

**VOTE 37** *Transport*



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](http://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](http://www.treasury.gov.za).





# **Transport**

**National Treasury  
Republic of South Africa**



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# Vote 37

## Transport

### Budget summary

R thousand	2012/13				2013/14	2014/15
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
<b>MTEF allocation</b>						
Administration	317 473	305 419	9 999	2 055	332 755	351 932
Integrated Transport Planning	88 542	87 743	–	799	84 601	89 405
Rail Transport	10 298 893	31 574	10 267 254	65	11 137 698	15 823 563
Road Transport	17 928 809	93 617	17 834 607	585	19 110 980	20 157 543
Civil Aviation	70 022	49 420	20 220	382	72 609	76 874
Maritime Transport	138 543	110 672	27 561	310	146 859	155 020
Public Transport	9 986 670	169 638	9 816 873	159	10 818 485	11 411 913
<b>Total expenditure estimates</b>	<b>38 828 952</b>	<b>848 083</b>	<b>37 976 514</b>	<b>4 355</b>	<b>41 703 987</b>	<b>48 066 250</b>
Executive authority	Minister of Transport					
Accounting officer	Director General of Transport					
Website address	www.transport.gov.za					

### Aim

*Lead the provision of an integrated, sustainable, reliable and safe transport system through planning, development, coordination, promotion and the implementation of transport policies, regulations and strategies.*

### Programme purposes

#### Programme 1: Administration

**Purpose:** Coordinate and render effective, efficient strategic support and administrative services to the minister, director general and department.

#### Programme 2: Integrated Transport Planning

**Purpose:** Manage and facilitate national strategic planning including the planning for new projects, and conduct research and formulate national transport policy, including for the cross-modal area of logistics. Coordinate international and intersphere relations.

#### Programme 3: Rail Transport

**Purpose:** Facilitate and coordinate the development of sustainable rail transport policies, strategies and systems. Oversee rail public entities.

#### Programme 4: Road Transport

**Purpose:** Regulate road traffic management. Ensure the maintenance and development of an integrated road network through the development of standards and guidelines, and oversight of the road agencies and provincial and local road expenditure.

### **Programme 5: Civil Aviation**

**Purpose:** Facilitate the development of an economically viable air transport industry that is safe, secure, efficient, environmentally friendly and compliant with international standards, through regulation and investigation. Oversee the aviation public entities.

### **Programme 6: Maritime Transport**

**Purpose:** Coordinate the development of a safe, reliable and viable maritime transport sector through the development of policies, and through monitoring and oversight of maritime public entities.

### **Programme 7: Public Transport**

**Purpose:** Develop norms and standards as well as regulations and legislation to guide the development of public transport for rural and urban passengers. Regulate interprovincial public transport and tourism services. Monitor and evaluate the implementation of the public transport strategy and the National Land Transport Act (2009).

## **Strategic overview: 2008/09 – 2014/15**

The Department of Transport is responsible for facilitating, coordinating and enabling the safe, reliable and effective movement of freight and people to contribute to South Africa's social and economic development. Within the outcomes based performance management framework adopted by government, the department contributes mainly to the development of an efficient, competitive and responsive economic infrastructure network (outcome 6).

Achieving this outcome requires the department to: improve the quality of the country's road network by extending and maintaining it; build a rail network by promoting investment in rail commuter services and developing a policy for rail freight; develop the policy framework for well functioning ports and efficient maritime infrastructure; provide safe, reliable and integrated public transport networks by providing policy guidance to local and provincial government, and managing conditional grants to build the infrastructure and provide transport services; and provide for safety, services and economic regulation across all modes.

In addition to achieving these economic outcomes, the department aims to reduce accidents within the transport sector, particularly on the country's roads. In discharging its policy and legislative obligations, particular emphasis will be placed on promoting job creation within the transport industry, and reducing its impact on the environment and climate change by promoting energy efficient solutions and the use of cleaner fuels.

#### **Road transport**

The department will support provinces and municipalities in implementing road asset management systems and populating them with data on road conditions and traffic. This will ensure that limited resources are used more efficiently to maintain the road infrastructure, and that vehicle operating costs are reduced and the lifespan of roads is lengthened.

The department will focus on the countrywide implementation of the Administrative Adjudication of Road Traffic Offences Act (1998). Lessons learnt from the implementation of the pilots in Johannesburg and Pretoria will be integrated into the system as it is rolled out across the country. The road traffic infringement agency came into operation in 2011 and has so far filled some critical positions and established business processes.

