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VOTE 29
Energy

**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									
Less: Parliament (retained departmental receipts)									
Plus: Direct receipts into the National Revenue Fund (National Treasury) ²									
Plus: South African Revenue Service departmental receipts collection									
Total departmental receipts as per Budget Review									

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.

Energy

**National Treasury
Republic of South Africa**



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Vote 29

Energy

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	167 471	159 292	349	7 830	149 897	151 503
Energy Policy and Planning	1 546 958	46 958	1 500 000	–	1 546 202	77 892
Energy Regulation	554 697	57 719	496 978	–	145 374	184 196
National Electrification Programme	3 207 555	20 270	3 187 285	–	3 138 983	3 312 011
Nuclear Energy and Regulation	613 221	12 949	600 272	–	594 873	579 176
Total expenditure estimates	6 089 902	297 188	5 784 884	7 830	5 575 329	4 304 778

Executive authority	Minister of Energy
Accounting officer	Director-General of Energy
Website address	www.energy.gov.za

Aim

Formulate overall energy policies and oversee their implementation to ensure access to affordable and reliable energy for all South Africans. Promote environmentally friendly energy carriers.

Programme purposes

Programme 1: Administration

Purpose: Provide strategic support and management services to the ministry and the department.

Programme 2: Energy Policy and Planning

Purpose: Provide integrated energy planning to promote the sustainable use of energy resources through energy research and through the development of appropriate policies and regulations that promote the efficient use of petroleum products, coal, gas, renewable energy and electricity sources.

Programme 3: Energy Regulation

Purpose: Regulate and provide enforcement in the energy sector, develop specifications, standards and conditions for petroleum products; ensure the security of liquid fuels; and facilitate the implementation of renewable energy technologies and clean energy development.

Programme 4: National Electrification Programme

Purpose: Oversee the planning, funding and implementation of the integrated national electrification programme to ensure universal access to electricity and an effective and efficient electricity distribution industry capable of providing affordable electricity to consumers.

Programme 5: Nuclear Energy and Regulation

Purpose: Manage the South African nuclear industry and ensure overall control of source and special nuclear materials in terms of nuclear legislation. Manage nuclear safety, technology, non-proliferation and radiation security as required by legislation and international agreements, and provide oversight for statutory bodies and organisations in the nuclear industry.

Strategic overview: 2007/08 – 2013/14

The Department of Energy is responsible for ensuring energy security within the country. It does this by undertaking integrated energy planning, regulating the energy industries, and promoting investment in accordance with the integrated resource plan. The department continues with the implementation of the Electricity Regulation Act (2006) through interventions such as the introduction of an independent systems operator and independent power producers in the electricity market. The energy sector contributes to the development of an efficient, competitive and responsive economic infrastructure network (outcome 6), specifically in ensuring the reliable generation, distribution and transmission of electricity, as well as manufacturing, transportation and storage of liquid fuels. The sector also contributes to ensuring that environmental assets and natural resources are well protected and continually enhanced (outcome 10), specifically in reducing greenhouse gas emissions. Further contributions are to rural development and regional integration.

Ensuring energy security

Integrated energy plan

The department will table the integrated energy planning strategy before Cabinet during the first quarter of 2011. The strategy is expected to outline the requisite processes, systems and structures that will lead to the development of a comprehensive integrated energy plan, which should be finalised by the end of September 2011. The first phase of a national integrated energy modelling system, which is required to provide statistical analysis for the integrated energy plan, will be completed by May 2011. The second phase is planned for completion by 2013/14. The department is also planning to review the 1998 White Paper on Energy Policy over the medium term.

National strategic fuel stocks policy

Energy security master plan for liquid fuel

A number of capacity constraints and challenges faced by the petroleum sector in meeting energy demand were identified in the energy security master plan and in response, the national strategic fuel stocks policy will be submitted to Cabinet in 2011/12. This policy outlines the framework for the storage of fuel stocks by government and industry, to guide the necessary investment decisions within the liquid fuels sector. As part of the process, in October 2010, the department published draft regulations for governing strategic stocks to be held by oil companies and is receiving comments from interested stakeholders.

National liquefied petroleum gas strategy

As part of its commitment to promoting clean energy sources, the department is drafting a liquefied petroleum gas strategy, which will be submitted to Cabinet in 2011/12. The strategy's main objectives are to provide access to safe, cleaner, efficient, portable, environmentally friendly and affordable thermal fuel for all households nationally, and to switch low income households away from the use of coal, paraffin and biomass to liquefied petroleum gas within the next five to ten years.

Cleaner fuels programme

To further improve the quality of transport fuels, the department will review the current fuel specifications and standards to reduce the harmful effects to health and the environment of emissions from fuel, and to align standards with global trends in vehicle technology and environmental requirements. This will allow vehicle manufacturers to introduce more fuel efficient engine technologies with lower carbon and noxious emissions. The department has drafted a position paper for consultation and intends to promulgate new fuel specifications before the end of 2010/11.

Review of the Liquid Fuels Charter

The charter aims to increase the participation of historically disadvantaged South African in the industry. During 2010/11, the department initiated a comprehensive audit on the extent to which companies were complying with the commitments that were made 10 years ago when the charter was signed. Following the outcome of the audit, a new empowerment framework will be developed and concluded, and this will be incorporated into the Petroleum Products Amendment Bill during 2011/12.

Promoting clean and renewable energy sources

Promoting the development and use of clean and renewable energy resources remains a key priority. Producers who invest in renewable energy are incentivised by tariffs that cover the cost of generation plus an attractive return. The renewable energy feed-in tariffs have been set for a range of renewable energy sources, including wind, solar, biomass and small scale hydro power. Energy efficiency programmes are being prioritised and the department has developed a solar water heating framework, which consolidates all solar water heating programmes currently run by various municipalities, public entities and the private sector. A standard offer framework that provides incentives for interventions that improve energy efficiency in the domestic, industrial and commercial sectors was developed and will be finalised in 2011/12.

The department promotes and regulates clean development mechanism projects that contribute to the reduction of greenhouse gases under the Kyoto Protocol to the United Nations (UN) Framework Convention on Climate Change. These projects help the department achieve its target of generating 10 000 GWh of renewable energy in 2013 and to improve energy efficiency by 12 per cent by 2015.

Accelerated access to electricity

In terms of the 2009 general household survey 82.6 per cent of South Africa's 13.8 million households are already electrified. The highest percentage of electrified households is found in Western Cape (90 per cent) and the lowest is in Eastern Cape (69.8 per cent). Since 2001/02, 4 957 schools and 112 clinics have been electrified. A target of 92 per cent of household electrified, has been set for 2014.

Nuclear energy

The department continues with the implementation of the 2008 nuclear energy policy. This includes intergovernmental decisions such as the deployment of new nuclear power stations, the funding and procurement framework, the industrialisation and localisation strategy, communication and information dissemination, and training and skills development. The National Radioactive Waste Disposal Institute will be set up in 2011/12.

Savings and cost effectiveness measures

The department has identified efficiency savings of R23.4 million in 2011/12, R53.2 million in 2012/13 and R56.2 million in 2013/14. These savings will be realised by implementing cost effectiveness measures that reduce expenditure on travel, consulting services, and venue and facilities hire. Over the MTEF period, R26 million in 2012/13 and R25.9 million in 2013/14 of these savings are derived from the *Energy Regulation* programme with the reduction of transfer payments to Electricity Distribution Industry Holdings as entity will close down in 2011/12.

Selected performance indicators

Table 29.1 Energy

Indicator	Programme	Past			Current	Projections		
		2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Number of new petroleum retail site inspections per year	Energy Regulation	360	1 200	1 200	3360	1 500	1 500	1 500
Number of additional petroleum licence applications approved per year	Energy Regulation	13 300	13 580	13 800	1800	1200	1000	800
Number of new operational integrated energy centres established per year	Energy Policy and Planning	5	3	2	2	2	2	2

Table 29.1 Energy (continued)

Indicator	Programme	Past			Current	Projections		
		2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Number of additional households electrified per year	National Electrification Programme	187 925	123 364	145157	15000	180 000	180 000	180 000
Number of new bulk substations built per year	National Electrification Programme	7	6	4	6	6	6	6
Number of additional substations upgraded per year	National Electrification Programme	2	13	3	10	10	10	10
Kilometres of new medium voltage power lines constructed per year	National Electrification Programme	95km	140km	310km	350km	350km	350km	350km
Kilometres of existing medium voltage power lines upgraded per year	National Electrification Programme	132km	92km	241km	200km	200km	200km	200km
Number of additional temporary jobs created per year	National Electrification Programme	5 035	5 298	6783	4 500	4 500	4 500	4 500
Number of additional full time jobs created per year	National Electrification Programme	559	589	753	500	500	500	500
Number of learners working on electrification projects per year	National Electrification Programme	1 599	2 368	747	800	800	800	800
Value of expenditure on BEE and SMMEs per year	Energy Regulation	R894m	R924m	R689m	R933m	R933m	R933m	R933m
Number of new renewable energy projects subsidised per year	Energy Regulation	2	2	1	2	3	3	3
Number of new green certificates issued per year	Energy Regulation	–	–	–	2	5	5	5
Megawatt reduction in electricity demand per year	Energy Regulation	–	–	100MW	100MW	100MW	100MW	100MW

Expenditure estimates

Table 29.2 Energy

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
R thousand								
Administration	61 050	75 268	98 214	125 679	125 679	167 471	149 897	151 503
Energy Policy and Planning	57 662	69 999	76 498	1 548 635	1 548 635	1 546 958	1 546 202	77 892
Energy Regulation	129 117	313 069	385 139	488 442	488 442	554 697	145 374	184 196
National Electrification Programme	1 558 862	1 918 540	2 522 096	2 884 545	2 884 545	3 207 555	3 138 983	3 312 011
Nuclear Energy and Regulation	423 143	584 803	608 925	601 363	601 363	613 221	594 873	579 176
Total	2 229 834	2 961 679	3 690 872	5 648 664	5 648 664	6 089 902	5 575 329	4 304 778
Change to 2010 Budget estimate				113 274	113 274	350 309	36 630	(82 479)
Economic classification								
Current payments	197 953	213 886	251 398	254 147	254 147	297 188	275 426	348 870
Compensation of employees	85 515	102 975	133 253	147 928	147 928	181 718	192 412	218 271
Goods and services	112 438	110 911	118 145	106 219	106 219	115 470	83 014	130 599
<i>of which:</i>								
<i>Administrative fees</i>	572	718	1 223	2 245	2 245	3 372	2 499	3 299
<i>Advertising</i>	2 330	2 551	1 140	1 381	1 381	5 931	3 160	4 654
<i>Assets less than the capitalisation threshold</i>	508	620	1 158	2 144	2 144	445	291	305
<i>Audit cost: External</i>	532	825	1 032	3 597	3 597	4 114	2 294	2 168
<i>Bursaries: Employees</i>	330	332	555	429	429	48	31	30
<i>Catering: Departmental activities</i>	927	1 198	1 262	1 672	1 672	2 602	1 611	2 253
<i>Communication</i>	2 037	3 164	4 622	4 431	4 431	8 929	5 894	7 455

Table 29.2 Energy (continued)

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								
Computer services	2 033	4 780	3 092	10 402	10 402	5 120	2 550	2 697
Consultants and professional services: Business and advisory services	34 107	13 212	23 851	15 229	15 229	7 707	4 613	8 893
Consultants and professional services: Infrastructure and planning	900	7 635	–	1 080	1 080	–	–	–
Consultants and professional services: Laboratory services	–	–	201	–	–	–	–	–
Consultants and professional services: Legal costs	375	839	2	932	932	–	–	–
Contractors	2 721	4 178	9 130	5 186	5 186	1 848	1 158	1 236
Agency and support / outsourced services	185	7 252	498	2 075	2 075	2 674	1 318	4 421
Entertainment	–	10	9	259	259	97	47	115
Housing	–	–	3	–	–	–	–	–
Inventory: Fuel, oil and gas	3	5	4	9	9	11	6	7
Inventory: Learner and teacher support material	–	407	141	197	197	29	11	19
Inventory: Materials and supplies	9	42	116	326	326	401	225	240
Inventory: Medical supplies	7	9	–	–	–	–	–	–
Inventory: Other consumables	10	257	98	178	178	40	90	42
Inventory: Stationery and printing	1 070	2 099	1 572	3 241	3 241	6 600	4 552	5 023
Lease payments	4 985	4 528	12 302	11 875	11 875	13 664	13 223	13 671
Property payments	728	849	743	1 104	1 104	157	163	183
Transport provided: Departmental activity	26	3	–	98	98	–	–	–
Travel and subsistence	40 045	39 271	45 334	28 919	28 919	44 575	34 607	59 998
Training and development	1 021	1 067	1 208	1 727	1 727	330	216	281
Operating expenditure	11 864	10 717	6 552	4 562	4 562	1 978	1 734	7 247
Venues and facilities	5 113	4 343	2 297	2 921	2 921	4 798	2 721	6 362
Transfers and subsidies	2 030 258	2 744 147	3 432 476	5 389 667	5 389 667	5 784 884	5 294 831	3 951 007
Provinces and municipalities	462 492	589 139	1 074 554	1 240 104	1 240 104	1 376 612	1 151 443	1 214 772
Departmental agencies and accounts	83 963	99 583	96 007	81 536	81 536	46 096	33 149	33 012
Public corporations and private enterprises	1 483 586	2 054 890	2 261 780	4 067 698	4 067 698	4 361 827	4 109 869	2 702 863
Households	217	535	135	329	329	349	370	360
Payments for capital assets	1 623	3 423	6 752	4 850	4 850	7 830	5 072	4 901
Machinery and equipment	1 145	2 873	6 360	4 850	4 850	7 830	5 072	4 901
Software and other intangible assets	478	550	392	–	–	–	–	–
Payments for financial assets	–	223	246	–	–	–	–	–
Total	2 229 834	2 961 679	3 690 872	5 648 664	5 648 664	6 089 902	5 575 329	4 304 778

Expenditure trends

The spending focus over the medium term will be on making transfer payments to municipalities and public corporations, including Eskom, to allow them to increase electricity connections to households, provide substation infrastructure and promote energy efficiency through demand side management. The department will also continue to support the Transnet multi-products pipeline.

