VOTE 10 *National Treasury*

National Treasury

BUDGET *2012*

ESTIMATES OF NATIONAL EXPENDITURE

national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

Estimates of National Expenditure

2012

National Treasury

Republic of South Africa

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The Estimates of National Expenditure 2012 e-publications are compiled with the latest available information from departmental and other sources. Some of this information is unaudited or subject to revision.

The Estimates of National Expenditure e-publications for individual votes are available on www.treasury.gov.za.

Compared to the abridged version of the Estimates of National Expenditure, these publications contain more comprehensive coverage of goods and services, transfers and subsidies, and public entities. Additional tables are included containing information on the main and adjusted appropriation, with revised spending estimates for the current financial year, on skills training, conditional grants to provinces and municipalities, public private partnerships and information on donor funding. Expenditure information at the level of service delivery is also included, where appropriate.

Foreword

The current global economic context is characterised by high levels of uncertainty. Against this backdrop, South Africa's development depends largely on government improving its level and quality of service delivery in support of the inclusive and equitable economic roadmap, as contained in the new growth path. The 2012 Budget is an important tool of government for giving effect to these objectives, and this Budget allocates resources to specific interventions that will be actioned over the period of the medium term expenditure framework (MTEF). Growth in spending focuses particularly on infrastructure development, job creation, enterprise support and the enhancement of local government delivery.

South Africa's fiscal stance and public spending programmes are focused on long term structural transformation. Over the next three years of the MTEF period, government priorities will continue to be realised within a sustainable fiscal trajectory, which balances current needs with intergenerational equity. In line with this, spending baselines have undergone rigorous review, areas of inefficiency and lower priority have been identified, and funds have been redirected towards government's key priorities, both new and existing. This has been done in recognition of the relationship between the composition of spending and fiscal sustainability over the long term. Here, the balance between consumption and investment is extremely important. Even the distribution of consumption spending between wages, goods and services and transfers is significant, as is the balance between the functional categories expenditure (such as education, health and economic services). Underspending on key priorities undermines the aims of the spending proposed within MTEF Budgets.

Since introducing the functional approach to budget decision-making in 2009, transparency and coordination in budgeting has been enhanced, largely due to the participation by the stakeholders responsible for delivery across all spheres of government. South African budget reforms, especially the intensified focus on budget trade-offs and the composition of expenditure, will lead to greater accountability and improved control.

It is not enough to demonstrate a change in the composition of budgeted expenditure; nor is it enough to pinpoint the specific actions required and proposed within the Budget. Success will only be achieved when we can demonstrate that a shift in the composition of actual expenditure has taken place, together with the achievement of improved delivery targets.

This year, the layout of this publication has been altered substantially. The focus is on linking more closely expenditure planned with targeted performance. Specific focus is on the outcomes to which institutions contribute and the output and other performance measures supporting them. The sections covering employee numbers, personnel budgets and the purpose and key activities of each subprogramme within a vote are now more prominent, giving expression to the budget and service delivery. This publication still indicates details per vote of the allocation of new monies, monies reprioritised between or within budget programmes, and Cabinet approved budget reductions over the period ahead. 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, and public entities. Additional tables are included, containing information on: the main and adjusted appropriation, with revised spending estimates for the current financial year; skills training; conditional grants to provinces and municipalities; public private partnerships; and donor funding. Expenditure information at the level of service delivery is also included, where appropriate.

The expenditure estimates of departments are the outcome of a rigorous administrative and executive process. Treasury budget analysts, under the guidance of the Ministers' Committee on the Budget, follow a wide-ranging intergovernmental consultative process, working closely with the policy and budget teams of departments and entities to ensure that government priorities are appropriately funded within the available resource envelope. The Treasury is grateful for the contribution of these teams. Appreciation is also due to the people in the Treasury team, who worked with great diligence to produce a high quality document that provides a comprehensive account of government's spending and performance plans.

Lungisa Fuzile
Director General: National Treasury

Introduction

The Estimates of National Expenditure publications

The Estimates of National Expenditure publications are important accountability documents, which set out the details in relation to planned expenditure and planned performance at the time of the tabling of the Budget. Estimates of National Expenditure publications continue to make a significant contribution to the changes relating to budgeting by programme. As part of these ongoing efforts, several changes have been made to the 2012 Estimates of National Expenditure publications. Departments still provide information on the key objectives of each subprogramme within a programme, and note the activities carried out, the number of personnel responsible for undertaking these activities and the funding allocations supporting this. This year in the 2012 publications, information on expenditure and performance is more closely linked under the ’expenditure trends’ section, with a brief discussion on the impact of budget allocations on the achievement of outputs over the seven-year period. In addition, an explanation of the personnel trends, per programme by salary level, over the seven years in relation to compensation of employees has also been included. Finally, information on Cabinet approved cost reduction measures and other budget reprioritisation has been included per programme.

The 2012 abridged Estimates of National Expenditure publication, and the separate Estimates of National Expenditure e-publications for each vote are the product of an extensive consultative review process of budgets and policy, and policy implementation by programme, and include the latest improvements in non-financial performance information. These publications provide the details of the spending estimates for the next three financial years (2012/13 to 2014/15), expenditure outcomes for the past three years (2008/09 to 2010/11) and revised estimates for the current financial year (2011/12). Information is provided on performance targets over the seven year period as well as changes in these, as they relate to trends in planned expenditure.

The e-publications for individual votes contain more comprehensive coverage of goods and services, transfers and subsidies, and public entities. Additional tables are included containing information on: the main and adjusted appropriation, with revised spending estimates for the current financial year; skills training; conditional grants to provinces and municipalities; public private partnerships; and donor funding. Expenditure information at the level of service delivery is also included, where appropriate.

A consolidated account, summarising the Estimates of National Expenditure publication information across votes, is provided in the form of a narrative and summary tables in the Introduction chapter, which is included in the front pages of the abridged version of the Estimates of National Expenditure. A write-up containing the explanation of the information that is contained in each section of the publications has also been included in the abridged version of the Estimates of National Expenditure. Like the separate Estimates of National Expenditure e-publications for each vote, the abridged Estimates of National Expenditure publication is also available on www.treasury.gov.za.

National Treasury

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Republic of South Africa

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Vote 10

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Budget Summary

R thousand	2012/13 Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Payments for financial assets	2013/14 Total	2014/15 Total
MTEF allocation							
Administration	318 324	294 527	2 035	21 762	–	320 273	332 703
Economic Policy, Tax, Financial Regulation and Research	148 958	122 298	26 000	660	–	148 892	155 859
Public Finance and Budget Management	227 481	188 840	37 268	1 373	–	242 146	254 667
Asset and Liability Management	286 557	85 861	–	696	200 000	390 284	590 273
Financial Systems and Accounting	686 324	279 864	71 912	334 548	–	749 508	780 583
International Financial Relations	1 038 179	35 585	1 002 474	120	–	1 113 306	1 209 265
Civil and Military Pensions, Contributions to Funds and Other Benefits	3 348 310	46 292	3 302 018	–	–	3 517 233	3 728 216
Technical Support and Development Finance	2 404 773	145 303	2 258 460	1 010	–	3 981 763	3 526 562
Revenue Administration	9 194 374	–	9 194 374	–	–	9 682 215	10 242 648
Financial Intelligence and State Security	3 897 838	–	3 897 838	–	–	4 170 281	4 391 918
Subtotal	**21 551 118**	**1 198 570**	**19 792 379**	**360 169**	**200 000**	**24 315 901**	**25 212 694**
Direct charge against the National Revenue Fund							
Provincial Equitable Share	309 057 382	–	309 057 382	–	–	328 920 693	349 350 999
State Debt Costs	89 388 073	89 388 073	–	–	–	100 806 035	109 039 346
General Fuel Levy Sharing with Metros	9 039 687	–	9 039 687	–	–	9 613 360	10 190 162
Total expenditure estimates	**429 036 260**	**90 586 643**	**337 889 448**	**360 169**	**200 000**	**463 655 989**	**493 793 201**
Executive authority	Minister of Finance						
Accounting officer	Director General of the National Treasury						
Website address	www.treasury.gov.za						

Aim

Support economic growth and development, good governance, social progress and rising living standards through the accountable, economical, efficient, equitable and sustainable management of public finances, maintenance of macroeconomic and financial sector stability, and effective financial regulation of the economy.

Programme purposes

Programme 1: Administration

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

Programme 2: Economic Policy, Tax, Financial Regulation and Research

Purpose: Provide specialist policy research, analysis and advisory services in the areas of macroeconomics, microeconomics, taxation, the financial sector, and regulatory reform.

Programme 3: Public Finance and Budget Management

Purpose: Provide analysis and advice on fiscal policy and public finances, intergovernmental financial relations and expenditure planning and priorities. Manage the annual budget process and provide public finance management support.

Programme 4: Asset and Liability Management

Purpose: Manage government's annual funding programme in a manner that ensures prudent cash management and an optimal portfolio of debt and other fiscal obligations. Promote and enforce prudent financial management of state owned entities through financial analysis and oversight.

Programme 5: Financial Systems and Accounting

Purpose: Facilitate accountability, governance and oversight by promoting transparent, economical, efficient and effective management in respect of revenue, expenditure, assets and liabilities in the public sector.

Programme 6: International Financial Relations

Purpose: Manage South Africa's interests in shaping regional and global policies that advance the economic, financial and development objectives of the country and Africa.

Programme 7: Civil and Military Pensions, Contributions to Funds and Other Benefits

Purpose: Provide for government's pension and post-retirement medical benefit obligations to former employees of state departments and bodies. Provide for similar benefits to retired members of the military.

Programme 8: Technical Support and Development Finance

Purpose: Provide specialised infrastructure development planning and implementation support and technical assistance to aid capacity building in the public sector.

Programme 9: Revenue Administration

Purpose: Administer an efficient tax system, provide tax education to the public, ensure maximum compliance with tax and customs legislation, provide a customs service to maximise revenue collection and facilitate trade.

Programme 10: Financial Intelligence and State Security

Purpose: Combat financial crime including money laundering and terror financing activities. Gather intelligence for purposes of national security, defence and combating crime.

Strategic overview: 2008/09 – 2014/15

Mandate and goals

The legislative mandate of National Treasury is documented in chapter 2 of the Public Finance Management Act (1999). Chapter 13 of the Constitution defines the role of National Treasury as that of ensuring transparency, accountability and sound financial controls in the management of the country's public finances.

As the custodian of public funds, National Treasury continues to: promote government's fiscal policy framework; coordinate intergovernmental financial and fiscal relations; manage the budget preparation process which includes revenue, expenditure, assets and liability management; exercise control over the implementation of the national budget, including any adjustment budgets; facilitate the implementation of the Division of Revenue Act; monitor the implementation of provincial budgets, enforce effective financial management; and contribute to employment creation.

The department intends to achieve its strategic mandate and priorities by meeting the following goals: preparing an annual national budget that gives effect to government's economic, fiscal, social and development goals; publishing the annual Appropriation Bill, Division of Revenue Bill, Budget Review, Estimates of National Expenditure and Medium Term Budget Policy Statement and appropriation legislation containing relevant, accurate and clear financial information and associated indicators of service delivery and performance;

contributing to public policy and programme development, and to sound planning, budgeting and project management, including increased support to public finance reform in provinces and municipalities; promoting public private partnerships where feasible, as a financing alternative for municipal development; supporting improved monitoring and analysis of public expenditure, to ensure the appropriate use of public and private financial resources for social and economic development and infrastructure investment.

Strategic priorities over the medium term

Facilitating economic growth

The national development plan (Visions for 2030) and the new growth path identifies high unemployment as a key challenge for the South African economy and outlines proposals to accelerate growth and employment. National Treasury will continue to undertake and make available the relevant analysis to frame the economic discourse appropriately and assist other departments in making interventions that will promote faster yet sustainable economic growth. National Treasury will also continue to focus on identifying a series of microeconomic reforms required to change the pace of growth, increase productivity and improve the competitiveness of the economy. In this regard, work will be undertaken with relevant government departments to design appropriate policy instruments. Ongoing monitoring of global economic conditions will also provide valuable inputs through which government will be better equipped to pre-empt likely impacts on the South African economy.

Contributing to employment creation

Leveraging existing capacity in both the public and private sector, and co-financing initiatives that have the potential to create sustainable employment are some of the ways the department has identified for stimulating employment creation. Particular emphasis will be placed on opportunities for young people to acquire skills and improve their long term employment prospects. The department will have oversight of the administration of the Jobs Fund, which uses a competitive and transparent process to select projects that have demonstrable potential for self-sustaining job creation and promoting economic development. The Jobs Fund is expected to create 100 000 job opportunities by 2015.

Capacity building

Financial management improvement is a key enabler to improving value derived from public funds spent and good governance of public funds. Activities to build capacity in financial management and to transfer knowledge and skills to provincial and municipal officials on all aspects of financial management will be undertaken. In this manner, the National Treasury will continue to contribute to sound financial management and financial sustainability. A particular focus on municipalities will be maintained and enhanced through the infrastructure skills development grant to build capacity and create jobs in municipalities. This supports the rollout of an internship programme initiative that will deliver a pool of skilled professionals in the infrastructure sector.

Infrastructure development

National Treasury continues to contribute to improving the general state of infrastructure provision in government. Implementation support and the formulation of long term township regeneration programmes are being made available from the neighbourhood development partnership programme. The institutionalisation of good practices in the management of infrastructure delivery is a key focal area in government, as demonstrated by the infrastructure delivery management system and the Training for Township Renewal initiative. The grant's strategy comprises grant management, innovation and mainstreaming.

Grant management comprises the conceptualisation of long term township regeneration programmes and the implementation thereof through targeted catalytic development projects and leveraged third party investment. This is aimed at strengthening prioritised township nodes, and both internal and external development corridors and sectoral linkages. Innovation consists of the identification and packaging of good practices related to township regeneration, the built environment and grant management, and the mainstreaming of these, to municipalities and other entities involved in similar activities.

The grant aligns with four of government's 12 outcomes: decent employment through inclusive economic growth (outcome 4); vibrant, equitable and sustainable rural communities and food security for all (outcome 7); sustainable human settlements and improved quality of household life (outcome 8); and a responsive, accountable, effective and efficient local government system (outcome 9). Municipalities are supported through the Training for Township Renewal initiative and through the technical assistance grant.

The conceptualisation of long term township regeneration programmes and their implementation by means of targeted catalytic development projects and leveraged third party investment contributes towards sustainable livelihoods. This will improve the sustainability of infrastructure development over the medium term. On the ground, this will result in 58 township regeneration programmes and 95 projects under construction being supported over the medium term, with a positive impact on the creation of jobs.

Strengthening intergovernmental financial relations

The Treasury has focused on improving financial management and deriving greater value from public funds spent across all spheres of government. The coordination of intergovernmental budgeting, budget execution, monitoring and reporting is crucial to government's effectiveness. Emphasis in the period ahead remains on reprioritising budgets towards key government programmes and improving the capacity of provinces and municipalities to deliver infrastructure. The differentiated approach to local government funding will be strengthened to ensure that rural municipalities are adequately supported and urban issues addressed. The Treasury will also continue to contribute towards improving financial management in each sphere of government by implementing a capacity development strategy for financial management. This strategy encompasses disciplines of budgeting, supply chain management, internal audits, risk management and reporting to enhance institutional, organisational and individual capacity. The municipal finance recovery service will continue to monitor the performance of municipalities and respond to municipalities that request assistance in developing financial recovery plans.

Development finance institutions

Development finance institutions have continued to play a constructive role in broadening economic participation, providing access to development funds and supporting government's development agenda. In line with recommendations arising from the 2008 review of their performance, the department will continue with this oversight function aimed at resolving challenges related to their cost, efficacy in promoting development and financial stability. Support will also be provided to the development finance institutions regarding the implementation of mandates. In line with the review's recommendations on rationalisation, Cabinet in 2011 endorsed the merger of Khula Enterprise Finance, the South African Micro-Finance Apex Fund and the Independent Development Corporation of South Africa's small business activities. This step supports the policy objectives of the new growth path and efforts to grow small business. Government is also considering rationalising the National Housing Finance Corporation, the National Urban Reconstruction and Housing Agency and the Rural Loan Housing Fund.

Cost effective procurement

In its drive to reduce wastage and improve the effectiveness of public funds spent, National Treasury has placed greater emphasis on ensuring that supply chain principles and practices are being implemented as intended in government's supply chain management framework. The Multi-Agency Working Group on procurement, which is led by the Treasury and includes the newly established special audit services unit, the South African Revenue Service and the Financial Intelligence Centre, is reviewing the entire state procurement system to ensure better value for money from state spending.

National Treasury will begin the second phase of the comprehensive review of procurement legislation by 2012/13. The department facilitates and manages 53 transversal term contracts with an estimated annual value of R14 billion.

Selected performance indicators

Table 10.1 National Treasury

Indicator	Programme	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Number of training courses and workshops presented on the implementation of financial management reforms per year	Financial Systems and Accounting	128	80	100	150	90	100	100
Number of individuals trained per year to assist with the implementation of financial management reforms	Financial Systems and Accounting	3 200	1 600	2 000	3 000	2 500	2 750	2 900
Value of government gross annual borrowing	Asset and Liability Management	R49.7bn	R183bn	R156.6bn	R170.9bn	R211.9bn	R192.9bn	R176.5bn
Cost to service debt as a percentage of GDP	Asset and Liability Management	2.3% (R54.4bn)	2.3% (R57.1bn)	2.4% (R66.2bn)	2.6% (R76.9bn)	2.7% (R89.4bn)	2.9% (R100.8bn)	2.9% (R109.0bn)
Net loan debt as a percentage of GDP	Asset and Liability Management	22.7% (R525.7bn)	27.6% (R673.2bn)	29.7% (R817.1bn)	33.3% (R996.7bn)	36.4% (R1 188.7bn)	37.8% (R1 369.9bn)	38.5% (R1 536.9bn)
Percentage of identified transversal contracts with strategic sourcing principles introduced per year	Financial Systems and Accounting	85% (35)	100% (20)	100% (20)	100% (32)	100% (35)	100% (19)	100% (34)
Total number of neighbourhood development partnership grant projects granted award status	Technical Support and Development Finance	80	90	90	90	90	90	0
Total number of neighbourhood development partnership grant projects under construction	Technical Support and Development Finance	7	15	67	75	85	90	95
Number of support programmes and projects related to government priorities to improve the efficacy of government institutions implemented per year[1]	Technical Support and Development Finance	–	–	–	–	90	100	100
Increased public private partnership oversight capacity per year[1]	Technical Support and Development Finance	–	–	–	–	100% (32)	100% (20)	–
Number of hospital public private partnership projects reaching financial close per year[1]	Technical Support and Development Finance	–	–	–	–	2	3	1
Percentage of support plans and Municipal Finance Management Act (2003) implementation plans implemented per year[1]	Technical Support and Development Finance	–	–	–	–	100% (278)	100% (278)	100% (278)
Number of long term township regeneration programmes implemented per year	Technical Support and Development Finance	14	27	35	50	52	55	58
Third party investment leverage per year[1]	Technical Support and Development Finance	–	–	–	–	R1.5bn	R2bn	R2.5bn
Number of jobs created per year[1]	Technical Support and Development Finance	–	–	–	–	25 000	25 000	50 000

1. No past data such as measures as investments and projects are commencing over the medium term.

Expenditure estimates

Table 10.2 National Treasury

Programme		Audited outcome		Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
R thousand	2008/09	2009/10	2010/11	2011/12		2012/13	2013/14	2014/15
Administration	203 663	242 790	248 661	281 088	263 208	318 324	320 273	332 703
Economic Policy, Tax, Financial Regulation and Research	70 758	71 893	86 060	228 364	216 480	148 958	148 892	155 859
Public Finance and Budget Management	142 756	145 442	160 251	209 878	203 819	227 481	242 146	254 667
Asset and Liability Management	10 062 503	31 053 174	20 813 904	825 860	826 238	286 557	390 284	590 273
Financial Systems and Accounting	475 707	542 742	559 125	648 205	548 609	686 324	749 508	780 583
International Financial Relations	567 347	576 398	558 683	818 654	815 890	1 038 179	1 113 306	1 209 265
Civil and Military Pensions, Contributions to Funds and Other Benefits	2 331 262	4 955 140	2 697 847	3 776 909	3 776 245	3 348 310	3 517 233	3 728 216
Technical Support and Development Finance	650 971	5 310 696	1 471 260	4 641 919	2 758 210	2 404 773	3 981 763	3 526 562
Revenue Administration	6 302 778	7 148 446	8 142 208	8 653 573	8 653 573	9 194 374	9 682 215	10 242 648
Financial Intelligence and State Security	2 955 057	3 193 871	3 488 167	3 755 021	3 755 021	3 897 838	4 170 281	4 391 918
Subtotal	**23 762 802**	**53 240 592**	**38 226 166**	**23 839 471**	**21 817 293**	**21 551 118**	**24 315 901**	**25 212 694**
Direct charge against the National Revenue Fund	**256 189 332**	**300 820 147**	**338 908 653**	**377 172 653**	**376 953 523**	**407 485 142**	**439 340 088**	**468 580 507**
Provincial Equitable Share	201 795 648	236 890 827	265 139 448	291 735 509	291 735 509	309 057 382	328 920 693	349 350 999
State Debt Costs	54 393 684	57 129 216	66 226 844	76 864 014	76 644 884	89 388 073	100 806 035	109 039 346
General Fuel Levy Sharing with Metros	–	6 800 104	7 542 361	8 573 130	8 573 130	9 039 687	9 613 360	10 190 162
Total	**279 952 134**	**354 060 739**	**377 134 819**	**401 012 124**	**398 770 816**	**429 036 260**	**463 655 989**	**493 793 201**
Change to 2011 Budget estimate				4 769 285	2 527 977	(5 711)	823 143	(5 579 705)

Economic classification								
Current payments	**55 257 532**	**58 081 965**	**67 227 227**	**78 241 806**	**77 899 533**	**90 586 643**	**102 091 773**	**110 380 824**
Compensation of employees	321 000	402 073	476 173	602 286	569 978	665 898	702 624	744 813
Goods and services	542 848	550 676	524 210	775 506	684 671	532 672	583 114	596 665
of which:								
Administrative fees	*14 975*	*11 637*	*6 190*	*117 922*	*117 303*	*21 167*	*14 289*	*13 410*
Advertising	*4 451*	*1 897*	*2 177*	*3 305*	*2 777*	*3 260*	*3 311*	*3 469*
Assets less than the capitalisation threshold	*1 059*	*1 546*	*423*	*2 561*	*807*	*2 589*	*2 061*	*2 243*
Audit cost: External	*7 580*	*8 468*	*9 231*	*10 283*	*8 711*	*11 197*	*11 890*	*12 623*
Bursaries: Employees	*2 188*	*1 985*	*2 726*	*2 671*	*2 343*	*5 414*	*5 804*	*5 822*
Catering: Departmental activities	*2 506*	*1 973*	*1 566*	*2 653*	*2 068*	*2 659*	*2 719*	*2 777*
Communication	*5 473*	*7 400*	*6 605*	*7 121*	*5 832*	*7 704*	*8 288*	*8 900*
Computer services	*193 703*	*209 214*	*201 654*	*228 803*	*178 525*	*83 730*	*111 912*	*103 960*
Consultants and professional services: Business and advisory services	*134 883*	*161 620*	*151 938*	*230 318*	*215 230*	*218 069*	*236 169*	*246 676*
Consultants and professional services: Legal costs	*12 323*	*10 512*	*6 814*	*10 112*	*9 079*	*12 541*	*13 930*	*14 941*
Contractors	*3 711*	*2 016*	*1 358*	*3 157*	*1 710*	*3 007*	*3 328*	*3 776*

Expenditure estimates

Table 10.2 National Treasury (continued)

R thousand	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12		2012/13	2013/14	2014/15
Economic classification								
Current payments								
Agency and support / outsourced services	*32 852*	*9 253*	*8 009*	*15 277*	*12 605*	*12 695*	*13 666*	*14 628*
Entertainment	*246*	*137*	*191*	*511*	*379*	*493*	*496*	*502*
Fleet services (including government motor transport)	–	–	–	–	–	*538*	*567*	*609*
Inventory: Food and food supplies	*654*	*810*	*826*	*1 018*	*888*	*1 082*	*1 141*	*1 197*
Inventory: Fuel, oil and gas	*802*	*341*	*493*	*341*	*341*	*532*	*565*	*598*
Inventory: Materials and supplies	*53*	*241*	*68*	*258*	*256*	*181*	*197*	*208*
Inventory: Medical supplies	–	–	*2*	*5*	*5*	*2*	*2*	*2*
Inventory: Other consumables	*889*	*816*	*1 026*	*1 156*	*1 155*	*1 172*	*1 336*	*1 302*
Inventory: Stationery and printing	*14 306*	*14 617*	*12 220*	*15 985*	*11 033*	*15 732*	*18 415*	*19 610*
Lease payments	*19 586*	*30 739*	*42 378*	*33 313*	*33 027*	*36 154*	*37 803*	*39 463*
Property payments	*13 917*	*13 358*	*8 568*	*12 226*	*12 226*	*13 041*	*11 413*	*12 647*
Travel and subsistence	*43 915*	*36 214*	*38 115*	*49 922*	*45 737*	*52 884*	*56 292*	*58 781*
Training and development	*9 909*	*9 957*	*8 367*	*11 045*	*9 159*	*8 730*	*8 985*	*9 534*
Operating expenditure	*5 440*	*7 467*	*4 714*	*4 757*	*4 122*	*6 966*	*7 054*	*7 084*
Venues and facilities	*17 427*	*8 458*	*8 551*	*10 786*	*9 353*	*11 133*	*11 481*	*11 903*
Interest and rent on land	54 393 684	57 129 216	66 226 844	76 864 014	76 644 884	89 388 073	100 806 035	109 039 346
Transfers and subsidies	**214 625 026**	**264 789 220**	**288 982 136**	**321 835 129**	**319 965 184**	**337 889 448**	**360 910 370**	**382 543 322**
Provinces and municipalities	202 157 105	248 699 056	273 878 187	302 571 963	302 571 963	319 153 414	339 656 892	360 687 478
Departmental agencies and accounts	9 518 441	10 510 985	11 804 432	12 688 017	12 658 017	13 358 332	14 125 879	14 922 310
Higher education institutions	5 456	5 456	–	–	–	8 000	10 000	12 000
Foreign governments and international organisations	550 501	555 186	533 729	786 415	786 470	1 004 713	1 077 677	1 170 133
Public corporations and private enterprises	81 989	88 517	106 005	2 060 026	220 026	1 063 610	2 569 829	2 073 217
Non-profit institutions	–	68	–	71	71	85	90	95
Households	2 311 534	4 929 952	2 659 783	3 728 637	3 728 637	3 301 294	3 470 003	3 678 089
Payments for capital assets	**69 120**	**189 136**	**178 273**	**185 189**	**156 099**	**360 169**	**353 846**	**369 055**
Buildings and other fixed structures	–	–	–	3 600	3 600	5 298	3 000	3 144
Machinery and equipment	9 431	11 652	8 568	17 009	16 606	189 117	182 936	188 208
Software and other intangible assets	59 689	177 484	169 705	164 580	135 893	165 754	167 910	177 703
Payments for financial assets	**10 000 456**	**31 000 418**	**20 747 183**	**750 000**	**750 000**	**200 000**	**300 000**	**500 000**
Total	**279 952 134**	**354 060 739**	**377 134 819**	**401 012 124**	**398 770 816**	**429 036 260**	**463 655 989**	**493 793 201**

Expenditure trends

Spending over the medium term will focus on: enhancing the infrastructure delivery improvement programme to provincial departments and supporting Jobs Fund initiatives through the Technical Support and Development Finance programme; supporting robust fiscal management and improving procurement management to reduce fraud and corruption through the Revenue Administration and Financial Intelligence and State Security programmes; and maintaining financial regulation stability by vigorously implementing the mandate of the Public Finance Management Act (1999) though the Public Finance and Budget Management and Economic Policy, Tax, Financial Regulation and Research programmes.

Between 2008/09 and 2011/12, non-statutory expenditure remained stable at around R23.8 billion. The bulk of this spending was on transfers and subsidies, which accounted for 56.6 per cent of total non-statutory spending over this period. The increase in spending on payments for financial assets over this period was mainly due to payments to Eskom of R10 billion in 2008/09, R30 billion in 2009/10 and R20 billion in 2010/11 for the subordinated loan. In addition, the R3.5 billion loan to the Land and Agricultural Development Bank of South Africa, of which R2.5 billion was allocated between 2008/09 and 2011/12, also increased payments for financial assets over this period. Spending on the operational budget increased from R1.1 billion in 2008/09 to R1.6 billion in 2011/12, at an average annual rate of 5.2 per cent, mainly due to the effects of annual adjustments to expenditure on compensation of employees, the enhancement of the infrastructure delivery implementation programme, the integrated financial management system, and the implementation of procurement management reforms and fraud prevention plans.

Expenditure on compensation of employees increased from R321 million in 2008/09 to R602.3 million in 2011/12, at an average annual rate of 23.3 per cent, as a result of filled posts increasing by 88 over the period, mainly in salary levels 7 to 10, and adjustments for improved conditions of service. Spending on goods and services increased from R542.8 million in 2008/09 to R775.5 million in 2011/12, at an average annual rate of 12.6 per cent, mainly in administrative services such as banking costs recovery mechanisms and charges, personnel agency fees and consultancy costs. Payments for capital assets increased from R69.1 million in 2008/09 to R185.2 million in 2011/12, at an average annual rate of 38.9 per cent, mainly in software and other intangible assets directly related to the increased spending for the integrated financial management system. The spending has allowed the department to develop and implement the system's procurement management module and asset management module and roll out the procurement management module as detailed in the infrastructure spending section.

Over the medium term, total non-statutory expenditure is expected to increase to R25.2 billion, at an average annual rate of 1.9 per cent. This increase is largely attributable to continued funding of the Land and Agricultural Development Bank of South Africa and allocations for the Employment Creation Facilitation Fund, which aims to create 100 000 job opportunities by 2015. In addition, the 2012 Budget sets out additional allocations of R238.5 million, R324.2 million and R350.8 million mainly as follows:

- R40.6 million, R40.8 million and R43.2 million to the Compensation Commissioner for payments for injuries on duty
- R107.3 million, R106.7 million and R113.1 million to the Political Office Bearers Pension Fund
- R60 million in 2013/14 and R70 million in 2014/15 to the State Security Agency.
- Spending on compensation of employees is expected to increase to R744.8 million over the medium term, at an average annual rate of 7.3 per cent, mainly due to adjustments for improved conditions of service. Also contributing to the increase in spending on this item is the number of filled posts, which are expected to grow by 212 over the medium term in salary levels 7 and upwards, mainly to increase capacity to support the three spheres of government in fiscal matters.

Spending on consultants is expected to increase from R147.2 million in 2008/09 to R261.6 million in 2014/15, at an average annual rate of 10.1 per cent. The increase is due to the use of consultants in focused areas where there is a need for critical skills and technical expertise. This includes specialised audit services, economic research support, legal expertise, engineering capacity support for the infrastructure delivery implementation programme, technical support for public private partnerships, and support for the development and implementation of the social reforms, retirement reforms and job fund initiatives.

The department is responsible for the main statutory transfers to provincial governments. More information on these transfers can be found in chapter 7 and annexure E of the 2012 Budget Review and the 2012 Division of Revenue Bill. The National Treasury vote also includes a provision for servicing government's debt obligations, which are a direct charge against the National Revenue Fund in terms of section 73 of the Public Finance Management Act (1999).

Infrastructure spending

Neighbourhood development partnership grant projects

The neighbourhood development partnership is a mega project that facilitates the formulation of long term township regeneration programmes, which culminate in nodal and corridor development projects. The nodal and corridor development projects are a combination of neighbourhood development partnership funded catalytic projects and third party investments, which include those from the private sector. Many of these projects can be categorised as mostly large and mega projects. The national development programme's capital investment will have reached R1.5 billion by 31 March 2011. This has been allocated as follows to the catalytic project investments: 16 per cent to community facilities, 10 per cent to utility infrastructure, 2 per cent for greening, 40 per cent for nodal and corridor upgrading, 10 per cent for small and medium enterprise facilities, and 22 per cent for transport infrastructure.

R1.8 billion has been allocated over the medium term for spending on neighbourhood development partnership infrastructure grants. The budget has decreased from R850 million in 2011/12 to R658.1 million in 2012/13. While ensuring that the grant management planning and implementation of the neighbourhood development partnership grant continues, planning began in 2010/11 for an innovation and mainstreaming programme aimed at sharing best practices with municipalities and other built environment entities within the public sector. The neighbourhood development partnership also facilitates the employment of local labour and supports the expanded public works programmes in local government. In 2010/11, more than 4 000 jobs were created through neighbourhood development partnership projects.

In 2011/12, the neighbourhood development partnership had more than 220 approved project plans with a value of R4.3 billion. The partnership has completed 57 catalytic projects with a value of R606 million by 2011/12.

The Red Location Art and Culture Precinct established in New Brighton in the Nelson Mandela metropolitan municipality consists of a museum, art gallery, digital library, a back packers' lodge, infrastructure upgrading and multi-storey housing units. The neighbourhood development partnership grant contribution to this project in 2011/12 was R30.6 million with R60 million coming from third party investors. A further R35 million in 2012/13 is expected from third party investors. The precinct is a major tourism attraction. During the 2010 FIFA World Cup, it received more visitors than Robben Island. At least three township tour operators have been established as a result of the intervention. It also serves as urban space for recreation and educational infrastructure for the community.

The Bridge City mixed-use development within the Inanda, Ntuzuma and KwaMashu node in the EThekwini metropolitan municipality consists of an intermodal (taxi, train and bus) transport facility, a regional shopping centre and several other developments in the precinct, such as a magistrate's court. The neighbourhood development partnership grant contributed R80 million for the intermodal transport facility, a link road and an interchange by 2011/12. Third party leverage investment was R2.2 billion by 2011/12, with the public sector and the municipality having committed a further R8 billion for the future.

The Ngangelizwe clinic extension in the King Sabata Dalinyebo municipality consists of the upgrade and extension of the existing municipal clinic, including a new maternity wing. The neighbourhood partnership development grant contributed R26 million while the Eastern Cape health department is to invest R5 million.

Large projects

Spending on integrated financial management system infrastructure increased from R59.7 million in 2008/09 to R164.6 million in 2011/12 and is expected to increase to R177.7 million over the medium term. The main purpose of the integrated financial management ICT system is to replace the existing government financial management system. The project has already spent R522.5 million on the development and implementation of the procurement management module and asset management module by 2012. The rollout of the procurement management module at the lead sites, National Treasury and the Department of Defence, has progressed although there remain system integration issues at the Department of Defence. The procurement management module ensures that the procurement process is automated and has correct classification of commodities to ensure proper demand planning. The asset management modules have been successfully implemented at five Limpopo provincial departments by 2012. Since the implementation of the asset management module, these departments can account for all their assets. The cost of this rollout to March 2012 is R150.4 million, including software licenses and maintenance. Over the medium term, the development of the human resources, financial management, payroll management and inventory management modules is estimated to cost R511.4 million.

Small projects

National Treasury will be undertaking a once-off small project to refurbish the 32 Church Square building in Pretoria to create a better working environment for the department's staff. This includes refurbishing the building, upgrading ICT infrastructure and improving the security system. This project will have been completed in 2011/12 for R3.6 million.

Personnel information

Table 10.3 Details of approved establishment and personnel numbers according to salary level[1]

	Personnel post status as at 30 September 2011			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		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Department	**1 463**	**1 279**	**46**	**1 018**	**1 073**	**1 111**	**1 106**	**1 318**	**1 318**	**1 318**
Salary level 1 – 6	71	75	9	150	72	69	69	81	81	81
Salary level 7 – 10	623	530	13	399	458	496	489	583	583	583
Salary level 11 – 12	441	365	11	224	285	277	288	342	342	342
Salary level 13 – 16	328	309	13	245	258	269	260	312	312	312
Administration	**421**	**384**	**15**	**313**	**334**	**328**	**319**	**398**	**398**	**398**
Salary level 1 – 6	51	55	6	119	51	49	49	57	57	57
Salary level 7 – 10	248	222	6	113	200	191	191	232	232	232
Salary level 11 – 12	69	60	1	36	44	45	44	59	59	59
Salary level 13 – 16	53	47	2	45	39	43	35	50	50	50
Economic Policy, Tax, Financial Regulation and Research	**162**	**128**	**1**	**94**	**100**	**99**	**96**	**130**	**130**	**130**
Salary level 1 – 6	1	1	–	2	–	1	1	1	1	1
Salary level 7 – 10	34	21	–	32	17	28	24	33	33	33
Salary level 11 – 12	70	56	1	24	47	35	35	48	48	48
Salary level 13 – 16	57	50	–	36	36	35	36	48	48	48
Public Finance and Budget Management	**305**	**262**	**10**	**215**	**212**	**237**	**241**	**283**	**283**	**283**
Salary level 1 – 6	2	2	–	2	2	3	2	3	3	3
Salary level 7 – 10	109	86	1	96	72	83	81	97	97	97
Salary level 11 – 12	109	89	5	54	73	80	82	92	92	92
Salary level 13 – 16	85	85	4	63	65	71	76	91	91	91

Table 10.3 Details of approved establishment and personnel numbers according to salary level[1] (continued)

	Personnel post status as at 30 September 2011			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		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Asset and Liability Management	**127**	**116**	**–**	**85**	**88**	**104**	**102**	**116**	**116**	**116**
Salary level 1 – 6	5	4	–	5	5	3	4	6	6	6
Salary level 7 – 10	55	48	–	36	34	44	44	48	48	48
Salary level 11 – 12	42	40	–	30	28	33	32	38	38	38
Salary level 13 – 16	25	24	–	14	21	24	22	24	24	24
Financial Systems and Accounting	**334**	**281**	**5**	**215**	**238**	**245**	**250**	**279**	**279**	**279**
Salary level 1 – 6	8	9	3	19	10	9	9	10	10	10
Salary level 7 – 10	136	118	2	91	105	120	116	135	135	135
Salary level 11 – 12	111	87	–	50	62	55	66	72	72	72
Salary level 13 – 16	79	67	–	55	61	61	59	62	62	62
International Financial Relations	**49**	**38**	**1**	**31**	**34**	**32**	**33**	**41**	**41**	**41**
Salary level 1 – 6	2	2	–	2	2	2	2	2	2	2
Salary level 7 – 10	18	11	–	6	7	9	10	13	13	13
Salary level 11 – 12	19	13	–	14	14	9	10	12	12	12
Salary level 13 – 16	10	12	1	9	11	12	11	14	14	14
Civil and Military Pensions, Contributions to Funds and Other Benefits	**3**	**3**	**–**	**–**	**–**	**–**	**3**	**3**	**3**	**3**
Salary level 1 – 6	–	–	–	–	–	–	–	–	–	–
Salary level 7 – 10	1	1	–	–	–	–	1	1	1	1
Salary level 11 – 12	1	1	–	–	–	–	1	1	1	1
Salary level 13 – 16	1	1	–	–	–	–	1	1	1	1
Technical Support and Development Finance	**62**	**67**	**14**	**65**	**67**	**66**	**62**	**68**	**68**	**68**
Salary level 1 – 6	2	2	–	1	2	2	2	2	2	2
Salary level 7 – 10	22	23	4	25	23	21	22	24	24	24
Salary level 11 – 12	20	19	4	16	17	20	18	20	20	20
Salary level 13 – 16	18	23	6	23	25	23	20	22	22	22

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

2. As at 30 September 2011.

The department had an approved establishment of 1 463 posts as at 30 September 2011. The number of filled posts grew from 1 018 in 2008/09 to 1 106 in 2011/12. The growth was concentrated in the Administration, Public Finance and Budget Management and Financial Systems and Accounting programmes. This growth is due to structural changes to enhance performance and to add capacity to specific focal areas, including support to government, social retirement reforms, financial management improvement, economic policies and capital projects. The increase has allowed the department to successfully deliver a budget that was awarded first place in the 2010 open budget survey. The increase in capacity also enabled further international engagements through the Brazil-Russia-India-China-South Africa group of countries as part of influential emerging market economies. This has improved South African influence in the global economy and will enable positive economic outcomes.

