179.5
Corrections	1 112.1	1 242.8	1 252.8	1 583.1	(125.7)	1 457.4	1 457.4
Care	1 591.8	1 584.1	1 548.7	1 504.0	253.0	1 757.0	1 757.0
Development	448.7	438.0	436.7	526.4	32.6	559.0	559.0
Social Reintegration	425.9	474.7	469.9	574.7	(32.1)	542.6	542.6
Facilities	1 756.8	1 658.7	1 633.8	1 813.5	61.6	1 875.1	1 680.1
Total	13 238.6	13 834.5	13 687.3	15 129.0	298.4	15 427.5	15 232.5
Economic classification							
Current payments	11 901.5	12 689.6	12 638.6	14 007.7	417.7	14 425.4	14 425.4
Compensation of employees	8 292.4	9 313.0	9 065.5	10 483.8	(236.3)	10 247.5	10 247.5
Goods and services	3 609.1	3 376.6	3 573.0	3 523.9	654.0	4 177.9	4 177.9
Interest and rent on land	0.1	0.1	–	–	–	–	–
Transfers and subsidies	37.6	38.4	47.3	13.1	16.9	30.0	30.0
Provinces and municipalities	6.0	6.0	2.2	0.3	3.0	3.3	3.3
Departmental agencies and accounts	4.7	4.7	–	5.2	–	5.2	5.2
Public corporations and private enterprises	–	–	0.2	–	–	–	–
Households	26.9	27.7	44.8	7.5	13.9	21.5	21.5
Payments for capital assets	1 299.5	1 106.5	990.4	1 108.3	(136.2)	972.1	777.1
Buildings and other fixed structures	1 120.5	1 012.5	910.5	1 108.3	(157.3)	950.9	755.9
Machinery and equipment	179.0	94.0	44.2	–	21.2	21.2	21.2
Biological assets	–	–	0.2	–	–	–	–
Software and other intangible assets	–	–	35.5	–	–	–	–
Payments for financial assets	–	–	11.2	–	–	–	–
Total	13 238.6	13 834.5	13 687.3	15 129.0	298.4	15 427.5	15 232.5

Table 21.B Detail of approved establishment and personnel numbers according to salary level¹

	Personnel post status as at 30 September 2010			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year ²	Medium-term estimate		
				2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Department	61 130	41 500	43	41 054	40 611	40 985	40 260	41 500	41 500	41 500
Salary level 1 – 6	36 597	24 604	19	24 876	24 256	24 604	23 530	24 604	24 604	24 604
Salary level 7 – 10	23 631	16 157	14	15 470	15 622	15 642	16 043	16 157	16 157	16 157
Salary level 11 – 12	701	562	3	533	555	562	526	562	562	562
Salary level 13 – 16	201	177	7	175	178	177	161	177	177	177
Administration	8 068	6 537	35	6 566	6 620	6 537	5 350	6 537	6 537	6 537
Salary level 1 – 6	3 150	2 334	18	2 381	2 397	2 334	2 184	2 334	2 334	2 334
Salary level 7 – 10	4 321	3 701	8	3 707	3 739	3 701	2 678	3 701	3 701	3 701
Salary level 11 – 12	420	342	2	320	332	342	344	342	342	342
Salary level 13 – 16	177	160	7	158	152	160	144	160	160	160
Security	30 544	23 174	1	22 598	22 090	22 659	22 946	23 174	23 174	23 174
Salary level 1 – 6	22 351	17 438	–	17 075	16 437	17 438	16 626	17 438	17 438	17 438
Salary level 7 – 10	8 151	5 724	1	5 514	5 628	5 209	6 307	5 724	5 724	5 724
Salary level 11 – 12	41	11	–	9	15	11	12	11	11	11
Salary level 13 – 16	1	1	–	–	10	1	1	1	1	1
Corrections	11 092	5 594	–	5 765	5 713	5 594	5 968	5 594	5 594	5 594
Salary level 1 – 6	5 862	2 573	–	2 721	2 699	2 573	2 913	2 573	2 573	2 573
Salary level 7 – 10	5 125	2 941	–	2 954	2 929	2 941	3 020	2 941	2 941	2 941
Salary level 11 – 12	99	78	–	85	83	78	32	78	78	78
Salary level 13 – 16	6	2	–	5	2	2	3	2	2	2

Table 21.B Detail of approved establishment and personnel numbers according to salary level ¹ (continued)

	Personnel post status as at 30 September 2010			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year ²	Medium-term estimate		
				2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
Care	2 403	2 517	5	2 426	2 489	2 517	2 043	2 517	2 517	2 517
Salary level 1 – 6	424	850	–	1 240	1 303	850	494	850	850	850
Salary level 7 – 10	1 894	1 574	5	1 103	1 097	1 574	1 449	1 574	1 574	1 574
Salary level 11 – 12	77	86	–	77	82	86	95	86	86	86
Salary level 13 – 16	8	7	–	6	7	7	5	7	7	7
Development	1 700	1 398	1	1 406	1 413	1 398	1 662	1 398	1 398	1 398
Salary level 1 – 6	715	570	1	600	581	570	438	570	570	570
Salary level 7 – 10	961	809	–	789	813	809	1 205	809	809	809
Salary level 11 – 12	19	14	–	13	14	14	13	14	14	14
Salary level 13 – 16	5	5	–	4	5	5	6	5	5	5
Social	6 777	1 813	–	1 819	1 828	1 813	1 903	1 813	1 813	1 813
Reintegration										
Salary level 1 – 6	3 953	724	–	743	738	724	765	724	724	724
Salary level 7 – 10	2 793	1 067	–	1 055	1 068	1 067	1 115	1 067	1 067	1 067
Salary level 11 – 12	29	21	–	20	21	21	21	21	21	21
Salary level 13 – 16	2	1	–	1	1	1	2	1	1	1
Facilities	546	467	1	474	458	467	388	467	467	467
Salary level 1 – 6	142	115	–	116	101	115	110	115	115	115
Salary level 7 – 10	386	341	–	348	348	341	269	341	341	341
Salary level 11 – 12	16	10	1	9	8	10	9	10	10	10
Salary level 13 – 16	2	1	–	1	1	1	–	1	1	1

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

2. As at 30 September 2010.

Table 21.C Summary of expenditure on training

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Compensation of employees (R million)	6 799.2	8 077.8	9 065.5	20 247.8	10 992.9	11 639.3	12 302.2
Training expenditure (R million)	125.6	76.0	89.5	64.0	100.5	105.6	111.0
Training as percentage of compensation of employees	1.8%	0.9%	1.0%	0.3%	0.9%	0.9%	0.9%
Total number trained in department (head count)	21 900	16 562	11 559	291			
<i>of which:</i>							
Employees receiving bursaries (head count)	318	–	–	–			
Learnerships trained (head count)	3 116	945	73	–			
Internships trained (head count)	978	–	–	–			
Households receiving bursaries (R million)	–	2.4	3.0	3.6	–	–	–

Table 21.D Summary of departmental public private partnership (PPP) projects

Project description:	Project annual unitary fee at time of contract	Budgeted expenditure	Medium-term expenditure estimate			
			2010/11	2011/12	2012/13	2013/14
R million						
Projects signed in terms of Treasury Regulation 16	–	772.5	808.8	840.2	875.7	
PPP unitary charge	–	771.9	808.2	839.6	875.1	
Advisory fees	–	0.4	0.5	0.5	0.5	
Project monitoring cost	–	0.1	0.1	0.2	0.2	
Total	–	772.5	808.8	840.2	875.7	

Disclosure notes for projects signed in terms of Treasury Regulation 16

Project name	Two PPP Prisons, Mangaung Correctional Centre and Kutama-Sinthumule Correctional Centre
Brief description	The design, construction, operation, maintenance and financing of two Public Private Partnership correctional centres to make provision for 5 952 additional beds to the stock of prison accommodation
Date PPP agreement was signed	Bloemfontein Correctional Contracts were signed on the 24 March 2000, South African Custodial Services was signed on the 11 August 2000
Duration of PPP agreement	25 years
Escalation index for unitary fee	As stipulated in Schedule E of both contracts
Net Present Value of all payment obligations discounted at appropriate duration government bond yield	N/A
Variations / amendments to PPP agreement	None
Cost implications of variations / amendments	None
Significant contingent fiscal obligations including termination payments, guarantees, warranties and indemnities and maximum estimated value of such liabilities	N/A

Table 21.E Summary of expenditure on infrastructure

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation 2010/11	Medium-term expenditure estimate		
				2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Departmental infrastructure										
R million										
Kimberly minimum security prison	3 000 beds, support amenities, development and care facilities, offices, and clinic provided	Handed over	961.5	323.4	356.2	163.8	0.0	–	–	–
Worcester, Brandvlei: replacement of temporary cell accommodation with permanent cells	346 additional beds in permanent structures to replace temporary structures, support amenities, development and care facilities, and clinic provided	Construction	386.8	6.7	51.1	172.6	139.7	37.0	–	–
Van Rhynsdorp prison: replacement of prison and facilities	328 additional beds, support amenities, administration and visitation block provided	Construction	278.5	18.8	86.8	93.2	75.0	4.0	–	–
Ceres, Warmbokkeveld: upgrading of entire facilities, including feasibility study	282 additional beds, support amenities, and development and care facilities provided, existing dilapidated structures upgraded	Construction	231.6	2.7	42.0	77.0	66.0	55.0	–	–
Burgersdorp: upgrading, repair and renovation of existing facilities	534 additional beds, support amenities, development and care facilities provided, existing dilapidated structures upgraded	Design	298.0	0.2	0.1	0.8	–	55.2	91.2	86.2
Estcourt: demolition of existing corrugated iron buildings	301 additional beds and support facilities provided	Design	230.0	1.1	1.7	4.1	9.0	55.0	75.2	50.0
Tzaneen: replacement of temporary prison with facility for 252 inmates	447 additional beds, support amenities, and development and care facilities provided	Tender	264.0	4.2	4.8	9.3	56.0	90.0	70.0	25.0
Ingwavuma complex: heritage-upgrading of prison and erection of additional 5 cells	226 additional beds and support facilities for males provided, old structures refurbished	Design	278.0	–	–	0.0	3.0	65.0	63.0	50.0
Zeerust: total upgrading of prison complex	119 additional beds and support facilities provided	Design	230.0	0.3	1.2	1.2	2.5	63.8	80.0	40.0
Nongoma: heritage-upgrading of prison, including additional 10 cells and erection of 2 unit managers' offices	205 additional beds and support facilities provided, heritage building restored	Design	219.0	0.3	0.3	0.0	3.0	54.2	71.9	52.0

Table 21.E Summary of expenditure on infrastructure (continued)

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome		Adjusted appropriation 2010/11	Medium-term expenditure estimate				
				2007/08	2008/09		2009/10	2011/12	2012/13	2013/14	
R million											
Departmental infrastructure											
Nkandla: upgrading of prison, including erection of 5 cells and 1 unit manager's office	207 additional beds and support facilities provided, heritage building restored	Design	225.0	-	-	-	3.0	44.1	70.7	50.0	
Mapumulo: upgrading of prison, including erection of additional 4 cells	33 additional beds and support facilities provided, heritage parts of existing building restored	Design	89.0	0.0	0.0	-	-	17.7	40.2	30.0	
Makhado and Atridreville: replacement of dilapidated and temporary structures	Dilapidated structures replaced	Identification	293.9	-	-	-	-	10.0	88.2	175.8	
Standerton: adaptation and completion	765 additional beds and support facilities provided	Design	244.9	-	-	0.0	13.9	93.2	102.3	20.0	
C-Max: upgrading	Security upgraded, 12 additional beds and support facilities provided	Design	131.0	-	0.7	3.6	9.2	89.1	33.1	20.0	
Upgrading	Integrated IT installed throughout new prison	Handed over	25.0	-	-	25.0	1.5	-	-	-	
Parole board offices: construction	48 offices completed, 3 in construction, 2 in planning	Various	140.2	-	-	-	18.7	-	-	-	
ODI prison: construction of access gate, and visitors waiting room	New access control gate and visitors' waiting rooms provided	Various	9.8	-	-	-	3.8	-	-	-	
ISS-Qalakabusha, Pietermaritzburg	Integrated security system provided	Various	60.0	-	-	-	40.0	-	-	-	
Pays: upgrading and additions	176 additional beds, support amenities, development and care facilities provided, existing dilapidated structures upgraded	Identification	31.8	0.2	0.0	-	27.1	4.7	-	-	
Standby generators	Operational standby generators provided	Various	4.0	-	-	-	2.0	-	-	-	
Remand detention feasibility studies	Feasibility studies completed	Various	30.0	-	-	-	10.0	-	-	-	
Audit of facilities	Prison facilities audited, in compliance with Government Immovable Asset Management Act (2007)	Various	15.0	-	-	-	1.0	-	-	-	

Table 21.E Summary of expenditure on infrastructure (continued)

Table 21.12: Summary of expenditure on infrastructure (continued)										
Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation 2010/11	Medium-term expenditure estimate		
				2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Departmental infrastructure										
Replacement of kitchen equipment, boilers, incinerators, power, water and sewerage systems replaced, in compliance with Occupational Health and Safety Act (1993)	Kitchen equipment, boilers, incinerators, power, water and sewerage systems replaced, in compliance with Occupational Health and Safety Act (1993)	Various	343.0	-	-	-	68.0	100.0	60.0	40.0
Sewerage	New head office building provided	Identification	3.0	-	-	-	1.0	2.0	-	-
Kimberley, Brandvlei, Ceres, Van Rhynsdorp: IT provision	Integrated IT system completely installed	Design	63.0	-	-	-	7.0	12.0	-	-
Goedemoed: upgrading of water channel and water line	Water channel upgraded	Construction	70.6	9.4	43.6	20.5	8.5	-	-	-
Bergville: upgrading of prison, including erection of 6 additional cells	29 additional beds and support facilities provided	Design	39.0	1.1	0.9	-	-	-	-	-
Matatiele: upgrading of prison, including erection of 10 cells	24 additional beds and support facilities provided, heritage parts of existing building restored	Design	19.0	-	-	0.4	5.5	10.9	2.7	-
Beaufort West, Plettenberg Bay, Western Cape region: new projects	New prison facilities constructed	Identification	470.0	-	-	-	-	-	-	20.0
Mthatha, Port Elizabeth, Lusikiski, Sada, Eastern Cape region: upgrading of structures	Correctional facilities upgraded	Identification	300.0	-	-	-	-	-	-	35.0
Ladybrand, Free State/Northern Cape region: upgrading of structures	Correctional facilities upgraded	Identification	60.0	-	-	-	-	-	-	9.0
Groenpunt Medium, Free State/Northern Cape region: replacement of dilapidated or temporary structures	Dilapidated structures replaced	Identification	100.0	-	-	-	-	-	-	10.0
Utrecht, Pomeroy, Newcastle, KwaZulu-Natal region: upgrading of structures	Total of 373 additional beds and support facilities provided	Identification	200.0	-	-	-	-	-	-	29.0

Table 21.E Summary of expenditure on infrastructure (continued)

Table 2.11.2: Summary of expenditure on infrastructure (continued)									
Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome		Adjusted appropriation 2010/11	Medium-term expenditure estimate		
				2007/08	2008/09		2009/10	2011/12	2012/13
R million									
Departmental infrastructure									
Thohoyandou Youth, Litchenburg, Lydenburg, LMN region: replacement of dilapidated temporary structures	Total of 752 additional beds and support facilities provided	Design	29.0	-	-	-	-	-	29.0
Zonderwater, Voorberg Medium, Voorberg Maximum, Brandvlei Maximum and Drakenstein, Western Cape and Gauteng regions: upgrading of structures	Correctional facilities upgraded	Identification	1 010.0	-	-	-	-	-	45.0
Other small grouped projects	Structures repaired and maintained	Various	1 342.2	510.6	296.2	218.4	43.5	25.3	57.7
Maintenance									
Repairs and maintenance	Maintenance	Construction	450.0	126.4	63.0	43.7	62.0	143.0	199.0
Total			9 175.9	1 005.3	948.5	833.6	968.3	1 016.8	1 072.7

Vote 22

Defence and Military Veterans

Budget summary

R million	2011/12				2012/13	2013/14
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	3 718.1	3 668.2	36.4	13.5	4 052.1	4 395.3
Force Employment	2 241.6	1 964.0	208.3	69.3	2 436.1	2 692.2
Landward Defence	11 763.5	9 377.8	2 331.0	54.7	12 773.9	13 730.3
Air Defence	6 768.1	4 307.0	2 446.4	14.8	7 216.8	7 007.1
Maritime Defence	2 500.5	2 065.3	406.5	28.7	2 539.0	2 919.5
Military Health Support	3 044.1	2 968.0	42.5	33.6	3 328.0	3 519.7
Defence Intelligence	669.0	255.1	411.4	2.4	702.5	737.0
General Support	3 900.0	2 673.0	1 095.4	131.6	4 322.9	4 701.1
Total expenditure estimates	34 605.0	27 278.4	6 978.0	348.6	37 371.2	39 702.2

Executive authority Minister of Defence and Military Veterans

Accounting officer Secretary for Defence

Website address www.dod.mil.za

More detailed information for each vote is available at www.treasury.gov.za. More comprehensive coverage of vote specific information, particularly on goods and services, transfers and subsidies, donor funding, public entities and lower level institutional information, is provided.

Aim

Defend and protect the Republic of South Africa, its territorial integrity and its people, in accordance with the Constitution and the principles of international law regulating the use of force.

Programme purposes

Programme 1: Administration

Purpose: Develop policy, and manage and administer the department.

Programme 2: Force Employment

Purpose: Provide and employ defence capabilities, including an operational capability, to successfully conduct all operations as well as joint, interdepartmental and multinational military exercises.

Programme 3: Landward Defence

Purpose: Provide prepared and supported landward defence capabilities for the defence and protection of South Africa.

Programme 4: Air Defence

Purpose: Provide prepared and supported air defence capabilities for the defence and protection of South Africa.

Programme 5: Maritime Defence

Purpose: Provide prepared and supported maritime defence capabilities for the defence and protection of South Africa.

Programme 6: Military Health Support

Purpose: Provide prepared and supported health capabilities and services for the defence and protection of South Africa.

Programme 7: Defence Intelligence

Purpose: Provide defence intelligence and counter intelligence capability.

Programme 8: General Support

Purpose: Provide general support capabilities and services to the department.

Strategic overview: 2007/08 – 2013/14

The main objective of the Department of Defence and Military Veterans is to defend and protect South Africa, its territorial integrity and its people, in accordance with the Constitution and the principles of international law regulating the use of force.

Amended strategic focus

To continue to deliver on its mandate, the department has integrated the necessary changes to its strategic priorities, so that they are aligned with government's medium term strategic framework and the outcomes approach. The revised focus embraces government's developmental objectives and the department's core aims.

Alignment with government outcomes

The department will contribute to: ensuring a long and healthy life for all South Africans (outcome 2) through its 88 geographic health care facilities and 3 specialist or tertiary hospitals; ensuring that all people in South Africa are and feel safe (outcome 3) through borderline management; and developing a skilled and capable workforce to support an inclusive growth path (outcome 5) through the military skills development system. In relation to creating a better South Africa and contributing to a better and safer Africa and world (outcome 11), the department will take on the secretariat and coordinating role as the lead department in the international cooperation, trade and security cluster.

Strategic priorities

Specific strategic priorities that reflect the department's developmental path and are linked to performance indicators include: the department's contribution and support to the United Nations (UN) requirements for its peace missions: working with the African Union (AU) in support of the Southern African Development Community's (SADC) early warning centre, which will help the organisation's member states detect signs of crises, conflicts or natural disasters; and being a signatory to SADC's standby force agreements and pledges.

In relation to internal deployments, the department will focus on finalising its border management and safeguarding strategy.

The department will continue to enhance the one force, core force and growth force process, which ensures an appropriate balance between regular members, reserve members and personnel appointed in terms of the Public Service Act (1994). The process will be strengthened by the national youth service concept, improvements to the military skills development system and the increased use of the Reserve Force component as a supplement to the core system of defence. The department will also continue to upgrade the South African National Defence Force's equipment for its primary missions.

Contributing to global security and peace initiatives

A key part of government policy is to promote regional, continental and global security by employing defence capabilities to support UN and AU peace missions. The South African National Defence Force has given substantial support to peace missions, natural and humanitarian disasters, and democratic elections through its

land, air, maritime and military health capabilities. The department has made good progress in building good relations with countries in Africa and the world. Since 2007, the department has established 12 new defence attaché missions, providing the South African National Defence Force with increased capacity for its conducting of bilateral and multilateral relations. Support has also been given to post-conflict reconstruction and training, and this will be sustained over the medium term. Current deployments are mainly in the Democratic Republic of the Congo and Sudan.

Supporting national initiatives

The South African National Defence Force has continued to support government initiatives and departments in areas such as border safeguarding, safety and security, disaster relief and aid, search and rescue operations, and protection services during the 2010 FIFA World Cup. Humanitarian support was provided in a number of extreme instances, particularly in potential hotspots of xenophobic violence in 2009 and 2010. The defence force is prepared for being deployed for national security and humanitarian efforts, including hotspots of civilian unrest, elections, natural disasters such as fires and floods, health emergencies, and infrastructure initiatives for underserved communities.

A key achievement was the reduction of audit qualifications over the period 2007/08 to 2009/10 from 7 to 1. Furthermore, the improvements of the South African National Defence Force's members' service conditions through a new service dispensation was finalised and implemented in December 2009. In addition, to implement the May 2009 President's pronouncement on military veterans, the department, in support of the Minister, undertook work that led to the 28 December 2009 proclamation of the Department of Military Veterans.

Focus over the short and medium term

In the short term, the department will focus on updating the defence strategy, improving defence facilities and infrastructure, and preparing, maintaining and employing current defence capabilities. Over the medium term, the department will focus on achieving an affordable and sustainable force structure, rightsizing, and the rejuvenation of its human resources. Joint, interdepartmental and multinational exercises are also planned and will contribute to ensuring appropriate levels of force readiness.

Savings and cost effectiveness measures

Savings of R506.6 million in 2011/12, R568.1 million in 2012/13 and R549.2 million in 2013/14 have been identified across all programmes in spending on goods and services, mainly in spending on contractors. Significant effort has also gone into implementing other cost containment measures throughout the department without compromising frontline defence services. These include: limiting overseas visits and travel; limiting the replacement of sedan vehicles; reducing the procurement of books, pamphlets, newspapers, magazines and office furniture; and curtailing expenditure on work sessions and catering. In addition, more work will be done to address armament acquisition over the MTEF period to ensure that the cash flow arrangements remain as planned.

Selected performance indicators

Table 22.1 Defence and Military Veterans

Indicator	Programme	Past			Current	Projections		
		2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Percentage compliance with SADC early warning centre contribution and outcomes	Force Employment	—1	—1	—1	—1	100%	100%	100%
Percentage compliance with the SADC standby force agreements and South African pledge	Force Employment	—1	—1	—1	—1	100%	100%	100%
Number of large scale external operations per year	Force Employment	11	9	8	4	3	3	3

Table 22.1 Defence and Military Veterans (continued)

Indicator	Programme	Past			Current	Projections		
		2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Average number of personnel deployed daily in external operations per year	Force Employment	2 698	2 931	2 480	2 041	1 985	1 985	1 985
Number of person days used during internal operations per year	Force Employment	515 516	231 608	133 036	524 000	375 000	555 165	735 840
Number of internal operations in support of other government departments per year	Force Employment	3	4	5	5	4	4	4
Number of joint, interdepartmental and military exercises conducted per year	Force Employment	10	10	8	8	8	8	8
Percentage compliance with UN requirements, rules and regulations for peace missions	Force Employment	— ¹	— ¹	— ¹	— ¹	100%	100%	100%
Total number of defence diplomatic missions per year	Administration	32	36	37	37	37	37	37
Finalisation of the department's border management strategy	Administration	— ¹	— ¹	— ¹	— ¹	Strategy approved	Strategy implemented	Strategy reviewed
Number of force employment hours flown per year	Air Defence	12 271	11 099	12 754	8 279	10 402	8 862	9 452
Number of sea hours on patrol in South African maritime zones per year	Maritime Defence	9 648	8 236	12 945	8 286	9 000	9 000	9 000
Number of members in the military skills development system per year	Landward Defence	4 677	6 736	8 874	8 662	11 140	11 140	11 140
Number of active reserves per year	Landward Defence	12 583	19 763	13 352	11 083	16 400	17 500	18 500

1. New indicator.

Expenditure estimates

Table 22.2 Defence and Military Veterans

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
R million								
Administration	2 153.9	2 480.2	2 914.1	3 417.2	3 417.2	3 718.1	4 052.1	4 395.3
Force Employment	1 581.2	1 913.9	1 886.5	2 282.2	2 282.2	2 241.6	2 436.1	2 692.2
Landward Defence	7 128.0	7 487.2	9 042.2	9 009.6	9 009.6	11 763.5	12 773.9	13 730.3
Air Defence	7 314.8	8 018.8	8 643.8	5 536.4	5 536.4	6 768.1	7 216.8	7 007.1
Maritime Defence	2 396.7	1 837.2	1 997.5	2 358.3	2 358.3	2 500.5	2 539.0	2 919.5
Military Health Support	1 877.7	2 176.9	2 608.1	3 049.6	3 049.6	3 044.1	3 328.0	3 519.7
Defence Intelligence	461.1	506.8	594.7	656.6	656.6	669.0	702.5	737.0
General Support	2 266.8	3 380.4	3 637.3	4 132.7	4 132.7	3 900.0	4 322.9	4 701.1
Total	25 180.1	27 801.3	31 324.2	30 442.6	30 442.6	34 605.0	37 371.2	39 702.2
Change to 2010 Budget estimate				(272.7)	(272.7)	673.6	984.7	1 314.4
Economic classification								
Current payments	15 723.3	17 894.3	20 774.9	25 752.8	25 752.8	27 278.4	29 138.7	31 411.4
Compensation of employees	9 735.9	10 620.0	12 705.6	16 219.0	16 219.0	16 770.7	17 700.5	18 787.8
Goods and services	5 987.4	7 274.3	8 069.3	9 533.8	9 533.8	10 507.6	11 438.2	12 623.6
of which:								
Computer services	562.3	753.3	841.4	972.9	972.9	1 060.3	1 168.3	1 249.0
Contractors	2 390.5	2 397.6	2 834.3	3 797.7	3 797.7	4 196.6	4 683.6	5 567.8
Inventory: Food and food supplies	304.5	569.9	700.7	632.3	632.3	782.6	824.5	898.5
Property payments	339.2	407.2	485.5	505.5	505.5	679.8	760.1	831.8

Table 22.2 Defence and Military Veterans (continued)

R million	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
Transfers and subsidies	8 926.9	8 833.1	9 363.4	3 939.2	3 939.2	6 978.0	7 657.6	7 695.5
Provinces and municipalities	36.7	13.8	–	–	–	–	–	–
Departmental agencies and accounts	8 243.4	8 096.6	8 629.1	3 073.5	3 073.5	5 988.3	6 623.5	6 607.2
Public corporations and private enterprises	473.8	565.8	602.9	720.5	720.5	820.9	864.0	918.5
Non-profit institutions	2.9	4.2	4.3	4.8	4.8	6.3	6.8	7.1
Households	170.0	152.8	127.1	140.4	140.4	162.5	163.3	162.7
Payments for capital assets	497.7	998.9	1 136.3	750.6	750.6	348.6	575.0	595.2
Buildings and other fixed structures	134.1	505.4	599.1	487.0	487.0	126.5	133.8	140.2
Machinery and equipment	355.2	492.2	454.0	243.6	243.6	201.0	419.4	432.1
Specialised military assets	–	–	83.1	19.0	19.0	20.7	21.3	22.4
Biological assets	–	–	0.0	0.7	0.7	–	–	–
Software and other intangible assets	8.4	1.3	0.1	0.3	0.3	0.5	0.5	0.5
Payments for financial assets	32.2	75.0	49.6	–	–	–	–	–
Total	25 180.1	27 801.3	31 324.2	30 442.6	30 442.6	34 605.0	37 371.2	39 702.2

Expenditure trends

The spending focus over the MTEF period will be on maintaining current capabilities, strengthening borderline control, and peace missions.

Between 2007/08 and 2010/11, expenditure increased from R25.2 billion to R30.4 billion, at an average annual rate of 6.5 per cent. Over the medium term, expenditure is expected to increase to R39.7 billion, at an average annual rate of 9.3 per cent. The increase over the medium term is due to additional funding to improve conditions of service for defence force members, increase uptake into the military skills development system, modernise landward defence capabilities and border safeguarding.

The *Landward Defence* programme remains the largest programme and takes up 33 per cent of the department's budget over the medium term. Expenditure on this programme is expected to increase from R9 billion in 2010/11 to R13.7 billion in 2013/14, at an average annual rate of 15.1 per cent, mainly due to additional allocations in the 2010 Estimates of National Expenditure for landward defence renewal.

The decrease of 23.3 per cent in spending in the *Maritime Defence* programme in 2008/09 is due to the finalisation of frigate and submarine strategic defence procurement projects, while the decrease of 35.9 per cent in 2010/11 and 2.9 per cent in 2013/14 in the *Air Defence* programme is due to the termination of the A400M aircraft contract and the achievement of delivery milestones of the Gripen strategic defence procurement programme. The increases of 8.7 per cent in 2012/13 and 10.5 per cent in 2013/14 in the *Force Employment* programme are due to the allocation of funds for border safeguarding.

The ratio of administrative costs to line function programme costs in 2011/12 is 1:5. The majority of administrative costs are within the *Administration* and *General Support* programmes. Expenditure on compensation of employees at R16.8 billion or 48.5 per cent of the 2011/12 budget remains the largest item of expenditure in the defence budget and is largely due to implementing a new remuneration system in the department. Expenditure on goods and services, and transfers and subsidies make up 30.4 per cent and 20.2 per cent of the total budget in 2011/12. These percentages remain relatively stable over the medium term. The special defence account receives R6 billion or 86 per cent in transfers in 2011/12 to acquire and upgrade main weapon systems and technology. R820.9 million will be transferred to Armscor for acquisition, maintenance and disposal services of defence matériel.

Infrastructure spending

Rebuilding the runway at the Air Force Base Waterkloof is the department's only mega project. The total cost of the project will be R1.2 billion. To date, R723.4 million has been spent and another R495.3 million will be spent

over the medium term. The project is currently at the construction stage and is expected to be completed in 2012/13.

The department funds 29 small capital works and recoverable building projects. The total project cost of all the small capital works projects is R890.3 million. For 2010/11, R90 million has been allocated on these projects and an additional R405.2 million will be spent over the medium term. 30 per cent of the projects are currently at the construction stage and 70 per cent at the identification stage. All these projects are expected to be completed in 2013/14 and 2014/15. The bulk of the funds are spent on upgrading military facilities, and improving security at some military bases.

The department runs repair and maintenance programmes at the military hospitals in Pretoria and Cape Town, Air Force Base Waterkloof in Pretoria, 4 SA Infantry Battalion in Middelburg, 35 Engineer Support Regiment in Dunnottar, the Naval Dockyard in Simon's Town, 21 SA Infantry Battalion in Doornkop, 10 SA Infantry Battalion in Mafikeng, and one of the messes in Pretoria. Over the medium term, the refurbishing programme will be extended to refurbish 30 military bases. R2.7 billion has been allocated to the department's repair and maintenance programme over the MTEF period.

Personnel information

The department has an establishment of 87 430 posts, of which 78 098 are funded. The number of posts filled increased from 74 841 in 2007/08 to 77 206 in 2010/11, and is expected to grow to 80 274 in 2013/14. This is mainly as a result of the growth in the intake of military skills development system members from 8 662 in 2011/12 to 11 140 in 2013/14.

There are 892 vacancies in the department, mainly at skilled and highly skilled production levels. Most of these are in the *Landward Defence*, *Air Defence* and *General Support* programmes. The posts will be staffed according to the approved human resource plan for 2011/12.

The ratio of support staff to line staff is 1:18.

Departmental receipts

Departmental receipts are mainly from the sale of redundant or obsolete equipment and defence matériel, the rental of accommodation to personnel, and boarding and lodging. Departmental receipts, specifically financial transactions in assets and liabilities, fluctuate due to the unpredictable nature of reimbursements for peace missions. Revenue collection projections are also hampered by the unpredictable nature of the potential buyers of equipment, and by international treaties, protocols and licence agreements. The increase in revenue from 2009/10 to 2010/11 was due to the high volume of disposals. Over the medium term, revenue is expected to decrease from R902.5 million in 2010/11 to R885.9 million in 2013/14, at an average annual rate of 0.6 per cent.

Table 22.3 Departmental receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2007/08	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
Departmental receipts	551 855	629 390	699 949	902 466	902 466	803 542	843 719	885 904
Sales of goods and services produced by department	165 148	165 268	209 606	281 638	281 638	295 720	310 506	326 031
Sales of scrap, waste, arms and other used current goods	7 336	28 285	–	17 859	17 859	18 752	19 690	20 674
Transfers received	–	290 653	228 291	195 682	195 682	172 353	180 971	190 019
Fines, penalties and forfeits	1 157	1 058	3 724	3 615	3 615	3 796	3 986	4 185
Interest, dividends and rent on land	1 710	1 398	2 750	2 473	2 473	2 597	2 726	2 863
Sales of capital assets	128 913	122 066	19 481	52 684	52 684	55 318	58 084	60 988
Transactions in financial assets and liabilities	247 591	20 662	236 097	348 515	348 515	255 006	267 756	281 144
Total	551 855	629 390	699 949	902 466	902 466	803 542	843 719	885 904

Programme 1: Administration

Expenditure estimates

Table 22.4 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
R million							
Ministry	17.4	21.0	50.2	45.1	55.7	58.7	61.0
Departmental Direction	16.4	16.2	20.8	26.7	38.7	41.6	44.8
Policy and Planning	100.7	58.8	69.0	92.3	96.7	102.9	110.6
Financial Services	179.6	186.3	218.3	241.5	266.1	268.0	281.3
Human Resources Support Services	414.6	498.8	541.5	645.3	635.4	668.0	707.1
Legal Services	86.2	110.8	122.5	173.8	160.9	168.1	175.7
Inspection Services	38.4	48.1	55.5	61.0	69.8	72.9	76.7
Acquisition Services	50.7	52.9	40.7	51.8	54.1	58.4	61.9
Communication Services	21.9	23.7	29.2	29.8	29.7	31.0	32.6
South African National Defence Force Command and Control	29.1	68.0	83.6	93.8	105.8	108.8	115.8
Religious Services	5.5	7.2	7.9	9.4	9.6	11.5	12.1
Defence Reserve Direction	7.8	10.2	13.0	16.1	15.9	16.4	17.1
Defence Foreign Relations	103.0	143.8	117.6	148.3	172.4	192.1	202.0
Office Accommodation	1 082.7	1 234.4	1 544.3	1 762.3	1 962.0	2 202.7	2 445.6
Military Veterans Management	–	–	–	20.0	45.4	51.2	50.9
Total	2 153.9	2 480.2	2 914.1	3 417.2	3 718.1	4 052.1	4 395.3
Change to 2010 Budget estimate				170.1	101.0	60.4	184.0
Economic classification							
Current payments	2 079.0	2 400.4	2 828.4	3 359.3	3 668.2	4 001.3	4 344.4
Compensation of employees	773.7	851.7	950.0	1 211.1	1 235.2	1 310.5	1 387.6
Goods and services	1 305.3	1 548.7	1 878.4	2 148.3	2 433.0	2 690.9	2 956.7
of which:							
Computer services	23.2	27.7	69.4	81.1	106.6	114.4	109.3
Contractors	749.7	825.3	960.3	1 137.1	1 157.1	1 317.8	1 492.6
Inventory: Food and food supplies	4.2	5.4	12.9	15.6	23.3	21.5	43.1
Property payments	315.7	379.3	457.1	466.4	654.0	732.0	801.8
Transfers and subsidies	42.2	34.2	39.2	38.9	36.4	37.3	38.4
Provinces and municipalities	5.0	0.6	–	–	–	–	–
Departmental agencies and accounts	7.7	8.8	9.9	13.2	14.9	15.8	16.9
Non-profit institutions	–	3.9	4.0	4.2	5.9	6.4	6.7
Households	29.5	20.9	25.3	21.5	15.6	15.1	14.8
Payments for capital assets	25.7	34.4	35.9	19.0	13.5	13.5	12.6
Machinery and equipment	25.7	34.4	35.9	19.0	13.5	13.4	12.3
Payments for financial assets	6.9	11.1	10.6	–	–	–	–
Total	2 153.9	2 480.2	2 914.1	3 417.2	3 718.1	4 052.1	4 395.3
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	7.7	8.8	9.9	13.2	14.9	15.8	16.9
Safety and Security Sector Education and Training Authority	7.7	8.8	9.9	13.2	14.9	15.8	16.9
Households							
Households social benefits							
Current	29.5	20.9	25.3	21.5	15.6	15.1	14.8
Employee Social Benefits	29.5	20.9	25.3	21.5	15.6	15.1	14.8

Table 22.4 Administration (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	5.0	0.6	–	–	–	–	–
Regional Service Council Levies	5.0	0.6	–	–	–	–	–
Non-profit institutions							
Current	–	3.9	4.0	4.2	5.9	6.4	6.7
Reserve Force Council	–	3.9	4.0	4.2	5.9	6.4	6.7

Expenditure trends

Expenditure increased from R2.2 billion in 2007/08 to R3.4 billion in 2010/11, at an average annual rate of 16.6 per cent, and is expected to increase to R4.4 billion over the medium term, at an average annual rate of 8.8 per cent. The strong growth in this programme is the result of increased expenditure in the *Office Accommodation* subprogramme, which grew from R1.1 billion in 2007/08 to R1.8 billion in 2010/11, at an average annual rate of 17.6 per cent, and is expected to increase to R2 billion over the medium term at an average annual rate of 11.5 per cent.

Between 2007/08 and 2010/11, expenditure in the *Ministry* subprogramme increased at an average annual rate of 37.4 per cent, due to the organisational structures in the office of the minister being expanded. Expenditure in the *Military Veterans Management* subprogramme is expected to increase from R20 million in 2010/11 to R50.9 million in 2013/14, at an average annual rate of 36.6 per cent to cater for the department's operational expenditure.

The increase of 44.8 per cent in expenditure in the *Departmental Direction* subprogramme and 12.8 per cent in the *South African National Defence Force Command and Control* subprogramme in 2011/12 is due to the filling of vacant posts. The increase of 14.4 per cent in the *Inspection Services* subprogramme in 2011/12 is due to the appointment of staff to finalise the closing-down audits of the group headquarters and commando units. The increase of 41.8 per cent in the transfers to non-profit institutions in 2011/12 relates to the Reserve Force Council and will provide for the implementation of the reserve force salary dispensation.

Programme 2: Force Employment

- *Strategic Direction* formulates and controls strategies, policies and plans for the employment of forces. The subprogramme has a staff complement of 162, and a total budget of R108.4 million, of which 71.8 per cent will be used for compensation of employees. In the first half of 2010/11, the department successfully employed mission trained forces in terms of South Africa's policies and international obligations.
- *Operational Direction* provides operational direction to joint and multinational task forces and joint tactical headquarters through an operational level headquarters. The subprogramme has a staff complement of 565, and a total budget of R261.4 million, of which 81.4 per cent will be used for compensation of employees. In the first half of 2010/11, Joint Operations was actively involved with the international cooperation trade and security cluster delivery agreement in working with key partners to produce outputs which will contribute to the creating a better South Africa and contributing to a better and safer Africa and world (outcome 11).
- *Special Operations* provides and employs a special operations capability within the approved Special Forces mandate for the South African National Defence Force. The subprogramme has a total budget of R550.8 million, of which 49.4 per cent will be used for compensation of employees. In the first half of 2010/11, Special Forces provided support to marine and coastal management by providing a surveillance team deployed in the Betty's Bay area in Western Cape.
- *Regional Security* provides for the deployment of forces in support of South Africa's commitment to regional, continental and global security. The subprogramme has a total budget of R943.8 million, of which 39.3 per cent will be used for compensation of employees and 17 per cent for operating expenditure. In the

first half of 2010/11, the South African National Defence Force conducted two large to medium scale peace support operations and two small scale general military assistance operations, based on requests from the UN and the AU.

- *Support to the People* provides for the internal deployment of forces in support of the South African Police Service and other government departments. The subprogramme has a total budget of R341.7 million, of which 47.5 per cent will be used for compensation of employees and 50 per cent for repairs and maintenance and new machinery acquisition. In the first half of 2010/11, the South African National Defence Force successfully deployed members to the Musina, Pontdrift, Macadamia and Ndumo bases to execute border safeguarding tasks. 3 831 illegal foreigners and 241 criminals were arrested, and 4 stolen vehicles and 6 weapons, as well as narcotics were recovered. Support was also provided to the Department of Health during the 25-day public service strike.
- *Defence Capability Management* provides for: the planning and control of joint, interdepartmental and multinational military force preparation exercises; developing the joint force employment command; and control plan and capability development management. The subprogramme has a total budget of R35.3 million, of which 60 per cent goes to contractors for building and contractual obligations and 33 per cent is a transfer payment to the Armaments Corporation of South Africa. In 2010/11, the following outputs were achieved: guidance of shipping in the Pacific Ocean in Sydney, Australia; and a multinational exercise between the navies of South Africa, India and Brazil in South Africa.

Objectives and measures

- Provide and manage defence capabilities, including an operational capability, to conduct operations and joint interdepartmental and multinational military exercises by:
 - providing and employing a special operations capability in accordance with national requirements
 - ensuring full participation in the number of peace missions as instructed by the president
 - conducting 24 joint, interdepartmental and multinational military force preparation exercises over the next 3 years (excluding Special Forces and service unique multinational exercises)
 - conducting 4 operations per year protecting the territorial integrity and sovereignty of South Africa, supporting other government departments and complying with international obligations.

Expenditure estimates

Table 22.5 Force Employment

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
R million							
Strategic Direction	50.8	56.5	69.6	91.8	108.4	106.6	111.5
Operational Direction	160.2	144.0	169.7	248.9	261.4	280.2	301.0
Special Operations	343.5	373.2	417.2	488.8	550.8	579.8	616.1
Regional Security	722.6	1 092.2	1 091.3	1 094.1	943.8	996.2	1 086.4
Support to the People	293.2	234.7	94.9	339.6	341.7	454.3	557.4
Defence Capability Management	10.8	13.3	43.9	19.0	35.3	18.9	19.9
Total	1 581.2	1 913.9	1 886.5	2 282.2	2 241.6	2 436.1	2 692.2
Change to 2010 Budget estimate				373.3	244.4	349.7	491.2
Economic classification							
Current payments	1 405.6	1 661.6	1 662.3	2 074.1	1 964.0	2 143.1	2 384.4
Compensation of employees	689.1	741.2	881.3	1 195.9	1 096.1	1 087.8	1 143.9
Goods and services	716.5	920.4	780.9	878.2	867.9	1 055.3	1 240.5
of which:							
Computer services	3.0	1.6	3.1	3.8	4.6	4.4	4.9
Contractors	273.2	142.0	123.2	296.4	375.3	541.3	680.1
Inventory: Food and food supplies	32.7	97.2	67.2	35.0	34.9	33.5	37.7
Property payments	1.0	0.2	0.6	1.1	1.1	0.5	0.6

Table 22.5 Force Employment (continued)

Audited outcome				Adjusted appropriation	Medium-term expenditure estimate		
R million	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Economic classification							
Transfers and subsidies	120.6	160.2	166.2	145.4	208.3	216.9	224.9
Provinces and municipalities	1.3	0.6	–	–	–	–	–
Departmental agencies and accounts	111.8	152.1	156.8	129.4	186.9	194.7	201.4
Public corporations and private enterprises	–	–	–	4.0	11.7	12.6	13.5
Households	7.5	7.6	9.4	12.0	9.7	9.6	10.0
Payments for capital assets	54.9	60.6	58.1	62.7	69.3	76.1	83.0
Buildings and other fixed structures	1.8	0.7	1.5	12.6	9.4	10.3	10.3
Machinery and equipment	53.2	60.0	56.6	47.8	57.4	62.6	69.3
Specialised military assets	–	–	0.0	2.4	2.4	3.1	3.4
Payments for financial assets	0.0	31.5	–	–	–	–	–
Total	1 581.2	1 913.9	1 886.5	2 282.2	2 241.6	2 436.1	2 692.2
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	111.8	152.1	156.8	129.4	186.9	194.7	201.4
Special Defence Account	111.8	152.1	156.8	129.4	186.9	194.7	201.4
Households							
Households social benefits							
Current	7.5	7.6	9.4	12.0	9.7	9.6	10.0
Employee Social Benefits	7.5	7.6	9.4	12.0	9.7	9.6	10.0
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	1.3	0.6	–	–	–	–	–
Regional Service Council Levies	1.3	0.6	–	–	–	–	–
Public corporations and private enterprises							
Public corporations							
Public corporations - subsidies on products and production							
Current	–	–	–	4.0	11.7	12.6	13.5
Armaments Corporation of South Africa Ltd	–	–	–	4.0	11.7	12.6	13.5

Expenditure trends

The spending focus over the MTEF period will be on: conducting peace missions; phasing in border safeguarding; planning and control of joint, interdepartmental and multinational exercises; general military assistance and support to other government departments; and the deployment of Special Forces capabilities.

Expenditure increased from R1.6 billion in 2007/08 to R2.3 billion in 2010/11, at an average annual rate of 13 per cent and is expected to increase to R2.7 billion over the medium term, at an average annual rate of 5.7 per cent. The increases in all the subprogrammes between 2009/10 and 2011/12 are due to the improvements to conditions of service for defence force members. This is also the reason for the 35.7 per cent increase in compensation of employees over the same period.

The significant growth of 257.9 per cent in the *Support to the People* subprogramme in 2010/11 is mainly due to an additional allocation of R200 million for the defence force's support to the South African Police Service during the hosting of the 2010 FIFA World Cup, and an additional R25 million for support provided during the 2010 public service strike. The increase of 33 per cent in 2012/13 and 22.7 per cent in 2013/14 in the same subprogramme is due to the allocation of additional funds for border safeguarding. This is also the reason for the 21.6 per cent and 17.6 per cent increase in expenditure on goods and services in 2012/13 and 2013/14. Transfers and subsidies are expected to increase at an average annual rate of 15.7 per cent over the medium term, to provide for the development and acquisition of specialised equipment used by the Special Forces.

The ratio of administrative costs to line function costs in 2011/12 is 1:19.

Programme 3: Landward Defence

- *Strategic Direction* directs, orchestrates and controls the South African Army to prepare and provide supported landward capabilities for the defence and protection of South Africa. The subprogramme has a staff complement of 730, and a total budget of R552.5 million, of which 43.9 per cent will be used for compensation of employees and 49.6 per cent for goods and services.
- *Infantry Capability* provides combat ready infantry capabilities through training, preparing, exercising and supporting mechanised, motorised and airborne infantry units. The subprogramme has a staff complement of 15 785, and a total budget of R3.5 billion, of which 79.9 per cent will be used for compensation of employees.
- *Armour Capability* provides combat ready armour capabilities through training, preparing, exercising and supporting tank and armoured car units. The subprogramme has a staff complement of 1 150, and a total budget of R288.9 million, of which 92.6 per cent will be used for compensation of employees.
- *Artillery Capability* provides combat ready artillery capabilities through training, preparing, exercising and supporting composite and light artillery units. The subprogramme has a staff complement of 1 651, and a total budget of R467.4 million, of which 60.9 per cent will be used for compensation of employees and 35 per cent for capital acquisitions.
- *Air Defence Artillery Capability* provides combat ready air defence artillery capabilities through training, preparing, exercising and supporting air defence artillery units. The subprogramme has a staff complement of 1 062, and a total budget of R458.4 million, of which 44.4 per cent will be used for compensation of employees, and 51.9 per cent for capital acquisitions.
- *Engineering Capability* provides combat ready engineering capabilities to ensure mobility and establish infrastructure during exercises and deployments. This is done through training, preparing, exercising and supporting field and construction engineer units. The subprogramme has a staff complement of 2 475, and a total budget of R485.2 million, of which 92.7 per cent will be used for compensation of employees.
- *Operational Intelligence* provides combat ready operational intelligence capabilities for the successful planning and execution of operations. This is done through training, preparing, exercising and supporting intelligence units. The subprogramme has a staff complement of 770, and a total budget of R232 million, of which 60.5 per cent will be used for compensation of employees and 35.6 per cent for capital acquisitions.
- *Command and Control Capability* provides combat ready tactical command and control capabilities for integrated forces during force preparation and force employment. The subprogramme has a staff complement of 414, and a total budget of R122.6 million, of which 92.7 per cent will be used for compensation of employees.
- *Support Capability* provides line support capabilities to units and bases, and ensures support to deployed combat units through training, preparing, exercising and supporting first and second line maintenance units and workshops. The subprogramme has a staff complement of 10 556, and a total budget of R4.5 billion, of which 41.4 per cent will be used for compensation of employees, and 27.2 percent for capital acquisitions.
- *General Training Capability* provides general training capabilities through basic military training, junior leader training, common landward training and command and management training at the training depot, the South African Army Gymnasium, the Combat Training Centre and the South African Army College. The subprogramme has a staff complement of 1 500, and a total budget of R312.6 million, of which 83.7 per cent will be used for compensation of employees.
- *Signal Capability* provides combat ready signal capabilities to ensure command, control and communications during exercises and deployments. This is done through training, preparing, exercising and supporting signal units. The subprogramme has a staff complement of 4 020, and a total budget of R830.5 million, of which 92.2 per cent will be used for compensation of employees.

Objectives and measures

- Defend and protect South Africa and its territory by:
 - providing 2 infantry battalions a year sustained for external deployment, 1 airborne battalion as Chief of the South African National Defence Reaction Force, 9 multi-role companies for internal safety and

security, 2 battalions in support of internal security (borderline control), and 6 battalions involved in exercises per year

- exercising 1 tank regiment and 1 armoured car regiment with a squadron for internal deployment per year
- exercising 1 composite artillery regiment and 1 light (airborne) artillery battery and 1 battery for internal deployment per year
- exercising 1 air defence artillery regiment and 1 light (airborne) air defence artillery battery and 1 battery for internal deployment per year
- providing 1 sustained composite engineer squadron for external deployment, 1 composite engineer squadron for internal safety and security, and exercising 1 light (airborne) engineer and 1 field engineer squadron per year
- providing 2 signal squadrons per year for external deployment, internal signal support, and 1 composite brigade signal squadron involved in exercises.

Expenditure estimates

Table 22.6 Landward Defence

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R million	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Strategic Direction	178.8	258.9	350.1	373.4	552.5	568.4	526.9
Infantry Capability	2 230.1	2 508.7	3 077.2	3 320.6	3 543.2	3 985.4	4 392.9
Armour Capability	348.1	230.3	240.3	294.6	288.9	294.9	307.1
Artillery Capability	485.6	343.8	328.0	305.1	467.4	433.8	579.3
Air Defence Artillery Capability	262.4	303.8	388.6	8.0	458.4	457.4	471.4
Engineering Capability	243.7	284.9	356.6	510.0	485.2	507.2	549.5
Operational Intelligence	133.5	197.0	264.7	276.2	231.6	160.7	167.8
Command and Control Capability	78.1	86.7	99.6	131.4	122.6	135.7	143.5
Support Capability	2 492.3	2 525.1	3 021.9	2 639.2	4 470.5	5 030.4	5 322.0
General Training Capability	177.8	219.5	269.5	377.0	312.6	328.4	347.8
Signal Capability	497.7	528.5	645.7	774.0	830.5	871.6	922.2
Total	7 128.0	7 487.2	9 042.2	9 009.6	11 763.5	12 773.9	13 730.3
Change to 2010 Budget estimate				(973.3)	1 332.3	1 711.8	2 059.8
Economic classification							
Current payments	4 951.9	5 316.6	6 606.7	8 460.8	9 377.8	9 901.1	10 575.6
Compensation of employees	4 113.0	4 253.6	5 331.6	6 798.8	7 408.9	7 836.0	8 327.4
Goods and services	838.8	1 063.0	1 275.1	1 662.0	1 968.9	2 065.1	2 248.3
of which:							
Computer services	53.1	88.5	76.6	98.9	102.7	109.6	115.9
Contractors	178.9	147.1	186.7	237.3	317.3	314.6	443.8
Inventory: Food and food supplies	147.7	289.6	397.8	302.5	478.4	532.4	581.1
Property payments	3.4	4.3	3.7	6.2	6.8	7.0	7.4
Transfers and subsidies	2 125.3	2 077.1	2 326.1	494.6	2 331.0	2 637.5	2 922.5
Provinces and municipalities	11.6	6.1	–	–	–	–	–
Departmental agencies and accounts	2 065.3	2 016.6	2 286.9	414.4	2 233.7	2 539.0	2 823.0
Public corporations and private enterprises	–	1.4	–	39.0	51.3	52.9	53.8
Households	48.4	53.0	39.2	41.2	46.0	45.7	45.7
Payments for capital assets	47.4	83.8	107.1	54.2	54.7	235.2	232.1
Machinery and equipment	47.4	83.6	98.2	54.0	54.6	235.1	232.0
Specialised military assets	–	–	8.8	0.1	–	–	–
Software and other intangible assets	0.0	0.2	–	0.0	–	–	–
Payments for financial assets	3.4	9.7	2.3	–	–	–	–
Total	7 128.0	7 487.2	9 042.2	9 009.6	11 763.5	12 773.9	13 730.3

Table 22.6 Landward Defence (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	2 065.3	2 016.6	2 286.9	414.4	2 233.7	2 539.0	2 823.0
Special Defence Account	2 065.3	2 016.6	2 286.9	414.4	2 233.7	2 539.0	2 823.0
Households							
Households social benefits							
Current	48.4	53.0	39.2	41.2	46.0	45.7	45.7
Employee Social Benefits	48.4	53.0	39.2	41.2	46.0	45.7	45.7
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	11.6	6.1	-	-	-	-	-
Regional Service Council Levies	11.6	6.1	-	-	-	-	-
Public corporations and private enterprises							
Public corporations							
Public corporations - subsidies on products and production							
Current	-	1.4	-	39.0	51.3	52.9	53.8
Armaments Corporation of South Africa Ltd	-	1.4	-	39.0	51.3	52.9	53.8

Expenditure trends

The spending focus over the MTEF period will be on providing forces for internal and external deployments according to government requirements. In this regard, the South African Army will continue to prepare its forces to comply with military strategic objectives and facilitate individual formal training to ensure career progress. Assets and equipment will be maintained and managed to support deployments and force preparation. Huge efforts will also be made to replace obsolete ammunition and equipment and to build up sufficient stock to enable comprehensive force preparation and training.

Expenditure increased from R7.1 billion in 2007/08 to R9 billion in 2010/11, at an average annual rate of 8.1 per cent and is expected to increase to R13.7 billion over the medium term, at an average annual rate of 15.1 per cent. This is mainly due to additional funding for increases in the military skills development system intakes, increased maintenance requirements of the South African Army's ageing operational vehicle fleet, initiation of landward defence equipment renewal projects, the procurement of critical ammunition and the implementation of the military salary dispensation.

Expenditure in the *Air Defence Artillery Capability* subprogramme is expected to increase from R8 million in 2010/11 to R458.4 million in 2011/12, due to a shift in delivery milestones of the shoulder launched air defence artillery system and mobile ground to air missile system programmes. The increase of 48 per cent in expenditure in the *Strategic Direction* subprogramme in 2011/12 is due to the implementation and rollout of a new logistic system in the South African Army and the codification of assets, while the increase of 53.2 per cent in the *Artillery Capability* subprogramme in 2011/12 is due to the delivery milestones of the artillery target engagement system. The increase of 69.4 per cent in spending in the *Support Capability* subprogramme in 2011/12 is due to increased spending on compensation of employees, provision for transport of redundant assets to be disposed of, the procurement of ammunition and parachutes, the replacement of logistic support vehicles and the delivery milestones of the mobile and rapid deployable mass feeding system. Over the medium term, spending in the *Operational Intelligence* subprogramme is projected to decrease at an average annual rate of 15.3 per cent in between 2010/11 and 2013/14 due to the finalisation of the mobile intelligence processing system.

Between 2010/11 and 2013/14, transfers and subsidies are expected to grow by 80.8 per cent due to the replacement of obsolete ammunition and parachutes, while expenditure on payments for capital assets is

expected to increase by at average annual rate of 62.4 per cent over the same period due to the replacement of obsolete, big tonnage, logistic support vehicles.

The ratio of administrative costs to line function costs in 2011/12 is 1:18.

Programme 4: Air Defence

- *Strategic Direction* provides strategic direction to the *Air Defence* programme by formulating and controlling strategies, policies and plans via the Air Force office to prepare and provide the capabilities required by the Chief of the South African National Defence Force. The subprogramme has a staff complement of 42, and a total budget of R14.5 million, of which 65.9 per cent will be used for compensation of employees. In 2009/10, the South African Air Force made 43 flights in fire fighting operations, 32 flights for medical and casualty evacuations, 12 flights searching for people, aircraft and vessels, and 3 flood relief flights.
- *Operational Direction* provides operational direction to the programme by means of air command. The subprogramme has a staff complement of 915, and a total budget of R129.9 million, of which 32.1 per cent will be used for repairs and maintenance of equipment and 45.6 per cent for fuel. In 2009/10, South African Air Force personnel ensured that, as planned, aircraft were available 76.4 per cent of the time daily and 98.7 per cent of planned flying hours were flown, translating to 32 866 hours. Exercises with foreign countries included participation in the SADC exercise in Lohatla and Namibia, as well as a binational exercise with the German air force and navy in Western Cape.
- *Helicopter Capability* provides and sustains operationally ready light utility helicopters, medium transport helicopters and combat support helicopters. The subprogramme has a staff complement of 454, and a total budget of R743.6 million, of which 49.5 per cent will be used for repairs and maintenance of equipment and 27.8 per cent for capital acquisition. In 2009/10, the last three of 30 A109 light utility helicopters were delivered, and were fully released to service with the four Lynx helicopters delivered in 2007. Squadrons were available according to force requirements, as planned.
- *Transport and Maritime Capability* provides and sustains operationally ready transport and maritime aircraft. The subprogramme has a staff complement of 341, and a total budget of R617 million, of which 52.5 per cent is used for repairs and maintenance of equipment and 17.8 per cent for compensation of employees. In 2009/10, squadrons were available according to force requirements, as planned.
- *Air Combat Capability* provides and sustains operationally ready advanced light fighter aircraft. The subprogramme has a staff complement of 188, and a total budget of R1.9 billion, of which 86.6 per cent will be used for capital acquisition. In 2009/10, the unit became fully operational for combat training, 9 two-seat and 2 single-seat Gripen aircraft were delivered, and the Gripen aircraft system was qualified to deliver bombs and missiles. Squadrons were available according to force requirements, as planned.
- *Operational Support and Intelligence Capability* prepares, develops, provides and supports protection support, intelligence systems and counter intelligence support to the South African Air Force through protection squadrons, intelligence subsystems and intelligence training unique to the air force. The subprogramme has a staff complement of 903, and a total budget of R284 million, of which 59.4 per cent will be used for compensation of employees and 34 per cent for capital acquisition.
- *Command and Control Capability* supplies and maintains operationally ready command and control elements in support of air battle space operations. The subprogramme has a staff complement of 427, and a total budget of R341 million, of which 33.9 per cent will be used for compensation of employees and 39.6 per cent for capital acquisition. In 2009/10, the South African Air Force and the Air Traffic and Navigation Services deployed and integrated a network of radars, observation posts and electronic warfare sensors across South Africa to detect and monitor compliance with published restrictions.
- *Base Support Capability* provides air base infrastructure facilities to squadrons and resident units on bases, including the maintenance of all relevant systems and personnel, to support flying operations. The subprogramme has a staff complement of 4 294, and a total budget of R1.4 billion, of which 84 per cent will be used for compensation of employees.

- *Command Post* renders command and control over all missions flown. The subprogramme has a staff complement of 119, and a total budget of R49 million, of which 71.2 per cent will be used for compensation of employees. During the 2010 FIFA World Cup, 2 367 personnel were deployed and under the command of the South African Air Force. Also in 2010/11, 12 921 pilots were screened, of which 6 requests were rejected, and a total of 64 739 clearances were issued.
- *Training Capability* provides for the general education, training and development of South African Air Force personnel. The subprogramme has a staff complement of 2 515, and a total budget of R681 million, of which 49.3 per cent will be used for compensation of employees and 41.6 per cent for machinery and equipment. In 2009/10, 1 734 learners attended planned courses.
- *Technical Support Services* establishes, maintains and prepares optimised technical and tactical logistic support capabilities to provide support to system groups and manage air service units. The subprogramme has a staff complement of 1 169, and a total budget of R639 million, of which 49.7 per cent will be used for compensation of employees and 39.6 per cent for outsourced catering services.

Objectives and measures

- Defend and protect South Africa and its airspace by providing:
 - 4 helicopter squadrons and 1 combat support squadron per year
 - 3 medium transport squadrons (including one VIP squadron), 1 maritime and transport squadron, 1 light transport squadron and 9 reserve squadrons at the required readiness levels per year
 - 1 air combat squadron per year
 - a 24-hour air command and control capability.

Expenditure estimates

Table 22.7 Air Defence

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
R million							
Strategic Direction	11.7	12.5	13.7	17.4	14.5	16.8	17.8
Operational Direction	169.5	170.7	141.5	102.5	129.9	141.4	171.1
Helicopter Capability	1 232.1	1 166.5	768.1	934.4	743.6	626.8	552.4
Transport and Maritime Capability	851.7	1 723.9	2 670.3	547.8	616.9	964.0	984.9
Air Combat Capability	3 133.7	2 833.3	2 536.0	785.4	1 895.0	1 981.4	1 647.8
Operational Support and Intelligence Capability	143.4	146.1	204.6	243.5	283.5	446.4	462.9
Command and Control Capability	200.1	203.0	223.9	277.4	340.8	369.1	367.1
Base Support Capability	783.2	1 013.7	1 116.8	1 323.4	1 375.2	1 454.2	1 528.4
Command Post	32.1	41.7	41.0	45.3	49.0	51.0	55.4
Training Capability	237.7	258.6	383.8	604.1	680.9	491.5	502.4
Technical Support Services	519.7	448.6	544.1	655.1	638.8	674.1	716.9
Total	7 314.8	8 018.8	8 643.8	5 536.4	6 768.1	7 216.8	7 007.1
Change to 2010 Budget estimate				(522.7)	(1 142.4)	(1 145.1)	(1 814.7)
Economic classification							
Current payments	2 690.3	3 009.9	3 427.3	4 088.5	4 307.0	4 369.5	4 669.6
Compensation of employees	1 502.3	1 636.8	1 885.1	2 416.9	2 456.5	2 640.8	2 820.7
Goods and services	1 187.9	1 373.1	1 542.2	1 671.6	1 850.5	1 728.7	1 849.0
of which:							
Computer services	37.2	19.4	31.0	40.7	34.6	34.1	38.7
Contractors	518.3	596.4	779.6	845.1	1 042.7	886.3	962.4
Inventory: Food and food supplies	46.8	49.6	67.9	150.6	79.8	78.9	72.3
Property payments	1.7	1.9	1.9	2.2	2.9	3.2	3.4

Table 22.7 Air Defence (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Transfers and subsidies	4 567.9	4 955.7	5 182.2	1 422.9	2 446.4	2 829.6	2 318.0
Provinces and municipalities	6.3	1.8	–	–	–	–	–
Departmental agencies and accounts	4 537.9	4 924.3	5 167.6	1 407.4	2 418.7	2 802.4	2 290.5
Public corporations and private enterprises	–	–	–	2.1	2.9	2.3	2.4
Households	23.8	29.6	14.6	13.4	24.8	24.9	25.1
Payments for capital assets	56.3	52.5	33.7	25.0	14.8	17.7	19.5
Buildings and other fixed structures	1.3	1.2	–	–	0.0	0.1	0.0
Machinery and equipment	54.4	51.0	27.9	20.4	8.2	10.7	12.3
Specialised military assets	–	–	5.8	4.6	6.6	6.8	7.1
Software and other intangible assets	0.7	0.2	0.0	–	–	–	–
Payments for financial assets	0.2	0.7	0.5	–	–	–	–
Total	7 314.8	8 018.8	8 643.8	5 536.4	6 768.1	7 216.8	7 007.1
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	4 537.9	4 924.3	5 167.6	1 407.4	2 418.7	2 802.4	2 290.5
Special Defence Account	4 537.9	4 924.3	5 167.6	1 407.4	2 418.7	2 802.4	2 290.5
Households							
Households social benefits							
Current	23.8	29.6	14.6	13.4	24.8	24.9	25.1
Employee Social Benefits	23.8	29.6	14.6	13.4	24.8	24.9	25.1
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	6.3	1.8	–	–	–	–	–
Regional Service Council Levies	6.3	1.8	–	–	–	–	–
Public corporations and private enterprises							
Public corporations							
Public corporations - subsidies on products and production							
Current	–	–	–	2.1	2.9	2.3	2.4
Armaments Corporation of South Africa Ltd	–	–	–	2.1	2.9	2.3	2.4

Expenditure trends

The spending focus over the MTEF period will be on creating and restoring capacity and capabilities to supply prepared forces and to support these forces once deployed.

Expenditure decreased from R7.3 billion in 2007/08 to R5.5 billion in 2010/11, at an average annual rate of 8.9 per cent, due to the completion of the strategic defence procurement programme. Expenditure is expected to increase to R7 billion in 2013/14, at an average annual rate of 8.2 per cent.

Expenditure in the *Helicopter Capability* subprogramme is expected to decrease from R934.4 million to R552.4 million over the MTEF period, at an average annual rate of 16.1 per cent due to the completion of the Rooivalk support helicopter project and the Oryx operational helicopter upgrading project. Over the same period, the increase of 21.6 per cent in the *Transport and Maritime Capability* subprogramme will provide for the upgrade of the Falcon 900 project and the increased serviceability of the C130 aircraft capability. The increase of 23.9 per cent in the *Operational Support and Intelligence Capability* subprogramme will provide for the implementation of protection systems at air force bases, units and deployed elements. The increase in expenditure of 22.9 per cent in 2011/12 in the *Command and Control Capability* subprogramme is due to the delivery milestones of the replacement of aircraft rescue and fire vehicles project.

The ratio of administrative costs to line function costs in 2011/12 is 1:38.

Programme 5: Maritime Defence

- *Maritime Direction* provides strategic direction by formulating and controlling strategies, policies, plans and advice to prepare and provide the maritime capabilities required to defend and protect South Africa. The subprogramme has a staff complement of 1 166, and a total budget of R472.2 million, of which 87.1 per cent will be used for compensation of employees. In 2010/11, the Chief of the Navy visited and hosted various international countries and guests.
- *Maritime Combat Capability* provides mission ready and supported maritime combat capabilities in line with the approved force design of the department. The subprogramme has a staff complement of 692, and a total budget of R570.9 million, of which 50.2 per cent will be used for compensation of employees and 33.9 per cent for capital acquisitions. In 2010/11, maritime security was provided for the 2010 FIFA World Cup and multinational exercises involving the navies of Brazil, India and South Africa were prepared and executed. 8 286 sea hours for patrolling South African maritime zones were recorded in the first six months.
- *Maritime Logistic Support Capability* sustains the availability of the force structure elements in the naval force design to ensure compliance with ordered operational commitments. The subprogramme has a staff complement of 1 762, and a total budget of R724.3 million, of which 25 per cent will be used for repairs and maintenance of equipment, 16.9 per cent for compensation of employees and 16 per cent for a transfer to the Armaments Corporation of South Africa. In 2010/11, a clearly formulated user asset management plan will guide infrastructure development and renewal.
- *Maritime Human Resources and Training Capability* ensures that maritime combat capability requirements are met in terms of qualified regular and reserve force members. The subprogramme has a staff complement of 2 601, and a total budget of R240.6 million, of which 83.3 per cent will be used for compensation of employees. In 2010/11, the subprogramme participated in the South African National Defence Force's marketing and recruitment drive, during which 6 provinces were visited and 29 800 people were reached.
- *Base Support Capability* provides a general base support capability to ships and submarines, shore units, and other identified clients to ensure that the fleet complies with specified operational readiness levels. The subprogramme has a staff complement of 1 324, and a total budget of R493 million, of which 84.4 per cent will be used for compensation of employees.

Objectives and measures

- Defend and protect South Africa and its maritime zones by providing:
 - a surface combat capability of 4 frigates, 1 combat support vessel, 2 offshore patrol vessels, 3 inshore patrol vessels and a maritime reaction squadron in each annual operational cycle
 - a sub-surface combat capability of 2 submarines in each annual operational cycle
 - 2 mine countermeasures systems in each annual operational cycle to ensure safe access to South African harbours and where mine clearance may be required
 - an ongoing hydrographic survey capability to ensure safe navigation in charting areas and to meet international obligations.

Expenditure estimates

Table 22.8 Maritime Defence

Subprogramme				Adjusted	Medium-term expenditure estimate		
	Audited outcome			appropriation			
R million	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Maritime Direction	273.9	298.8	327.8	417.8	472.2	490.1	518.4
Maritime Combat Capability	1 160.7	473.5	447.2	522.3	570.9	527.8	803.9
Maritime Logistic Support Capability	409.5	476.5	488.0	586.8	724.3	756.1	789.4
Maritime Human Resource and Training Capability	144.3	158.6	244.9	273.4	240.6	250.7	263.3
Base Support Capability	408.4	429.8	489.6	557.9	492.5	514.3	544.3
Total	2 396.7	1 837.2	1 997.5	2 358.3	2 500.5	2 539.0	2 919.5
Change to 2010 Budget estimate				178.5	180.5	(35.2)	203.7
Economic classification							
Current payments	1 327.5	1 363.0	1 552.4	1 894.2	2 065.3	2 163.9	2 286.9
Compensation of employees	916.4	855.1	1 047.5	1 309.9	1 436.0	1 511.2	1 600.6
Goods and services	411.0	507.9	504.9	584.3	629.3	652.8	686.3
<i>of which:</i>							
Computer services	19.7	26.3	27.7	35.4	36.2	40.2	45.0
Contractors	99.3	145.6	175.7	187.4	203.6	232.3	297.2
Inventory: Food and food supplies	38.3	55.7	74.4	56.4	74.2	75.2	76.4
Property payments	6.0	8.9	10.5	15.7	7.2	7.8	8.5
Transfers and subsidies	1 034.4	386.5	366.4	414.9	406.5	347.2	603.7
Provinces and municipalities	11.7	0.3	–	–	–	–	–
Departmental agencies and accounts	948.8	255.5	249.5	249.5	252.7	183.6	428.2
Public corporations and private enterprises	58.5	117.7	104.2	138.3	133.8	143.5	155.4
Households	15.4	13.1	12.8	27.1	20.1	20.1	20.1
Payments for capital assets	33.8	87.5	78.0	49.2	28.7	27.9	28.9
Buildings and other fixed structures	13.7	41.1	33.3	31.9	22.1	22.9	23.9
Machinery and equipment	20.0	46.4	43.4	15.9	5.2	4.6	4.4
Specialised military assets	–	–	1.4	1.2	0.9	–	–
Software and other intangible assets	0.1	0.0	0.0	0.2	0.5	0.5	0.5
Payments for financial assets	1.0	0.2	0.7	–	–	–	–
Total	2 396.7	1 837.2	1 997.5	2 358.3	2 500.5	2 539.0	2 919.5
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	948.8	255.5	249.5	249.5	252.7	183.6	428.2
Special Defence Account	948.8	255.5	249.5	249.5	252.7	183.6	428.2
Households							
Households social benefits							
Current	15.4	13.1	12.8	27.1	20.1	20.1	20.1
Employee Social Benefits	15.4	13.1	12.8	27.1	20.1	20.1	20.1
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	11.7	0.3	–	–	–	–	–
Regional Service Council Levies	11.7	0.3	–	–	–	–	–
Public corporations and private enterprises							
Public corporations							
Public corporations - subsidies on products and production							
Current	58.5	117.7	104.2	138.3	133.8	143.5	155.4
Armaments Corporation of South Africa Ltd	58.5	117.7	104.2	138.3	133.8	143.5	155.4

Expenditure trends

The spending focus over the MTEF period will be on the preparation and maintenance of the approved force structure elements (deployable assets) and the associated force structure (supporting elements), including keeping the associated human resources at the required readiness levels to meet maritime defence commitments in a sustained manner.

Expenditure decreased from R2.4 billion in 2007/08 to R2.3 billion in 2010/11, due to the commissioning of the frigates and submarines between 2006 and 2009. Expenditure is expected to increase to R2.9 billion over the medium term, at an average annual rate of 7.4 per cent.

The decrease of 0.8 per cent in expenditure in the *Base Support Capability* subprogramme over the medium term is due to the gradual downscaling of infrastructure upgrade in Simon's Town and not replacing or procuring passenger motor vehicles. Expenditure on payments for capital assets decreases for the same reason over the MTEF period.

The increase of 23.4 per cent in 2011/12 in expenditure in the *Maritime Logistic Support Capability* programme is due to the implementation of the military salary dispensation and the planned recruitment and staffing of personnel with scarce skills such as divers, technicians and engineers. The increase of 52.3 per cent in the *Maritime Combat Capability* subprogramme in 2013/14 provides for the replacement of the offshore and inshore patrol vessels, procurement of new harbour tugs and the replacement of small boats. This is also the reason for the increase of 73.9 per cent in transfers and subsidies in 2013/14.

The ratio of administrative costs to line function costs in 2011/12 is 1:4.

Programme 6: Military Health Support

- *Strategic Direction* formulates strategy, policies and plans, and gives advice from the surgeon general's office to prepare and provide the capabilities required by the Chief of the South African National Defence Force. The subprogramme has a staff complement of 272, and a total budget of R220.3 million, of which 50.7 per cent will be used for compensation of employees and 44.5 per cent for goods and services. In 2009/10, the South African Military Health Service hosted the 10th SADC military health annual general meeting, at which the SADC military health secretariat and the process to develop a joint military health doctrine for the SADC countries were initiated.
- *Mobile Military Health Support* provides health support elements for deployed and contingency forces. The subprogramme has a staff complement of 238, and a total budget of R114.1 million, of which 81.4 per cent will be used for compensation of employees. In the first half of 2010/11, support was provided to the Department of Health during the strike of nursing personnel in provincial hospitals.
- *Area Military Health Service* provides a comprehensive, self-supporting, multidisciplinary geographic military health service through a formation headquarters and by commanding and controlling 9 area military health units, to ensure a healthy military community. The subprogramme has a staff complement of 3 817, and a total budget of R983.8 million, of which 74.9 per cent will be used for compensation of employees. In the first half of 2010/11, 643 875 healthcare activities and 29 929 health assessments took place in the 88 healthcare facilities countrywide.
- *Specialist/Tertiary Health Service* provides a specialist health service to develop and maintain tertiary military health capabilities within the parameters of relevant legislation. The subprogramme has a staff complement of 180, and a total budget of R949.5 million, of which 73.7 per cent will be used for compensation of employees. In the first half of 2010/11, military hospitals attended to 404 071 healthcare activities, 31 102 healthcare activities were provided in the specialist maritime environment and 11 911 in the specialist aviation environment, and 222 national and international dignitary medical support and health activities were provided.
- *Military Health Product Support Capability* provides for: warehousing pharmaceuticals, sundries, military health mobilisation equipment and unique stock; procuring unique military health products, materials and services; and an asset management service, military health product systems and cooperative common military health logistics. The subprogramme has a staff complement of 129, and a total budget of

R184 million, of which 35.6 per cent will be used for contractors for building and construction works, 21.1 per cent for computer services and 18.2 per cent for compensation of employees.

- *Military Health Maintenance Capability* provides general base support services to identified South African Military Health Service units to sustain and maintain the approved force design and structure. The subprogramme has a staff complement of 845, and a total budget of R229.8 million, of which 58.1 per cent will be used for compensation of employees and 21.1 per cent for food supplies. In the first half of 2010/11, the sickbays at Langebaanweg and Oudtshoorn were upgraded, as well as the Waterkloof Military Medical Clinic. This was made possible through donor funding and funds from the South African Military Health Service's operating budget.
- *Military Health Training Capability* provides a military health training service to develop and maintain military health training capabilities within the parameters of relevant legislation and policies. The subprogramme has a staff complement of 3 728, and a total budget of R362.7 million, of which 71.3 per cent will be used for compensation of employees. In the first half of 2010/11, there were 2 588 learners on planned military health training courses.

Objectives and measures

- Provide prepared and supported health capabilities and services by providing:
 - a health support capability of 5 medical battalion groups per year, including 1 specialist medical battalion group for deployed and contingency forces
 - a comprehensive multidisciplinary military health service to a projected patient population of 291 966 members per year.

Expenditure estimates

Table 22.9 Military Health Support

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R million	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Strategic Direction	119.0	149.6	169.1	198.0	220.3	266.1	266.7
Mobile Military Health Support	77.8	66.8	74.1	133.3	114.1	128.8	155.1
Area Military Health Service	678.6	733.3	822.8	992.8	983.8	1 039.0	1 101.0
Specialist/Tertiary Health Service	649.1	715.6	895.5	962.8	949.5	1 134.8	1 185.6
Military Health Product Support Capability	103.6	135.9	169.8	215.7	184.0	174.4	187.3
Military Health Maintenance Capability	114.5	222.7	195.8	208.3	229.8	232.6	248.2
Military Health Training Capability	135.2	152.9	281.2	338.7	362.7	352.3	375.7
Total	1 877.7	2 176.9	2 608.1	3 049.6	3 044.1	3 328.0	3 519.7
Change to 2010 Budget estimate				279.4	82.8	126.8	142.3
Economic classification							
Current payments	1 791.5	2 027.5	2 454.8	2 964.5	2 968.0	3 189.7	3 367.8
Compensation of employees	1 194.1	1 377.1	1 666.8	2 081.6	2 066.6	2 175.0	2 306.3
Goods and services	597.4	650.4	788.0	882.9	901.4	1 014.8	1 061.5
of which:							
Computer services	61.0	37.3	36.0	36.8	42.9	67.5	70.1
Contractors	168.5	188.4	295.2	361.8	304.8	277.5	315.2
Inventory: Food and food supplies	23.8	35.0	50.4	50.1	65.6	55.2	58.6
Property payments	11.0	12.4	11.4	13.1	7.2	8.8	9.5
Transfers and subsidies	15.2	15.4	10.0	35.8	42.5	71.0	77.7
Provinces and municipalities	0.3	1.7	–	–	–	–	–
Departmental agencies and accounts	1.1	1.5	1.8	24.7	7.1	35.6	42.3
Non-profit institutions	–	0.3	0.3	0.6	0.4	0.4	0.4
Households	13.8	11.9	7.9	10.5	35.0	35.0	35.0

Table 22.9 Military Health Support (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Payments for capital assets	69.3	121.9	113.7	49.3	33.6	67.3	74.2
Buildings and other fixed structures	0.8	0.2	20.0	2.4	0.1	0.7	0.8
Machinery and equipment	68.5	121.6	93.6	46.2	33.5	66.6	73.4
Biological assets	–	–	–	0.7	–	–	–
Software and other intangible assets	–	0.2	0.1	0.1	–	–	–
Payments for financial assets	1.7	12.1	29.7	–	–	–	–
Total	1 877.7	2 176.9	2 608.1	3 049.6	3 044.1	3 328.0	3 519.7
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	1.1	1.5	1.8	24.7	7.1	35.6	42.3
Special Defence Account	1.1	1.5	1.8	24.7	7.1	35.6	42.3
Households							
Households social benefits							
Current	13.8	11.9	7.9	10.5	35.0	35.0	35.0
Employee Social Benefits	13.8	11.9	7.9	10.5	35.0	35.0	35.0
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	0.3	1.6	–	–	–	–	–
Regional Service Council Levies	0.3	1.6	–	–	–	–	–

Expenditure trends

The spending focus over the MTEF period will be on improving health service delivery to contribute to the readiness of the defence force by focusing on programmes to address operational support capabilities, and tertiary/specialist and base orientated capabilities. Spending will mainly be on renewing main medical equipment and health facilities.

Expenditure increased from R1.9 billion in 2007/08 to R3 billion in 2010/11, at an average annual rate of 17.5 per cent, and is expected to increase to R3.5 billion over the medium term, at an average annual rate of 4.9 per cent. The growth between 2007/08 and 2010/11 was attributable to: the procurement of pharmaceuticals, additional health care for the increase in members of the military skills development system, allowances for health professionals with scarce skills and those who work in rural areas, improvements to the health information system, antiretroviral rollout, sustaining the presidential health team, and replacing operational ambulances.

The increase of 20.5 per cent in the *Military Health Training Capability* subprogramme between 2009/10 and 2010/11 was due to an additional allocation for the military skills development system, while the increase of 5.2 per cent in spending in the *Mobile Military Health Support* subprogramme over the MTEF period is due to the initiation of a defence against chemical and biological warfare project. The increase of 11.3 per cent in 2011/12 and 20.8 per cent in 2012/13 in the *Strategic Direction* subprogramme is due to the acquisition of medical and surgical equipment and medicine for the completed HIV and AIDS treatment sites.

The ratio of administrative costs to line function costs in 2011/12 is 1:12.

Programme 7: Defence Intelligence

- *Strategic Direction* provides defence intelligence policy, doctrine and intelligence advice to support the department's decision making and policy formulation processes. The subprogramme has a total budget of R1.4 million, of which 97.7 per cent will be used for communications. In 2009/10, the section played a major role in drafting the SADC regional defence estimate, and was part of several discussions that assisted

in the Burundi peace process and the mediation efforts in the political and security developments in Madagascar.

- *Operations* provides timely defence prediction and intelligence and counter-intelligence capabilities and services. The subprogramme has a staff complement of 540, and a total budget of R408 million, of which 99.7 per cent will be used for capital acquisitions. In the first half of 2010/11, the specific intelligence requirements of the national intelligence coordinating committee and the scrutiny committee of the national conventional arms control committee were addressed. Intelligence support was provided for stability programmes at major national events, including the 2010 FIFA World Cup.
- *Defence Intelligence Support Services* provides human resources, logistics, planning, security, labour relations and training, and information support services to the defence intelligence community. The subprogramme has a staff complement of 230, and a total budget of R259.6 million, of which 90.8 per cent will be used for compensation of employees. In 2009/10, an intelligence course for international students was facilitated and members of an African defence force were trained in the monitoring of marine traffic.

Objectives and measures

- The detail of the output of *Defence Intelligence* is classified and not available to the public.

Expenditure estimates

Table 22.10 Defence Intelligence

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R million	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Strategic Direction	1.3	1.3	1.4	1.5	1.4	1.4	1.4
Operations	301.4	334.1	392.5	398.1	408.0	414.3	433.5
Defence Intelligence Support Services	158.4	171.4	200.8	257.0	259.6	286.7	302.2
Total	461.1	506.8	594.7	656.6	669.0	702.5	737.0
Change to 2010 Budget estimate				25.5	3.0	3.6	(0.3)
Economic classification							
Current payments	158.0	169.1	192.5	252.1	255.1	280.6	296.8
Compensation of employees	147.0	149.9	173.3	229.9	235.6	260.5	275.8
Goods and services	11.0	19.2	19.2	22.2	19.5	20.2	21.0
of which:							
Computer services	0.0	0.0	–	1.5	–	–	–
Contractors	1.5	2.1	1.8	2.1	2.0	2.0	2.4
Inventory: Food and food supplies	1.0	2.3	2.3	1.4	2.3	2.4	2.4
Property payments	0.1	0.1	0.0	0.1	0.1	0.1	0.1
Transfers and subsidies	302.4	337.0	399.5	401.1	411.4	419.4	437.7
Departmental agencies and accounts	296.2	332.4	391.5	396.8	406.7	413.0	432.2
Households	6.2	4.6	8.0	4.3	4.8	6.4	5.5
Payments for capital assets	0.7	0.6	2.7	3.4	2.4	2.4	2.6
Machinery and equipment	0.7	0.6	2.7	3.4	2.4	2.4	2.6
Total	461.1	506.8	594.7	656.6	669.0	702.5	737.0
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	296.2	332.4	391.5	396.8	406.7	413.0	432.2
Special Defence Account	296.2	332.4	391.5	396.8	406.7	413.0	432.2
Households							
Households social benefits							
Current	6.2	4.6	8.0	4.3	4.8	6.4	5.5
Employee Social Benefits	6.2	4.6	8.0	4.3	4.8	6.4	5.5

Expenditure trends

The spending focus over the MTEF period will be on providing strategic and operation intelligence and counterintelligence to support the ministry, the department and government.

Spending increased from R461.1 million in 2007/08 to R656.6 million in 2010/11, at an average annual rate of 12.5 per cent, and is expected to increase to R737 million over the medium term, at an average annual rate of 3.9 per cent. The increase between 2007/08 and 2001/11 is mainly due to planned investment in and the development of a strategic information collection capability.

The ratio of administrative costs to line function costs in 2011/12 is 1:99.

Programme 8: General Support

- *Joint Logistic Services* provides logistics services to the department. The subprogramme has a staff complement of 2 071, and a total budget of R1.5 million, of which 64.1 per cent will be used for goods and services. In the first half of 2010/11, progress was made in centralising logistics services, verifying stock and establishing a works capability.
- *Command and Management Information Systems* provides command and management information systems and related services to the department. The subprogramme has a staff complement of 157, and a total budget of R959.9 million, of which 69.6 per cent will be used for computer services and 13.2 per cent for capital acquisitions. In the first half of 2010/11, the experimental integrated communication network rollout had 70 members added to it, bringing the total number of members connecting internally and externally to the department to 220.
- *Military Police* provides a military policing capability to the department. The subprogramme has a staff complement of 2 397, and a total budget of R428.7 million, of which 85.5 per cent will be used for compensation of employees. From April to September 2010, 72 military police members were deployed externally daily, 381 deliberate crime prevention operations were conducted countrywide, 79 military skills development system members underwent functional training at the military police school, and 1 140 cases were investigated by the military police and referred for prosecution.
- *Technology Development* provides for establishing and sustaining selected science and technology capabilities in the defence industry. Activities are of a sensitive nature for strategically essential research and cannot be made public. The subprogramme has no staff related expenditure, and a total budget of R339.9 million, of which 99.9 per cent will be used for capital acquisitions.
- *Departmental Support* provides for the payment of corporate departmental obligations such as for public entities, legal fees, external audits, public private partnership transaction advisors and bank charges. The subprogramme has no staff, and a total budget of R695 million, of which 88.9 per cent will be used for a transfer payment to Armscor.

Objectives and measures

- Provide general support capabilities and services by:
 - refurbishing the department's facility infrastructure at 38 bases over the next 3 years (8 in 2011/12, 9 in 2012/13 and 21 in 2013/14) and executing the capital works building programme through 82 projects (27 in 2011/12, 26 in 2012/13 and 29 in 2013/14)
 - providing appropriate, ready and sustained matériel, facilities, movement and logistics services focusing on supply chain and life cycle management.
- Provide the department with key information and communication systems by:
 - ensuring that the mainframe service is available 98 per cent of the time and the wide area network 95 per cent of the time
 - providing ICT systems solutions, in line with the defence enterprise information systems master plan, according to programme and project milestones and their associated deliverables.
- Provide an effective working environment by:

- reducing the number of new criminal cases under investigation by the military police by 10 per cent per year through upgrading security measures and presenting courses to improve specialist investigation capacity
- sustaining 1 provost company for operational deployment, 4 regional headquarters, 22 area offices and 22 detachments for crime prevention and investigation of criminal cases, and 2 military correctional facilities for detention and rehabilitation.

Expenditure estimates

Table 22.11 General Support

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R million	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Joint Logistic Services	651.2	1 443.4	1 605.3	1 882.7	1 476.6	1 796.2	2 009.4
Command and Management	641.6	875.8	830.1	860.7	959.9	1 073.4	1 150.2
Information Systems							
Military Police	248.8	291.2	345.0	407.2	428.7	445.6	466.6
Technology Development	235.7	258.8	258.3	357.8	339.9	276.0	274.1
Departmental Support	489.5	511.2	598.7	624.3	695.0	731.8	800.8
Total	2 266.8	3 380.4	3 637.3	4 132.7	3 900.0	4 322.9	4 701.1
Change to 2010 Budget estimate				196.5	(128.1)	(87.2)	48.4
Economic classification							
Current payments	1 319.5	1 946.2	2 050.6	2 659.3	2 673.0	3 089.3	3 485.9
Compensation of employees	400.2	754.6	770.0	974.9	835.9	878.7	925.6
Goods and services	919.3	1 191.7	1 280.6	1 684.4	1 837.1	2 210.5	2 560.3
<i>of which:</i>							
Computer services	365.0	552.5	597.5	674.8	732.7	798.0	865.1
Contractors	401.2	350.8	311.7	730.5	793.8	1 111.8	1 374.0
Inventory: Food and food supplies	10.1	35.1	27.7	20.6	24.0	25.5	26.9
Property payments	0.3	0.2	0.4	0.8	0.6	0.7	0.7
Transfers and subsidies	718.8	866.9	873.8	985.8	1 095.4	1 098.7	1 072.7
Provinces and municipalities	0.6	2.7	–	–	–	–	–
Departmental agencies and accounts	274.6	405.4	365.1	438.3	467.6	439.3	372.7
Public corporations and private enterprises	415.3	446.7	498.8	537.1	621.2	652.8	693.5
Non-profit institutions	2.9	–	–	–	–	–	–
Households	25.4	12.1	9.9	10.3	6.6	6.6	6.6
Payments for capital assets	209.6	557.5	707.2	487.7	131.6	135.0	142.5
Buildings and other fixed structures	116.6	462.2	544.3	440.0	94.7	99.7	104.8
Machinery and equipment	85.4	94.6	95.8	36.8	26.1	24.0	25.8
Specialised military assets	–	–	67.1	10.9	10.8	11.3	11.9
Software and other intangible assets	7.7	0.7	–	–	–	–	–
Payments for financial assets	18.9	9.8	5.8	–	–	–	–
Total	2 266.8	3 380.4	3 637.3	4 132.7	3 900.0	4 322.9	4 701.1
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	274.6	405.4	365.1	438.3	467.6	439.3	372.7
Special Defence Account	274.6	405.4	365.1	438.3	467.6	439.3	372.7

Table 22.11 General Support (continued)

R million	Audited outcome			Adjusted appropriation 2010/11	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Households							
Households social benefits							
Current	25.4	12.1	9.9	10.3	6.6	6.6	6.6
Employee Social Benefits	25.4	12.1	9.9	10.3	6.6	6.6	6.6
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	0.6	2.7	-	-	-	-	-
Regional Service Council Levies	0.6	2.7	-	-	-	-	-
Non-profit institutions							
Current	2.9	-	-	-	-	-	-
St Johns Ambulance	2.9	-	-	-	-	-	-
Public corporations and private enterprises							
Public corporations							
Public corporations - subsidies on products and production							
Current	415.3	446.7	498.8	537.1	621.2	652.8	693.5
Armaments Corporation of South Africa Ltd	415.3	446.7	498.8	537.1	621.2	652.8	693.5

Expenditure trends

The spending focus over the MTEF period will be on maintaining and repairing defence facilities and command and management information systems.

Expenditure increased from R2.3 billion in 2007/08 to R4.1 billion in 2010/11, at an average annual rate of 22.2 per cent and is expected to increase to R4.7 billion in 2013/14, at an average annual rate of 4.4 per cent. The historical increase is mainly due to an additional allocation related to upgrading the runways and hardstands of Air Force Base Waterkloof. This allocation also explains the 17.3 per cent increase in 2010/11 in spending in the *Joint Logistic Services* subprogramme, which is responsible for most of the programme's expenditure. In 2012/13, expenditure in this subprogramme increases by 21.6 per cent, due to the additional allocation received for the repair and maintenance of defence infrastructure and facilities.

The increase of 11.5 per cent in expenditure in the *Command and Management Information Services* subprogramme in 2011/12 is due to the provision for research and development of new generation telecommunication systems, while the increase of 11.3 per cent in expenditure in the *Departmental Support* subprogramme in the same year is due to an increase in the transfer payment to Armscor to provide for the carry through cost of the 2010 salary increases and the management of intellectual property, matériel disposal services, warehousing services and freight forwarding services.

Expenditure on payments for capital assets is expected to decrease from R487.7 million in 2010/11 to R142.5 million in 2013/14, at an average annual rate of 33.6 per cent, due to the completion of the runways, parking and lighting at Air Force Base Waterkloof.

The ratio of administrative costs to line function costs in 2011/12 is 1:4.

Other departments within the vote

Department of Military Veterans

As part of the 2009 macro reorganisation of the state, the Ministry of Defence became the Ministry of Defence and Military Veterans. A ministerial task team recommended that a new department be established and that new legislation be drafted to provide for all military veterans in a comprehensive and holistic fashion. In December 2009, the president proclaimed the Department of Military Veterans, and in February 2010 the director general was appointed. In June 2010, Cabinet approved the task team report that serves as an interim policy framework on benefits and services for military veterans.

The 2010 Military Veterans Bill will be tabled before Parliament in 2011. The bill seeks to provide national policy and standards on military veterans and their dependants, including for benefits and entitlements. Benefits

will be delivered by different departments and agencies, and the Department of Military Veterans will be responsible for coordinating this. The department has already begun engaging these departments to design delivery models. There are currently 57 000 beneficiaries on the military veterans database.

The organisation and functional structure of the department was approved in June 2010, and consists of 141 posts. Key positions have been advertised and are being filled.

Public entities and other agencies

Armaments Corporation of South Africa Limited

Strategic overview: 2007/08 – 2013/14

The Armaments Corporation of South Africa derives its mandate from the Armscor Act (2003). Its mission is to meet the acquisition, maintenance and disposal needs of the South African Department of Defence and other clients in terms of defence matériel, related products and related services. The corporation maintains strategic capabilities and technologies and promotes the local defence industry, ensuring that the South African National Defence Force receives quality equipment to carry out its peacekeeping obligations.

The corporation remains focused and committed in its role of acquiring equipment economically and efficiently. It is also responsible for providing an integrated support function to the defence industry, which involves facilitating the South African defence industry's participation in international defence exhibitions, promoting the industry, and managing requests from the private sector to use South African National Defence Force equipment, personnel and facilities for marketing purposes.

The corporation also manages the Simon's Town Naval Dockyard, the South African Navy's primary repair and refit yard. The dockyard carries out planned preventative maintenance, corrective maintenance, reconstruction and repairs, and upgrades of all the navy's vessels (ships and submarines).

The corporation, through its Defence Institute, provides operational research and comprehensive test and evaluation services of defence systems and capabilities in both the military and civilian environments.

Savings and cost effectiveness measures

The corporation has identified efficiency savings over the medium term as a result of implementing cost effectiveness measures. In 2010/11, this has already resulted in reduced travel costs, while the growth in other operational expenditure items was also restricted. To further reduce the funding shortfall, the corporation will only be filling vacancies for strategic positions over the short term.

Selected performance indicators

Table 22.12 Armaments Corporation of South Africa Limited

Indicator	Programme/Activity	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Contracts placed as a percentage of confirmed commitments from the Department of Defence	Capital defence matériel acquisition	99.8% (R4.4bn)	99.9% (R583m)	94.4% (R376m)	90%	90%	90%	90%
Cash flow achieved as a percentage of planned cash flow	Capital defence matériel acquisition	75.3% (R3.4bn)	86.2% (R3.51bn)	101% (R2.2bn)	90%	90%	90%	90%
Contracts placed as a percentage of confirmed commitments from the Department of Defence	Strategic defence acquisition	99.6% (R5.0bn)	99.9% (R73m)	94.86% (R55m)	90%	90%	90%	90%
Cash flow achieved as a percentage of planned cash flow	Strategic defence acquisition	69.9% (R3.5bn)	98.3% (R4.6bn)	94.8% (R1.6bn)	90%	90%	90%	90%
Contracts placed as a percentage of confirmed commitments from the Department of Defence	System support acquisition and procurement	96.9% (R2bn)	99.6% (R7m)	86.6% (R1.6m)	90%	90%	90%	90%
Cash flow achieved as a percentage of planned cash flow	System support acquisition and procurement	84.1% (R1.8bn)	95.6% (R2.1bn)	104% (R3bn)	90%	90%	90%	90%
Defence industrial participation credits awarded in terms of contractually agreed milestones	Management of defence industrial participation	R1.4bn	R1.08bn	R747m	R511m	R575m	R177m	R191m
Execution of activities as a percentage of planned activities	Management of defence technology, research, test and evaluation requirements of the Department of Defence and Military Veterans	— ¹	— ¹	91%	90%	90%	90%	90%

1. Target was adjusted in 2009/10.

Details of programmes/activities/objectives

The Armaments Corporation of South Africa manages and supports all aspects of the acquisition of defence matériel, products, systems, facilities and services, for any client, from the identification of requirements to the phasing out of a system.

Defence Industrial Participation contributes to the support of the South African defence industry by applying Department of Defence and Military Veterans and corporation policy to compel foreign suppliers of category 1 defence matériel and services to reciprocate business in South Africa. Obligations with foreign suppliers are contractually agreed for acquisition values in excess of US\$2 million and contractual deliverables closely monitored.

Environmental and Product Testing provides test and evaluation services of military equipment to the requirements of the Department of Defence and Military Veterans.

Defence Institute supports the department in deciding on the shape and size of the future defence force, focusing on the development and evaluation of current and future defence concepts and capabilities, and on the development of management concepts and processes.

Defence Institute Engineering Support plays a leading role in the execution of the systems and logistics engineering work across all the phases of an acquisition process and ensures a smooth and timeous handover into the operating phase.

Table 22.13 Armaments Corporation of South Africa Limited

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Management of Defence Matériel	365.8	408.9	584.4	514.4	568.5	598.1	629.8
Acquisition							
Quality Assurance	47.9	51.9	81.6	72.2	79.7	83.9	88.3
Tender Management	2.3	2.6	3.1	2.7	3.0	3.2	3.4
Defence Industrial Participation	2.8	3.0	4.1	3.6	4.0	4.2	4.5
Logistics Matériel and Support	–	1 369.4	656.0	579.8	640.7	674.1	709.9
Other Objectives	1 068.1	328.3	460.8	430.6	475.8	500.6	527.1
Total expense	1 486.8	2 164.1	1 790.1	1 603.4	1 771.8	1 864.0	1 962.9

Expenditure estimates

Table 22.14 Armaments Corporation of South Africa Limited

Statement of financial performance				Revised estimate	Medium-term estimate		
R million	Audited outcome			2010/11	2011/12	2012/13	2013/14
	2007/08	2008/09	2009/10				
Revenue							
Non-tax revenue	1 057.0	1 636.3	1 171.4	838.3	925.9	968.7	1 013.2
Sale of goods and services other than capital assets of which:	1 015.6	1 592.1	1 094.4	777.7	854.7	897.4	942.3
Sales by market establishments	1 015.6	1 592.1	1 094.4	777.7	854.7	897.4	942.3
Other non-tax revenue	41.4	44.2	77.0	60.6	71.2	71.3	70.9
Transfers received	473.8	565.8	602.9	720.5	820.9	864.0	918.5
Total revenue	1 530.8	2 202.0	1 774.3	1 558.8	1 746.8	1 832.7	1 931.7
Expenses							
Current expense	1 486.8	2 164.1	1 790.1	1 603.4	1 771.8	1 864.0	1 962.9
Compensation of employees	373.9	519.4	558.1	592.3	686.1	720.4	756.4
Goods and services	1 092.5	1 619.9	1 207.7	983.3	1 056.2	1 112.8	1 174.3
Depreciation	20.5	24.8	24.3	27.8	29.5	30.8	32.2
Total expenses	1 486.8	2 164.1	1 790.1	1 603.4	1 771.8	1 864.0	1 962.9
Surplus / (Deficit)	44.0	37.9	(15.8)	(45.0)	(25.0)	(31.0)	(31.0)

Table 22.14 Armaments Corporation of South Africa Limited (continued)

Statement of financial performance				Revised estimate	Medium-term estimate		
R million	Audited outcome			2010/11	Medium-term estimate		
	2007/08	2008/09	2009/10				
Statement of financial position							
Carrying value of assets	203.5	215.1	216.9	216.2	214.9	213.7	212.6
of which: Acquisition of assets	28.0	37.2	26.6	27.1	28.2	29.6	31.1
Inventory	6.8	6.1	2.8	2.9	3.1	3.2	3.4
Receivables and prepayments	183.6	259.8	256.2	247.9	249.0	251.0	254.0
Cash and cash equivalents	312.5	336.2	341.1	312.8	302.8	286.2	269.5
Total assets	706.4	817.2	816.9	779.9	769.7	754.1	739.5
Accumulated surplus/deficit	514.6	552.6	536.8	492.2	467.2	435.8	404.7
Trade and other payables	92.1	184.7	192.3	195.5	205.8	216.6	228.1
Provisions	99.7	79.9	87.8	92.2	96.8	101.6	106.7
Total equity and liabilities	706.4	817.2	816.9	779.9	769.7	754.1	739.5

Expenditure trends

Revenue is largely generated from transfer payments from the Department of Defence and Military Veterans and interest earned.

Between 2007/08 and 2010/11, sales by market establishments decreased from R1 billion to R777.7 million, at an average annual rate of 8.5 per cent, due to the strategic defence procurement, which is nearing completing. Spending decreases as a result. Over the medium term, sales by market establishments are expected to increase at an average annual rate of 6.6 per cent, to reach R942.3 million.

Expenditure increased from R1.5 billion in 2007/08 to R1.6 billion in 2010/11, at an average annual rate of 2.5 per cent, and is expected to increase to R2 billion over the medium term, at an average annual rate of 7.0 per cent. The growth in expenditure in both periods in compensation of employees can largely be attributed to the personnel implications of the September 2007 transfer of the Naval Dockyard at Simon's Town to the corporation. The growth in spending on goods and services in these periods is due to inflation.

Personnel information

Table 22.15 Armaments Corporation of South Africa Limited

	Post status as at 30 September 2010			Number of posts filled on funded establishment						
	Number of posts on approved establishment	Number of funded posts (establishment)	Number of vacant posts	Actual			Mid year ¹	Medium-term estimate		
				2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Board members	8	–	1	7	9	8	7	8	8	8
Board members	8	–	3	5	6	5	5	8	8	8
Executive management	64	–	5	57	59	59	59	64	64	64
Senior management	428	–	22	389	400	404	406	428	428	428
Middle management	308	–	20	230	277	288	290	308	308	308
Professionals	449	–	8	194	454	447	441	449	449	449
Semi-skilled	118	–	–	77	128	121	117	118	118	118
Total	1 383	–	59	959	1 333	1 332	1 325	1 383	1 383	1 383
Compensation (R thousand)				373 912	519 368	558 135	592 293	686 078	720 382	756 400
Unit cost (R thousand)				390	390	419	447	496	521	547

1. As at 30 September 2010.

The corporation has a total staff complement of 1 383. There are 59 vacancies, as the corporation is only filling critical positions, including the chief executive officer and two general managers. After that, personnel numbers will remain flat over the medium term.

Other public entities and agencies

Comprehensive coverage of the following public entities is provided with the more detailed information for the vote at www.treasury.gov.za under the budget information link.

- The **Castle Control Board** preserves and protects the military and cultural heritage of the Castle of Good Hope in Cape Town.

Additional tables

Table 22.A Summary of expenditure trends and estimates per programme and economic classification

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R million	2009/10		2009/10	2010/11			2010/11
Administration	2 860.8	2 880.6	2 914.1	3 247.1	170.1	3 417.2	3 417.2
Force Employment	1 801.8	1 924.5	1 886.5	1 908.9	373.3	2 282.2	2 282.2
Landward Defence	8 749.3	8 909.1	9 042.2	9 982.9	(973.3)	9 009.6	9 009.6
Air Defence	10 272.0	9 056.4	8 643.8	6 059.1	(522.7)	5 536.4	5 536.4
Maritime Defence	1 968.3	2 011.3	1 997.5	2 179.8	178.5	2 358.3	2 358.3
Military Health Support	2 440.6	2 482.8	2 608.1	2 770.2	279.4	3 049.6	3 049.6
Defence Intelligence	589.8	599.6	594.7	631.1	25.5	656.6	656.6
General Support	3 341.9	3 461.0	3 637.3	3 936.2	196.5	4 132.7	4 132.7
Total	32 024.4	31 325.3	31 324.2	30 715.3	(272.7)	30 442.6	30 442.6
Economic classification							
Current payments	20 249.2	20 737.6	20 774.9	23 099.0	2 653.8	25 752.8	25 752.8
Compensation of employees	11 751.9	12 223.2	12 705.6	13 450.4	2 768.6	16 219.0	16 219.0
Goods and services	8 497.4	8 514.4	8 069.3	9 648.6	(114.7)	9 533.8	9 533.8
Transfers and subsidies	11 114.5	9 844.9	9 363.4	6 830.2	(2 891.0)	3 939.2	3 939.2
Departmental agencies and accounts	10 364.4	9 075.0	8 629.1	5 968.6	(2 895.0)	3 073.5	3 073.5
Public corporations and private enterprises	583.8	603.6	602.9	717.1	3.4	720.5	720.5
Non-profit institutions	4.4	4.4	4.3	4.8	–	4.8	4.8
Households	161.8	161.8	127.1	139.8	0.7	140.4	140.4
Payments for capital assets	660.7	742.8	1 136.3	786.2	(35.6)	750.6	750.6
Buildings and other fixed structures	369.8	452.0	599.1	488.7	(1.6)	487.0	487.0
Machinery and equipment	263.0	263.0	454.0	277.5	(34.0)	243.6	243.6
Specialised military assets	27.6	27.6	83.1	19.0	–	19.0	19.0
Biological assets	–	–	0.0	0.7	–	0.7	0.7
Software and other intangible assets	0.3	0.3	0.1	0.3	–	0.3	0.3
Payments for financial assets	–	–	49.6	–	–	–	–
Total	32 024.4	31 325.3	31 324.2	30 715.3	(272.7)	30 442.6	30 442.6

Table 22.B Detail of approved establishment and personnel numbers according to salary level ¹

	Personnel post status as at 30 September 2010			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year ²	Medium-term estimate		
				2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Department	87 430	78 098	–	74 841	74 576	76 812	77 206	79 413	80 150	80 274
Salary level 1 – 6	57 488	52 089	–	51 883	51 760	50 932	51 015	52 480	52 975	53 051
Salary level 7 – 10	28 454	24 785	–	21 050	20 928	24 671	24 960	25 667	25 899	25 943
Salary level 11 – 12	1 176	970	–	1 582	1 567	959	977	1 003	1 012	1 016
Salary level 13 – 16	312	254	–	326	321	250	254	263	264	264
Administration	4 979	3 880	–	3 695	3 366	3 705	3 902	4 017	4 055	4 061
Salary level 1 – 6	1 994	1 554	–	1 685	1 535	1 484	1 563	1 608	1 625	1 627
Salary level 7 – 10	2 369	1 847	–	1 557	1 419	1 762	1 858	1 913	1 930	1 933
Salary level 11 – 12	468	364	–	358	326	349	366	377	380	381
Salary level 13 – 16	148	115	–	95	86	110	115	119	120	120
Force Employment	2 426	1 707	–	34 021	33 443	1 694	1 711	1 767	1 784	1 787
Salary level 1 – 6	1 464	1 029	–	27 827	27 353	1 022	1 032	1 064	1 076	1 077
Salary level 7 – 10	906	639	–	6 001	5 899	633	640	663	668	670
Salary level 11 – 12	46	32	–	162	160	32	32	33	33	33
Salary level 13 – 16	10	7	–	31	31	7	7	7	7	7
Landward Defence	43 493	40 141	–	10 605	10 622	39 147	38 971	40 113	40 485	40 546
Salary level 1 – 6	34 747	32 325	–	6 670	6 681	31 248	31 109	32 021	32 318	32 365
Salary level 7 – 10	8 576	7 664	–	3 742	3 748	7 745	7 709	7 935	8 009	8 022
Salary level 11 – 12	138	124	–	167	167	125	125	128	129	130
Salary level 13 – 16	32	28	–	26	26	29	28	29	29	29

Table 22.B Detail of approved establishment and personnel numbers according to salary level ¹ (continued)

	Personnel post status as at 30 September 2010			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year ²	Medium-term estimate		
				2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
Air Defence	12 818	10 978	–	6 231	6 707	10 856	11 048	11 367	11 472	11 490
Salary level 1 – 6	7 677	6 576	–	4 258	4 729	6 503	6 618	6 808	6 872	6 883
Salary level 7 – 10	5 009	4 289	–	1 860	1 865	4 241	4 316	4 442	4 482	4 489
Salary level 11 – 12	108	93	–	95	96	92	94	96	97	97
Salary level 13 – 16	24	20	–	18	17	20	20	21	21	21
Maritime Defence	7 243	7 287	–	8 026	8 108	7 408	7 341	7 545	7 615	7 627
Salary level 1 – 6	4 583	4 610	–	4 180	4 232	4 687	4 644	4 772	4 817	4 825
Salary level 7 – 10	2 539	2 556	–	3 305	3 328	2 598	2 575	2 647	2 671	2 675
Salary level 11 – 12	102	102	–	456	462	104	103	106	107	107
Salary level 13 – 16	19	19	–	85	86	19	19	20	20	20
Military Health Support	9 804	8 894	–	647	826	8 647	8 985	9 209	9 294	9 309
Salary level 1 – 6	3 750	3 404	–	150	191	3 307	3 439	3 526	3 558	3 563
Salary level 7 – 10	5 920	5 371	–	433	553	5 222	5 426	5 560	5 612	5 621
Salary level 11 – 12	111	98	–	49	63	97	99	101	102	103
Salary level 13 – 16	23	21	–	15	19	21	21	22	22	22
Defence Intelligence	1 086	744	–	9 932	9 795	706	747	770	777	779
Salary level 1 – 6	240	164	–	6 280	6 194	156	164	168	171	171
Salary level 7 – 10	776	531	–	3 389	3 342	505	534	552	555	557
Salary level 11 – 12	53	36	–	224	221	34	36	37	38	38
Salary level 13 – 16	17	13	–	39	38	11	13	13	13	13
General Support	5 581	4 467	–	1 684	1 709	4 649	4 501	4 625	4 668	4 675
Salary level 1 – 6	3 033	2 427	–	833	845	2 525	2 446	2 513	2 538	2 540
Salary level 7 – 10	2 359	1 888	–	763	774	1 965	1 902	1 955	1 972	1 976
Salary level 11 – 12	150	121	–	71	72	126	122	125	126	127
Salary level 13 – 16	39	31	–	17	18	33	31	32	32	32

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

2. As at 30 September 2010.

Table 22.C Summary of expenditure on training

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Compensation of employees (R million)	9 735.9	10 620.0	12 705.6	16 219.0	16 770.7	17 700.5	18 787.8
Training expenditure (R million)	87.4	117.7	113.6	145.6	131.9	133.0	141.2
Training as percentage of compensation	0.9%	1.1%	0.9%	0.9%	0.8%	0.8%	0.8%

Table 22.D Summary of departmental public private partnership (PPP) projects

Project description:	Project annual unitary fee at time of contract	Budgeted expenditure	Medium-term expenditure estimate		
R million		2010/11	2011/12	2012/13	2013/14
Projects in preparation, registered in terms of Treasury Regulation 16	–	–	1.4	–	–
Advisory fees	–	–	1.4	–	–
Total	–	–	1.4	–	–

Disclosure notes for projects signed in terms of Treasury Regulation 16

Project name	Comprehensive healthcare service to member for their legal dependants as well as beneficiaries of the fund for the SA Military Health Service in the DOD
Brief description	The identification and procurement of referral services in eight regional centre's in South Africa through a PPP.
Date PPP agreement was signed	No PPP agreement signed yet, must follow/enter the procurement phase.
Duration of PPP agreement	If it is successful it will be for 10 years.
Escalation index for unitary fee	No unitary fee to be paid only service fee with a discount.
Net Present Value of all payment obligations discounted at appropriate duration government bond yield	There will be none.
Variations / amendments to PPP agreement	N/A
Cost implications of variations/amendments	N/A
Significant contingent fiscal obligations including termination payments, guarantees, warranties and indemnities and maximum estimated value of such liabilities	N/A

Table 22.E Summary of expenditure on infrastructure

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome		Adjusted appropriation	Medium-term expenditure estimate	
				2007/08	2008/09		2011/12	2013/14
R million								
Departmental infrastructure								
Rebuilding of runway at Air Force Base Waterkloof	Ripping up existing unserviceable runway, excavation and groundworks for new runway, construction of new runway and tar macadam placed, and installation of runway lighting	Construction	1 218.7	8.1	313.2	402.1	294.4	20.9
								–
Upgrading of medical health facilities	Construction of examination rooms, operating theatres, administration sections, wards, and mechanical systems like gas, oxygen, water, and fire detection and prevention	Construction	205.1	–	–	–	31.3	26.1
								2.0
Construction of boat park	Construction of store facilities for boats, mechanical workshops to repair boats, administration section to do planning and rest areas for personnel	Construction	154.4	–	–	–	38.4	27.8
								–
Construction of training facilities	Construction of facilities for functional training, like offensive building penetration or defensive building protection, artisan training, like electrical, electronic and construction, and vehicle driving skills	Various	91.6	–	–	–	3.2	1.5
								6.5
Upgrading of infrastructure for disabled members	Upgrading of offices, workshops and pathways by constructing ramps, installation of water closets, hand wash basins, and enlarging toilet cubicles	Various	9.4	–	–	–	3.2	2.2
								2.2
Upgrading of kitchens	Upgrading 6 kitchens, and preparation of floors, walls and ceilings to accommodate the new equipment	Various	7.2	–	–	–	7.2	–
								–
Construction of security	Installation of security fences, gates, burglar bars, lights and monitor systems	Various	166.1	–	–	–	9.8	16.0
								9.7
Construction of ammunition storage facility	Construction of buildings to comply with legislation on the storage of ordinance	Construction	22.3	–	–	–	1.1	–
								–
Construction of living accommodation	Construction of single and married houses and flats for military personnel	Identification	107.0	–	–	–	–	20.4
								50.0
Construction of office accommodation	Construction of new office accommodation, comprising brick walls, roofs, internal and external finishes, glazing, electrical, blazing, painting, ironmongery and site works	Identification	103.0	–	–	–	0.3	3.8
								22.0

Table 22.E Summary of expenditure on infrastructure (continued)

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
R million										
Construction of hangars	Construction of 2 hangars to comply with legislation on the storage of ordnance	Identification	24.0	–	–	–	–	–	1.5	11.8
Maintenance										
Refurbishment of 1 Military Hospital	Refurbishment of existing brick and concrete buildings, comprising all structures, replacement of mechanical systems, like water and electrical, and groundworks	Construction	420.5	–	74.4	81.6	140.7	–	–	–
Refurbishment of Air Force Base Waterkloof	Refurbishment of existing brick and concrete buildings, comprising all structures, replacement of mechanical systems, like water and electrical, and groundworks	Identification	279.4	–	131.1	48.2	12.7	–	–	–
Refurbishment of 35 Engineer Support Regiment	Refurbishment of existing brick and concrete buildings, comprising all structures, replacement of mechanical systems, like water and electrical, and groundworks	Identification	74.9	–	13.1	41.6	11.9	3.5	–	–
Refurbishment of 2 Military Hospital	Refurbishment of existing brick and concrete buildings, comprising all structures, replacement of mechanical systems, like water and electrical, and groundworks	Construction	337.1	–	13.5	14.8	46.6	78.6	183.5	–
Refurbishment of 4 SA Infantry Battalion	Refurbishment of existing brick and concrete buildings, comprising all structures, replacement of mechanical systems, like water and electrical, and groundworks	Construction	183.8	–	41.4	48.1	26.1	44.0	24.2	–
Refurbishment of Naval Dockyard Simons Town	Refurbishment of existing brick and concrete buildings, comprising all structures, replacement of mechanical systems, like water and electrical, and groundworks	Tender	339.5	–	6.9	5.6	54.5	131.4	141.0	–
Refurbishment of 21 SA Infantry Battalion	Refurbishment of existing brick and concrete buildings, comprising all structures, replacement of mechanical systems, like water and electrical, and groundworks	Tender	466.2	–	5.4	1.1	76.6	183.9	199.2	–
Refurbishment of 10 SA Infantry Battalion	Refurbishment of existing brick and concrete buildings, comprising all structures, replacement of mechanical systems, like water and electrical, and groundworks	Tender	246.6	–	1.8	1.5	41.1	98.6	106.9	–

Table 22.E Summary of expenditure on infrastructure (continued)

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
R million										
Refurbishment of A-mess Thaba Tshwane	Refurbishment of existing brick and concrete buildings, comprising all structures, replacement of mechanical systems, like water and electrical, and groundworks	Design	88.8	-	-	-	13.9	44.4	30.5	-
Refurbishment of 1 SA Infantry Battalion	Refurbishment of existing brick and concrete buildings, comprising all structures, replacement of mechanical systems, like water and electrical, and groundworks	Design	25.5	-	1.0	0.5	-	-	12.0	12.0
Refurbishment of 4 Artillery Regiment	Refurbishment of existing brick and concrete buildings, comprising all structures, replacement of mechanical systems, like water and electrical, and groundworks	Design	35.2	-	1.2	1.4	-	-	17.6	17.6
Refurbishment of 6 SA Infantry Battalion	Refurbishment of existing brick and concrete buildings, comprising all structures, replacement of mechanical systems, like water and electrical, and groundworks	Design	199.4	-	0.9	4.6	-	-	-	79.7
Refurbishment of 8 SA Infantry Battalion	Refurbishment of existing brick and concrete buildings, comprising all structures, replacement of mechanical systems, like water and electrical, and groundworks	Design	244.3	-	2.2	1.1	-	-	-	96.4
Refurbishment of School of Artillery	Refurbishment of existing brick and concrete buildings, comprising all structures, replacement of mechanical systems, like water and electrical, and groundworks	Design	63.4	-	1.8	0.9	-	-	-	24.3
Refurbishment of 1 Parachute Battalion	Refurbishment of existing brick and concrete buildings, comprising all structures, replacement of mechanical systems, like water and electrical, and groundworks	Identification	7.9	-	0.3	0.2	-	-	-	7.4
Refurbishment of 10 Anti-Aircraft and Air Defence Artillery School	Refurbishment of existing brick and concrete buildings, comprising all structures, replacement of mechanical systems, like water and electrical, and groundworks	Design	225.1	-	1.1	2.0	-	-	-	88.8
Refurbishment of 44 Parachute Regiment	Refurbishment of existing brick and concrete buildings, comprising all structures, replacement of mechanical systems, like water and electrical, and groundworks	Design	31.5	-	1.0	0.8	-	-	-	11.9

Table 22.E Summary of expenditure on infrastructure (continued)

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome		Adjusted appropriation	Medium-term expenditure estimate		
				2007/08	2008/09		2011/12	2012/13	2013/14
R million									
Refurbishment of School of Engineers	Refurbishment of existing brick and concrete buildings, comprising all structures, replacement of mechanical systems, like water and electrical, and groundworks	Design	131.0	-	2.6	1.2	-	-	50.9
Refurbishment of 2 Field Engineering Regiment	Refurbishment of existing brick and concrete buildings, comprising all structures, replacement of mechanical systems, like water and electrical, and groundworks	Design	95.8	-	2.0	1.1	-	-	37.1
Refurbishment of South African Army Combat Training Centre (including 16 Maintenance Unit)	Refurbishment of existing brick and concrete buildings, comprising all structures, replacement of mechanical systems, like water and electrical, and groundworks	Design	893.6	-	3.7	4.3	38.4	250.5	249.7
Refurbishment of 1 Special Service Battalion	Refurbishment of existing brick and concrete buildings, comprising all structures, replacement of mechanical systems, like water and electrical, and groundworks	Design	28.7	-	-	0.6	-	-	11.2
Refurbishment of 7 SA Infantry Battalion	Refurbishment of existing brick and concrete buildings, comprising all structures, replacement of mechanical systems, like water and electrical, and groundworks	Identification	157.2	-	2.7	2.0	-	-	30.5
Refurbishment of South African Army office, Dequar Road	Refurbishment of existing brick and concrete buildings, comprising all structures, replacement of mechanical systems, like water and electrical, and groundworks	Identification	186.4	-	-	-	-	-	37.3
Refurbishment of South African Air Force Blenny Complex	Refurbishment of existing brick and concrete buildings, comprising all structures, replacement of mechanical systems, like water and electrical, and groundworks	Identification	226.1	-	-	-	-	-	45.2
Refurbishment of Boekenhoutkloof communication facility	Refurbishment of existing brick and concrete buildings, comprising all structures, replacement of mechanical systems, like water and electrical, and groundworks	Identification	47.1	-	-	-	-	-	23.5
Refurbishment of Rooiwal communication facility	Refurbishment of existing brick and concrete buildings, comprising all structures, replacement of mechanical systems, like water and electrical, and groundworks	Identification	47.1	-	-	-	-	-	23.5

Table 22.E Summary of expenditure on infrastructure (continued)

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome		Adjusted appropriation 2010/11	Medium-term expenditure estimate		
				2007/08	2008/09		2011/12	2012/13	2013/14
R million Refurbishment of SAS Saldanha	Refurbishment of existing brick and concrete buildings, comprising all structures, replacement of mechanical systems, like water and electrical, and groundworks	Identification	165.7	-	-	-	-	-	66.3
Refurbishment of Military Veterinary Institute	Refurbishment of existing brick and concrete buildings, comprising all structures, replacement of mechanical systems, like water and electrical, and groundworks	Identification	73.5	-	-	-	-	-	29.4
Refurbishment of 3 SA Infantry Battalion	Refurbishment of existing brick and concrete buildings, comprising all structures, replacement of mechanical systems, like water and electrical, and groundworks	Identification	90.0	-	-	-	-	-	36.0
Refurbishment of 121 SA Infantry Battalion	Refurbishment of existing brick and concrete buildings, comprising all structures, replacement of mechanical systems, like water and electrical, and groundworks	Identification	96.8	-	-	-	-	-	35.0
Refurbishment of 1 Tactical Intelligence Regiment	Refurbishment of existing brick and concrete buildings, comprising all structures, replacement of mechanical systems, like water and electrical, and groundworks	Identification	130.6	-	-	-	-	-	-
Refurbishment of Air Force Base Bloemspruit	Refurbishment of existing brick and concrete buildings, comprising all structures, replacement of mechanical systems, like water and electrical, and groundworks	Identification	630.3	-	-	-	-	-	-
Refurbishment of 9 SA Infantry Battalion	Refurbishment of existing brick and concrete buildings, comprising all structures, replacement of mechanical systems, like water and electrical, and groundworks	Identification	314.2	-	-	-	-	-	-
Refurbishment of Military Police School	Refurbishment of existing brick and concrete buildings, comprising all structures, replacement of mechanical systems, like water and electrical, and groundworks	Identification	87.0	-	-	-	-	-	-
Refurbishment of Military Base Musina	Refurbishment of existing brick and concrete buildings, comprising all structures, replacement of mechanical systems, like water and electrical, and groundworks	Identification	42.6	-	-	-	-	-	-

Table 22.E Summary of expenditure on infrastructure (continued)

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation 2010/11	Medium-term expenditure estimate		
				2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
R million										
Refurbishment of Fort Scorpio	Refurbishment of existing brick and concrete buildings, comprising all structures, replacement of mechanical systems, like water and electrical, and groundworks	Identification	14.5	-	-	-	-	-	-	-
Total			8 835.8	8.1	621.3	665.0	732.7	1 058.4	1 085.7	1 118.0

Vote 23

Independent Complaints Directorate

Budget summary

R million	2011/12				2012/13	2013/14
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	59.8	58.4	0.1	1.3	65.6	69.2
Complaints Processing, Monitoring and Investigation	74.2	72.5	–	1.8	75.8	80.5
Information Management and Research	17.6	16.7	–	0.9	19.6	20.7
Total expenditure estimates	151.6	147.6	0.1	4.0	161.0	170.4
Executive authority	Minister of Police					
Accounting officer	Executive Director of the Independent Complaints Directorate					
Website address	www.icd.gov.za					

More detailed information for each vote is available at www.treasury.gov.za. More comprehensive coverage of vote specific information, particularly on goods and services, transfers and subsidies, donor funding, public entities and lower level institutional information, is provided.

Aim

Ensure independent oversight of the South African Police Service and the Municipal Police Services and conduct independent and impartial investigations of identified criminal offences allegedly committed by members of the South African Police Service and the Municipal Police Services, and make appropriate recommendations.

Programme purposes

Programme 1: Administration

Purpose: Provide the overall management of the Independent Complaints Directorate and support services.

Programme 2: Complaints Processing, Monitoring and Investigation

Purpose: Receive, register and process complaints. Investigate deaths in police custody or as a result of police action. Investigate and/or monitor complaints of police criminality and misconduct. Monitor the implementation of the Domestic Violence Act (1998).

Programme 3: Information Management and Research

Purpose: Manage all information needs and knowledge. Conduct proactive research and undertake various proactive oversight activities. Manage all communication and the marketing of activities and products to stakeholders.

Strategic overview: 2007/08 – 2013/14

The legal mandate of the Independent Complaints Directorate is first, to investigate all deaths in police custody or as a result of police action, and second, to investigate criminal offences and serious misconduct alleged to have been committed by members of the South African Police Service and the Municipal Police Services.

New name, organisational structure and legislative framework

Legislation aimed at replacing the Independent Complaints Directorate with a new strengthened entity has been tabled in Parliament. The new legislative framework is expected to be promulgated in 2011, under which the current directorate will become the Independent Police Investigative Directorate, in terms of the Independent Police Investigative Directorate Bill. This is in line with the Constitution, which provides for an independent police investigative directorate to be established to investigate allegations of misconduct or offences committed by a member of the police service. In terms of the draft bill, the Independent Police Investigative Directorate will be independent from the South African Police Service and will report directly to the Minister of Police. The directorate will ensure independent oversight of the South African Police Service and Municipal Police Services. (The current Independent Complaints Directorate is established in terms of the South African Police Services Act (1995), which predates the Constitution.) The extended mandate focuses on more serious and priority crimes alleged to have been committed by members of the police. These would include any death in police custody, death as a result of police action, the discharging of official firearms, rape, torture, assault and corruption.

The bill seeks to also change the name of the current directorate to brand it as a body that functions independently from the police service and whose focus is to actively conduct investigations of offences by police members, rather than merely receive complaints. The bill provides, among other things, for the establishment of an independent, impartial and accountable directorate, with a national office and provincial offices, and for the appointment and responsibilities of the executive director and provincial heads. It also places stringent reporting obligations on the South African Police Service and Municipal Police Services for reporting of matters that must be investigated by Independent Police Investigative Directorate and implementing disciplinary recommendations.

In the process of conducting investigations, the thrust of the new directorate's work is to address systemic problems in the police service with a view to recommending appropriate interventions. The new directorate's work is expected to contribute towards ensuring that the police service becomes a professional service operating in the spirit of the Constitution. Criminal penalties are provided to ensure that there is no interference with, or obstruction to, the directorate's work and that information is protected and not abused. The new directorate will also investigate matters relating to systemic corruption involving the police.

To administer the new more stringent reporting processes and accountability practices, the capacity of the provincial offices will be strengthened.

Programme reorganisation

The department has reorganised its programmes to strengthen its support services functions. This will involve strengthening the data management function to ensure the availability of accurate statistical information for monthly reporting. The research function as well as the conducting of station audits and cell inspections in compliance with the Domestic Violence Act (1998) will be transferred to the police civilian secretariat. The purpose and functions of the *Legal Services* programme will be to manage and facilitate the provision of investigation advisory services and to provide legal and litigation advisory services.

The office of the executive director will be strengthened to meet the demands of additional obligations related to reporting to Parliament, monthly reporting to the minister, and sometimes reporting to members of the provincial executive councils.

Focus over the medium term

In terms of government's 12 outcomes, the directorate's medium term strategic focus relates to ensuring that all people in South Africa are and feel safe (outcome 3), focusing specifically on combating corruption within the justice, crime prevention and security cluster to enhance its effectiveness and its ability to serve as a deterrent against crime (output 3). The directorate aims to finalise cases more quickly and to reduce existing backlogs. The directorate is establishing two new satellite offices, in Western Cape in 2011/12 and Mpumalanga in 2012/13, to increase its national footprint.

Savings and cost effectiveness measures

Savings of R432 000 in 2011/12, R457 000 in 2012/13 and R482 000 in 2013/14 have been identified in all programmes in spending in goods and services, mainly on training and development, and travel and subsistence. Other cost saving measures implemented include curtailing expenditure on catering and entertainment, and cellular and telephone calls, by introducing maximum limits.

Selected performance indicators

Table 23.1 Independent Complaints Directorate

Indicator	Programme	Past			Current	Projections		
		2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Percentage of complaints registered and allocated within 48 hours	Complaints Processing, Monitoring and Investigation	100% (5 440)	100% (5 800)	100% (5 450)	100% (5 450)	100% (5 450)	100% (5 995)	100% (6 500)
Percentage of investigations of deaths in custody and as a result of police action finalised	Complaints Processing, Monitoring and Investigation	60% (251)	60% (259)	60% (466)	65% (470)	65% (470)	70% (480)	70% (480)
Percentage of investigations of complaints of criminality finalised	Complaints Processing, Monitoring and Investigation	50% (912)	50% (1 000)	50% (1 050)	55% (1 100)	55% (1 150)	60% (1 200)	60% (1 250)
Number of police stations audited for compliance with the Domestic Violence Act (1998) per year	Complaints Processing, Monitoring and Investigation	24	54	81	108	135	135	145
Percentage of applications for exemptions in terms of the Domestic Violence Act (1998) completed within 30 days	Complaints Processing, Monitoring and Investigation	100% (42)	100% (45)	100% (47)	100% (50)	100% (53)	100% (60)	100% (61)
Number of community awareness programmes launched per year	Information Management and Research	216	23	240	250	260	270	280

Expenditure estimates

Table 23.2 Independent Complaints Directorate

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
R million								
Administration	27.4	33.5	39.5	50.8	50.8	59.8	65.6	69.2
Complaints Processing, Monitoring and Investigation	44.0	54.5	56.2	64.6	64.6	74.2	75.8	80.5
Information Management and Research	9.4	11.3	10.5	16.0	16.0	17.6	19.6	20.7
Total	80.9	99.3	106.2	131.4	131.4	151.6	161.0	170.4
Change to 2010 Budget estimate				2.1	2.1	7.5	8.6	9.6
Economic classification								
Current payments	74.1	95.0	102.1	128.1	128.1	147.6	158.4	167.6
Compensation of employees	45.7	58.0	65.1	75.8	75.8	86.6	91.8	97.2
Goods and services	28.4	37.0	37.1	52.3	52.3	61.0	66.6	70.4
of which:								
Computer services	1.7	4.1	2.8	4.4	4.4	4.7	5.0	5.2
Lease payments	6.5	7.4	4.3	10.0	10.0	10.0	10.6	11.2
Property payments	0.9	1.9	3.0	3.9	3.9	4.6	4.9	5.2
Travel and subsistence	6.9	9.6	14.2	14.8	14.8	20.9	24.0	25.5

Table 23.2 Independent Complaints Directorate (continued)

R million	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
Transfers and subsidies	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Departmental agencies and accounts	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Payments for capital assets	6.7	4.2	4.0	3.3	3.3	4.0	2.5	2.6
Machinery and equipment	6.7	4.2	4.0	3.3	3.3	4.0	2.5	2.6
Total	80.9	99.3	106.2	131.4	131.4	151.6	161.0	170.4

Expenditure trends

The spending focus over the MTEF period will be on increasing the capacity of the department, as well as the related travelling costs associated with the investigation of identified criminal offences.

Expenditure increased from R80.9 million in 2007/08 to R131.4 million in 2010/11, at an average annual rate of 17.6 per cent. The increase was mainly to provide for increased activities in relation to the drafting of the new Independent Police Investigative Directorate Bill, expanded office accommodation, and enhanced capacity in support services. Over the medium term, expenditure is expected to grow to R170.4 million, at an average annual rate of 9 per cent, and will be focused on further enhancing capacity in support services, as well as increasing access to the directorate's services.

Expenditure on consultants amounted to R118 000 in 2009/10. This consisted of R26 000 for audit committee members, R84 000 to align the performance agreements of both the executive director and all the senior managers with the expectations of the Minister of Police, and R8 000 for translations and transcriptions of documents.

The Budget sets out additional allocations of R7.9 million in 2011/12, R9.1 million in 2012/13 and R10.1 million in 2013/14 to provide for: salary adjustments, increased financial management capacity, opening satellite offices in Western Cape (George) and Mpumalanga (KwaMhlanga), and developing a monitoring and evaluation component to improve reporting on performance.

Personnel information

The department has an establishment of 292 posts, of which all are funded and none are additional to the approved establishment. The number of posts filled increased from 234 in 2007/08 to 289 in 2010/11, and is expected to increase to 311 over the medium term. This is as a result of strengthening the financial management function.

There are 23 vacancies in the department, of which 11 are in salary level 1-7 and 7 are in salary level 7-10. Most of these vacancies are in the *Complaints Processing, Monitoring and Investigation* programme. These posts remain vacant because of staff turnover and because the results of the evaluation of certain posts are still to be completed. The ratio of support staff to line function staff is 1:3.

Departmental receipts

Revenue is mainly generated from parking fees, commissions on insurance deductions and bursary debt recovery. Over the medium term, departmental receipts are expected to decrease at an average annual rate of 0.4 per cent, from R165 000 in 2010/11 to R163 000 in 2013/14.

Table 23.3 Departmental receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2007/08	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
Departmental receipts	377	69	154	165	138	146	155	163
Sales of goods and services produced by department	99	2	69	63	69	73	78	82
Interest, dividends and rent on land	21	3	24	2	11	12	13	14
Transactions in financial assets and liabilities	257	64	61	100	58	61	64	67
Total	377	69	154	165	138	146	155	163

Programme 1: Administration

Expenditure estimates

Table 23.4 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R million	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Management	5.3	5.6	7.6	10.1	10.8	13.0	13.8
Corporate Services	15.9	21.3	27.8	32.6	40.4	43.5	45.9
Office Accommodation	6.2	6.7	4.1	8.1	8.6	9.1	9.6
Total	27.4	33.5	39.5	50.8	59.8	65.6	69.2
Change to 2010 Budget estimate				0.7	4.5	5.0	5.3
Economic classification							
Current payments	25.4	32.4	38.1	50.0	58.4	64.2	67.8
Compensation of employees	13.1	16.3	19.8	25.6	30.4	32.7	34.5
Goods and services	12.3	16.2	18.3	24.4	28.0	31.5	33.2
of which:							
Computer services	0.4	1.3	1.1	1.2	1.4	1.4	1.5
Lease payments	6.0	6.3	3.4	7.3	7.1	7.5	7.9
Property payments	0.6	1.1	1.8	2.1	2.6	2.8	2.9
Travel and subsistence	1.5	2.8	6.2	6.1	8.5	10.9	11.5
Transfers and subsidies	0.0	0.1	0.1	0.1	0.1	0.1	0.1
Departmental agencies and accounts	0.0	0.1	0.1	0.1	0.1	0.1	0.1
Payments for capital assets	1.9	1.0	1.4	0.8	1.3	1.3	1.4
Machinery and equipment	1.9	1.0	1.4	0.8	1.3	1.3	1.4
Total	27.4	33.5	39.5	50.8	59.8	65.6	69.2

Expenditure trends

Between 2007/08 and 2010/11, expenditure increased from R27.4 million in 2007/08 to R50.8 million in 2010/11, at an average annual rate of 22.9 per cent, mainly to provide for increased capacity in support services. The provision for the increased capacity also explains the average annual increase in expenditure in the *Corporate Services* subprogramme, which rose from R15.9 million in 2007/08 to R32.6 million in 2010/11.

Over the medium term, expenditure is projected to increase from R50.8 million to R69.2 million, at an average annual rate of 10.8 per cent. Expenditure will be focused on further increasing capacity in support services, particularly finance and internal auditing. Expenditure in payments for capital assets is expected to grow from R807 000 in 2010/11 to R1.4 million in 2013/14, at an average annual rate of 19.6 per cent. This is due to the replacement of outdated computers and other office equipment. The ratio of administrative costs to line function costs is 1:3.

Programme 2: Complaints Processing, Monitoring and Investigation

- *Complaints Processing, Monitoring and Investigation* receives, registers, processes and investigates complaints of deaths in police custody or as a result of police action, and complaints of misconduct and criminality. This entails complaints being screened by the case analyst and adjudicated by the case intake committee, monitored by the South African Police Service in respect of service related complaints, and investigated by gathering evidence to make recommendations to the Director of Public Prosecutions and/or the South African Police Service. There are approximately 146 staff members employed in this subprogramme and 70 per cent of the budget goes towards compensation of employees. 3 886 cases were completed in the first half of 2010/11 and by the end of the third quarter, the department had handled of 5 601 cases, comprising 2 945 new cases and 2 656 cases carried over from the previous financial year.
- *Legal Services* provides legal advisory services to the department. This entails conducting research, consultation and drafting of legal opinions and contracts, as well as coordinating labour and civil litigation

matters. There are 4 staff members employed in this subprogramme and the bulk of the budget goes towards compensation of employees. In the first half of 2010/11: 18 contracts were received, of which 11 were finalised within a period of 10 working days; 20 requests for legal opinions were received, of which 18 were finalised within a period of 10 working days; and 5 litigation matters were received, of which 3 were finalised through court processes.

Objectives and measures

- Maintain the integrity of independent oversight by:
 - increasing the completion of investigated complaints from 5 003 in 2007/08 to 6 640 in 2013/14
 - registering and allocating all new complaints within 48 hours
 - providing legal support within 24 hours and advisory services within 10 working days from the date of request.

Expenditure estimates

Table 23.5 Complaints Processing, Monitoring and Investigations

Subprogramme				Adjusted appropriation	Medium-term expenditure estimate		
R million	Audited outcome			2010/11			
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Complaints Processing, Monitoring and Investigation	43.5	53.7	54.7	62.7	72.2	73.8	78.4
Legal Services	0.6	0.9	1.5	1.9	2.0	2.0	2.1
Total	44.0	54.5	56.2	64.6	74.2	75.8	80.5
Change to 2010 Budget estimate				1.2	2.7	3.3	4.0
Economic classification							
Current payments	39.8	52.1	54.1	62.9	72.5	75.5	80.2
Compensation of employees	28.1	36.0	39.8	41.7	47.1	49.0	52.1
Goods and services	11.7	16.1	14.3	21.3	25.4	26.5	28.1
<i>of which:</i>							
Computer services	0.9	2.2	1.1	1.9	2.0	2.1	2.3
Lease payments	0.4	0.9	0.7	2.3	2.5	2.6	2.7
Property payments	0.2	0.5	1.0	1.5	1.6	1.7	1.8
Travel and subsistence	4.9	5.9	6.9	7.6	10.6	10.9	11.6
Payments for capital assets	4.2	2.4	2.1	1.7	1.8	0.3	0.3
Machinery and equipment	4.2	2.4	2.1	1.7	1.8	0.3	0.3
Total	44.0	54.5	56.2	64.6	74.2	75.8	80.5

Expenditure trends

Over the medium term, the spending focus will be on improving the skills of investigators to capacitate them to execute the directorate's new mandate in terms of the Independent Police Investigative Directorate Bill.

Between 2007/08 and 2010/11, expenditure increased, at an average annual rate of 13.6 per cent, from R44 million to R64.6 million. This was mainly due to the additional allocations for increased investigative capacity. Over the medium term, expenditure is expected to grow to R80.5 million, at an average annual rate of 7.6 per cent, to provide for capacity building and skills development. Expenditure in payments for capital assets is expected to decrease at an average annual rate of 44.2 per cent between 2010/11 and 2013/14, as the directorate does not expect to replace its capital assets over the MTEF period.

Programme 3: Information Management and Research

- *Research* conducts proactive research by means of statistical information, to determine how funds are distributed. There are 3 researchers working in this subprogramme and within the department and each researcher conducts one research project per year. The bulk of this subprogramme's budget goes towards compensation of employees. In 2010/11, 3 research projects were conducted with a total budget R1.6 million.

- *Information Management System* maintains a database that serves as a register for all complaints, manages IT, and promotes Independent Complaints Directorate products and services to the South African Police Service, the Municipal Police Services, the public and internal stakeholders. This subprogramme has a staff complement of 41, and is supported by a total budget of R14.4 million in 2010/11. 18 per cent of the budget will go to improving and maintaining the department's information support system. This will result in a more thorough data management system, a streamlined linkage to government's online portals and the gateway to the e-government project, improved knowledge management, and high quality reports.

Objectives and measures

- Proactively curb errant police behaviour by:
 - analysing information in relation to the Domestic Violence Act (1998)
 - increasing the number of police stations audited annually from 180 in 2007/08 to 340 in 2013/14
 - registering all complaints received within 48 hours
 - increasing the marketing of the directorate's activities to rural communities through running 65 community outreach initiatives per quarter and profiling the brand of the directorate through various media.

Expenditure estimates

Table 23.6 Information Management and Research

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
R million							
Research	1.7	1.7	1.6	1.6	1.8	1.9	2.0
Information Management System	7.8	9.6	8.9	14.4	15.8	17.7	18.7
Total	9.4	11.3	10.5	16.0	17.6	19.6	20.7
Change to 2010 Budget estimate				0.2	0.3	0.3	0.3
Economic classification							
Current payments	8.8	10.4	10.0	15.2	16.7	18.7	19.7
Compensation of employees	4.4	5.7	5.5	8.5	9.1	10.1	10.6
Goods and services	4.4	4.7	4.5	6.7	7.7	8.6	9.1
of which:							
Computer services	0.3	0.6	0.6	1.2	1.3	1.4	1.4
Lease payments	0.0	0.1	0.1	0.4	0.4	0.5	0.5
Property payments	0.1	0.3	0.3	0.4	0.4	0.4	0.4
Travel and subsistence	0.5	1.0	1.1	1.1	1.7	2.3	2.4
Payments for capital assets	0.6	0.8	0.6	0.8	0.9	0.9	1.0
Machinery and equipment	0.6	0.8	0.6	0.8	0.9	0.9	1.0
Total	9.4	11.3	10.5	16.0	17.6	19.6	20.7

Expenditure trends

The spending focus will be on maintaining the organisation's electronic information system and updating its case flow management system.

Expenditure increased from R9.4 million in 2007/08 to R16 million in 2010/11, at an average annual rate of 19.2 per cent. The increase was mainly due to allocations for the appointment of additional personnel and general salary increases. Over the medium term, expenditure is projected to grow at an average annual rate of 8.9 per cent to reach R20.7 million in 2013/14. Travel costs associated with the upgrading of the electronic systems will increase by 30 per cent over the medium term.

Additional tables

Table 23.A Summary of expenditure trends and estimates per programme and economic classification

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R million	2009/10		2009/10	2010/11			2010/11
Administration	43.8	44.4	39.5	50.1	0.7	50.8	50.8
Complaints Processing, Monitoring and Investigation	55.1	56.0	56.2	63.4	1.2	64.6	64.6
Information Management and Research	15.9	16.1	10.5	15.8	0.2	16.0	16.0
Total	114.9	116.5	106.2	129.3	2.1	131.4	131.4
Economic classification							
Current payments	112.6	114.2	102.1	126.0	2.1	128.1	128.1
Compensation of employees	65.2	66.5	65.1	74.1	1.7	75.8	75.8
Goods and services	47.4	47.7	37.1	51.9	0.4	52.3	52.3
Transfers and subsidies	0.1	0.1	0.1	0.1	–	0.1	0.1
Departmental agencies and accounts	0.1	0.1	0.1	0.1	–	0.1	0.1
Payments for capital assets	2.2	2.2	4.0	3.3	0.0	3.3	3.3
Machinery and equipment	2.2	2.2	4.0	3.3	0.0	3.3	3.3
Total	114.9	116.5	106.2	129.3	2.1	131.4	131.4

Table 23.B Detail of approved establishment and personnel numbers according to salary level ¹

	Personnel post status as at 30 September 2010			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved	Number of funded posts establishment	Number of posts additional to the establishment	Actual			Mid-year ²	Medium-term estimate		
				2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Department	292	292	–	234	253	287	289	301	304	311
Salary level 1 – 6	110	110	–	73	90	108	108	115	117	121
Salary level 7 – 10	140	140	–	127	126	140	143	142	142	145
Salary level 11 – 12	23	23	–	20	21	22	21	24	25	25
Salary level 13 – 16	19	19	–	14	16	17	17	20	20	20
Administration	97	97	–	62	63	93	96	104	106	110
Salary level 1 – 6	49	49	–	29	33	47	47	51	52	55
Salary level 7 – 10	32	32	–	24	19	33	36	36	36	37
Salary level 11 – 12	8	8	–	6	6	7	7	9	10	10
Salary level 13 – 16	8	8	–	3	5	6	6	8	8	8
Complaints Processing, Monitoring and Investigation	153	153	–	141	150	150	149	153	154	157
Salary level 1 – 6	37	37	–	29	37	37	37	37	38	39
Salary level 7 – 10	95	95	–	92	92	92	92	94	94	96
Salary level 11 – 12	11	11	–	10	11	11	10	11	11	11
Salary level 13 – 16	10	10	–	10	10	10	10	11	11	11
Information Management and Research	42	42	–	31	40	44	44	44	44	44
Salary level 1 – 6	24	24	–	15	20	24	24	27	27	27
Salary level 7 – 10	13	13	–	11	15	15	15	12	12	12
Salary level 11 – 12	4	4	–	4	4	4	4	4	4	4
Salary level 13 – 16	1	1	–	1	1	1	1	1	1	1

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

2. As at 30 September 2010.

Table 23.C Summary of expenditure on training

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Compensation of employees (R million)	45.7	58.0	65.1	75.8	86.6	91.8	97.2
Training expenditure (R million)	0.6	0.4	0.7	1.2	1.2	1.3	1.4
Training as percentage of compensation of employees	1.3%	0.7%	1.0%	1.5%	1.4%	1.4%	1.4%
Total number trained in department (head count)	138	180	192	191			
<i>of which:</i>							
<i>Employees receiving bursaries (head count)</i>	16	19	20	21			
<i>Internships trained (head count)</i>	42	90	105	27			

Vote 24

Justice and Constitutional Development

Budget summary

R million	2011/12				2012/13	2013/14
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	1 625.2	1 538.3	10.2	76.6	1 728.9	1 833.1
Court Services	4 341.7	3 683.9	26.4	631.3	5 096.1	5 408.7
State Legal Services	750.7	745.1	1.3	4.3	782.2	806.1
National Prosecuting Authority	2 640.3	2 570.4	10.4	59.4	2 770.7	2 914.6
Auxiliary and Associated Services	2 055.7	378.8	1 655.6	21.3	2 296.4	2 446.7
Subtotal	11 413.5	8 916.6	1 704.0	792.9	12 674.3	13 409.3
Direct charge against the National Revenue Fund						
Judges' Salaries	504.9	451.9	53.0	–	579.1	621.0
Magistrates' Salaries	1 599.3	1 565.2	34.1	–	1 822.7	1 954.7
Total expenditure estimates	13 517.7	10 933.7	1 791.1	792.9	15 076.1	15 985.0
Executive authority	Minister of Justice and Constitutional Development					
Accounting officer	Director General of Justice and Constitutional Development					
Website address	www.justice.gov.za					

More detailed information for each vote is available at www.treasury.gov.za. More comprehensive coverage of vote specific information, particularly on goods and services, transfers and subsidies, donor funding, public entities and lower level institutional information, is provided.

Aim

Uphold and protect the Constitution and the rule of law, and render accessible, fair, speedy and cost effective administration of justice in the interests of a safer and more secure South Africa.

Programme purposes

Programme 1: Administration

Purpose: Manage the department, develop policies and strategies for the efficient administration of justice, and provide centralised support services.

Programme 2: Court Services

Purpose: Facilitate the resolution of criminal and civil cases and family law disputes, through providing accessible, efficient and quality administrative support to the courts, and manage court facilities.

Programme 3: State Legal Services

Purpose: Provide legal and legislative services to government, supervise the administration of deceased, insolvent and liquidation estates and the registration of trusts, manage the Guardian's Fund, prepare and promote legislation, facilitate constitutional development and undertake research in support of this.

Programme 4: National Prosecuting Authority

Purpose: Provide a coordinated prosecuting service that ensures that justice is delivered to the victims of crime through general and specialised prosecutions, removes the profit from crime, and protects certain witnesses.

Programme 5: Auxiliary and Associated Services

Purpose: Provide a variety of auxiliary services associated with the department's aim, and fund transfer payments to the South African Human Rights Commission, the Office of the Public Protector, Legal Aid South Africa, the Special Investigating Unit, the Represented Political Parties' Fund and the President's Fund.

Strategic overview: 2007/08 – 2013/14

In terms of its medium term strategic framework, the Department of Justice and Constitutional Development remains committed to establishing and maintaining an accessible and affordable court system that delivers on the three key strategic goals of: ensuring access to justice services; improving organisational efficiency and internal control systems to ensure compliance and accountability; and transforming the justice system.

Ensuring access to justice services

To improve access to justice services, specifically for people living in townships and rural areas, the department will continue to build new courts, address identified infrastructure shortages through mobile courts, expand services in existing courts, improve the quality of services provided, and redefine magisterial jurisdictions and align them with new municipality boundaries.

In 2009, the department designated all magistrate courts as equality courts and in 2010 it extended civil jurisdiction to regional courts to enable these courts to also resolve family law and other civil disputes to lower the caseload of high courts. The department also began using indigenous languages in courts, with 31 district courts selected to conduct proceedings in any of the official languages. This project is currently being evaluated and its outcomes will feed into a policy framework on language use in the courts, envisaged to be completed by the end of 2010/11.

Another initiative to improve access to the courts is the provision of at least one magisterial court per municipal district to ensure alignment with local government boundaries and therefore easier access to services. For this, 27 magisterial courts will be established and proclaimed, while 7 new courts will be commissioned by 2012/13. Two new high courts will also be built in Nelspruit and Polokwane.

Regarding vulnerable groups, the department implemented a variety of initiatives including heightening awareness of their needs, adjusting physical infrastructure and developing policies to promote and protect their rights. Departmental and cluster initiatives in implementing the Child Justice Act (2008) are also supported through the development of a national policy framework on child justice, as well as a policy and strategy on restorative justice.

Improving organisational efficiency and internal control systems

Over the past few years, a number of IT solutions have been introduced at selected courts countrywide to resolve cases more speedily. These include: the e-scheduler, which is used to register cases in district courts; the integrated case management system, which provides valuable case management information; a video remand system, which provides for the use of technology in conducting proceedings from a venue outside the court room, such as a prison; digital court recording systems to replace outdated analogue recording machines; and a document management system, which files court records at an off-site location to ensure the speedy recovery of the records and to eliminate the delays associated with misplaced files.

To further improve organisational efficiency, the department will continue to fill critical vacancies, improve document management, introduce interventions to enhance asset and contract management, reduce the case backlog, and improve overall case flow management.

Transforming the justice system

Through the criminal justice system review, the justice, crime prevention and security cluster has adopted an integrated approach to ensure that the criminal justice system is a holistic continuum spanning the crime scene, the police, the prosecutors, the courts, social development and correctional services, and restoration and integration back into the communities. Bail management and IT systems are being strengthened to provide cluster departments with an integrated information system. Protocols have been developed to enhance the

integration and effectiveness of the criminal justice system review, improve screening mechanisms and the trial readiness of cases, address legal aid, and manage the taking and processing of forensic samples.

The Office of the Chief Justice (currently in the *Constitutional Court* subprogramme in the *Court Services* programme) was proclaimed a separate government department from September 2010. Judicial functions will gradually be migrated to this new department over the medium term as it becomes operational.

The lead department in ensuring that all people in South Africa are and feel safe (outcome 3)

In relation to government's 12 outcomes and as the lead department of the justice, crime prevention and security cluster, the department has been tasked with directing and overseeing the integration and coordination of a number of diverse, but interrelated programmes that will make sure that all people in South Africa are and feel safe (outcome 3). Outputs identified under this outcome include: reducing the overall levels of crimes (output 1); improving the effectiveness and ensuring the integration of the criminal justice system (output 2); combating corruption within the cluster (output 3); managing the perception of crime among the population (output 4); enhancing the effectiveness and integration of border management (output 5); securing the identity and status of citizens (output 6); and combating cyber crime (output 7). To achieve these outputs, the department will provide key resources for finalising criminal cases and reducing case backlogs, review legislation to support alternative dispute resolution mechanisms and admission of guilt, coordinate with members of the justice, crime prevention and security cluster to ensure that fraud and corruption that originates within the cluster is identified, monitored and dealt with effectively, and lead and coordinate the justice, crime prevention and security cluster in the development and implementation of a cyber security policy.

Savings and cost effectiveness measures

The department has identified savings of R33.3 million in 2011/12, R35.2 million in 2012/13 and R37.1 million in 2013/14 across all programmes by reducing spending on: advertising, communication, catering and entertainment, stationery and printing, travel and subsistence, and venues and facilities. Efficiency measures introduced include: reduced advertising of posts; staff to pay for all private calls; discretion when purchasing stationery and other goods; reduced printing; reduced subscriptions to magazines; only key staff to attend hearings and meetings in Parliament; economy class domestic flights for all staff; reduced overnight accommodation; shared vehicles for officials travelling to the same place; and limited use of outside venues for strategic sessions or workshops.

In addition, the public private partnership project on third party funds in the *Court Services* programme was suspended, because the department decided to pursue an in-house solution to address the ongoing problems with these funds. R113.9 million in 2011/12, R119.7 million in 2012/13 and R126.3 million in 2013/14 have been reallocated to other priorities in the department.

Selected performance indicators

Table 24.1 Justice and Constitutional Development

Indicator	Programme	Past			Current	Projections		
		2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Average court hours per day	Court Services	3.39	3.5	3.46	3.50	3.55	4.0	4.1
Number of case backlogs per year	Court Services	39 736	42 495	38 563	38 177	37 796	37 418	37 043
Number of criminal court cases finalised per year:	National Prosecuting Authority							
– excluding alternative dispute resolution mechanisms		296 656	311 825	350 910	357 928	365 087	372 388	379 836
– through alternative dispute resolution mechanisms		91 978	119 776	118 631	124 760	131 117	137 709	151 991

Table 24.1 Justice and Constitutional Development (continued)

Indicator	Programme	Past			Current	Projections		
		2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Conviction rate:	National Prosecuting Authority							
–high courts		85% (987)	86% (1 461)	88% (1 083)	87% (1 105)	87% (1 127)	87% (1 149)	87% (1 173)
–regional courts		73% (25 338)	73% (29 431)	74% (28 578)	74% (29 150)	74% (29 773)	74% (30 327)	74% (30 934)
–district courts		87% (227 482)	88% (276 154)	91% (281 290)	87% (289 916)	87% (292 654)	87% (298 507)	87% (304 477)
Asset forfeiture unit:	National Prosecuting Authority							
– number of new completed forfeiture cases		223	277	271	300	310	330	350
– number of new freezing orders		226	275	315	310	330	350	370
– value of new freezing orders		R394m	R320m	R491m	R450m	R500m	R550m	R600m
– success rate		86% (213)	87% (196)	92% (262)	90% (300)	90% (310)	90% (320)	90% (350)
Sexual offences and community affairs unit:	National Prosecuting Authority							
– total number of Thuthuzela care centres		9	17	20	25	30	35	40
Witness protection unit:	National Prosecuting Authority							
– number of witnesses harmed or threatened		0	0	0	0	0	0	0

Expenditure estimates

Table 24.2 Justice and Constitutional Development

Programme				Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
Audited outcome								
R million	2007/08	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
Administration	1 164.2	1 185.3	1 031.6	1 427.4	1 427.4	1 625.2	1 728.9	1 833.1
Court Services	2 684.2	3 083.3	4 087.1	3 994.2	3 986.4	4 341.7	5 096.1	5 408.7
State Legal Services	390.3	537.4	548.6	722.1	707.3	750.7	782.2	806.1
National Prosecuting Authority	1 719.7	1 926.9	2 188.2	2 684.3	2 668.1	2 640.3	2 770.7	2 914.6
Auxiliary and Associated Services	1 235.5	1 511.5	1 798.1	1 959.5	1 953.2	2 055.7	2 296.4	2 446.7
Subtotal	7 194.0	8 244.4	9 653.5	10 787.3	10 742.3	11 413.5	12 674.3	13 409.3
Direct charge against the National Revenue Fund	1 184.5	1 601.1	1 774.9	1 929.9	1 929.9	2 104.2	2 401.9	2 575.7
Judges' Salaries	298.5	504.8	601.7	465.5	465.5	504.9	579.1	621.0
Magistrates' Salaries	886.1	1 096.3	1 173.1	1 464.4	1 464.4	1 599.3	1 822.7	1 954.7
Total	8 378.5	9 845.5	11 428.4	12 717.2	12 672.2	13 517.7	15 076.1	15 985.0
Change to 2010 Budget estimate				536.9	491.8	329.8	1 093.7	1 233.5
Economic classification								
Current payments	6 850.3	8 093.7	9 174.0	10 327.0	10 288.3	10 933.7	12 057.7	12 764.8
Compensation of employees	4 250.9	5 326.2	6 028.1	7 262.9	7 224.1	7 631.2	8 382.2	8 850.6
Goods and services	2 598.4	2 767.1	3 116.2	3 059.7	3 059.7	3 293.0	3 665.3	3 903.5
of which:								
Computer services	275.6	309.2	525.2	418.0	418.0	434.9	459.3	484.1
Agency and support / outsourced services	100.9	273.7	357.6	462.0	462.0	442.2	591.6	642.1
Lease payments	408.0	431.4	393.7	493.7	493.7	541.0	586.0	618.2
Property payments	146.5	405.2	277.6	377.6	377.6	488.3	518.3	563.8
Interest and rent on land	0.9	0.3	29.7	4.4	4.4	9.6	10.1	10.6
Transfers and subsidies	984.1	1 266.2	1 473.3	1 706.1	1 699.8	1 791.1	1 919.0	2 043.5
Departmental agencies and accounts	937.4	1 193.8	1 349.6	1 586.6	1 580.3	1 662.2	1 778.5	1 895.8
Foreign governments and international organisations	3.6	5.1	13.1	4.7	4.7	5.0	5.2	5.5
Non-profit institutions	–	–	1.8	–	–	–	–	–
Households	43.1	67.4	108.8	114.8	114.8	123.9	135.2	142.2

Table 24.2 Justice and Constitutional Development (continued)

R million	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
Economic classification								
Payments for capital assets	541.1	482.2	780.6	683.7	683.7	792.9	1 099.5	1 176.7
Buildings and other fixed structures	296.2	416.8	662.0	494.8	494.8	614.3	951.0	1 000.1
Machinery and equipment	241.7	63.8	115.0	188.7	188.7	178.5	148.4	176.6
Software and other intangible assets	3.2	1.6	3.7	0.1	0.1	0.1	0.0	0.0
Payments for financial assets	3.0	3.4	0.4	0.5	0.5	–	–	–
Total	8 378.5	9 845.5	11 428.4	12 717.2	12 672.2	13 517.7	15 076.1	15 985.0

Expenditure trends

The spending focus over the MTEF period will be on reviewing the criminal justice system, implementing approved legislation such as the Children's Act (2005), the Child Justice Act (2008) and the Sexual Offences Act (2008), building high courts in Nelspruit and Polokwane, and the further modernisation of the systems and procedures in the courts.

Expenditure increased from R8.4 billion in 2007/08 to R12.7 billion in 2010/11, at an average annual rate of 14.9 per cent, and is expected to grow to R16 billion in 2013/14, at an average annual rate of 7.9 per cent. The increase in both periods is mostly for improving capacity and extending justice services, which are reflected in the increases of R2.7 billion, R415.8 million and R1.2 billion in the *Court Services*, *State Legal Services* and *Auxiliary and Associated Services* programmes over the seven-year period.

The ratio of administrative costs to line function programme costs in the department is 1:6.

Compensation of employees grew from R4.3 billion in 2007/08 to R7.3 billion in 2010/11, at an average annual rate of 20 per cent, mainly as a result of increased salary adjustments and the implementation of the occupation specific dispensation for legally qualified professionals. Expenditure on compensation of employees is expected to grow over the medium term at an average annual rate of only 6.8 per cent to reach R8.9 billion. Over the same period, payments for capital assets are expected to increase from R683.7 million in 2010/11 to R1.2 billion in 2013/14, at an average annual rate of 19.8 per cent, mostly to provide for building new courts.

The 2011 Budget sets out additional allocations of R477 million in 2011/12, R1.2 billion in 2012/13 and R1.4 billion in 2013/14 for: increasing regional capacity (R180 million); building new courts (R490 million); implementing legislation concerning vulnerable groups (R175 million); renewing ICT infrastructure (R210 million); the United in Diversity presidential initiative (R45 million); improving conditions of service and implementing the second phase of the occupation specific dispensation for legally qualified professionals (R938.4 million); increasing the department's baseline for accommodation charges (R240.9 million); appointing more judges and magistrates, including secretarial support (R437.5 million); and adding capacity in Legal Aid South Africa, the Special Investigating Unit, the South African Human Rights Commission and the Office of the Public Protector (R405.6 million).