Expenditure increased from R2.2 billion in 2007/08 to R5.6 billion in 2010/11, at an average annual rate of 36.3 per cent. This increase is mainly due to restructuring the department and building capacity to respond to challenging developments within the energy sector. The *National Electrification Programme*, which makes transfer payments to Eskom, non-grid service providers and local governments, accounts for 51 per cent of 2010/11 departmental expenditure. Transfer payments to entities increased from R1 billion in 2007/08 to R4 billion in 2010/11, as a result of: additional funding of R180 million allocated in the 2008 Adjusted Estimates of National Expenditure; and additional allocations of R249 million in 2009/10, R329 million in 2010/11 and R399 million in 2011/12 to cover costs related to implementing a dedicated programme to roll out

compact fluorescent light bulbs. The funds are earmarked for transfers up to 2011/12 to Eskom and municipalities to roll out energy efficiency initiatives, including the demand side management programme. Additional funding was also allocated towards the integrated national electrification programme, the demand side management programme and the South African Nuclear Energy Corporation in previous budget cycles.

Over the medium term, departmental spending is projected to decrease from R5.6 billion in 2010/11 to R4.3 billion in 2013/14, at an average annual rate of 8.7 per cent. This is largely driven by a decrease in transfer payments to the Energy Distribution Industry Holdings, the demand side management programme and funding for the construction of the Transnet petroleum pipeline, which has a final allocation of R1.5 billion in 2012/13.

Expenditure on goods and services decreased from R112.4 million in 2007/08 to R106.2 million in 2010/11, at an average annual rate of 1.9 per cent. The decrease is largely due to savings on the departmental allocations in relation to expenditure on business and advisory services and travel and subsistence. Over the medium term, expenditure on goods and services is projected to increase to R130.6 million, at an average annual rate of 7.1 per cent largely. The growth is due to increases in travel and subsistence expenditure. Spending on compensation of employees increased from R85.5 million in 2007/08 to R147.9 million in 2010/11. Over the same period, the total number of employees grew mainly due to recruiting senior management personnel. Over the MTEF period, expenditure in compensation of employees is expected to grow to R218.3 million, at an average annual rate of 13.8 per cent. The increase is driven by additional staff recruited to capacitate the department in line with its mandate.

An additional R4.5 billion between 2010/11 and 2012/13 has been allocated to Transnet for the construction of the national multi-products petroleum pipelines to ensure the secure supply of petroleum products.

Infrastructure spending

Integrated national electrification programme

The department makes transfer payments to Eskom and municipalities through the integrated national electrification programme. The transfers are used to fund infrastructure for the electrification of households, schools and clinics. Between 2007/08 and 2010/11, R8.3 billion was spent on the integrated national electrification programme. Of this, R5.3 billion was allocated to Eskom and R3 billion was transferred to municipalities. In 2009/10, electricity was provided to an additional 145 157 households and 1 035 schools. By December 2010, 93 422 additional households had been connected to the national grid. In 2009/10, 7 bulk substations were completed and ready for operation.

Over the MTEF period, expenditure on the integrated national electrification programme is expected to increase from R2.9 billion to R3.3 billion, at an average annual rate of 4.7 per cent.

Construction of the new multi-products pipeline by Transnet

The department receives a budget allocation of R4.5 billion between 2010/11 and 2012/13 to transfer to Transnet for the construction of the new multi-products pipeline. The payments are made quarterly over the period subject to the submission of process reports. The payments for the first two quarters of 2010/11 have been made. The construction of the pipeline has been delayed by nine months. The construction of the trunk line will be concluded in December 2011 instead of March 2011 as had been planned, and all construction work on the pipeline, including support infrastructure will be concluded in December 2013 instead December 2011.

Personnel information

Following the split of the Department of Minerals and Energy, which had 1 428 full time and contract employees, 325 employees were transferred to the Department of Energy. The approved structure of the department, in line with its new mandate, is 925 posts. Due to lack of funding, only 474 posts could be filled in 2010/11. These numbers are expected to increase to 694 over the MTEF period.

Departmental receipts

Departmental revenue is derived from the receipt of administration fees for licence applications processed in terms of the Petroleum Products Amendment Act (2003). Revenue has grown from R1.2 million in 2007/08 to R3.7 million 2009/1, at an average annual rate of 45.3 per cent as a result of the increase in licence fees. Revenue is expected to increase marginally over the MTEF period to R4.2 million, at an average annual rate of 4.6 per cent.

Table 29.3 Departmental receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2007/08	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
Departmental receipts	1 201	3 343	4 429	3 684	3 684	3 867	4 058	4 215
Sales of goods and services produced by department	1 201	3 343	4 429	3 684	3 684	3 867	4 058	4 215
Total	1 201	3 343	4 429	3 684	3 684	3 867	4 058	4 215

Programme 1: Administration

Expenditure estimates

Table 29.4 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
R thousand							
Ministry ¹	–	–	11 217	10 562	21 469	21 926	22 312
Management	3 387	8 978	11 424	12 358	28 853	30 333	30 874
Audit Services	–	2 399	2 240	3 018	2 886	2 830	2 743
Corporate Services	52 663	37 899	44 756	52 876	44 719	42 494	41 789
Financial Management	32	21 091	28 566	39 795	62 020	44 377	45 412
Office Accommodation	4 968	4 901	11	7 070	7 524	7 937	8 373
Total	61 050	75 268	98 214	125 679	167 471	149 897	151 503
Change to 2010 Budget estimate				21 474	39 782	42 950	(14 156)

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

	59 217	71 390	91 873	120 527	159 292	144 455	146 242
Current payments							
Compensation of employees	14 607	25 544	38 730	51 790	81 712	86 673	84 004
Goods and services	44 610	45 846	53 143	68 737	77 580	57 782	62 238
<i>of which:</i>							
Administrative fees	75	566	462	784	1 687	1 231	1 325
Advertising	366	351	247	934	4 841	2 511	3 208
Assets less than the capitalisation threshold	293	569	1 157	2 043	409	267	263
Audit cost: External	532	825	1 032	3 597	4 114	2 294	2 168
Bursaries: Employees	330	262	555	313	48	31	30
Catering: Departmental activities	488	260	141	746	1 229	677	759
Communication	1 937	2 439	3 223	3 743	7 780	5 164	5 312
Computer services	2 033	2 295	3 092	7 205	4 914	2 356	2 501
Consultants and professional services: Business and advisory services	7 870	4 882	7 845	5 369	6 426	3 764	4 192
Consultants and professional services: Legal costs	375	789	–	685	–	–	–
Contractors	2 312	3 673	960	5 075	1 830	1 157	1 219
Agency and support / outsourced services	–	46	99	717	72	57	64

Table 29.4 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>Entertainment</i>	-	2	9	159	97	47	115
<i>Housing</i>	-	-	3	-	-	-	-
<i>Inventory: Fuel, oil and gas</i>	-	5	4	9	11	6	7
<i>Inventory: Learner and teacher support material</i>	-	25	19	31	29	11	19
<i>Inventory: Materials and supplies</i>	9	36	116	228	400	225	239
<i>Inventory: Medical supplies</i>	5	9	-	-	-	-	-
<i>Inventory: Other consumables</i>	10	126	98	55	36	87	36
<i>Inventory: Stationery and printing</i>	940	1 558	1 378	2 595	4 473	2 814	2 882
<i>Lease payments</i>	4 985	4 528	5 094	11 778	13 664	13 223	13 671
<i>Property payments</i>	728	849	743	1 104	157	163	183
<i>Transport provided: Departmental activity</i>	26	-	-	-	-	-	-
<i>Travel and subsistence</i>	18 967	19 282	23 898	16 370	21 058	18 374	20 497
<i>Training and development</i>	760	733	1 113	1 530	319	206	227
<i>Operating expenditure</i>	1 032	762	1 035	2 032	1 609	1 468	1 555
<i>Venues and facilities</i>	537	974	820	1 635	2 377	1 649	1 766
Transfers and subsidies	210	395	135	329	349	370	360
Households	210	395	135	329	349	370	360
Payments for capital assets	1 623	3 414	5 981	4 823	7 830	5 072	4 901
Machinery and equipment	1 145	2 864	5 589	4 823	7 830	5 072	4 901
Software and other intangible assets	478	550	392	-	-	-	-
Payments for financial assets	-	69	225	-	-	-	-
Total	61 050	75 268	98 214	125 679	167 471	149 897	151 503
Details of transfers and subsidies							
Households							
Households social benefits							
Current	210	376	133	329	349	370	360
Employee social benefits	210	376	133	329	349	370	360
Households other transfers							
Current	-	19	2	-	-	-	-
Households management	-	5	-	-	-	-	-
Households	-	14	2	-	-	-	-

Expenditure trends

Over the medium term, spending focus will be on developing organisational capacity to cater for expenditure for the new ministry and strengthening the department's support service structure. This includes appointing new staff in key positions, such as the chief financial officer, and internal audit and human resources managers.

Between 2007/08 and 2010/11, expenditure increased from R61.1 million to R125.7 million, at an average annual rate of 27.2 per cent. The increase was largely due to building financial management capacity as this is a newly established department. Expenditure is expected to increase to R151.5 million over the medium term, at an average annual rate of 6.4 per cent. The increase over the medium term is partly due to the allocation of additional funding to expand the staff complement to enable the newly established department to carry out its mandate effectively.

Programme 2: Energy Policy and Planning

- *Electricity Policy* develops, implements and reviews electrification and electricity supply policy. This subprogramme has 91 approved posts and a total budget of R13.6 million in 2011/12, of which 85.2 per cent is used for compensation of employees and 14.8 per cent for related goods and services. The subprogramme supports the development, implementation, research into national and international trends, the monitoring of policy relating to the electricity generation and transmission, electricity distribution industry and electricity regulation. The current staff complement consists of 28 funded and 3 posts additional to the establishment.
- *Hydrocarbons Policy* develops, implements and reviews hydrocarbons policy and regulations for coal and gas and promotes transformation of the petroleum and gas sectors. This subprogramme has 19 approved posts and a total budget of R1.5 billion in 2011/12, of which 99.3 per cent is transferred to Transnet for the construction of the national multi-products pipeline. This subprogramme is currently supported by 18 staff members.
- *Nuclear Policy* develops and reviews policies and legislation as required by international agreements and governance of the nuclear sector in South Africa. This subprogramme has 16 approved posts and an existing staff complement of 2 with a total budget of R2.1 million in 2011/12 of which 100 per cent is used for compensation of employees and related goods and services.
- *Energy Planning and Research* ensures security of energy supply by developing, implementing and maintaining a national integrated energy plan for continued access to energy; manages economic research and forecasting on global economic matters; and monitors macroeconomic trends and geopolitical issues that impact on the energy industry. This subprogramme has 25 funded positions and 64 approved posts and a total budget of R20.6 million in 2011/12, of which 100 per cent is used for compensation of employees and related goods and services. Over the MTEF period, the programme will manage the planning of each supply options market sector, develop plans based on appropriate modelling for generation, refining, distribution and transmission of energy resources, develop sector demand profiles in relation to the supply sector, and oversee the design, implementation and maintenance of the overall energy modelling system and the publication of energy reports, data and information.