The department's vacancies increased from 29 to 176 between 2008/09 and 2011/12, and are mainly in the Administration, Economic Policy, Tax, Financial Regulation and Research, and Financial Systems and Accounting programmes due to the time taken to attract the appropriate people with the level of skills and experience required for these posts at the remuneration offered. The skill requirements for these vacant posts relate to IT, financial markets, banking, forensic and economic research. Of the 357 vacant positions in 2011/12, 173, mainly from level 6 to 12, remain unfunded due to budgetary constraints. The department will strive to fill all the critical funded posts over the medium term.

Over the medium term, filled posts are expected to increase from 1 106 to 1 318 as the department stabilises its activities and improves its capacity to support the three spheres of government, economic and financial skills for sustainable growth.

The department has a support staff to line staff ratio of 1:3. The ratio of consultants to total departmental employees is 1:4. The ratio of support staff to line staff over the medium term is expected to be 1:1.3, while that of consultant to total departmental personnel is expected to be at 1:4.

Departmental receipts

Table 10.4 Receipts

	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
R thousand	2008/09	2009/10	2010/11	2011/12		2012/13	2013/14	2014/15
Departmental receipts	**5 270 354**	**2 543 597**	**3 340 611**	**2 445 287**	**2 959 989**	**2 732 399**	**4 009 216**	**3 482 852**
Sales of goods and services produced by department	**49 273**	**300 418**	**50 955**	**60 151**	**60 151**	**40 400**	**104 957**	**169 320**
Sales by market establishments	86	85	92	139	139	200	180	90
of which:								
Rental parking: Covered and open	*86*	*85*	*92*	*139*	*139*	*200*	*180*	*90*
Administrative fees	–	25	13	10	10	10	10	10
of which:								
Required information: Duplicate certificate	–	*25*	*13*	*10*	*10*	*10*	*10*	*10*
Other sales	49 187	300 308	50 850	60 002	60 002	40 190	104 767	169 220
of which:								
Commission: Insurance	*40*	*46*	*55*	*120*	*120*	*80*	*10*	*70*
Directors fees	*12*	*175*	*196*	*81*	*81*	*50*	*10*	*200*
Replacement of security cards	*4*	*2*	*3*	*2*	*2*	*2*	*2*	*5*
Fees for government guarantee insurance	*49 131*	*299 987*	*50 529*	*59 799*	*59 799*	*40 058*	*104 745*	*168 945*
Sales of assets less than R5 000	–	*98*	*67*	–	–	–	–	–
Sales of scrap, waste, arms and other used current goods	**7**	**13**	**5**	**5**	**5**	**18**	**10**	**12**
of which:								
Sales: Waste paper	*7*	*3*	*5*	*5*	*5*	*18*	*10*	*12*
Sales: Scrap	–	*10*	–	–	–	–	–	–
Interest, dividends and rent on land	**4 953 175**	**2 085 054**	**2 609 482**	**2 112 454**	**2 627 156**	**2 441 481**	**2 823 709**	**2 243 520**
Interest	4 834 170	2 006 143	2 456 183	2 112 454	2 500 500	2 305 500	2 681 070	2 090 820
Dividends	119 005	78 911	153 299	–	126 656	135 981	142 639	152 700
of which:								
South African Reserve Bank	*119 005*	–	–	–	–	–	–	–
Public Investment Corporation	–	*78 911*	–	–	–	–	–	–
SASRIA	–	–	*153 299*	–	*126 656*	*135 981*	*142 639*	*152 700*

Table 10.4 Receipts (continued)

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2008/09	2009/10	2010/11	2011/12		2012/13	2013/14	2014/15
Sales of capital assets	**324**	**202**	**86**	**–**	**–**	**–**	**40**	**–**
Transactions in financial assets and liabilities	**267 575**	**157 910**	**680 083**	**272 677**	**272 677**	**250 500**	**1 080 500**	**1 070 000**
Extraordinary receipts	**7 497 975**	**1 948 093**	**1 947 457**	**3 381 000**	**4 435 000**	**1 200 000**	**1 500 000**	**1 500 000**
of which:								
Revaluation profits on foreign currency transactions	*–*	*212 136*	*86 526*	*500 000*	*660 000*	*–*	*–*	*–*
Debt portfolio restructuring	*4 822 562*	*–*	*131 113*	*300 000*	*695 000*	*–*	*–*	*–*
Premiums on loan transactions	*97 067*	*1 631 126*	*1 558 533*	*2 500 000*	*2 805 000*	*1 200 000*	*1 500 000*	*1 500 000*
Liquidation of SASRIA investment	*2 141 532*	*103 595*	*150 000*	*50 000*	*228 000*	*–*	*–*	*–*
Saambou Bank liability	*–*	*–*	*20 000*	*30 000*	*30 000*	*–*	*–*	*–*
Winding up of Diabo Share Trust	*435 462*	*–*	*–*	*–*	*–*	*–*	*–*	*–*
Other	*1 352*	*1 236*	*1 285*	*1 000*	*17 000*	*–*	*–*	*–*
National Revenue Fund receipts	**–**	**1 000 000**	**600 000**	**–**	**50 000**	**–**	**–**	**–**
of which:								
Rand Block Levy Account	*–*	*1 000 000*	*600 000*	*–*	*50 000*	*–*	*–*	*–*
Total	**12 768 329**	**5 491 690**	**5 888 068**	**5 826 287**	**7 444 989**	**3 932 399**	**5 509 216**	**4 982 852**

The department generates receipts from interest on government deposits and the repayment of a loan provided to the Gauteng provincial government to finance part of the Gautrain project. In addition, the department also receives non-departmental receipts in the form of administrative fees which may include government guarantee issuance fees, and commission from insurance company discretionary deductions.

Departmental receipts decreased from R5.3 billion in 2008/09 to R2.4 billion in 2011/12, at an average annual rate of 22.6 per cent, and are expected to increase to R3.5 billion over the medium term, at an average annual rate of 12.5 per cent, mainly due to the receipt of interest and capital payment on the Gautrain loan. Non-departmental receipts are expected to decrease from R3.4 billion in 2011/12 to R1.5 billion in 2014/15, at an average annual rate of 23.7 per cent.

Programme 1: Administration

Expenditure estimates

Table 10.5 Administration

Subprogramme R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Ministry	2 364	2 750	2 835	3 465	3 599	3 779	4 006
Departmental Management	26 249	28 144	29 716	34 652	38 099	39 880	41 073
Corporate Services	65 286	85 907	77 423	88 065	107 209	107 815	108 921
Enterprise Wide Risk Management	9 559	11 795	15 332	23 256	25 657	22 936	24 192
Financial Administration	22 554	25 277	28 716	32 704	36 320	38 121	39 621
Legal Services	14 212	11 856	11 744	12 786	15 351	17 019	18 862
Internal Audit	8 657	11 718	9 315	10 931	9 538	10 138	10 917
Communications	7 094	7 349	7 473	8 914	9 867	10 494	10 847
Office Accommodation	47 688	57 994	66 107	66 315	72 684	70 091	74 264
Total	**203 663**	**242 790**	**248 661**	**281 088**	**318 324**	**320 273**	**332 703**
Change to 2011 Budget estimate				–	11 391	(1 830)	(2)

Table 10.5 Administration (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Economic classification							
Current payments	**198 983**	**233 796**	**242 715**	**264 819**	**294 527**	**306 068**	**323 234**
Compensation of employees	69 819	91 802	108 788	128 765	149 455	157 351	166 815
Goods and services	129 164	141 994	133 927	136 054	145 072	148 717	156 419
of which:							
Administrative fees	*5 910*	*5 734*	*2 271*	*2 026*	*2 032*	*1 710*	*1 769*
Advertising	*1 806*	*571*	*563*	*1 155*	*799*	*799*	*812*
Assets less than the capitalisation threshold	*711*	*997*	*156*	*1 759*	*1 115*	*707*	*738*
Audit cost: External	*3 794*	*5 343*	*6 466*	*5 734*	*7 392*	*7 905*	*8 457*
Bursaries: Employees	*429*	*224*	*413*	*702*	*958*	*1 045*	*1 129*
Catering: Departmental activities	*875*	*657*	*435*	*673*	*688*	*688*	*698*
Communication	*2 992*	*4 618*	*3 757*	*3 879*	*4 323*	*4 669*	*5 006*
Computer services	*21 001*	*23 181*	*20 321*	*22 261*	*21 042*	*21 646*	*23 333*
Consultants and professional services: Business and advisory services	*11 171*	*13 873*	*10 528*	*7 732*	*6 964*	*5 490*	*5 147*
Consultants and professional services: Legal costs	*12 023*	*9 602*	*6 814*	*9 112*	*10 892*	*12 720*	*14 741*
Contractors	*3 191*	*1 876*	*1 224*	*2 787*	*2 689*	*2 956*	*3 029*
Agency and support / outsourced services	*9 393*	*8 981*	*7 837*	*8 417*	*8 400*	*8 884*	*9 373*
Entertainment	*92*	*35*	*79*	*132*	*115*	*115*	*115*
Inventory: Food and food supplies	*654*	*810*	*824*	*1 018*	*1 072*	*1 131*	*1 187*
Inventory: Fuel, oil and gas	*802*	*341*	*493*	*341*	*532*	*565*	*598*
Inventory: Materials and supplies	*52*	*221*	*57*	*232*	*162*	*174*	*184*
Inventory: Medical supplies	*–*	*–*	*2*	*5*	*2*	*2*	*2*
Inventory: Other consumables	*884*	*807*	*969*	*1 143*	*1 158*	*1 322*	*1 287*
Inventory: Stationery and printing	*4 202*	*4 351*	*3 557*	*4 429*	*4 644*	*5 007*	*5 384*
Lease payments	*18 166*	*29 511*	*41 240*	*31 961*	*34 747*	*36 297*	*37 872*
Property payments	*13 917*	*13 358*	*8 568*	*12 226*	*13 041*	*11 413*	*12 647*
Travel and subsistence	*12 044*	*12 246*	*13 028*	*13 763*	*16 721*	*17 732*	*16 896*
Training and development	*2 081*	*2 227*	*2 550*	*3 025*	*4 045*	*4 157*	*4 293*
Operating expenditure	*1 653*	*1 699*	*1 639*	*1 129*	*1 048*	*1 077*	*1 155*
Venues and facilities	*1 321*	*731*	*136*	*413*	*491*	*506*	*567*
Transfers and subsidies	**1 464**	**1 335**	**1 534**	**2 039**	**2 035**	**2 079**	**2 108**
Departmental agencies and accounts	284	358	425	439	435	479	508
Households	1 180	977	1 109	1 600	1 600	1 600	1 600
Payments for capital assets	**3 101**	**7 615**	**4 244**	**14 230**	**21 762**	**12 126**	**7 361**
Buildings and other fixed structures	–	–	–	3 600	5 298	3 000	3 144
Machinery and equipment	3 101	7 615	4 244	10 630	16 464	9 126	4 217
Payments for financial assets	**115**	**44**	**168**	**–**	**–**	**–**	**–**
Total	**203 663**	**242 790**	**248 661**	**281 088**	**318 324**	**320 273**	**332 703**

Table 10.5 Administration (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Details of transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	**284**	**358**	**425**	**439**	**435**	**479**	**508**
Finance, Accounting, Management, Consulting and other Financial Services Sector Education and Training Authority	284	358	425	439	435	479	508
Households							
Social benefits							
Current	**1 180**	**977**	**1 109**	**1 600**	**1 600**	**1 600**	**1 600**
Bursaries for non-employees	392	951	1 041	1 600	1 600	1 600	1 600
Employee social benefits	788	26	68	–	–	–	–

Expenditure trends

Between 2008/09 and 2011/12, expenditure increased from R203.7 million to R281.1 million, at an average annual rate of 11.3 per cent. The bulk of the increase was mainly in: spending on compensation of employees, which increased from R69.8 million to R128.8 million, at an average annual rate of 22.6 per cent; and payments for capital assets, which increased from R3.1 million to R14.2 million, at an average annual rate of 66.2 per cent. These increases are mainly due to building capacity in the enterprise risk management function, upgrading the security system and improving office accommodation where required. In 2011/12, the programme facilitated the development of a risk management framework at a cost of R797 000 with 53 per cent of the senior management team attending the leadership programme at a cost of R481 000.

Over the medium term, expenditure is expected to increase to R332.7 million, at an average annual rate of 5.8 per cent, mainly due to commitments for office accommodation and a planned IT system review, which will improve ICT governance, deploy approved technologies, and develop and support of approved business solutions. Spending on compensation of employees is projected to grow to R166.8 million over the medium term, at an average annual rate of 9 per cent, primarily due to an additional R8.7 million allocated over the medium term for improved conditions of service. Spending on goods and services is expected to increase from R136.1 million in 2011/12 to R156.4 million in 2014/15, at an average annual rate of 4.8 per cent, due to devolution of funds from the Department of Public Works and an increase in audit fees. Payments for capital assets is expected to decrease to R7.4 million over the medium term, at an average annual rate of 19.7 per cent, primarily due to the completion of the project to enhance IT infrastructure and the security system.

Spending on consultants decreased from R23.2 million in 2008/09 to R16.8 million in 2011/12, at an average annual rate of 10.1 per cent, and is expected to increase to R19.9 million over the medium term, at an average annual rate of 5.7 per cent, in line with inflationary projections. Consultants are mainly used for IT support and legal services.

Programme 2: Economic Policy, Tax, Financial Regulation and Research

Objectives and measures

- Improve South Africa's macroeconomic framework by:
  - continually conducting analytical work and research, and developing policy advisory pieces in support of promoting economic growth, macroeconomic stability and retirement reform
  - developing tax policy proposals and supporting legislation for the annual Budget
  - monitoring the collection of revenue through ongoing consultation with relevant stakeholders and consideration of contributing factors.

Subprogrammes

- *Programme Management for Economic Policy, Financial Regulation and Research* provides policy advice to government relating to the promotion of economic growth, employment and macroeconomic stability. This subprogramme had a staff complement of 8 and a total budget of R23 million in 2011/12, of which 29.1 per cent was used for compensation of employees and 27.3 per cent for goods and services mainly for travel and subsistence, operating expenditure and consultants. A key output in 2011/12 was the work undertaken by Economic Research Southern Africa, at a cost of R10 million. Transfers and subsidies in this subprogramme account for 43.4 per cent of the 2011/12 budget, with the bulk of the transfer payments allocated to Economic Research Southern Africa. Savings of R10.2 million over the medium term have been identified in this subprogramme, mainly in spending on consultants due to the reduction in the number of research projects undertaken. The savings have been reprioritised to the Economic Policy subprogramme. No budget reductions over the medium term have been effected on this subprogramme.
- *Research* funds the department's economic research programme and promotes the research capacity of local academic researchers in areas such as economic growth, job creation, macroeconomic stability, taxation, poverty alleviation, retirement reform and financial sector development. This subprogramme had no staff complement as all work was undertaken by consultants at a total cost of R12 million in 2011/12, which was used for economic research. Key outputs included conducting the firm level survey for the youth wage subsidy, and work undertaken by Economic Research Southern Africa and the Centre for Research into Economics and Finance in Southern Africa. There were no transfer payments in this subprogramme. No savings or budget reductions over the medium term have been identified or effected on this subprogramme.
- *Financial Sector Policy* is responsible for policy governing regulation over the financial sector in South Africa. The unit is also responsible for the development of policies to broaden access to financial services by all South Africans, and for policies to improve the national savings rate, through reforms to the legislative framework governing the savings industry. This includes work being undertaken towards the development of retirement reform proposals. This subprogramme had a staff complement of 41 and a total budget of R134.9 million in 2011/12, of which 15 per cent was used for compensation of employees. 84.8 per cent was allocated in goods and services mainly in administrative fees, of which R111 million is allocated to the bank cost recovery mechanism and bank charges. In 2011/12, a document entitled A Safer Financial Sector to Serve South Africa Better was released with a proposal to introduce a mandatory preservation retirement fund over the medium term, which is intended to promote long term savings in South Africa. A public comment paper will be circulated in 2012/13 in this regard. Savings of R2 million in 2012/13 have been identified in this subprogramme, mainly on consultancy and travel costs due to the termination of the policy board for financial services unit. These funds have been reprioritised to the Economic Policy subprogramme. No budget reductions over the medium term have been effected on this subprogramme.
- *Tax Policy* is responsible for drafting annual tax proposals and legislation as part of the national budget as an effective, equitable and efficient tax policy framework and tax administrative system is important to ensure sustainable growth and delivery on government's mandate to address the needs of all South Africans. This subprogramme had a staff complement of 42 and a total budget of R26.2 million in 2011/12, of which 90.3 per cent was used for compensation of employees, while 9.4 per cent was used on goods and services mainly spent on travel and subsistence costs. The unit implemented tax policy reforms as announced in the 2011 Budget and began an initiative to close aggressive tax planning practices. In 2011/12, the administration and approval process for the research and development of tax incentives was revised to allow for enhanced monitoring and evaluation. In the same year, the subprogramme attempted to better clarify the difference between debt and equity and to limit the potential abuse with excessive debt financing. A discussion document on carbon taxes was also published for public comment and consultation on a proposed national gambling tax was undertaken at a cost of R608 000. No savings or budget reductions over the medium term have been identified or effected in this subprogramme.
- *Economic Policy* provides macroeconomic, microeconomic, forecasting, regulatory technical and policy analysis for the annual Budget and other government processes, and policy review. Work is focused on creating decent employment through inclusive economic growth (outcome 4). The subprogramme also

provides analytical work and policy advice on a wide range of issues including inflation management, electricity pricing, economic growth, structural budget balances, employment creation and the exchange rate. This subprogramme had a staff complement of 40 and a total budget of R22.9 million in 2011/12, of which 88.5 per cent was used for compensation of employees, while 10.3 per cent was used for goods and services mainly for operating expenditure and travel and subsistence. R12.2 million in 2012/13 has been reprioritised to this subprogramme to augment the operating payments and travel and subsistence allocations, mainly to fund professional bodies and subscriptions, and for the additional travel requirements. No budget reductions over the medium term have been effected on this subprogramme.

- *Cooperative Banking Development Agency* facilitates the transfer payment to the agency and accounted for 4.1 per cent of this programme's 2011/12 budget allocation. The agency provides for the registration, supervision and regulation of deposit taking savings and credit cooperative banks, community banks, and village banks. The agency, which began operating from 2010/11, facilitates, promotes and funds the education and training of cooperative banks. Over the medium term, transfers are expected to increase to R17.2 million, at an average annual rate of 22.7 per cent, to support the agency's services. R11 million over the medium term is reprioritised to the agency to fund capacity on economic research and to provide for the deposit insurance fund, stabilisation fund, management information system and consultancy fees for financial and human resources management for the assessment of the cooperative financial institutions compliance with the Banks Act (1990). A budget reduction of R324 000 over the medium term has been effected in this subprogramme as a result of Cabinet's national cost cutting decision affecting all sphere's of government.

Expenditure estimates

Table 10.6 Economic Policy, Tax, Financial Regulation and Research

Subprogramme	**Audited outcome**			**Adjusted appropriation**	**Medium-term expenditure estimate**		
R thousand	**2008/09**	**2009/10**	**2010/11**	**2011/12**	**2012/13**	**2013/14**	**2014/15**
Programme Management for Economic Policy, Financial Regulation and Research	14 017	13 269	12 058	23 043	19 314	20 206	21 427
Research	8 767	8 504	11 217	11 968	15 219	15 909	16 864
Financial Sector Policy	14 012	17 535	17 673	134 933	41 631	36 152	36 864
Tax Policy	15 284	17 334	19 244	26 174	27 873	29 526	31 368
Economic Policy	18 678	15 251	17 668	22 936	28 921	30 699	32 154
Cooperative Banking Development Agency	–	–	8 200	9 310	16 000	16 400	17 182
Total	**70 758**	**71 893**	**86 060**	**228 364**	**148 958**	**148 892**	**155 859**
Change to 2011 Budget estimate				108 000	21 573	13 363	–
Economic classification							
Current payments	**65 030**	**66 389**	**72 203**	**208 436**	**122 298**	**121 764**	**127 326**
Compensation of employees	34 825	44 832	51 039	70 883	76 777	80 993	85 735
Goods and services	30 205	21 557	21 164	137 553	45 521	40 771	41 591
of which:							
Administrative fees	*1 792*	*1 131*	*713*	*111 866*	*15 978*	*9 282*	*8 199*
Advertising	*499*	*222*	*214*	*331*	*344*	*370*	*391*
Assets less than the capitalisation threshold	*60*	*70*	*40*	*120*	*98*	*95*	*105*
Bursaries: Employees	*140*	*239*	*147*	*370*	*373*	*404*	*472*
Catering: Departmental activities	*211*	*209*	*215*	*225*	*215*	*215*	*215*
Communication	*356*	*400*	*367*	*416*	*378*	*429*	*483*
Computer services	*91*	*37*	*212*	*233*	*172*	*178*	*180*
Consultants and professional services: Business and advisory services	*8 681*	*8 504*	*11 217*	*12 425*	*15 754*	*16 611*	*17 618*
Consultants and professional services: Legal costs	*86*	*–*	*–*	*–*	*–*	*–*	*–*
Contractors	*4*	*26*	*11*	*55*	*18*	*18*	*18*

Table 10.6 Economic Policy, Tax, Financial Regulation and Research (continued)

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R thousand	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Economic classification							
Current payments							
Agency and support / outsourced services	*1 457*	*14*	*–*	*–*	*–*	*–*	*–*
Entertainment	*21*	*15*	*19*	*65*	*53*	*53*	*53*
Inventory: Materials and supplies	*–*	*5*	*4*	*2*	*–*	*–*	*–*
Inventory: Other consumables	*2*	*–*	*–*	*4*	*4*	*4*	*4*
Inventory: Stationery and printing	*1 357*	*1 047*	*905*	*1 227*	*1 102*	*1 096*	*1 229*
Lease payments	*102*	*126*	*132*	*180*	*223*	*234*	*246*
Travel and subsistence	*7 822*	*4 429*	*4 404*	*6 434*	*5 567*	*6 045*	*6 619*
Training and development	*1 067*	*539*	*467*	*877*	*765*	*821*	*938*
Operating expenditure	*2 065*	*4 294*	*1 779*	*2 382*	*3 864*	*4 287*	*4 094*
Venues and facilities	*4 392*	*250*	*318*	*341*	*613*	*629*	*727*
Transfers and subsidies	**5 000**	**5 010**	**13 500**	**19 310**	**26 000**	**26 400**	**27 859**
Departmental agencies and accounts	–	–	8 200	9 310	16 000	16 400	17 182
Higher education institutions	5 000	5 000	–	–	–	–	–
Public corporations and private enterprises	–	–	5 300	10 000	10 000	10 000	10 677
Households	–	10	–	–	–	–	–
Payments for capital assets	**726**	**463**	**351**	**618**	**660**	**728**	**674**
Machinery and equipment	726	463	351	618	660	728	674
Payments for financial assets	**2**	**31**	**6**	**–**	**–**	**–**	**–**
Total	**70 758**	**71 893**	**86 060**	**228 364**	**148 958**	**148 892**	**155 859**

	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Details of transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	**–**	**–**	**8 200**	**9 310**	**16 000**	**16 400**	**17 182**
Cooperative Banking Development Agency	–	–	8 200	9 310	16 000	16 400	17 182
Households							
Social benefits							
Current	**–**	**10**	**–**	**–**	**–**	**–**	**–**
Employee social benefits	–	10	–	–	–	–	–
Public corporations and private enterprises							
Private enterprises							
Other transfers to private enterprises							
Current	**–**	**–**	**5 300**	**10 000**	**10 000**	**10 000**	**10 677**
Economic Research of Southern Africa	–	–	5 300	10 000	10 000	10 000	10 677
Higher education institutions							
Current	**5 000**	**5 000**	**–**	**–**	**–**	**–**	**–**
University of Cape Town	5 000	5 000	–	–	–	–	–

Expenditure trends

Expenditure increased from R70.8 million in 2008/09 to R228.4 million in 2011/12, at an average annual rate of 47.8 per cent, mainly due to a R111 million increase in administrative fees related to banking cost charges. The increase in spending was largely to support the department's mandate to ensure transparency in transactions relating to banking cost recovery mechanisms and charges. Over the same period, spending on agency and outsourced services was phased out as the department employed more permanent personnel instead of using external resources to conduct the work done by the programme. Spending on compensation of employees grew from R34.8 million to R70.9 million in this period, at an average annual rate of 26.7 per cent, mainly due to building capacity in the economic policy and financial banking stability unit.

In 2010/11 and 2011/12, the programme developed and published a policy document for financial sector regulatory reform, the prudential regulation of foreign exposure for South African institutional investors and a policy on confronting youth unemployment. This is to provide stability in the financial sector and provide decent economic growth to facilitate job opportunities. Over the medium term, the programme aims to achieve development and implementation of the twin peak regulatory reforms at a cost of R1 million.

Between 2011/12 and 2014/15, expenditure is expected to decrease from R228.4 million to R155.9 million, at an average annual rate of 12 per cent, mainly due to a R103.7 million reduction in administrative fees. This is mainly due to there being no allocation over the medium term for the banking cost recovery mechanism and related bank charges. Expenditure on compensation of employees is expected to increase from R70.9 million in 2011/12 to R85.7 million in 2014/15, at an average annual rate of 6.5 per cent, in line with inflation projections. An additional R4.8 million is allocated to this programme over the medium term for improved conditions of service.

The number of consultants used increased from 3 in 2008/09 to 6 in 2011/12. As a result, expenditure on consultants increased from R8.8 million in 2008/09 to R12.4 million in 2011/12, at an average annual rate of 12.3 per cent. Over the medium term, expenditure on consultants is expected to increase to R17.6 million, at an average annual rate of 12.3 per cent. The increased spending on consulting services is due to an increase in economic research support provided by the Centre for Research into Economics and Finance in Southern Africa, among others.

Transfers account for an average of 13.5 per cent of expenditure in this programme over the seven-year period. The main transfer payments are allocated to the Cooperative Banking Development Agency. Other transfer payments mainly support the programme's initiatives that provide policies to enable job opportunities through the Economic Research Southern Africa. Expenditure on transfers is expected to increase from R5 million to R27.9 million over the seven-year period, at an average annual rate of 33.1 per cent, due to an increase in the need for research papers to improve the South African economic outlook.

Programme 3: Public Finance and Budget Management

Objectives and measures

- Give effect to government's economic, fiscal, social and development goals by engaging in an ongoing rigorous analytical and consultative process to produce the national budget to be tabled annually in Parliament in February.
- Promote accountability and transparency by:
  - publishing the Budget Review, Estimates of National Expenditure and Medium Term Budget Policy Statement and appropriation legislation containing relevant, accurate and clear financial information and associated indicators of service delivery and performance on an annual basis
  - providing the Minister of Finance with ongoing advice in response to submissions and Cabinet memorandums
  - monitoring and analysing progress on these activities and processes on a quarterly and annual basis.
- Contribute to public policy and programme development by promoting sound planning, budgeting and project management, and increased support to public finance reform in provinces and municipalities on an ongoing basis.
- Promote public private partnerships, and provide a mechanism for accessing private sector finance and expertise to support the development and implementation of services infrastructure in all spheres of government by appropriately assessing all major infrastructure initiatives and employing the appropriate financing mechanism on an annual basis.
- Support the development and implementation of service infrastructure in all spheres of government and measure progress annually through completing assessments by:
  - promoting public private partnerships

– providing a mechanism for accessing private sector finance and expertise
– assessing major infrastructure initiatives in order to deploy appropriate financing mechanisms.

- Ensure appropriate use of public and private financial resources for social and economic development and infrastructure investment by improving monitoring and analysis of public expenditure monthly, quarterly and annually.

Subprogrammes

- *Programme Management for Public Finance and Budget Management* provides support to the planning, monitoring and delivering on the programme's strategy. This subprogramme had a staff complement of 14 and a total budget of R18.3 million in 2011/12, of which 37.2 per cent was used for compensation of employees, while 62.3 per cent was used for goods and services, mainly in consultants, stationery and printing and travel and subsistence. This subprogramme accounted for 8.7 per cent of this programme's 2011/12 budget allocation. In 2011/12, the mayors' induction course for local government was successfully conducted at a cost of R2 million. Savings of R6.2 million over the medium term have been identified in this subprogramme mainly in consultancy services related to the comprehensive expenditure review. These savings have been reprioritised to the Budget Office and Coordination subprogramme. No budget reductions over the medium term have been effected on this subprogramme.
- *Public Finance* provides financial and budgetary analysis of government programmes, advises on policy and service delivery trends, and manages the Treasury's relations with other national departments. This subprogramme had a staff complement of 101 and a total budget of R65.8 million in 2011/12, of which 81.7 per cent was used for compensation of employees, while 17.9 per cent was used for goods and services mainly for consultants and travel and subsistence. Employment creation and social security reform, including the national health insurance scheme, are key priorities for the period ahead. In this regard, R4.5 million has been reprioritised over the medium term from travel costs within this subprogramme to fund the feasibility work on the national health insurance scheme and social security projects. No budget reductions over the medium term have been effected on this subprogramme.
- *Budget Office and Coordination* provides fiscal policy advice, oversees expenditure planning and the national budget process, leads the budget reform programme, coordinates international technical assistance and donor finance, and compiles public finance statistics. The office is also responsible for the regulatory framework to promote a consistent approach to governance, organisational and institutional design, financial management, human resources cost management and the governance of public entities, government agencies and departmental business enterprises. This subprogramme had a staff complement of 79 and a total budget of R42.5 million in 2011/12, of which 90.6 per cent was used for compensation of employees, while 8.9 per cent was used for goods and services mainly related to consultancy services and travel and subsistence. R15.3 million over the medium term has been reprioritised from the International Financial Relations programme to this subprogramme for compensation of employees in several positions that have been approved and added to the structure. No budget reductions over the medium term have been effected on this subprogramme.
- *Intergovernmental Relations* coordinates fiscal relations between national, provincial and local government, and promotes sound provincial and municipal budgetary planning, reporting and financial management. A city budget forum has been established to facilitate the implementation of initiatives to support improvements in service delivery. This subprogramme had a staff complement of 66 and a total budget of R50.2 million in 2011/12, of which 83.9 per cent was used for compensation of employees, while 11.8 per cent was used for goods and services mainly relating to travel and subsistence, stationery and printing, and spending on consultancy services. Transfers and subsidies represented 4 per cent of this subprogramme's 2011/12 budget for the once off allocation relating to the South African Local Government Association's training and induction activities for new municipal counsellors that were appointed after the local government elections held in May 2011. R3.4 million over the medium term has been reprioritised from the International Financial Relations programme to this subprogramme to increase capacity due to the introduction of the Money Bills Amendments Procedures and Related Matters Act (2009), which has increased parliamentary oversight over the annual Division of Revenue Act. These additional responsibilities have substantially increased the responsibility of staff to travel to represent the department

during hearings on the Division of Revenue Bill and attend in-year hearings on the provincial and local government fiscal systems. The local government budget analysis unit in this subprogramme has a total of 19 unfunded positions that they intend to activate over the medium term. No budget reductions over the medium term have been effected on this subprogramme.

- *Financial and Fiscal Commission* facilitates the transfer payment to the commission. The commission derives its mandate from chapter 13 of the Constitution's sections 220, 221 and 222; and related sections 214(2), 219(5), 228(2)(b), 229(5), 230(2) and 230A(2) provide for independent, objective, impartial and unbiased advice rendered to government with regard to division of revenue in the three spheres of government and in the enactment of legislation pertaining to provincial taxes, municipal fiscal powers and functions, and provincial and municipal loans. The transfer increases from R33 million in 2011/12 to R40.3 million in 2014/15, at an average annual rate of 6.8 per cent, mainly to fund the commission's operational activities. R8 million has been reprioritised over the medium term mainly from the International Financial Relations programme to fund audit fees, which increased from R792 000 in 2009/10 to R1.4 million in 2010/11, resulting in an increase in the deficit for the commission of R1.1 million in that year. The reprioritisation was also to fund increased spending on consultants due to a shortage of qualified and experienced staff. A budget reduction of R561 000 over the medium term has been effected on this subprogramme as a result of Cabinet's national cost cutting decision affecting all spheres of government.

Expenditure estimates

Table 10.7 Public Finance and Budget Management

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R thousand	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Programme Management for Public Finance and Budget Management	13 551	16 189	12 185	18 332	24 330	26 498	28 254
Public Finance	39 244	39 114	46 105	65 832	69 846	73 668	77 895
Budget Office and Coordination	29 809	32 823	36 137	42 510	50 848	54 245	57 339
Intergovernmental Relations	34 027	30 736	34 433	50 168	45 189	48 576	50 885
Financial and Fiscal Commission	26 125	26 580	31 391	33 036	37 268	39 159	40 294
Total	**142 756**	**145 442**	**160 251**	**209 878**	**227 481**	**242 146**	**254 667**
Change to 2011 Budget estimate				10 940	19 592	23 012	–
Economic classification							
Current payments	**114 808**	**116 641**	**128 077**	**174 059**	**188 840**	**201 888**	**212 846**
Compensation of employees	82 235	91 815	109 593	141 171	152 447	161 197	169 614
Goods and services	32 573	24 826	18 484	32 888	36 393	40 691	43 232
of which:							
Administrative fees	*1 375*	*1 031*	*369*	*657*	*504*	*541*	*576*
Advertising	*752*	*472*	*471*	*466*	*652*	*686*	*725*
Assets less than the capitalisation threshold	*52*	*83*	*44*	*203*	*247*	*266*	*280*
Audit cost: External	*–*	*6*	*–*	*–*	*–*	*–*	*–*
Bursaries: Employees	*350*	*266*	*408*	*404*	*947*	*797*	*947*
Catering: Departmental activities	*729*	*376*	*358*	*606*	*596*	*633*	*663*
Communication	*433*	*455*	*517*	*568*	*630*	*677*	*736*
Computer services	*732*	*681*	*302*	*303*	*350*	*414*	*455*
Consultants and professional services: Business and advisory services	*4 640*	*8 286*	*4 719*	*15 492*	*15 671*	*17 136*	*17 919*
Consultants and professional services: Legal costs	*–*	*–*	*–*	*–*	*200*	*200*	*200*
Contractors	*268*	*16*	*63*	*28*	*130*	*146*	*159*
Agency and support / outsourced services	*7 805*	*5*	*–*	*61*	*61*	*63*	*65*
Entertainment	*52*	*20*	*28*	*120*	*130*	*133*	*137*
Inventory: Materials and supplies	*–*	*3*	*–*	*9*	*6*	*7*	*7*
Inventory: Other consumables	*1*	*2*	*–*	*6*	*6*	*6*	*6*
Inventory: Stationery and printing	*5 921*	*6 079*	*5 743*	*6 718*	*6 849*	*8 914*	*9 309*
Lease payments	*393*	*269*	*231*	*371*	*374*	*415*	*445*

Table 10.7 Public Finance and Budget Management (continued)

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R thousand	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Economic classification							
Travel and subsistence	*6 556*	*4 633*	*4 459*	*5 361*	*6 893*	*7 465*	*8 075*
Training and development	*1 019*	*1 394*	*495*	*831*	*1 151*	*1 244*	*1 367*
Operating expenditure	*509*	*209*	*178*	*217*	*320*	*257*	*346*
Venues and facilities	*986*	*540*	*99*	*467*	*676*	*691*	*815*
Transfers and subsidies	**26 581**	**27 808**	**31 391**	**35 036**	**37 268**	**39 159**	**40 294**
Departmental agencies and accounts	26 125	26 580	31 391	35 036	37 268	39 159	40 294
Higher education institutions	456	456	–	–	–	–	–
Households	–	772	–	–	–	–	–
Payments for capital assets	**1 347**	**944**	**759**	**783**	**1 373**	**1 099**	**1 527**
Machinery and equipment	1 347	944	759	783	1 373	1 099	1 527
Payments for financial assets	**20**	**49**	**24**	**–**	**–**	**–**	**–**
Total	**142 756**	**145 442**	**160 251**	**209 878**	**227 481**	**242 146**	**254 667**

Details of transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	**26 125**	**26 580**	**31 391**	**35 036**	**37 268**	**39 159**	**40 294**
Financial and Fiscal Commission	26 125	26 580	31 391	33 036	37 268	39 159	40 294
South African Local Government Association	–	–	–	2 000	–	–	–
Households							
Social benefits							
Current	**–**	**772**	**–**	**–**	**–**	**–**	**–**
Employee social benefits	–	772	–	–	–	–	–
Higher education institutions							
Current	**456**	**456**	**–**	**–**	**–**	**–**	**–**
University of Pretoria	456	456	–	–	–	–	–

Expenditure trends

Expenditure increased from R142.8 million in 2008/09 to R209.9 million in 2011/12, at an average annual rate of 13.7 per cent. The bulk of the growth was mainly in spending on compensation of employees, which increased from R82.2 million to R141.2 million over the same period, at an average annual rate of 19.7 per cent. This growth is reflected in the establishment increase by 26 filled posts mainly at senior levels in line with structural changes effected to enhance performance and add capacity to specific focal areas such as support to national, provincial and local government, and to capacitate the units involved with social retirement reforms, and financial management improvement. Expenditure on goods and services over this period increased from R32.6 million to R32.9 million, at a marginal average annual rate of 0.3 per cent, with the bulk of this spending related to consultancy costs, stationery and printing, and travel and subsistence.