Infrastructure spending

In 2009/10, the department completed the construction of new courts in Colesberg, Galeshewe and Lutzville, at a cost of R99.1 million, and in 2010/11 it completed the construction of new courts in Ekangala, Hankey and Ashton, at a cost of R64.9 million. In 2009/10, office space in existing courts was also expanded in Stanger, Pietermaritzburg and Bredasdorp and access for people with disabilities was provided in 348 court buildings, at a cost of R104 million. The department's repair and maintenance programme had projects at various stages by the end of 2009/10: 80 projects were completed, 11 were at the repair phase and 2 were in the planning phase.

Over the medium term, large projects to be completed include the Polokwane High Court (R301.7 million), Johannesburg High Court (R99.6 million) and Ntuzuma Magistrate Office (R108.4 million). Construction of the Nelspruit High Court (R346.5 million) and Port Shepstone Magistrate Office (R189.8 million) will begin in 2012/13. Provision is also made for the second phase of the department's accessibility programme (R155.0 million) and construction will continue or begin for new smaller court facilities in Orlando,

Kathlehong, Mamelodi, Richard's Bay, Plettenberg Bay, Jan Kempdorp, Garies, Bityi and Dimbaza. Extensions to court facilities will begin for existing court facilities in towns that include Soshanguve, Port Elizabeth, Humansdorp, Calvinia, KwaMbonambi, Umtata, Whittlesea, Riversdale and Umbumbulu, supported by a total budget of R1.3 billion.

Personnel information

The department has an establishment of 23 479 posts, of which 21 707 are funded and 241 are additional to the approved establishment. The number of posts filled increased from 19 348 in 2007/08 to 21 213 in 2010/11 and is expected to grow to 23 143 over the medium term. This is as a result of additional allocations of R350 million over the medium term for increasing regional capacity and implementing new legislation.

There are 494 vacancies within the department, of which most are in the *Administration* programme in salary levels 4, 7 and 13. The vacancies are the result of high staff turnover, coupled with the length of time it takes to recruit new staff. The ratio of support staff to line staff is 1:9.

Departmental receipts

Revenue is mainly generated from fines, penalties and forfeits imposed by the courts, photocopy charges for court cases and access to information, and money recovered by state attorneys. Between 2007/08 and 2010/11, departmental receipts grew at an average annual rate of 6 per cent, from R317 million to R377.6 million. Over the medium term, departmental receipts are expected to increase from R377.6 million in 2010/11 to R443.7 million in 2013/14, at an average annual rate of 5.5 per cent.

Table 24.3 Departmental receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2007/08	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
Departmental receipts	317 016	356 775	382 853	377 649	377 649	399 761	422 546	443 673
Sales of goods and services produced by department	14 979	14 394	15 881	14 245	14 245	14 915	15 765	16 553
Sales of scrap, waste, arms and other used current goods	–	33	17	–	–	–	–	–
Transfers received	1 408	21	817	–	–	–	–	–
Fines, penalties and forfeits	238 025	271 506	296 461	315 234	315 234	333 833	352 861	370 504
Interest, dividends and rent on land	49 244	45 170	28 116	28 773	28 773	30 471	32 208	33 818
Sales of capital assets	–	10	264	143	143	152	160	168
Transactions in financial assets and liabilities	13 360	25 641	41 297	19 254	19 254	20 390	21 552	22 630
Total	317 016	356 775	382 853	377 649	377 649	399 761	422 546	443 673

Programme 1: Administration

Expenditure estimates

Table 24.4 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R million	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Ministry ¹	18.9	20.9	33.7	32.1	25.8	27.1	28.6
Management	219.8	47.8	51.5	70.3	82.6	86.6	90.9
Corporate Services	572.6	723.0	497.5	816.4	893.2	920.9	971.5
Office Accommodation	352.9	393.6	448.9	508.6	623.7	694.2	742.2
Total	1 164.2	1 185.3	1 031.6	1 427.4	1 625.2	1 728.9	1 833.1
Change to 2010 Budget estimate				(21.1)	52.5	69.9	82.9

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

Table 24.4 Administration (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Economic classification							
Current payments	1 084.0	1 166.5	1 000.0	1 353.2	1 538.3	1 667.8	1 768.7
Compensation of employees	171.8	214.3	220.5	318.6	346.8	364.1	382.3
Goods and services	912.2	952.3	779.4	1 034.7	1 191.4	1 303.5	1 386.1
of which:							
Computer services	70.9	21.3	17.3	35.3	37.0	42.5	44.8
Agency and support / outsourced services	24.5	84.0	57.4	131.2	110.3	120.0	120.5
Lease payments	260.1	296.6	340.5	389.6	428.5	469.2	495.1
Property payments	95.2	344.9	182.4	252.9	349.0	380.2	418.9
Interest and rent on land	–	–	0.1	–	0.2	0.2	0.2
Transfers and subsidies	7.7	9.2	17.8	9.8	10.2	10.7	11.3
Departmental agencies and accounts	3.9	3.0	4.3	4.8	5.1	5.3	5.6
Foreign governments and international organisations	3.6	5.1	13.1	4.7	5.0	5.2	5.5
Households	0.3	1.1	0.4	0.2	0.2	0.2	0.2
Payments for capital assets	69.5	9.3	13.8	64.4	76.6	50.4	53.1
Buildings and other fixed structures	–	–	0.3	–	–	–	–
Machinery and equipment	69.1	9.3	10.3	64.4	76.6	50.3	53.1
Software and other intangible assets	0.5	–	3.2	0.0	0.0	0.0	0.0
Payments for financial assets	3.0	0.2	–	–	–	–	–
Total	1 164.2	1 185.3	1 031.6	1 427.4	1 625.2	1 728.9	1 833.1
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	3.9	3.0	4.3	4.8	5.1	5.3	5.6
Safety and Security Sector Education and Training Authority	3.9	3.0	4.3	4.8	5.1	5.3	5.6
Foreign governments and international organisations							
Current	3.6	5.1	13.1	4.7	5.0	5.2	5.5
International Criminal Court	3.6	5.1	13.1	4.7	5.0	5.2	5.5

Expenditure trends

Expenditure in this programme grew at an average annual rate of 7 per cent, from R1.2 billion in 2007/08 to R1.4 billion in 2010/11, and is expected to increase at an average annual rate of 8.7 per cent over the medium term, to reach R1.8 billion. The growth in both periods is mostly in the *Office Accommodation* subprogramme and can mainly be attributed to additional allocations for increased municipal and accommodation charges.

Between 2007/08 and 2010/11, expenditure on compensation of employees increased from R171.8 million to R318.6 million at an average annual rate of 22.9 per cent as a result of higher than budgeted salary increases, the appointment of interns and the expansion of capacity in the ministry. Over the medium term, spending on compensation of employees is expected to grow to R382.3 million in 2013/14, at an average annual rate of 6.3 per cent, and will mainly provide for improved conditions of service.

Payments for capital assets increased from R13.8 million in 2009/10 to R64.4 million in 2010/11 due to additional payments made to a contractor for physical security work on buildings. Over the medium term, payments for capital assets are projected to decrease from R64.4 million to R53.1 million, due to a winding down of departmental spending on security equipment for courts.

Programme 2: Court Services

- *Constitutional Court* funds the activities and operations of the Constitutional Court, which has jurisdiction over constitutional matters only. The court has 11 judges, and a minimum of 8 judges must hear a case, with the chief justice or deputy chief justice presiding. In 2009/10, the subprogramme had a staff complement of 74, and a total budget of R70.8 million, of which 71.6 per cent was spent on goods and services. The court received 122 new cases and finalised 120. In 2010/11, it is expected that the inflow of cases will remain at 120 and that the same number of cases will be finalised.
- *Supreme Court of Appeal* funds the activities and operations of the Supreme Court of Appeal, which adjudicates appeals and questions of law from the high courts. The court has 21 judges, including a president and deputy president, and a minimum of 3 to 5 judges sits per case. In 2009/10, the subprogramme had a staff complement of 24, and a total budget of R20.6 million, of which 50.9 per cent was spent on goods and services and 30 per cent on compensation of employees. The court finalised 42 criminal appeals, 180 civil appeals, 196 criminal petitions, and 295 civil petitions. In 2010/11, it is expected that similar numbers of criminal and civil appeals and petitions will be finalised by the court.
- *High Courts* funds the activities and operations of the various high court divisions, which have jurisdiction over the defined geographical areas in which they are located. There are currently 14 high courts and 179 judges. In 2009/10, the subprogramme had a staff complement of 1 200, and a total budget of R310.1 million, of which 48 per cent was spent on goods and services and 47.4 per cent on compensation of employees. High courts finalised 1 235 criminal cases, 20 574 civil cases, 665 criminal appeals, 224 civil appeals, 7 589 automatic review cases, 62 472 civil motion applications and 40 581 civil default judgments. In 2010/11, it is expected that there will be a marginal increase of 0.5 per cent, in the number of cases submitted to the high courts.
- *Specialised Courts* funds the activities and operations of labour and labour appeal courts, the land claims court, the special tribunal, and family courts. In 2009/10, the subprogramme had a staff complement of 72, and a total budget of R34.5 million, of which 53.7 per cent was spent on compensation of employees and 45.3 per cent on goods and services. The land claims court delivered judgement in 647 restitution cases, 612 extension of security of tenure cases and 797 labour tenant cases. The labour and labour appeal courts dealt with 13 564 new cases. In 2010/11, it is expected that the caseloads should settle at around 680 in the land claims court and 13 500 in the labour and labour appeal court.
- *Lower Courts* funds the activities and operations of the various regional and district courts. More than 200 regional courts adjudicate serious criminal matters and civil cases, and over 800 district courts adjudicate civil cases and less serious criminal cases. In 2009/10, the subprogramme had a staff complement of 7 500, and a total budget of R2.6 billion, of which 58.3 per cent was spent on compensation of employees and 37.2 per cent on goods and services. Regional courts enrolled 81 873 new criminal cases and disposed of 87 389, while district courts enrolled 961 243 new criminal cases and disposed of 976 517. In 2010/11, it is expected that the number of new cases in lower courts will increase by 0.7 per cent (7 100 cases).
- *Family Advocate* funds family advocate offices, which make recommendations to the court where there is litigation and mediation relating to children in family matters. In 2009/10, the subprogramme had a staff complement of 323, and a total budget of R100.8 million, of which 81 per cent was spent on compensation of employees. The family advocate received 9 162 new cases and finalised 8 105. In 2010/11, it is expected that more than 11 700 new cases will be received and 10 197 finalised.
- *Magistrate's Commission* funds the Magistrate's Commission, which makes recommendations on the appointment and tenure of magistrates. In 2009/10, the subprogramme had a staff complement of 17, and a total budget of R9.9 million, of which 50.6 per cent was spent on goods and services and 49.2 per cent on compensation of employees. Between January 2009 and October 2010, with the approval of the Minister of Justice and Constitutional Development, the commission appointed 107 magistrates on various levels. It is expected that another 135 magistrates will be appointed by the end of 2010/11.
- *Government Motor Transport* funds vehicles for judges and department officials. In 2009/10, the subprogramme had a total budget of R18.5 million, of which 99.8 per cent was spent on machinery and equipment. In 2010/11, it is expected that vehicles for only newly appointed judges will be purchased.

- *Facilities Management* funds the building and upgrading of courts and justice service delivery points. In 2009/10, the subprogramme had a total budget of R590.1 million, of which 92.7 per cent was spent on buildings and other fixed structures. In 2010/11, the programme's budget will increase by 7 per cent to R631.4 million. Funding is distributed based on planned capital works, infrastructure upgrades, repairs and maintenance, and additions.
- *Administration of Courts* funds the management of courts' administration and performance evaluation functions, and includes a national office and 9 provincial offices. In 2009/10, the subprogramme had a staff complement of 771, and a total budget of R329.8 million, of which 70.1 per cent was spent on compensation of employees.

Objectives and measures

- Ensure that justice proceedings are prompt by:
 - reducing the case backlog in regional courts from 38 177 in 2010/11 to 37 043 in 2013/14, through 56 dedicated case backlog courts
 - reducing the case cycle time for criminal cases involving children by 12 per cent, from the current 18 months to 15 months in 2010/11, through implementing the provisions of the Child Justice Act (2008)
 - reducing the number of cases on court rolls from 30 115 in 2007/08 to 10 000 in 2011/12 through increasing matters dealt with by admission of guilt fines (assaults, theft, crimen injuria)
 - converting 20 per cent of identified branch courts (46 of 230) to become full service courts by the end of 2011/12, through extending their jurisdictions per proclamation and by providing additional staff, training and services.
- Provide adequate family law litigation services and family mediation services to protect the interests of children by finalising 50 per cent of all cases handled by the family advocate within 6 months in 2011/12.

Expenditure estimates

Table 24.5 Court Services

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
R million							
Constitutional Court	45.0	61.8	70.8	102.4	117.1	121.0	126.9
Supreme Court of Appeal	12.9	12.1	20.6	14.2	17.2	17.9	18.6
High Courts	226.4	246.3	310.1	274.2	283.5	294.6	306.1
Specialised Courts	24.6	26.9	34.5	30.4	31.1	32.4	33.6
Lower Courts	1 645.3	1 824.6	2 602.0	2 461.1	2 635.4	3 014.0	3 210.2
Family Advocate	67.3	85.2	100.8	104.6	112.2	115.4	119.8
Magistrate's Commission	7.6	7.4	9.9	10.3	10.6	11.3	11.8
Government Motor Transport	27.8	17.3	18.5	35.4	28.6	26.4	48.0
Facilities Management	361.1	479.5	590.1	631.4	759.4	1 105.0	1 161.7
Administration of Courts	266.2	322.3	329.8	330.2	346.6	358.3	372.1
Total	2 684.2	3 083.3	4 087.1	3 994.2	4 341.7	5 096.1	5 408.7
Change to 2010 Budget estimate				100.0	72.2	510.3	570.6
Economic classification							
Current payments	2 305.1	2 613.4	3 377.4	3 436.7	3 683.9	4 107.0	4 348.6
Compensation of employees	1 484.4	1 713.4	2 025.5	2 421.2	2 629.0	2 929.5	3 080.2
Goods and services	820.7	900.0	1 348.0	1 015.6	1 050.8	1 173.1	1 263.8
of which:							
Computer services	7.9	6.3	100.8	42.9	48.4	48.4	51.5
Agency and support / outsourced services	–	126.0	208.7	223.3	220.7	252.6	286.0
Lease payments	23.5	27.2	34.4	26.6	29.9	30.5	32.1
Property payments	12.7	26.2	19.5	51.4	61.6	57.0	59.3
Interest and rent on land	–	–	4.0	–	4.1	4.4	4.6

Table 24.5 Court Services (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Economic classification							
Transfers and subsidies	10.2	9.9	31.4	23.1	26.4	28.3	29.5
Non-profit institutions	–	–	1.8	–	–	–	–
Households	10.2	9.9	29.6	23.1	26.4	28.3	29.5
Payments for capital assets	368.9	456.9	678.3	534.3	631.3	960.9	1 030.7
Buildings and other fixed structures	296.1	416.8	640.6	479.8	598.5	934.4	982.6
Machinery and equipment	72.2	40.0	37.7	54.5	32.7	26.4	48.0
Software and other intangible assets	0.5	0.1	0.0	0.0	0.0	–	–
Payments for financial assets	0.0	3.1	–	–	–	–	–
Total	2 684.2	3 083.3	4 087.1	3 994.2	4 341.7	5 096.1	5 408.7
Details of selected transfers and subsidies							
Households							
Households social benefits							
Current	10.2	9.9	29.6	19.1	26.4	28.3	29.5
Employee Social Benefits	10.2	9.9	29.6	19.1	26.4	28.3	29.5
Households other transfers							
Current	–	–	–	4.0	–	–	–
Claims Against the State	–	–	–	4.0	–	–	–
Non-profit institutions							
Current	–	–	1.8	–	–	–	–
National Institute for Crime Prevention and Re-integration of Offenders	–	–	1.8	–	–	–	–

Expenditure trends

The spending focus over the MTEF period will be on reviewing the criminal justice system, implementing approved legislation concerning vulnerable groups, and enhancing access to justice services through the building of high courts in Nelspruit and Polokwane, reflected in compensation of employees and buildings and other fixed structures.

Between 2007/08 and 2010/11, expenditure grew from R2.7 billion in 2007/08 to R4 billion in 2010/11, at an average annual rate of 14.2 per cent, and is expected to grow to R5.4 billion over the medium term, at an average annual rate of 10.6 per cent. The growth can be attributed to the implementation of a number of projects involving new approved legislation and specialised courts for the 2009 FIFA Confederations Cup and the 2010 FIFA World Cup. Growth over the medium term is mainly due to additional allocations for the construction of new courts, the implementation of legislation concerning vulnerable groups, and improved conditions of service.

Spending in the *Lower Courts* subprogramme grew from R1.6 billion in 2007/08 to R2.5 billion in 2010/11, at an average annual rate of 14.4 per cent, and is expected to grow to R3.2 billion over the medium term, at an average annual rate of 9.3 per cent. The subprogramme accounts for 60.2 per cent of the programme's budget over the medium term. Its allocations over both the periods are expected to be used to improve service delivery, fill critical vacancies, and integrate the management of cases and people along the justice chain.

Expenditure in the *Facilities Management* subprogramme grew from R361.1 million in 2007/08 to R631.4 million in 2010/11, at an average annual rate of 20.5 per cent, and is expected to grow to R1.2 billion over the medium term, at an average annual rate of 22.5 per cent. This growth is mainly due to significant additional allocations for building new courts and also explains the increase in expenditure on payments for capital assets over the medium term.

Spending on compensation of employees increased from R1.5 billion in 2007/08 to R2.4 billion in 2010/11 at an average annual rate of 17.7 per cent due to the higher than expected salary increases and implementation costs

associated with the occupation specific dispensation for legally qualified professionals. Over the medium term, spending on compensation of employees is expected to increase to R3.1 billion, at an average annual rate of 8.4 per cent.

The ratio of administration costs to line function costs in this programme is 1:11. The accuracy of this ratio is impacted by the fact that all the courts have an integrated administration section that forms part of the normal budget of that court.

Programme 3: State Legal Services

- *State Law Advisors* provides legal advisory services to the executive, all state departments, state owned enterprises and autonomous government bodies through the office of the chief state law advisor. In 2009/10, the subprogramme had a staff complement of 75, and a total budget of R33.9 million, of which 89.5 per cent was spent on compensation of employees. The office finalised 250 requests for legal opinion, 285 requests for the certification of international agreements, and 155 requests for the certification of bills and regulations. It was also able to translate 11 bills out of 15 received. In 2010/11, it is expected that the office will receive significantly more instructions, due to the new and more important role that South Africa is expected to play internationally as a result of its appointment as a non-permanent member of the United Nations Security Council, its admission to the Brazil-Russia-India-China economic cooperative arrangement, and the emphasis on Africa as a means of helping South Africa to meet its own economic, social and political agenda.
- *Litigation and Legal Services* provides attorney, conveyancing and notary services to the executive, all state departments, state owned enterprises and other government bodies through the 11 offices of the state attorney, and provides legal support to the department and the ministry. In 2009/10, the subprogramme had a staff complement of 664, and a total budget of R215.3 million, of which 78 per cent was spent on compensation of employees. State attorney offices issued 5 804 briefs and enrolled 6 384 cases. In 2010/11, it is expected that similar numbers of briefs will be issued and cases enrolled.
- *Legislative Development and Law Reform* conducts research, and prepares and promotes new and amended legislation. In 2009/10, the subprogramme had a staff complement of 74, and a total budget of R36.6 million, of which 79.4 per cent was spent on compensation of employees. The branch submitted 10 research publications to the South African Law Reform Commission for consideration and approval, and prepared 16 bills and 14 subordinate legislative instruments (regulations and rules). In 2010/11, it is expected that the branch will submit 15 research publications to the South African Law Reform Commission for consideration and approval, and prepare 12 bills and 14 subordinate legislative instruments.
- *Master of the High Court* funds the Master's Office, which supervises the administration of deceased and insolvent estates, trusts, curatorships and the Guardian's Fund. There are 14 master's offices. In 2009/10, the programme had a staff complement of 1 179, and a total budget of R251.1 million, of which 84.4 per cent was spent on compensation of employees. The Master's Office finalised 81 122 files on estates worth less than R125 000, and 29 093 files on estates worth more than R125 000, issued 37 986 letters of execution to proceed with the administration of estates, issued 63 057 letters of appointment, placed 1 783 people under curatorship, and registered 19 373 trusts. The Guardian's Fund processed 39 957 applications and made 44 184 beneficiary payments.
- *Constitutional Development* conducts research, coordinates the implementation of constitutionally mandated legislation, such as the Promotion of Equality and Prevention of Unfair Discrimination Act (2000) and the Promotion of Administrative Justice Act (2000), promotes the Constitution and its values, assists and protects independent institutions supporting constitutional democracy to ensure their independence and effectiveness, and coordinates, promotes and develops programmes in support of social justice and participatory democracy. In 2009/10, the subprogramme had a staff complement of 20, and a total budget of R11.6 million, of which 57.3 per cent was spent on compensation of employees and 40.4 per cent on goods and services. Awareness programmes on the Promotion of Equality and Prevention of Unfair Discrimination Act (2000) and the training of equality court personnel continued, and were extended to the legal fraternity, legal resources centres, advice offices and civil society organisations. The subprogramme also coordinated and facilitated 39 training sessions on the Promotion of Administrative Justice Act (2000), focused on organs

of state and reaching about 931 officials across a number of departments. In 2010/11, the subprogramme will concentrate mainly on its part in the United in Diversity presidential initiative.

Objectives and measures

- Improve the legal system by preparing at least 12 bills and 14 subordinate legislative instruments (regulations and rules) for submission to the ministry during 2011/12.
- Facilitate law reform by submitting at least 15 research publications to the South African Law Reform Commission for consideration and approval in 2011/12.
- Reduce litigation costs for the department by 25 per cent during 2011/12 by developing and implementing a blueprint on state litigation.
- Improve the administration of estates and the Guardian's Fund during 2011/12 by:
 - finalising registered deceased estates worth less than R125 000 within 4 months
 - finalising registered deceased estates worth more than R125 000 within 12 months
 - finalising registered insolvency estates and liquidation estates within 15 months
 - providing beneficiaries of the Guardian's Fund with access to funds within 40 days of application, after all necessary documentation has been received.
- Promote and strengthen constitutional development by:
 - launching the United in Diversity presidential initiative, by the end of 2011/12
 - depositing the national action plan to combat racism with the United Nations by the end of 2011/12
 - enhancing the implementation of the Promotion of Equality and Prevention of Unfair Discrimination Act (2000) through finalising appointments to the equality review committee within 6 months, through promoting at least 4 major advocacy programmes to increase the use made of equality courts, and ensuring at least 2 sittings of the equality review committee by the end of 2011/12.

Expenditure estimates

Table 24.6 State Legal Services

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
R million							
State Law Advisors	22.9	30.1	33.9	46.8	48.1	50.2	52.5
Litigation and Legal Services	146.7	198.1	215.3	239.2	257.7	270.4	284.0
Legislative Development and Law Reform	26.4	29.9	36.6	53.1	55.8	58.3	61.0
Master of the High Court	186.6	267.2	251.1	317.4	324.4	341.2	359.3
Constitutional Development	7.8	12.1	11.6	65.5	64.7	62.0	49.4
Total	390.3	537.4	548.6	722.1	750.7	782.2	806.1
Change to 2010 Budget estimate				51.8	44.3	40.3	23.5
Economic classification							
Current payments	385.2	531.9	540.5	712.6	745.1	776.3	799.9
Compensation of employees	296.9	394.3	445.8	577.1	607.5	647.6	669.2
Goods and services	88.3	137.5	94.1	135.6	137.0	128.1	130.1
of which:							
Computer services	0.7	0.5	0.6	7.5	4.1	2.5	1.5
Agency and support / outsourced services	–	49.7	9.1	10.1	8.2	8.9	9.4
Lease payments	3.0	3.8	3.1	3.9	4.2	4.4	4.6
Property payments	1.4	0.3	0.5	0.4	0.4	0.4	0.5
Interest and rent on land	–	–	0.5	–	0.6	0.6	0.6
Transfers and subsidies	1.2	1.7	2.5	1.1	1.3	1.4	1.5
Households	1.2	1.7	2.5	1.1	1.3	1.4	1.5

Table 24.6 State Legal Services (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Economic classification							
Payments for capital assets	3.9	3.7	5.6	8.4	4.3	4.5	4.7
Machinery and equipment	3.8	3.7	5.5	8.4	4.3	4.5	4.7
Software and other intangible assets	0.1	0.0	0.1	–	–	–	–
Payments for financial assets	0.0	0.1	–	–	–	–	–
Total	390.3	537.4	548.6	722.1	750.7	782.2	806.1
Details of selected transfers and subsidies							
Households							
Households social benefits							
Current	1.2	1.7	2.5	1.1	1.3	1.4	1.5
Employee social benefits	1.2	1.7	2.5	1.1	1.3	1.4	1.5

Expenditure trends

The spending focus over the MTEF period will be on capacitating the new *Constitutional Development* subprogramme, implementing the United in Diversity presidential initiative and further improving access to and control over the Guardian's Fund.

Expenditure increased from R390.3 million in 2007/08 to R722.1 million in 2010/11, at an average annual rate of 22.8 per cent and is expected to increase to R806.1 million, at an average annual rate of 3.7 per cent over the medium term. The growth between 2007/08 and 2010/11 can be attributed to additional allocations for improved access to Guardian's Fund, including deceased and insolvent estates services, as well as increased capacity in the master's and state attorney offices.

Between 2007/08 and 2010/11, expenditure in the *Constitutional Development* subprogramme increased from R7.8 million to R65.5 million, at an average annual rate of 103.6 per cent, due to the additional allocations in 2010/11 for the United in Diversity presidential initiative. Spending in the *Master of the High Court* subprogramme grew from R186.6 million to R317.4 million between 2007/08 and 2010/11, at an average annual rate of 19.4 per cent, mainly due to the appointment of a large number of additional personnel to facilitate access to deceased and insolvent estates services. Over the medium term, growth in this subprogramme is projected to increase to R359.3 million, at an average annual rate of 4.2 per cent.

Expenditure on compensation of employees grew from R296.9 million in 2007/08 to R577.1 million in 2010/11, at an average annual rate of 24.8 per cent. The growth was largely the result of the implementation of the occupation specific dispensation for legally qualified professionals. Spending on compensation of employees is expected to reach R669.2 million over the medium term, at an average annual rate of 5.1 per cent.

Programme 4: National Prosecuting Authority

- *Public Prosecutions* provides for general prosecutions and several specialised prosecution units, such as those for priority crimes litigation, sexual offences and community affairs and specialised commercial crime. There are, on average, 1 678 courts in session countrywide each day. In 2009/10, this subprogramme had 3 165 prosecutors and a budget of R1.6 billion, of which 89.9 per cent was spent on compensation of employees. 1 044 346 criminal cases were enrolled and 469 541 finalised. In 2010/11, the number of prosecutors is expected to increase to 3 262, and more than 482 688 criminal cases will be finalised.
- *Office for Witness Protection* provides for protection, support and related services to vulnerable witnesses and related people in judicial proceedings. In 2009/10, the subprogramme had a staff complement of 135, and a total budget of R120.4 million, of which 53.4 per cent was spent on goods and services and 37.1 per cent on compensation of employees. The office provided protection to 398 witnesses (743, including families), of which none were harmed, threatened or assassinated.

- *Asset Forfeiture Unit* funds the asset forfeiture unit, which seizes assets that are the proceeds of crime or have been part of an offence through a criminal or civil process. In 2009/10, the subprogramme had a staff complement of 162, and a total budget of R78.6 million, of which 77.8 per cent was spent on compensation of employees. The unit obtained 315 new orders to restrain assets of approximately R491 million, and completed 271 cases to the value of R185 million. R51.7 million was paid into the criminal assets recovery account, and the unit achieved a success rate of 92.4 per cent. In 2010/11, it is expected that the unit will obtain 310 new orders to restrain assets of approximately R450 million, and achieve a success rate of 90 per cent.
- *Support Services* provides corporate support services in terms of finance, human resources, ICT, supply chain and risk management to the National Prosecuting Authority. In 2009/10, the subprogramme had a staff complement of 862, and a total budget of R406.7 million, of which 56.9 per cent was spent on goods and services and 22.7 per cent on compensation of employees.

Objectives and measures

- Improve prosecutorial efficiency by increasing the number of cases finalised (excluding alternative dispute resolution mechanisms) from 350 910 in 2009/10 to 446 866 in 2013/14.
- Increase the use of alternative ways of delivering justice by increasing the number of cases finalised through alternative resolution mechanisms from 118 631 in 2009/10 to 151 991 in 2013/14.
- Contribute to improving the effectiveness of the criminal justice system by ensuring that no witnesses are harmed or threatened while on the witness protection programme over the medium term.
- Remove the proceeds of crime from the control of criminals by increasing the value of freezing orders (court orders to freeze an individual's assets) from R491 million in 2009/10 to R600 million in 2013/14.
- Contribute to combating corruption in the justice, crime prevention and security cluster by ensuring the conviction of 63 people and by freezing assets to the value of R6 million by 2013/14.
- Contribute to improving investor perceptions, trust and willingness to invest by convicting and freezing the assets of 100 people who have assets of more than R5 million obtained through illicit means by 2013/14.

Expenditure estimates

Table 24.7 National Prosecuting Authority

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
R million							
Public Prosecutions	1 183.9	1 427.9	1 582.5	1 972.7	1 900.8	1 996.4	2 098.6
Office for Witness Protection	79.6	103.6	120.4	130.7	137.8	144.3	152.0
Asset Forfeiture Unit	59.8	64.5	78.6	106.6	106.1	111.3	117.1
Support Services	396.4	330.9	406.7	474.3	495.6	518.7	546.9
Total	1 719.7	1 926.9	2 188.2	2 684.3	2 640.3	2 770.7	2 914.6
Change to 2010 Budget estimate				268.6	78.6	79.2	75.0
Economic classification							
Current payments	1 676.8	1 919.7	2 098.5	2 617.5	2 570.4	2 697.3	2 837.4
Compensation of employees	1 142.0	1 454.0	1 620.2	2 098.5	2 030.8	2 135.1	2 244.4
Goods and services	534.0	465.4	453.2	514.6	534.9	557.3	587.8
of which:							
Computer services	35.5	47.7	56.7	61.1	59.8	62.5	66.3
Agency and support / outsourced services	76.4	12.3	15.1	16.6	17.5	18.3	19.3
Lease payments	121.3	103.8	15.7	70.9	75.6	78.9	83.2
Property payments	37.3	33.8	75.2	73.0	77.4	80.7	85.1
Interest and rent on land	0.9	0.3	25.1	4.4	4.7	4.9	5.2
Transfers and subsidies	2.8	4.9	18.9	9.6	10.4	11.0	11.6
Departmental agencies and accounts	–	1.1	1.4	1.5	1.6	1.6	1.7
Households	2.8	3.8	17.6	8.1	8.9	9.3	9.9

Table 24.7 National Prosecuting Authority (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Payments for capital assets	40.1	2.3	70.3	56.7	59.4	62.5	65.7
Buildings and other fixed structures	0.1	–	21.0	15.1	15.8	16.6	17.5
Machinery and equipment	37.9	2.3	49.3	41.6	43.6	45.9	48.2
Software and other intangible assets	2.1	0.0	–	–	–	–	–
Payments for financial assets	–	0.0	0.4	0.5	–	–	–
Total	1 719.7	1 926.9	2 188.2	2 684.3	2 640.3	2 770.7	2 914.6
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	–	1.1	1.4	1.5	1.6	1.6	1.7
Safety and Security Sector Education and Training Authority	–	1.1	1.4	1.5	1.6	1.6	1.7
Households							
Households social benefits							
Current	2.8	3.8	9.8	8.1	8.9	9.3	9.9
Employee social benefits	2.8	3.8	9.8	8.1	8.9	9.3	9.9
Households other transfers							
Current	–	–	7.8	–	–	–	–
Employee social benefits	–	–	7.8	–	–	–	–

Expenditure trends

The spending focus over the MTEF period will be on filling vacant critical posts, implementing the second phase of the occupation specific dispensation for legally qualified professionals and appointment of additional prosecutors.

Between 2007/08 and 2010/11, expenditure increased from R1.7 billion in 2007/08 to R2.7 billion in 2010/11, at an average annual rate of 16 per cent, to provide for the carry through costs of appointing at least two prosecutors per court and implementing the occupation specific dispensation for legally qualified professionals. Over the medium term, expenditure is expected to increase at an average annual rate of 2.8 per cent, to reach R2.9 billion, mainly due to additional allocations for the implementation of the second phase of the occupation specific dispensation for legally qualified professionals.

The largest subprogramme, *Public Prosecutions*, accounts for an average of 72.4 per cent of the programme's budget over the medium term, and is expected to increase from R2 billion in 2010/11 to R2.1 billion in 2013/14, at an average annual rate of 2.1 per cent.

Spending on compensation of employees increased from R1.1 billion in 2007/08 to R2.1 billion in 2010/11, at an average annual rate of 22.5 per cent, due to higher than expected salary increases and the implementation costs associated with the occupational specific dispensation for legally qualified professionals. Over the medium term, spending on compensation of employees is expected to increase at an average annual rate of 2.3 per cent.

The ratio of administrative costs to line function cost in this programme is 1:4.

Programme 5: Auxiliary and Associated Services

- *South African Human Rights Commission* funds the South African Human Rights Commission, which promotes and monitors the observance of human rights in South Africa. In 2009/10, the commission had a staff complement of 163, and received a transfer totalling R70.1 million. The commission finalised 1 429 complaints, identified 17 cases for litigation, conducted 180 awareness initiatives among rural communities, drafted 8 submissions on proposed legislation to Parliament, and held 4 seminars to promote parliamentary liaison and raise awareness on legislative matters. In 2010/11, the commission expects to finalise

900 complaints, identify 20 cases for litigation, conduct 180 awareness initiatives among rural communities, draft 8 submissions on proposed legislation to Parliament, and host 4 seminars to promote parliamentary liaison and raise awareness on legislative matters.

- *Special Investigating Unit* funds the Special Investigating Unit, which provides professional forensic investigating and litigation services to all state institutions at national, provincial and local levels to combat maladministration, corruption and fraud, and to protect state assets and public money. In 2009/10, the unit had a permanent staff complement of 530, and received a transfer totalling R154.7 million. The unit recovered savings of R12 million and cash of R69 million, and prevented future losses amounting to R198 million. 69 417 cases were prepared for criminal prosecution, civil litigation, disciplinary and other remedial actions. In 2010/11, the unit expects savings and cash recoveries of R450 million and R80 million, while prevention of future losses will amount to R4 billion. 224 900 cases will be prepared for criminal prosecution, civil litigation, disciplinary and other remedial actions.
- *Legal Aid South Africa* funds Legal Aid South Africa, which provides legal aid to indigent people and legal representation at the state's expense, as set out in the Constitution. In 2009/10, the entity had a staff complement of 2 369, and received a transfer totalling of R917.4 million. The entity received 416 149 new matters and finalised 422 882, including cases carried forward from the previous year. In 2010/11, the entity expects to receive 443 664 new matters, of which 408 356 will be finalised by an increased staff complement of 2 482.
- *Office of the Public Protector* funds the Office of the Public Protector, which investigates any alleged improper conduct in state affairs, public administration, or any sphere of government, or conduct which results in any impropriety or prejudice. In 2009/10, the office had a staff complement of 255, and received a transfer totalling R108.9 million. The office finalised 14 738 complaints and conducted 921 clinics at outreach visiting points. In 2010/11, the office expects to finalise 14 820 complaints and conduct 930 clinics.
- *Justice Modernisation* designs and implements IT infrastructure and networks to re-engineer business processes for the administration of civil and criminal justice in the integrated justice system. In 2009/10, this subprogramme had a total budget of R454.1 million, of which 97.2 per cent was spent on goods and services. The subprogramme developed an integrated case management system to improve and align case management processes and systems across all areas of the department, and continued to roll out the video postponement system to 47 magistrates' courts and 2 correctional facilities.
- *President's Fund* provides funding for reparations flowing from the findings of the Truth and Reconciliation Commission. To date, 16 000 victims have been paid interim reparation amounts of R30 000 each.
- *Represented Political Parties' Fund* provides funding for political parties participating in Parliament and provincial legislatures. The fund is managed by the Electoral Commission and funds are paid over to political parties in accordance with their number of representatives in national and provincial government. In 2009/10, the fund had a total budget of R92.8 million.

Expenditure estimates

Table 24.8 Auxiliary and Associated Services

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
R million							
South African Human Rights Commission	55.3	60.6	70.1	74.4	89.1	99.5	106.8
Special Investigating Unit	103.1	116.3	154.7	171.1	193.6	202.8	218.5
Legal Aid South Africa	613.0	838.1	917.4	1 122.6	1 126.1	1 203.3	1 280.2
Office of the Public Protector	78.8	86.5	108.9	114.1	142.9	156.8	167.8
Justice Modernisation	302.0	321.8	454.1	379.2	400.1	524.8	558.3
Represented Political Parties' Fund	83.4	88.2	92.8	98.1	104.0	109.2	115.2
Total	1 235.5	1 511.5	1 798.1	1 959.5	2 055.7	2 296.4	2 446.7
Change to 2010 Budget estimate				137.6	82.1	244.0	281.5

Table 24.8 Auxiliary and Associated Services (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Economic classification							
Current payments	243.3	311.9	441.5	359.3	378.8	503.4	535.7
Goods and services	243.3	311.9	441.5	359.3	378.8	503.4	535.7
of which:							
Computer services	160.6	233.3	349.9	271.2	285.6	303.3	320.0
Agency and support / outsourced services	–	1.6	67.3	80.8	85.4	191.9	206.9
Lease payments	–	–	–	2.7	2.9	3.0	3.2
Transfers and subsidies	933.6	1 189.7	1 343.9	1 580.3	1 655.6	1 771.6	1 888.5
Departmental agencies and accounts	933.6	1 189.7	1 343.9	1 580.3	1 655.6	1 771.6	1 888.5
Payments for capital assets	58.7	9.9	12.6	19.9	21.3	21.4	22.5
Machinery and equipment	58.7	8.5	12.2	19.9	21.3	21.4	22.5
Software and other intangible assets	–	1.4	0.4	–	–	–	–
Total	1 235.5	1 511.5	1 798.1	1 959.5	2 055.7	2 296.4	2 446.7
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	933.6	1 189.7	1 343.9	1 580.3	1 655.6	1 771.6	1 888.5
South African Human Rights Commission	55.3	60.6	70.1	74.4	89.1	99.5	106.8
Special Investigating Unit	103.1	116.3	154.7	171.1	193.6	202.8	218.5
Legal Aid South Africa	613.0	838.1	917.4	1 122.6	1 126.1	1 203.3	1 280.2
Office of the Public Protector	78.8	86.5	108.9	114.1	142.9	156.8	167.8
Represented Political Parties' Fund	83.4	88.2	92.8	98.1	104.0	109.2	115.2

Expenditure trends

The spending focus over the MTEF period will be on enhancing capacity in all justice entities, as well as further modernising the systems and procedures in the courts to broaden access to justice services.

Spending in this programme is dominated by transfer payments to public entities and constitutional institutions. Expenditure increased from R1.2 billion in 2007/08 to R2.0 billion in 2010/11, at an average annual rate of 16.6 per cent, mainly due to additional funding for justice modernisation and increased capacity in Legal Aid South Africa. Over the medium term, spending is expected to grow at an average annual rate of 7.7 per cent to reach R2.4 billion, due to additional allocations for increased capacity at Legal Aid South Africa, the Special Investigating Unit, the South African Human Rights Commission and the Office of the Public Protector.

Spending on goods and services increased from R243.3 million in 2007/08 to R359.3 million in 2010/11, at an average annual rate of 13.9 per cent, and is expected to increase to R535.7 million over the medium term, at an average annual rate of 14.2 per cent. The historical increase can be attributed to additional allocations for the modernisation of systems and procedures, while the increase over the medium term is due to additional allocations for the renewal of ICT infrastructure.

Public entities and other agencies

Legal Aid South Africa

Strategic overview: 2007/08 – 2013/14

The Legal Aid Board, trading as Legal Aid South Africa, was established in terms of section 2 of the Legal Aid Act (1969) to provide legal aid to indigent people and legal representation at the state's expense to eligible people in terms of the Constitution. It provides services in all regional, district and high courts through its extended network. Its role is to provide independent and impartial legal aid, with the intention of improving justice and public confidence in the law and the administration of justice.

The entity uses six broad channels to fulfil its mandate: justice centres, cooperation agreements, judicare, special litigation, call centre advice line and other cost effective and efficient ways to provide legal assistance. It provides legal aid primarily through the legal practitioners it employs at its justice centres. Its national network includes 64 fully functional justice centres, 64 satellite offices and 13 high court units.

Its strategic objectives are to: increase access to independent legal services (civil and criminal), especially for rural and remote communities; to protect vulnerable groups; and to promote alternative dispute resolution and restorative justice. It has identified the following priority groups: children in civil matters; every detained person, including sentenced prisoners; every accused person who wishes to appeal or review a court decision in a higher court; women, particularly in divorces, maintenance and domestic violence cases; and the landless, especially eviction cases.

Over the medium term, it remains critical that communities receive increased public education on their rights and responsibilities, and on how to access services. Legal Aid South Africa will continue to participate in the criminal justice cluster initiatives, and will see to the implementation of the actions emerging from the criminal justice cluster review. As part of its aim to provide high quality legal services, the institution will focus more on improving turnaround times for trials, improving coordination between stakeholders at local court level, focusing participation in cluster forums and other professional structures, and supporting the independence of the judiciary.

Savings and cost effectiveness measures

Legal Aid South Africa has identified efficiency savings of R34.3 million over the medium term. The entity intends to maintain operating expenditure at a zero growth rate and reduce the intervals at which assets are replaced. This will be managed without having a negative impact on service delivery.

Selected performance indicators

Table 24.9 Legal Aid South Africa

Indicator	Programme/Activity	Past			Current	Projections		
		2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Number of new legal matters	Justice Centres, Judicare and Cooperation Partners	396 068	434 922	416 149	443 664	448 101	452 582	457 107
Number of new legal matters finalised:	Justice Centres, Judicare and Cooperation Partners	399 738	400 310	422 882	408 356	412 440	416 564	420 729
– criminal		359 124 (90%)	368 201 (92%)	391 231 (92%)	375 688 (92%)	379 445 (92%)	383 239 (92%)	387 071 (92%)
– civil		40 614 (10%)	32 109 (8%)	31 651 (8%)	32 668 (8%)	32 995 (8%)	33 325 (8%)	33 658 (8%)
Annual acquittal rate (including withdrawals)	Justice Centres, Judicare and Cooperation Partners	–	22% (87 769)	19% (78 995)	22% (89 838)	22% (90 737)	22% (91 644)	22% (92 560)
Annual ratio of legal aid practitioners per district court	Justice Centres	0.91:1	0.91:1	1:1	1:1	1.1:1	1.1:1	1.1:1
Annual ratio of legal aid practitioners per regional court	Justice Centres	1.17:1	1.17:1	1.18:1	1.20:1	1.50:1	1.50:1	1.50:1

Details of programmes/activities/objectives

Justice Centres funds the cost of legal staff directly involved with the delivery of legal services. In 2009/10, this programme had a staff complement of 1 619, and a total budget of R461.2 million, of which all was spent on compensation of employees. The programme finalised 397 788 cases, including cases carried forward from the previous year, out of 387 376 cases received. In 2010/11, it is expected that 377 317 cases will be finalised by a staff complement of 1 670.

Judicare funds the costs of legal matters assigned to private practitioners where there is no internal capacity or where there is conflict of interest. In 2009/10, the programme employed the services of 2 520 accredited law firms and had a total budget of R101.7 million, of which 100 per cent was spent on judicare accounts. The programme finalised 24 672 new judicare matters. In 2010/11, it is expected that 17 252 judicare matters will be finalised.

Cooperation Agreements provides funding to organisations and agencies to undertake matters in rural areas, especially in areas not reached by Legal Aid South Africa. In 2009/10, the programme had a total budget of R4.7 million, of which all was spent on cooperative agreements. 5 cooperation partners provided legal assistance in 3 463 new legal matters. In 2010/11, it is expected that these 5 cooperation partners will provide legal assistance in 3 080 new legal matters.

Impact Litigation funds services that have an impact on society at large or on a significant number of people in communities. In 2009/10, the programme had a staff complement of 10 senior litigators, and a total budget of R3.2 million, of which all was spent on impact litigation matters. The programme finalised 8 of the 15 matters taken up.

Civil Disbursement funds the costs of civil matters, including the payment of sheriffs' and experts' costs. In 2009/10, the programme had a total budget of R2.3 million, of which 72 per cent was spent on expert witnesses. The programme took up 29 028 new civil matters.

Other Objectives provides administrative support to the core functions of Legal Aid South Africa and funds special projects, such as the reduction of criminal case backlogs, the implementation of the Child Justice Act (2008), and other children's matters. In 2009/10, the programme had a total budget of R367.4 million, of which 94 per cent was spent on administrative and operating costs.

Expenditure estimates

Table 24.10 Legal Aid South Africa

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Justice Centres	282.0	426.8	461.2	631.8	637.0	612.0	645.0
Judicare	83.4	87.7	101.7	74.1	77.2	81.9	86.4
Cooperation Agreements	4.7	3.4	4.7	7.2	7.4	7.5	7.9
Impact Litigation	2.7	4.0	3.2	5.3	5.5	5.8	6.2
Civil Disbursement	1.6	2.0	2.3	1.3	1.4	1.5	1.5
Other Objectives	249.9	327.1	367.4	427.6	416.6	513.9	552.7
Total expense	624.3	851.1	940.6	1 147.3	1 145.1	1 222.5	1 299.7
Revenue							
Non-tax revenue	26.3	34.2	21.3	24.0	19.0	19.2	19.4
<i>Other non-tax revenue</i>	26.3	34.2	21.3	24.0	19.0	19.2	19.4
Transfers received	613.0	838.1	917.4	1 123.4	1 126.1	1 203.3	1 280.2
Total revenue	639.3	872.3	938.7	1 147.3	1 145.1	1 222.5	1 299.7
Expenses							
Current expense	624.3	851.1	940.6	1 147.3	1 145.1	1 222.5	1 299.7
Compensation of employees	402.9	609.7	658.9	846.9	808.1	813.7	908.5
Goods and services	203.7	225.1	255.1	279.5	311.3	381.5	362.4
Depreciation	17.5	16.0	25.5	20.4	25.6	27.2	28.7
Interest, dividends and rent on land	0.2	0.2	1.1	0.5	0.1	0.1	0.1
Total expenses	624.3	851.1	940.6	1 147.3	1 145.1	1 222.5	1 299.7
Surplus / (Deficit)	15.1	21.2	(1.9)	–	–	–	–
Statement of financial position							
Carrying value of assets	63.4	97.6	102.2	106.7	96.5	85.1	84.8
<i>of which: Acquisition of assets</i>	36.0	47.7	23.5	27.0	17.7	18.2	31.0
Receivables and prepayments	3.8	3.7	3.8	4.0	4.0	4.2	4.5
Cash and cash equivalents	252.0	230.7	229.2	227.8	212.5	196.4	192.1
Assets not classified elsewhere	0.9	1.4	3.7	10.9	10.8	10.7	10.6

Table 24.10 Legal Aid South Africa (continued)

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Total assets	320.1	333.3	338.9	349.4	323.9	296.4	291.9
Accumulated surplus/deficit	142.4	164.9	163.0	182.0	170.2	153.7	159.9
Borrowings	1.0	2.0	6.8	3.4	1.0	1.0	1.2
Post-retirement benefits	1.1	1.1	1.4	1.4	1.4	1.4	1.4
Trade and other payables	47.0	43.6	54.9	46.6	38.7	31.3	24.3
Provisions	128.6	121.7	112.8	116.0	112.6	108.9	105.1
Total equity and liabilities	320.1	333.3	338.9	349.4	323.9	296.4	291.9

Expenditure trends

Legal Aid South Africa's main source of revenue is transfers from government through the Department of Justice and Constitutional Development, and will be allocated R1.1 billion in 2011/12, R1.2 billion in 2012/13 and R1.3 billion in 2013/14. Over the medium term, total revenue is expected to grow from R1.1 billion to R1.3 billion, at an average annual rate of 4.2 per cent.

Expenditure is expected to increase from R1.1 billion to R1.3 billion over the medium term, at an average annual rate of 4.2 per cent. Spending on compensation of employees is set to increase mainly because of the entity's strategy to reduce the outsourcing of legal representation. This is expected to be achieved by appointing more staff and implementing the occupation specific dispensation for legally qualified professionals.

The 2011 Budget provides additional allocations of R44.6 million in 2011/12, R90.6 million in 2012/13 and R106.3 million in 2013/14 for increased legal capacity, improved conditions of service and the implementation of the second phase of the occupation specific dispensation for legally qualified professionals.

Personnel information

Legal Aid South Africa has an establishment of 2 614 posts, all of which are funded. The number of posts filled increased from 2 210 in 2007/08 to 2 477 in 2010/11 and is expected to grow to 2 747 over the medium term. The increases in both periods are the result of an additional allocation to increase capacity.

There are 137 vacancies within the organisation, of which the majority are in the professional salary level mainly within the Justice Centres programme. Most of these vacancies are due to resignations. The ratio of support staff to line staff is 1:19.

Table 24.11 Legal Aid South Africa

	Post status as at 30 September 2010			Number of posts filled on funded establishment						
	Number of posts on approved establishment	Number of funded posts (establishment)	Number of vacant posts	Actual			Mid year ¹ 2010/11	Medium-term estimate		
				2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Board members	18	18	–	17	18	17	18	18	18	18
Executive management	17	17	–	15	16	15	17	17	17	17
Senior management	96	96	6	120	115	100	90	90	90	90
Middle management	99	99	1	90	94	97	98	98	98	98
Professionals	1 969	1 969	113	1 684	1 731	1 892	1 856	1 906	2 006	2 126
Semi-skilled	92	92	10	284	325	348	398	398	398	398
Very low skilled	323	323	7	–	–	–	–	–	–	–
Total	2 614	2 614	137	2 210	2 299	2 469	2 477	2 527	2 627	2 747
Compensation (R thousand)				402 862	609 734	658 926	864 864	838 088	845 712	908 464
Unit cost (R thousand)				182	265	267	349	332	322	331

1. As at 30 September 2010.

Other public entities and agencies

Comprehensive coverage of the following public entities is provided with the more detailed information for the vote at www.treasury.gov.za under the budget information link.

- The **Special Investigating Unit** investigates cases referred to it by the president, providing forensic investigating and litigation services to all state institutions at all levels to combat maladministration, corruption and fraud, and to protect state assets and public money. The unit's budget for 2011/12 is R331.1 million.
- The **South African Human Rights Commission** is an independent statutory body to support constitutional democracy by promoting, protecting and monitoring human rights. Its budget for 2011/12 is R89.1 million.
- The **Office of the Public Protector** is mandated to investigate any conduct in state affairs or in the public administration in any sphere of government that is alleged to be improper or result in any impropriety or prejudice. It also reports on such conduct and takes appropriate remedial action. The entity's budget for 2011/12 is R143.4 million.

Additional tables

Table 24.A Summary of expenditure trends and estimates per programme and economic classification

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R million	2009/10		2009/10	2010/11			2010/11
Administration	1 038.6	1 135.2	1 031.6	1 473.5	(46.2)	1 427.4	1 427.4
Court Services	3 911.1	3 823.0	4 087.1	3 871.9	122.2	3 994.2	3 986.4
State Legal Services	569.9	595.1	548.6	644.1	78.0	722.1	707.3
National Prosecuting Authority	2 182.3	2 385.5	2 188.2	2 439.6	244.6	2 684.3	2 668.1
Auxiliary and Associated Services	1 609.2	1 782.2	1 798.1	1 821.3	138.2	1 959.5	1 953.2
Subtotal	9 311.1	9 721.0	9 653.5	10 250.5	536.9	10 787.3	10 742.3
Direct charge against the National Revenue Fund	1 669.7	1 669.7	1 774.9	1 929.9	–	1 929.9	1 929.9
Judges' salaries	404.8	503.7	601.7	465.5	–	465.5	465.5
Magistrates' salaries	1 264.9	1 166.0	1 173.1	1 464.4	–	1 464.4	1 464.4
Total	10 980.8	11 390.7	11 428.4	12 180.4	536.9	12 717.2	12 672.2
Economic classification							
Current payments	8 953.0	9 424.4	9 174.0	9 984.8	342.2	10 327.0	10 288.3
Compensation of employees	5 921.7	6 277.1	6 028.1	6 834.7	428.2	7 262.9	7 224.1
Goods and services	3 031.4	3 147.3	3 116.2	3 149.5	(89.8)	3 059.7	3 059.7
Interest and rent on land	–	–	29.7	0.6	3.8	4.4	4.4
Transfers and subsidies	1 358.2	1 382.1	1 473.3	1 567.9	138.2	1 706.1	1 699.8
Departmental agencies and accounts	1 260.0	1 281.0	1 349.6	1 448.4	138.2	1 586.6	1 580.3
Foreign governments and international organisations	4.5	4.5	13.1	4.7	–	4.7	4.7
Non-profit institutions	–	2.7	1.8	–	–	–	–
Households	93.8	94.0	108.8	114.8	–	114.8	114.8
Payments for capital assets	669.5	583.6	780.6	627.7	56.0	683.7	683.7
Buildings and other fixed structures	445.8	445.8	662.0	479.8	15.1	494.8	494.8
Machinery and equipment	213.9	135.8	115.0	147.8	40.9	188.7	188.7
Software and other intangible assets	9.8	1.9	3.7	0.1	–	0.1	0.1
Payments for financial assets	–	0.6	0.4	–	0.5	0.5	0.5
Total	10 980.8	11 390.7	11 428.4	12 180.4	536.9	12 717.2	12 672.2

Table 24.B Detail of approved establishment and personnel numbers according to salary level ¹

	Personnel post status as at 30 September 2010			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year ²	Medium-term estimate		
				2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
Department	23 479	21 707	241	19 348	21 309	21 517	21 213	21 978	22 470	23 143
Salary level 1 – 6	12 676	12 318	90	11 109	12 137	12 197	12 269	12 494	12 590	12 726
Salary level 7 – 10	7 404	6 572	131	6 299	6 637	6 548	6 364	6 943	7 236	7 627
Salary level 11 – 12	2 813	2 302	11	1 481	1 967	1 792	2 115	2 077	2 159	2 271
Salary level 13 – 16	586	515	9	459	568	980	465	464	485	519
Administration	1 159	1 161	7	766	766	944	818	987	1 013	1 236
Salary level 1 – 6	321	321	1	242	242	254	246	294	299	334
Salary level 7 – 10	549	551	6	381	381	461	414	477	490	572
Salary level 11 – 12	199	199	–	87	87	157	96	139	141	219
Salary level 13 – 16	90	90	–	56	56	72	62	77	83	111
Court Services	14 255	14 255	76	13 162	14 312	14 234	14 155	13 934	13 934	13 934
Salary level 1 – 6	10 624	10 624	33	9 827	10 702	10 624	10 635	10 524	10 524	10 524
Salary level 7 – 10	3 191	3 191	37	2 974	3 249	3 249	3 122	3 049	3 049	3 049
Salary level 11 – 12	353	353	3	282	282	282	307	282	282	282
Salary level 13 – 16	87	87	3	79	79	79	91	79	79	79
State Legal Services	1 990	1 999	8	1 459	1 601	1 679	1 775	1 914	1 917	1 922
Salary level 1 – 6	771	777	6	562	592	627	657	762	762	762
Salary level 7 – 10	628	630	2	458	478	513	582	609	609	609
Salary level 11 – 12	477	477	–	361	428	435	433	451	453	457
Salary level 13 – 16	114	115	–	78	103	104	103	92	93	94

Table 24.B Detail of approved establishment and personnel numbers according to salary level¹ (continued)

	Personnel post status as at 30 September 2010			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year ²	Medium-term estimate		
				2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
National Prosecuting Authority	6 075	4 292	148	3 961	4 630	4 660	4 465	5 143	5 606	6 051
Salary level 1 – 6	960	596	50	478	601	692	731	914	1 005	1 106
Salary level 7 – 10	3 036	2 200	84	2 486	2 529	2 325	2 246	2 808	3 088	3 397
Salary level 11 – 12	1 784	1 273	8	751	1 170	918	1 279	1 205	1 283	1 313
Salary level 13 – 16	295	223	6	246	330	725	209	216	230	235

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

2. As at 30 September 2010.

Table 24.C Summary of expenditure on training

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Compensation of employees (R million)	3 095.0	3 776.0	4 312.0	5 376.5	5 614.0	6 076.3	6 376.2
Training expenditure (R million)	18.3	37.5	86.4	78.9	83.6	89.4	94.0
Training as percentage of compensation of employees	0.6%	1.0%	2.0%	1.5%	1.5%	1.5%	1.5%
Total number trained in department (head count)	12 082	12 142	–	–			
of which:							
Employees receiving bursaries (head count)	1 173	–	482	745			
Learnerships trained (head count)	–	111	–	432			
Internships trained (head count)	95	100	–	600			

Table 24.D Summary of departmental public private partnership (PPP) projects

Project description:	Project annual unitary fee at time of contract	Budgeted expenditure	Medium-term expenditure estimate		
		2010/11	2011/12	2012/13	2013/14
R million					
Projects signed in terms of Treasury Regulation 16	–	110.4	(113.9)	(119.7)	(126.3)
PPP unitary charge	–	110.4	(113.9)	(119.7)	(126.3)
Total	–	110.4	(113.9)	(119.7)	(126.3)

Table 24.E Summary of expenditure on infrastructure

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation 2010/11	Medium-term expenditure estimate		
				2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Departmental infrastructure										
R million										
Nelspruit high court	New high court building in the province	Design	406.3	1.0	-	14.8	45.3	-	129.3	217.2
Polokwane high court	New high court building in the province	Construction	478.6	1.0	-	35.5	51.4	201.7	100.0	-
Ntuzuma magistrate office	New magistrate office building	Construction	267.9	1.0	-	20.8	61.5	89.6	18.8	-
Port Shepstone magistrate office	New magistrate office building	Design	226.8	0.5	-	11.9	-	-	66.3	123.5
Johannesburg high court	Extensions to existing building	Construction	333.8	2.6	18.5	11.6	77.0	62.3	37.3	-
Accessibility programme: phase 2	Accessibility to court facilities	Feasibility	150.0	-	54.9	7.2	-	-	75.0	80.0
Orlando magistrate office (New Canada)	New magistrate office building	Feasibility	104.1	-	-	-	-	5.3	24.2	73.4
Kathlehong magistrate office	New magistrate office building	Construction	319.8	-	7.3	7.2	78.9	170.2	29.6	33.9
Mamelodi magistrate office	New magistrate office building	Tender	101.0	1.0	9.3	4.4	0.1	-	41.0	33.7
Booyensens magistrate office	New magistrate office building	Feasibility	262.4	-	-	12.7	-	-	12.7	-
Galeshewe magistrate office	New magistrate office building	Handed over	56.0	-	29.6	14.1	1.4	-	-	-
Richard's Bay magistrate office	New magistrate office building	Design	155.0	-	-	1.3	3.4	-	-	65.0
Kagiso magistrate office	New magistrate office building	Construction	68.8	19.3	11.0	7.5	28.3	10.0	-	-
Colesberg magistrate office	New magistrate office building	Handed over	31.3	11.6	10.7	6.5	-	-	-	-
Plettenberg Bay magistrate office	New magistrate office building	Design	119.9	-	-	1.3	6.8	-	19.8	66.7
Jan Kempdorp magistrate office	New magistrate office building	Design	55.8	-	2.5	-	-	-	19.9	24.0
Hankey magistrate office	New magistrate office building	Construction	34.7	0.5	2.5	8.3	8.9	1.3	-	-
Tsakane magistrate office	New magistrate office building	Construction	18.6	-	2.3	1.7	4.5	-	-	-
Ekangala magistrate office	New magistrate office building	Handed over	20.8	10.0	9.1	4.0	3.0	-	-	-
Garies magistrate office	New magistrate office building	Design	13.0	0.3	1.3	-	-	2.1	10.5	-
Ashton periodical court	New magistrate office building	Handed over	9.4	3.3	1.0	5.0	1.2	-	-	-

Table 24.E Summary of expenditure on infrastructure (continued)

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate			
				2007/08	2008/09	2009/10		2011/12	2012/13	2013/14	
R million			7.4	0.8	1.5	–	0.5	–	2.9	3.9	
Lothair periodical court	New magistrate office building	Design									
Lutzville periodical court	New magistrate office building	Handed over	11.8	–	1.1	4.4	1.8	–	–	–	
Bitji periodical court	New magistrate office building	Design	23.9	1.0	0.8	0.0	0.4	–	10.1	13.3	
Dimbaza periodical court	New magistrate office building	Tender	49.1	1.0	2.8	0.2	0.6	–	8.8	31.4	
Bloemfontein Supreme Court of Appeal	Extensions to existing building	Construction	103.0	–	12.5	11.1	11.9	–	–	–	
Pietermaritzburg Master's Office: Colonial building	Extensions to existing building	Handed over	125.9	13.0	63.3	42.1	36.5	–	–	–	
Butterworth magistrate office	Extensions to existing building	Construction	49.9	–	5.7	29.0	5.9	3.4	–	–	
Stanger magistrate office	Extensions to existing building	Handed over	52.5	–	18.2	4.0	6.6	0.8	–	–	
Soshanguve magistrate office	Extensions to existing building	Design	53.0	1.0	1.1	–	–	6.3	27.3	17.4	
Port Elizabeth high court	Extensions to existing building	Design	79.6	–	–	0.6	0.3	–	4.6	53.7	
Thembalethu magistrate office	Extensions to existing building	Construction	26.7	–	3.3	8.4	10.2	3.9	–	–	
Humansdorp magistrate office	Extensions to existing building	Design	16.3	1.3	–	0.0	–	–	2.4	12.1	
Bredasdorp magistrate office	Extensions to existing building	Handed over	20.4	–	13.5	3.4	1.8	–	–	–	
Calvinia magistrate office	Extensions to existing building	Design	13.2	–	–	–	0.2	–	2.3	10.7	
KwaMbonambi periodical court	Extensions to existing building	Design	13.8	–	0.0	0.5	0.0	–	3.2	10.1	
Umtata magistrate office	Extensions to existing building	Design	123.7	–	0.3	–	2.5	–	6.4	82.5	
Cala magistrate office	Extensions to existing building	Design	9.3	–	5.9	–	0.3	–	3.1	–	
Tarkastad magistrate office	Extensions to existing building	Construction	14.0	–	6.1	4.3	3.0	0.6	–	–	
Schweizer Reneke magistrate office	Extensions to existing building	Construction	14.1	–	7.1	1.0	6.0	–	–	–	
Danielskuil periodical court	Extensions to existing building	Construction	10.0	–	5.6	1.9	2.4	–	–	–	
Nyoni periodical court	Extensions to existing building	Design	13.8	–	4.1	0.0	–	–	4.8	4.8	
Wolmaranstad magistrate office	Extensions to existing building	Design	13.6	–	4.0	0.5	–	–	9.1	–	

Table 24.E Summary of expenditure on infrastructure (continued)

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome		Adjusted appropriation	Medium-term expenditure estimate		
				2007/08	2008/09		2011/12	2012/13	2013/14
R million									
Bisho high court	Extensions to existing building	Design	8.3	–	–	0.4	2.8	5.1	–
Mount Ayliff magistrate office	Extensions to existing building	Design	12.3	–	3.7	0.9	–	5.1	2.7
Barkley East magistrate office	Extensions to existing building	Design	5.5	–	–	0.2	–	2.3	3.0
Whittlesea magistrate office	Extensions to existing building	Design	39.2	–	–	1.4	–	20.0	19.8
Christiana magistrate office	Extensions to existing building	Design	12.1	–	3.0	0.1	5.3	3.6	–
Fraserburg magistrate office	Extensions to existing building	Design	7.6	–	2.4	–	–	–	–
Deben periodical court	Extensions to existing building	Handed over	3.6	–	3.1	0.5	–	–	–
Umbumbulu magistrate office	Extensions to existing building	Design	18.3	–	2.1	0.8	1.6	13.1	–
Riversdale magistrate office	Extensions to existing building	Construction	18.1	–	0.3	3.0	10.6	0.3	–
Galvendale magistrate office	Extensions to existing building	Construction	51.0	–	–	11.0	20.9	–	–
Repairs and maintenance	Repairs and maintenance to various offices	Various	–	65.2	38.3	78.8	76.4	78.1	84.2
Upgrading, renovations and refurbishments	Upgrading of various offices	Various	–	108.0	62.0	144.3	84.5	92.4	94.9
Various smaller courts	Upgrading of various offices	Design	–	75.1	22.9	25.3	–	–	–
Various smaller courts	Smaller construction projects	Construction	–	42.7	25.0	44.1	–	215.3	–
Total			4 254.6	361.1	479.5	590.1	759.4	1 105.0	1 161.7

Vote 25

Police

Budget summary

R million	2011/12				2012/13	2013/14
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	20 215.0	18 483.6	232.5	1 498.9	21 645.1	22 901.8
Visible Policing	24 371.9	23 144.2	167.1	1 060.6	25 918.7	28 195.9
Detective Services	9 810.9	9 393.9	53.2	363.8	10 619.0	11 445.6
Crime Intelligence	2 117.0	2 066.4	7.8	42.7	2 259.5	2 421.5
Protection and Security Services	1 546.7	1 508.4	3.9	34.4	1 635.3	1 731.9
Total expenditure estimates	58 061.5	54 596.4	464.6	3 000.5	62 077.6	66 696.7

Executive authority

Minister of Police

Accounting officer

National Commissioner of the South African Police Service

Website address

www.saps.gov.za

More detailed information for each vote is available at www.treasury.gov.za. More comprehensive coverage of vote specific information, particularly on goods and services, transfers and subsidies, donor funding, public entities and lower level institutional information, is provided.

Aim

Prevent, combat and investigate crime, maintain public order, protect and secure the inhabitants of South Africa and their property, and uphold and enforce the law.

Programme purposes

Programme 1: Administration

Purpose: Develop policy and manage the department, including providing administrative support.

Programme 2: Visible Policing

Purpose: Enable police stations to institute and preserve safety and security, and provide for specialised interventions and the policing of South Africa's borders.

Programme 3: Detective Services

Purpose: Enable the investigative work of the South African Police Service, including providing support to investigators in terms of forensic evidence and the Criminal Record Centre.

Programme 4: Crime Intelligence

Purpose: Manage crime intelligence and analyse crime information, and provide technical support for investigations and crime prevention operations.

Programme 5: Protection and Security Services

Purpose: Provide protection and security services to all identified dignitaries and government interests.

Strategic overview: 2007/08 – 2013/14

The key policy documents governing policing in South Africa are section 205 of the Constitution and the South African Police Service Act (1995) as amended by the South African Police Service Amendment Act (2008).

This legislation regulates the police service in terms of its core function, which is to prevent, investigate and combat crime.

Ensuring that all people in South Africa are and feel safe (outcome 3)

Over the past few years, the criminal justice system has been burdened by high volume and the varying degrees of seriousness of reported crimes. Certain serious crimes, such as murder, aggravated robbery and hijacking, have been found to undermine people's sense of safety and affect the national psyche more than other crimes. As a way of directly addressing government's outcome 3, the criminal justice system will focus on these crimes to restore public confidence and ensure a safe and secure society. The related outputs are to: address overall levels of crime and reduce the levels of contact and trio crimes (which includes house robbery, business robbery and hijackings) (output 1); improve the effectiveness and ensure the integration of the criminal justice system (output 2); combat corruption in the criminal justice system cluster (output 3); manage the perceptions of crime among the population and investors (output 4); safeguard and secure the borders of South Africa (output 5); secure the identity and status of citizens (output 6); and integrate ICT systems and combat cyber crime (output 7).

Intensifying the fight against crime and corruption over the medium term

The department's 2010-2014 strategic plan has specified four operational priorities for the medium term, which are linked to outcome 3 and the related outputs of the minister's service delivery agreement:

- **Crime prevention** focuses on reducing the levels of crime over the medium term: serious crimes by between 4 per cent and 7 per cent; contact crimes by 34 per cent; and trio crimes by 31 per cent. There is an emphasis on combating crimes against women and children, with the target to specifically reduce these crimes forming part of the contact crimes target. Reducing levels of crime will be realised through: improving the police response; improving cooperation from communities through community policing and sector policing; effectively policing public disorder; and combating corruption, among others.
- **Investigation of crime** focuses on the rates of detection and court readiness. The Directorate of Priority Crime Investigation will play a pivotal role by focusing on crimes of national priority, such as cyber crime, identity theft, corruption and organised crime. The medium term target for the investigation of crime will be to increase the detection rate for contact crimes to 57 per cent. The department has re-established the family, violence and child protection units to investigate crimes against women and children. Other specialised units, such as for stock theft, will also be established over the medium term.
- **Support to the investigation of crime** focuses on improving forensic services and fingerprints, and on capacitating the Criminal Record Centre and the Forensic Science Service. The medium term focus will be the incremental increase of targets for processing forensic and fingerprint evidence, currently 76 per cent for previous conviction reports and 92 per cent for the analysis of forensic exhibits. In 2009, the department established war rooms in Western Cape and KwaZulu-Natal to deal with high levels of violent organised crime in a coordinated manner. The rollout of the war room strategy in other provinces is envisaged to take place over the medium term.
- **Crime intelligence** focuses on intelligence operations for serious crime, drug and people smuggling syndicates, and human trafficking. Gathering intelligence on syndicates and other people involved in serious crime, such as armed robberies, will also be emphasised.

The department has identified three organisational priorities to support the operational focus: human capital development (skills development and the retention of skills); budget and resource management, such as building new police stations based on set criteria and refurbishing existing ones; and improving information systems and ICT.

Savings and cost effectiveness measures

Savings of R350.8 million in 2011/12, R366.2 million in 2012/13 and R381.1 million in 2013/14 have been identified in expenditure in goods and services across all programmes. The specific savings initiatives implemented include: least cost routing of calls from landlines to cell phones, limiting kilometres travelled per vehicle per month, and observing departmental instructions on travel and subsistence for meetings, conferences

and workshops. The implementation of these measures will be done in such a manner to ensure that service delivery is not affected while there is also appropriate reprioritisation.

Selected performance indicators

Table 25.1 Police

Indicator	Programme	Past			Current ¹	Projections		
		2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Number of contact crimes	Visible Policing	692 550	684 199	676 445	305 667	561 449	503 952	446 454
Reduction of trio crimes (house robbery, business robbery and carjacking)	Visible Policing	38 554	47 273	47 222	21 906	39 903	36 243	32 583
Number of recoveries as a result of policing:	Visible Policing							
- stolen and lost firearms		12 765	13 675	7 376	4 430	10 600	10 600	10 600
- stolen and robbed vehicles		38 772	39 838	38 028	15 648	38 000	38 000	38 000
Number of recoveries as a result of policing at South African borders:	Visible Policing							
- firearms		1 114	464	331	304	629	629	629
- vehicles		1 127	1 302	1 185	449	1 128	1 128	1 128
Detection rate for trio crimes (house robbery, business robbery and carjacking)	Detective Services	10.39% (7 397)	12.42% (10 035)	14.31% (10 841)	15.40% (4 282)	18.25% (15 108)	20.21% (17 193)	22.16% (19 367)
Detection rate for contact crimes	Detective Services	54.54% (464 985)	52.45% (445 202)	59.62% (459 319)	57.04% (173 629)	59.58% (417 481)	61.05% (402 686)	62.51% (386 687)
Detection rate for commercial crimes related charges	Detective Services	40%	39%	37%	37%	38%	39%	40%
Percentage of previous conviction reports generated within 30 days	Detective Services	79.25% (823 936)	75.25% (808 290)	63.41% (750 844)	72.87% (439 837)	76.0% (809 000)	76.0% (809 000)	76.0% (809 000)
Number of network operations ² conducted	Crime Intelligence	18 631	17 035	24 368	14 000	24 000	24 000	24 000
Number of national key points evaluated in compliance with the National Key Points Act (1980)	Protection and Security Services	118	145	130	97	161	161	161

1. This is the latest information available and reflects performance from 1 April 2010 to 30 September 2010.

2. A planned process to obtain, assemble and organise information by exploiting all types of sources for intelligence processing or to use as evidence.

Expenditure estimates

Table 25.2 Police

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
R million								
Administration	12 063.1	13 958.9	16 009.5	18 067.0	18 067.0	20 215.0	21 645.1	22 901.8
Visible Policing	16 137.9	18 265.8	21 247.2	23 228.2	23 228.2	24 371.9	25 918.7	28 195.9
Detective Services	6 118.6	6 929.7	7 534.1	8 850.3	8 850.3	9 810.9	10 619.0	11 445.6
Crime Intelligence	1 299.4	1 440.2	1 658.0	1 947.6	1 947.6	2 117.0	2 259.5	2 421.5
Protection and Security Services	906.8	1 040.7	1 213.6	1 436.6	1 436.6	1 546.7	1 635.3	1 731.9
Total	36 525.9	41 635.2	47 662.5	53 529.7	53 529.7	58 061.5	62 077.6	66 696.7
Change to 2010 Budget estimate				973.3	973.3	1 144.9	1 686.8	2 984.4
Economic classification								
Current payments	33 587.8	38 647.6	44 424.9	50 329.6	50 329.6	54 596.4	58 178.1	62 645.9
Compensation of employees	25 610.6	29 147.4	33 771.5	38 416.1	38 416.1	41 070.3	43 643.2	47 181.7
Goods and services	7 977.2	9 500.2	10 653.4	11 913.5	11 913.5	13 526.1	14 535.0	15 464.2
of which:								
Computer services	1 198.2	1 611.9	2 078.9	2 690.8	2 690.8	3 363.9	3 506.7	3 601.7
Inventory: Fuel, oil and gas	1 403.8	1 874.8	1 537.4	1 849.1	1 849.1	1 872.3	2 065.2	2 229.7
Lease payments	1 112.4	1 187.1	1 503.5	1 780.8	1 780.8	1 996.2	2 240.6	2 367.1
Property payments	495.2	660.3	807.4	752.9	752.9	1 011.1	1 157.9	1 264.0

Table 25.2 Police (continued)

R million	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
Transfers and subsidies	334.6	379.9	437.8	438.4	438.4	464.6	486.1	510.7
Provinces and municipalities	19.6	22.4	25.2	23.9	23.9	25.3	26.6	28.0
Departmental agencies and accounts	16.3	18.4	20.8	22.8	22.8	24.3	25.7	27.3
Non-profit institutions	–	–	–	–	–	1.0	–	–
Households	298.7	339.1	391.8	391.7	391.7	414.0	433.8	455.5
Payments for capital assets	2 600.1	2 605.6	2 798.8	2 761.8	2 761.8	3 000.5	3 413.4	3 540.1
Buildings and other fixed structures	732.5	991.2	1 070.1	1 118.2	1 118.2	1 235.3	1 544.6	1 629.5
Machinery and equipment	1 866.6	1 612.5	1 726.8	1 642.4	1 642.4	1 765.0	1 868.6	1 910.3
Biological assets	1.0	2.0	1.9	1.1	1.1	0.2	0.3	0.3
Payments for financial assets	3.4	2.1	1.0	–	–	–	–	–
Total	36 525.9	41 635.2	47 662.5	53 529.7	53 529.7	58 061.5	62 077.6	66 696.7

Expenditure trends

The spending focus over the medium term will be on increasing overall capacity in terms of personnel numbers, physical resources such as basic equipment needs, capital infrastructure, skills development, and technological enhancements in the ICT environments.

Expenditure increased from R36.5 billion in 2007/08 to R53.5 billion in 2010/11, at an average annual rate of 13.6 per cent. This was due to the spending on current payments, which increased by R16.7 billion between 2007/08 and 2010/11, driven mainly by increased expenditure in compensation of employees. Expenditure is expected to grow to R66.7 billion over the medium term, at an average annual rate of 7.6 per cent. The growth in expenditure over the medium term is due to: employing additional police officers; investing in capital infrastructure and technological enhancements, especially in the forensic science and investigative functions; upgrading the IT network; and reviewing and modernising the criminal justice system to create an integrated criminal justice environment.

The Budget sets out additional allocations of R1.5 billion in 2011/12, R2.1 billion in 2012/13 and R3.4 billion in 2013/14 for:

- appointing approximately 2 330 additional police officials in 2013/14
- increasing the capacity of crime intelligence as well as of provincial tactical response teams
- increasing the funding level for property management, especially for municipal charges
- higher than budgeted salary increases granted in 2010/11
- recruiting 21 950 new personnel over the medium term, 6 950 of whom are new appointments, and the balance to cover staff turnover.

Infrastructure spending

Spending on infrastructure increased from R732.5 million in 2007/08 to R1.1 billion in 2010/11, at an average annual rate of 15.1 per cent, and is expected to increase to R1.6 billion over the medium term, at an average annual rate of 13.4 per cent. The allocations earmarked for infrastructure will be used to build and upgrade police stations. Spending on office accommodation functions devolved from the Department of Public Works increases from R1.3 billion in 2007/08 to R3.0 billion in 2013/14, at an average annual rate of 15.2 per cent.

In 2008/09, the department began building a forensic laboratory in Western Cape and expects it to be completed in 2012/13. The new building will accommodate all the different forensic disciplines to eliminate the duplication of certain administration processes. The new laboratory complex will also allow for an increase in personnel capacity and analytical instrumentation. This project will cost R658.3 million, and R333.3 million has been spent.

Personnel information

The department had an establishment of 190 199 posts in 2009/10 and projects it to grow to 202 260 posts in 2013/14. In 2009/10, the *Visible Policing* programme's staff made up 51.8 per cent of the department's personnel, followed by the *Administration* and *Detective Services* programmes at 17.6 per cent and 17.7 per cent, respectively. The *Detective Services* programme is the fastest growing programme, with personnel numbers expected to increase from 36 378 in 2010/11 to 38 842 in 2013/14. This is mainly due to expanding the capacity of the newly established Directorate for Priority Crime Investigation.

Departmental receipts

Revenue is mainly generated from recovered debt, rental income, auctioned unclaimed stolen property, and services provided at commercial events. Revenue decreases from R345 million in 2007/08 to R280.3 million in 2010/11, at an average annual rate of 6.7 per cent. Over the medium term, departmental receipts are expected to decrease from R272.9 million to R257.1 million, due to the cyclical nature of firearm licence renewals.

Table 25.3 Departmental receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2007/08	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
Departmental receipts	345 051	376 456	347 572	272 942	280 342	263 902	258 666	257 133
Sales of goods and services produced by department	173 409	217 375	147 655	123 376	123 376	119 661	113 046	116 830
Sales of scrap, waste, arms and other used current goods	6 000	5 648	21 214	5 508	8 663	2 501	2 100	3 000
Fines, penalties and forfeits	8 021	24 336	10 043	10 621	16 866	6 705	6 120	6 218
Interest, dividends and rent on land	986	2 235	1 365	1 272	1 272	1 360	1 210	1 130
Sales of capital assets	14 588	2 515	4 879	1 187	1 187	1 225	1 190	1 215
Transactions in financial assets and liabilities	142 047	124 347	162 416	130 978	128 978	132 450	135 000	128 740
Total	345 051	376 456	347 572	272 942	280 342	263 902	258 666	257 133

Programme 1: Administration

Expenditure estimates

Table 25.4 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
R million							
Ministry ¹	24.5	34.2	25.3	30.2	32.2	33.8	35.6
Management	47.0	53.0	51.8	54.3	72.7	76.3	80.3
Corporate Services	10 673.5	12 392.3	14 062.2	15 902.5	17 573.5	18 645.8	19 705.5
Office Accommodation	1 318.1	1 479.4	1 870.2	2 079.9	2 536.6	2 889.2	3 080.5
Total	12 063.1	13 958.9	16 009.5	18 067.0	20 215.0	21 645.1	22 901.8
Change to 2010 Budget estimate				(100.1)	90.3	249.0	328.9

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

Economic classification

Current payments	10 808.5	12 464.7	14 455.2	16 491.5	18 483.6	19 587.8	20 764.9
Compensation of employees	6 955.0	7 851.6	8 875.8	9 981.9	10 792.6	11 358.8	12 121.1
Goods and services	3 853.5	4 613.2	5 579.4	6 509.6	7 691.0	8 228.9	8 643.8
of which:							
Computer services	1 194.5	1 557.6	2 065.3	2 678.0	3 350.5	3 446.3	3 535.4
Inventory: Fuel, oil and gas	95.3	144.8	121.0	144.8	149.0	156.4	167.6
Lease payments	1 056.7	1 123.6	1 413.0	1 693.1	1 905.2	2 139.8	2 257.9
Property payments	351.0	462.1	578.5	511.9	760.1	884.5	967.2

Table 25.4 Administration (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Transfers and subsidies	176.1	195.6	219.8	218.0	232.5	244.2	256.7
Provinces and municipalities	2.8	3.3	3.5	3.6	3.7	3.9	4.1
Departmental agencies and accounts	15.9	17.9	20.8	22.8	24.3	25.7	27.3
Households	157.4	174.4	195.5	191.6	204.5	214.6	225.3
Payments for capital assets	1 075.1	1 296.5	1 333.4	1 357.5	1 498.9	1 813.1	1 880.2
Buildings and other fixed structures	726.8	986.3	1 055.8	1 118.2	1 235.3	1 544.6	1 629.5
Machinery and equipment	347.5	308.2	275.9	238.1	263.4	268.3	250.5
Biological assets	0.8	1.9	1.8	1.1	0.2	0.3	0.3
Payments for financial assets	3.4	2.1	1.0	–	–	–	–
Total	12 063.1	13 958.9	16 009.5	18 067.0	20 215.0	21 645.1	22 901.8
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	15.9	17.9	20.8	22.8	24.3	25.7	27.3
Safety and Security Sector Education and Training Authority	15.9	17.9	20.8	22.8	24.3	25.7	27.3
Households							
Households social benefits							
Current	99.3	109.7	108.2	120.2	127.0	133.1	139.8
Employee social benefits	99.3	109.7	108.2	120.2	127.0	133.1	139.8

Expenditure trends

Over the medium term, expenditure is expected to grow to R22.9 billion, at an average annual rate of 8.2 per cent. The increase is due to annual increases in accommodation budgets devolved from the Department of Public Works. Expenditure increased from R12.1 billion in 2007/08 to R18.1 billion in 2010/11, at an average annual rate of 14.4 per cent.

Expenditure on payments for capital assets is expected to increase from R1.1 billion in 2007/08 to R1.9 billion in 2013/14, at an average annual rate of 9.8 per cent. This is as a result of previously made additional allocations of R1.2 billion across the years for new policing facilities. Spending on machinery and equipment is expected to decrease from R263.4 million in 2011/12 to R250.5 million in 2013/14, due to the declining provision for upgrading the department's IT network and hosting infrastructure.

Programme 2: Visible Policing

- *Crime Prevention* provides for basic crime prevention and visible policing services at police stations including community service centres. This subprogramme has a staff complement of 85 893 and the bulk of its budget is used for compensation of employees and other related costs. In 2009/10, 657 673 priority crime arrests were made (an increase of 120 682 from the previous year), with actual expenditure of R18.4 billion. It is expected that 25 000 crime prevention actions (integrated law enforcement operations) will be conducted in 2010/11.
- *Border Security* provides for the policing of borders. This subprogramme has a staff complement of 7 114 and the bulk of its budget is used for compensation of employees and other related costs. In 2009/10, 39 849 arrests were made at border lines for illegal firearms, stolen vehicles, illegal drugs, illegal goods, human smuggling and trafficking, undocumented persons and illegal cross-border movement. This output was supported by a total budget of R1.1 billion. In 2010/11, it is expected that 3 848 planned crime prevention and combating actions will be conducted at ports of entry.
- *Specialised Interventions* provides for interventions in medium to high risk operations. This subprogramme has a staff complement of 5 515 and the bulk of its budget is used for compensation of employees and other

related costs. In 2009/10, 4 157 arrests were made as a result of unrest related incidents. This output was supported by a total budget of R1.6 billion. In the first half of 2010/11, 5 039 medium to high risk incidents occurred including crowd related incidents, serious crime incidents and hostage situations. Of these incidents, 97.5 per cent were stabilised against a target of 95 per cent.

Objectives and measures

- Discourage and prevent priority crime through policing actions by recovering 10 600 stolen and lost firearms and 38 000 stolen and robbed vehicles in 2013/14.
- Deter illegal activities at South African borders by recovering 629 firearms, 146 960kg cannabis and 1 128 vehicles in 2013/14.
- Stabilise at least 95 per cent of dangerous and potentially dangerous situations in 2011/12 where normal policing is ineffective.

Expenditure estimates

Table 25.5 Visible Policing

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
R million							
Crime Prevention	13 963.3	15 948.5	18 427.3	20 443.7	21 355.3	22 744.9	24 843.8
Border Security	721.1	928.5	1 188.7	1 323.3	1 475.0	1 554.1	1 637.1
Specialised Interventions	1 453.5	1 388.8	1 631.3	1 461.3	1 541.6	1 619.7	1 715.0
Total	16 137.9	18 265.8	21 247.2	23 228.2	24 371.9	25 918.7	28 195.9
Change to 2010 Budget estimate				2 525.8	2 574.1	2 940.5	3 953.8
Economic classification							
Current payments	14 854.7	17 244.5	19 978.7	22 022.1	23 144.2	24 636.9	26 853.0
Compensation of employees	12 076.1	14 015.5	16 489.4	18 587.8	19 497.0	20 759.3	22 644.4
Goods and services	2 778.6	3 229.0	3 489.3	3 434.3	3 647.1	3 877.6	4 208.5
of which:							
Computer services	0.5	6.2	12.2	10.0	10.4	11.1	12.1
Inventory: Fuel, oil and gas	833.7	1 071.5	878.9	1 026.5	1 013.8	1 074.3	1 165.8
Lease payments	30.6	40.0	64.8	56.8	58.7	62.6	68.2
Property payments	99.5	145.8	166.3	167.7	173.4	184.9	201.4
Transfers and subsidies	109.1	127.7	155.8	158.4	167.1	174.2	182.9
Provinces and municipalities	12.0	14.1	15.6	14.5	15.3	16.0	16.8
Departmental agencies and accounts	0.4	0.5	–	–	–	–	–
Non-profit institutions	–	–	–	–	1.0	–	–
Households	96.7	113.1	140.2	143.9	150.9	158.1	166.0
Payments for capital assets	1 174.1	893.6	1 112.8	1 047.8	1 060.6	1 107.7	1 160.1
Buildings and other fixed structures	5.5	4.7	9.3	–	–	–	–
Machinery and equipment	1 168.6	888.8	1 103.4	1 047.8	1 060.6	1 107.7	1 160.1
Biological assets	0.1	0.1	0.1	–	–	–	–
Total	16 137.9	18 265.8	21 247.2	23 228.2	24 371.9	25 918.7	28 195.9
Details of selected transfers and subsidies							
Households							
Households social benefits							
Current	73.6	79.8	102.3	101.4	106.8	112.1	117.8
Employee social benefits	73.6	79.8	102.3	101.4	106.8	112.1	117.8
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	12.0	14.1	15.6	14.5	15.3	16.0	16.8
Vehicle licences	12.0	14.1	15.6	14.5	15.3	16.0	16.8

Table 25.5 Visible Policing (continued)

R million	Audited outcome			Adjusted appropriation 2010/11	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Households							
Households other transfers							
Current	22.9	33.2	37.8	42.5	44.0	46.0	48.2
Detainee medical expenses	22.9	33.2	37.8	42.5	44.0	46.0	48.2

Expenditure trends

The spending focus over the medium term will be on increasing overall capacity in terms of personnel numbers and physical resources such as basic equipment needs. Expenditure is expected to increase to R28.2 billion over the medium term, at an average annual rate of 6.7 per cent.

Between 2007/08 and 2010/11, spending grew from R16.1 billion to R23.2 billion, at an average annual rate of 12.9 per cent. The increase in both periods is due to increased funding levels for new recruits, vehicles, bulletproof vests and general equipment.

Spending in the *Border Security* subprogramme increased at an average annual rate of 22.4 per cent, from R721.1 million in 2007/08 to R1.3 billion in 2010/11, due to increasing physical resources at ports of entry and borderlines. Spending in this subprogramme is expected to grow at an average annual rate of 7.4 per cent over the medium term to reach R1.6 billion in 2013/14. This will be due to increasing physical resources at ports of entry and borderlines.

Expenditure in compensation of employees is the most significant cost in this programme's budget, taking up 80 per cent of spending over the medium term. Between 2007/08 and 2010/11, spending in compensation of employees increased by R6.5 billion compared to R4 billion over the medium term. The larger historical increase was mainly the result of additional allocations for new recruits, security for the 2010 FIFA World Cup and implementing the 2010 resolution of the Public Service Coordinating Bargaining Council.

Programme 3: Detective Services

- *Crime Investigations* accommodates detectives at police stations who investigate general crime and serious crime including crimes against women and children. This subprogramme has a staff complement of 25 605, including detectives and a total budget of R5.5 billion, of which the bulk is used for compensation of employees and other related costs. Between 2008/09 and 2009/10, the detection rate for contact crimes increased from 52.5 per cent to 59.6 per cent (a 7.1 per cent increase from 445 202 to 459 319 cases). The current targets for 2010/11 for detecting all serious crimes range between 43 per cent and 60 per cent.
- *Criminal Record Centre* funds criminal record centres, which manage criminal records. This subprogramme has a staff complement of 3 967 and a total budget of R772 million, of which the bulk is used for compensation of employees and other related costs. In the first half of 2010/11 the subprogramme generated 603 524 previous conviction reports, of which 72.9 per cent (439 837) were generated within 30 days.
- *Forensic Science Laboratory* funds forensic science laboratories, which provide specialised technical analysis and support to investigators for evidence. This subprogramme has a staff complement of 1 462 and a total budget of R398 million, of which the bulk is used for compensation of employees and other related costs. In 2009/10, the forensic science laboratory received a total of 207 660 entries for analysis. 221 337 entries were analysed, including those which were not analysed in the previous year. Of these, 86 per cent were analysed within 35 days. The current target is to analyse 92 per cent of the entries within 35 days.
- *Specialised Investigations* provides for the prevention, combating and investigation of national priority offences including organised crime syndicates, serious and violent crime, commercial crime, and corruption. This subprogramme has a staff complement of 2 617 and a total budget of R848 million, of which the bulk is used for compensation of employees and other related costs. In 2009/10, the following outputs were achieved: a total of 129 organised crime groups (projects) comprising 630 targets were identified and investigated and of these, 43 were successfully terminated, resulting in the arrest of 450 suspects. In 2009/10, the Commercial Crime unit received 30 114 cases compared to 28 683 in the previous year;

9 855 persons were arrested or made their first appearance in court; 6 451 persons were convicted. In 2010/11, the subprogramme is expected to successfully terminate 50 per cent of the registered organised crime projects.

Objectives and measures

- Contribute to the successful prosecution of crime by:
 - increasing the detection rate for contact crimes from 59.6 per cent (459 319 charges) in 2009/10 to 62.5 per cent (386 687 charges) in 2013/14
 - increasing the detection rate for trio crimes from 14.31 per cent (10 841 charges) in 2009/10 to 22.16 per cent (19 367 charges) in 2013/14
 - increasing the detection rate to between 68 per cent and 75 per cent for sexual offences and assaults against women and between 66 per cent and 73 per cent for children in 2011/12
 - terminating 50 per cent of registered organised crime project investigations in 2011/12
 - increasing the detection rate for commercial crime charges between 37 per cent and 40 per cent by 2013/14
 - generating 76 per cent of previous conviction reports within 30 days in 2011/12
 - processing 92 per cent exhibits within 28 days upon receiving the exhibit in 2011/12.

Expenditure estimates

Table 25.6 Detective Services

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
R million							
Crime Investigations	4 495.2	4 981.4	5 516.3	6 250.1	6 808.5	7 238.0	7 793.9
Criminal Record Centre	583.4	655.6	772.5	1 113.8	1 201.7	1 418.5	1 532.2
Forensic Science Laboratory	298.2	462.6	397.8	576.9	815.1	758.3	835.3
Specialised Investigations	741.9	830.2	847.6	909.5	985.6	1 204.2	1 284.1
Total	6 118.6	6 929.7	7 534.1	8 850.3	9 810.9	10 619.0	11 445.6
Change to 2010 Budget estimate				92.6	80.6	144.2	394.7
Economic classification							
Current payments	5 818.0	6 572.9	7 200.6	8 516.7	9 393.9	10 151.6	10 972.1
Compensation of employees	4 760.3	5 242.5	5 952.7	6 915.0	7 589.5	8 155.1	8 827.2
Goods and services	1 057.7	1 330.3	1 247.9	1 601.7	1 804.3	1 996.5	2 145.0
of which:							
Computer services	3.1	45.5	0.2	0.8	0.8	46.8	51.4
Inventory: Fuel, oil and gas	415.6	568.1	461.3	587.4	615.0	726.2	779.5
Lease payments	12.3	13.7	17.2	21.5	22.2	26.3	28.1
Property payments	33.1	39.1	47.0	57.3	60.8	69.8	75.1
Economic classification							
Transfers and subsidies	38.8	47.1	50.3	50.6	53.2	55.4	58.2
Provinces and municipalities	3.9	4.1	4.9	4.8	5.1	5.4	5.7
Households	34.9	43.0	45.4	45.8	48.1	50.0	52.5
Payments for capital assets	261.8	309.7	283.2	283.0	363.8	411.9	415.2
Buildings and other fixed structures	0.2	0.0	2.8	–	–	–	–
Machinery and equipment	261.6	309.7	280.4	283.0	363.8	411.9	415.2
Total	6 118.6	6 929.7	7 534.1	8 850.3	9 810.9	10 619.0	11 445.6

Table 25.6 Detective Services (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Details of selected transfers and subsidies							
Households							
Households social benefits							
Current	34.9	43.0	45.4	45.8	48.1	50.0	52.5
Employee social benefits	34.9	43.0	45.4	45.8	48.1	50.0	52.5
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	3.9	4.1	4.9	4.8	5.1	5.4	5.7
Vehicle licences	3.9	4.1	4.9	4.8	5.1	5.4	5.7

Expenditure trends

Over the medium term, expenditure is expected to increase to R11.5 billion, at an average annual rate of 8.9 per cent, to provide for strengthening the capacity of general detectives at police stations and ongoing improvements in the quality of detective policing.

Expenditure increased from R6.1 billion in 2007/08 to R8.9 billion in 2010/11, at an average annual rate of 13.1 per cent. This was due to increasing the capacity of the detective service environment, including the transfer of the Directorate of Special Operations from the Department of Justice and Constitutional Development.

The increase of R278.7 million, showing average annual growth rate of 24.6 per cent in the *Forensic Science Laboratory* subprogramme between 2007/08 and 2010/11 was as a result of additional allocations of R250 million and R100 million in the 2008 and 2009 Budgets, earmarked for replacing and upgrading specialised technical equipment in forensic science laboratories countrywide.

Payments for capital assets increased from R261.8 million to R283 million between 2007/08 and 2010/11, at an average annual rate of 2.6 per cent, and are expected to increase to R415.2 million over the medium term, at an average annual rate of 13.6 per cent. This is mostly to establish capacity at criminal record centres and forensic laboratories countrywide.

Programme 4: Crime Intelligence

- *Crime Intelligence Operations* provides for intelligence based crime investigations. This subprogramme had a staff complement of 2 844 and a total budget of R642 million in 2009/10, of which the bulk is used for compensation of employees and other related costs. In 2009/10, the subprogramme conducted 24 368 operations (compared to 17 035 operations in the previous year), resulting in the arrest of 15 775 individuals and the recovery of goods with an estimated value of R5.2 billion. In the first half of 2010/11, 14 000 operations were conducted against a yearly target of 14 662 cluster and ad hoc operations.
- *Intelligence and Information Management* provides for the analysis of crime intelligence patterns to facilitate crime detection in support of crime prevention and crime investigation. This subprogramme has a staff complement of 4 698 and the bulk of its total budget is used for compensation of employees and other related costs. In 2009/10, the following output, which was supported by a total budget of R1.0 billion, was achieved: 234 231 reports were produced (compared to 142 020 in the previous year), of which 15 711 were strategic, 54 190 were tactical, 33 288 were for crime prevention and 131 042 were for information.

Objectives and measures

- Contribute to combating crime by conducting a minimum of 24 000 crime intelligence network operations and produce a minimum of 234 000 intelligence reports in support of crime prevention and crime investigation in 2011/12.

Expenditure estimates

Table 25.7 Crime Intelligence

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
R million							
Crime Intelligence Operations	598.3	651.1	642.0	772.3	838.3	883.2	937.2
Intelligence and Information Management	701.2	789.1	1 016.0	1 175.3	1 278.7	1 376.2	1 484.3
Total	1 299.4	1 440.2	1 658.0	1 947.6	2 117.0	2 259.5	2 421.5
Change to 2010 Budget estimate				60.7	101.7	147.0	192.8
Economic classification							
Current payments	1 259.2	1 397.8	1 610.4	1 899.3	2 066.4	2 206.7	2 366.2
Compensation of employees	1 086.7	1 193.6	1 412.6	1 690.7	1 846.8	1 947.2	2 085.1
Goods and services	172.5	204.2	197.8	208.6	219.6	259.5	281.1
of which:							
Computer services	0.0	2.0	0.9	1.4	1.5	1.9	2.0
Inventory: Fuel, oil and gas	46.7	69.2	57.3	66.1	69.3	81.6	88.5
Lease payments	6.1	8.4	6.9	7.6	8.3	9.9	10.7
Property payments	5.6	6.4	7.1	6.8	7.3	8.7	9.4
Transfers and subsidies	8.4	7.6	9.0	7.7	7.8	8.2	8.6
Provinces and municipalities	0.5	0.6	0.7	0.7	0.7	0.7	0.8
Households	7.9	7.1	8.3	7.1	7.1	7.5	7.9
Payments for capital assets	31.9	34.8	38.6	40.6	42.7	44.6	46.7
Machinery and equipment	31.9	34.8	38.6	40.6	42.7	44.6	46.7
Total	1 299.4	1 440.2	1 658.0	1 947.6	2 117.0	2 259.5	2 421.5
Details of selected transfers and subsidies							
Households							
Households social benefits							
Current	7.9	7.1	8.3	7.1	7.1	7.5	7.9
Employee social benefits	7.9	7.1	8.3	7.1	7.1	7.5	7.9

Expenditure trends

The spending focus over the medium term will be on increasing overall capacity in terms of personnel numbers. Expenditure is expected to grow further over the medium term, at an average annual rate of 7.5 per cent, to reach R2.4 billion in 2013/14. The increases are for enhancing overall capacity and aligning functions with the organisational profile of the crime intelligence division, which was reviewed in 2007/08.

Spending grew at an average annual rate of 14.4 per cent between 2007/08 and 2010/11, from R1.3 billion to R1.9 billion. The increases of R300 million and R200 million in 2009/10 and 2010/11 are due to the increases in personnel.

Between 2007/08 and 2010/11, expenditure in the *Crime Intelligence Operations* subprogramme increased at an average annual rate of 8.9 per cent, from R598.3 million to R772.3 million. Over the medium term, expenditure in this subprogramme is expected to reach R937.2 million, at an average annual rate of 6.7 per cent. The growth between 2007/08 and 2010/11 can be attributed to enhancing the capacity of the crime intelligence division, which also receives specific attention over the medium term, with additional allocations of R30 million and R40 million in 2012/13 and 2013/14 for operational centres and the vetting of personnel, respectively.

Programme 5: Protection and Security Services

- *VIP Protection Services* provides for the protection of the president, the deputy president, former presidents and their spouses, and other identified dignitaries while in transit. This subprogramme had a staff complement of 1 679 and a total budget of R406 million in 2009/10, of which the bulk is used for

compensation of employees and other related costs. In 2009/10, protection was provided to 453 South African and foreign dignitaries and during the first half of 2010/11, protection was provided to 257 VIPs with no security breaches.

- *Static and Mobile Security* provides for the protection of: other local and foreign dignitaries; the places in which all dignitaries, including those related to the president and deputy president, are present; and valuable government cargo. This subprogramme has a staff complement of 3 786 and the bulk of its budget is used for compensation of employees and other related costs. In 2009/10, the following outputs, which were supported by a total budget of R564.6 million, were achieved with no security breaches: 25 installations were protected, including government buildings and 76 presidential and national ministerial residences; 203 valuable cargos were safeguarded with a 100 per cent safe delivery rate; and during the first half of 2010/11, 101 valuable cargoes and other additional protection duties were conducted by the mobile security division.
- *Government Security Regulator* provides for security regulation, evaluations, and administering national key points and strategic installations. This subprogramme has a staff complement of 233 and the bulk of its budget is used for compensation of employees and other related costs. In 2009/10, 130 national key points were evaluated and 160 strategic installations were appraised. This was supported by a total budget of R46 million. In the first half of 2010/11, 97 national key points were evaluated against a target of 165.
- *Operational Support* provides for administrative support for the programme, including personnel development. This subprogramme provides administrative support to the rest of the programme and its staff complement comprises new recruits who are in training. Once these trainees complete their training programmes they are deployed to other subprogrammes. In 2009/10, this subprogramme had a total budget of R196.6 million, of which the bulk was used for compensation of employees and other related costs.

Objectives and measures

- Minimise security violations by:
 - maintaining 100 per cent protection of all identified dignitaries without any security breaches in 2011/12
 - ensuring 100 per cent safe delivery of valuable and dangerous government cargo in 2011/12
 - evaluating 98 per cent of a total of 165 declared national key points in 2011/12.

Expenditure estimates

Table 25.8 Protection and Security Services

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R million	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
VIP Protection Services	312.5	353.3	406.4	489.8	544.4	576.1	611.8
Static and Mobile Security	408.6	473.2	564.6	671.0	707.3	747.8	790.5
Government Security Regulator	32.3	42.3	46.1	55.7	62.0	65.0	68.6
Operational Support	153.4	171.9	196.6	220.2	233.1	246.3	260.9
Total	906.8	1 040.7	1 213.6	1 436.6	1 546.7	1 635.3	1 731.9
Change to 2010 Budget estimate				(1 605.7)	(1 701.8)	(1 793.8)	(1 885.8)
Economic classification							
Current payments	847.4	967.6	1 179.9	1 399.9	1 508.4	1 595.1	1 689.7
Compensation of employees	732.5	844.2	1 041.0	1 240.7	1 344.3	1 422.8	1 503.9
Goods and services	114.9	123.5	138.9	159.2	164.0	172.4	185.8
of which:							
Computer services	0.0	0.7	0.2	0.5	0.6	0.6	0.6
Inventory: Fuel, oil and gas	12.5	21.3	18.9	24.2	25.2	26.5	28.3
Lease payments	6.6	1.4	1.5	1.8	1.8	1.9	2.1
Property payments	6.0	6.9	8.6	9.3	9.5	10.0	10.9
Transfers and subsidies	2.1	2.0	2.9	3.7	3.9	4.1	4.3
Provinces and municipalities	0.4	0.4	0.6	0.5	0.5	0.5	0.6
Households	1.7	1.6	2.4	3.3	3.4	3.6	3.8

Table 25.8 Protection and Security Services (continued)

R million	Audited outcome			Adjusted appropriation 2010/11	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Payments for capital assets	57.3	71.0	30.8	33.0	34.4	36.0	37.9
Buildings and other fixed structures	–	0.1	2.2	–	–	–	–
Machinery and equipment	57.1	71.0	28.5	33.0	34.4	36.0	37.9
Biological assets	0.1	–	–	–	–	–	–
Total	906.8	1 040.7	1 213.6	1 436.6	1 546.7	1 635.3	1 731.9
Details of selected transfers and subsidies							
Households							
Households social benefits							
Current	1.7	1.6	2.4	3.3	3.4	3.6	3.8
Employee social benefits	1.7	1.6	2.4	3.3	3.4	3.6	3.8

Expenditure trends

The spending focus over the medium term will be on increasing the capacity in terms of personnel numbers for protection and security services. It is expected to grow over the medium term, at an average annual rate of 6.4 per cent, to reach R1.7 billion in 2013/14.

Expenditure grew from R906.8 million in 2007/08 to R1.4 billion in 2010/11, at an average annual rate of 16.6 per cent. The increases between 2007/08 and 2010/11 were the result of establishing the protection and security services division in 2002.

Expenditure in goods and services is expected to increase at an average annual rate of 5.3 per cent over the medium term, compared to the 11.5 per cent average annual growth between 2007/08 and 2010/11, which was due to capacity building. Spending in compensation of employees increased at average annual rate of 19.2 per cent between 2007/08 and 2010/11, due to salary progressions for students.

Additional tables

Table 25.A Summary of expenditure trends and estimates per programme and economic classification

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R million	2009/10		2009/10	2010/11			2010/11
Administration	15 449.2	15 905.6	16 009.5	18 167.1	(100.1)	18 067.0	18 067.0
Visible Policing	19 015.5	19 752.9	19 769.9	22 402.7	825.6	23 228.2	23 228.2
Detective Services	7 625.1	7 562.8	7 534.1	8 757.7	92.6	8 850.3	8 850.3
Crime Intelligence	1 714.1	1 714.1	1 658.0	1 886.9	60.7	1 947.6	1 947.6
Protection and Security Services	2 605.8	2 686.5	2 690.9	1 342.1	94.5	1 436.6	1 436.6
Total	46 409.7	47 622.0	47 662.5	52 556.4	973.3	53 529.7	53 529.7
Economic classification							
Current payments	43 519.0	44 708.1	44 424.9	49 336.4	993.2	50 329.6	50 329.6
Compensation of employees	32 603.4	33 770.2	33 771.5	37 148.8	1 267.3	38 416.1	38 416.1
Goods and services	10 915.6	10 937.9	10 653.4	12 187.6	(274.1)	11 913.5	11 913.5
Transfers and subsidies	382.8	382.8	437.8	438.4	–	438.4	438.4
Provinces and municipalities	23.1	23.1	25.2	23.9	–	23.9	23.9
Departmental agencies and accounts	19.7	19.7	20.8	22.8	–	22.8	22.8
Households	340.0	340.0	391.8	391.7	–	391.7	391.7
Payments for capital assets	2 507.9	2 531.2	2 798.8	2 781.7	(19.9)	2 761.8	2 761.8
Buildings and other fixed structures	1 014.4	1 014.4	1 070.1	1 118.2	–	1 118.2	1 118.2
Machinery and equipment	1 492.4	1 515.6	1 726.8	1 662.3	(19.9)	1 642.4	1 642.4
Biological assets	1.1	1.1	1.9	1.1	–	1.1	1.1
Payments for financial assets	–	–	1.0	–	–	–	–
Total	46 409.7	47 622.0	47 662.5	52 556.4	973.3	53 529.7	53 529.7

Table 25.B Detail of approved establishment and personnel numbers according to salary level¹

	Personnel post status as at 30 September 2010			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			Medium-term estimate			
				2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Department	195 310	195 310	–	173 241	182 754	190 199	188 629	197 930	199 680	202 260
Salary level 1 – 6	124 552	124 552	–	100 552	110 807	119 083	118 094	127 484	129 345	131 875
Salary level 7 – 10	68 119	68 119	–	70 232	69 461	68 385	67 791	67 694	67 573	67 623
Salary level 11 – 12	1 996	1 996	–	1 809	1 842	2 079	2 062	2 062	2 072	2 072
Salary level 13 – 16	643	643	–	648	644	652	682	690	690	690
Administration	33 954	33 954	–	32 255	32 928	33 518	33 138	33 954	33 954	33 954
Salary level 1 – 6	21 086	21 086	–	19 430	19 812	20 314	19 980	20 747	20 747	20 747
Salary level 7 – 10	11 956	11 956	–	11 860	12 157	12 259	12 208	12 258	12 258	12 258
Salary level 11 – 12	683	683	–	711	716	713	708	708	708	708
Salary level 13 – 16	229	229	–	254	243	232	242	241	241	241
Visible Policing	100 449	100 449	–	89 993	96 095	98 522	94 179	112 298	113 270	114 870
Salary level 1 – 6	66 816	66 816	–	54 933	61 894	65 419	61 610	77 654	78 737	80 337
Salary level 7 – 10	32 593	32 593	–	34 219	33 374	32 141	31 634	33 653	33 532	33 532
Salary level 11 – 12	753	753	–	573	562	671	618	666	676	676
Salary level 13 – 16	287	287	–	268	265	291	317	325	325	325
Detective Services	36 014	36 014	–	30 596	30 753	33 651	36 378	37 144	37 892	38 842
Salary level 1 – 6	19 066	19 066	–	12 943	13 530	16 561	19 396	20 161	20 909	21 809
Salary level 7 – 10	16 602	16 602	–	17 282	16 852	16 657	16 520	16 520	16 520	16 570
Salary level 11 – 12	293	293	–	308	309	376	406	406	406	406
Salary level 13 – 16	53	53	–	63	62	57	56	57	57	57
Crime Intelligence	8 092	8 092	–	6 806	7 142	7 542	7 973	8 134	8 164	8 194
Salary level 1 – 6	4 234	4 234	–	2 905	3 287	3 568	3 861	4 021	4 051	4 081
Salary level 7 – 10	3 644	3 644	–	3 748	3 652	3 715	3 844	3 844	3 844	3 844
Salary level 11 – 12	175	175	–	128	165	219	230	230	230	230
Salary level 13 – 16	39	39	–	25	38	40	38	39	39	39

Table 25.B Detail of approved establishment and personnel numbers according to salary level¹(continued)

	Personnel post status as at 30 September 2010			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year ²	Medium-term estimate		
				2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Protection and Security Services	16 801	16 801	–	13 591	15 836	16 966	16 961	6 400	6 400	6 400
Salary level 1 – 6	13 350	13 350	–	10 341	12 284	13 221	13 247	4 901	4 901	4 901
Salary level 7 – 10	3 324	3 324	–	3 123	3 426	3 613	3 585	1 419	1 419	1 419
Salary level 11 – 12	92	92	–	89	90	100	100	52	52	52
Salary level 13 – 16	35	35	–	38	36	32	29	28	28	28

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

2. As at 30 September 2010.

Table 25.C Summary of expenditure on training

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Compensation of employees (R million)	25 610.6	29 147.4	33 771.5	38 416.1	41 070.3	43 643.2	47 181.7
Training expenditure (R million)	966.0	1 124.0	1 253.4	1 386.6	1 449.0	1 514.2	1 590.0
Training as percentage of compensation	3.8%	3.9%	3.7%	3.6%	3.5%	3.5%	3.4%
Total number trained in department (head count)	103 233	172 448	173 552	–			
of which:							
Internships trained (head count)	92	100	100	100			

Table 25.D Summary of expenditure on infrastructure

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome		Adjusted appropriation 2010/11	Medium-term expenditure estimate			
				2007/08	2008/09		2009/10	2011/12	2012/13	2013/14
R million										
Departmental infrastructure										
Parow forensic laboratory	Increased capacity to analyse exhibits (firearms, counterfeit notes, documents and substances)	Construction	658.3	36.2	104.2	165.8	130.3	14.1	–	
Police stations	New and re-established police stations	Construction	5 698.0	583.2	776.4	729.3	728.6	1 151.2	1 019.8	
Member and office accommodation	Living quarters and offices	Construction	599.6	41.8	47.2	96.7	171.3	35.4	109.9	
Small infrastructure projects	Repaired and renovated infrastructure	Construction	43.5	28.9	2.6	11.4	0.5	0.1	–	
Forensic science laboratory	Increased capacity to analyse exhibits (firearms, counterfeit notes, documents and substances)	Construction	48.1	18.7	7.7	18.3	1.8	1.5	0.1	–
Shooting ranges	Facilities to improve shooting competency of police officials	Construction	377.3	–	2.0	–	12.2	97.8	217.8	47.5
Training facilities	Facilities to improve police personnel capabilities	Construction	867.1	16.0	45.6	32.2	89.2	105.8	125.8	452.4
Mobile homes and storage facilities	Basic services for accommodation and storage	Handed over	29.4	7.7	5.2	16.4	–	–	–	–
Total			8 321.3	732.5	991.2	1 070.1	1 118.2	1 235.3	1 544.6	1 629.5

Vote 26

Agriculture, Forestry and Fisheries

Budget summary

R million	2011/12				2012/13	2013/14
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	1 297.0	531.5	759.2	6.2	1 461.0	1 433.1
Agricultural Production, Health and Food Safety	891.9	442.9	407.0	42.1	994.3	1 048.4
Food Security and Agrarian Reform	1 244.2	157.2	1 049.7	37.3	1 379.7	1 559.0
Trade Promotion and Market Access	191.8	90.5	100.6	0.6	183.4	193.5
Forestry	770.7	683.6	60.8	26.3	902.5	935.7
Fisheries	324.2	133.7	190.5	–	391.2	333.5
Total expenditure estimates	4 719.7	2 039.4	2 567.8	112.5	5 312.0	5 503.2

Executive authority Minister of Agriculture, Forestry and Fisheries
 Accounting officer Director General of Agriculture, Forestry and Fisheries
 Website address www.daff.gov.za

More detailed information for each vote is available at www.treasury.gov.za. More comprehensive coverage of vote specific information, particularly on goods and services, transfers and subsidies, donor funding, public entities and lower level institutional information, is provided.

Aim

Lead, support and promote agricultural, forestry and fisheries resources management through policies, strategies and programmes to enhance sustainable use, and to achieve economic growth, job creation, food security, rural development and transformation.

Programme purposes

Programme 1: Administration

Purpose: Provide strategic leadership, management and support services to the department.

Programme 2: Agricultural Production, Health and Food Safety

Purpose: Manage the risks associated with animal diseases, plant pests, genetically modified organisms and the registration of products used in agriculture. Promote food safety and create an enabling environment for increased and sustainable agricultural production.

Programme 3: Food Security and Agrarian Reform

Purpose: Facilitate and promote food security and agrarian reform programmes and initiatives.

Programme 4: Trade Promotion and Market Access

Purpose: Ensure value chain integration, Facilitate market access for agriculture, forestry and fisheries products.

Programme 5: Forestry

Purpose: Develop and facilitate the implementation of policies and targeted programmes to ensure the management of forests, and the sustainable use and protection of land and water. Manage agricultural risks and disasters.

Programme 6: Fisheries

Purpose: Promote the conservation and sustainable use of fisheries resources.

Strategic overview: 2007/08 – 2013/14

The department's legal mandate covers the agriculture, forestry and fisheries value chains: from inputs, production and value adding to retailing.

Over the years, the department has facilitated the increased profitability of food production and of processed fibre and timber by all categories of producers (subsistence, smallholder and commercial); sustained the management of all state and privately owned natural resources; carried out effective regulatory services and risk management systems; overseen a transformed and united sector; facilitated the increased contribution of the sector to economic growth and development; and ensured the effective and efficient governance of the sector.

The sector contributed 2.3 per cent to GDP in 2009. However, this contribution has been declining annually, reflecting an economy that is increasingly dependent on manufacturing and services. In total, the agriculture, forestry and fisheries sector employs 660 000 workers. The 10 000 jobs that were lost between the first and third quarters of 2010 can be explained by the reduced contribution of the sector to GDP, as well as the effects of the recent global economic downturn. The agriculture value chain is one of the priority sectors in government's industrial policy action plan for economic growth and job creation. With the implementation of agro-processing initiatives under the this plan, as well as plans to elevate agriculture as one of the priority sectors in the new growth path, the department will try and optimise the potential for reversing the declining employment trends over the medium to long term.

Current challenges

Equity and transformation

Despite certain achievements over the past 15 years, satisfactory levels of transformation in terms of broad based black economic empowerment (BEE) and equity targets in relation to markets and information have not been achieved. The implementation of the current AgriBEE Sector Charter and Forest Sector Transformation Charter needs to be fast-tracked. A fisheries sector charter is being drafted.

Competitiveness and profitability

The sector needs to contribute to economic growth and competitiveness while addressing equity and transformation, decent job creation, national food security and sustainability. Constraining factors are the slow progress in increasing production efficiency, poor innovation systems, high costs of doing business, the slow rate of opening up new markets and exploiting value adding opportunities, and the effects of globalisation and free trade on South Africa's competitiveness in global markets.

Environmental sustainability

Agricultural practices impact directly on biodiversity and the productivity of land, and indirectly on downstream water quality and flows and the health of aquatic ecosystems. Plantation forestry displaces indigenous vegetation such as grasslands and impacts on stream flows. This, in turn, has an impact on biodiversity and other production systems, such as the spreading of invasive species. Fish stocks have been exploited beyond sustainable levels and some resource stocks have been completely depleted or are no longer commercially viable.

Outcomes and related outputs

In relation to government's 12 outcomes, the department contributes directly to three: decent employment through inclusive economic growth (outcome 4), through improved support to small business and cooperatives (output 6); vibrant, equitable and sustainable rural communities and food security for all (outcome 7), through sustainable agrarian reform (output 1), improved access to affordable and diverse food (output 2), improved rural services to support livelihoods (output 3), rural job creation and promoting economic livelihoods (output 4); and environmental assets and natural resources that are well protected and continually enhanced (outcome 10), though protected biodiversity (output 4).

Focus over the medium term

Concrete ways in which the department will contribute to realising the outcomes over the medium term include: increasing the number of smallholder farmers from 200 000 to 250 000 by 2014 through assessment, training and post-settlement extension services; establishing a joint venture funding model together with smallholders, which would facilitate the development of micro-financing lending outlets; creating an effective and efficient extension and technical support capacity for the development of agriculture and aquaculture production infrastructure in targeted areas; accelerating the implementation of the national extension recovery plan by recruiting 1 000 extension and technical services officers over the medium term; implementing the market identification strategy to ensure that products produced by smallholder farmers have a domestic market and integrating viable smallholders with established commercial producer export networks; establishing crop, forestry, fisheries and livestock production schemes for 300 000 smallholder farmers by 2015; developing the agro-processing strategy by June 2011 and creating capacity to implement the strategy through provincial and local role players, with the aim of creating 145 000 jobs in agro-processing by 2020; and developing domestic capacity for the production and processing of aquaculture products.

Savings and cost effectiveness measures

Over the medium term, efficiency savings of R33.1 million, R37.9 million and R150.2 million have been identified across all programmes in spending on goods and services as follows: R 11.2 million from agency and support services, R4.5 million from travel and subsistence, R2 million from contractors, R575 000 from inventory, R1 million from training and development, R8.5 million from consultants and professional services, and R5.4 million from transfers and subsidies. The following cost effectiveness measures will continue to be applicable in 2011/12: more cost efficient ways of travelling for business purposes; making use of video links where possible to limit unnecessary travel; venues on departmental premises will be used for meetings and workshops, rather than outside venues; and catering services and contractor costs will be reduced. The department has reprioritised budget items by identifying savings and shifting funds to other priority items so that it can continue delivering on its mandate. The R111.1 million allocated for the foot and mouth disease facility ends in 2012/13. These savings will not impact on service delivery.

During 2010/11, the department underwent major restructuring and a new budget structure was approved. The budget was reprioritised in order to deliver on its new focus areas and outcomes.

Selected performance indicators

Table 26.1 Agriculture, Forestry and Fisheries

Indicator	Programme	Past			Current	Projections		
		2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Number of trainees on industry focused farmer training programmes per year	Food Security and Agrarian Reform	903	1 000	2 000	3 000	3 000	4 000	2 000
Number of beneficiaries accessing the comprehensive agricultural support programme per year	Food Security and Agrarian Reform	51 276	37 900	26 300	32 000	33 000	35 000	35 000
Number of farmers awarded production loans under the Micro Agricultural Financial Institutions of South Africa scheme per year	Agricultural production, Health and Food Safety	2 200	150	5 324	5 500	6 000	6 500	7 000
Number of smallholder farmers supported per year to increase production	Agricultural production, Health and Food Safety	–	–	–	18 194	18 026	18 104	17 754
Number of new smallholder farmers established per year	Food Security and Agrarian Reform	–	–	–	10 000	10 000	10 000	10 000
Number of new jobs created in agro-processing per year	Trade Promotion and Market Access	–	–	11 400	33 103	32 567	32 706	30 982
Number of smallholders grouped into commodity associations and cooperatives per year	Trade Promotion and Market Access	–	–	–	5 000	15 000	20 000	20 000

Table 26.1 Agriculture (continued)

Indicator	Programme	Past			Current	Projections		
		2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Number of hectares revitalised for irrigation per year	Forestry	–	28 874ha	30 000ha	33 000ha	250ha	250ha	250ha
Number of trees planted in the Million Trees programme	Forestry	900 000	1 million	1 million	1 million	100 000	120 000	150 000
Number of jobs created through community works programme and expanded public works programme in rural areas per year	Forestry	–	–	–	–	1 300	1 300	1 300
Number of hectares of degraded indigenous forests and woodlands rehabilitated (3 200ha by 2015)	Forestry	–	–	–	–	800ha	800ha	800ha
Number of hectares of land under rehabilitation	Forestry	–	–	–	–	150 000ha	150 000ha	150 000ha
Number of annual assessments conducted per year to determine the state of resources in the fisheries sector	Fisheries	21	21	21	21	21	21	21
Number of research projects conducted per year on the feasibility of South Africa's aquaculture (fish farming) species	Fisheries	2	2	2	2	3	3	3
Number of aquaculture(fish farming) pilot projects launched per year	Fisheries	0	2	3	4	5	6	7
Number of jobs created through the alternative livelihoods programme	Fisheries	–	–	–	–	1 100	1 000	1 200

Expenditure estimates

Table 26.2 Agriculture, Forestry and Fisheries

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
R million								
Administration	1 725.8	944.9	1 322.2	1 117.6	1 121.4	1 297.0	1 461.0	1 433.1
Trade Promotion and Market Access	380.5	653.1	492.1	610.2	606.8	891.9	994.3	1 048.4
Coastal and Oceans Management	628.6	797.9	900.6	1 092.0	1 091.6	1 244.2	1 379.7	1 559.0
Trade Promotion and Market Access	191.5	186.6	185.2	145.6	145.6	191.8	183.4	193.5
Forestry	881.0	804.1	861.6	755.0	755.0	770.7	902.5	935.7
Fisheries	149.8	178.2	200.0	283.5	283.5	324.2	391.2	333.5
Total	3 957.2	3 564.9	3 961.8	4 003.9	4 003.9	4 719.7	5 312.0	5 503.2
Change to 2010 Budget estimate				345.9	345.9	358.4	571.5	501.9
Economic classification								
Current payments	1 406.7	1 602.7	1 724.3	1 849.3	1 849.7	2 039.4	2 303.3	2 437.7
Compensation of employees	811.1	931.3	1 082.2	1 199.6	1 199.6	1 273.0	1 395.3	1 474.5
Goods and services	594.8	671.4	641.3	648.3	648.6	764.7	906.2	961.3
of which:								
Administrative fees	28.2	38.7	51.5	47.4	47.4	54.1	61.7	70.7
Contractors	15.1	14.3	12.8	24.9	24.9	88.7	93.6	88.3
Agency and support / outsourced services	52.1	76.3	51.9	101.9	101.6	103.3	121.4	131.9
Travel and subsistence	151.7	164.7	175.7	116.6	116.2	120.3	147.9	160.0
Interest and rent on land	0.8	0.0	0.8	1.5	1.5	1.7	1.9	1.9
Transfers and subsidies	2 503.6	1 903.8	2 155.0	2 069.8	2 069.8	2 567.8	2 924.3	2 977.4
Provinces and municipalities	762.2	898.3	974.2	1 167.3	1 167.3	1 487.5	1 684.4	1 867.4
Departmental agencies and accounts	600.3	696.9	682.4	843.5	843.5	994.9	1 164.2	1 029.7
Universities and technikons	3.8	6.3	1.9	2.1	2.1	1.4	2.0	3.0
Foreign governments and international organisations	32.9	35.3	29.7	38.2	38.2	35.2	22.0	22.1
Public corporations and private enterprises	1 002.4	98.3	438.8	3.8	3.8	33.0	35.2	37.6
Non-profit institutions	9.7	17.2	14.3	8.8	8.8	14.3	14.9	15.7
Households	92.2	151.4	13.8	6.1	6.1	1.6	1.8	1.8

Table 26.2 Agriculture, Forestry and Fisheries (continued)

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10			2011/12	2012/13	2013/14
R million				2010/11				
Payments for capital assets	46.6	57.5	82.0	84.7	84.3	112.5	84.4	88.1
Buildings and other fixed structures	8.6	22.5	22.8	44.4	44.4	42.1	42.6	43.3
Machinery and equipment	36.3	34.0	58.6	38.1	37.7	69.6	41.1	44.0
Biological assets	0.2	0.6	0.1	0.0	0.0	–	–	–
Software and other intangible assets	1.5	0.4	0.4	2.2	2.2	0.8	0.8	0.8
<i>of which:</i>								
Capitalised compensation	18.4	9.6	11.6	20.5	20.5	15.0	15.8	16.5
Capitalised goods and services	25.5	13.3	8.8	34.9	34.9	22.0	21.8	21.5
Payments for financial assets	0.3	0.9	0.5	–	–	–	–	–
Total	3 957.2	3 564.9	3 961.8	4 003.9	4 003.9	4 719.7	5 312.0	5 503.2

Expenditure trends

The spending focus over the medium term will be on making transfer payments to the Agricultural Research Council (R755 million), conditional grants to provinces for the comprehensive agricultural support programme, LandCare and Ilima/Letsema (R1.4 billion), public corporation and private enterprises (R33 million) and international organisations for membership fees (R35 million).

Expenditure increased from R3.9 billion in 2007/08 to R4 billion in 2010/11, and is projected to increase to R5.5 billion, at an average annual rate of 11.2 per cent over the medium term. The increase over the medium term is due to increases in the conditional grant allocation for the comprehensive agricultural support programme, Ilima/Letsema and LandCare. These allocations increased from R1.5 billion in 2010/11 to R1.9 billion in 2013/14. In addition, funds shifted from the Departments of Water Affairs and the Department of Environmental Affairs for the forestry and fishery function in 2009/10 and 2010/11 also led to increased expenditure.

The ratio of administrative costs to line function costs is 1:4.

The department receives additional allocations of R391.5 million, R609.3 million and R 652.1 million over the medium term for the following:

- R34 million, R57 million and R60 million to provide for baseline amounts that were not funded for the management of forestry operations in Mpumalanga
- R41.8 million, R45.4 million and R47 million to improve conditions of service
- R5 million in 2012/13 and R7 million in 2013/14 to upgrade IT systems
- R5 million, R60 million and R60 million for the Marine Living Resources Fund for the maintenance of patrol vessels
- R63.3 million, R63.3 million and R 63.4 million for the prevention and mitigation of disaster risks
- An additional R400 million was allocated to the comprehensive agricultural support programme over the medium term and a further R100 million for LandCare for fencing for agricultural projects
- R197.4 million, R203.6 million and R139.7 million for carry through cost of funds shifted in 2010/11 from the Department of Environmental Affairs for the fisheries function.

The ratio of consultancy costs to department personnel costs is 1:18 over the medium term.

Infrastructure spending

The department is funding a number of small infrastructure projects at a total project cost of R1.2 billion, including: R28 million for fences to manage the spread of foot and mouth disease, R7 million to drill and fit boreholes for agricultural purposes, and R2 million for the Lesotho border fence. R55 million and R45 million in 2012/13 and 2013/14 will be used for fencing purposes under the LandCare programme grant. The department spent R149.4 million from 2007/08 to 2009/10 and is projecting to spend R175 million over the medium term.

Personnel information

The department has an establishment of 7 016 funded posts, a further 100 posts are being considered. The number of filled posts increased from 2 639 in 2007/08 to 6 278 in 2010/11, due to the amalgamation of the forestry and fisheries function in 2010/11. Filled posts are expected to increase to 6 378 over the medium term as a result of the restructuring and integration of the forestry and fisheries functions into the department.

There are 738 vacancies within the department, of which 458 are in salary levels 7 to 9. The main reasons for the vacancies are due to the restructuring process and the moratoriums placed on filling posts. Most of these vacancies are in the *Forestry* programme (207 posts).

The ratio of support staff to line staff is 1:8 and the ratio of consultants to departmental personnel is 1:1444.

Departmental receipts

A significant portion of departmental revenue is derived from the sale of goods and services, including: statutory services such as registering fertilisers, farm feeds, agricultural remedies and brands, analysing soil; issuing import and export certificates for agricultural products; issuing liquor control permits; providing quarantine and inspection services; and sale of wood products from the commercial forestry operations function. Other receipts accrue from interest payments, rent on land, and sale of capital assets.

Between 2007/08 and 2010/11, revenue decreased from R121.1 million to R119.3 million, at an average annual rate of 0.5 per cent. Included in the 2009/10 revenue is the once-off income of R112 million from the provincial departments of agriculture in Limpopo, Northern Cape, KwaZulu-Natal and Free State for unspent conditional grants. The forestry function that was transferred to the department also generated revenue of R28 million from the sale of wood products. Revenue is projected to increase from R119 million in 2010/11 to R123.6 million in 2013/14, at an average rate of 1.2 percent due to revision of tariffs.

Table 26.3 Departmental receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2007/08	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
Departmental receipts	121 136	254 006	250 534	119 293	119 343	121 484	118 229	123 580
Sales of goods and services produced by department	104 228	107 693	108 742	88 809	88 853	93 113	94 531	96 500
Sales of scrap, waste, arms and other used current goods	204	4	145	5	5	8	5	6
Transfers received	26	80	9	10	8	—	—	—
Fines, penalties and forfeits	92	10	53	30	27	3	3	4
Interest, dividends and rent on land	1 963	9 752	12 519	12 213	12 224	11 930	10 140	11 000
Sales of capital assets	9 957	330	1 605	462	462	500	550	570
Transactions in financial assets and liabilities	4 666	136 137	127 461	17 764	17 764	15 930	13 000	15 500
Total	121 136	254 006	250 534	119 293	119 343	121 484	118 229	123 580

Programme 1: Administration

Expenditure estimates

Table 26.4 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
R million							
Ministry ¹	33.1	22.1	24.1	22.6	20.7	21.8	23.0
Department Management	—	15.2	17.4	18.4	16.8	18.5	19.5
Financial Administration	958.0	137.1	481.4	132.8	142.3	152.9	161.8
Internal Audit	—	3.5	4.8	7.2	7.3	7.8	8.3
Corporate Services	119.4	79.8	85.1	103.3	107.4	115.4	123.0
Stakeholder Relations, Communication and Legal Services	58.0	31.6	34.3	34.9	40.1	41.9	44.2

Table 26.4 Administration (continued)

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
R million							
Policy, Planning, Monitoring and Evaluation	512.0	589.4	592.3	703.7	854.2	985.0	930.3
Office Accommodation	45.4	66.3	82.9	94.7	108.2	117.6	123.1
Total	1 725.8	944.9	1 322.2	1 117.6	1 297.0	1 461.0	1 433.1
Change to 2010 Budget estimate				42.5	8.7	12.5	(96.2)

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

Economic classification

Current payments	273.9	372.1	381.7	476.5	531.5	581.6	625.1
Compensation of employees	141.9	181.6	208.4	243.6	283.5	305.8	327.4
Goods and services	132.0	190.5	173.3	232.6	247.7	275.4	297.3
of which:							
Administrative fees	26.9	35.5	49.1	43.7	50.5	58.0	66.6
Contractors	4.8	2.2	3.7	19.0	0.9	1.0	1.1
Agency and support / outsourced services	6.6	35.9	12.6	35.9	19.3	21.1	22.7
Travel and subsistence	17.4	20.6	17.2	18.3	26.4	31.9	36.7
Interest and rent on land	–	–	–	0.3	0.3	0.3	0.4
Transfers and subsidies	1 437.8	545.5	909.0	626.0	759.2	873.2	801.6
Provinces and municipalities	0.1	0.1	0.2	0.1	0.1	0.1	0.1
Departmental agencies and accounts	489.0	515.1	537.8	623.4	756.8	870.6	798.9
Public corporations and private enterprises	948.0	22.7	367.4	–	–	–	–
Non-profit institutions	–	5.0	0.0	2.2	2.3	2.4	2.6
Households	0.7	2.5	3.6	0.3	–	–	–
Payments for capital assets	14.1	27.3	31.4	15.0	6.2	6.2	6.5
Buildings and other fixed structures	7.9	19.2	22.5	3.4	3.0	3.0	3.0
Machinery and equipment	5.4	7.9	8.6	10.2	3.2	3.2	3.4
Software and other intangible assets	0.7	0.2	0.3	1.4	0.0	0.1	0.1
Payments for financial assets	0.0	0.0	0.0	–	–	–	–
Total	1 725.8	944.9	1 322.2	1 117.6	1 297.0	1 461.0	1 433.1

Details of selected transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	429.0	452.3	468.8	504.6	544.8	680.9	709.7
Primary Agriculture and Sector Education Training Authority	0.5	0.6	0.7	1.2	1.3	1.4	1.5
Agricultural Research Council: Contribution to operations	428.5	451.7	468.1	503.4	543.5	679.5	708.3
Capital	60.0	62.9	69.0	118.9	212.0	189.7	89.1
Agricultural Research Council: Capital contributions to operations	60.0	62.9	69.0	118.9	212.0	189.7	89.1
Non-profit institutions							
Current	–	5.0	–	2.2	2.3	2.4	2.6
National African Farmers Union	–	5.0	–	–	–	–	–
Forest Sector Charter Council: Contribution to operations	–	–	–	2.2	2.3	2.4	2.6
Public corporations and private enterprises							
Public corporations							
Other transfers to public corporations							
Current	948.0	22.1	367.0	–	–	–	–
Landbank	948.0	22.1	367.0	–	–	–	–
Households							
Households other transfers							
Current	–	2.1	2.5	–	–	–	–
Female Farmer Competition	–	2.1	2.5	–	–	–	–

Expenditure trends

Expenditure decreased from R1.7 billion in 2007/08 to R1.1 billion in 2010/11, at an average annual rate of 13.5 per cent, due to the allocation of once-off amounts of R248 million in 2007/08, R22.1 million in 2008/09 and R367 million for the Micro Agricultural Financial Institutions of South Africa scheme. Expenditure is projected to increase from R1.1 billion in 2010/11 to R1.4 billion in 2013/14, at an average rate of 8.6 per cent. The main contributor to the increase is the incorporation of the fishery and forestry functions as a result of the function shift and restructuring of the department. Furthermore, the oversight role of the Micro-Agricultural Financial Institutions of South Africa and the transfer payment to the Agricultural Research Council are now included in this programme. Spending in the *Office Accommodation* subprogramme increased from R83 million in 2009/10 to R95 million in 2010/11, due to the department's negotiated lease for new offices in Pretoria to accommodate the forestry personnel and as a result of consolidating offices in other cities. Expenditure is projected to increase to R123 million over the medium term.

Programme 2: Agricultural Production, Health and Food safety

- *Management* oversees and manages the programme. This budget is used for compensation of employees and goods and services.
- *Inspection and Laboratory Services* provides leadership, guidance and support to ensure compliance with agricultural legislation and regulatory frameworks, and oversees the effective implementation of risk management strategies and plans for regulated agricultural products. This subprogramme has a staff complement of 878 and a total budget of R249.2 million, of which 75 per cent is used for compensation of employees. The baseline of inspections conducted is 49 000 and this is expected to increase to 52 700 in 2011/12. The target for laboratory samples to be analysed is 30 000.
- *Plant Production and Health* increases agricultural productivity by emphasising a sustainable plant production system, efficient use of genetic resources and managing risks associated with plant pests, diseases and genetically modified organisms. This subprogramme has a staff complement of 185 and a total budget of R477.9 million, of which 84 per cent is used for Ilima/Letsema. In 2010/11, sustainable plant production was supported through various regulatory and technical support interventions. Surveillance programmes of plant pest diseases were conducted in production areas of northern Limpopo, Mpumalanga, KwaZulu-Natal and Eastern Cape. Particular emphasis was given to the surveillance of the emerging threat among honeybees (American foulbrood) in Western Cape and Eastern Cape. Appropriation plant production practices were promoted among the 3 500 farmers across South Africa in collaboration with provincial departments. As products of biotechnology continue to be used as a tool in production, the relevant regulatory oversight was maintained to ensure the safety and responsible use of such technologies.
- *Animal Production and Health* improves livestock production by implementing animal production and health strategies, projects and programmes founded on sound animal disease risk management principles, an informed extension service and sustainable natural resource management. This subprogramme has a staff complement of 415 and a total budget of R162.9 million, of which 49 per cent is used for the primary animal healthcare programme and for the appointment of vets through the compulsory community service programme, and provision of toolkits to animal health technicians.

Objectives and measures

- Improve compliance with legislation, biosecurity and food safety regulatory frameworks by:
 - increasing the number of regulatory interventions (inspection quarantine and audits) from 49 000 to 63 700 by March 2012
 - continuing with four major surveillance programmes to monitor incidences of animal and plant diseases and pests
 - facilitating the registration of 2 400 agricultural production inputs and food business operators by March 2012
 - improving food safety and compliance with food processing legislation by 50 per cent by developing a food control policy framework by March 2012.

- strengthening the regulatory framework for animal disease control and veterinary public health through implementing animal health and production schemes, projects and programmes by March 2012
- Support increased trade in animal and animal products by increasing the regularity of audits and compliance inspections by 100 per cent by March 2012.
- Support smallholder farmers towards sustainable production by:
 - maintaining regulatory support services and the development and implementation of technical support (norms and standards and guidelines) in 2011/12
 - improving the competitiveness of smallholder farmers in grain and fruit production through the implementation of the respective production strategies in 2011/12.

Expenditure estimates

Table 26.5 Agricultural Production, Health and Food Safety

Subprogramme				Adjusted appropriation	Medium-term expenditure estimate		
R million	Audited outcome						
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Management	1.4	1.5	1.9	1.8	1.9	2.0	2.1
Inspection and Laboratory Services	102.9	169.0	193.7	236.2	249.2	277.8	295.7
Plant Production and Health	44.4	219.4	104.2	261.3	477.9	505.0	530.2
Animal Production and Health	231.8	263.2	192.3	110.9	162.9	209.4	220.4
Total	380.5	653.1	492.1	610.2	891.9	994.3	1 048.4
Change to 2010 Budget estimate				6.6	–	–	–
Economic classification							
Current payments	264.9	298.8	400.6	393.0	442.9	560.1	590.8
Compensation of employees	179.1	200.9	253.2	297.9	294.5	349.3	368.1
Goods and services	85.9	97.9	147.4	94.9	148.3	210.8	222.7
of which:							
Administrative fees	0.0	0.5	0.2	0.4	0.5	0.5	0.5
Contractors	3.1	2.4	2.0	2.4	11.9	11.8	7.2
Agency and support / outsourced services	18.9	13.9	23.9	10.2	10.4	18.3	18.6
Travel and subsistence	26.9	28.2	64.1	29.2	29.4	44.6	47.2
Interest and rent on land	–	–	–	0.2	0.1	0.1	0.1
Transfers and subsidies	102.8	337.6	80.1	211.5	407.0	427.3	450.8
Provinces and municipalities	0.0	96.0	50.0	200.0	400.0	420.0	443.1
Departmental agencies and accounts	0.8	65.0	–	–	–	–	–
Universities and technikons	3.8	3.6	–	–	–	–	–
Public corporations and private enterprises	0.1	21.5	20.1	1.0	–	–	–
Non-profit institutions	8.6	6.8	6.3	6.6	6.9	7.3	7.6
Households	89.5	144.8	3.8	4.0	0.1	0.0	0.0
Payments for capital assets	12.5	15.7	11.1	5.7	42.1	6.9	6.8
Buildings and other fixed structures	0.5	2.1	–	–	0.6	0.7	0.8
Machinery and equipment	11.6	13.3	11.0	5.2	40.9	5.6	5.5
Biological assets	–	0.3	0.1	–	–	–	–
Software and other intangible assets	0.4	0.0	0.0	0.5	0.5	0.5	0.5
Payments for financial assets	0.3	0.9	0.3	–	–	–	–
Total	380.5	653.1	492.1	610.2	891.9	994.3	1 048.4
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	–	65.0	–	–	–	–	–
Eastern Cape Rural Finance Corporation	–	65.0	–	–	–	–	–

Table 26.5 Agricultural Production, Health and Food Safety (continued)

R million	Audited outcome			Adjusted appropriation 2010/11	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Households							
Households social benefits							
Current	1.1	1.2	2.6	0.1	0.1	0.0	0.0
Employee Social Benefit	1.1	1.2	2.6	0.1	0.1	0.0	0.0
Non-profit institutions							
Current	7.0	6.0	6.3	6.6	6.9	7.3	7.6
Deciduous Fruit Producers Trust	3.0	6.0	6.3	6.6	6.9	7.3	7.6
Perishable Products Export Control Board	4.0	–	–	–	–	–	–
Public corporations and private enterprises							
Private enterprises							
Other transfers to private enterprises							
Current	–	21.1	–	–	–	–	–
Bluebellies Dairy Farming	–	21.1	–	–	–	–	–
Households							
Households other transfers							
Current	88.4	143.6	1.1	3.9	–	–	–
Classical Swine Fever	88.4	143.6	1.1	3.9	–	–	–
Provinces and municipalities							
Provinces							
Provincial Revenue Funds							
Current	–	96.0	50.0	200.0	400.0	420.0	443.1
Ilima Letsema projects	–	96.0	50.0	200.0	400.0	420.0	443.1
Universities and technikons							
Current	3.6	3.6	–	–	–	–	–
University of Stellenbosch	3.6	3.6	–	–	–	–	–

Expenditure trends

The spending focus over the medium term will be on providing rural animal healthcare services to support livestock production, food security, animal welfare and trade in animal products. In respect of plant production and health spending, the department will continue to focus on maintaining and developing a bio-safety regulatory framework to ensure the safe and responsible use of technology. Furthermore, spending will be geared towards strengthening pre-border, border and post-border inspections.

Expenditure increased from R380.5 million in 2007/08 to R610.2 million in 2010/11, at an average annual rate of 17.1 per cent and is projected to increase to R1 billion, at an average annual rate of 19.8 per cent over the medium term. The increase over the medium term is due to additional allocations of R200 million, R400 million and R420 million to further strengthen Ilima/Letsema projects and a new allocation of R326 million over the medium term, for the implementation of compulsory community services for veterinarians in the primary animal health care programme. Furthermore, the growth in goods and services of 32.9 per cent over the medium term is due to the increase in operational costs resulting from the expansion of the border control inspection service.

The ratio of administrative costs to line function costs is 1:4.

Programme 3: Food Security and Agrarian Reform

- *Management* oversees and manages the programme. This subprogramme's budget is used for compensation of employees and goods and services.

- *Food Security* facilitates subsistence farming and smallholder development, and provides support for inputs, implements and infrastructure. This subprogramme has a staff complement of 263 and a total budget of R777.2 million, of which 87 per cent is used on infrastructure development. Activities are geared towards increasing the number of smallholder farmers from 200 000 to 250 000 by 2014 through assessment, training and post-settlement extension services.
- *Sector Capacity Development* provides sector education and training, sectoral colleges and sector transformation in support of sustainable growth and equitable participation in the sector. This subprogramme has a staff complement of 222 and a total budget of R125.1 million, of which 40 per cent is used for agricultural colleges training support. The programme facilitates the transformation of colleges of agriculture into national agricultural training institutes through the promulgation of the Agricultural Training Institutes Bill in 2011/12. In 2011/12, colleges of agriculture will be strengthened in terms of infrastructure and training programmes.
- *National Extension Support Services* develops national extension policies, and provides training and national extension support to provinces. This subprogramme has a staff complement of 8 and a total budget of R339.8 million, of which 90 per cent is used for extension recovery. This subprogramme's activities will be geared towards accelerating the implementation of the national extension recovery plan by recruiting 1 000 extension and technical service officers over the medium term.

Objectives and measures

- Enhance the provision of support services to promote and facilitate agricultural development targeting subsistence and smallholder producers through:
 - empowering subsistence and smallholder producers to increase their productivity through technical and advisory services; training and capacity building programmes; on and off farm infrastructure development, marketing and business development, information and knowledge management, and the facilitation of financial services
 - providing targeted sectoral training and capacity development programmes for 4 000 beneficiaries over the MTEF period
 - continuing to provide national extension and advisory services support programmes to 2 800 extension officers in all provinces
 - improving the planning and implementation of agrarian reform policies and strategies over the MTEF period
 - facilitating the improvement of the production systems of subsistence and smallholder farmers to achieve food security and livelihoods.

Expenditure estimates

Table 26.6 Food Security and Agrarian Reform

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
R million				2010/11			
Management	1.8	10.7	2.9	14.9	2.1	2.2	2.4
Food Security	528.3	610.7	649.6	686.5	777.2	887.0	1 039.3
Sector Capacity Development	89.6	71.0	68.3	95.6	125.1	133.3	141.2
National Extension Support Services	8.8	105.6	179.9	295.0	339.8	357.2	376.1
Total	628.6	797.9	900.6	1 092.0	1 244.2	1 379.7	1 559.0
Change to 2010 Budget estimate				43.2	50.0	120.0	230.0
Economic classification							
Current payments	187.5	168.5	153.0	169.4	157.2	169.2	179.2
Compensation of employees	77.8	76.1	89.1	79.7	88.5	94.3	99.5
Goods and services	109.7	92.3	63.9	89.7	68.6	74.9	79.6
of which:							
Administrative fees	0.2	0.8	0.7	0.2	0.5	0.4	0.5
Contractors	2.3	7.9	5.9	0.2	1.5	1.4	1.4
Agency and support / outsourced services	2.9	4.6	3.0	11.9	27.7	29.5	32.5
Travel and subsistence	17.0	17.5	15.6	9.1	10.9	12.4	13.3
Interest and rent on land	–	–	–	0.1	0.0	0.0	0.0

Table 26.6 Food Security and Agrarian Reform (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Transfers and subsidies	426.4	622.8	735.7	879.7	1 049.7	1 170.3	1 338.1
Provinces and municipalities	415.3	614.3	715.7	862.5	1 029.6	1 148.6	1 315.1
Departmental agencies and accounts	8.8	5.6	9.1	10.8	11.7	12.6	12.5
Universities and technikons	–	0.0	–	2.1	1.4	2.0	3.0
Foreign governments and international organisations	–	–	–	0.0	0.5	0.5	0.6
Public corporations and private enterprises	2.1	2.5	2.6	2.8	3.0	3.1	3.3
Non-profit institutions	–	–	8.0	–	2.0	2.0	2.0
Households	0.3	0.4	0.4	1.4	1.5	1.6	1.6
Payments for capital assets	14.6	6.6	11.7	42.9	37.3	40.2	41.7
Buildings and other fixed structures	0.1	–	–	40.9	37.0	37.6	38.1
Machinery and equipment	14.3	6.5	11.7	2.0	0.3	2.6	3.6
Software and other intangible assets	0.2	0.0	–	–	–	–	–
<i>of which:</i>							
Capitalised compensation	18.4	9.6	11.6	20.5	15.0	15.8	16.5
Capitalised goods and services	25.5	13.3	8.8	34.9	22.0	21.8	21.5
Payments for financial assets	–	0.0	0.1	–	–	–	–
Total	628.6	797.9	900.6	1 092.0	1 244.2	1 379.7	1 559.0
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	8.3	5.0	8.5	10.2	11.1	12.0	11.9
Water research commission	–	–	–	0.6	0.6	1.0	1.0
National Student Financial Aid Scheme: Agricultural bursaries	8.3	5.0	8.5	9.6	10.5	11.0	10.9
Non-profit institutions							
Current	–	–	8.0	–	2.0	2.0	2.0
Sectoral Colleges	–	–	–	–	2.0	2.0	2.0
Food Bank South Africa	–	–	8.0	–	–	–	–
Households							
Households other transfers							
Current	–	–	–	1.2	1.3	1.3	1.4
Bursaries Non-employees	–	–	–	1.2	1.3	1.3	1.4
Provinces and municipalities							
Provinces							
Provincial Revenue Funds							
Current	415.0	614.1	715.4	862.4	1 029.3	1 148.3	1 314.8
Comprehensive Agricultural Support Programme grant: Infrastructure	415.0	438.1	544.6	577.6	672.5	773.6	919.5
Comprehensive Agricultural Support Programme grant: Extension	–	100.0	170.8	284.8	306.9	322.2	339.9
Agricultural starter packs	–	76.0	–	–	–	–	–
Comprehensive Agricultural Support Programme grant: Colleges for infrastructure	–	–	–	–	50.0	52.5	55.4
Universities and technikons							
Current	–	–	–	0.9	0.6	0.9	1.5
University of Pretoria	–	–	–	0.9	0.6	0.9	1.5
Public corporations and private enterprises							
Public corporations							
Public corporations - subsidies on products and production							
Current	1.9	2.4	2.6	2.8	3.0	3.1	3.3
Ncera Farms (Pty) Limited	1.9	2.4	2.6	2.8	3.0	3.1	3.3

Expenditure trends

The spending focus over the medium term will be on contributing to the creation of vibrant, equitable and sustainable rural communities (government outcome 7), facilitating the increase in the number of farmers generating produce for sale from the current 4 per cent to 10 per cent over the medium term, and accelerating the national extension recovery plan.

Expenditure increased from R628.6 million in 2007/08 to R1.1 billion in 2010/11, at an average annual rate of 20.2 per cent, due to a once-off allocation in 2007/08 of R700 million for the Land Bank recapitalisation. The significant increase is due to the 222.3 per cent expenditure increase in the *National Extension Support Services* subprogramme as a result of the comprehensive agricultural support programme grant: extension that was introduced in 2008/09. Expenditure is projected to increase to R1.6 billion over the medium term, at an average annual rate of 12.6 per cent. This growth is due to the increase in allocations of R400 million over the medium term for the comprehensive agricultural support programme. The 23.5 per cent decrease in 2011/12 in goods and services over the MTEF period is due to a once-off allocation for the outbreak of avian influenza and classical swine fever.

The ratio of administrative costs to line function costs is 1: 1.

Programme 4: Trade Promotion and Market Access

- *Management* oversees and manages the programme. This subprogramme's budget is used for compensation of employees and goods and services.
- *International Relations and Trade* promotes, facilitates, coordinates and supports international relations and international trade for the agriculture, forestry and fisheries sector through developing and implementing appropriate policies and programmes. This subprogramme has a staff complement of 76 and a total budget of R81.8 million, of which 42 per cent is used for membership fees of international organisations.
- *Cooperatives and Rural Business Development* provides leadership and support in implementing programmes and initiatives to ensure the promotion and participation of emerging businesses. This subprogramme has a staff complement of 52 and a total budget of R60.2 million, of which 50 per cent is used for AgriBEE. The activities of the subprogramme will be geared towards accelerating the implementation of AgriBEE equity projects in 2011/12.
- *Agro-processing and Marketing* facilitates access to markets by facilitating small and medium scale agro-processing enterprises. This subprogramme has a staff complement of 26 and a total budget of R47.4 million, of which 76 per cent is used as a transfer payment to the National Agricultural Marketing Council. The activities of the subprogramme will be geared towards accelerating the training of smallholder farmers in marketing in 2011/12.

Objectives and measures

- Facilitate market access for South African and African products by participating in 6 multilateral and bilateral trade negotiations, and monitoring the implementation of current trade agreements on an ongoing basis.
- Undertake domestic and international trade intelligence research and provide trade intelligence research outcomes to potential exporters through training and information sharing sessions twice a year as a measure to promote trade.
- Strengthen South Africa's relations in agriculture, forestry and fisheries with international organisations by increasing South Africa's participation in multilateral agencies.
- Promote BEE in agriculture, forestry and fisheries sectors by facilitating the development and implementation of sector charters and strategies by the end of 2011.
- Facilitate involvement in commodity associations, cooperatives and rural enterprises through ensuring that 30 per cent of smallholders are incorporated into commodity associations, cooperatives and enterprises by 2014, by:

- facilitating the establishment of partnerships to support entrepreneurial development and assisting with the establishment of marketing and trade linkages by 2011/14
- facilitating and ensuring that 30 per cent of smallholder producers are organised into commodity associations and cooperatives by 2014/15.

Expenditure estimates

Table 26.7 Trade Promotion and Market Access

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R million	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Management	1.2	1.2	0.7	2.2	2.3	2.5	2.7
International Relations and Trade	90.8	83.4	79.6	81.2	81.8	73.0	77.0
Co-operatives and Rural Business Development	63.2	70.7	67.3	20.2	60.2	65.4	68.5
Agro-processing and Marketing	36.3	31.3	37.6	41.9	47.4	42.5	45.3
Total	191.5	186.6	185.2	145.6	191.8	183.4	193.5
Change to 2010 Budget estimate				(49.4)	–	–	–
Economic classification							
Current payments	90.1	69.3	75.1	75.6	90.5	99.0	104.5
Compensation of employees	32.4	37.4	41.3	45.4	52.5	54.7	57.3
Goods and services	57.7	31.9	33.9	30.3	38.0	44.2	47.1
of which:							
Administrative fees	0.0	0.7	0.2	0.2	0.5	0.6	0.6
Contractors	0.2	0.2	0.0	0.1	0.2	0.3	0.3
Agency and support / outsourced services	7.4	4.7	3.6	7.3	8.2	8.6	9.1
Travel and subsistence	22.1	12.4	7.7	7.5	8.0	8.7	9.2
Interest and rent on land	–	–	–	0.0	0.0	0.0	0.0
Transfers and subsidies	101.0	116.9	109.6	69.4	100.6	83.8	88.3
Departmental agencies and accounts	17.0	23.3	29.4	31.2	35.9	30.1	32.2
Universities and technikons	–	2.6	1.9	–	–	–	–
Foreign governments and international organisations	32.9	35.3	29.7	38.2	34.7	21.4	21.6
Public corporations and private enterprises	50.0	50.2	48.6	–	30.0	32.1	34.3
Non-profit institutions	1.0	5.5	–	–	–	–	–
Households	0.1	–	0.0	–	–	0.2	0.2
Payments for capital assets	0.5	0.4	0.5	0.5	0.6	0.6	0.7
Machinery and equipment	0.5	0.4	0.5	0.5	0.6	0.6	0.7
Total	191.5	186.6	185.2	145.6	191.8	183.4	193.5
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	17.0	22.5	28.4	31.2	35.9	30.1	32.2
National Agricultural Marketing Council	17.0	22.5	28.4	31.2	35.9	30.1	32.2
Non-profit institutions							
Current	–	4.5	–	–	–	–	–
Food Security and Agrarian Reform	–	4.5	–	–	–	–	–
Public corporations and private enterprises							
Public corporations							
Other transfers to public corporations							
Current	50.0	50.0	48.6	–	30.0	32.1	34.3
Land Bank	50.0	50.0	48.6	–	30.0	32.1	34.3
Universities and technikons							
Current	–	2.6	1.9	–	–	–	–
Fort Hare University Community Development Centres	–	1.0	–	–	–	–	–
Free State University	–	1.6	1.9	–	–	–	–

Table 26.7 Trade Promotion and Market Access (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Foreign governments and international organisations							
Current	30.9	32.4	27.1	35.2	32.2	18.9	19.0
Consultative Group on International Agricultural Research	7.7	3.9	4.0	7.4	3.7	3.8	3.8
Food and Agriculture Organisation of the United Nations	8.8	11.5	11.1	9.8	11.0	11.0	11.0
International Fund for Agricultural Development	–	5.0	–	5.3	4.0	4.1	4.2
Food and Agriculture Organisation of the United Nations: Capacity building	14.5	12.0	12.0	12.7	13.5	–	–

Expenditure trends

The spending focus over the medium term will be on supporting the objectives of government's new growth path and implementing the integrated growth and development strategy in the sector. Particular emphasis will be placed on: promoting market access and trade; strengthening the participation of the department in multilateral agencies; establishing market infrastructure; providing market information, trade intelligence and training; developing entrepreneurs; developing and implementing the sector charter and strategies; and creating an enabling environment to support SMMEs within the sector.

Expenditure decreased from R191.5 million in 2007/08 to R145.6 million in 2010/11, at an average annual rate of 8.7 per cent. The decrease is due to a reprioritisation of the budget in 2010/11 in relation to AgriBEE. A new memorandum of agreement was entered into with the Land Bank, in which the allocation was reinstated from 2011/12 for AgriBEE equity projects. Over the medium term, expenditure is projected to increase from R145.6 million in 2010/11 to R193.5 million in 2013/14, at an average annual rate of 10 per cent. The increase provides for adjustments for inflation.

The ratio of administrative costs to line function costs is 1:7.

Programme 5: Forestry

- *Management* oversees and manages the programme. This subprogramme's budget is used for compensation of employees and on goods and services.
- *Forestry Operations* implements forestry related programmes and strategies in all provinces by ensuring sustainable management of state forests, implementing and enforcing relevant legislation, implementing forest enterprise development and livelihood programmes, monitoring lease agreements, gathering forestry information, and ensuring access to that information. This subprogramme has a staff complement of 2 295 and a total budget of R369.9 million, of which 69 per cent is used for compensation of employees. The subprogramme focuses on the maintenance of forestry operations by performing sustainable forest management audits by applying the criteria, indicators and standards for plantations and indigenous forests, and through the development and implementation of annual plans on operations.
- *Forestry Oversight and Regulation* develops national norms and standards to support sustainable forest management; ensures compliance with regional and international standards for sustainable forest management; administers relevant legislation; and manages forestry data, spatial and non-spatial information, and knowledge systems. This subprogramme has a staff complement of 51 and a total budget of R78.2 million, of which 58 per cent is used for operational costs. The subprogramme has developed national forest programme strategies for saw log and forest protection, and will focus on the preparation for the international year of forests that will promote the image of forestry internationally. In 2009/10, the subprogramme spent R800 000 on the greening programme (Million Trees and Arbour Week) and planted 1.3 million trees. In 2010/11, over 1 million trees will be planted through the greening programme.
- *Natural Resources Management* facilitates the development of infrastructure and the sustainable use of natural resources by: providing an enabling framework for the sustainable management of woodlands and indigenous forests; ensuring the efficient development and revitalisation of irrigation schemes and efficient

water use by the sector; facilitating climate change mitigation and adaptation, risk and disaster management; and promoting, regulating and coordinating the sustainable use of natural agricultural resources. This subprogramme has a staff complement of 735 and a total budget of R319.1 million, of which 43 per cent is used for compensation of employees and 18 per cent for LandCare. In 2009/10, the subprogramme rehabilitated 57 488 hectares of degraded land and is planning to rehabilitate 150 000 hectares of degraded land and 800 hectares degraded indigenous and woodlands in 2010/11.

Objectives and measures

- Increase growth, income and sustainable job opportunities in the value chain through the expansion of the commercial forest estate by creating an enabling environment for planting 30 000ha (10 000ha per year as per the Forest Sector Transformation Charter) over the medium term.
- Increase forestry's contribution to improved livelihoods by facilitating the creation of 1 300 jobs per year through the expanded public works programme.
- Contribute to sustainable agrarian reform by providing support to 7 500 small growers (2 500 small growers per year) over the medium term.
- Ensure the sustainable management and efficient use of natural resources by:
 - developing and implementing climate change adaption and mitigation strategies with a view to reducing climate change impacts in the sector
 - rehabilitating about 800 000ha of degraded land and 800ha of degraded indigenous forests and woodlands per year
 - conducting natural resources assessment and systematic conservation planning for indigenous forests and woodlands
 - over the medium term revitalising 0.5 per cent in smallholder government irrigation schemes.