Objectives and measures

- Improve the security of energy supply through fostering investments in storage for liquid fuels by developing the national strategic fuel stocks policy, which specifies minimum stock levels to drive companies to build facilities capable of storing such stock, by March 2011.
- Ensure well managed, efficient and safe electricity, nuclear and clean energy industries by:
 - Support planning for the commissioning of the next nuclear power plant by 2023
 - developing strategies to achieve electricity savings of 12 per cent by 2015, based on forecast energy demand.

Objectives and measures

- Improve the security of energy supply through fostering investments in storage for liquid fuels by developing the national strategic fuel stocks policy, which specifies minimum stock levels to drive companies to build facilities capable of storing such stock, by March 2011.
- Strengthen the regulatory framework in the petroleum products industry by implementing the regulatory accounting system before March 2011 and designing an energy modelling system.
- Ensure well managed, efficient and safe electricity, nuclear and clean energy industries by:
 - Support planning for the commissioning of the next nuclear power plant by 2023
 - developing strategies to achieve electricity savings of 12 per cent by 2015, based on forecast energy demand.

Expenditure estimates

Table 29.5 Energy Policy and Planning

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
R thousand							
Electricity Policy	7 740	11 549	31 094	12 133	13 619	14 827	21 170
Hydrocarbons Policy	16 349	28 985	20 401	1 508 149	1 510 644	1 510 246	16 053
Nuclear Policy	11 432	15 076	6 643	3 475	2 067	2 070	20 637
Energy Planning and Research	22 141	14 389	18 360	24 878	20 628	19 059	20 032
Total	57 662	69 999	76 498	1 548 635	1 546 958	1 546 202	77 892
Change to 2010 Budget estimate				7 980	(46 703)	(51 729)	(6 075)
Economic classification							
Current payments	57 662	69 754	75 720	48 635	46 958	46 202	77 892
Compensation of employees	26 045	30 257	26 087	38 383	30 355	32 604	44 565
Goods and services	31 617	39 497	49 633	10 252	16 603	13 598	33 327
<i>of which:</i>							
Administrative fees	353	143	638	686	1 083	892	1 160
Advertising	1 048	1 603	596	209	582	369	808
Assets less than the capitalisation threshold	198	-	-	94	27	19	27
Bursaries: Employees	-	70	-	115	-	-	-
Catering: Departmental activities	264	836	1 099	377	875	716	919
Communication	100	552	1 077	58	288	195	629
Computer services	-	2 481	-	2 373	203	171	192
Consultants and professional services: Business and advisory services	13 478	3 207	12 733	414	526	440	486
Consultants and professional services: Infrastructure and planning	900	7 635	-	-	-	-	-
Contractors	62	64	7 788	111	-	-	1
Agency and support / outsourced services	185	7 206	-	325	519	347	2 718
Entertainment	-	8	-	-	-	-	-
Inventory: Fuel, oil and gas	3	-	-	-	-	-	-
Inventory: Learner and teacher support material	-	380	91	151	-	-	-
Inventory: Medical supplies	2	-	-	-	-	-	-
Inventory: Other consumables	-	-	-	119	1	1	-
Inventory: Stationery and printing	119	56	151	304	1 725	1 421	1 626
Lease payments	-	-	7 208	-	-	-	-
Transport provided: Departmental activity	-	3	-	-	-	-	-
Travel and subsistence	8 538	7 763	12 223	4 095	10 736	9 002	19 619
Training and development	33	254	92	51	11	10	54
Operating expenditure	3 069	5 419	5 222	313	27	15	2 457
Venues and facilities	3 265	1 817	715	457	-	-	2 631
Transfers and subsidies	-	100	-	1 500 000	1 500 000	1 500 000	-
Public corporations and private enterprises	-	-	-	1 500 000	1 500 000	1 500 000	-
Households	-	100	-	-	-	-	-
Payments for capital assets	-	9	771	-	-	-	-
Machinery and equipment	-	9	771	-	-	-	-
Payments for financial assets	-	136	7	-	-	-	-
Total	57 662	69 999	76 498	1 548 635	1 546 958	1 546 202	77 892
Details of transfers and subsidies							
Households							
Households social benefits							
Current	-	100	-	-	-	-	-
Households	-	100	-	-	-	-	-
Public corporations and private enterprises							
Public corporations							
Public corporations - subsidies on products and production							
Capital	-	-	-	1 500 000	1 500 000	1 500 000	-
Transnet	-	-	-	1 500 000	1 500 000	1 500 000	-

Expenditure trends

The spending focus over the medium term will be on the development of an energy modelling system and regulatory accounts framework.

Between 2007/08 and 2010/11, spending increased from R57.7 million to R1.5 billion, at an average annual rate of 199.5 per cent. Over the medium term, spending is expected to decrease to R77.9 million, at an average annual rate of 63.1 per cent. The decrease in spending between 2010/11 and 2012/13 is due to the discontinuation of payments of R1.5 billion per year made in the *Hydrocarbons Policy* subprogramme to Transnet for the construction of the national multi-products pipeline. Spending in the *Nuclear Policy* subprogramme increases by R18.6 million in 2013/14 as a result of the review on regulatory framework to support the nuclear build programme.

Programme 3: Energy Regulation

- *Petroleum Licensing and Monitoring* manages petroleum licence activities; and enforces technical, legal and economic compliance with legislation, specifications, standards and conditions. This subprogramme has a 91 posts and 134 approved positions and a total budget of R33.2 million, of which 100 per cent is used for compensation of employees and related goods and services. The programme provides specialised administrative support services, regulates the issuing of petroleum licenses, conducts inspections, audits and investigations to enforce the Petroleum Products Act (2003) and manages and coordinates the regional petroleum licensing system and advisory services.
- *Hydrocarbons Operations* regulates the pricing of petroleum products, oversees the security of liquid fuels, promotes public awareness on the safe use of petroleum products, and provides energy advisory services. This subprogramme has 21 funded posts and a total budget of R9.1 million, of which 92.5 per cent is used for compensation of employees and related goods and services. The 20-year liquid fuel infrastructure road map project, which seeks to map out the long term orderly development of the liquid fuels industry and the associated infrastructure, will start in February 2011 and will take about 9 months to be completed.
- *Clean Energy* facilitates implementing renewable energy and energy efficiency technologies, and regulates and promotes clean development mechanism activities. This subprogramme has 29 funded posts and a total budget of R480.5 million and transfers 96.8 per cent of allocations to municipalities, public enterprises and private enterprises for demand side management and renewable energy projects. In 2009/10, the following outputs were achieved: the subprogramme subsidised two projects worth 9MW (against a targeted 20MW) involving landfill gas in KwaZulu-Natal and a small-scale hydro project in Free State; completed the institutional arrangements to prepare for the launch of the working for energy programme. Estimates for 2009/10 indicate that 100MW (against a target of 400MW) savings were achieved through fiscal funding to Eskom, and the municipality energy efficiency and demand side management programme, which was allocated R250 million. In 2009, 17 service level agreements with municipalities to the value of R100 million were signed and funds have been transferred.
- *Public Entity Oversight* transfers, manages and monitors funds in support of the department's mandates to funded and non-funded statutory bodies and organisations. This subprogramme shares its staff complement with the *Clean Energy* programme and has a total budget of R31.9 million, of which 100 per cent is transferred to the Electricity Distribution Industry Holdings and the South African National Energy Development Institute, which were established to promote energy efficiency and research within the sector.

Objectives and measures

- Facilitate the implementation and adoption of new and renewable energy technologies by providing increased financial support through the renewable energy finance and subsidy scheme and other support programmes, aimed at meeting the 2013 target of 10 000GWh generation from clean energy sources.
- Oversee the construction of the national multipurpose petroleum pipeline and related specifically allocated capital transfers over the MTEF period by regularly publishing progress reports.
- Strengthen the regulatory framework in the petroleum products industry by implementing the regulatory accounting system before March 2011.

- Encourage research and development for energy related technologies, with a key focus on energy efficiency and mitigating greenhouse gases, by establishing the South African National Energy Development Institute by March 2011.
- Improve the countrywide availability of petroleum products by licensing retail, manufacturing and wholesale operators within 90 days of receiving confirmation of the publication of their licence applications.
- Facilitate the participation of historically disadvantaged individuals in the petroleum sector by licensing 25 per cent of all licence applications by historically disadvantaged individuals in each year of the MTEF period.

Expenditure estimates

Table 29.6 Energy Regulation

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
R thousand							
Petroleum Licensing and Monitoring	37 259	35 638	27 508	32 386	33 199	32 591	40 475
Hydrocarbons Operations	7 521	10 567	12 219	8 283	9 101	9 356	26 869
Clean Energy	18 403	187 614	273 198	386 191	480 539	81 317	94 508
Public Entity Oversight	65 934	79 250	72 214	61 582	31 858	22 110	22 344
Total	129 117	313 069	385 139	488 442	554 697	145 374	184 196
Change to 2010 Budget estimate				20 620	66 854	42 230	(9 178)
Economic classification							
Current payments	59 848	58 355	57 879	57 255	57 719	54 889	89 717
Compensation of employees	29 867	35 315	44 883	40 202	47 232	49 594	64 605
Goods and services	29 981	23 040	12 996	17 053	10 487	5 295	25 112
<i>of which:</i>							
Administrative fees	122	9	123	434	261	137	475
Advertising	800	596	297	73	341	161	472
Assets less than the capitalisation threshold	17	51	1	2	7	4	14
Catering: Departmental activities	121	100	22	549	446	189	524
Communication	-	145	322	505	573	346	1 233
Computer services	-	4	-	2	-	-	-
Consultants and professional services: Business and advisory services	12 172	4 662	2 800	9 185	753	408	4 213
Consultants and professional services: Laboratory services	-	-	201	-	-	-	-
Consultants and professional services: Legal costs	-	50	2	247	-	-	-
Contractors	242	330	264	-	18	1	16
Agency and support / outsourced services	-	-	399	64	6	1	6
Entertainment	-	-	-	100	-	-	-
Inventory: Learner and teacher support material	-	2	31	15	-	-	-
Inventory: Materials and supplies	-	6	-	98	1	-	1
Inventory: Other consumables	-	131	-	4	3	2	6
Inventory: Stationery and printing	11	485	43	322	175	86	284
Lease payments	-	-	-	97	-	-	-
Travel and subsistence	9 693	10 340	7 431	3 806	7 540	3 719	14 569
Training and development	198	80	3	135	-	-	-
Operating expenditure	5 623	4 517	295	915	286	206	3 181
Venues and facilities	982	1 532	762	500	77	35	118

Table 29.6 Energy Regulation (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
Transfers and subsidies	69 269	254 696	327 246	431 160	496 978	90 485	94 479
Provinces and municipalities	-	-	175 000	220 000	280 000	-	-
Departmental agencies and accounts	65 934	79 250	72 214	61 582	31 858	22 110	22 344
Public corporations and private enterprises	3 328	175 406	80 032	149 578	185 120	68 375	72 135
Households	7	40	-	-	-	-	-
Payments for capital assets	-	-	-	27	-	-	-
Machinery and equipment	-	-	-	27	-	-	-
Payments for financial assets	-	18	14	-	-	-	-
Total	129 117	313 069	385 139	488 442	554 697	145 374	184 196
Details of transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	65 934	79 250	72 214	61 582	31 858	22 110	22 344
Electricity Distribution Industry Holdings	65 934	69 250	72 214	61 582	11 758	-	-
Electricity Distribution Industry Holding Company	-	10 000	-	-	-	-	-
South African National Energy Development Institute	-	-	-	-	20 100	22 110	22 344
Households							
Households other transfers							
Current	7	40	-	-	-	-	-
Households	7	40	-	-	-	-	-
Public corporations and private enterprises							
Public corporations							
Public corporations - subsidies on products and production							
Current	-	170 000	74 475	108 900	118 800	-	-
National Energy Efficiency and Demand Side Management	-	170 000	74 475	108 900	118 800	-	-
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	-	-	175 000	220 000	280 000	-	-
Municipalities	-	-	175 000	220 000	280 000	-	-
Public corporations and private enterprises							
Private enterprises							
Other transfers to private enterprises							
Current	3 328	5 406	5 557	40 678	66 320	68 375	72 135
Renewable Energy Service Providers	3 328	5 406	5 557	20 700	41 320	68 375	72 135
South African National Energy Development Institute	-	-	-	19 978	25 000	-	-

Expenditure trends

The spending focus over the medium term will be mainly to increase capacity in the programme and increase support towards the renewable energy subsidy scheme.

