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VOTE 37
Transport

**ESTIMATES
OF NATIONAL
EXPENDITURE** **2011**



national treasury

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The *Estimates of National Expenditure 2011* e-publications are compiled with the latest available information from departmental and other sources. Some of this information is unaudited or subject to revision. More comprehensive coverage of goods and services, donor funding, transfers and subsidies, public entities and lower level institutional information, is provided in this publication where applicable.

The *Estimates of National Expenditure 2011* e-publications are available on www.treasury.gov.za

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

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]	<p>Outcome 4: Decent employment through inclusive economic growth</p> <p>Outcome 5: A skilled and capable workforce to support an inclusive growth path</p> <p>Outcome 6: An efficient, competitive and responsive economic infrastructure network</p> <p>Outcome 7: Vibrant, equitable and sustainable rural communities with food security for all</p> <p>Outcome 10: Environmental assets and natural resources that are well protected and continually enhanced</p>
Housing and community amenities	Human Settlements [31], Water Affairs [38]	<p>Outcome 4: Decent employment through inclusive economic growth</p> <p>Outcome 7: Vibrant, equitable and sustainable rural communities with food security for all</p> <p>Outcome 8: Sustainable human settlements and improved quality of household life</p> <p>Outcome 9: A responsive, accountable, effective and efficient local government system</p>
Education	Basic Education [15], Higher Education and Training [17]	<p>Outcome 1: Improved quality of basic education</p> <p>Outcome 5: A skilled and capable workforce to support an inclusive growth path</p>
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]	<p>Outcome 3: All people in South Africa are and feel safe</p> <p>Outcome 11: Create a better South Africa and contribute to a better and safer Africa and World</p> <p>Outcome 12: An efficient, effective and development orientated public service and an empowered, fair and inclusive citizenship</p>
Defence	Defence and Military Veterans [22]	<p>Outcome 3: All people in South Africa are and feel safe</p> <p>Outcome 11: Create a better South Africa and contribute to a better and safer Africa and World</p>
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]	<p>Outcome 9: A responsive, accountable, effective and efficient local government system</p> <p>Outcome 11: Create a better South Africa and contribute to a better and safer Africa and World</p> <p>Outcome 12: An efficient, effective and development orientated public service and an empowered, fair and inclusive citizenship</p>

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 per cent) to provinces and R5.1 billion (5.4 per cent) 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

Table 6b: Conditional grants to municipalities 2007/08 to 2013/14

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
<i>Percentage of GDP</i>	<i>27.0%</i>	<i>26.3%</i>	<i>23.7%</i>	<i>25.0%</i>	<i>25.0%</i>	<i>25.2%</i>	<i>25.6%</i>
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
<i>Percentage of GDP</i>	<i>2.5%</i>	<i>2.4%</i>	<i>2.3%</i>	<i>2.5%</i>	<i>2.6%</i>	<i>2.8%</i>	<i>2.9%</i>
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
<i>Percentage of GDP</i>	<i>26.0%</i>	<i>27.5%</i>	<i>30.6%</i>	<i>30.4%</i>	<i>30.5%</i>	<i>30.2%</i>	<i>29.8%</i>
Budget deficit³	19 351.6	-27 157.8	-167 517.7	-143 360.6	-159 065.7	-161 713.5	-148 714.9
<i>Percentage of GDP</i>	<i>0.9%</i>	<i>-1.2%</i>	<i>-6.9%</i>	<i>-5.4%</i>	<i>-5.5%</i>	<i>-5.1%</i>	<i>-4.2%</i>
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	
				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			R million
	2010/11	2011/12	2012/13	
88 324.0	94 788.4	100 350.8	107 316.5	Current payments
				Compensation of employees
74 278.1	79 661.6	84 435.8	90 409.3	Salaries and wages
14 046.0	15 126.9	15 914.9	16 907.2	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
				Transfers and subsidies to:
384 334.3	428 131.5	457 512.2	486 602.9	Provinces and municipalities
323 080.3	357 928.6	380 449.6	404 251.4	Provinces
323 080.3	357 928.6	380 449.6	404 251.4	Provincial revenue funds
61 254.0	70 202.9	77 062.5	82 351.5	Municipalities
61 254.0	70 202.9	77 062.5	82 351.5	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
				Payments for capital assets
5 615.9	7 845.0	10 560.6	14 057.6	Buildings and other fixed structures
4 479.1	5 486.6	7 813.1	11 078.5	Buildings
1 136.8	2 358.3	2 747.6	2 979.1	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

R million	Appropriated (including direct charges) 2010/11	Current payments	Transfers and subsidies	Payments for capital assets 2011/12	Payments for financial assets	To be appropriated	Increase/ Decrease	
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	–	29.7	–	214.4	214.4	305.0	180.0	190.0
7	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	–	–	4 200.0	–	–	–	–	–
Social Services								
14	163.2	344.6	440.6	512.7	512.7	543.4	570.8	602.2
15	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	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	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	194.0	293.7	402.3	426.4	426.4	452.0	474.6	500.7
Economic Services and Infrastructure								
26	761.7	898.0	973.7	1 166.9	1 166.9	1 487.1	1 683.9	1 866.9
31	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	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	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	–	–	100.5	623.0	551.4	679.6	665.7	779.5
Financial and Administrative Services								
10	716.5	361.5	808.1	1 394.6	1 186.6	1 184.6	1 279.3	1 326.1
Social Services								
20	4 605.0	4 295.0	2 168.7	512.6	512.6	–	–	–
Economic Services and Infrastructure								
29	462.5	589.1	1 074.6	1 240.1	1 240.1	1 376.6	1 151.4	1 214.8
31	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	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	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	2010/11	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 conditional grants to provinces and municipalities

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

Summary of departmental public private partnerships projects

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

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

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 donor funding

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

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

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

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

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

Summary of expenditure on infrastructure

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

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.

Transport

**National Treasury
Republic of South Africa**



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Vote 37

Transport

Budget summary

R thousand	2011/12				2012/13	2013/14
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	273 982	262 501	9 523	1 958	284 650	299 962
Integrated Transport Planning	147 808	147 047	-	761	135 801	135 759
Rail Transport	9 542 673	25 739	9 516 873	61	10 028 931	10 840 219
Road Transport	15 324 253	96 357	15 227 338	558	17 522 288	18 839 020
Civil Aviation	57 615	42 540	14 712	363	60 287	63 445
Maritime Transport	152 125	125 954	25 876	295	151 783	160 050
Public Transport	9 585 557	141 682	9 443 723	152	10 020 670	10 860 434
Total expenditure estimates	35 084 013	841 820	34 238 045	4 148	38 204 410	41 198 889
Executive authority	Minister of Transport					
Accounting officer	Director General of Transport					
Website address	www.dot.gov.za					

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, the 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. 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 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 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, improve 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	Projections		
		2007/08	2008/09	2009/10	2010/11	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
Kilometres of secondary road network in poor and very poor condition	Road Transport	68 604	65 966	65 966	63 278	59 674	56 071	52 773
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	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 thousand								
Administration	159 972	252 721	289 025	246 480	246 480	273 982	284 650	299 962
Integrated Transport Planning	56 123	84 634	87 562	93 286	93 286	147 808	135 801	135 759
Rail Transport	7 493 168	8 725 384	10 521 620	9 261 805	9 261 805	9 542 673	10 028 931	10 840 219
Road Transport	6 614 660	11 500 025	10 412 277	12 362 204	11 970 818	15 324 253	17 522 288	18 839 020
Civil Aviation	71 336	73 541	52 441	51 581	51 581	57 615	60 287	63 445
Maritime Transport	83 883	137 539	127 108	134 730	134 730	152 125	151 783	160 050
Public Transport	4 676 795	7 387 819	7 173 965	8 230 707	8 230 707	9 585 557	10 020 670	10 860 434
Total	19 155 937	28 161 663	28 663 998	30 380 793	29 989 407	35 084 013	38 204 410	41 198 889
Change to 2010 Budget estimate				202 821	(188 565)	1 232 864	2 731 509	3 774 978
Economic classification								
Current payments	573 033	989 595	1 015 869	946 244	946 244	841 820	865 139	904 757
Compensation of employees	131 323	182 632	228 121	266 165	266 165	294 400	309 930	326 545
Goods and services	441 710	806 963	787 748	680 079	680 079	547 420	555 209	578 212
<i>of which:</i>								
Administrative fees	502	689	649	763	763	2 116	2 175	2 302
Advertising	12 903	20 961	20 704	5 546	5 546	6 638	6 607	7 012
Assets less than the capitalisation threshold	986	1 525	932	1 598	1 598	1 050	1 200	1 257
Audit cost: External	1 103	4 238	5 466	6 335	6 335	5 593	5 850	6 173
Bursaries: Employees	1 865	4 244	1 690	850	850	824	1 062	1 121
Catering: Departmental activities	909	1 335	593	1 146	1 146	1 045	1 098	1 164
Communication	3 245	8 803	9 622	5 061	5 061	5 490	6 354	6 655
Computer services	3 752	14 035	8 706	5 958	5 958	5 926	7 237	7 514

Table 37.2 Transport (continued)

R thousand	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>	310 565	575 196	559 944	390 402	390 402	358 562	353 788	370 691
<i>Consultants and professional services: Infrastructure and planning</i>	36 732	66 989	43 162	186 040	186 040	40 202	39 197	37 325
<i>Consultants and professional services: Legal costs</i>	794	1 143	5 372	894	894	46	48	50
<i>Contractors</i>	13 456	20 669	45 778	7 407	7 407	11 286	13 686	14 381
<i>Agency and support / outsourced services</i>	1 496	2 173	2 512	42	42	122	143	150
<i>Entertainment</i>	234	319	373	750	750	666	698	736
<i>Inventory: Fuel, oil and gas</i>	-	-	-	2	2	2	2	2
<i>Inventory: Materials and supplies</i>	-	-	3	18	18	16	17	18
<i>Inventory: Medical supplies</i>	-	-	-	50	50	44	46	49
<i>Inventory: Other consumables</i>	807	1 118	92	150	150	140	148	155
<i>Inventory: Stationery and printing</i>	5 389	9 873	6 547	7 511	7 511	6 748	6 923	7 315
<i>Lease payments</i>	15 584	17 076	23 412	19 881	19 881	57 453	62 774	65 645
<i>Property payments</i>	-	-	-	179	179	159	167	176
<i>Travel and subsistence</i>	24 719	44 631	37 909	30 467	30 467	34 240	36 391	38 312
<i>Training and development</i>	1 326	3 182	3 307	4 680	4 680	4 440	4 519	4 634
<i>Operating expenditure</i>	1 634	2 687	1 842	1 416	1 416	1 516	1 585	1 686
<i>Venues and facilities</i>	3 709	6 077	9 133	2 933	2 933	3 096	3 494	3 689
Transfers and subsidies	18 572 589	27 152 282	27 640 942	29 392 985	29 001 599	34 238 045	37 334 916	40 289 537
Provinces and municipalities	7 027 721	10 592 011	13 263 083	13 114 003	12 722 617	15 454 672	16 965 695	18 462 821
Departmental agencies and accounts	3 688 879	6 814 138	5 873 665	6 985 930	6 985 930	8 805 758	9 878 061	10 498 908
Universities and technikons	9 165	7 798	8 178	8 669	8 669	9 189	9 648	10 179
Foreign governments and international organisations	3 580	4 850	4 323	5 420	5 420	5 745	6 032	6 364
Public corporations and private enterprises	7 267 194	9 258 163	7 850 127	8 765 206	8 765 206	9 474 098	9 962 468	10 770 038
Non-profit institutions	3 830	14 075	15 035	16 017	16 017	16 978	17 827	18 807
Households	572 220	461 247	626 531	497 740	497 740	471 605	495 185	522 420
Payments for capital assets	3 237	5 652	6 762	41 564	41 564	4 148	4 355	4 595
Buildings and other fixed structures	-	-	-	37 650	37 650	-	-	-
Machinery and equipment	3 237	5 652	6 762	3 914	3 914	4 148	4 355	4 595
Payments for financial assets	7 078	14 134	425	-	-	-	-	-
Total	19 155 937	28 161 663	28 663 998	30 380 793	29 989 407	35 084 013	38 204 410	41 198 889

Expenditure trends

Expenditure increased from R19.2 billion in 2007/08 to R30.4 billion in 2010/11, at an average annual rate of 16.1 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 R3.5 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 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 decreased 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 thousand							
Ministry ¹	12 142	16 641	34 306	22 117	28 491	29 916	31 561
Management	34 523	32 067	24 215	53 304	43 878	42 380	45 181
Corporate Services	59 977	137 572	146 361	128 393	121 585	125 990	132 633
Communications	39 603	54 145	65 057	25 433	25 761	26 684	28 152
Office Accommodation	13 727	12 296	19 086	17 233	54 267	59 680	62 435
Total	159 972	252 721	289 025	246 480	273 982	284 650	299 962
Change to 2010 Budget estimate				21 905	53 170	54 477	57 207

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

	146 971	240 291	274 862	235 618	262 501	272 596	287 243
Current payments							
Compensation of employees	60 413	85 806	97 404	112 624	115 972	120 243	126 564
Goods and services	86 558	154 485	177 458	122 994	146 529	152 353	160 679
of which:							
Administrative fees	498	682	632	756	612	596	635
Advertising	11 006	17 760	6 476	2 040	3 009	2 615	2 826
Assets less than the capitalisation threshold	489	666	472	1 060	356	340	363
Audit cost: External	1 103	4 238	5 466	6 335	5 593	5 850	6 173
Bursaries: Employees	829	2 498	1 690	403	358	375	396
Catering: Departmental activities	633	865	341	834	741	762	804
Communication	2 447	7 437	7 398	3 013	2 971	3 061	3 235
Computer services	1 557	10 320	5 704	4 078	3 471	3 578	3 783
Consultants and professional services: Business and advisory services	27 821	50 277	49 838	66 349	46 338	45 873	48 703
Consultants and professional services: Legal costs	608	830	5 348	42	37	39	41
Contractors	10 630	15 881	41 926	3 149	7 171	7 399	7 821
Agency and support / outsourced services	1 106	1 510	714	42	37	39	41
Entertainment	234	319	373	750	666	698	736
Inventory: Fuel, oil and gas	-	-	-	2	2	2	2
Inventory: Materials and supplies	-	-	3	18	16	17	18
Inventory: Medical supplies	-	-	-	50	44	46	49
Inventory: Other consumables	770	1 052	52	96	86	90	95