Expenditure estimates

Table 26.8 Forestry

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R million	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Management	1.6	2.5	3.8	3.9	4.0	4.3	4.5
Forestry Operations	341.1	385.8	416.1	313.2	369.5	419.2	439.3
Forestry Oversight and Regulation	43.1	44.9	51.9	125.7	78.2	85.3	93.0
Natural Resources Management	495.2	370.9	389.8	312.3	319.1	393.7	399.0
Total	881.0	804.1	861.6	755.0	770.7	902.5	935.7
Change to 2010 Budget estimate				107.4	97.3	175.3	168.4
Economic classification							
Current payments	525.3	603.5	619.9	629.4	683.6	753.1	790.8
Compensation of employees	314.9	344.8	396.3	427.6	420.3	450.8	474.7
Goods and services	209.5	258.8	222.8	200.8	262.0	301.0	314.6
of which:							
Administrative fees	1.0	1.2	1.3	3.0	2.1	2.3	2.6
Contractors	4.8	1.6	1.1	3.2	74.3	79.0	78.3
Agency and support / outsourced services	16.4	17.2	8.8	36.6	37.6	44.0	49.1
Travel and subsistence	68.4	86.0	71.0	52.5	45.6	50.3	53.6
Interest and rent on land	0.8	0.0	0.8	1.0	1.3	1.4	1.5
Transfers and subsidies	350.8	193.1	214.5	105.1	60.8	118.8	112.6
Provinces and municipalities	346.9	187.9	208.4	104.7	57.8	115.7	109.0
Public corporations and private enterprises	2.2	1.5	0.0	–	–	–	–
Non-profit institutions	0.1	–	–	–	3.0	3.2	3.5
Households	1.7	3.7	6.1	0.3	–	–	–
Payments for capital assets	4.9	7.5	27.2	20.5	26.3	30.5	32.4
Buildings and other fixed structures	0.1	1.2	0.3	0.1	1.5	1.2	1.3
Machinery and equipment	4.5	5.9	26.7	20.1	24.6	29.0	30.8
Biological assets	0.2	0.2	0.0	0.0	–	–	–
Software and other intangible assets	0.1	0.2	0.1	0.2	0.2	0.2	0.2
Payments for financial assets	–	0.0	0.1	–	–	–	–
Total	881.0	804.1	861.6	755.0	770.7	902.5	935.7

Table 26.8 Forestry (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Details of selected transfers and subsidies							
Non-profit institutions							
Current	–	–	–	–	3.0	3.2	3.5
Forest Sector Charter Council: Contribution to operations	–	–	–	–	3.0	3.2	3.5
Public corporations and private enterprises							
Public corporations							
Other transfers to public corporations							
Current	2.2	1.3	–	–	–	–	–
Forest Sector Charter Council	2.2	1.3	–	–	–	–	–
Households							
Households other transfers							
Current	0.0	3.7	5.7	–	–	–	–
Bursaries Non employees	0.0	3.7	5.7	–	–	–	–
Provinces and municipalities							
Provinces							
Provincial Revenue Funds							
Current	346.7	187.8	208.3	104.5	57.8	115.7	109.0
Disaster Management	300.0	136.8	156.9	50.0	–	–	–
Land Care Programme Grant: Poverty Relief and Infrastructure Development Grant	46.7	51.0	51.4	54.5	57.8	115.7	109.0

Expenditure trends

The spending focus over the medium term will be on the management of forestry operations, amendment and implementation of the National Forests Act (1998) and the new National Veld and Forest Fire Act (1998). This includes the implementation of policies that promote forestry growth; the participation of communities in forestry; activities related to the Forest Sector Transformation Charter and forestry protection; conducting the forestry resource assessment; rehabilitating indigenous forests and woodlands; LandCare; climate change; afforestation; and the Million Trees programme.

Expenditure decreased from R881 million in 2007/08 to R755 million in 2010/11, at an average annual rate of 5 per cent. The decrease was due to the once off allocations for disaster management, which decreased from R300 million in 2007/08 to R50 million in 2010/11. Expenditure is expected to increase from R755 million in 2010/11 to R935.7 million in 2013/14, at an average rate of 7.4 per cent. This is due to an increase of R55 million in 2012/13 and R45 million in 2013/14 for the LandCare fencing project and the increase in the baseline of R34 million in 2011/12, R57 million in 2012/13 and R60 million in 2013/14 to provide funding for forestry operations in Mpumalanga.

The ratio of administrative costs to line function costs is 1:4.

Programme 6: Fisheries

- *Management* oversees and manages the programme. This subprogramme's budget is used for compensation of employees and goods and services.
- *Aquaculture* manages and develops a profitable, diverse and sustainable marine aquaculture industry in South Africa to ensure food security and rural development. This subprogramme has a staff complement of 120 and a total budget of R24.6 million, of which 100 per cent is used for compensation of employees.
- *Administrative Support Services* provides for the overall administration of the programme's activities, which manage the development and sustainable use of South Africa's marine resources and protect the integrity and quality of the marine ecosystem. This subprogramme has a staff complement of 480 and a total budget of R108.8 million, of which 100 per cent is used for compensation of employees. All other expenses such as monitoring, control and surveillance, and marine resources management and fisheries research and development are carried by the Marine Living Resource Fund.

- *Marine Living Resources Fund* receives transfers for the management and sustainable use of marine living resources to supplement the revenue received from levies on fish and fish products, for permits and application fees, and the proceeds from the sale of confiscated fish and fish products.

Objectives and measures

- Promote the conservation and sustainable use of marine resources by rebuilding depleted fish stocks through:
 - developing the stock recovery strategy for hake, abalone, West Coast rock lobster and line fish by 2011/12
 - undertaking fishery specific research to inform the setting of total allowable catches and total allowable efforts in 21 fishing sectors per year until 2013/14
 - finalising and implementing the small scale fisheries policy by 2011/12.
- Grow the marine fisheries sector by broadening the scope of the aquaculture sector through the national aquaculture strategy by 2011/12 and establishing 7 smallholder producer associations by 2013/14.
- Improve compliance and enforcement efforts by developing and implementing the integrated fisheries security strategy by 2011/12.
- Facilitate transformation, job creation and the promotion of economic livelihoods through the Working for Fisheries programmes by implementing 40 community projects by 2013/14 and by developing and finalising the Fisheries Sector Charter by 2013/14.

Expenditure estimates

Table 26.9 Fisheries

Subprogramme				Adjusted appropriation	Medium-term expenditure estimate		
R million	Audited outcome						
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Management	–	0.8	0.9	1.0	0.3	0.3	0.3
Aquaculture	9.4	13.7	14.2	14.7	24.6	25.9	27.1
Administrative support services	55.7	75.9	78.9	89.7	108.8	114.2	120.0
Marine Living Resources Fund	84.8	87.8	106.1	178.1	190.5	250.8	186.1
Total	149.8	178.2	200.0	283.5	324.2	391.2	333.5
Change to 2010 Budget estimate				195.6	202.4	263.7	199.7
Economic classification							
Current payments	65.1	90.4	94.0	105.4	133.7	140.4	147.4
Compensation of employees	65.1	90.4	94.0	105.4	133.7	140.4	147.4
Transfers and subsidies	84.8	87.8	106.1	178.1	190.5	250.8	186.1
Departmental agencies and accounts	84.8	87.8	106.1	178.1	190.5	250.8	186.1
Total	149.8	178.2	200.0	283.5	324.2	391.2	333.5
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	84.8	87.8	106.1	178.1	190.5	250.8	186.1
Marine Living Resources Fund: Expanded Public Works Programme: Fisheries Projects	–	–	–	71.8	71.8	71.8	–
Marine Living Resources Fund: Vessels Operations	84.8	87.8	99.8	100.0	112.4	172.7	179.5
Marine Living Resources Fund: Contribution to operations	–	–	6.3	6.3	6.3	6.3	6.6

Expenditure trends

Spending over the medium term will be focused on: conducting fishery specific research to inform the setting of total allowable catches in 22 fishing sectors; implementing the stock recovery strategy for hake, abalone, West Coast rock lobster and line fish; finalising and implementing the small scale subsistence fisheries policy; broadening the scope of the aquaculture sector; developing and implementing a proactive stakeholder

engagement strategy; developing and finalising a fishery charter to meet transformation targets within the fishing sector; developing and implementing the integrated fisheries security strategy to ensure better compliance, monitoring and enforcement efforts; and promoting job creation and sustainable economic livelihoods.

Expenditure increased from R149.8 million in 2007/08 to R283.5 million 2010/11, at an average annual rate of 23.7 per cent and is projected to increase to R333.5 million over the medium term, at an average annual rate of 5.6 per cent. The increase in both periods is due to increased allocations for vessel operations and function shifts from the Department of Environmental Affairs.

The ratio of administrative costs to line function costs is 1: 3.

Public entities and other agencies

Agricultural Research Council

Strategic overview 2007/08 – 2013/14

The council is a science institution established by the Agricultural Research Act (1990). In terms of the act, the objectives of the council are to conduct fundamental and applied research, drive research and development, drive technology development and transfer (dissemination) to promote agriculture and related industries, contribute to a better quality of life, facilitate and ensure natural resource conservation, and alleviate poverty.

The council's strategic objectives and related outputs are aligned with the department's mission and are directed at: ensuring access to sufficient, safe and nutritious food; eliminating skewed participation and inequality in the sector; maximising growth, employment and income in agriculture; and enhancing the sustainable management of natural agricultural resources and ecological systems. To deliver on the department's priorities, in particular the council's research, technology development and transfer are aimed at improving agricultural production, food security and growth, which, in turn, will result in poverty alleviation.

The council's performance is aligned with national priorities as outlined in the medium term strategic framework. These are further refined through the council's annual strategic review process to ensure effective delivery by alignment with the department's priorities, and with the Department of Science and Technology.

The council carries out its functions in accordance with approved strategic and business plans, notwithstanding the funding challenges it continues to face. In addition, since 2007/08, the council has met, and in some cases exceeded, the performance targets as set out in the business plan.

The following six objectives form the basis of its strategic plan over the medium term: generate, develop and apply new knowledge, science and technology for agriculture to meet the demands for increased food production, food security and poverty alleviation; promote the sustainable use and management of natural resources to ensure a competitive agriculture sector and increase wealth for people and industries dependent on natural resources based agriculture; improve nutrition and food security and safety by improving crop and livestock production systems, including seed security; provide information and technical solutions that enable the agriculture sector to manage and mitigate agricultural risks, including threats to the agricultural production value chain from natural disasters, diseases, pests and agricultural practice; disseminate information and transfer technology emanating from research and development; and achieve organisational growth and sustainability.

Savings and cost effectiveness measures

The council has implemented measures to realise savings, including effectively controlling project management and monitoring expenditure by continuously reviewing projects and programmes to identify areas that do not have a direct contribution to the key performance targets. Funds are then redirected to areas that improve performance and results. The council has also leveraged off the relationships with industry partners with a view to reducing costs. Other measures include increasing the use of PhD students on projects to help reduce personnel costs and minimising the use of external consultants on projects that can be internally handled.

A review of the 2009/10 annual report shows that operating costs excluding compensation of employees decline from R296 million in 2008/09 to R264 million in 2009/10, thus a saving of R32 million was realised. The saving on total operating costs for the comparative periods 2008/09 and 2009/10 was R5 million. Over the

MTEF period, the council anticipates savings of R6 million in 2010/11, R3 million in 2011/12, R4 million in 2012/13 and R4 million in 2013/14.

Selected performance indicators

Table 26.10 Agricultural Research Council

Indicator	Programme/Activity	Past			Current	Projections		
		2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Number of scientific publications produced per year	All	218	1 242	149	168	178	189	200
Number of scientific presentations conducted per year	All	463	347	80	93	271	323	342
Number of methods developed per year to improve scientific output or production	All	275	384	123	321	892	1 039	1 101
Number of accessions/genetic stock maintained	All	–	–	68 951	4 259 072	5 097 264	6 116 717	6 483 720
Number of talks or presentations at non-scientific events each year	All	734	770	1 722	1 454	1 830	2 408	2 552
Number of training courses per year	Technology Transfer and Commercialisation	148	150	2 001	1 396	6 121	7 131	7 559
Number of new Intellectual Property rights filings completed per year	Technology Transfer and Commercialisation	55	10	27	21	15	18	19
Number of Technology Packages per year (packaged solutions /licences)	Technology Transfer and Commercialisation	441	500	215	5	3	3	3
Number of Services provided per year	Technology Transfer and Commercialisation	–	–	245 023	98 123	252 692	303 232	321 426
Number of new agri-products developed per year	Technology Transfer and Commercialisation	49	26	48	14	15	16	17

Details of programmes/objectives/activities

The council conducts fundamental and applied research with partners to generate knowledge, develop human capital and foster innovation in agriculture through technology development and dissemination, and the commercialisation of research results. The council's main focus is on agricultural research and development, and technology transfer in the agricultural sector. In addition, the council's core business, which is research and development and technology transfer, spends 86 per cent of its total budget, with the remaining 14 per cent spent on support services. The council recently developed a blushed pear, called Cheeky, which will play a major role in establishing early blush pears for the South African pear industry. The prediction is that by the end of 2012, the total number of hectares under the cultivation of Cheeky will be 37 per cent of the total early blushed pears in South Africa, with a potential earning of R354 million per annum. Cheeky is part of the outputs expected from the strategic objective: generate, develop and apply new knowledge, science and technology for agriculture to meet the demands for increased food production, food security and poverty alleviation, the budget for which is R144 million in 2011/12.

Table 26.11 Agricultural Research Council

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
General, develop and apply new knowledge and technology	100.5	108.9	108.2	115.7	124.8	133.8	142.1
Sustainable use and management of natural resources	143.6	155.6	154.6	165.3	178.3	191.1	203.0
Enhance nutrition, food security and safety	143.6	155.6	154.6	157.1	169.4	181.6	192.9
Enhance the ability of the agricultural sector to manage and mitigate agricultural risks	143.6	155.6	154.6	165.3	178.3	191.1	203.0
Technology transfer and Commercialisation	93.3	101.1	100.5	111.6	120.4	129.0	137.0
Other Objectives	93.3	101.1	100.5	111.6	120.4	129.0	137.0
Total expense	718.0	777.8	772.8	826.7	891.5	955.6	1 015.2

Expenditure estimates

Table 26.12 Agricultural Research Council

Statement of financial performance				Revised estimate	Medium-term estimate		
R million	Audited outcome						
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Revenue							
Non-tax revenue	278.2	291.7	298.2	292.2	296.7	305.5	315.0
Sale of goods and services other than capital assets	265.7	255.7	292.5	276.7	283.9	292.4	301.2
of which:							
Research Income	265.7	255.7	292.5	276.7	283.9	292.4	301.2
Other non-tax revenue	12.4	36.0	5.7	15.5	12.9	13.1	13.8
Transfers received	451.8	470.0	532.9	590.4	709.4	801.9	738.6
Total revenue	730.0	761.7	831.1	882.7	1 006.1	1 107.4	1 053.6
Expenses							
Current expense	718.0	777.8	772.8	826.7	891.5	955.6	1 015.2
Compensation of employees	416.1	467.0	490.2	507.4	537.9	570.1	604.3
Goods and services	288.5	296.3	264.8	298.6	316.5	335.5	355.6
Depreciation	13.4	14.3	17.8	20.7	37.1	50.0	55.2
Interest, dividends and rent on land	0.0	0.2	0.0	0.0	0.0	0.0	0.0
Total expenses	718.0	777.8	772.8	826.7	891.5	955.6	1 015.2
Surplus / (Deficit)	12.0	(16.1)	58.3	56.0	114.7	151.8	38.4
Acquisition of assets	42.7	62.1	17.7	88.8	254.0	249.2	97.2

Expenditure trends

The Agricultural Research Council is funded mainly from government transfers and income generated from research and other projects. Total revenue increased from R730 million in 2007/08 to R882.6 million in 2010/11, at an average annual rate of 6.5 per cent and is projected to increase to R1 billion over the medium term, at an average annual rate of 6.1 per cent. The growth in both periods is driven by the growth in transfers, which increase to fund the renovation of buildings, and upgrading and replacing of machinery and equipment.

Expenditure grew from R718 million in 2007/08 to R826.7 million in 2010/11, at an average annual rate of 4.8 per cent. The growth was driven by spending on capital items. These were funded from the cash reserves as there was not enough cash from operating activities. Capital expenditure transfers are projected to grow from R69 million in 2009/10 to R189.7 million in 2012/13 before declining to R89 million in 2013/14. This is due to the foot and mouth disease facility project that is coming to an end in 2012/13. Over the medium term, expenditure is expected to increase to R1 billion at an average annual rate of 7.1 per cent.

Personnel information

Table 26.13 Agricultural Research Council

	Post status as at 30 September 2010			Number of posts filled on funded establishment						
	Number of posts on approved establishment	Number of funded posts (establishment)	Number of vacant posts	Actual			Mid-year ¹ 2010/11	Medium-term estimate		
				2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Board members	5	5	–	6	5	5	5	8	8	8
Executive management	29	26	4	41	23	25	24	30	35	40
Senior management	114	97	29	82	100	85	81	97	114	120
Middle management	1 059	832	320	806	781	739	740	882	950	1 100
Professionals	1 109	934	205	920	891	904	877	934	990	1 109
Semi-skilled	600	504	113	602	551	487	476	504	534	600
Total	2 916	2 398	671	2 457	2 351	2 245	2 203	2 455	2 631	2 977
Compensation (R thousand)				416 080	467 039	490 215	507 411	597 671	680 115	815 838
Unit cost (R thousand)				169	199	218	230	243	259	274

1. As at 30 September 2010.

The total number of employees decreased from 2 351 in 2008/09 to 2 245 in 2009/10, and is set to further decline to 2 203 in 2010/11. The reason for the decrease was mainly due to the number of employees leaving the council exceeding the number of new employees, and the council could not adequately replace and fill vacant positions due to funding constraints.

Over the MTEF period, the council expects to fill 671 positions, which will result in the employee count reaching 2 977 by the end of 2013/14. However, the above positions will only be filled if adequate funding is secured to cover the increase in personnel costs and associated operating expenditure.

Marine Living Resources Fund

Strategic overview: 2007/08 – 2013/14

The Marine Living Resources Fund was established in terms of the Marine Living Resources Act (1998). The fund is the main source of funding for marine fisheries and coastal management, which is a branch of the national Department of Agriculture, Forestry and Fisheries. The mandate and core business of the fund is to manage the development and sustainable use of South Africa's marine and coastal resources, as well as to protect the integrity and quality of the marine and coastal ecosystem.

The organisation regulates the use of marine resources through administering fishing rights, permits and licences. Key activities include: developing and implementing a policy framework for allocating and managing long term fishing rights in 20 commercial fishing sectors; facilitating and managing the transfer of commercial fishing rights; conserving and protecting seals, seabirds and shorebirds; developing a policy and management framework for the subsistence fishing sector; and monitoring fish stocks to prevent overexploitation or negative impacts on the integrity of marine ecosystems; and developing management strategies to rebuild depleted fish stocks.

In terms of a government proclamation of February 2010, fisheries related functions had been transferred to the department while environmental/conservation functions remained within the Department of Environmental Affairs. Part of this transfer involves the fund moving to the Department of Agriculture, Forestry and Fisheries with effect from 1 April 2010 to support the operational activities related to the management of South Africa's marine wild capture fisheries as well as aquaculture.

The research fleet is nearing the end of its lifespan and must be replaced to minimise the risk of high maintenance costs and sea days available for surveys.

The key strategic priorities for the fisheries sector over the medium term include: conducting fishery specific research to inform the setting of total allowable catches and effort in 22 fishing sectors; implementing the stock recovery strategy for hake, abalone, West Coast rock lobster, and line fish; finalising and implementing the small scale subsistence fisheries policy; broadening the scope of the aquaculture sector; developing and implementing a proactive stakeholder engagement strategy; developing and finalising a fisheries charter to meet transformation targets within the fishing sector; developing and implementing the integrated fisheries security

strategy to ensure better compliance, monitoring and enforcement efforts; and promoting job creation and sustainable economic livelihoods.

Savings and cost effectiveness measures

The fund has identified areas of possible savings over the medium term which include: reducing days at sea by performing only critical research voyages; using the resources of other departments to supplement monitoring, control and surveillance efforts; travelling more cost efficiently; using assets more efficiently; and investing in research technology to reduce the use of outsourcing. These measures are not expected to impact on the fund's ability to deliver on its mandate.

Selected performance indicators

Table 26.14 Marine Living Resources Fund

Indicator	Programme/Activity	Past			Current	Projected		
		2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Number of annual assessments conducted per year to determine the state of resources in the fisheries sector	Resource Research	22	22	22	22	22	22	22
Number of research projects conducted per year on the feasibility of South Africa's aquaculture (fish farming) species	Agriculture	2	2	2	2	3	3	3
Number of aquaculture pilot projects launched per year	Agriculture	0	2	3	4	5	6	7
Number of jobs created through the alternative livelihoods programme per year	Social Economic Development	–	–	–	–	1 100	1 000	1 200

Details of programmes/objectives/activities

Table 26.15 Marine Living Resources Fund

R million	Audited outcome			Revised estimate 2010/11	Medium-term estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Administration	61.8	84.8	74.9	73.5	67.4	80.6	68.9
Marine Resource Management	9.3	12.8	9.2	9.0	8.2	9.9	8.4
Aquaculture and Harbour Management	24.3	33.3	24.2	23.7	21.7	26.0	22.2
Resource Research	78.9	108.3	123.9	121.5	111.4	133.2	113.8
Monitoring Control and Surveillance	81.6	112.1	140.9	138.3	126.7	151.6	129.5
Total expense	255.9	351.3	373.0	366.0	335.5	401.3	342.8

The fund manages the development and sustainable use of South Africa's marine resources, and protects the integrity and quality of the marine ecosystem. This entails performing specific research to inform the setting of total allowable catches and effort in 22 fishing sectors, and also ensures the intensification and visibility of compliance, monitoring and enforcement efforts. The fund allocates 40 per cent of its annual budget to vessel operating costs for fisheries research and patrol efforts. The department achieved 100 per cent landings monitored in abalone, hake long line, pelagic, Western Cape rock lobster and squid at a cost of R12 million in 2010/11.

Expenditure estimates

Table 26.16 Marine Living Resources Fund

Statement of financial performance				Revised estimate	Medium-term estimate		
R million	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Revenue							
Non-tax revenue	154.9	128.7	130.2	187.5	144.2	150.0	156.2
Sale of goods and services other than capital assets	146.9	119.5	120.1	154.5	113.0	120.2	128.5
of which:							
Admin fees	87.2	81.6	93.8	144.5	103.0	110.2	118.5
Sales by market establishments	40.1	–	0.0	–	–	–	–
Other sales	19.6	37.9	26.3	10.0	10.0	10.0	10.0
Other non-tax revenue	8.0	9.1	10.0	33.0	31.2	29.8	27.7
Transfers received	144.4	212.5	236.1	178.6	191.3	251.3	186.6
Total revenue	299.2	341.1	366.2	366.0	335.5	401.3	342.8
Expenses							
Current expense	255.9	351.3	373.0	366.0	335.5	401.3	342.8
Goods and services	249.3	307.5	331.0	326.5	298.4	365.2	307.6
Depreciation	6.6	43.8	42.0	39.6	37.1	36.2	35.2
Interest, dividends and rent on land	–	0.0	–	–	–	–	–
Total expenses	255.9	351.3	373.0	366.0	335.5	401.3	342.8
Surplus / (Deficit)	43.4	(10.2)	(6.8)	–	–	–	–
Statement of financial position							
Carrying value of assets	15.2	433.3	417.3	389.3	363.6	339.6	317.8
of which: Acquisition of assets	7.3	17.8	26.3	11.6	11.4	12.2	13.4
Inventory	3.5	4.6	2.7	–	–	–	–
Receivables and prepayments	22.9	10.0	11.4	12.5	12.0	10.5	10.2
Cash and cash equivalents	60.2	78.9	85.1	86.3	80.0	70.0	62.0
Total assets	101.8	526.8	516.6	488.2	455.6	420.1	390.0
Accumulated surplus/deficit	30.4	464.3	457.5	429.5	403.8	379.8	358.0
Trade and other payables	45.3	35.5	33.3	36.4	30.0	25.0	20.0
Liabilities not classified elsewhere	26.1	26.9	25.8	22.3	21.8	15.3	12.0
Total equity and liabilities	101.8	526.8	516.6	488.2	455.6	420.1	390.0

Expenditure trends

The fund receives transfers from the department and generates revenue from levies on fish and fish products, license and permit fees, fines and confiscations, and harbour fees. Revenue increased from R299.2 million in 2007/08 to R366 million in 2009/10, at an average annual rate of 6.9 per cent, as a result of an increase in financial assistance for vessel operating costs, setting the total allowable catch and increased visibility at sea of marine patrol vessels. Over the medium term, revenue is expected to decrease from R366 million in 2010/11 to R342.8 million in 2013/14, at an average annual rate of 2.2 per cent, mainly due to a decrease in financial assistance for the expanded public works programme projects in 2013/14. Revenue over the medium term takes into consideration the increase in levies, licences, permits and application fees, effective from October 2010.

Expenditure increased from R255.9 million in 2007/08 to R366 million in 2010/11, at an average annual rate of 12.7 per cent, due to an increase in financial assistance for vessel operating costs. There was an increase in research voyages for the setting of total allowable catch as well as an increase in patrol voyages due to increased visibility at sea by the marine patrol vessels. Expenditure decreased from R373 million in 2009/10 to R366 million in 2010/11, due to a decrease in financial assistance for vessel operating costs. Over the medium term, expenditure is expected to decrease to R342.8 million, at an average annual rate of 2.2 per cent, mainly due to the rollout of the small scale fisheries policy, the decentralisation of services and the planned replacement of the research fleet.

Personnel information

Compensation of employees is funded by the department through the *Administrative Support Services* subprogramme. The vacancy rate of 14 per cent in 2011/12, due to the current moratorium on the filling of posts, is expected to decrease to 12 per cent in 2013/14.

Other public entities and agencies

Comprehensive coverage of the following public entities is provided with the more detailed information for the vote at www.treasury.gov.za under the budget information link.

- The **National Agricultural Marketing Council** was established in terms of the Marketing of Agricultural Products Act (1996) to provide strategic agricultural marketing advice to the Minister of Agriculture, Forestry and Fisheries. The council's total budget for 2011/12 is R32.5 million.
- **Ncera Farms** is a schedule 3B company in terms of the Public Finance Management Act (1999). The company has a mandate to perform development functions on identified land administered by the Department of Agriculture, Forestry and Fisheries. The company's total budget for 2011/12 is R4.2 million.
- **Onderstepoort Biological Products** is a state owned company, whose mandate is to prevent and control animal diseases that impact on food security, human health and livelihoods. The company's total budget for 2011/12 is R146.5 million.
- The **Perishable Products Export Control Board** is an official certification agency operating on behalf of government to control all perishable export products. The company's total budget for 2011/12 is R164.3 million.

Additional tables

Table 26.A Summary of expenditure trends and estimates per programme and economic classification

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R million	2009/10		2009/10	2010/11			2010/11
Administration	–	1 329.4	1 322.2	1 075.1	42.5	1 117.6	1 121.4
Agricultural Production, Health and Food Safety	–	496.3	492.1	603.7	6.6	610.2	606.8
Food Security and Agrarian Reform	–	902.6	900.6	1 048.9	43.2	1 092.0	1 091.6
Trade Promotion and Market Access	–	192.6	185.2	195.0	(49.4)	145.6	145.6
Forestry	–	876.2	861.6	647.6	107.4	755.0	755.0
Fisheries	–	77.4	200.0	137.8	145.6	283.5	283.5
Total	–	3 874.5	3 961.8	3 708.0	295.9	4 003.9	4 003.9
Economic classification							
Current payments	–	1 756.5	1 724.3	1 773.5	75.8	1 849.3	1 849.7
Compensation of employees	–	1 138.5	1 082.2	1 144.2	55.4	1 199.6	1 199.6
Goods and services	–	617.2	641.3	628.0	20.3	648.3	648.6
Interest and rent on land	–	0.8	0.8	1.4	0.1	1.5	1.5
Transfers and subsidies	–	2 040.9	2 155.0	1 886.5	183.3	2 069.8	2 069.8
Provinces and municipalities	–	974.1	974.2	1 117.1	50.3	1 167.3	1 167.3
Departmental agencies and accounts	–	585.6	682.4	722.9	120.7	843.5	843.5
Universities and technikons	–	1.9	1.9	–	2.1	2.1	2.1
Foreign governments and international organisations	–	35.9	29.7	34.5	3.7	38.2	38.2
Public corporations and private enterprises	–	421.0	438.8	2.8	1.0	3.8	3.8
Non-profit institutions	–	14.3	14.3	8.8	–	8.8	8.8
Households	–	8.2	13.8	0.5	5.6	6.1	6.1
Payments for capital assets	–	77.0	82.0	47.9	36.7	84.7	84.3
Buildings and other fixed structures	–	43.0	22.8	30.9	13.5	44.4	44.4
Machinery and equipment	–	33.6	58.6	16.2	21.9	38.1	37.7
Biological assets	–	–	0.1	–	0.0	0.0	0.0
Software and other intangible assets	–	0.4	0.4	0.9	1.3	2.2	2.2
Payments for financial assets	–	0.1	0.5	–	–	–	–
Total	–	3 874.5	3 961.8	3 708.0	295.9	4 003.9	4 003.9

Table 26.B Detail of approved establishment and personnel numbers according to salary level ¹

	Personnel post status as at 30 September 2010			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year ²	Medium-term estimate		
				2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
Department	6 304	6 304	83	1 187	2 803	6 304	6 304	7 099	6 304	6 304
Salary level 1 – 6	4 126	4 126	48	725	1 409	4 126	4 126	4 921	4 126	4 126
Salary level 7 – 10	1 825	1 825	23	378	1 156	1 825	1 825	1 825	1 825	1 825
Salary level 11 – 12	268	268	5	57	179	268	268	268	268	268
Salary level 13 – 16	85	85	7	27	59	85	85	85	85	85
Administration	831	831	11	674	704	831	831	831	831	831
Salary level 1 – 6	425	425	2	399	390	425	425	425	425	425
Salary level 7 – 10	312	312	4	212	238	312	312	312	312	312
Salary level 11 – 12	61	61	1	43	50	61	61	61	61	61
Salary level 13 – 16	33	33	4	20	26	33	33	33	33	33

Table 26.B Detail of approved establishment and personnel numbers according to salary level ¹ (continued)

	Personnel post status as at 30 September 2010			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year ²	Medium-term estimate		
				2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Agricultural Production, Health and Food Safety	601	601	1	513	537	601	601	601	601	601
Salary level 1 – 6	327	327	–	326	325	327	327	327	327	327
Salary level 7 – 10	236	236	–	166	185	236	236	236	236	236
Salary level 11 – 12	28	28	1	14	18	28	28	28	28	28
Salary level 13 – 16	10	10	–	7	9	10	10	10	10	10
Food Security and Agrarian Reform	407	407	5	–	322	407	407	407	407	407
Salary level 1 – 6	182	182	2	–	152	182	182	182	182	182
Salary level 7 – 10	182	182	1	–	139	182	182	182	182	182
Salary level 11 – 12	33	33	2	–	23	33	33	33	33	33
Salary level 13 – 16	10	10	–	–	8	10	10	10	10	10
Trade Promotion and Market Access	125	125	5	–	114	125	125	125	125	125
Salary level 1 – 6	16	16	4	–	21	16	16	16	16	16
Salary level 7 – 10	89	89	–	–	57	89	89	89	89	89
Salary level 11 – 12	13	13	–	–	29	13	13	13	13	13
Salary level 13 – 16	7	7	1	–	7	7	7	7	7	7
Forestry	1 338	1 338	5	–	1 126	1 338	1 338	1 338	1 338	1 338
Salary level 1 – 6	555	555	4	–	521	555	555	555	555	555
Salary level 7 – 10	689	689	–	–	537	689	689	689	689	689
Salary level 11 – 12	84	84	1	–	59	84	84	84	84	84
Salary level 13 – 16	10	10	–	–	9	10	10	10	10	10
Fisheries	3 002	3 002	56	–	–	3 002	3 002	3 797	3 002	3 002
Salary level 1 – 6	2 621	2 621	36	–	–	2 621	2 621	3 416	2 621	2 621
Salary level 7 – 10	317	317	18	–	–	317	317	317	317	317
Salary level 11 – 12	49	49	–	–	–	49	49	49	49	49
Salary level 13 – 16	15	15	2	–	–	15	15	15	15	15

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

2. As at 30 September 2010.

Table 26.C Summary of expenditure on training

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Compensation of employees (R million)	931.3	1 082.2	1 144.2	1 199.6	1 273.0	1 395.3	1 474.5
Training expenditure (R million)	20.3	24.2	16.4	20.0	13.1	14.9	25.5
Training as percentage of compensation	2.2%	2.2%	1.4%	1.7%	1.0%	1.1%	1.7%
Total number trained in department (head count)	3 795	3 408	1 671	1 456			
of which:							
Employees receiving bursaries (head count)	238	173	173	238			
Learnerships trained (head count)	58	23	12	27			
Internships trained (head count)	190	202	219	–			
Households receiving bursaries (R million)	0.1	0.0	0.3	0.3	0.4	0.4	0.4
Households receiving bursaries (head count)	40	44	45	–			

Table 26.D Summary of expenditure on infrastructure

Table 2015: Summary of expenditure on infrastructure									
Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome		Adjusted appropriation 2010/11	Medium-term expenditure estimate		
				2007/08	2008/09		2009/10	2011/12	2012/13
Departmental infrastructure									
Foot and mouth disease border fence	20km elephant control fence and 20km normal fence	Various	600.0	32.0	28.0	31.0	28.0	28.0	28.0
	120 boreholes per year	Various	500.0	13.0	5.0	6.0	7.0	7.5	8.0
	500km border fence erected and maintained by farmers, and compensated, as per court order	Various	60.0	-	-	4.0	2.0	2.0	2.0
Drilling Lesotho	Quarantine station	Identification	17.7	-	2.7	12.4	-	-	-
	Additional administrative building	Construction	16.3	-	8.8	2.5	-	-	-
Durban	Sniffer dog kennels	Feasibility	3.5	-	-	-	0.8	1.9	1.2
King Shaka International Airport	Office and laboratory building	Feasibility	1.5	-	-	-	0.3	0.8	0.5
	Store at locust control depot	Feasibility	1.5	-	-	-	1.2	-	-
Uptington	Perimeter fence at locust control site	Feasibility	0.4	-	-	0.4	-	-	-
Stellenbosch	Chemical store	Tender	1.4	-	-	1.4	-	-	-
Grootfontein	New hostel	Feasibility	40.0	-	-	-	-	-	6.8
Agricultural Development Institute	accommodation for students								
Cape Town	Sniffer dog kennels	Feasibility	3.5	-	-	-	0.8	1.9	1.2
Infrastructure transfers to other spheres, agencies and departments									
Renovations and upgrading	Research	Various	406.2	49.5	51.9	57.3	62.6	70.6	74.5
Agricultural research and infrastructure	Research	Various	214.3	10.5	11.0	11.7	56.3	13.9	14.6
Foot and mouth disease facility	Foot and mouth disease vaccine	Various	149.1	-	-	-	43.9	105.3	-
Maintenance									
Spitskop conservation area	Repair and maintenance of existing soil conservation infrastructure	Various	-	0.3	2.9	2.8	4.0	4.0	4.2
Stellenbosch: Upgrading of existing buildings	Upgrading of existing buildings	Tender	6.2	-	-	-	-	-	-

Table 26.D Summary of expenditure on infrastructure (continued)

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation 2010/11	Medium-term expenditure estimate		
				2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
R million										
Middelburg: Upgrading of existing buildings	Upgrading of existing buildings	Tender	3.5	-	-	-	3.5	-	-	-
Pretoria: Upgrading of Agriculture Place	Upgrading of existing buildings	Construction	5.0	-	-	-	2.1	-	-	-
Pretoria: Upgrading of Sefala Building	Upgrading of existing buildings	Construction	12.5	-	-	-	5.0	4.0	3.3	-
Total			2 042.8	105.3	110.3	131.7	181.7	260.1	239.3	141.0

Vote 27

Communications

Budget summary

R million	2011/12				2012/13	2013/14
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	148.5	147.3	0.2	1.0	157.6	165.5
ICT International Affairs and Trade	40.9	36.6	3.7	0.6	38.7	39.9
ICT Policy Development	94.7	76.3	17.7	0.7	94.8	97.6
ICT Enterprise Development	1 289.4	12.6	1 276.5	0.3	1 060.0	1 118.2
ICT Infrastructure Development	280.9	278.4	1.5	1.0	337.2	395.7
Presidential National Commission	34.7	34.1	–	0.6	33.4	34.8
Total expenditure estimates	1 889.1	585.2	1 299.6	4.3	1 721.7	1 851.7

Executive authority Minister of Communications

Accounting officer Acting Director General of Communications

Website address www.doc.gov.za

More detailed information for each vote is available at www.treasury.gov.za. More comprehensive coverage of vote specific information, particularly on goods and services, transfers and subsidies, donor funding, public entities and lower level institutional information, is provided.

Aim

Develop information and communication technology (ICT) policies and legislation that create favourable conditions for accelerated and shared sustainable economic growth that positively impacts on the wellbeing of all South Africans.

Programme purposes

Programme 1: Administration

Purpose: Provide strategic support to the ministry and overall management of the department.

Programme 2: ICT International Affairs and Trade

Purpose: Ensure alignment between South Africa's international activities and agreements in the field of ICT and South Africa's foreign policy.

Programme 3: ICT Policy Development

Purpose: Develop ICT policies and legislation that support the development of an ICT sector that creates favourable conditions for the accelerated and shared growth of the economy. Develop strategies that create the uptake and usage of ICT by the majority of the South African population, thus bridging the digital divide.

Programme 4: ICT Enterprise Development

Purpose: Oversee and manage government's shareholding interest in the ICT public entities. Facilitate growth and development of small, medium and micro enterprises in the ICT sector.

Programme 5: ICT Infrastructure Development

Purpose: Promote investment in robust, reliable, secure and affordable ICT infrastructure that supports the provision of a multiplicity of applications and services.

Programme 6: Presidential National Commission

Purpose: Facilitate the development of an inclusive information society by promoting the uptake and usage of ICT for improved socioeconomic development and research.

Strategic overview: 2007/08 – 2013/14

The Department of Communications develops and implements policy interventions that create an enabling ICT environment to promote socioeconomic development and to advance government's developmental agenda. In support of this aim, the department has developed its 2011–2014 medium term strategic plan.

Strategic objectives over the medium term

The department contributes to an efficient, competitive and responsive economic infrastructure network (outcome 6) and communication and information technology (output 5) through increasing broadband penetration by rolling out broadband infrastructure and services, digital terrestrial television infrastructure, and local loop unbundling.

Improving broadband infrastructure

The legacy of broadband infrastructure and services deployed for and during the 2010 FIFA World Cup requires harnessing and redeployment of these resources to provide increased bandwidth capacities to the host cities, which will contribute to a more responsive infrastructure network and improved access, including in rural areas. In 2011/12, the department will facilitate the implementation of the legacy plan on how to leverage off the infrastructure rolled out for the 2010 FIFA World Cup.

Improving cyber security

The department will also develop and implement a cyber security policy by 2012 that will focus on: building the institutional framework and capacity necessary for mitigating any threats to cyber security, building a culture of cyber security through awareness and skills development, forging local and international relationships to strengthen global efforts to deal with the problem, and carrying out research on cyber security.

Migrating to digital broadcasting

The department is responsible for managing the digital broadcasting migration process to ensure that agreed targets are met, while Sentech is responsible for constructing the digital television transmission infrastructure. The intention is to provide digital terrestrial television infrastructure to cover 96 per cent of the population by 2013, which would thus enable the switch-off of analogue television transmissions in that year. The department will also focus on finalising and monitoring the implementation of the set top box manufacturing sector development strategy, the scheme that subsidises poor households in purchasing set top boxes, and the local and digital content development strategy.

Making ICT more available and affordable

In collaboration with relevant role players in the industry, the department will facilitate a programme of action aimed at reducing the cost to communicate, and improving the quality, availability and use of ICTs across all sectors. This programme of action contains specific interventions aimed at: reducing telecommunications prices; fostering competition in the market; reducing local and international broadband prices; increasing mobile telephony; improving internet access and use, particularly in rural and underdeveloped areas; and promoting domestic and foreign investment in the sector. The programme of action will also accelerate the local loop unbundling process, which is being facilitated by the Independent Communications Authority of South Africa, and will be concluded by 2011.

ICT rural development strategy

The department will develop and implement an ICT rural development strategy by 2012 aimed at ensuring the integrated delivery of ICT infrastructure and services to bridge the information and knowledge divide between rural and urban areas, with a specific focus on interventions in the second economy.

Improving the efficiency of radio spectrum usage

The department will promote the efficient use of the radio frequency spectrum through implementing measures to improve spectrum use by 2012 in accordance with the national radio frequency spectrum policy. It will also validate the national radio frequency spectrum plan to ensure that the licensing of the radio frequency spectrum promotes efficient use, and supports government's outcomes for development and diversity.

e-Connectivity

To ensure improved connectivity and service delivery within schools and improve the quality of basic education, the department will prioritise the development and implementation of an integrated e-connectivity plan for health centres and schools, which will ensure the connection of 5 500 schools by 2013.

Updating legislation and policies

The department will continue to reform the ICT sector by promulgating and implementing legislation and making relevant policy interventions. The legislation and policies will include: the integrated national ICT policy framework, which is aimed at providing a long term vision towards the development of an integrated ICT sector in South Africa; the South African Post Office Bill, which provides a comprehensive corporate governance and legal framework for the South African Post Office in a single act focusing on the South African Post Office as a legal entity; the Postbank Bill, which is designed to create a legal and administrative framework that will allow for the establishment of the South African Postbank as a separate legal entity from the South African Post Office; the Public Service Broadcasting Bill, which is aimed at repealing the Broadcasting Act of 1999 so as to align the broadcasting system to South Africa's developmental goals; the Independent Communications Authority of South Africa Amendment Bill, which is aimed at amending the Independent Communications Authority of South Africa Amendment Act (2006); and the Electronic Communications Amendment Bill, which is aimed at amending the Electronic Communications Act (2005).

Strengthening oversight of public entities

In its effort to strengthen its oversight responsibilities over public entities, the department will implement the following specific interventions: facilitate the review of financial controls and supply chain systems of public entities (to deal mainly with the underlying causes of the qualified audit reports and matters of emphasis); facilitate bilateral meetings between the minister and the boards or councils, the director general and the executive management of each state owned enterprise; strengthen the monitoring capacity of the shareholder management unit so that it is able to detect potential challenges faced by public entities early; incorporate into shareholder compacts specific and additional reporting matters and monitoring indicators to be used as the basis for monitoring performance in these specific areas; periodically hold structured meetings individually and jointly with all public entities to facilitate the alignment of the strategies of public entities with government priorities; strengthen the South African Broadcasting Corporation's monitoring task team and ensure that the outcomes of this work are communicated to the Minister of Communications and the Minister of Finance; and analyse the annual and quarterly reports and financial statements to assess the financial and operational performance of the state owned enterprises to provide early warning, feedback and guidance.

Savings and cost effectiveness measures

The department has identified efficiency savings including savings on transfers over the MTEF period of R25.2 million, R59.8 million and R69.4 million across all programmes. Goods and services items targeted for cost reduction include: consultancy services, travel and subsistence, lease payment, training and development as well as venues and facilities, and other operating expenditure. Savings will be achieved by reducing the department's reliance on consultants by filling vacant critical positions to strengthen internal capacity and using consultants only when necessary for effective service delivery.

Additional baseline efficiency savings made by the department of R314.7 million in 2011/12 and R479 million in 2012/13 were from reductions in the allocation to the South African Post Office

Cabinet further approved savings of R5.4 million in 2011/12, R4.8 million in 2012/13 and R5.1 million in 2013/14 to create more fiscal space to channel more resources to core service delivery functions.

Selected performance indicators

Table 27.1 Communications

Indicator	Programme	Past			Current	Projections		
		2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Percentage of broadband penetration	Information and Communication Technology Infrastructure Development	–	–	–	2%	4%	7%	10%
Total number of Dinaledi Schools connected to the internet	Information and Communication Technology Infrastructure Development	–	–	–	375	125	–	–
Percentage household coverage of digital television transmission infrastructure	Information and Communication Technology Infrastructure Development	–	–	–	60%	80%	96%	–
Percentage reduction of per minute cost of mobile phones (wholesale interconnection rate per minute)	Information and Communication Technology Policy Development	–	–	–	29% (R0.89)	14% (R0.73)	12% (R0.56)	9% (R0.40)
Percentage reduction of per minute cost for fixed line (public access) phones ¹	Information and Communication Technology Policy Development	–	–	–	0%	10% (R0.08)	10% (R0.07)	10% (R0.06)
Total number of community radio stations provided with broadcasting infrastructure ²	Information and Communication Technology Policy Development	45	35	39	15	7	7	7
Number of ICT position papers developed for international engagement per year	Information and Communication Technology International Affairs and Trade	–	8	5	8	5	5	5
Number of young people participating in the national youth information society and development programme per year	Presidential National Commission	830	2 120	502	944	1 100	1 500	1 500
Number of e-cooperatives established to increase entry of youth owned small enterprises into the ICT sector per year	Presidential National Commission	46	96	71	40	60	60	60
Number of provinces for which provincial cultural heritage content is captured in the national digital repository per year	Presidential National Commission	–	–	–	4	4	3	2
Number of ICT SMME hubs created in each province per year	Information and Communication Technology Enterprise Development	–	–	–	0 ³	2	2	2
Total number of jobs created through ICT related projects	Finance and ICT Enterprise Development and Presidential National Commission	–	–	–	–	17 322 (20%)	34 644 (40%)	34 644 (40%)

1. Progress was not made on the target for fixed line (public access) phone costs as priority was given to the reduction of mobile phone costs. The focus will be on fixed line costs in 2011/12.

2. The budget for community station broadcasting infrastructure has declined over the medium term due to budgetary constraints.

3. The target for the creation of ICT hubs in provinces was not achieved, largely due to a lack of capacity. However, there was extensive consultation with the relevant provinces.

Expenditure estimates

Table 27.2 Communications

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
R million	2007/08	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
Administration	143.5	147.4	163.2	159.0	159.0	148.5	157.6	165.5
ICT International Affairs and Trade	37.4	53.5	44.6	44.6	44.6	40.9	38.7	39.9
ICT Policy Development	60.6	71.5	70.1	102.2	102.2	94.7	94.8	97.6
ICT Enterprise Development	1 573.9	1 918.4	1 923.6	1 618.0	1 618.0	1 289.4	1 060.0	1 118.2
ICT Infrastructure Development	69.1	94.8	74.8	180.2	180.2	280.9	337.2	395.7
Presidential National Commission	27.3	42.9	25.6	34.1	34.1	34.7	33.4	34.8
Total	1 911.8	2 328.6	2 301.9	2 138.0	2 138.0	1 889.1	1 721.7	1 851.7
Change to 2010 Budget estimate				24.0	24.0	75.1	91.3	159.6
Economic classification								
Current payments	310.9	377.2	432.0	502.2	502.2	585.2	648.7	719.8
Compensation of employees	97.7	108.0	129.6	164.6	164.6	171.7	179.3	188.0
Goods and services	213.2	269.3	302.4	337.6	337.6	413.6	469.5	531.8
of which:								
Consultants and professional services:	38.2	50.8	42.1	127.9	128.0	123.1	113.5	118.2
Business and advisory services								
Consultants and professional services:	0.6	0.0	–	0.2	0.2	85.2	150.2	200.2
Infrastructure and planning								
Lease payments	38.6	25.0	34.0	34.2	34.9	35.8	38.4	40.1
Travel and subsistence	35.5	41.5	27.5	35.6	35.1	31.3	29.3	29.9
Transfers and subsidies	1 592.3	1 938.5	1 859.6	1 631.7	1 631.7	1 299.6	1 068.1	1 126.7
Provinces and municipalities	0.1	0.0	0.1	–	–	–	–	–
Departmental agencies and accounts	319.6	339.0	370.2	610.5	610.5	692.7	694.4	732.5
Universities and technikons	–	0.1	0.1	–	–	–	–	–
Foreign governments and international organisations	1.2	0.0	0.0	–	–	–	–	–
Public corporations and private enterprises	1 269.4	1 596.5	1 488.6	1 017.7	1 017.7	603.2	369.7	390.1
Non-profit institutions	2.1	2.8	0.3	3.5	3.5	3.7	3.9	4.1
Households	0.1	0.1	0.3	–	–	–	–	–
Payments for capital assets	8.5	12.8	10.2	4.1	4.1	4.3	4.9	5.2
Machinery and equipment	8.1	6.7	6.4	4.1	4.1	4.3	4.9	5.2
Software and other intangible assets	0.4	6.1	3.8	–	–	–	–	–
Payments for financial assets	0.1	0.1	0.1	–	–	–	–	–
Total	1 911.8	2 328.6	2 301.9	2 138.0	2 138.0	1 889.1	1 721.7	1 851.7

Expenditure trends

The spending focus over the MTEF period will be on: coordinating the active participation of the South African government in specialised ICT agencies throughout 2011/12, adopting a uniform approach to spectrum pricing by March 2013, monitoring the operations of the Digital Dzunga Advisory Council throughout 2011/12, and implementing the broadcast digital migration policy to ensure a smooth transition from analogue to digital broadcast by 2013.

Expenditure increased from R1.9 billion in 2007/08 to R2.1 billion in 2010/11, at an average annual rate of 3.8 per cent. The increase was due to the following additional allocations: R500 million in 2007/08 to Sentech for the national wholesale broadband network; R600 million in 2008/09, R350 million in 2009/10 and R150 million in 2010/11 to Telkom for the implementation of the ICT access network; R200 million in 2008/09 and R4 million in 2009/10 to Sentech to fund the satellite backup for the 2010 FIFA World Cup; and R100 million in 2009/10 and R110 million in 2010/11 to Sentech to cover increased operational expenditure during the dual illumination period.

Over the medium term, expenditure is expected to decrease from R2.1 billion in 2010/11 to R1.9 billion in 2013/14, at an average annual rate of 4.7 per cent. Expenditure declines over this period as the implementation of 2010 FIFA World Cup infrastructure and other initiatives comes to an end. In 2010/11, a final allocation of R150 million is made to Telkom for the 2010 FIFA World Cup. In 2011/12, R25 million is allocated to the Universal Service and Access Agency of South Africa and the Universal Service and Access Fund to: build capacity and procure the necessary supporting infrastructure to expand ICT access to South Africans in the under-served areas. R180 million in 2010/11 and R220 million in 2011/12 is allocated to subsidising poor households to purchase set top boxes as part of the migration from an analogue to a digital broadcasting platform.

The expenditure in the *ICT Enterprise Development* programme is expected to decrease from R1.6 billion to R1.1 billion over the medium term, at an average annual rate of 11.6 per cent. This decrease is due to the final allocations to Sentech and Telkom in 2010/11 for the 2010 FIFA World Cup projects. The decrease in transfers and subsidies over the medium term is also due to discontinuation of *South African Broadcasting Corporation: Technology* subprogramme, with a final allocation of R150 million in 2010/11.

Expenditure on compensation of employees increased from R97.7 million in 2007/08 to R164.6 million in 2010/11, at an average annual rate of 19 per cent. This growth is the result of an increase in the number of staff and due to inflation related salary adjustments. Over the MTEF period, expenditure on compensation of employees is expected to increase to R188 million, at average annual rate of 4.5 per cent due to inflation related adjustments to salaries. The ratio of administrative costs to line function costs is 1:1.8.

Infrastructure spending

The department does not directly deliver infrastructure projects. It secures funding and subcontracts the projects to state owned enterprises and service providers. The funding required for these infrastructure delivery projects is usually transferred directly to the state owned enterprises or service providers concerned. The department monitors and evaluates the projects to track the infrastructure delivery schedule and the project spending.

R450 million has been allocated over the MTEF period to develop the broadband implementation strategy, the broadband policy for all spheres of government, and the delivery broadband infrastructure and services in underserved and rural areas. R100 million has been allocated in 2011/12, R150 million in 2012/13 and R200 million in 2013/14.

Personnel information

The department has an establishment of 428 posts, which are all are funded and exclude the minister and deputy minister, and 34 are additional to the approved establishment. The number of posts filled increased from 187 in 2007/08 to 312 in 2010/11, and is expected to grow to 428 over the medium term.

There are 116 vacancies within the department, of which 37 are in salary level 13, 28 in salary level 11 and 20 in salary level 12. Most of these vacancies are in the *Administration*, *ICT Policy Development* programme and *ICT Infrastructure Development* programme. These posts remain vacant due to the organisational review of the department. The ratio of support staff to line function programme staff is 1:1.1.

Departmental receipts

Revenue for the department is mainly derived from dividends as a result of its shareholding interest in Telkom and Vodacom, and from administration fees. Administration fees comprise of all fees collected by the Independent Communications Authority of South Africa from telecommunications operators and the South African Post Office licence fees, which are paid directly into the National Revenue Fund.

Revenue decreased from R4 billion in 2007/08 to R1.4 billion in 2010/11, at an average annual rate of 29.8 per cent. The decrease was due to the once-off R3.9 billion in extraordinary proceeds received from Telkom for the sale of Vodacom shares. Over the medium term, revenue is expected to decrease to R943.4 million, at an average annual rate of 12.3 per cent.

Table 27.3 Departmental receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2007/08	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
Departmental receipts	3 007 442	3 520 122	1 344 790	1 398 742	898 868	913 439	928 049	943 394
Sales of goods and services produced by department	1 760 132	2 148 962	871 878	574 579	274 579	288 310	302 725	317 861
Sales of scrap, waste, arms and other used current goods	62	–	–	–	–	–	–	–
Transfers received	942	–	2 340	81	81	–	–	–
Interest, dividends and rent on land	1 245 453	1 370 204	469 777	824 082	624 082	624 993	625 184	625 386
Sales of capital assets	5	297	–	–	–	–	–	–
Transactions in financial assets and liabilities	848	659	795	–	126	136	140	147
Extraordinary receipts	1 035 238	–	4 481 173	398	362 731	–	–	–
Proceeds from sale of Telkom's share in Vodacom	1 035 238	–	3 933 903	–	–	–	–	–
Special dividends from Telkom	–	–	538 323	–	362 333	–	–	–
Departmental agencies and accounts	–	–	8 947	–	–	–	–	–
Account Receivable	–	–	–	398	398	–	–	–
Total	4 042 680	3 520 122	5 825 963	1 399 140	1 261 599	913 439	928 049	943 394

Programme 1: Administration

Expenditure estimates

Table 27.4 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
R million							
Ministry ¹	1.7	2.9	3.0	3.3	3.5	3.7	3.9
Management	30.5	48.8	37.4	40.6	39.1	41.9	43.6
Operations	106.5	91.5	116.6	108.2	98.5	104.2	109.8
Office Accommodation	4.9	4.2	6.2	6.9	7.4	7.8	8.2
Total	143.5	147.4	163.2	159.0	148.5	157.6	165.5
Change to 2010 Budget estimate				7.2	(11.6)	(13.0)	(14.5)

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

Economic classification

Current payments	137.4	143.9	157.8	157.9	147.3	156.3	164.1
Compensation of employees	49.0	47.0	53.0	68.0	70.8	74.5	78.1
Goods and services	88.4	97.0	104.7	89.9	76.5	81.8	86.0
of which:							
Consultants and professional services:	2.0	3.9	24.7	12.1	3.3	3.8	3.9
Business and advisory services	–	0.0	–	0.1	0.1	0.1	0.1
Consultants and professional services:	–	0.0	–	0.1	0.1	0.1	0.1
Infrastructure and planning	20.0	21.3	29.7	30.5	31.2	33.7	35.2
Lease payments	9.1	17.1	10.6	9.5	8.1	8.3	8.7
Travel and subsistence	0.3	0.6	0.4	0.1	0.2	0.2	0.2
Transfers and subsidies	0.3	0.6	0.4	0.1	0.2	0.2	0.2
Provinces and municipalities	0.1	0.0	0.1	–	–	–	–
Departmental agencies and accounts	0.1	0.1	0.1	0.1	0.2	0.2	0.2
Universities and technikons	–	0.1	–	–	–	–	–
Public corporations and private enterprises	–	–	0.1	–	–	–	–
Non-profit institutions	0.1	0.3	–	–	–	–	–
Households	0.1	0.0	0.0	–	–	–	–

Table 27.4 Administration (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Economic classification							
Payments for capital assets	5.7	2.8	5.0	1.0	1.0	1.1	1.1
Machinery and equipment	5.5	2.6	5.0	1.0	1.0	1.1	1.1
Software and other intangible assets	0.3	0.2	–	–	–	–	–
Payments for financial assets	0.1	0.1	0.1	–	–	–	–
Total	143.5	147.4	163.2	159.0	148.5	157.6	165.5

Expenditure trends

Expenditure increased from R143.5 million in 2007/08 to R159 million in 2010/11, at an average annual rate of 3.5 per cent. Over the medium term, expenditure is expected to increase from R159 million to R165.5 million, at an average annual rate of 1.3 per cent. The increase in both periods in expenditure was to provide for administration and leadership to the department. Expenditure on compensation of employees is expected to rise from R68 million in 2010/11 to R78.1 million in 2013/14, at an average annual rate of 4.7 per cent.

Programme 2: ICT International Affairs and Trade

- *International Affairs* coordinates the functions and responsibilities of the department to meet South Africa's international ICT obligations. This subprogramme has a staff complement of 19 and a total budget of R22.1 million in 2010/11, the bulk of which is used for travelling abroad. In 2010/11, the subprogramme facilitated two memorandums of understanding, namely, the South Africa-Egypt memorandum of understanding, which was entered into in October 2010; and the ICT agreement with Cuba in April 2010. A draft South Africa-Angola memorandum of understanding, which provides a scope of ICT collaboration with the Angola, was communicated through diplomatic channels.
- *ICT Trade/Partnerships* develops and advances South Africa's interests in international trade forums through participation in World Trade Organisation ICT related initiatives and other international trade agreements. This subprogramme has a staff complement of 6 and a total budget of R22.5 million in 2010/11, of which 56 per cent is used for membership fees to international ICT organisations and participation in multilateral forums. It is also responsible for the promotion of the South African ICT industry and identifying niche markets and markets for development and innovation.

Objectives and measures

- Support mutual economic development and promote an inclusive information society through strengthening North-South cooperation and South-South cooperation by implementing the India-Brazil-South Africa information society annual programme in 2011/12.
- Contribute to the global ICT agenda prioritising Africa's development by:
 - coordinating the active participation of the South African government in specialised ICT agencies in line with the meeting schedules provided by these bodies throughout 2011/12
 - by submitting at least 5 position papers by March 2012 to influence key debates
 - by participating in the International Telecommunication Union, the AU and SADC forum on the transition from analogue to digital broadcasting, thus promoting the transition by March 2013
 - by adopting a uniform approach to spectrum pricing by March 2013, thus promoting ICT development in Africa.

Expenditure estimates

Table 27.5 ICT International Affairs and Trade

Subprogramme				Adjusted appropriation 2010/11	Medium-term expenditure estimate		
R million	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
International Affairs	22.2	15.3	9.1	22.1	18.4	16.9	16.8
ICT Trade/Partnerships	15.2	38.2	35.5	22.5	22.5	21.8	23.1
Postal Regulator	0.1	–	–	–	–	–	–
Total	37.4	53.5	44.6	44.6	40.9	38.7	39.9
Change to 2010 Budget estimate				–	(5.9)	(7.5)	(8.9)
Economic classification							
Current payments	34.2	50.9	44.3	40.6	36.6	34.4	35.2
Compensation of employees	8.6	6.7	9.5	15.6	10.7	10.2	10.2
Goods and services	25.6	44.2	34.9	25.0	25.8	24.2	25.1
of which:							
Consultants and professional services: Business and advisory services	1.5	4.5	1.5	0.5	0.6	0.6	0.4
Consultants and professional services: Infrastructure and planning	0.6	–	–	–	–	–	–
Lease payments	0.4	0.7	1.3	0.2	0.3	0.3	0.3
Travel and subsistence	3.9	8.1	4.4	4.5	4.4	3.3	3.5
Transfers and subsidies	3.2	2.5	0.2	3.5	3.7	3.9	4.1
Foreign governments and international organisations	1.2	–	–	–	–	–	–
Non-profit institutions	2.0	2.5	–	3.5	3.7	3.9	4.1
Households	0.0	–	0.2	–	–	–	–
Payments for capital assets	0.1	0.1	0.1	0.5	0.6	0.5	0.5
Machinery and equipment	0.1	0.1	0.1	0.5	0.6	0.5	0.5
Total	37.4	53.5	44.6	44.6	40.9	38.7	39.9
Details of selected transfers and subsidies							
Foreign governments and international organisations							
Current	1.2	–	–	–	–	–	–
Foreign government and international organisation	1.2	–	–	–	–	–	–
Non-profit institutions							
Current	2.0	2.5	–	3.5	3.7	3.9	4.1
New Partnership for Africa's Development e-Africa	2.0	2.5	–	3.5	3.7	3.9	4.1

Expenditure trends

The spending focus over the medium term is expected to be on the payment of membership fees to international organisations, hosting international conferences and travelling internationally.

Expenditure grew from R37.4 million in 2007/08 to R44.6 million in 2010/11, at an average annual rate of 6 per cent. The growth was mainly attributed to the R23 million increase in spending in the *ICT Trade/Partnerships* subprogramme between 2007/08 and 2008/09, which was related to expenses for hosting the world telecommunication standardisation assembly in October 2008.

Over the medium term, expenditure is expected to decrease from R44.6 million to R39.9 million, at an average annual rate of 3.7 per cent. The decrease is due to savings amounting to R2.3 million that were identified from compensation of employees, and R1.4 million that was moved to Programme 3 to accommodate the staff complement of this programme. Efficiency savings were also realised in expenditure on consultants, professional service providers, and venues and facilities in the *International Affairs* subprogramme. Payments for capital assets are also expected to increase at an average annual rate of 1.5 per cent over the same period, due to the implementation of cost efficiency savings.

The ratio of administrative costs to line function programme costs is 1:1.7.

Programme 3: ICT Policy Development

- *ICT Policy Development* drafts legislation, regulations, policy and guidelines that govern the broadcasting, telecommunications, postal, and IT sectors, thus ensuring broad based economic development within the ICT sector. This subprogramme has a staff complement of 39 and a total budget of R59.8 million in 2010/11, of which 29 per cent is used for compensation of employees and operational expenses. In 2010/11, the South African Post Office Bill was put before Parliament and is currently being deliberated. The Postbank Bill has gone through all necessary legislative approval processes and will be presented to the President for it to be promulgated.
- *Economic Analysis, Market Modelling and Research* is responsible for economic analysis of the broadcasting, telecommunications, postal and IT sectors to determine trends and make growth projections. This entails undertaking market research to explore areas that require policy intervention. This subprogramme has a staff complement of 29 and a total budget of R6 million in 2010/11, of which 65 per cent is used for compensation of employees and related expenditure on goods and services. In 2010/11, interconnection and mobile termination rates were reduced from a peak rate of R1.25 to R0.89 after negotiations with cellular operators.
- *ICT Uptake and Usage* ensures that the ICT industry adheres to and implements policy and legislation, and undertakes research to determine the extent to which policies are being implemented in the broadcasting, telecommunications, postal and IT sectors. This subprogramme has a staff complement of 9 and a total budget of R6 million in 2010/11, of which 60 per cent is used for compensation of employees and related expenditure on goods and services.
- *Intergovernmental Relations* advises, coordinates and facilitates intergovernmental relations with all spheres of government in carrying out the departmental mandate. This subprogramme has a staff complement of 16 and a total budget of R8.5 million in 2010/11, of which 62 per cent is used for compensation of employees and related expenditure on goods and services. In 2010/11, the department participated in various imbizos and government communications campaigns across the provinces, with a specific focus on district and local municipalities.
- *South African Broadcasting Corporation: Community Radio Stations* makes transfers to the South African Broadcasting Corporation for extending signal distribution to reach all communities and extending community multimedia services at selected nodal points.
- *South African Broadcasting Corporation: Programme Production* makes transfers to the South African Broadcasting Corporation and other entities for producing programmes with local content on issues relating to the youth, women, children, the disabled, and HIV and AIDS, for commercial and community radio stations.

Objectives and measures

- *Contribute to improving the cost, quality, availability and usage of ICTs across the ICT sector by implementing the relevant policies and the programme to reduce communication costs by March 2013.*
- *Improve access to and modernise broadcasting services in South Africa through ensuring a smooth transition from analogue to digital broadcasting by November 2011 by facilitating the implementation of the broadcasting digital migration policy, specifically by:*
 - submitting the set top box manufacturing sector development strategy to Cabinet by June 2011
 - submitting the subsidy scheme for set top boxes for poor television owning households to Cabinet by June 2011
 - monitoring the operations of the Digital Dzonga Advisory Council throughout 2011/12
 - submitting the local and digital content development strategy to Cabinet by August 2011.
- *Create an enabling environment for the growth of the ICT sector by:*
 - submitting the integrated ICT policy framework to Cabinet by March 2012
 - submitting the Public Service Broadcasting Bill to Cabinet by March 2012
 - enacting the South African Post Office Bill into law by March 2012
 - implementing the Postbank Act (2010) and monitoring it throughout 2011/12

- introducing the Electronic Communications Amendment Bill in Parliament by March 2012
- introducing the Independent Communications Authority of South Africa Amendment Bill in Parliament by March 2012.

Expenditure estimates

Table 27.6 ICT Policy Development

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
R million							
ICT Policy Development	35.9	39.8	35.2	59.8	52.4	51.9	53.4
Economic Analysis, Market Modelling and Research	2.5	4.1	4.3	6.0	9.5	9.5	10.0
ICT Uptake and Usage	1.0	3.4	5.0	6.0	5.2	4.9	4.7
Intergovernmental Relations	5.7	8.0	7.8	8.5	10.0	10.1	10.2
South African Broadcasting Corporation: Community Radio Stations	–	2.3	12.8	6.9	7.7	8.4	8.8
South African Broadcasting Corporation: Programme Production	15.5	13.9	5.0	15.0	10.0	10.0	10.6
Total	60.6	71.5	70.1	102.2	94.7	94.8	97.6
Change to 2010 Budget estimate				12.1	1.2	1.5	(0.8)
Economic classification							
Current payments	43.5	54.7	51.9	79.7	76.3	75.6	77.4
Compensation of employees	12.2	17.6	24.1	26.5	32.4	33.9	35.6
Goods and services	31.3	37.1	27.8	53.2	44.0	41.7	41.7
of which:							
Consultants and professional services: Business and advisory services	5.5	11.8	8.5	18.4	11.2	10.6	10.9
Lease payments	15.4	0.3	1.3	2.5	2.4	2.4	2.5
Travel and subsistence	5.3	6.4	5.9	11.5	10.1	9.2	9.0
Transfers and subsidies	15.5	16.2	17.9	21.9	17.7	18.4	19.4
Universities and technikons	–	–	0.1	–	–	–	–
Public corporations and private enterprises	15.5	16.2	17.8	21.9	17.7	18.4	19.4
Payments for capital assets	1.6	0.6	0.3	0.6	0.7	0.8	0.8
Machinery and equipment	1.6	0.6	0.3	0.6	0.7	0.8	0.8
Total	60.6	71.5	70.1	102.2	94.7	94.8	97.6
Details of selected transfers and subsidies							
Public corporations and private enterprises							
Public corporations							
Public corporations - subsidies on products and production							
Current	15.5	16.2	17.8	21.9	17.7	18.4	19.4
South African Broadcasting Corporation : Community Radio Stations	–	2.3	12.8	6.9	7.7	8.4	8.8
South African Broadcasting Corporation : Programme Production	15.5	13.9	5.0	15.0	10.0	10.0	10.6

Expenditure trends

The spending focus over the medium term will be on migrating to digital broadcasting, reducing the cost to communicate, and updating legislation and policies.

Expenditure grew from R60.6 million in 2007/08 to R102.2 million in 2010/11, at an average annual rate of 19 per cent. The growth was mainly due to the increase in spending on travelling and subsistence and the use of professional services from consultants in the *ICT Policy Development* and *Intergovernmental Relations* subprogrammes. Expenditure also increased due to the transfer of the *Intergovernmental Relations* subprogramme from the *ICT International Affairs and Trade* programme to this programme.

Over the MTEF period, spending is expected to decrease from R102.2 million to R97.6 million, at an average annual rate of 1.5 per cent. The decrease is due to a reduction in transfers and subsidies to the South African Broadcasting Corporation, as well as expected efficiency savings initiatives.

The ratio of administrative costs to line function costs is 1:2.

Programme 4: ICT Enterprise Development

- *Public Entity Oversight* provides oversight on state owned enterprises by managing government's shareholder interests in public enterprises to support the attainment of key national goals and strategic priorities. This subprogramme has a staff complement of 7 and a total budget of R1.6 billion in 2010/11, of which 99 per cent is used for transfers and subsidies to entities. In 2010/11, the department established a monitoring task team to monitor the performance of the South African Broadcasting Corporation and report progress and early warnings to the Minister of Communications. Bimonthly bilateral meetings between the minister and the boards of state owned enterprises, and meetings between the director general and chief executives of state owned enterprises were also introduced. R500 000 has been budgeted between 2009/10 and 2010/11 for the development of remuneration guidelines for state owned enterprise boards.
- *Small Medium and Micro Enterprise Development* facilitates the growth and development of ICT SMMEs. This subprogramme has a staff complement of 4 and a total budget of R8.1 million in 2010/11, of which 45 per cent is used for compensation of employees and related expenditure on goods and services. This subprogramme is also responsible for the development of ICT hubs to facilitate the capacity building of ICT SMMEs in under-served provinces; development of ICT portal to facilitate access to business and tender opportunities by SMMEs in all provinces; build capacity of ICT SMMEs to compete in export markets; and to facilitate the involvement of SMMEs in the set top box manufacturing value chain.

Objectives and measures

- Promote good governance in 2011/12 in all 6 public entities reporting to the department by:
 - monitoring the implementation of the recommendations of the previous corporate governance reviews
 - continuously enforcing and monitoring compliance with corporate governance protocols and the applicable legislation.
- Ensure the effectiveness and efficiency of public entities by aligning their business and investment plans with government's overall strategic objectives annually.
- Strengthen the performance of public entities in the ICT sector by analysing their quarterly and annual performance reports in 2011/12.
- Accelerate socioeconomic development through facilitating the growth and development of ICT SMMEs and improving their sustainability by:
 - facilitating 35 ICT business linkages by March 2012
 - monitoring the implementation of the action plan to benefit SMMEs in the broadcasting digital migration value chain (manufacturing, distribution, installation and maintenance) throughout 2011/12.

Expenditure estimates

Table 27.7 ICT Enterprise Development

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
R million							
Public Entity Oversight	1 570.4	1 916.0	1 918.9	1 609.9	1 282.4	1 050.2	1 107.9
Small Medium and Micro Enterprise Development	3.5	2.4	4.8	8.1	7.1	9.8	10.4
Total	1 573.9	1 918.4	1 923.6	1 618.0	1 289.4	1 060.0	1 118.2
Change to 2010 Budget estimate				0.5	(0.9)	(30.5)	(4.2)

Table 27.7 ICT Enterprise Development (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Economic classification							
Current payments	7.0	6.3	90.8	13.0	12.6	15.0	15.9
Compensation of employees	2.7	3.5	3.9	6.8	7.1	7.4	7.9
Goods and services	4.3	2.9	86.9	6.3	5.5	7.6	8.1
of which:							
Consultants and professional services: Business and advisory services	3.6	2.2	3.0	1.8	1.4	3.0	3.3
Lease payments	0.0	0.0	0.1	0.1	0.1	0.1	0.1
Travel and subsistence	0.1	0.3	0.2	0.5	0.5	0.5	0.5
Transfers and subsidies	1 566.9	1 911.7	1 832.6	1 604.7	1 276.5	1 044.0	1 101.4
Departmental agencies and accounts	318.0	337.4	368.6	608.8	690.9	692.7	730.7
Public corporations and private enterprises	1 248.9	1 574.3	1 463.7	995.9	585.6	351.4	370.7
Non-profit institutions	–	–	0.3	–	–	–	–
Payments for capital assets	0.0	0.4	0.2	0.2	0.3	0.9	0.9
Machinery and equipment	0.0	0.4	0.2	0.2	0.3	0.9	0.9
Total	1 573.9	1 918.4	1 923.6	1 618.0	1 289.4	1 060.0	1 118.2
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	318.0	337.4	368.6	608.8	690.9	692.7	730.7
Independent Communications Authority of South Africa	234.5	247.3	269.6	290.9	313.4	324.8	342.7
National Electronic Media Institute of South Africa	29.7	25.3	29.1	32.6	33.5	34.1	35.9
Universal Services and Access Agency Fund	21.1	30.2	23.5	46.7	58.2	59.8	63.1
Universal Services and Access Agency Fund	32.7	34.6	36.4	218.6	260.9	274.0	289.0
Universal Services and Access Agency Fund: Infrastructure	–	–	10.0	20.0	25.0	–	–
Public corporations and private enterprises							
Public corporations							
Public corporations - subsidies on products and production							
Current	623.9	1 224.3	1 199.7	725.0	306.6	184.4	194.6
South African Post Office: Subsidy	363.8	371.6	383.1	306.1	180.4	52.0	54.8
South African Broadcasting Corporation: Channel Africa	33.0	34.8	36.7	38.9	41.2	43.3	45.7
South African Broadcasting Corporation: Public Broadcaster	206.2	217.9	429.9	230.0	84.9	89.2	94.1
Sentech: East African Submarine Cable System	21.0	–	–	–	–	–	–
Telkom: 2010 FIFA World Cup	–	600.0	350.0	150.0	–	–	–
Capital	625.0	350.0	264.0	270.9	279.0	167.0	176.1
Sentech: Digitisation	125.0	150.0	160.0	160.9	159.0	167.0	176.1
Sentech: National Wholesale Broadband Network	500.0	–	–	–	–	–	–
Sentech-2010 FIFA World Cup	–	200.0	4.0	–	–	–	–
Sentech: Digital Television (Dual Illumination)	–	–	100.0	110.0	120.0	–	–

Expenditure trends

The spending focus over the medium term will be on promoting SMMEs and strengthening oversight over the public entities and the transfers of funds to entities.

Expenditure increased from R1.57 billion in 2007/08 to R1.62 billion in 2010/11, at an average annual rate of 0.9 per cent. The increase was due to the once-off allocations of R500 million in 2007/08 to Sentech for the

rollout of the national wireless broadband network; R200 million in 2008/09 to Sentech for the 2010 FIFA World Cup satellite back up infrastructure, which included the construction of the second teleport; and R600 million for Telkom to develop the ICT access network. An additional R200 million was allocated in the 2009 Adjusted Estimates of National Expenditure for the South African Broadcasting Corporation's immediate liquidity requirements.

Expenditure is expected to decrease from R1.6 billion to R1.1 billion over the medium term, at an average annual rate of 11.6 per cent. The decrease is as a result reductions in allocations over the medium term to: the South African Post Office, which decreased from R306.1 million to R54.8 million; and the South African Broadcasting Corporation, which decreased from R230 million to R94.1 million due to discontinued allocations for the technology division of the entity. The South African Broadcasting Corporation received a final allocation of R150 million in 2010/11 for the implementation of the ICT guarantee and Sentech, in the same year, received R100 million for satellite back up infrastructure for the 2010 FIFA World Cup.

Transfers to departmental agencies are expected to increase from R608.8 million in 2010/11 to R730.7 million in 2013/14, at an average annual rate of 6.3 per cent. This is due to the new mandate for the Universal Service and Access Fund to subsidise set top boxes to poor households as part of the digital migration process.

The ratio of administrative costs to line function costs is 1:1.5.

Programme 5: ICT Infrastructure Development

- *Applications and Research* is responsible for technology research and analysis, applications and content development, analysing the legal environment to promote infrastructure technologies, and managing the use of the national frequency spectrum. This subprogramme has a staff complement of 55 and a total budget of R66.8 million in 2010/11, of which 50 per cent is used for compensation of employees and operational expenditure on goods and services.
- *Meraka Institute* makes transfers to the Meraka Institute to conduct research and develop ICT applications in the national interest. Transfers to the entity ended in 2009/10.
- *112 Emergency Call Centre* provides a single national emergency number, from which all emergency calls will be routed to the most suitable local response unit. This subprogramme makes transfers for the emergency call centre.
- *.za Domain Name Authority* is responsible for administering and managing the .za domain name space. This subprogramme makes transfers for the management of the .za domain name space.

Objectives and measures

- Create an enabling environment for accelerated and shared economic growth through increasing access, uptake and use of ICT by incorporating Broadband legislation in the ECA Amendment Bill by March 2012.
- Improve universal access to ICT by facilitating connectivity to ICT networks and to applications for all schools, health centres and government centres by March 2014.
- Ensure that the ICT infrastructure developed for the 2010 FIFA World Cup yields further social and economic benefits by facilitating the implementation of the legacy plan by March 2012.
- Contribute to building confidence and security in the use of ICTs by developing and implementing a cyber security policy by March 2013, in order to maximise investment in the ICT sector.
- Improve access to digital broadcasting services by all South African television owning households by facilitating and monitoring digital terrestrial television infrastructure rollout to achieve coverage of 96 per cent of the population by March 2013.

Expenditure estimates

Table 27.8 ICT Infrastructure Development

Subprogramme				Adjusted appropriation	Medium-term expenditure estimate		
R million	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Applications and Research	43.0	64.3	45.2	66.8	161.9	212.3	263.9
Meraka Institute	5.0	6.0	7.0	–	–	–	–
112 Emergency Call Centre	19.6	23.0	21.0	111.9	117.5	123.4	130.2
.za Domain Name Authority	1.5	1.5	1.5	1.5	1.5	1.5	1.6
Total	69.1	94.8	74.8	180.2	280.9	337.2	395.7
Change to 2010 Budget estimate				2.7	92.3	141.8	189.6
Economic classification							
Current payments	62.0	79.2	61.9	177.6	278.4	334.6	393.0
Compensation of employees	15.9	22.7	25.4	30.3	32.3	33.9	35.8
Goods and services	46.1	56.5	36.5	147.3	246.1	300.7	357.1
<i>of which:</i>							
<i>Consultants and professional services: Business and advisory services</i>	19.9	18.8	3.9	90.8	104.2	93.5	97.8
<i>Consultants and professional services: Infrastructure and planning</i>	–	–	–	0.2	85.2	150.2	200.2
<i>Lease payments</i>	2.5	2.3	0.7	0.5	1.1	1.2	1.2
<i>Travel and subsistence</i>	12.5	5.2	2.4	5.6	4.4	4.3	4.5
Transfers and subsidies	6.5	7.5	8.5	1.5	1.5	1.5	1.6
Departmental agencies and accounts	1.5	1.5	1.5	1.5	1.5	1.5	1.6
Public corporations and private enterprises	5.0	6.0	7.0	–	–	–	–
Payments for capital assets	0.6	8.1	4.4	1.1	1.0	1.1	1.1
Machinery and equipment	0.5	2.2	0.6	1.1	1.0	1.1	1.1
Software and other intangible assets	0.1	5.9	3.8	–	–	–	–
Total	69.1	94.8	74.8	180.2	280.9	337.2	395.7
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	1.5	1.5	1.5	1.5	1.5	1.5	1.6
.za Domain Name Authority	1.5	1.5	1.5	1.5	1.5	1.5	1.6
Public corporations and private enterprises							
Public corporations							
Public corporations - subsidies on products and production							
Current	5.0	6.0	7.0	–	–	–	–
Meraka Institute	5.0	6.0	7.0	–	–	–	–

Expenditure trends

The spending focus over the medium term will be on broadband ICT universal access, which has been allocated R450 million over the MTEF period, which accounts for the 58.1 per cent average annual increase in the *Applications and Research* subprogramme.

Expenditure increased from R69.1 million in 2007/08 to R180.2 million in 2010/11, at an average annual rate of 37.6 per cent. The increase was mainly as a result of restructuring the *Applications and Research* subprogramme to include the department's IT network infrastructure. The increase is also attributed to the allocation of R111.9 million in 2010/11 for the *112 Emergency Call Centre* subprogramme.

Over the medium term, expenditure is expected to increase from R180.2 million to R395.7 million, at an average annual rate of 30 per cent. The increase is driven mainly by the reprioritisation of R80 million in 2010/11, R86.3 million in 2011/12 and R91.8 million in 2012/13 for the *112 Emergency Call Centre* subprogramme from the *ICT Policy Development* programme.

The ratio of administrative costs to line function costs is 1:2.

Programme 6: Presidential National Commission

- *Planning, Coordination and Evaluation* ensures that South Africa has proactive and progressive national plans on the information society and development with sectoral, provincial and local government inputs. This entails assessing whether policies and legislation are conducive to developing an inclusive information society, and assessing the impact of ICT programmes and projects. This subprogramme has a staff complement of 8 and a total budget of R11.9 million in 2010/11, of which 25 per cent is used for compensation of employees and related expenditure on goods and services. In 2009/10, the subprogramme finalised the drafting of the e-barometer report.
- *Information Society and Development Cluster* supports the effective and efficient functioning of the information society and the development of institutional mechanisms such as the interministerial committee on information society and development, the information society and development intergovernmental relations forum, the forum of South African directors general for information society and development, and the intergovernmental relations forum technical committee. This subprogramme has a staff complement of 8 and a total budget of R4.6 million in 2010/11, of which 65 per cent is used for compensation of employees and related expenditure on goods and services. In 2010/11, the subprogramme facilitated the hosting of the information society and development intergovernmental relations forum and provided professional secretariat support to the information society and development multi-stakeholder forum where over 150 delegates participated in the conference. A programme of action was developed for implementation by the information society and development multi-stakeholder forum commissions.
- *e-Applications* facilitates the implementation of information society related projects and programmes to attain the sectoral targets of the information society and development plan; and maximises the benefits of the information society for the development of women, children, the youth, people with disabilities and poor communities. This subprogramme has a staff complement of 29 and a total budget of R6.7 million in 2010/11, of which 40 per cent is used for compensation of employees and related expenditure on goods and services. In order to improve access to government services through the e-government programme, a total of 180 hospital websites were developed during 2009/10 to 2010/11 at a cost of R1 million. The hospital websites were officially launched by the minister on 30 September 2010.
- *Presidential National Commission Operations* provides responsive, timely and comprehensive strategic and administrative support that strengthens the Presidential National Commission on information society and development as a knowledge driven organisation. This subprogramme has a staff complement of 14 and a total budget of R10.9 million in 2010/11, of which 82 per cent is used for compensation of employees and related expenditure on goods and services. In 2010/11, the subprogramme ensured effective business management systems and processes largely through focusing on implementing the master systems plan, the knowledge management strategy and the communication strategy, and improving project management practices. These achievements were supported by a budget of R750 000.

Objectives and measures

- Contribute to building social cohesion and national identity by focusing on the digitisation of content for cultural heritage and military veterans repositories by:
 - capturing provincial heritage content in the national cultural heritage digital repository in all 9 provinces by March 2014
 - Profiling the contribution of military veterans to creating the South African democratic dispensation by March 2013.
- Measure the impact of the information society and development plan by producing a country information society readiness report by March 2012.
- Improve access to government services through the e-government programme by ensuring that 45 per cent of municipal websites are fully functional and interactive by March 2014.

- Promote economic growth and access to information and job creation by developing and implementing an ICT rural development strategy by March 2012, so as to roll out ICT services to rural communities.
- Promote the rehabilitation and integration of children in conflict with the law by facilitating the provision of e-literacy training for 500 youth offenders by March 2013.
- Improve ICT uptake and usage and contribute to ICT policy development by establishing internal capacity by March 2012 to conduct extensive research on relevant issues.

Expenditure estimates

Table 27.9 Presidential National Commission

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R million	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Planning, Coordination and Evaluation	12.9	11.2	3.4	11.9	6.7	6.2	6.7
e-Applications	5.5	21.9	13.8	6.7	15.3	15.3	15.5
Information Society and Development Cluster	1.5	1.2	2.7	4.6	4.1	4.1	4.3
Presidential National Commission Operations	7.5	8.7	5.7	10.9	8.6	7.8	8.3
Total	27.3	42.9	25.6	34.1	34.7	33.4	34.8
Change to 2010 Budget estimate				1.5	–	(1.0)	(1.5)
Economic classification							
Current payments	26.9	42.2	25.3	33.3	34.1	32.8	34.2
Compensation of employees	9.4	10.5	13.7	17.4	18.4	19.3	20.4
Goods and services	17.5	31.7	11.6	16.0	15.7	13.5	13.8
of which:							
Consultants and professional services:	5.7	9.6	0.5	4.3	2.4	2.0	1.9
Business and advisory services							
Lease payments	0.3	0.3	0.9	0.3	0.7	0.7	0.8
Travel and subsistence	4.5	4.5	4.0	4.0	3.7	3.7	3.7
Transfers and subsidies	–	0.0	0.1	–	–	–	–
Households	–	0.0	0.1	–	–	–	–
Payments for capital assets	0.4	0.8	0.1	0.7	0.6	0.6	0.6
Machinery and equipment	0.4	0.8	0.1	0.7	0.6	0.6	0.6
Total	27.3	42.9	25.6	34.1	34.7	33.4	34.8

Expenditure trends

The spending focus over the medium term will be on developing an inclusive information society for socioeconomic development.

Expenditure increased from R27.3 million in 2007/08 to R34.1 million in 2010/11, at an average annual rate of 7.7 per cent. The increase was mainly due to additional funding for the third apex priority project in 2008/09. The project aims to contribute to building an inclusive information society that ensures the uptake and usage of ICTs by government and individuals. This also explains the 301.2 per cent annual growth in expenditure in the *e-Applications* subprogramme in 2008/09. Over the MTEF period, expenditure is expected to increase from R34.1 million to R34.8 million, at an average annual rate of 0.7 per cent. The growth is mainly due to the restructuring of this programme.

The ratio of administrative costs to line function costs is 1:1.5.

Public entities and other agencies

Sentech

Strategic overview: 2007/08 – 2013/14

Established in terms of the Sentech Act (1996) and the Sentech Amendment Act (1999), the organisation is a state owned enterprise whose mandate is to provide broadcasting signal distribution for broadcasting licensees. In 2002, Sentech was awarded multimedia and carrier of carrier licences, thus positioning it to offer fully converged ICT services. In line with the Electronic Communications Act (2005), these licences were converted in 2009 to individual electronic communications network service and individual electronic communications service licences.

In fulfilling its mandate over the MTEF period, Sentech will continue to successfully provide signal distribution to licensed television and radio broadcasters in South Africa, the rest of Africa and a few European broadcasters.

As mandated by government in 2005 to migrate the analogue terrestrial television infrastructure to digital terrestrial television, Sentech has achieved 33 per cent of the active population coverage to date. However, infrastructure rolled out would cover about 47 per cent of the population if switched on. Sentech's target is to achieve 60 per cent population coverage by March 2011. Sentech also intends to develop a broadband plan to expand its core services and provide connectivity to rural and under-served areas.

Savings and cost effectiveness measures

An expenditure committee was put in place in April 2010 to create an optimally functional organisational structure that is cost effective and generates savings. The committee helps control administrative costs, improve process efficiency, reduce unnecessary and unauthorised purchasing and increases contract compliance by linking business processes to the performance management process.

Selected performance indicators

Table 27.10 Sentech

Indicator	Programme/Activity	Past			Current	Projections		
		2007/08	2008/09	2009/0	2010/11	2011/12	2012/13	2013/14
Television network performance ¹ (measured by percentage of availability)	Provide broadcasting signals to both television and radio frequency spectrum	99%	99%	99%	99%	99%	99%	99%
Network performance ¹ (measured by percentage availability)	Digitise the existing analogue infrastructure as part of the broadcasting digital migration	99%	99%	99%	99%	99%	99%	99%
Number of new radio transmitters switched on per year	Increase access to information through listenership	10	10	10	10	10	10	10
Number of new television transmitters switched on per year	Increase access to information through viewership	10	10	10	90	10	10	10

1. Network performance refers to the quality of a signal product as seen by the customer, not to the volume of signal products.

Details of programmes/activities/objectives

Sentech was established to provide broadcasting signal distribution for the broadcasting licensees and it continues extending signal distribution to the rest of Africa over the MTEF period. Out of the total budget of R745 million in 2010/11, 34.6 per cent is used for the compensation of employees and 39.8 per cent for goods and services, such as the maintenance and upgrading infrastructure related to signal distribution. R270.9 million was allocated in 2010/11 for the Digital Terrestrial Television programme, of which R110 million is allocated for dual illumination.

- **Digital Terrestrial Television** is responsible for migrating signal distribution infrastructure from analogue to digital in line with the developments in technologies and agreements of the International Telecommunications Union for worldwide migration to digital. The two main activities of the programme are dual illumination and infrastructure provision. In 2008/09 as part of the digital migration programme that began in 2006, digital signal was switched and 33 per cent population coverage was achieved by 31 March

2009 in the Johannesburg, Pretoria and Durban areas. As at 31 March 2010, the total transfer made for the digital television infrastructure rollout was R515 million.

- **2010 World Cup Soccer** provided satellite backup for the 2010 FIFA World Cup in terms of the guarantees entered into with FIFA. R200 million was allocated to the programme in 2008/09 and R100 million in 2009/10.
- **National Wholesale Broadband Network** develops innovative products, rolls out the national wholesale broadband network and extends social value projects. R500 million was allocated for this programme in 2007/08.

Table 27.11 Sentech

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Salary and Wages	216.6	229.3	210.7	218.8	243.3	260.4	286.4
Social Contributions (employer contributions only)	28.4	24.2	25.0	38.6	32.1	34.4	37.8
Use of goods and services	418.4	548.5	475.9	315.8	403.0	465.7	529.9
Interest	48.3	56.8	1.7	44.1	9.1	8.3	9.1
Depreciation and amortisation	23.2	61.3	96.8	127.7	141.0	155.1	163.2
Total expense	735	920	810	745	829	924	1 026

Expenditure estimates

Table 27.12 Sentech

Statement of financial performance				Revised estimate	Medium-term estimate		
R million	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Revenue							
Non-tax revenue	727.0	839.0	906.3	884.4	959.8	1 151.1	1 266.2
Sale of goods and services other than capital assets	699.1	750.3	838.9	840.3	950.7	1 142.9	1 257.1
of which:							
Sales by market establishments	699.1	750.3	838.9	840.3	950.7	1 142.9	1 257.1
Other non-tax revenue	27.9	88.6	67.4	44.1	9.1	8.3	9.1
Total revenue	727.0	839.0	906.3	884.4	959.8	1 151.1	1 266.2
Expenses							
Current expense	683.4	834.6	651.1	690.6	766.5	837.7	931.8
Compensation of employees	216.6	229.3	235.7	257.4	275.4	294.7	324.2
Goods and services	355.0	433.6	331.0	296.3	343.6	384.7	441.3
Depreciation	91.8	139.2	82.6	127.7	141.0	155.1	162.8
Interest, dividends and rent on land	19.9	32.5	1.7	9.2	6.4	3.2	3.5
Transfers and subsidies	28.4	24.2	88.4	–	–	–	–
Total expenses	735.0	920.1	810.1	745.0	828.6	923.7	1 026.4
Surplus / (Deficit)	(8.0)	(81.2)	96.2	139.4	131.2	227.4	239.8
Statement of financial position							
Carrying value of assets	902.5	741.5	846.4	1 180.4	1 733.3	1 757.2	1 845.1
of which: Acquisition of assets	148.2	174.3	269.9	556.1	693.9	406.9	250.7
Inventory	17.8	13.8	8.5	23.2	24.8	26.5	27.8
Loans	–	–	–	–	0.5	0.5	–
Receivables and prepayments	86.7	77.2	74.4	73.4	78.5	84.0	88.2
Cash and cash equivalents	713.6	257.1	178.6	272.0	257.0	500.6	525.7
Assets not classified elsewhere	22.8	787.9	800.5	580.3	129.5	117.6	123.5
Total assets	1 743.4	1 877.4	1 908.4	2 129.2	2 223.5	2 486.4	2 610.2
Accumulated surplus/deficit	(37.9)	(61.7)	43.4	160.1	291.3	518.8	544.7
Capital and reserves	566.7	509.4	498.7	978.1	1 394.3	1 511.1	1 586.2
Borrowings	158.4	131.4	83.2	100.3	92.8	1.3	1.4
Post-retirement benefits	97.8	122.1	119.6	131.1	123.4	132.0	138.6
Trade and other payables	291.4	318.2	128.1	179.2	191.8	205.2	215.4
Provisions	–	4.0	–	–	–	–	–
Liabilities not classified elsewhere	646.8	871.9	1 035.9	580.3	129.9	118.0	123.9
Total equity and liabilities	1 723.2	1 895.3	1 908.9	2 129.2	2 223.5	2 486.4	2 610.2

Expenditure trends

The spending focus over the MTEF period will be on extending signal distribution to the rest of Africa and rolling out digital terrestrial television infrastructure.

Sentech derives its commercial revenues from: terrestrial television services, terrestrial FM and AM radio services, terrestrial short wave radio services, terrestrial and satellite linking, satellite direct to home, business television, facility rentals, sales and satellite decoders, carrier of carriers, Infosat Telecommunication's business solutions, the very small aperture terminal offering and broadband wireless. Transfers from the department for digital terrestrial television dual illumination costs are also a source of revenue.

Revenue increased from R727 million in 2007/08 to R 884.4 million in 2010/11, at an average annual rate of 6.8 per cent. The increase was primarily due to tariff increases for broadcast signal distribution and the digital terrestrial television dual illumination cost recovery grant income of R51.3 million.

Between 2007/08 and 2010/11, expenditure increased from R735 million to R745 million, at average annual rate of 0.5 per cent. Cost of sales increased due to impairments of the carrier of carriers' assets (R10.7 million), derecognition of licences (R15.6 million) and additional operational expenditure incurred on the rollout of the digital terrestrial television network (R51.3 million). Over the MTEF period, expenditure is expected to increase from R745 million to R1 billion, at an average annual rate of 11.3 per cent. The increase is due to the entity continuing to provide signal distribution to licensed television and radio broadcasters in South Africa, and signal distribution extended to the rest of Africa and some of Europe. The organisation will, over the medium term, implement a turnaround strategy in line with the recommendations of the task team appointed by the Minister of Communications.

Personnel information

The entity has an establishment of 623 posts, of which 619 are funded. The number of posts filled stayed constant at 545 during 2007/08 and 2010/11, and is expected to increase to 549 over the medium term. This is to fill in some of the vacant posts as per organisational structure. The vacancies are mostly at the professional level and have not affected service delivery. These posts remain vacant because of staff turnover and, currently, the entity is in the process of recruiting new staff to fill the vacant posts.

The ratio of support staff to line staff is 1:4.

South African Post Office

Strategic overview: 2007/08 – 2013/14

The South African Post Office was established in accordance with the Post Office Act (1958) as a government business enterprise to provide postal and related services to the South African public. It was granted an exclusive mandate to conduct postal services in the country by the Postal Services Act (1988). This act makes provision for the regulation of postal services and operational functions of the postal company, including universal service obligations and the financial services activities of Postbank.

The Post Office Act (1958) will be repealed and replaced by the Post Office Bill and the Postbank Bill, which will be enacted into law by March 2012. The South African Post Office has a retail post office infrastructure of 2 487 service points, which delivers postal, courier, financial and Postbank services. To increase access to its services, 140 new post offices were opened between 2007/08 and 2009/10, and the entity expects to open 20 new post offices per year over the MTEF period. With the imminent corporatisation of Postbank into a separate entity, more previously disadvantaged communities will have access to banking services.

The strategic objectives for the South African Post Office over the medium term are to: drive operational excellence to achieve top quality at benchmark cost; achieve customer intimacy and use this to grow in its communications, logistics and financial services; be government's preferred partner for economic enablement within the product service offering and in the delivery of government services; build a high performance culture and develop skills throughout the organisation and to strengthen the public perception of the South African Post Office as a trusted brand. In terms of government's outcomes and priorities, these strategic objectives aim will contribute to decent employment, a skilled and capable workforce, an efficient and competitive infrastructure, improved quality of households, the protection of natural resources, and creating a better South Africa and an effective, empowered and fair public service.

Savings and cost effectiveness measures

The South African Post Office has implemented cost containment measures that have limited growth in expenditure on goods and services to 5 per cent per year. This was achieved by reducing spending on non-core goods and services, such on entertainment and travelling. Between 2007/08 and 2010/11, spending on non-core goods and services was limited to a net amount of R802 million without compromising service delivery.

Selected performance indicators

Table 27.13 South African Post Office

Indicator	Programme/Activity	Past			Current	Projections		
		2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Number of new post offices per year ¹	Provide Countrywide Access to Services	31	45	64	20	20	20	20
Number of post office service points per year ²	Provide Countrywide Access to Services	2 669	2 714	2 467	2 487	2 507	2 527	2 547
Number of new addresses delivered per year	Provide a Physical Address to Every Household	1 660 396	1 671 342	1 645 945	1 650 000	1 650 000	1 650 000	1 650 000
Total value of Postbank depositors' funds	Provide Countrywide Access to Services	R2.9bn	R3.3bn	R3.7bn	R3.8bn	R4.2bn	R4.5bn	R4.9bn

1. The number of new post offices for 2010/11 and the MTEF period has been reduced from 50 per year to 20 per year, due to the reduction of the subsidy and declining profitability and capacity.

2. Some of the post offices are closed since the services is no longer needed in those areas hence the numbers decreased in 2009/10 then started to increase due to rollout of post offices to underserved areas.

Details of programmes/activities/objectives

The South African Post Office was established to provide postal and banking services to the South African public. In 2009/10, the South African Post Office rolled out 1.6 million addresses and the Postbank's depositors' funds increased from R3 billion in 2007/08 to R3.7 billion in 2009/10. In 2010/11, 1 650 000 new addresses will be rolled out and 20 new post offices will be opened, increasing the number of post office service points to 2 487. Funds from Postbank depositors are expected to increase by 8 per cent to R3.8 billion over the MTEF period.

Provide a Physical Address to Every Household seeks to ensure that each citizen has a delivery address where mail can be delivered. The target is to roll out 1.6 million new addresses per year.

Provide Countrywide Access to Services ensures a presence in all parts of the country to allow ease of access to all services. The South African Post Office would like to increase the existing retail post office infrastructure by 20 new post offices per year at a total budget of R38 million.

Mail Delivery Standards strives to deliver quality postal services consistently. A postal delivery target of 95 per cent of all mail posted is delivered within five working days has been set with the intention of improving this standard to 97 per cent by 2012/13. The total budget for the provision of addresses and the improvement of mail delivery standards is estimated at R8.2 million per year.

Table 27.14 South African Post Office

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Provide postal and related services to the broader South African public	5 237.8	5 665.3	5 660.1	6 040.1	6 242.6	6 589.7	6 974.0
Total expense	5 238	5 665	5 660	6 040	6 243	6 590	6 974

Expenditure estimates

Table 12.15 South African Post Office

Statement of financial performance				Revised estimate	Medium-term estimate		
	Audited outcome						
R million	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Revenue							
Non-tax revenue	5 237.6	5 659.8	5 570.2	5 807.1	6 131.0	6 574.3	7 037.7
Sale of goods and services other than capital assets	4 603.3	4 853.1	4 894.7	5 208.3	5 550.7	5 958.2	6 386.4
<i>of which:</i>							
<i>Sales by market establishments</i>	4 603.3	4 853.1	4 894.7	5 208.3	5 550.7	5 958.2	6 386.4
<i>Other non-tax revenue</i>	634.3	806.7	675.5	598.8	580.4	616.1	651.3
Transfers received	363.8	371.6	383.1	306.1	180.4	52.0	54.8
Total revenue	5 601.4	6 031.4	5 953.2	6 113.2	6 311.5	6 626.2	7 092.5
Expenses							
Current expense	5 049.9	5 540.0	5 578.0	5 997.6	6 204.3	6 566.9	6 944.0
Compensation of employees	2 708.5	2 899.4	2 961.0	3 195.7	3 355.5	3 523.3	3 699.4
Goods and services	2 065.6	2 294.8	2 357.6	2 557.5	2 599.6	2 782.8	2 971.5
Depreciation	173.2	196.8	172.3	161.2	169.2	177.7	186.6
Interest, dividends and rent on land	102.5	148.9	87.1	83.2	79.9	83.1	86.5
Total expenses	5 237.8	5 665.3	5 660.1	6 040.1	6 242.6	6 589.7	6 974.0
Surplus / (Deficit)	363.6	366.1	293.1	73.1	68.9	36.5	118.5
Statement of financial position							
Carrying value of assets	1 130.1	1 216.0	1 152.7	1 349.7	1 590.9	1 780.2	1 951.1
<i>of which: Acquisition of assets</i>	158.7	288.8	141.1	358.1	410.5	367.0	357.5
Investments	1 899.6	2 452.2	3 132.6	3 173.1	3 221.7	3 409.9	3 635.1
Inventory	54.5	59.2	48.3	49.3	51.8	54.4	57.1
Receivables and prepayments	665.9	509.3	574.0	648.8	675.1	724.6	777.8
Cash and cash equivalents	3 481.2	3 603.1	3 528.6	3 574.2	3 628.9	3 540.8	3 534.5
Assets not classified elsewhere	459.5	851.3	971.5	909.5	981.5	1 068.5	1 169.0
Total assets	7 690.8	8 691.2	9 407.7	9 704.6	10 150.0	10 578.5	11 124.6
Accumulated surplus/deficit	642.1	1 005.0	1 301.6	1 374.6	1 443.6	1 480.1	1 543.7
Capital and reserves	954.7	957.8	954.4	955.8	956.0	956.3	956.5
Borrowings	1.6	0.0	–	–	–	–	–
Post-retirement benefits	541.3	942.9	1 018.4	1 242.8	1 314.6	1 407.4	1 515.9
Trade and other payables	5 031.1	5 297.2	5 747.9	5 974.3	6 271.0	6 561.5	6 926.6
Provisions	9.6	10.5	11.3	11.8	12.4	13.0	13.7
Liabilities not classified elsewhere	510.5	477.8	374.2	145.2	152.5	160.1	168.1
Total equity and liabilities	7 690.8	8 691.2	9 407.7	9 704.6	10 150.0	10 578.5	11 124.6
Contingent liabilities	309.8	183.0	98.7	90.7	81.6	73.5	66.1

Expenditure trends

The spending focus over the MTEF period is expected to be on building at least 20 new post offices per year to increase the number of addresses and service points.

The South African Post Office receives a government subsidy, which is used to fund universal service obligations and investment in infrastructure. The revenue mix of the South African Post Office is made up of postal services, courier services, financial transactions and revenue from the Postbank's services. Revenue increased from R5.6 billion in 2007/08 to R6.1 billion in 2010/11, at an average annual rate of 3 per cent. The increase was due to the difficult trading conditions in 2010, declining mail volumes and lower interest rates. Over the medium term, the revenue is expected to grow to R7.1 billion, at an average annual rate of 5.1 per cent. The increase is due to expected increase in postal services, courier services and revenue from Postbank services.

Expenditure increased from R5.2 billion in 2007/08 to R6 billion in 2010/11, at an average annual rate of 4.9 per cent. Expenditure on compensation of employees, which is a major cost driver, increased by 7.9 per cent in 2010/11 and will increase at an average annual rate of 5 per cent over the medium term, from R3.2 billion to R3.7 billion.

Personnel information

The entity has an establishment of 16 920 posts, which are all funded. The number of filled posts decreased from 16 920 in 2007/08 to 16 174 in 2010/11. The decrease was mainly at the semi-skilled and very low skilled levels, which had a high turnover rate due to economic conditions between 2008 and 2010/ Staff at these levels left to seek better paying jobs. The filled posts are expected to remain at 16 174 over the MTEF. The ratio of support staff to line function staff is 1:0.4.

South African Broadcasting Corporation

Strategic overview: 2007/08 – 2013/14

The South African Broadcasting Corporation was incorporated into a limited liability company in 2004, with two operational divisions: public broadcasting services and commercial broadcasting services. As a national public service broadcaster, the corporation operates 18 radio stations and three television stations, reaching about 24 million people daily. The corporation's mandate is set out in its charter and other related sections of the Broadcasting Act (1999). The corporation is further bound to meet licence conditions set for its individual radio stations and television channels, and has to abide by regulations set by the Independent Communications Authority of South Africa, outlining minimum quotas and standards in areas such as local content.

The corporation's mandate as set out in the Broadcasting Act (1999) is to provide its services to all South Africans in all the official languages and to provide programming that informs, educates and entertains, and which also reflects the diversity of South Africans, while maintaining freedom of expression and journalistic, creative and programming independence.

Its mandate is also aligned with government's 12 outcomes and strategic objectives, as articulated through the Department of Communications. In particular, the corporation supports the objective of a vibrant ICT sector that ensures that all South Africans have access to affordable and accessible ICT services to advance socioeconomic development goals and support the African Agenda, and contributes to building a better world.

The corporation's service and broadcasting activities are regulated through the licence conditions issued by the Independent Communications Authority of South Africa for each of its radio and television services. It reports to the authority quarterly to comply with licence conditions.

The corporation is continuing with its focus on creating content for linear television and linear radio that is relevant to its core markets, while identifying potential opportunities for exploiting content on new media platforms that will deliver additional value in terms of audiences and revenues, as the media market continues to evolve.

Over the medium term, the corporation will focus on rebuilding the organisation from financial management to governance, with the strategic thrust being the re-alignment of the corporation's operating model with the imperatives of digital broadcasting. The key focus will be on developing and implementing a new organisational structure and revised business model for the news and sports divisions, to ensure the sustainability of the public service broadcasting model.

The corporation plans to contribute to government's goals through: partnering with the local production industry and making continued investment in the sector; investing in coverage of sports that are of national interest; implementing the digital terrestrial television project, which will contribute to build an inclusive information society; increasing access to its services by extending low power transmissions to rural areas; and rolling out the information sessions for the 2011 local government elections in partnership with the Independent Electoral Commission; these will inform South Africans of the importance of local government elections.

Savings and cost effectiveness measures

The corporation has identified cost effectiveness measures that contain operating expenses at R5.8 billion in 2013/14. The measures also decrease spending on compensation of employees, from R1.5 billion in 2010/11 to

R1.4 billion in 2013/14. To realise these savings, the corporation implemented austerity measures in 2009 that resulted in a saving of R500 million in 2009/10. The turnaround strategy and its implementation will result in the savings through the following measures: effectively managing trade debtors; renegotiating certain programme rights with distributors and reducing production costs related to those programmes; stricter management of expenditure, including adherence to procurement processes; discontinuing some employee benefits such as petrol cards and retention allowance, and revising leave days.

Selected performance indicators

Table 27.16 South African Broadcasting Corporation

Indicator	Programme/Activity	Past			Current	Projections		
		2007/08	2008/09	2009/0	2010/11	2011/12	2012/13	2013/14
Value of operational expenditure for digital terrestrial television migration	Digital Terrestrial Television Migration	–	R30m	R49m	R462m	R451m	R441m	R463m
Value of funding for 2011 local government elections	2011 Local Government Elections	–	–	–	R54m	–	–	–
Value of funding for technology upgrade	Technology Upgrade and Broadcasting Infrastructure (includes digital terrestrial television migration)	–	R1.1bn	R424m	R874m	R776m	R340m	R357m
Local content as a percentage of total public broadcasting service television	Local Content Delivery	55%	60%	65%	75%	75%	75%	75%
Local content as a percentage of total public commercial service television	Local Content Delivery	35%	35%	35%	35%	35%	35%	35%
Local content as a percentage of total public broadcasting service radio	Local Content Delivery	40%	60%	65%	70%	70%	70%	70%
Local content as a percentage of total public commercial service radio	Local Content Delivery	35%	35%	40%	45%	45%	45%	45%
Number of lower power television transmitters switched on	Universal Access (transmitter roll out)	60	430	16	–	426	–	–
Number of lower power radio transmitters switched on	Universal Access (transmitter roll out)	119	105	16	–	105	–	–

Details of programmes/activities/objectives

The South African Broadcasting Corporation is a public broadcaster that provides broadcasting services to all South Africans in all the official languages that informs, educates and entertains. The total budget allocated to the corporation for 2010/11 was R230 million, of which 65 per cent was allocated for technology programme and 35 per cent was allocated for public education. In 2010/11, South Africa hosted a successful 2010 FIFA World Cup and the South African Broadcasting Corporation as the official broadcaster contributed to the successful hosting of the event. During this time, the corporation achieved a 98 per cent audience viewership, with 64 million people watching.

Below is the list of the major programmes/activities/objectives that the corporation is currently involved in, apart from the Organisational Turnaround Strategy.

- **2011 Local Government Elections** provides balanced, fair and relevant news to ensure that the people of South Africa are fully informed of the entire election process.
- **Digital Terrestrial Television Migration** facilitates the migration to digital television. In November 2008, the corporation launched a digital terrestrial television trial using the DVB-T standard. The trial was in

Johannesburg, Pretoria and Durban and it ran until March 2010. The trial enabled the corporation to test the digital terrestrial television technology and to test consumer reaction. In January 2011, the Minister of Communications announced that South Africa will achieve digital migration by the end of 2013 and that South Africa will adopt a new standard for digital terrestrial television called DVB-T2. The new standard will require a revision of the digital terrestrial television decoder to include the DVB-T2 technology.

- **Low Power Transmitter Expansion** facilitates the expansion of the South African Broadcasting Corporation's service to the areas without coverage, specifically between Taung and Vryburg and the area west of Vryburg towards Laxey. This covers 30 small towns or villages. In many of these areas, suitable mast infrastructure has been identified. Sentech is in the process of checking the viability of this infrastructure and identifying spare frequencies that would work without causing harmful interference.

Table 27.17 South African Broadcasting Corporation

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Reduce and maintain Opex costs (as per Financial Info page row 96)	4 682.7	6 320.2	3 839.5	4 696.3	4 367.8	4 432.0	4 940.4
Invest in new Capex and replace aging equipment (as per Capital Asset page)	363.1	368.9	409.7	464.5	794.3	332.4	324.6
Invest in Programme, Film and Sport rights (Purchase amount and not balance)	–	–	2 106.0	1 515.3	2 304.9	2 485.9	2 393.9
Total expense	5 046	6 689	6 355	6 676	7 467	7 250	7 659

Expenditure estimates

Table 27.18 South African Broadcasting Corporation

Statement of financial performance				Revised estimate	Medium-term estimate		
R million	Audited outcome			2010/11	2011/12	2012/13	2013/14
	2007/08	2008/09	2009/10				
Revenue							
Non-tax revenue	4 573.4	5 245.5	5 105.6	5 716.8	6 703.2	7 251.0	7 624.0
Sale of goods and services other than capital assets of which:	4 479.3	5 114.8	4 982.5	5 643.6	6 614.4	7 160.1	7 529.0
Admin fees	912.8	770.7	791.3	727.9	880.5	900.5	940.5
Sales by market establishments	3 566.5	4 338.8	4 189.3	4 915.7	5 733.9	6 259.6	6 588.5
Other sales	–	5.4	1.9	–	–	–	–
Other non-tax revenue	94.1	130.7	123.0	73.2	88.9	90.9	95.0
Transfers received	202.6	110.2	313.1	146.3	197.4	202.9	208.3
Total revenue	4 776.0	5 355.7	5 418.7	5 863.0	6 900.7	7 453.9	7 832.3
Expenses							
Current expense	4 712.3	6 407.5	5 901.8	6 211.4	6 672.7	6 917.8	7 334.3
Compensation of employees	1 503.9	1 542.4	1 507.4	1 489.1	1 275.7	1 361.8	1 452.4
Goods and services	3 054.0	4 620.8	4 015.5	4 327.6	4 868.5	4 963.1	5 242.4
Depreciation	140.3	193.7	253.9	272.5	391.0	466.0	541.0
Interest, dividends and rent on land	14.1	50.7	1 25.0	122.3	137.5	126.9	98.5
Transfers and subsidies	–	37.0	43.1	0.2	–	–	–
Total expenses	4 682.7	6 320.2	5 945.5	6 211.6	6 672.7	6 917.8	7 334.3
Surplus / (Deficit)	93.3	(964.5)	(526.8)	(348.6)	228.0	536.0	498.0

Table 27.18 South African Broadcasting Corporation (continued)

Statement of financial performance				Revised	Medium-term estimate		
	Audited outcome			estimate			
R million	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Statement of financial position							
Carrying value of assets	1 492.3	1 666.1	1 816.4	2 008.4	2 292.7	2 158.5	1 941.6
of which: Acquisition of assets	363.1	368.9	409.7	464.5	794.3	332.4	324.6
Investments	521.4	9.0	15.3	193.0	10.0	10.0	10.0
Inventory	4.6	1 107.2	902.3	680.2	955.3	749.7	805.4
Receivables and prepayments	1 103.7	1 365.0	1 222.0	1 492.5	1 061.0	1 116.0	1 170.0
Cash and cash equivalents	–	27.1	338.8	(303.4)	(278.3)	353.3	772.5
Assets not classified elsewhere	1 338.5	325.3	333.5	330.4	213.4	151.4	89.3
Total assets	4 460.6	4 499.6	4 628.3	4 401.1	4 254.2	4 538.8	4 788.8
Accumulated surplus/deficit	2 460.1	1 529.7	1 002.9	654.3	1 034.4	1 570.4	2 068.4
Capital and reserves	1.4	1.4	2.1	2.1	2.0	2.0	2.0
Borrowings	212.5	576.2	1 389.2	1 368.1	1 221.2	850.6	476.3
Post-retirement benefits	510.6	543.3	583.6	610.4	668.2	714.9	765.0
Trade and other payables	846.8	1 220.6	838.8	1 171.5	942.4	999.0	1 058.9
Provisions	29.7	50.3	88.1	44.0	99.0	104.9	111.2
Liabilities not classified elsewhere	399.3	578.1	723.6	550.7	287.1	297.1	307.1
Total equity and liabilities	4 460.6	4 499.6	4 628.3	4 401.1	4 254.2	4 538.8	4 788.8

Expenditure trends

The spending focus over the MTEF period is expected to be on the 2011 local government elections and digital broadcasting migration.

Revenue is generated mainly from television licences, advertising and sponsorships. Between 2007/08 and 2010/11, revenue increased from R4.8 billion to R5.9 billion, at an average annual rate of 7.1 per cent. Over the medium term, revenue is expected to increase to R7.8 billion, at an average annual rate of 10.1 per cent. The increase is a consequence of the introduction of digital television, which caused significant increase in the advertising revenue. There is also an expected increase in other revenue streams from sources such as sponsorship, trade exchange and television licences.

The expenses increased from R4.7 billion in 2007/08 to R6.2 billion in 2010/11, at an average annual rate of 9.9 per cent. This is highly driven by employee costs as well as amortisation of programme, film and sport rights.

Personnel information

The corporation has an establishment of 3 889 posts, of which 130 are vacant. The number of posts filled declined from 3 767 in 2007/08 to 3 759 in 2010/11, and is expected to further decrease to 3 389 over the medium term. This is as a result of cost cutting measures that have been put in place. The vacancies are mostly in the professional level as the corporation's organisational structure is top loaded.

Other public entities and agencies

Comprehensive coverage of the following public entities is provided with the more detailed information for the vote at www.treasury.gov.za under the budget information link.

The **Independent Communications Authority of South Africa** makes regulations and issues communications licences. In addition, it enforces compliance with rules and regulations, protects consumers from unfair business practices and poor quality services, hears and decides on disputes and a complaint brought against licensees and controls and manages the frequency spectrum. Its total budget for 2101/11 is R290.9 million.

The **National Electronic Media Institute of South Africa** provides training at an advanced level for the broadcasting industry. It offers diploma courses, short courses and internships in three subjects: television production, radio production and creative multimedia. Its total budget for 2010/11 is R32.6 million.

The **Universal Service and Access Agency of South Africa** is a statutory body with the sole mandate of promoting the goal of universal service in and access to electronic communications services, electronic communications network services and broadcasting services. The agency's total budget for 2010/11 is R66.7 million.

The **Universal Service and Access Fund** funds projects and programmes that aim at universal access to underserved areas. Its total budget for 2010/11 is R218.6 million.

Additional tables

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

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R million	2009/10		2009/10	2010/11			2010/11
Administration	152.3	147.9	163.2	151.8	7.2	159.0	159.0
ICT International Affairs and Trade	45.6	45.6	44.6	44.6	–	44.6	44.6
ICT Policy Development	94.2	97.8	70.1	90.1	12.1	102.2	102.2
ICT Enterprise Development	1 392.7	2 047.1	1 923.6	1 617.5	0.5	1 618.0	1 618.0
ICT Infrastructure Development	548.1	98.1	74.8	177.5	2.7	180.2	180.2
Presidential National Commission	34.0	34.0	25.6	32.5	1.5	34.1	34.1
Total	2 266.9	2 470.5	2 301.9	2 114.0	24.0	2 138.0	2 138.0
Economic classification							
Current payments	384.1	383.4	432.0	483.2	19.0	502.2	502.2
Compensation of employees	148.2	147.4	129.6	160.4	4.2	164.6	164.6
Goods and services	235.9	235.9	302.4	322.8	14.8	337.6	337.6
Interest and rent on land	–	–	0.0	–	–	–	–
Transfers and subsidies	1 873.3	2 077.7	1 859.6	1 626.7	5.0	1 631.7	1 631.7
Provinces and municipalities	–	–	0.1	–	–	–	–
Departmental agencies and accounts	375.7	375.7	370.2	610.5	–	610.5	610.5
Universities and technikons	–	–	0.1	–	–	–	–
Public corporations and private enterprises	1 493.1	1 697.5	1 488.6	1 012.7	5.0	1 017.7	1 017.7
Non-profit institutions	3.0	3.0	0.3	3.5	–	3.5	3.5
Households	1.5	1.5	0.3	–	–	–	–
Payments for capital assets	9.4	9.4	10.2	4.1	–	4.1	4.1
Machinery and equipment	9.4	9.4	6.4	4.1	–	4.1	4.1
Software and other intangible assets	–	–	3.8	–	–	–	–
Payments for financial assets	–	–	0.1	–	–	–	–
Total	2 266.9	2 470.5	2 301.9	2 114.0	24.0	2 138.0	2 138.0

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

	Personnel post status as at 30 September 2010			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year ²	Medium-term estimate		
				2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Department	427	428	34	187	270	303	312	312	312	312
Salary level 1 – 6	45	46	8	21	28	36	39	39	39	39
Salary level 7 – 10	147	147	16	65	108	116	119	119	119	119
Salary level 11 – 12	103	103	4	41	58	64	60	60	60	60
Salary level 13 – 16	132	132	6	60	76	87	94	94	94	94
Administration	191	192	10	78	137	142	137	137	137	137
Salary level 1 – 6	27	28	4	12	20	24	23	23	23	23
Salary level 7 – 10	65	65	6	25	58	55	57	57	57	57
Salary level 11 – 12	49	49	–	17	24	30	23	23	23	23
Salary level 13 – 16	50	50	–	24	35	33	34	34	34	34
ICT International Affairs and Trade	24	24	1	11	13	14	16	16	16	16
Salary level 1 – 6	4	4	–	–	1	1	1	1	1	1
Salary level 7 – 10	7	7	1	4	5	6	6	6	6	6
Salary level 11 – 12	1	1	–	1	1	1	–	–	–	–
Salary level 13 – 16	12	12	–	6	6	6	9	9	9	9
ICT Policy Development	71	71	10	17	33	44	61	61	61	61
Salary level 1 – 6	5	5	1	–	–	–	5	5	5	5
Salary level 7 – 10	23	23	3	5	12	17	22	22	22	22
Salary level 11 – 12	19	19	2	4	13	12	15	15	15	15
Salary level 13 – 16	24	24	4	8	8	15	19	19	19	19
ICT Enterprise Development	4	4	–	26	3	7	6	6	6	6
Salary level 1 – 6	–	–	–	2	–	–	–	–	–	–
Salary level 7 – 10	2	2	–	13	2	3	2	2	2	2
Salary level 11 – 12	–	–	–	3	–	–	–	–	–	–
Salary level 13 – 16	2	2	–	8	1	4	4	4	4	4

Table 27.B Detail of approved establishment and personnel numbers according to salary level¹(continued)

	Personnel post status as at 30 September 2010			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year ²	Medium-term estimate		
				2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
ICT Infrastructure Development	79	79	12	34	51	61	56	56	56	56
Salary level 1 – 6	5	5	2	5	4	7	6	6	6	6
Salary level 7 – 10	32	32	6	10	19	25	22	22	22	22
Salary level 11 – 12	20	20	2	8	11	11	11	11	11	11
Salary level 13 – 16	22	22	2	11	17	18	17	17	17	17
Presidential National Commission	58	58	1	21	33	35	36	36	36	36
Salary level 1 – 6	4	4	1	2	3	4	4	4	4	4
Salary level 7 – 10	18	18	–	8	12	10	10	10	10	10
Salary level 11 – 12	14	14	–	8	9	10	11	11	11	11
Salary level 13 – 16	22	22	–	3	9	11	11	11	11	11

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

2. As at 30 September 2010.

Table 27.C Summary of expenditure on training

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Compensation of employees (R million)	97.7	108.0	129.6	164.6	171.7	179.3	188.0
Training expenditure (R million)	3.7	6.0	9.0	5.9	6.7	7.3	7.7
Training as percentage of compensation	3.7%	5.6%	6.9%	3.6%	3.9%	4.1%	4.1%
Total number trained in department (head count)	241	243	173	148			
of which:							
Employees receiving bursaries (head count)	50	43	41	45			
Internships trained (head count)	29	32	35	43			

Table 27.D Summary of expenditure on infrastructure

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome		Adjusted appropriation	Medium-term expenditure estimate	
				2007/08	2008/09		2011/12	2013/14
R million								
Departmental infrastructure								
Broadband services infrastructure in underserved and rural areas	Access and backhaul broadband infrastructure in all provinces	Construction	450.0	-	-	-	100.0	200.0
Infrastructure transfers to other spheres, agencies and departments								
Sentech: digitisation of terrestrial television network	Efficient use of spectrum, broadcast digital dividend, multiple channel possibilities and new content generation	Design	2 700.0	125.0	150.0	270.9	279.0	176.1
Telkom 2010	2010 FIFA World Cup access network infrastructure between stadiums and international broadcast centre	Handed over	1 200.0	-	600.0	450.0	-	-
Sentech: national wholesale broadband network	Broadband cost reduction	Design	500.0	500.0	-	-	-	-
Sentech 2010	2010 FIFA World Cup satellite back-up links between stadiums and international broadcast centre	Handed over	300.0	-	-	200.0	-	-
Universal Service and Access Agency and Fund	Subsidisation of ICT infrastructure to promote universal access and services	Various	55.0	-	-	10.0	25.0	-
Sentech: East African submarine cable system	Cheaper international internet connectivity	Design	21.0	21.0	-	-	-	-
Total			5 226.0	646.0	750.0	920.0	404.0	376.1

Vote 28

Economic Development

Budget summary

R million	2011/12				2012/13	2013/14
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	55.0	48.5	–	6.5	60.5	63.7
Economic Policy Development	23.3	23.3	–	–	29.3	30.9
Economic Planning and Coordination	499.9	35.1	464.8	–	566.6	599.5
Economic Development and Dialogue	16.3	16.3	–	–	18.3	19.3
Total expenditure estimates	594.5	123.2	464.8	6.5	674.7	713.3
Executive authority	Minister of Economic Development					
Accounting officer	Director General of Economic Development					
Website address	Not currently available					

More detailed information for each vote is available at www.treasury.gov.za. More comprehensive coverage of vote specific information, particularly on goods and services, transfers and subsidies, donor funding, public entities and lower level institutional information, is provided.

Aim

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 – 2013/14

Strategic priorities

The Economic Development Department was established in July 2009 as part of the macro reorganisation of the state. The department is responsible for: coordinating the contributions of government departments, state entities and civil society to economic development; ensuring the alignment between economic policies and government's political and economic objectives and mandate; and promoting government's goals of advancing economic development and opportunities for decent work.

Outcomes and related outputs

Transforming the economy requires a pro-employment growth path that addresses the structural constraints to absorbing large numbers of people into the economy and creating decent work. Government's new outcomes approach attempts to address this. The department contributes directly to the creation of decent work through inclusive economic growth (outcome 4), and the ministerial service delivery agreement was signed in October 2010.

The department has assumed responsibility for key outputs relating to this outcome, including the development of the new growth path, analysis of data on income distribution, concluding social pacts on decent work, strengthening the implementation of the framework for South Africa's response to the international economic crisis; developing spatial programmes; developing the green economy; implementing a multipronged strategy to reduce youth unemployment, an improved cost structure in the economy, and better integration of second economy activities into the mainstream economy. In addition, the department provides support to lead departments on a number of the sub-outputs that it does not lead.

The New Growth Path

During 2010/11, the department focused on the development of the New Growth Path and managed the consultation process with stakeholders. Cabinet endorsed the New Growth Path in October 2010, and set a target for the generation of 5 million new jobs by 2020 in order to significantly reduce unemployment. The New Growth Path drivers, resource drivers and institutional drivers that will help realise inclusive growth and decent employment over the next 10 years. Among the job drivers, the New Growth Path identifies the following key sectors to support employment creation: infrastructure; agriculture, rural development and agro-processing; mining and beneficiation; manufacturing, with emphasis on implementing industrial policy action plan II; the green economy; and the tourism, creative industries and business service industries. Cross cutting areas include: the public sector; knowledge-based sectors; the social economy; and African economic development.

Macro and microeconomic strategies

Macroeconomic strategies identified include a more active monetary policy to achieve growth and job targets, a more restrained fiscal stance, and the reprioritisation of public spending. Microeconomic measures include targeted measures to control inflationary pressures and support competitiveness and increased equity; as well as policies on skills, industry, small business, the labour market, rural development, African integration and trade. A key thrust will be engaging with social partners to promote a national consensus on policies regarding wages, prices and savings.

Framework for South Africa's response to the international economic crisis

The department leads the implementation of the measures in the Framework for South Africa's response to the international crisis. The following measures, among others, have been implemented:

- The Industrial Development Corporation established a R6.1 billion fund to assist distressed companies. Since the fund's establishment, as at 31 December 2010, R3.6 billion has been committed, saving or creating 23 322 jobs bond
- The Industrial Development Corporation established a jobs fund, financed through the issue of a R2 billion development bond, which was purchased by the Unemployment Insurance Fund. R219 million of this R2 billion is included in the R6.1 billion fund for distressed companies above.
- The Economic Development Department, together with the Department of Labour, the Industrial Development Corporation and the Commission for Conciliation, Mediation and Arbitration established a

R2.9 billion training layout scheme, to provide for the training of workers as an alternative to retrenchment. As of end January 2011 a total of 6351 workers have benefited from the scheme. The Department of Higher Education and Training will play a central role in administering the scheme in 2011/12.

Oversight functions of other entities

The department has policy oversight over three development finance institutions: the Industrial Development Corporation, Khula Enterprise Finance and the South African Micro Finance Apex Fund. The department also promotes competitiveness and decent work through its oversight of three economic regulatory bodies: the Competition Commission, the Competition Tribunal and the International Trade Administration Commission. The first steps to align the priorities of all of these institutions with the New Growth Path were taken in 2010/11.

Savings and cost effectiveness measures

The department has built the following cost effectiveness measures into its operations: focusing on bringing in professional and specialised skills and minimising support staff to increase the impact of the department's programmes; favouring an outright purchase over leasing capital items; and partnering with other institutions to host and convene policy platforms and knowledge networks as a measure of cost sharing. Other cost containment measures have been introduced in the procurement process.

As an additional savings measure approved by Cabinet, the department's budget was reduced by R1.5 million in 2011/12, and R1.6 million in 2012/13 and 2013/14. These cuts will be effected in the *Administration* programme and will involve a reduction in spending on goods and services.

Selected performance indicators

Table 27.1 Economic Development

Indicator ¹	Programme	Past ²			Current 2010/11	Projections		
		2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Number of reports on the implementation of the new growth path	Economic Policy Development	–	–	–	–	4	4	4
Number of policy and analytical papers on economic policy challenges per year	Economic Policy Development	–	–	–	10	12	12	12
Number of sector plans produced, reviewed or monitored per year	Economic Policy Development	–	–	–	5	8	10	10
Value of special financing facilitated for small businesses, targeted new growth path sectors and/or companies in distress	Economic Policy Development	–	–	–	R2bn	R5bn	R5bn	R5bn
Number of reports on the implementation of interventions to address cost drivers	Economic Policy Development	–	–	–	–	2	2	2
Number of interventions leveraging state expenditure and procurement per year	Economic Planning and Coordination	–	–	–	10	12	15	15
Number of spatial plans produced, reviewed or monitored per year	Economic Planning and Coordination	–	–	–	10	12	15	15
Number of reports on the implementation of the green economy strategy	Economic Planning and Coordination	–	–	–	–	2	2	2
Number of interventions to save or create new jobs	Economic Development and Dialogue	–	–	–	0	4	4	4
Number of policy platforms, social dialogue and capacity building engagements per year	Economic Development and Dialogue	–	–	–	10	10	10	10
Number of economic development agreements (sectoral, workplace and national) facilitated with social partners per year	Economic Development and Dialogue	–	–	–	10	10	10	10

1. Indicators have been revised to focus on implementing the new growth path and the outputs and sub-outputs of addressing decent employment through inclusive economic growth (outcome 4).

2. The Economic Development Department was formed in 2009/10 as part of the macro reorganisation of the state.

Expenditure estimates

Table 27.2 Economic Development

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10			2011/12	2012/13	2013/14
R million				2010/11				
Administration	–	–	16.7	45.1	39.8	55.0	60.5	63.7
Economic Policy Development	–	–	–	18.6	9.1	23.3	29.3	30.9
Economic Planning and Coordination	245.1	220.4	298.0	374.6	333.3	499.9	566.6	599.5
Economic Development and Dialogue	–	–	–	11.5	2.3	16.3	18.3	19.3
Total	245.1	220.4	314.6	449.8	384.5	594.5	674.7	713.3
Change to 2010 Budget estimate				31.2	(34.1)	100.1	154.4	164.5
Economic classification								
Current payments	–	–	14.2	96.9	51.8	123.2	142.9	150.5
Compensation of employees	–	–	7.9	61.9	37.8	79.2	91.8	96.5
Goods and services	–	–	6.3	35.0	14.0	44.0	51.2	54.0
of which:								
Consultants and professional services:	–	–	0.1	5.9	(0.0)	6.0	7.2	7.6
Business and advisory services	–	–	–	–	–	–	–	–
Lease payments	–	–	1.6	4.1	5.4	6.6	7.5	7.9
Travel and subsistence	–	–	3.6	11.6	8.2	14.1	16.4	17.3
Venues and facilities	–	–	–	6.2	2.4	7.9	9.2	9.7
Transfers and subsidies	245.1	220.4	298.0	348.2	325.7	464.8	524.3	554.9
Departmental agencies and accounts	171.6	150.4	232.0	278.5	256.0	335.9	448.4	474.8
Public corporations and private enterprises	73.5	69.9	66.0	69.7	69.7	128.9	75.9	80.1
Payments for capital assets	–	–	2.4	4.8	7.0	6.5	7.5	7.9
Machinery and equipment	–	–	2.4	3.8	6.0	5.2	6.0	6.3
Software and other intangible assets	–	–	–	1.0	1.0	1.3	1.5	1.6
Total	245.1	220.4	314.6	449.8	384.5	594.5	674.7	713.3

Expenditure trends

The spending focus over the medium term will be on making transfers to entities to allow them to: provide development finance, implement competition policy effectively, and create an efficient system of trade administration. The department will also focus spending on recruiting professional staff and strengthening corporate services.

Over the medium term, expenditure is expected to increase from R449.8 million to R713.3 million, at an average annual rate of 16.6 per cent. The increased spending will mainly be in the *Economic Planning and Coordination* programme and will be used for transfers and subsidies. The largest increases in transfers are to the Industrial Development Corporation of South Africa, for the capitalisation of the Agro-processing Competitiveness Fund, and for funding capacity increases in the Competition Commission.

The Budget sets out additional funding of R423.7 million over the medium term as follows:

- R10 million, R45 million and R55 million for the Competition Commission to expand capacity and create a cartel unit
- R34 million in 2011/12, and R108 million in 2012/13 and 2013/14 for the Industrial Development Corporation for the capitalisation of the Agro-Processing Competitiveness Fund
- R55 million in 2011/12 to implement the Khula Direct Pilot project
- R2.6 million, R3 million and R3.1 million for improved conditions of service in the department and International Trade Administration Commission.

Personnel information

The department has an approved establishment of 265 posts. The number of posts filled is expected to grow from 63 in 2010/11 to 142 in 2013/14. Vacancies exist as the department is newly established and will be conducting a recruitment drive to fill at least 142 positions over the medium term. The ratio of administrative staff to line function staff is 1:0.9.

Departmental receipts

Revenue is generated mostly from dividends received from the Industrial Development Corporation, and fines and penalties instituted by the Competition Commission and the Competition Tribunal against companies that have been found guilty of violating competition laws. Over the seven-year period, revenue increases from R229.3 million in 2007/08 to R263.8 million in 2013/14, at an average annual rate of 2.4 per cent.

Table 28.3 Departmental receipts

	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
R thousand	2007/08	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
Departmental receipts	229 291	244 395	456 000	230 000	366 293	243 800	250 000	263 750
Fines, penalties and forfeits	154 291	144 395	336 000	140 000	366 197	148 400	150 000	158 250
Interest, dividends and rent on land	75 000	100 000	120 000	90 000	96	95 400	100 000	105 500
Total	229 291	244 395	456 000	230 000	366 293	243 800	250 000	263 750

Programme 1: Administration

Expenditure estimates

Table 28.4 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R million	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Ministry ¹	–	–	16.7	17.4	19.6	21.1	22.2
Office of the Director-General	–	–	–	4.6	5.8	6.3	6.7
General Management Services	–	–	–	23.1	29.6	33.1	34.9
Total	–	–	16.7	45.1	55.0	60.5	63.7
Change to 2010 Budget estimate				0.3	(1.0)	(0.8)	(1.0)

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

Economic classification

Current payments	–	–	14.2	40.3	48.5	53.0	55.8
Compensation of employees	–	–	7.9	25.7	30.2	32.1	33.8
Goods and services	–	–	6.3	14.7	18.3	20.9	22.0
of which:							
Consultants and professional services:	–	–	0.1	1.3	0.2	0.3	0.3
Business and advisory services	–	–	–	–	–	–	–
Lease payments	–	–	1.6	4.1	6.6	7.5	7.9
Travel and subsistence	–	–	3.6	3.9	4.5	5.1	5.4
Venues and facilities	–	–	–	1.1	1.5	1.7	1.8
Payments for capital assets	–	–	2.4	4.8	6.5	7.5	7.9
Machinery and equipment	–	–	2.4	3.8	5.2	6.0	6.3
Software and other intangible assets	–	–	–	1.0	1.3	1.5	1.6
Total	–	–	16.7	45.1	55.0	60.5	63.7

Expenditure trends

Spending commenced slowly in mid 2009/10 as the department is newly established. The increase in spending of R28.4 million in 2010/11 was mainly for capacity in the administrative functions including human resource

management, information technology, and planning and reporting. Over the medium term, spending is expected to increase from R45.1 million in 2010/11 to R63.7 million in 2013/14, at an average annual rate of 12.2 per cent. The majority of this increased spending will be on compensation of employees and goods and services as the programme builds capacity in support services.

Programme 2: Economic Policy Development

- *Growth Path and Creation of Decent Work* focuses on the implementation of the new growth path together with other subprogrammes within the department, other government departments, provincial administrations, municipalities, state owned enterprises and entities. This subprogramme has a total budget of R5.2 million, of which 74 per cent is used for compensation of employees.
- *Economic Policy* evaluates macro and microeconomic policy tools used by government to promote its developmental agenda and improve the alignment, efficiency and impact of policy tools. This subprogramme has a total budget of R6.6 million, of which 71 per cent is used for compensation of employees. A policy package has been developed as part of the new growth path, which will be a key focus for the subprogramme. The subprogramme will also use a formal and quantified framework to establish synergy between various policies.
- *Broad Based Black Economic Empowerment* aims to enable the meaningful participation of citizens in the economy by focusing on employment equity, staff training, preferential procurement, enterprise development and the advancement of cooperatives. This subprogramme has a total budget of R3.3 million in 2010/11, of which 65 per cent is used for goods and services.
- *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 the country's tax and other regulatory arrangements. This subprogramme also ensures decent incomes for entrepreneurs and workers. The subprogramme is developing strategies for youth unemployment and the second economy. The total budget for this subprogramme is R2.1 million in 2010/11, of which 56 per cent is used for goods and services.

Objectives and measures

- Monitor implementation of the New Growth Path by producing quarterly reports, to reduce unemployment significantly by 2020.
- Add to the body of knowledge on macroeconomic and microeconomic matters by periodically issuing policy papers.
- Disseminate knowledge of policy options and challenges by periodically convening policy platforms.
- Provide analytical data on the real economy by establishing an economic database or knowledge repository by 2012.
- Improve the measurement of economic development over time by establishing a new economic development index by 2012.
- Identify synergies between various policies by developing a formal and quantified framework (model) by 2012.
- Contribute to the alignment of broad based black economic empowerment with the New Growth Path by developing broad based black economic empowerment policy frameworks.
- Establishment of an Economic Development Institute which would draw down on the skills and talents of various stakeholders in particular higher learning and research institutions.
- Address youth unemployment and the integration of the second economy into the mainstream economy by developing, implementing, monitoring and evaluating relevant strategies.

Expenditure estimates

Table 28.5 Economic Policy Development

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
R million				2010/11			
Growth Path and Creation of Decent Work	–	–	–	5.2	6.1	7.9	8.3
Economic Policy	–	–	–	6.6	8.4	10.8	11.4
Broad Based Black Economic Empowerment	–	–	–	3.3	6.1	7.3	7.7
Second Economy	–	–	–	2.1	2.7	3.3	3.5
Total	–	–	–	17.1	23.3	29.3	30.9
Change to 2010 Budget estimate				(1.0)	0.2	0.3	0.3
Economic classification							
Current payments	–	–	–	17.1	23.3	29.3	30.9
Compensation of employees	–	–	–	10.6	12.9	17.3	18.2
Goods and services	–	–	–	6.5	10.4	12.0	12.6
of which:							
Consultants and professional services:	–	–	–	1.4	2.5	2.9	3.0
Business and advisory services	–	–	–	2.3	3.5	4.1	4.3
Travel and subsistence	–	–	–	1.6	2.9	3.3	3.5
Venues and facilities	–	–	–				
Total	–	–	–	17.1	23.3	29.3	30.9

Expenditure trends

Spending over the medium term will be focused in the *Economic Policy* and *Growth Path and Creation of Decent Work* subprogrammes as the department implements aspects of the new growth path and decent employment through inclusive economic growth (outcome 4).

The programme has only begun to incur expenditure in 2010/11 as it is newly established. Over the medium term, spending is expected to increase from R17.1 million to R30.9 million, at an average annual rate of 21.8 per cent. The bulk of the increase is on spending in compensation of employees and goods and services, which are projected to increase by R7.6 million and R6.1 million as the programme is brought to full capacity. The ratio of administrative costs to line function costs in this programme is 1:0.3.

Programme 3: Economic Planning and Coordination

- *Spatial, Sector and Planning* focuses on developing and coordinating economic plans for South Africa which help realise government's broader goals. This entails identifying distressed regions and labour-absorbing sectors, and monitoring the impact of government's work. The subprogramme will prepare economic plans for submission to the National Planning Commission, Cabinet and provinces. The total budget for this subprogramme is R10.5 million in 2010/11, of which 53 per cent is for compensation of employees.
- *Economic Development, Financing and Procurement* undertakes research and analysis on development programmes and processes, budgeting and procurement within the state to identify opportunities to improve local procurement and production and meet broader economic development goals. This subprogramme has a total budget of R3.8 million in 2010/11, of which 67 per cent is for compensation of employees.
- *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, as well as provincial agencies. This entails transfers to these entities to facilitate the provision of development finance at concessionary rates. This subprogramme has a total budget of R162.2 million, of which 97 per cent is for transfers and subsidies. The Industrial Development Corporation shall establish the Agro-Processing Competitiveness Fund to boost competitiveness by encouraging new entrants in the agro-processing sector.

- *Competitiveness and Trade for Decent Work* provides policy oversight and strategic direction to the Competition Commission, Competition Tribunal and the International Trade Administration Commission. This entails reducing anti-competitive practices in the economy through investigation and prosecution of offenders in key sectors. The subprogramme has a total budget of R200.4 million, of which 98 per cent is for transfers and subsidies. The subprogramme provides information and analysis regarding the use of competition and trade measures to promote economic development goals. It also develops proposals for promoting economic goals through regional, continental and international economic engagement.
- *Green Economy* identifies, develops and supports projects, incentives and other measures; and engages with government and non-governmental stakeholders to maximise the job creation potential of green economic activities.

Objectives and measures

- Promote economic planning and coordination by:
 - periodically submitting economic planning proposals to the National Planning Commission, Cabinet and the provinces
 - coordinating and developing sector plans for key sectors
 - developing proposals for harmonising national, provincial and local economic development plans
 - developing spatial economic development action plans
 - exercising policy, strategy and budgetary oversight over identified development finance institutions and economic regulatory bodies
 - developing a strategy to enhance investment for economic development
 - periodically disseminating research papers on government's developmental priorities and the ways in which measures such as procurement and expenditure can enhance these priorities.
- Promote South Africa's international relations strategy and economic development by engaging with regional and international agencies and multilateral institutions.
- Grow the green economy sector through coordinating government and private sector players, including by establishing a dedicated fund.
- Grow the agro-processing sector by coordinating government and private sector players, including by establishing a dedicated fund to support enhanced competitiveness.

Expenditure estimates

Table 28.6 Economic Planning and Coordination

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
R million							
Spatial, Sector and Planning	–	–	–	10.5	16.8	20.3	21.3
Economic Development, Financing and Procurement	–	–	–	3.8	5.2	6.2	6.6
Investment for Economic Development	157.5	108.0	143.3	162.2	260.1	285.0	294.7
Competitiveness and Trade for Decent Work	87.6	112.3	154.7	200.4	217.8	255.1	276.8
Green Economy	–	–	–	0.0	–	–	–
Total	245.1	220.4	298.0	376.9	499.9	566.6	599.5
Change to 2010 Budget estimate				32.5	100.8	154.6	164.9

Table 28.6 Economic Planning and Coordination (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Economic classification							
Current payments	–	–	–	21.9	35.1	42.3	44.5
Compensation of employees	–	–	–	15.0	25.2	30.3	31.9
Goods and services	–	–	–	6.9	9.9	12.0	12.6
of which:							
Consultants and professional services:	–	–	–	1.0	2.6	3.2	3.4
Business and advisory services	–	–	–	3.6	4.3	5.3	5.6
Travel and subsistence	–	–	–	1.2	1.4	1.7	1.8
Venues and facilities	–	–	–				
Transfers and subsidies	245.1	220.4	298.0	355.0	464.8	524.3	554.9
Departmental agencies and accounts	171.6	150.4	232.0	278.5	301.9	340.4	366.8
Universities and technikons	–	–	–	6.8	–	–	–
Public corporations and private enterprises	73.5	69.9	66.0	69.7	162.9	183.9	188.1
Total	245.1	220.4	298.0	376.9	499.9	566.6	599.5
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	171.6	150.4	232.0	278.5	301.9	340.4	366.8
Competition Commission	23.2	44.0	80.7	117.7	126.6	159.0	175.3
Competition Tribunal	8.7	9.9	13.0	13.6	15.2	15.6	16.5
International Trade Administration Commission	55.7	58.4	60.9	64.3	69.6	72.7	76.9
South African Micro-finance Apex Fund	84.0	38.1	77.3	82.8	90.5	93.1	98.2
Public corporations and private enterprises							
Public corporations							
Public corporations - subsidies on products and production							
Current	73.5	69.9	66.0	69.7	67.9	143.9	148.1
Industrial Development Corporation	–	–	–	–	34.0	108.0	108.0
Khula Enterprise Finance Limited	73.5	69.9	66.0	69.7	33.9	35.9	40.1
Capital	–	–	–	–	95.0	40.0	40.0
Khula Enterprise Finance Limited	–	–	–	–	40.0	40.0	40.0
Khula Direct pilot	–	–	–	–	55.0	–	–
Universities and technikons							
Current	–	–	–	6.8	–	–	–
Wits University - Economic Development Capacity Building Course	–	–	–	2.0	–	–	–
University of Johannesburg - Academy for Social Economy	–	–	–	4.8	–	–	–

Expenditure trends

The spending focus over the medium term will be on making transfers to entities to allow them to provide development finance, and effectively implement competition policy and trade administration.

Over the medium term, spending is expected to increase from R376.9 million to R599.5 million, at an average annual rate of 16.7 per cent. The majority of this increase is concentrated in the *Investment for Economic Development* and the *Competitiveness and Trade for Decent Work* subprogrammes, and will be used for transfers and subsidies. The ratio of administrative costs to line function costs in this programme is 2:1.

Programme 4: Economic Development and Dialogue

- *National Social Dialogue and Strategic Frameworks* contributes to social dialogue on economic development issues and policy development; and co-ordinates, monitors and ensures the development and implementation of action plans and framework agreements on the global economic crisis as well as those that are envisaged such as the national economic development and decent work pacts. This subprogramme has a total budget of R7.2 million in 2010/11, of which 50 per cent is used for compensation of employees. The subprogramme promotes dialogue with social partners and implements framework agreements in collaboration with them.
- *Sector and Workplace Social Dialogue* promotes workplace and sector agreements and social pacts that address challenges of growth and development, job creation and retention, and productivity and innovation. The subprogramme has a total budget of R400 000 in 2010/11, which is all used for goods and services.
- *Capacity Building for Economic Development* promotes and builds the research output and knowledge base of social partners of economic development sectors, and issues relating to equity and productivity. This is done by implementing appropriate empowering mechanisms. This subprogramme has a total budget of R1.7 million in 2010/11, which is all used for compensation of employees. 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 subprogramme has a total budget of R1.5 million in 2010/11, of which 83 per cent is used for compensation of employees.

Objectives and measures

- Promote dialogue among social partners by convening and participating in national social dialogue forums on economic development on an ongoing basis.
- Promote productivity and equity by facilitating social pacts at workplace, sector and national levels.
- Alleviate hardship as a result of the economic downturn and mobilise society behind common socioeconomic goals by facilitating, monitoring and reporting on the implementation of framework agreements and social pacts.
- Enhance the understanding of the challenges and opportunities of economic development by hosting learning events for economic development knowledge networks.
- Secure stakeholder partnerships for major government initiatives such as the new growth path by hosting an annual economic development conference.
- Inform the development of new policies by establishing an advisory panel on economic development to get advice from prominent experts on the challenges facing government.

Expenditure estimates

Table 28.7 Economic Development and Dialogue

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
R million							
National Social Dialogue and Strategic Frameworks	–	–	–	7.2	11.0	12.4	13.0
Sector and Workplace Social Dialogue	–	–	–	0.4	0.5	0.6	0.6
Capacity Building for Economic Development	–	–	–	1.7	2.6	2.9	3.1
Productivity, Entrepreneurship, Innovation	–	–	–	1.5	2.2	2.4	2.5
Total	–	–	–	10.7	16.3	18.3	19.3
Change to 2010 Budget estimate				(0.5)	0.2	0.3	0.2

Table 28.7 Economic Development and Dialogue (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Economic classification							
Current payments	–	–	–	10.7	16.3	18.3	19.3
Compensation of employees	–	–	–	6.5	10.8	12.0	12.6
Goods and services	–	–	–	4.2	5.5	6.3	6.7
of which:							
Consultants and professional services:	–	–	–	0.6	0.7	0.8	0.9
Business and advisory services	–	–	–	–	–	–	–
Lease payments	–	–	–	–	–	–	–
Travel and subsistence	–	–	–	1.4	1.8	2.0	2.1
Venues and facilities	–	–	–	1.7	2.1	2.5	2.6
Total	–	–	–	10.7	16.3	18.3	19.3

Expenditure trends

The spending focus over the medium term will be on filling senior and support posts, establishing monitoring and reporting systems, and hosting social dialogue forums and learning events.

The programme has only begun to incur expenditure in 2010/11 as it is newly established. Over the medium term, spending is expected to increase from R10.7 million to R19.3 million, at an average annual rate of 21.7 per cent. The increase is concentrated in the *National Social Dialogue and Strategic Frameworks* and *Capacity Building for Economic Development* subprogrammes and will mostly be used for compensation of employees.

The ratio of administrative costs to line function costs in this programme is 1:0.2.

Public entities and other agencies

Comprehensive coverage of the following public entities is provided with the more detailed information for the vote at www.treasury.gov.za under the budget information link.

- The **Competition Commission** is responsible for maintaining and promoting competitive market conditions through investigating and prosecuting anti-competitive behaviour, preventing concentration through merger control, and advocating for pro-competitive conduct and regulations. Its budget for 2011/12 is R164.5 million.
- The **Competition Tribunal** is an adjudicative agency that rules on large mergers and alleged restrictive practice cases. Its budget for 2011/12 is R20.5 million.
- The **International Trade Administration Commission of South Africa** aims to foster economic growth and development to raise incomes and promote investment and employment in South Africa. Its budget for 2011/12 is R68.4 million.
- **Khula Enterprise Finance Limited** is mandated to increase access to finance for South African small, medium and micro enterprises. Its budget for 2011/12 is R182.3 million.
- The **South African Micro-Finance Apex Fund** is tasked with providing affordable access to finance by micro, small and survivalist businesses to allow them to grow their own income and asset base. Its budget for 2011/12 is R76.1 million.
- The **Industrial Development Corporation** is a national development finance institution, and has been reporting to the Economic Development Department since April 2010. The primary objective of the corporation is to support industrial capacity development to facilitate the creation of sustainable employment opportunities.

Additional tables

Table 28.A Summary of expenditure trends and estimates per programme and economic classification

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R million	2009/10		2009/10	2010/11			2010/11
Administration	–	–	–	44.8	0.3	45.1	39.8
Economic Policy Development	–	–	–	18.2	(1.0)	17.1	7.6
Economic Planning and Coordination	292.5	316.2	314.6	344.4	32.5	376.9	335.6
Economic Development and Dialogue	–	–	–	11.2	(0.5)	10.7	1.5
Total	292.5	316.2	314.6	418.6	31.2	449.8	384.5
Economic classification							
Current payments	–	23.0	14.2	95.2	(5.2)	90.0	45.0
Compensation of employees	–	12.6	7.9	59.5	(1.7)	57.7	33.7
Goods and services	–	10.4	6.3	35.8	(3.4)	32.3	11.3
Transfers and subsidies	292.5	287.2	298.0	318.6	36.4	355.0	332.5
Departmental agencies and accounts	226.5	221.2	232.0	248.9	29.6	278.5	256.0
Universities and technikons	–	–	–	–	6.8	6.8	6.8
Public corporations and private enterprises	66.0	66.0	66.0	69.7	–	69.7	69.7
Payments for capital assets	–	6.0	2.4	4.8	–	4.8	7.0
Machinery and equipment	–	6.0	2.4	3.8	–	3.8	6.0
Software and other intangible assets	–	–	–	1.0	–	1.0	1.0
Total	292.5	316.2	314.6	418.6	31.2	449.8	384.5

Table 28.B Detail of approved establishment and personnel numbers according to salary level ¹

	Personnel post status as at 30 September 2010			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year ² 2010/11	Medium-term estimate		
				2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Department	265	98	–	–	–	–	45	129	142	142
Salary level 1 – 6	20	13	–	–	–	–	–	13	14	14
Salary level 7 – 10	52	23	–	–	–	–	12	24	30	30
Salary level 11 – 12	41	17	–	–	–	–	21	27	29	29
Salary level 13 – 16	152	45	–	–	–	–	12	65	69	69
Administration	86	46	–	–	–	–	29	62	62	62
Salary level 1 – 6	20	13	–	–	–	–	–	13	14	14
Salary level 7 – 10	24	15	–	–	–	–	12	17	17	17
Salary level 11 – 12	21	11	–	–	–	–	9	18	17	17
Salary level 13 – 16	21	7	–	–	–	–	8	14	14	14
Economic Policy Development	59	16	–	–	–	–	6	18	21	21
Salary level 7 – 10	10	3	–	–	–	–	–	3	4	4
Salary level 11 – 12	6	1	–	–	–	–	4	2	3	3
Salary level 13 – 16	43	12	–	–	–	–	2	13	14	14
Economic Planning and Coordination	54	25	–	–	–	–	7	24	28	28
Salary level 7 – 10	8	4	–	–	–	–	–	3	4	4
Salary level 11 – 12	5	3	–	–	–	–	6	3	4	4
Salary level 13 – 16	41	18	–	–	–	–	1	18	20	20
Economic Development and Dialogue	66	11	–	–	–	–	3	25	31	31
Salary level 7 – 10	10	1	–	–	–	–	–	1	5	5
Salary level 11 – 12	9	2	–	–	–	–	2	4	5	5
Salary level 13 – 16	47	8	–	–	–	–	1	20	21	21

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

² As at 30 September 2010.

Table 28.C Summary of expenditure on training

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Compensation of employees (R million)	–	–	7.9	37.8	79.2	91.8	96.5
Training expenditure (R million)	–	–	–	0.1	0.8	0.9	1.0
Training as percentage of compensation				0.3%	1.0%	1.0%	1.0%

Vote 29

Energy

Budget summary

R million	2011/12				2012/13	2013/14
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	167.5	159.3	0.3	7.8	149.9	151.5
Energy Policy and Planning	1 547.0	47.0	1 500.0	–	1 546.2	77.9
Energy Regulation	554.7	57.7	497.0	–	145.4	184.2
National Electrification Programme	3 207.6	20.3	3 187.3	–	3 139.0	3 312.0
Nuclear Energy and Regulation	613.2	12.9	600.3	–	594.9	579.2
Total expenditure estimates	6 089.9	297.2	5 784.9	7.8	5 575.3	4 304.8
Executive authority	Minister of Energy					
Accounting officer	Director General of Energy					
Website address	www.energy.gov.za					

More detailed information for each vote is available at www.treasury.gov.za. More comprehensive coverage of vote specific information, particularly on goods and services, transfers and subsidies, donor funding, public entities and lower level institutional information, is provided.

Aim

Formulate overall energy policies and oversee their implementation to ensure access to affordable and reliable energy for all South Africans. Promote environmentally friendly energy carriers.

Programme purposes

Programme 1: Administration

Purpose: Provide strategic support and management services to the ministry and the department.

Programme 2: Energy Policy and Planning

Purpose: Provide integrated energy planning to promote the sustainable use of energy resources through energy research and through the development of appropriate policies and regulations that promote the efficient use of petroleum products, coal, gas, renewable energy and electricity sources.

Programme 3: Energy Regulation

Purpose: Regulate and provide enforcement in the energy sector; develop specifications, standards and conditions for petroleum products; ensure the security of liquid fuels; and facilitate the implementation of renewable energy technologies and clean energy development.

Programme 4: National Electrification Programme

Purpose: Oversee the planning, funding and implementation of the integrated national electrification programme to ensure universal access to electricity and an effective and efficient electricity distribution industry capable of providing affordable electricity to consumers.

Programme 5: Nuclear Energy and Regulation

Purpose: Manage the South African nuclear industry and ensure overall control of source and special nuclear materials in terms of nuclear legislation. Manage nuclear safety, technology, non-proliferation and radiation

security as required by legislation and international agreements, and provide oversight of statutory bodies and organisations in the nuclear industry.

Strategic overview: 2007/08 – 2013/14

The Department of Energy is responsible for ensuring energy security within the country. It does this by undertaking integrated energy planning, regulating the energy industries, and promoting investment in accordance with the integrated resource plan. The department continues with the implementation of the Electricity Regulation Act (2006) through interventions such as the introduction of an independent systems operator and independent power producers in the electricity market. The energy sector contributes to the development of an efficient, competitive and responsive economic infrastructure network (outcome 6), specifically in ensuring the reliable generation, distribution and transmission of electricity, as well as manufacturing, transportation and storage of liquid fuels. The sector also contributes to ensuring that environmental assets and natural resources are well protected and continually enhanced (outcome 10), specifically in reducing greenhouse gas emissions. Further contributions are to rural development and regional integration.

Ensuring energy security

Integrated energy plan

The department will table the integrated energy planning strategy before Cabinet during the first quarter of 2011. The strategy is expected to outline the requisite processes, systems and structures that will lead to the development of a comprehensive integrated energy plan, which should be finalised by the end of September 2011. The first phase of a national integrated energy modelling system, which is required to provide statistical analysis for the integrated energy plan, will be completed by May 2011. The second phase is planned for completion by 2013/14. The department is also planning to review the 1998 White Paper on Energy Policy over the medium term.

National strategic fuel stocks policy

Energy security master plan for liquid fuel

A number of capacity constraints and challenges faced by the petroleum sector in meeting energy demand were identified in the energy security master plan and in response, the national strategic fuel stocks policy will be submitted to Cabinet in 2011/12. This policy outlines the framework for the storage of fuel stocks by government and industry, to guide the necessary investment decisions within the liquid fuels sector. As part of the process, in October 2010, the department published draft regulations for governing strategic stocks to be held by oil companies and is receiving comments from interested stakeholders.

National liquefied petroleum gas strategy

As part of its commitment to promoting clean energy sources, the department is drafting a liquefied petroleum gas strategy, which will be submitted to Cabinet in 2011/12. The strategy's main objectives are to provide access to safe, cleaner, efficient, portable, environmentally friendly and affordable thermal fuel for all households nationally, and to switch low income households away from the use of coal, paraffin and biomass to liquefied petroleum gas within the next five to ten years.

Cleaner fuels programme

To further improve the quality of transport fuels, the department will review the current fuel specifications and standards to reduce the harmful effects to health and the environment of emissions from fuel, and to align standards with global trends in vehicle technology and environmental requirements. This will allow vehicle manufacturers to introduce more fuel efficient engine technologies with lower carbon and noxious emissions. The department has drafted a position paper for consultation and intends to promulgate new fuel specifications before the end of 2010/11.

Review of the Liquid Fuels Charter

The charter aims to increase the participation of historically disadvantaged South African in the industry. During 2010/11, the department initiated a comprehensive audit on the extent to which companies were

complying with the commitments that were made 10 years ago when the charter was signed. Following the outcome of the audit, a new empowerment framework will be developed and concluded, and this will be incorporated into the Petroleum Products Amendment Bill during 2011/12.

Promoting clean and renewable energy sources

Promoting the development and use of clean and renewable energy resources remains a key priority. Producers who invest in renewable energy are incentivised by tariffs that cover the cost of generation plus an attractive return. The renewable energy feed-in tariffs have been set for a range of renewable energy sources, including wind, solar, biomass and small scale hydro power. Energy efficiency programmes are being prioritised and the department has developed a solar water heating framework, which consolidates all solar water heating programmes currently run by various municipalities, public entities and the private sector. A standard offer framework that provides incentives for interventions that improve energy efficiency in the domestic, industrial and commercial sectors was developed and will be finalised in 2011/12.

The department promotes and regulates clean development mechanism projects that contribute to the reduction of greenhouse gases under the Kyoto Protocol to the United Nations (UN) Framework Convention on Climate Change. These projects help the department achieve its target of generating 10 000 GWh of renewable energy in 2013 and to improve energy efficiency by 12 per cent by 2015.

Accelerated access to electricity

In terms of the 2009 general household survey 82.6 per cent of South Africa's 13.8 million households are already electrified. The highest percentage of electrified households is found in Western Cape (90 per cent) and the lowest is in Eastern Cape (69.8 per cent). Since 2001/02, 4 957 schools and 112 clinics have been electrified. A target of 92 per cent of household electrified, has been set for 2014.

Nuclear energy

The department continues with the implementation of the 2008 nuclear energy policy. This includes intergovernmental decisions such as the deployment of new nuclear power stations, the funding and procurement framework, the industrialisation and localisation strategy, communication and information dissemination, and training and skills development. The National Radioactive Waste Disposal Institute will be set up in 2011/12.

Savings and cost effectiveness measures

The department has identified efficiency savings of R23.4 million in 2011/12, R53.2 million in 2012/13 and R56.2 million in 2013/14. These savings will be realised by implementing cost effectiveness measures that reduce expenditure on travel, consulting services, and venue and facilities hire. Over the MTEF period, R26 million in 2012/13 and R25.9 million in 2013/14 of these savings are derived from the *Energy Regulation* programme with the reduction of transfer payments to Electricity Distribution Industry Holdings as entity will close down in 2011/12.