Spending increased from R129.1 million in 2007/08 to R488.4 million in 2010/11, at an average annual rate of 55.8 per cent. The increase in spending between 2009/10 and 2011/12 was due to the allocation of additional funding of R249 million, R329 million and R399 million in each year to cover costs related to implementing a dedicated programme to roll out compact fluorescent light bulbs. The funds are earmarked for transfers to Eskom and municipalities to roll out energy efficiency initiatives, including the demand side management programme in the *Clean Energy* subprogramme.

Over the medium term, spending is expected to decrease to R184.2 million, at an average annual rate of 27.8 per cent as, first, the grant will be discontinued in 2011/12 and, second, transfers to Energy Distribution Industry Holdings will be discontinued due to the Cabinet decision to close Energy Distribution Industry Holdings down and discontinue the creation of a regional electricity distribution network.

Expenditure on compensation of employees is expected to increase from R40.2 million in 2010/11 to R64.6 million in 2013/14, due to salary adjustments and the allocation of additional funding for the petroleum licensing and monitoring functions.

Programme 4: National Electrification Programme

- *Business Planning* manages the electrification planning, funding and implementation process rehabilitation of municipal distribution assets. This subprogramme has 39 funded posts and 13 additional posts and a total budget of R302.3 million in 2010/11, of which 93.3 per cent was used for generators and connections for the 2010 FIFA Confederation and World Cup tournaments. The aim of the subprogramme is to manage and coordinate technical audits, oversee the funding processes, develop electrification infrastructure plans, integrate grid and non-grid electrification, and develop electrification sector plans that are aligned with other service sectors.
- *Grant Management and Monitoring* oversees the grant distribution and Division of Revenue Act (2010) implementation processes to address the electrification backlog for providing universal access. This subprogramme shares its staff complement with the *Business Planning* subprogramme and has a total budget of R2.9 billion, of which 100 per cent is used for transfer payments to Eskom, municipalities and non-grid electricity service providers for the implementation of the national electrification programme. In 2009/10, contracts awarded to BEE businesses and SMMEs amounted to R261.1 million. 3 954 temporary and 371 permanent jobs were created through the integrated national electrification programme. In the same year, 741 learners took part in electrification projects against a targeted 800. In 2009/10, municipalities achieved 48 742 connections, 3 663 connections more than in 2008/09. Furthermore, the gazetted connections were 28 682 more in 2009/10 than in 2008/09. Eskom provided 98 957 household connections, 919 more than targeted for 2009/10.

Objectives and measures

- Increase access to electricity by monitoring the implementation of the integrated national electrification programme, which aims to connect 540 000 households by 2012.
- Address the rehabilitation of municipal electricity distribution assets by regularly monitoring and evaluating distribution asset management to ensure the preservation of distribution infrastructure.

Expenditure estimates

Table 29.7 National Electrification Programme

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
R thousand							
Business Planning	4 368	4 643	4 938	20 431	302 270	19 083	20 517
Grant Management and Monitoring	1 554 494	1 913 897	2 517 158	2 864 114	2 905 285	3 119 900	3 291 494
Total	1 558 862	1 918 540	2 522 096	2 884 545	3 207 555	3 138 983	3 312 011
Change to 2010 Budget estimate				61 200	302 240	19 083	(1 816)

Table 29.7 National Electrification Programme (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	4 368	4 643	4 938	20 431	20 270	19 083	20 517
Compensation of employees	2 686	2 857	3 040	13 044	14 965	15 713	15 230
Goods and services	1 682	1 786	1 898	7 387	5 305	3 370	5 287
<i>of which:</i>							
Administrative fees	–	–	–	260	261	162	261
Advertising	–	–	–	94	133	82	132
Assets less than the capitalisation threshold	–	–	–	5	2	1	1
Catering: Departmental activities	–	–	–	–	39	17	39
Communication	–	–	–	111	219	147	220
Computer services	–	–	–	822	–	20	–
Consultants and professional services: Business and advisory services	339	356	378	261	–	–	–
Consultants and professional services: Infrastructure and planning	–	–	–	1 080	–	–	–
Contractors	84	89	95	–	–	–	–
Inventory: Stationery and printing	–	–	–	9	16	10	17
Transport provided: Departmental activity	–	–	–	98	–	–	–
Travel and subsistence	1 259	1 341	1 425	4 048	4 606	2 914	4 589
Operating expenditure	–	–	–	423	29	17	28
Venues and facilities	–	–	–	176	–	–	–
Transfers and subsidies	1 554 494	1 913 897	2 517 158	2 864 114	3 187 285	3 119 900	3 291 494
Provinces and municipalities	462 492	589 139	899 554	1 020 104	1 096 612	1 151 443	1 214 772
Public corporations and private enterprises	1 092 002	1 324 758	1 617 604	1 844 010	2 090 673	1 968 457	2 076 722
Total	1 558 862	1 918 540	2 522 096	2 884 545	3 207 555	3 138 983	3 312 011
Details of transfers and subsidies							
Public corporations and private enterprises							
Public corporations							
Public corporations - subsidies on products and production							
Capital	1 018 083	1 240 758	1 616 315	1 719 810	1 737 812	1 882 057	1 985 570
Eskom: Integrated National Electrification Programme	1 018 083	1 240 758	1 616 315	1 719 810	1 737 812	1 882 057	1 985 570
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Capital	462 492	589 139	899 554	1 020 104	1 096 612	1 151 443	1 214 772
Integrated National Electrification Programme (Eskom) Grant	462 492	589 139	899 554	1 020 104	1 096 612	1 151 443	1 214 772
Public corporations and private enterprises							
Private enterprises							
Private enterprises - subsidies on products and production							
Capital	73 919	84 000	1 289	124 200	352 861	86 400	91 152
Local Organising Committee 2010 World Cup	–	–	–	–	282 000	–	–
Integrated National Electrification Programme	73 919	84 000	1 289	124 200	70 861	86 400	91 152

Expenditure trends

The spending focus over the medium term will be on making transfer payments to Eskom and municipalities for the integrated national electrification programme.

Between 2007/08 and 2010/11, spending grew from R1.5 billion to R2.9 billion, at an average annual rate of 22.8 per cent. Over the medium term, spending is expected to increase to R3.3 billion, at an average annual rate of 4.7 per cent. The growth in expenditure over the seven-year period is due to additional allocations for the integrated national electrification programme, which rose from R1.6 billion in 2007/08 to R3.3 billion in 2013/14. Additional allocations were used to cover costs associated with the rehabilitation of electricity infrastructure and capital inflation adjustments.

Programme 5: Nuclear Energy and Regulation

- *Nuclear Safety and Technology* aims to improve the governance of the nuclear sector, specifically in relation to nuclear safety and nuclear technology. The subprogramme has 7 funded posts and a budget of R9.8 million in 2011/12. The subprogramme is the anchor point for implementation of the nuclear energy policy of 2008 as a national nuclear programme in line with the Integrated Resource Plan requirements. In order to account for and control nuclear materials and related equipment within the Republic, in 2009/10, 55 authorisations (22 import, 13 export, 10 possession, 3 acquire, 5 disposals and 2 transfers) were issued to different organisations for the acquisition, possession, transport, use, and import and export of nuclear material. A memorandum of understanding with the South African Revenue Service has been approved to enhance the monitoring of nuclear material and related equipment through ports of entry to ensure compliance with the Nuclear Energy Act (1999).
- *Nuclear Non-proliferation and Radiation Security* manages and implements all matters related to nuclear non-proliferation and radiation security as required by legislation and international agreements. The subprogramme has 7 funded posts and 2 additional posts and a budget of R3.2 million in 2011/12. In order to strengthen the country's research and development capacity and capability, the agreement on cooperation in research and development of nuclear energy was signed with the United States of America in 2009. Other agreements for cooperation in the peaceful use of nuclear energy were signed with the People's Democratic Republic of Algeria and the Republic of Korea in 2010. The fourth extension of the African Regional Cooperative Agreement for Research, Development and Training Related to Nuclear Science and Technology, a programme of the International Atomic Energy Agency, was also signed.
- *Public Entity Oversight* facilitates the oversight of statutory bodies and organisations in the nuclear industry. Funding in these subprogrammes will mainly be used for compensation of employees, the acquisition of related goods and services and transfer payments to the South African Nuclear Energy Corporation, the National Nuclear Regulator and the National Radioactive Waste Disposal Institute, once it has been established. The budget of the unit is R600.3 million, of which 100 per cent is transferred to the Nuclear Energy Cooperation of South Africa and the National Nuclear Regulator.

Objectives and measures

- Ensure a well managed, efficient and safe nuclear energy industry through:
 - implementing the nuclear energy policy by developing appropriate strategies to facilitate the commissioning of the next nuclear power plants as guided by the integrated resource plan by 2013/14
 - regulating the security of nuclear material and facilities by developing appropriate regulations by 2012 for the physical protection of nuclear material
 - strengthening the control and accounting for nuclear materials and related equipment by enforcing the relevant regulations and facilitating, by 2013, the installation of monitoring equipment at identified ports of entry in conjunction with the South African Revenue Service
 - establishing the appropriate institutional arrangements for the safe management and disposal of radioactive waste as provided for in the radioactive waste management policy and strategy by 2013
 - ensuring South Africa's compliance with the legally binding international treaties and protocols it has entered into.

Expenditure estimates

Table 29.8 Nuclear Energy and Regulation

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
R thousand							
Nuclear Safety and Regulation	8 010	7 703	13 034	5 587	9 822	7 513	9 901
Nuclear Non-proliferation and Radiation Security	8 848	2 041	7 954	1 712	3 127	3 284	4 601
Public Entity Oversight	406 285	575 059	587 937	594 064	600 272	584 076	564 674
Total	423 143	584 803	608 925	601 363	613 221	594 873	579 176
Change to 2010 Budget estimate				2 000	(11 864)	(15 904)	(51 254)
Economic classification							
Current payments	16 858	9 744	20 988	7 299	12 949	10 797	14 502
Compensation of employees	12 310	9 002	20 513	4 509	7 454	7 828	9 867
Goods and services	4 548	742	475	2 790	5 495	2 969	4 635
<i>of which:</i>							
<i>Administrative fees</i>	22	–	–	81	80	77	78
<i>Advertising</i>	116	1	–	71	34	37	34
<i>Bursaries: Employees</i>	–	–	–	1	–	–	–
<i>Catering: Departmental activities</i>	54	2	–	–	13	12	12
<i>Communication</i>	–	28	–	14	69	42	61
<i>Computer services</i>	–	–	–	–	3	3	4
<i>Consultants and professional services: Business and advisory services</i>	248	105	95	–	2	1	2
<i>Contractors</i>	21	22	23	–	–	–	–
<i>Agency and support / outsourced services</i>	–	–	–	969	2 077	913	1 633
<i>Inventory: Stationery and printing</i>	–	–	–	11	211	221	214
<i>Travel and subsistence</i>	1 588	545	357	600	635	598	724
<i>Training and development</i>	30	–	–	11	–	–	–
<i>Operating expenditure</i>	2 140	19	–	879	27	28	26
<i>Venues and facilities</i>	329	20	–	153	2 344	1 037	1 847
Transfers and subsidies	406 285	575 059	587 937	594 064	600 272	584 076	564 674
Departmental agencies and accounts	18 029	20 333	23 793	19 954	14 238	11 039	10 668
Public corporations and private enterprises	388 256	554 726	564 144	574 110	586 034	573 037	554 006
Total	423 143	584 803	608 925	601 363	613 221	594 873	579 176
Details of transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	590	620	853	861	470	365	352
National Nuclear Regulator	590	620	853	861	470	365	352
Capital	17 439	19 713	22 940	19 093	13 768	10 674	10 316
National Nuclear Regulator	17 439	19 713	22 940	19 093	13 768	10 674	10 316
Public corporations and private enterprises							
Public corporations							
Public corporations - subsidies on products and production							
Current	303 318	465 550	475 425	490 508	505 798	494 580	478 154
South African Nuclear Energy Corporation Ltd	303 318	465 550	475 425	490 508	505 798	494 580	478 154
Capital	84 938	89 176	88 719	83 602	80 236	78 457	75 852
South African Nuclear Energy Corporation Ltd	84 938	89 176	88 719	83 602	80 236	78 457	75 852

Expenditure trends

Spending over the MTEF period will focus on leading the integrated nuclear infrastructure review, setting up the National Radioactive Waste Disposal Institute and supporting the Nuclear Energy Corporation of South Africa.