Table 37.4 Administration (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Economic classification							
<i>Inventory: Stationery and printing</i>	2 152	4 303	2 615	3 307	3 008	3 009	3 194
<i>Lease payments</i>	14 175	14 683	21 229	18 439	55 765	61 198	64 043
<i>Property payments</i>	–	–	–	179	159	167	176
<i>Travel and subsistence</i>	8 314	16 814	19 140	9 152	13 224	13 605	14 385
<i>Training and development</i>	1 311	3 156	3 307	1 633	1 449	1 518	1 602
<i>Operating expenditure</i>	220	301	1 156	227	238	245	259
<i>Venues and facilities</i>	655	893	3 578	1 040	1 178	1 231	1 299
Transfers and subsidies	9 626	8 385	8 825	8 984	9 523	9 999	10 549
Departmental agencies and accounts	135	30	–	186	197	207	218
Universities and technikons	9 165	7 798	8 178	8 669	9 189	9 648	10 179
Households	326	557	647	129	137	144	152
Payments for capital assets	2 075	3 701	5 020	1 878	1 958	2 055	2 170
Machinery and equipment	2 075	3 701	5 020	1 878	1 958	2 055	2 170
Payments for financial assets	1 300	344	318	–	–	–	–
Total	159 972	252 721	289 025	246 480	273 982	284 650	299 962
Details of transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	135	30	–	186	197	207	218
Transport Education and Training Authority	135	30	–	186	197	207	218
Households							
Households social benefits							
Current	326	557	647	129	137	144	152
Employee social benefits	326	557	647	129	137	144	152
Universities and technikons							
Current	9 165	7 798	8 178	8 669	9 189	9 648	10 179
University of Pretoria, KwaZulu-Natal and Stellenbosch	9 165	7 798	8 178	8 669	9 189	9 648	10 179

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 total 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 total 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 total 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 total 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 total 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		2011/12	2012/13	2013/14
R thousand							
Transport Planning	28 481	45 309	44 742	37 507	78 952	54 102	50 618
Freight Logistics	12 158	19 491	11 261	22 265	31 102	42 174	43 431
Modelling and Economic Analysis	5 482	8 424	16 035	14 888	15 775	16 566	17 486
Regional Integration	3 070	4 583	4 390	12 632	13 483	14 139	14 918
Programme Management Unit	-	-	-	1 500	1 500	1 575	1 662
Integrated Transport Planning Administration Support	6 932	6 827	11 134	4 494	6 996	7 245	7 644
Total	56 123	84 634	87 562	93 286	147 808	135 801	135 759
Change to 2010 Budget estimate				(12 546)	32 858	13 656	6 819
Economic classification							
Current payments	54 022	83 805	86 581	92 578	147 047	135 002	134 916
Compensation of employees	22 705	31 003	47 348	51 783	62 181	66 862	70 540
Goods and services	31 317	52 802	39 233	40 795	84 866	68 140	64 376
<i>of which:</i>							
Administrative fees	-	-	9	-	1 500	1 575	1 662
Advertising	323	542	911	929	984	1 137	1 127
Assets less than the capitalisation threshold	200	339	279	348	501	657	678
Catering: Departmental activities	82	139	16	36	52	74	76
Communication	179	303	617	1 088	1 600	2 338	2 380
Computer services	151	254	535	1 228	2 065	3 250	3 298
Consultants and professional services: Business and advisory services	25 492	42 981	27 649	20 775	61 385	41 930	37 396
Consultants and professional services: Infrastructure and planning	-	-	463	2 072	3 045	3 190	3 366
Consultants and professional services: Legal costs	-	-	-	804	-	-	-
Contractors	656	1 105	555	1 154	1 151	1 200	1 253
Agency and support / outsourced services	261	440	57	-	-	-	-
Inventory: Other consumables	15	24	7	4	7	7	7
Inventory: Stationery and printing	793	1 337	1 503	1 442	1 605	1 668	1 728
Lease payments	124	211	332	384	796	570	527
Travel and subsistence	2 618	4 414	3 708	8 108	7 885	8 233	8 622
Training and development	-	-	-	2 320	2 171	2 186	2 125
Operating expenditure	349	589	104	97	109	115	120
Venues and facilities	74	124	2 488	6	10	10	11
Transfers and subsidies	-	27	42	-	-	-	-
Households	-	27	42	-	-	-	-
Payments for capital assets	158	802	902	708	761	799	843
Machinery and equipment	158	802	902	708	761	799	843
Payments for financial assets	1 943	-	37	-	-	-	-
Total	56 123	84 634	87 562	93 286	147 808	135 801	135 759
Details of transfers and subsidies							
Households							
Households social benefits							
Current	-	27	42	-	-	-	-
Employee social benefits	-	27	42	-	-	-	-

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 total 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 total 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 total 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. 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 total 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 2010/11	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
R thousand							
Rail Regulation	918	1 613	1 295	8 204	8 662	9 080	9 581
Rail Infrastructure and Industry Development	1 492	2 415	1 369	6 602	8 142	8 595	9 130
Rail Operations	2 150	3 755	20 182	4 530	4 927	5 172	5 456
Rail Oversight	7 487 868	8 716 644	10 496 373	9 239 200	9 516 873	10 001 817	10 811 551
Rail Administration Support	740	957	2 401	3 269	4 069	4 267	4 501
Total	7 493 168	8 725 384	10 521 620	9 261 805	9 542 673	10 028 931	10 840 219

Table 37.6 Rail Transport (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Change to 2010 Budget estimate				500 239	347 065	377 035	657 469
Economic classification							
Current payments	5 020	8 596	25 173	22 548	25 739	27 049	28 599
Compensation of employees	2 572	3 512	5 859	9 248	10 941	11 493	12 125
Goods and services	2 448	5 084	19 314	13 300	14 798	15 556	16 474
<i>of which:</i>							
Advertising	18	38	89	239	280	295	312
Assets less than the capitalisation threshold	46	96	28	47	50	51	54
Catering: Departmental activities	7	16	4	41	49	51	54
Communication	43	89	113	153	173	181	191
Computer services	20	43	-	233	295	311	331
Consultants and professional services: Business and advisory services	1 463	3 030	18 068	5 500	6 514	6 868	7 294
Consultants and professional services: Infrastructure and planning	-	-	-	5 032	5 124	5 389	5 688
Consultants and professional services: Legal costs	-	-	24	-	-	-	-
Contractors	69	141	112	153	167	174	183
Agency and support / outsourced services	14	30	4	-	45	45	47
Inventory: Other consumables	10	21	-	15	16	16	16
Inventory: Stationery and printing	274	571	136	545	524	533	562
Lease payments	32	69	85	131	145	152	161
Travel and subsistence	371	771	617	1 169	1 372	1 444	1 532
Operating expenditure	-	-	3	1	1	1	1
Venues and facilities	81	169	31	41	43	45	48
Transfers and subsidies	7 488 044	8 716 644	10 496 373	9 239 200	9 516 873	10 001 817	10 811 551
Provinces and municipalities	3 029 411	3 265 993	2 976 720	438 360	5 300	-	-
Departmental agencies and accounts	27 260	33 361	37 260	35 634	37 475	39 349	41 513
Public corporations and private enterprises	4 431 197	5 417 290	7 482 393	8 765 206	9 474 098	9 962 468	10 770 038
Households	176	-	-	-	-	-	-
Payments for capital assets	102	144	74	57	61	65	69
Machinery and equipment	102	144	74	57	61	65	69
Payments for financial assets	2	-	-	-	-	-	-
Total	7 493 168	8 725 384	10 521 620	9 261 805	9 542 673	10 028 931	10 840 219
Details of transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	27 260	33 361	37 260	35 634	37 475	39 349	41 513
Railway Safety Regulator	27 260	33 361	37 260	35 634	37 475	39 349	41 513
Households							
Households social benefits							
Current	176	-	-	-	-	-	-
Employee social benefits	176	-	-	-	-	-	-
Provinces and municipalities							
Provinces							
Provincial Revenue Funds							
Capital	3 029 411	3 265 993	2 976 720	438 360	5 300	-	-
Gautrain Rapid Rail Link	3 029 411	3 265 993	2 976 720	438 360	5 300	-	-

Table 37.6 Rail Transport (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Economic classification							
Public corporations and private enterprises							
Public corporations							
Public corporations - subsidies on products and production							
Current	2 259 119	3 049 604	3 185 844	3 154 933	3 339 330	3 540 362	3 734 871
Passenger Rail Agency of South Africa	2 259 119	3 049 604	3 185 844	3 154 933	3 339 330	3 540 362	3 734 871
Public corporations and private enterprises							
Public corporations							
Other transfers to public corporations							
Capital	2 172 078	2 367 686	4 296 549	5 610 273	6 134 768	6 422 106	7 035 167
Passenger Rail Agency of South Africa	1 696 078	2 367 686	3 831 791	5 110 273	6 134 768	6 422 106	7 035 167
Passenger Rail Agency of South Africa (Public Transport Infrastructure and Systems Grant)	476 000	-	464 758	500 000	-	-	-

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 total 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 total 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 total 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 total 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 2010/11	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
R thousand							
Road Regulation	137 469	283 749	243 698	253 806	61 961	64 879	68 450
Road Infrastructure and Industry Development	30 351	55 595	25 299	71 013	26 227	27 591	29 307
Road Oversight	6 439 227	11 155 740	10 130 966	12 031 268	15 228 638	17 422 044	18 733 062
Road Administration Support	7 613	4 941	12 314	6 117	7 427	7 774	8 201
Total	6 614 660	11 500 025	10 412 277	12 362 204	15 324 253	17 522 288	18 839 020
Change to 2010 Budget estimate				173 057	404 843	1 402 128	1 832 251
Economic classification							
Current payments	171 009	330 042	281 086	292 768	96 357	100 959	106 641
Compensation of employees	15 387	21 010	27 188	33 133	39 334	41 258	43 456
Goods and services	155 622	309 032	253 898	259 635	57 023	59 701	63 185
<i>of which:</i>							
<i>Administrative fees</i>	4	7	8	7	4	4	5
<i>Advertising</i>	290	489	11 613	359	200	210	224
<i>Assets less than the capitalisation threshold</i>	99	167	66	31	20	21	22
<i>Catering: Departmental activities</i>	96	162	82	90	49	51	54
<i>Communication</i>	277	469	842	161	76	80	86
<i>Computer services</i>	1 550	2 613	2 437	402	77	78	82
<i>Consultants and professional services: Business and advisory services</i>	144 976	291 082	229 137	102 767	52 485	54 933	58 089
<i>Consultants and professional services: Infrastructure and planning</i>	-	-	-	149 118	-	-	-
<i>Consultants and professional services: Legal costs</i>	186	313	-	48	9	9	9
<i>Contractors</i>	1 301	2 193	1 377	893	449	471	503
<i>Agency and support / outsourced services</i>	26	43	-	-	-	-	-

Table 37.7 Road Transport (continued)

R thousand	Audited outcome			Adjusted appropriation 2010/11	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Economic classification							
<i>Inventory: Other consumables</i>	5	8	9	1	1	1	1
<i>Inventory: Stationery and printing</i>	872	1 470	1 234	1 055	604	635	679
<i>Lease payments</i>	224	378	403	301	191	201	214
<i>Travel and subsistence</i>	4 590	7 740	5 656	3 519	1 790	1 882	2 013
<i>Training and development</i>	14	24	-	26	15	16	17
<i>Operating expenditure</i>	878	1 480	400	624	925	974	1 043
<i>Venues and facilities</i>	234	394	634	233	128	135	144
Transfers and subsidies	6 439 348	11 155 777	10 130 977	12 031 268	15 227 338	17 420 744	18 731 762
Provinces and municipalities	2 824 310	4 406 188	4 333 277	5 113 148	6 492 793	7 605 020	8 298 474
Departmental agencies and accounts	3 614 917	6 749 552	5 797 689	6 918 120	8 734 545	9 815 724	10 433 288
Households	121	37	11	-	-	-	-
Payments for capital assets	480	429	167	38 168	558	585	617
Buildings and other fixed structures	-	-	-	37 650	-	-	-
Machinery and equipment	480	429	167	518	558	585	617
Payments for financial assets	3 823	13 777	47	-	-	-	-
Total	6 614 660	11 500 025	10 412 277	12 362 204	15 324 253	17 522 288	18 839 020
Details of transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	2 055 567	2 249 552	2 844 153	2 852 943	3 007 197	3 213 129	3 389 837
Road Traffic Management Corporation	92 988	89 588	83 603	73 619	77 949	82 669	87 322
South African National Roads Agency	1 962 579	2 159 964	2 760 550	2 779 324	2 924 248	3 125 460	3 297 515
Road Traffic Infringement Agency	-	-	-	-	5 000	5 000	5 000
Capital	1 559 350	2 000 000	2 953 536	4 065 177	5 727 348	6 602 595	7 043 451
South African National Roads Agency	1 429 350	1 900 000	2 847 536	4 065 177	5 727 348	6 602 595	7 043 451
South African National Roads Agency Ltd (Public Transport Infrastructure and Systems Grant)	130 000	100 000	106 000	-	-	-	-
Households							
Households social benefits							
Current	121	37	11	-	-	-	-
Employee social benefits	121	37	11	-	-	-	-
Provinces and municipalities							
Provinces							
Provincial Revenue Funds							
Capital	2 824 310	4 397 288	4 323 477	5 102 748	6 457 354	7 567 638	8 259 224
Overload Control Grant	-	8 796	10 069	11 038	-	-	-
Provincial Roads Maintenance Grant	2 824 310	3 323 019	4 162 161	5 091 710	6 457 354	7 567 638	8 259 224
Sani Pass Road Grant	-	30 000	34 347	-	-	-	-
Transport Disaster Management Grant	-	1 035 473	116 900	-	-	-	-
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	-	8 900	12 800	10 400	35 439	37 382	39 250
Rural Transport Services and Infrastructure Grant	-	8 900	12 800	10 400	35 439	37 382	39 250
Departmental agencies and accounts							
Social security funds							
Current	-	2 500 000	-	-	-	-	-
Road Accident Fund	-	2 500 000	-	-	-	-	-

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 to provinces, which increased by R2.3 billion. Goods and services expenditure grew due to the 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 do 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 total 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 total 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 total 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 total 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 total 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 2010/11	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
R thousand							
Aviation Regulation	28 879	46 434	29 156	19 479	16 991	26 956	28 439
Aviation Infrastructure and Industry Development	3 259	5 151	5 280	10 138	12 111	12 762	13 526
Aviation Safety and Security	5 310	7 885	4 298	6 967	9 836	12 226	12 678
Aviation Oversight	31 571	10 922	11 233	11 993	14 712	4 195	4 426
Aviation Administration Support	2 317	3 149	2 474	3 004	3 965	4 148	4 376
Total	71 336	73 541	52 441	51 581	57 615	60 287	63 445
Change to 2010 Budget estimate				1 115	11 318	11 703	12 189
Economic classification							
Current payments	39 424	62 202	41 003	39 250	42 540	55 710	58 616
Compensation of employees	13 315	18 182	19 494	20 524	22 897	24 883	26 250
Goods and services	26 109	44 020	21 509	18 726	19 643	30 827	32 366
<i>of which:</i>							
Advertising	820	1 382	95	363	426	576	616