Selected performance indicators

Table 29.1 Energy

Indicator	Programme	Past			Current	Projections		
		2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Number of new petroleum retail site inspections per year	Energy Regulation	360	1 200	1 200	3 360	1 500	1 500	1 500
Number of additional petroleum licence applications approved per year	Energy Regulation	13 300	13 580	13 800	1 800	1 200	1 000	800
Number of new operational integrated energy centres established per year	Energy Policy and Planning	5	3	2	2	2	2	2
Number of additional households electrified per year	National Electrification Programme	187 925	123 364	145 157	150 000	180 000	180 000	180 000

Table 29.1 Energy (continued)

Indicator	Programme	Past			Current 2010/11	Projections		
		2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Number of new bulk substations built per year	National Electrification Programme	7	6	4	6	6	6	6
Number of additional substations upgraded per year	National Electrification Programme	2	13	3	10	10	10	10
Kilometres of new medium voltage power lines constructed per year	National Electrification Programme	95km	140km	310km	350km	350km	350km	350km
Kilometres of existing medium voltage power lines upgraded per year	National Electrification Programme	132km	92km	241km	200km	200km	200km	200km
Number of additional temporary jobs created per year	National Electrification Programme	5 035	5 298	6 783	4 500	4 500	4 500	4 500
Number of additional full time jobs created per year	National Electrification Programme	559	589	753	500	500	500	500
Number of learners working on electrification projects per year	National Electrification Programme	1 599	2 368	747	800	800	800	800
Value of expenditure on BEE and SMMEs per year	Energy Regulation	R894m	R924m	R689m	R933m	R933m	R933m	R933m
Number of new renewable energy projects subsidised per year	Energy Regulation	2	2	1	2	3	3	3
Number of new green certificates issued per year	Energy Regulation	–	–	–	2	5	5	5
Megawatt reduction in electricity demand per year	Energy Regulation	–	–	100MW	100MW	100MW	100MW	100MW

Expenditure estimates

Table 29.2 Energy

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10			2011/12	2012/13	2013/14
R million								
Administration	61.1	75.3	98.2	125.7	125.7	167.5	149.9	151.5
Energy Policy and Planning	57.7	70.0	76.5	1 548.6	1 548.6	1 547.0	1 546.2	77.9
Energy Regulation	129.1	313.1	385.1	488.4	488.4	554.7	145.4	184.2
National Electrification Programme	1 558.9	1 918.5	2 522.1	2 884.5	2 884.5	3 207.6	3 139.0	3 312.0
Nuclear Energy and Regulation	423.1	584.8	608.9	601.4	601.4	613.2	594.9	579.2
Total	2 229.8	2 961.7	3 690.9	5 648.7	5 648.7	6 089.9	5 575.3	4 304.8
Change to 2010 Budget estimate				113.3	113.3	350.3	36.6	(82.5)
Economic classification								
Current payments	198.0	213.9	251.4	254.1	254.1	297.2	275.4	348.9
Compensation of employees	85.5	103.0	133.3	147.9	147.9	181.7	192.4	218.3
Goods and services	112.4	110.9	118.1	106.2	106.2	115.5	83.0	130.6
of which:								
Communication	2.0	3.2	4.6	4.4	4.4	8.9	5.9	7.5
Consultants and professional services: Business and advisory services	34.1	13.2	23.9	15.2	15.2	7.7	4.6	8.9
Lease payments	5.0	4.5	12.3	11.9	11.9	13.7	13.2	13.7
Travel and subsistence	40.0	39.3	45.3	28.9	28.9	44.6	34.6	60.0
Transfers and subsidies	2 030.3	2 744.1	3 432.5	5 389.7	5 389.7	5 784.9	5 294.8	3 951.0
Provinces and municipalities	462.5	589.1	1 074.6	1 240.1	1 240.1	1 376.6	1 151.4	1 214.8
Departmental agencies and accounts	84.0	99.6	96.0	81.5	81.5	46.1	33.1	33.0
Public corporations and private enterprises	1 483.6	2 054.9	2 261.8	4 067.7	4 067.7	4 361.8	4 109.9	2 702.9
Households	0.2	0.5	0.1	0.3	0.3	0.3	0.4	0.4

Table 29.2 Energy (continued)

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10			2011/12	2012/13	2013/14
R million				2010/11				
Payments for capital assets	1.6	3.4	6.8	4.9	4.9	7.8	5.1	4.9
Machinery and equipment	1.1	2.9	6.4	4.9	4.9	7.8	5.1	4.9
Software and other intangible assets	0.5	0.6	0.4	–	–	–	–	–
Payments for financial assets	–	0.2	0.2	–	–	–	–	–
Total	2 229.8	2 961.7	3 690.9	5 648.7	5 648.7	6 089.9	5 575.3	4 304.8

Expenditure trends

The spending focus over the medium term will be on making transfer payments to municipalities and public corporations, including Eskom, to allow them to increase electricity connections to households, provide substation infrastructure and promote energy efficiency through demand side management. The department will also continue to support the Transnet multi-products pipeline.

Expenditure increased from R2.2 billion in 2007/08 to R5.6 billion in 2010/11, at an average annual rate of 36.3 per cent. This increase is mainly due to restructuring the department and building capacity to respond to challenging developments within the energy sector. The *National Electrification Programme*, which makes transfer payments to Eskom, non-grid service providers and local governments, accounts for 51 per cent of 2010/11 departmental expenditure. Transfer payments to entities increased from R1.5 billion in 2007/08 to R4.1 billion in 2010/11, as a result of: additional funding of R180 million allocated in the 2008 Adjusted Estimates of National Expenditure; and additional allocations of R249 million in 2009/10, R329 million in 2010/11 and R399 million in 2011/12 to cover costs related to implementing a dedicated programme to roll out compact fluorescent light bulbs. The funds are earmarked for transfers up to 2011/12 to Eskom and municipalities to roll out energy efficiency initiatives, including the demand side management programme. Additional funding was also allocated towards the integrated national electrification programme, the demand side management programme and the South African Nuclear Energy Corporation in previous budget cycles.

Over the medium term, departmental spending is projected to decrease from R5.6 billion in 2010/11 to R4.3 billion in 2013/14, at an average annual rate of 8.7 per cent. This is largely driven by a decrease in transfer payments to the Energy Distribution Industry Holdings, the demand side management programme and funding for the construction of the Transnet petroleum pipeline, which has a final allocation of R1.5 billion in 2012/13.

Expenditure on goods and services decreased from R112.4 million in 2007/08 to R106.2 million in 2010/11, at an average annual rate of 1.9 per cent. The decrease is largely due to savings on the departmental allocations in relation to expenditure on business and advisory services and travel and subsistence. Over the medium term, expenditure on goods and services is projected to increase to R130.6 million, at an average annual rate of 7.1 per cent largely. The growth is due to increases in travel and subsistence expenditure. Spending on compensation of employees increased from R85.5 million in 2007/08 to R147.9 million in 2010/11. Over the same period, the total number of employees grew mainly due to recruiting senior management personnel. Over the MTEF period, expenditure in compensation of employees is expected to grow to R218.3 million, at an average annual rate of 13.8 per cent. The increase is driven by additional staff recruited to capacitate the department in line with its mandate.

An additional R4.5 billion between 2010/11 and 2012/13 has been allocated to Transnet for the construction of the national multi-products petroleum pipelines to ensure the secure supply of petroleum products.

Infrastructure spending

Integrated national electrification programme

The department makes transfer payments to Eskom and municipalities through the integrated national electrification programme. The transfers are used to fund infrastructure for the electrification of households, schools and clinics. Between 2007/08 and 2010/11, R8.3 billion was spent on the integrated national electrification programme. Of this, R5.3 billion was allocated to Eskom and R3 billion was transferred to municipalities. In 2009/10, electricity was provided to an additional 145 157 households and 1 035 schools.

By December 2010, 93 422 additional households had been connected to the national grid. In 2009/10, 7 bulk substations were completed and ready for operation.

Over the MTEF period, expenditure on the integrated national electrification programme is expected to increase from R2.9 billion to R3.3 billion, at an average annual rate of 4.7 per cent.

Construction of the new multi-products pipeline by Transnet

The department receives a budget allocation of R4.5 billion between 2010/11 and 2012/13 to transfer to Transnet for the construction of the new multi-products pipeline. The payments are made quarterly over the period subject to the submission of process reports. The payments for the first two quarters of 2010/11 have been made. The construction of the pipeline has been delayed by nine months. The construction of the trunk line will be concluded in December 2011 instead of March 2011 as had been planned, and all construction work on the pipeline, including support infrastructure will be concluded in December 2013 instead December 2011.

Personnel information

Following the split of the Department of Minerals and Energy, which had 1 428 full time and contract employees, 325 employees were transferred to the Department of Energy. The approved structure of the department, in line with its new mandate, is 925 posts. Due to lack of funding, only 474 posts could be filled in 2010/11. These numbers are expected to increase to 694 over the MTEF period.

Departmental receipts

Departmental revenue is derived from the receipt of administration fees for licence applications processed in terms of the Petroleum Products Amendment Act (2003). Revenue has grown from R1.2 million in 2007/08 to R3.7 million 2009/10, at an average annual rate of 45.3 per cent as a result of the increase in licence fees. Revenue is expected to increase marginally over the MTEF period to R4.2 million, at an average annual rate of 4.6 per cent.

Table 29.3 Departmental receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2007/08	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
Departmental receipts	1 201	3 343	4 429	3 684	3 684	3 867	4 058	4 215
Sales of goods and services produced by department	1 201	3 343	4 429	3 684	3 684	3 867	4 058	4 215
Total	1 201	3 343	4 429	3 684	3 684	3 867	4 058	4 215

Programme 1: Administration

Expenditure estimates

Table 29.4 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R million	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Ministry ¹	–	–	11.2	10.6	21.5	21.9	22.3
Management	3.4	9.0	11.4	12.4	28.9	30.3	30.9
Audit Services	–	2.4	2.2	3.0	2.9	2.8	2.7
Corporate Services	52.7	37.9	44.8	52.9	44.7	42.5	41.8
Financial Management	0.0	21.1	28.6	39.8	62.0	44.4	45.4
Office Accommodation	5.0	4.9	0.0	7.1	7.5	7.9	8.4
Total	61.1	75.3	98.2	125.7	167.5	149.9	151.5
Change to 2010 Budget estimate				21.5	39.8	43.0	(14.2)

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

Table 29.4 Administration (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Economic classification							
Current payments	59.2	71.4	91.9	120.5	159.3	144.5	146.2
Compensation of employees	14.6	25.5	38.7	51.8	81.7	86.7	84.0
Goods and services	44.6	45.8	53.1	68.7	77.6	57.8	62.2
of which:							
Communication	1.9	2.4	3.2	3.7	7.8	5.2	5.3
Consultants and professional services:	7.9	4.9	7.8	5.4	6.4	3.8	4.2
Business and advisory services							
Lease payments	5.0	4.5	5.1	11.8	13.7	13.2	13.7
Travel and subsistence	19.0	19.3	23.9	16.4	21.1	18.4	20.5
Economic classification							
Transfers and subsidies	0.2	0.4	0.1	0.3	0.3	0.4	0.4
Households	0.2	0.4	0.1	0.3	0.3	0.4	0.4
Payments for capital assets	1.6	3.4	6.0	4.8	7.8	5.1	4.9
Machinery and equipment	1.1	2.9	5.6	4.8	7.8	5.1	4.9
Software and other intangible assets	0.5	0.6	0.4	–	–	–	–
Payments for financial assets	–	0.1	0.2	–	–	–	–
Total	61.1	75.3	98.2	125.7	167.5	149.9	151.5

Expenditure trends

Over the medium term, spending focus will be on developing organisational capacity to cater for expenditure for the new ministry and strengthening the department's support service structure. This includes appointing new staff in key positions, such as the chief financial officer, and internal audit and human resources managers.

Between 2007/08 and 2010/11, expenditure increased from R61.1 million to R125.7 million, at an average annual rate of 27.2 per cent. The increase was largely due to building financial management capacity as this is a newly established department. Expenditure is expected to increase to R151.5 million over the medium term, at an average annual rate of 6.4 per cent. The increase over the medium term is partly due to the allocation of additional funding to expand the staff complement to enable the newly established department to carry out its mandate effectively.

Programme 2: Energy Policy and Planning

- *Electricity Policy* develops, implements and reviews electrification and electricity supply policy. This subprogramme has 91 approved posts and a total budget of R13.6 million in 2011/12, of which 85.2 per cent is used for compensation of employees and 14.8 per cent for related goods and services. The subprogramme supports the development, implementation, research into national and international trends, the monitoring of policy relating to the electricity generation and transmission, electricity distribution industry and electricity regulation. The current staff complement consists of 28 funded and 3 posts additional to the establishment.
- *Hydrocarbons Policy* develops, implements and reviews hydrocarbons policy and regulations for coal and gas and promotes transformation of the petroleum and gas sectors. This subprogramme has 19 approved posts and a total budget of R1.5 billion in 2011/12, of which 99.3 per cent is transferred to Transnet for the construction of the national multi-products pipeline. This subprogramme is currently supported by 18 staff members.
- *Nuclear Policy* develops and reviews policies and legislation as required by international agreements and governance of the nuclear sector in South Africa. This subprogramme has 16 approved posts and an existing staff complement of 2 with a total budget of R2.1 million in 2011/12 of which 100 per cent is used for compensation of employees and related goods and services.
- *Energy Planning and Research* ensures security of energy supply by developing, implementing and maintaining a national integrated energy plan for continued access to energy; manages economic research

and forecasting on global economic matters; and monitors macroeconomic trends and geopolitical issues that impact on the energy industry. This subprogramme has 25 funded positions and 64 approved posts and a total budget of R20.6 million in 2011/12, of which 100 per cent is used for compensation of employees and related goods and services. Over the MTEF period, the programme will manage the planning of each supply options market sector, develop plans based on appropriate modelling for generation, refining, distribution and transmission of energy resources, develop sector demand profiles in relation to the supply sector, and oversee the design, implementation and maintenance of the overall energy modelling system and the publication of energy reports, data and information.

Objectives and measures

- Improve the security of energy supply through fostering investments in storage for liquid fuels by developing the national strategic fuel stocks policy, which specifies minimum stock levels to drive companies to build facilities capable of storing such stock, by March 2011.
- Ensure well managed, efficient and safe electricity, nuclear and clean energy industries by:
 - Support planning for the commissioning of the next nuclear power plant by 2023
 - developing strategies to achieve electricity savings of 12 per cent by 2015, based on forecast energy demand.

Expenditure estimates

Table 29.5 Energy Policy and Planning

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R million	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Electricity Policy	7.7	11.5	31.1	12.1	13.6	14.8	21.2
Hydrocarbons Policy	16.3	29.0	20.4	1 508.1	1 510.6	1 510.2	16.1
Nuclear Policy	11.4	15.1	6.6	3.5	2.1	2.1	20.6
Energy Planning and Research	22.1	14.4	18.4	24.9	20.6	19.1	20.0
Total	57.7	70.0	76.5	1 548.6	1 547.0	1 546.2	77.9
Change to 2010 Budget estimate				8.0	(46.7)	(51.7)	(6.1)
Economic classification							
Current payments	57.7	69.8	75.7	48.6	47.0	46.2	77.9
Compensation of employees	26.0	30.3	26.1	38.4	30.4	32.6	44.6
Goods and services	31.6	39.5	49.6	10.3	16.6	13.6	33.3
of which:							
Communication	0.1	0.6	1.1	0.1	0.3	0.2	0.6
Consultants and professional services:	13.5	3.2	12.7	0.4	0.5	0.4	0.5
Business and advisory services							
Lease payments	–	–	7.2	–	–	–	–
Travel and subsistence	8.5	7.8	12.2	4.1	10.7	9.0	19.6
Transfers and subsidies	–	0.1	–	1 500.0	1 500.0	1 500.0	–
Public corporations and private enterprises	–	–	–	1 500.0	1 500.0	1 500.0	–
Households	–	0.1	–	–	–	–	–
Payments for capital assets	–	0.0	0.8	–	–	–	–
Machinery and equipment	–	0.0	0.8	–	–	–	–
Payments for financial assets	–	0.1	0.0	–	–	–	–
Total	57.7	70.0	76.5	1 548.6	1 547.0	1 546.2	77.9
Details of selected transfers and subsidies							
Public corporations and private enterprises							
Public corporations							
Public corporations - subsidies on products and production							
Capital	–	–	–	1 500.0	1 500.0	1 500.0	–
Transnet	–	–	–	1 500.0	1 500.0	1 500.0	–

Expenditure trends

The spending focus over the medium term will be on the development of an energy modelling system and regulatory accounts framework.

Between 2007/08 and 2010/11, spending increased from R57.7 million to R1.5 billion, at an average annual rate of 199.5 per cent. Over the medium term, spending is expected to decrease to R77.9 million, at an average annual rate of 63.1 per cent. The decrease in spending between 2010/11 and 2012/13 is due to the discontinuation of payments of R1.5 billion per year made in the *Hydrocarbons Policy* subprogramme to Transnet for the construction of the national multi-products pipeline. Spending in the *Nuclear Policy* subprogramme increases by R18.6 million in 2013/14 as a result of the review on regulatory framework to support the nuclear build programme.

Programme 3: Energy Regulation

- *Petroleum Licensing and Monitoring* manages petroleum licence activities; and enforces technical, legal and economic compliance with legislation, specifications, standards and conditions. This subprogramme has a 91 posts and 134 approved positions and a total budget of R33.2 million, of which 100 per cent is used for compensation of employees and related goods and services. The programme provides specialised administrative support services, regulates the issuing of petroleum licenses, conducts inspections, audits and investigations to enforce the Petroleum Products Act (2003) and manages and coordinates the regional petroleum licensing system and advisory services.
- *Hydrocarbons Operations* regulates the pricing of petroleum products, oversees the security of liquid fuels, promotes public awareness on the safe use of petroleum products, and provides energy advisory services. This subprogramme has 21 funded posts and a total budget of R9.1 million, of which 92.5 per cent is used for compensation of employees and related goods and services. The 20-year liquid fuel infrastructure road map project, which seeks to map out the long term orderly development of the liquid fuels industry and the associated infrastructure, will start in February 2011 and will take about 9 months to be completed.
- *Clean Energy* facilitates implementing renewable energy and energy efficiency technologies, and regulates and promotes clean development mechanism activities. This subprogramme has 29 funded posts and a total budget of R480.5 million and transfers 96.8 per cent of allocations to municipalities, public enterprises and private enterprises for demand side management and renewable energy projects. In 2009/10, the following outputs were achieved: the subprogramme subsidised two projects worth 9MW (against a targeted 20MW) involving landfill gas in KwaZulu-Natal and a small-scale hydro project in Free State; completed the institutional arrangements to prepare for the launch of the working for energy programme. Estimates for 2009/10 indicate that 100MW (against a target of 400MW) savings were achieved through fiscal funding to Eskom, and the municipality energy efficiency and demand side management programme, which was allocated R250 million. In 2009, 17 service level agreements with municipalities to the value of R100 million were signed and funds have been transferred.
- *Public Entity Oversight* transfers, manages and monitors funds in support of the department's mandates to funded and non-funded statutory bodies and organisations. This subprogramme shares its staff complement with the *Clean Energy* programme and has a total budget of R31.9 million, of which 100 per cent is transferred to the Electricity Distribution Industry Holdings and the South African National Energy Development Institute, which were established to promote energy efficiency and research within the sector.

Objectives and measures

- Facilitate the implementation and adoption of new and renewable energy technologies by providing increased financial support through the renewable energy finance and subsidy scheme and other support programmes, aimed at meeting the 2013 target of 10 000GWh generation from clean energy sources.
- Oversee the construction of the national multipurpose petroleum pipeline and related specifically allocated capital transfers over the MTEF period by regularly publishing progress reports.
- Strengthen the regulatory framework in the petroleum products industry by implementing the regulatory accounting system before March 2011.

- Encourage research and development for energy related technologies, with a key focus on energy efficiency and mitigating greenhouse gases, by establishing the South African National Energy Development Institute by March 2011.
- Improve the countrywide availability of petroleum products by licensing retail, manufacturing and wholesale operators within 90 days of receiving confirmation of the publication of their licence applications.
- Facilitate the participation of historically disadvantaged individuals in the petroleum sector by licensing 25 per cent of all licence applications by historically disadvantaged individuals in each year of the MTEF period.

Expenditure estimates

Table 29.6 Energy Regulation

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R million	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Petroleum Licensing and Monitoring	37.3	35.6	27.5	32.4	33.2	32.6	40.5
Hydrocarbons Operations	7.5	10.6	12.2	8.3	9.1	9.4	26.9
Clean Energy	18.4	187.6	273.2	386.2	480.5	81.3	94.5
Public Entity Oversight	65.9	79.3	72.2	61.6	31.9	22.1	22.3
Total	129.1	313.1	385.1	488.4	554.7	145.4	184.2
Change to 2010 Budget estimate				20.6	66.9	42.2	(9.2)
Economic classification							
Current payments	59.8	58.4	57.9	57.3	57.7	54.9	89.7
Compensation of employees	29.9	35.3	44.9	40.2	47.2	49.6	64.6
Goods and services	30.0	23.0	13.0	17.1	10.5	5.3	25.1
of which:							
Communication	–	0.1	0.3	0.5	0.6	0.3	1.2
Consultants and professional services:	12.2	4.7	2.8	9.2	0.8	0.4	4.2
Business and advisory services							
Lease payments	–	–	–	0.1	–	–	–
Travel and subsistence	9.7	10.3	7.4	3.8	7.5	3.7	14.6
Transfers and subsidies	69.3	254.7	327.2	431.2	497.0	90.5	94.5
Provinces and municipalities	–	–	175.0	220.0	280.0	–	–
Departmental agencies and accounts	65.9	79.3	72.2	61.6	31.9	22.1	22.3
Public corporations and private enterprises	3.3	175.4	80.0	149.6	185.1	68.4	72.1
Total	129.1	313.1	385.1	488.4	554.7	145.4	184.2

Details of selected transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	65.9	79.3	72.2	61.6	31.9	22.1	22.3
Electricity Distribution Industry Holdings	65.9	69.3	72.2	61.6	11.8	–	–
Electricity Distribution Industry Holdings	–	10.0	–	–	–	–	–
South African National Energy Development Institute	–	–	–	–	20.1	22.1	22.3
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	–	–	175.0	220.0	280.0	–	–
Municipalities	–	–	175.0	220.0	280.0	–	–
Public corporations and private enterprises							
Public corporations							
Public corporations - subsidies on products and production							
Current	–	170.0	74.5	108.9	118.8	–	–
National Energy Efficiency and Demand Side Management	–	170.0	74.5	108.9	118.8	–	–

Table 29.6 Energy Regulation (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Public corporations and private enterprises							
Private enterprises							
Other transfers to private enterprises							
Current	3.3	5.4	5.6	40.7	66.3	68.4	72.1
Renewable Energy Service Providers	3.3	5.4	5.6	20.7	41.3	68.4	72.1
South African National Energy Development Institute	–	–	–	20.0	25.0	–	–

Expenditure trends

The spending focus over the medium term will be mainly to increase capacity in the programme and increase support towards the renewable energy subsidy scheme.

Spending increased from R129.1 million in 2007/08 to R488.4 million in 2010/11, at an average annual rate of 55.8 per cent. The increase in spending between 2009/10 and 2011/12 was due to the allocation of additional funding of R249 million, R329 million and R399 million in each year to cover costs related to implementing a dedicated programme to roll out compact fluorescent light bulbs. The funds are earmarked for transfers to Eskom and municipalities to roll out energy efficiency initiatives, including the demand side management programme in the *Clean Energy* subprogramme.

Over the medium term, spending is expected to decrease to R184.2 million, at an average annual rate of 27.8 per cent as, first, the grant will be discontinued in 2011/12 and, second, transfers to Energy Distribution Industry Holdings will be discontinued due to the Cabinet decision to close Energy Distribution Industry Holdings down and discontinue the creation of a regional electricity distribution network.

Expenditure on compensation of employees is expected to increase from R40.2 million in 2010/11 to R64.6 million in 2013/14, due to salary adjustments and the allocation of additional funding for the petroleum licensing and monitoring functions.

Programme 4: National Electrification Programme

- *Business Planning* manages the electrification planning, funding and implementation process rehabilitation of municipal distribution assets. This subprogramme has 39 funded posts and 13 additional posts and a total budget of R302.3 million in 2010/11, of which 93.3 per cent was used for generators and connections for the 2010 FIFA Confederation and World Cup tournaments. The aim of the subprogramme is to manage and coordinate technical audits, oversee the funding processes, develop electrification infrastructure plans, integrate grid and non-grid electrification, and develop electrification sector plans that are aligned with other service sectors.
- *Grant Management and Monitoring* oversees the grant distribution and Division of Revenue Act (2010) implementation processes to address the electrification backlog for providing universal access. This subprogramme shares its staff complement with the *Business Planning* subprogramme and has a total budget of R2.9 billion, of which 100 per cent is used for transfer payments to Eskom, municipalities and non-grid electricity service providers for the implementation of the national electrification programme. In 2009/10, contracts awarded to BEE businesses and SMMEs amounted to R261.1 million. 3 954 temporary and 371 permanent jobs were created through the integrated national electrification programme. In the same year, 741 learners took part in electrification projects against a targeted 800. In 2009/10, municipalities achieved 48 742 connections, 3 663 connections more than in 2008/09. Furthermore, the gazetted connections were 28 682 more in 2009/10 than in 2008/09. Eskom provided 98 957 household connections, 919 more than targeted for 2009/10.

Objectives and measures

- Increase access to electricity by monitoring the implementation of the integrated national electrification programme, which aims to connect 540 000 households by 2012.
- Address the rehabilitation of municipal electricity distribution assets by regularly monitoring and evaluating distribution asset management to ensure the preservation of distribution infrastructure.

Expenditure estimates

Table 29.7 National Electrification Programme

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R million	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Business Planning	4	5	5	20	302	19	21
Grant Management and Monitoring	1 554	1 914	2 517	2 864	2 905	3 120	3 291
Total	1 559	1 919	2 522	2 885	3 208	3 139	3 312
Change to 2010 Budget estimate				61	302	19	(2)
Economic classification							
Current payments	4	5	5	20	20	19	21
Compensation of employees	3	3	3	13	15	16	15
Goods and services	2	2	2	7	5	3	5
of which:							
Travel and subsistence	1	1	1	4	5	3	5
Transfers and subsidies	1 554	1 914	2 517	2 864	3 187	3 120	3 291
Provinces and municipalities	462	589	900	1 020	1 097	1 151	1 215
Public corporations and private enterprises	1 092	1 325	1 618	1 844	2 091	1 968	2 077
Total	1 559	1 919	2 522	2 885	3 208	3 139	3 312
Details of selected transfers and subsidies							
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Capital	462 492	589 139	899 554	1 020 104	1 096 612	1 151 443	1 214 772
Integrated National Electrification Programme (Eskom) Grant	462 492	589 139	899 554	1 020 104	1 096 612	1 151 443	1 214 772
Public corporations and private enterprises							
Public corporations							
Public corporations - subsidies on products and production							
Capital	1 018 083	1 240 758	1 616 315	1 719 810	1 737 812	1 882 057	1 985 570
Eskom: Integrated National Electrification Programme	1 018 083	1 240 758	1 616 315	1 719 810	1 737 812	1 882 057	1 985 570
Public corporations and private enterprises							
Private enterprises							
Private enterprises - subsidies on products and production							
Capital	73 919	84 000	1 289	124 200	352 861	86 400	91 152
Local Organising Committee 2010 World Cup	–	–	–	–	282 000	–	–
Integrated National Electrification Programme	73 919	84 000	1 289	124 200	70 861	86 400	91 152

Expenditure trends

The spending focus over the medium term will be on making transfer payments to Eskom and municipalities for the integrated national electrification programme.

Between 2007/08 and 2010/11, spending grew from R1.5 billion to R2.9 billion, at an average annual rate of 22.8 per cent. Over the medium term, spending is expected to increase to R3.3 billion, at an average annual rate of 4.7 per cent. The growth in expenditure over the seven-year period is due to additional allocations for the integrated national electrification programme, which rose from R1.6 billion in 2007/08 to R3.3 billion in

2013/14. Additional allocations were used to cover costs associated with the rehabilitation of electricity infrastructure and capital inflation adjustments.

Programme 5: Nuclear Energy and Regulation

- *Nuclear Safety and Technology* aims to improve the governance of the nuclear sector, specifically in relation to nuclear safety and nuclear technology. The subprogramme has 7 funded posts and a budget of R9.8 million in 2011/12. The subprogramme is the anchor point for implementation of the nuclear energy policy of 2008 as a national nuclear programme in line with the Integrated Resource Plan requirements. In order to account for and control nuclear materials and related equipment within the Republic, in 2009/10, 55 authorisations (22 import, 13 export, 10 possession, 3 acquire, 5 disposals and 2 transfers) were issued to different organisations for the acquisition, possession, transport, use, and import and export of nuclear material. A memorandum of understanding with the South African Revenue Service has been approved to enhance the monitoring of nuclear material and related equipment through ports of entry to ensure compliance with the Nuclear Energy Act (1999).
- *Nuclear Non-proliferation and Radiation Security* manages and implements all matters related to nuclear non-proliferation and radiation security as required by legislation and international agreements. The subprogramme has 7 funded posts and 2 additional posts and a budget of R3.2 million in 2011/12. In order to strengthen the country's research and development capacity and capability, the agreement on cooperation in research and development of nuclear energy was signed with the United States of America in 2009. Other agreements for cooperation in the peaceful use of nuclear energy were signed with the People's Democratic Republic of Algeria and the Republic of Korea in 2010. The fourth extension of the African Regional Cooperative Agreement for Research, Development and Training Related to Nuclear Science and Technology, a programme of the International Atomic Energy Agency, was also signed.
- *Public Entity Oversight* facilitates the oversight of statutory bodies and organisations in the nuclear industry. Funding in this subprogramme will mainly be used for compensation of employees, the acquisition of related goods and services and transfer payments to the South African Nuclear Energy Corporation, the National Nuclear Regulator and the National Radioactive Waste Disposal Institute, once it has been established. The budget of the unit is R600.3 million, of which 100 per cent is transferred to the Nuclear Energy Cooperation of South Africa and the National Nuclear Regulator.

Objectives and measures

- Ensure a well managed, efficient and safe nuclear energy industry through:
 - implementing the nuclear energy policy by developing appropriate strategies to facilitate the commissioning of the next nuclear power plants as guided by the integrated resource plan by 2013/14
 - regulating the security of nuclear material and facilities by developing appropriate regulations by 2012 for the physical protection of nuclear material
 - strengthening the control and accounting for nuclear materials and related equipment by enforcing the relevant regulations and facilitating, by 2013, the installation of monitoring equipment at identified ports of entry in conjunction with the South African Revenue Service
 - establishing the appropriate institutional arrangements for the safe management and disposal of radioactive waste as provided for in the radioactive waste management policy and strategy by 2013
 - ensuring South Africa's compliance with the legally binding international treaties and protocols it has entered into.

Expenditure estimates

Table 29.8 Nuclear Energy and Regulation

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
R million							
Nuclear Safety and Regulation	8.0	7.7	13.0	5.6	9.8	7.5	9.9
Nuclear Non-proliferation and Radiation Security	8.8	2.0	8.0	1.7	3.1	3.3	4.6
Public Entity Oversight	406.3	575.1	587.9	594.1	600.3	584.1	564.7
Total	423.1	584.8	608.9	601.4	613.2	594.9	579.2
Change to 2010 Budget estimate				2.0	(11.9)	(15.9)	(51.3)

Table 29.8 Nuclear Energy and Regulation (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Economic classification							
Current payments	16.9	9.7	21.0	7.3	12.9	10.8	14.5
Compensation of employees	12.3	9.0	20.5	4.5	7.5	7.8	9.9
Goods and services	4.5	0.7	0.5	2.8	5.5	3.0	4.6
of which:							
Communication	–	0.0	–	0.0	0.1	0.0	0.1
Consultants and professional services:	0.2	0.1	0.1	–	0.0	0.0	0.0
Business and advisory services							
Travel and subsistence	1.6	0.5	0.4	0.6	0.6	0.6	0.7
Transfers and subsidies	406.3	575.1	587.9	594.1	600.3	584.1	564.7
Departmental agencies and accounts	18.0	20.3	23.8	20.0	14.2	11.0	10.7
Public corporations and private enterprises	388.3	554.7	564.1	574.1	586.0	573.0	554.0
Total	423.1	584.8	608.9	601.4	613.2	594.9	579.2
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Capital	17.4	19.7	22.9	19.1	13.8	10.7	10.3
National Nuclear Regulator	17.4	19.7	22.9	19.1	13.8	10.7	10.3
Public corporations and private enterprises							
Public corporations							
Public corporations - subsidies on products and production							
Current	303.3	465.6	475.4	490.5	505.8	494.6	478.2
South African Nuclear Energy Corporation Ltd	303.3	465.6	475.4	490.5	505.8	494.6	478.2
Capital	84.9	89.2	88.7	83.6	80.2	78.5	75.9
South African Nuclear Energy Corporation Ltd	84.9	89.2	88.7	83.6	80.2	78.5	75.9

Expenditure trends

Spending over the MTEF period will focus on leading the integrated nuclear infrastructure review, setting up the National Radioactive Waste Disposal Institute and supporting the Nuclear Energy Corporation of South Africa.

The increase in spending in the *Nuclear Safety and Regulation* subprogramme is attributable to expenditure on activities related to the development and implementation of the nuclear energy policy. Expenditure on compensation of employees is expected to increase from R4.5 million in 2010/11 to R9.9 million in 2013/14, due to salary adjustments and the allocation of additional funding for nuclear functions. Transfer payments to the National Nuclear Energy Corporation of South Africa represent 96 per cent of the programme's total expenditure.

Expenditure is projected to decrease over the MTEF period, from R601.4 million in 2010/11 to R579.2 million in 2013/14. The decrease in expenditure is due to the reduction in transfers to the National Nuclear Energy Corporation of South Africa and the National Nuclear Regulator as these entities increase their own revenue.

Public entities and other agencies

South African Nuclear Energy Corporation

Strategic overview: 2007/08 – 2013/14

The South African Nuclear Energy Corporation derives its mandate from the Nuclear Energy Act (1999), directives conferred on it by the Minister of Energy, and the nuclear energy policy of 2008. The corporation's main function is to serve as the anchor for nuclear energy research and development and innovation in South Africa. The strong research focus is directed mainly at nuclear technology applications, particularly relating to: medical isotopes production; applied chemistry with an emphasis on uranium chemistry; the application of radiation and nuclear technologies; and aspects of the nuclear fuel cycle (including waste).

The corporation is also responsible for operating the SAFARI-1 research reactor (to undertake nuclear science research and development and to provide irradiation services for the production of medical radioisotopes); decommissioning and decontaminating nuclear facilities; and implementing the Nuclear Non-Proliferation Treaty and the Comprehensive Safeguards Agreement with the International Atomic Energy Agency, the Africa Regional Cooperative Agreement for Research, Development and Training related to Nuclear Science and Technology, and the Pelindaba Treaty.

The corporation's mandate is executed around three strategic clusters: the nuclear power cluster; the radiation products and services cluster; and Necsa as host of nuclear programmes cluster.

Over the MTEF period, the corporation will focus on: radiation research, products and services; nuclear fuel research and development in relation to low enriched uranium research reactor production facilities; nuclear component manufacturing to support future nuclear programmes and future power reactors; to contribute to higher industrial manufacturing standards and sustainable job creation.

Savings and cost effective service delivery

Over the MTEF period, transfers to the South African Nuclear Energy Corporation were cut by R103.7 million, which the corporation will have to absorb through cost containment measures.

Selected performance indicators

Table 29.9 South African Nuclear Energy Corporation

Indicator	Objectives	Past			Current	Projections		
		2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Annual percentage growth in group sales (actual sales in R'million)	All	1.5% (443.8)	40% (621.4)	69.3% (1 051.7)	1% (1 062.5)	9.9% (1 168.1)	10.3% (1 287.9)	11.6% (1 437.6)
Number of published scientific articles per year	Research and development	16	21	26	27	32	38	45
Number of innovations per annum delivering economic value	Research and development	8	7	8	25	10	12	14
Maximum allowable annual dose in terms of licence (micro Sieverts, µSv)	Nuclear Programme Cluster	–	–	5.5	6.8	6.4	4.7	4.5
Public awareness on nuclear technologies (EMEX assessment with maximum 15 points)	Support Services	–	–	15	15	15	15	15

Details of programmes/activities/objectives

Table 29.10 South African Nuclear Energy Corporation

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Nuclear Energy Programme Cluster	–	–	–	178.0	212.8	232.7	280.7
Radiation Products and Services Programmes Cluster	–	–	–	799.0	832.4	920.9	987.9
Necsa as a Host of Nuclear Programme Cluster	–	–	–	369.4	371.6	413.0	442.4
Support Services	–	–	–	222.2	216.8	219.8	225.8
Other Objectives	872.6	1 073.5	1 448.3	–	72.0	70.1	22.4
Total expense	873	1 073	1 448	1 569	1 706	1 856	1 959

The **Nuclear Power Cluster** refers to the corporation's nuclear fuel development and production programmes as well as projects to support the South African nuclear energy programme, covering the entire fuel cycle. Extensive pre-feasibility studies have been carried out on the nuclear fuel cycle in line with the requirements of the nuclear energy policy and selected further studies and laboratory work, mainly to transfer nuclear fuel technology skills to a new generation of professionals are ongoing. An initial siting study report for nuclear fuel cycle facilities has been completed and preparations are well under way to obtain the necessary quality certification for the manufacturing of specialised components for nuclear facilities.

The **Radiation Products and Services Cluster** includes radiation science research and development, especially based on the research facilities offered by the SAFARI-1 reactor, isotope and radiopharmaceutical development and production. As at December 2010, 28 new innovations with the potential to deliver economic benefits have been developed. In the same period, the corporation has published a total of 13 refereed research publications and has 2 successful patents granted internationally.

The **Necsa as Host of Nuclear Programmes Cluster** refers to the corporation's capacity to house nuclear programmes due to its unique integrated safety, health, environmental and quality system, and licensed nuclear infrastructure and capabilities that include nuclear security, licensing, and medical and emergency support services. As at December 2010, there have been zero national key point reportable events. The entity's safety and licence compliance record was maintained and the requirements of its annual safeguards activity plan are being met.

Expenditure estimates

Table 29.11 South African Nuclear Energy Corporation

Statement of financial performance				Revised estimate	Medium-term estimate		
R million	Audited outcome			2010/11	2011/12	2012/13	2013/14
	2007/08	2008/09	2009/10				
Revenue							
Non-tax revenue	503.6	714.1	1 141.1	1 156.7	1 269.3	1 397.0	1 558.1
Sale of goods and services other than capital assets	443.8	621.4	1 051.7	1 062.5	1 168.1	1 287.9	1 437.6
<i>of which:</i>							
<i>Sales by market establishments</i>	443.8	621.4	1 051.7	1 062.5	1 168.1	1 287.9	1 437.6
<i>Other non-tax revenue</i>	59.8	92.7	89.3	94.2	101.2	109.1	120.5
Transfers received	417.1	439.7	471.9	463.4	586.0	573.0	554.0
Total revenue	920.6	1 153.8	1 613.0	1 620.1	1 855.3	1 970.1	2 112.1
Expenses							
Current expense	831.5	1 001.4	1 399.1	1 503.6	1 634.8	1 775.6	1 860.7
Compensation of employees	376.4	423.7	522.8	645.0	682.5	724.9	772.3
Goods and services	412.8	517.2	811.4	779.9	871.5	971.3	1 014.6
Depreciation	32.2	39.6	47.5	76.3	78.4	76.6	70.6
Interest, dividends and rent on land	10.1	20.9	17.4	2.4	2.4	2.8	3.2
Transfers and subsidies	15.2	7.9	–	–	–	–	–
Total expenses	872.6	1 073.5	1 448.3	1 568.5	1 705.5	1 856.4	1 959.3
Surplus / (Deficit)	48.0	80.3	164.7	51.6	149.8	113.7	152.7

Table 29.11 South African Nuclear Energy Corporation (continued)

Statement of financial position	Audited outcome			Revised estimate	Medium-term estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
R million							
Carrying value of assets	242.8	361.1	744.0	808.2	988.7	1 239.5	1 460.8
of which: Acquisition of assets	63.7	113.5	96.5	140.5	258.8	327.5	291.9
Investments	45.0	48.2	62.1	75.4	71.6	46.2	24.3
Inventory	62.5	100.8	93.4	137.7	178.7	197.8	178.1
Receivables and prepayments	150.8	172.8	245.2	215.8	261.3	278.7	303.0
Cash and cash equivalents	167.2	222.7	325.7	356.3	350.4	417.7	442.5
Assets not classified elsewhere	–	13.1	28.8	52.2	52.2	52.2	52.2
Total assets	668.4	918.8	1 499.3	1 645.6	1 902.8	2 232.1	2 460.9
Accumulated surplus/deficit	41.0	56.2	218.8	285.8	378.5	446.2	560.8
Capital and reserves	23.6	4.6	342.1	358.4	359.4	360.7	361.8
Borrowings	10.6	9.3	12.4	50.4	139.7	326.4	370.8
Post-retirement benefits	329.6	331.2	351.2	347.4	353.5	359.9	366.7
Trade and other payables	179.4	222.1	220.7	183.9	186.9	199.5	212.8
Provisions	84.3	106.2	124.3	126.8	129.1	131.6	134.2
Liabilities not classified elsewhere	–	189.4	229.8	292.8	355.5	407.8	453.9
Total equity and liabilities	668.4	918.8	1 499.3	1 645.6	1 902.8	2 232.1	2 460.9

Expenditure trends

The entity derives its revenue from the sale of nuclear technology products, chemical products, nuclear engineering services and transfer payments received from government. Sales of isotopes and related products account for 65.6 per cent of total revenue while transfers received account for 28.6 per cent in 2010/11. Revenue increased from R920.6 million in 2007/08 to R1.6 billion in 2010/11, at an average annual rate of 20.7 per cent. The increase is driven by rising sales of isotopes and related products. Over the medium term, revenue is expected to grow at an average annual rate of 9.2 per cent to reach R2.1 billion.

Expenditure increased from R872.6 million in 2007/08 to R1.6 billion in 2010/11, at an average annual rate of 21.6 per cent. Between 2007/08 and 2010/11, expenditure on goods and services grew at an average annual rate of 23.6 per cent while compensation of employees increased at an average annual rate of 19.7 per cent. Over the medium term, expenditure is expected to grow at an average annual rate of 7.7 per cent, largely driven by the organisation's preparations to implement its responsibilities as stated in the nuclear energy policy as well as to respond to South Africa's nuclear energy expansion programme.

Personnel information

The corporation has a staff complement of 2 147, of which 25 are at board level, 62.3 per cent are professionals and 27.7 per cent are semi-skilled.

Electricity Distribution Industry Holdings

Strategic overview: 2007/08 – 2013/14

During 2003, Electricity Distribution Industry Holdings (Pty) Ltd was incorporated as a public entity in terms of the Public Finance Management Act (1999), the Companies Act (1973), and treasury Regulations with the intention to consolidate 187 municipal and Eskom electricity distributors in a phased manner into an end state of six wall-to-wall regional electricity distributors. This decision was informed by Cabinet's policy document in the 1998 White Paper on Energy. The purpose of the project was to facilitate the provision of affordable, reliable and sustainable electricity distribution, to improve the quality of electricity supply, and to contribute to the country's universal access targets.

However, in December 2010, Cabinet decided to terminate the functioning of the Electricity Distribution Industry Holdings Company and to discontinue the process of creating the regional electricity distributors with immediate effect, and approved the recommendation that the Department of Energy take over the programmes previously executed under the company's mandate. The department will now review the whole electricity value chain with a view to developing a holistic approach to revitalising the country's electricity infrastructure, energy

security and the financial implications. An administrator will be appointed to attend to the winding up of the company. The company board will remain accountable until the end of 2010/11.

Savings and cost effectiveness measure

The company will continue to identify areas where savings can be achieved through implementing measures that reduce expenditure or improve the effectiveness of current spending. R23 million in 2012/13 and R24.3 million in 2013/14 will be derived from reductions in the government transfer to the organisation with effect from 2012/13.

Selected performance indicators

Table 28.12 Electricity Distribution Industry Holdings

Indicator	Programme/Activity	Past			Current	Projections		
		2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Total amount of electricity distribution assets ringfenced	Ringfencing of distribution assets and development of business plans	R15.9m	R163.6m	R421.9m	R310.3m	R16.2m	–	–

Details of programmes/activities/objectives

The purpose of this entity is to afford South African citizens the benefits of electricity distribution in the following manner: implementation of affordable, reliable and sustainable electricity distribution to the poor; enhancing universal access to electricity in the whole of South Africa by 2013; and establishing six wall-to-wall regional electricity distributors. Out of 187 municipalities, 47 are regarded as the critical mass. The entity has successfully ringfenced 40 of these municipalities while 7 are in progress. R16.3 million has been budgeted to complete the project, of which 78 per cent is expended on consultants project related costs.

The Cabinet decision in 2010/11 to close down the company and discontinue the creation of the regional electricity distribution strategy will require work related to closing the entity down in 2011/12.

Expenditure estimates

Table 29.13 Electricity Distribution Industry Holdings

Statement of financial performance				Revised estimate	Medium-term estimate		
R million	Audited outcome			2010/11			
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Revenue							
Non-tax revenue	18.0	27.5	25.2	12.6	6.3	–	–
Other non-tax revenue	18.0	27.5	25.2	12.6	6.3	–	–
Transfers received	81.9	251.0	170.5	61.6	11.4	–	–
Total revenue	99.9	278.5	195.7	74.2	17.8	–	–
Expenses							
Current expense	97.3	279.3	206.9	204.1	16.2	–	–
Compensation of employees	44.2	63.1	62.2	62.2	16.2	–	–
Goods and services	51.0	212.9	141.2	140.0	–	–	–
Depreciation	2.1	3.3	3.6	1.9	–	–	–
Transfers and subsidies	–	1.4	2.0	–	–	–	–
Total expenses	97.3	280.6	209.0	204.1	16.2	–	–
Surplus / (Deficit)	2.6	(2.1)	(13.3)	(129.9)	1.5	–	–
Statement of financial position							
Carrying value of assets	6.8	8.0	6.2	6.2	5.5	–	–
of which: Acquisition of assets	1.8	3.6	1.5	0.9	1.3	–	–
Receivables and prepayments	0.6	0.6	0.7	–	0.6	–	–
Cash and cash equivalents	272.1	245.9	529.2	325.1	105.1	–	–
Total assets	279.5	254.6	536.1	331.2	111.2	–	–
Accumulated surplus/deficit	14.1	16.2	3.0	–	–	–	–
Capital and reserves	–	1.4	1.7	1.4	1.4	–	–
Trade and other payables	18.0	43.6	32.7	32.7	50.3	–	–
Provisions	2.9	2.0	2.6	2.6	2.5	–	–
Liabilities not classified elsewhere	244.5	191.4	496.2	294.6	57.0	–	–
Total equity and liabilities	279.5	254.6	536.1	331.2	111.2	–	–

Expenditure trends

The company generates revenue from transfers from the department and levy charges collected by Eskom for the multi-year price determination for the restructuring of the electricity distribution industry. R1.2 billion in total levies was collected between 2007/08 and 2010/11, which reflects on the statement of financial position and is deposited into the Corporation for Public Deposits as surplus funds. Revenue decreased from R99.8 million in 2007/08 to R74 million in 2010/11, at an average annual rate of 9.4 per cent. This was mainly due to transfers, which decreased from R81.9 million to R61.6 million at an average annual rate of 9.1 per cent. Over the medium term, revenue is expected to decrease to R17.7 million in 2011/12 as the company is expected to close.

Between 2007/08 and 2010/11, expenditure increased from R97.3 million to R204.1 million, at an average annual rate of 28 per cent. The decline of R187.9 million in 2011/12 is due to the phasing out of the restructuring mandate. Over the MTEF period, expenditure is expected to decrease to R16.2 million, which is the final allocation made to the company due to the expiration of its mandate.

Personnel information

The company has a staff complement of 102, of which 13 are at board level and 33 are at the professional level.

Central Energy Fund

Strategic overview: 2007/08 – 2013/14

The Central Energy Fund is listed in schedule 2A of the Public Finance Management Act and is a private company, governed by the Central Energy Fund Act (1977). The company researches, finances, develops and exploits appropriate energy solutions across the spectrum of energy sources to meet South Africa's future energy needs. In terms of its governing legislation, the Central Energy Fund is also mandated to manage the Equalisation Fund, which collects levies from the retail sales of petroleum products to eliminate unnecessary fluctuations in the retail price of liquid fuel and to give tariff protection to the synthetic fuel industry. The Central Energy Fund group consists of 11 operating subsidiaries: the Petroleum, Oil and Gas Corporation of South Africa, the South African Gas Development Company, the Petroleum Agency of South Africa, Oil Pollution Control South Africa, the South African National Energy Institute, the National Energy Efficiency Agency, the Strategic Fuel Fund Association, African Exploration, ETA Energy, CEF Carbon and CCE Solutions.

In light of the energy constraints faced by the country, the Central Energy Fund will focus on improving the security of energy supply by diversifying sources of energy over the medium term. Greater emphasis will also be placed on supply side interventions by building and managing strategic energy stocks and energy infrastructure, investing in and developing renewable and alternative energy sources and investing in energy efficiency, developing human capacity and investing in energy research and development activities, managing and exploiting local strategic energy and related resources, and mitigating environmental impacts and maximising sustainable development.

Savings and cost effectiveness measure

The fund has implemented systems to control and contain operational costs. In 2009/10, all operational costs were successfully held below budget, due to more effective cost management strategies.

Selected performance indicators

Table 29.14 Central Energy Fund

Indicator	Programme/Activity	Past			Current	Projections		
		2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Amount of crude oil maintained as per ministerial directive (millions of barrels (Mbbl) per year	Security of supply	10.3Mbbl	10.3Mbbl	10.3Mbbl	10.3Mbbl	10.3Mbbl	10.3Mbbl	10.3Mbbl
Number of biofuel projects investigated per year	Security of supply	5	3	2	–	–	–	–
Number of new biofuels projects developed per year	Security of supply	–	1	1	1	2	2	2

Table 29.14 Central Energy Fund (continued)

Indicator	Programme/Activity	Past			Current	Projections		
		2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Number of landfill gas sites developed per year	Security of Supply	4	15	26	24	–	–	–
Number of wind farms developed per year	Security of supply	–	1	1	2	1	–	–
Number of new solar water heating units installed per year	Diversity of energy sources	–	500	500	1 000	20 000	40 000	50 000

Details of programmes/activities/objectives

Petroleum, Oil and Gas Corporation of South Africa is involved in the exploration for oil and gas onshore and offshore South Africa, as well as the rest of Africa; the production of environmentally friendly petroleum fuels and petrochemical products from gas and condensate at its synfuels refinery outside Mossel Bay; and the management of oil storage facilities.

The **Energy Development Corporation** pursues commercially viable investments in renewable energy (with the exception of natural oil and other already commercialised and developed energy technologies in Southern Africa). This division focuses on a number of niche areas, commercial projects, developmental projects, which catalyse the renewable energy sector and social projects that benefit previously disadvantaged communities.

Oil Pollution Control South Africa provides oil prevention, control and clean-up services mainly in South African ports and coastal areas in terms of South Africa's National Environmental Management Act (1998).

Petroleum Agency South Africa manages the promotion and licensing of oil and gas exploration, development and production in South Africa and the coastal areas offshore South Africa as part of creating a viable upstream oil industry in the country.

South African Gas Development Company acts as the official agent of the South African government for the development of the hydrocarbon gas industry, comprising liquefied natural gas and petroleum gas.

Expenditure estimates

Table 29.15 Central Energy Fund

Statement of financial performance				Revised estimate	Medium-term estimate		
R million	Audited outcome			2010/11	2011/12	2012/13	2013/14
	2007/08	2008/09	2009/10				
Revenue							
Non-tax revenue	12 744.6	15 131.7	10 561.3	12 099.5	13 681.5	13 540.5	14 156.5
Sale of goods and services other than capital assets	10 425.5	12 360.9	8 559.0	9 811.4	12 217.2	11 880.5	12 697.7
of which:							
Admin fees	–	–	–	0.4	1.3	1.3	–
Sales by market establishments	10 425.5	12 360.9	8 559.0	9 811.0	12 216.0	11 879.2	12 697.7
Other non-tax revenue	2 319.0	2 770.9	2 002.3	2 288.1	1 464.3	1 660.0	1 458.8
Transfers received	–	–	–	–	127.8	95.2	146.3
Total revenue	12 744.6	15 131.7	10 561.3	12 099.5	13 809.3	13 635.8	14 302.8
Expenses							
Current expense	9 830.8	12 768.6	13 014.1	10 801.5	12 777.2	14 328.6	13 787.3
Compensation of employees	132.7	174.2	1 257.0	1 034.8	1 161.0	1 216.3	1 269.8
Goods and services	8 618.0	11 859.1	10 554.1	8 612.5	9 988.2	10 938.9	10 301.5
Depreciation	862.0	441.0	764.3	1 039.2	1 190.2	1 630.0	1 564.3
Interest, dividends and rent on land	218.1	294.2	438.6	115.1	437.8	543.5	651.7
Total expenses	10 525.8	12 797.6	12 723.3	10 834.4	12 777.2	14 328.6	13 787.3
Surplus / (Deficit)	2 218.7	2 334.1	(2 161.9)	1 265.1	1 032.1	(692.9)	515.5

Table 29.15 Central Energy Fund (continued)

Statement of financial performance				Revised estimate	Medium-term estimate		
	Audited outcome						
R million	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Statement of financial position							
Carrying value of assets	5 005.9	6 275.6	6 914.0	7 618.1	8 628.0	11 334.0	11 014.7
of which: Acquisition of assets	1 189.0	2 029.1	1 445.7	1 743.3	2 200.1	4 335.9	1 245.0
Investments	653.6	664.5	660.6	8 408.2	12 220.6	18 034.3	28 228.3
Inventory	3 910.1	3 562.1	3 477.1	3 516.3	3 513.8	3 513.8	3 513.8
Receivables and prepayments	2 353.0	2 105.3	3 615.9	2 615.6	2 079.7	2 188.0	2 362.7
Cash and cash equivalents	15 987.9	16 143.4	15 303.1	12 466.9	12 018.2	8 821.6	9 527.7
Assets not classified elsewhere	2 512.1	3 395.4	3 460.7	173.8	100.4	100.4	100.4
Total assets	30 422.7	32 146.3	33 431.5	34 799.0	38 560.8	43 992.1	54 747.7
Accumulated surplus/deficit	21 046.0	23 380.3	23 278.0	26 016.9	28 472.7	31 494.4	41 739.3
Capital and reserves	57.7	118.2	(80.8)	811.7	924.1	924.9	924.9
Borrowings	517.5	417.1	318.0	1 205.5	2 639.8	4 672.6	5 470.7
Trade and other payables	2 357.7	1 782.4	3 209.1	1 215.4	1 030.5	1 069.8	978.7
Provisions	4 003.8	4 234.5	4 387.6	4 522.7	4 646.9	4 929.7	4 734.7
Managed funds	–	–	–	895.9	846.8	846.8	846.8
Liabilities not classified elsewhere	2 440.6	2 237.8	1 679.7	130.8	–	54.0	52.7
Total equity and liabilities	30 423.3	32 170.3	32 791.6	34 799.0	38 560.8	43 992.1	54 747.7

Expenditure trends

The fund derives its revenue from the sale of energy products, services rendered, royalty receipts and tank rentals. Revenue decreased from R12.7 billion in 2007/08 to R12.1 billion in 2010/11, at an average annual rate of 1.7 per cent. The decrease was due to weak economic conditions experienced in 2009. Revenue is expected to increase to R14.3 billion in 2013/14, at an average annual rate of 5.7 per cent. The growth is due to increases in the oil price and demand for storage.

Expenditure increased from R10.5 billion in 2007/08 to R10.8 billion in 2010/11, at an average annual rate of 1 per cent. Spending is expected to increase to R13.9 billion over the medium term, at an average annual rate of 8.4 per cent. The increase over the medium term is related to the fund's aim to invest in energy infrastructure and develop renewable and alternative energy sources.

The total staff complement of the Central Energy Fund group is 2 151, of which 2009 are permanent employees. The group employs seven top management staff, 57 senior managers, 708 professionals and 1 240 skilled workers.

Other public entities and agencies

Comprehensive coverage of the following public entities is provided with the more detailed information for the vote at www.treasury.gov.za under the budget information link.

The **National Energy Regulator of South Africa** is the regulatory authority for electricity, gas and petroleum. Its budget for 2011/12 is R218.3 million.

The **National Nuclear Regulator** is responsible for the protection of people, property, and the environment against nuclear damage. Its budget for 2011/12 is R140 million.

The **South African National Energy Research Institute** is mandated to stimulate innovation in energy research and development, transform the gender and race profile of researchers in the sector, and improve South Africa's competitiveness in energy research internationally. Its budget for 2011/12 is R89.3 million.

Additional tables

Table 29.A Summary of expenditure trends and estimates per programme and economic classification

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R million	2009/10		2009/10	2010/11			2010/11
Administration	55.2	68.2	98.2	104.2	21.5	125.7	125.7
Energy Policy and Planning	6.2	6.2	76.5	1 540.7	8.0	1 548.6	1 548.6
Energy Regulation	442.4	444.0	385.1	467.8	20.6	488.4	488.4
National Electrification Programme	2 633.3	2 633.3	2 522.1	2 823.3	61.2	2 884.5	2 884.5
Nuclear Energy and Regulation	605.1	605.1	608.9	599.4	2.0	601.4	601.4
Total	3 742.3	3 756.9	3 690.9	5 535.4	113.3	5 648.7	5 648.7
Economic classification							
Current payments	180.9	195.4	251.4	202.1	52.0	254.1	254.1
Compensation of employees	105.2	113.1	133.3	133.0	14.9	147.9	147.9
Goods and services	75.7	82.4	118.1	69.1	37.1	106.2	106.2
Transfers and subsidies	3 558.9	3 558.9	3 432.5	5 328.7	61.0	5 389.7	5 389.7
Provinces and municipalities	1 108.0	1 108.0	1 074.6	1 240.1	–	1 240.1	1 240.1
Departmental agencies and accounts	96.0	96.0	96.0	81.5	–	81.5	81.5
Public corporations and private enterprises	2 354.6	2 354.6	2 261.8	4 006.7	61.0	4 067.7	4 067.7
Households	0.3	0.3	0.1	0.3	–	0.3	0.3
Payments for capital assets	2.6	2.6	6.8	4.6	0.3	4.9	4.9
Machinery and equipment	2.2	2.2	6.4	4.6	0.3	4.9	4.9
Software and other intangible assets	0.4	0.4	0.4	–	–	–	–
Payments for financial assets	–	–	0.2	–	–	–	–
Total	3 742.3	3 756.9	3 690.9	5 535.4	113.3	5 648.7	5 648.7

Table 29.B Detail of approved establishment and personnel numbers according to salary level¹

	Personnel post status as at 30 September 2010			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year ²	Medium-term estimate		
				2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Department	608	693	85	–	–	–	693	694	694	694
Salary level 1 – 6	131	200	69	–	–	–	200	200	200	200
Salary level 7 – 10	277	288	11	–	–	–	288	289	289	289
Salary level 11 – 12	117	119	2	–	–	–	119	119	119	119
Salary level 13 – 16	83	86	3	–	–	–	86	86	86	86
Administration	264	303	39	–	–	–	303	303	303	303
Salary level 1 – 6	98	128	30	–	–	–	128	128	128	128
Salary level 7 – 10	99	104	5	–	–	–	104	104	104	104
Salary level 11 – 12	32	33	1	–	–	–	33	33	33	33
Salary level 13 – 16	35	38	3	–	–	–	38	38	38	38
Energy Policy and Planning	115	123	8	–	–	–	123	123	123	123
Salary level 1 – 6	15	22	7	–	–	–	22	22	22	22
Salary level 7 – 10	53	53	–	–	–	–	53	53	53	53
Salary level 11 – 12	33	34	1	–	–	–	34	34	34	34
Salary level 13 – 16	14	14	–	–	–	–	14	14	14	14
Energy Regulation	134	151	17	–	–	–	151	151	151	151
Salary level 1 – 6	13	30	17	–	–	–	30	30	30	30
Salary level 7 – 10	82	82	–	–	–	–	82	82	82	82
Salary level 11 – 12	18	18	–	–	–	–	18	18	18	18
Salary level 13 – 16	21	21	–	–	–	–	21	21	21	21
National Electrification Programme	35	48	13	–	–	–	48	49	49	49
Salary level 1 – 6	1	13	12	–	–	–	13	13	13	13
Salary level 7 – 10	16	17	1	–	–	–	17	18	18	18
Salary level 11 – 12	15	15	–	–	–	–	15	15	15	15
Salary level 13 – 16	3	3	–	–	–	–	3	3	3	3

Table 29.B Detail of approved establishment and personnel numbers according to salary level¹ (continued)

	Personnel post status as at 30 September 2010			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year ² 2010/11	Medium-term estimate		
				2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Nuclear Energy and Regulation	60	68	8	–	–	–	68	68	68	68
Salary level 1 – 6	4	7	3	–	–	–	7	7	7	7
Salary level 7 – 10	27	32	5	–	–	–	32	32	32	32
Salary level 11 – 12	19	19	–	–	–	–	19	19	19	19
Salary level 13 – 16	10	10	–	–	–	–	10	10	10	10

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

2. As at 30 September 2010.

Table 29.C Summary of expenditure on training

	Audited outcome			Adjusted appropriation 2010/11	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Compensation of employees (R million)	85.5	103.0	133.3	147.9	181.7	192.4	218.3
Training expenditure (R million)	0.7	1.6	2.1	2.1	2.7	2.9	3.3
Training as percentage of compensation	0.9%	1.6%	1.6%	1.4%	1.5%	1.5%	1.5%
Total number trained in department (head count)	84	84	84	–			
<i>of which:</i>							
Employees receiving bursaries (head count)	23	21	20	24			
Internships trained (head count)	84	84	84	55			
Households receiving bursaries (R million)	–	100.0	85.0	182.6	–	–	–
Households receiving bursaries (head count)	–	2	2	4			

Table 29.D Summary of expenditure on infrastructure

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
R million										
Infrastructure transfers to other spheres, agencies and departments										
Integrated national electrification programme: Eskom	Provision of capital subsidies to Eskom to address electrification backlogs for permanently occupied residential dwellings, install bulk infrastructure, and rehabilitate electrification infrastructure	Various	-	973.1	1 150.8	1 467.4	1 719.8	1 737.8	1 882.1	1 985.6
Integrated national electrification programme: municipalities	Provision of capital subsidies to municipalities to address electrification backlogs for permanently occupied residential dwellings, install bulk infrastructure, and rehabilitate electrification infrastructure	Various	-	462.5	589.1	933.0	1 020.1	1 096.6	1 151.4	1 214.8
Petronet (Transnet pipelines)	Construction of petroleum pipeline, branch lines and storage facilities	Various	-	-	-	-	1 500.0	1 500.0	1 500.0	-
Total			-	1 435.6	1 739.9	2 400.3	4 239.9	4 334.4	4 533.5	3 200.3

Vote 30

Environmental Affairs

Budget summary

R million	2011/12				2012/13	2013/14
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	280.8	279.3	–	1.5	360.5	376.7
Environmental Quality and Protection	330.7	154.5	175.6	0.6	354.4	380.7
Oceans and Coasts	723.3	217.9	–	505.4	227.4	245.7
Climate Change	223.2	223.2	–	–	24.4	25.9
Biodiversity and Conservation	430.4	79.6	350.6	0.2	474.7	497.6
Sector Services, Coordination and Information Management and International Relations	857.6	164.6	692.8	0.3	958.0	1 116.4
Total expenditure estimates	2 846.1	1 119.1	1 219.0	508.0	2 399.3	2 643.0
Executive authority	Minister of Environmental Affairs					
Accounting officer	Director General of Environmental Affairs					
Website address	www.environment.gov.za					

More detailed information for each vote is available at www.treasury.gov.za. More comprehensive coverage of vote specific information, particularly on goods and services, transfers and subsidies, donor funding, public entities and lower level institutional information is provided.

Aim

Lead South Africa's environmental sector to achieve sustainable development towards a better quality of life for all.

Programme purposes

Programme 1: Administration

Purpose: Strategic leadership, centralised administration and executive support and corporate services.

Programme 2: Environmental Quality and Protection

Purpose: Protect and improve the quality and safety of the environment to give effect to the right of all South Africans to an environment that is not harmful to health and wellbeing.

Programme 3: Oceans and Coasts

Purpose: Ensure that government, industry and the public are informed, supported, and regulated to act responsibly to conserve the ocean and coastal environment as well as to honour South Africa's local and global obligations.

Programme 4: Climate Change

Purpose: Promote, coordinate and manage an effective national mitigation and adaptation response to climate change.

Programme 5: Biodiversity and Conservation

Purpose: Promote the conservation and sustainable use of natural resources to contribute to economic growth and poverty alleviation.

Programme 6: Sector Services, Coordination and Information Management and International Relations

Purpose: Create conditions for effective corporate and cooperative governance, international cooperation and the implementation of poverty alleviation projects.

Strategic overview: 2007/08 – 2013/14

In line with its vision of creating a prosperous and equitable society living in harmony with the natural environment, the department's key strategic priorities include: the protection, conservation and enhancement of environmental assets, natural and heritage resources; ensuring a sustainable and healthy environment; contributing to sustainable economic growth, livelihoods and social cohesion; providing leadership on climate change action; promoting skills development and employment creation through facilitating green and inclusive economic growth; and creating a better Africa and a better world by advancing national environmental interests through a global sustainable development agenda.

The department also aims to ensure that the potential for economic growth in the sector is maximised, that the interface between the environment and development is effectively managed, and wherever possible that department stimulates economic growth that supports transformation.

Priorities over the medium term

The top priority areas for the department for the medium term include: support to local government in the areas of air quality management, waste management, coastal planning and open space planning; strengthening compliance and enforcement activities; drawing linkages between climate change, the green economy and sustainable development; alignment of governance systems with the new outcomes approach, particularly outcome 10; and focusing on key national and international engagement

Outcomes and related targets

The department's programmes are aligned with government's outcomes approach, especially having environmental assets and natural resources that are well protected and continually enhanced (outcome 10), and the related outputs: reduced greenhouse gas emissions, climate change impacts and improved air/atmospheric quality (output 2); sustainable environmental management (output 3); and protected biodiversity (output 4).

Air quality and waste management

The department promotes behaviour that contributes to sustainable development through the National Environmental Management: Waste Act (2008), particularly recycling efforts, and the National Environmental Management: Air Quality Act (2004) to address monitoring and enforcement in air quality management.

Addressing the impact of climate change

Climate change impacts on global environmental, social and economic systems. In November 2010, the department published the 2010 National Climate Change Response Green Paper for public comment, and a white paper is set to follow in the first half of 2011. In December 2011, South Africa will host the 17th United Nations conference on climate change, and logistical preparations are already under way. The department has also boosted its research efforts to make good quality contributions at the conference.

Protecting the country's flora and fauna

The biodiversity enforcement unit and the national wildlife crime reaction unit have been established to strengthen the protection of South Africa's fauna and flora. Regulations for the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) were published to combat illegal activities and strengthen monitoring and enforcement. The department continues to strengthen its links with the criminal justice system.

Developing infrastructure in the transfrontier conservation areas

The department aims to attract investment for infrastructure development in the transfrontier conservation areas to support the regional integration strategy, and has identified 51 potential investment opportunities. To date, four investment opportunities have yielded investments totalling R120 million.

Employment creation

Employment generation is a key priority in the department's medium term strategic framework and it is intensifying its involvement in the relevant areas of the expanded public works programme, particularly in relation to generating green jobs. The department's employment creation strategy aims to integrate capital, technical expertise and technology with its agenda for the environment.

Savings and cost effectiveness measures

The department has implemented adjustments to the baseline for savings on non-core goods and services of R85.4 million in 2011/12, R87.8 million in 2012/13 and R92.2 million in 2013/14. Of these savings, R76.9 million in 2011/12, R78.6 million in 2012/13 and R84.2 million in 2012/13 was reallocated to spending in compensation of employees. The department will continue to investigate other cost effective measures during the MTEF period, including finding more cost efficient ways of travelling, making use of video conferencing where possible, and not using catering for internal meetings.

Selected performance indicators

Table 30.1 Environmental Affairs

Indicator	Programme	Past			Current	Projections		
		2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Percentage of all new national environmental impact management applications processed within stipulated timeframes (provided that no more than 400 applications are received)	Environmental Quality and Protection	80%	85%	85%	87%	89%	90%	95%
Number of municipalities for which strategic environmental assessments or environmental management frameworks have been concluded per year	Environmental Quality and Protection	–	–	1	4	4	4	4
Number of waste authorisations issued per year	Environmental Quality and Protection	–	–	42	160	160	160	160
Total number of environmental management inspectors trained	Environmental Quality and Protection	750	950	1 134	1 214	1 290	1 460	1 550
Total number of ambient air quality monitoring stations providing information to the South African air quality information system	Environmental Quality and Protection	11	18	18	41	34	38	42
Number of metros and local municipalities with air quality that does not meet ambient air quality standards	Environmental Quality and Protection	–	–	45	43	41	39	37
Number of new marine protected areas declared per year	Oceans and Coasts	–	20	11	1	1	1	–
Number of research projects completed on marine top predator species per year	Oceans and Coasts	–	–	–	2	2	2	2
Total number of annual relief voyages for South African research teams in Antarctica, and at Marion and Gough islands	Climate Change	3	3	3	3	3	3	3
Percentage of bio-prospecting permit applications and agreements assessed	Biodiversity and Conservation	–	–	100%	80%	80%	80%	90%
Percentage of CITES permit applications assessed	Biodiversity and Conservation	–	–	80%	80%	80%	80%	80%
Percentage of threatened or protected species permit applications assessed	Biodiversity and Conservation	–	–	80%	80%	80%	80%	80%
Percentage of land under conservation	Biodiversity and Conservation	–	5.9%	6.1%	7%	7.5%	8%	8.5%

Table 30.1 Environmental Affairs (continued)

Indicator	Programme	Past			Current 2010/11	Projections		
		2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Hectares of land rehabilitated per year	Biodiversity and Conservation		624ha	686ha	700ha	800ha	900ha	1 000ha
Number of new work opportunities created through expanded public works programme projects per year	Sector Services, Environmental Awareness and International Relations	29 277	14 214	27 563	17 060	17 154	19 450	23 507
Number of full time equivalent jobs created through expanded public works programme projects per year	Sector Services, Coordination and Information Management and International Relations	14 639	7 107	13 782	8 530	8 577	9 725	11 754
Number of new person training days created through expanded public works programme projects per year	Sector Services, Coordination and Information Management and International Relations	–	172 914	69 525	28 434	32 675	34 019	37 788

Expenditure estimates

Table 30.2 Environmental Affairs

Programme				Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
R million	Audited outcome			2010/11		2011/12	2012/13	2013/14
	2007/08	2008/09	2009/10					
Administration	146.5	164.5	211.1	270.2	270.2	280.8	360.5	376.7
Environmental Quality and Protection	241.5	253.5	285.8	322.8	314.0	330.7	354.4	380.7
Oceans and Coasts	177.5	223.9	353.9	679.9	609.9	723.3	227.4	245.7
Climate Change	–	–	–	9.1	9.1	223.2	24.4	25.9
Biodiversity and Conservation	363.4	398.5	386.9	405.9	405.9	430.4	474.7	497.6
Sector Services, Coordination and Information Management and International Relations	635.6	749.4	886.7	750.6	750.6	857.6	958.0	1 116.4
Total	1 564.5	1 789.9	2 124.3	2 438.5	2 359.8	2 846.1	2 399.3	2 643.0
Change to 2010 Budget estimate				(169.3)	(248.0)	28.5	(659.4)	(28.4)
Economic classification								
Current payments	518.5	625.2	685.3	803.0	803.0	1 119.1	1 048.3	1 094.7
Compensation of employees	182.5	197.7	254.0	333.1	333.1	405.2	426.6	451.1
Goods and services	336.1	427.4	431.3	469.9	469.9	713.9	621.8	643.6
of which:								
Agency and support / outsourced services	1.8	0.1	0.4	0.0	0.0	136.5	98.3	88.8
Lease payments	31.8	30.2	77.9	70.4	70.4	71.8	144.1	146.5
Travel and subsistence	48.0	57.4	55.2	78.1	78.1	167.7	121.6	136.8
Operating expenditure	17.4	36.5	32.4	41.0	41.0	59.0	59.0	62.2
Transfers and subsidies	1 036.5	1 160.2	1 297.3	1 166.5	1 157.7	1 219.0	1 346.6	1 528.1
Provinces and municipalities	0.4	0.2	–	–	–	–	–	–
Departmental agencies and accounts	711.9	787.4	763.8	625.8	625.8	611.8	646.5	713.8
Universities and technikons	0.3	–	1.3	–	–	1.0	1.0	–
Foreign governments and international organisations	–	9.0	9.0	9.0	9.0	9.0	9.0	9.0
Non-profit institutions	21.3	26.5	31.8	39.1	30.4	44.6	42.9	45.8
Households	302.6	337.0	491.3	492.6	492.6	552.6	647.2	759.5
Payments for capital assets	9.3	4.5	141.7	469.1	399.1	508.0	4.4	20.2
Machinery and equipment	9.2	3.9	141.3	468.7	398.7	507.6	4.0	19.8
Software and other intangible assets	0.1	0.6	0.4	0.4	0.4	0.4	0.4	0.4
Payments for financial assets	0.1	–	0.1	–	–	–	–	–
Total	1 564.5	1 789.9	2 124.3	2 438.5	2 359.8	2 846.1	2 399.3	2 643.0

Expenditure trends

The spending focus over the medium term will be on the acquisition of the polar research vessel to replace the SA Agulhas. This will result in the effective protection, management and conservation of the ocean and coastal environment using science based evidence. This is reflected in the *Oceans and Coasts* programme.

Between 2007/08 and 2010/11, expenditure increased from R1.6 billion to R2.4 billion, at an average annual rate of 15.9 per cent. This was mainly due to increased expenditure in the *Oceans and Coasts* programme for the replacement of the polar research vessel and in the *Sector Service, Coordination and Information Management and International Relations* programme for the weather service, infrastructure development in parks, and poverty relief projects. Over the medium term, expenditure is expected to grow to R2.6 billion, at an average annual rate of 2.7 per cent. This is mainly due to increased allocations to expanded public works programme projects as well as growth in the newly established *Climate Change* programme. Transfers and subsidies to departmental agencies and accounts and to households constitute 47.4 per cent of the annual allocation in 2010/11 and 55.7 per cent in 2013/14.

The department receives additional allocations of R297.9 million in 2011/12, R146 million in 2012/13 and R186.4 million in 2013/14, of which R200 million in 2011/12 is allocated for climate change projects, including hosting the 17th conference of parties to the UN Framework Convention on Climate Change. Other allocations are to provide for compensation of employees, the expansion of the expanded public works programme, combating wildlife and environmental crime, improving oil spill response capability, and infrastructure investment in the iSimangaliso Wetland Park.

Administrative costs over the MTEF period are R2.3 billion, and the ratio of administrative costs to line function costs is 1:2.3

Infrastructure spending

The department received funding for the acquisition of the polar research vessel to replace the SA Agulhas. The replacement vessel will provide logistical support to the three research bases in Antarctica, Marion Island and Gough Island from 2012/13. R1.1 billion has been allocated for the replacement of the SA Agulhas. The first payment of R131.4 million was made in 2009/10, and R467.3 million has been paid in 2010/11. A final payment of R501.5 million will be made in 2011/12.

Other infrastructure spending over the medium term will be: R10.2 million for the South African Weather Service to replace weather radars, R189.8 million for South African National Parks and R162.9 million for iSimangaliso Wetland Park Authority to upgrade tourist accommodation and facilities, and R45.8 million to upgrade facilities in national botanical gardens.

Personnel information

The department has an approved establishment of 1 086 posts, of which 836 were filled as at September 2010. Over the medium term, the establishment is expected to grow from 858 posts in 2011/12 to 926 posts in 2013/14, and spending on compensation of employees is expected to grow from R405.2 million to R451.1 million over the same period.

The department makes use of consultants for the following specialised tasks: the external and internal audit function, environmental impact assessments, manning and operating the SA Agulhas, training, reviews and studies on environmental and climate change, biodiversity, marine and the social responsibility programmes.

Departmental receipts

The department receives revenue mainly from environmental impact assessments. Receipts decreased from R4.7 million in 2007/08 to R4.1 million in 2010/11, at an average annual rate of 5 per cent. An average of 80 per cent of the receipts over this period is related to the previous year's expenditure on poverty relief projects. Over the MTEF period, receipts are expected to decrease further to R2.8 million in 2013/14, at an average annual rate of 11.2 per cent.

Table 30.3 Departmental receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2007/08	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
Departmental receipts	4 735	8 488	2 051	4 056	4 056	2 800	2 825	2 838
Sales of goods and services produced by department	327	605	394	463	463	670	690	700
Sales of scrap, waste, arms and other used current goods	–	–	8	–	–	–	–	–
Transfers received	362	616	–	–	–	–	–	–
Fines, penalties and forfeits	2	128	70	–	–	–	–	–
Interest, dividends and rent on land	81	110	90	93	93	130	135	138
Sales of capital assets	161	32	–	–	–	–	–	–
Transactions in financial assets and liabilities	3 802	6 997	1 489	3 500	3 500	2 000	2 000	2 000
Total	4 735	8 488	2 051	4 056	4 056	2 800	2 825	2 838

Programme 1: Administration

Expenditure estimates

Table 30.4 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Management	14.8	20.8	25.5	37.3	44.2	50.5	54.7
Corporate Affairs	79.3	83.3	91.7	135.4	132.8	138.8	147.2
Financial Management	14.2	18.1	18.3	30.9	33.8	36.1	38.4
Office Accommodation	38.3	42.3	75.6	66.7	70.1	135.0	136.4
Total	146.5	164.5	211.1	270.2	280.8	360.5	376.7
Change to 2010 Budget estimate				15.2	(4.6)	0.4	(1.4)
Economic classification							
Current payments	143.1	163.0	206.3	269.6	279.3	358.9	375.1
Compensation of employees	51.1	57.2	62.8	97.3	110.7	116.9	123.0
Goods and services	92.0	105.8	143.6	172.3	168.5	242.0	252.1
of which:							
Agency and support / outsourced services	1.8	0.0	0.4	–	–	–	–
Lease payments	25.4	28.2	76.5	68.6	64.4	135.7	137.1
Travel and subsistence	14.7	17.2	11.3	25.6	24.8	29.4	33.2
Operating expenditure	1.8	1.8	1.6	5.9	4.6	4.8	5.0
Transfers and subsidies	0.2	–	0.5	–	–	–	–
Universities and technikons	–	–	0.5	–	–	–	–
Households	0.2	–	0.0	–	–	–	–
Payments for capital assets	3.2	1.5	4.2	0.6	1.5	1.6	1.7
Machinery and equipment	3.1	1.3	4.0	0.6	1.5	1.6	1.7
Software and other intangible assets	0.1	0.2	0.2	–	–	–	–
Payments for financial assets	0.0	–	0.1	–	–	–	–
Total	146.5	164.5	211.1	270.2	280.8	360.5	376.7

Expenditure trends

Expenditure increased from R146.6 million in 2007/08 to R270.2 million in 2010/11, at an average annual rate of 22.6 per cent. This increase was mainly due to the growth in spending on office accommodation as well as ensuring adequate capacity in the management of the department. Over the medium term, expenditure is expected to increase to R376.7 million, at an average annual rate of 11.7 per cent. The main reason is increased audit costs, and the unitary payment for the new departmental building due in 2012/13.

Programme 2: Environmental Quality and Protection

- *Environmental Quality and Protection Management* provides for the administration and functioning of the overall programme activities. This subprogramme has a staff complement of 7 and a total budget of R17million over the MTEF period, of which 66.3 per cent is used for compensation of employees.
- *Regulatory Services* ensures that compliance with all environmental legislation is effectively monitored and that enforcement measures are taken against cases of non-compliance. This entails, among others, training environmental management inspectors. This subprogramme has a staff complement of 50 and a total budget of R107 million over the MTEF period, of which 70 per cent is used for compensation of employees and other personnel related costs.
- *Pollution and Waste Management* reduces the impact of waste on safety, health and the environment; and encourages cleaner industrial production, waste minimisation and recycling. This is done by, among others, making continuing improvements to the legislative framework and systems for waste management, and training provincial and local government officials. This subprogramme has a staff complement of 57 and a total budget of R126 million, of which 57 per cent is used for compensation of employees and other personnel related costs.
- *Environmental Impact Management* ensures that the possible negative impacts of significant new developments are avoided, mitigated or managed to bring about an environment that is not harmful to the health and wellbeing of current and future generations. This subprogramme has a staff complement of 88 and a total budget of R139 million, of which 61.9 per cent is used for compensation of employees.
- *Air Quality Management* ensures that the possible negative impacts of air pollution on air and atmospheric quality are avoided, mitigated or managed with a view to ensuring ambient air quality that is not harmful to health and wellbeing. This is done by, among others, providing national leadership, oversight and monitoring, and setting norms and standards. This subprogramme has a staff complement of 40 and a total budget of R114 million, of which 52 per cent is used for compensation of employees and other personnel related costs.
- *Buyisa-e-Bag*, a Section 21 company, was established to facilitate the recycling of plastic bags through buyback centres and to promote the use of recycled plastic in accordance with the regulations on plastic bags. The company has a total budget of R112 million, of which 100 per cent is disbursed on the basis of approved business plans and service delivery agreements between the department and entities.
- *South African Weather Service* makes transfer payments to the South African Weather Service for the management of meteorological services.

Objectives and measures

- Increase the level of compliance with environmental legislation by:
 - increasing the percentage of compliance inspections conducted in terms of environmental quality protection related authorisations from 5 per cent in 2009/10 to 25 per cent in 2013/14
 - increasing the percentage of reactive administrative enforcement interventions taken in response to complaints or referrals from 30 per cent in 2009/10 to 34 per cent in 2013/14
 - increasing the percentage of environmental management inspectors receiving specialised training courses from 40 per cent in 2009/10 to 100 per cent in 2013/14.
- Improve compliance with legislative timeframes in terms of the National Environmental Management Waste Act (2008) and the environmental impact assessment regulations by 90 per cent in 2012/13 through increasing the licensing capacity and streamlining the authorisation process to ensure less waste which is better managed by increasing the number of households with basic waste collection from 64 per cent of households in 2009/10 to 75 per cent in 2013/14.
- Improve the efficiency of the environmental impact assessment systems from 85 per cent of new applications processed within prescribed timeframes in 2009/10 to 90 per cent in 2012/13 by increasing the turnaround time for processing new applications from 85 per cent of new applications processed within prescribed timeframes in 2009/10 to 90 per cent in 2012/13.
- Improve air and atmospheric quality by:

- reducing the number of metropolitan and local municipalities with ambient air quality problems from 45 in 2009/10 to 43 in 2012/13 through ensuring the alignment of municipal air quality management plans with national norms and standards through an annual review
- ensuring the continued efficient and effective implementation of atmospheric emissions licensing and other regulatory tools provided in the National Environment Management: Air Quality Act (2004) over the MTEF period
- increasing the number of ambient air quality monitoring stations that provide information to the South African air quality information system from 18 in 2009/10 to 38 in 2012/13.

Expenditure estimates

Table 30.5 Environmental Quality and Protection

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
R million							
Environmental Quality and Protection Management	5.6	6.2	8.5	8.4	5.4	5.6	6.0
Regulatory Services	17.6	14.1	16.1	25.3	32.6	35.9	38.1
Pollution and Waste Management	19.7	22.6	27.9	30.1	39.9	42.0	44.5
Environmental Impact Management	31.6	31.3	37.1	40.2	43.9	45.9	48.7
Air Quality Management	26.9	34.4	31.5	35.2	35.6	38.1	40.0
Buyisa-e-Bag	20.0	20.0	29.4	35.0	35.0	36.2	40.4
South African Weather Service	120.1	124.9	135.4	148.6	138.2	150.5	163.0
Total	241.5	253.5	285.8	322.8	330.7	354.4	380.7
Change to 2010 Budget estimate				1.5	(23.2)	(22.4)	(14.8)
Economic classification							
Current payments	97.5	105.9	118.1	137.6	154.5	164.6	175.4
Compensation of employees	41.1	49.8	61.5	81.8	95.0	100.0	106.1
Goods and services	56.4	56.1	56.6	55.8	59.5	64.6	69.2
of which:							
Lease payments	0.2	0.4	0.3	0.5	0.5	0.5	0.5
Travel and subsistence	10.9	11.9	11.9	14.0	15.8	14.8	18.1
Operating expenditure	1.5	1.5	2.6	2.7	1.8	1.8	1.9
Transfers and subsidies	141.9	146.4	165.8	184.6	175.6	189.2	204.8
Departmental agencies and accounts	120.1	124.9	135.4	148.6	138.2	150.5	163.0
Universities and technikons	–	–	–	–	1.0	1.0	–
Non-profit institutions	21.1	21.3	30.5	36.0	36.4	37.6	41.8
Households	0.6	0.2	–	–	–	–	–
Payments for capital assets	2.2	1.3	1.9	0.6	0.6	0.6	0.6
Machinery and equipment	2.2	0.9	1.8	0.2	0.2	0.2	0.2
Software and other intangible assets	–	0.4	0.0	0.4	0.4	0.4	0.4
Total	241.5	253.5	285.8	322.8	330.7	354.4	380.7
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	120.1	124.9	135.4	148.6	138.2	150.5	163.0
South African Weather Service	120.1	124.9	135.4	148.6	138.2	150.5	163.0
Universities and technikons							
Current	–	–	–	–	1.0	1.0	–
University of North West	–	–	–	–	1.0	1.0	–
Non-profit institutions							
Current	20.5	20.6	30.0	36.0	36.4	37.6	41.8
Buyisa-e-Bag	20.0	20.0	29.4	35.0	35.0	36.2	40.4
National Association for Clean Air	0.5	0.6	0.6	1.0	1.4	1.4	1.4

Expenditure trends

The spending focus over the MTEF period will be on strengthening compliance and enforcement capacity through the *Regulatory Services* and *Environmental Impact Management* subprogrammes, in order to contribute

to achieving environmental assets and natural resources that are well protected and continually enhanced (outcome 10).

Expenditure increased from R241.5 million in 2007/08 to R322.8 million in 2010/11, at an average annual rate of 9.1 per cent. This was due to an increase in compensation of employees and in transfers and subsidies to departmental agencies and accounts. Over the medium term, expenditure is expected to increase to R380.7 million, at an average annual rate of 6.6 per cent. The growth in the allocation over the MTEF period provides for: capacity required for the implementation phase of environmental policies, such as new legislation dealing with air quality and waste management; the development, operation and maintenance of the South African air quality information system and the national ambient air quality monitoring network; and the creation of dedicated compliance and enforcement capacity.

Programme 3: Oceans and Coasts

- *Oceans and Coasts Management* provides for the administration and functioning of the overall programme activities. This subprogramme has a staff complement of 7 and a total budget of R67 million, of which 40 per cent is used for compensation of employee, and 60 per cent for leadership development, strategic planning and other core management functions.
- *Integrated Coastal Management* provides for the coordinated and integrated management of the coastal zone. This subprogramme has a staff complement of 77 and a total budget of R143 million, of which 56 per cent is used for compensation of employees. In 2010/11, this subprogramme began implementing the Integrated Coastal Management Act (2008) and provincial coastal committees are being established. By the end of 2011/12, a declaration of 1 new marine protected area will be completed at a cost of R2 million.
- *Oceans Conservation* provides for the development and implementation of ocean policy and ocean atmosphere coordination; and the management of the ocean ecosystems, and regional and international oceans obligations. This subprogramme has a staff complement of 31 and a total budget of R83 million, of which 38 per cent is used for compensation of employees. In 2011/12, the subprogramme developed a management framework for the ocean environment, and drafted an ocean management report to be completed by March 2011 at an estimated cost of R250 000.
- *Oceans and Coastal Research* undertakes ocean and coastal research to inform management decisions on, among others, ecosystem monitoring, biodiversity research and coastal research. This subprogramme has a staff complement of 97 and a total budget of R159 million, of which 40 per cent is used for compensation of employees. In 2009/10 and 2010/11, the subprogramme focused on determining appropriate technologies, such as buoys and telemetry, to monitor ocean dynamics and key biodiversity species. These technologies are crucial in developing South Africa's capability for understanding natural ocean processes which could cause storms and disasters. The intention is to launch some of these buoys at key areas of the ocean and begin basic monitoring. The subprogramme also provides for the replacement of the polar research vessel. A national oceans monitoring system will be developed and deployed, to be completed by March 2011 at an estimated cost of R5.5 million.

Objectives and measures

- Ensure the effective protection, management and conservation of the ocean and coastal environment through the provision of adequate, relevant and reliable information by:
 - increasing the number of jointly funded or own funded research projects by universities from 1 in 2010/11 to 4 in 2013/14
 - increasing the number of data collection systems installed and providing effective information from 4 in 2010/11 to 6 in 2013/14
 - increasing the number of parameters relating to the oceans and coasts reflected in the national state of the environment report from 10 in 2010/11 to 15 in 2013/14.
- Improve the understanding of the value of the ocean and coastal environment through ensuring better information by:

- increasing the number of supported campaigns to raise awareness of the value of the oceans and coastal services from 2 in 2010/11 to 5 in 2013/14
- increasing research observation platforms from 2 in 2010/11 to 4 in 2013/14.
- Ensure the effective and consistent management of the ocean and coastal environment and achieve conservation and protection targets by:
 - increasing the number of local government institutions able to effectively apply ocean and coastal policy and regulations from 2 in 2010/11 to 3 in 2013/14
 - increasing the number of local and provincial authorities with coastal management units from 2 in 2010/11 to 3 in 2013/14
 - providing 3 voyages per year to research teams in Antarctica and on Marion Island and Gough Island
 - aligning policy, plans, activities and budgets by increasing the number of oceans and coastal issues (such as estuarine management plans and programmes) reflected in various planning arrangements in 2013/14.

Expenditure estimates

Table 30.6 Oceans and Coasts

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R million	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Oceans and Coasts Management	6.5	7.2	11.9	15.4	20.4	22.3	24.0
Integrated Coastal Management	25.5	26.4	31.2	47.3	45.9	46.2	51.3
Oceans and Coastal Research	73.4	102.8	69.2	49.5	47.1	49.9	62.0
Oceans Conservation	72.1	87.6	241.6	567.8	609.9	109.0	108.3
Total	177.5	223.9	353.9	679.9	723.3	227.4	245.7
Change to 2010 Budget estimate				(114.2)	(117.1)	(655.3)	(125.6)
Economic classification							
Current payments	176.8	222.3	222.1	212.6	217.9	225.7	228.4
Compensation of employees	42.7	41.0	58.9	66.1	73.2	77.1	81.5
Goods and services	134.2	181.3	163.2	146.6	144.7	148.6	146.9
of which:							
Agency and support / outsourced services	–	–	–	–	80.7	81.9	71.9
Lease payments	4.2	0.1	0.0	0.0	5.8	6.8	7.7
Travel and subsistence	10.8	11.0	6.0	2.8	5.8	8.6	13.0
Operating expenditure	3.7	30.0	13.6	16.4	24.7	22.3	23.8
Transfers and subsidies	0.4	0.2	0.0	–	–	–	–
Provinces and municipalities	0.4	0.2	–	–	–	–	–
Payments for capital assets	0.3	1.4	131.8	467.3	505.4	1.7	17.3
Machinery and equipment	0.3	1.4	131.7	467.3	505.4	1.7	17.3
Software and other intangible assets	–	–	0.2	–	–	–	–
Total	177.5	223.9	353.9	679.9	723.3	227.4	245.7

Expenditure trends

The spending focus over the MTEF period will be on marine ecosystem and biodiversity research, which contributes to achieving environmental assets and natural resources that are well protected and continually enhanced (outcome 10). This will be done through the effective protection, management and conservation of the ocean and coastal environment using science based evidence.

Expenditure increased from R177.5 million in 2007/08 to R679.9 million in 2010/11. This is due to the allocation for the replacement of the polar research vessel in the *Oceans Conservation* subprogramme. Over the medium term, expenditure is expected to decrease at an average annual rate of 26.2 per cent to reach R245.7 million. Expenditure decreases once the polar research vessel is replaced in 2011/12.

Programme 4: Climate Change

- *Climate Change Management* provides for the administration of the overall programme activities and is the focal point for South Africa's international climate change interactions, including multilateral and bilateral engagements. This subprogramme has a staff complement of 13 and a total budget of R239.9 million, of which 89.7 per cent should be used for climate change projects including hosting of the 17th Conference of Parties to the UN Framework Convention on Climate Change.
- *Climate Change Mitigation* coordinates and informs the development of policies, plans and programmes designed to achieve the mitigation of greenhouse gas emissions and the a peak, plateau and decline trajectory for South Africa's emissions. This subprogramme has a staff complement of 6 and a total budget of R24 million, of which 57.6 per cent is used for compensation of employees.
- *Climate Change Adaptation* coordinates and informs the development of policies, sector plans and programmes concerning the adaptation to the impacts of climate change. This subprogramme has a staff complement of 3 and a total budget of R9.7 million, of which 42.6 per cent is used for compensation employees.

Objectives and measures

- Establish a coherent approach to climate change by:
 - developing a climate change response policy as set out in the White Paper on Climate Change, to be finalised in 2011
 - coordinating various sectors to take informed actions to mitigate greenhouse gas emissions and adapt to the impacts of climate change through establishing effective ongoing intergovernmental and other coordination and cooperation structures.
- Implement South Africa's obligations in terms of the UN Framework Convention on Climate Change by:
 - submitting the second national communication to the convention by June 2011
 - organising and leading COP17/MOP7 (conference of the parties of the convention and Kyoto protocol) to a successful conclusion by the end of December 2011.

Expenditure estimates

Table 30.7 Climate Change

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
R million							
Climate Change Management	–	–	–	2.9	212.6	13.2	14.0
Climate Change Mitigation	–	–	–	3.3	7.6	7.9	8.5
Climate Change Adaptation	–	–	–	2.9	3.1	3.2	3.4
Total	–	–	–	9.1	223.2	24.4	25.9
Change to 2010 Budget estimate				–	201.8	1.9	2.2
Economic classification							
Current payments	–	–	–	9.1	223.2	24.4	25.9
Compensation of employees	–	–	–	2.9	12.5	13.2	14.1
Goods and services	–	–	–	6.2	210.7	11.2	11.8
of which:							
Agency and support / outsourced services	–	–	–	–	48.0	–	–
Lease payments	–	–	–	0.1	0.3	0.3	0.3
Travel and subsistence	–	–	–	4.0	59.1	4.2	4.6
Operating expenditure	–	–	–	0.9	6.6	0.6	0.7
Total	–	–	–	9.1	223.2	24.4	25.9

Expenditure trends

The spending focus over the MTEF period is on supporting research and developing policies to monitor the effects of climate change on the environment, contributing to achieving environmental assets and natural resources that are well protected and continually enhanced (outcome 10).

This programme was created in 2010/11, and expenditure increased from R9.1 million in 2010/11 to R25.9 million in 2013/14, at an average annual rate of 41.8 per cent. An additional R200 million has been allocated in 2011/12 for climate change projects, including the hosting the 17th Conference of Parties of the UN Framework Convention on Climate Change.

Programme 5: Biodiversity and Conservation

- *Biodiversity and Conservation Management* provides for the administration of the overall programme activities. This subprogramme has a staff complement of 5 and a total budget of R22.7 million, of which 42.5 per cent is used for compensation of employees.
- *Biodiversity Management* promotes conservation and the sustainable use of biological resources by mitigating threats to biodiversity while ensuring the equitable and sustainable use of natural resources. This subprogramme has a staff complement of 51 and a total budget of R124.4 million, of which 54.2 per cent is used for increasing personnel capacity, and compliance and enforcement activities. Key activities include developing and implementing policies and regulatory tools related to conserving ecosystems, species and landscape restoration.
- *Transfrontier Conservation and Protected Areas* plans and facilitates the expansion of the protected area network by prioritising under represented biomes, promoting the participation of indigenous and local communities in protected areas, and developing cross border conservation areas in SADC. This subprogramme has a staff complement of 39 and a total budget of R143.9 million, of which 30.5 per cent is used for compensation of employees and for strengthening and implementing regulatory and performance management tools for protected areas. The subprogramme also aims to promote investment in infrastructure development for the transfrontier conservation parks.
- *iSimangaliso Wetland Park Authority* transfers funds to the iSimangaliso Wetland Park Authority, which protects, conserves and promotes the park.
- *South African National Parks* transfers funds to South African National Parks, which conserves, protects, controls and manages national parks and other defined protected areas and their biological diversity.
- *South African National Biodiversity Institute* transfers funds to the South African National Biodiversity Institute; which conducts coordinated research on South Africa's biodiversity and manages a national system of bioregional programmes.

Objectives and measures

- Promote equitable access and shared benefits by assessing 80 per cent of bio-prospecting agreement applications received annually until 2014.
- Improve the effectiveness of management and increase economies of scale by developing a model for rationalising the management of protected areas and world heritage sites and ensuring its implementation by 2013.
- Expand the conservation estate by coordinating the implementation of the national strategy for the expansion of protected areas to have 8 per cent of land as part of the conservation estate by 2013.

Expenditure estimates

Table 30.8 Biodiversity and Conservation

Subprogramme				Adjusted appropriation	Medium-term expenditure estimate		
	Audited outcome						
R million	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Biodiversity and Conservation Management	3.2	3.1	3.4	8.5	7.1	7.6	8.0
Biodiversity Management	18.5	16.5	18.4	21.5	31.4	45.9	47.1
Transfrontier Conservation and Protected Areas	17.8	25.5	21.0	35.0	45.6	47.6	50.8
iSimangaliso Wetland Park Authority	18.2	18.7	20.7	21.4	25.8	26.9	28.5
South African National Parks	195.1	205.9	184.4	176.7	156.5	177.7	186.7
South African National Biodiversity Institute	110.7	128.8	138.9	142.8	164.1	169.0	176.5
Total	363.4	398.5	386.9	405.9	430.4	474.7	497.6
Change to 2010 Budget estimate				6.3	20.5	39.4	40.5
Economic classification							
Current payments	37.5	43.8	41.0	61.5	79.6	99.6	105.6
Compensation of employees	19.1	18.7	23.3	28.2	33.8	35.4	37.5
Goods and services	18.4	25.1	17.7	33.3	45.8	64.2	68.2
of which:							
Agency and support / outsourced services	–	0.0	0.0	0.0	3.8	12.0	12.3
Lease payments	0.4	0.4	0.2	0.4	0.6	0.6	0.6
Travel and subsistence	5.7	8.5	8.4	9.5	20.7	21.2	22.5
Operating expenditure	2.7	1.6	0.3	0.4	2.3	7.3	7.3
Transfers and subsidies	325.1	354.6	345.4	344.0	350.6	374.9	391.7
Departmental agencies and accounts	323.9	353.4	344.0	340.9	346.4	373.6	391.7
Universities and technikons	0.3	–	–	–	–	–	–
Non-profit institutions	0.2	0.8	1.4	3.1	4.2	1.3	–
Households	0.7	0.4	0.0	–	–	–	–
Payments for capital assets	0.8	0.1	0.5	0.4	0.2	0.2	0.3
Machinery and equipment	0.8	0.1	0.5	0.3	0.2	0.2	0.3
Total	363.4	398.5	386.9	405.9	430.4	474.7	497.6
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	260.8	284.1	268.9	306.7	327.3	346.2	363.4
iSimangaliso Wetland Park Authority	18.2	18.7	20.7	21.4	25.8	26.9	28.5
South African National Parks	132.0	136.6	109.3	142.5	137.4	150.3	158.4
South African National Biodiversity Institute	110.7	128.8	138.9	142.8	164.1	169.0	176.5
Capital	63.1	69.3	75.1	34.3	19.1	27.4	28.3
South African National Parks	63.1	69.3	75.1	34.3	19.1	27.4	28.3
Non-profit institutions							
Current	–	–	1.1	3.1	4.2	1.3	–
Kwa Zulu Natal Conservation Board: Maloti	–	–	1.1	1.1	1.2	1.3	–
African World Heritage Fund	–	–	–	2.0	3.0	–	–

Expenditure trends

The spending focus over the MTEF period will be on promoting the conservation and sustainable use of natural resources to contribute to economic growth and poverty alleviation (outcome 10). Spending will also focus on combating wildlife crime.

Expenditure increased from R363.4 million in 2007/08 to R405.9 million in 2010/11, at an average annual rate of 3.8 per cent. Over the MTEF period, expenditure is expected to increase at an average annual rate of

7 per cent to reach R497.6 million. This increase is mostly due to the increase in travel and subsistence and goods and services in the *South African National Parks* subprogramme, linked to decreasing wildlife crime.

Programme 6: Sector Services, Coordination and Information Management and International Relations

- *Social Responsibility, Policy and Projects* is responsible for identifying and implementing projects under the expanded public works programme by using labour intensive methods targeting the unemployed, the youth, women, the disabled and SMMEs. This subprogramme has a staff complement of 123 and a total budget of R2.2 million, of which 85 per cent is used for poverty relief projects. By the end of the third quarter of 2010/11, 15 742 work opportunities and 6 797 full time equivalents had been created, with more than 17 000 work opportunities and 8 530 full time equivalents expected to be created by the end of the year.
- *International Cooperation* supports the promotion of South Africa's global sustainable development agenda by mobilising financial and technical resources in support of national, sub-regional and regional environmental projects; and by catalysing eco-innovation, green growth and green jobs. This subprogramme has a staff complement of 22 and a total budget of R175 million, of which 80 per cent is used for mandatory contributions to the various multilateral environmental agreements, bodies and trust funds to which South Africa is a party, as well as to facilitate participation in international, regional and sub-regional engagements. To date, 3 project proposals in the field of renewable energy and energy efficiency have been approved by the World Bank's Clean Technology Fund, amounting to US\$450 million (about R3.2 billion).
- *Coordination and Information Management* ensures coordinated environmental sector performance and supports sector policy and strategy processes by: promoting action learning and raising awareness on environmental and sustainable development issues; facilitating environmental cooperation across government; and providing information for decision making. This subprogramme has a staff complement of 46 and a total budget of R142 million, of which 44.7 per cent is used for compensation of employees. Among others, this subprogramme is responsible for the coordination of outcome 10 (environmental assets and natural resources that are well protected and continually enhanced), and in 2010/11 hosted the green economy summit and the women and the environment conference.
- *Infrastructure Investment* provides for infrastructure investment allocations and project management across the department's programmes and its five public entities. Funding is allocated on the basis of approved business plans for the infrastructure projects. This subprogramme has a total budget of R409 million, of which 100 per cent is used for the infrastructure projects.

Objectives and measures

- Promote the empowerment of designated communities by creating 30 056 full time equivalents and 60 111 work opportunities over the medium term through implementing expanded public works programme projects.
- Promote South Africa's global sustainable development agenda by increasing multilateral and bilateral funding for implementing environmental programmes in South Africa and SADC from US\$35 million in 2009/10 to US\$50 million in 2013/14.
- Promote sustainable development by producing accurate, geographical reference data for environmental policy making and strategic decision making by ensuring the implementation of a geographic information system that is fully operational with full access to spatial information by 2015/16.
- Facilitate environmental education through training, awareness raising and improving access to information by conducting 100 workshops at schools and tertiary institutions by 2013/14.

Expenditure estimates

Table 30.9 Sector Services, Cooperation and Information Management and International Relations

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R million	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Social Responsibility, Policy and Projects	326.8	377.2	537.2	534.0	630.5	729.1	846.3
International Cooperation	28.6	42.6	44.1	57.4	54.7	59.0	61.5
Coordination and Information Management	13.8	22.1	22.4	23.0	45.2	47.6	49.4
Infrastructure Investment	266.4	307.6	283.0	136.2	127.2	122.4	159.2
Total	635.6	749.4	886.7	750.6	857.6	958.0	1 116.4
Change to 2010 Budget estimate				(78.0)	(48.9)	(23.4)	70.6
Economic classification							
Current payments	63.6	90.1	97.7	112.6	164.6	175.2	184.4
Compensation of employees	28.5	31.0	47.6	56.8	79.9	84.0	89.0
Goods and services	35.1	59.1	50.2	55.8	84.6	91.2	95.4
of which:							
Agency and support / outsourced services	0.0	0.1	0.0	0.0	4.0	4.4	4.6
Lease payments	1.6	1.1	0.8	0.9	0.3	0.3	0.3
Travel and subsistence	5.9	8.8	17.6	22.2	41.5	43.5	45.3
Operating expenditure	7.8	1.5	14.2	14.7	19.1	22.2	23.6
Transfers and subsidies	569.0	659.0	785.5	637.8	692.8	782.6	931.7
Departmental agencies and accounts	267.9	309.1	284.5	136.3	127.2	122.4	159.2
Universities and technikons	–	–	0.8	–	–	–	–
Foreign governments and international organisations	–	9.0	9.0	9.0	9.0	9.0	9.0
Non-profit institutions	–	4.5	–	–	4.0	4.0	4.0
Households	301.1	336.4	491.3	492.6	552.6	647.2	759.5
Payments for capital assets	2.8	0.4	3.4	0.2	0.3	0.3	0.3
Machinery and equipment	2.8	0.4	3.4	0.2	0.3	0.3	0.3
Payments for financial assets	0.1	–	–	–	–	–	–
Total	635.6	749.4	886.7	750.6	857.6	958.0	1 116.4

Details of selected transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	1.5	1.5	1.5	0.1	–	–	–
Council for Scientific and Industrial Research	1.5	1.5	1.5	0.1	–	–	–
Capital	266.4	307.6	283.0	136.2	127.2	122.4	159.2
South African Weather Service	–	–	55.2	100.2	10.2	–	–
iSimangaliso Wetland Park Authority	–	–	30.0	23.0	42.0	44.1	76.8
South African National Parks	266.4	307.6	185.7	–	60.0	63.0	66.8
South African National Biodiversity Institute	–	–	12.0	13.0	15.0	15.3	15.6
Households							
Households other transfers							
Current	301.1	336.4	491.3	492.6	552.6	647.2	759.5
Expanded Public Works Programme	301.1	336.4	491.3	427.2	450.9	507.0	608.5
Expanded Public Works Programme Incentive	–	–	–	65.4	101.7	140.2	151.0
Non-profit institutions							
Current	–	4.5	–	–	4.0	4.0	4.0
Wildlife and Environmental Society of South Africa	–	4.5	–	–	4.0	4.0	4.0
Foreign governments and international organisations							
Current	–	9.0	9.0	9.0	9.0	9.0	9.0
Global Environmental Fund	–	9.0	9.0	9.0	9.0	9.0	9.0

Expenditure trends

The spending focus over the MTEF period will be on creating the conditions for effective corporate and cooperative governance, and international cooperation in contributing to achieving decent employment through inclusive economic growth (outcome 4), mainly in the *Coordination and Information Management* and *International Cooperation* subprogrammes.

Expenditure increased from R635.6 million in 2007/08 to R750.6 million in 2010/11, at an average annual rate of 5.7 per cent. Over the MTEF period, expenditure is expected to increase to R1.1 billion, mainly due to the focus on implementing the expanded public works projects in the environment sector in the *Social Responsibility, Policy and Projects* subprogramme.

Public entities and other agencies

South African National Parks

Strategic overview: 2007/08 – 2013/14

South African National Parks was established in terms of the National Environmental Management: Protected Areas Act (2003). The organisation's mandate is to conserve, protect, control and manage national parks and other defined protected areas and their biological diversity. It is the leading conservation agency in Africa and a significant role player in the local, regional and global conservation and tourism (ecotourism) industries.

South African National Parks is committed to contributing to economic growth and transformation by creating decent jobs and sustainable and quality livelihoods. Through the entity's infrastructure development programme and expanded public works programme, the organisation ensures that national parks are important components of economic stimulus through enterprise and social development, such as job creation.

Between 2007/08 and 2010/11, 147 040ha of land was acquired by the entity. Despite the global economic downturn, average occupancy grew by 7.5 per cent (from 56.2 per cent to 58 per cent). In an effort to fight the recent escalation in rhino poaching, particularly in the Kruger National Park, a joint operation, known as the National Wildlife Reaction Unit, has been established between South African National Parks, the Department of Environmental Affairs, the South African Police Service, the National Prosecuting Authority, provincial conservation authorities and provincial government structures.

South African National Parks has adopted and implemented several sector skills programmes (including learnerships and internships) to enhance cost effective human capital development, addressing the objectives of the national skills development strategy.

In planning new facilities, the organisation has incorporated the need for meeting green building standards, responding to government's objective of addressing climate change challenges.

Savings and cost effective measures

South African National Parks has identified cost effectiveness measures to ensure the organisation's financial stability without compromising on its ability to deliver on its mandate. These measures are focused in spending in compensation of employees and include: phasing out unapproved occupied positions, putting a moratorium on creating new positions, not renewing fixed term contracts, putting a freeze on salary adjustments, and restricting overtime. Measures in place are also aimed at controlling spending on goods and services and include: limiting the use of consultants, rationalising advertising for job vacancies and tenders, limiting foreign travel and using teleconferencing for communication. A procurement programme has also been implemented to renegotiate better rates with key service providers and suppliers.

Over the MTEF period, savings of R80 million are expected from the cost curtailment measures. The savings will be effected in all areas. No savings measures were identified over MTEF period.

Selected performance indicators

Table 30.10 South African National Parks

Indicator	Programme/Activity	Past			Current	Projections		
		2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Number of visitors to national parks per year and percentage growth or decline	Tourism							
- total visitors		4 720 737	4 374 739	4 512 478	4 648 000	4 648 000	4 694 480	4 741 423
- percentage growth		2.9%	-7.3%	3.8%	3%	0%	1%	1%
- black visitors		310 488	345 559	329 287	426 389	447 708	470 094	493 598
- percentage growth		–	11.3%	-4.6%	30%	5%	5%	5%
Value of revenue raised from commercial activities per year	Retail / Concession	R494m	R664m	R503m	R702m	R716m	R730.4m	R752.3
Hectares of land brought into the national parks system per year	Conservation	13 462ha	13 700ha	1 520ha	35 000ha	47ha	1 900ha	3 000ha
Percentage delivery of key deliverables and of milestones met for implementing the anti-poaching programme	Conservation	–	–	–	90%	90%	90%	90%
Number of learners that go through the environmental education programme per year	Conservation	139 424	157 419	111 895	130 000	140 000	150 000	160 000

Details of programmes/activities/objectives

Table 30.11 South African National Parks

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Conservation	346.7	372.2	424.8	426.7	469.5	509.4	543.4
Tourism	389.8	403.0	324.7	472.4	476.6	522.9	564.7
Retail	100.7	120.0	101.5	143.3	153.4	164.1	177.2
Concession	54.0	63.2	61.3	67.3	118.8	140.6	151.4
Total expense	891	958	912	1 110	1 218	1 337	1 437

The total budget allocated to this entity for 2010/11 was R1.1 billion, of which 38 per cent was used in the Tourism programme.

Conservation improves the state of the conservation estate, makes an acknowledged contribution to conservation nationally and globally, builds strong constituencies for the management of a national parks system, and continuously improves knowledge and evidence on which management decisions are based. This programme has a total budget of R1.5 million, of which 53 per cent is used for compensation of employees. In 2009/10, 9 567ha of land was purchased to expand the national parks system. Progress is being made in various negotiations aimed at concluding purchases of additional land. The Hawks are coordinating and leading the newly established National Wildlife Reaction Unit, whose role is to fight poaching crimes countrywide. To date, 131 rhino poaching incidents have been committed in parks and 152 in provincial agencies, bringing the total of South African incidents to 283. 149 suspects have been arrested thus far and charged for rhino poaching crimes.

Tourism manages tourism at national parks and maximises economic, social and environmental benefits, while minimising the costs of accessing national parks, built on the principle of responsible tourism. 2 key projects have been implemented to enhance performance, namely, the 2010 preparation project and revamping the South African National Parks loyalty programme. This programme has a total budget of R1.6 million, of which 50 per cent is used for operational costs and 45 per cent for compensation of employees.

Retail outsources retail facilities to private operators in national parks. This programme has a total budget of R494 million, the bulk of which is used for salaries. The South African National Parks' marketing plan has been implemented to enhance the performance of this programme.

Concession undertakes public private partnerships, covering a wide range of projects, including accommodation, restaurants, retail and adventure activities. This programme has a total budget of R232 million, the bulk of which is used for salaries.

Expenditure estimates

Table 30.12 South African National Parks

Statement of financial performance				Revised estimate	Medium-term estimate		
R million	Audited outcome			2010/11	2011/12	2012/13	2013/14
	2007/08	2008/09	2009/10				
Revenue							
Non-tax revenue	682.7	751.8	785.4	901.3	1 008.1	1 105.2	1 193.6
Sale of goods and services other than capital assets	642.4	703.6	739.4	851.0	951.3	1 043.4	1 126.9
of which:							
Sales by market establishments	632.1	703.6	739.4	851.0	951.3	1 043.4	1 126.9
Other sales	10.3	–	–	–	–	–	–
Other non-tax revenue	40.4	48.2	46.0	50.3	56.8	61.8	66.8
Transfers received	258.6	260.2	411.0	208.4	210.2	231.8	243.0
Total revenue	941.3	1 012.0	1 196.5	1 109.7	1 218.2	1 337.0	1 436.6
Expenses							
Current expense	891.2	958.4	912.3	1 109.7	1 218.2	1 337.0	1 436.6
Compensation of employees	328.6	429.3	446.1	514.7	555.9	600.4	648.4
Goods and services	514.6	473.1	404.4	551.7	616.0	687.6	735.2
Depreciation	34.2	41.4	50.6	39.9	42.6	45.5	49.2
Interest, dividends and rent on land	13.7	14.5	11.1	3.4	3.7	3.5	3.8
Total expenses	891.2	958.4	912.3	1 109.7	1 218.2	1 337.0	1 436.6
Surplus / (Deficit)	50.0	53.6	284.2	–	–	–	–
Statement of financial position							
Carrying value of assets	826.7	1 056.8	1 066.8	1 042.7	1 048.4	1 055.0	1 051.1
of which: Acquisition of assets	51.4	47.9	23.7	40.0	48.4	51.5	44.2
Investments	24.1	147.8	231.3	232.9	232.9	232.9	251.5
Inventory	16.5	16.2	15.7	18.1	19.6	21.1	22.8
Receivables and prepayments	27.1	25.3	16.6	15.4	25.0	25.0	27.0
Cash and cash equivalents	257.2	283.8	291.7	119.4	200.0	200.0	216.0
Assets not classified elsewhere	381.7	323.9	480.7	462.9	365.2	401.6	433.8
Total assets	1 533.3	1 853.9	2 102.9	1 891.4	1 891.0	1 935.7	2 002.2
Accumulated surplus/deficit	448.0	449.1	510.7	543.1	478.8	478.8	517.1
Borrowings	40.0	33.3	25.1	36.5	36.5	36.5	39.4
Post-retirement benefits	146.1	198.4	205.4	221.8	210.9	233.7	232.4
Trade and other payables	162.3	154.3	–	291.3	344.1	342.4	369.8
Liabilities not classified elsewhere	736.8	1 018.9	1 361.6	798.7	820.6	844.2	843.4
Total equity and liabilities	1 533.3	1 853.9	2 102.9	1 891.4	1 891.0	1 935.7	2 002.2

Expenditure trends

Between 2007/08 and 2010/11, spending grew from R891.2 million to R1.1 billion, at an average annual rate of 7.6 per cent. Revenue is expected to increase to R1.4 billion in 2013/14, at an average annual rate of 9 per cent. In 2009/10, both income and expenditure budget variances were contained in the targeted 10 per cent range as part of the organisation's cost curtailment exercise. The budget increases are due to increases in compensation of employees over the MTEF period.

Personnel information

The entity has an approved establishment of 3 541 posts, of which 3 571 were filled as at June 2010. Employment grows from 3 933 in 2007/08 to 4 783 in 2010/11, at an average rate of 6.74 per cent. Over the medium term, the establishment is expected to grow to 4 813 posts in 2013/14, at an average annual rate of 0.21 per cent.

Other public entities and agencies

Comprehensive coverage of the following public entities is provided with the more detailed information for the vote at www.treasury.gov.za under the budget information link.

- The **South African Weather Service** maintains, extends and improves the quality of meteorological service. Its total budget for 2011/12 is 243.5 million.
- The **iSimangaliso Wetland Park Authority** protects and conserves the park to promote and facilitate tourism and tourism related development in the Park. Its total budget for 2011/12 is R101.9 million.
- The **South African National Biodiversity Institute** focuses on biodiversity knowledge management and information generation and dissemination by conducting coordinated research on the composition, value, status, functioning and dynamics of South Africa's biodiversity. Its total budget for 2011/12 is R505.2 million.

Additional Tables

Table 30.A Summary of expenditure trends and estimates per programme and economic classification

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R million	2009/10		2009/10	2010/11			2010/11
Administration	166.0	164.8	211.1	255.0	15.2	270.2	270.2
Environmental Quality and Protection	293.9	295.6	285.8	321.3	1.5	322.8	314.0
Oceans and Coasts	372.3	449.5	353.9	744.1	(64.2)	679.9	609.9
Climate Change	2.0	–	–	9.1	–	9.1	9.1
Biodiversity and Conservation	413.3	404.7	386.9	399.6	6.3	405.9	405.9
Sector Services, Coordination and Information Management and International Relations	1 013.5	929.7	886.7	828.6	(78.0)	750.6	750.6
Total	2 261.0	2 244.2	2 124.3	2 557.8	(119.3)	2 438.5	2 359.8
Economic classification							
Current payments	720.5	819.7	685.3	868.4	(65.4)	803.0	803.0
Compensation of employees	237.8	260.3	254.0	325.2	7.9	333.1	333.1
Goods and services	482.7	559.4	431.3	543.2	(73.3)	469.9	469.9
Transfers and subsidies	1 382.0	1 284.8	1 297.3	1 220.3	(53.9)	1 166.5	1 157.7
Departmental agencies and accounts	782.6	768.7	763.8	610.9	14.9	625.8	625.8
Universities and technikons	–	0.8	1.3	–	–	–	–
Foreign governments and international organisations	9.0	9.0	9.0	9.0	–	9.0	9.0
Households	558.6	469.9	491.3	564.4	(71.8)	492.6	492.6
Payments for capital assets	158.5	139.7	141.7	469.1	–	469.1	399.1
Machinery and equipment	158.2	139.4	141.3	468.7	–	468.7	398.7
Software and other intangible assets	0.3	0.3	0.4	0.4	–	0.4	0.4
Payments for financial assets	–	–	0.1	–	–	–	–
Total	2 261.0	2 244.2	2 124.3	2 557.8	(119.3)	2 438.5	2 359.8

Table 30.B Detail of approved establishment and personnel numbers according to salary level ¹

	Personnel post status as at 30 September 2010			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved	Number of funded posts establishment	Number of posts additional to the establishment	Actual			Mid-year ²	Medium-term estimate		
				2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Department	1 086	868	18	781	785	796	836	858	897	926
Salary level 1 – 6	154	152	8	146	145	146	146	148	151	151
Salary level 7 – 10	601	466	5	432	434	442	451	459	482	498
Salary level 11 – 12	227	162	2	130	133	135	150	160	170	181
Salary level 13 – 16	104	88	3	73	73	73	89	91	94	96
Administration	315	249	16	220	221	225	225	234	247	258
Salary level 1 – 6	94	92	8	89	89	89	89	90	92	92
Salary level 7 – 10	150	103	3	93	94	97	97	100	108	114
Salary level 11 – 12	53	36	2	20	21	22	22	27	30	35
Salary level 13 – 16	18	18	3	18	17	17	17	17	17	17
Environmental Quality and Protection	251	209	2	194	192	192	197	204	208	209
Salary level 1 – 6	16	16	–	16	15	15	15	16	16	16
Salary level 7 – 10	160	129	2	119	119	119	121	125	128	129
Salary level 11 – 12	50	41	–	38	38	38	39	40	41	41
Salary level 13 – 16	25	23	–	21	20	20	22	23	23	23

Table 30.B Detail of approved establishment and personnel numbers according to salary level¹ (continued)

	Personnel post status as at 30 September 2010			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved	Number of funded posts establishment	Number of posts additional to the establishment	Actual			Mid-year ²	Medium-term estimate		
				2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
Oceans and Coasts	230	161	–	161	161	161	175	173	180	186
Salary level 1 – 6	22	22	–	22	22	22	22	22	22	22
Salary level 7 – 10	148	99	–	99	99	99	101	99	106	112
Salary level 11 – 12	38	25	–	25	25	25	33	33	33	33
Salary level 13 – 16	22	15	–	15	15	15	19	19	19	19
Climate Change	28	17	–	–	–	–	17	20	25	28
Salary level 1 – 6	–	–	–	–	–	–	–	–	–	–
Salary level 7 – 10	8	3	–	–	–	–	3	5	7	8
Salary level 11 – 12	8	6	–	–	–	–	6	6	7	8
Salary level 13 – 16	12	8	–	–	–	–	8	9	11	12
Biodiversity and Conservation	102	81	–	72	75	77	80	85	91	97
Salary level 1 – 6	10	10	–	9	10	10	10	10	10	10
Salary level 7 – 10	48	45	–	42	42	43	45	46	47	48
Salary level 11 – 12	30	15	–	12	13	14	14	18	22	26
Salary level 13 – 16	14	11	–	9	10	10	11	11	12	13

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

2. As at 30 September 2010.

Table 30.C Summary of expenditure on training

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Compensation of employees (R million)	196.3	212.3	269.3	333.1	405.2	426.6	451.1
Training expenditure (R million)	2.1	2.2	2.3	2.5	4.1	4.2	4.3
Training as percentage of compensation	1.1%	1.0%	0.9%	0.8%	1.0%	1.0%	1.0%
Total number trained in department (head count)	96	98	–	–			
of which:							
Employees receiving bursaries (head count)	19	19	–	–			
Internships trained (head count)	60	62	–	–			
Households receiving bursaries (R million)	0.8	0.9	1.0	1.1	1.1	1.1	1.2
Households receiving bursaries (head count)	30	30	–	–			

Table 30.D Summary of departmental public private partnership (PPP) projects

Project description: Procurement of a suitable new head office building for the Department of Environmental Affairs		Project annual unitary fee at time of contract	Budgeted expenditure	Medium-term expenditure estimate		
R million			2010/11	2011/12	2012/13	2013/14
Projects in preparation, registered in terms of Treasury Regulation 16¹	25.0	25.0	70.0	110.0	110.0	
PPP unitary charge	–	–	60.0	110.0	110.0	
Advisory fees	25.0	25.0	10.0	–	–	
Total	25.0	25.0	70.0	110.0	110.0	

Disclosure notes for projects signed in terms of Treasury Regulation 16

Project name	New Head Office Building
Brief description	Procurement of a suitable new head office building for the Department of Environmental Affairs
Date PPP agreement was signed	Agreement not signed yet
Duration of PPP agreement	25 years after construction and occupation

Table 30.E Summary of expenditure on infrastructure

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Departmental infrastructure										
Polar research vessel	Vessel for research voyages to Marion Island, Gough Island and Antarctica replaced	Construction	1 100.2	–	–	131.4	467.3	501.5	–	–
South African National Parks	Roads upgraded	Construction	500.0	51.1	69.3	75.1	34.3	19.1	27.4	28.3
South African National Parks	Tourism accommodation facilities upgraded	Construction	1 282.8	157.9	232.6	185.8	–	60.0	63.0	66.8
South African weather stations	Weather station facilities upgraded	Various	260.6	60.0	35.0	55.2	100.2	10.2	–	–
Marion Island base	Base building replaced	Various	350.0	35.0	–	–	–	–	–	–
Research vessel	Marine environment research vessel replaced	Handed over	150.0	20.0	–	–	–	–	–	–
Lubombo	Environmental development	Handed over	56.5	20.0	30.0	–	–	–	–	–
Pondoland	Environmental development	Handed over	11.7	3.9	4.1	–	–	–	–	–
Blyde National Park	Environmental development	Handed over	11.6	4.7	4.5	–	–	–	–	–
iSimangaliso Wetland Park Authority	Office facilities upgraded	Various	655.2	21.0	30.0	30.0	23.0	42.0	44.1	76.8
South African National Biodiversity Institute	Facilities upgraded and new facilities in botanical gardens	Various	–	230.0	–	–	13.0	15.0	15.3	15.6
Total			4 378.6	603.7	405.4	477.5	637.7	647.8	149.7	187.5

Vote 31

Human Settlements

Budget summary

R million	2011/12				2012/13	2013/14
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	232.4	230.6	–	1.9	238.4	252.4
Housing Policy, Research and Monitoring	39.2	39.0	–	0.3	46.6	44.0
Housing Planning and Delivery Support	156.2	151.5	4.0	0.7	178.5	223.8
Housing Development Finance	21 995.1	67.5	21 695.6	232.1	24 253.3	25 947.3
Strategic Relations and Governance	155.5	153.7	1.0	0.8	158.2	207.3
Total expenditure estimates	22 578.5	642.2	21 700.6	235.7	24 875.1	26 674.7

Executive authority	Minister of Human Settlements
Accounting officer	Director General of Human Settlements
Website address	www.dhs.gov.za

More detailed information for each vote is available at www.treasury.gov.za. More comprehensive coverage of vote specific information, particularly on goods and services, transfers and subsidies, donor funding, public entities and lower level institutional information, is provided.

Aim

Determine, finance, promote, coordinate, communicate and monitor the implementation of housing and sanitation policies and programmes.

Programme purposes

Programme 1: Administration

Purpose: Provide strategic leadership and administrative and management support services to the department.

Programme 2: Housing Policy, Research and Monitoring

Purpose: Develop and promote human settlements and housing policies supported by a responsive research agenda. Monitor and assess the implementation, performance and impact of national housing and human settlements policies and programmes.

Programme 3: Housing Planning and Delivery Support

Purpose: Support implementation and delivery, build capacity, and liaise and communicate with stakeholders for effective housing and human settlements programmes. Coordinate and monitor the implementation of priority projects and the sanitation programme.

Programme 4: Housing Development Finance

Purpose: Fund housing and human settlements development programmes. Provide financial and grant management services. Promote investment in housing finance. Mobilise and promote financial integrity within housing institutions. Manage all matters provided for by the Home Loan Mortgage Disclosure Act (2000).

Programme 5: Strategic Relations and Governance

Purpose: Coordinate the department's mandate within the intergovernmental relations framework. Manage international relations and promote good governance practices within the department and its public entities. Provide timely and integrated business information to the department.

Strategic overview: 2007/08 – 2013/14

The constitutional obligation to provide adequate shelter is the foundation of all the strategies and policies of the Department of Human Settlements. The adoption of the comprehensive plan for the development of sustainable human settlements in 2005 marked a conceptual shift away from the mandate of providing a house on poorly located land that is far from economic activity and social services, to the provision of amenities to support the creation of functional communities, through access to transport, social services and jobs.

From housing to human settlements

The principles of human settlement development are outlined by a policy that is responsive to housing demands and the needs of poor households and that provides choice and tenure options in an affordable and fiscally sustainable manner. Through integrated planning and good governance, the human settlements approach advocates optimal land utilisation and stimulates private investment in housing and community development.

Institutional changes in the housing sector

Recognising that the shift to the human settlements model requires an institutional reorganisation of the housing delivery model, including a review of the department and all relevant public entities, over the medium term, the Department of Human Settlements will focus on maximising cooperation and coordination between the built environment sector departments, where delivery is devolved to local government. This is supported by an accreditation framework in terms of section 10 of the Housing Act (1997). While progress on the devolution of the housing function to municipalities has been slow, the Department of Human Settlements anticipates that the six metropolitan municipalities will achieve level 2 accreditation by April 2011, with the new metropolitan municipalities, Buffalo City and Mangaung, accredited to level 1 in 2011/12.

Within the department, further institutional changes are anticipated over the medium term. The changes are underpinned by the department's turnaround strategy to support the government outcome related to human settlements. The strategy will be implemented in 2011/12. The rationalisation of the development finance institutions reporting to the department is under way to support the human settlements objective. The promulgation of the Social Housing Act (2008) and the Housing Development Agency Act (2008) establishes the Social Housing Regulatory Authority and the Housing Development Agency. The Social Housing Regulatory Authority is expected to be operational in 2011/12, and will regulate the social housing sector and administer the capital restructuring grant for social housing. The rationalisation of public entities reporting to the Department of Human Settlements is also under way. The closure of Thubelisha Homes, Servcon Housing Solutions and the Social Housing Foundation is expected to be finalised in 2010/11.

The outcomes approach

Despite the delivery of 2.8 million housing opportunities between 1994 and 2009/10, the housing subsidy programme has continued to entrench segregated spatial patterns, marginalising the poor from economic opportunity. As a result, the security of a house, as a potential wealth creating asset, has not alleviated poverty in poor households and communities. Through effective land use, choice of tenure and mixed income developments, the Department of Human Settlements anticipates improved outcomes from the housing subsidy programme.

In terms of government's 12 outcomes, the Department of Human Settlements contributes directly to sustainable human settlements and the improved quality of household life (outcome 8). To accelerate the delivery of basic services and housing opportunities, and improving access to the property market, the Department of Human Settlements, together with provinces and municipalities, will focus on the following outputs over the medium term: upgrading 400 000 units of accommodation within informal settlements (output 1); improving access to basic services by providing universal access to sanitation (output 2); facilitating the provision of 80 000 affordable social and rental housing units of accommodation in well located areas; facilitating the

provision of improved housing finance opportunities for 600 000 households within the gap market for people earning between R3 500 and R12 800 (output 3); and releasing 6 250 hectares of public owned land for housing development.

Upgrading informal settlements

Given the trends in migration and urbanisation, the role of metropolitan municipalities in the upgrading of informal settlements will be strengthened over the medium term. The creation of the new urban settlements development grant to cities will allow for the eight metropolitan municipalities to improve efficiency, maximise the developmental outcomes and achieve a coordinated approach to built environment management. With greater flexibility to accelerate service delivery, the grant seeks to supplement the capital budgets of large cities to ensure integrated national, provincial and municipal planning to support the creation of sustainable human settlements and improve the quality of household life.

To provide support and assistance to implement the upgrading of informal settlements, a national upgrading support programme was established in 2009. In addition to assessing and refining the existing policy framework, the support programme will also include the preparation of manuals for implementing the projects and designing a national capacity building programme by providing technical support to municipalities.

Savings and cost effectiveness measures

The department has identified savings of R182.1 million in 2011/12, R347.5 million in 2012/13 and R414.8 million in 2013/14. These savings are mainly as a result of the slow implementation of the rural households infrastructure grant, the once-off recapitalisation of the Rural Housing Loan Fund and the closure of the Social Housing Foundation. It also includes savings that will be realised in administrative expenditure across all departmental programmes over the medium term by implementing measures that focus on reducing expenditure on communications, catering and operational activities. These savings have been partially mitigated by changes in the way the department administers housing programmes in a way that minimises the impact on service delivery.

Selected performance indicators

Table 31.1 Human Settlements

Indicator	Programme	Past			Current	Projections		
		2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Number of houses completed per year ¹	Housing Development Finance	146 465	160 403	161 854	88 989	120 000	130 000	140 000
Number of sites serviced per year ¹	Housing Development Finance	82 298	68 469	64 362	49 028	70 000	90 000	110 000
Number of municipalities provided with technical support to implement basic water and sanitation infrastructure per year	Housing Planning and Delivery Support	179	91	78	114	40	40	40
Number of rural households provided with basic infrastructure for water and sanitation per year	Housing Development Finance	–	–	–	11 000	31 000	64 000	69 000
Number of municipalities provided with technical support for informal settlement upgrading per year	Strategic Relations and Governance	–	22	30	13	16	16	17
Number of municipalities provided with capacity development to be accredited per year	Strategic Relations and Governance	3	17	18	18	27	27	8

1. Delivery numbers for 2010/11 up to December 2010

Expenditure estimates

Table 31.2 Human Settlements

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
R million	2007/08	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
Administration	102.5	128.6	113.8	212.0	212.0	232.4	238.4	252.4
Housing Policy, Research and Monitoring	22.0	26.2	45.0	47.7	47.7	39.2	46.6	44.0
Housing Planning and Delivery Support	52.4	94.6	140.5	225.2	225.2	156.2	178.5	223.8
Housing Development Finance	10 146.6	12 766.7	15 981.5	18 663.4	18 663.4	21 995.1	24 253.3	25 947.3
Strategic Relations and Governance	179.4	253.4	126.7	157.7	157.7	155.5	158.2	207.3
Total	10 503.0	13 269.5	16 407.4	19 305.9	19 305.9	22 578.5	24 875.1	26 674.7
Change to 2010 Budget estimate				90.3	90.3	470.4	863.4	1 342.4
Economic classification								
Current payments	377.2	526.3	452.5	626.9	626.9	642.2	683.0	788.4
Compensation of employees	103.5	134.2	166.9	289.0	289.0	319.0	331.9	346.8
Goods and services	273.7	391.8	285.4	337.4	337.4	322.7	350.6	441.0
of which:								
Computer services	39.1	61.9	58.5	56.9	56.9	58.1	60.6	95.6
Consultants and professional services:	103.5	77.8	62.2	70.5	70.5	77.0	72.8	77.3
Business and advisory services								
Lease payments	10.2	11.1	6.7	34.9	34.9	37.9	41.2	44.5
Travel and subsistence	28.0	66.7	53.2	45.5	45.5	44.2	47.5	49.0
Interest and rent on land	–	0.3	0.3	0.5	0.5	0.5	0.5	0.5
Transfers and subsidies	10 119.9	12 731.0	15 948.0	18 506.9	18 506.9	21 700.6	23 708.0	25 364.4
Provinces and municipalities	9 936.8	12 300.0	15 237.4	18 189.7	18 189.7	21 208.5	23 008.9	24 584.2
Departmental agencies and accounts	77.2	227.7	352.6	312.2	312.2	487.1	694.0	775.0
Foreign governments and international organisations	0.6	0.8	0.7	1.0	1.0	1.0	1.0	1.1
Households	105.3	202.4	357.2	4.0	4.0	4.0	4.0	4.2
Payments for capital assets	6.0	12.2	6.7	172.1	172.1	235.7	484.1	521.9
Buildings and other fixed structures	0.4	0.2	–	153.1	153.1	231.5	479.5	517.3
Machinery and equipment	5.5	10.4	6.0	16.4	16.4	4.0	4.4	4.4
Software and other intangible assets	0.1	1.6	0.6	2.6	2.6	0.2	0.2	0.2
Payments for financial assets	–	–	0.2	–	–	–	–	–
Total	10 503.0	13 269.5	16 407.4	19 305.9	19 305.9	22 578.5	24 875.1	26 674.7

Expenditure trends

Expenditure increased significantly from R10.5 billion in 2007/08 to R19.3 billion in 2010/11, at an average annual rate of 22.5 per cent. This growth in the department's budget is mainly due to the increase in the human settlements development grant, which grew from R7.0 billion in 2007/08 to R12.9 billion in 2010/11 to support increased delivery in the housing programme.

Over the MTEF period, expenditure is expected to increase to R26.7 billion, at an average annual rate of 11.4 per cent. This is mainly due to the creation of the new urban settlements development grant, which is a combination of the municipal infrastructure grant for cities and a portion of the human settlements development grant to support the upgrading of informal settlements. As a result, spending in the *Housing Development Finance* programme is expected to increase from R18.7 billion in 2010/11 to R25.9 billion in 2013/14, at an average annual rate of 11.6 per cent.

Spending in the *Strategic Relations and Governance* programme is expected to increase at an average annual rate of 9.5 per cent from R157.7 million in 2010/11 to R207.3 million in 2013/14, as a result of additional funds to support municipal accreditation and the upgrading of the housing subsidy system.

Between 2007/08 and 2010/11, spending on compensation of employees increased from R103.5 million to R289.0 million, at an average annual rate of 40.8 per cent. Expenditure is expected to increase to R346.8 million over the medium term, at an average annual rate of 6.3 per cent. The growth in both periods is due to the expansion of the department's organisational structure and the above inflation growth in public sector salaries. Spending on goods and services is expected to increase from R337.4 million in 2010/11 to R441.0 million in 2013/14, as a result of increased spending in the National Upgrading Support programme and the special investigating unit, municipal accreditation, and upgrading the housing subsidy system.

Personnel information

As at 30 September 2010, the department had an establishment of 922 posts, of which 834 are funded and 59 are additional to the approved establishment due to the absorption of staff from Servcon Housing Solutions and Thubelisha Homes. Filled posts increased from 318 in 2007/08 to 609 in 2010/11, and are expected to grow to 834 over the medium term. This is so that the department's structure will be fully implemented to meet human settlement related development outcomes.

There are 225 vacancies within the department, of which 201 are in salary levels 1 to 12, and 24 are in salary levels 13 to 16. Most of these vacancies are in the *Housing Planning and Delivery Support* programme. These posts remain vacant because the securing of additional office accommodation was delayed. Additional office accommodation has been secured toward the latter half of 2010/11.

The ratio of support staff to line function staff is 1:1.3. The ratio of consultants to department personnel is 1:4.

Departmental receipts

Revenue is mainly derived from the recovery of old debt from previous financial years and commission on insurance. Departmental receipts have increased from R675 000 in 2007/08 to R1.2 million in 2010/11, at an average annual rate of 20.6 per cent. Receipts are expected to decrease to R600 000 over the medium term, at an average annual rate of 20.4 per cent, due to a projected decrease in transactions in financial assets and liabilities.

Table 31.3 Departmental receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2007/08	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
Departmental receipts	675	2 392	749	1 184	1 184	540	567	597
Sales of goods and services produced by department	137	72	90	154	154	163	171	180
Sales of scrap, waste, arms and other used current goods	–	2	1	–	–	–	–	–
Interest, dividends and rent on land	43	246	46	49	49	52	55	58
Sales of capital assets	213	–	–	–	–	–	–	–
Transactions in financial assets and liabilities	282	2 072	612	981	981	325	341	359
Total	675	2 392	749	1 184	1 184	540	567	597

Programme 1: Administration

Expenditure estimates

Table 31.4 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
R million							
Ministry ¹	28.2	39.4	32.8	34.9	27.9	29.1	30.8
Management	18.1	29.3	27.3	54.2	89.7	87.4	91.0
Corporate Services	48.2	49.7	49.7	98.3	85.1	89.1	96.3
Office Accommodation	8.0	10.2	4.1	24.5	29.8	32.8	34.4
Total	102.5	128.6	113.8	212.0	232.4	238.4	252.4
Change to 2010 Budget estimate				35.8	50.0	47.5	51.0

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

Economic classification

Current payments	99.3	121.6	109.5	198.0	230.6	236.4	250.3
Compensation of employees	43.3	46.0	55.1	93.1	88.2	91.9	96.6
Goods and services	56.0	75.5	54.3	104.7	142.2	144.3	153.6
of which:							
Computer services	1.3	14.6	4.1	4.8	5.1	5.4	5.7
Consultants and professional services:	14.1	1.2	15.2	24.2	56.0	52.2	53.6
Business and advisory services							
Lease payments	8.8	10.5	6.0	28.9	34.1	37.2	39.1
Travel and subsistence	13.8	26.8	12.7	14.2	14.0	14.6	15.4
Interest and rent on land	–	0.1	0.1	0.2	0.2	0.2	0.2
Transfers and subsidies	0.2	0.2	0.0	–	–	–	–
Households	0.2	0.2	0.0	–	–	–	–
Payments for capital assets	3.0	6.9	4.1	14.0	1.9	2.0	2.1
Machinery and equipment	3.0	6.8	3.8	11.7	1.8	1.9	2.0
Software and other intangible assets	0.0	0.1	0.3	2.3	0.1	0.1	0.1
Payments for financial assets	–	–	0.2	–	–	–	–
Total	102.5	128.6	113.8	212.0	232.4	238.4	252.4

Expenditure trends

Expenditure increased from R102.5 million in 2007/08 to R212.0 million in 2010/11, at an average annual rate of 27.4 per cent. The increase was as a result of increased capacity to strengthen the department's internal audit function and the appointment of the special investigating unit to investigate fraudulent activity in the allocation of housing subsidies.

Over the medium term, expenditure is expected to increase to R252.4 million in 2013/14, at an average annual rate of 6 per cent. The increase is mainly due to growth in spending on goods and services in the *Management* and *Office Accommodation* subprogrammes for additional office space to accommodate more staff and the expansion of the scope of investigations undertaken by the special investigating unit.

Administrative expenditure such as employee bursaries and training and development for the department is centralised in this programme.

Programme 2: Housing Policy, Research and Monitoring

- *Management* provides leadership and strategic support to the programme.
- *Policy Development* develops human settlements and housing policies and provides policy formulation and interpretation assistance to stakeholders in the human settlements sector. This subprogramme has a staff complement of 18 and a total budget of R10.2 million for 2011/12, of which 83.9 per cent will be used for compensation of employees. The subprogramme's focus over the medium term will be to align policy with the broader human settlements mandate and adjust the norms and standards for residential buildings.
- *Research* initiates, undertakes and manages responsive research on integrated human settlements. This subprogramme has staff complement of 15 and a total budget of R11.2 million in 2011/12, of which 65 per cent will be used for compensation of employees. The subprogramme's focus over the medium term will be on strengthening partnerships with the National Research Foundation and the Council for Scientific and Industrial Research in setting up a centre for excellence for human settlements research.
- *Monitoring and Evaluation* monitors, evaluates and assesses the implementation, performance and impact of national human settlements policies and programmes. This subprogramme has a staff complement of 26 and a total budget of R15.5 million in 2011/12, of which 76 per cent will be used for compensation of employees. In 2010/11, a new monitoring and evaluation framework was developed and will be implemented in 2011/12.

Objectives and measures

- Promote sustainable human settlements by developing and maintaining human settlements and housing policies and guidelines that meet best practice benchmarks and that direct the various housing subsidy programmes.
- Ensure that policies are responsive to subsidy beneficiaries through periodic impact assessments that measure household welfare.
- Ensure that policies are responsive by producing research reports and programme determinations per year over the medium term through continuous research, programme reviews and evaluations, measured by the number of research reports and best practice determinations on an ongoing basis.

Expenditure estimates

Table 31.5 Housing Policy, Research and Monitoring

Subprogramme	Audited outcome			Adjusted appropriation 2010/11	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
R million							
Management	2.0	2.0	1.7	2.6	2.3	2.5	2.7
Policy Development	7.5	6.4	7.3	10.2	10.2	10.7	11.2
Research	5.8	5.6	5.2	15.4	11.2	11.8	12.8
Monitoring and Evaluation	6.8	12.1	30.8	19.4	15.5	21.7	17.4
Total	22.0	26.2	45.0	47.7	39.2	46.6	44.0
Change to 2010 Budget estimate				1.8	(9.0)	(4.2)	(9.6)
Economic classification							
Current payments	21.7	25.7	44.6	47.3	39.0	46.2	43.7
Compensation of employees	12.6	13.6	16.8	27.2	29.9	31.1	32.7
Goods and services	9.1	12.0	27.8	20.0	9.0	15.0	11.0
of which:							
Consultants and professional services:	3.4	5.7	15.4	8.3	0.4	5.4	0.5
Business and advisory services	0.5	0.0	0.2	0.3	0.2	0.2	0.2
Lease payments	2.4	2.8	2.7	3.0	2.9	3.6	3.8
Travel and subsistence	–	0.0	0.0	0.1	0.1	0.1	0.1
Interest and rent on land							
Payments for capital assets	0.3	0.5	0.3	0.4	0.3	0.4	0.3
Machinery and equipment	0.2	0.5	0.3	0.4	0.3	0.4	0.3
Software and other intangible assets	0.1	0.1	–	0.0	–	–	–
Total	22.0	26.2	45.0	47.7	39.2	46.6	44.0

Expenditure trends

Spending over the medium term will focus on compensation of employees, and goods and services to strengthen the department's performance monitoring and evaluation capacity.

Between 2007/08 and 2010/11, expenditure increased from R22.0 million to R47.7 million, at an average annual rate of 29.4 per cent. This growth is mainly due to the strengthening of the monitoring and evaluation capacity, and the increased scope of research undertaken by the department.

Over the medium term, expenditure is expected to decrease to R44.0 million in 2013/14, at an average annual rate of 2.7 per cent. This decrease is mainly driven by the projected reduction in expenditure on consultants and professional services from R8.3 million in 2010/11 to R495 000 in 2013/14, due to the completion of the housing occupancy audit.

The travel and subsistence budget increases from R2.4 million in 2007/08 to R3.8 million in 2013/14, at an average annual rate of 8 per cent, due to the projected higher number of visits to housing projects and programmes across the country.

Programme 3: Housing Planning and Delivery Support

- *Management* provides leadership and strategic support to the programme
- *Programme Implementation Support* provides support to provinces and municipalities to implement housing and human settlements projects and programmes. This subprogramme has a staff complement of 20 and a total budget of R12.6 million in 2011/12, of which 10 per cent will be used for personnel and related administrative expenditure. In 2009/10, the following outputs were achieved: technical support was provided to 50 informal settlement upgrading projects; 12 stalled projects were unblocked; 3 stalled projects were closed; and an additional 12 housing projects were technically supported.
- *Rental Housing and People's Housing Process* manages the implementation of the social and rental housing programme and the people's housing process. This subprogramme has a staff complement of 19 and a total budget of R13.2 million in 2011/12, of which 67 per cent will be used for compensation of employees. The subprogramme provides advisory services to support the implementation of rental housing projects.
- *Stakeholder Mobilisation* manages relations, and mobilises and collaborates with stakeholders in the non-governmental sector. This subprogramme has a staff complement of 21 and a total budget of R13.7 million in 2011/12, of which 67 per cent will be used for compensation of employees. Over the medium term, the focus will be on designing and implementing a consumer education programme and a councillor induction programme.
- *Capacity Development* builds capacity for housing administration and delivery in municipalities and provinces, and promotes sustainable housing delivery and community empowerment. The subprogramme has a staff complement of 35 employees and a total budget of R24.5 million in 2011/12, of which 48.9 per cent will be used for compensation of employees. The subprogramme maintains the institutional capabilities development programme, implements the scholarship programme, manages the intake of 20 human settlements officials in the certificate programme on human settlements, and conducts capacity audits of provincial departments of human settlements.
- *Priority Projects Facilitation* is responsible for managing priority housing and human settlement projects nationally. This subprogramme has a staff complement of 10 and a total budget of R9.9 million in 2011/12, of which 100 per cent will be used for compensation of employees and other personnel related costs.
- *Human Settlement Planning* is responsible for managing human settlements planning processes and supporting the implementation of human settlements and housing development frameworks. This subprogramme has a staff complement of 25 and a total budget of R12.4 million in 2011/12, of which 68.2 per cent will be used for compensation of employees. Over the medium term, the focus will be on reviewing the guidelines for human settlements planning and design, and amending the framework for provincial human settlements planning.
- *Sanitation Services* promotes universal access to sanitation services by facilitating, coordinating and managing the sanitation programme. This function shifted from the Department of Water Affairs in 2010/11

and implements the rural household sanitation programme. The subprogramme has a staff complement of 97 and a budget of R65.9 million in 2011/12, of which 53.7 per cent will be used for compensation of employees. Over the medium term and beyond, the focus will be on revising the 2001 White Paper on Basic Household Sanitation, determining sanitation norms and standards, and implementing the free basic sanitation strategy.

Objectives and measures

- Improve multi-year human settlements development planning by:
 - assisting all provinces and, based on their accreditation status, municipalities to develop comprehensive business plans
 - aligning municipal development plans and provincial annual performance plans
 - reporting on an annual basis. In terms of the Division of Revenue Act, provinces report to the department and the department, in turn, reports to National Treasury.
- Improve the delivery rate of housing projects, including blocked projects, by providing continuous technical support to provinces and municipalities.
- Improve access to sanitation by providing continuous planning and implementation support and capacity development.
- Facilitate rental and social housing uptake and accelerate People's Housing Process programmes by providing ongoing regulatory and implementation support to provinces and non-governmental organisations to increase the delivery of rental and social housing and People's Housing Process units.
- Improve private stakeholder participation and collaboration by continuously increasing the number of joint partnerships with private stakeholders.
- Develop professional and institutional capacity to undertake roles and responsibilities at provincial and municipal levels according to standards by managing ongoing training and skills development.
- Facilitate the development of integrated human settlements by providing ongoing implementation and oversight support for priority projects to ensure that they are completed on time and that bottlenecks are speedily resolved.

Expenditure estimates

Table 31.6 Housing Planning and Delivery Support

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
R million							
Management	2.0	12.2	28.5	3.2	3.2	3.4	3.6
Programme Implementation Support	4.6	4.3	5.4	9.8	12.6	25.7	57.0
Rental Housing and People's Housing Process	3.3	8.4	11.5	21.1	13.2	14.5	15.4
Stakeholder Mobilisation	2.1	8.1	11.0	17.3	13.8	14.6	16.3
Capacity Development	8.7	23.4	31.5	28.0	24.5	25.8	27.5
Priority Projects Facilitation	4.4	4.4	3.9	10.6	9.9	10.5	11.1
Human Settlement Planning	2.1	6.4	6.8	12.2	12.5	13.1	13.7
Sanitation Services	25.2	27.3	41.9	123.1	66.4	70.9	79.3
Total	52.4	94.6	140.5	225.2	156.2	178.5	223.8
Change to 2010 Budget estimate				18.4	(17.3)	(4.8)	30.4

Table 31.6 Housing Planning and Delivery Support (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Economic classification							
Current payments	51.1	90.7	132.3	166.3	151.5	173.8	218.8
Compensation of employees	17.7	30.2	39.4	78.8	93.8	97.8	102.7
Goods and services	33.4	60.5	92.9	87.5	57.6	75.9	115.9
of which:							
Computer services	0.2	0.1	0.1	5.7	0.2	0.3	0.3
Consultants and professional services:	16.3	17.5	23.9	16.2	8.5	9.1	10.5
Business and advisory services							
Lease payments	0.0	0.3	0.2	2.6	1.5	1.6	1.8
Travel and subsistence	4.5	22.0	29.6	20.9	20.0	21.8	23.1
Interest and rent on land	–	0.0	0.0	–	0.2	0.2	0.2
Transfers and subsidies	0.5	2.4	7.0	4.0	4.0	4.0	4.2
Households	0.5	2.4	7.0	4.0	4.0	4.0	4.2
Payments for capital assets	0.8	1.5	1.1	54.9	0.7	0.7	0.7
Buildings and other fixed structures	0.4	0.2	–	53.1	–	–	–
Machinery and equipment	0.4	1.2	1.1	1.9	0.6	0.7	0.7
Total	52.4	94.6	140.5	225.2	156.2	178.5	223.8
Details of selected transfers and subsidies							
Households							
Households other transfers							
Current	0.5	2.3	7.0	4.0	4.0	4.0	4.2
Scholarship programme non employees	0.5	2.3	7.0	4.0	4.0	4.0	4.2

Expenditure trends

Programme spending over the medium term will focus on the support for implementing informal settlement upgrading through the national upgrading support programme.

Spending between 2007/08 and 2010/11 increased significantly from R52.4 million to R225.2 million, at an average annual rate of 62.6 per cent. The growth was due to the direct implementation support the department provided to provinces and municipalities on priority projects, which resulted in spending in the *Priority Projects Facilitation* subprogramme increasing from R4.4 million in 2007/08 to R10.6 million in 2010/11, at an average annual rate of 34.1 per cent. Expenditure in the *Sanitation Services* subprogramme increased from R25.2 million in 2007/08 to R123.1 million in 2010/11, at an average annual rate of 69.7 per cent, due to the implementation of the rural household sanitation programme, which started in 2010/11.

Over the medium term, expenditure is expected to decrease marginally to R223.8 million, at an average annual rate of 0.2 per cent. In addition to efficiency savings measures implemented in the programme, the reduction in expenditure relates primarily to the once-off special project support in the *Sanitation Services* subprogramme for the access acceleration project. As a result, expenditure in this subprogramme is expected to decrease from R123.1 million in 2010/11 to R79.3 million in 2013/14, at an average annual rate of 13.6 per cent.

Programme 4: Housing Development Finance

- *Management* provides leadership and strategic support to the programme.
- *Financial and Funds Management* provides: overall financial and grant management services, including financial support; internal control; supply chain and budget management; and grant management services and systems support. This subprogramme has a staff complement of 121 and a total budget of R55.1 million in 2011/12, of which 71.3 per cent will be used for compensation of employees.

- *Housing Equity* manages activities related to the Office of Disclosure, the housing aspects of the Financial Sector Charter, and mobilising and promoting investment for housing development. This subprogramme has a staff complement of 17 and a total budget of 10.1 million in 2011/12, of which 73.5 per cent will be used for compensation of employees. In 2010/11, the unit produced a report on lending practices of banks in terms of the Home Loan Mortgage and Disclosure Act (2000).
- *Human Settlements Development Grant* reflects the conditional grant allocation that is transferred to the provinces. Funding is provided on the basis of housing needs, the number of households earning less than R3 500 per month, and the population per province.
- *Contribution* makes contributions to housing institutions. Funds are transferred on the basis of a public entity meeting.
- *Rural Households Infrastructure Grant* reflects the indirect conditional grant allocation for household infrastructure in rural areas for on-site water and sanitation solutions.
- *Urban Settlements Development Grant* reflects the conditional grant to municipalities for infrastructure to support the upgrading of informal settlements in metropolitan municipalities.

Objectives and measures

- Improve access to end user finance by collaborating with the financial sector to develop mechanisms to increase market penetration by providing loans to households, measured by the number, value and terms of loans to low and medium income households.
- Improve the expenditure efficiency of provinces on housing delivery and sanitation services by providing ongoing financial and grant management support for the human settlements development grant and the rural households infrastructure grant, as well as ongoing business planning and reporting support, in line with the Division of Revenue Act, so that provinces are able to use all transferred funds.
- Ensure sound financial management by maintaining ongoing controls and systems, measured by compliance with regulations and established practices.

Expenditure estimates

Table 31.7 Housing Development Finance

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
R million							
Management	2.4	2.3	2.4	2.9	2.8	3.0	3.2
Financial and Funds Management	19.5	26.1	29.3	45.8	55.1	56.9	55.9
Housing Equity	6.2	10.7	9.7	12.7	10.1	10.9	11.8
Human Settlements Development Grant	6 988.5	8 727.6	10 669.3	12 898.3	14 941.5	15 599.4	16 457.4
Contributions	77.2	227.7	352.6	312.2	487.1	694.0	775.0
Rural Households Infrastructure Grant	–	–	–	100.0	231.5	479.5	517.3
Housing Disaster Relief Grant	–	–	150.0	133.8	–	–	–
Backlogs in Water and Sanitation at Schools and Clinics Grant	104.6	199.9	350.0	–	–	–	–
Urban Settlements Development Grant	2 948.3	3 572.4	4 418.2	5 157.6	6 267.0	7 409.5	8 126.8
Total	10 146.6	12 766.7	15 981.5	18 663.4	21 995.1	24 253.3	25 947.3
Change to 2010 Budget estimate				51.1	471.2	853.9	1 260.9
Economic classification							
Current payments	27.8	38.5	41.0	60.1	67.5	70.2	70.2
Compensation of employees	11.9	16.7	23.3	35.0	48.4	49.8	50.4
Goods and services	15.9	21.8	17.7	25.1	19.0	20.4	19.8
of which:							
Computer services	2.5	2.5	3.3	5.0	2.3	2.4	2.6
Consultants and professional services:	4.8	0.5	2.1	1.4	0.9	1.3	1.1
Business and advisory services							
Lease payments	0.2	–	0.1	0.4	0.4	0.4	0.4
Travel and subsistence	2.2	3.0	1.8	3.1	3.0	3.1	2.2
Interest and rent on land	–	0.0	0.0	0.1	0.0	0.0	0.0

Table 31.7 Housing Development Finance (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Transfers and subsidies	10 118.6	12 727.6	15 940.1	18 501.9	21 695.6	23 703.0	25 359.2
Provinces and municipalities	9 936.8	12 300.0	15 237.4	18 189.7	21 208.5	23 008.9	24 584.2
Departmental agencies and accounts	77.2	227.7	352.6	312.2	487.1	694.0	775.0
Households	104.6	199.9	350.0	–	–	–	–
Payments for capital assets	0.3	0.6	0.4	101.3	232.1	480.2	517.9
Buildings and other fixed structures	–	–	–	100.0	231.5	479.5	517.3
Machinery and equipment	0.3	0.6	0.3	1.2	0.6	0.7	0.7
Software and other intangible assets	–	–	0.0	0.1	–	–	–
Total	10 146.6	12 766.7	15 981.5	18 663.4	21 995.1	24 253.3	25 947.3

Details of selected transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	77.2	227.7	352.6	179.9	260.9	266.6	220.9
Social Housing Regulatory Authority: Operational	–	–	–	54.5	19.3	21.1	22.2
Rural Housing Loan Fund	–	–	–	49.5	49.5	52.0	–
Housing Development Agency	–	–	62.7	69.3	89.1	93.6	98.7
National Urban Reconstruction and Housing Agency	19.0	–	3.5	0.0	100.0	100.0	100.0
Social Housing Foundation	15.1	217.7	263.0	6.6	3.0	–	–
Thubelisha Homes	43.0	10.0	23.5	–	–	–	–
Capital	–	–	–	132.3	226.2	427.4	554.1
Social Housing Regulatory Authority: Capital restructuring grant	–	–	–	132.3	226.2	427.4	554.1
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Capital	2 948.3	3 572.4	4 418.2	5 157.6	6 267.0	7 409.5	8 126.8
Urban Settlements Development Grant	2 948.3	3 572.4	4 418.2	5 157.6	6 267.0	7 409.5	8 126.8
Households							
Households other transfers							
Capital	104.6	199.9	350.0	–	–	–	–
Backlogs in Water and Sanitation at Schools and Clinics Grant	104.6	199.9	350.0	–	–	–	–
Provinces and municipalities							
Provinces							
Provincial Revenue Funds							
Capital	6 988.5	8 727.6	10 819.3	13 032.1	14 941.5	15 599.4	16 457.4
Human Settlements Development Grant	6 988.5	8 727.6	10 669.3	12 898.3	14 941.5	15 599.4	16 457.4
Housing Disaster Relief Grant	–	–	150.0	133.8	–	–	–

Note: The urban settlements development grant is a new conditional grant. Historic expenditure on the grant is based on estimations of historic municipal infrastructure grant and human settlements development grant expenditure which contributes to the urban settlements development grant.

Expenditure trends

Spending over the medium term will focus on making transfers to provinces and municipalities to fund low income housing delivery and to upgrade informal settlements.

Between 2007/08 and 2010/11, expenditure increased from R10.1 billion to R18.7 billion, at an average annual rate of 22.5 per cent. The significant increase in spending relates to the *Human Settlements Development Grant* subprogramme, which increased from R7.0 billion in 2007/08 to R12.9 billion in 2010/11, at an average annual rate of 22.7 per cent, to expand the delivery of houses to poor households.

Expenditure is expected to increase from R18.7 billion in 2010/11 to R25.9 billion in 2013/14, at an average annual rate of 11.6 per cent. The increase is a result of the new urban settlements development grant to metropolitan municipalities to support infrastructure development for informal settlement upgrading. The *Rural*

Household Infrastructure Grant subprogramme is expected to increase by R427.3 million over the medium term to expand the delivery of basic water and sanitation infrastructure to households in rural communities.

Programme 5: Strategic Relations and Governance

- *Management* provides leadership and administrative support to the programme
- *Management Information Services* manages the development and implementation of integrated business solutions and data and information, and provides knowledge services. This subprogramme has a staff complement of 28 and a total budget of R66 million in 2011/12, of which 61 per cent will be used for compensation of employees.
- *Intergovernmental and International Relations* facilitates the department's participation in and management of international and intergovernmental relations. This subprogramme has a staff complement of 18 and a total budget of R19.5 million in 2011/12, of which 17 per cent will be used for compensation of employees.
- *Communications* manages communication and public relations. This subprogramme has a staff complement of 52 and a total budget of R36 million in 2011/12, of which 47 per cent will be used for compensation of employees.
- *Housing Institutions* provides oversight management of housing institutions to monitor the overall performance of housing entities, policy alignment, and legislative and regulatory compliance. This subprogramme has a staff complement of 20 and a total budget of R15 million in 2011/12, of which 60 per cent will be used for compensation of employees.
- *Strategic Management* manages and monitors the development and implementation of the departmental strategic and performance plans. This subprogramme has a staff complement of 15 and a total budget of R8 million in 2011/12, of which 86 per cent will be used for compensation of employees.
- *Transformation* develops and manages transformation programmes in compliance with the national policy framework and international human rights instruments and directives. This subprogramme has a staff complement of 12 and a total budget of R69 million in 2011/12, of which 83 per cent will be used for compensation of employees.
- *Contributions* makes contributions to the housing institutions and the Habitat Foundation to support the work of the United Nations Human Settlements Programme.

Objectives and measures

- Oversee the management of housing institutions by monitoring performance and corporate planning and by overseeing policy and governance, measured by compliance with regulations and delivery on mandates.
- Provide integrated business solutions and support as well as business information and related products by maintaining housing and human settlements databases, measured by the availability of accurate information, data and solutions.
- Ensure an integrated communication service through the release of public information and marketing, corporate communications, and media relations, measured by sustainable awareness and knowledge and information dissemination that empower stakeholders within and outside the department.
- Provide organisational planning and performance monitoring support by managing the development of the departmental strategic and performance plans and by monitoring the implementation of these plans.

Expenditure estimates

Table 31.8 Strategic Relations and Governance

Subprogramme				Adjusted appropriation	Medium-term expenditure estimate		
R million	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Management	1.2	2.7	2.7	4.1	2.7	2.8	2.9
Management Information Services	48.1	55.6	58.8	56.8	66.0	68.9	104.2
Intergovernmental and International Relations	56.6	55.6	7.7	15.4	19.5	16.0	22.6
Communications	60.9	116.1	38.3	41.8	36.1	41.7	47.3
Housing Institutions	4.0	15.2	9.0	23.4	15.3	12.2	12.8
Strategic Management	2.1	2.9	3.9	8.5	8.1	8.4	8.9
Transformation	5.8	4.4	5.6	6.7	6.9	7.2	7.6
Contributions	0.6	0.8	0.7	1.0	1.0	1.0	1.1
Total	179.4	253.4	126.7	157.7	155.5	158.2	207.3
Economic classification							
Current payments	177.3	249.8	125.0	155.2	153.7	156.4	205.3
Compensation of employees	18.1	27.7	32.3	54.9	58.8	61.3	64.4
Goods and services	159.2	222.0	92.7	100.1	94.8	94.9	140.8
of which:							
Computer services	35.1	44.6	51.0	41.4	50.5	52.5	87.1
Consultants and professional services:	64.9	52.9	5.5	20.4	11.1	4.9	11.5
Business and advisory services							
Lease payments	0.8	0.3	0.2	2.6	1.8	1.9	3.0
Travel and subsistence	5.0	12.2	6.4	4.3	4.3	4.4	4.5
Interest and rent on land	–	0.1	0.0	0.2	0.1	0.1	0.1
Transfers and subsidies	0.6	0.8	0.9	1.0	1.0	1.0	1.1
Foreign governments and international organisations	0.6	0.8	0.7	1.0	1.0	1.0	1.1
Households	–	0.0	0.2	–	–	–	–
Payments for capital assets	1.4	2.8	0.7	1.4	0.8	0.8	0.9
Machinery and equipment	1.4	1.4	0.5	1.3	0.7	0.7	0.8
Software and other intangible assets	–	1.4	0.3	0.2	0.1	0.1	0.1
Total	179.4	253.4	126.7	157.7	155.5	158.2	207.3
Details of selected transfers and subsidies							
Foreign governments and international organisations							
Current	0.6	0.8	0.7	1.0	1.0	1.0	1.1
Habitat Foundation	0.6	0.8	0.7	1.0	1.0	1.0	1.1

Expenditure trends

Spending over the medium term will focus on capacity development for accreditation and upgrading the housing subsidy system, which provides a programme and subsidy administration platform to provinces and municipalities.