The increase in spending in the *Nuclear Safety and Regulation* subprogramme is attributable to expenditure on activities related to the development and implementation of the nuclear energy policy. Expenditure on compensation of employees is expected to increase from R4.5 million in 2010/11 to R9.9 million in 2013/14, due to salary adjustments and the allocation of additional funding for nuclear functions. Transfer payments to the National Nuclear Energy Corporation of South Africa represent 96 per cent of the programme's total expenditure.

Expenditure is projected to decrease over the MTEF period, from R601.4 million in 2010/11 to R579.2 million in 2013/14. The decrease in expenditure is due to the reduction in transfers to the National Nuclear Energy Corporation of South Africa and the National Nuclear Regulator as these entities increase their own revenue.

Public entities and other agencies

South African Nuclear Energy Corporation

Strategic overview: 2007/08 – 2013/14

The South African Nuclear Energy Corporation derives its mandate from the Nuclear Energy Act (1999), directives conferred on it by the Minister of Energy, and the nuclear energy policy of 2008. The corporation's main function is to serve as the anchor for nuclear energy research and development and innovation in South Africa. The strong research focus is directed mainly at nuclear technology applications, particularly relating: to medical isotopes production; applied chemistry with an emphasis on uranium chemistry; the application of radiation and nuclear technologies; and aspects of the nuclear fuel cycle (including waste).

The corporation is also responsible for operating the SAFARI-1 research reactor (to undertake nuclear science research and development and to provide irradiation services for the production of medical radioisotopes); decommissioning and decontaminating nuclear facilities; and implementing the Nuclear Non-Proliferation Treaty and the Comprehensive Safeguards Agreement with the International Atomic Energy Agency, the Africa Regional Cooperative Agreement for Research, Development and Training related to Nuclear Science and Technology, and the Pelindaba Treaty.

The corporation's mandate is executed around three strategic clusters: the nuclear power cluster; the radiation products and services cluster; and Necsa as host of nuclear programmes cluster.

Over the MTEF period, the corporation will focus on: radiation research, products and services; nuclear fuel research and development in relation to low enriched uranium research reactor production facilities; nuclear component manufacturing to support future nuclear programmes and future power reactors; to contribute to higher industrial manufacturing standards and sustainable job creation.

Savings and cost effective service delivery

Over the MTEF period, transfers to the South African Nuclear Energy Corporation were cut by R103.7 million, which the corporation will have to absorb through cost containment measures.

Selected performance indicators

Table 29.9 South African Nuclear Energy Corporation

Indicator	Objectives	Past			Current	Projections		
		2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Annual percentage growth in group sales (actual sales in R million)	All	1.5% (443.8)	40% (621.4)	69.3% (1 051.7)	1% (1 062.5)	9.9% (1 168.1)	10.3% (1 287.9)	11.6% (1 437.6)
Number of published scientific articles per year	Research and development	16	21	26	27	32	38	45
Number of innovations per annum delivering economic value	Research and development	8	7	8	25	10	12	14
Maximum allowable annual dose in terms of licence (micro Sieverts, µSv)	Nuclear Programme Cluster	–	–	5.5	6.8	6.4	4.7	4.5
Public awareness on nuclear technologies (EMEX assessment with maximum 15 points)	Support Services	–	–	15	15	15	15	15

Details of programmes/activities/objectives

Table 29.10 South African Nuclear Energy Corporation

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Nuclear Energy Programme Cluster	–	–	–	177 987	212 813	232 666	280 738
Radiation Products and Services Programmes Cluster	–	–	–	798 972	832 359	920 865	987 912
Necsa as a Host of Nuclear Programme Cluster	–	–	–	369 402	371 587	412 986	442 430
Support Services	–	–	–	222 155	216 804	219 760	225 826
Other Objectives	872 645	1 073 486	1 448 273	–	71 969	70 136	22 443
Total expense	872 645	1 073 486	1 448 273	1 568 516	1 705 532	1 856 413	1 959 349

The **Nuclear Power Cluster** refers to the corporation's nuclear fuel development and production programmes as well as projects to support the South African nuclear energy programme, covering the entire fuel cycle. Extensive pre-feasibility studies have been carried out on the nuclear fuel cycle in line with the requirements of the nuclear energy policy and selected further studies and laboratory work, mainly to transfer nuclear fuel technology skills to a new generation of professionals are ongoing. An initial siting study report for nuclear fuel cycle facilities has been completed and preparations are well under way to obtain the necessary quality certification for the manufacturing of specialised components for nuclear facilities.

The **Radiation Products and Services Cluster** includes radiation science research and development, especially based on the research facilities offered by the SAFARI-1 reactor, isotope and radiopharmaceutical development and production. As at December 2010, 28 new innovations with the potential to deliver economic benefits have been developed. In the same period, the corporation has published a total of 13 refereed research publications and has 2 successful patents granted internationally.

The **Necsa as Host of Nuclear Programmes Cluster** refers to the corporation's capacity to house nuclear programmes due to its unique integrated safety, health, environmental and quality system, and licensed nuclear infrastructure and capabilities that include nuclear security, licensing, and medical and emergency support services. As at December 2010, there have been zero national key point reportable events. The entity's safety and licence compliance record was maintained and the requirements of its annual safeguards activity plan are being met.

Expenditure estimates

Table 29.11 South African Nuclear Energy Corporation

Statement of financial performance				Revised	Medium-term estimate		
R thousand	Audited outcome			estimate			
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Revenue							
Non-tax revenue	503 557	714 067	1 141 062	1 156 703	1 269 314	1 397 028	1 558 078
Sale of goods and services other than capital assets <i>of which:</i>	443 770	621 394	1 051 736	1 062 454	1 168 142	1 287 921	1 437 572
<i>Sales by market establishments</i>	443 770	621 394	1 051 736	1 062 454	1 168 142	1 287 921	1 437 572
<i>Other non-tax revenue</i>	59 787	92 673	89 326	94 249	101 172	109 107	120 506
Transfers received	417 076	439 748	471 927	463 432	586 034	573 037	554 006
Total revenue	920 633	1 153 815	1 612 989	1 620 135	1 855 348	1 970 065	2 112 084
Expenses							
Current expense	831 531	1 001 395	1 399 076	1 503 582	1 634 838	1 775 587	1 860 661
Compensation of employees	376 420	423 743	522 794	644 961	682 533	724 869	772 285
Goods and services	412 848	517 189	811 430	779 924	871 505	971 274	1 014 590
Depreciation	32 187	39 599	47 453	76 339	78 373	76 621	70 587
Interest, dividends and rent on land	10 076	20 864	17 399	2 358	2 427	2 823	3 199
Transfers and subsidies	15 223	7 924	-	-	-	-	-
Total expenses	872 645	1 073 486	1 448 273	1 568 516	1 705 532	1 856 413	1 959 349
Surplus / (Deficit)	47 988	80 329	164 716	51 619	149 816	113 652	152 735
Statement of financial position							
Carrying value of assets	242 814	361 134	744 010	808 198	988 665	1 239 528	1 460 825
<i>of which: Acquisition of assets</i>	63 671	113 513	96 463	140 527	258 840	327 484	291 884
Investments	45 014	48 236	62 138	75 425	71 584	46 241	24 284
Inventory	62 533	100 810	93 380	137 695	178 658	197 818	178 146
Receivables and prepayments	150 762	172 762	245 241	215 786	261 276	278 699	302 961
Cash and cash equivalents	167 238	222 700	325 704	356 283	350 387	417 654	442 540
Assets not classified elsewhere	-	13 148	28 807	52 182	52 182	52 181	52 182
Total assets	668 361	918 790	1 499 280	1 645 569	1 902 752	2 232 121	2 460 938
Accumulated surplus/deficit	41 001	56 220	218 822	285 845	378 525	446 242	560 823
Capital and reserves	23 565	4 562	342 143	358 380	359 439	360 719	361 772
Borrowings	10 571	9 250	12 352	50 396	139 664	326 369	370 798
Post-retirement benefits	329 555	331 162	351 190	347 435	353 527	359 940	366 687
Trade and other payables	179 355	222 056	220 677	183 894	186 925	199 488	212 790
Provisions	84 314	106 162	124 345	126 834	129 128	131 574	134 191
Liabilities not classified elsewhere	-	189 378	229 751	292 785	355 544	407 789	453 877
Total equity and liabilities	668 361	918 790	1 499 280	1 645 569	1 902 752	2 232 121	2 460 938

Expenditure trends

The entity derives its revenue from the sale of nuclear technology products, chemical products, nuclear engineering services and transfer payments received from government. Sales of isotopes and related products account for 65.6 per cent of total revenue while transfers received account for 28.6 per cent in 2010/11. Revenue increased from R920.6 million in 2007/08 to R1.6 billion in 2010/11, at an average annual rate of 20.7 per cent. The increase is driven by rising sales of isotopes and related products. Over the medium term, revenue is expected to grow at an average annual rate of 9.2 per cent to reach R2.1 billion.

Expenditure increased from R872.6 million in 2007/08 to R1.6 billion in 2010/11, at an average annual rate of 21.6 per cent. Between 2007/08 and 2010/11, expenditure on goods and services grew at an average annual rate of 23.6 per cent while compensation of employees increased at an average annual rate of 19.7 per cent. Over the medium term, expenditure is expected to grow at an average annual rate of 7.7 per cent, largely driven by the

organisation's preparations to implement its responsibilities as stated in the nuclear energy policy as well as to respond to South Africa's nuclear energy expansion programme.

Personnel

The corporation has a staff complement of 2 147, of which 25 are at board level, 1337 are professionals and 595 are semi-skilled.

Electricity Distribution Industry Holdings

Strategic overview: 2007/08 – 2013/14

During 2003, Electricity Distribution Industry Holdings (Pty) Ltd was incorporated as a public entity in terms of the Public Finance Management Act (1999), the Companies Act (1973), and Treasury Regulations with the intention to consolidate 187 municipal and Eskom electricity distributors in a phased manner into an end state of six wall-to-wall regional electricity distributors. This decision was informed by Cabinet's policy document in the 1998 White Paper on Energy. The purpose of the project was to facilitate the provision of affordable, reliable and sustainable electricity distribution, to improve the quality of electricity supply, and to contribute to the country's universal access targets.

However, in December 2010, Cabinet decided to terminate the functioning of the Electricity Distribution Industry Holdings Company and to discontinue the process of creating the regional electricity distributors with immediate effect, and approved the recommendation that the Department of Energy take over the programmes previously executed under the company's mandate. The department will now review the whole electricity value chain with a view to developing a holistic approach to revitalising the country's electricity infrastructure, energy security and the financial implications. An administrator will be appointed to attend to the winding up of the company. The company board will remain accountable until the end of 2010/11.

Savings and cost effectiveness measure

The company will continue to identify areas where savings can be achieved through implementing measures that reduce expenditure or improve the effectiveness of current spending. R23 million in 2012/13 and R24.3 million in 2013/14 will be derived from reductions in the government transfer to the organisation with effect from 2012/13.

Selected performance indicators

Table 29.12 Electricity Distribution Industry Holdings

Indicator	Programme/Activity	Past			Current	Projections		
		2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Total amount of electricity distribution assets ringfenced	Ringfencing of distribution assets and development of business plans	R15.9m	R163.6m	R421.9m	R310.3m	R16.2m	-	-

Details of programmes/activities/objectives

The purpose of this entity is to afford South African citizens the benefits of electricity distribution in the following manner: implementation of affordable, reliable and sustainable electricity distribution to the poor; enhancing universal access to electricity in the whole of South Africa by 2013; and establishing six wall-to-wall regional electricity distributors. Out of 187 municipalities, 47 are regarded as the critical mass. The entity has successfully ringfenced 40 of these municipalities while 7 are in progress. R16.3 million has been budgeted to complete the project, of which 78 per cent is expended on consultants project related costs.

The Cabinet decision in 2010/11 to close down the company and discontinue the creation of the regional electricity distribution strategy will require work related to closing the entity down in 2011/12.