Table 37.8 Civil Aviation (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Economic classification							
<i>Assets less than the capitalisation threshold</i>	41	69	23	27	34	39	42
<i>Bursaries: Employees</i>	1 036	1 746	–	447	466	687	725
<i>Catering: Departmental activities</i>	44	73	75	54	98	103	116
<i>Communication</i>	155	261	263	190	353	373	421
<i>Computer services</i>	12	21	25	9	10	12	12
<i>Consultants and professional services: Business and advisory services</i>	14 933	25 178	15 112	12 714	11 020	18 095	19 148
<i>Contractors</i>	334	563	391	228	471	2 499	2 570
<i>Agency and support / outsourced services</i>	89	150	1 737	–	40	59	62
<i>Inventory: Other consumables</i>	4	7	9	6	12	15	16
<i>Inventory: Stationery and printing</i>	651	1 099	430	370	413	471	501
<i>Lease payments</i>	501	843	627	357	372	467	498
<i>Travel and subsistence</i>	5 626	9 487	2 524	3 232	5 155	6 337	6 485
<i>Training and development</i>	1	2	–	–	–	–	–
<i>Operating expenditure</i>	63	106	50	30	31	44	46
<i>Venues and facilities</i>	1 799	3 033	148	699	742	1 050	1 108
Transfers and subsidies	31 612	10 957	11 236	11 993	14 712	4 195	4 426
Departmental agencies and accounts	28 862	7 464	7 781	8 223	10 716	–	–
Foreign governments and international organisations	2 709	3 458	3 452	3 770	3 996	4 195	4 426
Households	41	35	3	–	–	–	–
Payments for capital assets	293	369	202	338	363	382	403
Machinery and equipment	293	369	202	338	363	382	403
Payments for financial assets	7	13	–	–	–	–	–
Total	71 336	73 541	52 441	51 581	57 615	60 287	63 445
Details of transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	28 862	7 464	7 781	8 223	10 716	–	–
South African Civil Aviation Authority	28 862	7 464	7 781	8 223	10 716	–	–
Households							
Households social benefits							
Current	41	35	3	–	–	–	–
Employee social benefits	41	35	3	–	–	–	–
Foreign governments and international organisations							
Current	2 709	3 458	3 452	3 770	3 996	4 195	4 426
African Civil Aviation Commission	556	728	970	780	827	868	916
International Civil Aviation Organisation	2 153	2 730	2 482	2 990	3 169	3 327	3 510

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 total 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 total 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 total 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 total 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 total 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 thousand							
Maritime Regulation	822	1 167	3 192	13 602	8 004	8 385	8 849
Maritime Infrastructure and Industry Development	40 087	71 843	48 463	68 415	73 850	77 292	81 606
Maritime Safety and Security	21 396	35 159	40 095	23 150	40 637	36 186	38 175
Maritime Oversight	19 553	26 223	32 889	26 645	25 876	25 985	27 269
Maritime Administration Support	2 025	3 147	2 469	2 918	3 758	3 935	4 151
Total	83 883	137 539	127 108	134 730	152 125	151 783	160 050
Change to 2010 Budget estimate				(2 584)	6 236	(1 130)	(1 274)
Economic classification							
Current payments	64 281	111 131	93 925	107 811	125 954	125 488	132 454
Compensation of employees	7 197	9 827	11 769	14 666	17 066	17 929	18 915
Goods and services	57 084	101 304	82 156	93 145	108 888	107 559	113 539
<i>of which:</i>							
Advertising	383	645	869	815	955	952	1 040
Assets less than the capitalisation threshold	20	33	15	12	11	11	12
Catering: Departmental activities	20	34	28	22	23	23	25
Communication	59	99	111	186	126	121	132
Computer services	3	5	4	4	4	4	4
Consultants and professional services: Business and advisory services	15 736	26 534	32 262	56 325	70 184	70 291	78 032
Consultants and professional services: Infrastructure and planning	36 732	66 989	42 699	29 818	32 033	30 618	28 271
Contractors	336	565	740	584	651	660	696
Inventory: Other consumables	2	4	7	15	7	7	7
Inventory: Stationery and printing	466	786	461	557	354	356	386
Lease payments	477	805	657	160	118	117	130
Travel and subsistence	2 217	3 737	3 098	3 283	2 969	2 957	3 236
Training and development	-	-	-	448	481	460	532
Operating expenditure	54	91	81	307	169	161	170
Venues and facilities	579	977	1 124	609	803	821	866
Transfers and subsidies	19 553	26 258	33 006	26 645	25 876	25 985	27 269
Departmental agencies and accounts	17 705	23 731	30 935	23 767	22 825	22 781	23 889
Foreign governments and international organisations	871	1 392	871	1 650	1 749	1 837	1 938
Non-profit institutions	977	1 100	1 083	1 228	1 302	1 367	1 442
Households	-	35	117	-	-	-	-
Payments for capital assets	47	150	177	274	295	310	327
Machinery and equipment	47	150	177	274	295	310	327
Payments for financial assets	2	-	-	-	-	-	-
Total	83 883	137 539	127 108	134 730	152 125	151 783	160 050

Table 37.9 Maritime Transport (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Details of transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	17 705	23 731	30 935	23 767	22 825	22 781	23 889
Ports Regulator	-	10 173	13 603	8 832	9 361	9 829	10 370
South African Maritime Safety Authority	12 919	8 535	12 096	9 402	7 599	6 794	7 022
South African Maritime Safety Authority	4 786	5 023	5 236	5 533	5 865	6 158	6 497
Households							
Households social benefits							
Current	-	35	117	-	-	-	-
Employee social benefits	-	35	117	-	-	-	-
Foreign governments and international organisations							
Current	871	1 392	871	1 650	1 749	1 837	1 938
International Maritime Organisation	4	405	562	1 064	1 128	1 184	1 249
Cospas Search and Rescue Satellite Aided Tracking	298	329	309	351	372	391	413
Indian Ocean Memorandum of Understanding	569	658	-	235	249	262	276
Non-profit institutions							
Current	977	1 100	1 083	1 228	1 302	1 367	1 442
Hamnet-National Emergency Communications Division of the South African Radio League	53	50	50	62	65	69	73
National Sea Rescue Institute	818	950	983	1 042	1 105	1 160	1 223
Mountain Club of South Africa	53	50	50	62	66	69	73
Off Road Rescue	53	50	-	62	66	69	73

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 total 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 total 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; other services that may be designated by the minister; 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 total 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, empowerment and transformation imperatives.
- *Public Transport Oversight* oversees the use of subsidies for public transport and grants. This subprogramme has a total 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 total 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 establishing 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		
	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
R thousand							
Land Transport Regulation	28 706	46 936	112 191	40 123	14 637	15 378	16 256
National Public Transport Regulator	–	–	–	2 500	2 500	2 500	2 500
Public Transport Infrastructure and Industry Development	63 003	105 640	98 487	107 211	116 216	121 789	128 454
Public Transport Oversight	4 584 402	7 234 227	6 960 427	8 074 895	9 444 923	9 873 376	10 705 180
Public Transport Administration Support	684	1 016	2 860	5 978	7 281	7 627	8 044
Total	4 676 795	7 387 819	7 173 965	8 230 707	9 585 557	10 020 670	10 860 434
Change to 2010 Budget estimate				(478 365)	377 374	873 640	1 210 317

Table 37.10 Public Transport (continued)

R thousand	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	92 306	153 528	213 239	155 671	141 682	148 335	156 288
Compensation of employees	9 734	13 292	19 059	24 187	26 009	27 262	28 695
Goods and services	82 572	140 236	194 180	131 484	115 673	121 073	127 593
<i>of which:</i>							
Advertising	63	105	651	801	784	822	867
Assets less than the capitalisation threshold	91	155	49	73	78	81	86
Catering: Departmental activities	27	46	47	69	33	34	35
Communication	85	145	278	270	191	200	210
Computer services	459	779	1	4	4	4	4
Consultants and professional services: Business and advisory services	80 144	136 114	187 878	125 972	110 636	115 798	122 029
Contractors	130	221	677	1 246	1 226	1 283	1 355
Inventory: Other consumables	1	2	8	13	11	12	13
Inventory: Stationery and printing	181	307	168	235	240	251	265
Lease payments	51	87	79	109	66	69	72
Travel and subsistence	983	1 668	3 166	2 004	1 845	1 933	2 039
Training and development	–	–	–	253	324	339	358
Operating expenditure	70	120	48	130	43	45	47
Venues and facilities	287	487	1 130	305	192	202	213
Transfers and subsidies	4 584 406	7 234 234	6 960 483	8 074 895	9 443 723	9 872 176	10 703 980
Provinces and municipalities	1 174 000	2 919 830	5 953 086	7 562 495	8 956 579	9 360 675	10 164 347
Public corporations and private enterprises	2 835 997	3 840 873	367 734	–	–	–	–
Non-profit institutions	2 853	12 975	13 952	14 789	15 676	16 460	17 365
Households	571 556	460 556	625 711	497 611	471 468	495 041	522 268
Payments for capital assets	82	57	220	141	152	159	166
Machinery and equipment	82	57	220	141	152	159	166
Payments for financial assets	1	–	23	–	–	–	–
Total	4 676 795	7 387 819	7 173 965	8 230 707	9 585 557	10 020 670	10 860 434
Details of transfers and subsidies							
Households							
Households social benefits							
Current	4	7	56	–	–	–	–
Employee social benefits	4	7	56	–	–	–	–
Provinces and municipalities							
Provinces							
Provincial Revenue Funds							
Current	–	–	3 531 909	3 863 033	4 153 232	4 360 894	4 600 743
Public Transport Operations Grant	–	–	3 531 909	3 863 033	4 153 232	4 360 894	4 600 743
Municipalities							
Municipal bank accounts							
Capital	1 174 000	2 919 830	2 418 177	3 699 462	4 803 347	4 999 781	5 563 604
Public Transport Infrastructure and Systems Grant	1 174 000	2 919 830	2 418 177	3 699 462	4 803 347	4 999 781	5 563 604

Table 37.10 Public Transport (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Economic classification							
Non-profit institutions							
Current	2 853	12 975	13 952	14 789	15 676	16 460	17 365
South African National Taxi Council	2 853	12 975	13 952	14 789	15 676	16 460	17 365
Households							
Households other transfers							
Current	571 552	460 549	625 655	497 611	471 468	495 041	522 268
Taxi recapitalisation	571 552	460 549	625 655	497 611	471 468	495 041	522 268
Public corporations and private enterprises							
Private enterprises							
Private enterprises - subsidies on products and production							
Current	2 835 997	3 840 873	367 734	-	-	-	-
Bus subsidies	2 835 997	3 840 873	367 734	-	-	-	-

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 (SARCC), Metrorail, Shosholozza 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).

The agency's turnaround strategy has been submitted to the executive authority, the Minister of Transport, for consideration and, if approved, the agency will begin to strengthen its financial position.

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	2010/11	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	111	30	50	60	60
Number of stations upgraded per year	Corporate Real Estate Solutions	-	-	4	6	6	6	6
Customer satisfaction index	Metrorail Shosholoz 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	646	639	503	639	671	718
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 thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
SARCC/Metrorail operations	4 806 789	5 989 089	5 884 218	4 596 579	4 817 345	5 070 611	5 336 468
Shosholoz Meyl operations	-	-	1 213 404	1 146 277	963 100	1 092 974	1 153 779
Autopax Operations	-	-	528 067	793 852	848 735	880 679	917 089
Other Objectives	-	-	227 557	1 501 555	1 832 960	1 991 479	2 159 859
Total expense	4 806 789	5 989 089	7 853 246	8 038 263	8 462 141	9 035 744	9 567 195

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 total 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.

Shosholozza 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 total budget of R963 million, of which 33 per cent will be spent on personnel. Over the medium term, Shosholozza 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 total 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				Revised estimate	Medium-term estimate		
R thousand	Audited outcome			2010/11	2011/12	2012/13	2013/14
	2007/08	2008/09	2009/10				
Revenue							
Non-tax revenue	2 033 803	2 386 097	2 622 026	2 719 073	3 436 657	3 627 875	3 864 280
Sale of goods and services other than capital assets	1 522 283	1 713 606	2 550 625	2 689 613	3 436 657	3 627 875	3 864 280
<i>of which:</i>							
<i>Sales by market establishments</i>	1 471 150	1 661 103	2 448 905	2 481 934	3 318 350	3 488 903	3 715 196
<i>Other sales</i>	51 133	52 503	101 720	207 679	118 307	138 972	149 084
<i>Other non-tax revenue</i>	511 520	672 491	71 401	29 460	–	–	–
Transfers received	2 259 119	2 549 604	3 962 089	4 000 305	4 280 887	4 533 788	4 840 951
Total revenue	4 292 922	4 935 701	6 584 115	6 719 378	7 717 544	8 161 663	8 705 231
Expenses							
Current expense	4 626 245	5 765 403	7 853 277	8 038 263	8 462 141	9 035 744	9 567 195
Compensation of employees	1 986 332	2 333 116	2 827 757	3 022 577	3 205 764	3 325 747	3 506 590
Goods and services	1 956 840	2 663 456	3 925 232	3 497 117	3 764 976	4 151 164	4 360 172
Depreciation	655 328	737 681	1 035 511	1 202 501	1 238 639	1 301 681	1 436 115
Interest, dividends and rent on land	27 745	31 150	64 777	316 068	252 762	257 152	264 318
Transfers and subsidies	176 715	216 959	–	–	–	–	–
Total expenses	4 806 789	5 989 089	7 853 246	8 038 263	8 462 141	9 035 744	9 567 195
Surplus / (Deficit)	(513 867)	(1 053 388)	(1 269 131)	(1 318 885)	(744 597)	(874 081)	(861 964)
Statement of financial position							
Carrying value of assets	8 613 292	11 600 410	15 980 437	20 388 209	25 284 338	30 404 763	36 003 815
<i>of which: Acquisition of assets</i>	2 217 155	3 767 659	5 027 721	5 610 273	6 134 768	6 422 106	7 035 167
Inventory	104 273	129 652	163 450	164 760	177 837	188 055	197 941
Receivables and prepayments	309 721	517 872	259 575	184 426	193 647	203 330	213 496
Cash and cash equivalents	2 015 345	1 159 908	419 348	545 624	818 729	1 131 583	1 494 051
Assets not classified elsewhere	36 791	13 396	11 810	9 472	9 945	10 443	10 965
Total assets	11 079 422	13 421 238	16 834 620	21 292 491	26 484 496	31 938 174	37 920 268
Accumulated surplus/deficit	(1 472 086)	(2 525 475)	(3 415 631)	(4 734 516)	(5 479 113)	(6 353 194)	(7 215 158)
Capital and reserves	4 248 258	4 248 258	4 248 258	4 248 258	4 248 258	4 248 258	4 248 258
Borrowings	132 900	104 300	944 548	716 552	720 031	711 497	706 979
Post-retirement benefits	44 508	51 086	303 235	77 702	93 242	11 890	14 268
Trade and other payables	1 019 449	2 248 108	2 318 811	3 560 463	4 248 286	5 203 831	6 088 889
Provisions	487 234	530 515	299 767	571 083	607 632	641 052	673 105
Liabilities not classified elsewhere	6 619 159	8 764 446	12 135 632	16 852 949	22 046 160	27 474 840	33 403 927
Total equity and liabilities	11 079 422	13 421 238	16 834 620	21 292 491	26 484 496	31 938 174	37 920 268