Expenditure decreased from R179.4 million in 2007/08 to R157.7 million in 2010/11, at an average annual rate of 4.2 per cent. The decrease was due to reduced expenditure on advertising in the *Communications* subprogramme.

Expenditure is expected to increase to R207.3 million over the medium term, at an average annual rate of 9.5 per cent. This is mainly due to an increase in projected expenditure in the *Management Information Services* subprogramme to upgrade the housing subsidy system. As a result, expenditure on computer services is expected to increase from R41.4 million in 2010/11 to R87.1 million in 2013/14, at an average annual rate of 28.1 per cent.

Between 2010/11 and 2013/14, further expenditure growth is expected in the *Intergovernmental and International Relations* subprogramme to provide for capacity development to support the accreditation of municipalities.

Public entities and other agencies

National Home Builders Registration Council

Strategic overview: 2007/08 – 2013/14

The National Home Builders Registration Council was established in terms of the Housing Consumers Protection Measures Act (1998), as amended, to represent the interests of housing consumers and to regulate the home building environment by promoting innovative home building technologies, setting home building standards and improving the capabilities of home builders.

The council provides training and capacity building to promote and ensure compliance with technical standards in the home building environment. The council is currently reviewing the Housing Consumers Protection Measures Act (1998) to address any misalignment with other legislative prescripts, such as the Public Finance Management Act (1999) and the Consumer Protection Act (2008), and their potential impact on the council's business.

Over the medium term, the training of home builders, specifically emerging builders, the unemployed, the youth, women and people with disabilities, remain a critical strategic and operational focus for the council. The inspection model and the cross-subsidisation of the subsidy and non-subsidy market will be reviewed.

Savings and cost effectiveness measure

The council has identified savings over the medium term by implementing cost effectiveness measures to reduce operational expenditure. The specific measures include: outsourcing the non-subsidy inspection process to link inspection costs to the number of inspections performed rather than being a fixed cost; increasing the number of interdicts issued for section 10 and section 14 violations from 10 per cent to 100 per cent, which will result in the cost of legal settlements being reduced by an estimated R2.0 million per year; filling only critical positions over the medium term; and implementing a train-the-trainer initiative to minimise training and travelling expenses.

Selected performance indicators

Table 31.9 National Home Builders Registration Council

Indicator	Programme/Activity	Past			Current	Projected		
		2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Number of new builders registered per year	–	3 628	4 820	3 616	3 000	2 500	2 800	3 100
Number of builders membership renewed	–	12 390	12 390	10 366	10 366	13 000	14 000	15 400
Number of home enrolments in the non-subsidy market per year	–	80 239	78 568	26 848	26 043	40 000	44 000	32 000
Number of late enrolments per year	–	4 132	4 583	2 130	1 295	4 000	4 400	4 800
Number of project subsidy enrolments per year	–	77 560	124 190	24 564	56 200	90 000	120 000	90 000
Number of home enrolments in the subsidy markets per year	–	69 616	100 000	41 616	94 000	60 000	80 000	70 000
Number of inspections per year	–	738 001	435 336	237 400	270 693	300 000	320 000	320 000
Number of conciliations per year	–	2 824	3 400	500	550	605	666	720
Number of builders suspended per year	–	645	800	400	500	550	650	700
Number of builders deregistered per year	–	–	155	–	–	–	–	–

Details of programmes/activities/objectives

The council focuses on: providing emerging home builders with management and financial training; providing construction project management training; skills training in homebuilding; and minimising risk exposure through training. In 2011/12, the rate of home building is anticipated to improve marginally due to the economic recovery from the global downturn. The number of home enrolments in the non-subsidy sector is expected to increase by 54 per cent, from 26 043 actual enrolments in 2010/11 to 40 000 in 2011/12. The number of home enrolments in the subsidy sector is expected to decline by 36.2 per cent, from 94 000 units in 2010/11 to 60 000 units in 2011/12. The number of inspections is expected to increase by 10.8 per cent per cent, from 270 693 in 2010/11 to 300 000 in 2011/12.

Expenditure estimates

Table 31.10 National Home Builders Registration Council

R million	Audited outcome			Revised estimate 2010/11	Medium-term estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Risk mitigation expenses (Non-subsidy)	60.2	111.9	99.4	77.6	83.0	88.8	91.3
Marketing Expenses	7.4	7.2	11.3	26.6	7.9	8.5	9.1
Training of emerging contractors	15.9	13.7	32.8	12.0	–	37.0	37.0
Risk mitigation expenses (Subsidy)	–	–	–	46.1	49.3	52.8	56.5
Forensic investigation and rectification	19.3	33.8	30.6	7.8	8.3	8.9	9.5
Other Objectives	206.0	245.4	287.9	327.1	350.3	376.0	404.3
Total expense	308.8	412.0	462.0	497.2	498.8	572.0	607.6
Revenue							
Non-tax revenue	777.3	826.0	725.6	568.6	608.5	651.0	696.8
Sale of goods and services other than capital assets	591.4	583.5	458.8	329.0	352.0	376.7	403.2
<i>of which:</i>							
<i>Sales by market establishments</i>	591.4	583.5	458.8	329.0	352.0	376.7	403.2
<i>Other non-tax revenue</i>	185.9	242.5	266.8	239.6	256.4	274.4	293.6
Total revenue	777.3	826.0	725.6	568.6	608.5	651.0	696.8
Expenses							
Current expense	308.8	412.0	462.0	494.1	495.4	568.3	603.7
Compensation of employees	127.9	134.0	147.7	183.3	201.0	220.5	241.9
Goods and services	175.1	257.9	296.0	290.3	271.3	327.2	351.7
Depreciation	5.7	20.0	18.3	20.5	23.1	20.6	10.0
Interest, dividends and rent on land	0.2	0.0	0.0	–	–	–	–
Transfers and subsidies	–	–	–	3.1	3.4	3.7	3.9
Total expenses	308.8	412.0	462.0	497.2	498.8	572.0	607.6
Surplus / (Deficit)	468.5	414.0	263.5	71.0	110.0	79.0	89.0
Statement of financial position							
Carrying value of assets	83.4	80.9	72.3	61.5	46.7	34.8	34.1
<i>of which: Acquisition of assets</i>	53.3	17.5	10.9	9.7	8.3	8.8	9.3
Investments	2 437.1	2 778.7	2 934.9	3 162.7	3 321.2	3 459.7	3 701.9
Inventory	0.3	0.3	0.1	0.3	0.4	0.4	0.4
Receivables and prepayments	12.9	87.7	84.3	12.5	13.4	14.3	15.3
Cash and cash equivalents	72.8	27.1	30.7	3.1	3.1	3.1	3.3
Total assets	2 606.6	2 974.7	3 122.2	3 240.1	3 384.6	3 512.3	3 755.0
Accumulated surplus/deficit	1 402.3	1 831.0	2 091.4	2 228.9	2 375.7	2 494.8	2 666.2
Capital and reserves	37.2	107.7	109.8	102.1	99.1	99.1	106.1
Trade and other payables	184.3	187.0	98.0	55.0	55.8	64.4	68.9
Provisions	982.8	849.0	823.1	854.0	854.0	854.0	913.8
Total equity and liabilities	2 606.6	2 974.7	3 122.2	3 240.1	3 384.6	3 512.3	3 755.0

Expenditure trends

The council generates revenue from registration and renewal fees paid by home builders and from home enrolment fees from housing consumers. Total revenue decreased from R777.3 million in 2007/08 to R568.6 million in 2010/11, at an average annual rate of 9.9 per cent. This decrease relates to the decrease in the number of builders registered and homes enrolled as a result of adverse economic conditions in 2008 and 2009. Over the MTEF period, revenue is expected to increase to R696.8 million, at an average annual rate of 7 per cent, due to an anticipated recovery in the economy.

Expenditure increased from R308.8 million in 2007/08 to R497.2 million in 2010/11, at an average annual rate of 17.2 per cent. Expenditure is expected to increase to R607.6 million over the medium term, at an average annual rate of 6.9 per cent.

Outsourced inspection services are expected to increase at an average annual rate of 7 per cent between 2010/11 and 2013/14, as the number of homes enrolled increases. Spending on training and staff development is expected to increase from R4.0 million to R4.5 million over the medium term and reflects the continuation and conclusion of the restructuring process. Expenditure on emerging contractors is expected to increase from R12.0 million in 2010/11 to R37.0 million in 2013/14, as a result of increased support to builders in this segment of the housing construction market. Advertising expenditure is expected to decrease from R24.1 million in 2010/11 to R6.4 million in 2013/14, as an efficiency savings measure.

Personnel information

The council has a staff complement of 417, with 7 vacant positions as at 30 September 2010. The establishment is expected to grow to 421 positions in 2013/14, of which 84.2 per cent of posts are occupied by professional staff.

National Housing Finance Corporation

Strategic overview: 2007/08 – 2013/14

The National Housing Finance Corporation was established in 1996 as a development finance institution to contribute to reducing South Africa's housing backlog. It is listed as a schedule 3A public entity mandated to facilitate interventions supporting bank lending in the housing target market. The corporation operates as a wholesale intermediary and acts as a fund and risk manager, managing proactive programmes aimed at building institutional and financial capacity at the retail level and mobilising funds into the housing process.

The corporation disburses its funds through wholesale and commercial business units. The retail business, which was introduced in 2008/09, has since been discontinued and the corporation will concentrate on fulfilling its existing obligations in 2011/12.

Going forward, the core business will be refocused to facilitate increased and sustained lending and contribution by the private sector. The refocusing will reprioritise its business initiatives as follows: 60 per cent towards facilitation activities aimed at optimally leveraging private sector contributions, and 40 per cent towards traditional wholesale lending and project finance activities.

Savings and cost effectiveness measure

The corporation has identified savings over the medium term in operating expenditure through a proactive management approach.

Selected performance indicators

Table 31.11 National Housing Finance Corporation

Indicator	Programme/Activity	Past			Current 2010/11	Projected		
		2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Number of ownership, private rental, social rental and affordable housing opportunities created per year	Projects	5 552	11 718	7 869	5 601	10 424	11 098	12 209
Number of mortgaged housing opportunities created per year	Retail Finance	–	20	675	704	67	–	–
Number of incremental housing opportunities created through the financial intermediaries per year	Commercial products	7 576	3 145	2 616	8 036	8 917	11 038	13 759

Table 31.11 National Housing Finance Corporation (continued)

Indicator	Programme/Activity	Past			Current 2010/11	Projected		
		2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Provision for impairments on gross advances (percentage) per year	All	6	5	9	8	8	8	8
Total operating expenditure to total income (percentage) per year	All	48	37	41	55	63	49	43
Total operating expenditure to total lending income (percentage) per year	All	116	94	93	83	66	43	33

Details of programmes/activities/objectives

Projects establishes partnerships with provinces, municipalities, developers, and housing and financial institutions to develop sustainable funding programmes that address the shortage of affordable housing for low income earners.

Commercial provides funding through intermediaries for incremental housing and home ownership. A revised business model will be developed to increase the number of intermediaries with capacity.

Expenditure estimates

Table 31.12 National Housing Finance Corporation

Statement of financial performance				Revised estimate 2010/11	Medium-term estimate		
R million	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Revenue							
Non-tax revenue	231.6	278.7	312.6	276.5	320.3	690.4	723.3
Sale of goods and services other than capital assets	–	7.0	61.2	62.3	76.8	330.4	201.8
of which:							
Sales by market establishments	–	7.0	61.2	62.3	76.8	330.4	201.8
Other non-tax revenue	231.6	271.7	251.4	214.2	243.5	360.0	521.6
Total revenue				276.5	320.3	690.4	723.3
Expenses							
Current expense	125.5	128.2	239.4	221.3	260.2	594.9	591.1
Compensation of employees	34.9	41.3	47.6	70.9	85.0	87.3	92.6
Goods and services	90.0	84.0	189.8	144.5	139.8	396.1	292.6
Depreciation	0.6	0.8	0.9	3.2	3.7	4.7	4.5
Interest, dividends and rent on land	–	2.1	1.0	2.7	31.7	106.8	201.3
Total expenses	171.0	170.7	255.0	234.8	272.1	621.0	627.8
Surplus / (Deficit)	60.6	108.0	57.5	41.7	48.1	69.4	95.5
Statement of financial position							
Carrying value of assets	1.2	1.5	1.9	7.7	11.8	7.7	3.2
of which: Acquisition of assets	0.9	1.1	1.3	9.1	7.8	0.6	0.1
Investments	1 393.8	1 236.4	1 074.5	759.7	1 049.6	776.9	959.0
Inventory	–	57.9	54.3	71.2	64.7	34.4	29.4
Loans	935.2	1 053.8	1 333.4	1 924.2	2 289.6	3 000.5	3 926.4
Receivables and prepayments	11.2	85.7	93.8	70.8	87.6	121.3	156.7
Cash and cash equivalents	217.9	276.8	263.0	164.8	237.3	183.5	224.2
Assets not classified elsewhere	34.1	46.7	64.8	78.0	77.3	187.4	189.1
Total assets	2 593.4	2 758.8	2 885.6	3 076.5	3 817.9	4 311.6	5 488.2
Accumulated surplus/deficit	965.8	1 078.8	1 136.4	1 178.0	1 226.2	1 296.2	1 395.1
Capital and reserves	1 080.0	1 080.0	1 080.0	1 080.0	1 080.0	1 080.0	1 080.0
Borrowings	–	16.9	16.2	208.4	971.7	1 436.3	2 442.9
Trade and other payables	20.7	37.3	23.2	12.2	12.1	14.9	13.7
Provisions	10.5	14.5	14.0	6.1	6.2	6.9	8.0
Managed funds	496.3	521.2	615.8	591.7	521.7	477.3	548.5
Liabilities not classified elsewhere	20.1	10.1	–	–	–	–	–
Total equity and liabilities	2 593.4	2 758.8	2 885.6	3 076.5	3 817.9	4 311.6	5 488.2

Expenditure trends

Revenue mainly consists of interest earned on loan disbursements and interest from investments. Total revenue increased from R231.6 million in 2007/08 to R276.5 million in 2010/11, at an average annual rate of 6.1 per cent. Revenue is expected to increase to R723.3 million over the medium term, at an average annual rate of 37.8 per cent. The increase in both periods is as a result of an increased target for loan disbursements, which is expected to result in an increase in interest earned.

Expenditure increased from R171.0 million in 2007/08 to R234.8 million in 2010/11, at an average annual rate of 11.1 per cent and is expected to increase to R627.8 million over the medium term, at an average annual rate of 38.8 per cent. The significant growth over the medium term is mainly due to an increase in operating expenditure of 31 per cent in 2012/13 to provide for outsourced services necessitated by changes in business requirements.

The corporation is budgeting for a profit after tax of R48.1 million for 2011/12. This is 16 per cent higher than the forecast for 2010/11. The change in the budget and medium term forecast for 2012/13 and 2013/14 reflects the impact of an expected decrease in the interest rates, borrowing costs, increased level of disbursements and profits from the Cape Town Community Housing Company.

Personnel information

The corporation has a staff complement of 96 posts of which 9 are at board level. As at 30 September 2010, there are 8 vacancies, one of which is at board level and which is expected to be filled in 2010/11. The vacancies remain as the entity will only be filling key positions.

National Urban Reconstruction and Housing Agency

Strategic overview: 2007/08 – 2013/14

Established in partnership with the Open Society Institute in 1995, the National Urban Reconstruction and Housing Agency provides finance to construction projects for affordable housing, subsidy housing, community facilities and related infrastructure. As a schedule 3A public entity, the agency provides loan facilities to established and emerging contractors through intermediaries, who also provide support services to contractors.

The agency is specially geared to providing construction finance for contractors or developers who cannot easily access finance from the conventional financial institutions, by assessing the needs of each applicant, structuring the loan accordingly, and providing a comprehensive range of construction support services where necessary.

In 2009, the agency entered into a new working relationship with financial intermediaries Sebra and Tusk, to form a joint venture that draws on the strengths of all three companies and that offers better coordinated and more efficient operations. Tusk manages loans to contractors for infrastructure and community facilities, while Sebra manages loans for subsidy housing. The joint venture better positions the agency to offer clients a broad range of services that encompasses all these areas. It also gives the agency a national presence.

Over the medium term, the agency plans to develop proactive risk management tools and structures to strengthen its credit control capacity. It will develop mechanisms for the collection and analysis of market intelligence and competitor data and improve customer management. It expects to develop new programmes and products as part of its strategy to re-enter the rental market by financing contractors involved in social housing. Existing capacity will be exploited to test innovative financing schemes for projects and foster new partnerships for leveraging own funding, and managing or transferring risk.

The institution intends to borrow money at developmental rates to support emerging contractors. It aims to approach the donor community for grants and soft loans that can be blended with commercial funding to lower the lending rate to contractors. Over the MTEF period, the agency expects to develop an effective stakeholder programme to better understand its stakeholder base.

Savings and cost effectiveness measures

The agency has implemented savings measures to reduce operational expenditure. The measures include: managing bookings for accommodation and travel for business purposes in-house without the use of travel agents; booking less expensive bed and breakfast facilities for overnight accommodation rather than hotel

rooms; requiring that staff members use a single vehicle when attending the same meeting; and using videoconferencing facilities for board meetings to save on travel, accommodation and related costs.

Selected performance indicators

Table 31.13 National Urban Reconstruction and Housing Agency

Indicator	Programme/Activity	Past			Current	Projected		
		2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Value of loans signed - subsidy housing and sites per year	Subsidised housing	159 476	209 444	149 485	151 177	163 271	179 599	201 150
Value of loans signed - affordable housing and sites per year	Affordable housing	12 431	53 535	240 922	160 546	115 069	126 576	141 765
Value of loans signed - infrastructure projects per year	Infrastructure and community facilities	90 162	149 881	164 407	102 250	110 430	121 473	136 050
Number of fully subsidised houses/sites completed	Subsidised housing	9 273	14 657	18 702	25 827	27 893	30 682	34 364
Number of affordable houses/sites completed per year	Affordable housing	782	182	3 652	2 684	2 899	3 189	3 571
Number of houses/sites and infrastructure completed per year	Infrastructure and community facilities	3 297	3 098	41	42	45	50	56

Details of programmes/activities/objectives

The agency's operations are arranged in three programmes: the subsidised housing programme, the affordable housing programme, and the infrastructure and community facilities programme.

Table 31.14 National Urban Reconstruction and Housing Agency

R million	Audited outcome			Revised estimate 2010/11	Medium-term estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Subsidy housing - houses and sites completed	23.7	15.6	18.7	25.8	27.9	30.7	34.4
Affordable housing - houses and sites completed	1.7	4.5	3.7	2.7	2.9	3.2	3.6
Infrastructure and Community Facilities completed	2.0	2.7	0.0	0.0	0.0	0.1	0.1
Other Objectives	37.0	43.2	63.2	37.8	40.7	47.1	53.5
Total expense	64.4	66.1	85.6	66.3	71.5	81.0	91.4

Expenditure estimates

Table 31.15 National Urban Reconstruction and Housing Agency

Statement of financial performance							
R million	Audited outcome			Revised estimate 2010/11	Medium-term estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Revenue							
Non-tax revenue	50.2	69.3	63.3	59.9	68.7	84.6	103.1
<i>Other non-tax revenue</i>	50.2	69.3	63.3	59.9	68.7	84.6	103.1
Transfers received	–	13.4	3.5	–	–	–	–
Total revenue	50.2	82.6	66.8	59.9	68.7	84.6	103.1
Expenses							
Current expense	64.4	66.1	85.6	66.3	71.5	81.0	91.4
Compensation of employees	19.1	23.2	26.0	23.9	26.2	27.5	28.8
Goods and services	30.1	25.2	39.1	21.2	21.0	25.0	29.6
Depreciation	0.4	0.4	0.5	1.1	1.6	1.7	0.8
Interest, dividends and rent on land	14.8	17.4	20.0	20.1	22.8	26.9	32.3
Total expenses	64.4	66.1	85.6	66.3	71.5	81.0	91.4
Surplus / (Deficit)	(14.2)	16.5	(18.8)	(6.4)	(2.8)	3.6	11.6

Table 31.15 National Urban Reconstruction and Housing Agency (continued)

Statement of financial position				Revised estimate	Medium-term estimate		
R million	Audited outcome			2010/11			
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Carrying value of assets	1.0	1.4	2.6	3.7	2.9	1.6	1.2
of which: Acquisition of assets	0.5	0.8	1.8	1.3	0.8	0.4	0.4
Investments	226.3	365.3	356.6	413.5	429.7	503.3	607.5
Receivables and prepayments	0.3	1.3	1.1	0.7	0.4	0.4	0.4
Cash and cash equivalents	181.8	90.9	133.8	125.5	230.8	296.0	348.1
Total assets	409.3	458.9	494.1	543.3	663.8	801.3	957.2
Accumulated surplus/deficit	233.4	247.4	228.5	222.1	219.3	322.9	434.5
Capital and reserves	38.3	38.3	38.3	38.3	138.3	138.3	138.3
Borrowings	129.4	164.8	219.7	223.5	242.0	268.7	303.1
Trade and other payables	8.3	8.4	7.6	6.2	6.7	6.8	7.3
Provisions	–	–	–	53.3	57.6	64.6	74.0
Total equity and liabilities	409.3	458.9	494.1	543.3	663.8	801.3	957.2

Expenditure trends

Revenue consists mainly of interest earned on loans to construction projects as well as interest from investments. Total revenue grew from R50.2 million in 2007/08 to R59.9 million in 2010/11, at an average annual rate of 6.1 per cent. Over the medium term, revenue is expected to increase to R103.1 million in 2013/14, at an average annual rate of 19.8 per cent. The increase is mainly due to interest earned as a result of an increase in the value of loans disbursed. Investments increase from R226.3 million in 2007/08 to R413.5 million in 2010/11, due to an increase in the size of the entity's loan book.

Over the medium term, expenditure is expected to increase from R66.3 million to R91.4 million, at an average annual rate of 11.3 per cent. The increase is mainly as a result of increased expenditure on compensation of employees and interest paid.

To strengthen the entity's ability to increase its loan book, the agency will be recapitalised by R300.0 million over the MTEF period. This will allow for loan disbursements to contractors in the subsidised housing programme to increase to R201.2 million in 2013/14.

Personnel information

The staff complement for the institution is 56 posts, of which 16 are positions at board level. 20.4 per cent of the positions in the organisation are professionals.

Other public entities and agencies

Comprehensive coverage of the following public entities is provided with the more detailed information for the vote at www.treasury.gov.za under the budget information link.

- The **Housing Development Agency** is mandated to identify, acquire, hold, develop and release state and privately owned land for residential and community purposes and for the creation of sustainable human settlements. The agency's total budget for 2011/12 is R90.8 million.
- The **Rural Housing Loan Fund** is a wholesale lending institution. Its main business is to raise money and lend it on to retail credit intermediaries to provide repeat access to housing credit to low income rural households. The fund's total budget for 2011/12 is R46.2 million.
- The **Social Housing Foundation** was mandated to promote and develop the social housing sector in South Africa through stakeholder engagement, research and policy development. The foundation began implementing a closure plan in 2010/11, and is expected to be dissolved by March 2011. Functions and their related resources will be absorbed by the Department of Human Settlements and the Social Housing Regulatory Authority as appropriate.

- The **Social Housing Regulatory Authority** was formally established in 2010/11 to regulate the affairs of all social housing institutions and to stimulate the supply of social housing stock through the social housing investment programme. The authority's total budget for 2011/12 is R251.0 million.
- **Thubelisha Homes** was a non-profit, special purpose vehicle to create appropriate housing stock for rightsizing the Servcon Housing Solutions portfolio. Thubelisha Homes ceased operations in July 2009, and final closure is expected by March 2011.
- **Servcon Housing Solutions** was mandated to manage the disposal of a portfolio of 33 306 properties owned by banks as a result of non-performing loans in selected areas at the cut-off date of 31 August 1997. It ceased operations in September 2009, and final closure is expected by March 2011.

Additional tables

Table 31.A Summary of expenditure trends and estimates per programme and economic classification

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R million	2009/10		2009/10	2010/11			2010/11
Administration	198.5	167.8	113.8	176.2	35.8	212.0	212.0
Housing Policy, Research and Monitoring	58.0	72.2	45.0	45.9	1.8	47.7	47.7
Housing Planning and Delivery Support	219.9	250.9	140.5	206.8	18.4	225.2	225.2
Housing Development Finance	16 006.5	16 025.9	15 981.5	18 612.3	51.1	18 663.4	18 663.4
Strategic Relations and Governance	182.2	164.7	126.7	174.4	(16.8)	157.7	157.7
Total	16 665.1	16 681.4	16 407.4	19 215.6	90.3	19 305.9	19 305.9
Economic classification							
Current payments	651.4	637.2	452.5	599.5	27.5	626.9	626.9
Compensation of employees	238.4	217.4	166.9	290.2	(1.2)	289.0	289.0
Goods and services	413.1	419.8	285.4	309.3	28.1	337.4	337.4
Interest and rent on land	–	–	0.3	–	0.5	0.5	0.5
Transfers and subsidies	15 602.3	15 630.0	15 948.0	18 456.9	50.0	18 506.9	18 506.9
Provinces and municipalities	15 237.4	15 237.4	15 237.4	18 174.7	15.0	18 189.7	18 189.7
Departmental agencies and accounts	363.9	386.1	352.6	277.2	35.0	312.2	312.2
Foreign governments and international organisations	1.0	1.0	0.7	1.0	–	1.0	1.0
Households	–	5.5	357.2	4.0	0.0	4.0	4.0
Payments for capital assets	411.4	414.1	6.7	159.3	12.8	172.1	172.1
Buildings and other fixed structures	400.2	400.2	–	153.1	–	153.1	153.1
Machinery and equipment	9.6	12.0	6.0	5.8	10.6	16.4	16.4
Software and other intangible assets	1.7	1.9	0.6	0.4	2.2	2.6	2.6
Payments for financial assets	–	0.0	0.2	–	–	–	–
Total	16 665.1	16 681.4	16 407.4	19 215.6	90.3	19 305.9	19 305.9

Table 31.B Detail of approved establishment and personnel numbers according to salary level¹

	Personnel post status as at 30 September 2010			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year ²	Medium-term estimate		
				2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Department	922	834	59	318	427	560	609	834	834	834
Salary level 1 – 6	216	223	43	81	79	120	139	223	223	223
Salary level 7 – 10	435	356	13	115	161	254	282	356	356	356
Salary level 11 – 12	170	154	2	62	94	108	111	154	154	154
Salary level 13 – 16	101	101	1	60	93	78	77	101	101	101
Administration	293	257	14	149	172	189	251	257	257	257
Salary level 1 – 6	127	117	12	66	23	80	94	117	117	117
Salary level 7 – 10	96	77	1	39	68	59	98	77	77	77
Salary level 11 – 12	38	32	1	18	37	22	30	32	32	32
Salary level 13 – 16	32	31	–	26	44	28	29	31	31	31
Housing Policy, Research and Monitoring	77	61	2	38	40	40	39	61	61	61
Salary level 1 – 6	4	2	2	2	10	–	–	2	2	2
Salary level 7 – 10	41	28	–	17	16	19	19	28	28	28
Salary level 11 – 12	21	20	–	9	8	12	11	20	20	20
Salary level 13 – 16	11	11	–	10	6	9	9	11	11	11
Housing Planning and Delivery Support	265	229	20	32	63	142	134	229	229	229
Salary level 1 – 6	34	36	12	1	5	16	14	36	36	36
Salary level 7 – 10	138	106	6	14	21	66	70	106	106	106
Salary level 11 – 12	65	59	1	11	17	40	33	59	59	59
Salary level 13 – 16	28	28	1	6	20	20	17	28	28	28
Housing Development Finance	140	140	15	48	61	82	85	140	140	140
Salary level 1 – 6	31	31	12	9	8	18	21	31	31	31
Salary level 7 – 10	85	85	3	22	21	41	43	85	85	85
Salary level 11 – 12	14	14	–	10	17	13	12	14	14	14
Salary level 13 – 16	10	10	–	7	15	10	9	10	10	10
Strategic Relations and Governance	147	147	8	51	91	107	100	147	147	147
Salary level 1 – 6	20	37	5	3	33	6	10	37	37	37
Salary level 7 – 10	75	60	3	23	35	69	52	60	60	60
Salary level 11 – 12	32	29	–	14	15	21	25	29	29	29
Salary level 13 – 16	20	21	–	11	8	11	13	21	21	21

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

2. As at 30 September 2010.

Table 31.C Summary of expenditure on training

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Compensation of employees (R million)	103.5	134.2	166.9	289.0	319.0	331.9	346.8
Training expenditure (R million)	1.2	2.9	2.3	14.1	4.0	4.3	4.5
Training as percentage of compensation	1.2%	2.1%	1.4%	4.9%	1.3%	1.3%	1.3%
Total number trained in department (head count)	106	168	236	–			
<i>of which:</i>							
<i>Employees receiving bursaries (head count)</i>	34	35	35	–			
<i>Internships trained (head count)</i>	24	16	–	–			
Households receiving bursaries (R million)	0.2	0.3	0.1	4.0	4.0	4.0	4.1
Households receiving bursaries (head count)	5	–	–	–			

Table 31.D Summary of expenditure on infrastructure

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Departmental infrastructure										
Rural household infrastructure grant	Basic water and sanitation infrastructure provided	Various	-	-	-	-	100.0	231.5	479.5	517.3
Infrastructure transfers to other spheres, agencies and departments										
Human settlements development grant	Houses completed and sites serviced	Various	-	6 988.5	8 727.6	10 669.3	12 898.3	14 941.5	15 599.4	16 457.4
Urban settlements development grant for cities	Bulk infrastructure installed	Identification	-	2 948.3	3 572.4	4 418.2	5 157.6	6 267.0	7 409.5	8 126.8
Total			-	9 936.8	12 300.0	15 087.4	18 155.9	21 440.0	23 488.4	25 101.5

Vote 32

Mineral Resources

Budget summary

R million	2011/12				2012/13	2013/14
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	247.9	237.2	1.1	9.6	258.7	274.6
Promotion of Mine Safety and Health	147.5	141.7	5.3	0.5	157.5	170.1
Mineral Regulation	160.4	121.0	39.4	–	171.0	175.4
Mineral Policy and Promotion	480.4	87.7	392.7	–	520.3	558.7
Total expenditure estimates	1 036.2	587.6	438.4	10.1	1 107.5	1 178.7

Executive authority Minister of Mineral Resources
 Accounting officer Director General of Mineral Resources
 Website address www.dmr.gov.za

More detailed information for each vote is available at www.treasury.gov.za. More comprehensive coverage of vote specific information, particularly on goods and services, transfers and subsidies, donor funding, public entities and lower level institutional information, is provided.

Aim

Promote and regulate the minerals and mining sector for transformation, growth, development and ensure that all South Africans derive sustainable benefits from the country's mineral wealth.

Programme purposes

Programme 1: Administration

Purpose: Strategic support and management services to the ministry and department.

Programme 2: Promotion of Mine Safety and Health

Purpose: Ensure the safe mining of minerals under healthy working conditions.

Programme 3: Mineral Regulation

Purpose: Regulate the minerals and mining sector to promote economic development, employment and ensure transformation and environmental compliance.

Programme 4: Mineral Policy and Promotion

Purpose: Develop relevant mineral policies that promote South Africa's mining and minerals industries to attract investment.

Strategic overview: 2007/08 – 2013/14

The legislative mandate of the Department of Mineral Resources is determined by the Mineral and Petroleum Resources Development Act (2002), which provides a regulatory framework for equitable access to and sustainable development of South Africa's mineral resources.

Focus over the medium term

Transformation of the industry

The department will review mining policies and legislation to advance government's transformation objective and to improve regulatory certainty, which has a profound impact on investments in the industry.

Over the medium term, the department will focus on the development and implementation of the mining sector strategy, to achieve the annual growth target in gross fixed capital investment of 10 per cent. The strategy will identify constraints to growth of the mining industry, such as infrastructure and electricity and recommend appropriate government interventions.

Together with industry stakeholders, a declaration on the strategy for sustainable growth and meaningful transformation of South Africa's mining industry was agreed and signed, with an emphasis on growth and transformation.

Policy and legislative developments

The 2002 Broad Based Socioeconomic Charter for the South African Mining Industry was revised to remove any ambiguities, to define any outstanding terms and to also review it in relation to issues of competitiveness, infrastructure, sustainable development, beneficiation and transformation. The revised mining charter was published and gazetted in September 2010. The Geoscience Amendment Bill, which aims to align the Geoscience Act (1993) with the Mineral and Petroleum Resources Development Act (2002) and expand the functions of the Council for Geoscience, was assented to by the president in November 2010.

The department is planning to develop, amend or review the following legislation over the medium term: the Mine Health and Safety Act (1996, amended in 2008) to strengthen enforcement provisions and reinforce offences and penalties; the Minerals and Petroleum Resources Development Act (2002), to improve the regulatory system and to streamline administrative processes; the Diamond Second Amendment Act (2005) to secure rough diamonds for local beneficiation, in line with the beneficiation strategy; and the Precious Metals Act (2005) to secure precious metals for local beneficiation in line with the beneficiation strategy.

Other legislation to be developed is the Petroleum Resources Development Agency Bill, which will establish a national petroleum agency to manage the development of South African petroleum resources, and the state Mining Company Bill, which will establish a state owned mining company to participate in the mining of minerals.

The environment

To achieve equitable and sustainable benefits from South Africa's minerals, the department will prioritise the rehabilitation of derelict and ownerless mines, and the growing impact of acid mine drainage. Historically, mining in South Africa has been practised in a relative policy vacuum, and has not been integrated with other aspects of the industry, such as the environment. Government has to manage the effects of derelict and ownerless mines, which impact negatively on the environment and on communities' safety and health.

The department entered into a three-year contract with the Council for Mineral Technology and Research to manage the rehabilitation of mines project, and an additional allocation was made to the council for the treatment of acid mine water.

Minerals beneficiation strategy

The beneficiation strategy aims to increase growth in gross fixed capital investment in mining by 10 per cent annually. The strategy will contribute to transforming and diversifying South Africa's economy to increase exports as well as to create jobs, eradicate poverty and contribute to economic growth and development.

Mine health and safety

The Mine Health and Safety Act (1996) was reviewed in 2009 to improve sanctions for non-compliance and to extend application to corporate bodies. The review will facilitate the effective regulation of occupational health and safety at mines, empower the Mine Health and Safety Council to appoint committees to deal with current and emerging sector challenges, and enhance the effectiveness of the council as an advisory body. Over the medium term, the mine health and safety inspectorate will strive to improve the safety of miners, reducing

deaths, injuries and ill health, by providing advice and applying monitoring and enforcement systems. The department will be advising and assisting small medium and micro enterprises (SMMEs) to operate in a safe and healthy way, not only to benefit workers but also the surrounding communities.

Transparent administration of prospecting applications

The department will continue to implement the online system for administering mining and prospecting applications, which provides for transparency and the eradication of perceptions of impropriety.

Skills development

The department contributes to improving employment opportunities and economic livelihoods. One of the key challenges for rural communities is the lack of skills. Through its involvement and responsibilities in the Mining Qualifications Authority, the department will support initiatives in training and skills development for mine workers, many of whom are from rural communities.

Savings and cost effectiveness measures

Efficiency savings of R3.3 million in 2011/12, R3.5 million in 2012/13 and R3.7 million in 2013/14 have been identified in expenditure across all programmes. The measures are aimed at reducing the costs of travel and subsistence, venue and facilities, communication, consultants and professional services, catering, telephone costs, and operating payments. These measures streamline administration budgets and channel more resources towards core service delivery functions. Efficiency savings of R60 million were also identified over the medium term in transfers to public entities. A further R30 million in 2011/12 and R30 million in 2012/13 was reprioritised from goods and services to the Council for Mineral Technology and Research for the rehabilitation of derelict and ownerless mines.

Selected performance indicators

Table 32.1 Mineral Resources

Indicator	Programme	Past			Current	Projections		
		2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Number of occupational health and safety inspections and mine audits conducted per year	Promotion of Mine Health and Safety	10 491	12 700	7 164	3 327	10 100	10 100	10 100
Number of mining rights granted to historically disadvantaged South Africans per year	Mineral Regulation	90	152	300	27	30	33	36
Number of women led companies licensed per year	Mineral Regulation	22	34	36	18	20	22	24
Number of industry workshops on compliance issues per year	Mineral Regulation	1	9	9	–	10	10	–
Number of mining charter inspections per year	Mineral Regulation	65	140	171	140	169	169	179
Number of environment inspections per year	Mineral Regulation	1 200	1 742	1 907	1 380	1 380	1 380	1 380
Number of inspections conducted during moratorium on issuing new rights	Mineral Regulation	0	0	0	3 473	0	0	0
Number of planned promotional activities (exhibitions, conferences) per year	Mineral Policy and Promotion	10	11	11	15	16	16	16
Number of policies developed or reviewed per year	Mineral Policy and Promotion	3	3	3	2	4	2	2
Number of derelict and ownerless mines rehabilitated per year	Mineral Policy and Promotion	0	0	0	0	6	10	10
Number of sustainable SMMEs supported (new and established) per year.	Mineral Policy and Promotion	38	45	49	40	67	67	67

Expenditure estimates

Table 32.2 Mineral Resources

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
R million	2007/08	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
Administration	133.8	160.0	159.3	223.7	223.7	247.9	258.7	274.6
Promotion of Mine Safety and Health	98.5	112.7	132.0	142.1	142.1	147.5	157.5	170.1
Mineral Regulation	154.2	155.3	179.5	212.4	212.4	160.4	171.0	175.4
Mineral Policy and Promotion	331.0	340.3	382.9	417.7	417.7	480.4	520.3	558.7
Total	717.5	768.3	853.8	995.8	995.8	1 036.2	1 107.5	1 178.7
Change to 2010 Budget estimate				(34.2)	(34.2)	(75.9)	(60.5)	(53.5)
Economic classification								
Current payments	375.6	389.6	425.4	573.0	573.0	587.6	624.3	690.0
Compensation of employees	210.1	231.0	275.1	343.7	343.7	377.6	401.0	421.8
Goods and services	165.6	158.6	150.3	229.3	229.3	210.0	223.3	268.2
of which:								
Computer services	7.5	13.1	8.6	17.4	17.4	21.4	21.6	22.8
Consultants and professional services:	–	9.7	–	49.7	49.7	26.4	30.0	54.8
Infrastructure and planning								
Lease payments	19.8	18.2	13.9	28.6	28.6	41.1	42.8	45.1
Travel and subsistence	35.6	32.5	30.4	43.4	43.4	59.4	63.5	66.3
Transfers and subsidies	336.0	366.9	395.8	408.7	408.7	438.4	472.6	477.5
Departmental agencies and accounts	170.2	167.6	178.2	182.5	182.5	199.1	210.0	222.9
Public corporations and private enterprises	164.2	198.0	217.3	225.1	225.1	238.3	261.4	253.4
Households	1.6	1.3	0.4	1.1	1.1	1.1	1.2	1.2
Payments for capital assets	5.9	11.5	32.0	14.2	14.2	10.1	10.6	11.2
Buildings and other fixed structures	–	–	12.8	–	–	–	–	–
Machinery and equipment	4.1	9.7	18.3	14.2	14.2	10.1	10.6	11.2
Software and other intangible assets	1.7	1.8	0.9	–	–	–	–	–
Total	717.5	768.3	853.8	995.8	995.8	1 036.2	1 107.5	1 178.7

Expenditure trends

Expenditure increased from R717.5 million in 2007/08 to R995.8 million in 2010/11, at an average annual rate of 11.5 per cent, due to the split of the Department of Minerals and Energy, which required additional administrative staff for the separate Department of Mineral Resources. Consequently, expenditure in compensation of employees increased by 17.8 per cent and related expenditure on goods and services increased by 11.5 per cent.

Expenditure is projected to increase from R995.8 million to R1.2 billion over the medium term, at an average annual rate of 5.8 per cent. The increase is in compensation of employees, which grew from R343.7 million to R421.8 million, as a result of changes in the salary levels of secretaries as determined by a job evaluation process and, the appointment of the new deputy minister and funding of vacancies.

The department receives additional allocations of R13.2 million in 2011/12, R13.6 million in 2012/13 and R14.1 million in 2013/14 for improved conditions of service and unfunded approved posts. Additionally, R10 million in 2012/13 and R20 million in 2013/14 are allocated for infrastructure for the water treatment technology required to set up advanced water quality laboratory and analytical services.

Personnel information

Total establishment will increase from 1 034 posts in 2010/11 to 1 183 posts in 2011/12. The increase was due the establishment of the deputy minister's office, which added 7 posts to the establishment, and to restructuring the department after the separation of the Department of Minerals and Energy into two departments, which expanded the corporate services function and other branches in the new Department of Mineral Resources.

The ratio of administrative costs to line function costs is 1:23.

Departmental receipts

Revenue generated by the department is mainly from surface rentals and prospecting fees collected from mining companies. Revenue is also generated from administrative fees for licence applications. Revenue decreased from R267.1 million in 2007/08 to R99 million in 2010/11, at an average annual rate of 28.2 per cent. The decrease is due to implementing the Royalty Act, which resulted in shifting the royalty collections function from the department to the South African Revenue Services.

Over the medium term, revenue is expected to decrease from R99 million to R28 million at an average annual rate of 34 per cent.

Table 32.3 Departmental receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2007/08	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
Departmental receipts	267 104	261 304	212 715	99 033	99 033	27 605	27 964	28 326
Sales of goods and services produced by department	2 157	2 291	1 056	2 728	2 728	2 603	2 637	2 671
Sales of scrap, waste, arms and other used current goods	4	4	27	11	11	14	14	14
Fines, penalties and forfeits	218	112	382	470	470	324	328	332
Interest, dividends and rent on land	244 126	256 089	210 791	95 055	95 055	23 288	23 591	23 897
Transactions in financial assets and liabilities	20 599	2 808	459	769	769	1 376	1 394	1 412
Total	267 104	261 304	212 715	99 033	99 033	27 605	27 964	28 326

Programme 1: Administration

Expenditure estimates

Table 32.4 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
R million							
Ministry ¹	1.1	1.5	1.7	1.8	3.5	3.7	3.9
Corporate Services	106.8	130.9	142.2	174.7	191.8	200.7	209.4
Management	10.0	12.0	15.4	24.6	28.5	28.9	34.5
Office Accommodation	16.0	15.7	0.0	22.7	24.1	25.4	26.8
Total	133.8	160.0	159.3	223.7	247.9	258.7	274.6
Change to 2010 Budget estimate				(15.3)	(17.3)	(13.1)	(12.1)

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

Table 32.4 Administration (continued)

R million	Audited outcome			Adjusted	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	appropriation 2010/11	2011/12	2012/13	2013/14
Economic classification							
Current payments	127.5	147.6	141.2	209.0	237.2	247.4	262.7
Compensation of employees	50.6	62.1	73.7	103.7	119.6	126.9	134.3
Goods and services	76.9	85.5	67.5	105.2	117.6	120.5	128.4
of which:							
Computer services	7.3	8.2	7.2	8.1	20.1	20.2	21.3
Consultants and professional services:	–	–	–	–	–	–	–
Infrastructure and planning							
Lease payments	19.7	17.8	8.5	28.3	39.4	41.0	43.2
Travel and subsistence	13.0	15.7	11.6	18.5	22.3	22.6	24.8
Transfers and subsidies	0.5	1.3	0.3	1.1	1.1	1.2	1.2
Households	0.5	1.3	0.3	1.1	1.1	1.2	1.2
Payments for capital assets	5.8	11.0	17.3	13.7	9.6	10.1	10.7
Buildings and other fixed structures	–	–	3.7	–	–	–	–
Machinery and equipment	4.1	9.2	12.7	13.7	9.6	10.1	10.7
Software and other intangible assets	1.7	1.8	0.9	–	–	–	–
Payments for financial assets	–	0.2	0.5	–	–	–	–
Total	133.8	160.0	159.3	223.7	247.9	258.7	274.6
Details of selected transfers and subsidies							
Households							
Households other transfers							
Current	0.5	1.3	0.3	1.1	1.1	1.2	1.2
Households	0.5	1.3	0.3	1.1	1.1	1.2	1.2

Expenditure trends

Expenditure increased from R133.8 million 2007/08 to R223.7 million in 2010/11, at an average annual rate of 18.7 per cent. This can be attributed to the expansion of the programme's establishment after the split with the previous Department of Minerals and Energy, which required leasing a building.

Over the medium term, expenditure is projected to increase from R223.7 million in 2010/11 to R274.6 million in 2013/14, at an average annual rate of 7.1 per cent, mainly due to upgrading secretaries' posts and allocations for improved conditions of service. Increased capacity in support services with a consequent increase in expenditure on goods and services also contributes to the medium term growth.

Programme 2: Promotion of Mine Safety and Health

- *Governance Policy and Oversight* develops health and safety strategies, makes inputs into policy development and provides technical support to regions. The safety performances of mines are evaluated monthly, problem areas are identified and corrective measures developed. The technical support section advises, monitors research and harnesses expertise in support of the regulatory work of the mine health and safety inspectorate, and provides mine surveys services in support of tripartite and other stakeholders. The subprogramme has a staff complement of 89, and a total budget of R46.6 million, of which 87.5 per cent will be used for compensation of employees and related expenditure on goods and services.
- *Mine Health and Safety (Regions)* is responsible for inspections, audits, and monitoring and enforcing compliance with the Mine Health and Safety Act (1996). The subprogramme consists of all the regional offices and is responsible for monitoring compliance with the Mine Health and Safety Act (1996) as well as for issuing instructions for corrective actions required by mines. The subprogramme has a staff complement of 267, and a total budget of R100.9 million, of which 88 per cent will be used for compensation of employees and 11.7 per cent for related expenditure on goods and services.

Objectives and measures

- Promote mine health and safety by determining risk profiles for mines on an annual basis by evaluating the safety performance for the previous year by conducting occupational health and safety audit inspections and implementing the national mining health and safety system to reduce occupational injuries, fatalities, diseases and dangerous occurrences.
- Contribute to skills development in the mining sector by:
 - ensuring adequate skilled personnel to support the transformation and growth of the sector's involvement in the Mining Qualifications Authority by implementing a human resource development plan and developing and implementing a sector skills plan
 - administering the relevant examinations on a quarterly, monthly and weekly basis, ensuring the supply of adequate skilled personnel to the mining industry examinations.
- Ensure compliance with service level agreements by identifying internal processes and disseminating best practices.
- Improve turnaround times by:
 - developing and implementing internal policies and procedures that form the basis of the time frames in responding to customers and stakeholders
 - developing and implementing a management information system to monitor turnaround times
 - rolling out the management system in regional offices.

Expenditure estimates

Table 32.5 Promotion of Mine Safety and Health

Subprogramme				Adjusted	Medium-term expenditure estimate		
R million	Audited outcome			appropriation			
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Governance Policy and Oversight	34.4	51.8	59.3	45.7	46.6	49.5	53.1
Mine Health and Safety (Regions)	64.1	60.9	72.8	96.4	100.9	108.0	117.0
Total	98.5	112.7	132.0	142.1	147.5	157.5	170.1
Change to 2010 Budget estimate				(3.8)	(12.1)	(11.4)	(8.1)
Economic classification							
Current payments	93.7	107.3	126.8	136.2	141.7	151.4	163.6
Compensation of employees	77.9	83.4	92.1	115.0	117.6	125.2	136.1
Goods and services	15.8	23.9	34.7	21.2	24.1	26.2	27.5
of which:							
Computer services	–	2.2	1.4	2.5	0.5	0.5	0.5
Consultants and professional services:	–	–	–	–	0.3	0.3	0.3
Infrastructure and planning							
Lease payments	0.1	0.0	3.6	–	–	–	–
Travel and subsistence	10.0	10.4	11.0	10.1	14.8	16.0	16.6
Transfers and subsidies	4.8	4.9	5.1	5.4	5.3	5.6	5.9
Departmental agencies and accounts	4.7	4.9	5.1	5.4	5.3	5.6	5.9
Households	0.1	0.0	0.0	–	–	–	–
Payments for capital assets	0.0	0.5	–	0.5	0.5	0.5	0.6
Machinery and equipment	0.0	0.5	–	0.5	0.5	0.5	0.6
Payments for financial assets	–	0.0	0.1	–	–	–	–
Total	98.5	112.7	132.0	142.1	147.5	157.5	170.1
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	4.7	4.9	5.1	5.4	5.3	5.6	5.9
Mine Health and Safety Council	4.7	4.9	5.1	5.4	5.3	5.6	5.9

Expenditure trends

The spending focus area over the medium term will be on an initiative to increase the numbers of certificates of competency issued by the mine health and safety inspectorate to ensure a better skilled and qualified workforce.

Expenditure increased from R98.5 million in 2007/08 to R142.1 million in 2010/11, at an average annual rate of 13 per cent. The increase relates to additional allocations for annual inflation related salary adjustments. In 2010/11, goods and services expenditure in the *Governance Policy and Oversight* subprogramme decreased by 22.9 per cent and in the *Mine Health and Safety (Regions)* subprogramme by 38.8 per cent due to the transfer of funds between votes.

Over the medium term, expenditure is expected to increase from R142.1 million in 2010/11 to R170.1 million in 2013/14, at an average annual rate of 6.2 per cent. This is mainly due to increased expenditure on travel and subsistence, bursaries and training, and registration costs associated with mine inspections.

The ratio of administrative to line function costs for this programme is 1:1.6.

Programme 3: Mineral Regulation

- Mineral Regulation and Administration administers prospecting and mining rights licensing and compliance with the Mineral and Petroleum Resource Development Act (2002), including mines' compliance with environmental protection requirements. The subprogramme has a staff complement of 330, and a total budget of R113 million, of which 82 per cent will be used for compensation of employees and related expenditure on goods and services.
- Management provides overall management of the programme. The subprogramme has a staff complement of 11, and a total budget of R7.6 million, of which 100 per cent will be used for compensation of employees and related expenditure on goods and services.
- South African Diamond and Precious Metal Regulator issues licences and permits related to the trade in diamonds, gold and platinum, and monitors activities in the diamond, platinum and gold sectors.

Objectives and measures

- Promote job creation through SMME development and local economic development projects.
- Promote sustainable resource use and mine environmental management through approved work programmes, social and labour plans and environmental management plans.
- Reduce state environmental risk by ensuring that environmental liabilities are fully funded.
- Protect the environment by issuing closure certificates without residual state liability.
- Implement transformation policies and legislation by:
 - increasing the number of mining rights granted to historically disadvantaged South Africans
 - increasing procurement participation in the mining industry by broad based black economic empowerment (BEE) entities
 - ensuring companies' compliance with ensuring that management comprises 40 per cent historically disadvantaged South Africans by 2010.

- Monitor and enforce compliance by:
 - conducting mining charter inspections and inspections of mining and prospecting work programmes and environmental management plans annually
 - conducting 140 environmental inspections over the medium term
 - issuing directives and statutory orders where necessary.
- Improve turnaround times by ensuring adherence to the prescribed time frames for processing mining rights applications.

Expenditure estimates

Table 32.6 Mineral Regulation

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
R million							
Mineral Regulation and Administration	127.4	108.0	119.7	166.2	113.3	121.4	122.7
Management Mineral Regulation	6.8	7.3	20.5	5.5	7.7	8.1	8.7
South African Diamond and Precious Metal Regulator	20.0	40.0	39.4	40.6	39.4	41.5	44.0
Total	154.2	155.3	179.5	212.4	160.4	171.0	175.4
Change to 2010 Budget estimate				(3.6)	(72.7)	(74.9)	(84.1)
Economic classification							
Current payments	133.2	115.2	125.4	171.7	121.0	129.5	131.4
Compensation of employees	63.7	68.8	88.1	90.4	98.9	104.2	104.7
Goods and services	69.5	46.4	37.3	81.2	22.1	25.3	26.7
of which:							
Computer services	0.0	2.5	–	6.0	0.1	0.1	0.1
Consultants and professional services:	–	9.7	–	49.6	–	–	–
Infrastructure and planning	–	–	–	–	–	–	–
Lease payments	–	0.3	1.8	0.3	0.3	0.3	0.3
Travel and subsistence	12.3	5.6	6.0	12.3	13.1	14.9	15.7
Transfers and subsidies	20.9	40.0	39.4	40.6	39.4	41.5	44.0
Departmental agencies and accounts	20.0	40.0	39.4	40.6	39.4	41.5	44.0
Households	0.9	0.0	0.0	–	–	–	–
Payments for capital assets	0.0	0.0	14.7	0.0	–	–	–
Buildings and other fixed structures	–	–	9.1	–	–	–	–
Machinery and equipment	0.0	0.0	5.6	0.0	–	–	–
Payments for financial assets	–	0.1	0.0	–	–	–	–
Total	154.2	155.3	179.5	212.4	160.4	171.0	175.4
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	20.0	40.0	39.4	40.6	39.4	41.5	44.0
South African Diamond and Precious Metal Regulator	20.0	40.0	39.4	40.6	39.4	41.5	44.0

Expenditure trends

The spending focus over the medium term will be on implementing the revised mining charter and the Mineral and Petroleum Resource Development Act (2002) through workshops, monitoring and enforcing compliance through inspections. The programme will also focus on implementing and enhancing modules of the new electronic application system to reduce turnaround times for processing applications.

Expenditure increased from R154.2 million in 2007/08 to R212.4 million in 2010/11, at an average annual rate of 11.3 per cent. The increase can be attributed to the expansion of administrative and regulatory services in implementing the Minerals and Petroleum Resources Development Act (2002).

Over the medium term, expenditure is expected to decrease from R212.4 million to R175.4 million, at an average annual rate of 6.2 per cent. This is due to the reprioritisation of funds to the Council for Mineral Technology and Research for the rehabilitation of derelict and ownerless mines project.

The ratio of administrative costs to line function costs for this programme is 1: 1.5.

Programme 4: Mineral Policy and Promotion

- *Management* provides overall management of the programme, leading and managing all projects. The subprogramme consists of a deputy director general and 4 chief directors. Of the total budget of R10.4 million, 76.39 per cent will be used for compensation of employees and 23.6 per cent for goods and services.
- *Mineral Policy* develops new policies, reviews existing policies and amends legislation to achieve transformation in the minerals and mining industry. Most of its funds go towards policy research, organising consultations with stakeholders, attending parliamentary hearings on bills, and gazetting the bills. Two major projects were completed in 2010/11: the Geoscience Bill was tabled in Parliament and assented to in December 2010, and the revised mining charter was gazetted in September 2010. 80 per cent of the 2011/12 goods and services budget will be spent on amending legislation.
- *Mineral Promotion* promotes mineral development and gives advice on trends in the mining industry to attract investment. The beneficiation and small scale mining strategies were not completed in 2010/11 as envisaged, due to extended consultations and inadequate resources. They will be completed in 2010/11.
- *Assistance to Mines* provides subsidies to marginal mines to pump extraneous water from underground holdings and to research, develop and implement strategic solutions for mine water management. Currently, the department is responsible for managing the extraneous water at the Grootvlei mine and in the Witwatersrand basin. The subprogramme has a budget of R54 million over the MTEF period.
- *Council for Geoscience* partially funds the Council for Geoscience, a national agency which develops and maintains national geosciences knowledge infrastructure for land and ocean environments.
- *Council for Mineral Technology and Research* partially funds the Council for Mineral Technology and Research, which provides research, development and technology that fosters the development of business in the mineral and mineral products industries.
- *Economic Advisory Services* provides macroeconomic analysis through economic research and forecasting on minerals and the mining sector, and undertakes regulatory impact assessments on the laws and policies implemented by the department.
- *Mine Environmental Management* provides strategic guidance on mine environmental management and mine closure. The strategy for the rehabilitation of derelict and ownerless mines was developed and adopted by the department to address environmental concerns.

Objectives and measures

- Promote investment in the mining sector by:
 - growing the industry through local and foreign investment and by creating decent sustainable jobs throughout the mining value chain, from exploration to mineral beneficiation
 - implementing the sector strategy, the beneficiation strategy and the small scale mining strategy
 - promoting the sector through conferences, exhibitions, research and publications.
- Promote sustainable resource use and management by:
 - providing a framework for effective management of the environment
 - implementing rehabilitation projects
 - ensuring sustainable mining of strategic minerals
 - improving mine environmental management, rehabilitating derelict and ownerless sites, and identifying the interventions for strategic minerals.

- Ensure transformation in the mining and minerals sector by:
 - ensuring that previously disadvantaged South Africans participate in the economy through mining
 - amending, reviewing and developing policies and regulations
 - reviewing the transformation framework.

Expenditure estimates

Table 32.7 Mineral Policy and Promotion

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
R million							
Management	1.9	1.9	13.2	13.1	10.5	11.7	20.6
Mineral Policy	3.1	3.6	8.4	7.1	8.9	9.4	9.9
Mineral Promotion	31.8	38.1	36.5	52.2	57.1	60.9	64.1
Assistance to Mines	24.1	38.2	31.1	35.7	18.0	18.0	18.0
Council for Geoscience	145.5	122.7	132.7	136.5	154.4	162.9	173.0
Council for Mineral Technology and Research	124.6	135.8	161.1	165.8	197.0	218.8	209.4
Economic Advisory Services	–	–	–	3.6	2.7	2.8	3.0
Mine Environmental Management	–	–	–	3.7	31.8	35.7	60.8
Total	331.0	340.3	382.9	417.7	480.4	520.3	558.7
Change to 2010 Budget estimate				(11.5)	26.2	38.9	50.8
Economic classification							
Current payments	21.2	19.5	32.0	56.1	87.7	96.0	132.3
Compensation of employees	17.9	16.7	21.2	34.5	41.5	44.7	46.7
Goods and services	3.3	2.8	10.8	21.6	46.2	51.3	85.6
of which:							
Computer services	0.1	0.1	–	0.8	0.7	0.7	0.8
Consultants and professional services:	–	–	–	0.0	26.1	29.7	54.5
Infrastructure and planning							
Lease payments	0.0	–	–	–	1.4	1.5	1.6
Travel and subsistence	0.3	0.8	1.8	2.5	9.1	10.1	9.2
Transfers and subsidies	309.8	320.7	350.9	361.6	392.7	424.3	426.4
Departmental agencies and accounts	145.5	122.7	133.7	136.5	154.4	162.9	173.0
Public corporations and private enterprises	164.2	198.0	217.3	225.1	238.3	261.4	253.4
Households	0.1	–	–	–	–	–	–
Total	331.0	340.3	382.9	417.7	480.4	520.3	558.7
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	135.2	111.8	115.6	121.5	152.9	160.9	172.0
State Diamond Trader	–	–	1.0	–	–	–	–
Council for Geoscience	135.2	111.8	114.6	121.5	152.9	160.9	172.0
Capital	10.3	10.8	18.1	15.0	1.5	2.0	1.0
Public corporations and private enterprises							
Public corporations							
Public corporations - subsidies on products and production							
Current	128.3	147.5	163.4	172.2	200.6	221.5	214.4
Industrial Development Corporation of South Africa	15.5	24.0	25.1	23.6	23.3	24.6	26.0
Council for Mineral Technology	112.8	123.4	138.3	148.6	177.3	197.0	188.4
Capital	11.8	12.4	22.8	17.2	19.7	21.9	20.9
Council for Mineral Technology	11.8	12.4	22.8	17.2	19.7	21.9	20.9

Table 32.7 Mineral Policy and Promotion (continued)

R million	Audited outcome			Adjusted appropriation 2010/11	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Public corporations and private enterprises							
Private enterprises							
Private enterprises - subsidies on products and production							
Current	24.1	38.2	31.1	35.7	18.0	18.0	18.0
Assistance to Mines	24.1	38.2	31.1	35.7	18.0	18.0	18.0

Expenditure trends

The spending focus areas over the medium term will be on disseminating information, implementing the beneficiation strategy, continuing to fund and support small scale mining projects, rehabilitating ownerless and derelict mines, and developing and reviewing legislation and policies.

Expenditure increased from R331 million in 2007/08 to R417.7 million in 2010/11, at an average annual rate of 8.1 per cent. Expenditure includes transfer payments for core funding to public entities, which represents 86.6 per cent of total expenditure in 2010/11. Between 2007/08 and 2010/11, spending on compensation of employees grew by 24.4 percent and on goods and services by 86.8 per cent. The increase resulted from transferring the international coordination and mine occupational policy directorate and the mine occupational safety policy directorate from the *Administration* and the *Promotion of Mine Health and Safety* programmes to this programme.

Expenditure in the *Assistance to Mines* subprogramme decreased from R24.1 million in 2007/08 to R18 million in 2013/14, at an average annual rate of 4.7 per cent. Transfers to the Council for Geoscience increased from R145.5 million in 2007/08 to R173 million in 2013/14, due to the reclassification of funds to the Council for Geoscience for the Witwatersrand water ingress project.

Over the medium term, expenditure is projected to grow from R417.7 million in 2010/11 to R558.7 million in 2013/14, at an average annual rate of 10.2 per cent. The growth is due to additional allocations for salary and housing allowance adjustments and to the shifting of funds from the *Mineral Regulation* programme to this programme for the rehabilitation of derelict and ownerless mines. The shift is also mostly responsible for the average annual growth of 58.2 per cent in goods and services, driven by payments for consultants.

The ratio of administrative costs to line function costs for this programme is 1: 2.

Public entities and other agencies

Council for Mineral Technology and Research

Strategic overview: 2007/8 – 2013/14

The mandate of the Council for Mineral Technology and Research, as set out in the Mineral Technology Act (1989), is to serve the national interest through research, development and technology transfer, to promote mineral technology and to foster the establishment and expansion of industries in the field of minerals.

The council develops appropriate, innovative technology for transfer to the industry and provides the industry with test work, consultancy and analytical and mineralogical services.

The council's strategic intent and objectives are closely aligned with national imperatives and priorities, which include maximising the use of finite ore resources, alleviating poverty and creating employment, adding value to mineral and metal products, and promoting the transition from a resource dominated to a knowledge based economy. The following areas of research and development have been identified as needing increased investment.

Development of human capital: The council's growth in capacity is being constrained by the high turnover in experienced scientists and engineers. The council is encouraging its employees to study for post-graduate degrees on a part time basis, which will be a way of retaining staff and upgrading the council's skills base.

Uranium research and development: Following the upswing in the uranium market, the council has re-established itself as one of the foremost uranium laboratories in the country. Systematic research is undertaken on the processing of different types of uranium mineralization found in South Africa to provide enabling technology for the beneficiation of these deposits, such as the Karoo and Springbok Flats deposits).

Efficient use of water and energy: There is growing need and pressure for the development of technologies that address the way in which water and energy are used during mineral processing. The council has identified a number of opportunities to be researched, such as more energy efficient rock breaking and sorting, and the recycling and treatment of mine waters.

Processing of low grade ores and waste: Ore grades are declining worldwide, and novel technologies are urgently required for unlocking the wealth in low grade ores and the waste dumps that have been produced by inefficient processing by earlier generations.

Savings and cost effectiveness measures

The council has undertaken various initiatives to save costs. The most significant was changing all the council's lighting to energy saving units after implementing a demand side management system in 2009/10. A saving of approximately R1 million is expected going forward. The council also identified savings from a moratorium on filling vacant non-critical positions, resulting in a significant saving of R12 million in salary costs.

Selected performance indicators

Table 32.8 Council for Mineral Technology and Research

Indicator	Description	Past			Current	Projections		
		2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Number of new or improved mineral technologies developed per year	Develop new technologies	5	10	5	5	6	5	6
Number of new or improved mining and minerals processing products and services developed per year	Develop new improved products	16	13	14	14	15	15	16
Number of demonstrations for council developed products and technologies per year	Develop new applications or markets for minerals and metals	5	1	3	3	4	4	5
Number of water and energy efficient flow sheets developed per year	Sustainable development	–	2	2	1	2	2	3
Number of junior resource companies supported per year	Technical assistance to junior research companies project	40	18	25	10	18	25	30
Number of technologies relevant to SMMEs developed per year	SMME research and interventions	2	2	2	3	3	4	5
Number of bursaries granted per year	Human capital development	80	116	85	85	90	90	90
Number of trainees employed per year	Human capital development	41	45	53	58	50	40	50
Number of interns employed per year	Human capital development	5	5	12	14	15	15	15
Number of strategies developed per year to support regional development	Minerals strategies	6	6	5	6	3	4	4

Details of programmes/activities/objectives

Table 32.9 Council for Mineral Technology and Research

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Develop efficient mineral processing technologies and sustainable value added products and services	224.5	237.3	227.5	231.2	272.5	281.8	298.2
Second economy interventions	13.7	18.3	18.1	15.3	19.9	22.3	23.6
Support regional interventions	12.6	10.3	21.8	16.7	22.4	21.4	22.7
Human and organisational development	23.3	22.6	26.2	16.8	23.4	25.6	27.1
Quality, Environment and Safety	1.7	1.8	3.0	2.4	2.5	2.8	2.9
Other Objectives	100.5	96.4	76.3	133.7	105.3	119.1	126.0
Total expense	376.2	386.8	373.0	416.0	445.9	472.9	500.5

The mandate of the Council for Mineral Technology and Research is to maximise the value derived from South Africa's mineral resources. It develops appropriate, innovative technology for transfer to the industry and provides test work, consultancy and analytical and mineralogical services. The majority of the council's work research, which takes approximately 41 per cent of its total revenue. The biggest cost driver is salaries, at 57 per cent of total costs.

- **Catalysis** was started in 2000 in collaboration with AngloGold Ashanti (50:50 funding) and will continue in 2011. The project attempts to establish a new catalyst manufacturing industry in South Africa. The Council for Mineral Technology and Research and the University of Cape Town are the centre of competence in fuel cell catalysis, which forms part of a national flagship project in hydrogen and fuel cell technologies. The principal goal is to develop comprehensive South African competence to establish a domestic manufacturing base which will supply 25 per cent of the platinum catalyst demand of the global fuel cell industry by 2020.
- **Nanotechnology** creates innovative systems and products. Cost effective point of care, or home use devices for contagious diseases, such as tuberculosis and malaria, are being developed. Prototype development work has been completed and clinical trials will be conducted towards the end of 2011. The trials are conducted free of charge by the World Health Organisation and only shipping costs are paid for by the council. The main aim of developing cost effective diagnostic devices is to improve the quality of life of South Africans, particularly in rural areas.
- **Water treatment** develops technology and processes for treating acid mine drainage. Its Savmin demonstration plant, completed in 2007, indicated that excessive capital and operational expenditure was required. The council re-engineered the process, and is currently collaborating on further equipment improvements with an international effluent treatment company, Veolia. The council plans to evaluate and demonstrate the technology on pilot plant scale within the next year.

Expenditure estimates

Table 32.10 Council for Mineral Technology and Research

Statement of financial performance				Revised estimate	Medium-term estimate		
	Audited outcome						
R million	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Revenue							
Non-tax revenue	263.4	290.6	251.2	286.3	292.7	303.5	339.1
Sale of goods and services other than capital assets of which:	238.2	256.2	223.2	270.9	278.8	288.0	322.4
Sales by market establishments	238.2	256.2	223.2	270.9	278.8	288.0	322.4
Other non-tax revenue	25.2	34.3	27.9	15.4	13.8	15.5	16.7
Transfers received	128.3	135.8	123.6	130.4	155.5	172.8	165.3
Total revenue	391.7	426.4	374.7	416.7	448.2	476.3	504.4
Expenses							
Current expense	360.0	386.4	372.9	416.0	445.9	472.9	500.5
Compensation of employees	210.1	216.4	228.7	239.1	255.9	271.3	287.6
Goods and services	128.4	146.0	126.7	160.4	173.0	183.9	194.9
Depreciation	15.3	15.5	14.2	13.0	17.0	17.8	18.0
Interest, dividends and rent on land	6.1	8.5	3.3	3.5	–	–	–
Transfers and subsidies	15.2	–	–	–	–	–	–
Total expenses	376.2	386.8	373.0	416.0	445.9	472.9	500.5
Surplus / (Deficit)	15.5	39.6	1.7	–	2.2	3.3	3.9
Statement of financial position							
Carrying value of assets	210.1	204.3	195.3	215.2	228.5	245.8	266.3
of which: Acquisition of assets	19.9	10.9	25.7	32.8	30.4	35.1	38.5
Investments	100.8	136.2	222.9	205.0	199.0	205.4	195.4
Inventory	2.9	5.1	6.5	6.5	7.2	6.5	6.2
Receivables and prepayments	110.9	82.4	60.2	43.6	37.1	33.6	21.3
Cash and cash equivalents	49.0	79.6	3.8	4.7	4.7	4.9	5.1
Assets not classified elsewhere	–	0.1	0.0	–	–	–	–
Total assets	473.8	507.7	488.7	475.0	476.5	496.2	494.3
Accumulated surplus/deficit	300.7	340.4	232.7	233.4	235.6	238.9	242.8
Capital and reserves	–	–	109.4	108.5	107.6	106.7	110.8
Borrowings	1.0	0.7	0.4	0.2	–	–	–
Post-retirement benefits	79.9	32.6	30.5	30.5	36.5	40.9	40.9
Trade and other payables	51.7	54.8	39.0	27.2	21.5	24.4	24.4
Provisions	0.4	0.8	0.4	0.4	0.4	0.4	0.4
Liabilities not classified elsewhere	40.0	78.5	76.4	75.0	75.0	85.0	75.0
Total equity and liabilities	473.8	507.7	488.7	475.0	476.5	496.2	494.3

Expenditure trends

The majority of revenue is generated from commercial companies that obtain products and services and contracted research from the council. Total revenue increased at an average annual rate of 2.1 per cent, from R391.7 million in 2007/08 to R416.7 million in 2010/11. Transfer payments to the council increased from R128.3 million in 2007/08 to R130.4 million in 2010/11, and are expected to increase to R165.3 million over the medium term, at an average annual rate of 8.2 per cent, due to additional funding earmarked for research in water treatment and the rehabilitation of derelict and ownerless mines.

Expenditure increased from R376.2 million in 2007/08 to R416 million in 2010/11, at an average annual rate of 3.4 per cent. Over the medium term, expenditure is expected to increase to R500.5 million, at an average annual rate of 6.4 per cent. Staff costs make up 57.5 per cent of the council's total expenditure in 2010/11, as the main cost driver is the council's extensive research and project work.

Administrative costs equate to 38 per cent of line function costs in 2011/12. Administrative costs include campus maintenance, security, garden services, canteen costs, IT support, and salaries for administration staff.

Personnel information

The council has an establishment of 768 positions, of which 740 are filled. The number of permanent employees has grown between 2007/08 and 2010/11, due to the 2008 ban on using labour brokers. The vacancies are due to a significant increase in resignations, mainly among professionals. The human resources plan estimates an increase of 5 per cent over the medium term, mainly to cater for the absorption of bursars and trainees in the bursary pipeline.

Table 32.11 Council for Mineral Technology and Research

	Post status as at 30 September 2010			Number of posts filled on funded establishment						
	Number of posts on approved establishment	Number of funded posts (establishment)	Number of vacant posts	Actual			Mid-year ¹	Medium-term estimate		
				2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Board members	9	9	–	7	7	7	9	9	9	9
Executive management	6	6	–	5	6	6	6	6	6	6
Senior management	16	16	2	16	16	16	14	16	16	16
Middle management	84	84	5	79	79	79	79	79	79	79
Professionals	177	177	17	160	160	160	160	160	160	160
Semi-skilled	239	239	2	237	237	237	237	220	220	220
Very low skilled	237.0	237.0	2.0	235.0	235.0	235.0	235.0	220.0	220.0	220.0
Total	768	768	28	739	740	740	740	710	710	710
Compensation (R thousand)				210 093	216 433	228 709	239 103	255 924	271 279	287 556
Unit cost (R thousand)				284	292	309	323	360	382	405

1. As at 30 September 2010

Other public entities and agencies

Comprehensive coverage of the following public entities is provided with the more detailed information for the vote at www.treasury.gov.za under the budget information link.

- The **Council for Geoscience** is mandated to carry out systematic geological, geophysical, geochemical, marine geoscience, metallogenic and engineering geological mapping of South Africa. The council is also able to provide commercial geoscientific services. The council's budget for 2011/12 is R223 million.
- The **Mine Health and Safety Council** is mandated to advise the Minister of Mineral Resources on all occupational health and safety issues in the mining industry, and to develop legislation, do research, promote mine health and safety issues, and liaise with other bodies. The council's budget for 2011/12 is R76.1 million.
- The **South African Diamond and Precious Metals Regulator is mandated** to regulate the diamond, platinum and gold industries, and to accelerate beneficiation in the jewellery industry. The regulator's total budget for 2011/12 is R68.6 million.

Additional tables

Table 32.A Summary of expenditure trends and estimates per programme and economic classification

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R million	2009/10		2009/10	2010/11			2010/11
Administration	174.1	183.2	159.3	239.0	(15.3)	223.7	223.7
Promotion of Mine Safety and Health	133.0	133.0	132.0	145.9	(3.8)	142.1	142.1
Mineral Regulation	207.5	202.5	179.5	215.9	(3.6)	212.4	212.4
Mineral Policy and Promotion	390.3	406.5	382.9	429.2	(11.5)	417.7	417.7
Total	904.9	925.1	853.8	1 030.0	(34.2)	995.8	995.8
Economic classification							
Current payments	497.7	508.0	425.4	607.2	(34.2)	573.0	573.0
Compensation of employees	289.1	287.6	275.1	352.3	(8.7)	343.7	343.7
Goods and services	208.6	220.3	150.3	254.8	(25.5)	229.3	229.3
Transfers and subsidies	398.5	408.5	395.8	408.7	–	408.7	408.7
Departmental agencies and accounts	174.0	178.2	178.2	182.5	–	182.5	182.5
Public corporations and private enterprises	223.5	229.3	217.3	225.1	–	225.1	225.1
Households	1.0	1.0	0.4	1.1	–	1.1	1.1
Payments for capital assets	8.6	8.7	32.0	14.2	–	14.2	14.2
Buildings and other fixed structures	–	–	12.8	–	–	–	–
Machinery and equipment	7.5	7.6	18.3	14.2	–	14.2	14.2
Software and other intangible assets	1.1	1.1	0.9	–	–	–	–
Payments for financial assets	–	–	0.7	–	–	–	–
Total	904.9	925.1	853.8	1 030.0	(34.2)	995.8	995.8

Table 32.B Detail of approved establishment and personnel numbers according to salary level¹

Department	Personnel post status as at 30 September 2010			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year ²	Medium-term estimate		
				2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Department	1 561	1 177	85	1 038	1 134	1 076	1 015	1 183	1 183	1 183
Salary level 1 – 6	492	308	49	433	369	331	364	304	304	304
Salary level 7 – 10	491	514	25	307	421	433	322	517	517	517
Salary level 11 – 12	449	269	6	240	238	242	256	272	272	272
Salary level 13 – 16	129	86	5	58	106	70	73	90	90	90
Administration	501	395	33	286	350	271	294	403	403	403
Salary level 1 – 6	187	143	20	160	156	125	143	141	141	141
Salary level 7 – 10	201	173	9	65	120	116	93	178	178	178
Salary level 11 – 12	68	42	2	42	22	13	31	45	45	45
Salary level 13 – 16	45	37	2	19	52	17	27	39	39	39
Promotion of Mine Safety and Health	410	320	12	327	327	329	265	318	318	318
Salary level 1 – 6	82	52	3	145	74	68	76	50	50	50
Salary level 7 – 10	30	93	7	24	71	82	20	92	92	92

Table 32.B Detail of approved establishment and personnel numbers according to salary level¹ (continued)

	Personnel post status as at 30 September 2010			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year ²	Medium-term estimate		
				2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Salary level 11 – 12	276	154	2	143	155	154	151	154	154	154
Salary level 13 – 16	22	21	–	15	27	25	18	22	22	22
Mineral Regulation	499	343	33	332	361	370	341	343	343	343
Salary level 1 – 6	187	91	20	108	119	114	112	91	91	91
Salary level 7 – 10	201	192	9	178	188	190	169	191	191	191
Salary level 11 – 12	68	43	2	32	37	49	44	43	43	43
Salary level 13 – 16	43	17	2	14	17	17	16	18	18	18
Mineral Policy and Promotion	151	119	7	93	96	106	115	119	119	119
Salary level 1 – 6	36	22	6	20	20	24	33	22	22	22
Salary level 7 – 10	59	56	–	40	42	45	40	56	56	56
Salary level 11 – 12	37	30	–	23	24	26	30	30	30	30
Salary level 13 – 16	19	11	1	10	10	11	12	11	11	11

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

2. As at 30 September 2010.

Table 32.C Summary of expenditure on training

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Compensation of employees (R million)	210.1	231.0	275.1	343.7	377.6	401.0	421.8
Training expenditure (R million)	1.7	3.8	9.1	3.5	3.9	4.1	4.4
Training as percentage of compensation	0.8%	1.7%	3.3%	1.0%	1.0%	1.0%	1.0%
Total number trained in department (head count)	195	195	195	291			
of which:							
Employees receiving bursaries (head count)	47	47	47	45			
Internships trained (head count)	195	195	195	193			

Vote 33

Rural Development and Land Reform

Budget summary

R million	2011/12				2012/13	2013/14
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	606.1	583.2	12.9	10.0	615.1	648.8
Geospatial and Cadastral Services	388.1	364.8	14.7	8.6	405.9	428.0
Rural Development	441.3	441.2	–	0.1	641.0	903.9
Restitution	2 497.3	413.8	2 083.4	0.1	2 619.9	2 763.7
Land Reform	4 191.5	721.1	3 453.7	16.6	4 392.2	4 636.8
Total expenditure estimates	8 124.2	2 524.1	5 564.7	35.4	8 674.1	9 381.1

Executive authority Minister of Rural Development and Land Reform

Accounting officer Director General of Rural Development and Land Reform

Website address www.ruraldevelopment.gov.za

More detailed information for each vote is available at www.treasury.gov.za. More comprehensive coverage of vote specific information, particularly on goods and services, transfers and subsidies, donor funding, public entities and lower level institutional information, is provided.

Aim

Create and maintain an equitable and sustainable land dispensation as a catalyst in rural development that ensures rural livelihoods, decent work and continued social and economic advancement for all South Africans.

Programme purposes

Programme 1: Administration

Purpose: Strategic and logistical support in the form of executive services, corporate services, acquisition of vehicles for departmental use, oversee departmental capital works, and provide for a nominal contribution to the Public Sector Education and Training Authority.

Programme 2: Geospatial and Cadastral Services

Purpose: Geospatial information, cadastral surveys, and spatial planning as well as technical services in support of sustainable land development.

Programme 3: Rural Development

Purpose: Initiate, facilitate, coordinate and catalyse the implementation of a comprehensive rural development programme that leads to sustainable and vibrant rural communities.

Programme 4: Restitution

Purpose: Settle land restitution claims under the Restitution of Land Rights Act, 1994 (Act 22 of 1994) and provide settlement support to beneficiaries.

Programme 5: Land Reform

Purpose: Sustainable land reform programmes in South Africa.

Strategic overview: 2007/08 – 2013/14

Land reform and rural development continue to be key priorities for government. The department's mandate includes developing and implementing the comprehensive rural development programme, which aims to alleviate poverty and food insecurity by maximising the use and management of natural resources as well as by creating viable and sustainable rural communities.

Outcomes based approach

With the introduction of government's outcomes based approach, the department has revised its 2010-2013 strategic plan to take into account the need to create vibrant, equitable and sustainable rural communities (outcome 7), including food security. The outcome is linked to five outputs, which are all pertinent to the department's work and which have been integrated into its strategic goals. These are: sustainable agrarian reform with a thriving small and large farming sector (output 1); improved access to affordable and diverse food (output 2); improved rural services to support sustainable livelihoods (output 3); rural job creation linked to skills training and promoting economic livelihoods (output 4); and an enabling institutional environment for sustainable and improved growth (output 5).

Strategic priorities over the medium term

The department has identified land reform, land restitution, policy and legislative reform, the rollout of the comprehensive rural development programme, and good corporate governance as key strategic priorities over the medium term. It has developed eight strategic goals which address the outcome and its five related outputs, and its work is being planned around these. These strategic goals are: sound corporate governance and service excellence; a reformed policy, legislative and institutional environment by 2014; effective land planning and administration that promotes rural development; institutional arrangements for effective cooperative governance and stakeholder participation; increased access to land and its productive use; improved access to affordable and diverse food; improved rural services to support sustainable livelihoods; and improved access to sustainable employment and skills development opportunities.

Key policy developments over the medium term

The department is working on a number of policy initiatives over the medium term.

Agrarian transformation, rural development and land reform

The Green Paper on Agrarian Transformation, Rural Development and Land Reform will be gazetted by May 2011 followed by a White Paper to be submitted to Cabinet by May 2012.

Three-tiered land tenure system

The department is proposing a three-tiered system of land ownership in South Africa. The three tiers will be: state land, which will be under leasehold; private land, which will be held under freehold with limited extent; and foreign ownership, with precarious tenure linked to productivity and partnership models with South African citizens. The policy on precarious tenure for foreign nationals will be developed to determine the basis on which foreigners can own or use South African land around which there are sensitivities. The Land Protection Bill, which will make formal provision for this, will be submitted to Cabinet in 2011.

Land management commission

The policy for developing a land management commission to support the implementation of the three-tiered land tenure system will be developed by 2012. The commission shall have advisory, coordination, regulatory and auditing functions.

Valuer general's office

The policy for establishing a valuation system, including a valuer general's office that would manage standards and guidelines for land valuations, will be developed by 2012. This would give the state a proactive role in valuation to consider land acquisitions within the proposed three-tiered land tenure system as part of the proactive land acquisition strategy.

Policy on land tax

A land tax policy will be developed in 2013. The policy will propose the development of a land tax regime that would increase the cost of holding under-used and unused land.

Savings and cost effective service delivery

The department has identified savings of R116.9 million over the MTEF period on goods and services across all programmes. The savings are mostly from: reducing spending on consultants by recruiting and appointing permanent officials with the required skills; using public service vacancy circulars to advertise vacancies; and using video conferencing with provincial offices instead of travelling to a single venue. Further savings of R75.4 million were made on non-core items following a request from Cabinet.

The land reform programme was reduced by R1.3 billion over the MTEF period. This funding was reprioritised to the land restitution programme to expedite settlements of claims.

Selected performance indicators

Table 33.1 Rural Development and Land Reform

Indicator	Programme	Past			Current	Projections		
		2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Number of additional square kilometres of earth imagery at 0.5m ground sample distance acquired per year	Geospatial and Cadastral Services	200 000	216 000	280 000	300 000	310 000	310 000	310 000
Number of days taken to approve cadastral documents	Geospatial and Cadastral Services	15	15	15	15	14	13	10
Number of land claims settled per year ¹	Restitution	2 772	1 305	131	120	60	150	250
Number of farms recapitalised per year	Land Reform	–	–	–	504	403	309	332
Number of household gardens established per year	Rural Development	–	–	1 346	15 000	22 200	26 400	27 000
Number of electronic rural access centres provided per year	Rural Development	–	–	3	15	20	30	25
Number of new participants in the national rural youth service corps per year	Rural Development	–	–	–	7 401	5 000	5 000	5 000

1. The numbers fluctuate because some claims take longer than others and the budget is not always adequate.

Expenditure estimates

Table 33.2 Rural Development and Land Reform

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
R million								
Administration	423.5	455.7	578.8	770.8	770.8	606.1	615.1	648.8
Geospatial and Cadastral Services	257.0	277.3	311.7	486.7	486.7	388.1	405.9	428.0
Rural Development	3.5	9.1	72.1	342.4	342.4	441.3	641.0	903.9
Restitution	3 641.0	3 122.1	2 331.6	3 574.2	3 574.2	2 497.3	2 619.9	2 763.7
Land Reform	1 571.7	2 805.6	2 569.6	2 119.2	2 119.2	4 191.5	4 392.2	4 636.8
Total	5 896.6	6 669.8	5 863.8	7 293.4	7 293.4	8 124.2	8 674.1	9 381.1
Change to 2010 Budget estimate				523.8	523.8	151.3	314.0	–

Table 33.2 Rural Development and Land Reform (continued)

R million	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
Economic classification								
Current payments	1 143.7	1 251.5	1 533.0	2 385.0	2 385.0	2 524.1	2 839.4	3 224.9
Compensation of employees	476.4	614.2	760.9	1 196.8	1 196.8	1 395.7	1 523.3	1 608.9
Goods and services	667.3	637.3	772.1	1 188.2	1 188.2	1 128.5	1 316.1	1 616.0
of which:								
Administrative fees	15.6	38.0	16.8	20.9	20.9	107.0	235.3	390.0
Computer services	69.1	66.0	89.0	145.4	145.4	94.1	81.0	85.2
Consultants and professional services:	135.2	79.3	142.8	263.8	263.8	294.9	292.2	302.6
Business and advisory services								
Operating expenditure	9.9	8.4	5.9	146.9	146.9	182.9	244.6	338.8
Transfers and subsidies	4 654.5	5 360.3	4 293.6	4 880.6	4 880.6	5 564.7	5 803.0	6 125.1
Provinces and municipalities	0.1	0.0	0.1	0.0	0.0	0.0	0.0	0.1
Departmental agencies and accounts	824.1	1 518.2	1 101.8	1 046.5	1 046.5	2 767.8	2 774.1	3 003.1
Foreign governments and international organisations	1.0	1.1	1.2	1.3	1.3	1.3	1.4	1.4
Non-profit institutions	–	1.5	2.3	2.4	2.4	2.6	2.7	2.8
Households	3 829.3	3 839.4	3 188.3	3 830.3	3 830.3	2 793.0	3 024.8	3 117.8
Payments for capital assets	94.6	55.6	35.6	27.9	27.9	35.4	31.7	31.1
Buildings and other fixed structures	2.4	–	–	–	–	–	–	–
Machinery and equipment	63.1	41.6	35.3	27.2	27.2	34.6	30.8	30.2
Biological assets	9.5	–	–	–	–	–	–	–
Land and sub-soil assets	11.1	14.0	–	–	–	–	–	–
Software and other intangible assets	8.4	–	0.3	0.7	0.7	0.7	0.9	0.8
Payments for financial assets	3.8	2.4	1.6	–	–	–	–	–
Total	5 896.6	6 669.8	5 863.8	7 293.4	7 293.4	8 124.2	8 674.1	9 381.1

Expenditure trends

The spending focus over the medium term will be on achieving vibrant, equitable and sustainable rural communities and food security for all (outcome 7), and objectives and targets as per the minister's service delivery agreement.

Expenditure increased from R5.9 billion in 2007/08 to R7.3 billion in 2010/11, at an average annual rate of 7.3 per cent. The growth was mainly due to the increase in the allocation to the agricultural land holding account for the land reform programme.

Expenditure is expected to increase over the MTEF period at an average annual rate of 8.8 per cent to reach R9.4 billion in 2013/14. The biggest portion of the increase in the *Rural Development* programme is for the implementation of the comprehensive rural development programme, in particular the national rural youth service corps. Expenditure under the *Restitution* programme is also anticipated to increase over the MTEF period to settle the 3 734 more complex outstanding claims.

The ratio of support staff to line staff is 1:4, and of consultants to departmental personnel, 1:98

Personnel information

The department has an establishment of 5 228 posts, of which 4 985 are funded and 232 are additional to the approved establishment. The number of posts filled increased from 3 538 in 2007/08 to 4 502 in 2010/11, and is expected to grow to 6 535 over the medium term. This is as a result of aligning the department to the new mandate to develop the comprehensive rural development programme.

There are 726 vacancies in the department, of which 393 are at salary levels 6 to 8 and 214 are at salary levels 9 to 12. Most of these vacancies are in the rural development programme, and remain vacant because of the moratorium placed on filling posts due to the department's new mandate.

Departmental receipts

Departmental receipts decreased from R176.4 million in 2007/08 to R41.7 million in 2010/11, at an average annual rate of 38.2 per cent, and are expected to remain at that level over the medium term. This is because receipts of rent on land are now paid into the agricultural land holding account and also because no dividends have been declared by the deeds trading account since 2008/09, due to the decline in the property market.

Table 33.3 Departmental receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2007/08	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
Departmental receipts	176 380	64 170	44 047	41 679	41 679	68 951	64 467	68 334
Sales of goods and services produced by department	23 200	20 941	16 884	17 977	17 977	22 701	23 836	25 266
Sales of scrap, waste, arms and other used current goods	–	29	90	–	–	–	–	–
Transfers received	41	49	–	–	–	–	–	–
Interest, dividends and rent on land	145 461	33 438	21 830	19 427	19 427	41 840	36 000	38 160
Sales of capital assets	2 468	963	498	75	75	–	–	–
Transactions in financial assets and liabilities	5 210	8 750	4 745	4 200	4 200	4 410	4 631	4 908
Total	176 380	64 170	44 047	41 679	41 679	68 951	64 467	68 334

Programme 1: Administration

Expenditure estimates

Table 33.4 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
R million							
Ministry ¹	–	–	17.2	13.2	12.9	13.2	13.9
Management	38.7	34.1	40.4	72.3	79.2	55.1	58.1
Corporate Services	325.6	374.7	377.2	574.3	439.4	447.5	471.9
Office Accommodation	52.9	44.6	138.3	100.7	54.8	55.5	58.6
Government Motor Transport	3.0	–	–	–	3.7	3.8	4.0
Capital Works	3.3	2.4	5.6	10.3	16.1	40.0	42.2
Total	423.5	455.7	578.8	770.8	606.1	615.1	648.8
Change to 2010 Budget estimate				193.0	4.0	(19.4)	–

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

Economic classification

Current payments	396.4	424.0	551.8	747.9	583.2	591.1	623.4
Compensation of employees	103.6	134.3	178.9	270.9	307.3	322.9	340.5
Goods and services	292.8	289.7	372.9	477.1	275.9	268.1	282.9
of which:							
Administrative fees	10.9	30.7	11.9	8.3	20.0	21.0	22.2
Computer services	54.7	55.2	72.4	125.3	80.1	64.8	68.4
Consultants and professional services:	57.5	13.7	14.5	30.6	27.5	40.1	41.7
Business and advisory services							

Table 33.4 Administration (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Economic classification							
Current payments							
Operating expenditure	7.0	6.1	1.9	3.6	7.5	7.9	8.3
Transfers and subsidies	7.3	13.0	12.6	14.9	12.9	13.6	14.3
Households	7.2	13.0	12.6	14.8	12.9	13.6	14.3
Payments for capital assets	19.4	18.7	14.2	8.0	10.0	10.5	11.0
Machinery and equipment	11.2	18.7	13.9	8.0	9.9	10.4	11.0
Software and other intangible assets	8.2	–	0.3	0.0	0.1	0.1	0.1
Payments for financial assets	0.4	0.0	0.2	–	–	–	–
Total	423.5	455.7	578.8	770.8	606.1	615.1	648.8
Details of selected transfers and subsidies							
Households							
Households other transfers							
Current	6.0	11.7	12.6	14.8	12.9	13.6	14.3
Bursaries non employees	6.0	11.7	12.6	14.8	12.9	13.6	14.3

Expenditure trends

Expenditure increased from R423.5 million in 2007/08 to R770.8 in 2010/11, at an average annual rate of 22.1 per cent. The department's property management budget allocation was determined by the Department of Public Works in this period. Over the MTEF period, expenditure is expected to decrease to R648.8 million, at an average annual rate of 5.6 per cent, due to savings on the department's non-core items. Property management costs are currently funded in the department's own vote. Property management costs increased in 2009/10 as a result of the larger staff complement required for the new rural development mandate, reflected in the *Office Accommodation* subprogramme.

The *Office Accommodation* allocation for 2009 was R40 million, but actual spending was R130 million, which necessitated a virement of R90 million. The 2010 Budget allocation was R50.6 million, and spending to date of R88.5 million, with projected spending of a further R30 million, will require a 2011 virement of at least R50 million. The expected shortfall over the MTEF period will be addressed through reprioritisation within the department.

Programme 2: Geospatial and Cadastral Services

- *Cadastral Surveys* is responsible for: examining and approving all surveys for the registration of land and real rights that are intended to be registered in the deeds office; maintaining records; compiling, maintaining and revising maps of property boundaries; and providing cadastral advisory services to other government institutions.
- *National Geospatial Information* promotes and controls all matters related to geodetic and topographical surveying, and provides geospatial information services, including the South African spatial data infrastructure.
- *Spatial Planning* provides for national land use management and spatial planning systems.
- *Registration of Deeds Trading Account* provides for the growth of trading capital and procuring capital equipment for the deeds registration chief directorate.
- *South African Council for Planners* transfers funds to the South African Council for Planners, a non-profit organisation dealing with the registration and activities of the planning profession.

Objectives and measures

- Provide fundamental geospatial information as a national asset in accordance with user needs by:
 - maintaining 985 reference beacons of the national control survey network during 2011/12
 - acquiring earth imagery of South Africa at 0.5 ground sample distance covering 310 000 km² by March 2011
 - producing 1 660 maps of South Africa in the national map series by March 2012
 - implementing the South African spatial data infrastructure by developing and maintaining the technical infrastructure, standards and institutional framework and by developing and monitoring the policy framework
 - recording, annually, on maps, the changes in actual land use due to land development of 100 000 km² at comprehensive rural development programme sites in order to monitor these changes
 - completing the update of the integrated database of fundamental geospatial information by July 2011.
- Improve the efficiency of cadastral information services by:
 - reducing the turnaround time for the approval of cadastral documents (diagrams, general plans and sectional plans) from 15 days in 2010/11 to 10 days by 2013/14
 - reducing the turnaround time for supplying cadastral documents from 5 days in 2010/11 to 3 days by 2011/12
 - reducing the time taken for maintaining and archiving cadastral documents from 15 days in 2010/11 to 10 days in 2012/13
 - updating the land register or inventory instantly
 - implementing the e-cadastre system by 2014 and reducing the time taken to process cadastral documents from 15 to 8 days
 - training 250 officials and 60 cadastral officers in geo-information systems within the next 3 years.
- Promote equitable, sustainable land use and allocation through an integrated land planning and administration system, including by:
 - stimulating development in areas of poverty and reducing spatial inequalities
 - identifying strategically located land and facilitating access to land for sustainable use by rural communities
 - developing targeted policies and legislation to support efficient national spatial planning and land use management
 - ensuring the productive use of land through providing technical support for rural communities
 - supporting municipalities with spatial planning and land use management
 - supporting comprehensive rural development programme wards with spatial planning.

Expenditure estimates

Table 33.5 Geospatial and Cadastral Services

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
R million							
Cadastral Surveys	137.7	116.3	127.7	227.9	191.6	200.6	211.6
National Geospatial Information	103.1	81.8	93.2	130.7	136.9	142.3	150.0
Spatial Planning	16.1	22.8	31.0	116.9	46.6	49.2	51.8
Registration of Deeds Trading account	–	54.8	57.6	8.8	10.4	11.1	11.7
South African Council for Planners	–	1.5	2.3	2.4	2.6	2.7	2.8
Total	257.0	277.3	311.7	486.7	388.1	405.9	428.0
Change to 2010 Budget estimate				203.2	85.1	86.9	–

Table 33.5 Geospatial and Cadastral Services (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Economic classification							
Current payments	222.0	207.8	233.4	463.7	364.8	381.8	402.4
Compensation of employees	128.2	140.4	166.5	348.7	270.6	284.5	299.9
Goods and services	93.8	67.3	66.9	115.0	94.2	97.3	102.6
of which:							
Administrative fees	0.5	1.4	0.5	2.5	1.7	2.2	1.9
Computer services	8.4	6.3	10.0	6.5	6.3	6.7	7.0
Consultants and professional services:	4.3	0.7	3.0	49.7	10.9	11.9	12.3
Business and advisory services							
Operating expenditure	0.4	0.6	0.9	1.2	0.7	0.8	0.8
Transfers and subsidies	5.8	59.0	62.6	13.6	14.7	16.1	17.6
Departmental agencies and accounts	–	54.8	57.6	8.8	10.4	11.1	11.7
Foreign governments and international organisations	1.0	1.1	1.2	1.3	1.3	1.4	1.4
Non-profit institutions	–	1.5	2.3	2.4	2.6	2.7	2.8
Households	4.8	1.6	1.5	1.0	0.4	0.9	1.7
Payments for capital assets	28.9	10.3	15.7	9.4	8.6	8.0	7.9
Machinery and equipment	28.9	10.3	15.7	8.8	7.9	7.2	7.1
Software and other intangible assets	–	–	–	0.6	0.7	0.8	0.8
Payments for financial assets	0.3	0.2	0.1	–	–	–	–
Total	257.0	277.3	311.7	486.7	388.1	405.9	428.0
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	–	54.8	57.6	8.8	10.4	11.1	11.7
Registration of Deeds Trading Account	–	54.8	57.6	8.8	10.4	11.1	11.7
Non-profit institutions							
Current	–	1.5	2.3	2.4	2.6	2.7	2.8
South African Council for Planners	–	1.5	2.3	2.4	2.6	2.7	2.8
Foreign governments and international organisations							
Current	1.0	1.1	1.2	1.3	1.3	1.4	1.4
Regional Center for Mapping of Resources for Development	1.0	1.1	1.2	1.3	1.3	1.4	1.4

Expenditure trends

Expenditure increased from R257 million in 2007/08 to R486.7 million in 2010/11, at an average annual rate of 23.7 per cent. This was due to the implementation of the comprehensive rural development programme, as well as the implementation of the long outstanding occupation specific dispensation and job evaluations.

Expenditure is expected to decrease to R428 million over the MTEF period, at an average annual rate of 4.2 per cent, due to the department's comprehensive savings exercise on its non-core items.

Programme 3: Rural Development

- *Rural Development National Office* is responsible for formulating policies and introducing products and services for the effective implementation of the comprehensive rural development programme by deploying people in rural areas. The comprehensive rural development programme has been implemented in 23 wards, 471 691 hectares of land have been redistributed, 411 projects are currently under the recapitalisation programme, 119 distressed farms are to be recapitalised, 900 households gardens have been provided, and 3 600 hectares of crop fields have been planted.

- *Rural Development Provincial Offices* provides support services to effectively implement the comprehensive rural development programme by deploying people in rural areas.

Objectives and measures

- Reduce spatial inequalities by providing economic, social and ICT infrastructure to 1 000 wards in rural areas in 2014.
- Ensure social, environmental and economic development in rural communities by:
 - ensuring that 37 rural development delivery forums are established and functional by 2012
 - establishing 5 partnerships with the department, determined by the particular needs of a community, by 2011/12
 - ensuring a 40 per cent increase in technological innovations and indigenous knowledge systems in rural communities to improve food production in 2011/12
 - establishing 1 800 food gardens and 5 agri-parks in the comprehensive rural development programme wards by 2012
 - creating 10 000 jobs in all comprehensive rural development programme initiatives by 2012
 - increasing employment benefits for youth through the national rural youth service corps programme from 7 600 in 2010/11 to 5 000 new intakes per year
 - establishing 4 village industries and 90 enterprises, as determined by individual communities' needs, by 2011/12.

Expenditure estimates

Table 33.6 Rural Development

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
R million							
Rural Development National Office	3.5	9.1	72.1	199.3	180.7	329.2	489.2
Rural Development Provincial Offices	–	–	–	143.1	260.6	311.8	414.7
Total	3.5	9.1	72.1	342.4	441.3	641.0	903.9
Change to 2010 Budget estimate				86.2	147.9	348.0	–
Economic classification							
Current payments	3.5	9.1	72.1	340.9	441.2	641.0	903.9
Compensation of employees	2.8	3.6	2.0	35.2	71.6	75.2	79.3
Goods and services	0.7	5.5	70.1	305.6	369.6	565.8	824.7
of which:							
Administrative fees	–	–	0.2	3.5	28.8	157.0	304.4
Computer services	–	0.0	–	7.3	1.4	1.5	1.6
Consultants and professional services:	0.2	4.6	61.2	81.9	124.6	141.1	151.0
Business and advisory services							
Operating expenditure	0.0	0.0	–	136.6	150.1	200.1	300.1
Payments for capital assets	0.1	–	0.0	1.6	0.1	–	–
Machinery and equipment	0.1	–	0.0	1.6	0.1	–	–
Total	3.5	9.1	72.1	342.4	441.3	641.0	903.9

Expenditure trends

The spending focus over the medium term will be on implementing the comprehensive rural development programme, which entails building houses, and providing farming and infrastructure lay out.

Expenditure increased from R3.5 million in 2007/08 to R342.4 million in 2010/11, at an average annual rate of 360.8 per cent. This programme was established in 2009/10, which explains the increase in expenditure in that year. The increase in 2010/11 was mainly due to the establishment of the comprehensive rural development programme in the department. The comprehensive rural development programme includes the national rural youth service corps initiative, which did not form part of the 2010 Estimates of National Expenditure allocation

and as a result necessitated a virement of R133.7 million for costs related to upskilling youth in rural areas in the 2010 adjustments budget.

Expenditure is expected to increase over the MTEF period, at an average annual rate of 38.2 per cent to reach R903.9 million. This is to provide improved access to basic services, and economic and income generating opportunities through improved physical infrastructure in rural areas, and to mobilise rural communities to ensure that they take ownership of rural development projects and programmes.

Programme 4: Restitution

- *Restitution National Office* provides administrative and professional support to the Commission on the Restitution of Land Rights for processing and investigating restitution claims. The subprogramme also develops and coordinates restitution policy and oversees court cases. 70.9 per cent of the subprogramme's budget will be used for compensation of employees and related costs.
- *Restitution Regional Offices* negotiates restitution agreements and provides administrative support services to regional land claims commissioners. 58.2 per cent of the subprogramme's budget will be used for compensation of employees and related costs.
- *Restitution Grants* makes grants to restore land and provides alternative land to land reform beneficiaries by providing compensation and alternative relief, settlement planning and facilitation assistance, and contributing funds to resettling communities. From April to October 2010, the Land Claims Commission settled 118 rural claims, benefitting 4 755 households and 13 787 beneficiaries. The total amount of land approved for restoration was 23 675 hectares, with a total committed amount of R431.7 million.

Objectives and measures

- Settle restitution claims by finalising the research and verification for outstanding claims, doing the strategic gazetting of the claims, and negotiating and settling claims on state land where there are no financial implications.

Expenditure estimates

Table 33.7 Restitution

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R million	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Restitution National Office	29.0	31.2	36.1	47.2	51.1	53.2	56.1
Restitution Regional Offices	278.4	307.3	328.0	354.3	363.1	374.8	395.3
Restitution Grants	3 333.6	2 783.7	1 967.6	3 172.8	2 083.1	2 191.9	2 312.3
Total	3 641.0	3 122.1	2 331.6	3 574.2	2 497.3	2 619.9	2 763.7
Change to 2010 Budget estimate				2 005.6	427.4	446.4	–
Economic classification							
Current payments	288.4	317.2	361.3	398.3	413.8	427.7	451.1
Compensation of employees	127.5	185.5	218.1	239.6	250.6	263.1	277.4
Goods and services	160.9	131.7	143.2	158.7	163.2	164.6	173.6
of which:							
Administrative fees	2.5	3.5	2.3	2.0	4.4	2.0	2.1
Computer services	0.5	0.6	1.8	1.0	0.5	1.0	1.1
Consultants and professional services: Business and advisory services	29.6	25.0	29.6	47.6	68.3	57.1	56.0
Operating expenditure	1.6	0.9	1.9	3.1	4.1	7.5	4.9
Transfers and subsidies	3 333.6	2 783.7	1 967.6	3 173.0	2 083.4	2 192.2	2 312.5
Households	3 333.6	2 783.7	1 967.6	3 173.0	2 083.3	2 192.2	2 312.5

Table 33.7 Restitution (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Economic classification							
Payments for capital assets	16.4	20.4	1.6	2.9	0.1	0.1	0.1
Machinery and equipment	5.3	6.4	1.6	2.9	0.1	0.1	0.1
Land and sub-soil assets	11.1	14.0	–	–	–	–	–
Payments for financial assets	2.5	0.9	1.1	–	–	–	–
Total	3 641.0	3 122.1	2 331.6	3 574.2	2 497.3	2 619.9	2 763.7
Details of selected transfers and subsidies							
Households							
Households other transfers							
Capital	3 333.6	2 783.7	1 967.6	3 172.8	2 083.1	2 191.9	2 312.3
Restitution grants	3 333.6	2 783.7	1 967.6	3 172.8	2 083.1	2 191.9	2 312.3

Expenditure trends

The spending focus over the medium term will be on settling outstanding restitution claims.

Expenditure decreased at an average annual rate of 0.6 percent, from R3.6 billion in 2007/08 to R3.6 billion in 2010/11. The reduction in expenditure was because the restitution programme would have been completed in 2008. In 2010/11, a once-off R2 billion reprioritisation was made in the 2010 Adjusted Estimates of National Expenditure to increase the 2010 Estimates of National Expenditure allocation of R1.5 billion to pay urgent court orders and finalise critical outstanding land claims.

Over the medium term, spending is expected to decrease at an average annual rate of 8.2 per cent to reach R2.8 billion. This is as a result of a reduction in outstanding claims.

Programme 5: Land Reform

- *Land Reform National Office* is responsible for developing and coordinating land reform products and facilitating the implementation of land reform programmes and projects. It also provides support services to provincial offices, provides state land administration services, and provides information, risk and compliance management in the land reform branch. The subprogramme also provides financial support to the provinces and strategic land reform intervention support through recapitalisation and development services, aligning land reform strategic institutional partnerships, and providing land acquisition and land warehouse services. Due to the department's new mandate, the subprogramme's responsibilities include giving provinces better support. The new staff complement will be 823, but all these posts are not prioritised to be filled immediately. 42 per cent of the budget will be spent on compensation of employees and 35 per cent on functions such as the land rights management facility, providing legal assistance to beneficiaries and the audit on all state owned properties.
- *Land Reform Provincial Offices* implements land reform programmes and projects, and administers state land in each province. Land needs will be categorised to ensure the successful implementation of land reform, measured by job creation, increased incomes, and a critical mass of successful farmers contributing to GDP. The provincial offices will also be recapitalising and developing distressed land reform projects and strengthening the security of tenure of farm dwellers and labour tenants by providing legal support. 61 per cent will be spent on compensation of employees as the provincial offices are responsible for delivering on the department's outcomes.
- *Land Reform Grants* makes grants for project and programme planning, land acquisition and settlement, and allows the department to maintain, plan, develop or improve property. 20 per cent of this subprogramme's budget will be used for grants to households for acquiring land. The remainder of the budget will be used for the recapitalisation and development of distressed farms. In 2010/11, R331 million has been set aside for this. Strategic partnership agreements were signed for various commodities, such as sugar cane. Mentors were also appointed to further assist with the development of these farms.

- *KwaZulu-Natal Ingonyama Trust Board* makes grants for administering Ingonyama Trust land.
- *Land Reform Empowerment Facility* makes transfers to Khula Enterprises Finance, the revolving credit loan facility established by the department to finance land acquisition and equity in commercial farming ventures.
- *Agricultural Land Holding Account* is responsible for buying and holding land until suitable beneficiaries are identified in terms of the Provision of Land and Assistance Act (1993).

Objectives and measures

- Ensure that the sustainable benefits of economic growth accrue to previously disadvantaged communities, groups and individuals by delivering 1 030 000 hectares of productive land to them by 2014.
- Improve access to affordable and diverse food by training farmers in cost effective farming methods and advising them on the different types of crops that can be planted in different areas cost effectively.
- Increase production, guarantee food security, create employment opportunities in the agricultural sector, graduate small farmers into commercial farmers and establish rural development monitors by resuscitating 280 defunct farms and training and funding 300 farmers in 2014, through the recapitalisation and development programme.

Expenditure estimates

Table 33.8 Land Reform

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R million	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Land Reform National Office	56.4	51.3	73.0	89.2	156.8	143.7	146.2
Land Reform Provincial Offices	203.9	230.2	245.1	348.4	581.0	667.4	709.9
Land Reform Grants	483.1	1 041.2	1 206.6	641.5	696.3	818.2	789.2
KwaZulu-Natal Ingonyama Trust Board	2.4	2.5	3.1	9.2	6.8	7.2	7.5
Communal Land Rights Programme	4.3	19.4	0.8	2.6	–	–	–
Agricultural Land Holding Account	821.8	1 460.9	1 041.1	1 028.5	2 750.6	2 755.7	2 983.9
Total	1 571.7	2 805.6	2 569.6	2 119.2	4 191.5	4 392.2	4 636.8
Change to 2010 Budget estimate				(1 964.1)	(513.1)	(547.8)	–
Economic classification							
Current payments	233.4	293.5	314.5	434.2	721.1	797.9	844.1
Compensation of employees	114.3	150.3	195.4	302.4	495.6	577.6	611.8
Goods and services	119.1	143.2	119.1	131.8	225.6	220.3	232.3
of which:							
Administrative fees	1.7	2.3	1.9	4.7	52.1	53.0	59.4
Computer services	5.5	3.9	4.7	5.3	5.8	7.0	7.1
Consultants and professional services:	43.6	35.4	34.5	54.1	63.6	42.0	41.6
Business and advisory services	0.9	0.8	1.1	2.4	20.5	28.4	24.7
Operating expenditure							
Transfers and subsidies	1 307.9	2 504.6	2 250.8	1 679.1	3 453.7	3 581.1	3 780.6
Provinces and municipalities	0.0	0.0	0.1	0.0	0.0	0.0	0.0
Departmental agencies and accounts	824.1	1 463.4	1 044.2	1 037.6	2 757.4	2 762.9	2 991.4
Households	483.7	1 041.2	1 206.6	641.5	696.3	818.2	789.2
Payments for capital assets	29.8	6.3	4.2	6.0	16.6	13.2	12.0
Buildings and other fixed structures	2.4	–	–	–	–	–	–
Machinery and equipment	17.6	6.3	4.2	6.0	16.6	13.2	12.0
Biological assets	9.5	–	–	–	–	–	–
Software and other intangible assets	0.3	–	–	–	–	–	–
Payments for financial assets	0.6	1.3	0.1	–	–	–	–
Total	1 571.7	2 805.6	2 569.6	2 119.2	4 191.5	4 392.2	4 636.8

Table 33.8 Land Reform (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	824.1	1 463.4	1 044.2	1 037.6	2 757.4	2 762.9	2 991.4
KwaZulu-Natal Ingonyama Trust Board	2.4	2.5	3.1	9.2	6.8	7.2	7.5
Agricultural land holding account	821.8	1 460.9	1 041.1	1 028.5	2 750.6	2 755.7	2 983.9
Households							
Households other transfers							
Capital	483.1	1 041.2	1 206.6	641.5	696.3	818.2	789.2
Land reform grants	483.1	1 041.2	1 206.6	641.5	696.3	818.2	789.2

Expenditure trends

The spending focus over the medium term will be on the redistribution of land to land reform beneficiaries and the recapitalisation of distressed farms.

Expenditure increased from R1.6 billion in 2007/08 to R2.1 billion in 2010/11, at an average annual rate of 10.5 per cent. R2 billion was shifted out of this programme in the 2010 adjustments budget to augment the *Restitution* programme's grants budget to expedite claims settlements.

Expenditure is expected to increase at an average annual rate of 29.8 per cent over the MTEF period to reach R4.6 billion. Approximately 64 per cent of the budget for this programme over the MTEF period is allocated to the *Agricultural Land Holding Account* subprogramme to continue land reform processes.

Public entities and other agencies

Registration of Deeds Trading Account

Strategic overview: 2007/08 – 2013/14

Deeds registries were established in terms of the Deeds Registries Act (1937). Their primary purpose is to register rights in land and thus provide security of title. They also maintain public registers of land.

The registration of deeds trading account is a trading entity established in terms of the Public Finance Management Act (1999). It generates revenue by selling information and levying fees in accordance with the schedule of fees prescribed by regulation 84 of the Act.

The deeds registration entity has progressively introduced e-cadastre, which is aimed at improving cadastral survey management and deeds registration in South Africa. The target date for full implementation of e-cadastre is July 2013. Some of its early benefits will be the conversion of paper records into a digital format, which will facilitate the alignment of deeds registries with provincial boundaries, thus eliminating past discriminatory practices in the deeds environment. E-cadastre will also greatly enhance the accuracy and integrity of deeds registration information as well as the time it takes to deliver title deeds.

Selected performance indicators

Table 33.9 Registration of Deeds Trading Account

Indicator	Programme/Activity	Past			Current	Projections		
		2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Number of days from lodgement until examination is completed	Examination of deeds applications	6	6	6	6	6	6	6
Number of days to deliver deeds and other documents after registration	Delivery of registered documents	30	30	14	7	7	7	7

Details of programmes/activities/objectives

In 2009/10, the e-cadastre system was introduced to reduce deeds registration turnaround times. The server storage capacity will be upgraded in 2011/12 to accommodate an increase in records.

The bulk of the entity's budget (64 per cent) goes to compensation of employees, which amounts to R306 million of the allocated budget of R476 million. E-cadastre gets 9 per cent of the budget, and information support services 7 per cent.

Table 33.10 Registration of Deeds Trading Account

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Registration of Deeds	1.5	0.2	0.1	0.2	0.2	0.2	0.2
Information Support Services	49.7	35.7	33.9	27.7	32.4	33.4	45.5
E-Cadastre	–	–	–	43.0	106.8	215.1	–
Administration	302.6	330.3	319.9	410.5	443.2	462.8	519.3
Total expense	353.7	366.2	353.9	481.3	582.6	711.5	565.0

Expenditure estimates

Table 33.11 Registration of Deeds Trading Account

Statement of financial performance				Revised estimate	Medium-term estimate		
R million	Audited outcome			2010/11	2011/12	2012/13	2013/14
	2007/08	2008/09	2009/10				
Revenue							
Non-tax revenue	433.6	314.8	304.7	472.5	572.2	700.4	553.3
Sale of goods and services other than capital assets	419.0	309.8	301.6	468.0	567.0	694.9	547.4
of which:							
Admin fees	419.0	309.8	301.6	468.0	567.0	694.9	547.4
Other non-tax revenue	14.6	5.0	3.1	4.4	5.2	5.6	5.9
Transfers received	–	51.4	49.2	8.8	10.4	11.1	11.7
Total revenue	433.6	366.2	353.9	481.3	582.6	711.5	565.0
Expenses							
Current expense	353.7	366.2	353.9	481.3	582.6	711.5	565.0
Compensation of employees	195.3	204.9	222.6	306.9	332.7	346.5	380.5
Goods and services	140.0	141.6	104.1	146.4	225.0	338.6	156.6
Depreciation	17.0	19.5	27.1	27.8	24.7	26.2	27.6
Interest, dividends and rent on land	1.5	0.2	0.1	0.2	0.2	0.2	0.2
Total expenses	353.7	366.2	353.9	481.3	582.6	711.5	565.0
Surplus / (Deficit)	79.8	–	–	–	–	–	–

Table 33.11 Registration of Deeds Trading Account (continued)

Statement of financial performance				Revised estimate	Medium-term estimate		
R million	Audited outcome			2010/11	2011/12	2012/13	2013/14
	2007/08	2008/09	2009/10				
Statement of financial position							
Carrying value of assets	121.7	137.8	130.8	125.0	123.4	115.6	111.5
of which: Acquisition of assets	42.0	49.0	20.8	27.0	23.1	18.4	23.5
Inventory	1.2	0.9	1.1	2.3	2.4	2.6	2.7
Receivables and prepayments	62.1	60.2	43.6	67.6	71.7	78.0	80.2
Cash and cash equivalents	53.3	32.6	64.9	36.7	38.9	42.2	43.5
Total assets	238.2	231.6	240.5	231.6	236.4	238.4	237.8
Accumulated surplus/deficit	126.9	126.9	126.9	126.9	126.9	126.9	126.9
Trade and other payables	25.8	18.3	15.7	32.3	45.0	46.3	42.2
Provisions	25.6	22.3	25.5	30.0	30.9	31.0	25.6
Managed funds	58.3	58.3	58.3	41.6	32.8	33.5	42.3
Liabilities not classified elsewhere	1.7	5.7	14.1	0.7	0.7	0.8	0.8
Total equity and liabilities	238.2	231.6	240.5	231.6	236.4	238.4	237.8

Expenditure trends

The entity generates revenue from selling information and levying fees.

The decrease in revenue over the medium term is due to the slump in the property market caused by the economic recession, which resulted in fewer properties being registered. The entity collected R419 million in 2007/08, which went down to R309.8 million in 2008/09 and R301.6 million in 2009/10. A projected deficit has been mitigated by transfers from the department of R58 million in 2009/10 and R8.8 million in 2010/11.

Expenditure increased at an average annual rate of 49.2 per cent from 2007/08 to 2010/11, from R354 million to R481 million. Expenditure is expected to increase to R565 million over the medium term, at an average annual rate of 5.5 per cent. This is due to upgrading some posts, and funding e-cadastre.

Personnel information

The registration of deeds trading entity has an establishment of 1 782 posts and 1 846 funded posts. The number of posts filled increased from 1 160 in 2007/08 to 1 842 in 2010/11, and is expected to increase to 1 902 over the medium term in order to increase capacity for registrations.

Table 33.12 Registration of Deeds Trading Account

	Post status as at 30 September 2010			Number of posts filled on funded establishment						
	Number of posts on approved establishment	Number of funded posts (establishment)	Number of vacant posts	Actual			Mid-year ¹	Medium-term estimate		
				2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Board members	3	3	2	–	–	–	1	1	1	1
Executive management	14	14	–	14	14	14	14	14	14	14
Senior management	126	126	–	119	121	126	126	126	126	126
Middle management	1 345	1 345	–	800	1 313	1 345	1 345	1 345	1 345	1 345
Professionals	294	294	–	227	253	294	294	294	294	294
Total	1 782	1 782	2	1 160	1 701	1 779	1 780	1 780	1 780	1 780
Compensation (R thousand)				195 267	204 949	222 619	306 926	332 703	346 489	380 546
Unit cost (R thousand)				168	120	125	172	187	195	214

1. As at 30 September 2010.

Public entities and other agencies

Comprehensive coverage of the following public entities is provided with the more detailed information for the vote at www.treasury.gov.za under the budget information link.

- The KwaZulu-Natal Ingonyama Trust is a repository for Ingonyama communal land. The **KwaZulu-Natal Ingonyama Trust Board** is a land management agency that provides support to communities on communal land and estate management services to the Minister of Rural Development and Land Reform. The board ensures that any commercial activity on communal land is developmental and benefits local communities.
- The **Agricultural Land Holding Account** was established in terms of sections 10(1)(a) of the Provision of Land and Assistance Act (1993) to give legal effect to the proactive land acquisition strategy. The strategy involves acquiring land and other property (movable and immovable) held by the state, which can then be used by beneficiaries of the strategy.

Additional tables

Table 33.A Summary of expenditure trends and estimates per programme and economic classification

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R million	2009/10		2009/10	2010/11			2010/11
Administration	498.3	698.9	578.8	577.8	193.0	770.8	770.8
Geospatial and Cadastral Services	241.5	361.4	311.7	283.6	203.2	486.7	486.7
Rural Development	10.3	262.6	72.1	256.2	86.2	342.4	342.4
Restitution	1 904.3	2 107.4	2 331.6	1 568.6	2 005.6	3 574.2	3 574.2
Land Reform	3 454.9	2 971.1	2 569.6	4 083.4	(1 964.1)	2 119.2	2 119.2
Total	6 109.4	6 401.4	5 863.8	6 769.6	523.8	7 293.4	7 293.4
Economic classification							
Current payments	1 539.4	2 046.1	1 533.0	1 878.1	506.8	2 385.0	2 385.0
Compensation of employees	944.7	954.8	760.9	1 072.2	124.6	1 196.8	1 196.8
Goods and services	594.7	1 091.3	772.1	805.9	382.3	1 188.2	1 188.2
Transfers and subsidies	4 547.3	4 323.7	4 293.6	4 871.6	9.0	4 880.6	4 880.6
Provinces and municipalities	0.0	0.0	0.1	0.0	0.0	0.0	0.0
Departmental agencies and accounts	1 020.7	1 101.3	1 101.8	1 160.1	(113.6)	1 046.5	1 046.5
Foreign governments and international organisations	1.2	1.2	1.2	1.3	–	1.3	1.3
Non-profit institutions	2.3	2.3	2.3	2.4	–	2.4	2.4
Households	3 523.0	3 218.8	3 188.3	3 707.8	122.6	3 830.3	3 830.3
Payments for capital assets	22.7	31.6	35.6	19.8	8.1	27.9	27.9
Machinery and equipment	21.4	30.3	35.3	19.2	8.0	27.2	27.2
Software and other intangible assets	1.3	1.3	0.3	0.6	0.0	0.7	0.7
Payments for financial assets	0.0	0.0	1.6	–	–	–	–
Total	6 109.4	6 401.4	5 863.8	6 769.6	523.8	7 293.4	7 293.4

Table 33.B Detail of approved establishment and personnel numbers according to salary level¹

	Post status as at 30 September 2010			Number of posts filled on funded establishment						
	Number of posts on approved establishment	Number of funded posts (establishment)	Number of vacant posts	Actual			Mid-year ¹	Medium-term estimate		
				2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Department	6 773	3 626	218	3 480	4 136	3 742	3 373	3 904	3 994	4 194
Salary level 1 – 6	1 657	1 265	193	1 246	1 827	1 367	1 177	1 328	1 392	1 463
Salary level 7 – 10	3 952	1 827	13	1 818	1 806	1 897	1 699	2 016	2 014	2 114
Salary level 11 – 12	871	387	10	313	398	381	360	406	427	447
Salary level 13 – 16	293	148	2	103	105	97	137	154	161	170
Administration	2 108	935	15	678	628	838	870	981	1 031	1 081
Salary level 1 – 6	666	339	7	292	270	326	316	356	374	393
Salary level 7 – 10	1 105	425	6	298	272	380	395	446	468	491
Salary level 11 – 12	258	119	1	56	58	92	111	125	132	138
Salary level 13 – 16	79	52	1	32	28	40	48	54	57	59
Geospatial and Cadastral Services	1 417	945	101	843	1 861	954	879	992	1 041	1 093
Salary level 1 – 6	425	403	89	361	1 017	431	375	424	445	467
Salary level 7 – 10	651	371	2	362	612	391	345	389	409	429
Salary level 11 – 12	241	127	9	103	200	108	118	133	140	146
Salary level 13 – 16	100	44	1	17	32	24	41	46	47	51

Table 33.B Detail of approved establishment and personnel numbers according to salary level¹ (continued)

	Post status as at 30 September 2010			Number of posts filled on funded establishment						
	Number of posts on approved establishment	Number of funded posts (establishment)	Number of vacant posts	Actual			Mid-year ¹ 2010/11	Medium-term estimate		
				2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Rural Development	988	85	–	–	–	16	79	89	92	97
Salary level 1 – 6	39	11	–	–	–	3	10	11	11	12
Salary level 7 – 10	709	54	–	–	–	2	50	56	59	62
Salary level 11 – 12	200	13	–	–	–	4	12	14	14	15
Salary level 13 – 16	40	8	–	–	–	7	7	8	8	8
Restitution	1 019	776	6	1 050	881	962	722	914	855	899
Salary level 1 – 6	281	247	3	281	243	296	230	259	271	286
Salary level 7 – 10	641	449	3	671	551	563	418	571	496	521
Salary level 11 – 12	68	57	–	70	65	93	53	60	63	66
Salary level 13 – 16	29	23	–	28	22	10	21	24	25	26
Land Reform	1 241	885	96	909	766	972	823	928	975	1 024
Salary level 1 – 6	246	264	94	312	297	311	246	278	291	305
Salary level 7 – 10	846	528	2	487	371	561	491	554	582	611
Salary level 11 – 12	104	71	–	84	75	84	66	74	78	82
Salary level 13 – 16	45	22	–	26	23	16	20	22	24	26

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

2. As at 30 September 2010.

Table 33.C Summary of expenditure on training

	Audited outcome			Adjusted appropriation 2010/11	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Compensation of employees (R million)	476.4	614.2	760.9	1 196.8	1 395.7	1 523.3	1 608.9
Training expenditure (R million)	9.0	9.4	11.9	12.6	13.3	13.9	–
Training as percentage of compensation	1.9%	1.5%	1.6%	1.1%	1.0%	0.9%	
Total number trained in department (head count)	3 351	4 208	2 125	–			
<i>of which:</i>							
Employees receiving bursaries (head count)	201	374	412	–			
Internships trained (head count)	220	252	145	–			
Households receiving bursaries (R million)	2.0	3.8	14.0	13.0	12.9	13.6	14.3
Households receiving bursaries (head count)	82	155	200	–			

Table 33.D Summary of departmental public private partnership (PPP) projects

Project description: Department of Rural Development and Land Reform Main Campus		Project annual unitary fee at time of contract	Budgeted expenditure	Medium-term expenditure estimate		
R million			2010/11	2011/12	2012/13	2013/14
Projects signed in terms of Treasury Regulation 16		–	6.4	7.2	34.2	36.1
PPP unitary charge		–	6.4	7.2	34.2	36.1
Total		–	6.4	7.2	34.2	36.1

Disclosure notes for projects signed in terms of Treasury Regulation 16

Brief description	The project focus is on the construction, operation and maintenance of a facility to create an optimal working environment for the department to meet its client's needs. Currently the department accommodates its staff in six buildings located around Pretoria. It is the intention, that through a public private partnership, these diverse offices will be consolidated onto a campus like facility.
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Table 33.E Summary of expenditure on infrastructure

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Maintenance										
Cape Town, Mowbray, Van Der Sterr building: upgrading and installation of back-up generator	Upgrading	Various	13.7	-	-	-	1.8	11.7	2.0	-
Cape Town, surveyor general, Plein Street: upgrading of kitchen and toilet	Upgrading	Construction	2.9	-	-	-	0.3	2.4	0.4	-
Pietermaritzburg, deeds office and surveyor general: upgrading, repairs and renovations	Identification	Identification	6.9	-	-	-	-	2.4	8.4	4.2
Pretoria, Cooperation building, national office boardrooms: refurbishment	Identification	Identification	3.9	-	-	2.8	0.9	-	-	-
Pretoria, old Cooperation building: upgrading of power supply and reticulation	Tender	Tender	8.3	-	-	-	3.5	4.6	0.5	-
Pretoria, old Cooperation building: upgrading of network centre	Construction	Construction	1.8	-	-	-	0.3	-	-	-
Cape Town, deeds office: construction: site clearance	Identification	Identification	0.1	-	-	-	0.1	-	-	-
Office accommodation: maintenance and repairs	Various	Various	-	2.3	3.9	-	-	-	-	-
Office accommodation: maintenance and repairs	Various	Various	-	3.3	2.4	-	-	-	-	-
Total			37.6	5.6	6.3	2.8	6.9	21.2	11.3	4.2

Vote 34

Science and Technology

Budget summary

R million	2011/12				2012/13	2013/14
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	192.1	189.1	1.0	2.0	202.0	220.6
Research, Development and Innovation	854.6	54.3	800.1	0.2	1 112.4	1 272.8
International Cooperation and Resources	137.2	55.3	81.4	0.5	145.9	157.2
Human Capital and Knowledge Systems	1 950.4	26.2	1 924.1	0.1	2 045.5	2 406.3
Socio Economic Partnerships	1 270.3	44.7	1 225.1	0.4	1 381.6	1 453.2
Total expenditure estimates	4 404.6	369.7	4 031.6	3.3	4 887.4	5 510.1

Executive authority Minister of Science and Technology
 Accounting officer Director General of Science and Technology
 Website address www.dst.gov.za

More detailed information for each vote is available at www.treasury.gov.za. More comprehensive coverage of vote specific information, particularly on goods and services transfers and subsidies, donor funding, public entities and lower level institutional information, is provided.

Aim

Realise the full potential of science and technology in social and economic development, through the development of human resources, research and innovation.

Programme purposes

Programme 1: Administration

Purpose: Conduct the overall management of the department. Ensure that the organisations funded by the department comply with good corporate governance and their activities are aligned with the strategic focus of the national system of innovation. Monitor and evaluate the performance of the science councils.

Programme 2: Research, Development and Innovation

Purpose: Provide policy leadership in long term and cross cutting research and innovation areas in the national system of innovation. Play a key role in developing strategic new areas of focus for research and innovation in South Africa. Create an enabling environment and relevant instruments to support the commercialisation of research and development as well as innovation.

Programme 3: International Cooperation and Resources

Purpose: Develop and monitor bilateral and multilateral relationships and agreements in science and technology to strengthen the national system of innovation and enable a flow of knowledge, capacity and resources into South Africa and Africa.

Programme 4: Human Capital and Knowledge Systems

Purpose: Develop and implement national programmes to produce knowledge and develop human capital and the associated infrastructure and equipment.

Programme 5: Socio Economic Partnerships

Purpose: Form strategic partnerships to contribute to South Africa's transition to a knowledge economy.

Strategic overview: 2007/08 – 2013/14

The Department of Science and Technology derives its mandate from the 1996 White Paper on Science and Technology. As the coordinator for the development of the national system of innovation, the department influences this system through key strategies such as the national research and development strategy and the 10-year innovation plan. The innovation plan seeks in particular to contribute to the transformation of the South African economy into a knowledge based economy, in which the production and dissemination of knowledge will lead to economic benefits and enrich all fields of human endeavour. The measure of success will be the degree to which science and technology play a driving role in enhancing productivity, economic growth and socioeconomic development.

Working towards a knowledge based economy

The national system of innovation can play an important role as the vehicle for the achievement of a knowledge based economy. Since 1996, the Department has put in place several building blocks and interventions to develop and enable the national system of innovation to become functional. Some of the latest interventions include the National Intellectual Property Management Office, the Intellectual Property Rights Act and the Technology Innovation Agency. Science, technology and innovation underpin the foundations of any modern economy and society, and must play a pivotal role in South Africa's economic recovery from the global downturn and growth, through supporting and strengthening the ability of the state to address poverty and inequality, as well as unemployment and skills shortages. Integrating science, technology and innovation into South Africa's economic base is essential for developing a sustainable, post-industrial knowledge economy that leverages its natural resource base by applying and developing new approaches (that assist in modernising technology). Through the different science councils, the department is positioning itself to work more effectively with industry and universities. These partnerships are aimed at facilitating strategic technology and innovation interventions.

To realise the full potential of science, technology and innovation, South Africa should increase its science and technology innovation investment, as well as improve its ability to convert some of its research and development activities into products and services. Such investment should focus on increased human capital development (especially, in science, technology, engineering and innovation) thereby producing a greater number of skilled individuals, knowledge generation and exploitation, consolidation and establishment of new entities, and on supporting African initiatives and leveraging off international cooperation.

Regional and international cooperation advances science and technology through shared learning. The department's strategies include leading South Africa's engagement in the United Nations (UN) family of science organisations, maximising participation in major summits and international conventions, strengthening South-South partnerships, and accessing international research programmes such as the European Union's (EU) framework programme of research.

Government's outcomes framework and related outputs for the department

In relation to government's 12 outcomes, the department contributes directly to three of the outcomes. The first is creating a skilled and capable workforce to support an inclusive growth path (outcome 5). Related outputs are: establishing a credible institutional mechanism for skills planning (output 1); increasing access to programmes leading to intermediate and high level learning (output 2); increasing access to occupationally directed programmes in needed areas and thereby expanding the availability of intermediate level skills (with a special focus on artisan skills) (output 3); increasing access to high level occupationally directed programmes in needed areas (output 4); and facilitating research, development and innovation in human capital for a growing knowledge economy (output 5). Specific related departmental sub-outputs are: increased access to high level occupationally directed programmes in needed areas; increased human capital for research, development and innovation, for a growing knowledge based economy; increased support to industry-university partnerships; and increase investment in research and development, especially in the science, engineering and technology sector.

The department has already initiated postgraduate funding support (mainly through bursaries) and research support programmes, such as the centres of competence and the South African Research Chairs Initiative and will continue to implement interventions aimed at addressing skills shortages.

The second outcome is creating decent employment through inclusive economic growth (outcome 4). Related outputs are: faster and sustainable inclusive growth; more labour absorbing growth; a multi-prolonged strategy to reduce youth unemployment; increased competitiveness, to raise net exports, grow South Africa's share of world trade and improve its composition; developing targets for improving the country's global competitiveness rating; and increasing the country's expenditure on research and development as a percentage of GDP to reach 1.5 per cent of GDP by 2014. Drawing on previous investments the department will play a key role over the medium term in supporting the development of selected industries in South Africa.

The third outcome is contributing to a long and healthy life for all South Africans (outcome 2). The related output is strengthening the effectiveness of the health system (output 4). Health and health innovations have been a long standing focus of the department. Successful projects have included the piloting of tele-medicine, and the bioeconomy.

Savings and cost effectiveness measures

The department has identified efficiency savings of R31.9 million in 2011/12, R31.5 million in 2012/13 and R33.2 million in 2013/14, and has implemented cost effectiveness measures by reducing ineffective spending on goods and services across all programmes. The department conducted an analysis of areas where savings could be effected and adjusted operational policies in relation to catering, subsistence and travel, and entertainment.

The budget cuts will not impede the department's progress in implementing its mandate. The construction of MeerKAT, will, however, be extended to 2013/14, which is still in time to allow South Africa to compete for the Square Kilometre Array project.

Selected performance indicators

Table 34.1 Science and Technology

Indicator	Programme	Past			Current	Projections		
		2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Number of patents, patents applications and trademarks resulting from policy funded research	Socioeconomic Partnerships	–	–	–	11	19	21	25
Number of companies provided with a technology assistance package per year to facilitate successful participation in infrastructure public procurement process	Socioeconomic Partnerships	–	–	24	24	24	28	30
Total number of postgraduate students supported	Human Capital and Knowledge Systems	5 207	5 060	5 131	5 644	6 600	7 000	7 500
Total number of postgraduate students financially supported	Socioeconomic Partnerships	–	–	–	66	80	99	110
Number of researchers supported financially per year	Human Capital and Knowledge Systems	2 054	2 422	2 442	2 519	2 500	2 550	2 600
Value of foreign funds leveraged per year in support of science, technology and innovation cooperation	International Cooperation and Resources	R94.1m	R189m	R230m	R196.3m	R199.3m	R500m	R600m
Number of technologies in development per year	Research, Development and Innovation	9	13	17	13	9	15	21
Number of households benefiting from technology based inventions per year	Socioeconomic Partnerships	–	–	–	280	300	350	350
Number of joint science and technology projects initiated between the Department of Science and Technology and other departments per year	Socioeconomic Partnerships	–	2	6	10	13	14	14
Total number of institutions implementing the research information management system	Socioeconomic Partnerships	–	–	3	15	25	32	34

Expenditure estimates

Table 34.2 Science and Technology

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
R million	2007/08	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
Administration	125.3	141.0	159.1	185.7	185.7	192.1	202.0	220.6
Research, Development and Innovation	528.6	853.0	1 141.4	826.8	826.8	854.6	1 112.4	1 272.8
International Cooperation and Resources	95.6	136.3	117.5	136.0	136.0	137.2	145.9	157.2
Human Capital and Knowledge Systems	1 273.8	1 454.7	1 591.4	1 764.0	1 764.0	1 950.4	2 045.5	2 406.3
Socio Economic Partnerships	1 103.9	1 118.4	1 174.6	1 215.5	1 215.5	1 270.3	1 381.6	1 453.2
Total	3 127.3	3 703.5	4 183.9	4 128.0	4 128.0	4 404.6	4 887.4	5 510.1
Change to 2010 Budget estimate				(487.6)	(487.6)	(564.2)	327.1	–

Economic classification

Current payments	210.7	259.8	284.2	370.1	370.1	369.7	389.6	423.8
Compensation of employees	102.1	141.6	167.5	223.7	223.7	225.3	237.6	259.6
Goods and services	108.6	118.3	116.8	146.4	146.4	144.5	152.1	164.3
of which:								
Communication	7.1	6.8	8.4	8.2	8.2	8.2	8.7	9.3
Consultants and professional services: Business and advisory services	34.4	7.6	7.3	16.9	16.9	17.1	18.2	19.5
Agency and support / outsourced services	–	22.4	19.3	24.4	24.4	17.7	18.4	21.3
Travel and subsistence	32.3	35.7	27.9	41.1	41.1	38.6	41.1	43.3
Transfers and subsidies	2 908.6	3 440.2	3 891.9	3 752.8	3 752.8	4 031.6	4 494.3	5 082.7
Departmental agencies and accounts	1 516.9	1 866.5	2 310.9	2 266.6	2 266.6	2 619.9	2 800.5	3 202.5
Universities and technikons	46.1	69.5	113.4	32.9	32.9	–	–	–
Public corporations and private enterprises	1 023.2	1 075.1	1 183.3	1 002.4	1 002.4	924.8	962.6	1 013.0
Non-profit institutions	322.2	428.4	283.5	450.9	450.9	486.9	731.2	867.2
Households	0.2	0.7	0.7	–	–	–	–	–
Payments for capital assets	7.9	3.3	7.7	5.1	5.1	3.3	3.4	3.6
Machinery and equipment	7.9	3.3	7.7	5.1	5.1	3.3	3.4	3.6
Payments for financial assets	–	0.1	0.1	–	–	–	–	–
Total	3 127.3	3 703.5	4 183.9	4 128.0	4 128.0	4 404.6	4 887.4	5 510.1

Expenditure trends

Over the medium term, the spending focus will be on human capital development and knowledge generation and exploitation. The department will continue to invest in initiatives to increase the number and diversity of young people entering and remaining in careers in science and technology. The number of chairs under the South African Research Chairs Initiative will be increased. The initiative is succeeding in contributing to the transformation of South Africa's cohort of scientists. The number of postgraduate students supported by research chair grants will be used as a measure to monitor this objective.

Expenditure increased from R3.1 billion to R4.1 billion, at an average annual rate of 9.7 per cent between 2007/08 and 2010/11. This was mainly due to the substantial allocations for projects in the *Research, Development and Innovation* programme, human capital development initiatives and increases in funding for initiatives such as the South African Research Network, the National Research Foundation in the *Human Capital and Knowledge Systems* programme, the Council for Scientific and Industrial Research, and the Human Science Research Council in the *Socio Economic Partnerships* programme.

Over the medium term, expenditure is expected to increase to R5.5 billion in 2013/14, at an average annual rate of 10.1 per cent. The growth is attributed to additional allocations in the 2011 MTEF Budget for improved conditions of service (R23.6 million), bursaries for postgraduate students (R358.0 million), the establishment of an intellectual property office (R27 million), and the purchase of scientific equipment (R150 million). The rescheduling of funding for the Square Kilometre Array project from 2011/12 to 2012/13 and 2013/14 has also increased expenditure.

The ratio of administrative cost to line function cost in the department is 1:11.5.

Infrastructure spending

In September 2006, South Africa and Australia were shortlisted as suitable sites to host the core of the Square Kilometre Array radio telescope. The announcement of the successful bidding country is expected before the end of 2012. The shortlisted countries are building demonstration telescopes to develop the technology and optimise alignment with the scientific research expectations. The South African demonstration telescope, MeerKAT, is being constructed in two phases. The seven-dish array prototype was completed in 2009/10 and the complete MeerKAT telescope is expected to be fully assembled by 2013/14. R173 million was spent in 2009/10 on infrastructure, human capital development and completion of the radio telescope array prototype.

The Centre for High Performance Computing and the South African National Research Network are large research, development and innovation infrastructure projects that provide cyber infrastructure for the national system of innovation. The centre is intended to provide high performance computing for research in manipulating and analysing large amounts of complex data and the research network is a high speed network to facilitate access to and sharing of research information and data between researchers locally and internationally. R344.5 million was spent between 2007/08 to 2009/10, R310 million has been allocated to the network over the MTEF period.

The national research infrastructure programmes (such as the national equipment and national nanotechnology equipment programmes) are designed to provide support to individual researchers and institutions to enhance research performance and productivity. Over the MTEF period, R134 million has been allocated to the national nanotechnology centres, while R35 million has been spent to date.

Scientific and technological activities

Government regards investment in research, and scientific and technological activities as an integral part of its transition to a knowledge based economy. It also reflects the extent to which government is modernising and using scientific processes to add value to its operations and service delivery. Expenditure on science and technology activities funded by the Department of Science and Technology increased from R2.9 billion in 2007/08 to R4.2 billion in 2010/11, at an average annual rate of 13.7 per cent. Expenditure is expected to decrease to R3.6 billion over the MTEF period, at an average annual rate of 5.9 per cent due to the reprioritisation of funds.

Table 34.3 Science and technology activities funded by the Department of Science and Technology

R thousand	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Scientific and technology innovations (STI)	2 279 254	2 781 818	3 159 576	3 564 283	3 539 954	2 541 259	2 668 322
Scientific and technological services (STS)	614 828	571 338	599 988	284 144	413 432	433 183	454 842
Scientific and technical education and training (STET)	35 300	49 828	61 548	358 200	453 900	445 900	468 195
Total STAs	2 929 382	3 402 984	3 821 112	4 206 627	4 407 286	3 420 342	3 591 359

Table 34.4 Public institutions that undertake scientific and technological activities which report to the Department of Science and Technology

R thousand	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Academy of Science of South Africa	3 400	5 570	9 893	10 554	11 152	11 710	12 319
Africa Institute of South Africa	26 530	30 464	29 280	30 594	32 440	34 062	35 833
Human Science Research Council	155 949	163 851	166 185	194 293	206 169	216 365	227 616

Table 34.4 Public institutions that undertake scientific and technological activities which report to the Department of Science and Technology (continued)

R thousand	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
National Research Foundation	657 699	683 420	692 131	749 142	1 089 035	1 068 156	1 126 087
Council for Scientific and Industrial Research	517 352	554 687	599 384	685 784	687 169	727 491	765 580
South African National Energy Research	42 000	44 268	–	–	–	–	–
Technology Innovation Agency	–	–	–	410 628	433 816	455 196	478 217
South African National Space Agency	–	–	–	–	93 583	95 539	100 247
Tshumisano Trust	49 500	36 600	36 437	–	–	–	–
Total	1 452 430	1 518 860	1 533 310	2 080 995	2 553 364	2 608 519	2 745 899

Personnel information

The number of posts filled increased from 321 in 2007/08 to 421 in 2010/11, and is expected to grow to 470 over the medium term. The growth is attributed to the expansion in the department's activities due to the establishment of new entities and to respond to the economic and social challenges of the country.

There are 41 vacancies within the department, of which 20 are in salary levels 13-15 and 21 are in salary levels 4-12. Most of these vacancies are in the Administration programme. These posts remain vacant because of resignations and will be filled early in 2011. The ratio of support staff to line function staff in the department is 1:12.

Departmental receipts

The department's receipts include miscellaneous items such as debt repayments, interests on bank accounts and recovered private telephone costs. Departmental receipts increased from R219 000 in 2007/08 to R385 000 in 2010/11, at an average annual rate of 20.7 per cent. Over the medium term, departmental receipts are expected to decrease to R115 000 in 2013/14, due to a projected decrease in transactions in financial assets and liabilities.

Table 34.5 Departmental receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2007/08	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
Departmental receipts	219	333	1 585	385	683	112	115	115
Sales of goods and services produced by department	24	26	30	17	21	26	27	27
Interest, dividends and rent on land	6	9	3	–	7	7	8	8
Sales of capital assets	110	–	–	–	–	–	–	–
Transactions in financial assets and liabilities	79	298	1 552	368	655	79	80	80
Total	219	333	1 585	385	683	112	115	115

Programme 1: Administration

Table 34.6 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R million	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Ministry ¹	2.1	2.9	3.2	3.3	3.5	3.7	3.9
Management	47.7	56.6	58.2	67.6	72.1	77.4	85.9
Corporate Services	67.5	76.6	90.3	101.8	104.5	108.3	117.6
Governance	3.8	3.4	5.8	9.2	8.0	8.4	8.8
Office Accommodation	4.3	1.4	1.7	3.8	4.0	4.2	4.4
Total	125.3	141.0	159.1	185.7	192.1	202.0	220.6
Change to 2010 Budget estimate				2.8	(1.7)	(1.8)	–

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

Table 34.6 Administration (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Economic classification							
Current payments	116.9	138.1	151.6	181.1	189.1	198.9	217.3
Compensation of employees	47.4	60.7	82.6	108.4	111.0	116.5	125.7
Goods and services	69.5	77.4	68.9	72.8	78.1	82.4	91.6
of which:							
Communication	4.0	3.3	4.8	4.1	4.8	5.1	5.5
Consultants and professional services:	27.4	6.8	3.6	8.2	9.0	9.5	10.3
Business and advisory services							
Agency and support / outsourced services	–	16.8	9.4	4.2	4.9	5.1	7.4
Travel and subsistence	15.0	15.8	11.6	16.4	17.0	18.1	19.4
Transfers and subsidies	1.4	0.6	1.0	1.0	1.0	1.0	1.1
Universities and technikons	0.7	0.0	0.1	–	–	–	–
Non-profit institutions	0.6	0.6	0.4	1.0	1.0	1.0	1.1
Households	0.1	–	0.5	–	–	–	–
Payments for capital assets	7.0	2.2	6.5	3.5	2.0	2.1	2.2
Machinery and equipment	7.0	2.2	6.5	3.5	2.0	2.1	2.2
Payments for financial assets	–	0.1	0.1	–	–	–	–
Total	125.3	141.0	159.1	185.7	192.1	202.0	220.6
Details of selected transfers and subsidies							
Non-profit institutions							
Current	0.6	0.6	0.4	1.0	1.0	1.0	1.1
Institutional and Programme Support	0.6	0.6	0.4	1.0	1.0	1.0	1.1

Expenditure trends

Expenditure increased from R125.3 million in 2007/08 to R185.7 million in 2010/11, at an average annual rate of 14 per cent. This is attributed to the expansion of the information management unit, internal audit services, as well as the creation of administrative support for deputy directors general.

Expenditure is expected to increase to R220.6 million over the MTEF period, at an average annual rate of 5.9 per cent. The increase is attributed to inflationary adjustments to spending in compensation of employees and on goods and services.

Programme 2: Research, Development and Innovation

- *Space Science* formalises the national space programme to bring coherence in leveraging the benefits of space science and technology in addressing socioeconomic challenges. This entails developing space applications, products and services that respond to the needs of end users across all tiers of government. The subprogramme has a total budget of R904 million over the medium term. An average annual allocation of 96 per cent of the budget is allocated to the South African National Space Agency (33 per cent) and the Square Kilometre Array project (63 per cent). The personnel number assigned to this subprogramme is to remain stable over the medium term, at 11.
- *Hydrogen and Energy* addresses the technological capabilities that will support government objectives to ensure universal access to modern energy services, energy security to support economic growth, and environmental protection. The total allocation over the medium term is R446 million, with 6 per cent going to the administrative functions. The number of personnel in this subprogramme is expected to grow from 10 in 2011/12 to 11 in 2012/13 and 2013/14. The department is making progress in hydrogen and fuel cell

technologies research, and development and innovation strategy objectives. The focus in 2011/12 will once again be on the development of the hydrogen strategy catalysis and hydrogen strategy systems centres of competence, to facilitate human capacity development, capital acquisitions, and the undertaking of projects. Over the MTEF period, R94 million has been allocated to the hydrogen strategy, where R29 million has been spent from 2007/08 to 2009/10.

- *Biotechnology and Health* provides policy leadership for developing a worldclass bioeconomy in South Africa. This will be achieved through strengthening the bioeconomy value chain to ensure the effective translation of life science research into innovative products and services. This subprogramme has a total budget of R395 million, of which 32 per cent is used for health innovation research and 41 per cent is allocated for implementing the biotechnology strategy and health innovation activities. The number of personnel in this sub-programme is expected to remain constant at 12 over the medium term. The focus in 2011/12 for health motivation and biotechnology will be to increase the number and quality of South African developed products and services for the prevention and treatment of HIV and AIDS through increased support for basic and applied research in the areas of antiretrovirals, microbicides, vaccines and diagnostics.
- *Innovation Planning and Instruments* drives strategic interventions and creates support instruments which enable the national system of innovation to translate a greater portion of its research and development and intellectual property into diversified products, services, spin offs and new industries. The total budget over the medium term is R1.5 billion. 95 per cent of the subprogramme's budget is an allocation to the activities of the Technology Innovation Agency. The number of personnel in this subprogramme is expected to remain constant at 27 over the medium term. The implementation of the Technology Innovation Agency and the Intellectual Property Rights Act (2008) will support the commercialisation of locally developed technologies, and provide a sound management system for intellectual property developed using public money.

Objectives and measures

- Ensure that the competence of human capital in the space, energy, biosciences and innovation focus areas is at a level that can respond adequately to national strategic needs, through producing technically competent graduates, by:
 - funding programmes that will train people to PhD level
 - establishing research chairs and centres of competence
 - stimulating young people's interest in the sector through public awareness campaigns.
- Support the national space programme by:
 - finalising the establishment of the space agency
 - strengthening international cooperation by entering into bilateral agreements
 - monitoring the quality of response to the national space programme imperatives.
- Facilitate the development and launch of products and services from space applications by:
 - commissioning science councils and universities
 - establishing centres of competence
 - increasing the number of requests to the recently established Space Agency for datasets for research and development and decision making from 3 000 in 2010/11 to 4 000 in 2011/12
 - creating intergovernmental and multi-stakeholder platforms for space science and technology innovation, thus enhancing collaborative efforts
 - establishing a space forum before the end of 2010/11 that will coordinate inputs from across government to ensure that the national space programme remains relevant to government's needs.
- Grow and strengthen South Africa's bioeconomy through the bioeconomy strategy by reviewing and evaluating existing biotechnology and health innovation instruments and institutions (policies, organizations, business models, and so on) and reconfiguring institutional arrangements by March 2011.
- Support a globally competitive South African energy industry, which will in turn ensure universal access to modern energy services for all South Africans, support sustainable economic growth, and contribute to the protection of the environment, by achieving advanced technological capabilities.

Expenditure estimates

Table 34.7 Research, Development and Innovation

Subprogramme				Adjusted appropriation	Medium-term expenditure estimate		
R million	Audited outcome			2010/11	2011/12	2012/13	2013/14
	2007/08	2008/09	2009/10				
Space Science	148.0	341.0	575.2	102.8	116.3	336.1	451.3
Hydrogen and Energy	39.1	139.7	146.8	132.3	142.4	147.9	155.5
Biotechnology and Health	193.5	228.4	253.9	155.2	124.3	131.5	139.4
Innovation Planning and Instruments	148.1	143.9	165.5	436.5	471.7	496.9	526.6
Total	528.6	853.0	1 141.4	826.8	854.6	1 112.4	1 272.8
Change to 2010 Budget estimate				(457.2)	(486.6)	286.2	–
Economic classification							
Current payments	14.9	23.5	32.5	46.6	54.3	53.9	57.5
Compensation of employees	8.8	13.6	17.1	25.7	31.7	31.1	33.7
Goods and services	6.1	9.9	15.4	20.9	22.6	22.9	23.8
<i>of which:</i>							
Communication	0.4	0.6	0.8	0.7	0.5	0.5	0.5
Consultants and professional services:	0.1	0.3	0.1	1.0	0.8	0.9	0.9
Business and advisory services							
Agency and support / outsourced services	–	1.8	5.8	11.5	8.5	8.8	9.2
Travel and subsistence	3.3	4.9	4.4	4.5	3.6	3.5	3.8
Transfers and subsidies	513.4	829.3	1 108.5	779.9	800.1	1 058.2	1 215.1
Departmental agencies and accounts	303.0	458.5	739.0	485.2	632.2	661.1	699.3
Universities and technikons	16.3	54.1	82.9	27.9	–	–	–
Public corporations and private enterprises	49.7	32.6	103.4	12.8	–	–	–
Non-profit institutions	144.4	283.7	183.2	254.0	167.8	397.1	515.7
Households	–	0.4	–	–	–	–	–
Payments for capital assets	0.3	0.2	0.3	0.4	0.2	0.2	0.2
Machinery and equipment	0.3	0.2	0.3	0.4	0.2	0.2	0.2
Total	528.6	853.0	1 141.4	826.8	854.6	1 112.4	1 272.8
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	223.0	194.3	246.8	485.2	632.2	661.1	699.3
Biotechnology Strategy	37.5	2.0	50.4	–	–	–	–
Energy Grand Challenge	–	–	0.5	23.1	44.5	46.7	49.1
Health Innovation	0.1	–	16.0	–	–	–	–
Hydrogen Strategy	–	8.7	11.7	–	–	–	–
Innovation Projects	–	–	7.0	10.8	17.9	21.2	27.0
Innovation Fund	141.8	140.0	149.2	–	–	–	–
International Centre for Genetic Engineering and Biotechnology	10.0	–	–	9.9	9.9	10.4	10.9
Space Science	–	18.1	–	–	–	–	–
Square Kilometer Array	25.5	25.5	12.0	12.6	13.2	11.8	12.5
Technology Innovation Agency	–	–	–	410.6	433.8	455.2	478.2

Table 34.7 Research, Development and Innovation (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
HIV and Aids Prevention and Treatment Technologies	8.1	–	–	18.2	19.3	20.3	21.3
South African National Space Agency	–	–	–	–	93.6	95.5	100.2
Capital	80.0	264.3	492.2	–	–	–	–
Space Science (Capital)	–	–	1.9	–	–	–	–
Square Kilometer Array (Capital)	80.0	264.3	490.3	–	–	–	–
Non-profit institutions							
Current	141.4	283.7	183.2	158.4	115.9	123.8	130.3
Biofuels	–	5.0	5.0	5.0	5.3	5.6	5.9
Biotechnology Strategy	124.2	175.3	123.9	76.0	37.8	42.8	45.0
Energy Grand Challenge	–	44.3	5.0	–	–	–	–
Health Innovation	6.2	14.5	17.6	37.9	39.7	41.6	43.8
Hydrogen Strategy	9.9	18.0	0.8	13.6	30.4	30.9	32.5
Innovation Projects	–	–	3.0	–	–	–	–
International Centre for Genetic Engineering and Biotechnology	–	10.0	9.9	–	–	–	–
Space Science	1.0	0.1	0.7	25.9	–	–	–
Technology Top 100	–	–	–	–	2.9	3.0	3.2
HIV and Aids Prevention and Treatment Technologies	–	16.6	17.2	–	–	–	–
Capital	3.0	–	–	95.6	51.9	273.2	385.4
Hydrogen Strategy	3.0	–	–	48.4	51.9	54.5	57.3
Space Science (Capital)	–	–	–	47.2	–	–	–
Square Kilometer Array (Capital)	–	–	–	–	–	218.7	328.1
Universities and technikons							
Current	10.2	15.4	38.6	27.9	–	–	–
Biofuels	1.5	–	–	–	–	–	–
Biotechnology Strategy	–	0.2	4.0	–	–	–	–
Energy Grand Challenge	–	–	0.3	18.9	–	–	–
Hydrogen Strategy	6.0	10.0	31.8	9.0	–	–	–
Space Science	2.7	5.2	2.5	–	–	–	–
Capital	5.9	38.8	44.2	–	–	–	–
Hydrogen Strategy	3.0	38.8	44.2	–	–	–	–
Space Science (Capital)	2.9	–	–	–	–	–	–
Public corporations and private enterprises							
Public corporations							
Other transfers to public corporations							
Current	28.6	16.6	69.4	8.6	–	–	–
Biofuels	3.0	–	–	–	–	–	–
Biotechnology Strategy	–	0.1	1.7	–	–	–	–
Energy Grand Challenge	–	–	34.0	–	–	–	–
Health Innovation	2.5	1.0	2.0	–	–	–	–
Hydrogen Strategy	4.7	8.8	6.6	6.0	–	–	–
Innovation Projects	4.6	–	–	–	–	–	–
Innovation Fund	–	–	2.0	–	–	–	–
Space Science	13.8	6.8	23.1	2.6	–	–	–
Capital	21.1	15.9	34.0	4.2	–	–	–
Hydrogen Strategy	4.0	1.7	–	–	–	–	–
Space Science (Capital)	17.1	14.2	34.0	4.2	–	–	–

Expenditure trends

The spending focus over the medium term will be on the Technology Innovation Agency, with an allocation of R1.4 billion over the MTEF period to achieve the technological innovation strategic objective.

Expenditure increased from R528.6 million in 2007/08 to R826.8 million in 2010/11, at an average annual rate of 16.1 per cent. The increase is ascribed to the introduction of programmes that bolster the bioeconomy, renewable energy, space science and innovation instruments initiatives. The 82.1 per cent decrease in 2010/11 in the *Space Science* was due to the capital budget being reduced by R508 million for the Square Kilometre Array project, due to refinements in the design of the dishes. These refinements are meant to strengthen south Africa's bid for the Square Kilometre Array.

Over the medium term, expenditure is expected to increase to R1.3 billion in 2013/14, at an average annual rate of 15.5 per cent. The increase is mainly due to a rescheduling of the funding for the Square Kilometre Array project from 2011/12, to 2012/13 and 2013/14.

The ratio of administrative costs to line function costs in this programme is 1:57.8

Programme 3: International Cooperation and Resources

- *Multilateral Cooperation and Africa* advances and facilitates South Africa's participation in strategic bilateral and multilateral engagements on science, technology and innovation to support the national system of innovation and to achieve shared economic and social development in the region and the continent. The total budget over the medium term is R191 million. These activities take up 42 per cent of the subprogramme's budget, the Africa Institute of South Africa take up 54 per cent and the remaining 4 per cent is for administrative functions. The subprogramme has a staff complement of 20 for 2011/12 and is expected to grow to 23 in 2012/13 and 2013/14. Maximising South Africa's participation in implementing the outcomes of major summits and international conventions at national, regional and international levels through the implementation of a new international cooperation strategy, these relationships will be realigned to address the major challenges and associated crosscutting imperatives set out in the 10-year innovation plan and the national research and development strategy.
- *International Resources* leverages funding, human capital and knowledge; promotes the hosting of global research infrastructures in South Africa, and facilitates access to international research facilities to benefit researchers within the national system of innovation. The subprogramme's budget over the MTEF period is R151 million, while the cost-driving activities aimed at advancing these activities are transfer payments and goods and services, which take up 54 per cent and 22 per cent respectively. The total staff complement assigned for the subprogramme's activities is expected to grow from 20 in 2011/12 to 22 in 2012/13 and 2013/14. The subprogramme attracts foreign direct investment expertise and knowledge into the science system, and enlarges research and innovation networks through functional strategic multilateral partnerships to meet its objective of strengthening developmental partnerships to attract official development aid for science and technology in South Africa and Africa.
- *Overseas Bilateral Cooperation* promotes and facilitates collaborative activities and leverages resources in support of the national system of innovation from countries outside Africa, with a specific focus on developing a knowledge driven economy. The subprogramme consists of two units: the unit for Europe and the Gulf, and the unit for Asia and the Americas. The subprogramme has a total budget over the medium term of R98 million. These activities take up 36 per cent of the programme's budget and related goods and services take up 26 per cent. The personnel number assigned to this subprogramme is expected to grow from 20 in 2011/12 to 23 in 2012/13 and 2013/14. The subprogramme is focusing on a number of joint research projects, including those within the India-Brazil-South Africa framework in areas such as nanotechnology, biotechnology, and polar and oceanographic research.

Objectives and measures

- Stimulate international technology transfer and knowledge production and enhance innovation in pursuit of research led socioeconomic development by increasing the leveraging off foreign science, technology and innovation funds to R1.533 million by March 2012 and R4.318 million by March 2014.
- Facilitate the scientific, technical and socioeconomic development of regional and continental partners to enhance economic relations and regional integration by increasing South African and foreign funds spent on science and technology based socioeconomic development in Africa to R32.3 million by March 2012 and a total of R101.3 million by March 2014.

- Increase access to global knowledge and to science, technology and innovation networks, through international bilateral agreements, to facilitate international technology transfer and a competent and equitable pool of science, engineering and technology skills to support the national system of innovation.
- Promote the involvement of the next generation of researchers in the international knowledge network by increasing the number of South African students participating in international cooperative science, technology and innovation research projects, thus contributing to the development of a skilled future workforce able to promote South Africa's national system of innovation.