The programme through its allocation has continued to provide quality budget documentation, including the Appropriation Bill, Division of Revenue Bill, Budget Review, Estimates of National Expenditure and Medium Term Budget Policy Statement. These annual documents resulted in South Africa being awarded first place in the 2010 open budget survey. This is a confirmation of the progress National Treasury has made since the introduction of the three-year forward planning framework for the planning and management of fiscal resources.

Over the medium term period, expenditure is expected to increase to R254.7 million, at an average annual rate of 6.7 per cent, mainly due to increased spending on compensation of employees, which is expected to increase from R141.2 million to R169.6 million, at an average annual rate of 6.3 per cent, in line with inflation projections. An additional R13 million is allocated to this programme over the medium term for improved conditions of service. Spending on goods and services is expected to increase from R32.9 million to

R43.2 million, at an annual average rate of 9.5 per cent. This increase is mainly due to spending on consultants, which is expected to increase from R15.5 million for 10 consultants in 2011/12 to R18.1 million for 18 consultants in 2014/15. The consultants are used in the design of a standard chart of accounts for local government and work being undertaken for social security reforms. Consultants are also used to edit budget documents, including the Estimates of National Expenditure, Adjusted Estimates of National Expenditure, Budget Review, Medium Term Budget Policy Statement and Medium Term Expenditure Reporting Framework. Consultants also work on social retirement reforms and the multi-agent transport simulator project.

Transfers account for an average of 17.2 per cent of this programme's expenditure over the seven-year period, with the largest transfer payments allocated to the Financial and Fiscal Commission. The transfer payments to higher education institutions in 2008/09 and 2009/10 relate to the annual international public finance conference. The once-off transfer of R2 million to the South African Local Government Association in 2011/12 was made to train new councillors in the Municipal Finance Management Act (2003) budget reforms and municipal finances.

Programme 4: Asset and Liability Management

Objectives and measures

- Promote the maximisation of delivery on government's objectives through exercising oversight over schedule 2 and 3B entities by: reviewing corporate plans and annual reports; reviewing applications for guarantees and borrowing limits; coordinating state owned entities' borrowing programmes; monitoring progress; tracking progress on capital expenditure programmes; and monitoring guarantees and taking remedial action where necessary.
- Exercise shareholder oversight over the Development Bank of Southern Africa, the Public Investment Corporation, the Land and Agricultural Development Bank of South Africa, and the South African Special Risks Insurance Association to ensure that they promote government's policy objectives while remaining financially sound institutions by reviewing corporate plans; negotiating shareholder compacts for signature by the Minister of Finance; and reviewing quarterly and annual reports.
- Finance government's gross borrowing requirement of R211.9 billion by March 2013 by sourcing such funds from the domestic and international markets over the same period.
- Ensure that government's liquidity requirements are consistently met through effective cash management by sound cash forecasts on an ongoing basis.
- Enable government to manage financial risks and attract investment by reviewing credit, debt, country ratings and contingent liability risk benchmarks and by ensuring adherence to these standards on an ongoing basis.

Subprogrammes

- *Programme Management for Asset and Liability Management* provides support for planning, monitoring and delivering the programme's activities. This subprogramme had a staff complement of 5 and a total budget of R14.3 million in 2011/12, of which 59.4 per cent was used for consulting services for the delivery of a treasury management system and the development of an optimal capital structure and appropriate dividend policies for state owned entities, while 1 per cent was used for compensation of employees. Over the medium term, R2.1 million has been reprioritised from the International Financial Relations programme to computer services and consultancy in this subprogramme to finalise the development of a back office treasury management system. No budget reductions over the medium term have been effected on this subprogramme.
- *State Owned Entity Financial Management and Governance* promotes the optimal allocation and use of financial resources and sound corporate governance in state owned entities. This entails exercising financial oversight to ensure that financial resources are applied in accordance with government policy. This subprogramme had a staff complement of 45 and a total budget of R23.2 million in 2011/12, of which 96 per cent was used for compensation of employees, while 4 per cent was allocated to goods and services mainly for spending on travel and subsistence, bursaries for employees, and stationery and printing.

R9.8 million over the medium term has been reprioritised mostly from the International Financial Relations programme to this subprogramme, mainly to fund consultancy services to assist the formulation and rollout of state owned capital structure and dividend policies. No budget reductions over the medium term have been effected on this subprogramme.

- *Government Debt Management* is responsible for government's long term funding needs, manages domestic and foreign debt, and contributes to the development of financial markets. This subprogramme had a staff complement of 31 and a total budget of R14.9 million in 2011/12, of which 91.8 per cent was used for compensation of employees, while 8.2 per cent was used for goods and services mainly in travel and subsistence. Government successfully financed its gross borrowing requirement of R185.3 billion in 2011/12, mainly in the domestic capital and money markets. Relatively small amounts were borrowed from international markets. To reduce refinancing risk, government entered into bond switch transactions whereby short term bonds were exchanged for long term bonds before their repayment dates. Investor relations were enhanced with the introduction of an investor relations website to augment the routine foreign and domestic road shows. R7.1 million was reprioritised over the medium term from the International Financial Relations programme to this subprogramme, mainly for compensation of employees to improve debt management capacity. No budget reductions over the medium term have been effected on this subprogramme.
- *Financial Operations* provides for government's short term funding needs, manages cash in all spheres of government, invests government surplus cash, supplies reliable systems and provides information relating to the division's operations. This subprogramme had a staff complement of 21 and a total budget of R15.4 million in 2011/12, of which 67.6 per cent was used for compensation of employees, while 32.4 per cent was used for goods and services mainly in computer services for software packages for the administration of the RSA retail bonds transactions. The second module of a new treasury management system will be implemented early in 2012, and the remaining modules will be completed by 2013. In 2011/12, up to R40 billion of public sector cash was available for bridging finance for government and provinces. R4.9 million was reprioritised over the medium term from the Financial Systems and Accounting programme to for compensation of employees in this subprogramme to capacitate the treasury retail bonds unit. No budget reductions over the medium term have been effected on this subprogramme.
- *Strategy and Risk Management* develops and maintains a risk management framework for the debt and contingent liabilities of government and state owned entities, and implements debt management strategies. This subprogramme had a staff complement of 16 and a total budget of R8.1 million in 2011/12, of which 95.9 per cent was used for compensation of employees, while 4.1 per cent was used for goods and services such as travel and subsistence. In 2011/12, the domestic debt portfolio is projected to stabilise at 64 per cent fixed and 36 per cent non-fixed as government issues instruments that maximise cash, subject to market demand. Through active debt management strategies, the debt portfolio ratio will improve towards the risk benchmark of a 70:30 fixed to non-fixed rate over the medium term. Foreign debt as a percentage of total gross debt amounts to 8.7 per cent, well below the risk benchmark of 20 per cent. In line with government's countercyclical fiscal policy, net debt, provisions and contingent liabilities is estimated to reach 47 per cent of GDP compared to the risk benchmark of 50 per cent. In 2011/12, the country's sovereign rating outlook was changed to negative from stable by Moody's credit rating agency and Fitch Ratings. R2.8 million has been reprioritised over the medium term from the International Financial Relations programme for compensation of employees in this subprogramme to improve capacity within the market risk unit, which will lead to improvements in the management of government's overall debt portfolio. No budget reductions over the medium term have been effected on this subprogramme.

- *Financial Investments* provides funding mainly for the recapitalisation of Eskom and the Land and Agricultural Development Bank of South Africa. Allocations in this subprogramme are located in payments for financial assets. Eskom was provided a subordinated loan of R60 billion over the audited period of 2008/09 to 2010/11 to enable it to build energy renewal capacity. In 2009/10, the Land and Agricultural Development Bank of South Africa's balance sheet was augmented with a guarantee of R3.5 billion, which was converted into capital injections of R2.5 billion over the previous two years. The balance of R1 billion is allocated over the medium term with R200 million in 2012/13, R300 million in 2013/14 and R500 million in 2014/15. In 2010/11, the bank, together with the Department of Rural Development and Land Reform, completed an agreement for the implementation of the curatorship and emerging farmers support structures. The Land and Agricultural Development Bank of South Africa will provide Cabinet with a progress report in 2012. There are no transfer payments in this subprogramme. No cost efficiency measures or budget reductions over the medium term have been effected on this subprogramme.

Expenditure estimates

Table 10.8 Asset and Liability Management

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R thousand	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Programme Management for Asset and Liability Management	22 740	11 982	13 252	14 257	15 068	15 753	12 180
State Owned Entity Financial Management and Governance	11 878	13 859	19 059	23 231	26 739	28 065	29 649
Government Debt Management	10 493	11 247	13 746	14 930	17 823	18 674	19 647
Financial Operations	10 957	10 119	13 887	15 381	17 673	18 090	18 512
Strategy and Risk Management	6 435	5 967	7 260	8 061	9 254	9 702	10 285
Financial Investments	10 000 000	31 000 000	20 746 700	750 000	200 000	300 000	500 000
Eskom	*10 000 000*	*30 000 000*	*20 000 000*	–	–	–	–
Land Bank	–	*1 000 000*	*746 700*	*750 000*	*200 000*	*300 000*	*500 000*
Total	**10 062 503**	**31 053 174**	**20 813 904**	**825 860**	**286 557**	**390 284**	**590 273**
Change to 2011 Budget estimate				3 266	210 364	311 992	500 000
Economic classification							
Current payments	**61 930**	**53 069**	**66 543**	**75 265**	**85 861**	**89 720**	**90 119**
Compensation of employees	33 413	38 070	47 478	56 579	65 781	69 093	72 925
Goods and services	28 517	14 999	19 065	18 686	20 080	20 627	17 194
of which:							
Administrative fees	*1 113*	*370*	*337*	*185*	*60*	*60*	*60*
Advertising	*483*	*212*	*126*	*200*	*200*	*200*	*200*
Assets less than the capitalisation threshold	*32*	*13*	*30*	*25*	*25*	*25*	*26*
Audit cost: External	*462*	*433*	*428*	*460*	*500*	*525*	*551*
Bursaries: Employees	*727*	*690*	*207*	*340*	*509*	*417*	*403*
Catering: Departmental activities	*169*	*63*	*83*	*125*	*125*	*125*	*125*
Communication	*329*	*380*	*370*	*388*	*391*	*403*	*425*
Computer services	*2 465*	*2 129*	*6 583*	*5 234*	*6 184*	*6 711*	*4 691*
Consultants and professional services: Business and advisory services	*16 961*	*6 511*	*7 731*	*8 487*	*7 475*	*7 150*	*5 259*
Consultants and professional services: Legal costs	*18*	–	–	–	–	–	–
Contractors	*23*	*42*	*11*	*22*	*32*	*32*	*34*
Agency and support / outsourced services	*1 502*	–	–	–	–	–	–
Entertainment	*25*	*14*	*16*	*40*	*41*	*41*	*41*
Inventory: Materials and supplies	*1*	*4*	–	*1*	–	–	–
Inventory: Other consumables	*1*	*1*	–	–	–	–	–
Inventory: Stationery and printing	*485*	*1 362*	*461*	*484*	*511*	*516*	*543*

Table 10.8 Asset and Liability Management (continued)

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R thousand	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Economic classification							
Lease payments	*126*	*150*	*162*	*159*	*202*	*202*	*212*
Travel and subsistence	*2 611*	*1 874*	*2 352*	*2 142*	*2 838*	*3 193*	*3 553*
Training and development	*257*	*381*	*112*	*300*	*800*	*840*	*882*
Operating expenditure	*431*	*20*	*56*	*45*	*63*	*63*	*65*
Venues and facilities	*296*	*350*	*–*	*49*	*124*	*124*	*124*
Transfers and subsidies	**–**	**–**	**34**	**–**	**–**	**–**	**–**
Households	–	–	34	–	–	–	–
Payments for capital assets	**573**	**104**	**598**	**595**	**696**	**564**	**154**
Machinery and equipment	573	104	598	595	696	564	154
Payments for financial assets	**10 000 000**	**31 000 001**	**20 746 729**	**750 000**	**200 000**	**300 000**	**500 000**
Total	**10 062 503**	**31 053 174**	**20 813 904**	**825 860**	**286 557**	**390 284**	**590 273**
Details of transfers and subsidies							
Households							
Social benefits							
Current	**–**	**–**	**34**	**–**	**–**	**–**	**–**
Employee social benefits	–	–	34	–	–	–	–

Expenditure trends

Expenditure decreased from R10.1 billion in 2008/09 to R825.9 million in 2011/12, at an average annual rate of 56.5 per cent, primarily in payments for financial assets. This is attributed to the phasing out of the allocation to Eskom. Excluding the Eskom and Land and Agricultural Development Bank of South Africa allocations, the programme’s operational expenditure increased from R62.5 million in 2008/09 to R75.9 million in 2011/12, at an average annual rate of 6.7 per cent. The bulk of these increases were concentrated in spending on compensation of employees, which grew from R33.4 million in 2008/09 to R56.6 million in 2011/12, at an average annual rate of 19.2 per cent. This increase is mainly attributed to an additional 17 filled posts, whose personnel contributed to the formulation of state owned entities’ capital structure and dividend policies, the reassessment of state owned entities' treasury operations and the development of a treasury management system. In contrast, expenditure on goods and services decreased from R28.5 million in 2008/09 to R18.7 million in 2011/12, at an average annual rate of 13.1 per cent, mainly in spending on consultants due to the finalisation of the entities capital structure and dividend policy project.

The programme is implementing a treasury management system to replace various spreadsheet and mainframe systems. The system’s foreign debt module was implemented in September 2009 and ran in parallel with the spreadsheets until December 2010. The foreign debt module has reduced operational risk and improved previously cumbersome reporting by providing timelier, standardised and accurate system generated reports. The domestic debt module is due to be implemented in March 2012, the retail bonds module in the final quarter of 2012 and the money market module, which closes the project, by March 2013. Between 2009/10 to 2011/12, R6.3 million has been spent for the treasury management system project, mainly on consultants. The programme has also implemented an investor relations website in August 2011. The website contributes to the transparency of government’s debt management and participation in financial markets and thus promotes investor confidence.

Over the medium term, expenditure is expected to decrease to R590.3 million, at an average annual rate of 10.6 per cent. The decrease is due to a R550 million decrease in the allocation relating to the Land and Agricultural Development Bank of South Africa in 2012/13. Excluding the Land and Agricultural Development Bank of South Africa allocation, the programme’s operational expenditure is expected to increase from R75.9 million to R90.3 million, at an average annual rate of 6 per cent. The bulk of this growth is concentrated in spending on compensation of employees, which is expected to increase from R56.6 million to R72.9 million over the same period, at an average annual rate of 8.8 per cent. An additional R3 million is allocated to this programme over the medium term for improved conditions of service. Also contributing to the increase is filled posts, which are expected to increase by 14 mainly to provide sectoral oversight for state owned entities.

Spending on goods and services is expected to decrease from R28.5 million to R17.2 million in 2014/15, at an average annual rate of 8.1 per cent, mainly in spending on consultants due to the completion of the treasury management system in 2012/13. The number of consultants is expected to decrease from 7 to 3 over the seven-year period, with spending on this item expected to decrease from R17 million in 2008/09 to R5.3 million in 2014/15, at an average annual rate of 17.7 per cent as a result. The peak in spending on consultants in 2008/09 relates to the Pebble Bed Modular Reactor project that was concluded in the same year. Consultants in this programme are mostly used for the capital structure and dividend policy project.

Programme 5: Financial Systems and Accounting

Objectives and measures

- Improve supply chain management by:
  - enhancing supply chain management compliance monitoring and combating supply chain management related fraud and corruption on an ongoing basis, through a combination of regulatory and analytical approaches aimed at reducing the incidence of corrupt supply management activity
  - providing guidance and assistance to all organs of state in the implementation of the revised preferential procurement regulations in 2012/13
  - increasing capacity to 11 national departments, 3 provincial treasuries with their respective departments and 6 metros over the medium term, for the implementation of strategic sourcing principles through facilitating training through the Public Administration Leadership and Management Academy
  - facilitating a comprehensive review of the supply chain management legislation in government through completing technical analysis and producing draft legislation by March 2013
  - improving the value for money by quantifying the economic benefits on selected contracts and applying strategic sourcing on 35 transversal contracts in 2012/13
  - developing norms and standards, and monitoring compliance with prescribed procedures on an ongoing basis.
- Maintain government's current financial systems at a level of 98 per cent availability, including providing reliable, efficient and effective system support and user training over the medium term.
- Complete the development of the payroll, inventory management and financial management modules and implementing them at lead sites selected in collaboration with key stakeholders on an annual basis.

Subprogrammes

- *Programme Management for Financial Systems and Accounting* supports the planning, monitoring and coordinating deliverable on the programme plan. This subprogramme had a staff complement of 10 and a total budget of R11.3 million in 2011/12, of which 54.4 per cent was used for compensation of employees, while 40.4 per cent was used for goods and services such as travel and subsistence. Savings of R6 million over the medium term have been identified in this subprogramme on agency fees and venues and facilities due to the reduction on the use of external venues. These savings have been reprioritised to the Supply Chain Management subprogramme. No budget reductions over the medium term have been effected on this subprogramme.
- *Supply Chain Policy* comprises three sections: supply chain management policy, which regulates the supply chain management processes; norms and standards, which develops supply chain management norms and standards, and monitors compliance with the prescribed procedures; and contract management, which facilitates and manages transversal term contracts in the public sector. This subprogramme had a staff complement of 64 and a total budget of R40 million in 2011/12, of which 72.9 per cent was used for compensation of employees, while 26.5 per cent was used for goods and services mainly in computer services. In 2011/12, the following outputs were achieved: confirmation of the user requirement statement

for inventory management module; information sessions with government institutions in respect of the implementation of the new preferential procurement regulations; and the facilitation of transversal term contracts. These outputs were achieved at no additional costs as they were held in provincial treasuries and also National Treasury. R6 million was reprioritised over the medium term from savings in agency fees, and venues and facilities in the Financial Systems and Accounting programme to this subprogramme for compensation of employees for the absorption of interns. No budget reductions over the medium term have been effected on this subprogramme.

- *Financial Systems* maintains and supports existing financial management systems and the development and implementation of a new, integrated financial management system. This subprogramme had a staff complement of 42 and a total budget of R385.5 million in 2011/12, of which 4.7 per cent was used for compensation of employees, while 95.3 per cent was mainly used for the maintenance of transversal systems and development of the new integrated financial management system. In 2011/12, the following outputs were achieved: implementation of the new integrated financial management system for the asset management module; the procurement of a management module; and human resources management to lead sites, including National Treasury and the Department of Defence and Military Veterans, for the procurement management module and the Limpopo provincial treasury for the asset module. This will be done by March 2012 at a cost of R150.4 million. The development of the remaining modules of the integrated financial management system will be completed in 2012/13 and should be ready for implementation in 2013/14. Savings of R1.5 million over the medium term have been identified in this subprogramme on computer services for the transversal systems due to new service level agreements being signed. These savings have been reprioritised to the Financial Reporting for National Accounts subprogramme to mostly fund transfer payments to departmental agencies and accounts. A budget reduction of R7.1 million over the medium term has been effected on computer services, travel and subsistence, and stationery and printing in this subprogramme as a result of Cabinet's national cost cutting decision.
- *Financial Reporting for National Accounts* is responsible for: accounting for the National Revenue Fund, the Reconstruction and Development Programme Fund; providing banking services for national government; providing support for all spheres of government in implementing financial reporting frameworks and preparing consolidated financial statements. This subprogramme had a staff complement of 52 and a total budget of R83.6 million in 2011/12, of which 32.4 per cent was used for compensation of employees, while 15.6 per cent was used on goods and services such as consultants, audit costs, and travel and subsistence. The unit developed accounting manuals for generally recognised accounting practice standards, and offered training to 1 024 officials to assist with implementing the standards in provincial treasuries, municipalities and public entities. Transfers and subsidies in this subprogramme accounted for 51.8 per cent of the 2011/12 budget, with the bulk of the transfer payments allocated to the Independent Regulatory Board for Auditors and the Accounting Standards Board. R3.4 million over the medium term has been reprioritised from savings mainly in computer services and travel and subsistence in the Financial Systems and the Financial Management Policy and Compliance Improvement subprogrammes to this subprogramme for the Independent Regulatory Board for Auditors transfer to enhance its IT database. These savings were also reprioritised to the Accounting Standards Board transfer in this subprogramme, mainly to fund 2 additional trainee accountant positions to assist senior management in setting standards. A budget reduction of R31 000 in 2012/13 has been effected on this subprogramme to the Accounting Standards Board transfer as a result of Cabinet's national cost cutting decision.
- *Financial Management Policy and Compliance Improvement* includes improving financial management, developing the reporting frameworks in line with international and local best practice, developing and implementing accounting policies, and improving the financial management and internal audit capacity within government. Financial management improvement includes developing the reporting frameworks in line with international and local best practice, developing and implementing accounting policies and improving the financial management, internal audit and risk management capacity within government. This subprogramme had a staff complement of 114 and a total budget of R97.8 million in 2011/12, of which 59.1 per cent was used for compensation of employees, while 40.6 per cent was used for goods and services such as consultants, travel and subsistence, and training and development. In 2011/12, 20 investigations were conducted into supply chain practices, and continued development of fraud detection

guidelines for the practice took place at a cost of R6 million. Savings of R1.6 million over the medium term have been identified in this subprogramme on travel due to monitored airfare, vehicle rental and accommodation costs. The savings have been reprioritised to the Financial Reporting for National Accounts subprogramme. No budget reductions over the medium term have been effected on this subprogramme.

- *Audit Statutory Bodies* is a transfer payment that provides for compensation for certain shortfalls of statutory bodies and municipalities in terms of the Auditor General Act (1995). This subprogramme had a budget of R29.9 million in 2011/12, which was used in full to fund municipalities unable to pay for audit services. No cost efficiency measures over the medium term have been effected on this subprogramme.
- *Service Charges* is a transfer payment that provides bank service charges for all departments' deposit accounts and has a total allocation of R170 000 in 2011/12. No cost efficiency measures or budget reductions over the medium term have been effected on this subprogramme.

Expenditure estimates

Table 10.9 Financial Systems and Accounting

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R thousand	**2008/09**	**2009/10**	**2010/11**	**2011/12**	**2012/13**	**2013/14**	**2014/15**
Programme Management for Financial Systems and Accounting	15 436	11 716	7 177	11 252	10 759	11 583	12 272
Supply Chain Policy	20 752	30 608	31 558	39 983	45 011	46 991	50 536
Financial Systems	250 458	373 449	362 027	385 503	405 877	437 534	450 734
Operational Costs	*14 852*	*16 147*	*16 279*	*19 243*	*20 352*	*21 505*	*22 637*
Basic Accounting System (BAS)	*55 917*	*55 548*	*54 498*	*62 353*	*68 182*	*86 202*	*78 386*
PERSAL	*46 242*	*47 946*	*49 462*	*54 424*	*59 133*	*64 029*	*68 247*
Logis	*50 123*	*50 548*	*47 856*	*59 781*	*64 871*	*68 643*	*72 867*
Vulindlela	*23 635*	*25 776*	*24 227*	*25 122*	*27 585*	*29 245*	*30 894*
Integrated Financial Management System (IFMS)	*59 689*	*177 484*	*169 705*	*164 580*	*165 754*	*167 910*	*177 703*
Financial Reporting for National Accounts	53 222	64 810	71 106	83 554	84 974	87 802	93 080
Financial Management Policy and Compliance Improvement	29 324	42 365	65 689	97 824	109 288	116 103	121 497
Audit Statutory Bodies	106 428	19 636	21 444	29 919	30 235	49 305	52 263
Service Charges: Commercial Banks	87	158	124	170	180	190	201
Total	**475 707**	**542 742**	**559 125**	**648 205**	**686 324**	**749 508**	**780 583**
Change to 2011 Budget estimate				(10 015)	(4 021)	9 344	–
Economic classification							
Current payments	**279 002**	**310 182**	**325 059**	**407 191**	**279 864**	**320 018**	**325 840**
Compensation of employees	64 094	90 369	108 480	138 212	151 531	159 249	169 064
Goods and services	214 908	219 813	216 579	268 979	128 333	160 769	156 776
of which:							
Administrative fees	*2 792*	*2 029*	*1 322*	*1 629*	*1 575*	*1 644*	*1 711*
Advertising	*328*	*181*	*393*	*641*	*625*	*584*	*597*
Assets less than the capitalisation threshold	*140*	*340*	*101*	*317*	*935*	*784*	*886*
Audit cost: External	*3 324*	*2 686*	*2 337*	*4 089*	*3 305*	*3 460*	*3 615*
Bursaries: Employees	*373*	*221*	*1 242*	*520*	*2 280*	*2 793*	*2 516*
Catering: Departmental activities	*249*	*466*	*254*	*705*	*705*	*705*	*705*
Communication	*878*	*988*	*843*	*1 198*	*1 140*	*1 205*	*1 292*
Computer services	*168 946*	*183 072*	*173 495*	*200 601*	*55 204*	*82 153*	*74 477*
Consultants and professional services: Business and advisory services	*5 042*	*11 567*	*18 915*	*34 176*	*43 590*	*48 096*	*50 354*
Contractors	*206*	*47*	*39*	*221*	*91*	*104*	*114*
Agency and support / outsourced services	*8 886*	*–*	*–*	*700*	*–*	*–*	*–*
Entertainment	*38*	*30*	*35*	*105*	*102*	*102*	*102*
Inventory: Food and food supplies	*–*	*–*	*–*	*–*	*10*	*10*	*10*
Inventory: Materials and supplies	*–*	*1*	*4*	*6*	*10*	*12*	*13*

Table 10.9 Financial Systems and Accounting (continued)

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R thousand	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Economic classification							
Inventory: Other consumables	*1*	*–*	*55*	*1*	*2*	*2*	*2*
Inventory: Stationery and printing	*1 467*	*1 172*	*1 134*	*2 097*	*1 821*	*1 982*	*2 160*
Lease payments	*557*	*506*	*401*	*471*	*458*	*493*	*514*
Travel and subsistence	*6 330*	*5 586*	*6 182*	*9 303*	*8 070*	*8 255*	*8 792*
Training and development	*5 190*	*4 885*	*4 164*	*5 064*	*1 267*	*1 209*	*1 318*
Operating expenditure	*447*	*837*	*729*	*719*	*1 155*	*831*	*863*
Venues and facilities	*9 714*	*5 199*	*4 934*	*6 416*	*5 988*	*6 345*	*6 735*
Transfers and subsidies	**134 097**	**52 832**	**62 164**	**73 604**	**71 912**	**90 883**	**96 270**
Departmental agencies and accounts	134 097	52 832	61 678	73 204	71 912	90 883	96 270
Households	–	–	486	400	–	–	–
Payments for capital assets	**62 599**	**179 701**	**171 866**	**167 410**	**334 548**	**338 607**	**358 473**
Machinery and equipment	2 910	2 217	2 161	2 830	168 794	170 697	180 770
Software and other intangible assets	59 689	177 484	169 705	164 580	165 754	167 910	177 703
Payments for financial assets	**9**	**27**	**36**	**–**	**–**	**–**	**–**
Total	**475 707**	**542 742**	**559 125**	**648 205**	**686 324**	**749 508**	**780 583**
Details of transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	**134 097**	**52 832**	**61 678**	**73 204**	**71 912**	**90 883**	**96 270**
Accounting Standards Board	7 411	7 242	7 538	8 561	9 469	9 929	10 459
Independent Regulatory Board for Auditors	20 258	22 018	29 296	34 724	32 208	31 649	33 548
Institute for Public Finance and Auditing	–	3 936	–	–	–	–	–
Public Administration Leadership and Management Academy	–	–	3 400	–	–	–	–
Auditor-General of South Africa	106 428	19 636	21 444	29 919	30 235	49 305	52 263
Households							
Social benefits							
Current	**–**	**–**	**486**	**–**	**–**	**–**	**–**
Employee social benefits	–	–	486	–	–	–	–
Capital	**–**	**–**	**–**	**400**	**–**	**–**	**–**
Bursaries for non-employees	–	–	–	400	–	–	–

Expenditure trends

Between 2008/09 and 2011/12, expenditure increased from R475.7 million to R648.2 million, at an average annual rate of 10.9 per cent, mainly due to the increase in the programme's establishment, the training outside public practice programme and costs for formulating the financial management capability maturity model. Also contributing to the increase is the phased implementation of the integrated financial management system project and the ongoing maintenance work on the legacy systems, such as the basic accounting system, Logis, Persal and Vulindlela. The rollout of the procurement management module of the integrated financial management system at the lead sites, National Treasury and the Department of Defence, has progressed, with R150.4 million having been spent on these activities in 2011/12. A once-off transfer payment to alleviate the growing funding difficulties caused by the legislative capping of audit fees not aligned with the market related professional fees and the inability by municipalities to pay for audit services resulted in a spending spike in 2008/09 in departmental agencies and accounts.

Between 2010/11 and 2011/12, the programme surveyed the financial management capacity of 96 government entities and developed a strategy to address the problems. R1.2 million was spent on this project.

Over the medium term, expenditure is expected to increase to R780.6 million, at an average annual rate of 6.4 per cent, mainly due to enhancing the capacity of the special audit services unit and the integrated financial management system project. Further governance aspects, which include measures to reduce corruption, are being supported through the specialised audit services unit which has a total allocation of R125.8 million mainly in consultant spending. An additional R8.1 million is allocated to this programme over the medium term for improved conditions of service.

The number of consultants used in this programme decreased from 11 in 2008/09 to 22 in 2011/12. This excludes transversal systems, which used 209 consultancy staff over the same period. Expenditure on consultants is expected to increase from R5 million in 2008/09 to R50.4 million in 2014/15, at an average annual rate of 46.7 per cent. Consultants will mainly be used to assist with the development of accounting standards, financial improvement, and investigations undertaken by special audit services to combat fraud and corruption. Travelling costs also drive costs due to the support the programme's staff provides to the three spheres of government for governance and financial management reforms. The programme also plans to hold 8 150 workshops and courses over the medium term at a cost of R13.1 million.

The programme makes transfers to the Independent Regulatory Board for Auditors, Accounting Standards Board and the Auditor General of South Africa. Transfers to the Independent Regulatory Board for Auditors increased from R20.3 million in 2008/09 to R34.7 million in 2011/12, at an average annual rate of 19.7 per cent, and are expected to decrease to R33.6 million in 2014/15, at an average annual rate of 1.1 per cent, due to the fluctuations in unforeseen legal fees for disciplinary cases and practice reviews. The Accounting Standards Board's spending increased from R7.4 million in 2008/09 to R8.6 million in 2011/12 and is expected to increase to R10.5 million in 2014/15, at an average annual rate of 5.9 per cent over the seven year period, mainly in line with inflationary projections. The fluctuations in the audit statutory bodies transfer payments is attributable to the unpredictability of the number of statutory bodies and municipalities that will request assistance in the payment of audit services during any given period.

Programme 6: International Financial Relations

Objectives and measures

- Advance South Africa's national economic interests by undertaking regular strategic analyses, engagements and negotiations at global financial and economic forums through increased coordination at national and regional level towards the development of a common position.
- Increase sub-Saharan Africa's voice in the Bretton Woods institutions, which includes the International Monetary Fund and the World Bank Group, and other influential global financial and economic fora such as the G20 by advancing the reform of these institutions on an ongoing basis through lobbying regional groupings and securing the third International Monetary Fund board chair for the benefit of sub-Saharan Africa.
- Enhance South Africa's participation in strategic regional, continental and global governance institutions by seconding South Africans into strategic positions informed by government's secondment policy on an ongoing basis.
- Promote regional economic integration in the Southern African Development Community (SADC) and strengthen economic links within Africa by developing the policy on one-stop border posts by 2013 and providing ongoing support to the SADC committees dealing with economic and financial protocols and by supporting the Southern African Customs Union to meet regional challenges.

Subprogrammes

- *Programme Management for International Financial Relations* supports the planning, monitoring and delivering of the programme's activities. This subprogramme had a staff complement of 7 and a total budget of R10.5 million in 2011/12, of which 36.8 per cent was used for compensation of employees, while 62.8 per cent was used for goods and services such as for venue and facility hire, and for travel and subsistence related to annual international engagements through the Bretton Woods institutions and African institutions such as the African Development Bank. R4.5 million has been reprioritised over the medium term from the World Bank Group to fund the placement of staff for the Organisation for Economic

Cooperation and Development in Paris, France. No budget reductions over the medium term have been effected on this subprogramme.

- *International Economic Cooperation* focuses on improving South Africa's participation in international and regional economic institutions, and also facilitates the deepening of South Africa's role in regional integration through the SADC region and the Southern African Customs Union. It works through key economic institutions and forums such as the African Development Bank, the United Nations Economic Commission for Africa and the New Partnership for Africa's Development, the G20, and the Brazil-Russia-India-China-South Africa economic groupings. This subprogramme had a staff complement of 33 and a total budget of R23.6 million in 2011/12, of which 78.4 per cent was used for compensation of employees, while 21.1 per cent was used for goods and services such as travel and subsistence, venues and facilities, and communication costs, which primarily relate to the annual co-hosting of the World Economic Forum for Africa, the annual G20 development working group meeting and the annual G24 technical working group meeting. R2.3 million has been reprioritised over the medium term from the Commonwealth Fund for Technical Cooperation subprogramme for building the subprogramme's capacity. No budget reductions have been effected on this subprogramme over the medium term.
- *Common Monetary Area Compensation* facilitates the transfer of funds to Lesotho, Namibia and Swaziland for the rand monetary area agreement. In this agreement, South Africa compensates the member countries for the use of the rand currency within their respective borders. This subprogramme's allocation only consists of the transfer payment for the common monetary area compensation. The subprogramme's total budget increased from R397.8 million in 2010/11 to R403.8 million in 2011/12, due to the increased rand circulation in the SADC region. No cost efficiency measures or budget reductions over the medium term have been effected on this transfer.
- *Financial and Technical Support* caters for support of programmes specific to Africa, which includes participation in African Development Bank meetings. This subprogramme only makes transfer payments related to financial and technical support provided to qualifying African projects and initiatives and had a total budget of R4.5 million in 2011/12. This subprogramme will also fund South Africa's membership to the Infrastructure Consortium for Africa with a R1 million contribution per year starting in 2012/13. Over the medium term, savings of R39.8 million on the annual meetings previously budgeted for by South Africa for 2012 and 2013 have been identified in this subprogramme. These annual meetings will now be held in Tanzania and Morocco. These savings have been distributed across the department, with a focus on the Asset and Liability Management programme. No budget reductions over the medium term have been effected on this subprogramme.
- *African Development Bank and African Development Fund* transfers funds for the purpose of buying shares, paying subscriptions, and for accelerated encashment schedules to support African development. With a permanent seat on the board of directors of the African Development Bank, South Africa is in a position to shape the bank's policies. In 2011, the board nominated South Africa and Kenya to pilot 2 regional resource centres, to represent the southern and eastern regions of the continent. The centres will increase the efficiency and effectiveness of the bank's operations and will bring it closer to its clients. The centres, to be hosted by South Africa, will be located in Pretoria and will cover all the SADC countries but will not replace or result in the closure of the bank's field offices where they currently exist. The regional office established in South Africa in 2009 will now be upgraded to the regional resource centre. This subprogramme's allocation only consists of the transfer payments to the African Development Bank and the African Development Fund. The budget for this transfer payment increased from R55.1 million in 2010/11 to R225.4 million in 2011/12, due to the commitment to support African development. The fiscal transfer for this subprogramme may be adjusted in 2013/14 and 2014/15 due to the fact that South Africa will now bid to host the African Development Bank's annual meetings in 2014/15. No cost efficiency measures or budget reductions have been effected on this transfer over the medium term.
- *World Bank Group* transfers funds to the World Bank, including the International Development Association, which provides concessional loans and grants to low income countries and also includes South Africa's contribution to the general and selective capital increases of the authorised capital of the World Bank, as agreed on by World Bank members in 2010. This subprogramme's allocation only consists of the transfer payments to the World Bank Group. This transfer increased in 2011/12 to R135.5 million after

establishing the value of the total donor contributions to the International Development Association and the required annual payments for the general and selective capital increases. Savings of R16.3 million over the medium term have been identified in this subprogramme as a result of the fluctuations in the rand value. These savings have been reprioritised to the International Financial Relations subprogramme. No budget reductions over the medium term have been effected on this transfer.

- *Collaborative Africa Budget Reform Initiative* transfers funds to the Collaborative Africa Budget Reform Initiative secretariat to provide capacity building in Africa's financial sector management, budget reform and governance through South Africa's contributions. This subprogramme's allocation only consists of the transfer payments for the Collaborative Africa Budget Reform Initiative. A transfer of R1.1 million began in 2010/11 and was revised to R1.2 million in 2011/12, due to the volatility in the exchange rate. No cost efficiency measures or budget reductions over the medium term have been effected on this transfer.
- *Commonwealth Fund for Technical Cooperation* transfers funds to the Commonwealth Fund for Technical Cooperation to assist developing member countries in acquiring the knowledge and institutional capacity needed to address development priorities. The contribution increased from R3 million in 2010/11 to R4.4 million in 2011/12, due to changes in the exchange rate. Savings of R5.1 million over the medium term have been identified in this subprogramme as a result of fluctuation in the rand value. No budget reductions over the medium term have been effected on this transfer.
- *International Funding Facility for Immunisation* transfers funds to the Global Alliance for Vaccines and Immunisation to support health care, particularly the provision of vaccines to reduce the number of vaccine preventable deaths among children in low income countries. This subprogramme's allocation only consists of the transfer payments to the International Funding Facility for Immunisation. The total allocated fiscal transfer from South Africa in 2011/12 was R9.7 million, and has been increased to R10 million in 2012/13 due to anticipated changes in the exchange rate. Savings of R782 000 over the medium term have been reprioritised to the International Financial Relations subprogramme. No budget reductions over the medium term have been effected on this transfer.
- *Investment Climate Facility* transfers funds to the investment climate facility to support initiatives on climate change. The last payment of R7.6 million was processed in 2009/10.
- *African Regional Technical Assistance Centre for Southern Africa* transfers funds to the Infrastructure Consortium for Africa to improve the generation of data and knowledge products related to infrastructure investment, and the coordination of development policies between the G20 and African countries. This subprogramme's allocation only consists of the transfer payments to the African Regional Technical Assistance Centre for Southern Africa. The transfer will commence over the medium term with an allocation of R350 000 per year.