Expenditure estimates

Table 29.13 Electricity Distribution Industry Holdings

Statement of financial performance				Revised estimate	Medium-term estimate		
R thousand	Audited outcome				2010/11	2011/12	2012/13
	2007/08	2008/09	2009/10				
Revenue							
Non-tax revenue	17 975	27 531	25 242	12 618	6 309	-	-
<i>Other non-tax revenue</i>	17 975	27 531	25 242	12 618	6 309	-	-
Transfers received	81 878	250 975	170 473	61 582	11 448	-	-
Total revenue	99 853	278 506	195 715	74 200	17 757	-	-
Expenses							
Current expense	97 298	279 255	206 948	204 134	16 233	-	-
Compensation of employees	44 219	63 137	62 179	62 180	16 233	-	-
Goods and services	50 974	212 866	141 153	140 035	-	-	-
Depreciation	2 105	3 252	3 616	1 919	-	-	-
Transfers and subsidies	-	1 390	2 021	-	-	-	-
Total expenses	97 298	280 645	208 969	204 134	16 233	-	-
Surplus / (Deficit)	2 555	(2 139)	(13 254)	(129 934)	1 524	-	-
Statement of financial position							
Carrying value of assets	6 805	8 026	6 153	6 153	5 548	-	-
<i>of which: Acquisition of assets</i>	1 841	3 568	1 470	930	1 312	-	-
Receivables and prepayments	572	605	736	-	572	-	-
Cash and cash equivalents	272 141	245 925	529 200	325 066	105 098	-	-
Total assets	279 518	254 556	536 089	331 219	111 218	-	-
Accumulated surplus/deficit	14 087	16 225	2 970	-	-	-	-
Capital and reserves	-	1 388	1 666	1 388	1 388	-	-
Trade and other payables	18 012	43 608	32 653	32 653	50 301	-	-
Provisions	2 932	1 963	2 599	2 599	2 520	-	-
Liabilities not classified elsewhere	244 487	191 371	496 202	294 579	57 009	-	-
Total equity and liabilities	279 518	254 555	536 090	331 219	111 218	-	-

Expenditure trends

The company generates revenue from transfers from the department and levy charges collected by Eskom for the multi-year price determination for the restructuring of the electricity distribution industry. R1.2 billion in total levies was collected between 2007/08 and 2010/11, which reflects on the statement of financial position and is deposited into the Corporation for Public Deposits as surplus funds. Revenue decreased from R99.9 million in 2007/08 to R74.2 million in 2010/11, at an average annual rate of 9.4 per cent. This was mainly due to transfers, which decreased from R81.9 million to R61.6 million at an average annual rate of 9.1 per cent. Revenue is expected to decrease to R17.7 million in 2011/12 as the company is expected to close.

Between 2007/08 and 2010/11, expenditure increased from R97.3 million to R204.1 million, at an average annual rate of 28 per cent. The decline of R187.9 million in 2011/12 is due to the phasing out of the restructuring mandate. Over the MTEF period, expenditure is expected to decrease to R16.2 million, which is the final allocation made to the company due to the expiration of its mandate.

Personnel information

The company has a staff complement of 102, of which 13 are at board level and 33 are at the professional level.

Central Energy Fund

Strategic overview: 2007/08 – 2013/14

The Central Energy Fund is listed in schedule 2A of the Public Finance Management Act and is a private company, governed by the Central Energy Fund Act (1977). The company researches, finances, develops and exploits appropriate energy solutions across the spectrum of energy sources to meet South Africa's future

energy needs. In terms of its governing legislation, the Central Energy Fund is also mandated to manage the Equalisation Fund, which collects levies from the retail sales of petroleum products to eliminate unnecessary fluctuations in the retail price of liquid fuel and to give tariff protection to the synthetic fuel industry. The Central Energy Fund group consists of 11 operating subsidiaries: the Petroleum, Oil and Gas Corporation of South Africa, the South African Gas Development Company, the Petroleum Agency of South Africa, Oil Pollution Control South Africa, the South African National Energy Institute, the National Energy Efficiency Agency, the Strategic Fuel Fund Association, African Exploration, ETA Energy, CEF Carbon and CCE Solutions.

In light of the energy constraints faced by the country, the Central Energy Fund will focus on improving the security of energy supply by diversifying sources of energy over the medium term. Greater emphasis will also be placed on supply side interventions by building and managing strategic energy stocks and energy infrastructure, investing in and developing renewable and alternative energy sources and investing in energy efficiency, developing human capacity and investing in energy research and development activities, managing and exploiting local strategic energy and related resources, and mitigating environmental impacts and maximising sustainable development.

Savings and cost effectiveness measure

The fund has implemented systems to control and contain operational costs. In 2009/10, all operational costs were successfully held below budget, due to more effective cost management strategies.

Selected performance indicators

Table 29.14 Central Energy Fund

Indicator	Programme/Activity	Past			Current	Projections		
		2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Amount of crude oil maintained as per ministerial directive (millions of barrels (Mbb)) per year	Security of supply	10.3Mbb	10.3Mbb	10.3Mbb	10.3Mbb	10.3Mbb	10.3Mbb	10.3Mbb
Number of biofuel projects investigated per year	Security of supply	5	3	2	-	-	-	-
Number of new biofuels projects developed per year	Security of supply	-	1	1	1	2	2	2
Number of demonstrations per year of Basa njengo Magogo method for cleaner coal use in townships	Diversity of energy sources	30 000	50 000	40 000	50 000	60 000	-	-
Number of landfill gas sites developed per year	Security of Supply	4	15	26	24	-	-	-
Number of wind farms developed per year	Security of supply	-	1	1	2	1	-	-
Number of new solar water heating units installed per year	Diversity of energy sources	-	500	500	1 000	20 000	40 000	50 000

Details of programmes/activities/objectives

Petroleum, Oil and Gas Corporation of South Africa is involved in the exploration for oil and gas onshore and offshore South Africa, as well as the rest of Africa; the production of environmentally friendly petroleum fuels and petrochemical products from gas and condensate at its synfuels refinery outside Mossel Bay; and the management of oil storage facilities.

The **Energy Development Corporation** pursues commercially viable investments in renewable energy (with the exception of natural oil and other already commercialised and developed energy technologies in Southern Africa). This division focuses on a number of niche areas, commercial projects, developmental projects, which catalyse the renewable energy sector and social projects that benefit previously disadvantaged communities.

Oil Pollution Control South Africa provides oil prevention, control and clean-up services mainly in South African ports and coastal areas in terms of South Africa's National Environmental Management Act (1998).

Petroleum Agency South Africa manages the promotion and licensing of oil and gas exploration, development and production in South Africa and the coastal areas offshore South Africa as part of creating a viable upstream oil industry in the country.

South African Gas Development Company acts as the official agent of the South African government for the development of the hydrocarbon gas industry, comprising liquefied natural gas and petroleum gas.

Expenditure estimates

Table 29.15 Central Energy Fund

Statement of financial performance				Revised estimate	Medium-term estimate		
R thousand	Audited outcome				2010/11	2011/12	2012/13
	2007/08	2008/09	2009/10				
Revenue							
Non-tax revenue	12 744 576	15 131 723	10 561 325	12 099 478	13 681 516	13 540 530	14 156 497
Sale of goods and services other than capital assets	10 425 540	12 360 861	8 559 043	9 811 415	12 217 230	11 880 496	12 697 734
<i>of which:</i>							
Admin fees	–	–	–	441	1 255	1 252	–
Sales by market establishments	10 425 540	12 360 861	8 559 043	9 810 974	12 215 975	11 879 244	12 697 734
Other non-tax revenue	2 319 036	2 770 862	2 002 282	2 288 063	1 464 286	1 660 034	1 458 763
Transfers received	–	–	–	–	127 751	95 242	146 309
Total revenue	12 744 576	15 131 723	10 561 325	12 099 478	13 809 267	13 635 772	14 302 806
Expenses							
Current expense	9 830 824	12 768 587	13 014 080	10 801 543	12 777 192	14 328 638	13 787 303
Compensation of employees	132 703	174 185	1 257 040	1 034 762	1 161 047	1 216 270	1 269 808
Goods and services	8 617 973	11 859 147	10 554 111	8 612 547	9 988 226	10 938 942	10 301 510
Depreciation	862 034	441 013	764 341	1 039 183	1 190 158	1 629 963	1 564 273
Interest, dividends and rent on land	218 114	294 242	438 588	115 051	437 761	543 463	651 712
Total expenses	10 525 844	12 797 605	12 723 266	10 834 372	12 777 192	14 328 638	13 787 303
Surplus / (Deficit)	2 218 732	2 334 118	(2 161 941)	1 265 106	1 032 075	(692 866)	515 503
Statement of financial position							
Carrying value of assets	5 005 934	6 275 643	6 913 993	7 618 138	8 628 037	11 333 967	11 014 736
<i>of which: Acquisition of assets</i>	1 189 020	2 029 108	1 445 689	1 743 344	2 200 057	4 335 893	1 245 042
Investments	653 595	664 450	660 642	8 408 246	12 220 599	18 034 318	28 228 316
Inventory	3 910 140	3 562 132	3 477 136	3 516 312	3 513 815	3 513 815	3 513 815
Receivables and prepayments	2 353 031	2 105 274	3 615 894	2 615 561	2 079 688	2 187 991	2 362 750
Cash and cash equivalents	15 987 901	16 143 359	15 303 082	12 466 913	12 018 209	8 821 559	9 527 667
Assets not classified elsewhere	2 512 068	3 395 442	3 460 708	173 802	100 414	100 414	100 414
Total assets	30 422 669	32 146 300	33 431 455	34 798 972	38 560 762	43 992 064	54 747 698
Accumulated surplus/deficit	21 046 007	23 380 314	23 278 024	26 016 887	28 472 733	31 494 449	41 739 314
Capital and reserves	57 726	118 187	(80 804)	811 718	924 070	924 851	924 921
Borrowings	517 467	417 132	317 951	1 205 509	2 639 777	4 672 564	5 470 652
Trade and other payables	2 357 660	1 782 421	3 209 106	1 215 440	1 030 525	1 069 777	978 687
Provisions	4 003 843	4 234 505	4 387 624	4 522 687	4 646 906	4 929 673	4 734 723
Managed funds	–	–	–	895 937	846 751	846 751	846 751
Liabilities not classified elsewhere	2 440 614	2 237 772	1 679 741	130 794	–	54 000	52 650
Total equity and liabilities	30 423 317	32 170 331	32 791 642	34 798 972	38 560 762	43 992 064	54 747 698

Expenditure trends

The fund derives its revenue from the sale of energy products, services rendered, royalty receipts and tank rentals. Revenue decreased from R12.7 billion in 2007/08 to R12.1 billion in 2010/11, at an average annual rate of 1.7 per cent. The decrease was due to weak economic conditions experienced in 2009. Revenue is expected to increase to R14.3 billion in 2013/14, at an average annual rate of 5.7 per cent. The growth is due to increases in the oil price and demand for storage.

Expenditure increased from R10.5 billion in 2007/08 to R10.8 billion in 2010/11, at an average annual rate of 1 per cent. Spending is expected to increase to R13.8 billion over the medium term, at an average annual rate of

8.4 per cent. The increase over the medium term is related to the fund's aim to invest in energy infrastructure and develop renewable and alternative energy sources.

Personnel Information

The total staff complement of the Central Energy Fund group is 2 151, of which 2009 are permanent employees. The group employs seven top management staff, 57 senior managers, 708 professionals and 1 240 skilled workers.

South African National Energy Research Institute

Strategic overview: 2008/09 – 2013/14

The mandate of the South African National Energy Research Institute, derived from the Central Energy Fund Act (1994), is to stimulate innovation in energy research and development, transform the gender and race profile of researchers in the sector, and improve South Africa's competitiveness in energy research internationally through procuring research, facilitating cooperation with others in the research community and commercialising innovations achieved under its auspices by disseminating research and development results and if required conduct its own research programmes.

To contribute to alleviating skills shortages in the energy sector, the institute supports postgraduate research students, promotes career development, and assists internationally renowned researchers to return to or remain in South Africa. The South African National Energy Research Institute specifically focuses on promoting the participation of historically disadvantaged South Africans and women in the energy sector.

The human capital development component covers three areas: the chairs of energy research, the hub and spoke type postgraduate support programme, and the bursary support programme. A full research chair was awarded to Stellenbosch University in the field of biofuels and alternative liquid fuels and another full chair was awarded to the University of Witwatersrand in the field of clean coal technologies. An associate chair was awarded to the University of North West in the field of biofuels and alternative liquid fuels.

The University of Stellenbosch won the bid to host the hub of renewable energy and sustainable energy and the University of Pretoria won the bid to host the hub of energy efficiency and demand side management.