The road accident benefit scheme policy was approved in 2011. The department is drafting the Road Accident Benefit Scheme Bill to provide benefits to road accident victims as a form of social security, and to move away from the current fault based systems.

#### **Rail transport**

South Africa has an extensive rail transportation network, which is vital for sustained economic growth. The existing fleet used to provide rail commuter services will be replaced over the next 20 years. A feasibility study to explore the project scope and options was done in 2011. To achieve this goal, the department will support the Passenger Rail Agency of South Africa to procure rolling stock for Metrorail, by facilitating coordination and engagement with other key government departments involved in the supply chain process.

The department has begun drafting a rail policy, which will guide investment, improve regulation and lead to more reliable, safe and affordable freight and passenger services. It is anticipated that the policy will be finalised by 2012/13. Economic regulation which aims to promote efficient pricing and network access will also be introduced, through the establishment of a rail economic regulator, as part of a larger single transport economic regulator. The department began the process of establishing the single transport economic regulator in 2011/12.

### Public transport

As the second city funded through the public transport infrastructure and systems grant after Johannesburg, Cape Town started the operations of its bus rapid transit system in 2011/12. The department continues to implement the National Land Transport Act (2009), which clarifies the roles of the different levels of government in regard to public transport planning, contracting and regulation. Public transport regulators are responsible for the planning and subsidy function, and will be set up to monitor and oversee public transport and issue operating licences for their area of responsibility. The passenger rail function will be devolved from national to local government from 2013/14. Investigations into the devolution of the bus operating function from provincial to local government are under way.

### Maritime and aviation transport

In the maritime sector, the ports regulator has been further capacitated to fulfil its legislative mandate and institutions governed under the South African Civil Aviation Authority Act (2009), appeal committees and an aviation safety investigation board, are being set up. Maritime and aviation policies are being developed to provide the sectors with an overall framework on the institutional arrangements, infrastructure investment guidelines, and safety and economic regulation.

## Selected performance indicators

**Table 37.1 Transport**

Indicator	Programme	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Number of average weekday bus rapid transit passengers: Rea Vaya in Johannesburg <sup>1</sup>	Public Transport	0	11 800	30 000	43 000	100 000	100 000	150 000
Number of average weekday bus rapid transit passengers: MyCiTi in Cape Town <sup>2</sup>	Public Transport	0	0	0	8 000	112 000	180 000	180 000
Number of additional kilometres of bidirectional, exclusive lanes in operation in integrated rapid public transport network systems: Rea Vaya in Johannesburg	Public Transport	0	25	0.5	0	16.7	10.8	17.8
Number of additional kilometres of bi-directional, exclusive lanes in operation in integrated rapid public transport network systems: MyCiTi in Cape Town	Public Transport	0	0	17	0	5	5	- <sup>3</sup>
Number of taxis scrapped per year	Public Transport	9 208	11 616	9 164	7 923	7 857	7 820	7 821
Kilometres of secondary road network in poor and very poor condition	Road Transport	65 966	65 966	63 278	59 674	56 071	52 773	51 000
Number of municipal and provincial transport regulatory entities established per year	Public Transport	0	0	0	0	3	4	4

1. Data for starter service from September 2009.

2. Data for starter service from 2011/12.

3. There will be delivery in 2014/15, but planning isn't final and the route to be constructed in that year hasn't been decided on.

## Expenditure estimates

Table 37.2 Transport

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12		2012/13	2013/14	2014/15
R thousand								
Administration	252 715	288 865	246 110	292 169	260 664	317 473	332 755	351 932
Integrated Transport Planning	49 523	60 555	58 725	101 790	70 890	88 542	84 601	89 405
Rail Transport	8 739 382	10 527 660	9 259 688	9 549 772	9 549 772	10 298 893	11 137 698	15 823 563
Road Transport	11 508 959	10 422 131	11 360 700	21 733 724	21 733 724	17 928 809	19 110 980	20 157 543
Civil Aviation	74 309	53 150	53 129	67 085	62 085	70 022	72 609	76 874
Maritime Transport	142 746	135 542	143 496	146 304	146 304	138 543	146 859	155 020
Public Transport	7 394 029	7 176 095	8 033 301	9 626 576	9 626 576	9 986 670	10 818 485	11 411 913
<b>Total</b>	<b>28 161 663</b>	<b>28 663 998</b>	<b>29 155 149</b>	<b>41 517 420</b>	<b>41 450 015</b>	<b>38 828 952</b>	<b>41 703 987</b>	<b>48 066 250</b>
Change to 2011 Budget estimate				6 433 407	6 366 002	624 542	505 098	4 395 428