Expenditure estimates

Table 10.10 International Financial Relations

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R thousand	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Programme Management for International Financial Relations	710	2 680	6 171	10 532	11 299	12 006	13 809
International Economic Cooperation	18 826	19 914	20 416	23 588	24 406	25 985	27 826
Common Monetary Area Compensation	362 468	409 878	397 792	403 814	602 132	653 932	693 168
Financial and Technical Support	–	–	–	4 477	6 651	6 651	28 998
African Development Bank and African Development Fund	93 849	57 329	55 080	225 401	241 872	268 562	284 676
World Bank Group	68 000	68 000	68 000	135 500	135 500	129 500	148 500
Collaborative Africa Budget Reform Initiative	–	–	1 109	1 200	1 260	1 329	1 409

Table 10.10 International Financial Relations (continued)

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R thousand	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Commonwealth Fund for Technical Cooperation	3 659	3 536	3 029	4 442	4 709	4 991	529
International Funding Facility for Immunisation	9 618	7 454	7 086	9 700	10 000	10 000	10 000
Investment Climate Facility	10 217	7 607	–	–	–	–	–
African Regional Technical Assistance Centre for Southern Africa	–	–	–	–	350	350	350
Total	**567 347**	**576 398**	**558 683**	**818 654**	**1 038 179**	**1 113 306**	**1 209 265**
Change to 2011 Budget estimate				6 274	(26 123)	(27 885)	350
Economic classification							
Current payments	**19 323**	**22 466**	**26 463**	**33 947**	**35 585**	**37 844**	**41 455**
Compensation of employees	11 521	14 313	16 480	22 372	25 417	26 785	29 200
Goods and services	7 802	8 153	9 983	11 575	10 168	11 059	12 255
of which:							
Administrative fees	*806*	*450*	*84*	*200*	*210*	*212*	*225*
Advertising	*103*	*113*	*122*	*117*	*125*	*125*	*160*
Assets less than the capitalisation threshold	*26*	*26*	*26*	*54*	*71*	*78*	*92*
Bursaries: Employees	*63*	*256*	*200*	*130*	*142*	*153*	*165*
Catering: Departmental activities	*41*	*37*	*43*	*108*	*80*	*85*	*85*
Communication	*238*	*318*	*510*	*390*	*549*	*600*	*642*
Computer services	*14*	*62*	*14*	*11*	*18*	*21*	*22*
Consultants and professional services: Business and advisory services	*108*	*508*	*546*	*321*	*300*	*400*	*500*
Contractors	*10*	*6*	*2*	*8*	*7*	*7*	*7*
Agency and support / outsourced services	*408*	*137*	*172*	*9*	*140*	*140*	*140*
Entertainment	*6*	*8*	*5*	*17*	*13*	*13*	*13*
Inventory: Food and food supplies	–	–	*2*	–	–	–	–
Inventory: Materials and supplies	–	*1*	*2*	–	–	–	–
Inventory: Other consumables	–	*5*	*1*	–	–	–	–
Inventory: Stationery and printing	*166*	*201*	*115*	*262*	*227*	*293*	*336*
Lease payments	*22*	*25*	*24*	*34*	*29*	*29*	*29*
Travel and subsistence	*5 376*	*4 769*	*5 263*	*7 359*	*5 113*	*5 811*	*7 025*
Training and development	*103*	*89*	*94*	*99*	*256*	*287*	*288*
Operating expenditure	*40*	*253*	*131*	*17*	*28*	*30*	*31*
Venues and facilities	*272*	*889*	*2 627*	*2 439*	*2 860*	*2 775*	*2 495*
Transfers and subsidies	**547 811**	**553 804**	**532 096**	**784 534**	**1 002 474**	**1 075 315**	**1 167 630**
Foreign governments and international organisations	547 811	553 804	532 096	784 534	1 002 474	1 075 315	1 167 630
Payments for capital assets	**213**	**109**	**116**	**173**	**120**	**147**	**180**
Machinery and equipment	213	109	116	173	120	147	180
Payments for financial assets	**–**	**19**	**8**	**–**	**–**	**–**	**–**
Total	**567 347**	**576 398**	**558 683**	**818 654**	**1 038 179**	**1 113 306**	**1 209 265**
Details of transfers and subsidies							
Foreign governments and international organisations							
Current	**385 962**	**428 475**	**409 016**	**419 156**	**618 451**	**670 602**	**705 456**
Common Monetary Area: Compensation	362 468	409 878	397 792	403 814	602 132	653 932	693 168
Collaborative Africa Budget Reform Initiative	–	–	1 109	1 200	1 260	1 329	1 409
Commonwealth Fund for Technical Cooperation	3 659	3 536	3 029	4 442	4 709	4 991	529
International Funding Facility for Immunisation	9 618	7 454	7 086	9 700	10 000	10 000	10 000

Table 10.10 International Financial Relations (continued)

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R thousand	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Details of transfers and subsidies							
Investment Climate Facility	10 217	7 607	–	–	–	–	–
African Regional Technical Assistance Centre for Southern Africa	–	–	–	–	350	350	350
Capital	**161 849**	**125 329**	**123 080**	**365 378**	**384 023**	**404 713**	**462 174**
Financial and technical support	–	–	–	4 477	6 651	6 651	28 998
African Development Bank and African Development Fund	93 849	57 329	55 080	225 401	241 872	268 562	284 676
World Bank Group	68 000	68 000	68 000	135 500	135 500	129 500	148 500

Expenditure trends

Approximately 96.2 per cent of this programme's expenditure over the seven-year period goes to transfer payments to foreign governments and international organisations for international obligations. The transfers made include those for commitments to: the common monetary area compensation, which includes Lesotho, Namibia and Swaziland; the African Development Bank and African Development Fund; and the World Bank group. The significant operational cost driver for this programme is travel and subsistence due to international engagements mainly relating to the Bretton Woods institutions and the Brazil-Russia-India-China-South African group of countries. This programme expects to complete an evaluation of the World Bank country strategy paper in 2012/13 at a cost of R1 million.

Expenditure increased from R567.3 million in 2008/09 to R818.7 million in 2011/12, at an average annual rate of 13 per cent, mainly due to the impact of Rand circulation as per the common monetary area compensation, and the recapitalisation of African Development Bank and the World Bank. An increase in the personnel establishment mainly due to the greater role in international commitments has also contributed to this increase and as a result expenditure on compensation of employees increased from R11.5 million to R22.4 million, at an average annual rate of 24.8 per cent. Expenditure on goods and services increased from R7.8 million to R11.6 million, at an average annual rate of 14.1 per cent, mainly in venues and facilities and travel and subsistence costs related to the associated activities of meeting the programme's respective international obligations.

Over the medium term, expenditure is expected to increase to R1.2 billion, at an average annual rate of 13.9 per cent. This is mainly due to the international commitments for the recapitalisation of the African Development Bank and the expected increase in the Rand circulation related to the common monetary area compensation agreement. Expenditure on compensation of employees is expected to increase to R29.2 million over the medium term, at an average annual rate of 9.3 per cent, while goods and service spending is expected to increase, at an average annual rate of 1.9 per cent, from R11.6 million to R12.3 million, mainly in communication, consultancy and training and development costs.

Spending on consultancy services represents on average 3.8 per cent of the total goods and services budget over the seven-year period and relates mainly to short term assignments, including assessment of the research capacity. Consultancy spending grew from R108 000 in 2008/09 to R321 000 in 2011/12, at an average annual rate of 43.8 per cent, and is expected to increase to R500 000 in 2014/15, at an average annual rate of 15.9 per cent.

Programme 7: Civil and Military Pensions, Contributions to Funds and Other Benefits

Objectives and measures

- Provide policy analysis and advice to National Treasury by completing annual reviews and implementing outcomes in accordance with stakeholder agreements reached, on pension reforms, post-retirement medical benefits, political office bearers and pension legislation.
- Ensure customer satisfaction by:

- processing post-retirement medical benefit applications within 60 days of receipt and paying all medical subsidies within 7 days of receiving a valid and correct claim
- eliminating the backlog on implementing the Special Pensions Amendment Act (2008) by the end of March 2012/13 and ensure that thereafter administration only deals with applications that are not older than 3 months ensuring customer satisfaction through punctual and accurate payments of injury on duty benefits to civil servants within 45 days of receiving complete documentation
- ensuring punctual and accurate payments of military pensions within 45 days of receipt, and medical accounts within 30 days of receipt while maintaining a zero backlog from receiving the claim.

Subprogrammes

- *Programme Management for Civil and Military Pensions, Contributions to Funds and Other Benefits* provides policy analysis or advice and support to the planning, monitoring and deliverables of the programme's activities. Policy analysis or advice is also provided to the Government Employees Pension Fund, and public entity oversight is provided on the Government Pension Administration Agency. This subprogramme had a staff complement of 3 and a total budget of R2.3 million in 2011/12, all of which was used for compensation of employees. No cost efficiency measures or budget reductions over the medium term have been effected on this subprogramme.
- *Government Pensions Administration Agency* provides administrative services in accordance with the Temporary Pension Fund Act (1979), the Associated Institution Pension Fund Act (1963) on behalf of National Treasury, post-retirement medical subsidies as provided for and regulated by Public Service Coordinating Bargaining Council resolutions, the Military Pensions Act (1976), military pensions in terms of this act, injury on duty payments in terms of the Compensation for Occupational Injuries and Diseases Act (1993), and special pensions in terms of the Special Pensions Act (1996) on behalf of National Treasury. This subprogramme is managed through a service level agreement between the Treasury and the Government Pensions Administration Agency, and spending is solely on consultancy services for operational support to ensure proper payments of post-retirement benefits to qualifying beneficiaries. This subprogramme's 2011/12 budget allocation amounted to R46 million. A budget reduction of R362 000 over the medium term has been effected on this subprogramme.
- *Civil Pensions and Contributions to Funds* provides for the processing and payment of pensions to members and their dependants in terms of various statutes, collective bargaining agreements and other commitments. This subprogramme does not incur compensation of employees or goods and services expenditure. The total allocation for this subprogramme is located in transfers and subsidies, primarily in transfer payments to households which account for 99.9 per cent of the subprogramme's total budget allocation. In 2011/12, this subprogramme's total budget allocation amounted to R3.5 billion. Medical aid monthly payments were made on behalf of 71 606 beneficiaries, 10 525 injury on duty beneficiaries were paid per month. Post-retirement medical subsidies were R1.9 billion in 2011/12, increasing to R2.2 billion in 2014/15, at an average annual rate of 6.2 per cent due to normal annual medical rate increases. No cost efficiency measures or budget reductions over the medium term have been effected on this subprogramme.
- *Military Pensions and Other Benefits* provides for the processing and payment of former members of the legislative assembly of the now redundant Venda, Transkei and Gazankulu governments; judges or their own widows in terms of Judges' Remuneration and Conditions of Employment Act (1989); and former state presidents, among other benefits. This subprogramme had a total budget of R190.6 million in 2011/12, of which was used for transfers for payment to beneficiaries. In 2011/12, 5 452 military pension beneficiaries received monthly payments, while 1 435 beneficiaries received monthly payments for other benefits. No cost efficiency measures or budget reductions over the medium term have been effected on this subprogramme.

Expenditure estimates

Table 10.11 Civil and Military Pensions, Contributions to Funds and Other Benefits

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R thousand	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Programme Management for Civil and Military Pensions, Contributions to Funds and Other Benefits	–	–	–	2 323	2 438	2 559	2 714
Government Pensions Administration Agency	18 218	25 497	38 047	45 997	43 854	43 819	46 415
Civil Pensions and Contributions to Funds	2 158 759	4 767 721	2 495 219	3 537 983	3 101 964	3 259 498	3 455 050
Military Pensions and Other Benefits	154 285	161 922	164 581	190 606	200 054	211 357	224 037
Total	**2 331 262**	**4 955 140**	**2 697 847**	**3 776 909**	**3 348 310**	**3 517 233**	**3 728 216**
Change to 2011 Budget estimate				637 076	150 226	149 946	–
Economic classification							
Current payments	**17 913**	**25 254**	**37 904**	**48 320**	**46 292**	**46 378**	**49 129**
Compensation of employees	–	–	–	2 323	2 438	2 559	2 714
Goods and services	17 913	25 254	37 904	45 997	43 854	43 819	46 415
of which:							
Consultants and professional services: Business and advisory services	*17 913*	*25 254*	*37 904*	*45 997*	*43 854*	*43 819*	*46 415*
Transfers and subsidies	**2 313 044**	**4 929 643**	**2 659 787**	**3 728 589**	**3 302 018**	**3 470 855**	**3 679 087**
Foreign governments and international organisations	2 690	1 382	1 633	1 881	2 239	2 362	2 503
Non-profit institutions	–	68	–	71	85	90	95
Households	2 310 354	4 928 193	2 658 154	3 726 637	3 299 694	3 468 403	3 676 489
Payments for financial assets	**305**	**243**	**156**	**–**	**–**	**–**	**–**
Total	**2 331 262**	**4 955 140**	**2 697 847**	**3 776 909**	**3 348 310**	**3 517 233**	**3 728 216**
Details of transfers and subsidies							
Foreign governments and international organisations							
Current	**2 690**	**1 382**	**1 633**	**1 881**	**2 239**	**2 362**	**2 503**
United Kingdom tax	2 690	1 382	1 633	1 881	2 239	2 362	2 503
Non-profit institutions							
Current	**–**	**68**	**–**	**71**	**85**	**90**	**95**
South African Legion	–	68	–	71	85	90	95
Households							
Social benefits							
Current	**2 310 354**	**4 928 193**	**2 658 154**	**3 726 637**	**3 299 694**	**3 468 403**	**3 676 489**
Parliamentary awards	15	16	17	24	21	22	23
Other benefits	62 820	69 983	67 973	74 033	88 964	10 137	10 745
Injury on duty	349 322	376 191	399 059	496 870	493 000	522 580	553 915
Post-retirement medical scheme contributions	1 423 032	1 451 744	1 589 725	1 921 332	1 880 885	2 067 839	2 191 910
Special Pensions	296 869	337 431	402 120	678 069	404 665	396 572	420 369
Political Officer Bearers Pension Fund	21 297	2 525 781	29 549	358 895	223 197	250 499	265 529
Civil protection	19	19	19	24	23	24	25
Contribution to provident funds for associated institutions	692	576	452	468	813	857	908
Pension benefits: President of South Africa	2 022	4 617	4 678	6 411	8 180	8 630	9 148
Military pensions: Ex-servicemen	37 683	36 077	33 874	34 392	41 348	43 622	46 239
South African citizen force	96 886	103 520	109 106	127 994	128 645	135 721	143 864
Other benefits: Ex-servicemen	19 697	22 238	21 582	28 125	29 953	31 900	33 814

Expenditure trends

Approximately 98.8 per cent of this programme's expenditure over the seven-year period is in transfer payments to households mainly for the Political Office Bearers Pension Fund, injury on duty and the contributions for post-retirement medical benefits. The Government Pensions Administration Agency, which is contracted as a consultant, provides administrative support to this programme. Expenditure on consultants, the only other significant cost driver, is expected to increase from R17.9 million in 2008/09 to R46.4 million in 2014/15, at an average annual rate of 17.2 per cent, to support the operations of the programme, including the work of the actuarial services and health risk assessments experts.

Government's contributions to pensions, military and other benefits on behalf of retired civil servants increased from R2.3 billion in 2008/09 to R3.7 billion in 2011/12, at an average annual rate of 17.3 per cent. This is mainly due to the above average increase in contributions to the Political Office Bearers Pension Fund for post-retirement medical benefits and other benefit tariffs, and increased spending on injury on duty. The post-retirement benefit payments to 76 427 beneficiaries in 2012/13 will be processed at a cost of R1.9 billion.

Over the medium term, expenditure is expected to decrease marginally to R3.7 billion, at an average annual rate of 0.4 per cent, due to the eradication of the backlog on injury on duty claims. Spending on compensation of employees is expected to increase from R2.3 million to R2.7 million, at an average annual rate of 5.3 per cent, in line with inflation projections. An additional R459.4 million is allocated over the medium term for injury on duty and the Political Office Bearers Pension Fund.

Programme 8: Technical Support and Development Finance

Objectives and measures

- Promote public and private investment in infrastructure and public services by providing technical and advisory support for capital expenditure planning and other technical advice and support for all 9 provinces as and when required.
- Improve infrastructure delivery, through the continued implementation of the infrastructure delivery improvement programme over the medium term, mainly of the provincial departments of health, education and public works for all provinces.
- Support municipalities in planning and implementing integrated neighbourhood development programmes in townships, to catalyse public and private sector investment in community and economic infrastructure.
- Promote and catalyse public and private sector investment in community and economic infrastructure by supporting 62 municipalities to plan and implement integrated neighbourhood development programmes in 150 townships, over the medium term.
- Support employment creation by implementing the Jobs Fund and supporting project development over the medium term.
- Continue supporting municipalities to implement the financial management reforms, in support of the Municipal Finance Management Act (2003) compliance.
- Improve financial management in provincial and local government by developing and implementing financial recovery plans for technical assistance by 2013.
- Increase the technical sustainable skills base by appointing 382 interns and graduates in engineering, science, town planning and project management registered as professionals starting from 2012/13.

Subprogrammes

- *Programme Management for Technical Support and Development Finance* includes advisory and capacity building initiatives focused on public private partnerships, project management, infrastructure service delivery and public finance information systems. This subprogramme had a staff complement of 69 and a total budget of R178.6 million in 2011/12, of which 23.5 per cent was used for compensation of employees, while 64.3 per cent was allocated for goods and services such as consultancy services used for the infrastructure delivery improvement programme. In 2011/12, a dedicated unit supported budgetary planning related to the capital projects, 40 full time technical assistants were deployed to 9 provincial education, health and public works departments to support these departments in the infrastructure development improvement programme at a cost of R99.6 million. Project management support and technical assistance for capacity development is currently provided for 65 projects. In 2011/12, 90 awards were granted to 57 municipalities in neighbourhood development projects that attract private sector investments into townships, with construction in 47 of these already under way. Technical assistance is being consolidated into a government component, and a review of the public private partnership advisory and regulatory functions was completed and is being fed into the process of establishing a government component for the provision of advisory services. Transfers and subsidies account for 12 per cent of this subprogramme's budget allocation and relate to the project development facility trading account, and the technical assistance unit's trading entity. A budget reduction of R18.8 million over the medium term on consultancy costs has been effected on this subprogramme as a result of Cabinet's national cost cutting decision. No cost efficiency measures over the medium term have been effected on this subprogramme.

- *Local Government Financial Management and Skills Development Grants* provides for transfers to municipalities and assists them in building financial management capacity regulated in terms of the Municipal Finance Management Act (2003). It augments municipal allocations towards implementation of financial reforms in local government. This subprogramme had no staff complement and a total budget of R423.6 million in 2011/12, which was mainly transferred to 283 municipalities. The subprogramme is administered by the act's implementation unit in the office of the accountant general, with 278 municipalities receiving support. R11 million in 2011/12 was also set aside to support the rollout of an internship programme in municipalities with the aim of increasing the pool of professionals in the infrastructure sector, targeting specifically the energy and water sectors. Government will bear the cost of the training, including the stipends and salaries of the mentors and coaches. Reprioritisation of R75.5 million in 2012/13, R100 million in 2013/14 and R106 million in 2014/15 is effected from the financial management grant for the establishment of the skills development grant within this subprogramme for the purposes of focusing provincial and building local government capacity efforts in infrastructure activities. A budget reduction of R4.9 million over the medium term has been effected in this subprogramme as a result of Cabinet's national cost cutting decision. No cost efficiency measures over the medium term have been effected on this subprogramme.
- *Neighbourhood Development Partnership Grant* aims to improve the quality of life of people living and working in townships through the creation of economically sustainable neighbourhoods. The subprogramme is administered by the neighbourhood development programme in the Treasury's budget office along with 62 municipalities receiving direct and indirect support through the grant. It is regulated in terms of the Division of Revenue Act. This subprogramme had a total budget of R850 million in 2011/12, which was transferred to the grant. Currently, approved projects total R4.3 billion in more than 150 townships countrywide. A budget reduction of R680.6 million over the medium term has been effected on this subprogramme as a result of Cabinet's national cost cutting decision. No other cost efficiency measures over the medium term have been effected on this subprogramme.
- *Gautrain Loan* provided for a once-off transfer of R4.2 billion in 2009/10 to fund the shortfall for the Gautrain rapid rail link project. There are no further allocations for this subprogramme.
- *Municipal Finance Improvement Programme* renders support to provincial treasuries and municipalities through the placement of financial experts to facilitate skills and capacity transfer to provincial and municipal officials in all aspects of the Municipal Finance Management Act (2003). Key outcomes include: improved capacity of provincial treasuries to undertake their responsibilities in terms of sections 5 and 6 of the act; improved capacity of municipalities and provincial treasuries to implement the act; and improved overall compliance with the act, and financial management performance in municipalities and provincial treasuries. The programme was established to align the legislative mandate with the focal area relating to implementation and support. This subprogramme had a total budget of R100 million in 2011/12, which was transferred in full to the Development Bank of Southern Africa. The Siyenza Manje programme, previously managed by the Development Bank of Southern Africa, was concluded on 31 March 2011 and a new multi-year programme of technical assistance commenced under the direct management of National Treasury from 1 April 2011. 64 municipalities and 8 provinces are currently receiving support and another 6

municipalities have requested assistance as at the end of December 2011. No cost efficiency measures or budget reductions in 2012/13 have been effected on this transfer payment.

- *Employment Creation Facilitation Fund*, including the Jobs Fund, aims to give effect to the new growth path policy and national development plan by facilitating and supporting innovative approaches and initiatives that contribute to the development of the South African economy, and provide enabling new job opportunities. The Development Bank of Southern Africa is the implementing agency for the fund, which will co-finance successful proposals from government departments, municipalities, the private sector and non-governmental organisations. The fund has initially identified 4 broad funding windows: enterprise development, infrastructure development, support for work seekers and institutional capacity building. Support is being provided by the Development Bank of Southern Africa and the National Treasury for project preparation. In 2010/11, this subprogramme was allocated R9 billion to facilitate the achievement of the Jobs Fund's objectives over a 3-year period commencing 2011/12. Due to the intensive nature of the preliminary implementation activities, and the desired long term impact of the Jobs Fund initiative, this R9 billion has been rescheduled over a 5-year period ending 2015/16. The rescheduling resulted in a baseline reduction of R2 billion in 2012/13, R1.5 billion in 2013/14, while 2014/15 receives an injection of R2 billion. This equates to a R5.5 billion allocation over the medium term with an anticipated underspending on the 2011/12 R2 billion allocation of R1.8 billion. The medium term allocation is 96.6 per cent in transfer payments to the Development Bank of Southern Africa, which will execute the administrative function of the Jobs Fund, and 2.2 per cent in transfer payments to departmental agencies and accounts which will provide technical and research support to the department as it fulfils its oversight role over the Jobs Fund.
- *Infrastructure Grant to Provinces* provides for transfers to provinces and for monitoring them. The grant supports accelerated infrastructure development and maintenance of roads, schools, health facilities and rural development. Unspent funds were rolled over from 2010/11 to 2011/12 and a once-off transfer of R1.1 billion was made in 2011/12. This subprogramme accounted for 23.5 per cent of this programme's 2011/12 budget allocation.

Expenditure estimates

Table 10.12 Technical Support and Development Finance

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R thousand	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Programme Management for Technical Support and Development Finance	127 425	144 054	124 177	178 569	158 466	182 426	193 157
Local Government Financial Management and Skills Development Grant	180 000	299 990	364 589	423 641	478 213	524 798	555 138
Neighbourhood Development Partnership Grant	261 557	578 135	881 789	850 000	658 132	653 041	649 479
Gautrain Loan	–	4 200 000	–	–	–	–	–
Municipal Finance Improvement Programme	81 989	88 517	100 705	100 026	109 962	121 498	128 788
Employment Creation Facilitation Fund	–	–	–	2 000 000	1 000 000	2 500 000	2 000 000
Infrastructure Grant to Provinces	–	–	–	1 089 683	–	–	–
Total	**650 971**	**5 310 696**	**1 471 260**	**4 641 919**	**2 404 773**	**3 981 763**	**3 526 562**
Change to 2011 Budget estimate				485 739	(2 250 981)	(1 725 915)	–
Economic classification							
Current payments	**106 859**	**124 952**	**101 419**	**165 755**	**145 303**	**162 058**	**171 529**
Compensation of employees	25 093	30 872	34 315	41 981	42 052	45 397	48 746
Goods and services	81 766	94 080	67 104	123 774	103 251	116 661	122 783
of which:							
Administrative fees	*1 187*	*892*	*1 094*	*1 359*	*808*	*840*	*870*
Advertising	*480*	*126*	*288*	*395*	*515*	*547*	*584*

Table 10.12 Technical Support and Development Finance (continued)

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R thousand	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Economic classification							
Assets less than the capitalisation threshold	*38*	*17*	*26*	*83*	*98*	*106*	*116*
Bursaries: Employees	*106*	*89*	*109*	*205*	*205*	*195*	*190*
Catering: Departmental activities	*232*	*165*	*178*	*211*	*250*	*268*	*286*
Communication	*247*	*241*	*241*	*282*	*293*	*305*	*316*
Computer services	*454*	*52*	*727*	*160*	*760*	*789*	*802*
Consultants and professional services: Business and advisory services	*70 367*	*87 117*	*60 378*	*105 688*	*84 461*	*97 467*	*103 464*
Consultants and professional services: Legal costs	*196*	*910*	*–*	*1 000*	*1 449*	*1 010*	*–*
Contractors	*9*	*3*	*8*	*36*	*40*	*65*	*415*
Agency and support / outsourced services	*3 401*	*116*	*–*	*6 090*	*4 094*	*4 579*	*5 050*
Entertainment	*12*	*15*	*9*	*32*	*39*	*39*	*41*
Fleet services (including government motor transport)	*–*	*–*	*–*	*–*	*538*	*567*	*609*
Inventory: Materials and supplies	*–*	*6*	*1*	*8*	*3*	*4*	*4*
Inventory: Other consumables	*–*	*1*	*1*	*2*	*2*	*2*	*3*
Inventory: Stationery and printing	*708*	*405*	*305*	*768*	*578*	*607*	*649*
Lease payments	*220*	*152*	*188*	*137*	*121*	*133*	*145*
Travel and subsistence	*3 176*	*2 677*	*2 427*	*5 560*	*7 682*	*7 791*	*7 821*
Training and development	*192*	*442*	*485*	*849*	*446*	*427*	*448*
Operating expenditure	*295*	*155*	*202*	*248*	*488*	*509*	*530*
Venues and facilities	*446*	*499*	*437*	*661*	*381*	*411*	*440*
Transfers and subsidies	**543 546**	**5 185 540**	**1 369 446**	**4 474 784**	**2 258 460**	**3 819 130**	**3 354 347**
Provinces and municipalities	361 457	5 008 125	1 196 378	2 263 324	1 056 345	1 122 839	1 146 317
Departmental agencies and accounts	100 100	88 898	72 363	161 434	140 505	126 462	133 490
Higher education institutions	–	–	–	–	8 000	10 000	12 000
Public corporations and private enterprises	81 989	88 517	100 705	2 050 026	1 053 610	2 559 829	2 062 540
Payments for capital assets	**561**	**200**	**339**	**1 380**	**1 010**	**575**	**686**
Machinery and equipment	561	200	339	1 380	1 010	575	686
Payments for financial assets	**5**	**4**	**56**	**–**	**–**	**–**	**–**
Total	**650 971**	**5 310 696**	**1 471 260**	**4 641 919**	**2 404 773**	**3 981 763**	**3 526 562**

Details of transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	**100 100**	**88 898**	**72 363**	**161 434**	**140 505**	**126 462**	**133 490**
Project development facility trading account	–	–	3 000	23 000	21 000	21 900	23 025
Technical assistance unit trading entity	20 000	18 898	19 363	38 434	39 505	49 562	52 165
Neighbourhood development partnership grant	80 100	70 000	50 000	100 000	80 000	55 000	58 300
Higher education institutions							
Current	**–**	**–**	**–**	**–**	**8 000**	**10 000**	**12 000**
University of Cape Town	–	–	–	–	8 000	10 000	12 000
Public corporations and private enterprises							
Public corporations							
Public corporations - subsidies on products and production							
Current	**81 989**	**88 517**	**100 705**	**100 026**	**109 962**	**121 498**	**128 788**
Development Bank of Southern Africa	81 989	88 517	100 705	100 026	109 962	121 498	128 788

Table 10.12 Technical Support and Development Finance (continued)

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R thousand	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Details of transfers and subsidies							
Public corporations and private enterprises							
Public corporations							
Other transfers to public corporations							
Current	**–**	**–**	**–**	**1 950 000**	**943 648**	**2 438 331**	**1 933 752**
Development Bank of Southern Africa	–	–	–	1 950 000	943 648	2 438 331	1 933 752
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	**180 000**	**299 990**	**364 589**	**423 641**	**478 213**	**524 798**	**555 138**
Local government financial management grant	180 000	299 990	364 589	423 641	402 753	424 798	449 138
Infrastructure skills development grant	–	–	–	–	75 460	100 000	106 000
Capital	**181 457**	**508 135**	**831 789**	**750 000**	**578 132**	**598 041**	**591 179**
Neighbourhood development partnership grant	181 457	508 135	831 789	750 000	578 132	598 041	591 179
Provinces and municipalities							
Provinces							
Provincial Revenue Funds							
Capital	**–**	**4 200 000**	**–**	**1 089 683**	**–**	**–**	**–**
Infrastructure grant to provinces	–	–	–	1 089 683	–	–	–
Gautrain loan	–	4 200 000	–	–	–	–	–

Expenditure trends

Expenditure increased significantly from R651 million in 2008/09 to R4.6 billion in 2011/12, at an average annual rate of 92.5 per cent, due to the implementation of the Jobs Fund through the Employment Creation Facilitation Fund subprogramme. The subprogramme is allocated R1 billion in 2012/13, R2.5 billion in 2013/14 and R2 billion 2014/15. Over the medium term, it is expected that 100 000 job opportunities will be created through the implementation of projects in this subprogramme.

The Programme Management for Technical Support and Development Finance subprogramme, which includes the operational budget, increased from R127.4 million in 2008/09 to R178.6 million in 2011/12, at an average annual rate of 11.9 per cent. This increase was broadly driven by the implementation of the infrastructure development improvement programme project, increase on project development facility and the technical assistance unit trading entity to support the job fund.

Over the medium term, expenditure is expected to decrease to R3.5 billion, at an average annual rate of 8.8 per cent, mainly due to the focused implementation of the neighbourhood development partnership grant, which has resulted in the reduction of allocations. The medium term reduction in the neighbourhood development partnership grant allocations amount to R221.9 million in 2012/13, R202 million in 2013/14 and R256.8 million in 2014/15 and took into account the lessons learned from the previous projects. The neighbourhood development partnership grant contributed R80 million to the intermodal transport facility, a link road and an interchange in eThekwini metropolitan municipality.

Spending on the Local Government Financial Management and Skills Development Grants subprogramme, includes expenditure on the financial management grant, and the new infrastructure skills development grant which was conceptualised in 2011. Expenditure on the financial management grant has increased from R180 million in 2008/09 to R423.6 million, at an average annual rate of 33 per cent. Over the medium term, the spending on the financial management grant is anticipated to increase to R555.1 million in 2014/15, at an average annual rate of 9.4 per cent. Meanwhile, the newly established infrastructure skills development grant is anticipated to increase at an average annual rate of 18.5 per cent over the medium term, with allocations of

R75.5 million in 2012/13, R100 million in 2013/14 and R106 million in 2014/15. The infrastructure skills development grant aims to increase the pool of professionals in the infrastructure sector and it targets both the energy and water sector.

Spending on consultants is expected to decrease from R106.7 million in 2011/12 to R103.5 million in 2014/15, at an average annual rate of 1 per cent, due to the phasing out of critical skills in social retirement reforms and the Jobs Fund.

Programme 9: Revenue Administration

Objectives and measures

- Centralise registration, accreditation and licensing capabilities by improving the South African Revenue Service's registration database, and moving South African Customs Service into the unified trader and traveller master, using web-based registration and entity level risk assessment.
- Contribute to revenue generation and improved compliance over the medium term by:
  - ensuring that 90 per cent of all annual import declarations are submitted by 10 per cent of traders and South African Revenue Service targets
  - increasing annual trader declaration by 50 per cent
  - achieving an uptake in electronic declaration (Southern African Customs Union) of 95 per cent.
- Manage migration, customs and land borderline control services and efficiently coordinate other departments in the ports of entry by establishing a border management agency over the medium term. The target is 100 per cent success rate in investigative audits, seizures of counterfeit cigarettes, counterfeit CDs and DVDs, clothing, drug cases and medicament.
- Improve processing of payments and accuracy of payments referencing of incoming payments by achieving a percentage reduction in outstanding returns of 5 per cent over the medium term.
- Improve payment reconciliation and allocation of PAYE tax by achieving an average processing turnaround time for personal income tax returns of 2 working days within the medium term.
- Establish an integrated debt management solution that efficiently manages the South African Revenue Service's R60 billion plus debtors book. The South African Revenue Service expects to recover cash from the debt book of R11 billion per year over the medium term.

Subprogrammes

- *South African Revenue Service* transfers funds to the South African Revenue Service to provide core tax administration services and maintain the IT services that support its operations. The entity's operational activities include branch operations, tax payer audits, call centre operations, processing operations, debt management and IT support. Expenditure reductions in 2012/13 of R50 million, in 2013/14 of R75 million and in 2014/15 of R100 million are as a result of Cabinet's national cost cutting decision affecting all spheres of government.

Expenditure estimates

Table 10.13 Revenue Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R thousand	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
South African Revenue Service	6 302 778	7 148 446	8 142 208	8 653 573	9 194 374	9 682 215	10 242 648
Total	**6 302 778**	**7 148 446**	**8 142 208**	**8 653 573**	**9 194 374**	**9 682 215**	**10 242 648**
Change to 2011 Budget estimate				–	(50 000)	(75 000)	–
Economic classification							
Transfers and subsidies	**6 302 778**	**7 148 446**	**8 142 208**	**8 653 573**	**9 194 374**	**9 682 215**	**10 242 648**
Departmental agencies and accounts	6 302 778	7 148 446	8 142 208	8 653 573	9 194 374	9 682 215	10 242 648
Total	**6 302 778**	**7 148 446**	**8 142 208**	**8 653 573**	**9 194 374**	**9 682 215**	**10 242 648**
Details of transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	**6 021 111**	**6 996 453**	**7 972 036**	**7 855 011**	**8 344 708**	**8 839 882**	**9 349 775**
South African Revenue Service	6 021 111	6 996 453	7 972 036	7 855 011	8 344 708	8 839 882	9 349 775
Capital	**281 667**	**151 993**	**170 172**	**798 562**	**849 666**	**842 333**	**892 873**
South African Revenue Service	281 667	151 993	170 172	798 562	849 666	842 333	892 873

Expenditure trends

This programme only makes transfer payment to the South African Revenue Service to fund the entity's spending on compensation of employees, goods and services and capital assets. Between 2008/09 and 2011/12, expenditure increased from R6.3 billion to R8.7 billion, at an average annual rate of 11.1 per cent, mainly due to heightened border control activities, the start of specific customs projects, the graduate recruitment programme and the modernisation of ICT systems. Over the medium term, expenditure is expected to increase to R10.2 billion, at an average annual rate of 5.8 per cent, due to the implementation of enforcement initiatives and continued IT enhancements.

Programme 10: Financial Intelligence and State Security

Objectives and measures

- Combat money laundering and terror financing activities by imposing certain duties on institutions and other persons who might be used for money laundering and terror financing.
- Combat crime and financial terrorism by:
  - continuously providing services and products to law enforcement authorities such as the South African Revenue Service and the State Security Agency, contributing to compliance and crime prevention strategic objectives
  - continue working closely with counterparts in African countries and in international organisations as part of a web of nodal points for information exchange
  - coordinating through the financial intelligence centre the financial action task force which reports into the G20 processes and several standards setting bodies, contribution to compliance and crime prevention strategic objectives. Total number of requests from international counterparts is expected to increase to 220 over the medium term.

Subprogrammes

- *Financial Intelligence Centre* enhances the integrity of the South African financial system while creating new means for investigating authorities to combat criminal activity. The transfer payment decreased from R181.4 million in 2010/11 to R136.5 million in 2011/12 due to the completion of the development of the IT system. No cost efficiency measures or budget reductions have been effected on this transfer payment over the medium term.

- *Secret Services* provides government with accurate, topical, policy relevant and timeous foreign intelligence to promote, enhance and protect national security and the interests of South Africa and its citizens. Services also include providing support of the State Security Agency, the South African Secret Service and certain activities of the Crime Intelligence Division of the South African Police Service. No cost efficiency measures or budget reductions over the medium term have been effected on this transfer payment.

Expenditure estimates

Table 10.14 Financial Intelligence and State Security

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R thousand	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Financial Intelligence Centre	111 474	141 645	181 414	136 500	142 325	150 000	124 020
Secret Services	2 843 583	3 052 226	3 306 753	3 618 521	3 755 513	4 020 281	4 267 898
Total	**2 955 057**	**3 193 871**	**3 488 167**	**3 755 021**	**3 897 838**	**4 170 281**	**4 391 918**
Change to 2011 Budget estimate				–	–	60 000	–
Economic classification							
Transfers and subsidies	**2 955 057**	**3 193 871**	**3 488 167**	**3 755 021**	**3 897 838**	**4 170 281**	**4 391 918**
Departmental agencies and accounts	2 955 057	3 193 871	3 488 167	3 755 021	3 897 838	4 170 281	4 391 918
Total	**2 955 057**	**3 193 871**	**3 488 167**	**3 755 021**	**3 897 838**	**4 170 281**	**4 391 918**
Details of transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	**2 593 656**	**2 739 888**	**3 075 891**	**3 401 051**	**3 645 675**	**3 844 933**	**4 075 629**
Financial Intelligence Centre	105 555	99 464	108 619	85 700	89 825	94 940	100 636
Secret Services	2 488 101	2 640 424	2 967 272	3 315 351	3 555 850	3 749 993	3 974 993
Capital	**361 401**	**453 983**	**412 276**	**353 970**	**252 163**	**325 348**	**316 289**
Financial Intelligence Centre	5 919	42 181	72 795	50 800	52 500	55 060	23 384
Secret Services	355 482	411 802	339 481	303 170	199 663	270 288	292 905

Expenditure trends

This programme makes transfer payments to the Financial Intelligence Centre, which accounts for 3.6 per cent of this programme's 2011/12 budget, and the Secret Services, which accounts for 96.4 per cent of this programme's 2011/12 budget.

Expenditure on the Financial Intelligence Centre transfer payment increased from R111.5 million in 2008/09 to R136.5 million in 2011/12, at an average annual rate of 7 per cent, mainly due to an enhancement of IT systems to improve the centre's capacity to monitor and detect money laundering and other activities. Over the same period, the Secret Services transfer payment grew from R2.8 billion to R3.6 billion, at an average annual rate of 8.4 per cent, mainly due to the expansion of its operations.