The institute's mandate allows it to focus on human capital development as well research and development, the extent of which is dependent on the availability of funds. The human capital development programmes have since been handed over to the Department of Science and Technology with effect from 1 April 2010.

Over the MTEF period, the institute will be restructured into the South African National Energy Development Institute. In terms of the National Energy Act (2008), the new institute will not only focus on research but also on promoting energy efficiency initiatives and demand side management. The new institute will begin operations in 2011/12 and it is expected to be fully operational in 2013/14. The institute is expected to build on its predecessor's work by continuing to develop an energy research and development knowledge management system. It will also emphasise developing cooperative research and development activities with government, universities, the private sector, non-governmental organisations, other countries, and regional and international organisations.

Selected performance indicators

Table 29.16 South African National Energy Research Institute

Indicator	Programme/Activity	Past			Current	Projections		
		2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Number of new research projects funded per year	Research and development	20	3	–	–	15	20	20
Number of new research projects completed per year	Research and development	8	16	13	13	9	6	6
Number of additional research papers published per year	Research and development	3	7	10	15	20	25	25
Number of new bursaries provided per year	Capacity building	27	27	–	30	35	40	40

Table 29.16 South African National Energy Research Institute (continued)

Indicator	Programme/Activity	Past			Current 2010/11	Projections		
		2007/08	2008/09	2009/10		2011/12	2012/13	2013/14
Number of new bursaries provided to historically disadvantaged individuals per year	Capacity building	16	11	-	25	30	35	35
Number of memorandums of understanding signed with institutions per year	Stakeholder relations	10	17	13	20	23	26	26

Details of programmes/activities/objectives

Table 29.17 South African National Energy Research Institution

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Good Corporate Governance /Administration of the Institute	27 820	11 283	7 994	11 045	12 986	-	-
Human Capital Development	10 314	13 372	16 787	14 797	15 582	32 418	32 418
Increase in South Africa's research outputs	-	3 343	3 997	493	5 194	-	-
Corporate Research Activities	6 000	6 268	5 996	7 398	7 791	-	-
Hydrogen and Green Transport Programme	-	3 343	5 196	4 932	5 194	-	-
Other Objectives	-	4 179	-	4 932	42 507	-	-
Total expense	44 134	41 788	39 970	43 597	89 254	32 418	32 418

The institute was created to undertake research and technology development as well as to promote human capital development. To promote relevant research, the institute has granted funds to universities seeing that the entity does not have its own research facilities. For the promotion of human capital development, the institute has its own in-house bursary support programme where bursaries were awarded to postgraduate students in the field of energy. The hubs as well as the chairs awarded bursaries to students. In addition to this, the entity promotes cooperation between South Africa and other countries relating to energy research, development and innovation.

The institute is currently managing research and technology developments projects with the universities. The objectives of which are the following: the better exploitation and utilisation of the energy resources of South Africa, innovation to improve technical processes and methods for energy production, transformation, transport and end use and the development of technologies for the promotion and expansion of existing and the establishment of new industries in the field of energy. Programmes under the other focus area, which is the promotion of human capital development, have been handed over to the Department of Science and Technology with effect from April 2010. The only remaining hub with the institute is the energy efficiency and demand side management hub.

In 2009/10, 46 per cent of the entity's budget was spent on human capital development and 10 per cent was spent on research activities. In 2010/11, the South African Centre for Carbon Capture and Storage was established and operationalised to address carbon capture and storage as a mechanism to mitigate the effects of greenhouse gas emissions.

Expenditure estimates

Table 29.18 South African National Energy Research Institution

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
R thousand							
Revenue							
Non-tax revenue	1 668	2 847	2 702	619	754	-	-
Other non-tax revenue	1 668	2 847	2 702	619	754	-	-

Table 29.18 South African Energy Research Institution (continued)

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
R thousand							
Transfers received	43 188	31 077	32 500	42 978	89 500	22 110	24 321
Total revenue	44 856	33 924	35 202	43 597	90 254	22 110	24 321
Expenses							
Current expense	43 236	41 788	39 597	43 597	89 254	32 418	32 418
Compensation of employees	6 273	12 721	12 571	14 434	32 418	32 418	32 418
Goods and services	36 619	28 160	25 255	28 644	56 485	-	-
Depreciation	344	622	547	-	-	-	-
Interest, dividends and rent on land	-	285	1 224	519	351	-	-
Total expenses	44 134	41 788	39 970	43 597	89 254	32 418	32 418
Surplus / (Deficit)	722	(7 864)	(4 768)	-	1 000	(10 308)	(8 097)
Statement of financial position							
Carrying value of assets	1 367	606	818	-	-	-	-
<i>of which: Acquisition of assets</i>	670	149	759	-	-	-	-
Receivables and prepayments	36	2 202	2 413	859	859	859	859
Cash and cash equivalents	21 561	29 952	21 302	800	1 335	1 573	2 109
Assets not classified elsewhere	-	780	579	672	513	653	494
Total assets	22 964	33 540	25 112	2 331	2 707	3 085	3 462
Accumulated surplus/deficit	2 659	(5 207)	(9 974)	2 331	2 707	3 085	3 462
Trade and other payables	18 494	19 827	17 871	-	-	-	-
Provisions	-	1 398	1 100	-	-	-	-
Managed funds	-	16 379	12 479	-	-	-	-
Liabilities not classified elsewhere	1 811	1 143	3 636	-	-	-	-
Total equity and liabilities	22 964	33 540	25 112	2 331	2 707	3 085	3 462

Expenditure trends

The institute receives revenue from grants from the Department of Energy, the Department of Science and Technology and the Central Energy Fund.

Revenue decreased from R44.9 million in 2007/08 to R43.6 million in 2010/11, at an average annual rate of 0.9 per cent. Revenue is expected to decrease to R24.3 million in 2013/14 at an average annual rate of 17.7 per cent, as the grant from the Department of Science and Technology decreases. Expenditure decreased from R44.1 million in 2007/08 to R43.6 million in 2010/11, at an average annual rate of 0.4 per cent. Spending is expected to decrease to R32.4 million in 2013/14, at an average annual rate of 9.4 per cent.

The deficit expected in 2012/13 and 2013/14 is as a result of the unsustainable funding model for the institute. The funding model will be reviewed in 2011/12.

National Nuclear Regulator

Strategic overview: 2011/12–2013/14

The National Nuclear Regulator derives its mandate from the National Nuclear Regulator Act (1999). The regular is responsible for providing for the protection of persons, property, and the environment against nuclear damage.

There are indications that energy policy in South Africa may embrace greater use of nuclear energy for power generation in the future: the Nuclear Energy Corporation of South Africa may be expanding its capacity to produce isotopes for the future; the Koeberg nuclear power plant is extending its life span beyond the original 40 years; and last year, the regulator granted more certificates of authorisations for mining and mineral processing facilities.

These developments suggest that the industry is poised for unprecedented growth, and mean that the regulator will need more capacity to meet the demands placed on it by this growth. The regulator undertook an

International Atomic Energy Agency self assessment at the beginning of the financial year. This highlighted the gaps in the regulatory processes and recommendations were made. The regulator is in the process of restructuring its operations which among others is to gear itself for the growth.

To meet its goal of becoming a world class nuclear regulator, it will pursue the following strategic objectives over the medium term: optimise the regulatory framework; create a high quality performance and service culture; promote good governance; develop and maintain sound organisational infrastructure; develop a financially viable and sustainable funding model; manage the development and retention of talent and knowledge; and enhance stakeholder relations.

Savings and cost effective service delivery

The regulator will implement cost containment initiatives over the MTEF period. Savings of R2.8 million in 2011/12 are expected as a result. The cost savings will be mainly driven by reduction in expected expenditure on consulting services by bringing functions in-house and internal audit services by outsourcing only 10 per cent of the services.

Selected performance indicators

Table 29.19 National Nuclear Regulator

Indicator	Programme/Activity	Past			Current	Projections		
		2007/08	2008/09	2009/0	2010/11	2011/12	2012/13	2013/14
Number of nuclear sites inspected per year, including mining and mineral processing facilities	Compliance assurance	928	609	441	608	650	690	750
Number of planned research projects completed on time	Assessment and research	4	3	5	5	5	6	5
Average number of days to review safety submissions, excluding major nuclear safety case submissions	Assessment and research	90	90	90	90	90	90	90
Number of regulatory exercises of emergency plans for Koeberg and Pelindaba sites per year	Assessment and research	1	1	1	-	1	1	-
Number of joint coordinating committee meetings with other state agencies per year	Stakeholder management	2	2	2	11	16	22	22

Details of programmes/activities/objectives

The regulator exercises regulatory control related to safety over the siting, design, construction, operation, decontamination and closure of nuclear installations in South Africa. The regulator has a total budget of R114.8 million, of which 45 per cent is used for compliance assurance, which includes inspections and audits of their activities of the licensed holders. In 2009/10, the regulator issued a total of 15 nuclear installations licences against a target of 39, with the remaining licences to be issued in 2010/11. Over the medium term, the regulator is expected to achieve the following outputs: review its framework on nuclear security and introduce and monitor new standards at the various installations; and intensify its public awareness and engagement campaigns, including engagement with affected communities.

Expenditure estimates

Table 29.20 National Nuclear Regulator

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	59 892	74 268	90 369	94 147	103 935	126 831	133 751
Sale of goods and services other than capital assets	53 247	65 471	84 882	91 452	103 435	126 331	133 251
<i>of which:</i>							
<i>Admin fees</i>	52 663	64 513	84 127	91 452	103 435	126 331	133 251
<i>Sales by market establishments</i>	584	958	755	-	-	-	-
<i>Other non-tax revenue</i>	6 645	8 797	5 487	2 695	500	500	500
Transfers received	18 029	20 333	23 793	19 094	14 238	11 039	11 612
Total revenue	77 921	94 601	114 162	113 241	118 173	137 870	145 363
Expenses							
Current expense	72 501	94 195	104 662	113 241	142 000	164 355	175 059
Compensation of employees	42 615	58 241	74 751	82 214	103 752	123 555	131 590
Goods and services	28 311	33 898	27 973	28 117	34 159	36 506	38 946
Depreciation	1 417	1 782	1 820	2 911	4 089	4 295	4 524
Interest, dividends and rent on land	158	274	117	-	-	-	-
Total expenses	72 501	94 195	104 662	113 241	142 000	164 355	175 059
Surplus / (Deficit)	5 420	406	9 501	-	(23 827)	(26 485)	(29 696)
Acquisition of assets	3 478	2 280	1 910	113 850	12 050	19 508	2 600

Expenditure trends

Revenue is generated mainly from authorisation fees. Revenue increased from R77.9 million in 2007/08 to R113.2 million in 2010/11, at an average annual rate of 13.3 per cent. Expenditure increased from R72.5 million in 2007/08 to R113.2 million in 2010/11, at an annual average rate of 16 per cent. This is mainly due to the restructuring of the salary packages and the building of capacity to respond to challenges, such as ageing work force, skills shortage and weaknesses in areas such as compliance with proper governance. The increase is also due to the increase in number of staff across all programmes. Between 2007/08 and 2010/11, expenditure in compensation of employees increased from R42.6 million to R82.2 million, at an average annual rate of 24.5 per cent. Capital expenditure between 2007/08 to 2010/11 has increased from R3.4 million in to R113.8 million, at an average annual rate of 219.9 per cent. The increase was due to the acquisition of an office building in 2010/11.

Over the MTEF period, spending for the entity is projected to grow from R113.2 million in 2010/11 to R175.1 million, at an average annual rate of 15.6 per cent. Expenditure in compensation of employees over this period is projected to grow from R82.2 million in 2010/11 to R131.6 million in 2013/14, at an average annual rate of 17.0 per cent, due to increased personnel.

Personnel information

The regulator has an approved establishment of 122 posts. Between 2007/08 and 2010/11, the number of employees grew from 86 to 96. The 16 vacancies will not be filled due to financial constraints. The cancellation of the application for Pebble Bed Modular Reactor fuel manufacturing plant in 2009/10 and the possible cancellation of the application for Pebble Bed Modular Reactor demonstration power plant at the end of 2010/11 will have a direct impact on 8 employees. These employees have already been or will be redeployed to suitable vacancies in the existing programmes within the regulator.

National Energy Regulator of South Africa

Strategic overview: 2006/07 – 2012/13

The National Energy Regulator of South Africa was established in terms of the National Energy Regulator Act (2004). Its mandate is to regulate the electricity, piped gas and petroleum pipelines industries in terms of the Electricity Regulation Act (2006), the Gas Act (2001) and the Petroleum Pipelines Act (2003).