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 Shosholozza 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 2010/11	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	11 005	14 797	14 100	14 100	14 100	14 100
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 thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Maintenance	2 305 429	2 285 661	2 152 633	2 904 849	4 344 249	3 039 764	3 012 417
Strengthening	984 756	1 612 880	1 779 965	2 537 333	4 111 440	3 927 951	1 234 523
Improvements	1 186 881	6 201 202	7 436 476	6 224 835	4 853 886	3 825 655	1 956 665
New Facilities	296 969	1 763 940	2 212 779	2 774 118	2 021 380	2 100 056	1 272 506
Total expense	4 774 035	11 863 683	13 581 853	14 441 135	15 330 955	12 893 426	7 476 111

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 2010/11	Medium-term estimate		
R thousand	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Revenue							
Non-tax revenue	1 987 899	3 179 500	147 449 351	2 189 900	4 281 793	6 252 731	6 630 992
Sale of goods and services other than capital assets	1 537 677	1 687 746	2 078 005	1 883 050	3 988 508	6 179 000	6 550 068
<i>of which:</i>							
Tollgate fees	1 226 715	1 329 980	1 513 505	1 703 050	3 808 508	5 999 000	6 370 068
Other sales	310 962	357 766	564 500	180 000	180 000	180 000	180 000
Other non-tax revenue	450 222	1 491 754	145 371 346	306 850	293 285	73 731	80 924
Transfers received	1 841 842	1 934 410	2 331 442	3 580 166	6 410 142	4 070 947	2 358 731
Total revenue	3 829 741	5 113 910	149 780 793	5 770 066	10 691 935	10 323 678	8 989 723
Expenses							
Current expense	3 487 235	4 101 057	5 411 841	5 818 439	10 932 105	11 062 619	9 919 648
Compensation of employees	58 054	83 623	103 207	120 106	122 383	130 949	142 965
Goods and services	2 248 740	2 174 811	2 556 770	3 580 166	6 410 142	5 548 829	4 218 581
Depreciation	461 240	521 553	695 458	695 458	768 580	840 841	913 102
Interest, dividends and rent on land	719 201	1 321 070	2 056 406	1 422 709	3 631 000	4 542 000	4 645 000
Total expenses	3 487 235	4 101 057	5 411 841	5 818 439	10 932 105	11 062 619	9 919 648
Surplus / (Deficit)	342 506	1 012 853	144 368 952	(48 373)	(240 170)	(738 941)	(929 925)
Statement of financial position							
Carrying value of assets	14 385 663	23 909 544	180 385 391	186 586 018	194 498 739	203 414 958	212 870 553
<i>of which: Acquisition of assets</i>	2 828 619	8 971 629	12 390 561	6 896 085	8 681 301	9 757 060	10 368 697
Investments	294 155	290 830	1 324 101	1 333 750	1 360 368	1 360 000	1 360 000
Receivables and prepayments	548 034	2 530 446	3 810 556	3 342 750	3 810 000	5 810 357	4 810 357
Cash and cash equivalents	1 462 137	3 872 904	1 564 092	2 746 873	2 624 620	3 238 084	3 524 473
Total assets	16 689 989	30 603 724	187 084 140	194 009 391	202 293 727	213 823 399	222 565 383
Accumulated surplus/deficit	(2 902 840)	(1 889 987)	(2 317 362)	898 600	2 899 884	7 818 051	14 870 361
Capital and reserves	1 091 044	1 091 044	145 887 370	145 887 370	145 887 370	145 887 370	145 887 370
Borrowings	6 718 839	16 205 063	25 150 711	33 098 438	38 821 545	43 037 881	46 580 691
Post-retirement benefits	6 774	6 854	8 702	8 702	8 700	8 700	8 700
Trade and other payables	5 278 298	6 510 730	1 430 870	2 169 600	6 559 326	7 255 794	3 920 707
Managed funds	239 352	204 137	317 068	350 000	342 000	342 000	342 000
Liabilities not classified elsewhere	6 258 522	8 475 883	16 606 781	11 596 681	7 774 902	9 473 603	10 955 554
Total equity and liabilities	16 689 989	30 603 724	187 084 140	194 009 391	202 293 727	213 823 399	222 565 383

Expenditure trends

Revenue increased from R3.8 billion in 2007/08 to R5.8 billion in 2010/11, at an average annual rate of 14.6 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 R9 billion, at an average annual rate of 15.9 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 Traffic Management Corporation

Strategic overview: 2007/08 – 2013/14

The Road Traffic Management Corporation was established in terms of the Road Traffic Management Corporation Act (1999) and became operational in September 2005. It is responsible for coordinating road traffic management across the three spheres of government. The core mandate of the corporation is to improve traffic law compliance and reduce road fatalities.

In line with the UN's Millennium Development Goals and the Moscow Declaration on Road Safety, which calls for a Decade of Action for Road Safety, the corporation has set itself goals over the medium term to reduce the road fatality rate by 25 per cent. This objective will be achieved through, among others: enforcing driver and vehicle fitness requirements; coordinating effective prosecution of moving traffic violations; and implementing the national traffic law enforcement code. The corporation has also reviewed its strategic focus and developed a five-year strategic plan, which aims to improve financial management.

Savings and cost effectiveness measures

R2.9 million was saved on expenditure on communications.

Selected performance indicators

Table 37.18 Road Traffic Management Corporation

Indicator	Programme/Activity	Past			Current	Projections		
		2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Number of major fatal accidents investigated per year	Special accident investigations	-	-	126	120	115	110	105
Number of vehicles stopped on traffic enforcement operations	Road and pedestrian safety education	-	-	-	8 million	12 million	12 million	12 million
Kilometres (percentage) of road infrastructure assessments	Road and pedestrian safety education	-	-	-	-	-	9 375 (5)	9375 (5)

Details of programmes/activities/objectives

Table 37.19 Road Traffic Management Corporation

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Road and pedestrian safety education	2 693	2 335	14 481	17 608	11 000	12 000	12 100
Road traffic offense survey	2 559	892	3 061	2 000	3 000	3 100	3 200
Special Accident Investigations	1 480	1 673	13 935	8 000	9 000	7 000	6 900
Training of traffic personnel and Intergrated Training framework	1 091	1 365	2 138	15 000	6 000	5 000	4 900
Operationalisation of AARTO	1 511	4 180	116 016	5 000	5 000	5 000	9 000
Other Objectives	59 701	158 217	120 311	40 716	44 169	50 909	51 579
Total expense	69 035	168 662	269 942	88 324	78 169	83 009	87 679

The total budget allocated to this entity for 2010/11 was R88.3 million, of which 20 per cent was used in the road and pedestrian safety education programme.

Road and Pedestrian Safety Education runs programmes to educate and raise awareness among children at schools, and also runs public campaigns such as the driver of the year and taxi driver competition, road safety debates and the national road safety convention. The budget for 2011/12 is R11 million.

The **Road Traffic Offence Survey** captures the relevant data to inform the work of the other activities. The budget for 2011/12 is R3 million.

Special Accident and Investigations investigated a total of 126 major accidents and shared its recommendations with relevant stakeholders to prevent similar occurrences. The budget for 2010/11 will be R9 million.

Training of Traffic Personnel and Integrated Training Network trained 2 948 traffic officers, 681 and 123 licence and vehicle examiners respectively. A total of 2 009 officials including facilitators from traffic colleges were trained on the administrative adjudication of road traffic offences (AARTO). The budget for 2010/11 will be R6 million.

Expenditure estimates

Table 37.20 Road Traffic Management Corporation

Statement of financial performance				Revised estimate	Medium-term estimate		
R thousand	Audited outcome				2010/11	2011/12	2012/13
	2007/08	2008/09	2009/10				
Revenue							
Non-tax revenue	8 858	34 648	98 182	15 400	220	340	357
<i>Other non-tax revenue</i>	8 858	34 648	98 182	15 400	220	340	357
Transfers received	73 795	89 588	83 603	73 619	77 949	82 669	87 322
Total revenue	82 653	124 236	181 785	89 019	78 169	83 009	87 679
Expenses							
Current expense	69 035	168 662	269 942	88 324	78 169	83 009	87 679
Compensation of employees	28 521	36 551	53 363	54 000	59 540	65 058	69 525
Goods and services	36 716	124 930	207 611	25 491	13 934	13 256	14 109
Depreciation	3 212	4 755	6 516	8 833	4 695	4 695	4 045
Interest, dividends and rent on land	586	2 426	2 452	-	-	-	-
Total expenses	69 035	168 662	269 942	88 324	78 169	83 009	87 679
Surplus / (Deficit)	13 618	(44 426)	(88 157)	695	-	-	-
Acquisition of assets	6 370	77 336	15 246	2 000	-	-	-

Expenditure trends

The biggest source of income is the transfer from the Department of Transport. Revenue increased from R82.6 million in 2007/08 to R89 million in 2010/11, at an average annual rate of 2.5 per cent, and is expected to decline to R87.7 million over the medium term, at an average annual rate of 0.5 per cent.

Expenditure increased from R69 million in 2007/08 to R88.3 million in 2010/11, at an average annual rate of 8.6 per cent. The increase between 2008/09 and 2009/10 is due to irregular spending. Expenditure is expected to decrease to R87.7 million over the medium term, at an average annual rate of 0.2 per cent as financial controls at the corporation improve.

South African Maritime Safety Authority

Strategic overview: 2007/08 – 2013/14

The South African Maritime Safety Authority was established in 1998. Its mandate is derived from its governing acts as well as international maritime conventions to which South Africa is a signatory. The main function of the authority is to promote South Africa's maritime interests, ensuring the safety of life and property at sea and combating the pollution of maritime resources by seafaring vessels.

The authority's strategy until 2013 (developed in 2008), aims to position South Africa as an international maritime centre. This entails having all relevant maritime services available in the country and developing the capacity to meet the needs of the global maritime industry.

In accordance with its mandate, the authority's strategic objectives over the medium term are to: develop, promote and transform the maritime industry and ensure that the international obligations on maritime matters are met; improve the authority's financial position and reduce risk exposure; improve the quality of service to customers; develop and implement business processes, systems and policies; and develop and retain human capital.

Savings and cost effectiveness measures

A study that assesses the total savings that can be effected due to cost effectiveness measures implemented by the authority is expected to be carried out in 2011/12.

Selected performance indicators

Table 37.21 South African Maritime Safety Authority

Indicator	Programme/Activity	Past			Current	Projections		
		2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Number of safety surveys conducted per year	Ensure the safety of life and property at sea	8581	10000	12000	15000	20000	22 000	22500
Number of detentions for pollution at sea per year	Prevent and combat pollution of the marine environment by ships	42	30	50	56	70	55	40
Number of responses to rescue alerts per year	Maintain a national rescue coordinating capability	410	500	700	552	550	500	450

Details of programmes/activities/objectives

Table 37.22 South African Maritime Safety Authority

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Maintain a national rescue co-ordinating capability	10 258	12 822	12 822	28 619	43 037	57 016	61 007
Ensuring the safety of life and property at sea	9 567	10 000	12 000	13 236	14 599	20 000	21 400
Develop regional capability	3 480	4 350	4 350	22 037	23 293	24 706	26 435
Enhance human capital and develop new business processes	38 494	43 820	68 125	71 398	107 400	108 320	115 902
Development of the maritime skills pool for South Africa	3 074	3 843	3 843	17 851	24 835	25 266	26 661
Other Objectives	4 614	6 260	7 121	38 863	38 963	38 106	44 584
Total expense	69 487	81 095	108 261	192 004	252 127	273 414	295 990

The total budget allocated to this entity for 2010/11 was R192 million, of which 15 per cent was used in the national rescue coordination programme.

Maintain a National Rescue Coordinating Capability. The programme oversees the Maritime and Rescue Coordination Centre. The objective of the centre is to ensure that the quality of the rescue coordination capabilities for maritime disasters are at the highest levels possible. This is achieved by ensuring that material and human resources are available, by investing in technologies such as long range identification and tracking systems that facilitate rescue activities.

Ensure the Safety of Life and Property at Sea ensures the safety of people and property on South African waters by enforcing local and international laws and regulations. This programme has a total budget of R13.2 million, of which 100 per cent will be used towards financing activities like ship and boating surveys.

Enhance Human Capital and Develop Business Processes hires, develops, trains and retains appropriately qualified, experienced and dedicated staff for the organisation. This programme has a staff complement of 5 and a total budget of R71.4 million, of which 100 per cent will be spent on competitive salaries to retain appropriate staff and for training purposes. 80 per cent of all critical vacancies should be filled by the end of March 2011.

Upgrade and Maintain IT and other Infrastructure ensures that the organisation's infrastructure facilitates the executing of its mandates. This programme has a staff complement of 3 and a total budget of R14.5 million, of which 40 per cent will be spent on upgrading servers at head office and at ports, replacing and upgrading computers, and upgrading network facilities. The following outputs will be achieved over the medium term: continuing the upgrading of operational systems to meet international standards; catering for the information

requirements of satellite systems which are being installed the Maritime Rescue Coordination Centre; and providing computer facilities to centres for shipping and boating.

Develop the Maritime Skills Pool for South Africa employs 4 people and aims to nurture and develop maritime skills in various areas, such as seafaring. This programme has a staff complement of 4 and a total budget of R17.9 million, of which 60 per cent will be channelled towards developing maritime skills at schools, colleges, universities and the industry itself. R2.9 million has also been allocated towards the training of cadets so that opportunities for experience at sea and related activities can be opened up to many young South Africans.

Maintain and Improve the South African Maritime Safety Authority's Finance System ensures the financial health of the organisation, improves revenue collection mechanisms and develops new revenue streams. This programme has a staff complement of 5 and a total budget of R2.7 million, of which 15 per cent will be spent on supporting human resource development, 20 per cent on financial accounting software and 55 per cent on technical support.

Position the South African Maritime Safety Authority as an International Maritime Centre promotes engagements with industry, participation in international forums, and provides representation on government engagement internationally.

Expenditure estimates

Table 37.23 South African Maritime Safety Authority

Statement of financial performance				Revised estimate	Medium-term estimate		
R thousand	Audited outcome				2010/11	2011/12	2012/13
	2007/08	2008/09	2009/10				
Revenue							
Non-tax revenue	58 018	64 970	143 325	215 560	238 663	260 462	282 471
Sale of goods and services other than capital assets	49 118	54 931	136 384	209 560	230 856	251 851	273 257
<i>of which:</i>							
<i>Sales by market establishments</i>	41 952	44 908	122 958	191 363	209 109	228 461	248 229
<i>Other sales</i>	7 166	10 023	13 426	18 197	21 747	23 390	25 027
<i>Other non-tax revenue</i>	8 900	10 039	6 941	6 000	7 807	8 611	9 214
Transfers received	12 937	13 558	17 332	14 935	13 464	12 952	13 519
Total revenue	70 955	78 528	160 657	230 495	252 127	273 414	295 990
Expenses							
Current expense	69 487	81 095	108 261	192 004	252 127	273 414	295 990
Compensation of employees	41 675	43 516	56 053	71 398	89 871	98 858	108 744
Goods and services	26 489	36 109	49 771	114 538	150 968	162 260	173 975
Depreciation	1 323	1 470	2 437	6 068	11 288	12 296	13 271
Total expenses	69 487	81 095	108 261	192 004	252 127	273 414	295 990
Surplus / (Deficit)	1 468	(2 567)	52 396	38 491	-	-	-
Acquisition of assets	858	2 951	4 825	109 591	43 387	27 010	2 985

Expenditure trends

The entity generates its revenue from direct user charges, government transfers for services rendered, as well as levies administered by the South African Maritime Safety Authority. Revenue is projected to increase at an average annual rate of 22.6 per cent. The increase is due to the 48.1 per cent average annual growth in revenue realised from 2007/08 to 2010/11 as a result of the entity having increased its levies when it became apparent that charges were below peer charges by about 740 per cent.