Over the medium term, expenditure on the Financial Intelligence Centre transfer payment is expected to decrease to R124 million, at an average annual rate of 3.1 per cent, mainly due to the completion of the IT enhancements. In contrast, the Secret Services transfer payment is anticipated to increase to R4.3 billion over the same period, at an average annual rate of 5.7 per cent. This increase is mainly due to allocations for improved conditions of service and the modernisation of systems. An additional R60 million in 2013/14 and R70 million in 2014/15 is allocated in this programme to the Secret Services transfer payment for capital assets.

Public entities and other agencies

Accounting Standards Board

Overview: 2008/09 – 2014/15

The Accounting Standards Board's legislative mandate is to develop standards of generally recognised accounting practice for all spheres of government in terms of section 216(1)(a) of the Constitution and the Public Finance Management Act (1999). A further function of the board is to promote transparency and the effective management of revenue, expenditure, assets and liabilities of the entities to which the standards apply. The board also works closely with the offices of the accountant general and the auditor general of South Africa to implement generally recognised accounting practice.

In 2010/11, the board determined that statements of generally accepted accounting practice, codified by the Accounting Practices Board and issued by the South African Institute of Chartered Accountants, should be applied by the entities. The potential policy change will also give effect to the requirements of the Companies Act (2008) and the proposal by the Accounting Practices Board to eliminate statements of generally accepted accounting practice. Replacing standards of generally accepted accounting practice with generally recognised accounting practice supports the goal of a single financial accounting system to be in line with international financial reporting standards.

The board will conduct research to determine: whether trading entities should apply standards of generally recognised accounting practice; whether major public entities (schedule 2) should apply the international financial reporting standards; and whether national and provincial government business enterprises should apply standards of generally recognised accounting practice, over the medium term.

Performance

The board will appoint additional standards setters in 2012/13, in order to ensure effective implementation of generally accepted standards. Two discussion papers for comparison of the standards of generally recognised accounting practice with the international financial reporting standards for small and medium enterprises, and due process for the development of generally recognised accounting practice, were issued in 2011/12. Over the medium term the Accounting Standards Board will focus on issuing 12 documents related to the setting of standards for generally recognised accounting practice for all the spheres of government, as agreed with the Minister, as well as appointing 2 additional standards setters.

Selected performance indicators

Table 10.15 Accounting Standards Board

Indicator	Programme/Activity	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Number of employees working on setting standards for generally recognised accounting practice per year	Setting standards of generally recognised accounting standards for all spheres of government	7	7	7	8	9	9	9
Number of documents issued relating to the setting of Standards of generally recognised accounting practice	Setting standards of generally recognised accounting standards for all spheres of government	12	12	12	12	12	12	12

Programmes/activities/objectives

Table 10.16 Accounting Standards Board

	Audited outcome			Revised estimate	Medium-term estimate		
R thousand	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Setting standards of generally recognised accounting standards for all spheres of government	7 625	7 310	8 220	8 657	9 598	10 018	10 535
Total expense	**7 625**	**7 310**	**8 220**	**8 657**	**9 598**	**10 018**	**10 535**

The Accounting Standards Board had a total budget of R8.7 million in 2011/12, of which the whole budget was used for setting standards of generally recognised accounting practice for all spheres of government.

Savings and cost effectiveness measures

There were no savings effected. However, the board will continuously monitor expenditure on a monthly basis to identify costs that can be reduced.

Expenditure estimates

Table 10.17 Accounting Standards Board

Statement of financial performance	Audited outcome			Revised estimate	Medium-term estimate		
R thousand	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Revenue							
Non-tax revenue	**112**	**104**	**113**	**88**	**63**	**63**	**63**
Other non-tax revenue	112	104	113	88	63	63	63
Transfers received	7 411	7 859	7 538	8 479	9 469	9 929	10 459
Total revenue	**7 523**	**7 963**	**7 651**	**8 567**	**9 532**	**9 992**	**10 522**
Expenses							
Current expenses	**7 625**	**7 310**	**8 220**	**8 657**	**9 598**	**10 018**	**10 535**
Compensation of employees	4 316	4 900	5 455	5 514	7 063	7 369	7 704
Goods and services	3 155	2 253	2 657	3 053	2 469	2 623	2 818
Depreciation	154	157	108	90	66	26	13
Total expenses	**7 625**	**7 310**	**8 220**	**8 657**	**9 598**	**10 018**	**10 535**
Surplus / (Deficit)	**(102)**	**653**	**(569)**	**(90)**	**(66)**	**(26)**	**(13)**
Statement of financial position							
Carrying value of assets	314	224	206	116	50	24	11
of which:							
Acquisition of assets	52	71	92	–	–	–	–
Receivables and prepayments	141	51	133	51	51	51	51
Cash and cash equivalents	1 215	1 058	640	367	369	334	299
Total assets	**1 670**	**1 333**	**979**	**534**	**470**	**409**	**361**
Accumulated surplus / (deficit)	314	968	399	309	243	217	204
Finance lease	744	126	–	–	–	–	–
Trade and other payables	518	130	465	110	112	77	42
Provisions	94	109	115	115	115	115	115
Total equity and liabilities	**1 670**	**1 333**	**979**	**534**	**470**	**409**	**361**

Expenditure trends

Spending over the medium term will focus on implementing a consistent reporting framework that contributes to improved decision making in all spheres of government and improves accountability for the financial resources assigned to each reporting entity. This will enable the department to issue 12 documents relating to the setting of standards for generally recognised accounting practice for all spheres of government per year over the medium term.

The board's main source of revenue is transfers received from the department. Other revenue consists of board remuneration from the sector education training authority. Transfers received increased from R7.4 million in 2008/09 to R8.5 million in 2011/12, at an average annual rate of 4.6 per cent, mainly to allow the board to address shortfalls in revenue from 2010/11, as well as to increase capacity by appointing additional standards setters. Over the medium term, total revenue is expected to increase to R10.5 million, at an average annual rate of 7.3 per cent, to allow the board to continue setting standards of generally recognised accounting practice.

Expenditure increased from R7.6 million in 2008/09 to R8.7 million in 2011/12, at an average annual rate of 4.3 per cent, mainly due to an increase in the number of outreach programmes to stakeholders to create awareness of generally recognised accounting practice and to encourage participation in the development of the generally recognised accounting practice standards. Expenditure on compensation of employees grew from

R4.3 million in 2008/09 to R5.5 million in 2011/12, at an average annual rate of 8.5 per cent, mainly due to increased personnel for the standards setting function. Spending on goods and services over the same period declined from R3.2 million to R3.1 million, at an average annual rate of 1.1 per cent, mainly due to cost saving measures applied. The main cost drivers in spending on goods and services between 2008/09 and 2011/12 were IT related costs, lease payments and board fees.

Over the medium term, expenditure is expected to increase to R10.5 million, at an average annual rate of 6.8 per cent, due to the appointment of additional standard setters. As a result, expenditure on compensation of employees is expected to increase to R7.7 million over the medium term, at an average annual rate of 11.8 per cent. Spending on goods and services is expected to decrease to R2.8 million over the medium term, at an annual average rate of 2.6 per cent, mainly due to savings being identified and reprioritised to fund additional personnel.

Personnel information

Table 10.18 Accounting Standards Board

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved	Number of funded posts	Number of vacant posts	Actual			Mid-year[1]	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Executive management	1	1	–	1	1	1	1	1	1	1
Professionals	3	3	–	3	3	3	3	5	5	5
Skilled	2	2	–	2	2	2	2	2	2	2
Very low skilled	1	1	–	1	1	1	1	1	1	1
Total	**7**	**7**	**–**	**7**	**7**	**7**	**7**	**9**	**9**	**9**
Compensation (R thousand)				4 316	4 900	5 455	5 514	7 063	7 369	7 704
Unit cost (R thousand)				617	700	779	788	785	819	856

1. As at 30 September 2011.

As at 30 September 2011, the board had an establishment of 7 posts. The staff complement was composed of 5 standards setters, 1 support staff and a chief executive officer. The number of filled posts between 2008/09 and 2011/12 was 7. However, the number of filled posts is expected to increase to 9 over the medium term to enhance the board's ability to meet its standards setting objective. The increase in staff will also allow the board to conduct research to determine whether trading entities and national and provincial government business enterprises should apply the standards of generally recognised accounting practice and whether schedule 2 public entities should apply international financial reporting standards. The ratio of support staff to line staff is 1:6. The board does not appoint consultants.

Cooperative Banks Development Agency

Overview: 2008/09 – 2014/15

The Cooperative Banks Development Agency was established in terms of the Cooperative Banks Act (2007). The agency's mandate is to create a strong and vibrant cooperative banking sector. Its objectives are to support, promote and develop cooperative banking and to register, supervise and regulate deposit taking financial services cooperatives, savings and credit cooperatives, community banks and village banks as cooperative banks. Over the medium term, the agency will also facilitate, promote and fund the education and training of cooperative bank personnel. The agency's main goals are to improve the institutional safety and soundness of existing and operational cooperative financial institutions and of the financial stability of the sector as a whole.

The agency also aims to consolidate the cooperative financial institutions sector by managing the growth in their registration and address failing institutions to ensure improved compliance with the banking regulations; obtain the minister's approval for the repeal of the South African Micro-Finance Apex Fund exemption notice and to move those powers to the agency. Furthermore, the agency aims to assist representative bodies to improve their leadership, management and operational capability; establish sector specific learning programs with existing universities, colleges and support organisations; facilitate the establishment of an ICT enabled environment for institutions, with linkages to the national payment system; and establish a depositor's insurance fund, to protect the losses of the depositors.

The agency concentrates its activities in terms of three programmes: governance and administration, which provides strategic leadership, financial management, human resources management, general management and the overall smooth coordination of the activities of the agency; supervision, which is responsible for the regulation and supervision of cooperative banks and entails the registration of cooperative financial institutions that meet the requirements for registration as cooperative banks; and capacity building and information, which supports, promotes and develops cooperative banks including deposit taking cooperatives, and also promotes the establishment of representative bodies and support organisations.

Performance

Over the medium term, the agency plans to establish an effective promotional strategy and develop a comprehensive set of technical tools for the cooperative banking sector to market its services, while meeting its other statutory obligations, including the establishment of a deposit insurance fund, the accreditation of support organisations and the registration of representative bodies. In 2011/12, the agency plans to register only one cooperative bank when registered as a bank and increase registration to 9 in the medium term. The number of cooperative financial institutions money lenders in the cooperative environment producing financial reports is expected to increase from 15 in 2011/12 to 75 in 2014/15.

Selected performance indicators

Table 10.19 Cooperatives Banks Development Agency

Indicator	Programme/Activity	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Total registered and supervised cooperative banks	Governance and administration	–	–	1	1	3	6	9
Percentage of cooperative financial institutions regulated and monitored	Registration and supervisory	–	–	–	–	40% (119)	75% (119)	90% (119)
Total number of cooperative financial institutions producing financial reports	Registration and supervisory	–	–	11	15	50	60	75
Number of cooperative financial institutions applying for registration as cooperative banks per year	Registration and supervisory	–	–	1	2	2	3	3
Number of cooperative financial institution managers successfully trained per year[1]	Capacity building	–	–	103	20	20	64	68
Number of memoranda of understanding signed with the stakeholders to strengthen the strategic relationships	Governance and administration	–	–	–	1	1	2	2
Total number of publications	Capacity building	–	–	–	6	6	6	6

1. Significant decrease in 2011/12 due to reprioritisation.

Programmes/activities/objectives

Table 10.20 Cooperatives Banks Development Agency

R thousand	Audited outcome 2008/09	2009/10	2010/11	Revised estimate 2011/12	Medium-term estimate 2012/13	2013/14	2014/15
Governance and administration	–	–	2 994	3 817	4 813	5 526	5 808
Registration and supervisory	–	–	2 387	2 453	4 650	4 739	5 211
Capacity building	–	–	3 295	3 040	6 387	6 055	6 113
Total expense	**–**	**–**	**8 676**	**9 310**	**15 850**	**16 320**	**17 132**

The Cooperatives Banks Development Agency had a total budget of R9.3 million in 2011/12, of which 41 per cent was used for the governance and administration of the agency, and 32.7 per cent was used for capacity building and information.

Savings and cost effectiveness measures

There were no savings effected. However, the agency will continuously monitor expenditure on a monthly basis to identify costs that can be reduced.

Expenditure estimates

Table 10.21 Cooperatives Banks Development Agency

Statement of financial performance	Audited outcome			Revised estimate	Medium-term estimate		
R thousand	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Revenue							
Non-tax revenue	**–**	**–**	**78**	**–**	**–**	**–**	**–**
Sale of goods and services other than capital assets *of which:*	–	–	35	–	–	–	–
Administration fees	–	–	23	–	–	–	–
Sales by market establishments	–	–	12	–	–	–	–
Other non-tax revenue	–	–	43	–	–	–	–
Transfers received	–	–	8 200	9 310	16 000	16 400	17 182
Total revenue	**–**	**–**	**8 278**	**9 310**	**16 000**	**16 400**	**17 182**
Expenses							
Current expenses	**–**	**–**	**8 676**	**9 310**	**15 850**	**16 320**	**17 132**
Compensation of employees	–	–	3 947	4 733	6 826	7 736	8 768
Goods and services	–	–	4 677	4 577	9 024	8 584	8 364
Depreciation	–	–	52	–	–	–	–
Total expenses	**–**	**–**	**8 676**	**9 310**	**15 850**	**16 320**	**17 132**
Surplus / (Deficit)	**–**	**–**	**(398)**	**–**	**150**	**80**	**50**
Statement of financial position							
Carrying value of assets	–	–	106	106	256	336	386
of which:							
Acquisition of assets	–	–	28	–	150	80	50
Receivables and prepayments	–	–	19	19	19	19	19
Cash and cash equivalents	–	–	31	31	31	31	31
Total assets	**–**	**–**	**156**	**156**	**306**	**386**	**436**
Accumulated surplus / (deficit)	–	–	(781)	(781)	(631)	(551)	(501)
Trade and other payables	–	–	804	804	804	804	804
Provisions	–	–	133	133	133	133	133
Total equity and liabilities	**–**	**–**	**156**	**156**	**306**	**386**	**436**

Expenditure trends

The spending focus over the medium term will be on the establishment of deposit insurance and stabilisation funds, the implementation of an ICT system, and the establishment of sector specific learning programmes with universities, colleges and support organisations.

The agency is mainly funded from transfers from the National Treasury. Transfers received are expected to increase from R8.2 million in 2010/11 to R9.3 million in 2011/12, to facilitate the building of capacity within the agency. Over the medium term, transfers received are expected to increase to R17.2 million, at an average annual rate of 22.7 per cent, to allow the agency to continue establishing itself.

Expenditure is expected to increase from R9.3 million in 2011/12 to R17.1 million in 2014/15, at an average annual rate of 22.5 per cent, mainly due to establishing the deposit insurance fund, establishing an IT system, providing support to secondary intermediary cooperatives, funding the training programme for cooperatives with universities, and expanding the agency's legislative mandate. The increased spending is also due to the agency's aim to: train 75 operational cooperative financial institutions to produce financial reports, register 3 cooperative banks per year, and accredit at least 1 support organisation by 2014/15.

Expenditure on compensation of employees is expected to increase from R4.7 million in 2011/12 to R8.8 million in 2014/15, at an average annual rate of 22.8 per cent, mainly to provide for growth in the agency's establishment. Over the medium term, goods and services spending is expected to increase from R4.6 million to R8.4 million, at an average annual rate of 22.3 per cent, mainly due to the establishment of the deposit insurance fund and the implementation of ICT systems.

The budget allocated to the agency between 2010/11 and 2011/12 enabled the appointment of the managing director and the board and the initiation of the programmes to register and building the capacity of the cooperative banking institutions. Over the medium term, the allocations will allow the agency to establish the deposit insurance fund, and train and register more cooperative banks in support of the agency's strategic objectives.

Personnel information

Table 10.22 Cooperatives Banks Development Agency

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of vacant posts	Actual			Mid-year[1]	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Executive management	1	1	–	–	–	1	1	1	1	1
Senior management	2	2	–	–	–	2	2	2	2	2
Middle management	3	4	–	–	–	2	4	4	4	4
Professionals	2	2	–	–	–	1	3	3	3	3
Semi-skilled	3	2	1	–	–	2	2	3	3	3
Total	**11**	**11**	**1**	**–**	**–**	**8**	**12**	**13**	**13**	**13**
Compensation (R thousand)				–	–	3 947	4 733	6 826	7 736	8 768
Unit cost (R thousand)				–	–	493	394	525	595	674

1. As at 30 September 2011.

As at 30 September 2011, the agency's filled posts were 12. Filled posts are expected to increase from 8 in 2010/11 to 12 in 2011/12 due to the increased capacity in the agency. Over the medium term, personnel is expected to increase to 13 in 2014/15 as the agency's supervisory unit builds capacity to take over the exempt notices function from the South African Micro-Finance Apex Fund, and Saving and Credit Cooperative League of South Africa from March 2012. The ratio of support staff to line staff is 1:3.

Development Bank of Southern Africa

Overview: 2008/09 – 2014/15

The Development Bank of Southern Africa was reconstituted in terms of the Development Bank of Southern Africa Act (1997), as a Development Finance Institution. Its primary purpose is to promote economic development and growth, human resource development and institutional capacity building by mobilising financial and other resources from the national and international private and public sectors for sustainable development projects and programmes in South Africa and wider Southern Africa region.

The bank has adopted the following four strategic goals over the medium term: to catalyse, expand and enable delivery of basic and social services; provide and build human and institutional capacity; promote broad based economic growth, job creation, efficiency, fixed capital formation and regional integration; and engender sustainability in financial, environmental, institutional and social terms. The strategy continues to involve a strong focus on municipal support through the provision of infrastructure funding and capacity building support, especially to under-resourced municipalities, to increase delivery capacity and reduce implementation risks in under developed regions. The key capacity building initiatives for the bank include Siyenza Manje, the project implementation task force, sustainable communities and the Vulindlela Academy.

The bank seeks to: proactively generate investments in infrastructure and productive assets, with an emphasis on areas with high and latent potential, concentrations of poverty alleviation and opportunities for broad based wealth creation; mobilise, develop and deploy human capital as a key measure to building institutional capacity for accelerated and sustainable service delivery; apply, mobilise and manage knowledge in support of greater effectiveness, innovation and an enabling environment for shared socioeconomic development.

The bank concentrates its activities in terms of two programmes: infrastructure development funding provides funding for the development of infrastructure in Southern Africa, and capacity building and development programmes under the bank’s development fund include a number of subprogrammes. These are: Siyenza Manje, which in the past provided hands-on capacity support to the government to accelerate service delivery at municipal level until the subprogramme unbundled and transferred finance deployees to National Treasury and technical deployees to the Department of Cooperative Governance and Traditional Affairs; the Vulindlela Academy, which is a platform for capacity building, knowledge sharing and skills transfer at local government level and is accredited by the local government sector education and training authority; project implementation and monitoring, which is concerned with implementing the management of the Jobs Fund and the accelerated schools infrastructure development initiative; and the sustainable communities and rural development subprogramme brings together different stakeholders to design a comprehensive plan to address the short, medium and long term developments.

Performance

Progress to date and planned activities in 2011/12 included: expedited municipal infrastructure grant, capital expenditure to the value of R2.8 billion with a target of R8 billion; 1 694 technical infrastructure projects facilitated with an estimated 8 765 temporary employment opportunities created, and 160 projects completed. An estimated 63 878 households are benefiting from access to water, 20 223 households from new or upgrades in bulk water infrastructure, 19 147 households from access to sanitation and 36 114 households from new or upgrades in bulk sanitation infrastructure. The Vulindlela Academy has trained 4 285 learners in priority skills with 1 940 certified as competent. The sustainable communities programme is currently administering 12 geographic sites across South Africa. At these sites, 3 development models have been replicated, 1 site has been prepared for handover to development partners, and projects to the value of R320 million have been developed and referred for funding with a target of R375 million. Furthermore, the Jobs Fund has been operationalised and the accelerated schools infrastructure development initiative programme has seen establishment, scoping, facilitation and procurement take place. In 2011/12, the rural development programme will have targeted 55 rural municipalities, 5 comprehensive rural development programme pilots and the existing three regional economic development initiatives. In addition, plans were made to prepare 20 of the 55 rural municipalities for piloting the frontloading of municipal infrastructure grants and other conditional grants to fast track basic infrastructure delivery.

The bank’s loan disbursement to infrastructure related projects increased from R9.3 billion in 2008/09 to R7.2 billion in 2014/15, attributed to the expanded public works programme for infrastructure development of road, bridges and sanitation in municipalities. The Vulindlela Academy of municipal officials training increased from 4 500 officials in 2008/09 to 7 500 officials in 2011/12, mainly on project management and financial management skills. Over the medium term, training will increase from 7 500 officials in 2008/09 to 9 075 in 2014/15.

Selected performance indicators

Table 10.23 Development Bank of Southern Africa

Indicator	Programme/Activity	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Value of disbursements (loans and equity) to infrastructure related projects per year	Infrastructure development funding	R9.3bn	R5.8bn	R5.8bn	R13.5bn	R15.7bn	R7.2bn	R7.2bn
Co-funding ratio (other funding as proportion of bank disbursements)[1]	Infrastructure development funding	1:1.3	1:1.3	1:1.3	1:1.3	1:1.3	1:1.3	1:1.3
Number of learners not employed by the bank trained at Vulindlela Academy	Vulindlela Academy	5 259	7 483	7 483	10 000	11 000	12 000	12 000
Number of municipal officials trained at Vulindlela Academy per year	Vulindlela Academy	4 500	3 856	3 856	7 500	8 250	9 075	9 075
Value of municipality infrastructure grant and other infrastructure expenditure grants implemented in projects per year	Other	R4bn	R5bn	R5bn	R6bn	R6bn	R6bn	R6bn
Number of technical projects completed per year	Siyenza Manje	769	840	840	770	847	932	932

1. For every R1 the bank commits, other organisations commit R5.32 (2006/07).

Programmes/activities/objectives

Table 10.24 Development Bank of Southern Africa

	Audited outcome			Revised estimate	Medium-term estimate		
R thousand	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Infrastructure development funding	3 325 421	3 243 380	3 453 281	3 411 086	3 906 746	4 181 258	4 622 770
Capacity building	120 000	340 900	257 000	300 000	200 000	175 000	150 000
Total expense	**3 445 421**	**3 584 280**	**3 710 281**	**3 711 086**	**4 106 746**	**4 356 258**	**4 772 770**

The Development Bank of Southern Africa had a total budget of R3.7 billion in 2011/12, of which 91.9 per cent was used for infrastructure development.

Savings and cost effectiveness measures

There were no savings effected. However, the bank will continuously monitor expenditure on a monthly basis to identify costs that can be reduced.

Expenditure estimates

Table 10.25 Development Bank of Southern Africa

Statement of financial performance	Audited outcome			Revised estimate	Medium-term estimate		
R thousand	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Revenue							
Non-tax revenue	**4 871 737**	**4 118 607**	**3 785 394**	**4 067 022**	**4 517 160**	**4 999 108**	**5 756 055**
Sale of goods and services other than capital assets *of which:*	84 144	88 644	114 143	87 997	198 953	218 848	240 733
Sales by market establishments	84 144	88 644	114 143	87 997	198 953	218 848	240 733
Other non-tax revenue	4 787 593	4 029 963	3 671 251	3 979 025	4 318 207	4 780 260	5 515 322
Transfers received	–	–	–	–	300 000	500 000	–
Total revenue	**4 871 737**	**4 118 607**	**3 785 394**	**4 067 022**	**4 817 160**	**5 499 108**	**5 756 055**

Table 10.25 Development Bank of Southern Africa (continued)

Statement of financial performance	Audited outcome			Revised estimate	Medium-term estimate		
R thousand	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Expenses							
Current expenses	**3 362 953**	**3 175 928**	**3 388 089**	**3 291 297**	**3 814 736**	**4 083 727**	**4 519 387**
Compensation of employees	424 545	483 585	551 870	583 281	608 493	645 002	683 702
Goods and services	1 235 232	704 039	875 212	579 737	645 479	679 113	729 493
Depreciation	6 921	16 990	15 525	21 540	23 963	28 674	31 814
Interest, dividends and rent on land	1 696 255	1 971 314	1 945 482	2 106 739	2 536 801	2 730 937	3 074 377
Transfers and subsidies	82 468	408 352	322 192	419 789	292 010	272 531	253 382
Total expenses	**3 445 421**	**3 584 280**	**3 710 281**	**3 711 086**	**4 106 746**	**4 356 258**	**4 772 770**
Surplus / (Deficit)	**1 426 316**	**534 327**	**75 113**	**355 936**	**710 414**	**1 142 851**	**983 285**
Statement of financial position							
Carrying value of assets	388 961	471 222	546 617	689 427	792 851	1 053 157	1 115 029
of which:							
Acquisition of assets	75 569	91 567	51 460	164 350	127 387	288 980	93 687
Investments	7 931 630	8 770 358	7 717 782	8 840 352	9 132 475	9 463 253	9 825 951
Loans	29 465 454	32 968 542	37 845 148	40 075 375	44 256 421	51 059 365	59 496 250
Receivables and prepayments	120 498	139 043	108 007	108 007	108 007	108 007	108 007
Cash and cash equivalents	2 475 095	2 706 788	1 179 562	4 500 867	436 945	1 032 016	1 778 186
Total assets	**40 381 638**	**45 055 953**	**47 397 116**	**54 214 029**	**54 726 700**	**62 715 799**	**72 323 422**
Accumulated surplus/(deficit)	–	–	–	355 936	766 350	1 409 200	2 392 486
Capital and reserves	17 235 504	17 802 315	17 913 022	17 913 022	17 913 022	17 913 022	17 913 022
Borrowings	22 405 374	26 326 638	28 592 886	33 053 863	31 156 120	36 502 368	43 126 706
Deferred income	–	–	–	2 000 000	4 000 000	6 000 000	8 000 000
Trade and other payables	514 112	693 087	628 420	628 420	628 420	628 420	628 420
Provisions	226 648	233 913	262 788	262 788	262 788	262 788	262 788
Total equity and liabilities	**40 381 638**	**45 055 953**	**47 397 116**	**54 214 029**	**54 726 700**	**62 715 799**	**72 323 422**

Expenditure trends

The spending focus over the medium term will be on: expanding and enabling the delivery of basic and social services; providing and building human and institutional capacity; and promoting broad based economic growth, efficiency, fixed capital formation and regional integration.

Revenue is generated from interest income from loans and borrowing. The interest income is largely derived from the development loan book. Between 2008/09 and 2011/12, total revenue decreased from R4.9 billion to R4.1 billion, at an average annual rate of 5.8 per cent, mainly due to the effects of the economic downturn. Over the medium term, revenue is expected to increase to R5.8 billion, at an average annual rate of 12.3 per cent. The increase is mainly due to increased interest payments on the development loan book, increased payments on disbursement goals, funding for poorly resourced municipalities under the targeted infrastructure programme, research and advisory services, technical assistance grants, and grants to the development fund.

Expenditure increased from R3.4 billion in 2008/09 to R3.7 billion in 2011/12, at an average annual rate of 2.5 per cent. Spending on compensation of employees increased from R424.5 million in 2008/09 to R583.3 million in 2011/12, at an average annual rate of 11.2 per cent, mainly due to the appointment of professional employees and advisory services to the government's infrastructure development objective and increased personnel in the risk management function to sustain growth in the loan book. Spending on goods and services declined from R1.2 billion in 2008/09 to R579.7 million in 2011/12, at an average annual rate of 22.3 per cent, mainly due cost saving initiatives. Spending on consultants declined from R60 million in 2008/09 to R39 million in 2011/12, due to the implementation of the expense management strategy.

Over the medium term, expenditure is expected to increase to R4.8 billion, at an average annual rate of 8.8 per cent, to increase capacity and fund infrastructure development. Expenditure on compensation of employees is projected to increase to R683.7 million over the medium term, at an average annual rate of 5.4 per cent, due to an increased establishment as a result of the increased focus on providing municipal support through infrastructure funding and capacity building support. Spending on goods and services is expected to increase to R729.5 million over the same period, at an average annual rate of 8 per cent, due to anticipated increases in lease payments, professional fees, computer services, and travel and subsistence costs. The main cost drivers in spending on goods and services over this period are lease payments, professional fees, computer services, and travel and subsistence. Spending on consultants is expected to increase from R41 million in 2012/13 to R46 million in 2014/15, mainly to expand and enable service delivery of basic and social services, provide capacity building and institutional capacity, and promote broad based economic growth, job creation, fixed capital formation and regional integration.

Personnel information

Table 10.26 Development Bank of Southern Africa

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of vacant posts	Actual			Mid-year[1]	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Executive board members	1	1	–	1	1	1	1	1	1	1
Executive management	13	12	–	9	9	9	12	13	13	13
Senior management	32	32	–	16	22	26	32	32	32	32
Middle management	52	51	–	45	38	51	51	52	52	52
Professionals	526	462	–	397	420	439	462	526	526	526
Semi-skilled	176	174	–	144	169	159	174	176	176	176
Total	**800**	**732**	**–**	**612**	**659**	**685**	**732**	**800**	**800**	**800**
Compensation (R thousand)				424 545	483 585	551 870	583 281	608 493	645 002	683 702
Unit cost (R thousand)				694	734	806	797	761	806	855

1. As at 30 September 2011.

As at 30 September 2011, the entity had 732 filled posts. The filled posts increased from 612 in 2008/09 to 732 in 2011/12. The bulk of the increase was at the professional level, as a result of positions that were vacant and are currently filled.

Over the medium term, the establishment is expected to grow from 732 funded posts in 2011/12 to 800 in 2014/15. This is mainly due to the strong focus on municipal support through the provision of infrastructure funding and capacity building support, especially for under-resourced municipalities, through the application of knowledge, skills and institutional resources to increase delivery capacity and reduce implementation risks in under-developed regions.

Financial and Fiscal Commission

Overview: 2008/09 – 2014/15

The Financial and Fiscal Commission derives its mandate from the Financial and Fiscal Commission Act (1997). The commission's legislative mandate is to advise on relevant legislative authorities regarding the financial and fiscal requirements for national, provincial and local spheres of government in terms of Section 220 of the Constitution. It is independent and subject only to the Constitution and the law and must function in terms of an act of Parliament.

The execution of the commission's mandate is primarily driven through a research and recommendations programme. The mandate of the commission is to make recommendations, envisaged in Chapter 13 of the Constitution, or in national legislation to Parliament, provincial legislatures, and any other organs of state determined by national legislation.

The Financial and Fiscal Commission aims to generate quality, innovative pioneering research that promotes and influences intergovernmental, legislative and intellectual discourse; and facilitates engagements between stakeholders on key intergovernmental fiscal reviews issues. The commission also aims to ensure compliance with legislation and adherence to corporate governance practise, as well as to benchmark commission research and governance against institutions in the intergovernmental and fiscal relations arena.

Performance

The focus over the medium term will be on establishing a pool of technical advisors who will work with a focused research team on multiple research projects as required by stakeholders. This initiative will ensure business continuity in the context of the skills shortage. While this model will initially increase research costs by 70 per cent, it will be offset by diminishing remuneration costs in the medium to longer term.

Selected performance indicators

Table 10.27 Financial and Fiscal Commission

Indicator	Programme/Activity	Past			Current	Projected		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Annual submission on the division of revenue	Research and strategy	1	1	1	1	1	1	1
Comments on the Division of Revenue Bill	Research and strategy	1	1	1	1	1	1	1
Comment on the medium term budget policy statement and fiscal framework	Research and strategy	1	1	1	1	1	1	1
Comments on annual reports for departments	Research and strategy	4	4	4	4	4	4	4
Public hearings on local government	Research and strategy	4	4	3	3	3	3	3
Unqualified audit report	Support services	1	1	1	1	1	1	1
Enhanced office space	Support services	1	1	1	1	1	1	1

Programmes/activities/objectives

Table 10.28 Financial and Fiscal Commission

	Audited outcome			Revised estimate	Medium-term estimate		
R thousand	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Research and strategy	17 334	16 887	20 661	22 145	22 942	26 209	27 626
Support services	9 883	10 302	12 785	11 011	11 451	12 080	12 803
Total expense	**27 217**	**27 189**	**33 446**	**33 156**	**34 393**	**38 289**	**40 429**

The Financial and Fiscal Commission had a total budget of R33.2 million in 2011/12, of which 66.8 per cent was used to generate quality, innovative pioneering research that promotes and influences intergovernmental, legislative and intellectual discourse and facilitates engagements between stakeholders on key intergovernmental fiscal reviews issue.

Savings and cost effectiveness measures

In 2012/13, the services of internal audit will be housed internally while the scope of the external auditors will be closely managed to ensure that there are no budget overlaps. This is expected to realise a saving of R600 000. In addition, travel expenses and procurement contracts, specifically plant hire, are the commission's key cost drivers that have been revised and are expected to create cost savings of R300 000 and R215 000 over the medium term. Brokerage fees payable to provident fund brokers will be replaced by an administrative management committee. The total saving of R1.1 million will be allocated to areas where the commission experiences shortfalls.

Expenditure estimates

Table 10.29 Financial and Fiscal Commission

Statement of financial performance				Revised			
	Audited outcome			estimate	Medium-term estimate		
R thousand	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Revenue							
Non-tax revenue	**241**	**97**	**402**	**120**	**125**	**130**	**135**
Other non-tax revenue	241	97	402	120	125	130	135
Transfers received	26 125	26 580	31 391	33 036	37 268	39 159	40 294
Total revenue	**26 366**	**26 677**	**31 793**	**33 156**	**37 393**	**39 289**	**40 429**
Expenses							
Current expenses	**27 217**	**27 189**	**33 446**	**33 156**	**34 393**	**38 289**	**40 429**
Compensation of employees	15 189	17 158	19 664	19 548	19 618	19 854	21 037
Goods and services	10 911	9 093	13 058	13 193	14 461	18 120	19 053
Depreciation	976	780	584	415	314	315	339
Interest, dividends and rent on land	141	158	140	–	–	–	–
Total expenses	**27 217**	**27 189**	**33 446**	**33 156**	**34 393**	**38 289**	**40 429**
Surplus / (Deficit)	**(851)**	**(512)**	**(1 653)**	**–**	**3 000**	**1 000**	**–**
Statement of financial position							
Carrying value of assets	1 475	920	842	727	718	664	625
of which:							
Acquisition of assets	94	225	513	300	305	261	300
Receivables and prepayments	117	52	58	52	52	–	–
Cash and cash equivalents	588	130	–	54	(25)	681	720
Total assets	**2 180**	**1 102**	**900**	**833**	**745**	**1 345**	**1 345**
Accumulated surplus / (deficit)	(1 119)	(2 173)	(3 974)	(3 974)	(974)	26	26
Capital and reserves	919	919	919	919	919	919	919
Borrowings	–	–	1	–	–	–	–
Finance lease	203	189	154	88	–	–	–
Trade and other payables	1 843	1 807	3 400	3 400	400	–	–
Provisions	334	360	400	400	400	400	400
Total equity and liabilities	**2 180**	**1 102**	**900**	**833**	**745**	**1 345**	**1 345**

Expenditure trends

Spending over the medium term will focus on establishing a pool of specialised technical advisors to work with a focused research team on multiple research projects to provide sound financial and fiscal information for parliamentary reports.

The commission receives 99.5 per cent of its revenue from transfers from the National Treasury. Other revenue consists mainly of interest received on cash balances. Transfers received increased from R26.1 million in 2008/09 to R33 million in 2011/12, at an average annual rate of 8.1 per cent, to allow the commission to increase capacity for the research programme. Over the medium term, transfers are expected to increase to R40.3 million, at an average annual rate of 6.8 per cent, to make provision for the deficit incurred between 2008/09 and 2010/11.

Between 2008/09 and 2011/12, expenditure increased from R27.2 million to R33.2 million, at an average annual rate of 6.8 per cent, to allow the commission to increase capacity for the research programme. Consequently, expenditure on compensation of employees increased from R15.2 million in 2008/09 to R19.5 million in 2011/12, at an average annual rate of 8.8 per cent. Goods and services spending increased from R10.9 million in 2008/09 to R13.2 million in 2011/12, at an average annual rate of 6.5 per cent, mainly due to increased office rental, audit fees, staff training and printing costs.

Over the medium term, expenditure is expected to increase to R40.4 million, at an average annual rate of 6.8 per cent. Spending on compensation of employees is projected to increase to R21 million over the medium term, at an average annual rate of 2.5 per cent, mainly due to the commission's revised structure in the research programme in line with the revised strategic focus and the new delivery model. Spending on consultants is expected to increase from R3.5 million in 2012/13 to R4.7 million in 2014/15, due to the establishment of a technical advisor pool to compensate for the scarcity of research skills. Every year, the commission contracts 7 to 10 professors from different universities as technical advisors to conduct research.

Personnel information

Table 10.30 Financial and Fiscal Commission

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of vacant posts	Actual			Mid-year[1]	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Executive management	2	2	1	2	2	2	1	2	2	2
Senior management	8	8	–	7	8	8	8	8	8	8
Middle management	11	11	–	9	11	11	11	10	8	8
Professionals	6	6	–	6	6	6	6	6	6	6
Skilled	5	5	–	5	5	5	5	5	5	5
Semi-skilled	2	2	–	1	2	2	2	2	1	1
Total	**34**	**34**	**1**	**30**	**34**	**34**	**33**	**33**	**30**	**30**
Compensation (R thousand)				15 189	17 158	19 664	19 548	19 618	19 854	21 037
Unit cost (R thousand)				506	505	578	592	594	662	701

1. As at 30 September 2011.

As at 30 September 2011, the entity had an approved establishment of 34 posts. The filled posts increased from 30 in 2008/09 to 33 in 2011/12. The increase was due to the appointment of a senior manager and 2 middle managers in the research programme, which is a core function in the entity.

Over the medium term, filled posts are expected to decline to 30. The decrease is due to natural attrition and an effort to increase the relative number of line function personnel, mainly in the research function, by not replacing support staff who resign. The ratio of support staff to line staff in 2011/12 was 1:1.5. The ratio of consultants to total employees is 1:2.2.

Financial Intelligence Centre

Overview: 2008/09 – 2014/15

The Financial Intelligence Centre was established by the Financial Intelligence Centre Act (2001) and started functioning in 2003. The centre's role is to ensure that the information it provides to law enforcement authorities is used in a non-partisan manner, particularly where successful prosecution can have a high impact. It is the youngest of government's compliance institutions and its creation was spurred by the need to enhance the integrity of the South African financial system, whilst also creating new measures for investigating authorities to pursue criminal activity.

The centre's strategic focus over the medium term includes: enhancing its ICT systems; strengthening its international cooperation through interactions with the Egmont Group; establishing regional offices in metropolitan areas and towns; and supporting the appeals board.

In 2010/11, the centre made strides in: preparing and receiving data under the Financial Intelligence Centre Amendment Act (2008); enhancing its information and communication technology platforms; improving the quality of its intelligence reports; and strengthening its international cooperation through interactions with partner organisations, with a particular focus on Africa.