The regulatory functions of the regulator include: issuing licences with conditions; setting and/or approving tariffs and prices; monitoring and enforcing compliance with licence conditions; dispute resolution including mediation, arbitration and the handling of complaints; gathering, storing and disseminating industry information; ensuring non-discrimination; setting rules, guidelines and codes for the regulation of the three industries (electricity, gas and petroleum pipelines); determining conditions of supply and applicable standards; promoting broad based black economic empowerment (BEE) and competition in the three industries; promoting greater efficiency in the energy industry; consulting with government departments and other bodies about industry development and any matter covered in the three industry acts; expropriating land as necessary to meet the objectives of the relevant legislation; and registration.

As an economic regulator, the primary functions of the organisation are to issue licences with conditions, set and approve tariffs, monitor and enforce industry compliance, and set rules, guidelines and codes for the regulation of all three industries. The National Energy Regulator of South Africa is also empowered by its governing legislation to gather, store and disseminate information, resolve disputes and arbitrate matters, handle complaints, and promote efficiency, competition and BEE. The organisation derives its revenues by, among others, imposing prescribed, legislated levies on the industries it regulates.

To deliver on its mandate, the regulator will focus on these strategic objectives over the medium term: implement relevant energy policy and law; implement relevant energy regulations; identify, develop and implement relevant energy rules; establish the credibility, legitimacy and sustainability of the regulator as an independent and transparent energy regulator; create an effective organisation that delivers on its mandate and purpose; and evaluate the regulator's effectiveness.

Selected performance indicators

Table 29.21 National Energy Regulator 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 new technical distribution and transmission audits completed per year	Electricity regulation	17	-	5	5	5	5	5
Number of new compliance audits completed per year	Electricity regulation	20	20	20	20	20	20	20
Number of new generation audits completed on power stations per year	Electricity regulation	-	12	2	2	2	2	2

Details of programmes/activities/objective

As an economic regulator, the primary functions of the organisation are to issue licences with conditions, set and approve tariffs, monitor and enforce industry compliance, and set rules, guidelines and codes for the regulation of all three industries. The National Energy Regulator of South Africa is also empowered by its governing legislation to gather, store and disseminate information, resolve disputes and arbitrate matters, handle complaints, and promote efficiency, competition and BEE. The organisation derives its revenues by, among others, imposing prescribed, legislated levies on the industries it regulates.

Expenditure estimates

Table 29.22 National Energy Regulator SA

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	142 435	116 349	138 114	227 309	224 815	236 019	247 783
Sale of goods and services other than capital assets	137 193	110 031	127 027	223 309	210 952	221 500	232 575
<i>of which:</i>							
<i>Sales by market establishments</i>	137 193	110 031	127 027	223 309	210 952	221 500	232 575
<i>Other non-tax revenue</i>	5 242	6 318	11 087	4 000	13 863	14 519	15 208
Total revenue	142 435	116 349	138 114	227 309	224 815	236 019	247 783
Expenses							
Current expense	106 083	119 731	145 628	223 478	218 342	222 683	230 715
Compensation of employees	45 926	56 838	79 690	102 375	92 092	92 092	92 092
Goods and services	53 624	55 904	63 600	115 313	120 731	124 768	132 397
Depreciation	3 631	3 729	962	5 290	4 003	4 307	4 710
Interest, dividends and rent on land	2 902	3 260	1 376	500	1 517	1 517	1 517
Total expenses	106 083	119 731	145 628	223 478	218 342	222 683	230 715
Surplus / (Deficit)	36 352	(3 382)	(7 514)	3 831	6 473	13 336	17 067
Acquisition of assets	4 547	1 135	5 456	8 301	7 319	7 729	8 098

Expenditure trends

The regulator derives its revenues from imposing prescribed levies on the regulated industries. Revenue increased significantly from R142.4 million in 2007/08 to R227.3 million in 2010/11, at an average annual rate of 16.9 per cent. Revenue is expected to increase to R247.8 over the medium term, at an average annual rate of 2.9 per cent. The increase in both periods is mainly due to a refund given to regulated industries by reducing the levy rates over three years beginning in 2008/09.

Between 2007/08 and 2010/11, expenditure rose from R106.1 million to R223.5 million, at an average annual rate of 28.2 per cent. This increase is attributable to the increase in expenditure on goods and services and the growth of the organisational structure. The increase is also driven by expenditure on consultants to support the implementation of the regulatory reporting framework. Between 2010/11 and 2013/14, expenditure is expected to grow at an average annual rate of R1.1 million to R230 million, due to the rollout of the regulatory reporting manuals.

Personnel information

The regulator has a staff complement of 161 posts, of which 9 are at board level, 63 at middle management and 61 are professionals. The board consists of 5 part time members and 4 full time members, including the chief executive officer.

Additional tables

Table 29.A Summary of expenditure trends and estimates per programme and economic classification

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R thousand		2009/10	2009/10			2010/11	2010/11
Administration	55 217	68 206	98 214	104 205	21 474	125 679	125 679
Energy Policy and Planning	6 226	6 226	76 498	1 540 655	7 980	1 548 635	1 548 635
Energy Regulation	442 432	444 032	385 139	467 822	20 620	488 442	488 442
National Electrification Programme	2 633 272	2 633 272	2 522 096	2 823 345	61 200	2 884 545	2 884 545
Nuclear Energy and Regulation	605 141	605 141	608 925	599 363	2 000	601 363	601 363
Total	3 742 288	3 756 877	3 690 872	5 535 390	113 274	5 648 664	5 648 664
Economic classification							
Current payments	180 853	195 427	251 398	202 123	52 024	254 147	254 147
Compensation of employees	105 184	113 053	133 253	132 994	14 934	147 928	147 928
Goods and services	75 669	82 374	118 145	69 129	37 090	106 219	106 219
Transfers and subsidies	3 558 881	3 558 881	3 432 476	5 328 667	61 000	5 389 667	5 389 667
Provinces and municipalities	1 107 957	1 107 957	1 074 554	1 240 104	–	1 240 104	1 240 104
Departmental agencies and accounts	96 007	96 007	96 007	81 536	–	81 536	81 536
Public corporations and private enterprises	2 354 612	2 354 612	2 261 780	4 006 698	61 000	4 067 698	4 067 698
Households	305	305	135	329	–	329	329
Payments for capital assets	2 554	2 569	6 752	4 600	250	4 850	4 850
Machinery and equipment	2 197	2 212	6 360	4 600	250	4 850	4 850
Software and other intangible assets	357	357	392	–	–	–	–
Payments for financial assets	–	–	246	–	–	–	–
Total	3 742 288	3 756 877	3 690 872	5 535 390	113 274	5 648 664	5 648 664

Table 29.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	608	693	85	–	–	–	693	694	694	694
Salary level 1 – 6	131	200	69	–	–	–	200	200	200	200
Salary level 7 – 10	277	288	11	–	–	–	288	289	289	289
Salary level 11 – 12	117	119	2	–	–	–	119	119	119	119
Salary level 13 – 16	83	86	3	–	–	–	86	86	86	86
Administration	264	303	39	–	–	–	303	303	303	303
Salary level 1 – 6	98	128	30	–	–	–	128	128	128	128
Salary level 7 – 10	99	104	5	–	–	–	104	104	104	104
Salary level 11 – 12	32	33	1	–	–	–	33	33	33	33
Salary level 13 – 16	35	38	3	–	–	–	38	38	38	38
Energy Policy and Planning	115	123	8	–	–	–	123	123	123	123
Salary level 1 – 6	15	22	7	–	–	–	22	22	22	22
Salary level 7 – 10	53	53	–	–	–	–	53	53	53	53
Salary level 11 – 12	33	34	1	–	–	–	34	34	34	34
Salary level 13 – 16	14	14	–	–	–	–	14	14	14	14
Energy Regulation	134	151	17	–	–	–	151	151	151	151
Salary level 1 – 6	13	30	17	–	–	–	30	30	30	30
Salary level 7 – 10	82	82	–	–	–	–	82	82	82	82
Salary level 11 – 12	18	18	–	–	–	–	18	18	18	18
Salary level 13 – 16	21	21	–	–	–	–	21	21	21	21

Table 29.B Detail of approved establishment and personnel numbers according to salary level ¹ (continued)

	Personnel post status as at 30 September 2010			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year ²	Medium-term estimate		
				2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
National Electrification Programme	35	48	13	-	-	-	48	49	49	49
Salary level 1 – 6	1	13	12	-	-	-	13	13	13	13
Salary level 7 – 10	16	17	1	-	-	-	17	18	18	18
Salary level 11 – 12	15	15	-	-	-	-	15	15	15	15
Salary level 13 – 16	3	3	-	-	-	-	3	3	3	3
Nuclear Energy and Regulation	60	68	8	-	-	-	68	68	68	68
Salary level 1 – 6	4	7	3	-	-	-	7	7	7	7
Salary level 7 – 10	27	32	5	-	-	-	32	32	32	32
Salary level 11 – 12	19	19	-	-	-	-	19	19	19	19
Salary level 13 – 16	10	10	-	-	-	-	10	10	10	10

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

2. As at 30 September 2010.

Table 29.C Summary of expenditure on training

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Compensation of employees (R thousand)	85 515	102 975	133 253	147 928	181 718	192 412	218 271
Training expenditure (R thousand)	732	1 642	2 067	2 103	2 726	2 886	3 274
Training as percentage of compensation	0.9%	1.6%	1.6%	1.4%	1.5%	1.5%	1.5%
Total number trained in department (head count)	84	84	84	-			
<i>of which:</i>							
Employees receiving bursaries (head count)	23	21	20	24			
Internships trained (head count)	84	84	84	55			
Households receiving bursaries (R thousand)	-	100 000	85 000	182 594	-	-	-
Households receiving bursaries (head count)	-	2	2	4			

Table 29.D Summary of conditional grants to provinces and municipalities ¹

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 provinces							
Energy regulation							
Electricity Demand Side Management Grant	-	-	175 000	220 000	280 000	-	-
National electrification programme							
Integrated National Electrification Programme Grant	462 492	589 139	899 554	1 020 104	1 096 612	1 151 443	1 214 772
Total	462 492	589 139	1 074 554	1 240 104	1 376 612	1 151 443	1 214 772

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

Table 29.E Summary of donor funding

Donor	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
R thousand												
Foreign In cash												
Norway	Petroleum sector policy capacity building	Energy Policy and Planning	25 397	Public corporations and private enterprises	Develop petroleum sector policies, conduct further research and build capacity	2 515	14 891	5 849	2 142	-	-	-
Norway	Electricity sector policy capacity building	Energy Policy and Planning	89	Goods and services	Train and build capacity in nuclear fields	89	-	-	-	-	-	-
Denmark	Designated national authority capacity building	Energy Policy and Planning	1 001	Goods and services	Establish designated national authority	716	285	-	-	-	-	-
Denmark	Cabeere project support	Energy Policy and Planning	-	Goods and services	Establish and maintain renewable energy and energy efficiency providers database	-	-	-	-	-	-	-
Denmark	Darling wind farm project	Energy Regulation	2 527	Goods and services	Develop Darling wind farm as part of a pilot project in the fields of energy	-	2 527	-	-	-	-	-
Switzerland	Support for energy efficiency monitoring and implementation project	Energy Regulation	13 950	Goods and services	Support energy efficiency monitoring and implementation project	-	-	-	3 400	3 805	3 065	3 680
Total			42 964			3 320	17 703	5 849	5 542	3 805	3 065	3 680

Table 29.F Summary of expenditure on infrastructure

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
R thousand										
Infrastructure transfers to other spheres, agencies and departments										
Integrated national electrification programme: Eskom	Provision of capital subsidies to Eskom to address electrification backlogs for permanently occupied residential dwellings, install bulk infrastructure, and rehabilitate electrification infrastructure	Various	–	973 083	1 150 758	1 467 365	1 719 810	1 737 812	1 882 057	1 985 570
Integrated national electrification programme: municipalities	Provision of capital subsidies to municipalities to address electrification backlogs for permanently occupied residential dwellings, install bulk infrastructure, and rehabilitate electrification infrastructure	Various	–	462 492	589 138	932 957	1 020 104	1 096 612	1 151 443	1 214 772
Petronet (Transnet pipelines)	Construction of petroleum pipeline, branch lines and storage facilities	Various	–	–	–	–	1 500 000	1 500 000	1 500 000	–
Total			–	1 435 575	1 739 896	2 400 322	4 239 914	4 334 424	4 533 500	3 200 342



**ESTIMATES
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