Expenditure grew at an average annual rate of 40.3 per cent, from R69.5 million in 2007/08 to R192 million in 2010/11. The main cost drivers were items in goods and services, which grew at an average annual rate of 62.9 per cent, due to the increase in travelling and subsistence, and the use of consultants to help deliver on the mandate, which was expanded to include inland water. Over the MTEF period, expenditure will continue to grow at an average annual rate of 15.5 per cent, as the entity employs more people and invests in capital assets in line with the expanded mandate.

South African Civil Aviation Authority

Strategic overview: 2007/08 – 2013/14

The South African Civil Aviation Authority was established in terms of the South African Civil Aviation Act (1998). Its main strategic objective is to enforce safety and security regulations in the aviation industry. The authority provides for: aviation safety and security by supporting legislation and regulations; safety oversight, technical training, guidance, tools and safety critical information; licensing, certification and authorisations; and responding to surveillance obligations. Furthermore, it promotes the harmonisation of regional aviation regulations, recruits and trains capacity for regional assistance and supports the Common Upper Airspace Control Centre for the Southern African Development Community and the East African Community.

To achieve its strategic objectives over the medium term, the authority will: implement a safety management system; develop a national aviation disaster plan; lead South Africa's response to the International Air Transport Association's global industry commitment to carbon neutral growth by 2020; and conduct environmental awareness campaigns.

Savings and cost effectiveness measures

The authority has implemented the following cost effectiveness measures: all local business trips will be economy class for all employees including executive management, the number of inspectors per assignment will be limited, temporary staff positions will be minimised, and newspaper subscriptions are limited to one per executive and senior management.

Selected performance indicators

Table 37.24 South African Civil Aviation Authority

Indicator	Programme/Activity	Past			Current 2010/11	Projections		
		2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Number of inspections conducted per year	Air safety operations	47	102	99	100	125	125	125
Percentage compliance with International Civil Aviation Organisation audit:	Aviation security, and risk and compliance							
- corrective action plan to address audit findings	Aviation security, and risk and compliance	25%	35%	50%	65%	69%	75%	80%
- primary aviation legislation	Aviation security, and risk and compliance	75%	79%	100%	100%	100%	100%	100%
- specific operating regulations	Aviation security, and risk and compliance	69%	82%	85%	90%	100%	100%	100%
- civil aviation system and safety oversight function	Aviation security, and risk and compliance	72%	90%	93%	95%	97%	99%	100%
- qualification and training of technical staff	Aviation security, and risk and compliance	70%	98%	98%	90%	100%	100%	100%
- procedures and technical guidance	Aviation security, and risk and compliance	68%	89%	94%	98%	100%	100%	100%
- licensing and certification obligations	Aviation security, and risk and compliance	93%	96%	97%	99%	100%	100%	100%
- surveillance obligations	Aviation security, and risk and compliance	87%	94%	95%	98%	100%	100%	100%
- resolution of safety concerns	Aviation security, and risk and compliance	83%	98%	98%	100%	100%	100%	100%

Details of programmes/activities/objectives

Table 37.25 South African Civil Aviation Authority

R thousand	Audited outcome			Revised estimate 2010/11	Medium-term estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Air Safety Operations	39 826	39 975	41 000	46 278	47 008	59 459	62 994
Aircraft Safety	27 668	32 495	34 001	38 382	38 988	41 307	43 507

Table 37.25 South African Civil Aviation Authority (continued)

R thousand	Audited outcome			Revised estimate 2010/11	Medium-term estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Air Safety Infrastructure	11 667	17 678	18 000	20 303	20 624	21 851	23 014
Aviation Security	8 633	11 584	15 000	16 920	17 187	18 209	19 179
Accident and Incident Investigation	14 593	10 012	15 000	16 919	19 515	–	–
Other Objectives	109 322	147 959	154 502	174 522	177 274	187 923	197 825
Total expense	211 709	259 703	277 503	313 324	320 596	328 749	346 519

The total budget allocated to this entity for 2010/11 was R313.3 million, of which 15 per cent was used in the air safety operations programme

Air Safety Operations carries out performances oversight on scheduled wing aircraft and helicopters, administers flight schools and sets testing standards for pilot exams. The unit also provides for flight inspection and calibrates navigation equipment. The budget will be R47 million in 2011/12.

Aircraft Safety provides aircraft licensing and oversight on maintenance, certification, management and standards development and certification engineering. The budget will be R39 million in 2011/12.

Aviation Security provides security oversight, ensures the safe transport of dangerous goods, regulates air cargo operators and provides training and certification of personnel. The budget will be R17.2 million in 2011/12.

Air Safety Infrastructure performs safety oversight in aviation infrastructure, licenses aerodromes and provides communications, navigation and surveillance oversight. The budget will be R20.6 million in 2011/12.

Accident and Incident Investigation investigates accidents and security incidents. The budget will be R19.5 million in 2011/12.

Expenditure estimates

Table 37.26 South African Civil Aviation Authority

Statement of financial performance				Revised estimate 2010/11	Medium-term estimate		
R thousand	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Revenue							
Non-tax revenue	183 479	238 629	250 892	271 719	309 880	328 749	346 519
Sale of goods and services other than capital assets	179 216	227 631	244 420	264 719	304 880	324 749	343 519
<i>of which:</i>							
<i>Other sales</i>	179 216	227 631	244 420	264 719	304 880	324 749	343 519
<i>Other non-tax revenue</i>	4 263	10 998	6 472	7 000	5 000	4 000	3 000
Transfers received	28 862	7 464	17 292	8 223	10 716	–	–
Total revenue	212 341	246 093	268 184	279 942	320 596	328 749	346 519
Expenses							
Current expense	211 709	259 703	273 815	313 324	320 596	328 749	346 519
Compensation of employees	112 628	147 688	169 897	206 123	226 327	235 550	253 706
Goods and services	89 934	104 374	95 351	97 244	83 317	81 151	79 530
Depreciation	8 431	7 641	8 567	9 957	10 952	12 048	13 283
Interest, dividends and rent on land	716	–	–	–	–	–	–
Transfers and subsidies	–	–	3 688	–	–	–	–
Total expenses	211 709	259 703	277 503	313 324	320 596	328 749	346 519
Surplus / (Deficit)	632	(13 610)	(9 319)	(33 382)	–	–	–
Acquisition of assets	11 369	5 725	1 936	7 500	29 100	4 350	7 700

Expenditure trends

The entity generates its revenue from fuel levy, user fees and aircraft passenger safety charges, with the latter currently levied at R11 per passenger boarding a flight and the former at 4 cents per liter. Revenue increased from R212.3 million in 2007/08 to R279.9 million in 2010/11, at an average annual rate of 9.7 per cent and is

expected to increase to R346.5 million over the medium term, mainly due to increased user charge income. The last transfer to the authority will be made in 2011/12, after which the department will take over the aircraft accident investigation function.

Expenditure increased from R211.7 million in 2007/08 to R313.3 million in 2010/11, at an average annual rate of 14 per cent, and is expected to increase to R346.5 million over the medium term, at an average annual rate of 3.4 per cent. The main cost driver is compensation of employees, which increased over the seven-year period due to additional staff being contracted as the entity will be prioritising the appointment of investigators to boost the enforcement team as well as to execute additional mandates brought about by the amended Civil Aviation Act (2009).

Cross Border Road Transport Agency

Strategic overview: 2007/08 – 2013/14

The Cross Border Road Transport Agency was established by the Cross Border Road Transport Act (1998). The objectives of the agency are to regulate cross border road transport activities, facilitate law enforcement and promote cooperation with neighbouring countries. The act further authorises the agency to levy and collect tolls on behalf of the South African National Roads Agency, to regulate the granting of permits, and to provide for special emergency measures. The agency is responsible for facilitating the unimpeded flow of cross border freight and passengers by road to promote trade and economic development in the SADC region.

Between 2007/08 and 2009/10, the agency focused on improving the safety, security, reliability, quality and speed of transporting goods and people across borders by performing inspections and prosecuting incidences of non-compliance. The focus over the medium term is to improve the visibility of these inspections by expanding the human resource capacity and infrastructure, and to ensure that over the medium term these inspections are performed in a more controlled manner. During this period the agency also focused on issuing cross border road transport permits.

The focus over the medium term will be on promoting socioeconomic development and regional integration through the progressive liberalisation of market access and on ensuring that regulation services are carried out according to prescribed customer service standards. An internal legal support unit will be established in 2010/11 to perform internal and external legal support services.

In 2010/11, the agency will focus on the revitalisation of the organisation, which will involve a review of the skills and knowledge base. To this end, the agency has initiated a business re-engineering process, which will help to determine the required calibre and numbers of critical and technical personnel. The agency also aims to stabilise funding in 2010/11 by implementing a funding model from 1 April 2011.

The agency will continue with its task of facilitating industry development services to improve the unimpeded flow of freight and passenger road transport so that transport services within the region are integrated. A further priority will be to facilitate consultative forums and stakeholder structures. An industry development unit will be established in 2011/12 year to increase awareness by addressing the development needs of the industry engaged in cross border road transport. All this will contribute to socioeconomic development in the region.

A research and advisory unit will be established in 2010/11 to provide internal and external advice based on relevant data, to guide the strategic direction of the organisation and to inform advice to the minister.

Savings and cost effectiveness measures

The agency will revise and amend all existing contracts in 2011/12 to ensure that amounts payable are aligned with existing business needs. The agency has also prioritised improving internal controls to avoid fruitless and wasteful expenditure, and to promote competitiveness among suppliers. Trade discounts will be negotiated over the medium term and the agency plans to install a utilities management system over the medium term to reduce the consumption of electricity and to limit all consumable related goods and services spending by 10 per cent of existing expenditure.

Selected performance indicators

Table 37.27 Cross Border Road Transport Agency

Indicator	Past			Current	Projections		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Number of roadside inspections per year	82 139	56 434	59 880	63 772	67 854	71 993	75 952
Randalue of fines issued per year	R6 446	R8 362	R12 642	R13 348	R12 500	R13 000	R13 520
Number of fines issued per year	7 227	9 627	14 470	15 338	14 418	14 995	15 594
Total number of permits issued	68 415	85 263	104 264	103 251	112 000	121 609	128 297

Details of programmes/activities/objectives

Table 37.28 Cross Border Road Transport Agency

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Improve unimpeded flow of freight and passenger road transport within the region	681	886	2 120	2 382	2 534	2 689	2 836
To perform an informed and visible inspection and prosecute non-compliances in a controlled manner within a harmonised environment	17 567	18 675	32 853	36 914	43 354	50 622	52 128
To render a regulation service according prescribed rules and customer service standards	4 560	4 773	5 299	5 954	6 335	6 721	7 091
To provide advice based on relevant, managed and factual data to guide the strategic direction of the organization	-	-	1 590	1 786	1 900	2 016	2 127
Other objectives	9 911	14 553	11 127	12 502	13 303	14 114	14 891
Total expense	32 719	38 887	52 988	59 537	67 426	76 161	79 073

Road transport Inspectorate performs informed and visible inspections and prosecutes non-compliance in a controlled manner within a harmonised environment. This programme has a total budget of R146 million, of which 73 per cent will be used to maintain optimum visible roadside inspections. In 2010/2011, law enforcement profiling, data management and external activities coordination units were established using a budget of R6.9 million over the medium term. Over the medium term, the programme will focus on increasing the visibility of roadside inspections by expanding human resources and infrastructure, and improving internal controls.

Regulatory and Legal Services incrementally increases and regulates market access to the cross border road transport industry and renders a regulation service according to prescribed rules and customer service standards. This programme has a total budget of R22.6 million, of which 84 per cent is used to maintain the minimum requirements to perform frontline and back office permit issuing services. In 2010/11, a regulatory specialist service was established to the value of R3.7 million over the medium term. The focus will be placed on streamlining and improving permit issuing services and establishing a legal section during the medium term.

Facilitation and Industry Development facilitates consultative forums and stakeholder structures to reduce cross border operational constraints. This programme has a total budget of R8.2 million, of which 50 per cent will be spent on consultative relationship structures and stakeholder forums and 35 per cent will be spent on industry development.

The **Research and Advisory Unit** will be fully established over the medium term, with a total budget of R5.7 million, of which 62 per cent will be spent on statistical services over the medium term and 32 per cent on research related activities in 2011/12. The unit will provide advice based on relevant, managed and factual data that guides the strategic direction of the organisation and provides strategic input to the Minister of Transport.

Expenditure estimates

Table 37.29 Cross Border Road Transport Agency

Statement of financial performance				Revised estimate 2010/11	Medium-term estimate		
R thousand	Audited outcome				2011/12	2012/13	2013/14
	2007/08	2008/09	2009/10				
Revenue							
Non-tax revenue	37 742	47 860	55 998	59 537	67 426	76 162	79 073
Sale of goods and services other than capital assets	30 252	37 874	41 415	44 000	53 872	59 411	61 651
<i>of which:</i>							
Admin fees	30 252	37 874	41 415	44 000	53 872	59 411	61 651
Other non-tax revenue	7 490	9 986	14 583	15 537	13 554	16 751	17 422
Total revenue	37 742	47 860	55 998	59 537	67 426	76 162	79 073
Expenses							
Current expense	32 719	38 887	52 988	59 537	67 426	76 162	79 073
Compensation of employees	21 615	26 158	34 126	39 814	42 362	44 946	47 418
Goods and services	11 473	12 976	18 579	18 545	19 732	20 936	22 087
Depreciation	(369)	(247)	283	1 178	5 332	10 280	9 568
Total expenses	32 719	38 887	52 988	59 537	67 426	76 162	79 073
Surplus / (Deficit)	5 023	8 973	3 010	-	-	-	-
Acquisition of assets	98	206	949	8 234	14 553	13 361	8 121

Expenditure trends

Revenue is generated mainly from the application and issuing of permits for freight and passengers, money collected from fines, as well as parliamentary appropriations. Between 2007/08 and 2010/11, permit revenue increased significantly from R37.4 million to R44 million, at an average annual rate of 16.4 per cent due to increases in both cross border passengers and freight traffic volumes. Over the medium term, revenue is expected to increase to R79 million, at an average annual rate of 9.9 per cent. The agency implemented a turnaround strategy in 2010/11. As part of the strategy, tariffs, which have not been increased since 2003, will be increased from April 2011. The increase in revenue over the medium term is a direct result of a conservative increase in tariffs.