The centre concentrates its activities in terms of four programmes: information and communication technology, which provides information technology for data architecture and business solution for the centre; monitoring and analysis, which provides transaction surveillance, prosecution support capability and recovery support; legal and policy, which receives information from reporting and accountable institutions relating to alleged money laundering and terror financing activities; and compliance and prevention, which provides compliance and reporting functions in terms of the act, and implements the secure data exchange with supervisory bodies.

Performance

The number of suspicious transaction reports per year are expected to decrease from 40 378 to 40 336 over the medium term as fewer fraudulent transactions are expected to go through the banking sector. The number of compliance audits per year are expected to increase from 51 to 225 over the same period, while the number of referrals from law enforcement agencies are expected to increase from 549 to 994.

Selected performance indicators

Table 10.31 Financial Intelligence Centre

Indicator	Programme/Activity	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Number of suspicious transaction reports per year[1]	Compliance and prevention	22 762	29 411	36 708	40 378	32 741	36 669	40 336
Number of referrals to law enforcement agencies	Monitoring and analysis	1 002	1 150	1 323	549	1 221	1 005	994
Number of compliance audits per year	Compliance and prevention	235	199	337	51[2]	239	250	255
Total number of request from international counterparts	Compliance and prevention	102	83	153	188	194	200	220

1. Fewer fraudulent transactions are expected to go through the banking sector as people become aware of the monitoring of banking transactions.
2. Focus will not be on audits but on training on the amended act.

Programmes/activities/objectives

Table 10.32 Financial Intelligence Centre

	Audited outcome			Revised estimate	Medium-term estimate		
R thousand	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
ICT	20 974	28 719	33 986	46 153	51 940	54 144	22 793
Monitoring and analysis	8 958	12 599	15 789	26 038	27 600	29 255	31 010
Legal and policy	4 434	6 500	7 680	8 816	9 345	9 906	10 500
Compliance and prevention	11 931	16 500	18 325	27 952	33 423	31 407	33 291
Administration and support	53 423	57 728	61 283	28 813	21 357	26 701	27 911
Total expense	**99 720**	**122 046**	**137 063**	**137 772**	**143 665**	**151 413**	**125 504**

The Financial Intelligence Centre had a total budget of R137.8 million in 2011/12, of which 33.5 per cent was used for ICT and 20.9 per cent was used for administration and support services.

Savings and cost effectiveness measures

In 2010/11, the centre reprioritised spending amounting to R100 million and requested from the department an increase of R100 million in transfers received from the National Treasury, over the medium term. These funds were spread over 2011/12, 2012/13 and 2013/14. The bulk of this reprioritisation will be used to enhance IT systems.

Expenditure estimates

Table10.33 Financial Intelligence Centre

Statement of financial performance	Audited outcome			Revised estimate	Medium-term estimate		
R thousand	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Revenue							
Non-tax revenue	**516**	**1 323**	**1 037**	**1 272**	**1 340**	**1 413**	**1 484**
Other non-tax revenue	516	1 323	1 037	1 272	1 340	1 413	1 484
Transfers received	111 474	141 645	181 414	136 500	142 325	150 000	124 020
Total revenue	**111 990**	**142 968**	**182 451**	**137 772**	**143 665**	**151 413**	**125 504**

Table 10.33 Financial Intelligence Centre (continued)

Statement of financial performance	Audited outcome			Revised estimate	Medium-term estimate		
R thousand	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Expenses							
Current expenses	**99 720**	**122 046**	**137 063**	**137 772**	**143 665**	**151 413**	**125 504**
Compensation of employees	48 383	59 936	74 562	79 036	83 368	88 369	88 810
Goods and services	44 630	53 836	53 029	42 350	45 563	47 634	29 450
Depreciation	6 456	8 151	9 252	16 248	14 587	15 254	7 094
Interest, dividends and rent on land	251	123	220	139	148	156	150
Total expenses	**99 720**	**122 046**	**137 063**	**137 772**	**143 665**	**151 413**	**125 504**
Surplus / (Deficit)	**12 270**	**20 922**	**45 388**	**–**	**–**	**–**	**–**
Statement of financial position							
Carrying value of assets	35 413	36 242	41 511	59 242	60 964	80 789	81 039
of which:							
Acquisition of assets	15 484	9 189	14 527	33 979	16 309	35 078	7 344
Inventory	166	222	242	242	242	242	242
Receivables and prepayments	1 646	1 455	2 675	2 675	2 675	2 675	2 675
Cash and cash equivalents	1 601	23 554	65 419	47 688	45 965	26 141	25 891
Total assets	**38 826**	**61 473**	**109 847**	**109 847**	**109 846**	**109 847**	**109 847**
Accumulated surplus / (deficit)	28 797	49 484	94 872	94 872	94 872	94 872	94 872
Capital and reserves	23	23	21	21	21	21	21
Finance lease	674	313	1 281	1 281	1 281	1 281	1 281
Trade and other payables	9 332	11 653	13 673	13 673	13 673	13 673	13 673
Total equity and liabilities	**38 826**	**61 473**	**109 847**	**109 847**	**109 847**	**109 847**	**109 847**

Expenditure trends

The spending focus over the medium term will be on: reducing the number of fraudulent transactions in the banking sector through training initiatives, using the ICT system to make the information collected by the centre available to investigating authorities, and ensuring that the information provided to law enforcement authorities is used in a non-partisan manner.

The agency receives 99.5 per cent of its total revenue from transfers from National Treasury. Other revenue consists mainly of interest received on cash balances. Transfers received increased from R111.5 million in 2008/09 to R136.5 million in 2011/12, at an average annual rate of 7 per cent, to fund the development of IT infrastructure. Over the medium term, transfers received are expected to decrease to R124 million, at an average annual rate of 3.1 per cent, in line with the expectation that there will be a reduced requirement for compliance audits due to the improved transactions monitoring system.

Expenditure grew from R99.7 million in 2008/09 to R137.8 million in 2011/12, at an average annual rate of 11.4 per cent. The growth was mainly due to the increased accommodation costs at the centre's Centurion Lake offices, the increase in personnel numbers and the ICT capacity expansion project. Expenditure on compensation of employees grew from R48.4 million in 2008/09 to R79 million in 2011/12, at an average annual rate of 17.8 per cent, as a result of the appointment of investigative professionals. Over the same period, goods and services expenditure decreased from R44.6 million in 2008/09 to R42.4 million in 2011/12, at an average annual rate of 1.7 per cent. The main cost drivers in spending on goods and services in this period were consultancy fees for the centre's ICT project. Consultancy fees constituted 29.5 per cent of spending on consultants and 45.3 per cent of spending on ICT.

Over the medium term, expenditure is expected to decrease to R125.5 million, at an average annual rate of 3.1 per cent. The decrease is as a result of a change in the scope of the ICT project. Expenditure on compensation of employees is expected to increase to R88.8 million, at an average annual rate of 4 per cent, to provide for an increase in the funded establishment from 144 to 250 posts. Over the same period, expenditure on goods and services is expected to decrease to R29.5 million, at an average annual rate of 11.4 per cent. The main cost drivers in spending on goods and services over this period are maintenance of IT services and accommodation charges for regional offices.

Personnel information

Table 10.34 Financial Intelligence Centre

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of vacant posts	Actual			Mid-year[1]	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Executive management	5	5	–	3	3	5	5	5	5	5
Senior management	12	9	3	11	10	7	9	11	12	14
Middle management	28	17	11	10	14	14	17	21	25	27
Professionals	108	66	42	44	57	55	66	125	149	171
Skilled	36	21	15	17	19	19	21	45	54	65
Semi-skilled	34	25	9	28	25	25	25	28	30	32
Very low skilled	1	1	–	1	1	1	1	1	1	2
Total	**224**	**144**	**80**	**114**	**129**	**126**	**144**	**236**	**276**	**316**
Compensation (R thousand)				48 383	59 936	74 562	79 036	83 368	88 369	88 810
Unit cost (R thousand)				424	465	592	549	353	320	281

1. As at 30 September 2011.

As at 30 September 2011, the centre had an approved establishment of 224 with 144 funded and filled posts. Filled posts increased from 114 in 2008/09 to 144 in 2011/12, mainly to increase the capacity to monitor transactions and compliance, and ensure regulations are enforced. The bulk of the increase in filled posts is at the professional and middle management levels. There are 80 vacancies, mainly at the professional level, as a result of lack of skilled professionals in the market. The bulk of the establishment is at the professional level and also in middle management and vacancies occur mainly at the professional level. The main reason for vacant posts is due to a lack of skilled professionals in the market.

Over the medium term, the approved establishment is expected to grow from 144 posts in 2011/12 to 316 in 2014/15. The projected increase in the establishment is necessitated by the entity's revised mandate, which requires that the entity increase its presence in all provinces and strengthen its coordination efforts with other law enforcement agencies. The ratio of support to line function employees is 1:1.

Financial Services Board

Overview: 2008/09 – 2014/15

The Financial Services Board is an independent institution established by statute to oversee the South African non-banking financial services industry in the public interest. The board is committed to promoting and maintaining a sound financial investment environment in South Africa. The board is also responsible for ensuring that the regulated entities comply with the relevant legislation and with capital adequacy requirements, to promote the financial soundness of these entities and protect the investing community. The board also advises the Minister of Finance through various advisory committees comprised of industry experts.

The board's goal is to supervise and regulate the non-banking financial services industry in the following areas: long term and short term insurance; retirement funds and friendly societies, financial service providers, collective investment schemes and capital markets.

The board concentrates its activities in terms of four programmes: long term and short term insurance entails supervising the long term and short term insurance with a focus on registration requirements, the financial soundness of insurance companies and compliance with the regulatory framework; the financial advisory and intermediary activities division regulates and supervises the provision of advice and intermediary services for a range of financial products and services in the interests of consumer protection; the capital markets division, which supervises collective investment schemes in securities, property and participation bonds by regulating Credit Rating Agencies under the Credit Rating Services Act (2011); and the directorate of market abuse committee, which is responsible for combating market abuse.

Performance

Over the medium term, the board expects to supervise 12 965 financial and intermediary services, 220 long term and short term insurance entities, 3 675 retirement fund and friendly societies, and 195 collective investment schemes.

Selected performance indicators

Table10.35 Financial Services Board

Indicator	Programme/Activity	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Improved revenue collection from companies in the financial services sector per year	We supervise the financial advisory and intermediary activities in the financial services sector in terms of the Financial Advisory and Intermediary Services Act (2002)	R307.4m	R352.5m	R422.7m	R454.2m	R506.2m	R531.7m	R563.1m
Number of financial advisory and intermediary industries supervised per year	We supervise the financial advisory and intermediary activities in the financial services sector in terms of the Financial Advisory and Intermediary Services Act (2002)	14 500	14 500	11 868	12 461	12 710	12 965	12 965
Number of long term and short term insurance industries supervised per year	We supervise the long term and short term insurance industries in terms of the Long-term Insurance Act (1998)	189	189	199	210	214	220	220
Number of retirement funds and friendly societies supervised per year	Supervise retirement funds and friendly societies	11 500	8 500	3 446	3 618	3 690	3 675	3 675
Number of collective investment schemes supervised per year	We supervise the South African licensed exchanges, central securities depositories and clearing houses in terms of the Securities Services Act (2004) and collective investment schemes in securities in terms of Collective Investment Schemes Control Act (2002)	118	118	178	187	190	195	195

Programmes/activities/objectives

Table 10.36 Financial Services Board

	Audited outcome			Revised estimate	Medium-term estimate		
R thousand	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Supervise the financial advisory and intermediary activities in the financial services sector in terms of the Financial Advisory and Intermediary Act (2002)	111 614	127 826	139 224	152 193	166 637	166 556	171 613
Supervise the long term and short term insurance industries in terms of the Long Term Insurance Act (1998)	66 983	77 429	85 180	110 152	112 712	120 349	126 719
Supervise retirement funds and friendly societies	96 160	108 524	129 894	141 109	143 156	154 078	168 587
Directorate Market Abuse	13 789	13 969	11 367	16 655	18 305	14 269	20 257
Supervise the South African licensed exchanges, central securities depositories and clearing houses in terms of the Securities Act (2004) and collective investment schemes in securities in terms of Collective Investment Schemes Control Act (2002)	29 972	33 594	33 560	41 447	43 021	48 418	51 666
Other objectives	6 160	5 790	8 375	9 067	19 551	20 753	22 193
Total expense	**324 678**	**367 132**	**407 600**	**470 623**	**503 382**	**524 423**	**561 035**

The Financial Services Board had a total budget of R470.6 million in 2011/12, of which 32.3 per cent was used for the supervision of financial advisory and intermediary activities in the financial services sector, and 30 per cent was used for the supervision of retirement funds and friendly societies.

Savings and cost effectiveness measures

There were no savings effected. However, the board will continuously monitor expenditure on a monthly basis to identify costs that can be reduced.

Expenditure estimates

Table 10.37 Financial Services Board

Statement of financial performance	Audited outcome			Revised estimate	Medium-term estimate		
R thousand	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Revenue							
Non-tax revenue	**307 372**	**352 490**	**422 649**	**454 291**	**506 157**	**531 654**	**563 095**
Sale of goods and services other than capital assets	250 696	316 791	371 323	425 747	469 322	492 788	522 355
of which:							
Sales by market establishments	250 696	316 791	371 323	425 747	469 322	492 788	522 355
Other non-tax revenue	56 676	35 699	51 326	28 544	36 835	38 866	40 740
Total revenue	**307 372**	**352 490**	**422 649**	**454 291**	**506 157**	**531 654**	**563 095**
Expenses							
Current expenses	**324 678**	**367 132**	**407 600**	**470 623**	**503 382**	**524 423**	**561 035**
Compensation of employees	173 066	195 274	222 051	257 071	289 787	299 848	323 835
Goods and services	145 976	165 439	179 849	204 634	202 637	212 689	224 525
Depreciation	5 635	6 412	5 698	8 918	10 958	11 886	12 675
Interest, dividends and rent on land	1	7	2	–	–	–	–
Total expenses	**324 678**	**367 132**	**407 600**	**470 623**	**503 382**	**524 423**	**561 035**
Surplus / (Deficit)	**(17 306)**	**(14 642)**	**15 049**	**(16 332)**	**2 775**	**7 232**	**2 060**
Statement of financial position							
Carrying value of assets	9 015	28 495	37 206	36 180	34 208	31 474	28 081
of which:							
Acquisition of assets	5 727	26 806	14 507	8 092	9 148	9 318	9 382
Investments	22 525	29 954	32 288	39 043	38 383	38 883	39 433
Inventory	355	163	77	85	65	30	20
Receivables and prepayments	38 733	29 822	31 242	32 804	34 543	36 442	38 265
Cash and cash equivalents	136 321	133 310	144 289	171 704	160 224	143 545	131 341
Total assets	**206 949**	**221 744**	**245 102**	**279 816**	**267 423**	**250 374**	**237 139**
Accumulated surplus / (deficit)	104 130	83 659	93 724	110 056	107 281	100 049	97 989
Capital and reserves	42 139	54 816	60 234	91 017	78 534	65 588	51 411
Finance lease	10 611	9 123	7 914	–	–	–	–
Trade and other payables	26 932	52 271	59 044	53 650	56 493	59 601	62 581
Provisions	23 137	21 875	24 186	25 093	25 114	25 137	25 159
Total equity and liabilities	**206 949**	**221 744**	**245 102**	**279 816**	**267 422**	**250 374**	**237 140**

Expenditure trends

The spending focus over the medium term will be on ensuring that regulated entities comply with legislation and capital adequacy requirements of financial soundness, thereby protecting the investing communities, ensure long term sustainability by improving revenue collection and investment in financial institutions.

The board generates revenue from the registration of auditors, practice reviews and charges to auditors. Revenue increased from R307.4 million in 2008/09 to R454.3 million in 2011/12, at an average annual rate of 13.9 per cent, mainly due to capacity building in the pension, insurance, financial advisory and intermediary service lines. Over the medium term, revenue is expected to increase to R563.1 million, at an average annual rate of 7.4 per cent.

Expenditure grew from R324.7 million in 2008/09 to R470.6 million in 2011/12, at an average annual rate of 13.2 per cent. This increase was primarily due to growth in the board’s establishment from 400 to 461 over the same period as the entity hired more skilled industry supervisors. As a result, expenditure on compensation of employees increased from R173.1 million in 2008/09 to R257.1 million in 2011/12, at an average annual rate of

14.1 per cent. The increase between 2008/09 and 2011/12 is also attributable to increased expenditure on office rentals, as a result of the relocation of the board into new offices. Spending on goods and services over the period increased from R146 million to R204.6 million, at an average annual rate of 11.9 per cent.

Over the medium term, expenditure is expected to grow to R561 million, at an average annual rate of 6 per cent, mainly due to the restructuring of the insurance department, the enforcement of the applicable acts, and the creation of new departments or sections within the entity. Expenditure on compensation of employees increases from R257.1 million in 2011/12 to R323.8 million in 2014/15, at an average annual rate of 8 per cent, due to the growth in personnel as a result of the restructuring. Spending on goods and services over this period is expected to increase to R224.5 million, at an average annual rate of 3.1 per cent. The main cost drivers in spending on goods and services over the seven-year period are lease payments, professional fees, computer services, and travel and subsistence. The entity uses consultants mainly for auditing, legal and technical advice. Expenditure on consultants is expected to increase from R6.6 million in 2012/13 to R7.2 million in 2013/14, due to the agency's ICT projects.

Personnel information

Table 10.38 Financial Services Board

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of vacant posts	Actual			Mid-year[1]	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Executive management	9	9	2	7	7	7	7	9	11	11
Senior management	33	33	4	25	26	29	29	31	32	33
Middle management	210	210	38	124	145	169	172	214	222	221
Professionals	162	162	12	150	139	141	162	167	180	180
Skilled	102	102	11	94	92	96	91	101	110	110
Total	**516**	**516**	**67**	**400**	**409**	**442**	**461**	**522**	**555**	**555**
Compensation (R thousand)				173 066	195 274	222 051	257 071	289 787	299 848	323 835
Unit cost (R thousand)				433	477	502	558	555	540	583

1. As at 30 September 2011.

As at 30 September 2011, the entity had an approved funded establishment of 516 posts. 461 posts were filled and 55 were vacant as at the same date. Filled posts increased from 400 in 2008/09 to 461 in 2011/12, due to the appointments of senior and middle managers and professionals in the pension, insurance, financial advisory and intermediary service lines.

Over the medium term, filled posts are expected to increase from 461 in 2011/12 to 555 in 2014/15, mainly due the restructuring of the insurance department, the enforcement of the applicable acts, and the creation of new departments or sections within the entity. The ratio of support staff to line staff is 1:7.7.

Independent Regulatory Board for Auditors

Overview: 2008/09 – 2014/15

The Independent Regulatory Board for Auditors was established in terms of section 3 of the Auditing Profession Act (2005) and came into effect in April 2006. The goal of the board is to protect the public that relies on the services of registered auditors and also to support registered auditors. The board has a strategic influence in the financial services regulatory environment.

The Department of Trade and Industry has introduced amendments to the Broad Based Black Economic Empowerment Act (2003) that will transfer the regulation of the broad based black economic empowerment verification industry from the South African national accreditation system to the board. This may be effective from as soon as 2012/13 due to the urgency.

The objectives of the board over the medium term are to develop and maintain auditing and ethical standards that are internationally comparable, provide an appropriate framework for the education and training of properly qualified auditors, inspect and review the work of registered auditors, and investigate and take appropriate action against registered auditors who do not comply with standards and are guilty of improper conduct.

The board concentrates its activities in terms of five programmes: education, training and professional development delivers the public practice examination and provides support to members of the board and associates to maintain, improve and broaden their auditing knowledge and skills; inspections conducts inspections and reviews the practice of registered auditors and the effective implementation of training contracts; registration provides consideration and registration of individuals as registered auditors and provides charges and penalties for unethical conduct by auditors; and auditing and ethical standards provides advice to registered auditors on matters of professional ethics and conducts and interacts on matters relating to its functions and powers with professional bodies and organs of state.

Performance

Between 2008/09 and 2011/12, the number of registered auditors decreased from 4 260 to 4 126. However, new registrations increased from 232 to 250. South Africa has maintained its number 1 position in the World Economic Forum survey for 2011/12 for the strength of its audit and reporting standards. Over the medium term, the board will focus issuing and developing additional guidance on ethical issues from the code of professional conduct, process reportable irregularities received from registered auditors, finalise all complaints received, and inspect and review the work of registered auditors.

Selected performance indicators

Table 10.39 Independent Regulatory Board for Auditors

Indicator	Programme/Activity	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Number of auditing pronouncements issued per year	Auditing and ethical standards	–	–	–	–	75%(19)	80%(19)	85%(19)
Number of registered auditors registered per year	Auditing and ethical standards	4 260	4 173	4 100	3 800	3 325	3 159	3 000
Number of reportable irregularities reports received from registered auditors timeously	Auditing and ethical standards	–	–	–	–	90%(275)	90%(275)	90%(275)
The number of competent candidates entering the audit profession	Education, training and professional development	–	–	–	–	100% (2092)	100% (2197)	100% (2306)
Number of disciplinary case files opened per year	Legal	2 566	2 798	1 952	2 400	2 280	2 166	2 058

Programmes/activities/objectives

Table 10.40 Independent Regulatory Board for Auditors

	Audited outcome			Revised estimate	Medium-term estimate		
R thousand	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Operational effectiveness	56 673	20 777	19 592	22 431	23 847	23 252	27 784
Legal	–	7 259	7 847	15 301	8 587	8 433	5 308
Education, training and professional development	–	6 864	6 743	6 627	7 611	6 223	6 007
Inspections	–	16 122	14 699	15 030	15 386	16 443	17 507
Registration	–	1 490	1 089	1 174	1 336	1 426	1 517
Auditing and ethical standards	–	3 692	4 446	5 822	7 131	7 618	8 111
Stakeholder relationship and CEO's office	–	3 640	5 099	6 057	7 499	7 935	8 450
Total expense	**56 673**	**59 844**	**59 515**	**72 442**	**71 397**	**71 330**	**74 684**

The Independent Regulatory Board of Auditors had a total budget of R72.4 million in 2011/12, of which 31 per cent was used for operational effectiveness.

Savings and cost effectiveness measures

The board has implemented measures to effect savings in spending on goods and services including: reducing the number of annual reports printed to save on printing costs, and sending invoices and statements by email to save on distribution costs.

Expenditure estimates

Table 10.41 Independent Regulatory Board for Auditors

Statement of financial performance	Audited outcome			Revised estimate	Medium-term estimate		
R thousand	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Revenue							
Non-tax revenue	**33 995**	**46 459**	**39 323**	**39 669**	**39 189**	**39 681**	**41 136**
Sale of goods and services other than capital assets	33 639	38 407	37 241	37 202	37 828	38 223	39 584
of which:							
Administration fees	1 289	1 172	840	275	85	91	97
Sales by market establishments	32 350	37 235	36 401	36 927	37 743	38 132	39 487
Other non-tax revenue	356	8 052	2 082	2 467	1 361	1 458	1 552
Transfers received	20 258	22 018	29 296	34 724	32 208	31 649	33 548
Total revenue	**54 253**	**68 477**	**68 619**	**74 393**	**71 397**	**71 330**	**74 684**
Expenses							
Current expenses	**56 673**	**59 845**	**59 515**	**72 442**	**71 397**	**71 330**	**74 684**
Compensation of employees	28 268	31 404	33 688	35 295	37 652	40 746	43 894
Goods and services	27 232	26 386	23 882	34 666	31 014	27 483	27 330
Depreciation	1 173	1 910	1 852	2 481	2 731	3 101	3 460
Interest, dividends and rent on land	–	144	93	–	–	–	–
Total expenses	**56 673**	**59 845**	**59 515**	**72 442**	**71 397**	**71 330**	**74 684**
Surplus / (Deficit)	**(2 420)**	**8 632**	**9 104**	**1 951**	**–**	**–**	**–**
Statement of financial position							
Carrying value of assets	9 676	7 433	8 722	8 047	6 916	5 665	3 842
of which:							
Acquisition of assets	9 218	506	3 255	1 806	1 600	1 850	1 637
Inventory	–	129	132	122	163	163	163
Receivables and prepayments	6 273	4 353	4 660	1 412	1 902	1 902	1 902
Cash and cash equivalents	1 553	5 307	13 543	7 068	4 990	4 927	3 352
Non-current assets held for sale	3 641	10 000	10 070	10 000	10 000	10 000	10 000
Total assets	**21 144**	**27 223**	**37 127**	**26 649**	**23 971**	**22 657**	**19 259**
Accumulated surplus / (deficit)	4 018	1 878	9 223	7 272	7 272	7 272	7 272
Capital and reserves	7 126	17 898	19 658	12 388	10 486	10 413	7 015
Finance lease	779	742	344	4 260	3 484	2 244	2 244
Trade and other payables	9 219	6 705	7 902	2 729	2 729	2 728	2 728
Total equity and liabilities	**21 143**	**27 223**	**37 127**	**26 649**	**23 971**	**22 657**	**19 259**

Expenditure trends

The spending focus over the medium term will be on Broad Based Black Economic Empowerment (BBBEE) verification, delivering better performance on issuing auditing pronouncements within target dates, and developing additional guidance on ethical issues from the Code of Professional Conduct.

The board receives revenue from the department and generates revenue from the registration of auditors, practice reviews and charges to auditors. Transfers received increased from R20.3 million in 2008/09 to R34.7 million in 2011/12, at an average annual rate of 19.7 per cent. During the 2011 adjusted budget process, transfers were increased from R28.7 million to R34.7 million to address a shortfall in legal fees for disciplinary cases. Over the medium term, transfers received is expected to decrease to R33.5 million, at an average annual rate of 1.1 per cent, mainly due to expected decreases in disciplinary cases and legal fees, as well as the upgrading of the IT systems.

Expenditure increased from R56.7 million in 2008/09 to R72.4 million in 2011/12, at an average annual rate of 8.5 per cent, due to an increase in spending on compensation of employees, practice reviews and inspection costs. Expenditure on compensation of employees increased from R28.3 million in 2008/09 to R35.3 million in

2011/12, at an average annual rate of 7.7 per cent. Over the same period, spending on goods and services increased from R27.2 million to R34.7 million, at an average annual rate of 8.4 per cent, mainly due to increased lease payments for new accommodation in Edenvale.

Over the medium term, expenditure is expected to increase to R74.7 million, at an average annual rate of 1 per cent, mainly due to salary adjustments, and travelling and accommodation costs as a result of international commitments related to the International Accounting Education Standards Board, and membership to the International Forum of Independent Audit Regulators. Expenditure on compensation of employees is expected to increase to R43.9 million over the medium term, at an average annual rate of 7.5 per cent, to provide for improved conditions of service. Over the same period, spending on goods and services is expected to decrease to R27.3 million, at an average annual rate of 7.6 per cent, due to the implementation of cost cutting measures.

The entity uses consultants for IT management and legal services. Spending on consultants increased from R915 000 in 2008/09 to R1.1 million in 2011/12, and is expected to increase to R1.2 million in 2014/15.

Personnel information

Table 10.42 Independent Regulatory Board for Auditors

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of vacant posts	Actual			Mid- year[1]	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Executive management	6	6	–	3	6	6	6	6	6	6
Senior management	6	6	1	3	5	4	6	6	6	6
Middle management	8	8	1	3	7	7	8	8	8	8
Professionals	17	17	1	18	16	15	17	17	17	17
Skilled	27	27	–	26	27	27	27	27	27	27
Semi-skilled	7	7	–	7	7	7	7	7	7	7
Total	**71**	**71**	**3**	**60**	**68**	**66**	**71**	**71**	**71**	**71**
Compensation (R thousand)				28 268	31 404	33 688	35 295	37 652	40 746	43 894
Unit cost (R thousand)				471	462	510	497	530	574	618

1. As at 30 September 2011.

As at 30 September 2011, the entity had an approved establishment of 71 posts, all of which were funded. The filled posts increased from 60 in 2008/09 to 71 in 2011/12. The growth was mainly in the practice reviews section. Over the medium term, the filled posts are expected to remain at 71. The ratio of administration to line function staff is 1:2.

Office of the Pension Funds Adjudicator

Overview: 2008/09 – 2014/15

The mandate of the Office of the Pension Funds Adjudicator is to investigate and determine complaints lodged in terms of section 30B of the Pension Funds Act (1956). The mandate of the office became effective from 1 January 1998. In order to achieve its mandate, the office is required to ensure a procedurally fair, economical and expeditious resolution of complaints in terms of the act, by: ensuring that its services are accessible to all; investigating complaints in a procedurally fair manner; reaching a just and expeditious resolution of complaints in accordance with the law; incorporating innovation and proactive thought and action in its activities; and supporting, encouraging and providing opportunities for individual growth.

The Office of the Pension Funds Adjudicator does not have jurisdiction over funds to which the state contributes financially, for example, the Government Employees Pension Fund, the Social Assistance Pension Scheme and Associated Institutions Pension Fund, as these are not required to register under the Pension Funds Act (1956) policy and practice changes.

On 1 April 2008, the Office of the Pension Funds Adjudicator became listed as a public entity and began establishing its financial independence. It was eventually able to become fully operational in 2010/11 when it began to report on its financial and performance information independently. This practice change impacted positively on the office's ability to reach more people and attend to more cases as it had the independence to allocate and spend its financial resources in line with the strategic priorities that it had to develop as a registered entity.

The adjudicator's office investigates and determines complaints of abuse of power, maladministration, disputes of fact or law and employer dereliction of duty in respect of retirement pension funds, including matters relating to provident funds, and retirement annuity funds. The adjudicator has a very important role to play in the new regulatory framework and in protecting members of retirement funds. The proper management of retirement savings is crucial to the welfare and wellbeing of South Africans, and also to the economy since they are a source of long-term savings.

The Office of the Pension Funds Adjudicator's main objective is to resolve complaints in accordance with the mandate. To achieve this objective, the office investigates and determines complaints of abuse of power, maladministration, disputes of fact or law and employer dereliction of duty in respect of pension funds. A key output in 2011/12 included participating in the centralised complaints helpline for all financial ombud schemes to represent member rights and interests. A dedicated team of adjudicators is also in place to deal with the backlog of unresolved complaints which have been successfully reduced.

Performance

To further enhance accessibility to members of the public, the adjudicator has since April 2011 been participating in the centralised complaints helpline for all financial ombud schemes. Members of the public can phone a toll free number for more information about the different financial ombud schemes.

The office's performance revolves around case management with the adjudication team dealing with complaints received from the general public. To account for the impact on performance brought about by the change in the financial management of the office, the performance information is treated as pre-financial independence and post-financial independence. Since 1 April 2008, the office has obtained greater financial independence in order to fulfil its mandate. This increased financial independence has allowed it to increase on the number of complaints resolved through the implementation of initiatives such as the toll free access to the adjudicator's services by the public.

By the end of 2011/12, 6 220 new complaints had been received, 894 complaints had been settled by conciliation, 1 430 were determined and 3 799 were resolved without requiring determination. An accumulated total of 6 123 complaints lodged with the office have been resolved.

Selected performance indicators

Table 10.43 Office of the Pension Funds Adjudicator

Indicator	Programme/Activity	Past[1]			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Number of complaints resolved (complaints received before 31 March 2008)	Resolve complaints in accordance with our mandate	–	–	1 160	429	960	960	960
Number of complaints resolved (complaints received after 1 April 2008 up to 31 March 2014)	Resolve complaints in accordance with our mandate	–	–	4 963	2 438	960	960	960
Percentage of valid complaints resolved within 9 months of lodging complaint (complaints received from 1 April 2011)	Resolve complaints in accordance with our mandate	–	–	58%	44%	65%	65%	65%

1. *Performance information for the office is reported from 2010/11, as this is when the Office of the Pension Funds Adjudicator obtained operational financial independence resulting from the 1 April 2008 decision.*

Programmes/activities/objectives

Table 10.44 Office of the Pension Funds Adjudicator

	Audited outcome			Revised estimate	Medium-term estimate		
R thousand	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Resolve complaints in accordance with mandate	30 868	34 899	32 229	40 083	43 419	47 043	51 410
Total expense	**30 868**	**34 899**	**32 229**	**40 083**	**43 419**	**47 043**	**51 410**

The Office of the Pension Funds Adjudicator had a total budget of R40.1 million in 2011/12, of which 63.1 per cent was used for compensation of employees.

Savings and cost effectiveness measures

There were no savings effected. However, the office will continuously monitor expenditure on a monthly basis to identify costs that can be reduced.

Expenditure estimates

Table 10.45 Office of the Pension Funds Adjudicator

Statement of financial performance	Audited outcome			Revised estimate	Medium-term estimate		
R thousand	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Revenue							
Non-tax revenue	**18**	**46**	**22**	**107**	**118**	**130**	**143**
Other non-tax revenue	18	46	22	107	118	130	143
Transfers received	33 399	37 924	35 314	41 270	45 397	49 937	54 931
Total revenue	**33 417**	**37 970**	**35 337**	**41 377**	**45 515**	**50 066**	**55 073**
Expenses							
Current expenses	**30 868**	**34 899**	**32 229**	**40 083**	**43 419**	**47 043**	**51 410**
Compensation of employees	17 795	18 345	20 693	25 308	27 838	30 622	33 368
Goods and services	12 488	15 749	10 388	13 584	14 813	15 850	17 440
Depreciation	514	805	1 147	1 191	767	571	602
Interest, dividends and rent on land	71	–	–	–	–	–	–
Total expenses	**30 868**	**34 899**	**32 229**	**40 083**	**43 419**	**47 043**	**51 410**
Surplus / (Deficit)	**2 549**	**3 071**	**3 108**	**1 295**	**2 096**	**3 024**	**3 663**
Statement of financial position							
Carrying value of assets	1 434	2 770	1 984	2 321	2 002	1 809	1 623
of which:							
Acquisition of assets	571	2 152	361	1 528	448	378	416
Receivables and prepayments	4 379	7 148	3 811	3 811	3 811	3 811	3 811
Cash and cash equivalents	1 517	1 315	5 853	4 220	2 443	(388)	3 461
Total assets	**7 330**	**11 233**	**11 648**	**10 352**	**8 256**	**5 232**	**8 895**
Accumulated surplus / (deficit)	3 267	6 337	9 444	8 149	6 053	3 029	6 692
Trade and other payables	4 063	4 896	2 203	2 203	2 203	2 203	2 203
Total equity and liabilities	**7 330**	**11 233**	**11 647**	**10 352**	**8 256**	**5 232**	**8 895**

Expenditure trends

The spending focus over the medium term will be on: increasing the efficacy of its investigations to resolve complaints more quickly through adjudication and arbitration, upholding the integrity of the pension fund industry, and protecting the interests of pension fund members. Spending in these activities will mainly be in compensation of employees and goods and services.

The agency receives revenue mainly in the form of transfers from the Financial Service Board. These transfers account for 99.8 per cent of the entity's revenue receipts. Other revenue consists of levies charged to registered companies in the financial sector, such as banks and insurance companies. Revenue increased from R33.4 million in 2008/09 to R41.4 million in 2011/12, at an average annual rate of 7.4 per cent, mainly in the transfer received from the Financial Services Board. Over the medium term, revenue is expected to increase to R55.1 million, at an average annual rate of 10 per cent. There is an expected increase in levies charged to registered companies that contributes to this increase.

Expenditure increased from R30.9 million in 2008/09 to R40.1 million in 2011/12, at an average annual rate of 9.1 per cent, mainly due to increased expenditure in rental costs as a result of the entity moving to a new office in 2009/10. Over the same period, expenditure on compensation of employees increased from R17.8 million to R25.3 million, at an average annual rate of 12.5 per cent, mainly due to the introduction of basic medical aid and retirement annuity schemes to all existing staff in 2010/11. Salary increases for executive management, professional levels and semi-skilled positions to resolve adjudication cases also contributed to this increase in compensation of employees. Expenditure on goods and services increased from R12.5 million in 2008/09 to R13.6 million in 2011/12, at an average annual rate of 2.8 per cent. The main cost drivers in spending on goods and services were lease payments, professional fees, computer services, and travel and subsistence.

Over the medium term, expenditure is expected to increase to R51.4 million, at an average annual rate of 8.6 per cent. Expenditure on compensation of employees is expected to increase to R33.4 million, at an average annual rate of 9.7 per cent, due to a projected increase in the number of personnel as a result of the recruitment of additional staff for the adjudication team to deal with the backlog of complaints lodged prior to 31 March 2011. Over the same period, spending on goods and services is expected to increase from R13.6 million to R17.4 million, at an average annual rate of 8.7 per cent, due to increased provision for lease payments, professional fees, computer services, and travel and subsistence.

Personnel information

Table10.46 Office of the Pension Funds Adjudicator

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of vacant posts	Actual			Mid- year[1]	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Executive management	3	3	2	1	1	1	1	3	3	3
Senior management	4	4	–	1	1	4	4	4	4	4
Middle management	1	1	–	1	1	1	1	3	1	1
Professionals	17	17	2	24	19	16	15	17	18	19
Skilled	5	5	1	4	4	4	4	5	5	5
Semi-skilled	29	29	–	32	28	29	28	29	31	33
Total	**59**	**59**	**5**	**63**	**54**	**55**	**53**	**61**	**62**	**65**
Compensation (R thousand)				17 795	18 345	20 693	25 308	27 838	30 622	33 368
Unit cost (R thousand)				282	340	376	478	456	494	513

1. As at 30 September 2011.

Personnel information

As at 30 September 2011, the entity had an approved, fully funded establishment of 59 posts mostly at the professional level. The filled posts decreased from 63 in 2008/09 to 53 in 2011/12, resulting in vacancies in the executive management and professional staff. Over the medium term, filled posts are expected to grow to 65 mainly due to recruiting additional staff for the adjudication team to deal with the backlog of complaints lodged prior to 31 March 2011. The increase is also due to employing additional executive managers and professional staff.

As at 30 September 2011, there were 6 vacancies due to resignations. The vacancies were spread across the executive management, professional and semi-skilled levels. The ratio of the support staff to the line staff is 1:5.

Public Investment Corporation

Overview: 2008/09 – 2014/15

The Public Investment Corporation Limited manages assets for the Government Employees Pension Fund, and is one of the largest investment managers in Africa. The corporation's clients are public sector entities, most of which are pension, provident, social security, development and guardian funds. The corporation is registered as a financial services provider. Its role is to invest funds on behalf of its clients, based on the investment mandates set by each and approved by the Financial Services Board.

The corporation's policy mandate includes amalgamating Advent Asset Management into the Public Investment Corporation properties division, and acquiring CBS Property Management's business to form a new properties division called PIC Real Estate Asset Managers. The Government Employees' Pension Fund's revised mandate allows for 5 per cent offshore investments and 5 per cent in Africa.