Expenditure estimates

Table 34.8 International Cooperation and Resources

Subprogramme				Adjusted appropriation	Medium-term expenditure estimate		
R million	Audited outcome			2010/11	2011/12	2012/13	2013/14
	2007/08	2008/09	2009/10				
Multilateral Cooperation and Africa	44.9	57.2	54.6	56.8	60.0	63.5	67.4
International Resources	31.8	42.2	39.2	49.3	47.2	50.6	53.3
Overseas Bilateral Cooperation	19.0	37.0	23.6	29.9	30.0	31.8	36.5
Total	95.6	136.3	117.5	136.0	137.2	145.9	157.2
Change to 2010 Budget estimate				0.9	(5.9)	(2.6)	–
Economic classification							
Current payments	36.3	48.9	41.6	58.2	55.3	61.5	68.5
Compensation of employees	19.9	30.4	27.9	34.1	30.5	35.5	41.0
Goods and services	16.5	18.5	13.7	24.0	24.8	26.1	27.5
of which:							
Communication	1.2	1.3	1.2	1.6	1.5	1.6	1.7
Consultants and professional services:	3.2	0.2	0.0	0.2	0.2	0.2	0.2
Business and advisory services							
Agency and support / outsourced services	–	2.9	0.9	3.7	3.9	4.1	4.3
Travel and subsistence	7.2	8.6	6.9	11.4	11.5	12.1	12.8
Transfers and subsidies	59.0	86.9	75.6	77.3	81.4	83.8	88.2
Departmental agencies and accounts	27.3	44.3	42.8	33.8	32.4	34.1	35.8
Universities and technikons	4.5	2.8	3.8	3.6	–	–	–
Public corporations and private enterprises	22.7	34.3	26.9	6.7	–	–	–
Non-profit institutions	4.4	5.5	2.1	33.2	48.9	49.8	52.3
Payments for capital assets	0.3	0.5	0.2	0.5	0.5	0.5	0.6
Machinery and equipment	0.3	0.5	0.2	0.5	0.5	0.5	0.6
Total	95.6	136.3	117.5	136.0	137.2	145.9	157.2
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	27.3	44.3	42.8	33.8	32.4	34.1	35.8
Africa Institute of South Africa	26.5	30.5	29.3	30.6	32.4	34.1	35.8
Global Science - International Resources	0.2	0.4	3.3	0.9	–	–	–
Global Science - Multilaterals and Africa	–	0.5	2.5	1.1	–	–	–
Global Science	0.6	12.9	7.7	1.2	–	–	–
Non-profit institutions							
Current	4.4	5.5	2.1	33.2	48.9	49.8	52.3
Global Science	4.4	5.5	2.1	33.2	48.9	49.8	52.3
Universities and technikons							
Current	4.5	2.8	3.8	3.6	–	–	–
Global Science - International Resources	3.0	1.6	1.3	2.1	–	–	–
Global Science - Multilaterals and Africa	1.5	1.2	2.5	1.5	–	–	–

Table 34.8 International Cooperation and Resources (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Details of selected transfers and subsidies							
Public corporations and private enterprises							
Public corporations							
Other transfers to public corporations							
Current	22.7	34.3	26.9	6.7	–	–	–
Global Science - Bilateral Cooperation	0.5	6.3	1.3	–	–	–	–
Global Science - International Resources	16.6	21.1	20.7	2.5	–	–	–
Global Science - Multilaterals and Africa	5.6	7.0	5.0	4.2	–	–	–

Expenditure trends

The spending focus over the medium term will be on advancing and facilitating South Africa's participation in strategic bilateral and multilateral agreements, and leveraging off resources that support the national systems of innovation through global science initiatives.

Expenditure increased from R95.6 million in 2007/08 to R136 million in 2010/11, at an average annual rate of 12.5 per cent. The increase in 2008/09 is attributable to the expansion of projects aimed at strengthening bilateral and multilateral cooperation and leveraging off international resources.

Over the medium term, expenditure is expected to increase to R157.2 million in 2013/14, at an average annual rate of 5 per cent for inflationary adjustment.

The ratio of administrative costs to line function costs in this programme is 1:1.3.

Programme 4: Human Capital and Knowledge Systems

- *Human Capital and Science Platforms* formulates and implements programmes that address the availability of human capital for science, technology and innovation; and ensures the production of new knowledge to build South Africa's knowledge resources. This entails: promoting science and technology to the youth through a range of programmes; encouraging the production of a new generation of researchers by supporting postgraduate studies through bursaries and fellowships; supporting emerging researchers, with a particular emphasis on black researchers younger than 45 at universities and science councils; and supporting and maximising the output of actively established researchers to ensure that they produce the required knowledge and innovation outputs; and supervise the next generation of researchers. The cost-driver in this sub-programme is transfer payments, which take up 99 per cent of the sub-programme's budget. The average annual allocation to the National Research Foundation takes up 72 per cent of the subprogramme's budget and 27 per cent covers the other initiatives. The personnel in this subprogramme is expected to grow from 12 in 2011/12 to 15 in 2012/13 and 2013/14, while the budget over the MTEF period is R4.6 billion.
- *Indigenous Knowledge Systems* focuses on developing indigenous knowledge and integrating it into the national system of innovation by developing and integrating policy, and undertaking strategic projects through the national indigenous knowledge systems office. Key initiatives include: improving the protection of indigenous knowledge systems innovations through the implementation of the Intellectual Property Law Amendment Bill; improved management of indigenous knowledge through a national record system through the establishment of the Indigenous Knowledge System documentation centres. These activities take up 68 per cent of the subprogramme's allocation of R87 million over the MTEF period. The subprogramme's staff complement is expected to remain unchanged over the medium term, at 12.
- *Emerging Research Areas and Infrastructure* steers the advancement of novel and cross cutting research areas and the establishment of world-class research infrastructure in the national system of innovation. With a budget of R1.7 billion over the MTEF period, 99.6 per cent is allocated to:

infrastructure (49 per cent); the Centre for High Performance Computing (25.3 per cent); the South African National Research Network (17.7 per cent) and the national nanotechnology centres (7.6 per cent). The subprogramme's staff complement is expected to remain unchanged over the medium term, at 10. The subprogramme has identified nanotechnology, synthetic biology and robotics research as new and emerging research areas for development, with nanotechnology being the most developed to date. The national nanotechnology centres have been allocated a budget of R134 million over the MTEF period to equip these centres. The subprogramme also provides national research, development and innovation infrastructure, such as cyber infrastructure in the form of broadband connectivity and high performance computing, as well as research equipment to researchers. The South African National Research Network project has been allocated R310 million over the MTEF period.

Objectives and measures

- Promote science and technology to the youth by providing a range of programmes, supporting emerging researchers, and supporting and maximising the output of active established researchers, thus contributing to the development of high level human capital for research, development and innovation for the national system of innovation.
- Promote and enhance research productivity by providing grants that enable researchers to conduct and publish research, register patents and generally increase their research outputs, thus improving South Africa's research compositeness and contributing to tackling the socioeconomic needs of the country
- Enhance research productivity and the development of human capital through ensuring the availability of appropriate infrastructure (such as cyber infrastructure, research equipment and specialised facilities) for research, development and innovation.
- Ensure that South Africa is able to protect and use indigenous knowledge for the benefit of the country and indigenous knowledge holders through promoting and developing research, development and innovation in the indigenous knowledge system.

Expenditure estimates

Table 34.9 Human Capital and Knowledge Systems

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
R million							
Human Capital and Science Platforms	944.5	1 062.0	1 119.1	1 248.8	1 395.8	1 443.2	1 723.0
Indigenous Knowledge Systems	10.5	12.1	23.5	27.6	27.1	28.4	31.2
Emerging Research Areas and Infrastructure	318.7	380.6	448.7	487.6	527.5	573.9	652.1
Total	1 273.8	1 454.7	1 591.4	1 764.0	1 950.4	2 045.5	2 406.3
Change to 2010 Budget estimate				15.3	(4.7)	111.6	–
Economic classification							
Current payments	19.9	21.5	25.7	36.8	26.2	27.3	30.5
Compensation of employees	11.9	15.0	18.1	23.4	19.7	20.6	23.5
Goods and services	8.0	6.5	7.6	13.4	6.5	6.8	7.0
<i>of which:</i>							
Communication	0.6	0.8	0.9	0.8	0.6	0.6	0.6
Consultants and professional services:	1.0	0.1	0.2	0.4	0.5	0.5	0.5
Business and advisory services							
Agency and support / outsourced services	–	0.3	0.4	4.2	0.3	0.3	0.3
Travel and subsistence	3.5	3.4	2.6	4.6	3.1	3.3	3.4
Transfers and subsidies	1 253.9	1 433.0	1 565.4	1 726.9	1 924.1	2 018.1	2 375.7
Departmental agencies and accounts	936.1	1 090.1	1 239.5	1 376.7	1 550.2	1 634.8	1 972.5
Universities and technikons	8.3	5.8	18.5	1.4	–	–	–
Public corporations and private enterprises	259.9	262.1	260.0	186.1	104.7	99.9	105.1
Non-profit institutions	49.6	74.7	47.1	162.7	269.2	283.3	298.1
Households	–	0.4	0.3	–	–	–	–
Payments for capital assets	0.0	0.2	0.2	0.2	0.1	0.1	0.1
Machinery and equipment	0.0	0.2	0.2	0.2	0.1	0.1	0.1
Total	1 273.8	1 454.7	1 591.4	1 764.0	1 950.4	2 045.5	2 406.3

Table 34.9 Human Capital and Knowledge Systems (continued)

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R million	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	886.1	959.1	1 076.7	1 171.1	1 312.6	1 355.3	1 631.1
Emerging Research Areas	–	–	17.0	–	–	–	–
Frontier Science and Technology	20.5	–	–	–	–	–	–
Human Resources Development	169.4	227.0	273.3	352.6	159.5	220.1	434.4
Indigenous Knowledge System	1.6	1.3	11.3	0.1	–	–	–
National Research Foundation	657.7	683.4	692.1	749.1	1 089.0	1 068.2	1 126.1
Science and Youth	2.6	2.2	20.7	6.5	–	–	–
Science Themes	34.3	45.2	57.7	59.7	64.1	67.1	70.6
Learnerships	–	–	4.5	3.0	–	–	–
Capital	50.0	131.0	160.4	205.5	237.6	279.5	341.4
Frontier Science and Technology (Capital)	–	11.5	–	–	–	–	–
Research and Development Infrastructure	50.0	119.5	160.4	205.5	237.6	279.5	341.4
Non-profit institutions							
Current	47.2	70.6	47.1	121.2	146.6	154.7	162.7
Centre for High Performance Computing	–	–	–	–	1.8	1.9	2.0
Emerging Research Areas	–	–	–	48.9	55.6	58.2	61.2
Human Resources Development	10.5	16.1	5.6	–	–	–	–
Indigenous Knowledge System	1.0	–	0.0	15.1	18.7	19.7	20.7
Science and Youth	25.0	40.8	30.4	46.7	59.4	63.2	66.5
Science Themes	7.3	1.5	1.2	–	–	–	–
Academy of Science of South Africa: Contribution to operations	3.4	5.6	9.9	10.6	11.2	11.7	12.3
Learnerships	–	6.6	–	–	–	–	–
Capital	–	1.8	–	38.3	122.5	128.6	135.3
Centre for High Performance Computing	–	–	–	–	80.1	84.1	88.5
National Nanotechnology Centres	–	–	–	38.3	42.4	44.5	46.8
Research and Development Infrastructure	–	1.8	–	–	–	–	–
Universities and technikons							
Current	8.0	5.3	5.6	1.4	–	–	–
Emerging Research Areas	–	–	1.9	–	–	–	–
Human Resources Development	6.4	0.1	0.1	–	–	–	–
Indigenous Knowledge System	1.2	2.6	3.4	1.4	–	–	–
Science and Youth	0.4	2.6	0.2	–	–	–	–
Capital	–	–	12.6	–	–	–	–
Research and Development Infrastructure	–	–	12.6	–	–	–	–
Public corporations and private enterprises							
Public corporations							
Other transfers to public corporations							
Current	97.4	153.0	100.2	2.8	–	–	–
Centre for High Performance Computing	–	–	61.3	1.6	–	–	–
Emerging Research Areas	–	–	30.4	–	–	–	–
Frontier Science and Technology	83.0	132.5	–	–	–	–	–
Human Resources Development	9.6	20.5	6.2	–	–	–	–
Science and Youth	–	–	–	1.2	–	–	–
Science Themes	1.7	–	–	–	–	–	–
Learnerships	3.1	–	2.3	–	–	–	–
Capital	162.0	108.2	158.7	182.8	104.7	99.9	105.1
Centre for High Performance Computing	–	–	1.4	70.4	–	–	–
National Nanotechnology Centres	–	–	34.9	–	–	–	–
Research and Development Infrastructure	–	19.2	28.9	13.6	–	–	–
South African National Research Network	162.0	89.0	93.5	98.8	104.7	99.9	105.1

Expenditure trends

The spending focus over the medium term will continue to be on increasing South Africa's human capital in research, development and innovation, as well as supporting research infrastructure and scientific equipment that sponsor high quality research and supervision of postgraduate students.

Expenditure increased from R1.3 billion to R1.8 billion between 2007/08 and 2010/11, at an average annual rate of 11.5 per cent. The main area of expenditure was in human capital development, mainly to support researchers conducting research and producing research outputs, and students pursuing postgraduate studies at honours, masters, doctoral and postdoctoral level. These activities are managed by the National Research Foundation, which explains the transfer payments over this period. In addition, spending on research and development infrastructure and cyber infrastructure, which include the Centre for High Performance Computing and the South African Research Network, also increased spending.

Over the medium term, expenditure is expected to increase to R2.4 billion in 2013/14, at an average annual rate of 10.9 per cent. The increase is due to additional allocations for: increasing South Africa's human capital in research, development and innovation; and supporting research infrastructure and scientific equipment that support high quality research and supervision of postgraduate students. The National Research Foundation's baseline allocation also increases by R299.9 million in 2011/12, R298.3 million in 2012/13 and R316.2 million in 2013/14, as a result of a policy decision to incorporate funding for a number of department initiated programmes such as the South African Research Chairs Initiative into the Foundation's baseline.

The ratio of administrative costs to line function costs in this programme is 1:75.9

Programme 5: Socio Economic Partnerships

- *Science and Technology for Economic Impact* advances government's strategic economic growth and sector development priorities, as well as government service delivery, through three functions: investing in the long term knowledge generation capabilities of the national system of innovation in targeted innovation areas; partnering with other government departments and economic actors to spearhead focused efforts that exploit knowledge capabilities for economic benefit; and developing advanced industries, improved government service delivery, and technology transfer. The subprogramme's budget over the medium terms is R3 billion, 97 per cent of which is taken up by transfer payments. The Council for Scientific and Industrial Research accounts for 73 per cent of the total transfers and projects account for 24 per cent. The subprogramme's staff complement is 34 for 2011/12 and it is expected to grow to 39 in 2012/13 and 2013/14. Global change was identified as a major challenge in the 10-year innovation plan. The first phase of the atlas on risk and vulnerability for South Africa was finalised and a hard copy version was produced and published in May 2010. The implementation of the 10-year global change research plan will continue in 2011/12.
- *Science and Technology for Social Impact* leads and supports knowledge generation in human and social dynamics in development, and promotes technology transfer for poverty reduction. The total budget over the medium term is R1 billion, with the transfer payments taking up 97 per cent of the subprogrammes budget as follows: the Human Science Research Council accounts for 61 per cent; research and development accounts for 15 per cent; and the initiatives that support technology for sustainable livelihoods account for 9 per cent. The number of personnel assigned to this subprogramme is expected to remain constant over the medium term, at 13. The subprogramme focuses on mature technologies that are seen as having the potential to achieve government's broad development objectives. This is done by building partnerships with other government departments, focusing on research and technology transfer. The subprogramme is currently piloting the community university partnership programme at four rurally based universities (Fort Hare, Limpopo, Zululand and Venda), which will be carried out between 2009/10 and 2011/12.
- *Science and Technology Investment* leads and supports the development of science and technology indicators, monitors national science and technology expenditure and planning; and implements section 11D of the Income Tax Act (1962). The subprogramme's cost driving activities are policy indicators and research and development planning, where policy indicator activities take up 44 per cent of the programme's budget, and research and development activities 31 per cent of a total budget of R22 million for 2010/11. The total number of personnel assigned to this subprogramme is expected to grow from 15 in 2011/12 to 17 in 2012/13 and 2013/14. Progress with the implementation of the research information management system, which relates to university requirements for managing research portfolios, is under way. The number of institutions actually using one or two modules has increased from 3 in 2008/09 to 10 in 2009/10.

Objectives and measures

- To grow and strengthen a portfolio of niche, high potential but neglected science and technology capabilities and facilitating the exploitation of existing and new capabilities to support sustainable development priorities and the non-energy green economy ambitions of South Africa though:
 - funding and co-funding a minimum of 200 Masters and PhD students over the medium term in designated areas
 - funding and co-funding the development of at least 5 patents, proof of concepts, and demonstrators
 - supporting the publication of 150 publications and technical papers.
- Grow and strengthen a portfolio of niche, high potential research and development capabilities that support the development of new industries in advanced manufacturing, chemicals, advanced metals and information, communication and technology by:
 - funding and co-funding a minimum of 136 Masters and PhD students over the medium term in designated areas
 - funding and co-funding the development of at least 40 patents, proof of concepts, and demonstrators
 - providing technology assistance packages to 82 companies by March 2014
 - continuing to provide technology services to approximately 1 600 small and medium enterprises annually.
- Demonstrate technology based interventions for poverty reduction in order to support the creation of sustainable job and wealth creation opportunities and contribute to sustainable human settlements and enhanced service delivery in area of deprivation by:
 - supporting the creation of 1 200 sustainable job opportunities by March 2014
 - incubating 10 new businesses by March 2014
 - increasing the number of households benefiting from technology based interventions to 8 000 by March 2014, thus contributing to sustainable human settlements and enhanced service delivery in areas of deprivation.
- Contribute to improving government decision making on science and technology as productive investments and to promote the private sector research and development activities in order to increase government expenditure on research and development as a percentage of Gross Domestic Product by:
 - publishing the 2009 research and development survey report by December 2011
 - producing the 2008 South African innovation survey report by March 2011
 - reporting on the performance of research and development tax incentives by October 2011.

Expenditure estimates

Table 34.10 Socio Economic Partnerships

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
R million							
Science and Technology for Economic Impact	845.0	847.2	899.2	921.7	950.8	984.3	1 035.8
Science and Technology for Social Impact	254.1	247.6	264.9	261.0	298.0	373.4	392.1
Science and Technology Investment	4.8	23.7	10.4	32.8	21.5	23.9	25.3
Total	1 103.9	1 118.4	1 174.6	1 215.5	1 270.3	1 381.6	1 453.2
Change to 2010 Budget estimate				(49.3)	(65.2)	(66.2)	–

Table 34.10 Socio Economic Partnerships (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Economic classification							
Current payments	22.7	27.8	32.9	47.3	44.7	47.9	50.0
Compensation of employees	14.1	22.0	21.7	32.1	32.3	34.0	35.7
Goods and services	8.5	5.8	11.2	15.2	12.4	14.0	14.3
<i>of which:</i>							
Communication	0.8	0.8	0.8	1.0	0.8	0.9	1.0
Consultants and professional services: Business and advisory services	2.6	0.1	3.5	7.1	6.5	7.1	7.5
Agency and support / outsourced services	–	0.7	2.8	0.8	0.1	0.1	0.1
Travel and subsistence	3.4	3.0	2.4	4.2	3.4	4.0	3.9
Transfers and subsidies	1 080.9	1 090.4	1 141.3	1 167.8	1 225.1	1 333.2	1 402.7
Departmental agencies and accounts	250.5	273.7	289.6	371.0	405.1	470.5	494.8
Universities and technikons	16.3	6.7	8.1	–	–	–	–
Public corporations and private enterprises	690.9	746.1	793.0	796.9	820.1	862.7	907.8
Non-profit institutions	123.2	63.9	50.7	–	–	–	–
Payments for capital assets	0.3	0.2	0.4	0.4	0.4	0.5	0.5
Machinery and equipment	0.3	0.2	0.4	0.4	0.4	0.5	0.5
Total	1 103.9	1 118.4	1 174.6	1 215.5	1 270.3	1 381.6	1 453.2
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	250.5	268.7	284.6	362.8	395.9	461.9	485.8
Global Change Science and Technology	–	12.7	15.6	23.7	33.6	33.3	35.0
Human and Social Development Dynamics	–	14.3	3.0	29.3	15.2	8.9	9.4
Human Science Research Council	155.9	163.9	166.2	194.3	206.2	216.4	227.6
National Public Assets	43.0	–	–	–	–	–	–
Natural Resources and Public Assets	–	52.8	55.3	53.2	62.0	65.1	68.5
Quality of Life Nuclear Technologies	–	–	3.8	5.9	4.9	3.5	3.6
Resource Based Industries	–	–	1.7	3.8	–	–	–
Research Information Management System	–	14.0	–	13.9	2.3	3.6	3.8
Science and Technology Indicators	–	3.0	2.0	7.9	8.5	9.0	9.5
Technology for Poverty Alleviation	24.0	8.0	–	10.1	21.3	30.8	32.4
Technology for Sustainable Livelihoods	0.3	–	15.7	–	–	–	–
Technology Planning and Diffusion	11.3	–	–	–	–	–	–
Tshumisano Trust	–	–	–	–	–	–	–
South African Research Chairs Initiative	–	–	21.3	–	19.4	70.4	74.0
Information Communication Technology	16.0	–	–	–	–	–	–
Local Manufacturing Capacity	–	–	–	20.7	22.5	20.9	21.9
Non-profit institutions							
Current	122.8	63.6	50.5	–	–	–	–
Advanced Manufacturing Technology Strategy	10.0	10.0	–	–	–	–	–
Resource Based Industries	5.4	3.5	0.6	–	–	–	–
South African National Energy Research Institute	42.0	–	–	–	–	–	–
Technology for Poverty Alleviation	7.0	–	–	–	–	–	–
Technology Planning and Diffusion	22.5	–	–	–	–	–	–
Tshumisano Trust	36.0	36.6	36.4	–	–	–	–
Local Manufacturing Capacity	–	13.5	13.5	–	–	–	–

Table 34.10 Socio Economic Partnerships (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Universities and technikons							
Current	16.3	6.3	6.4	–	–	–	–
Local Manufacturing Capacity	–	–	1.6	–	–	–	–
Resource Based Industries	–	0.1	1.0	–	–	–	–
Technology for Poverty Alleviation	9.0	–	–	–	–	–	–
Technology for Sustainable Livelihoods	7.3	6.2	3.8	–	–	–	–
Public corporations and private enterprises							
Public corporations							
Other transfers to public corporations							
Current	173.6	190.7	193.2	110.6	132.9	135.2	142.3
Advanced Manufacturing Technology Strategy	47.7	38.0	47.2	45.5	49.6	43.3	45.5
Global Change Science and Technology	–	4.3	4.7	–	–	–	–
Human and Social Development Dynamics	–	12.0	8.4	–	–	–	–
Local Manufacturing Capacity	–	10.0	10.0	–	–	–	–
Quality of Life Nuclear Technologies	–	5.0	–	–	–	–	–
Resource Based Industries	22.2	29.6	28.3	36.4	39.1	39.0	41.0
Technology for Poverty Alleviation	–	15.5	25.6	–	–	–	–
Technology for Sustainable Livelihoods	45.0	21.3	13.4	16.5	25.9	35.6	37.5
Technology Planning and Diffusion	4.4	–	–	–	–	–	–
Information Communication Technology	54.2	55.0	55.6	12.3	18.4	17.3	18.2
Public corporations and private enterprises							
Public corporations							
Public corporations - subsidies on products and production							
Current	517.4	554.7	599.4	685.8	687.2	727.5	765.6
Council for Scientific and Industrial Research	517.4	554.7	599.4	685.8	687.2	727.5	765.6

Expenditure trends

The spending focus over the medium term will be on providing technological support to local manufacturing firms to allow them to become potential suppliers to large scale public procurement processes. The programme will also continue to support the implementation of the 10-year innovation plan's objective for human and social development dynamics and science and technology for global change.

Expenditure increased from R1.1 billion in 2007/08 to R1.2 billion in 2010/11, at an average annual rate of 3.3 per cent. The marginal increase is ascribed to expansion of activities in policy and indicator development, tax incentives, sustainable human settlement research, sustainable livelihoods and social development analysis.

Over the medium term, expenditure is expected to increase at an average annual rate of 6.1 per cent, to reach R1.5 billion in 2013/14, to provide for inflationary adjustments.

The ratio of administrative costs to line function costs in this programme is 1:28.4

Public entities and other agencies

Council for Scientific and Industrial Research

Strategic overview: 2007/08 – 2013/14

The Council for Scientific and Industrial Research was established under the Scientific Research Council Act (1988). Its objectives are to foster industrial and scientific development in the national interest through

multidisciplinary research and technological innovation. The council's activities, focused on directed research and development, cut across the research and innovation value chain.

The council's research impact areas are: renewable and alternative energy; new drug development and nutrition; defence capability as a national asset; climate change, pollution and waste, water and coastal issues; transport and human settlements; manufacturing and mining industries; and cyber infrastructure and information security and accessibility. These impact areas support national priorities.

Priorities over the medium term include: building and transforming human capital; strengthening the science, engineering and technology base; carrying out relevant research and development; transferring skills and technology and maintaining financial sustainability and good governance.

A number of measures are in place to address potential reductions in funding and income from research and development, and to ensure the continuity of the council's work and cost effective service delivery.

Selected performance indicators

Table 34.11 Council for Scientific and Industrial Research

Indicator	Programme/Activity	Past			Current 2010/11	Projections		
		2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Percentage of science, engineering and technology workers who are black	Building and transforming human capital	51.6%	53.3%	52.2%	53%	54%	55%	55.5%
Total number of staff with PhD level qualifications	Building and transforming human capital	263	273	283	293	305	320	335
Number of publications by staff per year	Strengthening the science engineering and technology base and performing relevant research and development	343	451.5	502	485	510	534	540
Value of contract research and development formally recognised as supporting national strategies	Transferring technology and skilled human capital	R373.5m	R450m	R693.8m	R603m	R650m	R696.9m	R720m
Number of new international and national patents granted per year	Transferring technology and skilled human capital	21	35	13	11	16	18	20

1. Projections are subject to the approval of the shareholders' compact with the council's board and the Minister of Science and Technology.

Details of programmes/activities/objectives

The total budget for the Council of Scientific and Industrial Research in 2010/11 was R1.7 billion, of which 19 per cent was used in the Defence, Peace, Safety and Security programme.

Defence, Peace, Safety and Security conducts research and outcomes towards creating a safe and secure South Africa. This programme has a staff complement of 257 employees and a total MTEF budget of R1.1 billion. In 2009/10, the following outputs were achieved: developed a safety planning toolkit; provided border protection through ubiquitous surveillance; and protected cash in transit from heists via innovative design of cash transit vehicles and cash containers.

Materials Science and Manufacturing applies technology and skilled human resources to improve the competitiveness of South African industries. This programme has a staff complement of 200 employees and a total MTEF budget of R545.8 million. The following activities are ongoing: development of a South African titanium industry based on the beneficiation of the local titanium resources; development of specialised materials for the long term treatment of tuberculosis; inspection of electricity transmission power lines; and improvement of the operational, energy efficiency and environmental performance of SMMEs.

Biosciences provides competitive bioscience solutions to improve health, food security and energy provision, and creates a sustainable biotechnology industry in South Africa. This programme has a staff complement of 163 employees and a total MTEF budget of R436.4 million. Research programmes in this area include the development of drugs for the treatment of tuberculosis, malaria, and HIV and AIDS. In addition, point of care diagnostics for these diseases are being developed, which will contribute towards the provision of high quality and on time health care to rural communities.

Natural Resources and the Environment contributes towards supporting government environmental policy development; pollution; and waste management and sustainable development. This programme has a staff

complement of 260 and a total MTEF budget of R482.6 million. The following outputs were achieved: understanding the vulnerability of South Africa's society, industry and commerce to climate change effects and providing thought leadership on environmental management including water pollution.

Built Environment develops technologies that contribute to a competitive built environment industry, improved energy efficiency, and quality of life, through the provision of basic services such as clean water and housing. This programme has a staff complement of 192 and a total MTEF budget of R494.9 million. This is achieved through the use of technology to develop better low income housing, cost effective and labour intensive road infrastructure, sustainable livelihoods through better spatial development planning and infrastructure provision.

Meraka Institute supports the development of an information society through ICT access and technology development. This programme has a staff complement of 150 and a total budget of R221.9 million. Initiatives implemented through this programme support various government priorities such as rural development through the digital doorway and wireless mesh networks, provision of education through Dr Maths, sustained energy provision through fire monitoring and reporting around power transmission lines.

Consulting and Analytical Services provides consulting services to a number of industries including mining, food and beverage, built environment, and others, thus supporting service delivery, industrial development and competitiveness. This programme has a staff complement of 70 and a total budget of R95.9 million.

Enterprise Creation for Development supports the development of sustainable SMMEs, in particular for rural communities. This programme has a staff complement of 16 and a total budget of R21.3 million. Initiatives undertaken in this area include the development of essential oil products, fish farming and the training of entrepreneurs. The expected impact for the coming year includes more than 350 project beneficiaries supported, training and mentoring provided to about 60 project beneficiaries, the transfer of four technology solutions and the creation of four new enterprises has started.

Modelling and Digital Science applies mathematical sciences as a cross-cutting capability to support the development of technologies and decision making in information security, energy modelling, water provision and health. This programme has a staff complement of 26 and a total budget of R38 million.

National Laser Centre applies photonics technology and expertise to improve the competitiveness of local industries, and develop new innovations and human capital. This programme has a staff complement of 63 and a total budget of R53.8 million.

Expenditure estimates

Table 34.12 Council for Scientific and Industrial Research

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Defence, Peace, Safety and Security	217.2	298.0	300.8	328.8	335.0	353.5	376.3
Materials Science and Manufacturing	146.4	182.7	168.5	168.6	171.7	181.2	192.9
Biosciences	126.7	122.6	133.9	134.8	137.3	144.9	154.2
Natural Resources and the Environment	181.2	185.2	139.0	149.1	151.8	160.2	170.6
Built Environment	126.5	157.0	141.4	152.9	155.7	164.3	174.9
Other Objectives	445.2	581.0	837.0	795.6	730.3	770.7	820.4
Total expense	1 243	1 527	1 721	1 730	1 682	1 775	1 889

Table 34.13 Council for Scientific and Industrial Research

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Revenue							
Non-tax revenue	868.5	1 107.0	1 267.3	1 177.5	1 176.3	1 239.2	1 326.4
Sale of goods and services other than capital assets	793.4	991.8	1 187.4	1 124.8	1 133.1	1 200.8	1 288.9
of which:							
Sales by market establishments	793.4	991.8	1 187.4	1 124.8	1 133.1	1 200.8	1 288.9
Other non-tax revenue	75.2	115.2	79.9	52.7	43.2	38.4	37.5
Transfers received	429.0	477.8	511.0	583.4	539.4	571.6	601.5
Total revenue	1 297.5	1 584.8	1 778.3	1 760.9	1 715.7	1 810.8	1 927.9
Expenses							
Current expense	1 243.4	1 525.1	1 720.6	1 729.8	1 681.8	1 774.8	1 889.3
Compensation of employees	628.3	772.0	880.7	964.0	984.0	1 040.8	1 115.6
Goods and services	580.6	705.6	789.9	691.9	632.6	663.6	696.3
Depreciation	28.1	37.4	42.8	73.9	65.1	70.4	77.4
Interest, dividends and rent on land	6.4	10.0	7.2	—	—	—	—
Total expenses	1 243.3	1 526.5	1 720.7	1 729.8	1 681.8	1 774.8	1 889.3
Surplus / (Deficit)	54.3	58.3	57.6	31.1	33.9	36.0	38.6
Statement of financial position							
Carrying value of assets	225.4	298.0	350.2	346.7	342.9	351.7	358.1
of which: Acquisition of assets	41.8	115.1	96.0	70.4	61.4	79.1	83.8
Investments	—	100.0	—	—	—	—	—
Inventory	61.7	79.3	80.9	91.3	98.6	106.5	118.6
Receivables and prepayments	267.1	138.7	128.8	152.9	165.2	178.4	186.2
Cash and cash equivalents	691.5	782.5	800.0	759.2	701.1	666.8	684.4
Assets not classified elsewhere	94.9	96.8	96.6	1.5	1.5	1.5	1.5
Total assets	1 340.6	1 495.3	1 456.5	1 351.7	1 309.4	1 304.9	1 348.9
Accumulated surplus/deficit	392.7	449.5	507.2	538.3	572.2	608.2	646.8
Post-retirement benefits	8.6	8.9	9.9	—	—	—	—
Trade and other payables	896.1	995.0	896.7	811.9	735.7	695.2	700.5
Provisions	—	1.4	0.4	1.5	1.5	1.5	1.5
Liabilities not classified elsewhere	43.1	40.6	42.4	—	—	—	—
Total equity and liabilities	1 340.6	1 495.3	1 456.5	1 351.7	1 309.4	1 304.9	1 348.9

Expenditure trends

The council generates revenue from research and development contract income and transfers from the Department of Science and Technology. Between 2007/08 and 2010/11, revenue increased from R1.3 billion to R1.8 billion. Over the medium term, revenue is expected to remain relatively flat. The growth in revenue between 2007/08 and 2010/11 was mainly due to an increase in research and development contract income. Over the medium term, research and development contract income declines, particularly in 2011/12 and 2012/13, due to the transfer of the Satellite Applications Centre to the South African National Space Agency and the advanced manufacturing technology strategy to the Technology Innovation Agency.

Expenditure increased from R1.2 billion in 2007/08 to R1.7 billion in 2010/11. Over the medium term, expenditure is expected to increase to R1.9 billion. A portion of the council's expenditure is driven by the research and development contracts secured and between 2007/08 and 2010/11, increased in line with research and development contract income.

Personnel information

The Council of Scientific and Industrial Research has an establishment of 2 409 posts, all of which are funded. The number of posts increased by 181 staff members from 2 278 in 2007/08 to 2 459 in 2010/11. The number of permanent and non-permanent staff members is expected to increase from 2 416 to 2 602 over the MTEF period.

Table 34.14 Council for Scientific and Industrial Research

	Post status as at 30 September 2010			Number of posts filled on funded establishment						
	Number of posts on approved establishment	Number of funded posts establishment	Number of vacant posts	Actual			Mid-year ¹	Medium-term estimate		
				2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
Board members	8	–	–	8	8	8	8	8	8	8
Executive management	8	–	–	9	8	8	8	8	8	8
Senior management	74	–	–	49	60	80	80	80	80	80
Middle management	988	–	–	888	951	979	988	995	1 002	1 009
Professionals	887	–	–	827	881	892	891	930	970	1 014
Semi-skilled	430	–	–	466	444	432	466	462	465	465
Very low skilled	14.0	–	–	31.0	23.0	17.0	18.0	18.0	18.0	18.0
Total	2 409	–	–	2 278	2 375	2 416	2 459	2 501	2 551	2 602
Compensation (R thousand)				628 319	771 977	880 745	963 953	945 421	974 572	1 006 910
Unit cost (R thousand)				276	325	365	392	378	382	387

1. As at 30 September 2010

National Research Foundation

Strategic overview: 2007/08 – 2013/14

The National Research Foundation Act (1998) mandates the National Research Foundation to promote and support research in all fields of humanities, the social and natural sciences, engineering and technology. It provides funding, research facilities and science awareness education and communications. The foundation also performs an agency function on behalf of the Department of Science and Technology and is a service provider to several other government departments.

The 2015 strategic plan aims to: promote internationally competitive research as the basis for a knowledge economy; grow a representative science and technology workforce in South Africa; provide cutting edge research, technology and innovation platforms; operate world class evaluation and funding systems; and contribute to a vibrant national innovation system.

The foundation's main priority over the medium term is to facilitate initiatives for developing specialised skills and to address the severe shortages of researchers, particularly previously disadvantaged researchers. In the hi-tech environment, this requires making use of specialised research infrastructure based at national research facilities. The foundation will continue to address infrastructure and maintenance needs at national facilities to ensure their sustainability. Other medium term priorities include the coordination of science awareness activities and the upgrading of the Johannesburg Observatory.

Savings and cost effectiveness measures

The foundation has implemented austerity measures to curtail direct and indirect costs of travel by using video conferencing and human resource costs by using increased workflow automation. The foundation will also improve productivity efficiency by implementing the recommendations of the five-year review.

Selected performance indicators

Table 34.15 National Research Foundation

Indicator	Programme/Activity	Past			Current	Projections		
		2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Number of peer reviewed journal articles published per year	Research Innovation Support and Advancement	2 884	5 354	2 753	3 000	3 500	3 500	3 675
Number of learners reached per year	South African Agency for Science and Technology Advancement	305 566	328 546	226 198	199 954	305 000	310 000	325 500
Number of educators reached per year	South African Agency for Science and Technology Advancement	12 875	10 536	12 345	6 071	11 000	11 500	12 075
Number of grantholders supported by the Research Innovation Support and Advancement programme (excluding Innovation Fund) per year	Research Innovation Support and Advancement	1 716	3 570	2 442	2 235	2 600	2 600	2 730

Table 34.15 National Research Foundation (continued)

Indicator	Programme/Activity	Past			Current	Projections		
		2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Number of Student bursaries and scholarships - 3rd year/4th year awarded? per year	Research Innovation Support and Advancement	180	253	286	180	200	200	210
Number of student bursaries and scholarships (BTech/Hons) awarded per year	Research Innovation Support and Advancement	366	260	1,663	1 809	1 410	1 450	1 523
Number of student bursaries and scholarships (Master's) awarded per year	Research Innovation Support and Advancement	938	874	2 203	1 968	2 480	2 300	2 415
Number of student bursaries and scholarships (PhD) awarded per year	Research Innovation Support and Advancement	540	528	1 265	1 201	1 320	1 370	1 439
Number of postdoctoral fellowships awarded per year	Research Innovation Support and Advancement	30	33	255	230	230	250	263
Number of postgraduate students making use of facilities for training per year	National Facilities	570	411	446	298	420	440	462

Details of programmes/activities/objectives

The total budget for this entity for 2010/11 was R2.2 billion, 67 per cent of which was used in the Research, Innovation, Support and Advancement division.

Research, Innovation, Support and Advancement is primarily engaged with research grant funding and the management of this, together with human capacity development, funding strategic research platforms, strategic knowledge fields development, facilitating strategic national and international partnerships or networks, and researcher rating. This division has a staff complement of 224 employees and a total budget of R1.4 billion in 2010/11.

National Facilities provides highly specialised equipment and infrastructure to researchers. This division has a staff complement of 881 employees and a total budget of R441 million in 2010/11.

South African Agency for Science and Technology Advancement facilitates the promotion of science, education and technology careers, and public engagement with science. The agency has a staff complement of 39 employees and a total budget of R69 million in 2010/11.

The Square Kilometre Array Project: This phase of the project, known as MeerKAT, entails the design, testing and construction of 64 Gregorian offset dishes, and includes the costs of appropriate systems, land, astronomy and site operations, telescope array and site bid, human capacity development and site bid, and communication costs. The project currently has a staff complement of 75 employees and a total budget of R209 million in 2010/11. This investment will provide a leading edge world-class radio astronomy infrastructure, which will enhance South Africa's bid for the full Square Kilometre Array project, which, if successful, could attract international funding of some R20 billion.

Expenditure estimate

Table 34.16 National Research Foundation

Square Kilometre Array expenditure R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Accommodation	0	1 214	1 556	2 012	2 133	2 260	2 396
Audit Fees	0	231	158	250	275	302	332
Books and Journals	8	27	49	328	347	368	390
Computer requisites	385	1 736	1 304	2 403	2 726	2 296	2 241
Conferences	384	1 475	2 079	1 250	1 325	1 404	1 488
Depreciation	1 363	1 594	2 728	2 982	3 671	4 406	5 287
Fees for services	20 665	35 042	18 659	37 238	59 511	19 810	19 364
Grants	4 547	7 747	4 964	79 168	50 516	38 183	34 939
Insurance and licenses	63	4 654	414	2 573	2 727	2 891	2 964

Table 34.16 National Research Foundation (continued)

Square Kilometre Array expenditure	Audited outcome			Revised estimate	Medium-term estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
R thousand							
Marketing	177	408	228	679	719	762	808
Other expenses	1 257	1 590	2 804	6 408	798	665	0
Printing and stationery	234	229	559	1 541	1 633	1 731	1735
Purchases	4 639	1 527	6 623	9 788	37 179	10 288	9 896
Recruitment and training	330	434	839	2 247	2 381	2 524	2 531
Refreshments	51	216	208	308	326	346	366
Repairs and maintenance	127	85	574	1 620	1 717	1 820	1 929
Security	23	18	178	1 476	1 564	1 658	1 757
Subsistence and travel	25 45	5 327	4 709	12 636	16 334	16 631	16 765
Telephone, faxes and postage	270	368	515	3 970	4 208	4 460	4 628
Salaries	10 366	16 485	25 769	40 184	52 883	64 760	69 941
Total expense	47 433	80 410	74 915	209 063	242 973	177 565	179 756

Expenditure estimates**Table 34.17 National Research Foundation**

	Audited outcome			Revised estimate	Medium-term estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
R million							
Research Innovation Support and Advancement	582.5	898.9	941.2	1 470.0	1 018.7	985.8	995.3
National Facilities	316.9	345.4	372.3	440.3	506.5	445.9	467.5
South African Agency for Science and Technology Advancement	30.1	36.9	47.7	69.3	52.0	55.1	56.4
SKA Project	47.4	80.4	74.9	209.1	243.0	177.6	179.8
Other Objectives	–	–	–	–	–	41.1	50.4
Total expense	977	1 362	1 436	2 189	1 820	1 706	1 749

Table 34.18 National Research Foundation

	Audited outcome			Revised estimate	Medium-term estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
R million							
Revenue							
Non-tax revenue	492.3	720.1	819.2	1 531.2	839.3	680.1	783.6
Sale of goods and services other than capital assets	397.3	574.6	703.8	1 453.2	783.9	640.9	743.0
of which:							
Sales by market establishments	25.3	25.3	31.7	43.5	52.3	57.2	61.4
Other sales	372.0	549.2	672.2	1 409.7	731.6	583.7	681.6
Other non-tax revenue	95.0	145.6	115.4	78.0	55.4	39.3	40.6
Transfers received	621.3	715.4	719.3	770.2	1 108.7	1 080.7	1 126.1
Total revenue	1 113.6	1 435.5	1 538.5	2 301.4	1 948.0	1 760.9	1 909.7
Expenses							
Current expense	495.0	595.3	622.2	849.0	831.4	830.3	863.6
Compensation of employees	242.8	287.9	334.9	395.4	430.2	463.7	491.8
Goods and services	223.1	275.8	254.1	412.9	361.9	326.6	330.7
Depreciation	28.6	30.9	32.6	40.5	39.2	39.9	40.9
Interest, dividends and rent on land	0.4	0.6	0.6	0.3	0.2	0.2	0.2
Transfers and subsidies	481.9	766.3	813.9	1 339.6	988.7	875.3	885.9
Total expenses	976.9	1 361.6	1 436.1	2 188.6	1 820.1	1 705.6	1 749.5
Surplus / (Deficit)	136.7	73.9	102.4	112.8	127.8	55.3	160.2

Table 34.18 National Research Foundation (continued)

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Statement of financial position							
Carrying value of assets	240.1	319.6	432.2	595.4	722.8	777.7	937.5
of which: Acquisition of assets	59.8	111.1	146.5	204.5	167.2	95.4	201.3
Investments	48.9	46.1	41.2	38.0	36.0	35.0	35.0
Inventory	2.6	3.9	3.3	4.0	6.0	6.5	7.0
Receivables and prepayments	276.6	265.0	270.1	278.5	295.0	329.2	325.5
Cash and cash equivalents	507.3	756.2	1 313.9	813.1	547.7	526.0	213.1
Assets not classified elsewhere	–	–	–	6.5	3.0	2.8	1.5
Total assets	1 075.5	1 390.8	2 060.6	1 735.5	1 610.6	1 677.2	1 519.6
Accumulated surplus/deficit	(47.3)	(26.9)	51.0	0.0	0.0	0.0	0.0
Capital and reserves	98.6	447.7	472.2	632.3	757.7	811.6	971.4
Post-retirement benefits	93.6	92.2	106.8	110.2	113.5	116.6	119.6
Trade and other payables	691.6	875.3	1 430.6	71.5	73.3	75.7	80.4
Provisions	–	2.5	–	–	–	–	–
Liabilities not classified elsewhere	239.0	–	–	921.5	666.1	673.2	348.1
Total equity and liabilities	1 075.5	1 390.8	2 060.6	1 735.5	1 610.6	1 677.2	1 519.6
Contingent liabilities	1 340.9	1 557.9	1 686.1	1 200.0	1 100.0	1 000.0	950.0

Expenditure trends

Spending over the MTEF period will be in key investment areas, as well as in compensation of employees and goods and services.

Revenue increased from R1.1 billion in 2007/08 to R2.3 billion in 2010/11, at an average annual average rate of 28 per cent. Over the medium term, revenue is expected to decline to R1.9 billion, due to a decreased amount of parliamentary grants for operational expenditure, as well as the alignment of the funding with the construction ramp up of the Square Kilometre Array project. This will have a corresponding effect on expenditure.

Expenditure increased from R1 billion in 2007/08 to R2.2 billion in 2010/11, at an average annual rate of 31 per cent. This growth is primarily due to the ramping up of key programmes, including the South African Research Chairs Initiative and the Square Kilometre Array project, as well as receipt of top up funding of R255 million for urgent infrastructure needs, national research equipment, broadband rollout to rural universities, and human capacity bursaries and assistance to needy students.

Personnel information

Table 34.19 National Research Foundation (NRF): Detail of approved establishment and personnel numbers according to salary level

	Post status as at 30 September 2010			Number of posts filled on funded establishment						
	Number of posts on approved establishment	Number of funded posts (establishment)	Number of vacant posts	Actual			Mid-year ¹	Medium-term estimate		
				2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Board members	10	10	–	10	10	10	10	10	10	10
Board members	5	5	–	16	16	5	5	5	5	5
Executive management	24	24	–	99	82	27	24	24	24	24
Senior management	211	211	–	309	298	159	211	211	211	211
Middle management	269	269	–	217	256	579	269	269	269	269
Professionals	631	631	–	264	283	274	631	631	631	631
Semi-skilled	69.0	69.0	–	205.0	209.0	50.0	69.0	69.0	69.0	69.0
Total	1 219	1 219	–	1 120	1 154	1 104	1 219	1 219	1 219	1 219
Compensation (R thousand)				242 846	287 902	334 947	395 381	430 191	463 662	491 808
Unit cost (R thousand)				217	249	303	324	353	380	403

1. As at 30 September 2010.

The National Research Foundation has an establishment of 1 219 posts, all of which are funded. The number of posts filled increased from 1 120 in 2007/08 to 1 219 in 2010/11, and is expected to remain steady over the medium term.

Other public entities and agencies

Comprehensive coverage of the following public entities is provided with the more detailed information for the vote at www.treasury.gov.za under the budget information link.

- The **Academy of Science of South Africa** links South Africa with scientific communities at the highest levels in the SADC region, the rest of Africa and internationally; promotes common ground in scientific thinking across all disciplines; encourages and promotes innovative and independent scientific thinking; promotes the development of intellectual capacity in all people; provides effective scientific evidence based advice; and facilitates appropriate action in the public interest. Its total budget for 2011/12 is R21 million.
- The **Africa Institute of South Africa** is a research institute which focuses on political, socioeconomic, international and development issues in contemporary Africa. Its total budget for 2011/12 is R37 million.
- The **Human Sciences Research Council** undertakes, promotes and coordinates research in the human and social sciences. Its total budget for 2011/12 is R348 million.

Additional tables

Table 34.A Summary of expenditure trends and estimates per programme and economic classification

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R million	2009/10		2009/10	2010/11			2010/11
Administration	171.3	173.6	159.1	182.9	2.8	185.7	185.7
Research, Development and Innovation	1 142.9	1 143.4	1 141.3	1 284.0	(457.2)	826.8	826.8
International Cooperation and Resources	131.3	132.0	117.5	135.1	0.9	136.0	136.0
Human Capital and Knowledge Systems	1 598.0	1 599.0	1 591.4	1 748.7	15.3	1 764.0	1 764.0
Socio Economic Partnerships	1 190.7	1 213.8	1 174.6	1 264.8	(49.3)	1 215.5	1 215.5
Total	4 234.1	4 261.7	4 183.9	4 615.5	(487.6)	4 128.0	4 128.0

Economic classification

Current payments	334.8	342.4	284.2	362.0	8.1	370.1	370.1
Compensation of employees	192.8	200.2	167.5	215.0	8.7	223.7	223.7
Goods and services	142.0	142.2	116.8	147.0	(0.6)	146.4	146.4
Transfers and subsidies	3 894.8	3 914.8	3 891.9	4 249.5	(496.7)	3 752.8	3 752.8
Departmental agencies and accounts	2 033.7	2 230.8	2 310.9	2 082.0	184.6	2 266.6	2 266.6
Universities and technikons	–	119.9	113.4	–	32.9	32.9	32.9
Public corporations and private enterprises	581.1	1 204.0	1 183.3	900.6	101.8	1 002.4	1 002.4
Non-profit institutions	1 280.1	360.1	283.5	1 266.9	(816.0)	450.9	450.9
Households	–	–	0.7	–	–	–	–
Payments for capital assets	4.5	4.5	7.7	4.1	1.0	5.1	5.1
Machinery and equipment	4.5	4.5	7.7	4.1	1.0	5.1	5.1
Payments for financial assets	–	–	0.1	–	–	–	–
Total	4 234.1	4 261.7	4 183.9	4 615.5	(487.6)	4 128.0	4 128.0

Table 34.B Detail of approved establishment and personnel numbers according to salary level¹

	Personnel post status as at 30 September 2010			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	Medium-term estimate		
				2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Department	379	379	–	321	339	421	421	421	470	470
Salary level 1 – 6	56	56	–	61	61	57	57	57	63	63
Salary level 7 – 10	104	104	–	86	89	122	122	122	143	143
Salary level 11 – 12	115	115	–	94	103	134	134	134	148	148
Salary level 13 – 16	104	104	–	80	86	108	108	108	116	116
Administration	155	155	–	145	155	219	219	219	249	249
Salary level 1 – 6	40	40	–	40	40	41	41	41	47	47
Salary level 7 – 10	61	61	–	58	61	81	81	81	91	91
Salary level 11 – 12	19	19	–	15	19	48	48	48	58	58
Salary level 13 – 16	35	35	–	32	35	49	49	49	53	53
Research, Development and Innovation	41	41	–	36	43	38	38	38	39	39
Salary level 1 – 6	3	3	–	3	3	3	3	3	3	3
Salary level 7 – 10	4	4	–	4	4	4	4	4	4	4
Salary level 11 – 12	16	16	–	16	20	16	16	16	16	16
Salary level 13 – 16	18	18	–	13	16	15	15	15	16	16

Table 34.B Detail of approved establishment and personnel numbers according to salary level¹ (continued)

	Personnel post status as at 30 September 2010			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	Medium-term estimate		
				2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
International Cooperation and Resources	64	64	–	60	59	61	61	61	69	69
Salary level 1 – 6	4	4	–	6	6	4	4	4	4	4
Salary level 7 – 10	24	24	–	15	15	22	22	22	26	26
Salary level 11 – 12	20	20	–	25	24	19	19	19	20	20
Salary level 13 – 16	16	16	–	14	14	16	16	16	19	19
Human Capital and Knowledge Systems	56	56	–	33	36	43	43	43	46	46
Salary level 1 – 6	4	4	–	7	7	3	3	3	3	3
Salary level 7 – 10	5	5	–	2	2	6	6	6	8	8
Salary level 11 – 12	31	31	–	15	18	22	22	22	23	23
Salary level 13 – 16	16	16	–	9	9	12	12	12	12	12
Socio Economic Partnerships	63	63	–	47	46	60	60	60	67	67
Salary level 1 – 6	5	5	–	5	5	6	6	6	6	6
Salary level 7 – 10	10	10	–	7	7	9	9	9	14	14
Salary level 11 – 12	29	29	–	23	22	29	29	29	31	31
Salary level 13 – 16	19	19	–	12	12	16	16	16	16	16

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

2. As at 30 September 2010.

Table 34.C Summary of expenditure on training

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Compensation of employees (R million)	102.1	141.6	167.5	223.7	225.3	237.6	259.6
Training expenditure (R million)	1.7	2.0	3.2	5.1	5.4	5.6	5.9
Training as percentage of compensation	1.6%	1.4%	1.9%	2.3%	2.4%	2.4%	2.3%
Total number trained in department (head count)	127	141	180	117			
of which:							
Employees receiving bursaries (head count)	41	46	131	185			
Internships trained (head count)	–	–	22	22			

Table 34.D Summary of expenditure on infrastructure

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome		Adjusted appropriation	Medium-term expenditure estimate		
				2007/08	2008/09		2009/10	2011/12	2012/13
Infrastructure transfers to other spheres, agencies and departments									
Square Kilometer Array	Construction of Telescopes	Construction	1 381.4	80.0	264.3	490.3	–	218.7	328.1
Space Infrastructure	Satellite Construction	Construction	290.8	20.0	14.2	36.4	51.4	55.2	58.2
Hydrogen Strategy	Purchase of equipment	Various	440.7	10.0	40.5	44.2	48.4	51.9	57.2
National Nanotechnology Centres	Equipping Centres	Various	310.0	–	–	34.9	38.3	42.4	46.7
South African National Research Network	Broadband connectivity	Various	883.2	162.0	89.0	93.5	98.8	104.7	104.9
Total			3 306.1	272.0	408.0	699.3	236.9	254.2	595.2

Vote 35

Tourism

Budget summary

R million	2011/12				2012/13	2013/14
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	173.8	166.9	5.0	1.8	208.7	220.0
Tourism Development	348.1	50.2	293.4	4.5	299.1	318.3
Tourism Growth	694.1	24.1	669.6	0.3	734.0	774.0
Policy, Research, Monitoring and Evaluation	26.9	26.8	–	0.1	32.1	33.0
Total expenditure estimates	1 242.9	268.2	968.0	6.7	1 273.9	1 345.3
Executive authority	Minister of Tourism					
Accounting officer	Director General of Tourism					
Website address	www.tourism.gov.za					

More detailed information for each vote is available at www.treasury.gov.za. More comprehensive coverage of vote specific information, particularly on goods and services, transfers and subsidies, donor funding, public entities and lower level institutional information, is provided.

Aim

Promote and support growth and development of an equitable, competitive and sustainable tourism sector, enhancing its contribution to national priorities.

Programme purposes

Programme 1: Administration

Purpose: Provide strategic leadership, centralised administration and executive support, and corporate services.

Programme 2: Tourism Development

Purpose: Facilitate and support the development of an equitable tourism sector.

Programme 3: Tourism Growth

Purpose: Promote growth, competitiveness and quality of the tourism sector.

Programme 4: Policy, Research, Monitoring and Evaluation

Purpose: Provide sector policy development, research, planning, monitoring and evaluation.

Strategic overview: 2007/08 – 2013/14

The Department of Tourism supports the tourism sector's contribution to South Africa's economic growth. Its mandate is to create conditions for sustainable tourism growth and development. To achieve its targets for government's new growth path, which focuses on job creation and economic growth, the department supports both the public and private sectors in the tourism industry.

Key sector for economic growth and job creation

Government's industrial policy action plan identifies tourism as a driver of both domestic consumer spending and foreign exchange earnings, the tourism industry is a key labour intensive sector and strategic area of the economy, with low barriers to entry for entrepreneurs, and has the potential to create jobs in both urban and

rural areas and stimulate economic growth. It is estimated that for every 16.1 tourists, a job is created in the sector. Tourism is set to contribute 225 000 new jobs by 2020.

Key priorities

In line with its vision, which is aligned with government's new growth path, the department's key priorities include: increasing investment in the tourism sector; developing tourism infrastructure; promoting decent work; addressing people development and encouraging previously disadvantaged communities and individuals to enter the sector; increasing the number of foreign tourists; developing cooperative partnerships with stakeholders; dramatically improving the quality of service; supporting the development of innovative, unique and authentic tourism products that meet market needs; ensuring value for money for consumers; and encouraging more South Africans to enjoy the tourism experiences that the country offers.

The national tourism sector strategy focuses on priority markets in the medium and long term. South African Tourism, a public entity reporting to the department, spearheads the marketing component of Brand South Africa.

Increasing revenue from domestic and international tourism

Tourism's total direct and indirect contribution to the economy has increased by 16 per cent from R163 billion in 2007 to R189 billion in 2009. The department aims to increase tourism's total direct and indirect contribution to R318 billion by 2015, with the aim of increasing the direct contribution of tourism to South Africa's GDP by 3 per cent per year over the medium term.

The department would like to see an increase in foreign direct spending, which is important for the country's current account and balance of payments, with the average spend per international tourist rising from R8 400 in 2009 to R10 400 by 2014. Foreign arrivals are expected to increase from 9.9 million in 2009 to 12 million by 2015.

Domestic tourism saw 15 million South Africans making 30 million domestic trips in 2009, with a total annual spend of R22 billion. This offset any foreign pull-back during the recession. The national tourism sector strategy aims to increase the number of domestic trips to 40 million by 2015.

Leveraging off the 2010 FIFA World Cup

309 554 tourists arrived in South Africa with the primary purpose of attending the 2010 FIFA World Cup. Of these tourists, 38 per cent were from Africa. Tourist expenditure during the 2010 FIFA World Cup amounted to approximately R4 billion, at an average of R12 000 over a stay of 10 nights.

The tourism industry is leveraging off South Africa's successful hosting of the 2010 FIFA World Cup to build the country's brand. It is also exploring the potential for niche markets, such as conferencing, cruise tourism, rural and small town tourism, health tourism, social tourism and cultural heritage tourism. The department is supporting these initiatives.

Outcomes and related outputs

The department contributes directly to the creation of decent employment through inclusive economic growth (outcome 4) and vibrant, equitable and sustainable rural communities and food security for all (outcome 7).

Given the strong growth in the sector, it is clear that tourism has the potential to create more jobs, and to increase levels of income, GDP growth and the distribution of income to the lower 40 per cent of earners. This is a direct contribution to the creation of decent employment through inclusive economic growth (outcome 4). The tourism sector is expected to make direct and major contributions to achieving the growth and employment targets set for outcome 4, through activities such as skills development, ongoing improvement in the quality of tourism products and services, and support for small, medium and micro enterprises (SMMEs). Its activities are specifically linked to more labour absorbing growth (output 2), and sector strategies to support the growth of labour intensive industries (sub-output 3), through the national tourism sector strategy.

The tourism sector will also contribute to vibrant, equitable and sustainable rural communities and food security for all (outcome 7) by building a robust industry, and ensuring, together with other sectors, that targets for rural job creation, skills training and the promotion of economic livelihoods are met by 2014. To maximise its contribution, the department will develop and implement an integrated strategy for rural tourism development from 2012 onwards.

Savings and cost effectiveness measures

The department has identified savings to the baseline of R10.4 million, R12.0 million and R11.5 million over the medium term on non-core goods and services. Provision has been made in the departmental establishment to increase the institutional capacity to carry out research and special functions. The increased in-house capacity will reduce reliance on consultants and will contribute to the cost savings. The appointment of consultants will also be monitored closely to ensure maximum value for minimum funds without compromising service delivery. Furthermore, the department introduced a cost saving measure on venues and facilities, holding most official meetings and workshops at government owned venues. Meetings involving provincial representatives are held at venues near the airports to save on travelling costs. The Expanded Public Works Programme Incentive allocation was revised downward by R120.5 million over the medium term, emanating from the outcome of the annual performance review which is conducted by the Environment and Culture Sector Programme Management Team.

Selected performance indicators

Table 35.1 Tourism

Indicator	Programme	Past			Current	Projections		
		2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Number of new full time equivalent jobs created per year	Tourism Development	–	–	–	5 671	5 270	3 860	4 241
Total number of public sector organisations reporting on how they are leveraging off state resources to incentivise compliance with the Tourism BEE Charter and Scorecard	Tourism Development	–	–	–	–	25	30	35
Number of tourism products in rural and less visited provinces supported per year	Tourism Development	–	–	–	1	2	2	2
Number of interventions implemented per year to facilitate, guide and support product development	Tourism Development	–	–	–	1	1	2	2
Number of unemployed graduates and out of school youth placed for experiential learning per year	Tourism Growth	–	–	–	70	70	50	100
Number of young people trained as chefs per year	Tourism Growth	–	–	–	150	800	800	800

Expenditure estimates

Table 35.2 Tourism

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
R million	2007/08	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
Administration	89.7	91.4	85.9	178.8	178.8	173.8	208.7	220.0
Tourism Development	428.1	497.6	325.1	331.7	331.7	348.1	299.1	318.3
Tourism Growth	530.7	595.3	719.6	658.7	658.7	694.1	734.0	774.0
Policy, Research, Monitoring and Evaluation	7.5	17.9	15.0	14.6	14.6	26.9	32.1	33.0
Total	1 056.0	1 202.2	1 145.6	1 183.8	1 183.8	1 242.9	1 273.9	1 345.3
Change to 2010 Budget estimate				32.0	32.0	19.7	(17.3)	(16.9)
Economic classification								
Current payments	193.2	182.0	137.7	220.7	220.7	268.2	334.0	344.6
Compensation of employees	130.8	106.4	89.6	101.1	101.1	141.9	158.4	169.4
Goods and services	62.4	75.5	48.1	119.6	119.6	126.3	175.6	175.2
of which:								
Computer services	1.2	2.7	1.2	3.6	3.6	11.9	19.9	17.1
Consultants and professional services:	11.1	10.8	3.7	15.0	15.0	23.8	32.1	33.6
Business and advisory services								
Lease payments	4.6	4.3	3.8	18.4	18.4	29.2	33.0	36.0
Travel and subsistence	22.9	34.7	20.3	26.4	26.4	34.6	49.1	47.2
Transfers and subsidies	861.8	1 019.9	1 007.5	933.0	933.0	968.0	937.0	997.4
Departmental agencies and accounts	517.6	582.1	699.5	631.7	631.7	668.6	701.8	740.4
Foreign governments and international organisations	–	–	4.0	3.3	3.3	5.0	5.3	5.5
Non-profit institutions	66.6	72.4	59.1	27.7	27.7	22.2	27.2	32.3
Households	277.7	365.4	244.9	270.3	270.3	272.2	202.7	219.1
Payments for capital assets	1.0	0.4	0.4	30.1	30.1	6.7	2.9	3.3
Machinery and equipment	1.0	0.3	0.4	29.8	29.8	6.7	2.9	3.3
Software and other intangible assets	0.0	0.1	0.0	0.3	0.3	–	–	–
Total	1 056.0	1 202.2	1 145.6	1 183.8	1 183.8	1 242.9	1 273.9	1 345.3

Expenditure trends

Expenditure increased from R1.1 billion in 2007/08 to R1.2 billion in 2010/11, at an average annual rate of 3.9 per cent, mainly due to an increase in allocations for the new office building and improved conditions of service. Over the MTEF period, expenditure is expected to increase at an average annual rate of 4.4 per cent, to reach R1.3 billion in 2013/14. The increase is mainly due to spending on establishing a survey unit and a resource centre for the department. This increased expenditure is reflected mainly in the *Policy, Research, Monitoring and Evaluation* programme.

The department received additional allocations of R42 million in 2011/12, R29 million in 2012/13 and R32 million in 2013/14 to refurbish the new office building, for rental over the MTEF period, and for other related costs. The department expects to increase institutional capacity over the MTEF period which accounts for the 18.8 per cent increase in compensation of employees between 2010/11 and 2013/14. Spending on goods and services items increased by 24.2 per cent between 2007/08 and 2010/11, due to the acquisition of a new building and the related costs which ensued, and is expected to grow at an annual average of 13.6 per cent over the medium term, to reach R175.2 million in 2013/14.

The ratio of administrative to line function costs is 1:2.2

Personnel information

The department has an approved establishment of 450 posts of which 336 are funded and 12 are additional to the establishment. The number of filled posts increased from 161 in 2007/08 to 272 in 2010/11, and is expected

to grow to 450 over the medium term, subject to the availability of funds and office space. The approved posts are essential to this newly established department in the achievement of its objectives.

There are 64 vacancies, of which the majority are in salary levels 6 to 9. Most are in the *Administration* programme. The posts remain vacant because the department is sharing accommodation with the Department of Environmental Affairs and there is not enough office space.

The ratio of support staff to line staff is currently 1:0.1, and is expected to be 1:0.6 in 2013/14.

Departmental receipts

The Department of Tourism does not generate revenue in its functions. The significant revenue received in 2009/10 and 2010/11 relates to the recovery of unutilised prior year funding for Expanded Public Works Programme projects.

Table 35.3 Departmental receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2007/08	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
Departmental receipts	–	–	719	1 462	1 462	–	–	–
Sales of goods and services produced by department	–	–	138	29	29	–	–	–
Sales of scrap, waste, arms and other used current goods	–	–	3	–	–	–	–	–
Fines, penalties and forfeits	–	–	24	–	–	–	–	–
Interest, dividends and rent on land	–	–	31	12	12	–	–	–
Transactions in financial assets and liabilities	–	–	523	1 421	1 421	–	–	–
Total	–	–	719	1 462	1 462	–	–	–

Programme 1: Administration

Expenditure estimates

Table 35.4 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
R million							
Ministry ¹	26.5	28.1	27.5	33.6	32.5	37.8	39.9
Management	2.9	2.8	2.8	9.2	10.7	12.9	13.7
Corporate Affairs	55.8	56.5	54.8	92.2	104.6	129.0	134.5
Office Accommodation	4.5	3.9	0.8	43.9	26.0	29.0	32.0
Total	89.7	91.4	85.9	178.8	173.8	208.7	220.0
Change to 2010 Budget estimate				54.6	34.3	30.3	31.7
Economic classification							
Current payments	88.7	91.0	81.5	147.7	166.9	201.3	212.0
Compensation of employees	50.2	51.6	53.9	58.4	82.1	91.7	98.1
Goods and services	38.5	39.4	27.6	89.2	84.9	109.6	113.9
of which:							
Computer services	1.1	1.9	0.3	2.9	11.5	17.5	16.6
Consultants and professional services:	7.9	9.0	2.2	8.4	5.6	6.9	7.5
Business and advisory services							
Lease payments	4.5	3.9	3.6	18.0	29.0	32.8	35.7
Travel and subsistence	14.1	15.4	13.0	18.5	21.2	26.1	27.5
Transfers and subsidies	–	–	4.0	3.3	5.0	5.3	5.5
Foreign governments and international organisations	–	–	4.0	3.3	5.0	5.3	5.5

Table 35.4 Administration (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Payments for capital assets	1.0	0.4	0.4	27.9	1.8	2.1	2.5
Machinery and equipment	1.0	0.3	0.4	27.8	1.8	2.1	2.5
Software and other intangible assets	0.0	0.1	0.0	0.1	–	–	–
Total	89.7	91.4	85.9	178.8	173.8	208.7	220.0
Details of selected transfers and subsidies							
Foreign governments and international organisations							
Current	–	–	4.0	3.3	5.0	5.3	5.5
Regional Tourism Organisation of South Africa	–	–	2.5	1.9	3.0	3.2	3.3
United Nations World Tourism Organisation	–	–	1.5	1.3	2.0	2.1	2.2

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

Expenditure trends

Expenditure increased from R89.7 million in 2007/08 to R178.8 million in 2010/11, at an average annual rate of 25.9 per cent, mainly due to annual salary increases and adjustments for inflation.

Expenditure is expected to increase sturdily over the MTEF period, from R178.8 million to R220 million, at an average annual rate of 7.1 per cent, as a result of an increase in funding for the new office building and improved conditions of service, as well as other costs such as internal and external audit fees. The increase is also due to the phasing in of an increased establishment over the MTEF period.

The ratio of administrative costs to line function costs over the MTEF period is 1:0.7

Programme 2: Tourism Development

- *Tourism Development Management* provides overall administrative and operational support services for the programme's activities. It manages product and enterprise development, and facilitates tourism infrastructure projects under the expanded public works programme using labour intensive methods targeting the unemployed, the youth, women and the disabled. This subprogramme has a staff complement of 6, and 40 per cent of its total budget is used for travel and subsistence.
- *Product and Enterprise Development* facilitates product and enterprise development in the tourism sector. This entails: identifying and promoting opportunities for investment in product development; creating new opportunities through identifying niche tourism products; strengthening existing products; and driving the development of rural tourism. The subprogramme has a staff complement of 8, and the bulk of its budget is used for transfers to the National Business Initiative to support the development of SMMEs through the Tourism Enterprise Partnership.
- *Social Responsibility Implementation* manages the development of tourism projects under the expanded public works programme through labour intensive methods targeting the unemployed, the youth, women, the disabled and SMMEs. This subprogramme has a staff complement of 35, and 98 per cent of its budget over the medium term will be used for implementing tourism projects and training project beneficiaries.
- *Sector Transformation* facilitates transforming the tourism sector by implementing the gazetted Tourism BEE Charter and Scorecard and promotes opportunities for transformative tourism development. The subprogramme has a staff complement of 5, and 50 per cent of its budget is used to facilitate transformation through public and private sector engagements, as well as for reporting on and monitoring compliance. One such report is a study on the state of transformation, which has a budget of R1.3 million (15 per cent of the 2011/12 budget) and is expected to be completed by the end of March 2011.
- *Strategic Partners in Tourism* receives transfers to facilitate development support for SMMEs through the Tourism Enterprise Partnership. The subprogramme has a staff complement of 4.

Objectives and measures

- Promote the empowerment of designated communities by creating 22 196 full time equivalent jobs by 2014 through the tourism infrastructure project under the expanded public works programme.
- Develop and support sustainable tourism products by funding 192 tourism products by 2014.
- Facilitate the transformation of the tourism sector by promoting industry compliance with the Tourism BEE Charter and Scorecard by 2014.
- Support tourism by facilitating the development of 4 sustainable tourism products by 2014.
- Increase the geographic spread of tourism benefits and ensure the involvement of rural communities and less visited provinces in mainstream tourism by supporting 6 tourism products (2 products per year for the next 3 years) in rural and less visited provinces.
- Ensure the competitiveness of the South African tourism sector by developing 6 tourism niche products by 2014.

Expenditure estimates

Table 35.5 Tourism Development

Subprogramme				Adjusted appropriation	Medium-term expenditure estimate		
R million	Audited outcome						
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Tourism Development Management	8.5	6.1	5.0	3.4	3.7	8.5	7.5
Product and Enterprise Development	–	2.0	2.0	10.2	13.2	14.9	16.4
Social Responsibility Implementation	353.8	420.1	266.0	291.2	302.7	237.4	250.4
Sector Transformation	–	–	–	6.9	8.5	13.4	14.0
Strategic Partners in Tourism	65.8	69.4	52.1	20.0	20.0	25.0	30.0
Total	428.1	497.6	325.1	331.7	348.1	299.1	318.3
Change to 2010 Budget estimate				(29.3)	(23.1)	(43.3)	(42.9)
Economic classification							
Current payments	84.6	60.8	26.1	37.7	50.2	69.7	67.4
Compensation of employees	71.0	41.0	16.6	21.5	27.7	31.0	33.1
Goods and services	13.6	19.9	9.5	16.2	22.5	38.8	34.2
of which:							
Computer services	0.0	0.3	0.6	0.1	0.1	2.1	0.2
Consultants and professional services:	0.9	1.7	0.6	3.0	10.5	14.7	15.7
Business and advisory services							
Lease payments	0.0	0.3	–	0.2	0.1	0.2	0.2
Travel and subsistence	6.3	10.0	3.6	4.0	7.7	16.3	12.9
Transfers and subsidies	343.5	436.8	299.0	292.5	293.4	228.9	250.4
Non-profit institutions	65.8	71.4	54.1	22.2	21.2	26.2	31.3
Households	277.7	365.4	244.9	270.3	272.2	202.7	219.1
Payments for capital assets	–	–	–	1.4	4.5	0.5	0.5
Machinery and equipment	–	–	–	1.4	4.5	0.5	0.5
Total	428.1	497.6	325.1	331.7	348.1	299.1	318.3
Details of selected transfers and subsidies							
Non-profit institutions							
Current	65.8	71.4	54.1	22.2	21.2	26.2	31.3
Strategic Partners in Tourism	65.8	69.4	52.1	20.0	20.0	25.0	30.0
National Tourism Business Initiative	–	2.0	2.0	2.2	1.2	1.2	1.3
Households							
Households other transfers							
Current	277.7	365.4	244.9	270.3	272.2	202.7	219.1
Expanded Public Works Programme	277.7	365.4	244.9	233.3	253.0	202.7	219.1
Expanded Public Works Programme: Incentive	–	–	–	37.1	19.2	–	–

Expenditure trends

The spending focus over the medium term will be on supporting tourism products development for rural and less frequently visited provinces, promoting industry compliance with the Tourism BEE Charter and Scorecard, and ensuring the competitiveness of the South African tourism sector by diversifying and enhancing the tourism product offering.

Expenditure decreased from R428.1 million in 2007/08 to R331.7 million in 2010/11, at an average annual rate of 8.2 per cent, due to a decrease in funding to tourism infrastructure projects in the expanded public works programme.

Over the MTEF period, expenditure is expected to decrease from R331.7 million to R318.3 million, at an average annual rate of 1.4 per cent. The decrease is mainly due to a reduced budget for implementing the expanded public works programme, which has been allocated R283.4 million, R237.4 million and R250.4 million over the period.

The ratio of administrative costs to line function costs is 1:6.7

Programme 3: Tourism Growth

- *Tourism Growth Management* provides overall administrative and operational support services for the programme's activities. It manages consumer protection and responsible practices and ensures sustainable and efficient human capital to grow a service oriented and world class tourism. The subprogramme has a staff complement of 2.
- *Marketing, Responsible Tourism and Quality Assurance* ensures that consumer protection is effectively managed by establishing channels for consumer concerns. It also promotes responsible tourism practices across the industry by developing the standard for responsible tourism and promoting the principles for universal access to tourism. The subprogramme has a staff complement of 12. It will develop and implement a tourism response strategy to climate change as this increasingly becomes a major trade factor.
- *Capacity Building* ensures that human capital is effectively managed by focusing on professionalising tourist guides and other operators in the industry. The subprogramme has a staff complement of 13, and the bulk of its budget is used for training.
- *South African Tourism* transfers funds to South African Tourism, which markets South Africa as a preferred tourism destination.

Objectives and measures

- Improve service levels and customer satisfaction, thus improving the competitiveness and sustainability of the tourism industry, by:
 - establishing the national minimum standard for responsible tourism, which is expected to be finalised by the end of March 2011, depending on the South African Bureau of Standards' process
 - finalising the accreditation system with the South African National Accreditation Standard by the end of the 2011/12 financial year
 - developing the national responsible tourism strategy by the end of the 2011/12 financial year, and implementing it from 2012/13 to 2013/14
 - developing the national climate change and tourism response programme in 2011/12, and implementing it from 2012/13 to 2013/14
 - setting up and managing a consumer framework and satisfaction feedback mechanism for products and services across the sector
 - developing and implementing tourism generic service excellence norms and standards
 - training 550 unemployed youth as chefs and placing 520 unemployed graduates and out of school youth by 2014.

Expenditure estimates

Table 35.6 Tourism Growth

Subprogramme				Adjusted appropriation	Medium-term expenditure estimate		
R million	Audited outcome			2010/11	2011/12	2012/13	2013/14
	2007/08	2008/09	2009/10				
Tourism Growth Management	–	–	–	2.3	3.6	8.3	8.1
Marketing, Responsible Tourism and Quality Assurance	12.3	12.2	15.1	6.9	9.7	10.7	11.4
Capacity Building	0.8	1.0	5.0	17.8	12.1	13.2	14.1
South African Tourism	517.6	582.1	699.5	631.7	668.6	701.8	740.4
Total	530.7	595.3	719.6	658.7	694.1	734.0	774.0
Change to 2010 Budget estimate				3.1	(0.1)	(2.0)	(2.4)
Economic classification							
Current payments	12.3	12.2	15.1	21.1	24.1	30.9	32.2
Compensation of employees	6.9	6.4	9.9	12.6	17.5	19.5	20.9
Goods and services	5.4	5.8	5.3	8.5	6.6	11.3	11.3
of which:							
Computer services	0.0	0.3	0.3	–	0.0	0.0	0.0
Consultants and professional services:	0.9	0.1	0.1	1.8	1.1	1.1	1.2
Business and advisory services							
Lease payments	0.0	0.1	0.1	0.1	0.1	0.1	0.1
Travel and subsistence	1.4	2.3	2.0	2.1	2.4	2.7	2.9
Transfers and subsidies	518.4	583.1	704.5	637.2	669.6	702.8	741.5
Departmental agencies and accounts	517.6	582.1	699.5	631.7	668.6	701.8	740.4
Non-profit institutions	0.8	1.0	5.0	5.5	1.0	1.0	1.1
Payments for capital assets	–	–	–	0.4	0.3	0.3	0.3
Machinery and equipment	–	–	–	0.4	0.3	0.3	0.3
Total	530.7	595.3	719.6	658.7	694.1	734.0	774.0
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	517.6	582.1	699.5	631.7	668.6	701.8	740.4
South African Tourism	517.6	582.1	699.5	631.7	668.6	701.8	740.4

Expenditure trends

The spending focus over the MTEF period will be on strengthening the adoption of norms and standards, developing guidelines and strategies for the tourism sector, and marketing South Africa as a preferred destination.

Expenditure increased from R530.7 million in 2007/08 to R658.7 million in 2010/11, at an average annual rate of 7.5 per cent, due to increased allocations to South African Tourism for international marketing. Over the MTEF period, expenditure is projected to grow at an average annual rate of 5.5 per cent, to reach R774.0 million in 2013/14. The increase is mainly in the transfer payment to South African Tourism for international tourism marketing.

The ratio of administrative costs to line function costs is 1:33.3.

Programme 4: Policy, Research, Monitoring and Evaluation

- *Policy, Research, Monitoring and Evaluation Management* provides overall administrative and operational support services for the programme's activities through facilitating research and information and knowledge management. The subprogramme has a staff complement of 4.
- *Policy Development and Evaluation* manages policy development, sector planning, and monitoring and evaluation for tourism through developing and implementing models for local tourism development planning. It also ensures that the tourism policy environment is conducive to sustainable growth and development, and is responsible for tourism law reform. The subprogramme has a staff complement of 9, and the bulk of its budget is used for coordinating the implementation of the tourism sector strategy between government, industry and civil society.
- *Research and Knowledge Management* facilitates research and information and knowledge management by: researching international best practices for tourism growth and development; setting and implementing minimum sector information standards and guidelines; coordinating various information sources; promoting the commercialisation of available information; and ensuring that information about products and services is available. The subprogramme has a staff complement of 9, and the bulk of its budget is used for research and systems development.

Objectives and measures

- Ensure that the tourism policy environment is conducive to sustainable growth and development by:
 - providing mechanisms and developing frameworks to support local tourism planning and development over the medium term
 - creating alignment with provincial and local government and a sector budget structure on an ongoing basis
 - facilitating information and knowledge management by rationalising the framework for visitor information over the medium term
 - reviewing the Tourism Act (1993) over the medium term.

Expenditure estimates

Table 35.7 Policy, Research, Monitoring and Evaluation

Table 33.7 Policy, Research, Monitoring and Evaluation							
Subprogramme				Adjusted			
	Audited outcome			appropriation	Medium-term expenditure estimate		
R million	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Policy, Research, Monitoring and Evaluation Management	–	–	–	1.8	3.8	8.1	8.1
Policy Development and Evaluation	3.4	13.6	10.4	6.9	10.7	11.0	11.4
Research and Knowledge Management	4.1	4.3	4.6	5.9	12.4	13.0	13.5
Total	7.5	17.9	15.0	14.6	26.9	32.1	33.0
Change to 2010 Budget estimate				3.6	8.6	(2.3)	(3.3)
Economic classification							
Current payments	7.5	17.9	15.0	14.2	26.8	32.1	33.0
Compensation of employees	2.7	7.4	9.2	8.6	14.6	16.2	17.3
Goods and services	4.9	10.5	5.7	5.7	12.2	15.8	15.6
<i>of which:</i>							
<i>Computer services</i>	<i>0.0</i>	<i>0.3</i>	<i>0.0</i>	<i>0.6</i>	<i>0.3</i>	<i>0.4</i>	<i>0.3</i>
<i>Consultants and professional services:</i>	<i>1.3</i>	<i>0.1</i>	<i>0.9</i>	<i>1.8</i>	<i>6.6</i>	<i>9.4</i>	<i>9.2</i>
<i>Business and advisory services</i>							
<i>Lease payments</i>	<i>0.0</i>	<i>0.1</i>	<i>0.0</i>	<i>0.1</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>
<i>Travel and subsistence</i>	<i>1.1</i>	<i>7.0</i>	<i>1.8</i>	<i>1.8</i>	<i>3.4</i>	<i>3.9</i>	<i>3.9</i>
Payments for capital assets	–	–	–	0.4	0.1	0.0	0.0
Machinery and equipment	–	–	–	0.2	0.1	0.0	0.0
Software and other intangible assets	–	–	–	0.2	–	–	–
Total	7.5	17.9	15.0	14.6	26.9	32.1	33.0

Expenditure trends

Spending over the medium term will focus on support to ensure the inclusion of tourism priorities in provincial growth and development strategies and in the integrated development plans of municipalities. Funds will also be used for: coordinating the implementation of the tourism sector strategy between government, industry and civil society; ensuring collective ownership of the sector commitments, and delivery; research; and developing and implementing a reliable and accessible information and knowledge management system.

Expenditure increased from R7.5 million in 2007/08 to R14.6 million in 2010/11, at an average annual rate of 24.7 per cent, mainly due to annual salary increases and inflation adjustments.

Expenditure is expected to increase over the MTEF period, at an average annual rate of 31.4 per cent, to reach R33.0 million. The growth is mainly due to the R8.8 million increase in compensation of employees, as a result of phasing in additional posts to reach the total establishment of 45 posts in 2013/14.

The ratio of administrative costs to line function costs is 1:0.6.

Public entities and other agencies

South African Tourism

Strategic overview: 2007/08 – 2013/14

The core business of South African Tourism, established in terms of the Tourism Act (1993), is to market South Africa as a tourism destination of choice. Key activities include the promotion of tourism by encouraging travel to and within South Africa and ensuring the highest attainable standards of tourism services and facilities.

Key objectives over the medium term include: increasing the annual volume of international tourists; increasing the average spend per tourist; increasing the international brand awareness of South Africa as a travel destination; increasing the number of graded accommodation establishments; and leveraging off the gains made in the tourism industry from the 2010 FIFA World Cup.

Funding is primarily used for running offices in market countries to reduce seasonality in the industry and for facilitating the grading of products and services.

Savings and cost effectiveness measures

Over the medium term the organisation will realise a reduction in their budget amounting to R10 million, and has therefore cut back on some of its planned 2011/12 international marketing projects, and will delay its plans to open an office in Brazil. In 2011, South African Tourism will seek partnership opportunities to try and improve its marketing footprint in this critical South American market.

Selected performance indicators

Table 35.8 South African Tourism

Indicator	Past			Current	Projections		
	2007/8	2008/9	2009/10	2010/11	2011/12	2012/13	2013/14
Number of international tourist arrivals per year	9 090 881	9 591 828	9 933 966	10 193 585	10 295 521	10 398 476	10 502 461
-land arrivals	6 626 731	7 087 452	7 490 425	7 834 324	7 912 668	7 991 794	7 452 532
-air arrivals	2 464 150	2 504 376	2 443 541	2 359 261	2 382 853	2 406 682	3 049 927
Average spend per tourist per year							
-international tourists	R7 000	R8 100	R8 400	R8 700	R9 222	R9 775	R10 360
-land tourists	R5 800	R6 200	R7 100	R7 100	R7 500	R7 900	R8 400
-air tourists	R10 200	R13 800	R13 000	R14 200	R15 000	R15 900	R16 800
Percentage of global brand awareness	75%	76%	79%	77%	78%	79%	79%
Percentage of brand positivity	38%	37%	38%	40%	41%	42%	42%
Total number of accommodation establishments graded	6 400	6 940	8 196	8 288	8 288	9 117	10 029

Details of programmes/activities/objectives

South African Tourism markets South Africa as a tourism destination of choice, with key activities including the promotion of tourism to South Africa and ensuring quality standards by managing international portfolios, building the South African Tourism brand, and ensuring a recognisable and credible, globally benchmarked system of quality assurance.

Almost half of the organisation's budget (R386 million) will go to the International Marketing Programme to deliver 10 million international arrivals by the end of 2011. This target will be achieved through marketing, trade partnerships and deal driven campaigns. Each market has specific consumer segments, which are targeted according to their needs and preferences as well as their travel behaviour.

Expenditure estimates

Table 35.9 South African Tourism

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
International Portfolios	360.8	382.5	405.4	367.6	386.0	409.2	436.2
Head Office Marketing	135.2	215.8	293.7	249.2	267.0	275.2	279.5
Head Office Support	76.0	70.8	85.4	105.7	109.8	115.3	126.4
Head Office Finance	29.7	31.5	33.5	35.4	37.5	39.8	42.2
Tourism Grading Council of South Africa	31.5	33.4	35.4	37.5	39.8	42.2	44.7
Total expense	633.3	734.0	853.5	795.5	840.2	881.6	929.0

Table 35.10 South African Tourism

Statement of financial performance				Revised estimate	Medium-term estimate		
R million	Audited outcome			2010/11	2011/12	2012/13	2013/14
	2007/08	2008/09	2009/10				
Revenue							
Non-tax revenue	82.2	99.2	91.9	89.8	95.6	101.8	108.6
Sale of goods and services other than capital assets	51.9	73.1	70.9	82.4	88.1	94.1	100.8
of which:							
Sales by market establishments	1.3	0.0	–	–	–	–	–
Other sales	50.6	73.1	70.9	82.4	88.1	94.1	100.8
Other non-tax revenue	30.3	26.0	20.9	7.4	7.5	7.7	7.8
Transfers received	574.6	641.8	775.0	705.7	744.6	779.8	820.4
Total revenue	656.9	740.9	866.9	795.5	840.2	881.6	929.0
Expenses							
Current expense	633.3	734.0	853.5	795.5	840.2	881.6	929.0
Compensation of employees	95.3	110.9	111.5	117.8	124.9	131.9	138.6
Goods and services	528.3	604.7	723.0	642.6	681.2	719.3	756.0
Depreciation	4.1	8.6	14.8	16.4	17.4	18.3	19.1
Interest, dividends and rent on land	5.6	9.7	4.2	18.7	16.8	12.2	15.4
Total expenses	633.3	734.0	853.5	795.5	840.2	881.6	929.0
Surplus / (Deficit)	23.6	6.9	13.4	–	–	–	–
Statement of financial position							
Carrying value of assets	62.5	86.9	74.3	73.0	67.9	62.4	59.2
of which: Acquisition of assets	13.9	34.2	10.9	15.2	12.2	12.8	15.9
Receivables and prepayments	42.0	36.8	75.8	30.9	32.4	34.1	35.8
Cash and cash equivalents	178.6	162.6	224.7	237.2	249.3	262.1	275.4
Total assets	283.1	286.3	374.7	341.1	349.6	358.5	370.4

Table 35.10 South African Tourism (continued)

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Accumulated surplus/deficit	47.4	54.6	68.2	48.3	41.9	35.1	30.4
Capital and reserves	14.7	14.5	17.5	18.5	19.4	20.4	21.5
Trade and other payables	202.3	180.5	209.8	190.7	200.4	210.6	221.3
Provisions	9.7	11.7	19.8	13.8	14.5	15.3	16.1
Liabilities not classified elsewhere	9.0	25.0	59.5	69.9	73.4	77.2	81.1
Total equity and liabilities	283.1	286.3	374.7	341.1	349.6	358.5	370.4

Expenditure trends

Transfers from the department are the main source of revenue for South African Tourism. The organisation also receives transfers from the Tourism Business Council of South Africa in the form of tourism levies collected by Tourism Marketing South Africa. The entity uses the bulk of its funding for international marketing initiatives and a portion for creating brand awareness and positivity. It will continue to focus spending on global media deals, which increases brand traction in overseas markets and tourism arrivals in South Africa. Over the previous MTEF period, the organisation prioritised its spending on awareness activities in preparation for the 2010 FIFA World Cup, using marketing initiatives that enabled leveraging off the brand after the tournament.

Transfers received from the Department of Tourism are expected to increase from R631.7 million in 2010/11 to R740.4 million in 2013/14, at an average annual rate of 5.4 per cent. The transfer from the department for 2010/11 comprises R483 762 million for tourism marketing, R147 908 million for operational expenditure and R15 million for the Tourism Grading Council of South Africa.

Between 2007/08 and 2008/09 expenditure increased by 15.9 per cent and again by 16.3 percent between 2008/09 and 2009/10 in line with the focus on 2010 FIFA World Cup. Due to the growth in the African and Chinese markets, an office was opened in Beijing, China, and one in Luanda, Angola, is being established. Additional funding received in 2009/10 was for implementing the Tourism Grading Council of South Africa's new IT system and appointing the provincial master assessors. The 16.4 per cent increase in expenditure on compensation of employees experienced between 2007/08 and 2008/09 is due to an expansion in the number of international offices.

Personnel information

Table 35.11 South African Tourism

	Post status as at 30 September 2010			Number of posts filled on funded establishment						
	Number of posts on approved establishment	Number of funded posts (establishment)	Number of vacant posts	Actual			Mid-year ¹	Medium-term estimate		
				2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Board members	12	12	–	12	12	12	12	12	12	12
Executive management	5	5	–	4	4	5	5	5	5	5
Middle management	14	14	–	14	14	14	14	14	14	14
Professionals	117	117	13	152	140	135	104	129	129	129
Total	148	148	13	182	170	166	135	160	160	160
Compensation (R thousand)				95 270	110 912	111 459	117 810	124 879	131 872	138 597
Unit cost (R thousand)				523	652	671	873	780	824	866

1. As at 30 September 2010.

South African Tourism has an establishment of 148 posts, with none additional to the approved establishment. The number of posts decreased from 182 in 2007/08 to 135 in 2010/11, and is expected to grow to 160 over the medium term. This is as a result of the board's decision to unfreeze certain positions as well as the intention to open new offices in the African market.

As at 30 September 2010 there were 13 vacancies due to the imposition of a moratorium on the filling of posts.

The ratio of support staff to line function staff is currently 1:37.

Additional tables

Table 35.A Summary of expenditure trends and estimates per programme and economic classification

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R million	2009/10		2009/10	2010/11			2010/11
Administration	92.1	96.0	85.9	124.3	54.6	178.8	178.8
Tourism Development	312.0	325.1	325.1	360.9	(29.3)	331.7	331.7
Tourism Growth	690.6	719.6	719.6	655.6	3.1	658.7	658.7
Policy, Research, Monitoring and Evaluation	14.4	15.0	15.0	11.0	3.6	14.6	14.6
Total	1 109.1	1 155.7	1 145.6	1 151.8	32.0	1 183.8	1 183.8
Economic classification							
Current payments	145.0	147.8	137.7	196.1	24.6	220.7	220.7
Compensation of employees	86.6	89.6	89.6	98.5	2.6	101.1	101.1
Goods and services	58.4	58.2	48.1	97.6	22.0	119.6	119.6
Transfers and subsidies	963.6	1 007.5	1 007.5	953.3	(20.3)	933.0	933.0
Departmental agencies and accounts	655.7	699.5	699.5	631.7	–	631.7	631.7
Foreign governments and international organisations	4.0	4.0	4.0	4.6	(1.3)	3.3	3.3
Non-profit institutions	59.1	59.1	59.1	46.7	(19.0)	27.7	27.7
Households	244.9	244.9	244.9	270.3	–	270.3	270.3
Payments for capital assets	0.4	0.4	0.4	2.4	27.7	30.1	30.1
Machinery and equipment	0.4	0.4	0.4	2.1	27.7	29.8	29.8
Software and other intangible assets	0.0	0.0	0.0	0.3	–	0.3	0.3
Total	1 109.1	1 155.7	1 145.6	1 151.8	32.0	1 183.8	1 183.8

Table 35.B Detail of approved establishment and personnel numbers according to salary level¹

	Personnel post status as at 30 September 2010			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year ² 2010/11	Medium-term estimate		
				2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Department	450	336	12	161	161	161	272	336	450	450
Salary level 1 – 6	89	71	10	32	32	33	57	71	89	89
Salary level 7 – 10	208	137	–	65	65	64	107	137	208	208
Salary level 11 – 12	94	76	–	36	36	35	58	76	94	94
Salary level 13 – 16	59	52	2	28	28	30	50	52	59	59
Administration	272	205	12	95	95	93	165	205	272	272
Salary level 1 – 6	68	54	10	25	25	24	43	54	68	68
Salary level 7 – 10	132	89	–	37	37	37	65	89	132	132
Salary level 11 – 12	41	35	–	17	17	17	30	35	41	41
Salary level 13 – 16	31	27	2	16	16	15	27	27	31	31
Tourism Development	92	70	–	36	36	36	58	70	92	92
Salary level 1 – 6	8	6	–	3	3	3	5	6	8	8
Salary level 7 – 10	38	28	–	14	14	14	23	28	38	38
Salary level 11 – 12	33	24	–	12	12	12	19	24	33	33
Salary level 13 – 16	13	12	–	7	7	7	11	12	13	13
Tourism Growth	41	29	–	30	30	20	27	29	41	41
Salary level 1 – 6	5	5	–	4	4	3	4	5	5	5
Salary level 7 – 10	17	10	–	13	13	9	12	10	17	17
Salary level 11 – 12	11	9	–	7	7	4	6	9	11	11
Salary level 13 – 16	8	5	–	6	6	4	5	5	8	8

Table 35.B Detail of approved establishment and personnel numbers according to salary level¹ (continued)

	Personnel post status as at 30 September 2010			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year ²	Medium-term estimate		
				2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Policy, Research, Monitoring and Evaluation	45	32	–	–	–	12	22	32	45	45
Salary level 1 – 6	8	6	–	–	–	3	5	6	8	8
Salary level 7 – 10	21	10	–	–	–	4	7	10	21	21
Salary level 11 – 12	9	8	–	–	–	2	3	8	9	9
Salary level 13 – 16	7	8	–	–	–	4	7	8	7	7

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

2. As at 30 September 2010.

Table 35.C Summary of expenditure on training

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Compensation of employees (R million)	130.8	106.4	89.6	101.1	141.9	158.4	169.4
Training expenditure (R million)	1.4	1.5	1.0	1.0	1.0	1.1	1.1
Training as percentage of compensation of employees	1.1%	1.4%	1.1%	1.0%	0.7%	0.7%	0.7%
Total number trained in department (head count)	64	65	–	–			
of which:							
Employees receiving bursaries (head count)	13	13	–	–			
Learnerships trained (head count)	9	9	–	–			
Internships trained (head count)	40	40	–	–			
Households receiving bursaries (R million)	0.5	0.6	0.7	0.7	0.7	0.7	0.8
Households receiving bursaries (head count)	20	20	–	–			

Vote 36

Trade and Industry

Budget summary

R million	2011/12				2012/13	2013/14
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	466.3	455.8	0.6	9.8	499.4	558.8
International Trade and Economic Development	129.7	95.2	33.9	0.6	132.6	139.9
Empowerment and Enterprise Development	839.7	84.8	754.5	0.4	863.1	909.3
Industrial Development	1 266.9	105.9	1 160.5	0.5	1 487.2	1 491.0
Consumer and Corporate Regulation	231.7	66.3	165.4	–	242.1	256.7
The Enterprise Organisation	3 469.1	122.8	3 345.3	1.0	3 743.3	3 795.8
Trade and Investment South Africa	306.1	164.6	140.3	1.3	315.1	332.1
Communication and Marketing	77.4	76.9	–	0.5	84.1	88.8
Total expenditure estimates	6 786.9	1 172.4	5 600.4	14.1	7 366.9	7 572.4

Executive authority Minister of Trade and Industry
 Accounting officer Director General of Trade and Industry
 Website address www.thedti.gov.za

More detailed information for each vote is available at www.treasury.gov.za. More comprehensive coverage of vote specific information, particularly on goods and services, transfers and subsidies, donor funding, public entities and lower level institutional information, is provided.

Aim

Lead and facilitate access to sustainable economic activity and employment for all South Africans through its understanding of the economy, its knowledge of economic opportunities and potential, and its anticipation of future economic trends. The department also aims to catalyse economic transformation and development, and to provide a predictable, competitive, equitable and socially responsible environment for investment, enterprise and trade for economic citizens. In this way, the department will contribute to achieving government's vision of an adaptive and restructured economy, characterised by accelerated economic growth, employment creation and greater equity by 2014.

Programme purposes

Programme 1: Administration

Purpose: Strategic leadership for the department and its agencies, to ensure the successful implementation of the department's mandate through sustainable and integrated resource solutions and services that are customer centric.

Programme 2: International Trade and Economic Development

Purpose: Build an equitable global trading system that facilitates development, by strengthening trade and investment links with key economies and by fostering African development, including through regional and continental integration and development cooperation in line with the New Partnership for Africa's Development.

Programme 3: Empowerment and Enterprise Development

Purpose: Lead the development of policies and strategies that create an enabling environment for small, medium and micro enterprises, and enhance the competitiveness of local and provincial economies, to achieve inclusive shared equity, growth and job creation.

Programme 4: Industrial Development

Purpose: Design and implement policies, strategies and programmes for the development of manufacturing and related sectors of the economy, contribute to the direct and indirect creation of decent jobs, value-addition and competitiveness in both domestic and export markets.

Programme 5: Consumer and Corporate Regulation

Purpose: Develop and implement coherent, predictable and transparent regulatory solutions that facilitate easy access to redress and efficient regulation for economic citizens.

Programme 6: The Enterprise Organisation

Purpose: Stimulate and facilitate the development of sustainable, competitive enterprises through the efficient provision of effective and accessible incentive measures that support national priorities.

Programme 7: Trade and Investment South Africa

Purpose: Increase export capacity and support direct investment flows through strategies for targeted markets and an effectively managed network of foreign trade offices.

Programme 8: Communication and Marketing

Purpose: Facilitate greater awareness of the department's role and increase the uptake of its products and services.

Strategic overview: 2007/08 – 2013/14

The Department of Trade and Industry's medium term strategy is guided by a number of strategy and policy key documents, which inform its three main objectives: increased investment levels; increased labour absorption and competitiveness; and broader participation in the economy. Concretely, meeting these objectives involves: coordinating the implementation of government priorities; promoting direct investment and growth in the industrial and services economy, with particular focus on creating employment; raising the level of exports and promoting equitable trade; promoting broader participation, equity and redress in the economy; and contributing to the development and regional integration of Africa within the New Partnership for Africa's Development (NEPAD) framework.

In addition, the department's strategy has been aligned with government's 12 outcomes. The department contributes directly to the creation of decent employment through inclusive economic growth (outcome 4) through the following outputs: faster and sustainable inclusive growth (output 1); more labour absorbing growth (output 2); increased competitiveness to raise net exports, grow trade as a share of world trade and improve its composition (output 4); improved support to small businesses and cooperatives (output 6); and the development of a competitive and integrated SMME sector. Specific programmes have been developed over the MTEF period through which the department will contribute towards these outputs.

The department is responsible for managing government's industrial policy and has developed a detailed implementation plan, the industrial policy action plan 2, released in February 2010. The document lays out specific projects, many of which are housed within the department's programmes and entities. The minister's service delivery agreement is linked to the progress of the plan as well as the creation of decent employment through inclusive economic growth (outcome 4). The organisation of the department is aligned with the broad themes of: industrial development; trade, investment and exports; broadening participation; regulation; and administration and coordination. The structure will also accommodate the changes in activity and direction that the department makes as it aligns its work with the outcomes of government and the plans laid out in the industrial policy action plan 2.

Strategic focus

Broadening participation

One of the key industrial policy goals is the promotion of a broader based industrial path where there is more participation by historically disadvantaged economic citizens and marginalised regions in the mainstream of the industrial economy. To this end, the department will promote enterprise development, economic empowerment, the development of skills for the economy, the facilitation of economic infrastructure, as well as enhancing technology and innovation.

The focus will be on improving productivity, reducing the regulatory burden and cost of doing business, improving access to finance for small, medium and micro enterprises (SMMEs) and cooperatives, improving innovation in the domestic economy, promoting the development and sustainability of SMMEs and cooperatives, and encouraging entrepreneurship and self-employment. Business development support programmes will therefore be strengthened and regulatory impact assessment will be addressed to create a conducive environment for enterprise growth.

The department will work to increase and diversify economic opportunities for black people, and for black owned and women owned enterprises, especially in priority industrial sectors. It will undertake a review of the broad based black economic empowerment (BEE) legislation and regulations to enhance efficiency, and expand opportunities for broader participation in the economy. Special attention will be given to preferential procurement and black supplier development initiatives.

Industrial development

To improve the economy's performance, as well as investment, employment, and competitiveness, the department will implement appropriate policies and strategies. The automotive and clothing and textiles sectors have been identified as key strategic sectors for which the department will continue improving incentive schemes to boost manufacturing capacity and support job creation.

Industrial policy interventions to support developmental objectives will be reviewed. An updated and comprehensive amended industrial policy action plan will be released towards the end of 2011/12. However, to reach higher levels of growth and reduce the current account deficit, significant progress still needs to be made in achieving actual and substantial increases in productive employment and structurally transforming key sectors. The challenge is to substantially raise the level of industrial policy interventions in a range of sectors and at the same time build the necessary capacity in the department to manage this up scaling.

In relation to incentives for industries and enterprises, further work is planned to align the industrial financing regime with industrial policy objectives. Production incentives in the automotive and clothing and textiles sectors will be increasingly grant based, thus reducing the reliance on tax incentives. Over the medium term, the department will also focus on improving the efficiency of the incentive administration system to record applications and deal with claims, verify information and document all correspondence.

Trade, investment and exports

Increasing the level of international trade is critical to domestic economic growth and development, and it is also an output linked to the outcome to create decent employment through inclusive economic growth. Here, the department provides leadership on trade policy, and released the trade policy and strategy framework, which was adopted by Cabinet in July 2010. The framework aims to promote the development of higher value added, labour absorbing production. To complement this framework, the department has also developed strategies for export development and promotion, as well as investment promotion and facilitation. A single integrated facilitation centre has been created to deal with investors and exporters.

Currently the department has a network of 45 foreign economic offices abroad to facilitate business on behalf of South African companies. This network is spread over 38 countries and provides a substantial footprint for South African business to access markets globally. In 2008/09, the new foreign economic office strategy was approved, which, when fully implemented, will result in the department having a total of 56 offices in 44 countries. This will include new offices in Tehran in Iran; Kinshasa in the Democratic Republic of the Congo, and Harare in Zimbabwe. The department assists exporters by providing information, financial support and practical assistance to sustain growth in traditional markets and penetrate new high growth markets. Good progress has been made in defining new high growth markets that showed resilience in the global economic

crisis, including in China, India, Russia and the Democratic Republic of the Congo. The ground work was also laid for engaging with the Brazilian market. A more targeted approach has been adopted for investment attraction activities, and there is a pipeline of R115 billion worth of investment projects in the next three years. The focus is on investments that have a greater multiplier effect to the South African economy.

At the multilateral level, South Africa continues to play a prominent and active role in the World Trade Organisation, and supports the consolidation of the G20 group of developing countries, which seeks to ensure a developmental outcome in industrial tariff negotiations. Progress has been made in trade integration in the Southern African Development Community (SADC). Over the medium term, the SADC will focus on addressing rules of origin, trade facilitation, and non-tariff barriers. South Africa has recently been invited to join the Brazil-Russia-India-China group of emerging economies and this represents a significant opportunity for the country to attract trade and investment and to have a greater involvement in global economic decision making.

New public entities

The department initiated a review of the corporate law regime and the consumer law, resulting in the passing of the Companies Act (2008) and the Consumer Protection Act (2008). The acts bring about the establishment of five new agencies: the Companies and Intellectual Property Commission, the Companies and Intellectual Property Tribunal, the Takeover Regulation Panel, the Financial Reporting Standards Council and the National Consumer Commission. All these agencies will become operational in 2011/12. The department will have oversight over these entities.

Savings and cost effectiveness measures

The department has identified efficiency savings of R115.5 million over the MTEF period in spending on goods and services and non-recurrent expenditure. The department's cost saving initiatives include: booking all local and international trips of less than 5 hours in economy class; using venues on the department campus for meetings and workshops instead of hiring outside venues; and reducing advertising, catering services and contractor costs. In addition, the department has reprioritised some budget items. R1.6 billion was reprioritised over the MTEF period, mainly from underperforming incentive schemes and the Coega industrial development zone, to provide additional funding to other incentives that are receiving more claims than budgeted for and to provide a baseline for the East London and Richards Bay industrial development zones.

Selected performance indicators

Table 36.1 Trade and Industry

Indicator	Programme	Past			Current	Projections		
		2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Total number of projects implemented under the national industrial participation programme since its inception	Industrial Development	200	225	250	275	290	310	310
Total value of investment and export credits under the national industrial participation programme since its inception	Industrial Development	US\$9bn	US\$13bn	US\$14bn	US\$15bn	US\$16bn	US\$16.5bn	US\$16.5bn
Total number of direct jobs created under the national industrial participation programme since its inception	Industrial Development	16 500	17 500	18 500	19 000	20 000	20 500	20 500
Number of companies implementing cleaner production activities, including energy efficiency, per year	Industrial Development	18	6	20	26	32	38	46

Table 36.1 Trade and Industry (continued)

Indicator	Programme	Past			Current	Projections		
		2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Number of companies receiving cleaner production audits, including energy efficiency, per year	Industrial Development	55	24	80	105	130	130	130
Number of projects supported under the support programme for industrial innovation per year	Empowerment and Enterprise Development	75	85	100	110	20	20	20
Value of support for industrial innovation projects per year	Empowerment and Enterprise Development	R100m	R120m	R160m	R110m	R20m	R20m	R20m
Number of technology incubators supported per year	Empowerment and Enterprise Development	24	29	29	34	39	44	49
Number of technology transfer interventions supported per year	Empowerment and Enterprise Development	40	30	40	40	40	40	40
Number of projects supported by the technology and human resources for industry programme per year	Empowerment and Enterprise Development	297	310	330	350	350	350	350
Number of students supported by the technology and human resources for industry programme per year	Empowerment and Enterprise Development	2 500	2 500	2 500	2 000	2 100	2 200	2 200
Number of researchers supported by the technology and human resources for industry programme per year	Empowerment and Enterprise Development	700	730	750	650	700	700	700
Number of enterprises supported by the technology and human resources for industry programme per year	Empowerment and Enterprise Development	198	400	450	350	350	350	350
Number of BEE charters assisted with alignment to codes of good practice and gazetting per year in terms of section 12 and 9 of the Black Economic Empowerment Act (2004)	Empowerment and Enterprise Development	3	7	9	12	15	15	15
Number of companies assisted per year with:	The Enterprise Organisation							
- export market and investment assistance		1 693	1 203	1 500	1 600	801	870	909
-business process outsourcing		–	10	12	15	10	15	20
-black business supplier Development programme		1 200	1 320	1 600	1 830	1 455	1 600	1 780
- enterprise development programme		3 500	3 200	1 800	600 ¹	300 ¹	250 ¹	150 ¹
- enterprise investment programme		–	50	300	500	390	450	550
- cooperatives		–	150	220	280	130	135	145
Number of film and television productions assisted per year	The Enterprise Organisation	40	60	80	55	60	63	70
Number of bilateral and regional trade and investment agreements signed per year	International Trade and Economic Development	12	12	12	12	12	12	12
Number of successful technical and business missions to foreign countries and companies undertaken per year	International Trade and Economic Development	15	15	15	15	15	15	15
Number of government-to-government platforms per year	International Trade and Economic Development	–	18	18	18	18	18	18

Table 36.1 Trade and Industry (continued)

Indicator	Programme	Past			Current	Projections		
		2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Number of target internal and external events and exhibitions per year	Communication and Marketing	50	50	100	120	150	150	150
Key performance indicators for Coega industrial development zone:	The Enterprise Organisation							
- total value of investment per year		R5.9bn	R22.07bn	R800m	R2bn	R3bn	R3.5bn	R4bn
- number of jobs created per year		4 867	4 906	2 775	800	1 200	1 400	1 600
- number of further investors expected per year		–	2	4	6	6	7	8
Key performance indicators for East London industrial development zone:	The Enterprise Organisation							
- number of foreign investors per year		6	7	4	6	2	3	4
- value of investments per year		R271m	R347m	R96m	R300m	R350m	R500m	R750m
- number of jobs created per year		649	525	192	432	700	100	1 400
Key performance indicators for Richards Bay industrial development zone:	The Enterprise Organisation							
- number of foreign investors per year		1	–	4	1	2	3	3
- value of investments per year		R650m	–	R1.9bn	R250m	R300m	R400m	R500m
- number of jobs created per year		1 200	140	375	150	100	200	300
Key performance indicators for the critical infrastructure programme:	The Enterprise Organisation							
- number of new projects per year		7	5	12	14	8	12	13
- value of investments per year		R9.5bn	R12bn	R6bn	R7bn	R4bn	R6bn	R6.5bn
- number of jobs created per year		6 387	3 910	2 510	2 820	3 520	3 600	4 000
Number of direct jobs created per year:	The Enterprise Organisation							
- enterprise investment programme		–	–	1 025	17 775	8 400	9 240	10 140
- business process outsourcing		–	5 950	2 340	8 925	5 000	6 000	7 000

1. The programme is gradually being phased out and is being replaced by the enterprise investment programme.

Expenditure estimates

Table 36.2 Trade and Industry

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10			2011/12	2012/13	2013/14
R million				2010/11				
Administration	310.7	345.6	400.1	443.3	432.9	466.3	499.4	558.8
International Trade and Economic Development	77.8	108.6	123.0	125.1	115.1	129.7	132.6	139.9
Empowerment and Enterprise Development	1 315.5	1 065.1	1 155.6	792.0	787.3	839.7	863.1	909.3
Industrial Development	330.9	418.7	430.5	1 137.0	1 132.0	1 266.9	1 487.2	1 491.0
Consumer and Corporate Regulation	106.0	111.6	133.8	195.5	182.5	231.7	242.1	256.7
The Enterprise Organisation	2 563.1	2 400.7	3 338.2	3 085.9	3 030.9	3 469.1	3 743.3	3 795.8
Trade and Investment South Africa	284.5	310.2	299.0	351.5	347.5	306.1	315.1	332.1
Communication and Marketing	61.5	76.1	43.1	64.0	47.4	77.4	84.1	88.8
Total	5 050.2	4 836.7	5 923.3	6 194.2	6 075.5	6 786.9	7 366.9	7 572.4
Change to 2010 Budget estimate				44.1	(74.6)	29.5	102.9	(40.4)

Table 36.2 Trade and Industry (continued)

R million	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
Economic classification								
Current payments	721.0	907.2	935.1	1 144.0	1 073.2	1 172.4	1 236.3	1 338.2
Compensation of employees	327.5	383.1	437.7	569.8	533.3	602.2	644.2	676.4
Goods and services	393.5	524.1	497.4	574.1	539.9	570.1	592.1	661.8
of which:								
Consultants and professional services:	36.2	55.6	40.4	83.1	74.1	91.9	89.8	94.0
Business and advisory services								
Lease payments	16.5	157.7	179.4	170.8	170.8	166.7	182.4	192.2
Travel and subsistence	75.9	99.7	74.2	105.4	97.9	101.1	104.8	111.5
Venues and facilities	162.0	54.9	41.1	34.0	27.5	37.0	36.7	70.7
Transfers and subsidies	4 279.2	3 903.5	4 961.9	5 032.8	4 984.8	5 600.4	6 117.6	6 224.0
Departmental agencies and accounts	1 329.4	1 117.2	1 200.9	859.6	849.6	969.1	1 053.9	1 134.2
Universities and technikons	–	10.5	15.5	2.3	2.3	0.0	0.0	0.0
Foreign governments and international organisations	30.6	34.2	31.4	39.1	39.1	34.7	34.8	36.8
Public corporations and private enterprises	2 912.6	2 730.4	3 704.0	4 096.3	4 058.3	4 581.9	5 011.0	5 034.0
Non-profit institutions	5.0	6.1	7.6	33.0	33.0	14.7	17.9	18.9
Households	1.6	5.2	2.6	2.5	2.5	–	–	–
Payments for capital assets	24.1	22.1	23.2	17.5	17.5	14.1	13.0	10.3
Machinery and equipment	20.5	14.8	20.4	13.0	13.0	9.9	10.0	9.8
Software and other intangible assets	3.6	7.2	2.7	4.5	4.5	4.3	3.0	0.5
Payments for financial assets	25.9	3.9	3.2	–	–	–	–	–
Total	5 050.2	4 836.7	5 923.3	6 194.2	6 075.5	6 786.9	7 366.9	7 572.4

Expenditure trends

The spending focus over the MTEF period will be on industrial development programmes, which will directly contribute to the creation of decent jobs.

Expenditure increased from R5.1 billion in 2007/08 to R6.2 billion in 2010/11, at an average annual rate of 7.0 per cent. Over the MTEF period, expenditure is expected to increase to R7.6 billion at an average annual rate of 7.6 per cent. The bulk of the increase in both periods is in the *Industrial Development* and *The Enterprise Organisation* programmes, as a result of the introduction of support programmes for the automotive and clothing and textile sectors. Incentive schemes account for more than 60 per cent of the total budget and are classified under transfer payments. The major incentive schemes are the production incentives for the automotive and the clothing and textile sectors, as well as the enterprise investment programme, which focuses on manufacturing.

Expenditure on consultants and professional services is expected to increase from R83.1 million in 2010/11 to R94.0 million in 2013/14, at an average annual rate of 4.2 per cent. These services are mostly used in legal services on contracts and industrial research and incentive reviews.

Personnel information

The department has an establishment of 1 395 posts, all of which are funded and 104 are additional to the approved establishment. The number of posts filled increased from 890 in 2007/08 to 1 129 in 2010/11, and is expected to grow to 1 320 over the medium term. The increase over the medium term is mainly as a result of the strategic move to split the activities of the *Enterprise and Industrial Development* programme into the *Empowerment and Enterprise Development* and *Industrial Development* programmes, with the industrial policy action plan activities demanding more specifically skilled staff.

There are 266 vacancies in the department, of which 86 are below middle management, 88 at the middle management level and 94 at the senior management level. Most of the vacancies are in the *International Trade*

and *Economic Development* programmes, and remain vacant because terminations exceeded appointments. Promotions in the department and the creation of some new positions also contributed to the vacancies.

Infrastructure spending

Spending relates primarily to the critical infrastructure programme and the industrial development zones. Contributions through the critical infrastructure programme have generated about R56.9 billion worth of investments and have supported more than 69 424 direct job opportunities, representing a decline from 74 000 initially reported in 2009, due to the economic recession and cancellation of some projects.

Over the past eight years, a total of R4.8 billion has been allocated to the three industrial development zones: Coega received R3.5 billion, East London R1.2 billion and Richards Bay R88.4 million. Since the inception of the industrial development zones programme in 2001, 38 investors with an investment value of R12.8 billion have been secured and 41 451 jobs have been created. R1.6 billion has been allocated to the three zones over the medium term: Coega will receive R1.1 billion, East London R421.3 million and Richards Bay R132.7 million.

Mega projects

Coega industrial development zone

The Coega industrial development zone, which is a flagship industrial development zone project, was designated in 2001. The site near Port Elizabeth, which was originally a greenfield area, includes 11 500ha of land and is adjacent Ngqura deepwater port. Some of the key sectors at the Coega industrial development zone include agro-processing, general manufacturing, business process services, energy, automotives and petrochemicals. Infrastructure programmes include road construction, earthworks, electricity, water and sewerage, factory buildings, and offices.

The Coega industrial development zone is designed to attract private sector investment in export orientated industries. It aims to create jobs within the industrial development zone, promote the use of domestic industries outside Coega, and boost growth through increased exports, technology transfer and increased employment. Coega has a pipeline of 22 private commitments in excess of R40 billion. To date there were 24 commitments worth R49 billion that had been finalised and 10 investors with in excess of R500 million invested are already operational in the industrial development zone.

The Coega Development Corporation's expenditure increased from R726 million in 2007/08 to R859.9 million in 2009/10 and decreased to R714 million in 2010/11. The budget allocated to the corporation over the medium term is R1.1 billion. The corporation's expenditure is expected to decline to R308.2 million over the medium term.

East London industrial development zone

East London industrial development zone was designated in 2001. The zone's key focus sectors are the following: automotive, marine aquaculture, agro-processing, pharmaceutical industry, information communication and technology, electronics, business process services, and the automotive supplier park. 25 investors have been secured since inception, 21 of whom are operational on site and have generated an investment value worth of R1.3 billion. The zone has created 930 direct jobs and 11 300 construction jobs. The zone is projected to attract 9 investors with an estimated investment value of R1.6 billion and 3 200 jobs over the medium term. The East London industrial development zone received R124.9 million in 2007/08, R154 million in 2008/09 and R373.4 million in 2009/10. In 2010/11, the zone has received R198 million and over the MTEF period is expected to receive R171.3 million in 2011/12, R150 million in 2012/13 and R100 million in 2013/14.

Critical infrastructure programme

It is estimated that over 11 120 direct job opportunities are to be supported through the critical infrastructure programme over the MTEF period. The projects supported by the critical infrastructure programme have committed to support upstream and downstream industries to produce value added products in line with national industrial policy. The budget allocation for the programme increased from R60.2 million in 2007/08 to R80.7 million in 2010/11. Over the MTEF period, expenditure is set to increase to R191.7 million. The programme covers multiple sectors, including mining, tourism and manufacturing, and is distributed across all nine provinces.

Large projects

Richards Bay Industrial Development Zone

The Richards Bay industrial development zone is in the process of developing infrastructure to enable investors to locate in that province. The sectoral focus of the zone includes aluminium clustering, wood, chemicals and mineral beneficiation. In 2006/07, the zone attracted an investment of R650 million from Tata Steel. The zone projected to secure 8 investors worth an investment value of R1.2 billion and create 600 jobs over the medium term. The zone's allocation was R68.4 million in 2009/10 and R20 million in 2010/11. Over the MTEF period, the allocation will increase to R30 million.

Departmental receipts

Revenue is mainly generated from financial transactions in assets and liabilities: debt recoverable, interest from debts and bank deposits, cash receipt from senior management parking, recycling of papers, and garnish and liquor licences. Between 2007/08 and 2010/11, departmental receipts increased from R94.2 million to R108.3 million, at an average annual rate of 4.8 per cent. Over the MTEF period, it is estimated that revenue will increase to R121.5 million as fees will be adjusted upwards with cost recovery and inflation increases.

Table 36.3 Departmental receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2007/08	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
Departmental receipts	94 217	64 931	52 570	108 260	90 327	115 011	120 290	121 537
Tax receipts	3 835	3 064	3 008	3 430	3 100	3 805	5 000	5 200
Sales of goods and services produced by department	–	–	–	160	225	255	290	305
Interest, dividends and rent on land	11 315	1 912	1 950	22 260	1 002	23 596	25 000	25 032
Sales of capital assets	204	110	2	–	–	–	–	–
Transactions in financial assets and liabilities	78 863	59 845	47 610	82 410	86 000	87 355	90 000	91 000
Total	94 217.0	64 931.0	52 570.0	108 260.0	90 327.0	115 011.0	120 290.0	121 537.0

Programme 1: Administration

Expenditure estimates

Table 36.4 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
R million							
Ministry ¹	23.6	29.9	27.6	38.6	35.2	37.0	39.0
Office of the Director General	33.0	33.8	39.9	57.7	65.1	69.3	73.2
Corporate Services	226.1	245.6	293.0	304.7	319.0	343.8	362.7
Office Accommodation	6.0	6.5	7.1	7.8	8.3	8.7	9.2
Financial Management	22.1	29.9	32.6	34.4	38.7	40.6	74.7
Total	310.7	345.6	400.1	443.3	466.3	499.4	558.8
Change to 2010 Budget estimate				(5.3)	(10.5)	1.7	33.7

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

Table 36.4 Administration (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Economic classification							
Current payments	285.7	330.8	377.6	428.5	455.8	490.6	552.9
Compensation of employees	69.4	87.3	103.7	139.8	158.8	171.1	179.9
Goods and services	216.3	243.5	274.0	288.7	297.0	319.5	373.0
of which:							
Consultants and professional services:	5.7	14.6	12.0	16.8	22.1	25.2	25.5
Business and advisory services							
Lease payments	–	146.6	165.7	155.4	157.0	172.3	181.7
Travel and subsistence	16.3	20.0	12.1	21.3	19.8	21.0	22.1
Venues and facilities	134.4	1.5	2.4	2.8	3.0	2.9	33.9
Transfers and subsidies	6.2	1.8	2.5	2.8	0.6	0.7	0.7
Public corporations and private enterprises	5.3	0.5	0.6	0.6	0.6	0.7	0.7
Households	0.9	1.3	1.9	2.2	–	–	–
Payments for capital assets	18.9	11.0	17.4	11.9	9.8	8.2	5.2
Machinery and equipment	15.3	7.6	15.9	7.5	5.7	5.3	4.9
Software and other intangible assets	3.6	3.4	1.5	4.4	4.1	2.9	0.3
Payments for financial assets	–	2.0	2.6	–	–	–	–
Total	310.7	345.6	400.1	443.3	466.3	499.4	558.8

Expenditure trends

Expenditure increased from R310.7 million in 2007/08 to R443.3 million in 2010/11, at an average annual rate of 12.6 per cent. Over the MTEF period, expenditure is expected to increase to R558.8 million, at an average annual rate of 8 per cent. The increase in expenditure in both periods is mainly due to organisational development, increased staff capacity and business process re-engineering.

The largest allocation goes to the *Corporate Services* subprogramme, which accounts for 69.7 per cent of the programme's total budget on average over the seven-year period. Expenditure in this subprogramme increased from R226.1 million in 2007/08 to R304.7 million in 2010/11, at an average annual rate of 10.5 per cent, and is expected to increase to R362.7 million over the medium term, at an average annual rate of 6 per cent. The main cost drivers are compensation of employees and goods and services.

Programme 2: International Trade and Economic Development

- *International Trade Development* facilitates bilateral and multilateral trade relations and agreements. The subprogramme makes transfers to: the Organisation for the Prohibition of Chemical Weapons, as the South African contribution to the Chemical Weapons Convention; ProTechnik Laboratories, as the South African contribution to international non-proliferation treaties and regimes; and the World Trade Organisation, as the South African membership fee to this global organisation dealing with rules of trade between countries. The Canadian Trade Facilitation Office and the Indian Foreign Training Institute collaborated with Trade and Investment South Africa to design a world class training programme for prospective foreign economic representatives. The subprogramme has a staff complement of 107, and a total budget of R81.2 million in 2011/12, of which 63 per cent is used for compensation of employees.
- *African Economic Development* facilitates bilateral and multilateral African trade relations aimed at deepening regional integration. The subprogramme makes a transfer payment to the Development Bank of Southern Africa for regional spatial development initiatives aimed at accelerating sustainable socioeconomic development. It has a staff complement of 51, and a total budget of R48.4 million, of which 37 per cent is used for compensation of employees.

Objectives and measures

- Promote African economic integration and development at bilateral, regional and continental levels by consolidating the Southern African Customs Union and the SADC free trade area, launching the SADC-East African Community-Common Market for Eastern and Southern Africa free trade area and implementing spatial development initiatives in Southern Africa by 2014.
- Advance South Africa's trade, industrial policy and economic development objectives through building mutually beneficial economic relations with key economies by overcoming the tariff and non-tariff barriers that inhibit South African value added exports in key economies around the world by 2014.
- Build national consensus around trade and investment policy, strategy and negotiation by strengthening research and national consultations as a basis for agreed national policy positions by 2014.

Expenditure estimates

Table 36.5 International Trade and Economic Development

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R million	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
International Trade Development	43.0	68.8	80.2	79.2	81.2	82.0	85.8
African Economic Development	34.8	39.7	42.8	45.9	48.4	50.6	54.2
Total	77.8	108.6	123.0	125.1	129.7	132.6	139.9
Change to 2010 Budget estimate				(6.1)	(0.9)	(0.9)	(0.9)

Economic classification

Current payments	51.0	80.2	88.8	92.8	95.2	96.5	101.9
Compensation of employees	32.1	40.3	47.2	61.9	68.3	73.1	75.0
Goods and services	18.9	39.9	41.6	31.0	26.9	23.4	26.8
of which:							
Consultants and professional services:	0.5	0.6	1.3	2.8	3.7	1.4	1.7
Business and advisory services							
Lease payments	0.0	–	0.1	0.4	–	–	–
Travel and subsistence	14.1	18.4	15.6	16.1	17.3	17.6	18.6
Venues and facilities	1.2	3.0	1.4	1.1	0.9	0.9	3.1
Transfers and subsidies	26.2	28.0	33.6	31.8	33.9	35.4	37.3
Foreign governments and international organisations	9.7	10.6	10.3	12.0	13.0	13.5	14.2
Public corporations and private enterprises	16.5	17.1	23.3	19.8	20.9	21.9	23.1
Households	0.0	0.2	–	–	–	–	–
Payments for capital assets	0.6	0.4	0.6	0.5	0.6	0.7	0.7
Machinery and equipment	0.6	0.4	0.6	0.5	0.6	0.7	0.7
Total	77.8	108.6	123.0	125.1	129.7	132.6	139.9

Details of selected transfers and subsidies

Foreign governments and international organisations							
Current	9.7	10.6	10.3	12.0	13.0	13.5	14.2
Organisation for the Prohibition of Chemical Weapons	2.2	2.3	2.6	3.4	4.0	4.0	4.2
World Trade Organisation	7.5	8.3	7.7	8.6	9.0	9.5	10.0
Public corporations and private enterprises							
Public corporations							
Other transfers to public corporations							
Current	16.1	16.8	18.0	18.8	19.9	20.9	22.1
Development Bank of Southern Africa:	14.5	15.2	15.9	16.5	17.5	18.5	19.5
Regional Spatial Development Initiatives							
ProTechnik Laboratories	1.5	1.6	2.1	2.3	2.4	2.4	2.5
Capital	0.4	0.3	5.3	1.0	1.0	1.0	1.1
ProTechnik Laboratories	0.4	0.3	5.3	1.0	1.0	1.0	1.1

Expenditure trends

The spending focus over the MTEF period will be on transfers to the World Trade Organisation and the Organisation for the Prohibition of Chemical Weapons for membership fees, to the Development Bank of Southern Africa for contributions to the regional spatial development programme, and to ProTechnik Laboratories for current and capital transfer payments.

Expenditure increased from R77.8 million in 2007/08 to R125.1 million in 2010/11, at an average annual rate of 17.1 per cent. The growth is mainly as a result of expenditure in goods and services, which increased due to international legal proceedings, and expenditure in compensation of employees, which increased due to expanded capacity. These items increased current payments from R51 million in 2007/08 to R92.8 million in 2010/11, at an average annual rate of 22.1 per cent.

Over the medium term, expenditure is expected to increase to R139.9 million, at an average annual rate of 3.8 per cent, mainly to provide for additional capacity and improved conditions of service.

Programme 3: Empowerment and Enterprise Development

- *Enterprise Development* creates an enabling environment conducive to the development and growth of SMMEs and cooperative enterprises, and provides a broad range of business development support services. Provision is made for the Small Enterprise Development Agency, which provides non-financial business development and support services for small enterprises. The subprogramme has a staff complement of 28, and a total budget of R438.6 million for 2011/12, of which more than 90 per cent is used for transfer payments to public entities such as the Small Enterprise Development Agency.
- *Equity and Empowerment* promotes BEE and women's economic empowerment. The subprogramme makes transfer payments to: the National Empowerment Fund, which targets transactions that present the best and highest contribution to the entity's empowerment dividend measure; the South African Women Entrepreneurs' Network, a networking platform administered by Khula Enterprise Finance, which supports and grows women's entrepreneurship; and the Industrial Development Corporation's Isivande Women's Fund, which provides financial support to women entrepreneurs. The subprogramme has a staff complement of 28, and a total budget of R41.3 million for 2011/12, of which slightly more than 50 per cent is used for compensation of employees and goods and services.
- *Regional Economic Development* promotes spatially balanced economic development and productivity improvements by crafting policies, strategies and programmes that focus on underdeveloped regions. The subprogramme makes transfers to: the National Research Foundation's Technology and Human Resources for Industry programme, which support research and technology development by strengthening the number and skills of appropriately trained people; Productivity South Africa's Workplace Challenge programme, which finances and supports world class manufacturing and value chain efficiency improvements in South African companies; the Industrial Development Corporation's Support Programme for Industrial Innovation, which enables private sector enterprises to develop new products and services; the Small Enterprise Development Agency's Technology programme, which finances and supports early, seed and start up technology ventures aimed at increasing South Africa's competitiveness; and the Centre for Entrepreneurship, which combines technical graduate training and entrepreneurship in the higher education curricula, thus empowering emerging entrepreneurs and unemployed graduates. The subprogramme has a staff complement of 56, and a total budget of R359.8 million for 2011/12, of which approximately 90 per cent is used for these transfer payments.

Objectives and measures

- Foster the growth of SMMEs and cooperatives by:
 - facilitating the provision of business development support to increase the current number of SMMEs (estimated at 2 million) and to increase the contributions of SMMEs and cooperatives to GDP from the current estimated 40 per cent to 45 per cent by 2014
 - funding equipment to assist with the establishment of 300 small scale cooperatives over the next 3 years, resulting in 1 500 new jobs or memberships of cooperatives

- facilitating access to procurement opportunities for SMMEs and cooperatives during the course of 2012 by overseeing the implementation of the 10 products strategy, which is aimed at increasing the share of SMMEs and cooperatives in government and state owned enterprises procurement
- integrating entrepreneurship into the curriculum and research activities of 4 universities and 2 further education and training colleges over the next 3 years
- strengthening and upscaling the incubator programme to generate 600 new enterprises that can provide at least 5 000 jobs by 2014
- aligning BEE with industrial policy to facilitate the increased participation of blacks and women in priority sectors by 2013
- supporting 60 innovative projects and at least 6 000 students to participate in the development of new technologies over the next 3 years, thus contributing to the establishment of new SMEs
- supporting the development of at least 3 underdeveloped areas through targeted interventions by 2014
- improving the competitiveness of at least 120 companies by 2013 through the workplace challenge programme.

Expenditure estimates

Table 36.6 Empowerment and Enterprise Development

Subprogramme				Adjusted appropriation	Medium-term expenditure estimate		
R million	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Enterprise Development	275.6	433.6	355.9	412.7	438.6	450.1	474.7
Equity and Empowerment	739.5	353.9	461.0	41.7	41.3	42.9	45.1
Regional Economic Development	300.4	277.7	338.7	337.7	359.8	370.2	389.5
Total	1 315.5	1 065.1	1 155.6	792.0	839.7	863.1	909.3
Change to 2010 Budget estimate				14.2	4.0	(1.9)	(3.2)
Economic classification							
Current payments	31.0	43.9	63.4	83.0	84.8	89.2	93.6
Compensation of employees	13.2	29.2	35.7	44.1	49.0	52.6	55.3
Goods and services	17.8	14.7	27.7	39.0	35.9	36.5	38.4
of which:							
Consultants and professional services:	6.6	3.8	10.6	16.7	16.1	16.3	17.2
Business and advisory services							
Lease payments	0.0	–	0.1	0.3	0.3	0.4	0.4
Travel and subsistence	5.7	5.5	8.0	8.7	11.3	11.5	12.0
Venues and facilities	3.4	2.1	1.7	3.3	2.8	2.9	3.0
Transfers and subsidies	1 284.3	1 021.2	1 091.8	708.4	754.5	773.4	815.1
Departmental agencies and accounts	1 205.9	973.9	1 012.5	635.1	686.3	701.8	740.4
Universities and technikons	–	2.0	6.5	0.0	0.0	0.0	0.0
Public corporations and private enterprises	73.3	39.1	65.1	65.5	60.5	63.6	66.4
Non-profit institutions	5.0	6.1	7.6	7.5	7.7	7.9	8.3
Households	0.1	–	0.1	0.2	–	–	–
Payments for capital assets	0.3	0.1	0.4	0.6	0.4	0.6	0.6
Machinery and equipment	0.3	0.1	0.4	0.6	0.4	0.6	0.6
Total	1 315.5	1 065.1	1 155.6	792.0	839.7	863.1	909.3
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	1 205.9	973.9	1 012.5	635.1	686.3	701.8	740.4
Small Enterprise Development Agency	258.8	413.6	331.2	400.1	413.3	423.6	446.9
National Empowerment Fund	710.0	312.9	427.6	–	–	–	–
Small Enterprise Development Agency Technology Programme	73.4	76.7	78.3	76.0	110.0	113.0	119.2
National Research Foundation: Technology and Human Resources for Industry Programme	155.5	162.0	163.8	151.0	155.0	157.0	165.6
National Productivity Institute: Workplace Challenge	8.3	8.7	11.5	8.0	8.0	8.2	8.7

Table 36.6 Empowerment and Enterprise Development (continued)

R million	Audited outcome			Adjusted appropriation 2010/11	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Public corporations and private enterprises							
Public corporations							
Public corporations - subsidies on products and production							
Current	10.6	14.1	2.0	0.0	0.0	0.0	0.0
Council for Scientific and Industrial Research: Fibre and Textile Centre of Excellence	–	3.0	2.0	0.0	0.0	0.0	0.0
South African Bureau of Standard: Trade Metrology	10.6	11.1	–	–	–	–	–
Non-profit institutions							
Current	5.0	6.1	7.6	7.5	7.7	7.9	8.3
South African Women Entrepreneurs' Network	5.0	6.1	7.6	7.5	7.7	7.9	8.3
Universities and technikons							
Current	–	2.0	6.5	0.0	0.0	0.0	0.0
Witwatersrand Business School: Centre for Entrepreneurship	–	2.0	6.5	0.0	0.0	0.0	0.0
Public corporations and private enterprises							
Public corporations							
Other transfers to public corporations							
Current	10.0	19.0	9.9	10.5	10.7	10.9	11.5
Industrial Development Corporation: Isivande Women's Fund	10.0	19.0	9.9	10.5	10.7	10.9	11.5
Capital	52.7	6.0	53.1	55.0	49.8	52.7	54.9
Industrial Development Corporation: Support Programme for Industrial Innovation	46.9	–	47.7	55.0	49.8	52.7	54.9
Industrial Development Corporation: Technology Venture Capital	5.8	6.0	5.5	0.0	0.0	0.0	0.0

Expenditure trends

The spending focus over the MTEF period will be on financing the operations of the Small Enterprise Development Agency, whose transfers are mainly reflected in the *Enterprise Development* subprogramme and make up, on average, 61.7 per cent of the programme's budget over this period.

Between 2007/08 and 2010/11, expenditure decreased from R1.3 billion to R792 million at an average annual rate of 15.6 per cent. This trend is mainly due to the phasing out of funding to the National Empowerment Fund, and to the transfer of Khula Enterprise Finance and the South African Micro-Finance Apex Fund to the Economic Development Department in 2010/11.

Expenditure is expected to increase to R909.3 million in 2013/14, at an average annual rate of about 4.7 per cent, mainly to provide for increased transfers to the Small Enterprise Development Agency.

Programme 4: Industrial Development

- *Industrial Competitiveness* develops policies, strategies and programmes to strengthen the ability of manufacturing and other value added sectors to create decent jobs and increase value addition and competitiveness in domestic and export markets, as set out in the annual three-year rolling industrial policy action plan. The subprogramme has a staff complement of 49, and a total budget of R487.8 million in 2011/12.
- *Customised Sector Programmes* develops and implements high impact sector strategies focused on manufacturing and other value added sectors to create decent jobs and increase value addition and competitiveness in domestic and export markets, as set out in the annual three-year rolling industrial policy

action plan. The subprogramme has a staff complement of 99, and a total budget of R779.1 million in 2011/12.

Objectives and measures

- Contribute to the direct and indirect creation of decent jobs, value addition and competitiveness in both domestic and export markets by developing policies, strategies and programmes for the manufacturing sector and related sectors as set out in the industrial policy action plan.
- Ensure, through standards, quality assurance, accreditation and metrology institutions, that technical infrastructure policies and institutions play a strategic role in industrial policy, particularly in dealing with unsafe and poor quality imports and in promoting access to high value export markets.
- Support industrial upgrading through:
 - specific incentives schemes that support capital investment over the MTEF period
 - developing and implementing an industrial climate change response plan and cleaner production initiatives in at least 200 companies over the MTEF period.
- Leveraging large public procurements to promote industrial development through the reorientation of the national industrial participation programme and active engagement with the large ‘fleet’ procurements of public entities.
- Respond to the growing imperatives of climate change and environmental concerns and opportunities by promoting green industries and resource efficiency as set out in the industrial policy action plan.

Expenditure estimates

Table 36.7 Industrial Development

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
R million							
Industrial Competitiveness	289.8	309.2	328.6	547.7	487.8	508.9	492.0
Customised Sector Programmes	41.1	109.5	101.8	589.2	779.1	978.3	998.9
Total	330.9	418.7	430.5	1 137.0	1 266.9	1 487.2	1 491.0
Change to 2010 Budget estimate				84.8	44.4	124.4	103.9
Economic classification							
Current payments	80.5	89.0	62.4	96.4	105.9	107.1	112.9
Compensation of employees	47.6	43.0	45.1	61.1	66.0	71.0	74.9
Goods and services	33.0	46.1	17.3	35.3	39.8	36.1	38.1
of which:							
Consultants and professional services:	12.4	11.9	6.4	14.3	18.9	13.8	14.5
Business and advisory services							
Lease payments	–	0.0	0.1	0.1	0.1	0.1	0.1
Travel and subsistence	11.6	18.8	7.3	10.2	11.6	12.1	12.7
Venues and facilities	4.8	8.6	0.8	4.7	3.3	3.8	4.0
Transfers and subsidies	249.8	326.2	367.8	1 039.9	1 160.5	1 379.5	1 377.5
Departmental agencies and accounts	59.3	80.5	105.4	100.6	120.4	184.8	216.0
Universities and technikons	–	8.5	9.0	2.3	0.0	0.0	0.0
Foreign governments and international organisations	4.9	10.5	8.1	13.0	7.0	5.0	5.3
Public corporations and private enterprises	185.4	223.2	245.3	923.9	1 033.1	1 189.7	1 156.2
Households	0.3	3.3	–	–	–	–	–
Payments for capital assets	0.6	3.5	0.3	0.7	0.5	0.6	0.6
Machinery and equipment	0.6	0.7	0.3	0.7	0.5	0.6	0.6
Software and other intangible assets	–	2.8	–	–	–	–	–
Total	330.9	418.7	430.5	1 137.0	1 266.9	1 487.2	1 491.0

Table 36.7 Industrial Development (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	59.3	80.5	105.4	100.6	120.4	184.8	216.0
South African National Accreditation System	12.5	13.8	14.7	18.2	20.6	29.4	31.7
National Metrology Institute of South Africa	46.8	55.0	54.8	55.3	62.6	76.2	83.5
National Regulator for Compulsory Specifications	–	11.8	35.9	27.1	37.2	79.2	100.8
Foreign governments and international organisations							
Current	4.9	10.5	8.1	13.0	7.0	5.0	5.3
United Nations Industrial Development Organisation	4.9	3.5	3.1	4.0	4.8	5.0	5.3
United Nations Industrial Development Organisation: Automotive Component Supplier Development Programme	–	4.6	5.0	7.0	–	–	–
French Institute of South Africa: African Programme on Rethinking Development Economics	–	2.5	–	2.0	2.2	–	–
Households							
Households other transfers							
Current	–	3.0	–	–	–	–	–
Umsobomvu Youth Fund: Sponsorship	–	3.0	–	–	–	–	–
Universities and technikons							
Current	–	8.5	9.0	0.8	0.0	0.0	0.0
University of the Witwatersrand: National Aerospace Skills Sector Support Centre	–	3.0	4.0	0.0	0.0	0.0	0.0
University of Johannesburg: Capacity Building Programme for Economic Development	–	–	5.0	0.0	–	–	–
North-West University: Advanced Manufacturing Skills Sector Support Programme	–	3.0	–	0.8	0.0	0.0	0.0
University of Pretoria: Advanced Engineering Centre of Excellence	–	2.5	–	0.0	0.0	0.0	0.0
Public corporations and private enterprises							
Private enterprises							
Private enterprises - subsidies on products and production							
Current	–	–	–	6.5	7.0	21.0	18.2
National Foundry Technology Network: Metals	–	–	–	6.5	7.0	21.0	18.2
Public corporations and private enterprises							
Private enterprises							
Other transfers to private enterprises							
Current	–	20.0	7.5	37.4	25.0	64.2	70.2
Intsimbi National Tooling Initiative	–	–	7.5	32.4	15.0	49.2	54.4
Centurion Aerospace Village	–	20.0	–	5.0	10.0	15.0	15.8
Capital	–	–	–	32.5	–	–	–
Centurion Aerospace Village	–	–	–	32.5	–	–	–
Public corporations and private enterprises							
Public corporations							
Other transfers to public corporations							
Current	173.1	190.9	226.7	662.0	886.1	1 034.0	1 045.4
Industrial Development Corporation: Customised Sector Programmes	–	39.0	48.7	51.1	57.4	56.4	57.0
Council for Scientific and Industrial Research: National Cleaner Production Centre	4.5	9.8	19.0	32.1	40.1	41.2	41.7

Table 36.7 Industrial Development (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Industrial Development Corporation:	30.0	–	–	–	–	–	–
Regional Industrial Development							
South African Bureau of Standards:	138.6	142.1	153.7	178.8	181.5	186.4	188.4
Research Contribution							
Nuclear Energy Corporation of South Africa	–	–	5.3	–	–	–	–
Industrial Development Corporation:	–	–	–	400.0	600.0	750.0	758.3
Clothing and Textile Production Incentive							
South African Bureau of Standards:	–	–	–	–	7.0	–	–
Upgrading of vehicle testing facility							
Capital	10.0	10.0	9.9	184.1	114.0	69.4	21.2
Council for Scientific and Industrial Research: Aerospace Industry	10.0	10.0	9.9	9.9	20.8	21.4	21.2
South African Bureau of Standards-infrastructure	–	–	–	174.2	93.2	48.0	–

Expenditure trends

Spending over the medium term will be focused on the production incentive schemes for the clothing and textile industry, which amounts to R2.1 billion over the MTEF period, reflected in the *Customised Sector Programmes* subprogramme. Clothing, textiles, footwear and leather is a priority sector due to its labour intensive nature.

Between 2007/08 and 2010/11, expenditure increased significantly from R330.9 million to R1.1 billion, at an average annual rate of 50.9 per cent. Much of this growth is accounted for by the introduction of the customised sector programmes and the clothing and textile production incentive schemes, which are administered by the Industrial Development Corporation.

Over the MTEF period, expenditure is expected to increase to R1.5 billion, at an average annual rate of 9.5 per cent, mainly for increased transfers to public corporations and private enterprises.

Programme 5: Consumer and Corporate Regulation

- *Policy and Legislative Development* develops regulatory solutions, including through ongoing legislative reviews. The subprogramme has a staff complement of 20, and a total budget of R16.6 million in 2011/12, of which 69 per cent is used for compensation of employees and related costs. 2010/11 projects include the review of the Estate Agency Affairs Act (1976) and the review of intellectual property laws and policy.
- *Enforcement and Compliance* provides the public and private sector with policy reviews and briefings on trends analysis, impact assessments, market surveys, and the effectiveness of regulatory agencies and voluntary compliance. The staff complement is 77, and the total budget R41 million in 2011/12, of which 71 per cent is used for compensation of employees. In 2010/11: 15 stakeholders were engaged; workshops, community radio interviews and other outreach activities reached more than 5 million people; and 60 inspections were carried out in the liquor industry.
- *Regulatory Services* monitors and funds the following regulatory agencies: the National Gambling Board, which provides a regulatory framework for gambling practices; the National Consumer Tribunal, which ensures equity in the credit market and balances the rights and responsibilities of credit providers and consumers; the National Credit Regulator, which regulates the consumer credit industry to improve consumer protection in the end user credit market; the National Consumer Commission, which ensures well functioning markets that are fair, competitive and responsible to consumers; The Companies and Intellectual Property Commission, which regulates the enforcement of intellectual property and company laws, including registration of companies; the National Lotteries Board, which regulates the National Lottery and all other South African lotteries; the Estate Agency Affairs Board, which regulates the activities of estate agents and protects consumers; the Companies and Intellectual Property Tribunal, which adjudicates matters arising in terms of the Companies Act (2008); the Takeover Regulation Panel and the Financial Reporting Standards Council, which will be established following the Companies Act (2008) and will regulate affected transactions and issue standards; and the World Intellectual Property Organisation, which facilitates a South

African contribution to an international regime for intellectual properties. The staff complement is 20, and the total budget R174.1 million in 2011/12, of which 5 per cent is used for compensation of employees.

Objectives and measures

- Increase access to economic opportunities for historically disadvantaged citizens through enhancing business confidence and the certainty of South African business regulation by aligning the relevant laws and policies and how they are implemented.
- Harmonise consumer protection, regulate real estate matters and strengthen the protection of consumers who take mortgage agreements by reviewing the Alienation of Land Act (1981) for proper alignment and coordination with the Estate Agency Affairs Act (1976) and drafting a bill for Cabinet approval in 2011/12, and publishing regulations in 2012/13.
 - Improve efficient licensing, reduce the cost of compliance to SMMEs, protect and empower consumers and promote the participation of historically disadvantaged individuals in real estate by reviewing the Estate Agency Affairs Act (1976) and drafting a bill for Cabinet approval in 2011/12, and publishing regulations in 2012/13.
- Ensure the harmonisation of intellectual property laws and policy to avoid fragmentation, promote economic development and encourage innovation by reviewing the laws and policies and drafting a policy for Cabinet approval in 2011/12, drafting a bill for Cabinet approval in 2012/13, and developing and publishing regulations in 2013/14.
- Improve efficiency in lottery governance structures and ensure the optimal distribution of lottery funds for developmental purposes by reviewing the Lotteries Act (1997) and drafting a bill for Cabinet approval in 2011/12, and publishing regulations in 2012/13.
- Reduce the regulatory burden on business and facilitate the efficient registration of businesses by developing the integrated business register in 2011/12 and implementing it, including maintenance, in 2012/13.

Expenditure estimates

Table 36.8 Consumer and Corporate Regulation

Subprogramme				Adjusted appropriation	Medium-term expenditure estimate		
R million	Audited outcome						
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Policy and Legislative Development	8.7	12.2	10.1	21.4	16.6	23.4	24.7
Enforcement and Compliance	27.7	29.8	32.9	41.5	41.0	37.5	39.5
Regulatory Services	69.6	69.6	90.7	132.7	174.1	181.2	192.4
Total	106.0	111.6	133.8	195.5	231.7	242.1	256.7
Change to 2010 Budget estimate				4.0	13.7	12.7	14.7
Economic classification							
Current payments	39.1	44.9	48.1	68.1	66.3	70.9	74.7
Compensation of employees	29.7	31.7	36.4	44.4	48.0	51.6	54.4
Goods and services	9.4	13.1	11.7	23.7	18.3	19.2	20.3
of which:							
Consultants and professional services:	2.2	4.8	2.4	11.6	8.4	8.6	9.3
Business and advisory services							
Lease payments	–	–	0.1	0.1	0.0	0.0	0.0
Travel and subsistence	3.5	3.9	3.4	6.0	4.6	5.8	6.1
Venues and facilities	1.3	1.6	0.9	1.6	1.2	1.3	1.3
Transfers and subsidies	66.6	66.1	85.5	126.8	165.4	171.2	182.0
Departmental agencies and accounts	64.3	62.7	82.9	123.8	162.5	167.2	177.8
Foreign governments and international organisations	2.3	3.1	2.6	3.0	2.9	4.0	4.2
Households	0.0	0.3	–	–	–	–	–

Table 36.8 Consumer and Corporate Regulation (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Payments for capital assets	0.3	0.6	0.3	0.6	–	–	–
Machinery and equipment	0.3	0.6	0.3	0.6	–	–	–
Total	106.0	111.6	133.8	195.5	231.7	242.1	256.7

Details of selected transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	64.3	62.7	82.9	123.8	162.5	167.2	177.8
National Credit Regulator	44.5	34.1	43.9	46.0	53.0	54.0	57.9
National Gambling Board	19.8	17.3	21.6	22.0	23.6	25.0	26.4
National Consumer Tribunal	–	11.4	17.5	22.1	28.8	32.5	35.2
Companies and Intellectual Property Commission	–	–	–	9.0	14.0	4.2	4.4
National Consumer Commission	–	–	–	24.8	33.0	41.6	43.9
Companies and Intellectual Property Tribunal	–	–	–	–	10.0	10.0	10.0
Foreign governments and international organisations							
Current	2.3	3.1	2.6	3.0	2.9	4.0	4.2
World Intellectual Property Organisation	2.3	3.1	2.6	3.0	2.9	4.0	4.2

Expenditure trends

Spending over the MTEF period will be focused in the *Regulatory Services* subprogramme, which makes transfers to regulatory institutions.

Expenditure increased from R106 million in 2007/08 to R195.5 million in 2010/11, at an average annual rate of 22.6 per cent. The increase is as a result of the establishment of new entities, such as the National Consumer Tribunal, the National Consumer Commission, the Companies and Intellectual Property Commission, and the Companies Tribunal.

Over the MTEF period, expenditure is expected to increase to R256.7 million, at an average annual rate of 9.5 per cent, and will mainly provide for increased transfers to departmental agencies.

Programme 6: The Enterprise Organisation

- *Broadening Participation Incentives* provides incentive programmes that promote broadened competitiveness and export incentives participation by historically disadvantaged communities and marginalised regions in the mainstream economy. The black business supplier development programme and the cooperatives incentive scheme form part of this subprogramme. The subprogramme has a staff complement of 43, and a total budget of R144.7 million for 2011/12, of which 91.6 per cent is used for incentive programmes.
- *Competitiveness and Export Incentives* provides incentive programmes that promote industrial upgrading and the growth of South African goods and services in the global economy. Incentive programmes under this subprogramme include export marketing and investment assistance, the sector specific assistance scheme, and the capital projects feasibility studies programme. The subprogramme has a staff complement of 19, and a total budget of R146.3 million for 2011/12, of which 96.7 per cent is used for incentive programmes.
- *Manufacturing Incentives* provides incentive programmes that promote additional investment in the manufacturing sector. Incentive programmes under this subprogramme include the small and medium enterprise development programme, the small and medium manufacturing development programme, and the automotive production and development programme. The subprogramme has a staff complement of 115, and a total budget of R2 billion for 2011/12, of which 97 per cent is used for incentive programmes.

- *Services Sector Incentives* provides incentive programmes that promote increased investment and growth in the services sector. Incentive programmes under this subprogramme include the business process outsourcing services programme, the film and television production incentive, and the enterprise investment programme and tourism support programme. The subprogramme has a staff complement of 13, and a total budget of R412.5 million for 2011/12, of which 97.8 per cent is used for incentive programmes.
- *Infrastructure Development Support* leverages investments in the South African economy by providing infrastructure critical to industrial development, thus increasing the export of value added commodities and creating employment opportunities. Incentive programmes under this subprogramme include the Coega Development Corporation, the East London Industrial Development Zone Corporation, and the Richards Bay Industrial Development Zone Company. The subprogramme has a staff complement of 14, and a total budget of R744.1 million in 2011/12, of which 97.7 per cent is used for infrastructure projects.
- *Product and Systems Development* aims to develop, review, monitor and evaluate incentive programmes to support the national industrial policy framework and its action plan as well as sector strategies to address identified market failures. The subprogramme has a staff complement of 23, and a total budget of R9.7 million in 2011/12, of which 91.75 per cent is used for compensation of employees.
- *Business Development and After Care* facilitates access to targeted enterprises by reviewing incentive schemes for their impact and the lessons for improving old schemes or developing new ones. This subprogramme has a staff complement of 24, and a total budget of R17.2 million in 2011/12, of which 75.3 per cent is used for compensation of employees.

Objectives and measures

- Design and implement programmes or incentives that support investment, competitiveness, employment creation and equity on an ongoing basis.
- Improve the impact of incentive programmes by implementing a monitoring and evaluation system by 2011/12.
- Improve the administrative requirements for incentives to make them more user friendly by implementing an electronic online application and claim system by March 2012.
- Achieve a measurable improvement every year in identified customer focus indicators for incentive administration by developing measurable indicators and monitoring them.

Expenditure estimates

Table 36.9 The Enterprise Organisation

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
R million							
Broadening Participation Incentives	69.0	98.4	156.1	205.1	144.7	152.8	163.8
Competitiveness and Export Incentives	97.8	115.3	127.8	132.3	146.3	150.6	157.8
Manufacturing Incentives	1 053.7	1 029.0	1 360.5	1 389.2	1 994.7	2 175.4	2 315.6
Services Sector Incentives	131.6	210.5	258.4	316.8	412.5	435.2	488.7
Infrastructure Development Support	1 211.0	947.5	1 418.6	1 022.7	744.1	802.2	641.1
Product and Systems Development	–	–	8.7	9.6	9.7	10.4	10.9
Business Development and After Care	–	–	8.2	10.2	17.2	16.7	17.8
Total	2 563.1	2 400.7	3 338.2	3 085.9	3 469.1	3 743.3	3 795.8
Change to 2010 Budget estimate				(89.4)	(15.4)	(30.4)	(185.4)
Economic classification							
Current payments	50.7	70.4	88.7	118.3	122.8	131.0	138.2
Compensation of employees	38.9	49.1	67.7	87.4	90.2	96.5	101.8
Goods and services	11.8	21.3	21.0	30.9	32.6	34.5	36.4
of which:							
Consultants and professional services:	1.9	5.1	5.4	9.5	13.0	14.0	14.8
Business and advisory services							
Lease payments	0.0	–	1.0	1.4	–	–	–

Table 36.9 The Enterprise Organisation (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Travel and subsistence	5.1	8.1	7.8	12.3	14.0	14.5	15.3
Venues and facilities	0.8	1.6	0.7	1.0	1.7	1.7	1.8
Transfers and subsidies	2 511.8	2 326.7	3 247.5	2 966.0	3 345.3	3 611.2	3 656.5
Public corporations and private enterprises	2 511.6	2 326.7	3 247.3	2 966.0	3 345.3	3 611.2	3 656.5
Households	0.2	0.0	0.2	–	–	–	–
Payments for capital assets	0.7	1.8	1.8	1.5	1.0	1.1	1.1
Machinery and equipment	0.7	0.8	0.8	1.5	1.0	1.1	1.1
Software and other intangible assets	–	1.0	1.0	–	–	–	–
Payments for financial assets	–	1.8	0.2	–	–	–	–
Total	2 563.1	2 400.7	3 338.2	3 085.9	3 469.1	3 743.3	3 795.8
Details of selected transfers and subsidies							
Public corporations and private enterprises							
Private enterprises							
Private enterprises - subsidies on products and production							
Current	1 177.4	1 229.9	1 609.1	1 682.1	2 340.4	2 538.5	2 729.1
Business Process Outsourcing	35.6	105.0	78.4	63.1	143.1	144.0	176.3
Small and Medium Enterprise Development Programme	1 040.2	1 014.8	1 346.4	577.2	341.2	294.2	276.9
Film and Television Production Incentive	96.0	105.5	175.6	245.9	260.3	281.6	302.3
Small and Medium Manufacturing Development Programme	5.6	4.7	3.3	2.2	1.3	1.3	1.4
Industrial Development Zones-Other	–	–	4.5	–	0.0	0.0	0.0
Enterprise Investment Programme	–	–	0.9	246.7	674.5	803.9	887.1
Sector Development Programme	–	–	–	–	3.1	3.2	3.4
Automotive Production and Development Programme: Production Allowance	–	–	–	547.0	916.8	1 010.4	1 081.7
Public corporations and private enterprises							
Private enterprises							
Other transfers to private enterprises							
Current	123.2	148.8	230.7	271.2	270.7	281.2	297.5
Black Business Supplier Development Programme	28.5	27.3	73.9	105.6	88.1	94.2	101.7
Export Market and Investment Assistance	89.8	112.1	122.3	124.0	138.3	141.5	148.1
South African Capital Goods Feasibility Study Fund	4.9	–	–	–	–	–	–
Cooperatives Incentive Scheme	–	9.3	34.5	41.6	44.4	45.5	47.7
Capital	360.2	75.1	105.6	80.7	118.5	181.7	191.7
Critical Infrastructure Programme: ALCAN Aluminium Smelter	300.0	–	–	–	–	–	–
Critical Infrastructure Programme	60.2	75.1	105.6	80.7	118.5	181.7	191.7
Public corporations and private enterprises							
Public corporations							
Other transfers to public corporations							
Capital	850.8	872.5	1 301.7	932.0	615.7	609.9	438.2
Coega Development Corporation	726.0	718.4	859.9	714.0	383.7	417.9	308.2
East London Industrial Development Zone (Pty) Limited	124.9	154.0	373.4	198.0	171.3	150.0	100.0
Richards Bay Industrial Development Zone Company	–	–	68.4	20.0	60.7	42.0	30.0

Expenditure trends

The spending focus over the medium term will be on funding incentives schemes, which aim to create jobs and attract investment.

Expenditure increased from R2.6 billion in 2007/08 to R3.1 billion in 2010/11, at an average annual rate of 6.4 per cent, mainly due to the implementation of new schemes, such as the automotive incentive scheme and the enterprise investment programme. Over this period, the East London industrial development zone received R850.3 million, the Richards Bay industrial development zone received R88.4 million and the Coega industrial development zone received R3 billion for infrastructure development.

Over the MTEF period, expenditure is expected to increase to R3.8 billion, at an average annual rate of 7.1 per cent, mainly due to the continuous improvement of enterprise investment programme guidelines, the implementation of the automotive incentive scheme, the revised black business supplier development programme, and the revised business processing outsourcing services programme, which will attract more applications.

Programme 7: Trade and Investment South Africa

- *Investment Promotion and Facilitation* facilitates the increase in the quality and quantity of foreign and domestic direct investment by providing an investment recruitment, problem solving and information service. The subprogramme is promoting South Africa as an investment destination, with a target of R115 billion over three years, and it is also responsible for organising an international investment conference annually. It comprises 23 officials, including 7 employees at the deputy director general's office and a total budget of R40.7 million in 2011/12. A large percentage of the budget is spent on goods and services.
- *Export Development and Promotion* develops new and existing South African exporter capabilities. It provides information, financial support and practical assistance to sustain organic growth in traditional markets and penetrate new high growth markets. The subprogramme has a staff complement of 45, and a total budget of R166.9 million in 2011/12, of which 18.8 per cent is used for compensation of employees and operational costs. The remaining 81.2 per cent is for transfers and subsidies. Trade and Investment South Africa recently participated at the 2010 Shanghai World Expo and held trade and investment seminars on the theme of the modern economy in July and August 2010. The subprogramme also conducts international trade initiatives promoting exports.
- *International Operations* manages and administers the department's foreign office network to promote trade and investment in South Africa. The subprogramme has a staff complement of 24, and a total budget of R98.6 million in 2011/12.

Objectives and measures

- Implement the department's export strategy by March 2011 in order to support export growth.
- Promote trade in new or undeveloped markets through expanding trade mission offices by fully implementing the new foreign economic office strategy by March 2013.
- Promote South African products in targeted high growth markets through 6 international trade initiatives and 18 pavilions, and through funding 50 trade missions, among others, through the export councils and provincial investment promotion agencies, by March 2011.
- Facilitate markets for Southern African products and services by promoting and implementing 8 export projects in high yield targeted countries by March 2011.
- Enhance the promotion of exports and investment into targeted countries by providing a full suite of corporate services on an ongoing basis to the foreign economic offices.