Spending increased from R32.7 million in 2007/08 to R59.5 million in 2010/11, at an average annual rate of 22.1 per cent, and is expected to increase to R79 million over the medium term, at an average annual rate of 9.9 per cent. The main cost drivers of the agency are compensation of employees, lease payments and travelling and subsistence due to the implementation of the turnaround strategy to refocus the agency's efforts on achieving its legislative mandate. Capital expenditure is expected to increase from R8.2 million in 2010/2011 to R 14.6 million in 2011/12, and then to decrease to R13.4 million in 2012/13 and to R8.1 million in 2013/2014. Most of the increases are for implementing and integrating infrastructure for law enforcement operations.

Personnel information

The agency's staff complement is expected to increase from 160 in 2010/2011 to 403 in 2011/2012 with the bulk of the growth in law enforcement operations, as it is a strategic priority. The total number of staff for line functions over the medium term is 354, representing 88 per cent of the total staff complement with administrative functions at 49, or 12 per cent. The vacancy levels between 2010/11 and the medium term are due to the planned expansion of human capacity and consist mainly of new positions that will be filled in 2011/12.

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 to

earnings and loss of support, and compensation for pain and suffering is available only to the seriously injured. Due to the delayed impact of legislation, the amendments have implications for the personal insurance required by road users as a discretionary social security protection.

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 37.30 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	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

Table 37.31 Road Accident Fund

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Compensation	6 497 430	7 774 152	8 358 111	9 058 753	9 720 111	11 428 057	13 606 865
Road Accident Fund legal and other	795 229	987 561	1 009 214	1 116 937	1 081 098	1 009 421	901 905
Claimants legal and other	1 237 352	1 597 519	1 700 531	1 898 538	1 838 150	1 717 373	1 536 208
Supplier claims	469 932	757 544	330 702	367 000	391 000	489 000	505 000
Other Objectives	6 991 722	12 964 101	3 778 346	3 458 853	3 085 974	1 726 979	1 911 660
Total expense	15 991 666	24 080 877	15 176 903	15 900 081	16 116 333	16 370 830	18 461 638

The Road Accident Fund is a social security benefit scheme responsible for covering personal injury or death arising from the use of motor vehicles in South Africa. Currently, the entity is implementing a turnaround strategy, which is aimed at investing in a new system that will provide superior service delivery to victims of motor vehicle accidents and their family.

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 37.32 Road Accident Fund

Statement of financial performance				Revised estimate	Medium-term estimate		
R thousand	Audited outcome				2010/11	2011/12	2012/13
	2007/08	2008/09	2009/10				
Revenue							
Non-tax revenue	182 693	573 679	57 527	50 914	181 981	303 799	399 902
<i>Other non-tax revenue</i>	182 693	573 679	57 527	50 914	181 981	303 799	399 902
Tax revenue: Fuel levy	8 222 048	11 395 730	12 625 871	14 190 068	14 949 062	16 772 847	18 663 605
Total revenue	8 404 741	11 969 409	12 683 398	14 240 982	15 131 043	17 076 646	19 063 507
Expenses							
Current expense	603 341	800 047	909 037	1 050 490	1 187 793	1 296 695	1 393 553
Compensation of employees	426 095	530 895	591 269	655 432	753 799	828 448	878 227
Goods and services	148 846	217 077	237 931	312 896	339 532	367 766	399 698
Depreciation	12 570	28 120	39 081	65 112	79 242	89 350	105 628
Interest, dividends and rent on land	15 830	23 955	40 756	17 050	15 221	11 132	10 000
Transfers and subsidies	15 388 325	23 280 831	14 267 866	14 849 591	14 928 540	15 074 134	17 068 085
Total expenses	15 991 666	24 080 878	15 176 903	15 900 081	16 116 333	16 370 829	18 461 638
Surplus / (Deficit)	(7 586 925)	(12 111 469)	(2 493 505)	(1 659 100)	(985 290)	705 816	601 869
Statement of financial position							
Carrying value of assets	129 490	274 761	355 144	440 032	427 790	388 440	357 812
<i>of which: Acquisition of assets</i>	97 515	67 174	121 561	150 000	67 000	50 000	75 000
Inventory	2 077	2 941	2 508	2 759	3 035	3 338	3 672
Receivables and prepayments	1 972 943	2 017 568	2 861 823	2 888 431	2 181 158	2 174 714	2 296 128
Cash and cash equivalents	1 192 406	1 090 698	655 166	1 355 844	2 066 613	2 316 252	2 402 087
Assets not classified elsewhere	-	9 770	3 944	-	-	-	-
Total assets	3 296 916	3 395 738	3 878 585	4 687 065	4 678 596	4 882 744	5 059 700
Accumulated surplus/deficit	(27 886 667)	(39 915 227)	(42 408 732)	(44 067 833)	(45 053 124)	(44 347 307)	(43 745 438)
Capital and reserves	58 916	79 850	78 740	78 740	78 740	78 740	78 740
Post-retirement benefits	21 985	24 842	28 123	30 983	35 633	39 161	41 514
Trade and other payables	419 504	436 602	539 937	568 381	596 982	627 057	658 713
Provisions	233 551	209 535	274 519	302 434	347 823	382 268	405 238
Managed funds	30 339 494	42 500 355	45 365 998	47 774 361	48 672 542	48 102 825	47 620 932
Liabilities not classified elsewhere	110 133	59 781	-	-	-	-	-
Total equity and liabilities	3 296 916	3 395 738	3 878 585	4 687 065	4 678 596	4 882 743	5 059 699

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 is 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.

Railway Safety Regulator

Strategic overview: 2007/08 – 2013/14

The Railway Safety Regulator was established in terms of the National Railway Safety Regulator Act (2002). Its mandate is to oversee and promote safe railway operations by developing appropriate railway safety standards, regulations and guidance notices. It also conducts safety audits and assessments, inspections and occurrence investigations, and promotes and supports the regional harmonisation of railway safety standards.

The interventions that the regulator will make over the medium term are informed by the need to achieve the following five key strategic goals:

A safe, secure and reliable passenger and freight railway operations: This will be done through: audits, inspections and investigation with a focus on high risk operators, ensuring the safe introduction of the Gautrain rapid rail link, and the further strengthening of the regulatory regime through the development and implementation of regulations and standards.

A sustainable railway industry capacity through appropriate investment in human capacity, railway infrastructure including new technologies and rolling stock: This will be realised through the development and implementation of the human factors standard, and the monitoring and assessment of the investment plans of the major operators.

A safe and secure railway reserve and surrounding environment: This will be realised through the development of the level crossing standard, the level crossing model, the rollout of public awareness campaigns, and the evaluation of operator programmes to address theft and vandalism of railway assets.

The regional harmonisation of railway operations: This will be realised through the facilitation of the development of regional standards through the Southern African Railroad Association, support to regional railways, and conduction audits and inspections of regional railways.

Appropriate and effective information systems: These will be implemented through a phased implementation of the national information management system and the provision of relevant information on the state of safety through the publication of the state of safety report.

The marginal increase of R1.8 million in government's grant allocation for 2011/12 and revenue generated from the safety permits will be used to strengthen the inspectorate's staff complement to enhance the regulator's capacity to perform safety assurance activities.

Savings and cost effectiveness measures

The regulator's allocation was reduced from R37.4 million in 2009/10 to R35.6 million in 2010/11. To accommodate the reduction, savings were realised by suspending the filling of vacant posts, reducing spending on professional services, and deferring work on the national information management system. In addition, travel, accommodation, conferences and training expenditure were limited to only the critical requirements.

Selected performance indicators

Table 37.33 Railway Safety Regulator

Indicator	Programme/Activity	Past			Current	Projections		
		2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
Number of safety and security inspections and audits	Safety Assurance	11 inspections / 239 audits	10 inspections / 326 audits	6 inspections / 38 major audits	24 inspections / 36 audits	25 inspections / 37 audits	27 inspections / 33 audits	28 inspections / 42 audits
Number of investigations	Safety Assurance	9	9	10	11	12	13	15
Technology reviews	Safety Assurance	28	32	50	50	50	50	50

Details of programmes/activities/objectives

Table 37.34 Railway Safety Regulator

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Safety Assurance	7 743	12 171	14 091	14 869	17 771	19 585	20 795
Safety Regulator	4 698	5 387	7 649	6 357	8 696	8 427	9 001
Legal Services	2 058	2 681	2 422	2 731	4 358	3 919	4 011
Research and Cooperative Governance	–	–	–	1 550	2 419	2 688	2 780
Other Objectives	15 188	18 308	25 194	21 550	24 731	27 229	29 262
Total expense	29 687	38 547	49 356	47 057	57 975	61 848	65 849

The total budget allocated to this entity for 2010/11 was R47.1 million, of which 32 per cent was used in the safety assurance programme.

Safety Assurance conducted 72 audits, 16 inspections, 13 investigations, and 43 technology reviews in 2009/10.

Safety Regulator develops safety standards and deploys additional staff to enable this. This programme's total budget is R14.9 million. To fast-track the development and implementation of a series of railway safety standards, the regulator will develop standards without making use of the South African Bureau of Standards. Therefore, additional internal capacity of 3 professional staff will be required. In 2009/10, the department issued 113 safety permits, managed the drafting of permit fee and penalty regulations, and promulgated technical standards for engineering and operations.

Legal Services develops safety regulations and oversees legal adherence to the regulator's compliance requirements. This programme has a total budget of R2.7 million. In 2009/10, the department was instrumental in facilitating amendments to the National Railway Safety Regulator Act (2002) and therefore strengthened enforcement capacity through penalties, streamlined administrative aspects of the act, and clarified the regulator's role. The programme will implement penalty regulations over the medium term.

Research and Cooperative Governance undertakes research in rail safety. It came into being at the beginning of 2010/11. This programme has a total budget of R1.6 million. By the second half of 2011/2012, the programme will facilitate research into a definition of detailed user requirements for a national railway safety information and monitoring system, in accordance with the regulator's mandate.

Expenditure estimates

Table 37.35 Railway Safety Regulator

Statement of financial performance							
R thousand	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	271	5 550	10 603	11 535	20 500	22 499	24 336
Sale of goods and services other than capital assets	–	5 087	9 701	10 994	20 465	22 429	24 186
<i>of which:</i>							
Admin fees	–	5 087	9 701	10 994	20 465	22 429	24 186
Other non-tax revenue	271	463	902	541	35	70	150
Transfers received	28 170	33 861	37 260	35 634	37 475	39 349	41 513
Total revenue	28 441	39 411	47 863	47 169	57 975	61 848	65 849
Expenses							
Current expense	29 672	38 547	49 357	47 057	57 975	61 848	65 849
Compensation of employees	18 576	23 328	29 429	32 183	38 441	41 900	45 489
Goods and services	9 754	13 593	18 023	13 007	17 680	18 345	18 906

Table 37.35 Railway Safety Regulator (continued)

Statement of financial performance	Audited outcome			Revised estimate 2010/11	Medium-term estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
R thousand							
Depreciation	1 273	1 395	1 698	1 700	1 742	1 569	1 454
Interest, dividends and rent on land	69	231	207	167	112	34	-
Transfers and subsidies	15	-	-	-	-	-	-
Total expenses	29 687	38 547	49 357	47 057	57 975	61 848	65 849
Surplus / (Deficit)	(1 246)	864	(1 494)	112	-	-	-
Acquisition of assets	770	1 468	1 848	749	1 135	1 487	1 779

Expenditure trends

The regulator generates its revenue from government grants and permit fees, with the former constituting 78 per cent of total revenue. The spending focus over the MTEF period will be on: assessing compliance with safety legislation including regulations and standards; assessing the condition of critical assets of Transnet freight rail, the Passenger Rail Agency of South Africa and the Gautrain rapid rail link; and evaluating the expected investment programmes to address key safety concerns from audits, inspections and investigations.

Revenue increased significantly from R28.4 million in 2007/08 to R47.2 million in 2010/11, at an average annual rate of 18.4 per cent, and is expected to increase to R65.8 million over the medium term, at an average annual rate of 11.8 per cent, mainly driven by income in administrative fees.

Expenditure increased from R29.7 million in 2007/08 to R47.1 million in 2010/11, at an average annual rate of 16.6 per cent, driven by the safety assurance activity. Spending is expected to increase to R65.8 million over the medium term, at an average annual rate of 11.9 per cent, and is projected to be driven largely by increases in compensation of employees, lease payments and the continued use of outsourced services to give agency support in the execution of safety assurance and regulatory activities.

Ports Regulator

Strategic overview: 2007/08 – 2013/14

The Ports Regulator was established in terms of the National Ports Act (2005). According to the legislation, the 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. One way in which the regulator is supposed to deliver on its mandate is by processing complaints lodged against the authority's activities and assessing the National Ports Authority's tariff applications. Under section 27 of the Ports Act (2005), the National Ports Authority is required to get approval from the Ports Regulator for all tariffs and fees charged in a tariff year for the provision of all services and facilities. The authority submits a tariff application, which sets out what it requires to recover its operating expenses, capex and a reasonable return for the risks it faces in its business. It then translates this into a tariff increase request. The regulator assesses the tariff application and determines the appropriateness of the increase requested on the tariff. The regulator approves or rejects the tariffs.

Between 2007/08 and 2010/11, the regulator finalised its governance arrangements, built its regulatory architecture, recruited staff and set up systems for the port industry. The required legal instruments were completed in 2009/10. The emphasis over that period was on establishing the mandate of the Ports Regulator in relation to its quasi-judicial regulatory functions and its supporting role in institutional reform in the ports industry. Due to the delays in setting up the regulator and finalising the regulatory framework, the regulator concentrated on the regulation of tariffs and hearing of complaints and appeals. Due to capacity constraints, the regulator was unable to perform on all of its mandates and choose to attend to the more important mandates. The regulator is now empowered with the necessary legal instruments to perform its functions, and it is already working against a set of key performance indicators.

In relation to economic regulation, the regulator has successfully completed an assessment of the National Ports Authority's tariff application. The tariff assessment was a major milestone for the sector and was

managed as an inclusive process, ensuring that decision making on tariffs was informed by the perspectives of port industry stakeholders and communities across the country, including cargo owners, transporters, infrastructure operators, logistics companies and freight forwarders. This second tariff determination has created more certainty for infrastructure pricing.

Over the MTEF period, the focus will be on: building capacity, specifically to set up and support the appeal tribunal; industry performance and compliance monitoring; international benchmarking of both the ports system and appropriate regulatory methodologies; and a study of the South African port system. A detailed port performance measurement system will be developed and tariff setting activities will be developed at the micro level to assess and determine the re-alignment of the individual tariffs in the tariff book. The regulator will also align its strategy with the implementation of the Integrated Transport Sector Broad Based Black Economic Empowerment Charter in the Department of Transport.

Savings and cost effectiveness measures

Over the MTEF period, the regulator will embark on a drive to appoint officials with the necessary technical skills to enable the Ports Regulator to fulfil its legislative mandate. This will also bring many of the functions that were outsourced to consultants in-house. As soon as the regulator has appointed staff, it will perform many of the functions internally that it had previously outsourced. This will not decrease the expenditure but it will increase the outputs for the same level of expenditure.