The corporation's goals over the medium term include: entrenching a culture of shareholder participation; corporate governance and a proxy voting policy to ensure consistency between the companies and shareholders; the organisation and fund managers that invest on the organisation's behalf. The focus is on social and economic infrastructure development, environmental sustainability, job creation, enterprise development and broad-based black economic empowerment while generating returns for the client. There have been no policy or practice changes affecting the Public Investment Corporation's strategic priorities.

Strategic priorities over the medium term include: growing the property assets under management; outperforming integrated development plan benchmarks; streamlining the property management business; enhancing management capabilities; and incorporating environmental social responsibility and governance into the property investment process.

The total investment portfolio of the corporation is R1 trillion. The Isibaya Fund provides finance for projects which are able to generate good financial returns while also supporting positive, long term, economic, social and environmental outcomes for South Africa. In 2010/11, the corporation invested R6 billion through the Isibaya Fund. Similarly, the corporation also purchased 50 per cent of the V&A Waterfront in Cape Town on behalf of the Government Employees' Pension Fund. In 2011/12, this investment was valued at approximately R4.9 billion. Over the medium term, R45 billion is earmarked for developmental investments through the Isibaya Fund.

Performance

The corporation manages assets in excess of R1 trillion and the corporation's received management fees decreased from R436.4 million in 2008/09 to R423.9 million mainly due to decreases in asset value. The corporation is expecting an increase in management fees to R553 million over the medium term as the asset value continues to increase. The corporation's net profit after tax has been fluctuating mainly due to the economic downturn. Total funds under its management are expected to increase to R1.5 trillion in 2014/15, mainly due to improved developmental investments, property division consolidation, foreign investment and good governance.

Funds under its management increased from R739.7 billion in 2008/09 to R1 trillion in 2010/11. Over the medium term, funds under management are expected to increase gradually from R1.3 trillion in 2012/13 to R1.5 trillion in 2014/15.

Selected performance indicators

Table 10.47 Public Investment Corporation

Indicator	Programme/Activity	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Value of revenue per year	Incurred on investing funds on behalf of clients	R436m	R345m	R395m	R424m	R417m	R522m	R553m
Value of operating expenses per year	Incurred on investing funds on behalf of clients	R278m	R275m	R285m	R388m	R383m	R454m	R481m
Value of net profit after tax per year	Incurred on investing funds on behalf of clients	R158m	R72m	R110m	R36m	R34m	R68m	R72m
Total amount of funds under management	Incurred on investing funds on behalf of clients	R739.7bn	R910.9bn	R1 032bn	R1 132bn	R1 261bn	R1 396bn	R1 494bn
Number of clients per year	Incurred on investing funds on behalf of clients	38	38	38	40	43	45	48

Programmes/activities/objectives

Table 10.48 Public Investment Corporation

	Audited outcome			Revised estimate	Medium-term estimate		
R thousand	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Incurred on investing funds on behalf of clients	278 165	275 327	285 368	387 526	383 405	453 734	480 959
Total expense	**278 165**	**275 327**	**285 368**	**387 526**	**383 405**	**453 734**	**480 959**

The Public Investment Corporation had a total budget of R387.5 million in 2011/12, of which 64.7 per cent was used for compensation of employees and 29.3 per cent for goods and services mainly in spending on computer services and consultants.

Savings and cost effectiveness measures

Due to the high reliance on skilled personnel and specialised information technology, the corporation has been through a process of increasing its capacity while maintaining its efficiency. The corporation has saved on performance and management fees by bringing the management of the structured investment products in house in 2011/12.

Expenditure estimates

Table 10.49 Public Investment Corporation

Statement of financial performance	Audited outcome			Revised estimate	Medium-term estimate		
R thousand	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Revenue							
Non-tax revenue	**436 447**	**346 999**	**395 116**	**423 919**	**417 322**	**522 106**	**553 432**
Sale of goods and services other than capital assets *of which:*	390 097	310 247	346 644	400 205	389 925	490 527	519 959
Sales by market establishments	390 097	310 247	346 644	400 205	389 925	490 527	519 959
Other non-tax revenue	46 350	36 752	48 472	23 714	27 397	31 579	33 474
Total revenue	**436 447**	**346 999**	**395 116**	**423 919**	**417 322**	**522 106**	**553 432**
Expenses							
Current expenses	**210 852**	**229 495**	**247 971**	**373 374**	**369 361**	**426 206**	**451 779**
Compensation of employees	125 619	134 219	161 323	250 684	240 621	285 772	302 918
Goods and services	79 636	88 658	77 731	113 685	126 542	138 017	146 298
Depreciation	5 428	6 373	8 250	9 005	2 198	2 417	2 563
Interest, dividends and rent on land	169	245	667	–	–	–	–
Total expenses	**278 165**	**275 327**	**285 368**	**387 526**	**383 405**	**453 734**	**480 959**
Surplus / (Deficit)	**158 282**	**71 672**	**109 748**	**36 393**	**33 917**	**68 372**	**72 473**

Table 10.49 Public Investment Corporation (continued)

Statement of financial performance	Audited outcome			Revised estimate	Medium-term estimate		
R thousand	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Statement of financial position							
Carrying value of assets	19 592	31 357	30 284	34 999	33 578	32 096	30 524
of which:							
Acquisition of assets	8 913	20 858	9 309	13 720	777	935	991
Investments	41 181	260 525	286 292	286 292	282 681	282 681	282 681
Receivables and prepayments	43 510	34 517	40 950	50 461	116 811	110 067	120 241
Cash and cash equivalents	339 172	107 200	191 401	296 274	335 322	362 518	391 631
Non-current assets held for sale	–	–	–	40 125	30 454	21 815	23 124
Taxation	5 056	13 424	12 855	–	–	–	–
Derivatives financial instruments	3 118	8 791	1 625	–	–	–	–
Total assets	**451 629**	**455 814**	**563 407**	**708 151**	**798 846**	**809 177**	**848 201**
Accumulated surplus / (deficit)	417 974	136 049	234 727	271 120	305 037	373 409	445 882
Capital and reserves	1	278 001	278 001	370 263	413 003	327 439	287 551
Borrowings	1 148	1 558	767	767	760	754	748
Finance lease	–	–	–	10 650	24 695	52 224	55 357
Trade and other payables	19 672	22 229	17 548	48 960	48 960	48 960	51 888
Taxation	608	–	–	–	–	–	–
Provisions	9 108	9 186	30 739	6 391	6 391	6 391	6 774
Total equity and liabilities	**448 511**	**447 023**	**561 782**	**708 151**	**798 846**	**809 177**	**848 201**

Expenditure trends

The spending focus over the medium term will be on the acquisition of IT systems and related software licences and maintenance costs, and the leasing of a new building and long term incentives for staff. The strategic objectives of the corporation related to this spending focus are to increase the assets under management and deliver better performance on investments.

The corporation receives a management fee for managing the assets of its clients, including the Government Employees Pension Fund. Revenue decreased from R436.4 million in 2008/09 to R423.9 million in 2011/12, at an average annual rate of 1 per cent due to the economic downturn. Other non-tax revenue such as interest from the bank decreased from R46.4 million to R23.7 million, at an average annual rate of 20 per cent due to a decrease in the interest received. Over the medium term, revenue is expected to increase to R553.4 million, at an average annual rate of 9.3 per cent. This is mainly due to an increase in management fees received as a result of the anticipated increase in the market value of assets managed. Other non-tax revenue is expected to increase to R33.5 million, at an average annual rate of 12.2 per cent, due to adjustments to the fair value of assets.

Expenditure increased from R278.2 million in 2008/09 to R387.5 million in 2011/12, at an average annual rate of 11.7 per cent. The increase was due to the acquisition of IT systems in 2011/12 and related software licences and maintenance costs, and the leasing of a new building from 2009/10 to accommodate increases in staff. Over the medium term, expenditure is expected to increase to R481 million, at an average annual rate of 7.5 per cent. The growth is due to the increase in the number of employees, the introduction of the long term incentives and expenditure on IT systems.

The entity uses consultants mainly to implement information management projects. It also uses professional services for legal advice and certain investment requirements, such as specialised audits. Spending on consultants increased from R15.2 million in 2008/09 to R18 million in 2011/12, at an average annual rate of 5.8 per cent and is expected to decrease slightly to R17.8 million in 2014/15, at an average annual rate of 0.5 per cent, mainly due to less consultants being used.

Personnel information

Table 10.50 Public Investment Corporation

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of vacant posts	Actual			Mid-year[1]	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Executive board members	3	3	1	3	3	3	2	3	4	5
Senior management	7	7	3	5	5	6	4	7	8	8
Middle management	39	39	28	20	20	20	11	22	25	27
Professionals	55	55	–	30	40	48	55	58	60	62
Skilled	161	161	28	55	80	143	133	146	154	163
Semi-skilled	135	135	19	44	81	110	116	129	134	142
Very low skilled	19	19	–	5	5	8	19	22	23	23
Total	**419**	**419**	**79**	**162**	**234**	**338**	**340**	**387**	**408**	**430**
Compensation (R thousand)				125 619	134 219	161 323	250 684	240 621	285 772	302 918
Unit cost (R thousand)				775	574	477	737	622	700	704

1. As at 30 September 2011.

As at 30 September 2011, the entity had an approved establishment of 419 all of which were funded. Filled posts increased from 162 in 2008/09 to 340 in 2011/12. The expansion was mainly at the skilled level and was concentrated in the properties and Isibaya divisions due to the expansion of business to improve efficiency. Over the medium term, filled posts are expected to grow to 430. The growth is concentrated mainly in the expansion at the skilled and semi-skilled levels in the properties and Isibaya divisions.

As at 30 September 2011, there were 79 vacancies, mainly at skilled and in semi-skilled levels. Some of these vacancies are the result of resignations. The ratio of support staff to line function personnel is 1:1.52.

South African Revenue Service

Overview: 2008/09 – 2014/15

The South African Revenue Service's mandate in terms of the South African Revenue Service Act (1997) is to collect all revenue due to the state and administer trade, to support government in meeting its key growth developmental objectives by facilitating legitimate trade, protecting South African ports of entry and eliminating illegal trade and tax evasion. The service's purpose is also to contribute to the economic and social development of our country through collecting the resources needed by government to meet its policy and delivery priorities. The service is also responsible for ensuring maximum compliance with tax and customs legislation and providing a customs service that maximises revenue collection, protects South Africa's borders and facilitates trade.

The service has identified a number of strategic priorities for the medium term: to ensure sustainability; to drive productivity, service quality and cost efficiency; to fully deliver on its customs mandate in a way that is aligned with government's stated intentions; to streamline governance and strengthen leadership; to fully implement taxpayer and trader segmentation to strengthen the business model; to maximise value creation by enabling employees to perform optimally; and to deepen key external relationships to enhance the service's reputation. The service is continuing with its modernisation strategy, in which core processes and systems are streamlined and routine tasks automated.

The service carries out its mandate through the following programmes: operations for the office of the chief financial officer, which provides core tax administration services and ICT services that support operations; strategy enablement and enforcement, which is responsible for the entity's strategic and risk management, anticorruption and security services, stakeholder management and national investigation services; customs and border management, which protects and manages the borders of South Africa to promote legal trade and restrict illegal trade, facilitate trade, and maximise customs revenue collections; and modernisation and impactful projects, which provides innovative strategies to improve the operations of the entity.

The entity is structured into means of four programmes: operations, which provides core tax administration services and IT services that support operations; enablement and enforcement, which is responsible for the entity's strategic and risk management, anticorruption and security services, and stakeholder management and national investigation services; customs and border management protects and manages the borders of South Africa to promote legal trade and restrict illegal trade, facilitates trade, and maximises customs revenue collections; and modernisation and impactful projects, which provides innovative strategies to improve the operations of the organisation by improving core processes and introducing systems that automate streamlined and routine tasks.

Performance

Revenue collection increased from R652 billion in 2008/09 to R728.6 billion in 2011/12, mainly due to increased custom revenue collection and increased electronic filing for personal income tax and corporate tax. Custom revenue collection as part of the total income tax collected by the service increased from R22.8 billion to R126.8 billion, mainly due to enhanced border control management systems. The South African Revenue Service expects to recover cash from the debt book of R11 billion per year over the medium term. With the modernisation and impact initiatives projects, the service expects to enhance over the medium term its average processing turnaround times for value added tax from 15 working days in 2011/12 to less than 5 days. The average processing turnaround time for corporate income tax is expected to be reduced from 3 working days to 2 working days over the medium term. Personal income tax average processing turnaround times are expected to remain at 2 working days over the seven-year period.

Selected performance indicators

Table 10.51 South African Revenue Service

Indicator	Programme/Activity	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Value of annual revenue collected[1]	Tax collection and assessment	R625.1bn	R589bn	R651bn	R728.6bn	–	–	–
Custom revenue collected[1]	Tax collection and assessment	R22.8bn	R19.6bn	R109.2bn	R126.8bn	–	–	–
Number of personal income tax returns per year	Tax collection and assessment	3 951 534	3 791 873	3 810 832	3 848 941	4 041 388	4 041 388	4 041 388
Number of corporate tax returns per year	Tax collection and assessment	587 719	638 026	641 216	647 628	680 009	680 009	680 009
Number of value added tax returns per year	Tax collection and assessment	4 272 620	3 821 856	3 840 965	3 879 375	4 073 343	4 073 343	4 073 343
Number of PAYE tax returns per year	Tax collection and assessment	4 273 038	4 029 279	4 049 425	4 089 920	4 294 416	4 294 416	4 294 416
Number of imports bill of entry per year	Tax collection and assessment	2 173 108	2 180 336	2 245 746	2 355 541	2 473 318	2 473 318	2 473 318
Number of exports per year	Tax collection and assessment	2 940 294	2 893 890	2 980 707	3 126 435	3 282 756	3 282 756	3 282 756
Percentage on time filing	Tax collection and assessment	–	78.6%	80%	83%	85%	87%	87%
Percentage reduction in outstanding returns	Tax collection and assessment	–	5%	8%	5%	5%	5%	5%
Revenue collected against staff cost incurred	Tax collection and assessment	–	134:1	133:1	136:1	141:1	156:1	156:1
Percentage of first contact resolution via contact centres	Tax collection and assessment	–	44%	50%	87.5%	90%	90%	90%
Uptake in electronic declaration (Southern African Customs Union)	Customs operations	–	36%	50%	75%	80%	85%	85%
Percentage of adherence to turnaround time for electronic declarations processing (2 hours)	Customs operations	–	72%	85%	95%	95%	95%	95%
Average processing turnaround time for corporate income tax returns	South African Revenue Service operations	–	–	3 working days	3 working days	3 working days	2 working days	2 working days
Average processing turnaround time for value added tax returns	Modernisation and impactful initiative	–	–	21 working days	15 working days	10 working days	Less than 5 working days	Less than 5 working days

Table 10.51 The South African Revenue Service (continued)

Indicator	Programme/Activity	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Percentage of collection (uptake) through the customs electronic systems (electronic data interchange)	South African Revenue Service operations	–	–	70%	80%	90%	95%	95%
Percentage of collection (uptake) through the electronic filing systems , declaration and payment submission for all tax products	South African Revenue Service operations	–	–	80%	80%	81%	82%	82%

1. Targets will be as agreed upon with the Minister of Finance.

Programmes/activities/objectives

Table 10.52 South African Revenue Service

	Audited outcome			Revised estimate	Medium-term estimate		
R thousand	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Operations	3 662 314	3 983 757	4 321 137	4 426 451	4 799 012	5 191 748	5 612 948
Large business centre	183 919	208 500	231 267	281 684	326 133	352 925	383 607
Customs border management	150 898	132 933	209 386	517 477	564 986	611 401	661 087
African tax administration forum	–	–	3 932	10 671	11 616	12 570	13 590
Strategy enablement and enforcement	491 304	612 135	670 471	772 253	842 984	912 915	987 558
Support services	1 579 291	1 773 000	1 926 508	2 309 714	2 551 028	2 783 806	2 996 591
Modernistion and impactful initiatives	449 147	334 326	140 318	486 140	255 824	260 239	267 068
Total expense	**6 516 873**	**7 044 651**	**7 503 020**	**8 804 390**	**9 351 583**	**10 125 604**	**10 922 449**

The South African Revenue Service had a total budget of R8.8 billion in 2011/12, of which 63.1 per cent was used for compensation of employees.

Savings and cost effectiveness measures

The entity has achieved significant savings of R225 million over the medium term in the following spending items: data and voice costs; support and maintenance costs for servers, desktop computers, laptop computers and printers; and support and maintenance costs for the wide area network and local area network. An automated telephone management system will be introduced during the medium term that will allow the entity to recover excessive personal telephone costs from employees.

Expenditure estimates

Table 10.53 South African Revenue Service

Statement of financial performance	Audited outcome			Revised estimate	Medium-term estimate		
R thousand	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Revenue							
Non-tax revenue	**364 629**	**349 276**	**427 814**	**327 000**	**298 000**	**310 000**	**310 000**
Other non-tax revenue	364 629	349 276	427 814	327 000	298 000	310 000	310 000
Transfers received	6 303 510	7 148 446	8 138 108	8 653 573	9 194 374	9 682 215	10 242 648
Total revenue	**6 668 139**	**7 497 722**	**8 565 922**	**8 980 573**	**9 492 374**	**9 992 215**	**10 552 648**

Table 10.53 South African Revenue Service (continued)

Statement of financial performance	Audited outcome			Revised estimate	Medium-term estimate		
R thousand	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Expenses							
Current expenses	**6 516 873**	**7 044 651**	**7 503 020**	**8 804 390**	**9 351 583**	**10 125 604**	**10 922 449**
Compensation of employees	4 021 471	4 367 226	4 944 853	5 560 787	6 002 823	6 494 340	7 020 948
Goods and services	2 218 069	2 273 859	2 113 946	2 719 993	2 732 799	2 954 378	3 184 002
Depreciation	277 333	382 774	423 154	507 785	599 186	659 105	698 651
Interest, dividends and rent on land	–	20 792	21 066	15 825	16 775	17 781	18 848
Total expenses	**6 516 873**	**7 044 651**	**7 503 020**	**8 804 390**	**9 351 583**	**10 125 604**	**10 922 449**
Surplus / (Deficit)	**151 266**	**453 071**	**1 062 902**	**176 183**	**140 791**	**(133 389)**	**(369 801)**
Statement of financial position							
Carrying value of assets	1 123 844	1 276 440	1 641 007	2 073 189	2 207 917	2 289 297	2 323 324
of which:							
Acquisition of assets	647 212	536 481	758 399	939 966	733 914	740 485	732 677
Receivables and prepayments	94 361	81 712	190 698	205 732	212 037	222 004	232 768
Cash and cash equivalents	981 670	1 358 927	2 160 625	1 880 153	1 839 999	1 670 204	1 316 468
Total assets	**2 199 875**	**2 717 079**	**3 992 330**	**4 159 074**	**4 259 953**	**4 181 505**	**3 872 560**
Accumulated surplus / (deficit)	753 510	1 213 696	2 276 599	2 452 782	2 593 573	2 460 184	2 090 384
Capital and reserves	61 791	61 768	102 598	102 598	102 598	102 598	102 598
Finance lease	367 567	400 813	432 641	413 641	394 641	375 641	356 641
Deferred income	2 335	1 157	481	481	481	481	481
Trade and other payables	659 040	693 540	760 710	744 237	708 417	758 882	813 384
Provisions	355 633	346 105	419 301	445 335	460 243	483 719	509 073
Total equity and liabilities	**2 199 876**	**2 717 079**	**3 992 330**	**4 159 074**	**4 259 953**	**4 181 505**	**3 872 561**

Expenditure trends

The spending focus over the medium term will be on divisions that have the greatest impact on service delivery, including continuing with the modernisation programme, which has played a significant part in the South African Revenue Service's achievements to date such as electronic filing system for tax payers and companies. The entity's spending focus will continue with the modernisation for value added tax, corporate income tax and customs by providing security for borders and ports of entry, to protect our economy. The main spending items to achieve the medium term objectives are mainly compensation of employees, goods and services and the depreciation cost item.

The entity collects revenue on behalf of government from value added tax, customs and duties, and pay as you earn tax. The South African Revenue Service receives a transfer from National Treasury of approximately 96 per cent of total revenue generated by the entity. Other revenue consists of interest received from the bank and commission income from collecting funds on behalf of the Unemployment Insurance Fund. Revenue increases from R6.7 billion in 2008/09 to R9 billion in 2011/12, at an average annual rate of 10.4 per cent. Over the medium term, revenue is expected to increase to R10.6 billion, at an average annual rate of 5.5 per cent. The growth in revenue over both periods is mainly to provide for enforcement initiatives and the continued IT enhancements as part of the modernisation programme. Other non-tax revenue is expected to decrease from R364.6 million in 2008/09 to R310 million in 2014/15, at an average annual rate of 1.8 per cent mainly due to anticipated lower interest receivable from the bank.

Expenditure increased from R6.5 billion in 2008/09 to R8.8 billion in 2011/12, at an average annual rate of 10.5 per cent, due to increased spending on compensation of employees and the modernisation of the entity's tax collection operations. Over the medium term, spending is projected to increase to R10.9 billion, at an average annual rate of 7.5 per cent, due to the continuation of the modernisation projects for customs and corporate income tax. Between 2011/12 and 2014/15, expenditure on compensation of employees is expected to increase from R5.6 billion to R7 billion, at an average annual rate of 8.1 per cent. The entity is committed to managing staff growth against a backdrop of increasing transaction volumes. Apart from the strengthening of audit capacity and providing capacity for the border management function, the entity aims to maintain staff numbers at existing levels. Staff freed up as a result of the modernisation of its operations will be redirected, whenever possible, to strengthening the enforcement capacity. The entity is gradually transforming its skill base by recruiting more specialised and high level skills. This will lead to an increase in the average per unit cost of staff.

Over the medium term, expenditure on goods and services is expected to increase from R2.7 billion to R3.2 billion, at an average annual rate of 5.4 per cent, mainly due to the modernisation projects for customs and value added tax. The main cost drivers in spending on goods and services are IT costs, utilities costs and building lease costs. Consultancy expenditure over the seven-year period constitutes 1.8 per cent of total expenses, with a medium term allocation of R464.6 million for consultants for legal skills, and information technology related skills that will be used in the entity's modernisation programme.

Personnel information

Table 10.54 South African Revenue Service

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded Posts	Number of vacant posts	Actual			Mid-year[1]	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Executive board members	8	8	–	–	–	8	8	8	8	8
Executive management	101	88	13	90	94	93	88	89	90	91
Senior management	317	259	58	225	246	250	259	262	264	267
Middle management	1 081	885	196	637	814	854	885	894	903	912
Professionals	2 186	1 981	205	1 744	1 838	1 911	1 981	2 001	2 021	2 041
Skilled	12 284	12 108	176	11 763	11 471	11 681	12 108	12 230	12 352	12 475
Semi-skilled	269	269	–	292	275	259	269	271	274	277
Total	**16 246**	**15 598**	**648**	**14 751**	**14 738**	**15 056**	**15 598**	**15 755**	**15 912**	**16 071**
Compensation (R thousand)				4 021 471	4 367 226	4 944 853	5 560 787	6 002 823	6 494 340	7 020 948
Unit cost (R thousand)				273	296	328	357	381	408	437

1. As at 30 September 2011.

As at 30 September 2011, the entity had an approved establishment of 16 246 post, of which 15 598 were funded. The filled establishment increased from 14 751 in 2008/09 to 15 598 in 2011/12 .The bulk of the growth in filled posts is at the skilled level. Over the medium term, filled posts are expected to grow to 16 071 mainly at the semi-skilled level. This is mainly to increase capacity in the forensic investigative units to combat the increasing sophistication in tax evasion and misdemeanours. The increases at the semi-skilled level are for employees working across the regions and tax districts to increase tax compliance.

Over the medium term, filled posts are expected to grow to 16 071. This is mainly for growing revenue collection operations by bringing in highly skilled specialists to focus on the specialised and complex tax transactions. The increase will also incorporate the border control and customs projects and the graduate recruitment programme.

As at 30 September 2011, the entity had a vacancy rate of 3.9 per cent as the entity is experiencing difficulty in filling auditing positions.

South African Special Risks Insurance Association

Overview: 2008/09 – 2014/15

The South African Special Risks Insurance Association was established in 1979 and was registered in terms of section 21 of the Companies Act (1973). In 1998, the conversion of the South African Special Risk Insurance Association Act (1998) made government the sole shareholder. The association's aim is to support the insurance industry by providing cover for special risks such as riots, strikes, political unrest, terrorist attacks, civil commotion, public disorder and labour disturbances.

The South African Special Risk Insurance Association's mandate is to cover the following risks as defined in the Reinsurance of Material Damages and Losses Act (1989): any act directed to overthrow the government by means of fear, violence or terrorism; any act directed to bring about damage to achieve political, social or economic change or in protest against any government or for the purpose of inspiring fear in the public; any riot, strike or public disorder including civil commotion, labour disturbances or lockouts; any attempt to perform any act mentioned above; and any act by lawfully established authority in controlling or suppressing any occurrence referred to above.

The association has adopted a steady, consistent and transparent dividend policy that will not place undue strain on the cash resources and liquidity of the company, or leave inadequate cash reserves to meet future growth requirements. The dividend policy caters for an increase in the capital reserves of 10 per cent per year. This is required to maintain the levels of the required capital after due consideration of the increase in insured property values. Based on capital of R3 billion as per the most recently determined required capital reserves, R275 million will be set aside to maintain the required capital reserves. This equates to 55 per cent of the estimated income of approximately R500 million for the year ended March 2011. A further 15 per cent will be allocated to fund the company's growth requirements and 30 per cent will be available to be declared as dividends.

Performance

The association's performance indicators include the following: achieve 15 per cent to 20 per cent growth from conventional business and achieves gross written premium income on enhancements to current products of R75 million; achieve net investment income of R280 million; renew existing reinsurance agreements with a 5 per cent reduction in rate charges; and improve R500 million coupons to include net profit cover. The company's investments did not perform and expected due to the economic slowdown. However, investment income is expected to increase from R194 million in 2011/12 to R215.3 million in 2012/13. Premium income is expected to increase from R646.9 million in 2011/12 to R946.7 million in 2014/15. The association will also increase the social responsibility budget from R8.2 million in 2011/12 to R9.8 million during 2014/15 for the training of actuarial science students.

Selected performance indicators

Table 10.55 South African Special Risks Insurance Association

Indicator	Programme/Activity	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Value of premium income per year	Increased premium income	R248.6m	R259.5m	R162.6m	R647m	R736.4m	R832.5m	R946.7m
Value of investment income per year	Increased investment income	R134.4m	R145.4m	R128.7m	R18.4m	R19.5m	R20.7m	R22m
Controlled costs	Control costs	40 537	42 847	34 317	30 114	30 183	32 279	34 521
Number of awareness campaigns per year	Improved awareness of company through marketing	367	397	333	6 371	5 480	5 809	6 157
Number of staff members trained per year	Improved staff skills through training	117	126	107	1 210	1 283	1 359	1 441
Number of social responsibility education programmes per year	Social responsibility programme targeted at education	1 000	1 082	903	8 235	8 335	8 777	9 787

Programmes/activities/objectives

Table 10.56 South African Special Risks Insurance Association

	Audited outcome			Revised estimate	Medium-term estimate		
R thousand	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Value of premium income per year	248 555	268 822	602 712	646 977	736 441	832 451	946 742
Value of investment income per year	134 436	145 397	17 190	18 428	19 534	20 706	21 949
Number of awareness campaigns per year	367	397	6 149	6 371	5 480	5 809	6 157
Number of staff members trained per year	117	126	627	1 210	1 283	1 359	1 441
Number of social responsibility education programmes per year	1 000	1 082	9 996	8 235	8 335	8 777	9 787
Control costs	40 538	34 555	2 500	30 114	30 183	32 279	34 521
Total expense	**425 013**	**450 379**	**639 174**	**711 335**	**801 256**	**901 381**	**1 020 597**

The South African Special Risks Insurance Association had a total budget of R711.3 million in 2011/12, of which 72.5 per cent was used on goods and services.

Savings and cost effectiveness measures

The association aims to reduce reinsurance costs to 22.9 per cent of premium income and maintain administration and marketing expenditure within agreed budget in 2011/12.

Expenditure estimates

Table 10.57 South African Special Risks Insurance Association

Statement of financial performance	Audited outcome			Revised estimate	Medium-term estimate		
R thousand	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Revenue							
Non-tax revenue	**777 231**	**961 377**	**1 061 360**	**1 128 025**	**1 240 132**	**1 390 761**	**1 565 569**
Sale of goods and services other than capital assets *of which:*	485 497	582 023	760 309	846 533	962 373	1 091 944	1 244 007
Sales by market establishments	485 497	582 023	760 309	846 533	962 373	1 091 944	1 244 007
Other non-tax revenue	291 734	379 354	301 051	281 492	277 759	298 817	321 562
Total revenue	**777 231**	**961 377**	**1 061 360**	**1 128 025**	**1 240 132**	**1 390 761**	**1 565 569**
Expenses							
Current expenses	**283 635**	**234 860**	**445 156**	**549 261**	**630 583**	**711 067**	**808 663**
Compensation of employees	20 072	30 074	31 642	28 614	28 567	30 566	32 706
Goods and services	258 729	200 987	408 064	515 968	597 156	675 349	770 805
Depreciation	4 834	3 799	5 450	4 679	4 860	5 152	5 152
Total expenses	**425 013**	**450 379**	**639 174**	**711 335**	**801 256**	**901 381**	**1 020 597**
Surplus / (Deficit)	**352 218**	**510 998**	**422 186**	**416 690**	**438 876**	**489 380**	**544 972**
Statement of financial position							
Carrying value of assets	70 552	80 546	79 161	76 437	74 383	70 969	66 655
of which:							
Acquisition of assets	7 114	6 746	2 454	1 955	2 806	1 738	838
Investments	1 061 661	2 293 165	2 739 389	3 044 340	3 372 870	3 735 421	4 136 303
Receivables and prepayments	262 716	265 526	254 069	215 729	228 698	242 575	257 424
Cash and cash equivalents	1 792 085	1 052 756	1 042 765	1 262 529	1 232 634	1 214 935	1 144 820
Total assets	**3 187 014**	**3 691 993**	**4 115 384**	**4 599 035**	**4 908 585**	**5 263 900**	**5 605 202**
Accumulated surplus / (deficit)	2 691 122	3 202 120	3 473 664	3 763 698	4 028 924	4 335 440	4 676 504
Trade and other payables	495 892	489 873	641 720	835 337	879 661	928 460	928 698
Total equity and liabilities	**3 187 014**	**3 691 993**	**4 115 384**	**4 599 035**	**4 908 585**	**5 263 900**	**5 605 202**

Expenditure trends

The spending focus over the medium term will be on ensuring that the association is sustainable beyond the current business model. The spending focus will also be on operating costs, such as employee costs, advertising and other operating costs. Over the same period, the association's strategic objective includes: enhancing the current covers; introduction of new products; exploring new markets, exploring new distribution channels and maximisation of its brand and product awareness.

The association generates revenue from group schemes, individual cover and large clients. The association's group scheme cover is usually sold as a coupon attached to another insurance policy, while the other cover is generally sold directly through brokers. Revenue increased from R777.2 million in 2008/09 to R1.1 billion in 2011/12, at an average annual rate of 13.2 per cent, mainly due to increased insurance collection. Over the medium term, revenue is expected to increase to R1.6 billion, at an average annual rate of 11.5 per cent due to the association's monopolisation of the riot cover in the country.

In 2010/11, the association experienced a significant increase in claims mainly due to strike related activities. This resulted in a loss ratio of 26.3 per cent in 2010/11 compared to a loss ratio of around 1.9 per cent in

2009/10. The 2011 claims trend is forecasted to continue and the association is expecting a loss ratio of 25 per cent in 2011/12. The association's net profit after tax is forecasted to decrease to R416.6 million in 2011/12 from R422.1 million in 2010/11m mainly due to investment income being lower than expected. Over the medium term, the net profit after tax is expected to increase from R416.7 million to R545.0 million.

Expenditure increased from R425 million in 2008/09 to R711.3 million in 2011/12, at an average annual rate of 18.7 per cent, due to a significant increase in claims related to strike activities. Over the same period, spending on compensation of employees increased from R20.1 million to R28.6 million, at an average annual rate of 12.5 per cent, while spending on goods and services increased from R258.7 million to R516 million, at an average annual rate of 25.9 per cent, due to increased riot claims. The main cost drivers in spending on goods and services were board costs, advertising, computer services, consultants, and travel and subsistence.

Over the medium term, total expenditure is expected to increase to R1 billion, at an average annual rate of 12.8 per cent, due to the increases in spending on claims related to strike activities. Expenditure on compensation of employees is expected to increase to R32.7 million, at an average annual rate of 4.6 per cent. Over the same period, spending on goods and services is expected to increase from R516 million to R770.8 million, at an average annual rate of 14.3 per cent, mainly due to increased reinsurance premiums costs.

The entity uses consultants mainly for projects and areas of the business requiring specific technical skills, such as actuarial skills. Spending on consultants increased from R4.4 million in 2008/09 to R9.3 million in 2011/12, due to the actuarial professional services acquired. Over the medium term, spending on consultants is expected decrease to R4.1 million.

Personnel information

Table 10.58 South African Special Risks Insurance Association

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of vacant posts	Actual			Mid- year[1]	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Executive board members	2	2	–	2	2	2	2	2	2	2
Executive management	3	3	–	2	4	4	4	5	5	5
Senior management	3	3	–	–	–	–	–	–	–	–
Middle management	4	4	–	6	6	7	7	8	8	8
Professionals	6	6	–	4	4	5	5	7	7	7
Skilled	17	17	–	19	20	17	17	17	17	16
Semi-skilled	5	5	–	10	10	6	6	6	6	6
Very low skilled	–	–	–	–	5	5	5	5	5	5
Total	**40**	**40**	**–**	**43**	**51**	**46**	**46**	**50**	**50**	**49**
Compensation (R thousand)				20 072	30 074	31 642	28 614	28 567	30 566	32 706
Unit cost (R thousand)				467	590	688	622	571	611	667

1. As at 30 September 2011.

As at 30 September 2011, the entity had an approved, fully funded and filled establishment of 40 posts. Filled posts increased from 43 in 2008/09 to 46 in 2011/12 mainly due to the appointments of an executive underwriter, a business development executive and the underwriting manager. Over the medium term, filled posts are expected to grow to 49. This is mainly in due to the increase in professional employees in response to the additional requirements imposed on the association under the Financial Services Board's capacity building of the new capital management structure. The ratio of support staff to line staff is 1:4.

Land and Agricultural Development Bank of South Africa

Overview: 2008/09 – 2014/15

The mandate of the Land and Agricultural Development of South Africa, as a development finance institution, is to address agricultural and rural development in South Africa. The bank operates in the agricultural and agribusiness sectors and is regulated by the Land and Agricultural Development Bank Act (2002) and the Public Finance Management Act (1999). The bank is keen to resume the development component of its mandate, and this should be evident in the projects that are moving through the pipeline.

Over the past three years, the bank has managed to maintain sound financial controls and build investor confidence as evidenced by clean audit reports and the diversification in the bank`s investor profile. In the 2009 to 2011 financial period, the bank reported respectable profits. The Treasury's support through capital injections and the guarantee is assuring potential and existing investors that the bank is a stable institution. In the 2011 financial period, the bank successfully launched the domestic medium term note with success. The bank managed to raise R1.1 billion from the open market. The medium term paper will reduce refinancing risk to some extent and enhance the stability of the bank's lending operations. Over the medium term, the bank will focus on sharpening the development focus through support to emerging farmers, and strengthening the agriculture value chain.

The bank provides for the financing of development farmers and agricultural related businesses through the following programmes: business and corporate banking, which deals with corporate clients in agricultural related businesses; retail commercial banking services, which supports individuals and small companies that have graduated to the commercial stage; and retail emerging markets, which finances developing farmers.

Performance

Over the past three years the bank has managed to maintain sound financial controls and build investor confidence, as evidenced by the clean audit reports and the diversification in the bank`s investor profile. Between 2009 and 2011, the bank reported respectable profits. The National Treasury's support through capital injections and the guarantee assures potential and existing investors that the bank is a stable institution. During the 2011 financial period, the bank successfully launched the domestic medium term note. The bank managed to raise R1.1billion from the open market. The medium term paper will reduce refinancing risk to some extent and enhance the stability of the bank`s lending operations.

Over the medium term, the bank will sharpen its development focus through support to emerging farmers, and strengthening the agriculture value chain.

Selected performance indicators

Table 10.59 Land and Agricultural Development Bank of South Africa

Indicator	Programme/Activity/Objective//Project	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Percentage of cost efficiency (cost efficiency)	Financing of development farmers and agricultural related businesses	53%	59%	82%	81%	82%	75%	73%
Capital adequacy ratio	Financing of development farmers and agricultural related businesses	21%	42%	42.6%	43%	38%	35%	32%
Gross interest margin	Financing of development farmers and agricultural related businesses	36%	60%	43%	42%	41%	40%	39%

Programmes/activities/objectives

Table 10.60 Land and Agricultural Development Bank of South Africa

	Audited outcome			Revised estimate	Medium-term estimate		
R thousand	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Financing of development farmers as well as agricultural related businesses	2 109 953	1 766 637	1 274 836	1 544 468	1 757 480	2 087 523	2 290 755
Total expense	**2 109 953**	**1 766 637**	**1 274 836**	**1 544 468**	**1 757 480**	**2 087 523**	**2 290 755**

The Land and Agricultural Development Bank of South Africa had a total budget of R1.5 billion in 2011/12, which was used in full to finance development farmers and agricultural related businesses.

Savings and cost effectiveness measures

Under its Fit for the Future project, the bank is reviewing its operational imperatives to identify areas where costs will be saved. The bank has since filled most of its critical vacancies with suitably skilled personnel. As a result, savings are expected on professional fees. The bank will strive to maintain its operating expenses within the budget limits.