Expenditure estimates

Table 36.10 Trade and Investment South Africa

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
R million							
Investment Promotion and Facilitation	24.6	33.7	42.0	68.3	40.7	44.0	46.1
Export Development and Promotion	153.4	172.7	157.8	162.4	166.9	170.5	180.3
International Operations	106.5	103.9	99.2	120.8	98.6	100.6	105.7
Total	284.5	310.2	299.0	351.5	306.1	315.1	332.1
Change to 2010 Budget estimate				60.0	(3.4)	(2.7)	(3.2)
Economic classification							
Current payments	148.9	175.5	164.2	193.4	164.6	167.6	175.8
Compensation of employees	83.0	85.9	83.6	105.8	96.3	101.4	106.8
Goods and services	65.9	89.6	80.6	87.5	68.3	66.2	68.9
of which:							
Consultants and professional services:	3.0	8.8	1.5	6.9	3.1	3.0	3.1
Business and advisory services							
Lease payments	16.4	11.0	12.3	12.9	9.1	9.6	9.9
Travel and subsistence	17.6	22.3	18.2	26.9	19.4	18.9	20.3
Venues and facilities	11.3	22.2	30.1	15.0	18.4	17.4	17.3
Transfers and subsidies	134.3	133.6	133.0	157.1	140.3	146.2	154.8
Foreign governments and international organisations	13.7	9.9	10.5	11.1	11.8	12.3	13.1
Public corporations and private enterprises	120.6	123.6	122.4	120.5	121.5	123.8	131.2
Non-profit institutions	–	–	–	25.5	7.0	10.0	10.6
Households	–	–	0.1	–	–	–	–
Payments for capital assets	1.4	1.1	1.5	1.1	1.3	1.4	1.5
Machinery and equipment	1.4	1.1	1.5	1.1	1.3	1.4	1.5
Payments for financial assets	0.0	0.0	0.3	–	–	–	–
Total	284.5	310.2	299.0	351.5	306.1	315.1	332.1
Details of selected transfers and subsidies							
Foreign governments and international organisations							
Current	13.7	9.9	10.5	11.1	11.8	12.3	13.1
Export Consultancy Trust Fund:	9.1	5.0	5.2	5.5	5.9	6.2	6.5
International Bank for Reconstruction and Development (World Bank)							
Export Consultancy Trust Fund:	4.7	5.0	5.2	5.5	5.9	6.2	6.5
International Finance Corporation							
Non-profit institutions							
Current	–	–	–	25.5	7.0	10.0	10.6
Proudly South African Campaign	–	–	–	25.5	7.0	10.0	10.6
Public corporations and private enterprises							
Public corporations							
Other transfers to public corporations							
Current	120.6	123.6	122.4	120.5	121.5	123.8	131.2
Export Credit Insurance Corporation	120.6	123.6	122.4	120.5	121.5	123.8	131.2

Expenditure trends

Spending over the MTEF period will be focused on the *Export Development and Promotion* subprogramme, which funds the interest make-up scheme for exporters.

Expenditure increased from R284.5 million in 2007/08 to R351.5 million in 2010/11, at an average annual rate of 7.3 per cent. Over the medium term, expenditure is expected to decrease to R332.1 million, at an average annual rate of 1.9 per cent. The decrease in both periods is as a result of lower expenditure in the *International Operations* subprogramme, which includes expenses related to trade missions abroad, due to efficiency savings

and the closing of certain foreign offices. Favourable exchange rates and vacancies in foreign offices result in fluctuating expenditure in this programme.

Programme 8: Communication and Marketing

- *Brand Management* manages the department's image and ensures that excellent customer service standards are upheld. This entails improving customer touch points and ensuring strong customer relationship management. The subprogramme has a staff complement of 69, and a total budget of R40.2 million in 2011/12, of which 100 per cent is used for compensation of employees and goods and services.
- *External Communications* creates consumer awareness and educational campaigns to ensure a meaningful understanding of the department's offerings. The subprogramme has a staff complement of 13, and a total budget of R28.7 million in 2011/12, of which 85 per cent is used for the marketing costs of outreach campaigns.
- *Media Relations and Public Relations* ensures that the department's image is visible by improving media relations management and public relations activities. The subprogramme has a staff complement of 8, and a total budget of R8.6 million in 2011/12, of which 50 per cent is used for media briefings, and print and electronic publications.

Objectives and measures

- Promote awareness of the department's impact on growth and development by increasing the number of awareness campaigns from 2 per quarter in 2009 to 3 per quarter in 2011.
- Minimise negative press coverage of the department by means of targeted integrated multimedia awareness campaigns and assessing its performance against benchmarks on a quarterly basis.
- Improve communication about the department's role, products and services by:
 - increasing the frequency of media updates from biweekly to daily by July 2011
 - reaching at least 95 per cent of economic citizens through external events by March 2012
 - increasing the number of media briefings from 2 per quarter to 4 per quarter by March 2012
 - increasing site visits from 2 per quarter in 2010 to 3 per quarter by March 2012.

Expenditure estimates

Table 36.11 Communication and Marketing

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R million	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Brand Management	17.3	30.6	21.0	31.5	40.2	43.9	45.2
External Communications	14.0	22.9	18.6	24.6	28.7	31.4	33.0
Media Relations and Public Relations	30.2	22.6	3.5	7.9	8.6	8.8	10.6
Total	61.5	76.1	43.1	64.0	77.4	84.1	88.8
Change to 2010 Budget estimate				(18.2)	(2.4)	(0.1)	–
Economic classification							
Current payments	34.1	72.5	41.9	63.5	76.9	83.5	88.2
Compensation of employees	13.6	16.6	18.5	25.4	25.5	26.8	28.3
Goods and services	20.5	55.9	23.4	38.1	51.4	56.7	59.9
of which:							
Consultants and professional services:	3.9	6.1	0.9	4.6	6.6	7.4	8.0
Business and advisory services							
Lease payments	0.0	0.0	0.2	0.1	0.0	0.1	0.1
Travel and subsistence	2.1	2.6	1.8	4.0	3.2	3.5	4.4
Venues and facilities	4.9	14.2	3.1	4.6	5.6	5.9	6.4
Transfers and subsidies	0.1	0.0	0.3	–	–	–	–
Households	0.1	0.0	0.3	–	–	–	–

Table 36.11 Communication and Marketing (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Payments for capital assets	1.5	3.6	0.9	0.5	0.5	0.6	0.6
Machinery and equipment	1.5	3.6	0.7	0.4	0.4	0.5	0.5
Software and other intangible assets	–	–	0.2	0.1	0.1	0.1	0.1
Payments for financial assets	25.9	–	–	–	–	–	–
Total	61.5	76.1	43.1	64.0	77.4	84.1	88.8

Expenditure trends

The spending focus over the MTEF period will be on publishing, printing and advertising the department's products and services. Printing and publications will focus on booklets, pamphlets, brochures and mandated publications like annual reports.

Expenditure increased from R61.5 million in 2007/08 to R64 million in 2010/11, at an average annual rate of 1.3 per cent, and is expected to rise to R88.8 million in 2013/14, at an average annual rate of 11.5 per cent. The increase in both periods is mainly in expenditure on compensation of employees, which increases by R14.7 million over the seven-year period to provide for increased capacity and improved conditions of service. The escalation in the costs of advertising, printing and publications also contributes to growth in expenditure over the medium term.

Public entities and other agencies

Companies and Intellectual Property Commission

Strategic overview: 2007/08 – 2013/14

The Companies and Intellectual Property Commission will come into effect from 1 April 2011. It was established in terms of the Companies Act (2008) and listed in the Public Finance Management Act (1999) to: enforce intellectual property and company laws, including the registration of companies; promote voluntary resolution of disputes arising between a company and a shareholder or director, without intervening in, or adjudicating on the dispute; monitor patterns of compliance; evaluate complaints; and initiate investigations, including referring matters to a court; and appearing before the court or the Companies Tribunal.

The commission was established as a result of a merger between the Companies and Intellectual Property Registration Office, the Office of Company Intellectual Property Enforcement, the Office of Consumer Protection, and the National Liquor Authority.

Functions will be streamlined to enable more efficient company registrations, investigations, inspections, and better coordination with other law enforcement bodies. More effective mechanisms for improved revenue collection will also be put in place. The required organisational structure has been developed on the basis of extensive research on existing departments.

Over the medium term, the following priorities have been identified: preventing and eradicating fraud; providing broader geographical access to the office's services through partner organisations; implementing the Companies Act (2008); participating in amending the cooperatives legislation; automating the office's core services; and reducing the costs of accessing the office's services.

A companies and intellectual property tribunal will be established from April 2011 in terms of the Companies Act (2008). The tribunal will be promoted by the commission, and will adjudicate on matters referred to it by the commission and assist with dispute resolution. This will enable a reduction in the individual and corporate costs associated with formal court proceedings. The tribunal will only accommodate disputes arising from any contravention of the Companies Act (2008), on intellectual property issues and from cooperatives. Dispute escalation will remain with the courts, pending any amendments to relevant legislation.

Savings and cost effectiveness measures

Implementation of the financial model adopted in 2010/11 resulted in a reduction of the commission's operating costs by R51.7 million by reprioritising the proposed commission structure. Over the MTEF period, the commission will be revising its fee structure as a cost recovery measure and will implement cost curtailment measures throughout all business units to reduce spending on travel, entertainment and communications.

Selected performance indicators

Table 36.12 Companies and Intellectual Property Commission

Indicator	Programme/Activity	Past			Current	Projections		
		2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Number of companies registered per year	Registration of business entities and intellectual property	33 269	27 358	12 154	28 624	40 074	52 096	67 724
Number of close corporations registered per year ¹	Registration of business entities and intellectual property	251 996	261 065	118 647	–	–	–	–
Number of cooperatives registered per year	Registration of business entities and intellectual property	3 140	6 054	3 730	7 547	7 924	8 321	8 737
Number of trademark applications processed per year	Registration of business entities and intellectual property	32 717	28 671	13 261	26 644	26 644	26 910	27 180
Number of patent applications processed per year	Registration of business entities and intellectual property	10 667	10 191	4 575	9 579	9 579	9 675	9 772
Number of design applications processed per year	Registration of business entities and intellectual property	2 321	1 952	975	1 898	1 898	1 917	1 936
Number of enterprises that submitted annual returns per year	Registration of business entities and intellectual property	162 553	288 427	176 507	329 898	329 898	362 887	381 031
Number of new copyright in films registrations per year	Registration of business entities and intellectual property	–	–	–	53	55	56	57

1. Activity phased out in 2010/11.

Details of programmes/activities/objectives

Over the past few years, there has been a decline in the number of companies registered. Projections for the medium term follow the same pattern, with total registrations expected to average between 26 000 and 30 000 per year. Although the number of close corporations increased in recent years, it is expected to substantially decline before coming to a halt in 2011 as a result of the implementation of the new Companies Act (2008), which will result in the phasing out of close corporations.

The total budget allocated to the commission for 2010/11 was R9 million for its establishment. Over the MTEF period, R52.4 million in additional funds has been allocated by the Department of Trade and Industry to facilitate the process of establishing the commission and tribunal, after which the commission will be self-sustained.

Objective 1: Efficient and effective end to end operations aims to open up entrepreneurship and business opportunities, create flexibility and simplicity in the formation of companies, ensure equitable access to the commission's products and services and contribute to the goal of economic participation by all. This is achieved by registering business entities and intellectual property and implementing support processes for the commission.

Objective 2: Maintenance of accurate up to date and relevant information concerning the commission's databases, and the provision of that information to the public and to other organs of state ensures that the public has access to up to date, comprehensive, accurate and usable information. The commission will focus on improving the integrity of its records by verifying them with accounting officers and auditor institutes and linking with the Department of Home Affairs.

Objective 3: Promotion of education and awareness on legislative requirements related to company and intellectual property laws and compliance with the Companies Act (2008) and any other applicable legislation enhances awareness and education regarding the changes in the act to promote voluntary compliance

and downscale enforcement activities. An education and awareness framework will be developed and implemented.

Objective 4: Efficient, effective and widest possible compliance and enforcement of relevant legislation provides detailed research on the characteristics of non-complying entities and informs the design of the commission's programmes. Non-compliant companies are referred for enforcement, and financial statements are reviewed against standards.

Objective 5: Ensure best practice developments in company and intellectual property law, and reporting on and publication of information establishes a research and analysis capability to ensure that the commission keeps abreast of the latest developments in company legislation and leverage on international best practice. The commission liaises with advisory bodies. Research positions in the commission need to be filled.

Objective 6: Establish and entrench financial management, administrative compliance and sound governance throughout the commission addresses the prevalence of fraudulent activities by establishing capacity to detect and combat corruption while ensuring that ethical and moral behaviour is enforced. An approved model is used for forecasting and scenario analysis, and an upgraded ICT system will support operational efficiency.

Objective 7: Build the human capital capability and capacity to meet the strategic objectives of the commission combines the resources of the commission and the Office of Company and Intellectual Property Enforcement to undertake the new functions assigned to it by the act in terms of recruitment, retention and the development of capability and capacity of highly specialised competencies required. A recruitment plan will be implemented and a remuneration framework drafted.

Objective 8: Establish world class customer service delivery that meets the needs of the customer and delivers consistently against a customer promise conducts market studies to better understand customers, targets audiences for products and services, and develops a responsive business model that segments customers to tailor products and services. A service delivery model will be developed and a contact centre established.

Expenditure estimates

Table 36.13 Companies and Intellectual Property Commission

Statement of financial performance				Revised estimate	Medium-term estimate		
R million	Audited outcome						
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Revenue							
Non-tax revenue	308.1	1 133.6	961.3	407.1	597.5	517.3	426.7
Sale of goods and services other than capital assets	277.7	954.8	854.4	316.8	351.7	366.4	380.1
of which:							
Admin fees	277.7	954.8	854.4	316.8	351.7	366.4	380.1
Other non-tax revenue	30.3	178.8	106.9	90.3	245.8	150.9	46.6
Transfers received	–	–	–	9.0	24.0	14.2	14.4
Total revenue	308.1	1 133.6	961.3	416.1	621.5	531.4	441.1
Expenses							
Current expense	181.6	925.0	709.7	416.1	621.5	531.4	441.1
Compensation of employees	71.1	87.3	115.4	163.8	179.8	193.3	207.8
Goods and services	103.4	824.6	589.3	222.8	376.5	267.0	163.7
Depreciation	7.0	13.1	4.9	29.6	48.6	53.8	51.4
Interest, dividends and rent on land	0.1	0.1	0.1	–	16.5	17.3	18.2
Total expenses	181.6	925.0	709.7	416.1	621.5	531.4	441.1
Surplus / (Deficit)	126.4	208.6	251.5	–	–	–	–

Table 36.13 Companies and Intellectual Property Commission (continued)

Statement of financial performance				Revised estimate	Medium-term estimate		
R million	Audited outcome				2011/12	2012/13	2013/14
	2007/08	2008/09	2009/10	2010/11			
Statement of financial position							
Carrying value of assets	24.9	76.6	122.0	266.1	437.5	483.8	462.4
<i>of which: Acquisition of assets</i>	16.7	64.8	50.4	173.7	220.0	100.0	30.0
Inventory	0.7	0.6	0.6	0.7	0.7	0.7	0.7
Receivables and prepayments	5.4	81.0	121.0	0.6	0.8	0.8	0.9
Cash and cash equivalents	369.8	519.6	644.5	470.8	250.8	150.8	120.8
Total assets	400.9	677.8	888.2	738.2	689.8	636.1	584.8
Accumulated surplus/deficit	343.7	552.3	803.9	703.9	659.8	604.6	551.7
Trade and other payables	48.7	114.4	71.9	31.7	25.0	26.3	27.6
Provisions	8.5	9.9	11.7	2.7	5.0	5.3	5.5
Liabilities not classified elsewhere	–	1.2	0.7	–	–	–	–
Total equity and liabilities	400.9	677.8	888.2	738.2	689.8	636.1	584.8

Expenditure trends

The commission mainly generates revenue from registration fees. Total revenue increased from R308.1 million in 2007/08 to R416.1 million in 2010/11, at an average annual rate of 10.5 per cent. Over the MTEF period, revenue is expected to increase to R441.1 million, at an average annual rate of 2 per cent.

Between 2007/08 and 2010/11, expenditure increased from R181.6 million to R416.1 million, at an average annual rate of 31.8 per cent. The growth was mainly focused on expenditure on goods and services, which grew by R119.3 million over the period, due to special projects relating to the move to the new building, the electronic content management system, scanning and registry, and fraud prevention, and on compensation of employees, which grew by R92.6 million over the period, due to the new structure for the commission, which was approved in January 2009. In addition, depreciation charges increased from R7 million in 2007/08 to R29.6 million in 2010/11 as a result of the acquisition of additional assets, such as computer software and computer equipment.

Expenditure is expected to increase to R441.1 million in 2013/14, at an average annual rate of 2 per cent, mainly due to the implementation of the new Companies Act (2008) in 2010/11. In addition, capital costs relating to special initiatives will be incurred in 2011/12 and 2012/13.

Personnel information

The entity has an establishment of 554 posts, of which 501 are funded and 59 are additional to the approved establishment. The number of posts filled increased from 421 in 2007/08 to 508 in 2010/11 and is expected to grow to 554 over the medium term. This is as a result of the expanded mandate and the new entity. There are 3 vacancies at the senior management level.

Expenditure estimates

Table 36.14 Companies and Intellectual Property Commission

	Post status as at 30 September 2010			Number of posts filled on funded establishment						
	Number of posts on approved establishment	Number of funded posts (establishment)	Number of vacant posts	Actual			Mid-year ¹	Medium-term estimate		
				2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Executive management	7	5	–	5	6	5	5	7	7	21
Senior management	25	22	3	9	14	22	22	22	22	22
Middle management	59	53	–	23	41	53	53	53	53	53
Semi-skilled	134	115	–	75	87	115	122	176	179	189
Very low skilled	329.0	306.0	–	309.0	292.0	306.0	306.0	269.0	269.0	269.0

Table 36.14 Companies and Intellectual Property Commission (continued)

	Post status as at 30 September 2010			Number of posts filled on funded establishment						
	Number of posts on approved establishment	Number of funded posts (establishment)	Number of vacant posts	Actual			Mid-year ¹	Medium-term estimate		
				2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Total	554	501	3	421	440	501	508	527	530	554
Compensation (R thousand)				71 113	87 253	115 402	163 751	179 805	193 290	207 787
Unit cost (R thousand)				169	198	230	322	341	365	375

1. As at 30 September 2010

Small Enterprise Development Agency

Strategic overview: 2007/08 – 2013/14

The Small Enterprise Development Agency provides non-financial business development and support services for small enterprises in partnership with other role players. Its mission is to develop, support and promote small enterprises to ensure their growth and sustainability. It aims to enhance the competitiveness and capabilities of small enterprises through coordinated services, programmes and projects and to ensure equitable access to business support services. The agency's expected impact is the increased contribution of small enterprises to the South African economy, and the promotion of economic growth, job creation and equity. This impact is measured through periodic evaluations.

Through its offerings and partnerships with other role players, the agency contributes mostly to the Department of Trade and Industry's strategic objective of promoting broader participation, equity and redress in the economy. The objective forms the basis of the agency's strategic goal of ensuring that the small enterprise sector grows and increases its contribution to sustainable and equitable social and economic development, employment and wealth creation.

In terms of the industrial policy action plan, the agency is expected to contribute to four action programmes prioritised by the department over the medium term: providing accessibility to financing for the national tooling initiative; mentoring small to medium component manufacturers; participating in the skills transfer and technology upgrading programme for small scale saw millers; developing and establishing business management structures; and providing training to charcoal manufacturing enterprises and cooperatives in communities showing interest in charcoal production.

Savings and cost effectiveness measures

The following measures were put in place to ensure savings and cost effectiveness: budgets are linked to performance management; the importance of budget planning is highlighted to prevent fiscal dumping; critical percentages are monitored, such as compensation of employees as a percentage of total expenditure per client served; catering, telephone, travelling, accommodation, internet and other operational costs are monitored monthly; and preventative spending measures have been put in place.

Selected performance indicators

Table 36.15 Small Enterprise Development Agency

Indicator	Programme/Activity	Past			Current	Projections		
		2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Number of new clients attracted per year ¹	Support Services	186 195	199 830	112 386	60 000	90 000	94 500	99 225
Number of existing and prospective entrepreneurs trained per year	Training	22 893	15 000	18 271	–	–	–	–
Number of unique website visits per year	Information	514 594	300 000	450 653	–	–	–	–
Percentage of clients satisfied with quality of agency services ²	Support Services	–	–	–	80% (800)	80% (800)	80% (800)	80% (800)
Percentage of surveyed SMME clients whose turnover has increased ²	Support Services	–	–	–	35% (350)	35% (350)	35% (350)	35% (350)

Table 36.15 Small Enterprise Development Agency (continued)

Indicator	Programme/Activity	Past			Current	Projections		
		2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Percentage of surveyed SMME clients whose number of employees has increased ²	Support Services	–	–	–	25% (250)	25% (250)	25% (250)	25% (250)
Number of clients the agency is working with per year	Support Services	–	–	–	22 500	25 000	26 250	27 563
Number of adopted enterprises under the community public private partnership per year	Support Services				18	20	22	24
Value of service provision costs covered by partners per year	Partnerships				R10m	R7.6m	R5.9m	R5m
Number of partnerships operational per year	Partnerships				30	30	30	30
Positive to negative publicity ratio	Marketing and Communications				5:1	5:1	5:1	5:1
Percentage of direct service delivery versus total costs	Financial Management				56%	58%	60%	62%
Percentage of deviation of actual expenditure from approved budget	Financial Management				5%	5%	5%	5%

1. 2007/08 to 2009/10: all clients accessing Small Enterprise Development Agency services; 2010/11 to 2013/14: only new clients.

2. During the fourth quarter, two independent surveys are conducted to assess the satisfaction levels of assisted clients and the business improvement levels of qualifying clients.

Details of programmes/activities/objectives

Table 36.16 Small Enterprise Development Agency

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Enhance competitiveness and capabilities of small enterprises through coordinated services, programmes and projects	101.5	88.6	108.7	131.4	147.8	155.2	164.3
Ensure equitable access to business support services	97.4	97.1	119.1	124.9	133.3	139.5	149.3
Strengthen the organization to deliver on its mission	164.5	175.3	194.0	200.6	182.3	143.9	144.8
Seda Technology Programme (STP) assisting SMMEs with technology	84.7	121.3	99.6	78.0	110.0	112.9	120.8
Total expense	448.2	482.2	521.4	534.9	573.4	551.5	579.2

The agency fosters long term relationships with its clients by assessing needs based on outcomes and development plans. The agency's service delivery network consists of delivery points located in provincial offices, 42 district branches, 4 mobile units, 58 enterprise information centres and 30 business incubators.

Expenditure estimates

Table 36.17 Small Enterprise Development Agency

Statement of financial performance				Revised estimate	Medium-term estimate		
R million	Audited outcome			2010/11	2011/12	2012/13	2013/14
	2007/08	2008/09	2009/10				
Revenue							
Non-tax revenue	36.1	74.6	75.3	51.9	42.6	9.9	8.0
<i>Other non-tax revenue</i>	36.1	74.6	75.3	51.9	42.6	9.9	8.0
Transfers received	348.8	484.8	409.5	483.0	530.9	541.6	571.2
Total revenue	384.8	559.4	484.8	534.9	573.4	551.5	579.2

Table 36.17 Small Enterprise Development Agency (continued)

Statement of financial performance				Revised estimate	Medium-term estimate		
R million	Audited outcome			2010/11	2011/12	2012/13	2013/14
	2007/08	2008/09	2009/10				
Expenses							
Current expense	447.4	482.2	521.4	534.9	573.4	551.5	579.2
Compensation of employees	148.5	165.9	169.6	211.6	226.9	243.8	260.9
Goods and services	286.8	302.5	339.1	311.5	333.2	294.1	304.1
Depreciation	9.5	9.6	10.5	9.5	10.9	11.2	11.5
Interest, dividends and rent on land	2.7	4.2	2.2	2.3	2.5	2.5	2.6
Total expenses	448.2	482.2	521.4	534.9	573.4	551.5	579.2
Surplus / (Deficit)	(63.4)	77.2	(36.7)	-	-	-	-
Statement of financial position							
Carrying value of assets	29.9	35.4	45.0	45.7	40.7	34.4	28.0
of which: Acquisition of assets	9.9	7.4	20.9	10.2	5.9	5.0	5.1
Inventory	0.4	0.3	0.4	0.3	0.3	0.3	0.3
Receivables and prepayments	45.9	5.0	6.4	5.5	5.5	5.0	5.0
Cash and cash equivalents	82.7	206.5	162.1	122.3	95.6	101.7	109.0
Total assets	158.9	247.1	213.9	173.8	142.1	141.5	142.3
Accumulated surplus/deficit	30.9	108.1	71.4	33.3	0.9	-	-
Trade and other payables	115.6	107.2	109.5	105.0	105.0	105.0	105.0
Provisions	0.4	12.1	13.1	16.0	17.2	18.5	19.8
Liabilities not classified elsewhere	12.0	19.7	19.8	19.5	19.0	18.0	17.5
Total equity and liabilities	158.9	247.1	213.9	173.8	142.1	141.5	142.3

Expenditure trends

The spending focus over the MTEF period will be a continuation of the development, support and promotion of small enterprises to ensure their growth and sustainability through non-financial small business services.

Revenue is dominated by transfers from the Department of Trade and Industry and local government. Transfers received increased from R348.8 million in 2007/08 to R483 million in 2010/11, at an average annual rate of 11.5 per cent. Over the MTEF period, departmental transfers to the agency and the technology programme are expected to increase to R571.2 million over the medium term, at an average annual rate of 5.7 per cent.

Expenditure increased from R448.2 million in 2007/08 to R534.9 million in 2010/11, at an average annual rate of 6.1 per cent. Over the medium term, expenditure is expected to increase to R579.2 million, at an average annual rate of 2.7 per cent, mainly due to increases in spending in compensation of employees as a result of the filling of funded vacancies. Expenditure on goods and services is expected to decrease from R311.5 million in 2010/11 to R304.1 million in 2013/14, at an average annual rate of 0.8 per cent.

Personnel information

The agency has an approved and funded establishment of 716 posts. The number of posts filled increased from 555 in 2007/08 to 587 in 2010/11, and is expected to increase to 716 over the medium term. This is as a result of increased service deliverables.

There are 129 vacancies, of which 88 are at the professional level, 17 at the middle management level and 13 at the semi-skilled level.

The ratio of support staff to line function staff is 1:3.5.

Table 36.18 Small Enterprise Development Agency

	Post status as at 30 September 2010			Number of posts filled on funded establishment						
	Number of posts on approved establishment	Number of funded posts (establishment)	Number of vacant posts	Actual			Mid-year ¹	Medium-term estimate		
				2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Board members	1	1	–	1	1	1	1	1	1	1
Executive management	5	5	2	4	4	5	3	5	5	5
Senior management	28	28	4	27	23	24	24	28	28	28
Middle management	305	305	17	154	273	282	288	305	305	305
Professionals	307	307	88	306	184	190	219	307	307	307
Semi-skilled	60	60	13	63	60	64	47	60	60	60
Very low skilled	10.0	10.0	5.0	–	14.0	7.0	5.0	10.0	10.0	10.0
Total	716	716	129	555	559	573	587	716	716	716
Compensation (R thousand)				148 461	165 899	169 603	211 600	226 914	243 787	260 898
Unit cost (R thousand)				267	297	296	360	317	340	364

1. As at 30 September 2010.

Export Credit Insurance Corporation of South Africa

Strategic overview: 2007/08 – 2013/14

The Export Credit Insurance Corporation was established in terms of the Export Credit and Foreign Investments Insurance Act (1957) as amended. It is a self-sustained, national export credit agency.

In line with its legal mandate, the corporation facilitates and encourages South African export trade by underwriting export credit loans and investments outside South Africa to enable South African contractors to win capital goods and services contracts in other countries. The corporation evaluates export credit and foreign investment risks, and provides export credit and foreign investment insurance cover on behalf of the South African government. In addition, the corporation manages the interest makeup scheme on behalf of the Department of Trade and Industry in terms of the South African export credit support agreement. The corporation is committed to attaining government's strategic goals through accelerating economic growth, creating and preserving employment opportunities, and reducing economic inequalities.

The corporation's focus over the medium term is to: increase credit and investment insurance with a special focus on the African market; develop new products to facilitate exports of South African goods and services; manage the existing insurance portfolio efficiently and diversify the portfolio sectorally and geographically; prudently administer the interest makeup scheme; and ensure that the pricing of the corporation's products adequately reflect the corporation's risks and costs. For this to be achieved, the corporation's technical skills base will be developed with a high recruitment drive over the medium term.

Savings and cost effectiveness measurements

The corporation has introduced stringent cost reduction measures on entertainment and travelling expenses. This has been achieved by introducing assessments on travelling needs and also reviewing the business impact resulting from entertainment expenses. Furthermore, prudent underwriting processes are applied when assessing each policy.

Selected performance indicators

Table 36.19 Export Credit Insurance Corporation of South Africa

Indicator ¹	Programme/Activity	Past			Current	Projections		
		2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Value of underwriting activity per year	Increase in value of approved applications	–	–	–	–	US\$400 million	US\$450 million	US\$500 million
Number of direct interactions per year to increase awareness of the corporation's products	Direct interactions with exporters, banks and investors	–	–	–	–	10	10	10
Number of conferences and industrial expos participated in per year to raise the profile of the corporation	Participation in relevant conferences and industrial expos	–	–	–	–	3	4	5

1. After a strategic review, all previously published performance indicators have been revised and replaced with these more suitable indicators.

Details of programmes/activities/objectives

The corporation is the official export credit agency of South Africa. It offers insurance cover for risks that the international private sector insurance market is still generally unwilling to accept. Typically these transactions span 2 to 15 years.

This entails: developing a minimum capital requirement model with external actuaries as part of keeping up to date with technological developments in the industry; reviewing and developing the corporation's incurred but not reported reserves model; and reviewing the corporation's pricing methodology by benchmarking with other export credit agencies.

The corporation has a total budget of R1.1 billion over the MTEF period, of which 35 per cent will be used for interest make up payments.

Expenditure estimates

Table 36.20 Export Credit Insurance Corporation of South Africa

Statement of financial performance				Revised estimate	Medium-term estimate		
R million	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Revenue							
Non-tax revenue	688.6	574.2	753.2	630.6	729.4	749.1	776.8
Sale of goods and services other than capital assets <i>of which:</i>	215.6	305.1	290.3	369.6	355.8	372.1	392.9
<i>Sales by market establishments</i>	215.6	305.1	290.3	369.6	355.8	372.1	392.9
<i>Other non-tax revenue</i>	473.1	269.1	462.8	261.0	373.6	377.0	383.8
Transfers received	120.6	137.3	122.4	120.5	121.5	123.8	131.2
Total revenue	809.2	711.4	875.6	751.1	850.9	872.9	908.0
Expenses							
Current expense	320.6	608.2	373.7	542.8	335.9	414.1	429.5
Compensation of employees	16.6	19.9	17.6	22.3	27.9	30.1	32.4
Goods and services	302.9	588.1	342.2	520.3	307.7	383.3	396.4
Depreciation	0.1	0.1	0.2	0.3	0.3	0.8	0.8
Interest, dividends and rent on land	0.9	0.0	13.7	–	–	–	–
Total expenses	462.2	637.0	517.4	611.8	485.1	547.6	568.5
Surplus / (Deficit)	347.0	74.5	358.1	139.2	365.8	325.3	339.5

Table 36.20 Export Credit Insurance Corporation of South Africa (continued)

R million	Audited outcome			Revised estimate 2010/11	Medium-term estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Statement of financial position							
Carrying value of assets	0.1	0.3	0.8	1.2	2.5	2.0	1.4
of which: Acquisition of assets	0.0	0.3	0.8	0.7	1.7	0.3	0.2
Investments	1 545.8	1 604.3	1 284.0	1 516.3	1 773.8	1 857.0	1 966.7
Receivables and prepayments	337.1	191.6	182.5	193.4	205.0	217.3	230.3
Cash and cash equivalents	956.3	1 283.6	1 303.6	1 520.8	1 858.0	2 342.1	2 826.1
Assets not classified elsewhere	2.6	123.0	21.5	21.5	16.5	11.5	6.5
Total assets	2 841.8	3 202.8	2 792.4	3 253.3	3 855.9	4 429.9	5 031.0
Accumulated surplus/deficit	1 090.4	1 169.4	1 528.9	1 685.1	2 052.6	2 376.0	2 713.4
Capital and reserves	337.6	598.4	409.1	430.3	428.7	430.6	432.7
Trade and other payables	197.5	87.0	24.9	13.3	92.9	118.9	162.8
Provisions	1 216.2	1 348.0	829.5	1 124.5	1 281.8	1 504.4	1 722.2
Total equity and liabilities	2 841.8	3 202.8	2 792.4	3 253.3	3 855.9	4 429.9	5 031.0

Expenditure trends

Over the medium term, the corporation's spending focus will be on: export credit and foreign investment risks, and export credit and foreign investment insurance cover on behalf of government; underwriting medium and long term loans, and equity investments for exporting capital goods and services from South Africa; extending the corporation's services in line with preserving the financial viability essential to its long term support of exporters of capital goods and services; and providing financial services that contribute to public confidence and comply with international standards.

The entity generates revenue from premium payments for reinsurance and finances its operations without any government grants. Total revenue averaged R786.8 million between 2007/08 and 2010/11, of which R295.1 million is attributed to underwriting activities. Investments income accounts for approximately R222 million due to stable investments returns over the period. The interest make-up scheme's transfers are done through the Export Credit Insurance Corporation, acting as government's agent to administer the scheme. Scheme transfers were R120.6 million in 2007/08 and R120.5 million in 2010/11. Over the MTEF period, transfers are expected to increase to R131.2 million, at an average annual rate of 2.9 per cent.

Expenditure increased from R462.2 million in 2007/08 to R611.8 million in 2010/11, at an average annual rate of 9.8 per cent, mainly as a result of an increase in claims paid out to policy holders. Claims paid increased because insurance risks materialised as influenced by the 2008 economic downturn. Expenditure is expected to decrease to R568.5 million over the medium term, at an average annual rate of 2.4 per cent. This is influenced by the increase in reserve movements as a result of projected higher concentration risk reserve coupled with premium increase.

Personnel information

The corporation has an approved and funded establishment of 47 posts. The number of posts filled decreased from 45 in 2007/08 to 43 in 2010/11, and is expected to grow to 52 over the medium term as a result of expanded business operations.

There are 9 vacancies, of which 4 are at board member level, 4 at the professionals level, and 1 at the semi-skilled level.

The ratio of support staff to line staff is 1:2.18.

Table 36.21 Export Credit Insurance Corporation of South Africa

	Post status as at 30 September 2010			Number of posts filled on funded establishment						
	Number of posts on approved establishment	Number of funded posts (establishment)	Number of vacant posts	Actual			Mid-year ¹	Medium-term estimate		
				2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Board members	9	9	4	9	9	9	5	9	9	9
Executive management	5	5	–	3	2	4	5	5	5	5
Middle management	4	4	–	4	4	4	4	4	4	4
Professionals	23	23	4	23	23	23	23	27	27	27
Semi-skilled	6	6	1	6	6	6	6	7	7	7
Total	47	47	9	45	44	46	43	52	52	52
Compensation (R thousand)				16 638	19 910	17 613	22 309	27 877	30 050	32 354
Unit cost (R thousand)				370	453	383	519	536	578	622

1. As at 30 September 2010.

National Empowerment Fund

Strategic overview: 2007/08 – 2013/14

The National Empowerment Fund was established by the National Empowerment Fund Act (1998) to promote and facilitate black economic equality and transformation. It provides finance and financial solutions to black business across a range of sectors, and structures accessible retail savings products for black people based on state owned equity investments.

Its mandate and mission is to be government's funding agency in facilitating the implementation of broad based black economic empowerment (BEE) in terms of the BEE codes of good practice.

The fund's strategic objectives over the medium term are to: encourage and promote savings, investments and meaningful economic participation by black people; promote and support business ventures pioneered and run by black enterprises; promote the universal understanding of equity ownership among black people; contribute to creating employment opportunities; and encourage the development of a competitive, effective and inclusive equities market.

The fund is structured to deliver on its mandate and realise these objectives through asset management, fund management and strategic projects funding. The entity's structure and capital will facilitate its role of advancing funding to the transactions currently under consideration. This is undertaken with the appropriate appetite for risk, and to make an impact in the targeted sector.

Savings and cost effectiveness measures

The fund has applied a business model that seeks to leverage off existing infrastructure and sources of expertise as opposed to replicating these needs in the form of establishing an organisation of critical mass. The fund has, as a result, leveraged off its relationships with provincial government and development finance institutions to create awareness of its products and services, which has proved more efficient than creating a standalone regional network. The fund is currently appointing regional officers that will be permanently based in these structures in each province to further entrench its provincial activities.

Additional skills, especially at the non-financial support level, are sourced through the mentorship network that the fund has established as opposed to the permanent recruitment of staff to fulfil these support requirements. Over and above this, tight fiscal discipline is applied across all expenditure areas.

Selected performance indicators

Table 36.22 National Empowerment Fund: Selected performance and operations indicators

Indicator	Programme/Activity	Past			Current	Projected		
		2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Value of transactions between R5m and R100m approved per year	Corporate Fund	R218m	R219m	R184.7m	R300m	R400m	R500m	R500m
Value of transactions between R250 000 and R10m approved per year	Imbewu Fund	R80m	R78m	R106.2m	R135m	R150m	R180m	R200m
Value of transactions for small projects in rural areas approved per year	R&CD unit	R2m	R9m	R86.1m	R75m	R105m	R130m	R130m
Value of transactions for strategic projects and feasibility studies approved per year	Strategic Projects Fund	–	R5m	R46.5m	R70m	R330m ¹	R200m ¹	R200m ¹
Number of asset management activities undertaken per year	Asset Management	–	–	–	18 702	9 862	2 850	2 850
Number of projects receiving non financial support per year	Non Financial support	–	–	–	5 554	6 500	9 000	9 000

1. Strategic projects projected disbursement figures are an indication of what is available for disbursement.

Details of programmes/activities/objectives

The National Empowerment Fund promotes and supports business ventures pioneered and run by black people. Ongoing activities of the fund include: broadening black economic participation; asset management, by structuring accessible retail savings products for black people; fund management, as a facilitator of the codes of good practice of the Broad-Based Black Economic Empowerment Act (2003); and the management of a strategic projects fund, which provides venture capital finance for entrepreneurs to participate in projects that are at an early stage. The fund has a total budget of R864 million over the medium term, of which 40 per cent will be used for compensation of employees and 60 per cent for administrative expenses. Over the medium term, the fund management division will focus on the following: approving 84 deals worth R749 million and disbursing 72 deals worth R630 million in 2011/12; approving 101 deals worth R915 million and disbursing 87 deals worth R760 million in 2012/13; and approving 120 deals worth R1 billion and disbursing 102 deals worth R872 million in 2013/14. The strategic projects fund invested a total of R46.5 million in 2009/10 in transactions expected to be currently worth R615 million to the fund at equity closure, bringing the total invested by this fund to R52.5 million since inception. The unit has 10 projects in the pipeline and is currently working on active projects.

Table 36.23 National Empowerment Fund

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Umntho Fund	218.0	219.0	184.7	300.0	375.0	450.0	500.0
Imbewu Fund	80.0	78.0	106.2	135.0	150.0	180.0	216.0
Rural and community development unit	2.0	9.0	86.1	75.0	105.0	130.0	156.0
Strategic Projects Fund	–	5.0	46.5	70.0	330.0	200.0	200.0
Other Objectives	142.8	17.9	(39.8)	(350.9)	(691.4)	(629.7)	(806.9)
Total expense	442.8	328.9	383.7	229.1	268.6	330.3	265.1

Expenditure estimates

Table 36.24 National Empowerment Fund

Statement of financial performance				Revised estimate	Medium-term estimate		
R million	Audited outcome						
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Revenue							
Non-tax revenue	1 294.6	432.9	466.7	350.9	348.0	399.0	446.0
<i>Other non-tax revenue</i>	1 294.6	432.9	466.7	350.9	348.0	399.0	446.0
Transfers received	100.0	–	116.0	–	–	–	–
Total revenue	1 394.6	432.9	582.7	350.9	348.0	399.0	446.0
Expenses							
Current expense	442.8	328.9	383.7	229.1	268.6	330.3	265.1
Compensation of employees	48.1	60.6	78.1	87.2	106.7	116.3	126.7
Goods and services	392.3	264.5	300.2	135.7	157.6	209.7	134.5
Depreciation	2.3	3.8	5.4	6.3	4.3	4.3	3.9
Total expenses	442.8	328.9	383.7	229.1	268.6	330.3	265.1
Surplus / (Deficit)	951.8	104.0	199.0	121.8	79.4	68.7	180.9
Statement of financial position							
Carrying value of assets	7.7	11.5	13.3	13.0	14.0	11.6	9.6
<i>of which: Acquisition of assets</i>	7.6	7.5	7.2	6.0	5.3	1.9	1.9
Investments	1 462.6	1 310.0	1 289.6	1 460.8	1 545.1	1 634.4	1 729.1
Loans	495.3	688.6	898.3	1 294.7	1 842.9	2 449.0	3 240.0
Receivables and prepayments	16.9	24.0	10.7	1.8	2.1	2.6	3.1
Cash and cash equivalents	2 317.8	2 604.2	2 788.3	2 358.0	1 925.0	1 921.0	1 123.4
Total assets	4 300.3	4 638.2	5 000.3	5 128.2	5 329.1	6 018.5	6 105.2
Accumulated surplus/deficit	1 137.1	1 241.2	1 440.1	1 561.9	1 641.3	1 710.0	1 890.9
Capital and reserves	3 133.3	3 245.4	3 518.8	3 541.2	3 659.8	4 280.5	4 186.1
Trade and other payables	24.3	29.5	41.3	25.1	27.9	28.0	28.1
Provisions	4.8	122.0	–	–	–	–	–
Liabilities not classified elsewhere	0.8	0.2	–	–	–	–	–
Total equity and liabilities	4 300.3	4 638.2	5 000.3	5 128.2	5 329.1	6 018.5	6 105.2

Expenditure trends

Spending focus over the MTEF will mainly be to implement the fund's mandate in respect of asset management, fund management and the strategic projects fund.

The net asset value of the fund has increased from R2.1 billion in 2005/06, to just over R5.1 billion currently. This has largely been a factor of appreciation in fair value of the asset management portfolio, retained earnings, as well as the capitalisation of the fund by the department.

Total revenue decreased from R1.4 billion in 2007/08 to R350.9 million in 2010/11, at an average annual decrease of 36.9 per cent. This was mainly due to the fund no longer receiving funding from the budget of the Department of Trade and Industry from 2010/11 onwards. Over the MTEF period, revenue is expected to increase to R446 million, at an average annual rate of 8.3 per cent.

Expenditure has decreased from R442.8 million in 2007/08 to R229.1 million in 2010/11, at an average annual rate of 19.7 per cent. This is mainly due to lower spending on goods and services. Over the medium term, expenditure is expected to increase to R265.1 million, at an average annual rate of 5 per cent. This is in line with the increase in net asset value.

Personnel information

Personnel numbers have grown from 85 in 2007/08 to 140 in 2010/11 and are projected to grow to 162 over the medium term. The increase in the staff complement mainly relates to the fund achieving greater operational efficiency. 50 per cent of the previous year's overheads comprised staff costs. Vacant positions amounted to 23 at the end of 2009/10 and are in the process of being filled. Due to the level of investment in staff resources each year, much focus is placed on high calibre staff attraction, retention and wellbeing. The recruitment drive enhanced employment equity statistics in terms of race and gender.

South African Bureau of Standards

Strategic overview: 2007/08 – 2013/14

The South African Bureau of Standards provides standardisation and conformity assessment services aimed at protecting the integrity of the South African market, protecting consumers, creating a competitive advantage for the South African industry, and facilitating access by South Africans to local and international markets. Regulatory functions have been transferred to the National Regulator for Compulsory Specifications. The bureau's work forms part of South Africa's standardisation, quality assurance, accreditation and metrology technical infrastructure.

The Department of Trade and Industry has identified several key action programmes under the industrial policy action plan, which are supported by the bureau. These are: strengthening the enforcement of technical regulations to exclude unsafe products from the South African economy; developing industrial capacity in South Africa; and promoting exports from South Africa and the SADC region.

Over the medium term, the bureau will focus on: developing market relevant standards that support the requirements of the South African economy; partnering with national higher education bodies to promote the uptake of standards in the industrial sector; and providing services that will enable the development of industrial capacity in South Africa (or reindustrialisation), including increased support to SMMEs.

Savings and cost effectiveness measures

The bureau has embarked on a major review of its capacity to ensure that it can deliver on expectations. Part of this review involves upgrading human capital resources to match needs in the market. In addition, the bureau has embarked on cost containment measures, which include requiring auditors to travel on low cost airlines and book trips in advance to save on airfares. The procurement process is being streamlined and enhanced to ensure favourable prices and terms from suppliers.

Selected performance indicators

Table 36.25 South African Bureau of Standards

Indicator	Programme/ Activity	Past			Current 2010/11	Projected		
		2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Number of national standards developed per year	Development of standards	611	634	857	650	1 000	1 000	1 100
Number of days taken to produce a standard	Development of standards	220	330	241	300	300	300	300
Value of sales of standards per year	Development of standards	R13.9m	R15.3m	R16.8m	R16.6m	R23.1m	R27.7m	R33.3m
Value of revenue from products and systems certification per year	Testing and conformity assessments	R134.6m	R156.1m	R173.8m	R184.1m	R231.1m	R263.6m	R299.6m
Number of test reports completed per year	Testing and conformity assessments	326 823	391 886	527 983	575 000	596 165	670 538	791 974
Number of certification certificates issued per year	Testing and conformity assessments	–	–	9 628	10 356	11 178	12 607	15 128

Details of programmes/activities/objectives

The South African Bureau of Standards develops and maintains a pool of competencies for the standardisation and conformity assessment of services, and provides training to benefit the industry and the technical infrastructure institutions.

Expenditure estimates

Table 36.26 South African Bureau of Standards

Statement of financial performance				Revised estimate	Medium-term estimate		
R million	Audited outcome			2010/11	2011/12	2012/13	2013/14
	2007/08	2008/09	2009/10				
Revenue							
Non-tax revenue	352.7	397.5	448.9	425.2	471.6	541.2	620.0
Sale of goods and services other than capital assets of which:	318.4	358.5	390.7	393.0	458.3	521.7	598.8
<i>Sales by market establishments</i>	318.4	358.5	390.7	393.0	458.3	521.7	598.8
<i>Other non-tax revenue</i>	34.4	39.0	58.1	32.1	13.3	19.4	21.2
Transfers received	119.3	126.1	138.1	357.4	290.8	245.6	201.9
Total revenue	472.1	523.6	587.0	782.6	762.4	786.8	821.9
Expenses							
Current expense	427.9	487.3	533.2	557.7	643.9	709.5	785.2
Compensation of employees	260.5	272.4	291.9	320.5	359.9	392.1	427.0
Goods and services	140.2	186.9	208.7	198.7	235.4	265.0	300.5
Depreciation	24.6	25.3	31.1	36.4	47.7	52.5	57.7
Interest, dividends and rent on land	2.5	2.7	1.5	2.1	0.9	–	–
Transfers and subsidies	6.3	7.2	7.1	8.3	8.3	8.8	9.3
Total expenses	437.0	492.9	540.2	566.0	652.2	718.3	794.5
Surplus / (Deficit)	35.0	30.7	46.8	216.6	110.3	68.5	27.4
Statement of financial position							
Carrying value of assets	178.3	200.7	198.8	317.2	393.7	440.3	439.9
<i>of which: Acquisition of assets</i>	48.8	50.7	30.2	154.8	124.2	99.1	57.3
Investments	289.1	250.1	201.5	289.5	306.1	384.6	415.0
Inventory	0.4	0.8	0.5	1.0	1.0	1.0	1.0
Receivables and prepayments	63.8	66.6	52.4	68.2	78.4	90.2	103.7
Cash and cash equivalents	2.5	7.6	122.2	279.5	378.3	374.1	380.7
Assets not classified elsewhere	37.8	26.1	25.8	26.9	23.9	23.9	23.9
Total assets	571.9	551.9	601.2	982.2	1 181.4	1 314.1	1 364.1
Accumulated surplus/deficit	246.0	276.7	323.5	540.1	650.4	718.9	746.3
Capital and reserves	93.9	70.6	61.2	67.1	84.9	104.3	125.1
Borrowings	28.3	18.4	15.7	14.4	–	–	–
Post-retirement benefits	90.8	93.4	94.4	96.0	97.8	99.7	101.7
Trade and other payables	69.7	66.9	90.2	99.2	109.1	120.0	132.1
Liabilities not classified elsewhere	43.3	25.8	16.2	165.5	239.2	271.3	259.0
Total equity and liabilities	571.9	551.9	601.2	982.2	1 181.4	1 314.1	1 364.1

Expenditure trends

The entity's spending focus over the MTEF period is on strengthening the enforcement of technical regulation functions.

Revenue is derived mainly from fees for services provided, such as certification and testing. Between 2007/08 and 2010/11, revenue increased from R472.1 million to R782.6 million, at an average rate of 18.4 per cent. Over the medium term, revenue is expected to grow to R821.9 million in 2013/14, at an average annual rate of 1.6 per cent. This is driven mainly by growth in the certification business as improvements in the economic outlook should reduce the number of customers cancelling their listing or permits. Above average growth in test volumes is expected in the laboratories owing to investment in new buildings and equipment. The web store upgrade project was completed in 2010/11 and should lead to improvements in revenue generated from the sale of standards. The research grant from the Department of Trade and Industry amounts to R167.4 million in 2010/11, R181.5 million in 2011/12, R186.4 million in 2012/13 and R197.6 million in 2013/14.

Expenses are projected to increase from R566.0 million in 2010/11 to R794.5 million in 2013/14, at an average annual rate of 12 per cent. The projected increase in expenses over the medium term is due to capacity building. The increase in costs will be driven mainly by the expansion of human resources capacity and the cost of living adjustments for staff, the impact of expected increases in electricity tariffs and additional depreciation charges associated with the new laboratory buildings. The growth in all other expenses will reflect price adjustments due to inflation as well as currency fluctuations for cost items denominated in foreign currency or linked to exchange rate movements.

R93 million and R48 million will be spent on a major infrastructure project in 2011/12 and 2012/13. The aim of the project is to relocate approximately 6 000 m² of chemical, biological and physical testing laboratories into newly built laboratories and, if possible, refurbish the vacated laboratory space.

Personnel information

The bureau has an approved and funded establishment of 1 302 posts. The number of posts filled decreased from 1 502 in 2007/08 to 1 117 in 2010/11 as part of the arrangement to transfer staff to the newly established National Regulator for Compulsory Specifications. The number of posts is expected to further decrease to 1 095 over the medium term.

Table 36.27 South African Bureau of Standards

	Post status as at 30 September 2010			Number of posts filled on funded establishment						
	Number of posts on approved establishment	Number of funded posts (establishment)	Number of vacant posts	Actual			Mid-year ¹	Medium-term estimate		
				2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Board members	8	8	–	11	8	8	8	8	8	8
Executive management	6	6	1	6	7	5	5	7	7	7
Senior management	27	27	3	25	29	22	24	28	33	37
Middle management	83	83	18	107	106	68	65	84	84	84
Professionals	148	148	25	151	169	126	123	185	188	213
Semi-skilled	879	879	109	1 006	1 005	773	770	620	626	640
Very low skilled	151.0	151.0	29.0	196.0	216.0	173.0	122.0	74.0	80.0	106.0
Total	1 302	1 302	185	1 502	1 540	1 175	1 117	1 006	1 026	1 095
Compensation (R thousand)				260 504	272 362	291 912	320 530	359 921	392 100	427 033
Unit cost (R thousand)				173	177	248	287	358	382	390

1. As at 30 September 2010.

Other public entities and agencies

Comprehensive coverage of the following public entities is provided with the more detailed information for the vote at www.treasury.gov.za under the budget information link.

- The **National Consumer Commission** ensures the enforcement of consumer legislation by establishing a supportive regulatory framework to achieve and maintain a consumer market that is fair, accessible, efficient and sustainable, and promotes and protects the economic interests of consumers.
- The **National Consumer Tribunal** ensures equity in the credit market and balances the rights and responsibilities of credit providers and consumers.
- The **Estate Agency Affairs Board** has two main objectives: to maintain and promote the standard of conduct of estate agents and to regulate their activities.
- The **National Credit Regulator** regulates the consumer credit industry in order to improve consumer protection and the efficiency and fairness of the end user credit market.
- The **National Gambling Board of South Africa** oversees regulation in the gambling industry throughout South Africa and preserves the integrity of South Africa as a responsible global citizen.

- The **National Metrology Institute of South Africa** maintains the international system of units and ensures that South African measurements, standards and units are internationally comparable and scientifically valid.
- The **National Regulator for Compulsory Specifications** regulates adherence to compulsory specifications and technical regulations.
- The **National Lotteries Board** monitors and enforces the implementation of the national lottery and the establishment of private lotteries and promotional competitions.

Additional tables

Table 36.A Summary of expenditure trends and estimates per programme and economic classification

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R million	2009/10		2009/10	2010/11			2010/11
Administration	420.9	468.1	406.8	448.5	(5.3)	443.3	432.9
International Trade and Economic Development	112.7	130.4	122.4	131.1	(6.1)	125.1	115.1
Empowerment and Enterprise Development	1 157.0	1 173.9	1 161.6	768.3	23.7	792.0	787.3
Industrial Development	414.6	426.9	413.1	1 061.6	75.3	1 137.0	1 132.0
Consumer and Corporate Regulation	157.8	165.5	133.8	191.5	4.0	195.5	182.5
The Enterprise Organisation	3 440.0	3 356.9	3 343.6	3 175.3	(89.4)	3 085.9	3 030.9
Trade and Investment South Africa	283.1	294.1	299.0	291.4	60.0	351.5	347.5
Communication and Marketing	65.7	70.1	43.1	82.2	(18.2)	64.0	47.4
Total	6 051.7	6 085.9	5 923.3	6 150.1	44.1	6 194.2	6 075.5
Economic classification							
Current payments	979.8	1 132.1	935.1	1 142.9	1.1	1 144.0	1 073.2
Compensation of employees	450.5	513.0	437.7	557.8	12.0	569.8	533.3
Goods and services	529.3	619.1	497.4	585.0	(10.9)	574.1	539.9
Transfers and subsidies	5 037.4	4 916.8	4 961.9	4 992.6	40.2	5 032.8	4 984.8
Departmental agencies and accounts	1 178.6	1 197.3	1 200.9	844.1	15.5	859.6	849.6
Universities and technikons	–	3.0	15.5	0.0	2.3	2.3	2.3
Foreign governments and international organisations	37.6	34.0	31.4	37.6	1.5	39.1	39.1
Public corporations and private enterprises	3 817.1	3 671.9	3 704.0	4 095.9	0.4	4 096.3	4 058.3
Non-profit institutions	2.6	7.6	7.6	12.5	20.5	33.0	33.0
Households	1.4	2.9	2.6	2.4	0.0	2.5	2.5
Payments for capital assets	34.5	37.0	23.2	14.7	2.8	17.5	17.5
Machinery and equipment	33.9	32.5	20.4	10.7	2.3	13.0	13.0
Software and other intangible assets	0.7	4.5	2.7	4.0	0.5	4.5	4.5
Payments for financial assets	–	–	3.2	–	–	–	–
Total	6 051.7	6 085.9	5 923.3	6 150.1	44.1	6 194.2	6 075.5

Table 36.B Detail of approved establishment and personnel numbers according to salary level¹

	Personnel post status as at 30 September 2010			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year ²	Medium-term estimate		
				2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Department	1 395	1 395	104	890	1 006	1 140	1 129	1 257	1 320	1 320
Salary level 1 – 6	162	162	88	107	171	207	144	228	240	240
Salary level 7 – 10	627	627	13	401	440	495	514	546	573	573
Salary level 11 – 12	376	376	3	216	222	271	288	299	314	314
Salary level 13 – 16	230	230	–	166	173	167	183	184	193	193
Administration	394	394	48	252	291	321	330	354	372	372
Salary level 1 – 6	79	79	38	69	92	95	70	105	110	110
Salary level 7 – 10	157	157	7	97	106	117	123	129	135	135
Salary level 11 – 12	112	112	3	53	58	76	98	84	88	88
Salary level 13 – 16	46	46	–	33	34	33	39	36	38	38

Table 36.B Detail of approved establishment and personnel numbers according to salary level¹ (continued)

	Personnel post status as at 30 September 2010			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year ²	Medium-term estimate		
				2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
International Trade and Economic Development	158	158	1	101	106	111	118	122	128	128
Salary level 1 – 6	2	2	1	1	1	3	1	3	3	3
Salary level 7 – 10	72	72	–	36	38	51	56	56	59	59
Salary level 11 – 12	48	48	–	35	36	28	30	31	32	32
Salary level 13 – 16	36	36	–	29	31	29	31	32	34	34
Empowerment and Enterprise Development	108	108	6	69	74	86	88	95	100	100
Salary level 1 – 6	1	1	6	2	2	4	1	4	5	5
Salary level 7 – 10	46	46	–	34	36	34	40	37	39	39
Salary level 11 – 12	29	29	–	12	13	22	21	24	25	25
Salary level 13 – 16	32	32	–	21	22	26	26	29	30	30
Industrial Development	148	148	14	98	106	107	107	118	124	124
Salary level 1 – 6	1	1	10	3	4	11	1	12	13	13
Salary level 7 – 10	56	56	4	46	48	39	42	43	45	45
Salary level 11 – 12	45	45	–	24	27	29	31	32	34	34
Salary level 13 – 16	46	46	–	25	28	28	33	31	32	32
Consumer and Corporate Regulation	116	116	4	90	90	96	92	106	111	111
Salary level 1 – 6	1	1	4	3	4	5	1	6	6	6
Salary level 7 – 10	56	56	–	40	40	47	48	52	54	54
Salary level 11 – 12	29	29	–	29	29	27	22	30	31	31
Salary level 13 – 16	30	30	–	17	17	17	21	19	20	20
The Enterprise Organisation	241	241	12	138	161	214	209	236	248	248
Salary level 1 – 6	16	16	12	6	6	22	15	24	25	25
Salary level 7 – 10	153	153	–	90	109	133	136	147	154	154
Salary level 11 – 12	51	51	–	22	24	41	39	45	47	47
Salary level 13 – 16	21	21	–	21	22	18	19	20	21	21
Trade and Investment South Africa	133	133	19	106	96	126	108	139	146	146
Salary level 1 – 6	17	17	17	8	8	27	15	30	31	31
Salary level 7 – 10	52	52	2	41	41	47	43	52	54	54
Salary level 11 – 12	51	51	–	38	31	41	39	45	47	47
Salary level 13 – 16	13	13	–	19	16	11	11	12	13	13
Communication and Marketing	97	97	–	36	81	79	77	87	91	91
Salary level 1 – 6	45	45	–	15	55	40	40	44	46	46
Salary level 7 – 10	35	35	–	16	21	27	26	30	31	31
Salary level 11 – 12	11	11	–	3	3	7	8	8	8	8
Salary level 13 – 16	6	6	–	2	2	5	3	6	6	6

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

2. As at 30 September 2010.

Table 36.C Summary of expenditure on training

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Compensation of employees (R million)	327.5	383.1	437.7	533.3	602.2	644.2	676.4
Training expenditure (R million)	1.0	2.5	9.3	11.0	13.4	14.1	14.9
Training as percentage of compensation	0.3%	0.7%	2.1%	2.1%	2.2%	2.2%	2.2%
Total number trained in department (head count)	545	–	1 627	–			
of which:							
Employees receiving bursaries (head count)	105	–	150	–			
Learnerships trained (head count)	20	–	10	–			
Internships trained (head count)	–	–	34	–			
Households receiving bursaries (R million)	0.8	1.2	1.4	1.5	1.6	1.6	1.7
Households receiving bursaries (head count)	13	–	42	–			

Table 35.D Summary of departmental public private partnership (PPP) projects

Project description: Department of Trade and Industry Campus project		Project annual unitary fee at time of contract	Budgeted expenditure	Medium-term expenditure estimate		
R million			2010/11	2011/12	2012/13	2013/14
Projects signed in terms of Treasury Regulation 16	–	154.7	156.3	171.5	181.0	
PPP unitary charge	–	153.7	155.9	171.1	180.5	
Project monitoring cost	–	1.0	0.4	0.4	0.4	
Total	–	154.7	156.3	171.5	181.0	

Disclosure notes for projects signed in terms of Treasury Regulation 16

Project name	Department of Trade and Industry(dti) Public Private Partnership(PPP) campus
Brief description	Department of Trade and Industry Public Private Partnership campus Meintjies Street, Pretoria. Design, Construct and Facility Management Services over period of 25 years
Date PPP agreement was signed	August 2003
Duration of PPP agreement	25 years
Escalation index for unitary fee	CPIX linked - July every year on anniversary
Variations / amendments to PPP agreement	Variation orders as per allowed schedules - but no formal amendment to date was signed on the Public Private Partnership Agreement
Cost implications of variations/amendments	Costed per each variation order. Strategic Space strategy will inform over the medium term the quantum of variation orders to be executed.
Significant contingent fiscal obligations including termination payments, guarantees, warranties and indemnities and maximum estimated value of such liabilities	The outstanding debt amount as per financial model

Table 36.E Summary of departmental public private partnership (PPP) projects

Project description: National Fleet project		Project annual unitary fee at time of contract	Budgeted expenditure 2010/11	Medium-term expenditure estimate		
R million				2011/12	2012/13	2013/14
Projects signed in terms of Treasury Regulation 16	–	3.6	3.8	4.0	4.2	
PPP unitary charge ¹	–	3.6	3.8	4.0	4.2	
Total	–	3.6	3.8	4.0	4.2	

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

Table 36.F Summary of expenditure on infrastructure

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Infrastructure transfers to other spheres, agencies and departments										
Coega Development Corporation	Infrastructure developments to enable investment in the zone	Various	5 689.0	726.0	718.4	859.9	714.0	383.7	417.9	308.2
East London industrial development zone	Infrastructure developments to enable investment in the zone	Various	1 817.5	124.9	154.0	373.4	198.0	171.3	150.0	100.0
Critical infrastructure programme	Infrastructure projects supporting investment in mining, tourism, manufacturing and services	Various	1 473.2	60.2	75.1	105.6	80.7	118.5	181.7	191.7
Richards Bay industrial development zone	Infrastructure developments to enable investment in the zone	Various	672.0	-	-	68.4	20.0	60.7	42.0	30.0
Centurion Aerospace Village	Establishment of aero-mechanical manufacturing abilities. Establishment of an aerospace supplier park.	Various	407.3	-	20.0	-	37.5	-	-	-
South African Bureau of Standards	New building to house the South African Bureau of Standards	Construction	315.4	-	-	-	174.2	93.2	48.0	-
Total			10 374.5	911.0	967.5	1 407.3	1 224.4	827.4	839.6	629.9

Vote 37

Transport

Budget summary

R million	2011/12				2012/13	2013/14
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	274.0	262.5	9.5	2.0	284.7	300.0
Integrated Transport Planning	147.8	147.0	–	0.8	135.8	135.8
Rail Transport	9 542.7	25.7	9 516.9	0.1	10 028.9	10 840.2
Road Transport	15 324.3	96.4	15 227.3	0.6	17 522.3	18 839.0
Civil Aviation	57.6	42.5	14.7	0.4	60.3	63.4
Maritime Transport	152.1	126.0	25.9	0.3	151.8	160.1
Public Transport	9 585.6	141.7	9 443.7	0.2	10 020.7	10 860.4
Total expenditure estimates	35 084.0	841.8	34 238.0	4.1	38 204.4	41 198.9
Executive authority	Minister of Transport					
Accounting officer	Director General of Transport					
Website address	www.dot.gov.za					

More detailed information for each vote is available at www.treasury.gov.za. More comprehensive coverage of vote specific information, particularly on goods and services, transfers and subsidies, donor funding, public entities and lower level institutional information, is provided.

Aim

Lead the provision of an integrated, sustainable, reliable and safe transport system through planning, development, coordination, promotion and the implementation of transport policies, regulations and strategies.

Programme purposes

Programme 1: Administration

Purpose: Coordinate and render effective, efficient strategic support and administrative services to the minister, director general and department.

Programme 2: Integrated Transport Planning

Purpose: Manage and facilitate national strategic planning and planning for new projects; formulate national transport policy and strategy, coordinate international as well as intersphere relations; and provide modelling and analysis of the sector.

Programme 3: Rail Transport

Purpose: Facilitate and coordinate the development of sustainable rail transport policies, strategies and systems. Oversee rail public entities.

Programme 4: Road Transport

Purpose: Regulate road traffic management. Ensure the maintenance and development of an integrated road network, through the development of standards and guidelines and oversight of the road agencies and provincial road expenditure.

Programme 5: Civil Aviation

Purpose: Facilitate the development of an economically viable air transport industry that is safe, secure, efficient, environmentally friendly and compliant with international standards, through regulation and investigation. Oversee the aviation public entities.

Programme 6: Maritime Transport

Purpose: Coordinate the development of a safe, reliable and viable maritime transport sector through the development of policies, and through monitoring and oversight of the maritime public entities.

Programme 7: Public Transport

Purpose: Develop norms and standards and well as regulations and legislation to guide the development of public transport for rural and urban passengers. Regulate interprovincial public transport and tourism services. Monitor and evaluate the implementation of the public transport strategy and the National Land Transport Act (2009).

Strategic overview: 2007/08 – 2013/14

The Department of Transport is responsible for facilitating, coordinating and enabling the movement of goods and people, underpinned by adequately maintained infrastructure and efficient services and operations aimed at advancing South Africa's social and economic development.

Key achievements in priority areas

In line with the focus on improving road safety, in February 2010, the department set up a national steering committee to establish road safety councils in all provinces to improve enforcement, education, engineering and evaluation. To further develop public transport access and infrastructure, the department supported the development of integrated public transport systems, including the bus rapid transit networks and taxi empowerment. In relation to the 2010 FIFA World Cup, R25 billion was invested in rail infrastructure, stations and rolling stock in the Passenger Rail Agency of South Africa and the Gautrain rapid rail link, and the long distance bus company, Autopax, was recapitalised. Investment in the national road network and the focus on asset preservation and maintenance has continued to support the movement of people and goods.

In support of the need for integrated planning and monitoring and evaluation, the department has completed the national master plan, and the 2020 public transport action plan, and has identified its key outcomes as the development of an effective and integrated infrastructure network with safe public transport systems in support of mobility and economic development.

Strategic priority outcomes

In the execution of its mandate, the department has identified the following strategic priority outcomes for the medium term:

An effective and integrated infrastructure network that serves as a catalyst for social and economic development: The department will ensure the maintenance and strategic expansion of the road network, and support the development of road asset management systems in rural and provincial authorities. In addition the department will support rail and ports efficiency and enhance capacity and competitiveness.

A safe and secure transport sector: The department will implement various policy interventions that seek to reduce the number of accidents and incidents in the road, rail, aviation and maritime environment.

Improved public transport systems: Public transport is a critical strategic imperative in the department's service delivery agenda. Over the medium term, the department will implement measures to ensure an effective, efficient, affordable and accessible public transport system in both urban and rural areas through, among others, the implementation of integrated public transport networks, and establishment and strengthening of regulatory entities, acquisition of new rail rolling stock, and development and upgrading of priority passenger rail corridors.

Increased contribution to job creation: The department will prioritise job creation through the implementation of an industry empowerment model, the finalisation and approval of the maritime policy underpinned by industry development, and broad based black economic empowerment (BEE).

Increased transport contribution to environmental protection and streamlining of the strategy and regulatory environment: The department will implement measures aimed at reducing the impact of transport on climate change by supporting more energy efficient modes of freight and passenger transport and promote the use of cleaner fuels.

Key policy developments

National Rail Policy and Bill: The rail policy seeks to establish a single overarching framework for rail transport in South Africa. At the heart of this policy is the separation of operations, infrastructure and regulation to develop a comprehensive institutional and regulatory model for both economic regulation and safety regulation of the country's railways. The policy will provide for the establishment of an economic regulator in 2012/13.

Road Accident Benefit Scheme Policy and Bill: The draft policy was approved by Cabinet for publication in November 2009, and published in the Government Gazette in February 2010. In terms of an envisaged fundamental overhaul, the draft policy proposes that the Road Accident Fund be replaced by the Road Accident Benefit Scheme Administrator and that the current adversarial system be replaced with a scheme based on the principle of social security. The policy will be finalised in 2010/11 and legislation drafted to support this key milestone in the new comprehensive social security system.

Aviation policy: The purpose of the national civil aviation policy is to address: aviation safety and security, institutional arrangements, aviation infrastructure; air transport; general aviation; unmanned aircraft systems, aircraft operations and the environment; human resource development and training; and research and development. In addition the policy will ensure South Africa's compliance with the Convention on International Civil Aviation and address South African and regional civil aviation needs and requirements.

National Land Transport Act (2009): The implementation of the act establishes a national, provincial and municipal public transport regulator, inter-modal planning committees, and land transport advisory boards at the municipal level. The act provides for the devolution of regulatory functions to municipalities, including bus and taxi operating licences, and provides for service level agreements with the Passenger Rail Agency of South Africa. Finally, the act establishes municipal land transport funds to fund public transport services and infrastructure. Cape Town has initiated a feasibility to support its request to devolve the regulatory function in 2011/12.

Maritime transport policy: The intention of this policy is to create a governance framework for the maritime sector to integrate the Southern African Development Community region through coastal shipping and trade; create jobs through a maritime value chain; and grow the economy through efficient port operations. Comprehensive consultations with the industry stakeholders and role players have taken place and the draft policy will be submitted to Cabinet for approval in 2011/12.

Road asset management and preservation policy: A road asset management and preservation policy will be developed in 2011/12 to support the implementation of the road infrastructure strategic framework of South Africa and ensure that authorities conduct road condition surveys regularly and use road asset management systems in planning for investments. Regular condition assessments and traffic volume data will allow for optimum decisions to be taken in increasing the asset lifespan of roads, reduce transport costs owing to poor road condition, improved accountability, investment decisions and expenditure outcomes.

Savings and cost effectiveness measures

The Department of Transport has identified efficiency savings over the medium term in spending on goods and services by reducing spending on administration, transport planning, freight logistics, road infrastructure, industry development, and public transport business development, where savings have been identified or projects completed or discontinued. The department has reprioritised R2.7 billion from non-performing programmes and non-recurrent projects to support its legislative mandate and provide for investment in the key outcomes for which it is responsible.

Efficiency savings in current expenditure of R158 million over the MTEF period, relating to board costs, communication and non-core expenditure were effected in the following public entities: Passenger Rail Agency of South Africa, South African National Roads Agency, South African Maritime Safety Authority, the Road Traffic Management Corporation and the Road Accident Fund.

The Sani Pass roads grant and the overload control grant were discontinued with the inception of the new conditional grants to provincial authorities for road maintenance, which allowed for the reprioritisation of R165.5 million. The rural transport grant was augmented to support road asset management principles.

Selected performance indicators

Table 37.1 Transport

Indicator	Programme	Past			Current 2010/11	Projections		
		2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Number of average week day bus rapid transit passengers	Public Transport	–	–	118 ¹	30 000	45 000	70 000	110 000
Number of taxis scrapped per year	Public Transport	11 429	9 208	11 616	9 164	8 682	9 117	9 681
Extent of secondary road network in poor and very poor condition	Road Transport	68 604km	65 966km	65 966km	63 278km	59 674km	56 071km	52 773km
Total number of municipalities assigned public transport regulatory powers	Public Transport	–	–	–	–	3	4	4

1. Data for the starter service from September 2009.

Expenditure estimates

Table 37.2 Transport

Programme				Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
R million	Audited outcome			2010/11		2011/12	2012/13	2013/14
	2007/08	2008/09	2009/10					
Administration	160.0	252.7	289.0	246.5	246.5	274.0	284.7	300.0
Integrated Transport Planning	56.1	84.6	87.6	93.3	93.3	147.8	135.8	135.8
Rail Transport	7 493.2	8 725.4	10 521.6	9 261.8	9 261.8	9 542.7	10 028.9	10 840.2
Road Transport	6 614.7	11 500.0	10 412.3	12 362.2	11 970.8	15 324.3	17 522.3	18 839.0
Civil Aviation	71.3	73.5	52.4	51.6	51.6	57.6	60.3	63.4
Maritime Transport	83.9	137.5	127.1	134.7	134.7	152.1	151.8	160.1
Public Transport	4 676.8	7 387.8	7 174.0	8 230.7	8 230.7	9 585.6	10 020.7	10 860.4
Total	19 155.9	28 161.7	28 664.0	30 380.8	29 989.4	35 084.0	38 204.4	41 198.9
Change to 2010 Budget estimate				202.8	(188.6)	1 232.9	2 731.5	3 775.0
Economic classification								
Current payments	573.0	989.6	1 015.9	946.2	946.2	841.8	865.1	904.8
Compensation of employees	131.3	182.6	228.1	266.2	266.2	294.4	309.9	326.5
Goods and services	441.7	807.0	787.7	680.1	680.1	547.4	555.2	578.2
<i>of which:</i>								
Consultants and professional services:	310.6	575.2	559.9	390.4	390.4	358.6	353.8	370.7
Business and advisory services								
Consultants and professional services:	36.7	67.0	43.2	186.0	186.0	40.2	39.2	37.3
Infrastructure and planning								
Lease payments	15.6	17.1	23.4	19.9	19.9	57.5	62.8	65.6
Travel and subsistence	24.7	44.6	37.9	30.5	30.5	34.2	36.4	38.3
Economic classification								
Transfers and subsidies	18 572.6	27 152.3	27 640.9	29 393.0	29 001.6	34 238.0	37 334.9	40 289.5
Provinces and municipalities	7 027.7	10 592.0	13 263.1	13 114.0	12 722.6	15 454.7	16 965.7	18 462.8
Departmental agencies and accounts	3 688.9	6 814.1	5 873.7	6 985.9	6 985.9	8 805.8	9 878.1	10 498.9

Table 37.2 Transport (continued)

R million	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
Universities and technikons	9.2	7.8	8.2	8.7	8.7	9.2	9.6	10.2
Foreign governments and international organisations	3.6	4.9	4.3	5.4	5.4	5.7	6.0	6.4
Public corporations and private enterprises	7 267.2	9 258.2	7 850.1	8 765.2	8 765.2	9 474.1	9 962.5	10 770.0
Non-profit institutions	3.8	14.1	15.0	16.0	16.0	17.0	17.8	18.8
Households	572.2	461.2	626.5	497.7	497.7	471.6	495.2	522.4
Payments for capital assets	3.2	5.7	6.8	41.6	41.6	4.1	4.4	4.6
Buildings and other fixed structures	–	–	–	37.7	37.7	–	–	–
Machinery and equipment	3.2	5.7	6.8	3.9	3.9	4.1	4.4	4.6
Payments for financial assets	7.1	14.1	0.4	–	–	–	–	–
Total	19 155.9	28 161.7	28 664.0	30 380.8	29 989.4	35 084.0	38 204.4	41 198.9

Expenditure trends

Expenditure increased from R19.2 billion in 2007/08 to R30.4 billion in 2010/11, at an average annual rate of 16.6 per cent. This growth was mainly attributable to allocations over the period, which grew by R2.5 billion for public transport infrastructure and systems, R1.6 billion for passenger rail infrastructure, and R2.3 billion and R3.5 billion for the provincial and national road networks. The growth was offset by allocations for the Gautrain rapid rail link project, which decreased from R3 billion in 2007/08 to R438 million in 2010/11, as the national contribution to the development phase of this project ends in 2011/12. Trends are further influenced by the once-off transfer to the Road Accident Fund in 2008/09.

Over the medium term, expenditure is expected to increase from R30.4 billion to R41.2 billion, at an average annual rate of 10.7 per cent. This growth is attributable to: additional allocations of R1.5 billion to the conditional grant to provinces introduced in 2011/12 for provincial road investment and maintenance; the allocation to the coal haulage network of R3.8 billion over the medium term; and continued growth in expenditure on road infrastructure and maintenance, rail infrastructure and operations, and public transport infrastructure and systems. Transfers to the Passenger Rail Agency of South Africa and the South African National Roads Agency are expected to grow by R2 billion and R3.5 billion respectively between 2010/11 and 2013/14, while transfers towards provincial roads maintenance and public transport infrastructure and systems increase by R3.2 billion and R1.9 billion over this period.

The department receives additional allocations over the medium term as follows:

- R5.2 billion for provincial road maintenance and the coal haulage network
- R2.7 billion for public transport infrastructure and systems
- R1.1 billion to upgrade and extend the signalling system
- R950 million to the South African National Roads Agency for road maintenance
- R350 million to refurbish and upgrade passenger rolling stock
- R118.7 million for accommodation space and improving the premises
- R50 million to establish a transport economic regulator
- R20 million for feasibility on the rolling stock programme for Metrorail
- R34.9 million in 2011/12 and R6 million in 2012/13 for the national household travel survey
- R29.4 million for improved conditions of service
- R10.5 million for monitoring of conditional grants
- R7.5 million for the implementation of the National Land Transport Act
- R5.5 million for policy and legislative development for the Road Accident Benefit Scheme Administrator
- R5 million for the Road Traffic Infringement Agency
- R6 million to fund the acquisition of a local user terminal for maritime search and rescue operations.

The ratio of administrative costs to line function costs is 1:113 in 2011/12 and is expected to be 1:118 over the medium term, due to additional allocations.

Infrastructure spending

The department transfers funds to entities, provinces and municipalities for infrastructure development. Between 2007/08 and 2010/11, these transfers increased from R10.9 billion to R19.8 billion, at an average annual rate of 22 per cent. Over the medium term, transfers for infrastructure investment are expected to grow at an average annual rate of 12.2 per cent, to reach R27.9 billion in 2013/14. The increases are largely due to allocations towards national and provincial road maintenance and towards public transport rail infrastructure and municipal public transport infrastructure and systems.

Personnel information

The department has an establishment of 677 posts, all of which are funded and 98 are additional to the approved establishment. The number of posts filled increased from 431 in 2007/08 to 529 in 2010/11 as the department was being restructured. It is expected that posts filled will increase to 677 over the medium term. There are 148 vacancies within the department, of which 30 are in salary level 10 and 36 are in salary level 12. Most of these vacancies are in the *Administration* programme.

The ratio of support staff to line staff is 1:2.2. Apart from the permanent staff, there are 98 contract employees employed by the department.

Departmental receipts

Revenue collected by the department is mainly derived from other sales relating to the electronic national traffic information system transaction fees, which grew by R140.9 million between 2007/08 and 2010/11, as these fees were introduced in 2007. Over the MTEF period, revenue is projected to decline as fees are received by the department as an adjusted appropriation and not recognised as income. Dividends received from the Airports Company of South Africa increased by an average annual rate of 4.5 per cent between 2007/08 and 2010/11, and will increase by 5.9 per cent over the MTEF period.

Table 37.3 Departmental receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2007/08	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
Departmental receipts	362 450	215 806	106 074	266 657	266 657	137 425	144 297	151 516
Sales of goods and services produced by department	9 906	200 089	98 714	150 842	150 842	12 580	13 209	13 869
Sales of scrap, waste, arms and other used current goods	–	3	3	–	–	–	–	–
Fines, penalties and forfeits	16	7	(5)	–	–	–	–	–
Interest, dividends and rent on land	109 069	368	137	115 420	115 420	124 430	130 652	137 189
Transactions in financial assets and liabilities	243 459	15 339	7 225	395	395	415	436	458
Total	362 450	215 806	106 074	266 657	266 657	137 425	144 297	151 516

Programme 1: Administration

Expenditure estimates

Table 37.4 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
R million							
Ministry ¹	12.1	16.6	34.3	22.1	28.5	29.9	31.6
Management	34.5	32.1	24.2	53.3	43.9	42.4	45.2
Corporate Services	60.0	137.6	146.4	128.4	121.6	126.0	132.6
Communications	39.6	54.1	65.1	25.4	25.8	26.7	28.2
Office Accommodation	13.7	12.3	19.1	17.2	54.3	59.7	62.4
Total	160.0	252.7	289.0	246.5	274.0	284.7	300.0
Change to 2010 Budget estimate				21.9	53.2	54.5	57.2

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

Economic classification

Current payments	147.0	240.3	274.9	235.6	262.5	272.6	287.2
Compensation of employees	60.4	85.8	97.4	112.6	116.0	120.2	126.6
Goods and services	86.6	154.5	177.5	123.0	146.5	152.4	160.7
of which:							
Consultants and professional services:	27.8	50.3	49.8	66.3	46.3	45.9	48.7
Business and advisory services							
Lease payments	14.2	14.7	21.2	18.4	55.8	61.2	64.0
Travel and subsistence	8.3	16.8	19.1	9.2	13.2	13.6	14.4
Transfers and subsidies	9.6	8.4	8.8	9.0	9.5	10.0	10.5
Departmental agencies and accounts	0.1	0.0	–	0.2	0.2	0.2	0.2
Universities and technikons	9.2	7.8	8.2	8.7	9.2	9.6	10.2
Households	0.3	0.6	0.6	0.1	0.1	0.1	0.2
Payments for capital assets	2.1	3.7	5.0	1.9	2.0	2.1	2.2
Machinery and equipment	2.1	3.7	5.0	1.9	2.0	2.1	2.2
Payments for financial assets	1.3	0.3	0.3	–	–	–	–
Total	160.0	252.7	289.0	246.5	274.0	284.7	300.0

Details of selected transfers and subsidies

Universities and technikons							
Current	9.2	7.8	8.2	8.7	9.2	9.6	10.2
University of Pretoria, KwaZulu-Natal and Stellenbosch	9.2	7.8	8.2	8.7	9.2	9.6	10.2

Expenditure trends

Expenditure grew from R160 million in 2007/08 to R246.5 million in 2010/11, at an average annual rate of 15.5 per cent. The increase was largely due to funds shifting to this programme from the *Integrated Transport Planning* and *Public Transport* programmes and the *Public Entity Oversight* subprogramme in 2009/10 to cater for the expansion of internal audit staff, skills development costs and preparations for the 2010 FIFA World Cup. A significant part of this increase was in spending on compensation of employees, which grew at an average annual rate of 23.1 per cent or R52.2 million between 2007/08 and 2010/11, and an average annual increase in expenditure on business and advisory services of 33.6 per cent or R38.5 million over this period.

Over the MTEF period, spending is expected to increase to R300 million, at an average annual rate of 6.8 per cent. The increase is mainly in spending in the *Office Accommodation* subprogramme, which will increase by R45.2 million as a result of increases in annual rental costs. Due to increased pressure on expenditure in the *Ministry* subprogramme, its budget is set to grow at an average annual rate of 12.6 per cent from 2010/11 to 2013/14.

Programme 2: Integrated Transport Planning

- *Transport Planning* manages, coordinates and facilitates the implementation of the planning prescripts of the National Land Transport Act (2009), and provides planning guidelines and a national five-year strategic framework to inform provincial and municipal planning. This subprogramme has a staff complement of 29 and a total budget of R79 million in 2011/12, of which R34.9 million will be spent on the national travel survey.
- *Freight Logistics* develops and coordinates the implementation of strategies aimed at unblocking bottlenecks in the national freight logistics system, with particular emphasis on the integrating elements of the system across modes. This subprogramme has a staff complement of 10 and a 2011/12 budget of R31 million, of which 32 per cent will be spent on the establishment of a transport economic regulator. Over the medium term, the subprogramme will be responsible for: the establishment of the transport economic regulator, reviewing the national freight logistics strategy, finalising the branch line strategy, and coordinating the implementation and regular review of the national transport master plan.
- *Modelling and Economic Analysis* undertakes financial and economic modelling and analysis of various policy options. This subprogramme has a staff complement of 16 and a 2011/12 budget of R15.8 million, of which 27 per cent will be spent on the black economic empowerment sub-subprogramme. Over the medium term, the subprogramme will be responsible for: the conceptual design and modelling of projects in close collaboration with the programme management unit and line functions; giving support to public private partnerships; and developing financial models for transport infrastructure investment, specifically in the rail sector.
- *Regional Integration* manages, coordinates and facilitates developing strategies for engagement in the SADC region and the continent. This subprogramme has a staff complement of 5 and a 2011/12 budget of R13.5 million, of which 47 per cent will be spent on the institutional support programme.
- *Programme Management Unit* is a new subprogramme, which is responsible for coordinating the delivery of the department's strategic goals through coordinated management of multiple projects to achieve synergies and savings. This subprogramme has a staff complement of 5 and a 2011/12 budget of R1.5 million to provide for the establishment of this monitoring and evaluation unit.
- *Integrated Transport Planning Administration Support* provides administrative support services to the entire programme; and is responsible for budget control, performance reporting and project administration to support project managers. This subprogramme has a staff complement of 7 and a 2011/12 budget of R7 million.

Objectives and measures

- Increase port and rail efficiencies and ensure the seamless and integrated movement of cargo by developing appropriate corridor mapping tools to: increase crane moves per hour from 23 to 35; improve train turnaround time from the current 14 days to 10 days by December 2011; reduce system costs from the current 16 per cent of GDP to 8 per cent of GDP by 2014.
- Develop appropriate institutional and regulatory frameworks by December 2011 that will enhance and promote the participation of the second economy players in the mainstream economy.
- Encourage private sector participation and investment by developing policies to address transport planning and freight logistics by December 2011.
- Support an effective and efficient transport system by developing a transport performance indicator database by 2012 that will assist in measuring the economic performance and impact of the sector.
- Improve transport planning by establishing a national planning forum by 2012 that integrates planning across all spheres of government, and develop a master planning framework to support the work of the forum.
- Improve the impact of transport projects by coordinating and managing the total lifecycle of projects and maintaining effective monitoring, evaluation and reporting systems on an ongoing basis.

Expenditure estimates

Table 37.5 Integrated Transport Planning

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
R million							
Transport Planning	28.5	45.3	44.7	37.5	79.0	54.1	50.6
Freight Logistics	12.2	19.5	11.3	22.3	31.1	42.2	43.4
Modelling and Economic Analysis	5.5	8.4	16.0	14.9	15.8	16.6	17.5
Regional Integration	3.1	4.6	4.4	12.6	13.5	14.1	14.9
Programme Management Unit	–	–	–	1.5	1.5	1.6	1.7
Integrated Transport Planning Administration Support	6.9	6.8	11.1	4.5	7.0	7.2	7.6
Total	56.1	84.6	87.6	93.3	147.8	135.8	135.8
Change to 2010 Budget estimate				(12.5)	32.9	13.7	6.8
Economic classification							
Current payments	54.0	83.8	86.6	92.6	147.0	135.0	134.9
Compensation of employees	22.7	31.0	47.3	51.8	62.2	66.9	70.5
Goods and services	31.3	52.8	39.2	40.8	84.9	68.1	64.4
of which:							
Consultants and professional services:	25.5	43.0	27.6	20.8	61.4	41.9	37.4
Business and advisory services	–	–	0.5	2.1	3.0	3.2	3.4
Consultants and professional services:							
Infrastructure and planning	0.1	0.2	0.3	0.4	0.8	0.6	0.5
Lease payments	2.6	4.4	3.7	8.1	7.9	8.2	8.6
Travel and subsistence							
Payments for capital assets	0.2	0.8	0.9	0.7	0.8	0.8	0.8
Machinery and equipment	0.2	0.8	0.9	0.7	0.8	0.8	0.8
Payments for financial assets	1.9	–	0.0	–	–	–	–
Total	56.1	84.6	87.6	93.3	147.8	135.8	135.8

Expenditure trends

Expenditure grew from R56.1 million in 2007/08 to R93.3 million 2010/11, at an average annual rate of 18.5 per cent, mainly as a result of increased expenditure on regional integration due to increased allocations for the integrated rural mobility and access project in 2010/11.

Over the MTEF period, expenditure is expected to grow to R135.8 million, at an average annual rate of 13.3 per cent. The growth is mainly due to the anticipated use of consultants in 2011/12 within the *Transport Planning* subprogramme for the update of the national travel survey. In addition, spending in the *Freight Logistics* subprogramme is projected to grow by R21.2 million over the medium term to provide for the establishment of a transport economic regulator that will respond to challenges facing the movement of freight. The ratio of administrative costs to line function costs is 1:20 over the medium term.

Programme 3: Rail Transport

- *Rail Regulation* develops rail policy, safety and economic regulations to ensure improved safety and efficiency in rail transport. This subprogramme has a staff complement of 8 and a 2011/12 budget of R8.7 million, of which 29 per cent will be spent on the development of the rail transport regulatory framework. The creation of interim rail regulatory capacity will focus on information gathering, analysis and making recommendations on interventions required.
- *Rail Infrastructure and Industry Development* coordinates the development, maintenance of and investment in rail infrastructure. This subprogramme has a staff complement of 11 and a 2011/12 budget of R8.1 million, of which 75 per cent will be spent on rail infrastructure planning surrounding stations, lines and signalling. A key function of this subprogramme is to facilitate rail industry development and ensure responsiveness to the country's industrial policy action plan, broad based black economic empowerment (BEE) and job creation.

- *Rail Operations* coordinates the implementation of integrated rail services, and monitors and analyses service delivery challenges facing the rail industry. This subprogramme has a staff complement of 7 and a 2011/12 budget of R4.9 million. A key function of this subprogramme will be to coordinate and facilitate the phased devolution of rail operational subsidies to metropolitan authorities.
- *Rail Oversight* exercises functional oversight over rail public entities, monitors their performance against approved plans and manages transfers to these entities. This subprogramme exercises oversight over the Railway Safety Regulator and the Passenger Rail Agency of South Africa. In 2011/12 R9.4 billion will be transferred to the Passenger Rail Agency of South Africa and R37 million to the Railway Safety Regulator in 2011/12.
- *Rail Administration Support* provides support services to the entire programme. This subprogramme has a staff complement of 11 and a 2011/12 budget of R4.1 million.

Objectives and measures

- Direct effective and sustainable urban rail transport and freight rail movement based on competition and private sector participation by providing a policy and regulatory environment by 2011 through close collaboration with relevant stakeholders, resulting in an increase in cargo moved by branch lines to 8 million tons by 2014.
- Promote local rail industry development by progressively increasing local content over the procurement period in the manufacturing or assembly of rolling stock and rail infrastructure by 2013/14.
- Increase the mobility and accessibility of rail transport by facilitating the devolution of rail operational subsidies to the local government sphere and service level planning by April 2012.

Expenditure estimates

Table 37.6 Rail Transport

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
R million							
Rail Regulation	0.9	1.6	1.3	8.2	8.7	9.1	9.6
Rail Infrastructure and Industry Development	1.5	2.4	1.4	6.6	8.1	8.6	9.1
Rail Operations	2.2	3.8	20.2	4.5	4.9	5.2	5.5
Rail Oversight	7 487.9	8 716.6	10 496.4	9 239.2	9 516.9	10 001.8	10 811.6
Rail Administration Support	0.7	1.0	2.4	3.3	4.1	4.3	4.5
Total	7 493.2	8 725.4	10 521.6	9 261.8	9 542.7	10 028.9	10 840.2
Change to 2010 Budget estimate				500.2	347.1	377.0	657.5
Economic classification							
Current payments	5.0	8.6	25.2	22.5	25.7	27.0	28.6
Compensation of employees	2.6	3.5	5.9	9.2	10.9	11.5	12.1
Goods and services	2.4	5.1	19.3	13.3	14.8	15.6	16.5
of which:							
Consultants and professional services: Business and advisory services	1.5	3.0	18.1	5.5	6.5	6.9	7.3
Consultants and professional services: Infrastructure and planning	–	–	–	5.0	5.1	5.4	5.7
Lease payments	0.0	0.1	0.1	0.1	0.1	0.2	0.2
Travel and subsistence	0.4	0.8	0.6	1.2	1.4	1.4	1.5
Transfers and subsidies	7 488.0	8 716.6	10 496.4	9 239.2	9 516.9	10 001.8	10 811.6
Provinces and municipalities	3 029.4	3 266.0	2 976.7	438.4	5.3	–	–
Departmental agencies and accounts	27.3	33.4	37.3	35.6	37.5	39.3	41.5
Public corporations and private enterprises	4 431.2	5 417.3	7 482.4	8 765.2	9 474.1	9 962.5	10 770.0
Households	0.2	–	–	–	–	–	–
Payments for capital assets	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Machinery and equipment	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Total	7 493.2	8 725.4	10 521.6	9 261.8	9 542.7	10 028.9	10 840.2

Table 37.6 Rail Transport (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	27.3	33.4	37.3	35.6	37.5	39.3	41.5
Railway Safety Regulator	27.3	33.4	37.3	35.6	37.5	39.3	41.5
Provinces and municipalities							
Provinces							
Provincial Revenue Funds							
Capital	3 029.4	3 266.0	2 976.7	438.4	5.3	–	–
Gautrain Rapid Rail Link	3 029.4	3 266.0	2 976.7	438.4	5.3	–	–
Public corporations and private enterprises							
Public corporations							
Public corporations - subsidies on products and production							
Current	2 259.1	3 049.6	3 185.8	3 154.9	3 339.3	3 540.4	3 734.9
Passenger Rail Agency of South Africa	2 259.1	3 049.6	3 185.8	3 154.9	3 339.3	3 540.4	3 734.9
Public corporations and private enterprises							
Public corporations							
Other transfers to public corporations							
Capital	2 172.1	2 367.7	4 296.5	5 610.3	6 134.8	6 422.1	7 035.2
Passenger Rail Agency of South Africa	1 696.1	2 367.7	3 831.8	5 110.3	6 134.8	6 422.1	7 035.2
Passenger Rail Agency of South Africa (Public Transport Infrastructure and Systems Grant)	476.0	–	464.8	500.0	–	–	–

Expenditure trends

Expenditure increased from R7.5 billion in 2007/08 to R9.3 billion in 2010/11, at an average annual rate of 7.3 per cent. This growth was mainly attributed to increased allocations towards capital and operational expenditure for the Passenger Rail Agency of South Africa and the Gautrain rapid rail link project. Furthermore, an allocation for the creation of an interim rail economic regulation capacity as envisaged in the freight logistics strategy was also accommodated.

Expenditure over the medium term is expected to grow to R10.8 billion, at an average annual rate of 5.4 per cent. The growth is due to continued allocations to the Passenger Rail Agency of South Africa, which are expected to grow from R8.8 billion in 2010/11 to R10.8 billion in 2013/14, at an average annual rate of 7.1 per cent. The focus of this expenditure will be to enhance rail signalling infrastructure and provide for ongoing rolling stock maintenance. The spending focus over the medium term will be on making transfer payments to the Passenger Rail Agency of South Africa.

The ratio of administrative costs to line function costs is 1:2 344 over the medium term.

Programme 4: Road Transport

- Road Regulation** develops and maintains the regulatory regime for road traffic management, manages relevant information systems and programmes, and exercises oversight over the inspectorate for driver's licences and vehicle testing stations. This subprogramme has a staff complement of 43 and a 2011/12 budget of R62 million, of which 18 per cent will be spent on road safety promotions and 39 per cent on road safety management. The programme is responsible for the maintenance and upgrading of the electronic national traffic information system. Over the medium term, driving instruction will be provided at high school level. In 2010/11, provincial awareness workshops were held to promote the road transport management system, a strategy that focuses on load management, driver wellness, vehicle fitness and operating safety of heavy vehicles.

- *Road Infrastructure and Industry Development* facilitates and coordinates planning, development, management and maintenance of road infrastructure and asset management systems. This subprogramme has a staff complement of 23 and a 2011/12 budget of R26.2 million, of which 23 per cent will be spent on the implementation of the road infrastructure framework for South Africa. Over the medium term, the subprogramme will be responsible for developing and managing the framework for maintenance of the secondary road network. This entails collaborating with the programme management unit to monitor and evaluate provinces' and municipalities' performance in maintaining the road network and upgrading the coal haulage road network.
- *Road Oversight* exercises functional oversight over public entities whose mandate covers road based transport, and transfer payments to these entities, where applicable. This subprogramme has a staff complement of 9 and a 2011/12 budget of R15.2 billion, of which 57 per cent is transferred to the South African National Roads Agency and 42 per cent to provinces for road infrastructure investment.
- *Road Administration Support* provides administrative support services to the programme. This subprogramme has a staff complement of 9 and a 2011/12 budget of R7.4 million.

Objectives and measures

- Facilitate the rehabilitation of roads by supporting the upgrading of 2 156km of coal haulage roads by quarterly monitoring of spending by provinces and the South African National Roads Agency.
- Improve the condition of provincial roads by reducing those in poor to very poor condition from 65 966km in 2009/10 to between 56 071km and 52 773km by 2014 through a targeted maintenance programme across the provinces.
- Contribute to halving unemployment by promoting industry development and labour intensive methodologies to create additional 70 000 fulltime equivalent jobs in the roads sector by 2011/12.
- Support the implementation of the road infrastructure strategic framework by ensuring the use of updated road asset management systems in all provinces by 2013 and the development of these systems at local government level.
- Improve rural access to road transport by assisting municipalities in developing non-motorised infrastructure in 21 district municipalities by 2014.

Expenditure estimates

Table 37.7 Road Transport

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
R million							
Road Regulation	137.5	283.7	243.7	253.8	62.0	64.9	68.5
Road Infrastructure and Industry Development	30.4	55.6	25.3	71.0	26.2	27.6	29.3
Road Oversight	6 439.2	11 155.7	10 131.0	12 031.3	15 228.6	17 422.0	18 733.1
Road Administration Support	7.6	4.9	12.3	6.1	7.4	7.8	8.2
Total	6 614.7	11 500.0	10 412.3	12 362.2	15 324.3	17 522.3	18 839.0
Change to 2010 Budget estimate				173.1	404.8	1 402.1	1 832.3
Economic classification							
Current payments	171.0	330.0	281.1	292.8	96.4	101.0	106.6
Compensation of employees	15.4	21.0	27.2	33.1	39.3	41.3	43.5
Goods and services	155.6	309.0	253.9	259.6	57.0	59.7	63.2
of which:							
Consultants and professional services:	145.0	291.1	229.1	102.8	52.5	54.9	58.1
Business and advisory services							
Consultants and professional services:	–	–	–	149.1	–	–	–
Infrastructure and planning							
Lease payments	0.2	0.4	0.4	0.3	0.2	0.2	0.2
Travel and subsistence	4.6	7.7	5.7	3.5	1.8	1.9	2.0

Table 37.7 Road Transport (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Economic classification							
Transfers and subsidies	6 439.3	11 155.8	10 131.0	12 031.3	15 227.3	17 420.7	18 731.8
Provinces and municipalities	2 824.3	4 406.2	4 333.3	5 113.1	6 492.8	7 605.0	8 298.5
Departmental agencies and accounts	3 614.9	6 749.6	5 797.7	6 918.1	8 734.5	9 815.7	10 433.3
Households	0.1	0.0	0.0	–	–	–	–
Payments for capital assets	0.5	0.4	0.2	38.2	0.6	0.6	0.6
Buildings and other fixed structures	–	–	–	37.7	–	–	–
Machinery and equipment	0.5	0.4	0.2	0.5	0.6	0.6	0.6
Payments for financial assets	3.8	13.8	0.0	–	–	–	–
Total	6 614.7	11 500.0	10 412.3	12 362.2	15 324.3	17 522.3	18 839.0
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	2 055.6	2 249.6	2 844.2	2 852.9	3 007.2	3 213.1	3 389.8
Road Traffic Management Corporation	93.0	89.6	83.6	73.6	77.9	82.7	87.3
South African National Roads Agency	1 962.6	2 160.0	2 760.6	2 779.3	2 924.2	3 125.5	3 297.5
Road Traffic Infringement Agency	–	–	–	–	5.0	5.0	5.0
Capital	1 559.4	2 000.0	2 953.5	4 065.2	5 727.3	6 602.6	7 043.5
South African National Roads Agency	1 429.4	1 900.0	2 847.5	4 065.2	5 727.3	6 602.6	7 043.5
South African National Roads Agency Ltd (Public Transport Infrastructure and Systems Grant)	130.0	100.0	106.0	–	–	–	–
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	–	8.9	9.8	10.4	35.4	37.4	39.3
Rural Transport Services and Infrastructure Grant	–	8.9	9.8	10.4	35.4	37.4	39.3
Provinces and municipalities							
Provinces							
Provincial Revenue Funds							
Capital	2 824.3	4 397.3	4 323.5	5 102.7	6 457.4	7 567.6	8 259.2
Overload Control Grant	–	8.8	10.1	11.0	–	–	–
Provincial Roads Maintenance Grant	2 824.3	3 323.0	4 162.2	5 091.7	6 457.4	7 567.6	8 259.2
Sani Pass Road Grant	–	30.0	34.3	–	–	–	–
Transport Disaster Management Grant	–	1 035.5	116.9	–	–	–	–
Departmental agencies and accounts							
Social security funds							
Current	–	2 500.0	–	–	–	–	–
Road Accident Fund	–	2 500.0	–	–	–	–	–

Expenditure trends

Spending in this programme over the medium term will focus on the maintenance of the national and provincial road networks to ensure an efficient and integrated road network through transfers to the South African National Roads Agency provincial road authorities.

Expenditure has increased from R6.6 billion in 2007/08 to R12.4 billion in 2010/11, at an average annual rate of 23.2 per cent. These increases were mainly due to increases in transfers to the South African National Road Agency, which increased by R3.5 billion, and for provincial roads, which increased by R2.3 billion. Goods and services expenditure grew due to the development, maintenance and upgrade of the electronic national traffic information system. Expenditure in 2008/09 included once-off allocations of R1 billion and R2.5 billion for the disaster management grant to repair storm water damage to roads and bridges caused by floods in KwaZulu-

Natal and Western Cape, to finance the Road Accident Fund's liquidity crisis and to assist with payments to claimants.

Over the medium term, expenditure is expected to grow to R18.8 billion, at an average annual rate of 15.1 per cent. The growth over the medium term is due to additional funding towards provincial road maintenance as well as additional funding towards the coal haulage network for road upgrades. These funds are transferred through the new provincial road maintenance grant. An additional allocation to the South African National Road Agency sees these transfers for national road maintenance increase by R3.5 billion over the MTEF period, which also includes funding for the coal haulage network. The transfer payments to municipalities are expected to increase from R10.4 million in 2010/11 to R35.4 million in 2011/12, because funds were shifted from spending on goods and services to increase the rural transport service and infrastructure grant.

Reductions on expenditure on consultants from R102.8 million to R58.1 million over the MTEF does not reflect self-funding allocations from electronic national traffic information system transaction fees, which are only allocated on the adjusted budgets in each year. The R50 million budget for consultants will be used for road safety promotion, road traffic management and rural infrastructure development.

The ratio of administrative costs to line function costs is 1:2 062 over the medium term.

The budget provides additional allocations for:

- Conditional grant allocations for provincial road maintenance of R1.5 billion over the MTEF period
- Coal haulage roads and the preventative maintenance of:
 - the South African National Roads Agency: R464.7 million in 2011/12, R668 million in 2012/13, R649 million in 2013/14
 - Mpumalanga: R511.7 million in 2011/12, R660 million in 2012/13, R808.3 million in 2013/14
 - Gauteng: R74.7 million in 2011/12, R4.4 million in 2012/13, R0.9 million in 2013/14
- South African National Roads Agency: Road maintenance of R200 million, R300 million and R450 million over the medium term.
- Road Traffic Infringement Agency of R5 million per year over the medium term.

Programme 5: Civil Aviation

- *Aviation Regulation* develops and maintains a robust and effective civil aviation regulatory regime, which is fully responsive to national imperatives and international standards, norms and protocols. This subprogramme has a staff complement of 28 and a 2011/12 budget of R17 million in 2011/12, of which 36 per cent will be spent on the implementation of the airlift strategy. Over the medium term, this subprogramme will be responsible for developing, maintaining and exercising oversight over implementing the airlift strategy.
- *Aviation Infrastructure and Industry Development* coordinates, plans and develops an integrated aviation infrastructure. This is done in line with South Africa's industrial policy action plan, BEE and job creation, underpinned by effective international and regional developmental imperatives and frameworks. This subprogramme has a staff complement of 15 and a 2011/12 budget of R12 million, of which 51 per cent will be spent on aviation infrastructure planning. Over the medium term, the implementation of the national airports development plan will be monitored. The plan deals with providing leadership and support in developing, maintaining and sustaining provincial and municipal civil aviation infrastructure and services.
- *Aviation Safety and Security* develops and monitors South Africa's aviation safety and security regime. This is done by continually evaluating the impact of safety and security measures being implemented in the industry. This subprogramme has a staff complement of 13 and a 2011/12 budget of R9.8 million, of which 41 per cent will be spent on setting up the Aviation Integration Safety Board and appeal committees in line with provisions of the Civil Aviation Act (2009).
- *Aviation Oversight* exercises oversight over the South African Civil Aviation Authority, the Air Traffic Navigation Services Company and the Airports Company of South Africa. This entails ensuring full

compliance with the relevant prescripts, providing technical support to permanent representatives and making relevant transfers to the African Civil Aviation Commission and the International Civil Aviation Organisation. This subprogramme has a 2011/12 budget of R14.7 million, of which 73 per cent will be spent on the South African Civil Aviation Authority.

- *Aviation Administration Support* provides administrative support services to the entire programme. This subprogramme has a staff complement of 12 and a 2011/12 budget of R4 million.

Objectives and measures

- Improve aviation safety control and investigations by establishing an appeals committee for reviewing decision made by the South African Civil Aviation Authority and establishing the Aviation Safety Investigation Board tasked with the investigation of aviation accidents and incidents as currently undertaken by the Civil Aviation Authority by the first quarter of 2011/12.
- Ensure compliance with the International Civil Aviation Organisation and the Federal Aviation Administration's international aviation safety assessment criteria through ongoing effective oversight of the South African Civil Aviation Authority, the Air Traffic and Navigation Services and the Airports Company of South Africa.
- Ensure effective and integrated economic infrastructure by embarking on a consultative process by 2011/12 for the implementation of the national airport development plan.
- Ensure an efficient and safety aviation industry by consulting on, concluding and finalising the approval of the national civil aviation policy by 2011/12.
- Improve access and mobility in rural areas by rationalising and harmonising the development of local and provincial airports and airstrips in line with the national airport development plan by 2014.

Expenditure estimates

Table 37.8 Civil Aviation

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
R million				2010/11			
Aviation Regulation	28.9	46.4	29.2	19.5	17.0	27.0	28.4
Aviation Infrastructure and Industry Development	3.3	5.2	5.3	10.1	12.1	12.8	13.5
Aviation Safety and Security	5.3	7.9	4.3	7.0	9.8	12.2	12.7
Aviation Oversight	31.6	10.9	11.2	12.0	14.7	4.2	4.4
Aviation Administration Support	2.3	3.1	2.5	3.0	4.0	4.1	4.4
Total	71.3	73.5	52.4	51.6	57.6	60.3	63.4
Change to 2010 Budget estimate				1.1	11.3	11.7	12.2
Economic classification							
Current payments	39.4	62.2	41.0	39.3	42.5	55.7	58.6
Compensation of employees	13.3	18.2	19.5	20.5	22.9	24.9	26.3
Goods and services	26.1	44.0	21.5	18.7	19.6	30.8	32.4
of which:							
Consultants and professional services:	14.9	25.2	15.1	12.7	11.0	18.1	19.1
Business and advisory services							
Lease payments	0.5	0.8	0.6	0.4	0.4	0.5	0.5
Travel and subsistence	5.6	9.5	2.5	3.2	5.2	6.3	6.5
Transfers and subsidies	31.6	11.0	11.2	12.0	14.7	4.2	4.4
Departmental agencies and accounts	28.9	7.5	7.8	8.2	10.7	–	–
Foreign governments and international organisations	2.7	3.5	3.5	3.8	4.0	4.2	4.4

Table 37.8 Civil Aviation (continued)

R million	Audited outcome			Adjusted appropriation 2010/11	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Payments for capital assets	0.3	0.4	0.2	0.3	0.4	0.4	0.4
Machinery and equipment	0.3	0.4	0.2	0.3	0.4	0.4	0.4
Total	71.3	73.5	52.4	51.6	57.6	60.3	63.4
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	28.9	7.5	7.8	8.2	10.7	–	–
South African Civil Aviation Authority	28.9	7.5	7.8	8.2	10.7	–	–
Foreign governments and international organisations							
Current	2.2	2.7	2.5	3.0	3.2	3.3	3.5
International Civil Aviation Organisation	2.2	2.7	2.5	3.0	3.2	3.3	3.5

Expenditure trends

Expenditure in this programme declined from R71.3 million in 2007/08 to R51.6 million in 2010/11, at an average annual rate of 10.2 per cent. The decrease is attributed to R36.2 million in reprioritised funds in 2008/09 to host the Africa-Indian Ocean regional aviation navigation conference and an additional once-off R21.7 million transferred to the South African Civil Aviation Authority to increase its capacity for flight operations and airworthiness inspectors in 2007/08.

Over the medium term, expenditure grows at an average annual rate of 7.1 per cent, from R51.6 million to R63.4 million. The increase will largely be to appoint consultants to provide capacity to support the aviation safety function, which will be taken over from the Civil Aviation Authority for which transfers will be discontinued in 2012/13 due to the shift of this function in terms of the Civil Aviation Act (2009). Additional capacity will also be the focus in the establishment of the aviation appeals committee.

The ratio of administrative to line function costs is 1: 14 over the medium term.

Additional funds of R2 million each per year were allocated over the medium term to establish an aviation safety investigation board and an appeal committee in terms of the Civil Aviation Act (2009).

Programme 6: Maritime Transport

- *Maritime Regulation* develops and maintains a maritime regulatory regime that is responsive to the national imperatives and international standards, norms and protocols. This subprogramme has a staff complement of 13 and a 2011/12 budget of R8 million, of which 44 per cent will be spent on the funding of the permanent representation of South Africa at the International Maritime Organisation. Over the medium term, the following outputs will be achieved: developing, maintaining and exercising oversight over the implementation of maritime policy; preventing and combating oil pollution; and protecting life and property at sea.
- *Maritime Infrastructure and Industry Development* coordinates, plans and develops an integrated maritime infrastructure and maritime industry development in line with the South Africa's industrial policy action plan, BEE and job creation underpinned by effective international and regional developmental imperatives. This subprogramme has a staff complement of 10 and a 2011/12 budget of R73.9 million, of which 81 per cent will be spent on oil pollution prevention. The following outputs will be achieved over the medium term: an integrated skills development programme; developing, maintaining and monitoring implementation a coastal shipping plan supported by the development of the South African shipping register; training seafarers; and developing ship building and maintenance capability and skills.
- *Maritime Safety and Security* develops and monitors the South Africa's maritime safety and security regime by continually evaluating the impact of safety and security measures being implemented by the industry.

This is done through the South African Maritime Safety Authority. This subprogramme has a staff complement of 8 and a 2011/12 budget of R40.6 million, of which 54 per cent will be spent on watch keeping services.

- *Maritime Oversight* oversees public entities with the mandate over maritime matters and transfers funds to these entities. This subprogramme has a 2011/12 budget of R25.9 million, of which 37 per cent will be spent on transfers to the Ports Regulator.
- *Maritime Administration Support* renders an administrative and financial support service to the programme. This subprogramme has a staff complement of 12 and a 2011/12 budget of R3.8 million.

Objectives and measures

- Contribute to a safe, secure, environmentally friendly and efficient maritime industry by:
 - developing regulations, on an ongoing basis, aimed at ensuring compliance with International Maritime Organisation mandatory instruments and national legislation.
 - finalising the maritime policy by end of 2012, which will outline the requirements in the maritime transport sector regarding safety, security, environmental protection and job creation.
- Enhance economic development by developing a country ship register by 2014 to support local industry development.
- Ensure opportunities for adequate training and skilling of 120 seafarers by facilitating their placement on board vessels operated locally or overseas by March 2012.
- Reduce the number of accidents and incidents in the sea environment by establishing a safety plan and a security strategy by March 2012.

Expenditure estimates

Table 37.9 Maritime Transport

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
R million							
Maritime Regulation	0.8	1.2	3.2	13.6	8.0	8.4	8.8
Maritime Infrastructure and Industry Development	40.1	71.8	48.5	68.4	73.9	77.3	81.6
Maritime Safety and Security	21.4	35.2	40.1	23.2	40.6	36.2	38.2
Maritime Oversight	19.6	26.2	32.9	26.6	25.9	26.0	27.3
Maritime Administration Support	2.0	3.1	2.5	2.9	3.8	3.9	4.2
Total	83.9	137.5	127.1	134.7	152.1	151.8	160.1
Change to 2010 Budget estimate				(2.6)	6.2	(1.1)	(1.3)
Economic classification							
Current payments	64.3	111.1	93.9	107.8	126.0	125.5	132.5
Compensation of employees	7.2	9.8	11.8	14.7	17.1	17.9	18.9
Goods and services	57.1	101.3	82.2	93.1	108.9	107.6	113.5
of which:							
Consultants and professional services: Business and advisory services	15.7	26.5	32.3	56.3	70.2	70.3	78.0
Consultants and professional services: Infrastructure and planning	36.7	67.0	42.7	29.8	32.0	30.6	28.3
Lease payments	0.5	0.8	0.7	0.2	0.1	0.1	0.1
Travel and subsistence	2.2	3.7	3.1	3.3	3.0	3.0	3.2
Transfers and subsidies	19.6	26.3	33.0	26.6	25.9	26.0	27.3
Departmental agencies and accounts	17.7	23.7	30.9	23.8	22.8	22.8	23.9
Foreign governments and international organisations	0.9	1.4	0.9	1.7	1.7	1.8	1.9

Table 37.9 Maritime Transport (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Non-profit institutions	1.0	1.1	1.1	1.2	1.3	1.4	1.4
Households	–	0.0	0.1	–	–	–	–
Payments for capital assets	0.0	0.2	0.2	0.3	0.3	0.3	0.3
Machinery and equipment	0.0	0.2	0.2	0.3	0.3	0.3	0.3
Total	83.9	137.5	127.1	134.7	152.1	151.8	160.1
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	17.7	23.7	30.9	23.8	22.8	22.8	23.9
Ports Regulator	–	10.2	13.6	8.8	9.4	9.8	10.4
South African Maritime Safety Authority	12.9	8.5	12.1	9.4	7.6	6.8	7.0
South African Maritime Safety Authority	4.8	5.0	5.2	5.5	5.9	6.2	6.5
Foreign governments and international organisations							
Current	0.0	0.4	0.6	1.1	1.1	1.2	1.2
International Maritime Organisation	0.0	0.4	0.6	1.1	1.1	1.2	1.2
Non-profit institutions							
Current	0.8	1.0	1.0	1.0	1.1	1.2	1.2
National Sea Rescue Institute	0.8	1.0	1.0	1.0	1.1	1.2	1.2

Expenditure trends

Expenditure grows from R83.9 million in 2007/08 to R134.7 million in 2010/11, at an average annual rate of 17.1 per cent. Between 2007/08 and 2010/11, spending on consultants for infrastructure and planning increased due to funds rolled over from the previous years of R8.2 million and virements to augment the budget by R18.7 million to fund a maritime conference. In addition, spending on consultants for business and advisory services increased between 2007/08 and 2010/11 due to a virement of R12.3 million in 2010/11 to correct the budget for oil pollution prevention services.

Over the medium term, expenditure is expected to grow from R134.7 million to R160.1 million, at an average annual rate of 5.9 per cent. The increase is largely due to the projected increase in the use of consultants in the *Maritime* subprogramme for the development of maritime industry development policies.

The ratio of administrative costs to line function costs is 1:39 over the medium term.

Programme 7: Public Transport

- *Land Transport Regulation* develops, coordinates and facilitates a land based public transport regulatory regime, and develops standards and guidelines. This subprogramme has a staff complement of 26 and a 2011/12 budget of R14.6 million, of which 15 per cent will be spent on the regulation of public transport including buses and taxis. In 2010/11, a standardised procedure manual was developed and finalised to enable all regulatory entities to administer applications for licences. Over the medium term, this subprogramme will be responsible for facilitating and coordinating the implementation of the planning provision of the National Land Transport Act (2009).
- *National Public Transport Regulator* monitors and oversees public transport in South Africa and activities of provincial regulatory entities and municipalities in relation to their land transport functions. This subprogramme has a 2011/12 budget of R2.5 million. The following outputs will be achieved over the medium term: decide on applications relating to operating licenses or accreditation for interprovincial transport; tourist transport services; and oversight over fares charged for public transport services.
- *Public Transport Infrastructure and Industry Development* oversees and facilitates the implementation of the public transport strategy and action plan in urban and rural areas. This subprogramme has a staff

complement of 7 employees and a 2011/12 budget of R116.2 million, of which 83 per cent will be spent on the management of the taxi recapitalisation project. In 2010/11, a 15-year loads monitoring report was completed and handed over to the Road Traffic Management Corporation and law enforcement authorities to improve their operational planning and strategies. The following outputs will be achieved over the medium term: strategic guidance, coordination and facilitation for implementing public transport services; coordinating the development of the passenger transport industry in line with objectives of the industrial policy action plan and BEE policy and legislation; and meeting job creation, and empowerment and transformation imperatives.

- *Public Transport Oversight* oversees the use of subsidies for public transport and grants. This subprogramme has a 2011/12 budget of R9.4 billion, of which 51 per cent is transferred to local government for public transport infrastructure and systems, while 44 per cent is transferred to provinces for bus subsidies. Oversight will be exercised over transfers in respect to the public transport operations grant, the public transport infrastructure and systems grant, and transfers to the Taxi Scrapping Agency in respect of the taxi recapitalisation programme.
- *Public Transport Administration Support* renders an administrative and financial support service to the programme. This subprogramme has a staff complement of 11 and a 2011/12 budget of R7.2 million.

Objectives and measures

- Improve public transport access and reliability by developing norms and standards to support the development of integrated public transport networks in 12 cities by 2020, and monitor and evaluate progress.
- Ensure efficient and effective public and tourism transport by establish the National Public Transport Regulator as required by the National Land Transport Act (2009) by 2011/12.
- Increase the equity ownership and broad based black empowerment in the public transport sector by implementing the industry development model to empower 20 per cent of taxi operators and 20 per cent of small bus operators by 2014.
- Align and integrate the taxi recapitalisation programme with national and provincial rail services, metropolitan rapid public transport corridor services and provincial bus services by redefining the taxi recapitalisation project by 2013.
- Ensure integrated and optimised public transport services by facilitating the development of integrated rapid public transport networks and feeder and distribution systems in five municipalities by 2014.

Expenditure estimates

Table 37.10 Public Transport

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R million	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Land Transport Regulation	28.7	46.9	112.2	40.1	14.6	15.4	16.3
National Public Transport Regulator	–	–	–	2.5	2.5	2.5	2.5
Public Transport Infrastructure and Industry Development	63.0	105.6	98.5	107.2	116.2	121.8	128.5
Public Transport Oversight	4 584.4	7 234.2	6 960.4	8 074.9	9 444.9	9 873.4	10 705.2
Public Transport Administration Support	0.7	1.0	2.9	6.0	7.3	7.6	8.0
Total	4 676.8	7 387.8	7 174.0	8 230.7	9 585.6	10 020.7	10 860.4
Change to 2010 Budget estimate				(478.4)	377.4	873.6	1 210.3
Economic classification							
Current payments	92.3	153.5	213.2	155.7	141.7	148.3	156.3
Compensation of employees	9.7	13.3	19.1	24.2	26.0	27.3	28.7
Goods and services	82.6	140.2	194.2	131.5	115.7	121.1	127.6
of which:							
Consultants and professional services:	80.1	136.1	187.9	126.0	110.6	115.8	122.0
Business and advisory services							
Lease payments	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Travel and subsistence	1.0	1.7	3.2	2.0	1.8	1.9	2.0

Table 37.10 Public Transport (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Transfers and subsidies	4 584.4	7 234.2	6 960.5	8 074.9	9 443.7	9 872.2	10 704.0
Provinces and municipalities	1 174.0	2 919.8	5 953.1	7 562.5	8 956.6	9 360.7	10 164.3
Public corporations and private enterprises	2 836.0	3 840.9	367.7	–	–	–	–
Non-profit institutions	2.9	13.0	14.0	14.8	15.7	16.5	17.4
Households	571.6	460.6	625.7	497.6	471.5	495.0	522.3
Payments for capital assets	0.1	0.1	0.2	0.1	0.2	0.2	0.2
Machinery and equipment	0.1	0.1	0.2	0.1	0.2	0.2	0.2
Total	4 676.8	7 387.8	7 174.0	8 230.7	9 585.6	10 020.7	10 860.4
Details of selected transfers and subsidies							
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Capital	1 174.0	2 919.8	2 421.2	3 699.5	4 803.3	4 999.8	5 563.6
Public Transport Infrastructure and Systems Grant	1 174.0	2 919.8	2 421.2	3 699.5	4 803.3	4 999.8	5 563.6
Provinces and municipalities							
Provinces							
Provincial Revenue Funds							
Current	–	–	3 531.9	3 863.0	4 153.2	4 360.9	4 600.7
Public Transport Operations Grant	–	–	3 531.9	3 863.0	4 153.2	4 360.9	4 600.7
Non-profit institutions							
Current	2.9	13.0	14.0	14.8	15.7	16.5	17.4
South African National Taxi Council	2.9	13.0	14.0	14.8	15.7	16.5	17.4
Households							
Households other transfers							
Current	571.6	460.5	625.7	497.6	471.5	495.0	522.3
Taxi Recapitalisation	571.6	460.5	625.7	497.6	471.5	495.0	522.3
Public corporations and private enterprises							
Private enterprises							
Private enterprises - subsidies on products and production							
Current	2 836.0	3 840.9	367.7	–	–	–	–
Bus Subsidies	2 836.0	3 840.9	367.7	–	–	–	–

Expenditure trends

Spending over the medium term will focus on the *Public Transport Oversight* subprogramme to fund the public transport operations grants, the public transport infrastructure and systems grant, and the taxi recapitalisation programme.

Between 2007/08 and 2010/11, expenditure grew from R4.7 billion to R8.2 billion, at an average annual rate of 20.7 per cent. The growth was due to increased investment in public transport infrastructure and systems of R2.5 billion, and in the public transport operations grants. Spending in the *Public Transport Infrastructure and Industry Development* subprogramme grew over the same period by R44.2 million, due to relatively low expenditure on the administration of the taxi recapitalisation programme in 2007/08.

Over the medium term, expenditure is expected to grow from R8.2 billion to R10.9 billion, at an average annual rate of 9.7 per cent due to additional allocations for the public transport infrastructure and systems grant of R2.5 billion and growth in public transport industry development support.

The ratio of administrative costs to line function costs in this programme is 1:1 315.

Public entities and other agencies

Passenger Rail Agency of South Africa

Strategic overview: 2007/08 – 2013/14

The Passenger Rail Agency of South Africa was established in March 2009 to house the operations, personnel and assets of the South African Rail Commuter Corporation, Metrorail, Shosholoza Meyl, Intersite Property Management Services and Autopax, the long distance bus company.

In 2009/10, the stabilisation phase of the national rail plan and the turnaround strategy was concluded. Having successfully completed this first phase, the agency's board and management noted the following challenges that require attention in 2011/12: a decline in passenger numbers; deterioration in financial liquidity; and a weakened balance sheet.

The board approved the turnaround strategy that seeks to strengthen the agency's financial position within 12 to 18 months. This will be achieved through: a balance sheet restructuring programme aimed at unlocking the value of the agency's asset base; improving financial performance through a cost containment programme; operational effectiveness; improving human capital; and risk management.

The agency's property arm, Intersite Property Management Services, is being restructured and the property portfolio will be managed separately by the corporate real estate division. Intersite will focus on growing revenue through the commercialisation of the agency's assets, advertising, and strategic partnerships to develop additional income streams for the group. From 2011/12, the agency will have two divisions (rail and corporate real estate solutions), and two subsidiaries (Intersite and Autopax).

Over the MTEF the Agency will finalise plans to acquire new rolling stock for Metrorail.

Savings and cost effectiveness measures

The agency has identified measures to drive down operational expenditure by introducing a shift system, renegotiating contracts to reduce overtime by 1.1 per cent, reducing Autopax fleet costs by R4.2 million, improving scheduling, and limiting the number of coaches to be refurbished to save R136 million.

Selected performance indicators

Table 37.11 Passenger Rail Agency of South Africa

Indicator	Programme/Activity	Past			Current	Projections		
		2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Number of rail extensions completed per year	All	–	–	–	1	–	1	1
Number of signal sections completed per year	All	–	–	–	–	2	5	1
Number of stations improved or upgraded per year	Corporate Real Estate Solutions	–	44	115	36	56	66	66
Customer satisfaction index	Metrorail Shosholoza Meyl Autopax	–	–	71.58%	72%	75%	76%	76%
				71.25%	69.2%	75%	75%	75%
				80.9%	77.9%	80%	80%	80%
				82.3%	84.1%	84%	84%	84%
Number of passengers per year (patronage growth)	All	591.8	646.3	639.3	503	639.4	671.4	718.4
Number of Metrorail general overhauls and upgrades of rolling stock	Other	489	709	505	450	450	450	450

Details of programmes/activities/objectives

Table 37.12 Passenger Rail Agency of South Africa

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
SARCC/Metrorail operations	4 806.8	5 989.1	5 884.2	4 596.6	4 817.3	5 070.6	5 336.5
Shosholoza Meyl operations	–	–	1 213.4	1 146.3	963.1	1 093.0	1 153.8
Autopax operations	–	–	528.1	793.9	848.7	880.7	917.1
Other objectives	–	–	227.6	1 501.6	1 833.0	1 991.5	2 159.9
Total expense	4 806.8	5 989.1	7 853.2	8 038.3	8 462.1	9 035.7	9 567.2

The total operational budget for this entity for 2010/11 was R8 billion, of which 57 per cent was used in the Metrorail programme

Metrorail is structured to provide train services in priority corridors in major urban areas and ensure compliance with regulation. Metrorail has a staff complement of 11 650, with a 2011/12 budget of R4.8 billion, of which 56 per cent will be spent on personnel. The following strategies will be employed to achieve growth in passenger numbers, fare revenue and improved customer satisfaction over the medium term: continuing to drive cost containment; maximising revenue generation; realising savings from operational efficiency through implementing the rotational shift system; modernising benefits and reviewing basic conditions of employment to contain personnel costs; and continuing with preventative maintenance for both rolling stock and infrastructure.

Shosholoza Meyl provides regional and intercity passenger rail services, currently providing basic long distance intercity passenger transport. This subprogramme has a staff complement of 1 880 and a 2011/12 budget of R963 million, of which 33 per cent will be spent on personnel. Over the medium term, Shosholoza Meyl will focus on revitalising key routes for mainline passenger services to enhance patronage and fare revenue.

Autopax provides long distance passenger bus services. Autopax has a staff complement of 1 080 and a 2011/12 budget of R849 million, of which 32 per cent will be spent on personnel. The focus over the medium term will be on increasing revenue and passengers.

Expenditure estimates

Table 37.13 Passenger Rail Agency of South Africa

Statement of financial performance

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Revenue							
Non-tax revenue	2 033.8	2 386.1	2 622.0	2 719.1	3 436.7	3 627.9	3 864.3
Sale of goods and services other than capital assets	1 522.3	1 713.6	2 550.6	2 689.6	3 436.7	3 627.9	3 864.3
of which:							
Sales by market establishments	1 471.2	1 661.1	2 448.9	2 481.9	3 318.4	3 488.9	3 715.2
Other sales	51.1	52.5	101.7	207.7	118.3	139.0	149.1
Other non-tax revenue	511.5	672.5	71.4	29.5	–	–	–
Transfers received	2 259.1	2 549.6	3 962.1	4 000.3	4 280.9	4 533.8	4 841.0
Total revenue	4 292.9	4 935.7	6 584.1	6 719.4	7 717.5	8 161.7	8 705.2
Expenses							
Current expense	4 626.2	5 765.4	7 853.3	8 038.3	8 462.1	9 035.7	9 567.2
Compensation of employees	1 986.3	2 333.1	2 827.8	3 022.6	3 205.8	3 325.7	3 506.6
Goods and services	1 956.8	2 663.5	3 925.2	3 497.1	3 765.0	4 151.2	4 360.2
Depreciation	655.3	737.7	1 035.5	1 202.5	1 238.6	1 301.7	1 436.1
Interest, dividends and rent on land	27.7	31.2	64.8	316.1	252.8	257.2	264.3
Transfers and subsidies	176.7	217.0	–	–	–	–	–
Total expenses	4 806.8	5 989.1	7 853.2	8 038.3	8 462.1	9 035.7	9 567.2
Surplus / (Deficit)	(513.9)	(1 053.4)	(1 269.1)	(1 318.9)	(744.6)	(874.1)	(862.0)

Table 37.13 Passenger Rail Agency of South Africa (continued)

Statement of financial performance				Revised estimate	Medium-term estimate		
	Audited outcome						
R million	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Statement of financial position							
Carrying value of assets	8 613.3	11 600.4	15 980.4	20 388.2	25 284.3	30 404.8	36 003.8
<i>of which: Acquisition of assets</i>	2 217.2	3 767.7	5 027.7	5 610.3	6 134.8	6 422.1	7 035.2
Inventory	104.3	129.7	163.5	164.8	177.8	188.1	197.9
Receivables and prepayments	309.7	517.9	259.6	184.4	193.6	203.3	213.5
Cash and cash equivalents	2 015.3	1 159.9	419.3	545.6	818.7	1 131.6	1 494.1
Assets not classified elsewhere	36.8	13.4	11.8	9.5	9.9	10.4	11.0
Total assets	11 079.4	13 421.2	16 834.6	21 292.5	26 484.5	31 938.2	37 920.3
Accumulated surplus/deficit	(1 472.1)	(2 525.5)	(3 415.6)	(4 734.5)	(5 479.1)	(6 353.2)	(7 215.2)
Capital and reserves	4 248.3	4 248.3	4 248.3	4 248.3	4 248.3	4 248.3	4 248.3
Borrowings	132.9	104.3	944.5	716.6	720.0	711.5	707.0
Post-retirement benefits	44.5	51.1	303.2	77.7	93.2	11.9	14.3
Trade and other payables	1 019.4	2 248.1	2 318.8	3 560.5	4 248.3	5 203.8	6 088.9
Provisions	487.2	530.5	299.8	571.1	607.6	641.1	673.1
Liabilities not classified elsewhere	6 619.2	8 764.4	12 135.6	16 852.9	22 046.2	27 474.8	33 403.9
Total equity and liabilities	11 079.4	13 421.2	16 834.6	21 292.5	26 484.5	31 938.2	37 920.3

Expenditure trends

Revenue increased from R4.3 billion in 2007/08 to R6.7 billion in 2010/11, at an average annual rate of 16.1 per cent due to the incorporation of Autopax and Shosholoz Meyl into the agency, and fare increases. Revenue is expected to increase to R9.1 billion over the medium term, at an average annual rate of 10.8 per cent.

Expenditure increased from R4.8 billion in 2007/08 to R8 billion in 2010/11, at an average annual rate of 18.7 per cent, and is expected to increase to R9.8 billion, at an average annual rate of 6.9 per cent over the medium term. Key cost drivers include personnel, energy, maintenance, security, haulage and insurance, which together account for 83 per cent of the total operational expenditure.

Salary increases in the region of 5.1 per cent had been implemented over the MTEF period, in line with National Treasury guidelines. However, after a protracted strike, a 10 per cent increase was agreed to in a negotiated wage settlement. This and overtime and other costs related to basic conditions of employment continue to be a challenge. Only critical vacancies aligned with key strategic objectives and projects that contribute to revenue generation and improvement will be filled in the next three years.

Energy costs are a major cost driver for expenditure on goods and services, which grows at an average annual rate of 9.8 per cent over the medium term. The projected increase is due to Eskom's statutory year-on-year charge increase of 25 per cent and the additional energy costs for the additional 127 non-core stations adopted from Transnet. The capital programme addressing renewal of electrical rail infrastructure will enable efficiencies in this area in the future.

Personnel information

The entity employs 14 819 people in 2010/11, and this number is expected to remain stable over the medium term.

Table 37.14 Passenger Rail Agency of South Africa

	Post status as at 30 September 2010			Number of posts filled on funded establishment						
	Number of posts on approved establishment	Number of funded posts (establishment)	Number of vacant posts	Actual			Mid year ¹	Medium-term estimate		
				2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Board members	–	–	–	16	10	10	15	15	15	15
Executive management	–	–	–	12	18	38	57	57	57	57
Senior management	–	–	–	56	51	30	102	102	102	102
Middle management	–	–	–	301	300	303	545	545	545	545
Very low skilled	–	–	–	9 878.0	11 005.0	14 797.0	14 100.0	14 100.0	14 100.0	14 100.0
Total	–	–	–	10 263	11 384	15 178	14 819	14 819	14 819	14 819
Compensation (R thousand)				1 986 332	2 333 116	2 827 757	3 022 577	3 205 764	3 325 747	3 506 590
Unit cost (R thousand)				194	205	186	204	216	224	237

1. As at 30 September 2010.

South African National Roads Agency

Strategic overview: 2007/08 – 2013/14

The South African National Roads Agency was established in terms of the Companies Act (1973), and is listed as a schedule 3A public entity in terms of the Public Finance Management Act (1999). The agency is responsible for the existing national road network of 16 170km, with an estimated asset value of over R220 billion.

The agency's main activities relate to financing, managing, controlling, planning, developing, maintaining and rehabilitating South Africa's national road network, as provided for in the South African National Roads Agency Limited and National Roads Act (1998).

Major objectives over the MTEF period include: ensuring the continuous maintenance of the national road network through routine maintenance, resurfacing, strengthening and improvement contracts; completing construction on the Gauteng freeway improvement projects; going live with the open road tolling system; and finalising the concession agreement for the N1/N2 Winelands project.

Savings and cost effectiveness measures

The agency uses a comprehensive asset management system through which all project budget allocations occur. The system ensures that the optimum maintenance strategy is selected for each road section and that the road network is maintained at an adequate level of service for the funding available.

In addition, the agency has prudent spending policies for administrative and overhead costs, with one of its key performance indicators ensuring that this remain below 5 per cent of total expenditure.

Selected performance indicators

Table 37.15 South African National Roads Agency

Indicator	Programme/ Activity	Past			Current	Projections		
		2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Ad hoc maintenance, routine maintenance, and periodic and special maintenance as a percentage of total maintenance	Maintenance	97%	95%	95%	95%	95%	95%	96%
Smooth travel exposure index: percentage travel on roads with low roughness;	Improvements	97%	95%	95%	95%	95%	95%	95%

Details of programmes/activities/objectives

Table 37.16 South African National Roads Agency

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Maintenance	2 305.4	2 285.7	2 152.6	2 904.8	4 344.2	3 039.8	3 012.4
Strengthening	984.8	1 612.9	1 780.0	2 537.3	4 111.4	3 928.0	1 234.5
Improvements	1 186.9	6 201.2	7 436.5	6 224.8	4 853.9	3 825.7	1 956.7
New Facilities	297.0	1 763.9	2 212.8	2 774.1	2 021.4	2 100.1	1 272.5
Total expense	4 774.0	11 863.7	13 581.9	14 441.1	15 331.0	12 893.4	7 476.1

The agency's main activities are financing, managing, controlling, planning, developing, maintaining and rehabilitating South Africa's 16 170 km national road network. In 2009/10, the agency trained more than 12 000 people in road building projects and created some 42 000 jobs. In 2009/10, 1 239km of roads were strengthened and 968km improved; and routine maintenance was performed over the entire network. The following outputs will be achieved over the medium term: expanding the toll network for which the agency awarded 160 contracts worth R18.6 billion for new works, rehabilitation and improvement, maintenance, freeway management, open road tolling systems, and routine road maintenance.

Expenditure estimates

Table 37.17 South African National Roads Agency

Statement of financial performance				Revised estimate	Medium-term estimate		
R million	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Revenue							
Non-tax revenue	1 987.9	3 179.5	147 449.4	2 189.9	4 281.8	6 252.7	6 631.0
Sale of goods and services other than capital assets	1 537.7	1 687.7	2 078.0	1 883.1	3 988.5	6 179.0	6 550.1
of which:							
Tollgate fees	1 226.7	1 330.0	1 513.5	1 703.1	3 808.5	5 999.0	6 370.1
Other sales	311.0	357.8	564.5	180.0	180.0	180.0	180.0
Other non-tax revenue	450.2	1 491.8	145 371.3	306.9	293.3	73.7	80.9
Transfers received	1 841.8	1 934.4	2 331.4	3 580.2	6 410.1	4 070.9	2 358.7
Total revenue	3 829.7	5 113.9	149 780.8	5 770.1	10 691.9	10 323.7	8 989.7
Expenses							
Current expense	3 487.2	4 101.1	5 411.8	5 818.4	10 932.1	11 062.6	9 919.6
Compensation of employees	58.1	83.6	103.2	120.1	122.4	130.9	143.0
Goods and services	2 248.7	2 174.8	2 556.8	3 580.2	6 410.1	5 548.8	4 218.6
Depreciation	461.2	521.6	695.5	695.5	768.6	840.8	913.1
Interest, dividends and rent on land	719.2	1 321.1	2 056.4	1 422.7	3 631.0	4 542.0	4 645.0
Total expenses	3 487.2	4 101.1	5 411.8	5 818.4	10 932.1	11 062.6	9 919.6
Surplus / (Deficit)	342.5	1 012.9	144 369.0	(48.4)	(240.2)	(738.9)	(929.9)
Statement of financial position							
Carrying value of assets	14 385.7	23 909.5	180 385.4	186 586.0	194 498.7	203 415.0	212 870.6
of which: Acquisition of assets	2 828.6	8 971.6	12 390.6	6 896.1	8 681.3	9 757.1	10 368.7
Investments	294.2	290.8	1 324.1	1 333.8	1 360.4	1 360.0	1 360.0
Receivables and prepayments	548.0	2 530.4	3 810.6	3 342.8	3 810.0	5 810.4	4 810.4
Cash and cash equivalents	1 462.1	3 872.9	1 564.1	2 746.9	2 624.6	3 238.1	3 524.5
Total assets	16 690.0	30 603.7	187 084.1	194 009.4	202 293.7	213 823.4	222 565.4
Accumulated surplus/deficit	(2 902.8)	(1 890.0)	(2 317.4)	898.6	2 899.9	7 818.1	14 870.4
Capital and reserves	1 091.0	1 091.0	145 887.4	145 887.4	145 887.4	145 887.4	145 887.4
Borrowings	6 718.8	16 205.1	25 150.7	33 098.4	38 821.5	43 037.9	46 580.7
Post-retirement benefits	6.8	6.9	8.7	8.7	8.7	8.7	8.7
Trade and other payables	5 278.3	6 510.7	1 430.9	2 169.6	6 559.3	7 255.8	3 920.7

Table 37.17 South African National Roads Agency (continued)

Statement of financial performance				Revised estimate	Medium-term estimate		
R million	Audited outcome			2010/11	2011/12	2012/13	2013/14
	2007/08	2008/09	2009/10				
Managed funds	239.4	204.1	317.1	350.0	342.0	342.0	342.0
Liabilities not classified elsewhere	6 258.5	8 475.9	16 606.8	11 596.7	7 774.9	9 473.6	10 955.6
Total equity and liabilities	16 690.0	30 603.7	187 084.1	194 009.4	202 293.7	213 823.4	222 565.4

Expenditure trends

Revenue increased from R3.8 billion in 2007/08 to R9 billion in 2010/11, at an average annual rate of 33.1 per cent. Roads are an infrastructure priority for government, which explains the increase in transfer payments. Over the medium term, revenue is expected to grow to R17 billion, at an average annual rate of 23.4 per cent, as the freeway improvement project is implemented.

Expenditure increased from R3.5 billion in 2007/08 to R5.8 billion in 2010/11, at an average annual rate of 18.6 per cent, and is expected to increase to R9.9 billion over the medium term, at an average annual rate of 19.5 per cent. These substantial increases are mainly due to increments in compensation of employees as well as the debt servicing for the financing of road infrastructure developments.

Expenditure over the MTEF period includes allocations for an additional 2 045 km of road to be added to the national road network, taking its length to approximately 18 215 km. In addition, expenditure on the Gauteng freeway improvement project is expected to increase spending over the medium term. Expenditure will increase marginally before a sharp drop in the 2012/13 because many of the improvements are at various stages of completion, so there is more spending when there is construction activity.

Road Accident Fund

Strategic overview: 2007/08 – 2013/14

The Road Accident Fund provides compensation for loss of earnings and support, general damage, and medical and funeral costs to victims of road accidents caused by the negligent or wrongful driving of another road user. Since the promulgation of the Road Accident Fund Amendment Act (2005), compensation has been limited for payments towards loss of earnings and support whilst compensation for pain and suffering is available only to the seriously injured. The amendments have implications for the personal insurance required by road users as a discretionary social security protection.

With the foundation for the rescue plan in place, the strategy in 2009/10 was directed at restructuring internal business processes and enhancing IT capability to replace the outdated paper based claims process that had failed. In addition, the fund extended its geographic footprint to make it more accessible to the public. In 2010/11, the strategy focused on piloting and testing new business processes, supporting the Department of Transport in transforming the inherently flawed fault based legislation and reducing the backlog of claims through improved efficiencies.

Over the MTEF period, the focus will be on pursuing legislative amendments, achieving operational efficiency and effectiveness, and seeking sustainable funding. The fund has also recognised the significance of certain areas of business, most notably effective communications, people and leadership.

Savings and cost effectiveness measures

The fund is setting up an in-house litigation department to deal with magistrate court matters, which will save about R1 billion.

The implementation of the Road Accident Fund Amendment Act (2008) will see a decrease in general damages claims, which are estimated to be between 25 per cent and 33 per cent of total payouts.

Selected performance indicators

Table 37.18 Road Accident Fund

Indicator	Programme/Activity	Past			Current	Projections		
		2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Number of claims finalised per year	Payment of compensation claims to accident victims	355 647	330 453	262 185	230 000	245 000	240 000	220 000
Cost to fuel levy income ratio ¹	All		38.3%	28.8%	31.4%	27%	24%	21%
Amount of claims paid to accident victims per year (total) – R thousand	Payment of compensation claims to accident victims	8 999 944	11 131 170	11 398 557	12 441 228	13 030 359	14 643 851	16 549 978
Amount of claims paid to accident victims – Compensation component – R thousand	Payment of compensation claims to accident victims	–	7 774 152	8 358 111	9 425 753	10 111 112	11 917 057	14 111 865

1. Ratio changed in 2008/09.

Details of programmes/activities/objectives

Table 37.19 Road Accident Fund

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Compensation	6 497.4	7 774.2	8 358.1	9 058.8	9 720.1	11 428.1	13 606.9
RAF legal and other	795.2	987.6	1 009.2	1 116.9	1 081.1	1 009.4	901.9
Claimants legal and other	1 237.4	1 597.5	1 700.5	1 898.5	1 838.1	1 717.4	1 536.2
Supplier claims	469.9	757.5	330.7	367.0	391.0	489.0	505.0
Other Objectives	6 991.7	12 964.1	3 778.3	3 458.9	3 086.0	1 727.0	1 911.7
Total expense	15 991.7	24 080.9	15 176.9	15 900.1	16 116.3	16 370.8	18 461.6

The new operating model of the fund will provide for: a customer service network, which will collect accident information, contact victims, digitise claims lodgement and assess merits; the benefit administration unit will assess merits, make offers and litigate; and the finance unit will make payments.

The fund's footprint will expand over the medium term to provide 9 provincial officers, 125 hospital based offices, 9 regional satellite offices and five walk-in centres.

Expenditure estimates

Table 37.20 Road Accident Fund

Statement of financial performance				Revised estimate	Medium-term estimate		
R million	Audited outcome						
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Revenue							
Non-tax revenue	182.7	573.7	57.5	50.9	182.0	303.8	399.9
<i>Other non-tax revenue</i>	182.7	573.7	57.5	50.9	182.0	303.8	399.9
Tax revenue: Fuel levy	8 222.0	11 395.7	12 625.9	14 190.1	14 949.1	16 772.8	18 663.6
Total revenue	8 404.7	11 969.4	12 683.4	14 241.0	15 131.0	17 076.6	19 063.5
Expenses							
Current expense	603.3	800.0	909.0	1 050.5	1 187.8	1 296.7	1 393.6
Compensation of employees	426.1	530.9	591.3	655.4	753.8	828.4	878.2
Goods and services	148.8	217.1	237.9	312.9	339.5	367.8	399.7
Depreciation	12.6	28.1	39.1	65.1	79.2	89.3	105.6
Interest, dividends and rent on land	15.8	24.0	40.8	17.1	15.2	11.1	10.0
Transfers and subsidies	15 388.3	23 280.8	14 267.9	14 849.6	14 928.5	15 074.1	17 068.1

Table 37.20 Road Accident Fund (continued)

Statement of financial performance				Revised estimate	Medium-term estimate		
	Audited outcome						
R million	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Total expenses	15 991.7	24 080.9	15 176.9	15 900.1	16 116.3	16 370.8	18 461.6
Surplus / (Deficit)	(7 586.9)	(12 111.5)	(2 493.5)	(1 659.1)	(985.3)	705.8	601.9
Statement of financial position							
Carrying value of assets	129.5	274.8	355.1	440.0	427.8	388.4	357.8
of which: Acquisition of assets	97.5	67.2	121.6	150.0	67.0	50.0	75.0
Inventory	2.1	2.9	2.5	2.8	3.0	3.3	3.7
Receivables and prepayments	1 972.9	2 017.6	2 861.8	2 888.4	2 181.2	2 174.7	2 296.1
Cash and cash equivalents	1 192.4	1 090.7	655.2	1 355.8	2 066.6	2 316.3	2 402.1
Assets not classified elsewhere	–	9.8	3.9	–	–	–	–
Total assets	3 296.9	3 395.7	3 878.6	4 687.1	4 678.6	4 882.7	5 059.7
Accumulated surplus/deficit	(27 886.7)	(39 915.2)	(42 408.7)	(44 067.8)	(45 053.1)	(44 347.3)	(43 745.4)
Capital and reserves	58.9	79.9	78.7	78.7	78.7	78.7	78.7
Post-retirement benefits	22.0	24.8	28.1	31.0	35.6	39.2	41.5
Trade and other payables	419.5	436.6	539.9	568.4	597.0	627.1	658.7
Provisions	233.6	209.5	274.5	302.4	347.8	382.3	405.2
Managed funds	30 339.5	42 500.4	45 366.0	47 774.4	48 672.5	48 102.8	47 620.9
Liabilities not classified elsewhere	110.1	59.8	–	–	–	–	–
Total equity and liabilities	3 296.9	3 395.7	3 878.6	4 687.1	4 678.6	4 882.7	5 059.7

Expenditure trends

Revenue is generated mainly from the fuel levy. Between 2007/08 and 2010/11, revenue increased from R8.4 billion to R14.2 billion. Over the medium term, revenue is expected to increase to R19.1 billion. The increase over both periods is mainly due to the increase in the fuel levy, which 80 cents per litre in 2011/12.

Administration costs increase by 35 per cent and 12 per cent in 2010/11 and 2011/12, mainly due to the rollout of the new operating model. The rollout includes opening of new offices to ensure that the fund is easily accessible to claimants. The 6 per cent and 9 per cent increase in the administration costs for 2012/13 and 2013/14 are projected inflationary increases. The increase in staff costs over the MTEF period relates mainly to annual salary increases, which have been estimated at 8 per cent per year. Claims expenditure increases over the MTEF period due to the continuous efforts by the fund to reduce the claims backlog, facilitated also by the requested increase in the fuel levy, as this will result in more spending on claims.

Air Traffic and Navigation Services Company

Strategic overview: 2007/08 – 2013/14

The Air Traffic and Navigation Services Company was established in terms of the Air Traffic and Navigation Services Act (1993). Its core mandate is to provide safe, orderly and efficient air traffic, navigational and associated services to the air traffic management community within South Africa.

The company's business strategy is aligned with the standards of communication, navigation and surveillance operations of the International Civil Aviation Organisation.

The company aims to play a leading role in the development of air navigation services in Africa, influence international policy development, and promote the integration of air traffic control services in the SADC region, through the very small aperture terminal II. A similar satellite system has also been installed for the north eastern region of Africa. The SADC's upper airspace control centre committee, under the company's chairmanship, is working towards establishing a regional communication, navigation and surveillance body that will operate on a commercial basis.

To address the lack of suitably qualified aviation professionals, the company's training academy is committed to playing a role in transferring air traffic services and related skills to the SADC region and other parts of Africa.

Savings and cost effectiveness measures

The company has negotiated with a key supplier to provide a single global support contract to cover the supply and maintenance of all radar display solutions. This has provided cost savings and system optimising solutions for obsolescence and system life extensions.

In addition, the chief executive officer will approve the use of consultants to save on spending. Travel expenses are also being monitored by the executives to curb costs. The company has also invited bidders for the contract to arrange travel and the competition should lead to reduced booking fees.

Selected performance indicators

Table 37.21 Air Traffic and Navigation Services Company

Indicator	Programme/Activity	Past			Current	Projections		
		2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Air traffic controller employment rate	Communication	92.7	87.5	83.2	90	108	129	121
Capacity improvement at OR Tambo International Airport to increase runway throughput/hour	Communication	56	56	60	60	60	60	60
Safety Performance (Incidents per 100 000 movements)	Navigation	4	2	2	2	2	2	2

Details of programmes/activities/objectives

Table 37.22 Air Traffic and Navigation Services Company

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Communication	258.9	296.6	280.4	368.1	395.2	427.5	470.3
Navigation	27.2	31.2	29.5	38.7	41.5	44.9	49.4
Surveillance	42.9	49.1	46.4	60.9	65.4	70.8	77.9
Display Systems	5.8	6.6	6.3	8.2	8.9	9.6	10.5
Simulator and systems	86.6	99.2	93.8	123.1	132.2	143.0	157.3
Other Objectives	170.2	128.6	244.2	345.2	372.5	429.4	483.7
Total expense	591.5	611.4	700.6	944.4	1 015.7	1 125.2	1 249.1

The total budget allocated to this entity for 2010/11 was R944.4 million, of which 39 per cent was used in the communication programme.

Communication relays communication between air traffic controllers, pilots and other air traffic units. The budget will be R395.2 million in 2011/12.

Navigation coordinates the navigation of planes in the South African airspace. The budget will be R42 million in 2011/12.

Surveillance provides radar technology in oceanic areas. The South African Civil Aviation Authority has approved the use of wide area multi-lateration within South Africa, which the organisation has complied with. The budget will be R65.4 million in 2011/12.

Simulator: the existing radar simulator in the Aviation Training Academy has reached its design life and had to be replaced with a Eurocat-X simulator to enhance training capabilities for new trainees. The budget will be R132.2 million in 2011/12.

Display: both software and hardware used by air traffic management systems had to be replaced. The budget will be R8.9 million in 2011/12.

Expenditure estimates

Table 37.22 Air Traffic and Navigation Services Company

Statement of financial performance				Revised estimate	Medium-term estimate		
	Audited outcome						
R million	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Revenue							
Non-tax revenue	637.3	672.6	747.7	1 064.0	1 126.9	1 271.5	1 440.9
Sale of goods and services other than capital assets	616.4	636.0	713.1	1 036.6	1 092.9	1 231.4	1 395.7
of which:							
Tariff revenue	616.4	636.0	713.1	1 036.6	1 092.9	1 231.4	1 395.7
Other non-tax revenue	20.9	36.6	34.6	27.4	34.0	40.2	45.2
Total revenue	637.3	672.6	747.7	1 064.0	1 126.9	1 271.5	1 440.9
Expenses							
Current expense	548.0	576.3	668.0	889.3	964.2	1 057.5	1 162.7
Compensation of employees	305.5	327.2	389.6	522.3	554.0	585.2	651.1
Goods and services	132.4	143.3	154.3	208.5	227.6	258.3	275.9
Depreciation	71.8	83.8	100.0	132.6	149.7	169.8	179.3
Interest, dividends and rent on land	38.4	21.9	24.1	25.9	33.0	44.2	56.5
Transfers and subsidies	14.0	12.5	13.8	8.5	8.2	10.7	11.8
Total expenses	591.5	611.4	700.6	944.4	1 015.7	1 125.2	1 249.1
Surplus / (Deficit)	45.8	61.1	47.1	119.7	111.2	146.4	191.8
Statement of financial position							
Carrying value of assets	937.2	1 016.3	1 067.8	1 066.5	1 123.9	1 283.5	1 481.5
of which: Acquisition of assets	236.3	147.7	147.0	195.1	259.1	341.2	321.1
Investments	13.2	14.2	11.0	10.9	11.0	11.1	11.2
Inventory	0.6	0.7	0.9	1.3	1.3	1.6	1.7
Receivables and prepayments	76.2	99.9	98.2	141.5	149.8	168.1	190.4
Cash and cash equivalents	45.4	40.8	86.1	151.5	205.3	221.5	196.1
Assets not classified elsewhere	–	–	–	69.7	129.3	153.1	108.1
Total assets	1 072.7	1 171.9	1 264.0	1 441.5	1 620.6	1 838.9	1 989.0
Accumulated surplus/deficit	496.3	557.4	604.6	723.6	834.8	981.2	1 173.0
Capital and reserves	190.6	190.6	190.6	190.6	190.6	190.6	190.6
Borrowings	261.0	322.6	326.5	368.7	432.5	496.3	446.2
Trade and other payables	90.3	77.8	99.7	108.3	115.0	126.0	135.4
Provisions	34.4	23.5	42.7	50.2	47.6	44.8	43.8
Total equity and liabilities	1 072.7	1 171.9	1 264.0	1 441.5	1 620.6	1 838.9	1 989.0

Expenditure trends

The entity generates its revenue by providing aeronautical services to the aviation industry. Revenue increased from R637.3 million in 2007/08 to R1.1 billion in 2010/11, at an average annual rate of 18.6 per cent. This was due to traffic increases and aeronautical movements. Over the MTEF period, revenue is projected to increase to R1.4 billion, at an average annual rate of 10.6 per cent.

Expenditure increased from R591.5 million in 2007/08 to R944.4 million in 2010/11, at an average annual rate of 16.9 per cent. The increase was driven by growth in annual salary increases, increases in head count and the drive undertaken to recruit externally to meet the current market trends to retain critical skills in the company. In addition, electrical costs increased due to acquisitions of additional telecommunication networks and systems that will be out of warranty and in need of additional maintenance. Over the medium term, expenditure is expected to increase to R1.2 billion, at an average annual rate of 9.8 per cent, to continue upgrading the infrastructure.

Airports Company of South Africa

Strategic overview: 2007/08 – 2013/14

The Airports Company of South Africa is regulated in terms of the Airports Company Act (1993) and the Companies Act (1973) and is listed as a schedule 2 public entity in terms of the Public Finance Management Act (1999). Its core function is to facilitate the movement of air passengers and goods at South Africa's airports. As a long term infrastructure business, the company plays a significant role in the provision of sustainable economic development and growth.

The act requires the Airports Company to submit a five-year business plan and a three-yearly budget. Permission to levy charges for aeronautical services provided by the company is issued by the regulating committee on the basis of the application for permission.

The current permission cycle (2008 to 2012) has been the most challenging for the company's business, due to the substantial capital investment programme and lower passenger numbers as a result of the economic downturn. In the light of reduced liquidity and the consequent increase in borrowing costs, the company had to do a lot of scenario planning, which led to certain capital and operational projects being deferred.

The key focus over the MTEF period up to 2010/11 was to: deliver a seamless 2010 FIFA World Cup; ensure long term business sustainability; develop infrastructure to meet future demand; focus on operational efficiency; optimise business excellence, revenue efficiency and employee development; and carry out succession planning and measure to retain staff. The company has successfully completed the large capital infrastructure investment that began in 2006 to cater for the expected traffic increase and to accommodate the peak traffic associated with the 2010 FIFA World Cup.

However, as at the report date, the economic regulatory challenges, in particular the finalisation of the new permission 2011 to 2015, remained only partially resolved, which has led to uncertainty for the group in the short term because it cannot charge the proposed tariffs in the short term.

A key achievement was the successful commissioning of the King Shaka International Airport in May 2010 as well as the decommissioning of the Durban International Airport.

At the end of the 2013/14, the company's network should provide for 43.3 million passengers, and manage 660 262 aircraft landings. This increase in volume will have been enabled through infrastructure development supported by strategic initiatives such as the customer care service.

Savings and cost effectiveness measures

Expenditure between 2009/10 and 2010/11 was reduced by: 42 per cent on entertainment from R887 000 to R514 000, 43 per cent on non-life insurance from R72.6 million to R41.3 million, 26 per cent on printing and publication from R6.4 million to R4.8 million, 4 per cent on training and staff development from R15.8 million to R15.1 million, 23 per cent on travel and subsistence from R18.1 million to R14 million and 6 per cent on venues and facilities from R2.6 million to R2.5 million. Spending in most of these items will grow in 2011/12 and at rates of inflation thereafter.

Selected performance indicators

Table 37.23 Airports Company of South Africa

Indicator	Programme/Activity	Past			Current	Projections		
		2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Cost benefit efficiency ratio (excl. depreciation)	Airport Management	48%	51%	54%	40%	37%	52%	49%
Number of passengers accommodated at national airports per year	All	18 199 000	16 790 000	16 511 000	17 251 145	18 637 060	20 093 766	21 643 871
Efficiency factor: approved tariff as a factor of revenue	Airport Management	2	2	2	2	2	2	2

Table 37.23 Airports Company of South Africa (continued)

Indicator	Programme/Activity	Past			Current	Projections		
		2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Number of aircraft accommodated at all airports per year	All	290 686	279 515	275 095	284 952	296 717	312 854	330 131
Cost per employee per departing passenger that passes through an airport	Airport Management	25	31	38	38	43	44	45
Aeronautical revenue per departing passenger (average Rand tariff)	All	R132	R160	R111	R139	R158	R183	R192
Non-aeronautical revenue per departing passenger (average revenue in Rand)	Airport Management	R14	R20	R25	R128	R120	R128	R133

Details of programmes/activities/objectives

Table 37.24 Airports Company of South Africa

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Airport Maintenance and Engineering	468.0	557.2	801.8	1 517.9	1 629.9	2 060.0	2 311.2
Airport Security and Safety	222.8	265.3	383.5	759.0	841.2	1 059.4	1 216.4
Airport Management	958.2	1 140.9	1 394.4	1 568.5	1 629.9	1 648.0	1 398.9
Airport Statutory, Legal, Specialist and Administration	579.4	689.9	906.4	1 214.3	1 156.7	1 118.3	1 155.6
Total expense	2 228.5	2 653.4	3 486.0	5 059.8	5 257.7	5 885.7	6 082.1

The total budget of this company for 2010/11 was R5.1 billion, of which 31 per cent was used in the Airport Management programme.

Airport Maintenance and Engineering focused primarily on infrastructure design and implementation in 2009/10 to 2010/11. The focus of this programme over the medium term will be to stabilise new systems and ensure maximum efficiencies of all new infrastructure and equipment. The budget for 2011/12 will be R1.6 billion.

Airport Security and Safety focuses on ensuring security and safety for all stakeholders. The budget for 2011/12 will be R841 million.

Airport Management focused primarily on ensuring optimal utilisation from an operations perspective during construction phases, between 2009/10 and 2010/11. Over the medium term, the focus will be on the efficient use of assets to benefit all stakeholders. The budget for 2011/12 will be R1.6 billion.

Airport Statutory, Legal, Specialist and Administration focused primarily on planning and producing adequate facilities for the additional capacity requirements between 2009/10 and 2010/11. Over the medium term, the focus will be on using the current infrastructure to generate a suitable return for shareholders, while simultaneously providing exceptional service to all stakeholders. The budget for 2011/12 will be R1.2 billion.

Expenditure estimates

Table 37.25 Airports Company of South Africa

Statement of financial performance				Revised estimate	Medium-term estimate		
R million	Audited outcome			2010/11	2011/12	2012/13	2013/14
	2007/08	2008/09	2009/10				
Revenue							
Non-tax revenue	2 948.1	3 052.4	3 230.6	4 703.4	6 784.5	6 334.3	7 134.2
Sale of goods and services other than capital assets of which:	2 657.9	3 007.7	2 168.7	4 606.1	5 187.5	6 232.9	7 028.1
Airline charges	2 657.9	3 007.7	2 168.7	4 606.1	5 187.5	6 232.9	7 028.1
Other non-tax revenue	290.2	44.8	1 061.9	97.3	1 597.0	101.4	106.1
Total revenue	2 948.1	3 052.4	3 230.6	4 703.4	6 784.5	6 334.3	7 134.2
Expenses							
Current expense	1 917.3	2 479.2	3 391.8	5 059.8	4 946.2	5 039.1	5 242.5
Compensation of employees	445.7	521.3	602.9	653.6	801.5	890.5	979.0
Goods and services	646.1	868.3	1 038.0	1 351.4	1 358.4	1 480.5	1 644.1
Depreciation	567.0	746.2	1 077.4	1 452.5	1 282.9	1 288.9	1 308.4
Interest, dividends and rent on land	258.4	343.5	673.4	1 602.3	1 503.4	1 379.2	1 311.1
Total expenses	2 228.5	2 653.4	3 486.0	5 059.8	5 257.7	5 885.7	6 082.1
Surplus / (Deficit)	719.7	399.1	(255.4)	(356.4)	1 526.8	448.7	1 052.2
Statement of financial position							
Carrying value of assets	14 589.9	20 258.5	25 812.9	25 926.2	25 453.9	25 256.1	24 856.5
of which: Acquisition of assets	4 528.0	5 946.3	5 848.3	1 254.6	810.6	1 091.1	908.8
Investments	145.3	250.4	661.3	515.7	515.7	515.7	515.7
Inventory	1.8	0.5	0.9	–	–	–	–
Receivables and prepayments	998.0	1 066.5	868.4	911.0	1 239.6	1 268.4	1 366.5
Cash and cash equivalents	16.9	828.0	434.0	247.8	259.4	311.6	351.4
Assets not classified elsewhere	–	–	113.7	–	–	–	–
Total assets	15 751.9	22 403.9	27 891.2	27 600.7	27 468.5	27 351.9	27 090.1
Accumulated surplus/deficit	6 555.8	6 954.9	8 290.7	7 934.3	9 461.1	9 909.7	10 961.9
Capital and reserves	737.3	732.1	683.5	750.0	750.0	750.0	750.0
Borrowings	5 193.7	11 271.3	15 501.1	15 698.9	14 356.3	13 733.1	12 228.7
Post-retirement benefits	70.5	89.3	105.0	101.0	101.0	101.0	101.0
Trade and other payables	2 842.1	2 796.4	3 165.1	3 037.1	2 720.7	2 778.6	2 969.0
Provisions	48.0	48.2	66.3	–	–	–	–
Liabilities not classified elsewhere	304.6	511.8	79.5	79.5	79.5	79.5	79.5
Total equity and liabilities	15 751.9	22 403.9	27 891.2	27 600.7	27 468.5	27 351.9	27 090.1

Expenditure trends

The entity generates its revenue mainly from rendering tariffs charged to all passengers departing from airports, retail service on its facilities, and property rental. Revenue increased from R2.9 billion in 2007/08 to R4.7 billion in 2010/11, at an average annual rate of 16.8 per cent, and is expected to increase to R7.1 billion over the medium term, at an average annual rate of 14.9 per cent, mostly driven by growth in non-aeronautical revenue.