Selected performance indicators

Table 37.36 Ports Regulator

Indicator	Programme/Activity	Past			Current	Projections		
		2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Number of tribunal days per year	Tribunal complaints and appeals	-	-		1	10	30	30
Percentage of complaints and appeals processes within timeframe (number of cases received/number of cases heard/number of cases processed within timeframe of those that were heard)	Tribunal complaints and appeals	-	-		-	83% (50/12/10)	87% (50/15/13)	90% (50/16/14)
Percentage achievement of full functionality of secretariat (appointment of staff, policies and functions in place, IT systems in place)	Corporate, financial and support services	-	-	30%	35%	50%	50%	100%
Stakeholder approval rating	Overall	-	-	20	20	20	50	55

Details of programmes/activities/objectives

Table 37.37 Ports Regulator

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Economic regulation and tariffs	-	859	-	1 559	1 167	1 233	1 301
Monitoring National Ports Authority	-	843	-	458	1 208	1 276	1 346
Tribunal - complaints and appeals	-	573	-	1 197	3 105	3 222	3 399
Industry development - Equity of access to ports and their facilities and services	-	-	-	-	-	1 465	1 546
Corporate, financial and support services	-	3 715	10 413	5 618	3 881	2 633	2 778
Total expense	-	5 990	10 413	8 832	9 361	9 829	10 370

The total budget allocated to this entity for 2010/11 was R8.8 million, of which 18 per cent was used in the Economic Regulation and Tariffs programme.

Economic Regulation and Tariffs reports on the establishment of all elements of a regulatory framework and the development of the ports system and port regulatory system architecture. This programme has a total budget of R1.6 million, of which 60 per cent will be used to assess the tariff application. In 2010/11, the programme achieved the following outputs: successfully completed an assessment of the National Ports Authority tariff application for 2010/11 and 2011/12; completed the economic review of the ports sector, made it available for comment and consultation, and submitted it to the Minister of Transport.

Monitoring National Ports Authority reports on port sector participants' compliance with the National Ports Act (2005). This programme has a total budget of R485 000, of which 62.9 per cent will be spent on salary related costs. Within this programme, the regulator published its biannual ports costs comparator for a global list of ports for bulk and container vessels. Over the medium term, a detailed port performance measurement system will be developed with the assistance of stakeholders.

Tribunal Complaints and Appeals reports on the establishment and operation of a tribunal to hear complaints and appeals under the National Ports Act (2005). This programme has a total budget of R697 000, of which 49 per cent will be used for salary related costs. In 2010/11, the regulator received various complaints and appeals, and the processing and filing of these were made possible by the publication and coming into effect of directives. These matters are all in process and will be heard early in 2011/2012. Over the medium term, the regulator will enter into a phase of revising and streamlining the act, regulations and directives, and tribunal procedures will be amended and streamlined.

Port Industry Development will report on the support provided to the ports industry in the development of the port system and the port regulatory system architecture. This programme will begin in 2012/13 with a budget of R1.5 million. Currently, the entity does not have sufficient staff to implement the programme and will only be able to take on new staff when the service conditions and structure have been approved.

Corporate Financial and Support Services reports on the establishment and maintenance of the regulator secretariat, which deals with the organisational requirements of the regulator, and expands the technical staff to extend its capacity. This programme has a total budget of R6.1 million, of which 66 per cent will be used for salary related costs. In 2010/11, the regulator completed internal governance requirements for staffing the organisation. The establishment of the internship programme has greatly assisted the primary research capability of the regulator, and will continue in 2011/12 at a cost of R504 000.

Expenditure estimates

Table 37.38 Ports Regulator

Statement of financial performance				Revised estimate 2010/11	Medium-term estimate		
R thousand	Audited outcome				2011/12	2012/13	2013/14
	2007/08	2008/09	2009/10				
Revenue							
Non-tax revenue	-	7	71	-	-	-	-
Sale of goods and services other than capital assets	-	7	-	-	-	-	-
of which:							
Other sales	-	7	-	-	-	-	-
Other non-tax revenue	-	-	71	-	-	-	-
Transfers received	-	6 467	10 715	8 832	9 361	9 829	10 370
Total revenue	-	6 474	10 786	8 832	9 361	9 829	10 370
Expenses							
Current expense	-	5 990	10 413	8 832	9 361	9 829	10 370
Compensation of employees	-	1 934	3 000	4 055	5 069	5 436	5 805
Goods and services	-	3 517	6 787	4 325	3 951	4 156	4 384
Depreciation	-	526	620	452	341	237	181
Interest, dividends and rent on land	-	13	6	-	-	-	-
Total expenses	-	5 990	10 413	8 832	9 361	9 829	10 370
Surplus / (Deficit)	-	484	373	-	-	-	-
Acquisition of assets	-	1 034	187	224	-	-	-

Expenditure trends

The spending focus of the regulator over the MTEF period will be largely on strengthening its regulatory capacity when its establishment structure is approved, which will enable the filling of vacant posts. Revenue is generated mainly from transfers from the department. Between 2008/09 and 2010/11, revenue increased from R6.5 million to R8.8 million, at an average annual rate of 16.9 per cent as transfers were increased to establish the entity. Revenue is expected to increase from R8.8 million in 2010/11 to R 10.4 million in 2013/14, at an average annual rate of 5.5 per cent to grow with inflation.

Between 2007/08 and 2010/11, spending increased from R6 million to R8.8 million, at an average annual rate of 21.4 per cent. Expenditure is expected to increase from R8.8 million in 2010/11 to R10.4 million in 2013/14, at an average annual rate of 5.5 per cent, mainly due to increased expenditure on compensation of employees as the entity continues to build capacity.

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 37.39 Air Traffic and Navigation Services Company

Indicator	Programme/Activity	Past			Current 2010/11	Projections		
		2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Air traffic controller vacancy rate	Communication	(61)	(22)	(30)	31	25	87	69
Capacity improvement at OR Tambo International Airport to increase runway throughput/hour	Communication	56	56	60	60	60	60	60
Safety Performance	Navigation	4	2	2	2	2	2	2

Details of programmes/activities/objectives

Table 37.40 Air Traffic and Navigation Services Company

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Communication	258 886	296 641	280 401	368 136	395 158	427 480	470 261
Navigation	27 219	31 189	29 481	38 705	41 546	44 945	49 443
Surveillance	42 860	49 110	46 421	60 946	65 419	70 770	77 853
Display Systems	5 801	6 647	6 283	8 249	8 854	9 579	10 537
Simulator and systems	86 586	99 213	93 782	123 126	132 163	142 974	157 282
Other Objectives	170 163	128 643	244 200	345 207	372 518	429 404	483 692
Total expense	591 515	611 443	700 568	944 368	1 015 659	1 125 152	1 249 068

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 37.41 Air Traffic and Navigation Services Company

Statement of financial performance							
R thousand	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	637 274	672 580	747 710	1 064 038	1 126 899	1 271 540	1 440 880
Sale of goods and services other than capital assets	616 404	635 986	713 089	1 036 629	1 092 942	1 231 387	1 395 724
<i>of which:</i>							
<i>Tarrif revenue</i>	616 404	635 986	713 089	1 036 629	1 092 942	1 231 387	1 395 724
<i>Other non-tax revenue</i>	20 870	36 594	34 621	27 409	33 957	40 153	45 157
Total revenue	637 274	672 580	747 710	1 064 038	1 126 899	1 271 540	1 440 880
Expenses							
Current expense	548 026	576 256	667 985	889 270	964 238	1 057 494	1 162 723
Compensation of employees	305 460	327 240	389 626	522 310	554 010	585 197	651 069
Goods and services	132 382	143 313	154 263	208 453	227 607	258 259	275 891
Depreciation	71 825	83 795	99 990	132 607	149 665	169 833	179 276
Interest, dividends and rent on land	38 359	21 908	24 106	25 901	32 956	44 205	56 487
Transfers and subsidies	13 954	12 538	13 849	8 511	8 160	10 729	11 751
Total expenses	591 515	611 443	700 568	944 368	1 015 658	1 125 151	1 249 068
Surplus / (Deficit)	45 759	61 137	47 142	119 670	111 241	146 388	191 812

Table 37.41 Air Traffic and Navigation Services Company (continued)

R thousand	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	937 216	1 016 306	1 067 807	1 066 484	1 123 932	1 283 544	1 481 499
<i>of which: Acquisition of assets</i>	236 323	147 737	147 019	195 141	259 087	341 236	321 090
Investments	13 177	14 202	11 011	10 944	10 963	11 111	11 153
Inventory	634	742	923	1 262	1 330	1 612	1 726
Receivables and prepayments	76 238	99 871	98 160	141 498	149 791	168 098	190 410
Cash and cash equivalents	45 412	40 790	86 118	151 524	205 277	221 466	196 108
Assets not classified elsewhere	-	-	-	69 743	129 302	153 074	108 092
Total assets	1 072 677	1 171 911	1 264 019	1 441 455	1 620 596	1 838 906	1 988 988
Accumulated surplus/deficit	496 280	557 418	604 559	723 574	834 815	981 203	1 172 972
Capital and reserves	190 646	190 646	190 646	190 646	190 646	190 646	190 646
Borrowings	260 982	322 574	326 493	368 732	432 467	496 277	446 179
Trade and other payables	90 334	77 758	99 657	108 255	115 027	126 025	135 401
Provisions	34 435	23 515	42 664	50 248	47 642	44 755	43 790
Total equity and liabilities	1 072 677	1 171 911	1 264 019	1 441 455	1 620 596	1 838 906	1 988 988

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 solid 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 37.42 Airports Company of South Africa

Indicator	Programme/Activity	Past			Current	Projections		
		2007/08	2008/09	2009/10	2010/11	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
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 37.43 Airports Company of South Africa

R thousand	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	467 978	557 205	801 781	1 517 930	1 629 887	2 059 986	2 311 184
Airport Security and Safety	222 847	265 336	383 461	758 965	841 232	1 059 422	1 216 413
Airport Management	958 240	1 140 944	1 394 402	1 568 528	1 629 887	1 647 989	1 398 875
Airport Statutory, Legal, Specialist and Administration	579 401	689 873	906 361	1 214 344	1 156 694	1 118 278	1 155 592
Total expense	2 228 465	2 653 359	3 486 006	5 059 768	5 257 699	5 885 675	6 082 064

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 37.44 Airports Company of South Africa

Statement of financial performance				Revised estimate 2010/11	Medium-term estimate		
R thousand	Audited outcome				2011/12	2012/13	2013/14
	2007/08	2008/09	2009/10				
Revenue							
Non-tax revenue	2 948 121	3 052 441	3 230 634	4 703 377	6 784 477	6 334 350	7 134 242
Sale of goods and services other than capital assets	2 657 906	3 007 684	2 168 741	4 606 087	5 187 492	6 232 903	7 028 129
<i>of which:</i>							
<i>Airline charges</i>	2 657 906	3 007 684	2 168 741	4 606 087	5 187 492	6 232 903	7 028 129
<i>Other non-tax revenue</i>	290 215	44 757	1 061 893	97 290	1 596 985	101 446	106 113
Total revenue	2 948 121	3 052 441	3 230 634	4 703 377	6 784 477	6 334 350	7 134 242
Expenses							
Current expense	1 917 276	2 479 201	3 391 754	5 059 768	4 946 223	5 039 053	5 242 541
Compensation of employees	445 746	521 334	602 882	653 625	801 541	890 465	979 033
Goods and services	646 136	868 257	1 037 988	1 351 364	1 358 365	1 480 492	1 644 083
Depreciation	566 955	746 154	1 077 449	1 452 515	1 282 922	1 288 934	1 308 357
Interest, dividends and rent on land	258 439	343 456	673 435	1 602 264	1 503 395	1 379 162	1 311 068
Total expenses	2 228 465	2 653 359	3 486 006	5 059 768	5 257 699	5 885 675	6 082 064
Surplus / (Deficit)	719 656	399 082	(255 371)	(356 391)	1 526 778	448 674	1 052 179
Statement of financial position							
Carrying value of assets	14 589 862	20 258 517	25 812 861	25 926 223	25 453 897	25 256 103	24 856 535
<i>of which: Acquisition of assets</i>	4 528 021	5 946 301	5 848 267	1 254 599	810 596	1 091 140	908 789
Investments	145 297	250 400	661 327	515 704	515 704	515 704	515 704
Inventory	1 847	502	908	-	-	-	-
Receivables and prepayments	997 972	1 066 501	868 361	911 019	1 239 554	1 268 440	1 366 482
Cash and cash equivalents	16 915	828 029	433 997	247 802	259 375	311 645	351 406
Assets not classified elsewhere	-	-	113 725	-	-	-	-
Total assets	15 751 893	22 403 949	27 891 179	27 600 748	27 468 529	27 351 892	27 090 127
Accumulated surplus/deficit	6 555 817	6 954 899	8 290 669	7 934 278	9 461 056	9 909 731	10 961 910
Capital and reserves	737 327	732 070	683 463	750 000	750 000	750 000	750 000
Borrowings	5 193 691	11 271 294	15 501 130	15 698 850	14 356 318	13 733 083	12 228 742
Post-retirement benefits	70 455	89 280	105 043	100 973	100 973	100 973	100 973

Table 37.44 Airports Company of South Africa (continued)

Statement of financial position	Audited outcome			Revised estimate 2010/11	Medium-term estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
R thousand							
Trade and other payables	2 842 054	2 796 417	3 165 092	3 037 122	2 720 658	2 778 581	2 968 978
Provisions	47 968	48 179	66 257	–	–	–	–
Liabilities not classified elsewhere	304 581	511 810	79 525	79 525	79 525	79 525	79 525
Total equity and liabilities	15 751 893	22 403 949	27 891 179	27 600 748	27 468 530	27 351 892	27 090 127

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.

Driving licence card account

Strategic overview: 2007/08 – 2013/14

The driving licence card account manufactures credit card format driving licences on behalf of provincial authorities and was created after National Treasury approval in 2007 in terms of the Public Finance Management Act (1999). The account generates revenue by selling credit card format driver's licences (either new or renewals ordered by the driver's licence testing centres) and pays the contractor for the manufactured cards.

To reduce the number of outstanding debts, the organisation intends driving licence cards to only be manufactured when payment is received. This will be achieved when a new manufacturer is appointed in 2010/11.

Over the MTEF period, the entity intends to arrange for live capture units to be transferred to provincial authorities at no cost. This will be done to reduce the burden of having to account for and safeguard assets which the entity does not have direct control over.

Savings and cost effectiveness measures

The driving licence card account negotiated an improved cost structure with the current manufacturer of driving licence cards with effect from 1 April 2009. The agreement increased gross profit by R26.7 million in 2009/10 despite a reduction in revenue from the sale of goods and services.

An improved cost structure was implemented in 2009/10, resulting in savings of R22 million.

Selected performance indicators

Table 37.45 Driving licence card account

Indicator	Activity/ Objective/ Programme	Past			Current 2010/11	Projected		
		2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Number of driver's licence cards produced per year	Manufacture of driving licence cards	1 745 168	2 159 684	1 885 887	1 885 887	1 885 887	1 885 887	1 885 887

Details of programmes/activities/objectives

Table 37.46 Driving license card account

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Manufacture of driving license cards	101 000	109 788	77 866	89 580	98 785	113 445	117 735
Total expense	101 000	109 788	77 866	89 580	98 785	113 445	117 735

The entity produces driving licences. The budget for this is R89.6 million in 2010/11 and will be R98.8 million in 2011/12.