Expenditure estimates

Table 10.61 Land and Agricultural Development Bank of South Africa

Statement of financial performance	Audited outcome			Revised estimate	Medium-term estimate		
R thousand	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Revenue							
Non-tax revenue	**2 278 088**	**2 145 726**	**1 560 934**	**1 668 624**	**1 798 992**	**2 150 187**	**2 410 522**
Sale of goods and services other than capital assets	78 366	81 371	89 567	60 661	68 157	68 129	75 201
of which:							
Administration fees	26 570	61 877	33 832	49 627	54 590	60 049	66 054
Sales by market establishments	51 796	19 494	55 735	11 034	13 567	8 080	9 147
Other non-tax revenue	2 199 722	2 064 355	1 471 367	1 607 962	1 730 835	2 082 058	2 335 321
Total revenue	**2 278 088**	**2 145 726**	**1 560 934**	**1 668 624**	**1 798 992**	**2 150 187**	**2 410 522**
Expenses							
Current expenses	**2 087 976**	**1 743 506**	**1 247 957**	**1 519 836**	**1 729 123**	**2 057 662**	**2 259 192**
Compensation of employees	204 675	263 822	307 370	362 982	388 948	418 119	449 478
Goods and services	442 365	399 438	135 636	254 811	218 374	265 580	248 510
Depreciation	8 653	10 021	11 079	21 142	22 347	27 235	27 877
Interest, dividends and rent on land	1 432 283	1 070 225	793 872	880 902	1 099 454	1 346 728	1 533 328
Transfers and subsidies	–	–	–	–	–	–	–
Total expenses	**2 109 953**	**1 766 637**	**1 274 836**	**1 544 468**	**1 757 480**	**2 087 523**	**2 290 755**
Surplus / (Deficit)	**168 135**	**379 089**	**286 098**	**124 155**	**41 511**	**62 664**	**119 767**
Statement of financial position							
Carrying value of assets	239 005	231 668	214 297	230 918	326 918	292 767	284 036
of which:							
Acquisition of assets	1 319	20 518	29 483	37 763	118 815	12 982	18 774
Investments	868 617	1 073 879	1 199 335	1 199 335	1 239 991	1 322 136	1 375 474
Inventory	264 212	250 874	276 085	276 085	276 086	276 085	276 086
Accrued investment interest	105 091	15 149	7 155	39 043	–	–	–
Receivables and prepayments	11 892 554	12 294 424	14 299 153	17 361 055	19 036 027	20 755 819	22 056 497
Cash and cash equivalents	4 023 284	1 934 823	2 087 520	1 420 156	1 300 000	1 750 000	1 415 000
Non-current assets held for sale	171 161	153 898	214 128	137 594	129 900	118 593	108 552
Total assets	**17 563 924**	**15 954 715**	**18 297 673**	**20 664 186**	**22 308 921**	**24 515 400**	**25 515 645**
Accumulated surplus / (deficit)	2 221 244	3 585 243	4 632 242	4 756 397	4 797 908	4 860 572	4 980 340
Capital and reserves	106 623	121 713	107 512	121 713	122 930	124 159	125 401
Borrowings	13 161 022	10 661 930	11 854 986	14 379 451	15 957 958	17 753 261	18 955 607
Finance lease	671 733	705 506	885 406	596 135	619 437	320 391	21 480
Trade and other payables	165 410	273 947	199 348	201 596	205 747	209 827	214 447
Provisions	558 880	606 376	618 179	608 894	604 941	647 189	618 370
Managed funds (e.g. Poverty Alleviation Fund)	679 012	–	–	–	–	600 000	600 000
Total equity and liabilities	**17 563 924**	**15 954 715**	**18 297 673**	**20 664 186**	**22 308 921**	**24 515 400**	**25 515 645**

Expenditure trends

The spending focus over the medium term will be on growing the investment portfolio and delivering better performance from investments.

Revenue is mainly derived from interest on loans and supporting services. Interest revenue from loans declined from R2.2 billion in 2008/09 to R1.6 billion in 2011/12, at an average annual rate of 9.9 per cent, it is expected to increase to R2.3 billion over the medium term, at an average annual rate of 13.2 per cent. Income from support services rose from R78.4 million in 2008/09 to R89.6 million in 2010/11 but declined to R60.7 million in 2011/12 due to the turnaround strategy reduced sales by market establishments. Sales of support services are however, expected to increase to R75.2 million over the medium term, at an average annual rate of 7.4 per cent.

Expenditure decreased from R2.1 billion in 2008/09 to R1.5 billion in 2011/12, at an average annual rate of 9.9 per cent, due to the turnaround strategy and cost saving measures implemented by the bank. Expenditure on compensation of employees over this period increased from R204.7 million to R363 million, at an average annual rate of 21 per cent, due to an increasing number of professional employees hired to improve service delivery.

Operating expenses are expected to increase steadily as the bank expands its operations. Initially the cost to income will be high, however it will stabilise in the medium term as the bank grows its income base to better levels. The pressure in the preliminary stages is mainly due to set up costs as the Fit for the Future project is unpacked to see the Land and Agricultural Development Bank of South Africa become a stable and sustainable institution providing a robust service to its clients and stakeholders. Most of the expenditure relates to funding costs i.e. interest paid to fund the loan book. Interest on funding the loan book decreased from R1.4 billion in 2008/09 to R880.9 million in 2011/12, at an average annual rate of 15 per cent. This can be attributed to the general decline in interest rates in line with the repo rate and the settlement of the more expensive funding debt.

Over the medium term, expenditure is expected to increase from R1.5 billion in 2011/12 to R2.3 billion in 2014/15, at an average annual rate of 14 per cent, mainly due to expenditure on ICT systems. Expenditure on goods and services is expected to increase from R254.8 million in 2011/12 to R248.5 million in 2014/15, mainly driven by an increase in rentals to accommodate the increase in personnel numbers, and professional and legal fees. The entity uses consultants mainly for legal advice. Spending on consultants increased from R24 million in 2008/09 to R52.1 million in 2011/12, at an average annual rate of 29.4 per cent, and is expected to decrease to R30.6 million in 2014/15, at an average annual rate of 16.2 per cent, due to a decrease in the use of outsourced legal services.

Personnel information

Table 10.62 Land and Agricultural Development Bank of South Africa

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded Posts	Number of vacant posts	Actual			Mid-year[1]	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Executive board members	10	10	–	10	10	10	10	10	10	10
Executive management	10	10	1	10	10	9	9	9	9	9
Senior management	27	27	3	14	23	22	24	25	25	25
Middle management	69	69	17	43	51	52	52	56	62	65
Professionals	318	318	13	263	280	306	305	308	313	318
Skilled	157	157	–	147	147	154	157	157	157	157
Semi-skilled	50	50	3	50	50	48	47	50	50	50
Very low skilled	7	7	1	8	4	7	6	5	6	6
Total	**648**	**648**	**38**	**545**	**575**	**608**	**610**	**620**	**632**	**640**
Compensation (R thousand)				204 675	263 822	307 370	362 982	388 948	418 119	449 477
Unit cost (R thousand)				376	459	506	595	627	662	702

1. As at 30 September 2011.

As at 30 September 2011, the entity had an approved establishment of 648 posts of which 610 were filled. The filled establishment increased from 545 in 2008/09 to 610 in 2011/12. The establishment mainly consists of 69 middle management personnel, 318 professionals, 157 skilled, 50 semi-skilled and 7 very low-skilled personnel. Over the medium term, filled posts are expected to increase 640.

Vacancies decreased to 38 over the period. The high vacancy rate in 2008/09 was due to resignations of senior managers and executives that the entity had initiated legal proceedings against. The increase in the vacancy rate in 2011/12 is due to the creation of development unit. The majority of vacancies are in middle management and in the semi-skilled levels.

Financial Advisory and Intermediary Services Ombud

Overview: 2008/09 – 2014/15

The Financial Advisory and Intermediary Services Ombud's legislative mandate is outlined in the Financial Advisory and Intermediary Services Act (2002). The act requires the ombud to consider and dispose of complaints in a procedurally fair, informal, economical and expeditious manner and by reference to what is equitable in all circumstances.

The ombud aims to deliver a cost effective, quality, timeous and relevant service to its customers by: ensuring that its service is easily accessible to people from all backgrounds; giving sound and logical reasons for its decisions; engaging all concerned to help both consumers and financial services providers understand their respective rights and responsibilities; ensuring dignity of those it serves by treating them with utmost respect and courtesy; and encouraging and supporting ombud staff to be innovative, exercise responsibility and to share learning.

The ombud is committed to creating awareness of its services through radio shows and public presentations. The ombud will conduct customer satisfaction surveys to measure customer satisfaction with complaints handling, cost effective service, turnaround times and consistent performance standards. The ombud participates in the annual conference of the International Network of Financial Services Ombudsman Schemes to stay abreast of international standards, benchmarking and knowledge sharing.

The ombud's strategic priorities include: serving customers by achieving excellent levels of customer satisfaction; facilitation of the communication process with stakeholders to enhance performance, accountability and public confidence; and ensuring long term sustainability by strengthening the office's organisational capacity to deliver on its mandate in an economically, efficient and effective manner, in accordance with the relevant regulatory framework.

Activities carried out by the ombud include: reorganising its departments to improve case handling processes; ensuring quicker turnaround times, greater cost effectiveness and fairness in resolving complaints; and partnering with Milpark Business School to provide a national qualifications framework level 5 qualification in financial planning to personnel in the technical team.

To ensure quality complaints resolution and consistent performance standards, a quality control plan was approved and implemented. The ombud launched its first graduate trainee programme in the year 2010/11, contributing to skills development and reducing the size of the large of the large pool of unemployed graduates.

Performance

Between 2008/09 and 2011/12, the number of collective agreements increased from 2 707 to 4 513. For the year ended 2010/11, the ombud received 7 944 complaints excluding backlog cases from previous years, of which 2 764 were justiciable within the ombud's jurisdiction, 1 997 (25.1 per cent) were dismissed, 4 103 (51.7 per cent) were referred to other dispute resolution forums, and 587 (7.4 per cent) were settled. Over the medium term the agency will continue having arbitration hearings and collective agreements, and settlement of cases is expected to increase to 859.

Selected performance indicators

Table 10.64 Financial Advisory and Intermediary Services Ombud

Indicator	Programme/Activity	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Number of cases registered per year	Handling complaints in terms of the Financial Advisory and Intermediary Services Act (2002)	7 416	7 647	7 944	8 800	9 680	10 648	11 713
Number of cases registered justiciable per year	Handling complaints in terms of the Advisory and Intermediary Services Act (2002)	2 125	2 653	2 764	2 902	3 388	3 727	4 091
Number of cases settled at conciliation per year	Handling complaints in terms of the Financial Advisory and Intermediary Services Act (2002)	616	214	587	645	710	781	859

Table 10.64 Financial Advisory and Intermediary Services Ombud (continued)

Indicator	Programme/Activity	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Number of arbitration hearings settled per year	Handling complaints in terms of the Financial Advisory and Intermediary Services Act (2002)	1 384	2 431	1 997	2 197	2 416	2 658	2 924
Number of collective agreements on agreed matters of mutual interest concluded in public education per year	Handling complaints in terms of the Financial Advisory and Intermediary Services Act (2002)	2 707	3 051	4 103	4 513	4 946	5 461	2 924

Programmes/activities/objectives

Table 10.65 Financial Advisory and Intermediary Services Ombud

	Audited outcome			Revised estimate	Medium-term estimate		
R thousand	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Handling complaints in terms of the Financial Advisory and Intermediary Services Act (2002)	19 187	21 426	22 408	27 423	29 061	30 804	32 652
Total expense	**19 187**	**21 426**	**22 408**	**27 423**	**29 061**	**30 804**	**32 652**

The Financial Advisory and Intermediary Services Ombud had a total budget of R27.4 million in 2011/12, of which 66.7 per cent was used for compensation of employees.

Savings and cost effectiveness measures

To ensure cost effectiveness, the entity anticipates savings on telephone, printing and electricity. These savings will reduce the goods and services budget by at least 3 per cent. The entity will continue exploring other ways of ensuring cost effectiveness without adversely impacting service delivery.

Expenditure estimates

Table 10.66 Financial Advisory and Intermediary Services Ombud

Statement of financial performance	Audited outcome			Revised estimate	Medium-term estimate		
R thousand	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Revenue							
Non-tax revenue	**109**	**232**	**256**	**96**	**102**	**108**	**114**
Sale of goods and services other than capital assets *of which:*	107	187	232	96	102	108	114
Administration fees	107	187	232	96	102	108	114
Other non-tax revenue	2	45	24	–	–	–	–
Transfers received	19 253	23 012	25 336	27 327	28 966	30 704	32 546
Total revenue	**19 362**	**23 244**	**25 592**	**27 423**	**29 068**	**30 812**	**32 661**
Expenses							
Current expenses	**19 187**	**21 426**	**22 408**	**27 423**	**29 061**	**30 804**	**32 652**
Compensation of employees	12 860	14 271	14 491	18 297	19 395	20 559	21 792
Goods and services	5 753	6 395	7 642	8 458	8 966	9 503	10 074
Depreciation	545	724	230	667	700	742	787
Interest, dividends and rent on land	29	36	46	–	–	–	–
Total expenses	**19 187**	**21 426**	**22 408**	**27 423**	**29 061**	**30 804**	**32 652**
Surplus / (Deficit)	**176**	**1 818**	**3 184**	**–**	**7**	**8**	**8**

Table 10.66 Financial Advisory and Intermediary Services Ombud (continued)

	Audited outcome			Revised estimate	Medium-term estimate		
R thousand	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Statement of financial position							
Carrying value of assets	1 248	952	1 617	1 745	2 514	3 330	4 195
of which:							
Acquisition of assets	414	455	896	795	1 469	1 558	1 651
Receivables and prepayments	231	1 419	5 076	5 076	5 076	5 076	5 076
Cash and cash equivalents	422	1 168	262	388	1 150	342	1 198
Total assets	**1 901**	**3 539**	**6 955**	**7 209**	**8 740**	**8 748**	**10 469**
Accumulated surplus / (deficit)	742	2 561	5 745	5 745	5 738	5 745	5 737
Capital and reserves	–	–	–	373	1 911	1 912	3 641
Finance lease	159	156	119	–	–	–	–
Trade and other payables	1 000	822	1 091	1 091	1 091	1 091	1 091
Total equity and liabilities	**1 901**	**3 539**	**6 955**	**7 209**	**8 740**	**8 748**	**10 469**

Expenditure trends

Spending focus over the medium term will be on supporting improvements in customer satisfaction, strengthening organisational capacity to achieve operational excellence, and improving existing business systems and processes and stakeholder relationship management.

The ombud generates revenue from transfers from the Financial Service Board. Total revenue increased from R19.4 million in 2008/09 to R27.4 million in 2011/12, at an average annual rate of 12.3 per cent. Over the medium term, revenue is expected to increase to R32.7 million, at an average annual rate of 6 per cent, mainly due to increased transfers received to provide for improved conditions of service.

Expenditure increased from R19.2 million in 2008/09 to R27.4 million in 2011/12, at an average annual rate of 12.6 per cent due to structural reorganisation and an increase in the staff complement. As a result, expenditure on compensation of employees increased from R12.9 million in 2008/09 to R18.3 million 2011/12, at an average annual rate of 12.5 per cent. The increase in establishment is directly linked to the trends in the total number of complaints received, which increased from 7 416 to 8 800 over the same period, and the number of justiciable cases, which increased from 2 125 to 2 902 over the same period. The increased spending allowed the entity to respond to increased and complex customer demands, and increase the number of determinations from 21 to 91 between 2008/09 and 2011/12. Expenditure on goods and services over this period increased from R5.8 million to R8.5 million, at an average annual rate of 13.7 per cent. The main cost drivers in spending on goods and services were lease payments, the case management system, professional fees and infrastructural support.

Over the medium term, expenditure is expected to increase to R32.7 million in 2014/15, at an average annual rate of 6 per cent, mainly due to the filling of the deputy ombud post and growth in the establishment, from 48 to 74 posts. As a result, expenditure on compensation of employees over the medium term is expected to increase from R18.3 million to R21.8 million, at an average annual rate of 6 per cent. Expenditure on goods and services over this period is expected to increase from R8.5 million to R10.1 million, at an average annual rate of 6 per cent. The main cost drivers in spending on goods and services over this period are professional fees and infrastructural support.

Consultants are mainly used for auditing, risk management, assets valuation, and IT, legal and labour advice. Spending on consultants increased from R399 000 in 2008/09 to R699 000 in 2011/12, at an average annual rate of 128 per cent, and is expected to increase to R832 000, at an average annual rate of 4 per cent.

Personnel information

Table 10.67 Financial Advisory and Intermediary Services Ombud

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved	Number of funded posts	Number of vacant posts	Actual			Mid-year[1]	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Executive management	5	4	–	4	4	4	4	5	5	5
Senior management	5	5	1	7	7	7	4	6	6	6
Middle management	3	2	–	–	–	2	2	5	7	9
Professionals	21	21	–	9	14	16	21	28	32	36
Semi-skilled	10	10	1	7	7	7	9	11	12	13
Very low skilled	3	3	–	3	3	3	3	3	4	5
Total	**47**	**45**	**2**	**30**	**35**	**39**	**43**	**58**	**66**	**74**
Compensation (R thousand)				12 860	14 271	14 491	18 297	19 395	20 559	21 792
Unit cost (R thousand)				429	408	372	426	334	311	294

1. As at 30 September 2011.

As at 30 September 2011, the entity had an approved establishment of 47 posts, 45 of which were fully funded. Filled posts increased from 30 in 2008/09 to 43 in 2011/12, mainly to handle the increased demand for the entity's adjudication and arbitration services, the increase in the technicality and complexity of the complaints received, and the improvements to the processes for ensuring quality and compliance with relevant legislation. Over the medium term, the entity plans to increase its establishment's filled posts from 43 to 74 once source of funding is received. The projected increase in staff compliment will be in line with the strategy.

As at 30 September 2011, there were 2 vacant posts at the senior management and semi-skilled levels. These posts will be filled in January 2012. The ratio of support staff to line staff is 1:0.21. The ratio of consultants to support staff was 1:0.14 in 2008/09 and 1: 0.51 in 2010/11. This ratio is expected to be 1:0.27 over the medium term.

Government Pensions Administration Agency

Overview: 2008/09 – 2014/15

The Government Pensions Administration Agency provides pensions administration services to the Government Employees Pension Fund in terms of the Government Employees Pension (GEP) Act (1996), the Temporary Employees Pension Fund (TEPF) Act (1979), the Associated Institutions Pension Fund Act (1963), the post-retirement medical subsidies as provided for and regulated by Public Service Coordinating Bargaining Council resolutions, military pensions in terms of the Military Pensions Act (1976), injury on duty payments in terms of the Compensation for Occupational Injuries and Diseases Act (1993), and special pensions in terms of the Special Pensions Act (1996).

The agency is structured by means of two programmes: operations, which provides core benefit and funds administration services to members and beneficiaries, and other specified entities in terms of the various statutes, collective bargaining agreements and other commitments; and auxiliary divisions, which provides administrative services to stakeholders, the organisation as a whole and its management team, and which comprises the office of the CEO, financial services, corporate services, risk and audit services, legal services, and ICT services.

Over the medium term, the agency will embark on a modernisation programme that will fundamentally transform its culture into that of a client centred service organisation. The modernisation of the supporting infrastructure includes investing approximately R350 million in new technology. This investment will significantly reduce the turnaround times on applications and related administrative data processing, and contribute to better management of employer contributions and statistical reporting. The capital investment will be complimented by service level agreements that will be developed to monitor delivery targets, inter-departmental interactions and improvement on turnaround times. Modernisation entails improving administrative capacity, investing in a human resources administration system to improve skill levels and also managing streamlined business processes. Given the extensive functionality that will be implemented, it is expected that modernisation may extend beyond the medium term. Due to modernisation, automation of systems and processes, talent management will play a key role in the redeployment of staff. The agency aims to retain and maximise the use of talent and the efficiency of its staff members within the corporate structure.

Performance

Almost all contributions to the fund were received within the prescribed time and payments of benefits executed accurately and timeously during the current cycle. Payments that were effected included: 7 200 special pensions, 73 459 post-retirement medical benefits, 17 500 funeral benefits and 56 000 members that have withdrawn from the fund. In addition, R26 billion was paid for pension fund withdrawals, R1.8 billion for contribution to medical aid schemes (paid on behalf of members), and R187.8 million for military pensions.

The number of beneficiaries withdrawing from the fund declined from 65 000 in 2008/09 to 56 000 in 2011/12, at an average annual rate of 6 per cent, mainly due to reduced number of exits. This number is expected to increase to 64 000 in 2014/15 over the medium term, at an average annual rate of 4 per cent. The value of withdrawal benefits increased from R24.5 million in 2008/09 to R26 million in 2011/12, at an average annual rate of 1.5 per cent. Withdrawal benefits are expected to increase to R35.1 million over the medium term, at an average annual rate of 11.7 per cent.

Beneficiaries paid funeral benefits declined from 19 400 in 2008/09 to 17 500 in 2011/12, at an average annual rate of 4 per cent. This number is expected to increase to 19 000 in 2014/5, at an average annual rate of 3 per cent mainly due to expected attrition.

Payments of military pension increased from R154.3 million in 2008/09 to R187.8 million in 2011/12, at an average annual rate of 5.4 per cent. Payments for military pensions is expected to increase to R261.7 million in 2014/15, at an average annual rate of 13.1 per cent mainly, due to the expected increase in retirees.

The amounts of contribution to medical aid scheme paid on behalf of members increased from R1.4 billion in 2008/09 to R1.8 billion in 2011/12, at an average annual rate of 7 per cent. The amount is expected to increase to R2.1 billion in 2014/15, at an average annual rate of 5 per cent, mainly due to increases from medical council scheme rates.

Selected performance indicators

Table 10.68 Government Pension Administration Agency

Indicator	Programme/Activity	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Number of members receiving special pensions per year	Civil and military pensions	6 359	6 486	6 764	7 200	7 400	7 600	7 750
Number of beneficiaries receiving post-retirement medical benefits per year	Civil and military pensions	69 767	71 117	73 459	74 928	76 427	77 955	80 000
Value of contribution to medical aid scheme paid on behalf of members	Civil and military pensions	R1.4bn	R1.4bn	R1.7bn	R1.7bn	R1.9bn	R19m	R2 088
Value of military pension benefit paid to beneficiaries per year	Civil and military pensions	R154.3m	R173.6m	R182m	R187.8m	R201.1m	R231m	R261.70m
Number of beneficiaries paid due to withdrawal from fund per year	Employee benefits	65 000	67 500	54 830	56 000	60 000	62 000	64 000
Number of beneficiaries paid for funeral benefits per year	Employee benefits	19 400	20 000	17 000	17 500	18 000	18 500	19 000
Value of benefits paid due to withdrawal from frund	Employee benefits	R24.5bn	R25.8bn	R25.9bn	R26bn	R29.5bn	R33.4bn	R35.1bn

Programmes/activities/objectives

Table 10.69 Government Pensions Administration Agency

R thousand	Audited outcome 2008/09	2009/10	2010/11	Revised estimate 2011/12	Medium-term estimate 2012/13	2013/14	2014/15
Civil and military pensions	17 913	30 055	39 013	41 467	52 994	55 721	58 693
Employee benefits	32 882	42 322	54 330	70 369	76 028	80 399	84 662
Customer relationship management	70 445	90 361	109 003	124 530	130 860	138 379	145 424
Auxiliary divisions	212 033	222 272	228 052	318 633	354 533	372 403	389 618
Modernisation	6 226	–	2 119	49 003	52 255	56 436	59 257
Total expense	**339 499**	**385 010**	**432 517**	**604 002**	**666 670**	**703 338**	**737 654**

The Government Pensions Administration Agency had a total budget of R604 million in 2011/12, of which 51 per cent was used for compensation of employees and 46.8 per cent for goods and services.

Savings and cost effectiveness measures

The agency budgeted R582.5 million in 2010/11. The actual expenditure for the same period was R432.5 million which resulted in a saving of R150 million. The savings realised were mainly as a result of reprioritising the upgrading of the office building and parking area, prudent procurement of furniture and computers, and a reduction in the use of consultants. A moratorium placed on the filling of non-critical positions also contributed to the savings. Cost awareness will be exercised while implementing the modernisation project over the medium term. The agency will prioritise activities related to the modernisation programme to effect savings while at the same time optimising the administration costs per employee.

Expenditure estimates

Table 10.70 Government Pensions Administration Agency

Statement of financial performance R thousand	Audited outcome 2008/09	2009/10	2010/11	Revised estimate 2011/12	Medium-term estimate 2012/13	2013/14	2014/15
Revenue							
Non-tax revenue	**339 499**	**385 010**	**463 866**	**604 002**	**666 670**	**703 338**	**737 654**
Sale of goods and services other than capital assets	339 499	384 906	429 696	604 002	666 670	703 338	737 654
of which:							
Administration fees	339 499	384 906	429 696	604 002	666 670	703 338	737 654
Other non-tax revenue	–	104	34 170	–	–	–	–
Total revenue	**339 499**	**385 010**	**463 866**	**604 002**	**666 670**	**703 338**	**737 654**
Expenses							
Current expenses	**339 499**	**385 010**	**432 517**	**604 002**	**666 670**	**703 338**	**737 654**
Compensation of employees	127 836	195 166	241 358	307 966	343 445	363 326	382 644
Goods and services	205 175	179 694	178 086	282 876	302 650	321 462	334 640
Depreciation	6 488	10 150	13 073	13 160	20 575	18 550	20 370
Total expenses	**339 499**	**385 010**	**432 517**	**604 002**	**666 670**	**703 338**	**737 654**
Surplus / (Deficit)	**–**	**–**	**31 349**	**–**	**–**	**–**	**–**
Statement of financial position							
Carrying value of assets	24 968	31 402	37 009	43 487	42 989	42 952	43 670
of which:							
Acquisition of assets	17 200	27 217	50 138	19 638	20 077	18 513	21 088
Inventory	1 263	1 109	636	750	830	1 109	1 109
Receivables and prepayments	–	–	25 374	25 700	26 000	26 500	27 000
Cash and cash equivalents	–	–	625	–	–	–	–
Total assets	**26 231**	**32 511**	**63 644**	**69 937**	**69 819**	**70 561**	**71 779**

Table 10.70 Government Pensions Administration Agency (continued)

Statement of financial position	Audited outcome			Revised estimate	Medium-term estimate		
R thousand	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Accumulated surplus/(deficit)	–	–	31 349	31 349	31 349	31 349	31 349
Capital and reserves	26 231	32 511	–	848	1 696	2 544	3 392
Trade and other payables	–	–	15 575	19 540	18 750	19 000	19 500
Provisions	–	–	16 720	18 200	18 024	17 668	17 538
Total equity and liabilities	**26 231**	**32 511**	**63 644**	**69 937**	**69 819**	**70 561**	**71 779**

Expenditure trends

The agency has embarked on a modernisation project with the focus on improved service delivery over the medium term. The cost of the ICT infrastructure and associated personnel training required accounts for the marked increase in total expenses over the medium term.

The Government Pensions Administration Agency generates revenue from providing pension fund administration services to the Government Employees Pension Fund. The agency also receives a transfer from the National Treasury as part of its total revenue. Revenue increased from R339.5 million in 2008/09 to R604 million in 2011/12, at an average annual rate of 21.2 per cent, mainly due to increases in administration fees as approved by the Government Employees Pension Funds' board of trustees. Over the medium term, revenue is expected to increase to R737.7 million, at an average annual rate of 6.9 per cent, due to an increase in administration fees attributable to the increase in contributors.

A significant cost driver for this agency is compensation of employees representing 50.9 per cent of total expenditure of R604 million in 2011/12. Goods and services spending accounts for 46.8 per cent of total expenditure in 2011/12 with the bulk of goods and services allocated to spending on computer services for consultants for the modernisation of operations and property lease payments related accommodation expenditure. Over the medium term, expenditure is expected to increase from R604 million to R737.7 million, at an average annual rate of 6.9 per cent, due to adjustments for improved conditions of service.

Personnel information

Table 10.71 Government Pensions Administration Agency

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of vacant posts	Actual			Mid-year[1]	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Executive management	13	13	10	2	2	3	3	13	13	13
Senior management	31	31	16	26	35	25	15	31	31	31
Middle management	71	71	15	44	63	69	56	71	71	71
Professionals	155	155	31	84	133	143	124	155	155	155
Skilled	607	607	65	434	505	556	542	607	607	607
Semi-skilled	110	110	14	118	171	174	96	110	110	110
Very low skilled	39	39	13	29	32	32	26	39	39	39
Total	**1 026**	**1 026**	**164**	**737**	**941**	**1 002**	**862**	**1 026**	**1 026**	**1 026**
Compensation (R thousand)				127 836	195 166	241 358	307 966	343 445	363 326	382 644
Unit cost (R thousand)				173	207	241	357	335	354	373

1. As at 30 September 2011.

The agency had an approved establishment of 1 026 posts as at 30 September 2011, which were all funded. The filled posts increased from 737 in 2008/09 to 1 002 in 2011/12 mainly due to the introduction of the modernisation programme to improve the administrative capacity required by the new business processes. Over the medium term, the establishment is expected to grow to 1 026 and the plan is to increase the capacity of its skilled personnel from 542 filled positions to 607. The increase is due to the need to build capacity in the administration of employee benefits, public servants pension, special pensions, civil and military pensions. 169 additional positions to the establishment exist across all levels mainly due to normal staff fluctuation. The agency will endeavour to fill all the critical funded posts over the medium term.

As at 30 September 2011, there were 169 vacancies existing in all levels. The vacancies are mainly due to resignations, transfers and retirements. The entity attempts to fill vacancies as they arise. There were 112 vacant positions in the skilled level as at the same date. Vacancies at this skill level take 3 to 5 months to fill due the scarcity of people with appropriate skills and experience. The agency will strive to fill all the critical funded posts over the medium term.

Additional tables

Table 10.A Summary of expenditure trends and estimates per programme and economic classification

Programme	Appropriation		Audited	Appropriation			Revised
	Main	Adjusted	outcome	Main	Additional	Adjusted	estimate
R thousand	2010/11		2010/11	2011/12			2011/12
Administration	243 734	280 946	248 661	281 088	–	281 088	263 208
Economic Policy, Tax, Financial Regulation and Research	104 674	104 245	86 060	120 364	108 000	228 364	216 480
Public Finance and Budget Management	179 725	194 266	160 251	198 938	10 940	209 878	203 819
Asset and Liability Management	20 817 106	20 822 452	20 813 904	822 594	3 266	825 860	826 238
Financial Systems and Accounting	727 088	693 827	559 125	658 220	(10 015)	648 205	548 609
International Financial Relations	591 138	879 403	558 684	812 380	6 274	818 654	815 890
Civil and Military Pensions, Contributions to Funds and Other Benefits	2 590 949	2 590 949	2 697 847	3 139 833	637 076	3 776 909	3 776 245
Technical Support and Development Finance	1 806 025	1 508 451	1 471 260	4 156 180	485 739	4 641 919	2 758 210
Revenue Administration	8 066 810	8 142 208	8 142 208	8 653 573	–	8 653 573	8 653 573
Financial Intelligence and State Security	3 588 166	3 488 166	3 488 166	3 755 021	–	3 755 021	3 755 021
Subtotal	**38 715 415**	**38 704 913**	**38 226 166**	**22 598 191**	**1 241 280**	**23 839 471**	**21 817 293**
Direct charge against the National Revenue Fund	**339 873 684**	**340 288 688**	**338 908 653**	**373 644 648**	**3 528 005**	**377 172 653**	**376 953 523**
Provincial Equitable Share	260 973 745	265 139 448	265 139 448	288 492 831	3 242 678	291 735 509	291 735 509
State Debt Costs	71 357 578	67 606 879	66 226 844	76 578 687	285 327	76 864 014	76 644 884
General Fuel Levy Sharing with Metros	7 542 361	7 542 361	7 542 361	8 573 130	–	8 573 130	8 573 130
Total	**378 589 099**	**378 993 601**	**377 134 819**	**396 242 839**	**4 769 285**	**401 012 124**	**398 770 816**
Economic classification							
Current payments	**72 806 895**	**69 055 596**	**67 227 227**	**77 850 824**	**390 982**	**78 241 806**	**77 899 533**
Compensation of employees	538 467	552 567	476 173	605 940	(3 654)	602 286	569 978
Goods and services	910 850	896 150	524 210	666 197	109 309	775 506	684 671
Interest and rent on land	71 357 578	67 606 879	66 226 844	76 578 687	285 327	76 864 014	76 644 884
Transfers and subsidies	**285 017 668**	**289 171 787**	**288 982 136**	**317 463 780**	**4 371 349**	**321 835 129**	**319 965 184**
Provinces and municipalities	269 910 695	274 076 398	273 878 187	298 250 602	4 321 361	302 571 963	302 571 963
Departmental agencies and accounts	11 891 399	11 875 937	11 804 432	13 275 383	(587 366)	12 688 017	12 658 017
Higher education institutions	5 500	5 500	–	–	–	–	–
Foreign governments and international organisations	566 764	564 891	533 729	781 866	4 549	786 415	786 470
Public corporations and private enterprises	93 005	93 005	106 005	2 060 026	–	2 060 026	220 026
Non-profit institutions	75	75	–	80	(9)	71	71
Households	2 550 230	2 555 981	2 659 783	3 095 823	632 814	3 728 637	3 728 637
Payments for capital assets	**14 536**	**16 218**	**178 273**	**178 235**	**6 954**	**185 189**	**156 099**
Buildings and other fixed structures	–	–	–	3 600	–	3 600	3 600
Machinery and equipment	14 536	16 218	8 568	10 055	6 954	17 009	16 606
Software and other intangible assets	–	–	169 705	164 580	–	164 580	135 893
Payments for financial assets	**20 750 000**	**20 750 000**	**20 747 183**	**750 000**	**–**	**750 000**	**750 000**
Total	**378 589 099**	**378 993 601**	**377 134 819**	**396 242 839**	**4 769 285**	**401 012 124**	**398 770 816**

Table 10.B Summary of expenditure on training

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Compensation of employees (R thousand)	314 346	402 073	476 173	602 286	665 898	702 624	744 813
Training expenditure (R thousand)	16 913	9 957	8 367	11 045	8 730	8 985	9 534
Training as percentage of compensation	5.4%	2.5%	1.8%	1.8%	1.3%	1.3%	1.3%
Total number trained in department (head count)	792	–	–	–			
of which:							
Employees receiving bursaries (headcount)	*46*	–	–	–			
Learnerships (headcount)	–	–	–	–			
Internships (headcount)	*46*	–	–	–			
Households receiving bursaries (R thousand)	800	1 000	1 041	1 600	1 600	1 600	1 600
Households receiving bursaries (headcount)	20	–	–	–			

Table 10.C Summary of conditional grants to provinces and municipalities[1]

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R thousand	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Conditional grants to provinces							
Technical Support and Development Finance							
Gautrain loan	–	4 200 000	–	–	–	–	–
Infrastructure grant to provinces	–	–	–	1 089 683	–	–	–
Total	**–**	**4 200 000**	**–**	**1 089 683**	**–**	**–**	**–**
Conditional grants to municipalities							
Technical Support and Development Finance							
Local government financial management grant	180 000	299 990	364 589	423 641	402 753	424 798	449 138
Neighbourhood development partnership grant	181 457	508 135	831 789	750 000	578 132	598 041	591 179
Infrastructure skills development grant	–	–	–	–	75 460	100 000	106 000
Total	**361 457**	**808 125**	**1 196 378**	**1 173 641**	**1 056 345**	**1 122 839**	**1 146 317**

1. Detail provided in the Division of Revenue Act (2012).

Table 10.D Summary of donor funding

Donor	Project	Departmental programme	Period of commitment	Amount committed	Main economic classification	Spending focus	Audited outcome			Estimate	Medium-term expenditure estimate		
R thousand							2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Foreign													
In cash													
Japan	Establish and operationalise a management information system	Public Finance and Budget Management	3 years	302	Goods and services	Development cooperation information system upgrade	–	–	80	10	–	–	–
Canada	Capacity building technical assistance facility	Public Finance and Budget Management	3 years	67 349	Goods and services	Provide capacity building to all spheres of government to achieve timely, adequate, gender sensitive, pro-poor service delivery	35 762	21 210	1 380	–	–	–	–
European Union	Official development assistance programme	Public Finance and Budget Management	3 years	110 000	Goods and services	Leveraging off the official development assistance programme to improve outcome orientated delivery systems	–	7 842	4 678	7 900	–	–	–
African Development Bank	Strengthening budget practices and procedures in Africa	International Financial Relations	3 years	3 007	Goods and services	Establish budget resource centre, conduct research on regional public goods and publish report on budget practices and procedures	215	328	1 786	–	–	–	–
Ireland	Support of the 5th annual Collaborative Africa Budget Reform Initiative seminar	International Financial Relations	3 years	2 127	Goods and services	Seminar held in April 2009	–	291	1 413	–	–	–	–
European Union	Financial management improvement programme (II)	Financial Systems and Accounting	2 years	9 266	Compensation of employees	Salary for project management of the programme	–	8 077	979	–	–	–	–
European Union	Capacity building	Public Finance and Budget Management	1 year	8 500	Goods and services	Public finance management assessment in provinces using public expenditure and financial accountability methodology	–	–	–	–	8 500	–	–
European Union	Capacity building	Public Finance and Budget Management	3 years	215 400	Goods and services	Support to institutional transformation and improvement process in the public sector	–	–	–	–	71 800	71 800	71 800

Table 10.D Summary of donor funding (continued)

Donor	Project	Departmental programme	Period of commitment	Amount committed	Main economic classification	Spending focus	Audited outcome			Estimate	Medium-term expenditure estimate		
R thousand							2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Foreign													
In cash													
Deutsche Gesellschaft für Internationale Zusammenarbeit	Strengthening local government programme	Financial Systems and Accounting	4 years	10 810	Goods and services	Support the implementation of the Municipal Finance Management Act (2003)	–	–	1 500	375	–	–	–
United States Agency for International Development	Limited scope grant agreement	Public Finance and Budget Management	2 years	10 000	Goods and services	Increased collaboration and joint planning approaches with intervention as identified on a yearly basis	–	–	5 721	1 654	–	–	–
Deutsche Gesellschaft für Internationale Zusammenarbeit	Strengthening support to the Collaborative Africa Budget Reform Initiative secretariat	International Financial Relations	2 years	4 482	Goods and services	Hold regular dialogues, develop common African positions and established decision making structures, and rules and procedures	–	1 132	3 268	–	–	–	–
Total				**441 243**			**35 977**	**38 880**	**20 805**	**9 939**	**80 300**	**71 800**	**71 800**

Table 10.E Summary of expenditure on infrastructure

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R thousand				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Departmental infrastructure										
Integrated financial management system	Replace outdated systems with those that comply with the Public Finance Management Act (1999)	Various	–	59 689	177 484	169 705	164 580	165 754	167 910	177 703
32 Church Square	Refurbishment of office accommodation to create a better working environment	Various	–	–	–	–	3 600	5 298	3 000	3 144
Infrastructure transfers to other spheres, agencies and departments										
Neighbourhood development partnership grant	Long term township regeneration planning, catalytic and third party nodal development	Various	–	181 457	508 135	831 789	750 000	578 132	598 041	591 179
Neighbourhood development partnership grant	Long term township regeneration planning, catalytic and third party nodal development	Various	–	80 100	70 000	50 000	100 000	80 000	55 000	58 300
Total			**–**	**321 246**	**755 619**	**1 051 494**	**1 018 180**	**829 184**	**823 951**	**830 326**

National Treasury

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ESTIMATES OF NATIONAL EXPENDITURE

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REPUBLIC OF SOUTH AFRICA