Expenditure increased from R2.2 billion in 2007/08 to R5.1 billion in 2010/11, at an average annual rate of 31.4 per cent, and is expected to increase to R6.1 billion over the medium term, at an average annual rate of 6.3 per cent. The main cost drivers for the entity over the period under review are mainly repairs and maintenance of assets, security expenses, utilities including water and electricity, as well as dividends and interest payments on borrowings to finance the major infrastructure investment undertaken during the same period.

Other public entities and agencies

Comprehensive coverage of the following public entities is provided with the more detailed information for the vote at www.treasury.gov.za under the budget information link.

- **Credit Card Driving Licences** produces driving licences with an estimated expenditure of R42.7 million in 2011/12.
- The **Cross Border Road Transport Agency** is tasked with the responsibility of facilitating the unimpeded flow of cross-border freight and passengers by road in order to promote trade and economic development within the SADC region. Estimated expenditure for 2011/12 is R67.4 million.
- The **Independent Port Regulator's** main functions are the economic regulation of the ports system, promoting equity of access to ports and their facilities and services, and monitoring the activities of the Transnet National Ports Authority. Estimated expenditure for 2011/12 is R9.3 million.
- The **Railway Safety Regulator's** mission is to oversee and promote safe railway operations through appropriate support, monitoring and enforcement guided by an enabling regulatory framework. Estimated expenditure for 2011/12 is R58 million.
- The **Road Traffic Management Corporation** coordinates strategic planning, regulation, facilitation and law enforcement in respect of road traffic matters by the national, provincial and local spheres of government. Estimated expenditure for 2011/12 is R78.2 million.
- The **South African Civil Aviation Authority's** main strategic objective is to enforce safety and security regulations in the aviation industry. Estimated expenditure for 2011/12 is R320.6 million.
- The **South African Maritime Safety Authority** promotes South Africa's maritime interests and ensures the safety of life and property at sea. Estimated expenditure for 2011/12 is R252 million.
- The **Road Traffic Infringement Agency** administers the procedures that discourage the contravention of road traffic laws and adjudicates infringements, enforce penalties, provides specialised prosecution support services, and undertakes community education and community awareness programmes. Estimated expenditure for 2011/12 is R295.1 million.

Additional tables

Table 37.A Summary of expenditure trends and estimates per programme and economic classification

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R million	2009/10		2009/10	2010/11			2010/11
Administration	280.0	285.9	289.0	226.1	20.4	246.5	246.5
Integrated Transport Planning	84.8	86.6	87.6	104.3	(11.0)	93.3	93.3
Rail Transport	9 742.0	9 948.8	10 056.9	9 261.6	0.2	9 261.8	9 261.8
Road Transport	6 057.4	6 185.9	10 415.3	12 189.0	173.2	12 362.2	11 970.8
Civil Aviation	50.8	51.9	52.4	50.5	1.1	51.6	51.6
Maritime Transport	123.1	125.7	127.1	137.4	(2.7)	134.7	134.7
Public Transport	7 396.7	7 553.7	7 635.7	8 209.1	21.6	8 230.7	8 230.7
Total	23 734.8	24 238.5	28 664.0	30 178.0	202.8	30 380.8	29 989.4
Economic classification							
Current payments	794.4	1 020.8	1 015.9	743.4	202.8	946.2	946.2
Compensation of employees	212.8	221.0	228.1	259.4	6.8	266.2	266.2
Goods and services	581.6	799.8	787.7	484.1	196.0	680.1	680.1
Transfers and subsidies	22 936.8	23 214.0	27 640.9	29 393.0	–	29 393.0	29 001.6
Provinces and municipalities	8 837.0	9 097.9	13 263.1	13 114.0	–	13 114.0	12 722.6
Departmental agencies and accounts	5 958.1	5 974.4	5 873.7	6 985.9	–	6 985.9	6 985.9
Universities and technikons	8.2	8.2	8.2	8.7	–	8.7	8.7
Foreign governments and international organisations	5.1	5.1	4.3	5.4	–	5.4	5.4
Public corporations and private enterprises	7 482.4	7 482.4	7 850.1	8 765.2	–	8 765.2	8 765.2
Non-profit institutions	15.1	15.1	15.0	16.0	–	16.0	16.0
Households	630.9	630.9	626.5	497.7	–	497.7	497.7
Payments for capital assets	3.7	3.8	6.8	41.6	–	41.6	41.6
Buildings and other fixed structures	–	–	–	37.7	–	37.7	37.7
Machinery and equipment	3.7	3.8	6.8	3.9	–	3.9	3.9
Payments for financial assets	–	–	0.4	–	–	–	–
Total	23 734.8	24 238.5	28 664.0	30 178.0	202.8	30 380.8	29 989.4

Table 37.B Detail of approved establishment and personnel numbers according to salary level ¹

	Personnel post status as at 30 September 2010			Number of personnel posts filled / planned for on funded establishment							
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year ² 2010/11	Medium-term estimate			
				2007/08	2008/09	2009/10		2011/12	2012/13	2013/14	
Department	677	677	98	431	520	529	529	677	677	677	
Salary level 1 – 6	133	133	49	141	168	114	114	133	133	133	
Salary level 7 – 10	265	265	22	149	182	208	208	265	265	265	
Salary level 11 – 12	142	142	15	78	102	97	97	142	142	142	
Salary level 13 – 16	137	137	12	63	68	110	110	137	137	137	
Administration	343	343	60	254	318	232	232	343	343	343	
Salary level 1 – 6	87	87	24	99	129	68	68	87	87	87	
Salary level 7 – 10	134	134	14	101	119	97	97	134	134	134	
Salary level 11 – 12	64	64	13	45	61	33	33	64	64	64	
Salary level 13 – 16	58	58	9	9	9	34	34	58	58	58	
Integrated Transport Planning	67	67	15	40	52	67	67	67	67	67	
Salary level 1 – 6	7	7	9	14	12	7	7	7	7	7	
Salary level 7 – 10	20	20	4	5	10	20	20	20	20	20	
Salary level 11 – 12	19	19	–	12	15	19	19	19	19	19	
Salary level 13 – 16	21	21	2	9	15	21	21	21	21	21	
Rail Transport	37	37	–	22	27	34	34	37	37	37	
Salary level 1 – 6	5	5	–	10	10	5	5	5	5	5	
Salary level 7 – 10	13	13	–	3	7	13	13	13	13	13	
Salary level 11 – 12	9	9	–	1	2	9	9	9	9	9	

Table 37.B Detail of approved establishment and personnel numbers according to salary level ¹ (continued)

	Personnel post status as at 30 September 2010			Number of personnel posts filled / planned for on funded establishment							
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year ²	Medium-term estimate			
				2007/08	2008/09	2009/10		2010/11	2011/12	2012/13	2013/14
Salary level 13 – 16	10	10	–	8	8	7	7	10	10	10	
Road Transport	75	75	5	28	31	75	75	75	75	75	
Salary level 1 – 6	10	10	3	5	6	10	10	10	10	10	
Salary level 7 – 10	37	37	1	7	11	37	37	37	37	37	
Salary level 11 – 12	15	15	1	–	–	15	15	15	15	15	
Salary level 13 – 16	13	13	–	16	14	13	13	13	13	13	
Civil Aviation	68	68	13	22	25	42	42	68	68	68	
Salary level 1 – 6	10	10	10	1	–	10	10	10	10	10	
Salary level 7 – 10	30	30	3	13	14	14	14	30	30	30	
Salary level 11 – 12	14	14	–	4	4	4	4	14	14	14	
Salary level 13 – 16	14	14	–	4	7	14	14	14	14	14	
Maritime Transport	43	43	3	37	37	43	43	43	43	43	
Salary level 1 – 6	7	7	3	10	9	7	7	7	7	7	
Salary level 7 – 10	19	19	–	8	9	19	19	19	19	19	
Salary level 11 – 12	8	8	–	6	8	8	8	8	8	8	
Salary level 13 – 16	9	9	–	13	11	9	9	9	9	9	
Public Transport	44	44	2	28	30	36	36	44	44	44	
Salary level 1 – 6	7	7	–	2	2	7	7	7	7	7	
Salary level 7 – 10	12	12	–	12	12	8	8	12	12	12	
Salary level 11 – 12	13	13	1	10	12	9	9	13	13	13	
Salary level 13 – 16	12	12	1	4	4	12	12	12	12	12	

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

2. As at 30 September 2010.

Table 37.C Summary of expenditure on training

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Compensation of employees (R million)	131.3	182.6	228.1	266.2	294.4	309.9	326.5
Training expenditure (R million)	3.2	1.8	3.9	4.0	2.9	3.1	3.5
Training as percentage of compensation	2.5%	1.0%	1.7%	1.5%	1.0%	1.0%	1.1%
Total number trained in department (head count)	317	347	465	305			
<i>of which:</i>							
<i>Employees receiving bursaries (head count)</i>	140	28	84	93			
<i>Learnerships trained (head count)</i>	7	6	8	–			
<i>Internships trained (head count)</i>	52	44	46	58			
Households receiving bursaries (R million)	9.2	7.8	8.2	8.7	9.2	9.6	10.2
Households receiving bursaries (head count)	326	116	162	479			

Table 37.D Summary of departmental public private partnership (PPP) projects

Table 6.15 Summary of departmental public-private partnership (PPP) projects						
Project description:		Project annual unitary fee at time of contract	Budgeted expenditure	Medium-term expenditure estimate		
R million			2010/11	2011/12	2012/13	2013/14
Projects signed in terms of Treasury Regulation 16		–	4.7	4.9	5.2	–
PPP unitary charge		–	4.7	4.9	5.2	–
Total		–	4.7	4.9	5.2	–

Disclosure notes for projects signed in terms of Treasury Regulation 16

Project name	National Fleet Project
Brief description	Provision of Fleet Management Services
Date PPP agreement was signed	October 2006
Duration of PPP agreement	5 years, to be extended
Escalation index for unitary fee	5
Variations / amendments to PPP agreement	None
Cost implications of variations/amendments	None. In the event of a material breach by the department of transport, the private party may seek the difference between the value of the vehicle and any finance outstanding.

Table 37.E Summary of expenditure on infrastructure

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation 2010/11	Medium-term expenditure estimate		
				2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
R million										
Infrastructure transfers to other spheres, agencies and departments										
South African National Roads Agency	Development and upkeep of national road network	Various	-	1 559.4	1 900.0	2 847.5	4 065.2	5 727.3	6 602.6	7 043.5
Passenger Rail Agency of South Africa	Passenger rail infrastructure maintenance and rehabilitation	Construction	-	1 696.1	2 367.7	3 831.8	5 110.3	6 134.8	6 422.1	7 035.2
Gautrain rapid rail link	National contribution for construction of Gautrain rapid rail link	Construction	12 951.5	3 029.4	3 266.0	2 976.7	438.4	5.3	-	-
Public transport infrastructure and systems grant	Public transport infrastructure and systems for municipalities	Various	-	1 174.0	2 919.8	2 421.2	3 699.5	4 803.3	4 999.8	5 563.6
Passenger Rail Agency of South Africa: Public transport infrastructure and systems grant	Improved railway stations	Construction	-	476.0	-	464.8	500.0	-	-	-
Provincial roads maintenance grant	Maintenance of provincial road infrastructure	Various	-	2 824.3	3 323.0	4 162.2	5 091.7	6 457.4	7 567.6	8 259.2
South African National Roads Agency: Public transport infrastructure and systems grant	Road maintenance for 2010 FIFA World Cup projects	Construction	-	130.0	100.0	206.6	-	-	-	-
Passenger Rail Agency of South Africa: Public transport infrastructure and systems grant	Purchase of buses	Handed over	-	-	-	-	797.0	-	-	-
Sani Pass roads grant	Construction of road to Lesotho		-	-	30.0	34.3	34.3	-	-	-
Overload control grant	Overload control		-	-	8.8	10.1	11.0	-	-	-
Total			12 951.5	10 889.1	13 915.3	16 955.1	19 747.4	23 128.1	25 592.1	27 901.4

Vote 38

Water Affairs

Budget summary

	2011/12				2012/13	2013/14
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
R million						
MTEF allocation						
Administration	862.1	806.8	18.2	37.2	888.1	931.0
Water Sector Management	718.7	551.7	118.2	48.9	798.0	685.2
Water Infrastructure Management	2 608.0	–	2 608.0	–	2 658.1	3 039.1
Regional Implementation and Support	5 608.9	2 511.0	1 022.2	2 075.7	5 743.8	6 078.5
Water Sector Regulation	112.4	110.2	–	2.1	116.1	121.8
International Water Cooperation	26.1	25.5	0.6	–	27.4	27.9
Total expenditure estimates	9 936.2	4 005.2	3 767.2	2 163.9	10 231.5	10 883.5
Executive authority	Minister of Water and Environmental Affairs					
Accounting officer	Director General of Water Affairs					
Website address	www.dwa.gov.za					

More detailed information for each vote is available at www.treasury.gov.za. More comprehensive coverage of vote specific information, particularly on goods and services, transfers and subsidies, donor funding, public entities and lower level institutional information, is provided.

Aim

Ensure the availability and supply of water at national level, facilitate equitable and sustainable social and economic development, and ensure the universal and efficient supply of water services at local level.

Programme purposes

Programme 1: Administration

Purpose: Provide policy leadership, advice and core support services, including finance, human resources, legal, information and management services, communication, and corporate planning.

Programme 2: Water Sector Management

Purpose: Ensure that the country's water resources are protected, used, developed, conserved, managed and controlled in a sustainable manner for the benefit of all people and the environment, through effective policies, integrated planning, strategies, knowledge base and procedures.

Programme 3: Water Infrastructure Management

Purpose: Ensure a reliable supply of water from bulk raw water resources infrastructure, within acceptable risk, to meet sustainable demand objectives for South Africa. Solicit and source funding to implement, operate and maintain bulk raw water resources infrastructure in an efficient and effective manner by strategically managing risks and assets.

Programme 4: Regional Implementation and Support

Purpose: Coordinate effective implementation of the department's strategic goals and objectives at the regional level, including the establishment of water resource management institutions. Facilitate water conservation and demand management. Accelerate communities' access to water infrastructure.

Programme 5: Water Sector Regulation

Purpose: Ensure the development, implementation, monitoring and review of regulations across the water value chain in accordance with the provisions of the National Water Act (1998) and the Water Services Act (1997).

Programme 6: International Water Cooperation

Purpose: Strategically develop, promote and manage international relations on water resources between countries through bilateral and multilateral cooperation instruments and organisations. Further drive national interests at both Africa and global multilateral organisations and fora.

Strategic overview: 2007/08 – 2013/14

The department's legislative mandate is to ensure that the country's water resources are protected, managed, used, developed, conserved, and controlled in accordance with the requirements of the policies of the Department of Water Affairs, the Water Services Act (1997) and the National Water Act (1997). The department's core functions are: policy formulation, water resource management, infrastructure development, capacity building, intergovernmental and intra-sectoral coordination, and water regulation.

Outcomes and outputs, and medium term priorities

In relation to government's 12 outcomes, the department contributes directly to: an efficient, competitive and responsive economic infrastructure network (outcome 6) through the maintenance and supply availability of the country's bulk water infrastructure (output 4); and environmental assets and natural resources that are well protected and continually enhanced (outcome 10) through enhanced quality and quantity of water resources (output 1). (The department also contributes indirectly to a number of other outcomes.)

A departmental or sub-output relating to outcome 6 is to strengthen the regulation of the water sector, and for outcome 10 it is to promote equitable and sustainable water resources management.

Other key priorities over the medium term include: giving effective support to local government to deliver water services; realigning the institutional arrangement of the water sector, strengthening the oversight of the water boards and centralising the management of the whole water value chain; and strengthening internal technical capacity to address the massive backlog in the operations and maintenance of the national water infrastructure.

Strengthening the regulation of the water sector

As a water sector leader, the department needs to ensure compliance with minimum water quality norms and standards. To achieve this, the department started the annual blue drop and green drop assessments to ensure that water and wastewater systems are managed according to the set norms and standards. The department has set a target of 99 per cent compliance with the drinking water quality standards and 80 per cent compliance with the wastewater effluent standards. The department is also seeking to establish an independent economic regulator that will ensure efficient pricing in the water value chain and that inefficiencies in the water supply sector are not passed on to users. The current pricing strategy will also be reviewed over the medium term. Various models of independent regulators including multi-sector or bi-sector (such as, for example, water and energy) options will be investigated.

Promoting sustainable and equitable water resources management

In compliance with the National Water Act (1998), the department aims to ensure that South Africa's water resources are protected by: establishing a water resources classification system; developing and implementing water quality management strategies to ensure that raw water of acceptable quality is provided to users; facilitating the equitable allocation of water for sustainable growth and development; developing water reconciliation strategies; collecting and analysing information on water resources; improving water use efficiency through the implementation of water conservation and demand management; and implementing the Adopt-a-River programme in all water management areas to ensure the information required for water resource management including rehabilitation of priority river systems.

Support local government to deliver water services

In support of local government in its function to provide water services, the department will provide capacity through the deployment of engineers to municipalities to assist with infrastructure related programmes or projects, and oversee the training of staff required to ensure the optimal operation of wastewater treatment works and compliance with the green drop and blue drop assessments.

Institutional re-alignment/strengthening oversight of water boards and centralisation of management of the whole water-value-chain

The department will strengthen its oversight of all entities reporting to it (such as the water boards and the Trans-Caledon Tunnel Authority). In relation to the water boards, the department will ensure that sound, transparent and efficient financial management practices are in place and that the water boards comply with all relevant legislation. Outdated guidelines for the water boards will also be updated. As part of the institutional re-alignment strategy, the department will re-look at the mandate of the water boards to ensure that those with high technical capacity, such as Rand Water, are fully used. The institutional re-alignment process will ensure that all institutions involved in the function provide a seamless approach to managing water infrastructure. In the long term and in response to Parliament's request that there be further consultation on the draft bill, the department will revisit the idea of establishing the National Water Resource Infrastructure Agency, which would be responsible for managing the whole water value chain. It is envisaged that the agency will be established from the merger of the Trans-Caledon Tunnel Authority and the water trading entity to leverage off the assets owned by the entity.

Strengthening internal technical capacity to address the backlog in infrastructure maintenance

The department will also strengthen internal technical capacity to ensure the effective operation and maintenance of national water assets, which are valued at about R123 billion, and institute measures and controls to ensure efficiency and delivery in all capital infrastructure projects, including the seven new planned water augmentation projects over the medium term. The cost of addressing the current backlog related to operation and maintenance of national water infrastructure is estimated at about R13 billion. Financing this is hampered by the fact that the cost recovery rate for bulk raw water is very low. The department is aiming to develop a comprehensive recovery plan to reduce backlogs and enhance cost recovery, which will include a plan to strengthen the technical and management capacities of both the department and the water trading entity. The entity is responsible for the reliable supply of water from bulk raw water resource infrastructure to meet sustainable demand for South Africa.

Savings and cost effectiveness measures

The department has implemented cost saving measures in low priority spending and non-essential items. The measures include: procuring new information technologies; reducing excessive use of cell phones, 3G cards and catering; and reducing travel and spending on accommodation, as well as reducing the number of team building activities. The department has also resolved to re-examine the use of professional service providers and downscale where possible.

The department's baseline was reduced by efficiency savings of R619.6 million in 2011/12, R691.5 million in 2012/13 and R291.7 million in 2013/14, mostly in the *Water Infrastructure Management* programme and mostly from transfers to departmental agencies.

Selected performance indicators

Table 38.1 Water Affairs

Indicator	Programme	Past			Current	Projections		
		2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Number of new reconciliation strategies developed to ensure water security per year	Water Sector Management	3	5	8	2	2	4	3
Total number of water monitoring stations and number of priority catchments optimally monitored ¹	Water Sector Management	2	2	2	5	5	5	5
Number of additional people provided with access to water per year	Regional Implementation and Support	1.27 million	1.06 million	1.07 million	1.2m	1 million	1 million	1 million
Number of bulk infrastructure schemes implemented per year	Regional Implementation and Support	31	32	38	54	55	52	43
Number of additional rainwater harvesting tanks distributed for food production per year	Regional Implementation and Support	50	300	2 544	5 000	6 000	7 000	8 000
Number of additional resource poor farmers supported with subsidies per year	Regional Implementation and Support	300	30	5 725	666	1 000	1 500	2 000
Number of new water management areas in which compulsory licensing processes have been completed per year	Water Sector Regulation	–	2	5	2	2	3	1
Number of water licences issued per year	Water Sector Regulation	90	80	200	250	300	250	300
Number of water supply systems assessed to meet effluent standards per year	Water Sector Regulation	0	401	787	792	797	803	810
Number of existing bilateral instruments realigned or expanded per year	International Water Cooperation	–	–	–	1	1	1	1
Number of country strategies established per year	International Water Cooperation	–	–	–	2	2	2	2
Number of municipalities supported in water conservation and water demand management per year	Regional Implementation and Support	8	50	80	4	–	–	–
Percentage completion on construction of Inyaka water treatment works	Regional Implementation and Support	16%	36%	56%	73%	98%	100%	
Percentage completion on construction of Nandoni water distribution network and water treatment works	Regional Implementation and Support	38%	49%	60%	69%	79%	90%	100%
Percentage completion on construction of Nandoni pipeline	Regional Implementation and Support	12%	49% ⁻²	70% ⁻²	51% ⁻²	27%	69%	100%
Percentage completion on construction of Groot Letaba water augmentation project water distribution network and water treatment works	Regional Implementation and Support	–	–	8%	11%	20%	32%	45%
Percentage completion on construction of Hluhluwe regional water scheme	Regional Implementation and Support	12%	35%	61%	81%	92%	100%	–
Percentage of construction of the pipeline from Middle Letaba dam	Regional Implementation and Support	–	–	–	76%	94%	100%	–
Hectares of land cleared of alien plants and vegetation per year	Regional Implementation and Support	595 011ha	642 448ha	895 900ha	715 400ha	889 915ha	889 915ha	–
Hectares of land converted to woodlots per year	Regional Implementation and Support	–	670ha	990ha	1 655ha	2 050ha	2 050ha	–
Number of jobs created by Working for Water per year	Regional Implementation and Support	28 785	25 339	19 203	25 300	28 400	28 400	30 000
Number of jobs created by Working on Fire per year	Regional Implementation and Support	1 528	1 651	1 669	2 221	2 890	2 890	3 000

1. The unit of measurement for this indicator changes from the number of water monitoring stations to the number of catchment areas optimally monitored, as a result of technological changes in the infrastructure used to monitor water.

2. The Nandoni pipeline was not completed on time due to installed pipelines which failed pressure tests. The department will correct this and complete the project.

Expenditure estimates

Table 38.2 Water Affairs

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
R million	2007/08	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
Administration	595.6	679.8	864.5	939.7	776.3	862.1	888.1	931.0
Water Sector Management	390.3	413.1	443.5	446.9	369.1	718.7	798.0	685.2
Water Infrastructure Management	1 185.9	1 644.3	2 108.1	2 238.2	2 207.2	2 608.0	2 658.1	3 039.1
Regional Implementation and Support	2 541.2	2 961.0	3 687.9	4 364.4	4 065.8	5 608.9	5 743.8	6 078.5
Water Sector Regulation	80.3	80.6	73.2	203.1	180.5	112.4	116.1	121.8
International Water Cooperation	9.7	18.9	11.4	10.8	10.8	26.1	27.4	27.9
Total	4 802.9	5 797.8	7 188.6	8 203.2	7 609.7	9 936.2	10 231.5	10 883.5
Change to 2010 Budget estimate				206.6	(386.9)	846.0	603.3	725.7
Economic classification								
Current payments	2 377.9	2 597.8	2 954.9	3 727.6	3 303.3	4 005.2	4 586.0	4 619.3
Compensation of employees	880.5	875.6	899.8	1 147.3	964.8	1 195.4	1 272.4	1 348.8
Goods and services	1 497.0	1 722.0	2 048.2	2 580.3	2 338.5	2 809.7	3 313.6	3 270.5
of which:								
Consultants and professional services:	549.0	554.5	380.9	622.0	508.9	468.7	791.7	704.1
Business and advisory services								
Consultants and professional services:	40.5	83.1	424.5	768.0	705.8	280.1	289.0	218.6
Infrastructure and planning								
Agency and support / outsourced services	171.0	255.6	282.4	270.5	255.3	1 229.4	1 355.2	1 422.0
Property payments	141.7	132.2	22.3	174.4	173.2	215.3	232.2	244.1
Interest and rent on land	0.4	0.2	6.9	–	–	–	–	–
Transfers and subsidies	2 050.2	2 709.5	3 135.2	3 356.7	3 285.6	3 767.2	3 336.7	3 758.1
Provinces and municipalities	733.1	995.4	908.9	1 038.5	1 014.4	1 011.5	399.8	421.8
Departmental agencies and accounts	1 190.2	1 657.8	1 958.5	2 059.3	2 028.3	2 503.5	2 525.8	2 899.4
Foreign governments and international organisations	0.5	0.5	177.1	180.3	180.3	180.6	180.6	190.5
Public corporations and private enterprises	39.3	0.0	0.0	4.1	4.1	–	–	–
Non-profit institutions	0.4	0.4	0.5	0.5	0.0	–	–	–
Households	86.8	55.3	90.3	73.9	58.5	71.5	230.4	246.4
Payments for capital assets	371.1	487.2	1 048.2	1 118.9	1 020.8	2 163.9	2 308.8	2 506.1
Buildings and other fixed structures	225.9	441.6	1 014.0	1 033.8	952.1	2 088.6	2 229.4	2 422.5
Machinery and equipment	42.3	44.2	33.4	72.5	61.0	60.6	64.0	67.3
Biological assets	–	–	0.0	0.2	0.2	–	–	–
Land and sub-soil assets	–	–	–	0.1	0.1	–	–	–
Software and other intangible assets	102.9	1.4	0.8	12.3	7.4	14.7	15.5	16.3
Payments for financial assets	3.7	3.3	50.3	–	–	–	–	–
Total	4 802.9	5 797.8	7 188.6	8 203.2	7 609.7	9 936.2	10 231.5	10 883.5

Expenditure trends

The spending focus over the medium term will be on infrastructure and bulk distribution in order to provide a reliable supply of water from bulk raw water resource infrastructure to meet sustainable demand for South Africa. This focus is also expected to create jobs in line with the government's new growth path strategy.

Spending grew from R4.8 billion in 2007/08 to R8.2 billion in 2010/11, at an average annual rate of 19.5 per cent. The increase was driven by spending on the development of bulk water infrastructure, including the construction of the De Hoop Dam and ancillary infrastructure, such as distribution pipelines, and the rehabilitation and repair of existing bulk infrastructure. Most of the increased spending on developing bulk water infrastructure is reflected in the *Water Infrastructure Management* programme, which grew from R1.2 billion to R2.2 billion between 2007/08 and 2010/11, mostly in transfer payments to water service authorities and water boards. Spending on compensation of employees increased from R880.5 million in 2007/08 to R1.2 billion in 2010/11, at an average annual rate of 9.2 per cent.

Expenditure on consultants increased from R549 million in 2007/08 to R622 million in 2010/11, at an average annual rate of 4.3 per cent. Over the medium term, expenditure on consultants is expected to increase to R704 million, at an average annual rate of 4.2 per cent, mostly due to inflation related adjustments. The growth

in both periods is due to insufficient capacity to design, execute and oversee most the capital infrastructure projects implemented throughout the country. Most of the feasibility studies conducted by the Department of Water Affairs are outsourced to external consultants.

Over the MTEF period, spending is expected to increase from R8.2 billion to R10.9 billion, at an average annual rate of 9.9 per cent. The rate of growth is slower than that between 2007/08 and 2010/11, mainly as a result of efficiency savings of R1.7 billion. This increase includes additional allocations of R1 billion in 2011/12, R1.3 billion in 2012/13 and R984.2 million in 2013/14 to be spent as follows over the medium term:

- R245 million for the completion of the construction of the De Hoop Dam
- R780.3 million for the bulk distribution system of the De Hoop Dam
- R520 million for the replacement of Nandoni pipeline

Infrastructure spending

The Department of Water Affairs oversees and manages a total of 151 water and waste water infrastructure projects at various levels of government throughout South Africa. The total estimated cost of these projects is R70.9 billion. The projects are at different stages of completion and include those projects where new infrastructure is being built, or existing infrastructure is being refurbished, rehabilitated, upgraded or maintained. Infrastructure spending includes direct expenditure on national water resources infrastructure projects by the department through its public entities and indirect expenditure on regional bulk water and waste water infrastructure projects through transfers to water services authorities and water boards. Between 2007/08 and 2009/10, approximately R5.1 billion was spent on water and waste water infrastructure projects. Projected expenditure on water and waste water infrastructure projects in 2010/11 is approximately R2.7 billion. Over the MTEF period, expenditure is expected to increase to R13.6 billion.

Mega infrastructure projects

Olifants River water resources development project

The cost of the Olifants River water resources development project is R16.2 billion. This phase of the project involves the construction of the De Hoop Dam and the bulk raw water distribution systems. The estimated costs for completing the De Hoop Dam are approximately R3.1 billion. Of the estimated budget of R3.1 billion, R2.1 billion has been spent up to 2010/11 and R926.4 million will be spent over the MTEF period. Construction of the dam began in 2007 and is scheduled for commissioning by the end of 2012. Site clearance is expected by March 2013. Commissioning of the dam was delayed by a year due to poor foundation conditions and industrial actions. Construction of the distribution system is scheduled to begin in 2011/12. The project will deliver water for domestic and agricultural use in the Greater Sekhukhune, Waterberg and Capricorn district municipalities. The estimated number of beneficiaries in the domestic sector is more than 3 million people.

The estimated cost for the distribution systems is R13.1 billion. R391.8 million has been spent up to 2010/11. An additional allocation of R780 million has been made over the MTEF period. This additional allocation is subject to the Department of Water Affairs finalising the signing of off-take agreements in 2011/12. In addition to the baseline, the total budget available for the distribution systems over the MTEF period is R1.9 billion. With the assistance of the Trans-Caledon Tunnel Authority, the department expects to raise the shortfall from the market. In addition to finalising off-take agreements in 2011/12, the department will revisit the socioeconomic impact assessment study to determine the financial impact of water from the dam on the municipalities and also determine the shortfall between what the municipalities can afford and the actual cost of water from the dam. Other ways of addressing the shortfall will also be investigated. A communication strategy will be rolled out by the department and the Limpopo provincial government to manage expectations.

The dam safety rehabilitation project: This is an ongoing project to ensure continued structural and operational safety of the 350 dams owned by the department. The estimated cost of the project is R2.6 billion. R1.4 billion

has been spent up to 2010/11 and R1.2 billion has been allocated over the MTEF period. Given the nature of the project, only short term jobs will be created.

Other mega infrastructure projects

The following projects are funded off budget:

Mooi-Mgeni transfer scheme phase 2: The project will be implemented in the KwaZulu-Natal midlands with the construction of the spring grove and associated infrastructure to augment the yield of the Mgeni system by 60 million m³ to a total of 394 million m³ per year. The project cost as estimated was R1.7 billion, including escalation and contingencies. The project will be funded on an off-budget basis and the capital costs recovered from the revenue generated by the sale of water.

Komati River water scheme augmentation project: The project has been designed to resolve the water supply problems of Eskom's Duvha and Matla power stations in the Mpumalanga. It augments the Komati water scheme from the Vaal Eastern subsystem for the sole benefit of Eskom. The project has an approved budget of R1.7 billion, funded on an off-budget basis. The capital costs of the commercial portion will be recovered from the revenue generated from the sale of water to industrial users.

Large infrastructure projects

The following is a selection of a number of large infrastructure projects that are under way:

Raising of Clanwilliam Dam: The dam is located in the middle reaches of the Olifants River near the town of Clanwilliam. The raising of Clanwilliam Dam will: make it safer during floods and also stabilise dam distortion caused by alkali aggregate reaction; provide an additional yield of 10 million m³ of water per year; and help under-resourced, poor farmers promote food security and decent employment through inclusive economic growth. The total estimated budget for the project is R2.2 billion and it is scheduled for completion by 2015. R403 million has been allocated over the MTEF period.

Mokolo and Crocodile River (West) water augmentation project phase 1 and 2: The project aims to deliver water to Eskom's new Medupi power station and other industries in the area, and domestic water to the Lephalale local municipality. The total estimated project cost for the first phase is R2 billion, of which R603.2 million will be spent over the MTEF period. 75 per cent of the first phase will be funded by off-budget sources. The Minister of Water Affairs has issued a directive to Trans-Caledon Tunnel Authority to procure funding and implement the project. The project will begin in 2011/12 and is scheduled for commissioning in 2013/14.

Great Letaba River development project, raising of Tzaneen and Namitwa Dams: The project aims to: augment the supply to meet projected growing water requirements by 2025; improve water availability in the riverine ecosystem; and stabilise water availability to the irrigation sector, including the establishment of resource poor farmers. The estimated value of the project is about R2 billion, of which R386.1 million has been allocated over the MTEF period.

Nandoni water treatment works and distribution networks: The project aims at augmenting water supply to the Vhembe district municipality in the Limpopo. The total value of the project is R2 billion, of which R532.9 million has been allocated over the MTEF period. The project began in 2006/07 and is scheduled for commissioning in 2013/14.

Nandoni pipeline project: The project aims to convey water for domestic use in the Vhembe District Municipality, Limpopo Province. The project began in 2006/07 and is scheduled for completion in 2012/13. The commissioning of this project was delayed due to the quality of the pipes, which increased the project cost from R200 million to R720 million. R520 million has been allocated over the 2011 MTEF period.

Small infrastructure projects

The department is involved in over 60 small water and waste water infrastructure projects with a project value of less than R100 million each and a combined cost in excess of R3.2 billion. At least R904.8 million has been spent on these small infrastructure projects up to 2010/11 and at least R1.4 billion has been allocated over the MTEF period.

Personnel information

The department has an establishment of 5 869 posts, which are all funded and 383 are additional to the establishment. The department currently employs 4 286 individuals and there are 1 155 vacant posts as at September 2010. The number of staff is estimated to increase over the medium term as the vacant posts are filled. The department is experiencing problems filling vacancies at the technical, engineering and scientist levels due to the packages paid to the occupational classes. The department also experiences difficulty in retaining individuals with skills as the market is highly competitive. The ratio of support staff to line function staff is 1:0.9.

Departmental receipts

Receipts accounted for as departmental revenue include the repayment of loans granted to water boards, water user associations, local government, and interest on these loans. Income from water related sales is paid into the water trading entity and does not form part of departmental receipts. Receipts increased from R55 000 in 2007/08 to R42.1 million in 2010/11, at an average annual rate of 814.5 per cent. Revenue reflected in 2007/08 of R55 000 is due to the correction of a system error on the conversion of debt from previous financial years. In 2009/10, the department collected revenue of R76.3 million, of which R36 million was attributed to the write-off of two historical loans. Over the MTEF period, revenue is expected to decrease from R42.1 million in 2010/11 to R25.9 million in 2013/14, at an average annual rate of 14.9 per cent. The decrease is driven mainly by the collection of repayments of loans to water boards and water user associations.

Table 38.3 Departmental receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2007/08	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
Departmental receipts	55	26 643	76 279	42 070	42 070	22 918	24 336	25 895
Sales of goods and services produced by department	3 172	2 210	5 398	3 525	3 525	1 889	1 927	1 970
Sales of scrap, waste, arms and other used current goods	64	105	35	45	45	35	34	30
Fines, penalties and forfeits	–	–	(12)	–	–	–	–	–
Interest, dividends and rent on land	6 022	9 379	34 873	10 240	10 240	2 014	2 025	2 040
Sales of capital assets	255	–	–	–	–	–	–	–
Transactions in financial assets and liabilities	(9 458)	14 949	35 985	28 260	28 260	18 980	20 350	21 855
Total	55	26 643	76 279	42 070	42 070	22 918	24 336	25 895

Programme 1: Administration

- *Ministry* provides support to the minister and deputy minister. This entails handling priority enquiries and correspondence. This subprogramme has a staff complement of 26 and a 2011/12 budget of R25.7 million, of which 51.9 per cent is used for payment of salaries.
- *Departmental Management* provides administrative support to the director general and secretariat services to the department. This entails making provisions for salary payments to the director general and support staff in the office of the director general. This subprogramme has a staff complement of 44 and a 2011/12 budget of R92.2 million, of which 58.4 per cent is used for goods and services, travel and consultants.
- *Internal Audit* provides independent, objective assurance and advisory services designed to add value and improve the department's operations. This entails providing support and advisory services to the department. This subprogramme has a staff complement of 37 and a 2011/12 budget of R17.1 million, of which 71.1 per cent is used for the payment of salaries within the internal audit section of the department.
- *Corporate Services* provides administrative support to the department and comprises various sub-programmes, namely: human resources communication services; legal services; administration; and information services. The key activities within these are providing leadership in policy development and core support services through implementing various systems and processes. This subprogramme has a staff complement of 631 and a 2011/12 budget of R358.2 million, of which 38.8 per cent is used for compensation of employees.

- *Financial Management* provides efficient management of daily financial operations, processes and systems. This entails classification, recording and reporting on financial accounting activities. This subprogramme has a staff complement of 36 and a 2011/12 budget of R165.3 million, of which 41.3 per cent is used for compensation of employees.
- *Office Accommodation* deals with the payments of rental, municipal services, and rates and taxes on all accommodation leased by the department. The full budget is spent on goods and services for all the accommodation leased by the department.

Expenditure estimates

Table 38.4 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
R million							
Ministry ¹	2.4	10.2	14.9	35.5	25.7	26.6	28.1
Departmental Management (DG's Office)	63.7	30.5	83.5	142.3	92.2	88.9	93.6
Internal Audit	20.2	21.4	10.6	26.1	17.1	17.9	18.9
Corporate Services	334.4	410.5	448.6	399.1	358.2	375.1	394.7
Financial Management	69.0	83.9	139.8	175.6	165.3	159.7	164.7
Office Accommodation	106.0	123.3	167.1	161.2	203.6	219.8	231.0
Total	595.6	679.8	864.5	939.7	862.1	888.1	931.0
Change to 2010 Budget estimate				66.3	(174.7)	(146.9)	(161.5)

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

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

Economic classification

Current payments	510.6	651.9	797.9	885.6	806.8	835.0	875.1
Compensation of employees	133.0	155.8	206.0	317.3	263.4	280.1	295.3
Goods and services	377.6	496.2	585.2	568.3	543.4	554.9	579.8
of which:							
Consultants and professional services:	33.0	59.5	23.8	109.6	82.4	69.9	69.8
Business and advisory services							
Consultants and professional services:	–	0.1	1.6	–	48.6	49.2	51.7
Infrastructure and planning							
Agency and support / outsourced services	7.0	64.3	23.5	41.3	22.0	23.2	24.5
Property payments	107.8	123.1	15.1	167.2	205.4	221.5	232.9
Interest and rent on land	–	–	6.8	–	–	–	–
Transfers and subsidies	57.5	11.5	10.2	14.1	18.2	14.2	14.9
Departmental agencies and accounts	0.6	0.7	1.1	1.1	1.5	1.6	1.7
Households	56.9	10.8	9.1	13.0	16.7	12.6	13.3
Payments for capital assets	27.5	13.0	6.1	40.0	37.2	38.9	41.0
Buildings and other fixed structures	13.5	0.1	0.0	3.9	2.8	2.9	3.2
Machinery and equipment	12.7	12.7	6.0	25.5	22.9	23.9	25.1
Software and other intangible assets	1.2	0.2	0.0	10.7	11.5	12.0	12.7
Payments for financial assets	–	3.3	50.3	–	–	–	–
Total	595.6	679.8	864.5	939.7	862.1	888.1	931.0

Details of selected transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	0.6	0.7	1.1	1.1	1.5	1.6	1.7
Energy Sector Education and Training Authority	0.6	0.7	1.1	1.1	1.5	1.6	1.7
Households							
Households social benefits							
Current	56.9	10.8	0.2	13.0	4.3	0.1	0.1
Employee Social Benefit	56.9	10.8	0.2	13.0	4.3	0.1	0.1
Households							
Households other transfers							
Current	–	–	8.7	–	11.9	12.0	12.7
Bursaries Non-employees	–	–	8.7	–	11.9	12.0	12.7

Expenditure trends

Spending grew from R595.6 million in 2007/08 to R939.7 million in 2010/11, at an average annual rate of 16.4 per cent. The growth was mainly due to spending on compensation of employees, which grew from R133 million to R317.3 million between 2007/08 and 2010/11 at 33.6 per cent due to the appointment of additional staff to strengthen the financial management and internal audit functions, and the integration of information services into the *Corporate Services* subprogramme. Expenditure in the *Ministry* subprogramme increased from R2.4 million in 2007/08 to R35.5 in 2010/11, at an average annual of 146.3 per cent. This increase was as a result of the integration of the salaries of the minister, deputy minister and their support staff into this subprogramme.

Over the medium term, expenditure is expected to decrease to R931 million, at an average annual rate of 0.3 per cent. The decrease is due to the implementation of efficiency savings within the programme.

Programme 2: Water Sector Management

- *Policy and Planning Management and Support* oversees the overall management and oversight of the programme by ensuring effective and efficient operation of the office of the deputy director general. This subprogramme has a staff complement of 7 and a 2011/12 budget of R5.5 million, of which 72.4 per cent is used for compensation of employees.
- *Integrated Planning* develops comprehensive plans that guide all initiatives, infrastructure development, systems and services management within the water sector. This entails developing reconciliation strategies, developing feasibility plans, an integrated hydrological plan, options analysis, and macro planning. This subprogramme has a staff complement of 84 and a 2011/12 budget of R233.3 million, of which 71.2 per cent is used for consultants and planning. In 2010/11, 2 reconciliation strategies will be completed in Algoa and Mzimvubu in Eastern Cape.
- *Policy and Strategy* reviews, develops, maintains and monitors the implementation of water sector policy, and plans strategies to implement functions required to ensure reliable and equitable water supply and services. This subprogramme has a staff complement of 15 and a 2011/12 budget of R45.6 million, of which 41.6 per cent is used agency and support services. In 2010/11, themes have been drafted to be included in the second edition of the national water resource strategy, which has been gazetted for public consultation.
- *Water Ecosystem* develops and implements measures to protect water resources. This entails classifying systems, determining reserves, and conducting resource quality audits and resource directed measures of compliance. This subprogramme has a staff complement of 38 and a 2011/12 budget of R39.6 million, of which 57.8 per cent is used for consultants and infrastructure planning. In 2009/10, the Adopt-a-River programme was implemented in the Crocodile and the Vaal rivers.
- *Water Information Management* ensures the development and maintenance of systems and programmes for data and information acquisition and management, builds the knowledge base on all aspects of water, and coordinates and audits implementation by the department, catchment management agencies and other water management institutions or agencies. This entails providing resource quality information services, spatial and land information management, water information quality assurance and audits, information programmes, and surface and ground water information services. This subprogramme has a staff complement of 195 and a 2011/12 budget of R198.2 million, of which 50.2 per cent is used for compensation of employees. In 2010/11, 5 priority catchments were monitored.
- *Institutional Oversight* involves institutional governance of water management institutions; and facilitates the establishment and development, and support and oversight of water institutions and the sector. This entails providing institutional support, establishing catchment management agencies, and providing advisory services oversight. This subprogramme has a staff complement of 49 and the 2011/12 budget of R196.5 million, which is all used for transfers to sector institutions. In 2010/11, the department transferred R21 million to both the Inkomati Catchment Management Agency and Breede-Overberg Catchment Management Agency. Over the medium term, a total of R138.8 million will be transferred to these agencies (R69.5 million and R69.3 million respectively). In 2010/11, the department finalised the delegations of functions to catchment management agencies and these will be approved by the minister in 2011/12. The

delegations will enable the catchment management agencies to perform most of the water resource functions.

Objectives and measures

- Ensure that available water is used efficiently by implementing water conservation and demand management programmes, including sector awareness and mobilisation, and developing conservation methodologies and indicators by 2011/12.
- Maintain a reliable and equitable supply of water and provide reliable and equitable services through ensuring sustainable and effective management by developing 2 reconciliation strategies (Bloemfontein and Mzimkulu catchment development) and 1 feasibility plan (phase 2 of the Mokolo and Crocodile River (West) water augmentation project) in 2011/12.
- Improve regional water resources management by ensuring that shared water resources are managed in collaboration with neighbouring states by establishing the Joint Water Commission and undertaking international water resource management plans for shared watercourses with Mozambique, Botswana and Swaziland by 2010/11.
- Respond and adapt to the impact of climate change through improving water resources monitoring by refurbishing existing river flow gauging stations and developing 4 new stations by 2010/11.
- Ensure that water resources are managed sustainably by developing efficient pricing structures by March 2011 to raise funding for refurbishing existing infrastructure.
- Ensure the efficient use and protection of water resources by:
 - finalising the water resources classification system and determining the resource class in 1 priority area by 2011/12
 - setting strategic frameworks for water management nationally by 2011/12
 - finalising the second edition of the national water resource strategy by 2011/12
 - finalising the climate change strategy by 2011/12
 - developing institutional reforms and realignment proposals for water sector institutions by 2011/12.

Expenditure estimates

Table 38.5 Water Sector Management

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
R million							
Policy and Planning Management and Support	2.9	3.1	5.7	3.7	5.5	5.8	6.1
Integrated Planning	94.8	99.7	125.3	160.5	233.3	315.1	178.0
Policy and Strategy	42.7	42.5	17.1	38.2	45.6	47.3	48.5
Water Ecosystem	21.0	27.7	43.2	29.8	39.6	42.0	44.0
Water Information Management	144.2	161.5	174.3	174.5	198.2	209.3	218.7
Institutional Oversight	84.8	78.6	78.1	40.2	196.5	178.5	189.9
Total	390.3	413.1	443.5	446.9	718.7	798.0	685.2
Change to 2010 Budget estimate				82.2	279.1	336.4	198.3
Economic classification							
Current payments	342.0	371.5	376.4	397.6	551.7	678.6	556.2
Compensation of employees	99.0	105.5	107.8	139.8	205.1	216.3	227.9
Goods and services	243.1	266.0	268.6	257.8	346.6	462.3	328.3
of which:							
Consultants and professional services: Business and advisory services	128.6	74.4	36.5	13.7	5.6	118.9	52.6
Consultants and professional services: Infrastructure and planning	26.8	77.2	124.4	161.2	210.2	215.2	141.8
Agency and support / outsourced services	12.8	29.4	40.2	8.5	63.3	54.9	56.6
Property payments	–	–	0.5	0.6	0.5	0.5	0.5

Table 38.5 Water Sector Management (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Transfers and subsidies	34.6	34.2	60.9	41.0	118.2	67.5	74.3
Provinces and municipalities	0.0	–	1.8	40.2	–	–	–
Departmental agencies and accounts	3.7	4.6	32.9	–	74.1	46.2	48.5
Public corporations and private enterprises	1.6	–	0.0	–	–	–	–
Households	29.3	29.6	26.2	0.8	44.1	21.3	25.8
Payments for capital assets	13.7	7.4	6.2	8.4	48.9	51.8	54.7
Buildings and other fixed structures	0.1	–	–	–	33.9	36.0	37.9
Machinery and equipment	11.4	6.9	5.6	7.1	11.8	12.5	13.2
Software and other intangible assets	2.1	0.5	0.6	1.3	3.2	3.4	3.6
Total	390.3	413.1	443.5	446.9	718.7	798.0	685.2
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	3.7	4.6	32.9	–	74.1	46.2	48.5
Inkomati Catchment Management Agency	–	2.0	21.9	–	22.1	23.1	24.3
Bushbuckridge Water Board	–	–	–	–	18.0	–	–
Catchment Management Agencies	–	–	–	–	12.0	–	–
Breede Overberg Catchment Management Agency	3.7	2.6	11.0	–	22.0	23.1	24.3
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	–	–	1.8	40.2	–	–	–
Breede Catchment Management Agency	–	–	–	20.1	–	–	–
Inkomati Catchment Management Agency	–	–	–	20.1	–	–	–
Motor Vehicle Licenses	–	–	1.8	–	–	–	–
Households							
Households other transfers							
Current	29.3	29.3	25.4	–	44.1	21.3	25.8
Financial Assistance for Small Scale Farmers	29.3	29.3	25.4	–	44.1	21.3	25.8

Expenditure trends

The spending focus over the medium term will be on designing and building the acid mine drainage treatment facilities, building the monitoring stations, developing reconciliation strategies and transferring funds to the water sector institutions.

Expenditure grew from R390.3 million in 2007/08 to R447 million in 2010/11, at an average annual rate of 4.6 per cent. Over the medium term, spending is expected to increase to R685.2 million, at an average annual rate of 15.3 per cent. The increase over the MTEF period is due to the additional allocation of R225 million in 2011/12 and 2012/13 to design and build an acid mine water treatment facility in the Vaal water management area. R5 million of the allocation is for developing a five-year national strategy to deal with acid mine drainage in South Africa.

Programme 3: Water Infrastructure Management

- *Infrastructure Development and Rehabilitation* provides for the design, construction and commissioning of new water resource infrastructure; and the rehabilitation of existing infrastructure to ensure the safety and functionality of departmental dams and related infrastructure. The subprogramme has a budget of R2.4

million in 2011/12 and R7.2 billion over the medium term, the bulk of which will be used for infrastructure development and related projects. In 2010/11, R1.9 billion was transferred to the water trading entity to continue developments of and refurbishments to existing infrastructure such as dams, pipelines, reservoirs and canals.

- *Operation of Water Resources* provides for the augmentation of the water trading entity to ensure the effective management of water resources and the sustainable operation and management of bulk raw water infrastructure. In 2009/10, R180 million was transferred to the Komati Basin Water Authority, the water management institution responsible for the joint water project between the governments of South Africa and Swaziland, for the repayment of loans for the Driekoppies Dam in South Africa and the Maguga Dam in Swaziland. The construction of the De Hoop Dam started in 2007 and, to date, an average of 700 employment opportunities per year have been created, and 11 broad based black economic empowerment contractors and consultants have been employed in compliance with the De Hoop Dam charter. In 2010/11 and 2011/12, 250 job opportunities will be created in the first phase of the Mokolo and Crocodile River (West) augmentation project.

Objectives and measures

- Ensure the effective and sustainable management of water resources by:
 - transferring sufficient funds on a regular basis to the water trading entity for the design, construction, commissioning and rehabilitation of bulk raw water resources infrastructure
 - managing and operating existing bulk raw water infrastructure.

Table 38.6 Water Infrastructure Management

Subprogramme				Adjusted appropriation	Medium-term expenditure estimate		
R million	Audited outcome			2010/11	2011/12	2012/13	2013/14
	2007/08	2008/09	2009/10				
Infrastructure Development and Rehabilitation	902.3	1 328.1	1 977.2	2 098.2	2 440.8	2 482.6	2 854.0
Operation of Water Resources	283.6	316.2	130.9	140.0	167.1	175.5	185.1
Total	1 185.9	1 644.3	2 108.1	2 238.2	2 608.0	2 658.1	3 039.1
Change to 2010 Budget estimate				(3.2)	334.4	102.0	350.0
Economic classification							
Current payments	–	–	1.9	–	–	–	–
Compensation of employees	–	–	1.8	–	–	–	–
Transfers and subsidies	1 185.9	1 644.3	2 106.2	2 238.2	2 608.0	2 658.1	3 039.1
Departmental agencies and accounts	1 185.9	1 644.3	1 924.5	2 058.2	2 428.0	2 478.1	2 849.2
Foreign governments and international organisations	–	–	176.0	180.0	180.0	180.0	189.9
Households	–	–	5.8	–	–	–	–
Total	1 185.9	1 644.3	2 108.1	2 238.2	2 608.0	2 658.1	3 039.1
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	283.6	316.2	123.2	140.0	167.1	175.5	185.1
Water Trading Entity	283.6	316.2	123.2	140.0	167.1	175.5	185.1
Capital	902.3	1 328.1	1 801.3	1 918.2	2 260.8	2 302.6	2 664.1
Water Trading Entity	902.3	1 328.1	1 801.3	1 918.2	2 260.8	2 302.6	2 664.1
Households							
Households social benefits							
Capital	–	–	5.8	–	–	–	–
Operation of Water Resource Infrastructure	–	–	5.8	–	–	–	–
Foreign governments and international organisations							
Capital	–	–	176.0	180.0	180.0	180.0	189.9
Komati River Basin Water Authority	–	–	176.0	180.0	180.0	180.0	189.9

Expenditure trends

The spending focus over the medium term will be on making transfer payments to the water trading entity, which manages the development, rehabilitation and operation of infrastructure on behalf of the department.

Expenditure increased significantly from R1.2 billion in 2007/08 to R2.2 billion in 2010/11, at an average annual rate of 23.6 per cent. The growth is as a result of additional allocations for the Olifants River water resources development project.

Over the MTEF period, expenditure in this programme is expected to grow to R3 billion, at an average annual rate of 10.7 per cent. The growth is mostly attributable to the *Infrastructure, Development and Rehabilitation* subprogramme, which is projected to increase by R755.8 million over the period as a result of the additional allocations of R245 million to complete the construction of the De Hoop Dam and R780.3 million for the bulk distribution system of the De Hoop Dam. The transfer payments to the water trading entity are projected to grow from R2.1 billion in 2010/11 to R2.8 billion in 2013/14, to allow the water trading entity to undertake bulk infrastructure projects on behalf of the department.

Programme 4: Regional Implementation and Support

- *Regional Management and Support* provides strategic support and oversees the overall management and oversight of the programme. This subprogramme has a staff complement of 11 and a total 2011/12 of R9.2 million, of which 49.3 per cent is used for staff compensation and the salary of the deputy director general.
- *Sector Support and Intergovernmental Relations* coordinates sector collaborations and intergovernmental relations; ensures that provincial water sector plans are aligned with provincial growth and development strategies; ensures water conservation through efficient infrastructure management and the water use efficiency programme; and implements an accelerated community infrastructure programme. This subprogramme has a staff complement of 854 and a total 2011/12 of R1.2 billion, of which 26 per cent is used for consultants and agency support services and 22.9 per cent for salaries. To date, all provinces have established provincial water committees or forums and have developed provincial water sector plans.
- *Institutional Establishment* contributes to the establishment of effective water management institutions. This subprogramme's functions have moved to the *Water Sector Management* programme.
- *Regional Programme Coordination* ensures support and the implementation of departmental regional programmes, including all subprogrammes falling under regional implementation and support. The programme has a 2011/12 budget of R955 000, which is used to coordinate the Southern African Development Community (SADC) function of the department.
- *Natural Resource Management Programmes* administers the Working for Water, Working on Fire and Working for Wetlands programmes. This entails working in partnership with local communities, to which it provides jobs, and with national and provincial government departments, research foundations and private companies. This subprogramme has a staff complement of 62 and a 2011/12 budget of R1.3 billion, of which 76.1 per cent is used for Working for Water. In 2009/10, 25 791 and 725 job opportunities were created through the Working for Water and Working on Fire programmes. At the end of September 2010, 15 766 and 3 305 job opportunities had been created through the Working for Water and Working on Fire programmes respectively.
- *Regional Bulk* develops regional bulk infrastructure for water supply and water treatment works, and supplements regional bulk sanitation collector systems as well as regional wastewater treatment works. This entails connecting water from sources to municipal reticulation systems. This subprogramme has a staff complement of 18 and a 2011/12 budget of R1.8 billion, of which 96 per cent is used for developing bulk infrastructure for water supply and water treatment works. In 2009/10, 6 regional bulk projects were completed, 34 projects were under construction and 16 were at a design stage. At the end of September 2010, 4 regional bulk projects were completed, 6 feasibility studies were completed in Free State, KwaZulu-Natal, Limpopo, Northern Cape and North West, and 5 schemes were initiated in clusters 2, 4, 6 and 9 in the Chris Hani district municipality in Eastern Cape and Tokologo in Free State. An additional 4 regional bulk projects were completed: Mthatha bulk water supply in Eastern Cape, Greytown bulk water supply in

KwaZulu–Natal, and Hoxani bulk water supply and Mbombela water and sanitation in Mpumalanga. Since the inception of the programme in 2007/08, a total of 15 projects have been completed and 6 342 job opportunities created.

- *Transfer of Water Schemes* guides the transfer of the operation and maintenance functions of water services schemes to water services institutions to ensure effective local operation and management. This entails administering and managing water and wastewater schemes that are in the department's ownership and those that have been transferred to municipalities and other water management institutions. This subprogramme has a staff complement of 13 employees and a 2011/12 budget of R685.7 million, of which 81 per cent is transferred to water service institutions for operation and maintenance functions. In 2009/10, R848.8 million was transferred to 1 643 schemes (including 330 bulk schemes and 1 139 rudimentary schemes) with an asset value of R6.6 billion. The transfer agreement for the Theewaterskloof Scheme in Western Cape, which was not included in the initial functional assessment, is being concluded. In total, 69 per cent of the transferred schemes have been refurbished. 4 879 personnel have been transferred to municipalities, with 797 being transferred in 2009/10 and 1 087 personnel are still to be seconded to municipalities.
- *Support Services* provides human resources, financial management and general administration to the programme. This subprogramme has a staff complement of 828 and an adjusted 2011/12 budget of R341.3 million, of which 55.7 per cent is used for salaries.
- *Water Services Projects* provides for the construction of new water services projects such as water treatment works and pipelines. This entails fulfilling the water services function for schemes that are included in white papers already approved by Parliament. This subprogramme does not have a staff complement under regional management. The 2011/12 budget is R344.5 million, of which the bulk will be used for the construction of pipelines for the Nandoni water treatment works and distribution network, phase 2 of Inyaka water treatment works and distribution line, and phases 1, 2 and 3 of the Hluhluwe regional water scheme.
- *Integrated Catchments Management* provides for the protection, development, use and management of the resources at water management area level. This function was previously performed in the water trading entity and will be shifted to the main account from 2011/12.

Objectives and measures

- Ensure the availability of water supply for domestic use through the development of infrastructure by providing technical support to municipalities to access potable water through the use of bulk infrastructure schemes by 2013/14.
- Improve access to water for rural development and productive use by:
 - providing 26 000 rainwater harvesting tanks to rural communities for food security by 2013
 - implementing water allocation reform for historically disadvantaged individuals.
- Improve water use efficiency by implementing water conservation and demand management initiatives (such as replacing old pipes, identifying and fixing illegal connections, and upgrading billing systems and consumer metre management) to reduce water losses from 30 per cent to 15 per cent by 2014.
- Ensure the provision of institutional support to local government by:
 - providing targeted engineering advice and technical support to municipalities, where necessary
 - assisting municipalities to develop and implement the regulatory performance measurement system.

Table 38.7 Regional Implementation and Support

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
R million							
Regional Management and Support	3.1	5.5	5.6	10.1	9.2	9.8	10.3
Sector Support and Intergovernmental Relations	374.6	307.9	990.8	1 143.6	1 182.3	826.4	821.4
Regional Programme Coordination	–	–	–	0.9	1.0	1.0	1.1
Natural Resource Management Programmes	556.1	650.1	625.0	912.2	1 269.5	1 405.9	1 480.2
Regional Bulk	300.0	443.2	623.2	893.0	1 775.3	2 233.1	2 418.8
Transfer of Water Schemes	1 113.2	1 345.0	1 120.0	880.3	685.7	720.0	759.6
Support Services	194.2	209.3	323.3	332.3	341.3	363.7	385.5
Water Services Projects	–	–	–	191.9	344.5	183.9	201.6
Integrated Catchment Management	–	–	–	–	0.1	0.1	0.1
Total	2 541.2	2 961.0	3 687.9	4 364.4	5 608.9	5 743.8	6 078.5
Change to 2010 Budget estimate				35.4	547.0	459.6	496.1
Economic classification							
Current payments	1 440.2	1 478.5	1 696.7	2 245.1	2 511.0	2 931.8	3 041.4
Compensation of employees	609.6	573.8	544.6	624.9	648.9	694.8	740.4
Goods and services	830.1	904.6	1 151.9	1 620.3	1 862.1	2 237.0	2 301.0
<i>of which:</i>							
<i>Consultants and professional services: Business and advisory services</i>	373.2	415.6	315.1	478.4	360.5	586.3	564.3
<i>Consultants and professional services: Infrastructure and planning</i>	12.7	5.6	293.2	540.6	14.0	14.9	15.7
<i>Agency and support / outsourced services</i>	151.2	155.1	217.4	218.9	1 143.4	1 276.3	1 340.0
<i>Property payments</i>	34.0	9.1	6.7	6.6	9.4	10.1	10.7
<i>Interest and rent on land</i>	0.4	0.2	0.2	–	–	–	–
Transfers and subsidies	770.8	1 017.9	956.9	1 051.0	1 022.2	596.3	629.1
Provinces and municipalities	733.1	995.4	907.1	990.5	1 011.5	399.8	421.8
Departmental agencies and accounts	–	8.1	–	–	–	–	–
Foreign governments and international organisations	–	–	0.6	–	–	–	–
Public corporations and private enterprises	37.7	0.0	–	4.1	–	–	–
Households	0.1	14.3	49.2	56.4	10.7	196.5	207.4
Payments for capital assets	326.5	464.6	1 034.3	1 068.3	2 075.7	2 215.7	2 408.0
Buildings and other fixed structures	211.0	441.2	1 013.6	1 029.9	2 051.8	2 190.5	2 381.4
Machinery and equipment	16.0	22.9	20.6	38.3	23.8	25.3	26.7
Biological assets	–	–	–	(0.1)	–	–	–
Land and sub-soil assets	–	–	–	0.1	–	–	–
Software and other intangible assets	99.5	0.6	0.1	0.1	–	–	–
Payments for financial assets	3.7	–	–	–	–	–	–
Total	2 541.2	2 961.0	3 687.9	4 364.4	5 608.9	5 743.8	6 078.5
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	–	8.1	–	–	–	–	–
Social Security Funds	–	8.1	–	–	–	–	–
Households							
Households social benefits							
Current	0.1	13.9	47.9	20.4	6.9	192.5	203.1
Leave Gratuity	0.1	13.9	47.9	20.4	6.9	192.5	203.1

Table 38.7 Regional Implementation and Support (continued)

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
R million							
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	641.9	986.4	853.4	670.1	560.8	399.0	420.9
Motor Vehicle Licenses	0.2	0.8	2.4	–	–	–	–
Water services operating subsidy grant	641.7	985.6	848.7	670.1	560.8	399.0	420.9
Municipalities	–	–	2.3	–	–	–	–
Capital	91.2	9.0	53.7	320.4	450.0	–	–
Municipal Drought Relief	91.2	9.0	53.7	320.4	–	–	–
Drought Relief Grant	–	–	–	–	450.0	–	–
Households							
Households other transfers							
Current	–	0.4	1.3	35.9	3.8	4.1	4.3
Resource Poor Farmers	–	0.4	1.3	35.9	3.8	4.1	4.3
Public corporations and private enterprises							
Public corporations							
Public corporations - subsidies on products and production							
Current	37.7	–	–	–	–	–	–
Water Services Operating Subsidy	37.7	–	–	–	–	–	–
Indirect grant: Water Boards							

Expenditure trends

The spending focus over the medium term will be on financing regional infrastructure through transfers to provinces and municipalities.

Expenditure grew from R2.5 billion in 2007/08 to R4.4 billion in 2010/11, at an average annual rate of 19.8 per cent. The growth is mainly due to additional transfers to local government for the construction of water supply and distribution infrastructure. Between 2007/08 and 2010/11, transfers to municipalities increased from R733.1 million to R990.5 million, at an average annual rate of 10.6 per cent.

Over the medium term, expenditure is expected to increase to R6.1 billion, at an average annual rate of 11.7 per cent. The increase is mainly due to the continuation of the regional bulk infrastructure development project, which has been allocated an additional amount of R952 million. The expenditure for *Natural Resource Management Programmes* is expected to increase from R912.2 million in 2010/11 to R1.5 billion in 2013/14, at an average annual rate of 17.5 per cent over the medium term. Expenditure in this programme grows due to the shifting the Working for Water and Working on Fire programmes to this programme from the expanded public works programme.

Programme 5: Water Sector Regulation

- *Regulation Management and Support* ensures the overall management and oversight of the programme. This entails providing strategic support to all subprogrammes. This subprogramme has a projected staff complement of 9 and a 2011/12 budget of R3.4 million, of which 100 per cent will be used for compensation of employees.
- *Economic and Social Regulation* ensures that pricing is efficient and cost reflective, achieves value for money for consumers and, where appropriate, that tradeoffs are made between the cost quality of services and sustainability of services. This entails devising finance and pricing strategy. Since this is a newly created subprogramme. Staff will be transferred together with the budget from units doing a similar function and new staff will be recruited.

- *Water Use Authorisation* authorises all water use activities in South Africa by using regulatory instruments such as licensing and water allocation reform. This entails issuing water use licenses, compulsory licensing and water allocation reform. This subprogramme has a staff complement of 86 and a 2011/12 budget of R14.4 million, of which 73.8 per cent is used for compensation of employees. In 2010/11, 250 water use licences have been issued, 3 new water management areas in which compulsory licensing processes have been finalised have been designated, and 100 per cent of water use license applications from historically disadvantaged individuals have been dealt with.
- *Drinking Water Quality and Wastewater Services* regulates the quality of drinking water and wastewater by developing the blue drop and green drop certification programmes. This entails: monitoring drinking water quality; ensuring drinking water standards, wastewater treatment and processes; and accurate processing of water information. Since this is a newly created subprogramme, staff will have to be transferred from other units doing a similar function and new staff will be recruited. The subprogramme has a budget of R26.4 million in 2011/12. In 2009/10, the first green drop report was finalised and 32 wastewater treatment works attained green drop status. In 2010/11, 96 per cent of overall drinking water quality compliance was achieved and all municipal wastewater systems (792) were assessed.
- *Resource Regulation* regulates the use of resources through setting water licence conditions. This entails global dam safety control, abstraction storage and in stream water use. This subprogramme has a staff complement of 60 and a total budget of R50.1 million in 2011/12, of which 49 per cent is used for compensation of employees. The department aims to ensure that a water allocation of 29 per cent is given to historically disadvantaged individuals. The review of the compulsory water use licence process for Mhlathuze, Tosca and Jan Dissels is under way and will be completed in 2011/12.
- *Compliance Monitoring* coordinates and monitors compliance to standards, licence conditions and regulations across the full water value chain including water resources, dam safety, water hazards and water services. Currently, this subprogramme does not have staff due to restructuring, but in 2011/12, staff will be moved to the subprogramme. Funds have been allocated for goods and services only. This subprogramme will be formed when the current compliance, monitoring and enforcement directorate is split into two units (the compliance monitoring unit and the enforcement unit).
- *Enforcement* ensures that appropriate legal action is taken against all unlawful water users. This entails monitoring and investigations, legal support and enforcement support. This subprogramme has a staff complement of 20 and a 2011/12 budget of R16.9 million, of which 69.6 per cent is used for compensation of employees. Part of this subprogramme's staff will move to the *Compliance Monitoring* subprogramme and additional staff will be recruited. In 2009/10, 20 criminal cases were opened against transgressors for unlawful activities; 7 for unauthorised abstraction, 12 for unauthorised storage, and 9 for unauthorised discharges and pollution incidents. In 2010/11, approximately 45 cases were dealt with. It is planned to regularly report on directives as issued, as well as improve current processes to resolve more cases in 2011/12.

Objectives and measures

- Ensure that the quality of water resources meets the needs of all consumers by implementing the water quality management programme and regulating it in 3 water management areas in 2011/12 (upper Vaal, upper Olifants, and Crocodile (West)).
- Ensure the equitable allocation of water resources to promote social and economic development through implementing water allocation reform and licensing by completing compulsory licensing processes in 2 catchment management areas (Inkomati and Orange-Riet) in 2011/12.
- Ensure that all South African citizens have access to safe drinking water by implementing blue drop compliance monitoring and ensuring that 400 water systems will have been assessed by March 2011.
- Reduce pollution in water resources throughout South Africa by ensuring all 797 wastewater treatment plants comply with effluent standards and are assessed for green drop status in 2011/12.

Expenditure estimates

Table 38.8 Water Sector Regulation

Subprogramme				Adjusted appropriation	Medium-term expenditure estimate		
R million	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Regulation Management and Support	–	–	–	3.2	3.4	3.6	3.8
Economic and Social Regulation	11.9	13.3	9.1	81.6	–	–	–
Water Use Authorisation	11.4	12.8	9.1	44.8	14.4	15.5	16.3
Drinking Water Quality and Waste Water Services	21.8	22.5	21.0	–	26.4	28.5	30.0
Resource Regulation	35.2	32.0	34.1	49.5	50.1	50.1	52.2
Compliance Monitoring	–	–	–	–	1.0	1.1	1.1
Enforcement	–	–	–	24.0	16.9	17.3	18.3
Total	80.3	80.6	73.2	203.1	112.4	116.1	121.8
Change to 2010 Budget estimate				25.9	(140.0)	(148.0)	(157.3)
Economic classification							
Current payments	77.4	77.8	71.2	188.9	110.2	113.8	119.4
Compensation of employees	36.7	38.4	36.7	60.4	63.3	65.8	69.6
Goods and services	40.8	39.3	34.5	128.5	46.9	48.0	49.8
of which:							
Consultants and professional services: Business and advisory services	13.7	4.9	5.6	20.3	20.0	16.4	17.2
Consultants and professional services: Infrastructure and planning	1.0	–	5.2	66.3	7.2	9.6	9.3
Agency and support / outsourced services	–	6.7	0.1	1.8	0.7	0.8	0.8
Transfers and subsidies	0.9	1.0	0.5	12.1	–	–	–
Provinces and municipalities	–	–	–	7.8	–	–	–
Non-profit institutions	0.4	0.4	0.5	0.5	–	–	–
Households	0.5	0.6	–	3.8	–	–	–
Payments for capital assets	2.0	1.8	1.5	2.2	2.1	2.3	2.4
Buildings and other fixed structures	0.1	–	0.4	–	–	–	–
Machinery and equipment	1.9	1.8	1.1	1.7	2.1	2.2	2.4
Biological assets	–	–	–	0.3	–	–	–
Software and other intangible assets	0.0	0.0	0.0	0.2	0.0	0.0	0.0
Total	80.3	80.6	73.2	203.1	112.4	116.1	121.8
Details of selected transfers and subsidies							
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	–	–	–	7.8	–	–	–
Transfer to municipalities	–	–	–	7.8	–	–	–

Expenditure trends

The spending focus over the medium term will be on implementing water allocation reform, completing compulsory licensing processes, and ensuring access to safe drinking water by implementing blue drop compliance monitoring and assessing green drop status.

Spending grew from R80.3 million in 2007/08 to R203.1 million in 2010/11, at an average annual rate of 36.3 per cent. The increase in 2010/11 was due to the water management and institutional governance function being moved from the *Regional Implementation and Support* programme to this programme. The function's subsequent shift from this programme to the *Water Sector Management* programme as a result of the new budget structure resulted in the decreased expenditure over the medium term.

Spending is expected to decrease from R203.1 million in 2010/11 to R121.8 million in 2013/14, at an average annual rate of 15.7 per cent. The decrease is due to the termination of the *Economic and Social Regulation*

subprogramme. The decrease is offset marginally by additional allocations of R22.4 million for the development of a funding model, the review of the pricing strategy, and the appointing of staff for the economic regulations branch.

Programme 6: International Water Cooperation

- *International Relations Management and Support* ensures overall management and oversight of the programme. This subprogramme has a staff complement of 5 and a 2011/12 budget of R5.7 million, of which 62.2 per cent is used for the payment of the deputy director general's salary and compensation of employees.
- *Africa Cooperation* promotes and facilitates collaborative activities in support of the water sector through bilateral relations, participation in multilateral institutions such as the African Union, African Ministers' Council on Water, New Partnership for Africa's Development programmes and the SADC. This subprogramme has a staff complement of 1 and a 2011/12 budget of R10.8 million, of which 53.8 per cent is used for compensation of employees. The department's strategic objective is to contribute to the advancement of the African agenda and global engagement. The Minister of Water and Environmental Affairs was elected as chairperson of the African Ministers' Council on Water for a period of two years which started in November 2009.
- *Global Cooperation* promotes and advances national interest at global governance institutions, strategically engages bilateral countries outside Africa and looks at leveraging opportunities for international resources from strategic donor countries. This subprogramme has a staff complement of 13 and a 2011/12 budget of R9.7 million, of which 55 per cent is used for compensation of employees. Over the medium term, efforts will be intensified in sourcing funds to be used for strengthening water resource management in South Africa.

Objectives and measures

- Provide technical support and capacity development in the water sector in Africa by implementing 6 bilateral technical cooperation agreements with African countries by 2013/14.
- Strengthen, implement and facilitate water governance, infrastructure and information management by:
 - developing and implementing a strategic multilateral relations strategy for the department by 2013/14
 - sharing and exchanging information, ideas, best practices and technologies with individual countries (such as Swaziland, Namibia, Botswana, Mozambique, Zimbabwe and Lesotho) as dictated in the bilateral agreements with those countries
 - leading negotiations to enhance strategic relations to advance the developmental agenda of the Global South
 - developing partnerships with international multilateral forums, including World Water Forum, United Nations Commission on Sustainable Development, United Nations Framework Convention on Climate Change and India-Brazil-South Africa dialogue forum by 2013/14.

Expenditure estimates

Table 38.9 International Water Cooperation

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
R million							
International Relation Management and Support	–	–	–	–	5.7	6.0	6.3
Africa Cooperation	9.7	18.9	11.4	10.8	10.6	11.2	11.3
Global Cooperation	–	–	–	–	9.7	10.2	10.3
Total	9.7	18.9	11.4	10.8	26.1	27.4	27.9
Change to 2010 Budget estimate				–	0.1	0.1	0.1

Table 38.9 International Water Cooperation (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Economic classification							
Current payments	7.7	18.0	10.9	10.4	25.5	26.8	27.2
Compensation of employees	2.2	2.1	2.8	4.9	14.7	15.4	15.6
Goods and services	5.5	15.9	8.0	5.5	10.8	11.3	11.7
<i>of which:</i>							
<i>Consultants and professional services:</i> <i>Business and advisory services</i>	0.5	0.0	0.0	–	0.2	0.2	0.2
<i>Consultants and professional services:</i> <i>Infrastructure and planning</i>	–	0.0	–	–	0.1	0.1	0.1
<i>Agency and support / outsourced services</i>	–	0.0	1.3	–	–	–	–
Transfers and subsidies	0.5	0.5	0.5	0.3	0.6	0.6	0.6
Foreign governments and international organisations	0.5	0.5	0.5	0.3	0.6	0.6	0.6
Payments for capital assets	1.5	0.3	0.1	0.1	–	–	–
Buildings and other fixed structures	1.2	0.3	–	0.1	–	–	–
Machinery and equipment	0.2	–	0.1	–	–	–	–
Total	9.7	18.9	11.4	10.8	26.1	27.4	27.9

Expenditure trends

The spending focus over the medium term will be on implementing bilateral technical cooperation agreements with African countries to provide technical support and capacity development in the water sector.

Spending increased from R9.7 million in 2007/08 to R10.8 million in 2010/11, at an average annual rate of 3.7 per cent. Over the medium term, spending is expected to increase to R27.9 million, at an average annual rate of 37.3 per cent. The growth over the medium term is mainly due the inception of the International Relationships Management and Support and Global Cooperation subprogrammes from 2011/12. Most of the increase over the medium term went to spending on goods and services, which increased from R5.5 million to R11.7 million, due to the payment of travel and accommodation expenditure on international engagements to execute the programme's function of pursuing African advancement, and the attendance of workshops and forums of which the department is a member. The Africa Cooperation subprogramme accounts for 40.6 per cent of the programme's expenditure in 2011/12, as it is responsible for strengthening bilateral technical cooperation agreements with African countries that are to provide technical support and capacity development in the water sector.

Public entities and other agencies

Water trading entity

Strategic overview: 2007/08 – 2013/14

The water trading account was established in 1995 to ringfence departmental revenues collected through the sale of bulk water and related services from voted appropriations. The trading account was subsequently amended by the Public Finance Management Act (1999), under which it became the water trading entity in 2008. The rationale was to create an entity which would manage the recovery of usage costs to ensure the long term sustainability of South Africa's water resources.

The water trading entity has two components: water resource management and infrastructure management. Water resource management deals with the management of water quality, conservation and allocation of water through the catchment management agencies, and, where catchment management agencies are not yet established, through the proto catchment management agencies located in regional offices. The infrastructure management component deals with the operation and maintenance of existing infrastructure as well as the development of new infrastructure.

The strategic aim of the entity is to ensure the reliable supply of water from bulk raw water resource infrastructure to meet sustainable demand for South Africa. Funding for operation and maintenance comes from revenue that is generated from raw water charges. Water resource management charges cover the operational costs of the two catchment management agencies or proto catchment management agencies in cases where catchment management agencies are not yet established.

Since its inception, the water trading entity has faced numerous challenges, including reviewing and resolving accounting issues, setting up organisational processes, and verifying the extensive network of national water resource infrastructure.

To fund the development of new infrastructure, the entity receives an allocation from the national Budget, as it is unable to generate enough revenue from its current pricing strategy. In addition to the challenges related to the pricing strategy, the entity has not put proper financial, management and quality controls in place, which would ensure that it operates efficiently, makes optimal use of resources and implements capital projects without incurring financial losses. The inability to do this has led to significant loss of revenue and failure to reduce the maintenance backlog of the national water infrastructure, which is currently at R13 billion (an increase from R10 billion between 2008/09 and 2009/10). To turn the situation around, in the short term, the department will put together a recovery plan that will focus on reducing the backlog in the operation and maintenance of the national water infrastructure. This will be done through comprehensive programmes for dam safety rehabilitation and refurbishment for all water related infrastructure, including reservoirs, canals, weirs, pipelines and wastewater treatment works.

The national water infrastructure is currently valued at R123 billion. In the long term and in response to Parliament's request that there be further consultation on the draft bill, the department will revisit the idea of establishing the National Water Resource Infrastructure Agency, which would be responsible for managing the whole water value chain. It is envisaged that the agency will be established from the merger of the Trans-Caledon Tunnel Authority and the water trading entity to leverage off the assets owned by the entity.

Selected performance indicators

Table 38.10 Water trading entity

Indicator	Past			Current 2010/11	Projections		
	2007/8	2008/9	2009/10		2011/12	2012/13	2013/14
Total number of dam safety projects							
- undertaken	36	43	52	58	64	75	78
- completed	–	11	21	27	43	52	60
Total number of water conveyance projects							
- rehabilitated	–	–	1	11	20	25	28
- completed	–	–	–	6	12	15	16
Percentage completion on construction of Olifants River water resources development project phase 2A (De Hoop Dam and related infrastructure)	8%	27%	50%	72%	90%	100%	–
Percentage completion on construction of Olifants River water resources development project phase 2B-2I (bulk distribution system)	–	–	1%	3%	7%	10%	18%
Percentage completion on construction of Nwamitwa Dam and of raising Tzaneen Dam	–	–	–	–	3%	6%	19%
Percentage completion on construction of raising Clanwilliam Dam wall	–	–	–	7%	24% ¹	–	53%
Percentage completion on construction of raising Hazelmere Dam wall	–	–	28%	39%	72%	100%	–
Percentage completion on construction of phase 1 of Mokolo River augmentation	–	–	1%	10%	30%	60%	100%
Value of revenue generated per year to fund the refurbishment programme	R357.4m	R130.9m	R525m	R563.9m	R714.6m	R914.6m	R848m

1. Construction to raise the Clanwilliam Dam wall will be suspended in 2011/12 due to certain requirements outstanding. The project will continue in 2013/14 until completion.

Details of programmes/objectives/activities

The entity operates as an integral part of the department with very limited segregation of functions. The entity's activities are funded by the department in the form of a transfer payment and through revenue collection from the various water schemes operated throughout the country. The water trading entity ensures that water

resources are protected, used, developed, conserved, managed and controlled in a sustainable and equitable manner through the construction of new infrastructure, operation and maintenance of existing infrastructure. It supplies water to different water user groups, of which agricultural sector is the largest user. Depreciation and amortisation on bulk water infrastructure make up 50 per cent (R1.8 billion in 2010/11) of the water trading entity's total expenses. Larger projects include the rehabilitation of the ongoing Gamtoos government water scheme, which delivers water to the Nelson Mandela Bay metropolitan municipality and irrigation farmers in Eastern Cape, with about R40 million per year spent on the project in 2009/10 and 2010/11. Another large project is the rehabilitation of the Vlaktefontein Canal, at an estimated cost of R1.7 billion over the next 7 to 8 years. It is projected that for the first phase of the Mokolo and Crocodile River (West) augmentation project 250 jobs per year will be created over the next two years. A similar amount will be created if the second phase is implemented.

Table 38.11 Water trading entity

R million	Audited outcome			Revised estimate 2010/11	Medium-term estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Implementation of water resources management activities	387.1	394.0	469.7	391.7	422.9	457.8	480.7
Operations, maintenance and refurbishment of national water resources schemes	1 083.8	1 103.1	981.6	1 039.2	1 127.2	1 220.3	1 281.3
Implementation of new water resources infrastructure	1 290.3	1 313.3	1 285.8	1 305.2	1 409.7	1 526.1	1 602.4
Bulk water supply to strategic users e.g. ESKOM, SASOL	571.3	415.1	789.1	577.9	624.2	675.7	709.5
Implementation of dam safety projects	245.6	250.0	261.5	268.1	291.8	315.1	330.8
Total expense	3 578.2	3 475.5	3 787.7	3 582.1	3 875.8	4 195.0	4 404.8

Expenditure estimates

Table 38.12 Water trading entity

Statement of financial performance				Revised estimate	Medium-term estimate		
R million	Audited outcome						
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Revenue							
Non-tax revenue	1 790.2	1 637.1	2 253.3	2 348.2	2 679.9	2 902.2	3 069.0
Sale of goods and services other than capital assets of which:	1 760.5	1 537.1	2 057.6	2 316.2	2 645.9	2 865.5	3 030.4
<i>Sale of bulk water</i>	1 760.5	1 537.1	2 057.6	2 316.2	2 645.9	2 865.5	3 030.4
<i>Other non-tax revenue</i>	29.6	100.1	195.8	32.0	34.0	36.7	38.6
Transfers received	332.8	391.4	318.8	364.1	403.5	418.4	450.7
Total revenue	2 123.0	2 028.5	2 572.1	2 712.3	3 083.4	3 320.6	3 519.7
Expenses							
Current expense	3 396.3	3 475.5	3 787.7	3 582.1	3 875.8	4 195.0	4 404.8
Compensation of employees	528.1	661.5	857.5	774.9	836.8	903.8	949.0
Goods and services	1 436.9	1 399.4	1 515.0	1 014.0	1 077.4	1 141.9	1 198.9
Depreciation	1 387.1	1 411.2	1 412.3	1 790.2	1 958.4	2 146.0	2 253.4
Interest, dividends and rent on land	44.2	3.4	3.0	3.0	3.2	3.3	3.5
Transfers and subsidies	181.8	–	–	–	–	–	–
Total expenses	3 578.2	3 475.5	3 787.7	3 582.1	3 875.8	4 195.0	4 404.8
Surplus / (Deficit)	(1 455.2)	(1 446.9)	(1 215.6)	(869.8)	(792.4)	(874.4)	(885.1)

Table 38.12 Water trading entity (continued)

Statement of financial performance				Revised estimate	Medium-term estimate		
R million	Audited outcome						
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Statement of financial position							
Carrying value of assets	87 297.6	65 613.7	64 971.9	65 625.2	66 435.3	67 637.5	69 478.8
of which: Acquisition of assets	566.0	1 379.9	1 268.2	2 444.3	2 768.4	3 348.3	4 094.6
Inventory	18.9	14.0	14.7	12.0	10.0	10.8	11.3
Receivables and prepayments	1 535.4	2 142.0	1 912.7	1 722.9	1 777.9	1 608.8	1 528.4
Cash and cash equivalents	120.5	9.9	430.7	176.4	23.0	99.0	167.9
Total assets	88 972.4	67 779.7	67 330.0	67 536.5	68 246.2	69 356.2	71 186.4
Accumulated surplus/deficit	1 458.2	1 343.6	1 456.7	586.9	(205.5)	(1 079.8)	(1 964.9)
Capital and reserves	86 309.5	63 356.4	61 538.7	61 014.1	61 014.1	61 011.2	61 009.2
Trade and other payables	572.7	1 307.5	1 319.6	1 441.2	963.1	1 059.4	1 380.6
Provisions	78.9	226.2	394.5	103.5	101.4	107.5	112.9
Liabilities not classified elsewhere	553.1	1 546.0	2 620.5	4 390.7	6 373.0	8 257.9	10 648.7
Total equity and liabilities	88 972.4	67 779.7	67 330.0	67 536.5	68 246.2	69 356.2	71 186.4

Expenditure trends

Revenue grew from R2.1 billion in 2007/08 to R2.7 billion in 2010/11, at an average annual rate of 8.5 per cent. Over the medium term, revenue is expected to grow to R3.5 billion, at an average annual rate of 9.1 per cent. The growth over the medium term is due to increases in water resource management and water resource infrastructure charges, which are projected to increase from R2.3 billion in 2010/11 to R3 billion in 2013/14. The water trading entity administers billings for the Trans-Caledon Tunnel Authority and expects revenue of R2.6 billion in 2011/12 as a result. This amount is to be paid to the authority whether the water trading entity has collected from its customers or not.

Expenditure increased from R3.6 billion in 2007/08 to R4.4 billion in 2013/14, at an average annual rate of 3.5 per cent. The year-on-year increases over this period are due to inflation related adjustments to salaries and filling vacant positions. Spending on compensation of employees decreased by 9.6 per cent in 2010/11 as a result of improving the internal process for the capitalisation of new infrastructure projects and measures taken to improve the cash flow.

The entity is currently not generating enough revenue due to the water pricing cap in the agricultural sector set by the water pricing strategy and has incurred a deficit of R1.2 billion in 2009/10. The Department of Water Affairs is currently reviewing the water pricing strategy to address identified shortcomings.

Personnel information

The water trading entity has an establishment of 6 903 posts, of which 3 536 were filled as at September 2010. There are 348 vacancies due to the fact that the water trading entity requires expertise from engineers, who are scarce and also difficult to recruit and retain. The ratio of support staff to line function staff is 1:2.3.

Trans-Caledon Tunnel Authority

Strategic overview: 2007/08 – 2013/14

The Trans-Caledon Tunnel Authority was established in 1986 in terms of the Water Act (1956). The authority now functions in terms of the National Water Act (1998) and a number of ancillary acts. It is categorised as a schedule 2 major public entity and is subject to the Public Finance Management Act (1999).

The authority is a multidisciplinary organisation specialising in project financing and implementation, and is a specialised liability management entity. Its mandate is to raise off-budget finance to develop bulk raw water infrastructure that delivers water for industries and consumers in a cost effective manner. It also provides financial and treasury management services and tariff setting and debt management services to designated water boards, water management institutions and the Department of Water Affairs.

In light of the current challenges in the operating macroeconomic environment and the authority's new multi-project arrangements, the authority has achieved satisfactory results between 1996/97 and 2010/11 by meeting the majority of its contracted deliverables.

Over the medium term, in view of its successful track record with its mandates of implementing and financing phase 1 of the Lesotho Highlands Water Project, the Berg Water project and the Vaal River eastern subsystem augmentation project, four additional mandates were granted to the authority. The new mandates are to manage, finance and implement the Mokolo-Crocodile water augmentation project, the Komati water scheme augmentation project, components of the Olifants River water resource development project, and phase 2 of the Mooi-Mgeni transfer scheme.

Savings and cost effectiveness measures

The authority has implemented a debt management strategy to repay debt in a specific timeframe and thus minimise future finance costs. Each project maintains adequate cash for immediate maturities to increase efficiency both in terms of the cost of funding and the cost of cash management.

Finance cost forms the biggest part of the authority's expenditure. Financing costs are managed by an investment philosophy guided by the authority's investment policy, which focuses on maximising the tenure of the loans and interest rates cycle, maximising draw-downs, and maintaining appropriate capital structure without increasing the costs.

In 2010/11, the authority changed over R1.5 billion in loans to fixed rate from floating rates, taking advantage of the lower rate cycle. Over R1.2 billion worth of these loans were fixed at a base rate that was better than 7.7 per cent. The remaining R300 million was hedged at the rate that was lower than the rate that would have been achieved when the draw-downs were made. The authority further increased the nominal auction of bonds during the financial year to take advantage of the strengthening curve.

The Berg water project showed further savings as a result of reduced finance costs as more than 60 per cent of its long term funding was based on a floating rate in a low rate cycle before being fixed. For the Vaal River eastern subsystem augmentation project, the savings were mainly as a result of some of the capital being pre-paid.

In an effort to reduce operational expenditure and maximise buying power, the authority has embarked on an exercise with other state owned entities to source items in bulk. The supply chain management function has been optimised to ensure cost savings and constantly negotiate with suppliers for better rates. Over the medium term and with the rollout of major projects, it is expected that the competitive tendering processes will provide infrastructure costs effectively, without compromising service delivery.

Selected performance indicators

Table 38.13 Trans-Caledon Tunnel Authority

Indicator	Description	Programme/Activity	Past			Current	Projections		
			2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
A Average interest rate	Benchmark	Lesotho Highlands water project	9.55%	10.48%	10.39%	8.20%	7.93%	9.29%	9.29%
	Actual		9.11%	10.30%	10.11%				
	Benchmark	Berg River water project	10.45%	11.56%	8.11%	6.20%	6.42%	8.71%	8.71%
	Actual		10.17%	9.53%	7.03%				
	Benchmark	Vaal River eastern subsystem	10.33%	11.80%	7.49%	6.26%	6.42%	8.71%	8.71%
	Actual		10.21%	9.76%	7.16%				
Credit rating	Long term	Berg River water project	Maintained A A+	Maintained AA+	Maintained AA+	Maintained AA+	Maintained AA+	Maintained AA+	Maintained AA+
	Short term		Maintained A A+	Maintained AA+	Maintained AA+	Maintained AA+	Maintained AA+	Maintained AA+	Maintained AA+
	Long term	Vaal River eastern subsystem	Maintained A A+	Maintained AA+	Maintained AA+	Maintained AA+	Maintained AA+	Maintained AA+	Maintained AA+
	Short term		Maintained A A+	Maintained AA+	Maintained AA+	Maintained AA+	Maintained AA+	Maintained AA+	Maintained AA+

Details of programmes/objectives/activities

The Trans-Caledon Tunnel Authority is responsible for the development of bulk raw water infrastructure and also provides an integrated treasury management and financial advisory service to water boards.

Some of the mega projects that the authority is responsible for are: the Lesotho Highlands water project; the Berg water project and the Vaal River eastern subsystem augmentation project. The Department of Water Affairs has delegated its project execution role to the authority and the Treasury has granted the authority approval to borrow on the financial markets to fund projects. The bulk of the authority's budget goes for the repayment of the interest on loans, which makes up 75.3 per cent of total expenses in 2010/11.

The Berg water project, which is a flagship project for the authority, was officially inaugurated in March 2009. The project is based in Franschhoek and augments the supply of water to the City of Cape Town. The project was funded on an off-budget basis at a cost of R1.6 billion and the repayment of the long term loan will be made from the revenue generated from the sale of water by the City of Cape Town.

The Vaal River eastern subsystem augmentation project, which is one of South Africa's largest water supply projects, is nearing completion. The project was declared operational in June 2009, when water delivery from the project began. Water will flow through the new 125 km pipeline to two of South Africa's most important industries, Eskom and Sasol. It will augment the earlier supply by 160 million m³ per annum. The project cost at completion is expected to be within the revised approved budget of R2.7 billion and is funded on an off-budget basis without an explicit government guarantee. Project costs will be recovered by 31 March 2028 from revenue generated by the sale of water to Eskom, Sasol and the Vaal River eastern Subsystem users.

Table 38.14 Trans-Caledon Tunnel Authority

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Lesotho Highlands Water Project	2 656.0	2 957.0	3 155.0	2 476.0	2 417.9	2 415.4	2 548.3
Berg Water Project	21.0	182.0	129.0	126.1	228.5	116.3	122.7
Vaal River Eastern Subsystem Augmentation Project	24.0	24.0	395.0	377.8	347.1	384.6	405.8
Mokolo Crocodile Water Augmentation Project	1.0	14.0	20.0	153.2	339.9	658.7	694.9
Mooi-Mgeni Transfer Scheme	–	18.0	17.0	73.3	98.2	154.0	162.5
Other Objectives	–	22.5	44.0	223.4	543.6	799.9	843.9
Total expense	2 702.0	3 217.5	3 760.0	3 429.9	3 975.1	4 528.9	4 778.0

Expenditure estimates

Table 38.15 Trans-Caledon Tunnel Authority

Statement of financial performance				Revised estimate	Medium-term estimate		
R million	Audited outcome						
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Revenue							
Non-tax revenue	2 540.0	3 008.0	3 609.0	3 113.7	3 304.6	3 517.7	3 711.2
Sale of goods and services other than capital assets of which:	2 089.0	2 369.0	2 760.0	3 098.4	3 287.7	3 489.2	3 681.1
Sale of bulk water	2 089.0	2 369.0	2 760.0	3 098.4	3 287.7	3 489.2	3 681.1
Other non-tax revenue	451.0	639.0	849.0	15.3	16.9	28.5	30.0
Total revenue	2 540.0	3 008.0	3 609.0	3 113.7	3 304.6	3 517.7	3 711.2
Expenses							
Current expense	2 702.0	3 217.5	3 760.0	3 429.9	3 975.1	4 528.9	4 778.0
Compensation of employees	57.0	101.0	102.0	141.1	151.4	161.7	170.6
Goods and services	399.1	472.5	502.0	615.1	655.4	689.7	727.6
Depreciation	35.9	40.0	130.0	90.0	51.1	54.4	57.4
Interest, dividends and rent on land	2 210.0	2 604.0	3 026.0	2 583.6	3 117.2	3 623.1	3 822.3
Total expenses	2 702.0	3 217.5	3 760.0	3 429.9	3 975.1	4 528.9	4 778.0
Surplus / (Deficit)	(162.0)	(209.5)	(151.0)	(316.2)	(670.5)	(1 011.2)	(1 066.8)
Statement of financial position							
Carrying value of assets	18 549.0	19 147.0	19 358.0	23 256.1	30 116.1	33 612.9	36 929.9
of which: Acquisition of assets	13.0	599.0	341.0	3 988.1	6 911.1	3 551.2	3 374.4
Investments	1 908.0	3 836.0	4 203.0	4 476.2	4 762.7	5 053.2	6 238.3
Receivables and prepayments	467.0	841.0	1 028.0	961.2	1 032.3	1 107.7	1 187.3
Cash and cash equivalents	–	21.0	5.0	(0.3)	(1 139.5)	544.5	(897.7)
Assets not classified elsewhere	29.0	15.0	32.0	34.1	36.3	38.5	40.6
Total assets	20 953.0	23 860.0	24 626.0	28 727.2	34 807.8	40 356.8	43 498.3
Accumulated surplus/deficit	(3 550.8)	(3 881.0)	(4 031.0)	(4 347.2)	(5 017.7)	(6 028.9)	(7 095.7)
Capital and reserves	–	123.0	124.0	104.6	140.5	149.0	157.2
Borrowings	23 735.0	23 312.0	22 307.0	26 945.9	33 209.5	39 297.5	43 311.0
Trade and other payables	766.2	1 175.0	1 366.0	1 252.9	1 373.2	1 500.9	1 366.2
Provisions	2.7	0.1	0.1	0.1	0.1	0.1	0.1
Liabilities not classified elsewhere	–	3 131.0	4 860.0	4 771.0	5 102.2	5 438.2	5 759.5
Total equity and liabilities	20 953.0	23 860.0	24 626.0	28 727.2	34 807.8	40 356.8	43 498.3

Expenditure trends

The Trans-Caledon Tunnel Authority derives its revenue from the sale of bulk water and the provision of advisory services to the water sector. Sales of bulk water from the Lesotho Highlands water project, the Berg Water project and the Vaal River eastern subsystem augmentation project account for 91.4 per cent of total revenue over the seven-year period. Revenue increased from R2.5 billion to R3.1 billion between 2007/08 and 2010/11, at an average annual rate of 7 per cent. The increase is due to additional consultancy fees paid by the department to the authority for the provision of advisory services on the Komati Water scheme augmentation, Mokolo Crocodile water augmentation and Olifants River water resource development projects. Over the MTEF period, revenue is expected to increase to R3.7 billion, at an average annual rate of 6 per cent. The growth is due to the income earned in the Vaal River eastern subsystem augmentation project, which has become operational from July 2009, as well as the impact of tariff increases in the Lesotho Highlands water project. The spike in income from 2010 onwards is due to revised tariffs and is based on income agreements. Revenue received from advisory services is expected to decrease over the MTEF period as these bulk infrastructure projects move into the construction phase.

Expenditure increased from R2.7 billion in 2007/08 to R3.4 billion in 2010/11, at an average annual rate of 8.3 per cent. This is due to an increase in expenditure on compensation of employees and on goods and services to expand the authority's capacity to implement the additional four projects from 2008/09 onwards. The substantial increase in total expenses between 2007/08 and 2009/10 is due to the implementation of two new projects: the Berg Water project and Vaal River eastern system augmentation project. The subsequent increase from 2010/11 onwards is due to the implementation of the four new mandates, including the second phase of the Mooi-Mgeni transfer scheme and the Olifants River water resources development project. Interest, dividends, rent and financing charges accounted for 80.5 per cent of all expenditure incurred by the authority in 2009/10.

Expenditure is expected to increase from R3.4 billion to R4.8 billion over the medium term, at an average annual rate of 11.7 per cent. This is due to an increase in operational expenditure over the medium term as the number of the projects the authority is mandated to implement increases from three to four. Capital expenditure is projected to increase to R486.5 million in 2012/13, as the additional projects are implemented.

Personnel information

The authority has an establishment of 203 posts, all of which are funded. It is expected that the establishment will increase to 240 posts as a result of the new mandates described above. Support staff make up approximately 50 per cent of the establishment.

Rand Water

Strategic overview: 2007/08 – 2013/14

Rand Water is mandated in accordance with the Water Services Act (1997) as a bulk water services provider. For the past 107 years, it has supplied bulk potable water to Gauteng and its surrounding areas from its primary source, the Vaal River. Rand Water is the largest water utility in Africa, providing bulk potable water to an estimated 11 million people in Gauteng and parts of Mpumalanga, Free State and North West. Its customer base includes metropolitan municipalities, local municipalities, mines and industries. The utility's mandate was expanded in September 2009 to include the Victor Khanye (formerly Delmas) local municipality in Mpumalanga. A ministerial directive was also received in April 2009 for Rand Water to support the management of the Bushbuckridge water board.

Gauteng is currently experiencing one of the highest rates of urbanisation as people migrate in search of economic opportunities. Rand Water is preparing to meet the growing demand for bulk water that will result from this growing urbanisation. The utility's current infrastructure capacity is able to meet its customer demands until 2012. In 1965, Rand Water supplied 1 000 Ml/d and by 2010 this will have increased four-fold to 4 000 Ml/d by 2012.

In keeping with the utility's strategy to pursue growth, it will, over the next five years, provide bulk water services in its Rand Water board programme of R10 billion, of which R3.3 billion will be funded through cash generated from operations, and the balance through a combination of funding sources including the new Rand Water domestic medium term note programme. Over the same period, R8.1 billion will be used to refurbish the utility's ageing infrastructure and to focus on providing bulk sanitation services to municipalities. An additional R1.9 billion will be used to address the utility's growth in investments.

Savings and cost effectiveness measures

It is anticipated that over the medium term, these cost will be contained within budget. The refurbishment of infrastructure will result in efficient utilisation of resources, which will also have a positive impact on cost containment.

Selected performance indicators

Table 38.16 Rand Water

Indicator	Programme/Activity	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Net debt/equity ratio	Financial Management	0.18	0.16	0.14	0.27	0.40	0.39	0.45
Debt service ratio	Financial Management	-4.83	-14.36	3.88	4.37	9.32	20.88	–
Debt/asset ratio	Financial Management	0.24	0.25	0.10	0.19	0.26	0.26	0.28
Costs per kiloliter	Raw Water	R1.38	R1.55	R1.70	R1.92	R2.11	R2.32	R2.68
Value of profit for the year	Financial Management	R839.5m	R595.6m	R302m	R567m	R696m	R837m	R917m

Details of programmes/activities/objectives

Rand Water Board provides potable water to municipalities, mines and industries in the Gauteng. As a bulk water services provider, Rand Water provides sufficient quantity of water to its customers in its operational area. This is evidenced by the blue drop certification that was awarded to the board by the Department of Water Affairs as almost all the municipalities that it supplies water were also awarded the blue drop certification in 2009/10. In 2009/10, Rand Water's actual capital expenditure in the augmentation and rehabilitation of infrastructure and assets was R934.7 million, which equates to 93 per cent of total expenditure. Of the amount spent on capital expenditure, R887.6 million was for infrastructure under independent capital projects, R46.3 million for moveable assets and R800 000 for land and rights.

Rand Water plans to spend R8 billion over the next five years on the upgrading and refurbishing of its water supply infrastructure. Of this, 70 per cent is allocated for augmentation of schemes, with the remaining being allocated for renovations and the upgrades of its existing infrastructure. Less than 10 per cent of Rand Water's 3 500km pipeline network is constructed from concrete, the balance is manufactured from steel. Over the next five years, Rand Water will renovate or replace all its concrete pipelines (about 200km) with steel pipes as concrete is more susceptible to rupturing and thus potentially causing damage to both people and property.

Table 36.17 Rand Water

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Raw water	1 952.9	2 251.2	2 435.4	2 701.5	3 030.1	3 418.6	4 035.4
Energy	350.3	493.1	687.5	900.3	1 125.4	1 406.7	1 592.4
Chemicals	97.7	138.8	170.7	244.9	263.7	283.5	305.0
Depreciation	175.8	163.7	167.8	179.0	242.8	319.9	400.0
Labour	726.1	827.7	965.6	955.8	1 039.0	1 127.3	1 224.2
Other Objectives	401.3	498.6	475.1	562.5	595.3	619.7	645.2
Total expense	3 704.1	4 373.1	4 902.3	5 544.0	6 296.2	7 175.6	8 202.2

Expenditure estimates

Table 38.18 Rand Water

Statement of financial performance				Revised estimate	Medium-term estimate		
R million	Audited outcome			2010/11	2011/12	2012/13	2013/14
	2007/08	2008/09	2009/10				
Revenue							
Non-tax revenue	4 543.6	4 955.1	5 204.0	6 111.1	6 992.6	8 013.1	9 119.4
Sale of goods and services other than capital assets	4 274.4	4 648.1	4 997.7	5 916.1	6 812.3	7 846.8	8 943.1
of which:							
Sale of bulk water	4 274.4	4 648.1	4 997.7	5 916.1	6 812.3	7 846.8	8 943.1
Other non-tax revenue	269.2	307.0	206.3	195.1	180.3	166.3	176.2
Total revenue	4 543.6	4 955.1	5 204.0	6 111.1	6 992.6	8 013.1	9 119.4

Table 38.18 Rand Water (continued)

Statement of financial performance				Revised estimate	Medium-term estimate		
R million	Audited outcome			2010/11	2011/12	2012/13	2013/14
	2007/08	2008/09	2009/10				
Expenses							
Current expense	3 702.4	4 367.7	4 897.0	5 544.0	6 296.2	7 175.6	8 202.2
Compensation of employees	694.8	848.3	965.6	955.8	1 039.0	1 127.3	1 224.2
Goods and services	2 733.3	3 243.6	3 658.6	4 240.7	4 930.8	5 686.4	6 578.0
Depreciation	175.8	179.9	167.8	179.0	242.8	319.9	400.0
Interest, dividends and rent on land	98.5	95.9	104.9	168.5	83.7	42.1	–
Total expenses	3 704.1	4 373.1	4 902.3	5 544.0	6 296.2	7 175.6	8 202.2
Surplus / (Deficit)	839.5	582.0	301.6	567.1	696.4	837.5	917.2
Statement of financial position							
Carrying value of assets	5 020.8	5 803.4	6 540.1	7 641.3	9 304.6	10 930.2	12 589.3
of which: Acquisition of assets	640.2	967.4	910.0	1 280.2	1 906.0	1 945.5	2 059.0
Investments	124.2	127.6	83.0	42.5	–	–	–
Inventory	41.0	46.1	46.8	47.9	50.6	53.4	56.4
Receivables and prepayments	469.2	581.7	857.6	902.8	917.3	1 050.5	1 192.1
Cash and cash equivalents	1 349.6	1 351.2	924.9	1 026.8	1 207.1	644.5	716.5
Assets not classified elsewhere	13.9	10.6	8.2	24.1	21.6	18.8	15.8
Total assets	7 018.6	7 920.5	8 460.6	9 685.5	11 501.1	12 697.5	14 570.1
Accumulated surplus/deficit	5 338.8	5 924.8	6 222.2	6 789.3	7 485.7	8 323.1	9 240.3
Borrowings	728.5	728.3	629.7	1 651.7	2 958.5	3 259.2	4 152.2
Post-retirement benefits	215.2	228.7	254.3	181.5	–	–	–
Trade and other payables	733.4	1 035.9	1 285.6	998.4	992.4	1 050.6	1 113.0
Liabilities not classified elsewhere	2.8	2.9	68.8	64.5	64.5	64.5	64.5
Total equity and liabilities	7 018.6	7 920.5	8 460.6	9 685.5	11 501.1	12 697.5	14 570.1

Expenditure trends

Rand Water income is mainly from the sale of bulk water to municipalities, mines and industries. Water sales increased from R4.3 billion to R5.9 billion between 2007/08 and 2010/11, at an average annual rate of 11.4 per cent, although volumes are expected to grow due to water demand management and the use of grey water by mines.

Expenditure increased from R4.4 billion in 2008/09 to R4.9 billion in 2009/10, at an average annual rate of 12.1 per cent. This increase is due to higher energy costs and chemical costs used in the purification and pumping of water and also the higher than anticipated increase in raw water cost. Over the medium term, expenditure is expected to increase to R8.2 billion, at an average annual rate of 13.9 per cent. The increase is mainly due to the refurbishment of water infrastructure owned by Rand Water. The refurbishment project is anticipated to cost approximately R3.2 billion over the MTEF period as some of the infrastructure is old.

A comprehensive capital expenditure programme has been developed and has to be funded to ensure that Rand Water is able to meet its mandate of supplying water.

Umgeni Water

Strategic overview: 2007/08 – 2013/14

Umgeni Water was established in June 1974 and mandated in accordance with the Water Services Act (1997), the Public Finance Management Act (1999) and other relevant legislation. The Minister of Water Affairs is the executive authority of the board.

The board manages to supply bulk treated water amounting to 426 million cubic metres per year to six KwaZulu-Natal municipalities: eThekweni metropolitan municipality, iLembe district municipality, Sisonke district municipality, uMgungundlovu district municipality, Ugu district municipality, and Msunduzi local municipality. This is done through pipelines, tunnels, dams, water treatment works, wastewater treatment works, off-site reservoirs, boreholes and a water supply scheme all owned by the board.

Over the next five years, Umgeni Water will undertake capital projects (comprising 30 major projects) amounting to R5 billion. This includes rural development (R1 billion), infrastructure expansion and augmentation (R 734 million), infrastructure upgrading and rehabilitation (R 480 million), and spending on information and communication technology (R66 million). In the same period, the board will deepen its penetration into rural areas through its rural development project by increasing its bulk supply coverage from 228 wards to 259, a 13.6 per cent supply to the total wards in its supply area.

Savings and cost effectiveness measures

Over the MTEF period, Umgeni Water will reduce total interest bearing debt to minimise the cost of finance and interest. The financial plan will ensure that Umgeni Water contributes to an affordable tariff, maintains optimal debt levels, improves return on assets by investing appropriately in order to enhance its shareholder value. Other initiatives include: enhancing the procurement processes; assessing the effectiveness of maintenance spend; enhancing cost allocation and cost reporting systems, which will examine in greater detail, improving metering and billing systems by review of the metering process; and enhancing business controls to reduce fraud risk.

Selected performance indicators

Table 38.19 Umgeni Water

Indicators	Programme/Activity	Past			Current	Projections		
		2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Net debt/equity ratio	Water Management	1.12	0.48	0.15	0.17	0.19	0.19	0.16
Debt service ratio	Water Management	3.36	5.51	7.74	6.25	6.37	5.26	5.78
Debt /asset ratio	Water Management	0.57	0.49	0.35	0.33	0.32	0.28	0.25
Costs per kilolitre	Water Management	R2.24	R2.16	R2.03	R2.48	R3.05	R3.43	R3.61
Value of profit for the year	Water Management	R392.9m	R527m	R540.7m	R427.4m	R475.7m	R403.3m	R428.2m
Debtors collection period	Water Management	37 days	39 days	52 days	38 days	38 days	39 days	39 days
Asset turnover ratio	Water Management	0.47	0.52	0.52	0.49	0.53	0.44	0.44
Value of capital investment in PPE ¹ and intangible assets	Water Management	R110.3m	R237m	R334.5m	R672.5m	R724.7m	R701.6m	R634.1m
Return on assets ratio	Water Management	20.49	22.54	19.85	14.60	13.92	11.12	10.64
Current ratio	Water Management	1.38	0.99	2.42	2.48	2.53	2.16	2.10

1. PPE is a reference number for a bond issued by the Umgeni Water Board.

Details of programmes/activities/objectives

Umgeni Water provides potable water to six municipalities in KwaZulu-Natal and has a supply area of 21.2 km². As a bulk water service provider, the entity requires sustainable and cost effective water resources to meet its customer's demands. In 2010/11, 75.6 per cent of the entity's budget was used for the payment of current expenses, comprising of the salaries of staff, operational expenditure and direct costs of production. To assist with meeting the long term water requirements of the region, the board is investigating alternative sources of water, which include: the completion of a pre-feasibility investigation of a large scale desalination plant for eThekweni; continuation of the reuse investigation at the Darvill wastewater works; and involvement in the eThekweni Metro's water reuse investigation.

In 2009/10, Umgeni Water Board invested R1 billion in infrastructure, of which R35 million was spent for the construction of a reservoir and a raw water pipeline of 18.5 km to provide potable water 16 656 people in the rural areas of Maphumulo in iLembe district municipality. This development will assist to reduce the water infrastructure backlog in the Maphumulo local municipality. In the same year, the entity also invested in the Richmond bulk water supply pipeline, comprising of a 30 km pipeline to convey 27 000 m³ of potable water per day with a 5 000 m³ storage reservoir. This pipeline will serve 98 000 people and reduce the water backlogs in the Richmond local municipality. It is expected to cost R121 million at completion.

Table 38.20 Umgeni Water

R million	Audited outcome			Revised estimate 2010/11	Medium-term estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Bulk Water	922.6	941.5	1 016.7	1 094.2	1 339.4	1 512.5	1 601.0
Waste Water	32.4	40.4	40.6	43.3	47.0	46.3	54.3
Other (S30) Expenditure	57.7	168.0	197.1	185.9	303.3	58.6	59.7
Total expense	1 012.7	1 149.8	1 254.4	1 323.3	1 689.6	1 617.4	1 715.1

Expenditure estimates

Table 38.21 Umgeni Water

Statement of financial performance

R million	Audited outcome			Revised estimate 2010/11	Medium-term estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Revenue							
Non-tax revenue	1 405.6	1 676.9	1 795.1	1 750.7	2 165.4	2 020.7	2 143.3
Sale of goods and services other than capital assets	1 289.0	1 492.7	1 633.0	1 706.9	2 128.5	1 985.7	2 114.3
<i>of which:</i>							
<i>Sale of bulk water</i>	1 289.0	1 492.7	1 633.0	1 706.9	2 128.5	1 985.7	2 114.3
<i>Other non-tax revenue</i>	116.6	184.2	162.1	43.8	36.8	35.0	29.0
Total revenue	1 405.6	1 676.9	1 795.1	1 750.7	2 165.4	2 020.7	2 143.3
Expenses							
Current expense	1 012.7	1 149.8	1 254.4	1 323.3	1 689.6	1 617.4	1 715.1
Compensation of employees	268.8	293.6	323.5	304.3	338.5	363.5	391.2
Goods and services	407.9	514.7	618.1	809.6	1 120.0	1 011.8	1 079.2
Depreciation	65.2	74.1	82.4	91.6	113.0	119.9	133.9
Interest, dividends and rent on land	270.8	267.5	230.3	117.9	118.2	122.2	110.9
Total expenses	1 012.7	1 149.8	1 254.4	1 323.3	1 689.6	1 617.4	1 715.1
Surplus / (Deficit)	392.9	527.0	540.7	427.4	475.7	403.3	428.2
Statement of financial position							
Carrying value of assets	2 308.1	2 476.3	2 691.0	3 218.6	3 738.5	4 177.7	4 553.6
<i>of which: Acquisition of assets</i>	110.3	237.0	334.6	672.5	672.5	706.0	631.4
Investments	1 165.8	1 392.9	1 300.9	1 060.8	1 058.3	825.5	760.3
Inventory	10.3	9.1	8.6	8.6	8.6	8.6	8.6
Receivables and prepayments	150.2	183.8	264.9	211.5	261.8	246.0	261.3
Cash and cash equivalents	13.6	7.7	1.7	0.4	0.8	0.3	0.5
Assets not classified elsewhere	12.9	14.1	41.2	47.0	45.4	43.7	41.9
Total assets	3 660.9	4 084.0	4 308.3	4 546.9	5 113.4	5 301.9	5 626.2
Accumulated surplus/deficit	577.4	1 104.4	1 645.2	2 509.5	2 985.3	3 388.6	3 816.8
Capital and reserves	445.1	442.8	442.8	–	–	–	–
Borrowings	2 078.3	1 978.9	1 517.4	1 476.1	1 613.9	1 470.9	1 378.0
Post-retirement benefits	164.4	169.5	189.7	169.8	129.9	65.9	64.0
Trade and other payables	235.6	276.6	391.6	329.5	322.4	314.5	305.4
Provisions	119.8	60.4	63.7	62.0	62.0	62.0	62.0
Liabilities not classified elsewhere	40.3	51.3	57.8	–	–	–	–
Total equity and liabilities	3 660.9	4 084.0	4 308.3	4 546.9	5 113.4	5 301.9	5 626.2

Expenditure trends

Umgeni Water generates revenue mainly from the sale of bulk potable water to six municipalities in KwaZulu-Natal. Revenue grew from R1.4 billion in 2007/08 to R1.8 billion in 2010/11, at an average annual rate of 7.6 per cent. The growth is mainly driven by an increase in revenue from bulk water sales as well as an increase in the number of implementation activities undertaken by Umgeni Water on behalf of the department and municipalities. Revenue is expected to grow from R1.8 billion to R2.1 billion over the medium term, at an average annual rate of 7 per cent. This was due to inflation related increases in the bulk water tariffs.

Expenditure increased from R1 billion in 2007/08 to R1.3 billion in 2010/11, at an average annual rate of 9.3 per cent. This is due to the rising costs of energy and chemicals over the medium term, as a result of Umgeni Water expanding its services to smaller communities in urban and peri-urban areas, which were not previously supplied with water.

Consolidated water boards

Strategic overview: 2007/08 – 2013/14

Water boards derive their mandate from the Water Services Act (1997) and are categorised as national government business enterprises in terms of schedule 3B of the Public Finance Management Act (1999). Water boards are separate legal entities that have their own boards of governance, own assets and are required to be self funding. The Minister of Water Affairs appoints board members and chairpersons.

The boards are key strategic organisations that primarily provide bulk potable water services to municipalities, other water service institutions and major customers within designated service areas. Water boards vary considerably in size, activities, customer mix, revenue base and capacity.

Most of the older and more established water boards are located in areas where there are significant urban development nodes (such as Rand Water, Umgeni Water and Magalies Water), while other boards operate in more demographically diversified areas where there is an urban and rural mix in the customer base. While providing bulk treated water to municipalities, in some cases the boards also provide retail water and sanitation services on behalf of municipalities.

In 2010/11, the Albany Coast Water Board was disestablished and its service area and assets were taken over by Amatola Water to benefit from economies of scale. Namakwa Water is also trading at a loss and plans are under way to disestablish this board and merge its operations to that of Sedibeng Water.

The water boards

Albany Coast Water (disestablished March 2010)	Ikangala Water (Disestablished)	Overberg Water
Amatola Water	Lepelle Northern Water	Pelladri Water
Bloem Water	Magalies Water	Rand Water
Botshelo Water	Mhlathuze Water	Sedibeng Water
Bushbuckridge Water	Namakwa Water	Umgeni Water

Selected performance indicators

Table 38.22 Consolidated water boards

Water board	Volume of water sold (kl)						
	Past			Current	Projections		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Albany Coast ¹	563 192	572 135	422 197	–	–	–	–
Amatola	36 759 000	38 969 992	39 036 000	39 168 000	39 363 000	39 560 000	39 758 000
Bloem	80 903 744	86 328 454	87 010 183	89 123 000	91 490 000	93 167 000	93 567 000
Botshelo	17 032 828	14 761 337	15 500 000	16 051 000	16 372 000	16 699 000	17 033 000
Bushbuckridge	21 903 108	24 149 817	25 694 187	33 713 000	35 374 000	36 537 000	39 858 000
Lepelle	85 661 000	87 376 000	91 275 000	91 474 000	94 973 000	97 627 000	98 869 000
Magalies	67 200 172	74 725 911	78 462 000	79 088 000	88 771 000	104 733 000	118 263 000
Mhlathuze	91 295 000	95 647 000	92 328 000	93 699 000	95 794 000	97 459 000	99 341 000
Namakwa ¹	2 924 056	2 619 520	2 900 000	2 000 000	–	–	–
Overberg	6 338 702	6 284 023	6 248 513	6 821 000	6 946 000	7 089 000	7 238 000
Pelladri	4 160 614	4 230 606	4 280 903	4 047 000	3 724 000	3 330 000	2 898 000
Rand	1 333 345 000	1 377 875 000	1 357 800 000	1 382 389 000	1 410 036 078	1 438 236 736	1 467 001 471
Sedibeng	76 250 336	79 476 416	77 745 904	89 377 000	95 855 000	100 852 000	107 019 000
Umgeni	403 754 000	415 956 000	426 495 000	425 978 000	434 491 000	443 175 000	452 039 000

¹. Disestablished.

Details of programmes/activities/objectives

The 13 water boards supply potable water to the municipalities in which they operate. In 2009/10, the water boards collectively supplied a total bulk potable volume of approximately 2.3 billion m³, which represents a 0.1 per cent increase in volumes sold. All water boards met minimum water quality standards in 2009/10 and experienced negligible disruption of supply. Botshelo Water, which was in financial difficulty for a number of years, successfully implemented a turnaround strategy and is now trading above breakeven levels. Over the medium term, the department will undertake an institutional realignment project with a view to restructure and merge water boards to ensure economies of scale. The department will also establish an economic regulator to facilitate tariff stability and efficient service delivery.

Expenditure estimates

Table 38.23 Consolidation Water Boards

Statement of financial performance				Revised estimate	Medium-term estimate		
R million	Audited outcome			2010/11	2011/12	2012/13	2013/14
	2007/08	2008/09	2009/10				
Revenue							
Non-tax revenue	7 688.4	8 696.0	9 158.1	10 441.7	12 095.8	13 239.3	14 736.8
Sale of goods and services other than capital assets	6 887.6	7 671.1	8 458.9	9 801.1	11 444.8	12 538.9	13 973.9
of which:							
Admin fees	8.2	9.4	0.5	6.4	7.0	7.7	8.4
Sale of bulk water	6 879.5	7 661.7	8 458.3	9 794.7	11 437.8	12 531.2	13 965.5
Other non-tax revenue	800.7	1 024.9	699.3	640.5	651.0	700.4	762.9
Transfers received	22.5	4.3	–	–	–	–	–
Total revenue	7 710.9	8 700.3	9 158.1	10 441.7	12 095.8	13 239.3	14 736.8
Expenses							
Current expense	6 274.6	7 388.5	8 267.6	9 323.2	10 729.9	11 734.6	13 063.5
Compensation of employees	1 382.3	1 636.4	1 857.7	1 934.7	2 104.5	2 284.9	2 484.2
Goods and services	4 038.0	4 873.6	5 572.5	6 534.5	7 753.7	8 507.5	9 595.2
Depreciation	380.3	408.4	416.4	454.2	573.6	668.3	768.2
Interest, dividends and rent on land	474.0	470.2	421.1	399.7	298.1	273.8	215.9
Total expenses	6 276.3	7 393.9	8 272.9	9 323.2	10 729.9	11 734.6	13 063.5
Surplus / (Deficit)	1 434.5	1 306.3	885.2	1 118.5	1 365.9	1 504.7	1 673.3
Statement of financial position							
Carrying value of assets	10 109.7	11 067.8	12 417.0	14 394.9	16 961.3	19 290.5	21 474.3
of which: Acquisition of assets	890.8	1 357.5	1 550.6	2 485.5	3 189.8	3 144.4	3 073.7
Investments	1 950.4	2 245.2	1 970.0	1 628.1	1 714.0	1 527.1	1 533.6
Inventory	77.3	92.6	92.7	99.2	101.2	106.4	113.4
Receivables and prepayments	1 103.9	1 455.2	1 887.6	1 811.2	1 824.7	1 977.5	2 169.0
Cash and cash equivalents	2 101.5	2 171.4	1 702.5	1 758.9	1 904.4	1 377.9	1 502.4
Assets not classified elsewhere	34.3	30.4	199.7	71.4	196.2	185.7	179.5
Total assets	15 377.0	17 062.6	18 269.4	19 763.7	22 701.7	24 465.2	26 972.1
Accumulated surplus/deficit	8 615.9	9 722.1	10 549.0	12 073.1	13 672.3	15 177.2	16 923.6
Capital and reserves	1 006.1	1 211.3	1 565.2	1 238.1	1 251.0	1 265.2	1 281.1
Borrowings	3 487.6	3 411.0	2 724.1	3 933.0	5 386.3	5 624.9	6 276.1
Post-retirement benefits	402.0	425.9	495.5	380.1	159.9	97.2	97.3
Trade and other payables	1 570.2	2 035.7	2 403.9	1 833.2	1 942.9	2 016.7	2 114.2
Provisions	158.9	95.8	276.9	114.0	102.4	105.1	108.7
Liabilities not classified elsewhere	136.4	160.9	254.9	192.2	186.9	178.9	171.1
Total equity and liabilities	15 377.0	17 062.6	18 269.4	19 763.7	22 701.7	24 465.2	26 972.1

Expenditure trends

Revenue collected by waters boards comes mainly from the sales of bulk water to water service authorities in their areas. Revenue from the consolidated sale of bulk water increased from R7.7 billion in 2007/08 to R10.4 billion in 2010/11, at an average annual rate of 10.6 per cent. Revenue is expected to increase to R14.8 billion in 2013/14, at an average annual rate of 12.2 per cent. This increase over the MTEF period is mainly due to the new tariffs in the water pricing strategy that were approved by the Minister of Water Affairs.

Expenditure is expected to increase from R9.3 billion in 2010/11 to R13.1 billion in 2013/14 over the medium term, at an average annual rate of 11.9 per cent. The increase is due to the combined effect of adjustments for inflation, and the construction, upgrading and rehabilitation of water infrastructure. The water boards made a consolidated net profit of R903 million, which represents a decline of 29 per cent from the previous year profit. This decline in net profit can be attributed mainly to cost escalations in the raw water cost increase of 9 per cent, the direct labour cost increase of 17.8 per cent, the chemical and purification cost increase of 20.5 per cent, and the energy cost increase of 34.4 per cent.

Other public entities and agencies

Comprehensive coverage of the following public entities is provided with the more detailed information for the vote at www.treasury.gov.za under the budget information link.

- The **Inkomati Catchment Management Agency** ensures that water is used to support equitable and sustainable social and economic transformation and development. Its total budget for 2011/12 is R20.1 million.
- The **Water Research Commission** was established in terms of the Water Research Act (1971) and plays an important role in water research by establishing needs and priorities for research, stimulating and funding water research according to each priority, promoting effective transfer of information and technology, and enhancing the knowledge and capacity building in the water sector. Its total budget for 2011/12 is R164.1 million.

Additional tables

Table 38.A Summary of expenditure trends and estimates per programme and economic classification

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R million	2009/10		2009/10	2010/11			2010/11
Administration	789.7	810.8	864.7	856.6	83.1	939.7	776.3
Water Sector Management	345.1	345.1	448.9	368.5	78.4	446.9	369.1
Water Infrastructure Management	2 277.0	2 519.4	2 102.5	2 241.4	(3.2)	2 238.2	2 207.2
Regional Implementation and Support	3 357.3	3 497.8	3 687.9	4 339.1	25.3	4 364.4	4 065.8
Water Sector Regulation	162.7	158.1	73.2	180.4	22.7	203.1	180.5
International Water Cooperation	11.4	11.4	11.4	10.6	0.2	10.8	10.8
Total	6 943.2	7 342.6	7 188.6	7 996.6	206.6	8 203.2	7 609.7
Economic classification							
Current payments	2 874.4	3 054.2	2 954.9	3 629.5	98.1	3 727.6	3 303.3
Compensation of employees	988.3	1 043.1	899.8	1 147.6	(0.4)	1 147.3	964.8
Goods and services	1 886.1	2 011.1	2 048.2	2 481.9	98.4	2 580.3	2 338.5
Interest and rent on land	–	–	6.9	–	–	–	–
Transfers and subsidies	3 325.6	3 539.4	3 135.2	3 241.6	115.1	3 356.7	3 285.6
Provinces and municipalities	978.6	925.0	908.9	890.7	147.8	1 038.5	1 014.4
Departmental agencies and accounts	2 120.1	2 362.5	1 958.5	2 102.7	(43.4)	2 059.3	2 028.3
Foreign governments and international organisations	180.1	180.7	177.1	180.1	0.2	180.3	180.3
Public corporations and private enterprises	–	–	0.0	–	4.1	4.1	4.1
Non-profit institutions	0.4	0.4	0.5	0.5	–	0.5	0.0
Households	46.3	70.7	90.3	67.5	6.4	73.9	58.5
Payments for capital assets	743.3	749.1	1 048.2	1 125.4	(6.5)	1 118.9	1 020.8
Buildings and other fixed structures	670.2	675.5	1 014.0	1 038.3	(4.5)	1 033.8	952.1
Machinery and equipment	66.1	66.6	33.4	74.3	(1.8)	72.5	61.0
Biological assets	–	–	0.0	0.3	(0.1)	0.2	0.2
Land and sub-soil assets	–	–	–	0.1	–	0.1	0.1
Software and other intangible assets	7.0	7.0	0.8	12.5	(0.2)	12.3	7.4
Payments for financial assets	–	–	50.3	–	–	–	–
Total	6 943.2	7 342.6	7 188.6	7 996.6	206.6	8 203.2	7 609.7

Table 38.B Detail of approved establishment and personnel numbers according to salary level ¹

	Personnel post status as at 30 September 2010			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year ²	Medium-term estimate		
				2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
Department	5 869	5 869	383	3 697	3 938	4 173	4 714	4 847	4 906	4 957
Salary level 1 – 6	3 322	3 322	361	2 144	2 271	2 322	2 600	2 667	2 691	2 706
Salary level 7 – 10	1 918	1 918	15	1 151	1 233	1 365	1 524	1 581	1 604	1 633
Salary level 11 – 12	481	481	6	309	333	379	465	474	486	493
Salary level 13 – 16	148	148	1	93	101	107	125	125	125	125
Administration	1 750	1 750	47	670	767	816	969	985	997	1 000
Salary level 1 – 6	958	958	38	278	339	342	448	448	448	448
Salary level 7 – 10	641	641	4	298	318	351	384	397	405	406
Salary level 11 – 12	94	94	4	60	73	81	88	91	95	97
Salary level 13 – 16	57	57	1	34	37	42	49	49	49	49
Water Sector Management	517	517	–	267	277	316	338	361	379	379
Salary level 1 – 6	171	171	–	67	73	87	89	100	107	107
Salary level 7 – 10	166	166	–	84	86	95	102	112	120	120
Salary level 11 – 12	156	156	–	98	100	116	127	129	132	132
Salary level 13 – 16	24	24	–	18	18	18	20	20	20	20
Regional Implementation and Support	3 243	3 243	296	2 597	2 718	2 836	3 195	3 288	3 310	3 358
Salary level 1 – 6	2 048	2 048	283	1 753	1 805	1 833	1 999	2 055	2 065	2 080
Salary level 7 – 10	957	957	11	693	750	821	944	977	984	1 012

Table 38.B Detail of approved establishment and personnel numbers according to salary level ¹ (continued)

	Personnel post status as at 30 September 2010			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year ²	Medium-term estimate		
				2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Salary level 11 – 12	190	190	2	124	132	151	212	216	221	226
Salary level 13 – 16	48	48	–	27	31	31	40	40	40	40
Water Sector	321	321	40	137	150	179	186	187	194	194
Regulation										
Salary level 1 – 6	143	143	40	45	53	59	63	63	70	70
Salary level 7 – 10	133	133	–	64	67	86	82	83	83	83
Salary level 11 – 12	34	34	–	21	22	25	32	32	32	32
Salary level 13 – 16	11	11	–	7	8	9	9	9	9	9
International Water Cooperation	38	38	–	26	26	26	26	26	26	26
Salary level 1 – 6	2	2	–	1	1	1	1	1	1	1
Salary level 7 – 10	21	21	–	12	12	12	12	12	12	12
Salary level 11 – 12	7	7	–	6	6	6	6	6	6	6
Salary level 13 – 16	8	8	–	7	7	7	7	7	7	7

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

2. As at 30 September 2010.

Table 38.C Summary of expenditure on training

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Compensation of employees (R million)	880.5	875.6	910.2	1 119.2	1 195.4	1 272.4	1 348.8
Training expenditure (R million)	38.9	40.8	50.6	56.7	62.4	68.6	75.5
Training as percentage of compensation	4.4%	4.7%	5.6%	5.1%	5.2%	5.4%	5.6%
Total number trained in department (head count)	2 220	2 923	2 927	194			
<i>of which:</i>							
Employees receiving bursaries (head count)	384	364	276	100			
Learnerships trained (head count)	189	189	–	62			
Internships trained (head count)	40	96	32	33			
Households receiving bursaries (R million)	630.0	16.2	14.8	2.0	11.9	10.9	11.2
Households receiving bursaries (head count)	42	120	195	145			

Table 38.D Summary of departmental public private partnership (PPP) projects

Project description: Fleet Management Service		Project annual unitary fee at time of contract	Budgeted expenditure	Medium-term expenditure estimate		
R million			2010/11	2011/12	2012/13	2013/14
Projects signed in terms of Treasury Regulation 16		535.1	112.1	125.6	100.7	–
PPP unitary charge ¹		535.1	112.1	125.6	100.7	–
Total		535.1	112.1	125.6	100.7	–

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

Table 38.D Summary of departmental public private partnership (PPP) projects (continued)**Disclosure notes for projects signed in terms of Treasury Regulation 16**

Project name	The Provisioning of Fleet Management Services to the National Department of Transport
Brief description	The monthly hiring of long term and short term vehicles
Date PPP agreement was signed	14 November 2006 with the National Department of Transport
Duration of PPP agreement	Period of 5 years starting on 14 November 2006
Escalation index for unitary fee	Based on annual CPIX revised every year on 14 November

Table 38.E Summary of expenditure on infrastructure

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation 2010/11	Medium-term expenditure estimate		
				2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
R million										
Departmental infrastructure										
Sediberg: bulk regional sewerage scheme	New sanitation scheme to replace high maintenance, unreliable, old infrastructure, inadequate for planned future development	Tender	3 500.0	1.1	3.8	20.2	18.8	30.0	57.0	70.0
OR Tambo Mhatha: bulk water supply	Abstraction works, water treatment works, reservoirs, pump stations, command reservoirs, bulk pipeline	Feasibility	2 705.0	0.5	0.9	1.7	0.6	2.0	6.0	10.0
Matoks: bulk water supply	Water supply to 87 200 people in 15 villages	Feasibility	1 083.0	-	0.8	0.6	-	0.6	10.0	20.0
Magalies Water to Waterberg: bulk water supply	New water treatment and additional pipeline	Feasibility	1 891.0	0.5	0.9	0.8	-	0.6	-	-
Chris Hani district municipality cluster 6	Dams, weirs, boreholes, reservoirs, pump stations, bulk pipeline and surge tanks	Construction	324.0	-	-	3.2	9.0	20.0	57.0	70.0
Chris Hani district municipality clusters	Dams, weirs, boreholes, reservoirs, pump stations and bulk pipeline	Feasibility	1 500.0	-	11.0	23.5	-	-	-	-
Mbizana: regional bulk water supply, phase 1	Raw water supply system, water treatment plant upgraded and extended and bulk treated water supply system developed	Construction	900.0	7.4	1.9	34.3	15.6	77.3	90.8	95.0
Alfred Nzo (Mount Ayliff): bulk water supply	Dam constructed, water treatment works, pump station, pipeline and reservoir		358.5	-	-	-	-	-	19.0	50.0
Great Kei River Basin: water supply scheme	Water treatment works, pumps, pipeline, command reservoir, sub-reservoirs and break pressure tanks	Feasibility	523.0	0.9	0.5	-	-	-	-	-
Qaukeni: bulk water supply scheme (Mkambati regional water supply/Flagstaff rural water supply)	Bulk storage facility, water treatment works, command reservoir, primary and secondary bulk pipeline	Feasibility	954.0	1.2	-	-	-	-	-	-
Ndlambe Dam/Albany Coast: bulk water supply (Grahamstown and Port Alfred augmentation)	New bulk pipeline and reservoirs, and water treatment works upgraded	Feasibility	820.0	0.6	-	-	-	7.0	17.0	31.0
Sterkfontein Dam scheme: phase 1 and 2	Phase 1: water treatment works, storage reservoir and pipeline. Phase 2: pipeline	Construction	211.0	7.8	14.6	36.0	50.1	72.2	30.4	-
Dihlabeng: bulk water supply	Water treatment works, pipeline, pump stations and storage reservoirs		470.0	-	-	-	-	3.0	10.0	25.0

Table 38.E Summary of expenditure on infrastructure (continued)

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation 2010/11	Medium-term expenditure estimate			
				2007/08	2008/09	2009/10		2011/12	2012/13	2013/14	2013/14
R million											
Westonaria: regional bulk waste water treatment works	Waste water treatment works upgraded and extended	Design	621.5	–	3.4	7.8	24.1	30.0	42.5	60.0	60.0
Western Highveld: regional bulk water supply	Water treatment works and additional water supply	Feasibility	486.0	–	–	1.0	13.1	20.0	49.0	61.0	61.0
Greater Mthonjaneni: phase 1 bulk water supply	Water treatment works, reservoir, pump stations, booster pump stations, pipeline	Handed over	107.5	11.0	27.8	1.2	–	–	–	–	–
Greater Mthonjaneni: phase 2 bulk water supply	Phase 2A and 2B: 10 concrete reservoirs and bulk pipeline	Tender	88.0	–	–	–	12.9	30.0	40.0	25.5	25.5
Mhlabaishane: bulk water supply	Weir, water treatment plant and bulk pipeline	Tender	250.0	–	–	–	19.3	40.0	50.0	60.0	60.0
Pongolapoort: bulk water scheme	Package treatment plant, bulk mains, pump stations and 6 reservoirs	Tender	282.7	–	–	–	–	26.0	37.0	50.0	50.0
Nebo: bulk water supply	Steel pipeline, pump station, reservoir and water treatment works	Construction	1 379.0	6.5	19.4	28.0	28.0	60.0	77.0	75.0	75.0
Mooihoek/Tubatse: bulk water supply	Steel pipeline, reservoirs, gravity mains and treatment plants	Construction	807.0	5.0	23.4	22.5	13.0	48.0	70.0	70.0	70.0
Olifantspoort water treatment works	Water treatment works upgraded: main civil works, mechanical works, electrical works, building and auxiliary works and staff housing	Construction	304.0	10.0	20.0	98.4	50.0	39.0	–	–	–
Mogalakwena: bulk water supply	Phase 1, part 1: pipeline, 19 boreholes refurbished, 2 new boreholes. Phase 1, part 2: bulk pipeline and new command reservoir	Construction	1 530.0	19.0	20.0	27.6	53.0	40.0	76.7	80.0	80.0
Moutse: bulk water supply	Pipeline, pump station, reservoir, and water treatment works extended	Design	382.0	–	–	–	20.0	9.0	40.0	70.0	70.0
Lebalelo central and north: regional water supply	Water treatment works, bulk pipeline and pump stations	Feasibility	600.0	–	1.4	0.4	–	0.6	10.0	10.0	10.0
Nwamitwa: regional water supply scheme (Great Letaba)	Water treatment works upgraded, command reservoirs, pipeline, borehole and dam	Feasibility	644.0	1.5	0.3	0.7	–	0.5	–	–	–
Nzhelele Valley: bulk water supply	Dam wall raised, pump station, pipeline, existing main pump station upgraded, main pipeline upgraded and 14 new concrete reservoirs	Feasibility	600.0	0.8	0.2	0.1	–	0.5	1.0	15.0	15.0

Table 38.E Summary of expenditure on infrastructure (continued)

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
R million				0.9	0.3	1.8	–	0.5	–	–
Makhado West and extension to Nondomi Dam	Pump stations, boreholes and pipeline	Feasibility	841.0							
Lephalele: bulk water augmentation (Eskom)	Water treatment works, reservoirs, pump stations and pipeline	Feasibility	330.0	1.0	0.2	1.8	–	0.8	–	20.0
Glen Alpine: bulk water supply	Raw water pump station, pipeline, water treatment works, gravity mains, clear water pump main and command reservoir	Feasibility	345.0	1.0	0.4	0.3	–	0.6	–	–
Western Highveld: regional bulk water supply	Pipeline	Feasibility	210.0	0.4	1.4	–	–	–	15.0	40.0
Ehlanzeni: bulk water supply	Water treatment works, reservoir and pipeline	Feasibility	380.0	–	–	2.6	–	9.5	22.0	50.0
Nkangala: bulk water scheme	Reservoir and pipeline	Feasibility	250.0	–	–	–	–	–	–	–
Gert Sibande: bulk water supply	Water treatment plant, reservoirs and pipeline	Feasibility	300.0	–	–	–	1.5	9.1	22.0	40.0
Kalahari East: pipeline extension	Pipeline extended, and associated infrastructure, such as pump stations, constructed	Feasibility	188.8	–	–	–	–	–	–	–
Vaal Gamagara: scheme upgrade	Existing pipeline upgraded, water treatment works, reservoirs and pump stations	Feasibility	1 600.0	–	–	1.8	–	–	–	25.0
Namakwa: bulk water supply refurbishment	Water infrastructure	Feasibility	500.7	–	–	–	4.0	15.0	47.0	103.0
Madibeng: bulk water supply	Water treatment plant upgraded	Design	421.1	0.5	–	3.0	10.1	44.0	52.9	60.0
Taung/ Naledi: bulk water supply	Water treatment works refurbished, 2 pump stations constructed, pipeline and pump stations	Construction	292.4	–	–	5.9	33.0	61.0	72.0	70.0
Ratlou local municipality: bulk water supply	Water treatment works upgraded, pipeline, reservoirs and boreholes	Feasibility	218.1	0.8	–	–	2.1	–	14.0	15.0
Greater Mamusa: bulk water supply	Pump station upgraded, new pump station constructed, and new pipeline, including 2 booster pump stations	Feasibility	410.0	–	–	0.8	–	–	8.0	10.0
Moretele: bulk water supply	Water treatment works, pipeline and reservoir	Feasibility	340.0	0.5	1.0	0.4	–	–	–	–
Bojanala: regional water supply	Feasibility study	Feasibility	380.0	–	–	–	1.0	9.0	18.0	25.0
Ngaka Modire: district municipality regional water supply	Reservoirs, pipeline, pump stations and boreholes	Feasibility	250.0	–	–	–	–	–	–	10.0
Pietersburg: bulk water supply	Water treatment works, reservoirs, pipeline and pump stations	Identification	1 000.0	–	–	–	–	–	–	–

Table 38.E Summary of expenditure on infrastructure (continued)

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation 2010/11	Medium-term expenditure estimate			
				2007/08	2008/09	2009/10		2011/12	2012/13	2013/14	2013/14
R million											
West Coast: regional water supply	Phase 1: purchase water from willing seller. Phase 2: pump mains	Feasibility	250.0	–	0.4	–	–	10.0	23.0	50.0	50.0
Sundays River-Paterson: bulk water supply	Reservoirs, water treatment works upgraded, reservoir, pipeline and pump stations	Construction	73.8	18.0	–	–	16.5	12.0	16.3	11.0	11.0
Ibika: water supply	Water sourced, bulk supply constructed, concrete reservoirs and pipeline	Construction	49.0	0.6	3.2	3.1	11.0	20.0	11.2	–	–
Mncwasa: bulk water supply	Dam constructed, water treatment works, bulk pipeline and reservoirs	Construction	71.3	3.1	4.3	6.4	21.1	24.0	12.0	–	–
Xhora east: bulk water supply	Weir, off-channel storage, pump stations, water treatment works, pipelines and command reservoirs	Construction	31.4	3.0	3.4	0.2	4.4	11.7	–	–	–
Tsomo RDP2: northern bulk water supply	Bulk pipeline and concrete reservoirs		22.3	–	–	6.6	3.1	2.6	–	–	–
Chris Hani district municipality cluster 4: bulk water supply	Northern scheme: water treatment works, clear water reservoir, pipeline and 4 command reservoirs. North Eastern scheme: borehole development, 1 command reservoir, pipeline and electricity supply. Ncora scheme: raw water reservoir, water treatment works, clear water reservoir, pipeline, 4 pump stations and 3 command reservoirs	Construction	248.4	–	–	3.1	9.6	8.5	23.3	40.0	40.0
Chris Hani district municipality cluster 9: bulk water supply	Bulk pipeline, concrete reservoirs, clear water storage, pump stations and water treatment works upgraded	Construction	114.5	–	–	3.2	9.2	21.5	35.5	45.0	45.0
Xonxa Dam: water supply to Lukhanji	Bulk pipeline, reservoirs, water treatment plant upgraded and pump stations	Design	208.4	1.0	0.7	–	8.6	38.0	45.1	55.0	55.0
Hofmeyer/Middelburg: water supply	Exploration and production drilling, boreholes developed, and pipeline	Construction	52.0	1.0	–	–	8.6	24.0	18.5	–	–
OR Tambo Mthatha: bulk water intervention	Water treatment works upgraded	Handed over	36.9	4.4	22.1	3.2	7.2	–	–	–	–
OR Tambo: regional extensions (Coffee Bay)	Pump station, pipeline, reservoirs, break pressure tanks, valve chambers and power line to pump station	Construction	80.0	1.1	18.3	25.3	32.8	19.0	–	–	–
Alfred Nzo (Matatiele): bulk water supply	Boreholes and pipeline	Feasibility	54.2	1.0	2.7	–	4.6	30.4	16.0	–	–

Table 38.E Summary of expenditure on infrastructure (continued)

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate			
				2007/08	2008/09	2009/10		2011/12	2012/13	2013/14	
R million				0.6	-	-	-	-	5.0	5.0	
Idutywa east: water supply	Water infrastructure, pipeline, chambers and reservoirs	Feasibility	83.0								
Sudwana: water supply	Dam constructed, water treatment works, clear water reservoir, bulk pipeline, pump station, command reservoir and access road to dam	Feasibility	107.0	0.6	-	-	-	-	5.0	5.0	
Ngqamakhwe: water supply	Water infrastructure	Feasibility	100.0	0.5	0.6	-	-	-	-	-	
Klipplaat: rainwater harvesting	435 Rainwater Harvesting tanks with all related accessories	Various	-	-	-	-	2.7	-	-	-	
Jagersfontein/Fauresmith: bulk water supply phases 1-3	Phase 1: water treatment works, raw water storage dam, pipeline, 2 pump stations and storage dam reservoir upgraded	Construction	167.0	16.0	18.7	10.9	19.5	30.0	72.3	-	
Ngwathe: bulk water supply	Boreholes drilled, pipeline, reservoir and borehole pumping plant	Construction	18.0	4.8	-	0.6	7.4	-	-	-	
Tokologo: regional water supply phase 1	Water treatment works, pump station, pipeline and reservoir	Construction	81.3	0.7	0.7	-	7.0	48.7	20.3	4.0	
Mohokare: bulk water supply	Water treatment works, pipeline, pump stations and storage reservoirs	Feasibility	141.0	0.5	0.7	0.2	-	3.0	13.0	25.0	
Moghaka: regional water scheme	Water treatment works, pipeline, pump stations and storage reservoirs	Feasibility	230.0	0.6	0.7	0.8	0.8	-	-	20.0	
Naledi: bulk water supply	Water treatment works, pipeline, pump stations and storage reservoirs	Feasibility	120.0	-	-	-	-	0.8	-	10.0	
Masilonyana: bulk water supply	Water treatment works, pipeline, pump stations and storage reservoirs	Feasibility	155.0	-	-	-	0.7	-	-	20.0	
Mantsopa: bulk water supply	Water treatment works, pipeline, pump stations and storage reservoirs	Feasibility	110.0	-	-	-	-	0.8	-	10.0	
Letsemeng-Petrusburg-Koffiefontein: bulk water supply	Water treatment works, pipeline, pump stations and storage reservoirs	Feasibility	90.0	-	-	-	-	0.8	-	-	
Xhariep: regional water scheme	Water treatment works, pipeline, pump stations and storage reservoirs	Feasibility	240.0	-	-	-	-	-	-	-	
Ngwathe: bulk water supply phase 2	Water treatment works, pipeline, pump stations and storage reservoirs	Feasibility	55.0	-	-	-	0.6	-	-	10.0	

Table 38.E Summary of expenditure on infrastructure (continued)

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation 2010/11	Medium-term expenditure estimate			
				2007/08	2008/09	2009/10		2011/12	2012/13	2013/14	
R million											
Phumelela: bulk water supply	Existing dam rehabilitated, storage reservoir and water treatment plant	Feasibility	28.7	-	-	-	-	-	9.0	15.0	
Nketoana: bulk water supply	Water treatment works upgraded, pipeline, pump stations and storage reservoirs	Feasibility	304.0	-	-	-	-	3.0	12.0	25.0	
Themba: regional water scheme	Water treatment works, pipeline and reservoirs	Feasibility	189.9	-	-	-	-	-	-	-	
Mathulini: bulk water supply	Reservoirs, pipeline and waterworks extended	Handed over	21.6	13.3	8.3	-	-	-	-	-	
Malangeni: waterborne sanitation	Waste water treatment works	Handed over	10.5	-	-	10.5	-	-	-	-	
Driefontein complex: bulk water supply	Pump stations, bulk water pipeline, reservoirs, bulk water distribution network, linkages and reticulation infrastructure	Tender	126.1	-	-	2.8	15.5	21.4	44.0	46.0	
Greytown: regional bulk scheme	Raw water pipeline refurbished, pressure management, existing water treatment works refurbished and pipeline replaced	Construction	118.0	-	12.5	-	10.6	10.4	37.0	50.5	
Emadlangeni: bulk regional scheme	Pipeline, reservoirs, 2 balancing tanks and 2 pump stations.	Construction	50.0	-	9.6	9.5	9.0	22.9	-	-	
Nongoma: bulk water supply	Water treatment works and pump stations augmented, bulk pipeline	Construction	27.9	20.2	2.6	-	5.1	-	-	-	
Mandlakazi: bulk water supply	Water treatment works, pump stations, bulk pipeline and bulk reservoirs	Construction	163.1	18.8	10.2	37.5	25.7	45.0	36.9	-	
Hlabisa: regional bulk water supply	Bulk pipeline, 3 booster pump stations and 2 main reservoirs	Construction	126.7	6.6	9.0	24.0	23.3	40.0	35.9	-	
Ngebo: regional bulk: water supply	Raw water abstraction facility, water treatment works, pipeline, concrete reservoir and distribution pipeline	Design	182.6	-	5.4	-	7.8	15.7	39.6	40.0	
Greater Eston: water scheme	Bulk distribution pipeline, river abstraction, pump stations and reservoirs	Feasibility	124.0	-	1.4	-	13.7	30.0	39.0	40.0	
Dukuduku resettlement: bulk water supply	Pipeline, pump stations, treatment works and boreholes	Feasibility	56.0	-	-	1.0	5.7	30.0	21.0	-	
Greater Bulwer	Pipeline, pump stations and treatment works	Feasibility	103.6	-	-	-	13.2	26.0	27.0	37.4	
Donnybrook: water scheme	Feasibility study	Feasibility	25.0	-	-	-	-	5.0	5.0	-	
Vukwana Dam: desilting	Feasibility study	Feasibility	25.0	-	-	-	-	5.0	5.0	-	
Olifantskop Dam: desilting	Pipeline, pump stations and treatment works	Feasibility	36.0	-	-	-	-	-	10.0	25.0	

Table 38.E Summary of expenditure on infrastructure (continued)

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate			
				2007/08	2008/09	2009/10		2011/12	2012/13	2013/14	
R million											
Buffalo Flats: phase 2	Pipeline, pump stations and treatment works	Feasibility	40.0	-	-	-	-	-	-	10.0	20.0
uMkhanyakude: bulk water supply	Water infrastructure	Identification	72.0	-	-	-	-	-	-	10.0	22.0
uThukela: bulk water supply	Water infrastructure	Identification	65.0	-	-	-	-	-	-	-	20.0
Amajuba: bulk water supply	Water infrastructure	Identification	70.0	-	-	-	-	-	-	-	20.0
Groblersdal Lukau: bulk water supply	Reservoir and pipeline	Construction	30.5	9.3	8.2	13.0	-	-	-	-	-
Sinthumule Kutama: bulk water augmentation	Bulk pipeline	Construction	146.5	5.0	15.0	14.3	25.0	42.0	45.2	-	-
Specort: bulk water supply	Pipeline and reservoirs	Construction	74.3	8.5	13.0	18.0	19.0	-	-	-	-
Mameya Sekororo: bulk water supply	Water treatment works, pipeline, 1 command reservoir and 2 storage reservoirs	Design	214.0	-	10.0	-	-	40.0	51.8	50.0	-
Giyani: bulk water supply drought relief	Feasibility study	Feasibility	150.0	-	-	-	-	37.0	17.0	-	-
Ohrigstad: bulk water supply	Regional water supply scheme	Feasibility	50.0	-	0.7	0.2	-	0.5	-	-	-
Bloemendal: bulk water supply	Pipeline	Design	141.0	-	-	-	10.0	12.0	25.0	30.0	-
Mbombela 2010: water and sanitation	To support 2010 FIFA World Cup activities: bulk water supply pipeline, reservoir, water and sewerage works and outfall sewer municipalities	Handed over	44.9	6.0	6.0	19.9	13.0	-	-	-	-
Hoxane (Inyaka Marite): bulk water supply	Water treatment facility, co-funded by Mbombela and Bushbuckridge municipalities	Handed over	8.7	5.7	3.0	-	-	-	-	-	-
Miejane Trust: regional bulk water	Pump, storage, purification plant, reservoir and pipelines	Handed over	17.5	7.5	10.0	-	-	-	-	-	-
Acorhoek: bulk water supply	Pipeline recommissioned and reconstructed	Tender	162.0	-	-	-	15.1	105.9	41.0	-	-
Van der Kloof/Petrusville: bulk water supply	New water treatment works, pipeline and 35 boreholes and associated infrastructure	Construction	77.6	1.7	23.3	8.2	-	17.0	18.0	5.0	-
Oranje River-Colesberg-Noupoort: bulk water supply	Phase 1: pipeline. Phase 2: water treatment works upgraded and extended and pipeline	Construction	169.8	-	-	12.8	10.0	33.0	34.0	20.0	-
Tsantsabane: bulk water supply	Existing water and sewerage bulk infrastructure upgraded for new development	Construction	44.9	-	-	0.4	-	44.5	-	-	-

Table 38.E Summary of expenditure on infrastructure (continued)

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate			
				2007/08	2008/09	2009/10		2011/12	2012/13	2013/14	
R million											
Riemvasmaak: water supply	Pipeline, intake works with pumps, water treatment package plant, pump station and balancing reservoir	Construction	4.0	-	-	-	-	4.0	-	-	-
Kenhardt: bulk water supply	Pipeline, raw water pump station, small booster pumps, water treatment plant, storage reservoir and sectional steel tank	Construction	67.2	-	-	14.0	50.0	3.2	-	-	-
Heuningvllei/Moshaweng: bulk water supply	Boreholes developed and rehabilitated, reservoirs, chlorination injection plant, water pipes, booster pump stations, cattle drinking troughs, stand tank and stand pipes	Tender	104.3	0.4	1.0	1.5	-	35.0	68.5	-	-
Port Nolloth: bulk water supply	Desalination plant, reservoirs and pump stations	Feasibility	22.8	-	-	-	-	-	12.0	22.8	-
Windsorton to Holpan: bulk water supply	New raw water storage dam, new module, new wash water recovery ponds, new pipeline, elevated reservoir and related electrical and mechanical works	Feasibility	14.0	-	-	-	-	-	-	-	14.0
Richtersveld: bulk water supply	Water infrastructure	Feasibility	17.9	0.3	-	0.1	1.5	-	-	-	-
Niekerkshoop: bulk water supply	Pipeline, water treatment works and 2 pump stations	Feasibility	22.3	-	-	-	-	-	-	-	-
Salt Lake: bulk water supply	Water infrastructure	Feasibility	20.0	-	-	-	-	-	-	-	10.0
Homevale: waste water treatment works upgrade	Water treatment plant extended	Tender	89.4	-	-	-	-	-	-	-	-
Thembeilille: bulk water supply	Phase 2.1: Exploit groundwater in Strydenburg. Phase 2.2: If groundwater should still be supplemented with surface water, construction of pipeline		37.3	1.4	1.6	2.0	1.0	12.0	20.0	5.0	-
Maqwassi Hills: regional water supply	Pipeline, reservoir and pump station and 2 elevated steel tanks	Handed over	66.0	20.0	43.2	2.8	-	-	-	-	-
Ventersdorp: bulk water supply	Water treatment works upgraded, bulk pipeline, pump stations and reservoir	Feasibility	62.0	-	-	0.6	0.1	-	10.0	10.0	-
North West: master plan and management	Provincial master plan	Feasibility	250.0	1.2	0.6	1.4	2.0	-	-	-	-
Glanwilliam/Lambertsbaai: regional water supply	Desalination plant and bulk supply system upgraded	Design	23.0	2.1	0.4	2.5	8.6	11.9	-	-	-

Table 38.E Summary of expenditure on infrastructure (continued)

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation 2010/11	Medium-term expenditure estimate			
				2007/08	2008/09	2009/10		2011/12	2012/13	2013/14	2013/14
R million				0.6	0.4	5.0	11.0	10.0	32.0	–	–
Tubaght: bulk water supply reservoir	Diversion works and pipeline, reservoir	Construction	58.0	–	–	1.0	6.0	15.0	7.0	–	–
Drakenstein: waste water treatment plant	Waste water treatment plant	Construction	29.0	–	–	–	–	–	–	–	–
George: bulk water supply augmentation	Pumping scheme, dams and pipeline	Construction	59.0	1.2	0.4	7.0	8.0	22.3	21.7	–	–
Knysna: bulk water supply	Pumping scheme and pipeline, water re-use	Feasibility	52.0	–	–	0.5	–	–	10.0	10.0	10.0
Worcester: bulk water supply	Steel pipeline, additional pump set at booster pump station, UPVC pipeline and concrete reservoir	Feasibility	83.0	–	0.2	0.6	–	–	10.0	30.0	30.0
Eden: regional water supply	Pumping schemes, pipeline and desalination plant	Feasibility	200.0	–	–	0.5	–	9.0	25.0	40.0	40.0
Drakenstein: water supply	Dam and pipeline	Feasibility	55.0	–	0.6	0.5	–	–	10.0	30.0	30.0
Kannaland: water supply	Bulk supply and water purification	Identification	14.0	–	–	–	–	–	–	–	–
Overstrand: water supply	Bulk supply and water purification	Identification	19.0	–	–	–	–	–	–	–	–
Central Karoo: water supply	Bulk supply and water purification	Identification	16.0	–	–	–	–	–	–	–	–
Head office: management, systems and planning	Strategy, policy, master plan terms of reference, South Africa overview and management support	Various	–	4.0	2.8	16.1	28.7	55.0	55.8	55.6	55.6
Infrastructure transfers to other spheres, agencies and departments											
Olifants river water resources development project: phase 2a, De Hoop Dam	Water supply to new mining developments, water supplies to Polokwane supplemented, and water supply for primary use to various communities	Construction	3 075.0	178.8	597.6	645.0	670.4	562.3	296.1	68.4	68.4
Olifants river water resources development project: bulk distribution system	Bulk distribution works and supply	Design	13 114.0	0.4	2.0	74.3	315.1	458.3	428.0	1 034.0	1 034.0
Dam safety rehabilitation programme	Dams rehabilitated, and dam safety work	Construction	2 650.0	198.3	435.3	370.1	376.4	498.0	498.8	206.4	206.4
Olifants Doorn River water resources project: raising of Clanwilliam Dam	Existing dam rehabilitated and water supply augmented	Design	2 152.0	–	–	–	0.1	11.0	50.8	318.0	318.0
Mokolo and Crocodile River (West) water augmentation project: phase 1 and 2	Augmented water supply to new power stations, extended mining activities and growing population	Design	1 989.0	–	–	30.1	132.9	94.4	232.8	276.0	276.0

Table 38.E Summary of expenditure on infrastructure (continued)

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation 2010/11	Medium-term expenditure estimate			
				2007/08	2008/09	2009/10		2011/12	2012/13	2013/14	2013/14
R million											
Great Letaba River development project: raising of Tzaneen Dam (phase 2) and Nwamitwa Dam (phase 3)	Projected growing primary supply requirements met, water availability for the riverine ecosystem improved, and water availability for irrigation stabilised, including resource poor farmers	Feasibility	1 966.0	-	-	-	-	52.2	67.8	266.2	
Nandoni: water treatment works and distribution	Water Supply to Vhembe district municipality	Construction	2 012.0	201.0	240.2	236.6	151.6	183.0	178.9	171.0	
Nandoni: pipeline	Water Supply to Vhembe district municipality	Construction	750.0	-	-	-	-	203.0	317.0	230.0	
Mzimkulu: off-channel storage	Reliable water supply to northern part of lower KwaZulu-Natal south coast during dry periods	Feasibility	262.0	-	-	-	-	-	-	-	
Sunday River: government water scheme, Lower Sundays	Canal system extended, particularly to provide irrigation water to resource poor farmers	Feasibility	445.0	-	-	-	-	-	-	-	
Mvoti River: iSithundu Dam	Water supply to domestic and industrial users in lower Mvoti basin area secured	Feasibility	693.0	-	-	-	-	-	-	-	
Vioolsdrift Dam	Yield of Orange River increased to cater for increasing demand	Feasibility	798.0	-	-	-	-	-	-	-	
Inyaka: waste treatment works phases 1-4	Water supplied to Bohlabela district municipality	Construction	704.0	38.6	98.5	121.3	92.7	136.8	10.5	-	
Great Letaba River development project: phases 1 and 4	Water supplied to Mopani district municipality	Construction	560.0	-	6.2	41.0	17.1	51.9	67.8	75.8	
Mloti River development project: raising of Hazelmere Dam	Water supply to Umgeni Water for treatment augmented, for KwaZulu-Natal north coast	Design	110.0	-	-	0.1	17.1	49.1	43.1	-	
Hluhluwe: regional water supply phases 1-4	Reservoirs and pipelines constructed	Construction	296.0	30.0	56.6	61.3	76.3	41.6	30.3	-	
Middle Letaba to Magoro: pipeline	Water supply augmented	Construction	110.0	13.3	38.2	14.6	21.3	6.8	-	-	
Total			70 936.3	930.4	1 904.1	2 212.8	2 764.0	4 123.8	4 455.1	5 064.6	