Expenditure estimates

Table 37.47 Driving license card account

Statement of financial performance

R thousand	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	93 542	100 451	114 414	111 048	141 442	141 442	141 442
Sale of goods and services other than capital assets	91 967	91 844	87 103	110 869	141 442	141 442	141 442
<i>of which:</i>							
<i>Sales by market establishments</i>	91 967	91 844	87 103	110 869	141 442	141 442	141 442
<i>Other non-tax revenue</i>	1 575	8 607	27 311	179	-	-	-
Total revenue	93 542	100 451	114 414	111 048	141 442	141 442	141 442
Expenses							
Current expense	101 000	109 788	77 866	89 580	98 785	113 445	117 735
Compensation of employees	-	-	-	-	2 200	2 310	2 425
Goods and services	101 000	109 784	76 527	81 973	84 535	87 035	91 210
Depreciation	-	4	1 339	7 607	12 050	24 100	24 100
Total expenses	101 000	109 788	77 866	89 580	98 785	113 445	117 735
Surplus / (Deficit)	(7 458)	(9 337)	36 548	21 468	42 657	27 997	23 707
Acquisition of assets							
	-	192	12 277	27 971	55 960	-	-

Expenditure trends

Revenue is mainly generated from the production of credit card type driver licences. Between 2007/08 and 2010/11, revenue increased from R93.5 million to R111 million, at an average annual rate of 5.9 per cent. Over the medium term, revenue is expected to increase to R141.4 million, at an average annual rate of 8.4 per cent. The increase over the medium term is due to the card fee, which will be increased in November 2011 from R46.50 per card to R75.00 per card.

Spending on the trading account decreased from R101 million in 2007/08 to R89.6 million in 2010/11, at an average annual rate of 3.9 per cent. This was as a result of tendering for new service providers to undertake the production contract, which yielded significant savings in the unit cost. Over the medium term, spending is expected to increase to R117.7 million at an average annual rate of 9.5 per cent, of which the bulk of the expenditure is depreciation of live capturing units bought on behalf of provinces and municipalities.

Road Traffic Infringement Agency

Strategic overview: 2007/08 – 2013/2014

The Road Traffic Infringement Agency was established in 2010/11 through the provisions of the Administrative Adjudication of Road Traffic Offences Act (1998). It was listed in terms of the Public Finance Management Act (1999) and its first board was appointed in 2010/11.

In terms of its mandate, the agency aims to: administer the procedures to discourage the contravention of road traffic laws and to execute the adjudication of infringements; enforce penalties imposed against persons contravening road traffic laws; provide specialised prosecution support services; and undertake community education and community awareness programmes to ensure that individuals understand their rights and options.

The agency will begin to operate fully from 2011/12 with the view to encouraging compliance with road traffic laws through: intensive road user and community education and communication; administration of fair and just adjudication; the levying of penalties for traffic contraventions; imposing a demerit system; and the effective enforcement and management of suspended and cancelled driving licences and operator cards.

Over the medium term, the agency will focus on amending the act, based on lessons learnt during its pilot implementation. These amendments include, among others, implementing another method of delivering notices, as the current method requires using registered mail instead of normal mail, which slows procedures down considerably.

Savings and cost effectiveness measures

The agency has identified savings by implementing the following cost effectiveness measures leveraging off information already existing on other systems, in particular the electronic national traffic information system, on which the required national contraventions register has been developed;

The agency is in the process of finalising and enhancing an internal governance framework and controls that would eliminate wasteful expenditure. Competitive procurement processes have also been identified to ensure best value for all services. These measures will be implemented in 2011/12, and this will lead to a total saving of R10 million.

Selected performance indicators

Table 37.48 Road Traffic Infringement Agency

Indicator	Programme/Activity	Past			Current	Projections		
		2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Total number of vacancies remaining	Establish governance framework	-	-	-	-	45	2	1
Number of finalised adjudications of road traffic representation per year	Establish efficient adjudication measures	-	-	-	-	319 000	372 000	425 000
Number of infringement notices issued per year	Educate road user	-	-	-	-	1 952 000	2 616 000	3 924 000
Total number of rehabilitated road users	Rehabilitate drivers	-	-	-	-	80 000	450 000	1 000 000

Details of programmes/activities/objectives

Table 37.49 Road Traffic Infringement Agency

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Establish of governance framework for Agency operation	-	-	-	-	88 474	97 172	106 739
Establishment of efficient adjudication measures to encourage law enforcement	-	-	-	-	206 440	226 734	249 057
Education of road user	-	-	-	-	100	110	121
Rehabilitation of drivers	-	-	-	-	100	110	121
Total expense	-	-	-	-	295 114	324 125	356 038

Governance Framework establishes objective and strong governance processes to ensure an efficient and effective adjudication system for infringements. Amendments to the act and regulations have been identified to introduce the necessary efficiencies in operations to support the national rollout. Over the medium term, the agency will achieve the following outputs: implementing amendments to the act and regulations; acquiring at least 25 representation specialists internally; and leveraging the revenue portion of infringement penalties to employ the required numbers as determined by volumes.

To achieve the end goal of a safer environment, the public will be empowered about the AARTO and its processes. This entails establishing traffic safety schools specifically focused on rehabilitating repeat traffic offenders whose licences had been suspended or cancelled. In 2011/12, 9 regional coordinators will be employed, who in turn will further engage communities on a provincial basis. The total current budget for rehabilitation is 5 per cent of the total, while in the current year, the bulk of the budget will go to research.

An objective process of the points demerit system will enable the easy identification of repeat road traffic law offenders. The baseline information from the pilot implementation and a combination of road traffic offence surveys will be used as a yardstick to measure the impact of implementation and road user compliance. A team of 10 people are envisaged to coordinate all operations on a regional basis and establish mechanisms to regularly follow up on and enforce penal measures of suspended motorists. This will start in April 2011. The total spending on the team is estimated at R5 million, for the various offices and administrative costs.

Expenditure estimates

Table 37.50 Road Traffic Infringement Agency

Statement of financial performance	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	-	-	-	-	290 114	319 125	351 038
Other non-tax revenue	-	-	-	-	290 114	319 125	351 038
Transfers received	-	-	-	-	5 000	5 000	5 000
Total revenue	-	-	-	-	295 114	324 125	356 038
Expenses							
Current expense	-	-	-	-	232 191	253 692	278 219
Compensation of employees	-	-	-	-	22 799	23 966	25 643
Goods and services	-	-	-	-	208 734	229 068	251 918
Depreciation	-	-	-	-	658	658	658
Transfers and subsidies	-	-	-	-	62 923	70 434	77 819
Total expenses	-	-	-	-	295 114	324 125	356 038
Surplus / (Deficit)	-	-	-	-	-	-	-
Acquisition of assets	-	-	-	-	2 192	809	578

Expenditure trends

Revenue is generated mainly from the infringement notices issued and not paid within the first 32 days. Revenue is expected to increase from R295.1 million in 2011/12 to R356 million in 2013/14, at an average annual rate of 9.8 per cent, as the agency begins to collect AARTO notice fees. Revenue also increases as the agency's AARTO unit is planning a rollout to all nine provinces from April 2011.

Expenditure is expected to increase from R295.1 million in 2011/12 to R356 million in 2013/14, at an average annual rate of 9.8 per cent, as the entity starts executing its different activities. Spending will be used primarily to meet the establishment costs of staffing, operations, administration, launching the agency and educational initiatives. Growth in spending on goods and service over the MTEF period is as a result of incurring greater expenditure towards the service of infringement notices, courtesy letters and enforcement orders by registered mail.

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 thousand	2009/10		2009/10	2010/11			2010/11
Administration	279 977	285 919	289 025	226 075	20 405	246 480	246 480
Integrated Transport Planning	84 821	86 621	87 562	104 332	(11 046)	93 286	93 286
Rail Transport	9 742 041	9 948 781	10 056 862	9 261 566	239	9 261 805	9 261 805
Road Transport	6 057 368	6 185 914	10 415 277	12 189 023	173 181	12 362 204	11 970 818
Civil Aviation	50 799	51 877	52 441	50 466	1 115	51 581	51 581
Maritime Transport	123 129	125 742	127 108	137 438	(2 708)	134 730	134 730
Public Transport	7 396 694	7 553 663	7 635 723	8 209 072	21 635	8 230 707	8 230 707
Total	23 734 829	24 238 517	28 663 998	30 177 972	202 821	30 380 793	29 989 407
Economic classification							
Current payments	794 364	1 020 765	1 015 869	743 423	202 821	946 244	946 244
Compensation of employees	212 798	221 012	228 121	259 365	6 800	266 165	266 165
Goods and services	581 566	799 753	787 748	484 058	196 021	680 079	680 079
Transfers and subsidies	22 936 773	23 214 002	27 640 942	29 392 985	-	29 392 985	29 001 599
Provinces and municipalities	8 836 993	9 097 922	13 263 083	13 114 003	-	13 114 003	12 722 617
Departmental agencies and accounts	5 958 099	5 974 399	5 873 665	6 985 930	-	6 985 930	6 985 930
Universities and technikons	8 178	8 178	8 178	8 669	-	8 669	8 669
Foreign governments and international organisations	5 114	5 114	4 323	5 420	-	5 420	5 420
Public corporations and private enterprises	7 482 393	7 482 393	7 850 127	8 765 206	-	8 765 206	8 765 206
Non-profit institutions	15 109	15 109	15 035	16 017	-	16 017	16 017
Households	630 887	630 887	626 531	497 740	-	497 740	497 740
Payments for capital assets	3 692	3 750	6 762	41 564	-	41 564	41 564
Buildings and other fixed structures	-	-	-	37 650	-	37 650	37 650
Machinery and equipment	3 692	3 750	6 762	3 914	-	3 914	3 914
Payments for financial assets	-	-	425	-	-	-	-
Total	23 734 829	24 238 517	28 663 998	30 177 972	202 821	30 380 793	29 989 407

Table 37.B Detail of approved establishment and personnel numbers according to salary level ¹

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	2010/11	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	67	67	15	40	52	67	67	67	67	67
Transport Planning										
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
Salary level 13 – 16	10	10	-	8	8	7	7	10	10	10

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 2010/11	Medium-term estimate		
				2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
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 2010/11	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Compensation of employees (R thousand)	131 323	182 632	228 121	266 165	294 400	309 930	326 545
Training expenditure (R thousand)	3 218	1 809	3 942	3 991	2 944	3 091	3 527
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>							
Employees receiving bursaries (head count)	140	28	84	93			
Learnerships trained (head count)	7	6	8	–			
Internships trained (head count)	52	44	46	58			
Households receiving bursaries (R thousand)	9 165	7 796	8 178	8 669	9 189	9 648	10 179
Households receiving bursaries (head count)	326	116	162	479			

Table 37.D Summary of conditional grants to provinces and municipalities ¹

R thousand	Audited outcome			Adjusted appropriation 2010/11	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Conditional grants to provinces							
Road Transport							
Sani Pass Roads Grant	–	30 000	34 347	–	–	–	–
Overload Control Grant	–	8 796	10 069	11 038	–	–	–
Transport Disaster Management Grant	–	1 035 473	116 900	–	–	–	–
Provincial Roads Maintenance Grant	2 824 310	3 323 019	4 162 161	5 091 710	6 457 354	7 567 638	8 259 224
Public Transport							
Public Transport Operations Grant	–	–	3 531 909	3 863 033	4 153 232	4 360 894	4 600 743
Rail Transport							
Gautrain Rapid Rail Link	3 029 411	3 265 993	2 976 720	438 360	5 300	–	–
Total	5 853 721	7 663 281	10 832 106	9 404 141	10 615 886	11 928 532	12 859 967

Table 37.D Summary of conditional grants to provinces and municipalities ¹ (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Conditional grants to municipalities							
Road Transport							
Rural Transport Services and Infrastructure Grant	–	8 900	9 800	10 400	35 439	37 382	39 250
Public Transport							
Public Transport Infrastructure and Systems Grant	1 174 000	2 919 830	2 421 177	3 699 462	4 803 347	4 999 781	5 563 604
Total	1 174 000	2 928 730	2 430 977	3 709 862	4 838 786	5 037 163	5 602 854

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

Table 37.E Summary of departmental public private partnership (PPP) projects

Project description: R thousand	Project annual unitary fee at time of contract	Budgeted expenditure	Medium-term expenditure estimate		
		2010/11	2011/12	2012/13	2013/14
Projects signed in terms of Treasury Regulation 16	–	4 700	4 900	5 200	–
PPP unitary charge	–	4 700	4 900	5 200	–
Total	–	4 700	4 900	5 200	–

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.F Summary of donor funding

Donor R thousand	Project	Departmental programme name	Amount committed	Main economic classification	Spending focus	Audited outcome			Estimate	Medium-term expenditure estimate		
						2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Foreign In cash												
Global Environment Fund	Sustainable public transport and sport	Integrated Transport Planning	82 541	Provinces and municipalities	Support transport improvements in 7 2010 FIFA World Cup host cities	-	11 947	53 146	15 341	2 106	-	-
Total			82 541			-	11 947	53 146	15 341	2 106	-	-

Table 37.G Summary of expenditure on infrastructure

Project name R thousand	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										
South African National Roads Agency	Development and upkeep of national road network	Various	-	1 559 350	1 900 000	2 847 536	4 065 177	5 727 348	6 602 595	7 043 451
Passenger Rail Agency of South Africa	Passenger rail infrastructure maintenance and rehabilitation	Construction	-	1 696 078	2 367 686	3 831 791	5 110 273	6 134 768	6 422 106	7 035 167
Gautrain rapid rail link	National contribution for construction of Gautrain rapid rail link	Construction	12 951 484	3 029 411	3 265 993	2 976 720	438 360	5 300	-	-
Public transport infrastructure and systems grant	Public transport infrastructure and systems for municipalities	Various	-	1 174 000	2 919 830	2 421 177	3 699 462	4 803 347	4 999 781	5 563 604
Passenger Rail Agency of South Africa: Public transport infrastructure and systems grant	Improved railway stations	Construction	-	476 000	-	464 758	500 000	-	-	-
Provincial roads maintenance grant	Maintenance of provincial road infrastructure	Various	-	2 824 310	3 323 019	4 162 161	5 091 710	6 457 354	7 567 638	8 259 224

Table 37.G 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		2010/11	2011/12	2012/13
R thousand										
South African National Roads Agency: Public transport infrastructure and systems grant	Road maintenance for 2010 FIFA World Cup projects	Construction	-	130 000	100 000	206 559	-	-	-	-
Passenger Rail Agency of South Africa: Public transport infrastructure and systems grant	Purchase of buses	Handed over	-	-	-	-	797 000	-	-	-
Sani Pass roads grant	Construction of road to Lesotho		-	-	30 000	34 347	34 347	-	-	-
Overload control grant	Overload control		-	-	8 796	10 069	11 038	-	-	-
Total			12 951 484	10 889 149	13 915 324	16 955 118	19 747 367	23 128 117	25 592 120	27 901 446



**ESTIMATES
OF NATIONAL
EXPENDITURE** **2011**

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