## Economic classification

Current payments	989 595	1 015 869	929 050	1 275 727	1 208 322	848 083	875 906	926 270
Compensation of employees	182 632	228 121	250 758	297 192	297 192	316 129	333 401	353 886
Goods and services	806 963	787 748	678 292	978 535	911 130	531 954	542 505	572 384
of which:								
Administrative fees	689	649	646	781	781	865	949	984
Advertising	20 961	20 704	5 431	4 423	4 423	6 734	6 803	7 158
Assets less than the capitalisation threshold	1 525	932	959	740	740	1 993	2 053	2 125
Audit cost: External	4 238	5 466	7 175	5 076	5 076	5 995	6 077	6 406
Bursaries: Employees	4 244	1 690	669	1 355	1 355	1 200	1 210	1 277
Catering: Departmental activities	1 335	593	1 370	949	949	1 681	1 723	1 784
Communication	8 803	9 622	6 412	4 008	4 008	41 779	42 818	45 045
Computer services	14 035	8 706	5 495	4 355	4 355	5 748	5 821	6 137
Consultants and professional services: Business and advisory services	575 166	559 943	398 704	842 293	798 593	326 574	331 000	349 312
Consultants and professional services: Infrastructure and planning	66 989	43 162	171 366	8 039	8 039	9 010	9 516	10 079
Consultants and professional services: Legal costs	1 143	5 372	579	-	-	-	-	-
Contractors	20 699	45 778	8 543	9 426	9 426	5 576	5 846	6 135
Agency and support / outsourced services	2 173	2 512	48	-	-	-	-	-
Entertainment	319	373	861	666	666	895	903	952
Inventory: Fuel, oil and gas	-	-	2	2	2	1	1	1
Inventory: Materials and supplies	-	3	21	16	16	75	72	76
Inventory: Medical supplies	-	-	57	44	44	25	25	26
Inventory: Other consumables	1 118	92	179	127	127	154	163	173
Inventory: Stationery and printing	9 873	6 547	11 119	4 853	4 853	6 385	6 246	6 659
Lease payments	17 076	23 412	14 229	60 084	36 379	63 571	66 297	70 308
Property payments	-	-	205	159	159	3 262	3 290	3 472
Travel and subsistence	44 631	37 909	33 609	23 042	23 042	37 481	38 578	40 521
Training and development	3 182	3 307	4 774	4 513	4 513	4 102	4 137	4 366
Operating expenditure	2 687	1 842	1 845	1 366	1 366	1 945	1 948	2 049
Venues and facilities	6 077	9 133	3 994	2 219	2 219	6 903	7 029	7 339
<b>Transfers and subsidies</b>	<b>27 152 282</b>	<b>27 640 942</b>	<b>28 222 713</b>	<b>40 237 545</b>	<b>40 237 545</b>	<b>37 976 514</b>	<b>40 823 485</b>	<b>47 135 109</b>
Provinces and municipalities	10 592 011	13 263 083	12 102 397	15 694 672	15 694 672	17 324 512	18 682 135	19 647 803
Departmental agencies and accounts	6 814 138	5 873 665	6 985 744	14 565 258	14 565 258	9 895 405	10 520 410	11 151 450
Higher education institutions	7 798	8 178	8 695	9 189	9 189	9 648	10 179	10 790
Foreign governments and international organisations	4 850	4 323	4 733	5 745	5 745	6 032	6 364	6 746
Public corporations and private enterprises	9 258 163	7 850 127	8 765 206	9 474 098	9 474 098	10 227 905	11 063 170	15 744 619
Non-profit institutions	14 075	15 035	15 981	16 978	16 978	17 827	18 807	19 936
Households	461 247	626 531	339 957	471 605	471 605	495 185	522 420	553 765
<b>Payments for capital assets</b>	<b>5 652</b>	<b>6 762</b>	<b>1 888</b>	<b>4 148</b>	<b>4 148</b>	<b>4 355</b>	<b>4 596</b>	<b>4 871</b>
Machinery and equipment	5 652	6 762	1 888	4 148	4 148	4 355	4 596	4 871
<b>Payments for financial assets</b>	<b>14 134</b>	<b>425</b>	<b>1 498</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>28 161 663</b>	<b>28 663 998</b>	<b>29 155 149</b>	<b>41 517 420</b>	<b>41 450 015</b>	<b>38 828 952</b>	<b>41 703 987</b>	<b>48 066 250</b>

1. The adjusted appropriation and revised estimate for 2011/12 include an additional R5.8 billion in respect of the South African National Roads Agency to be appropriated in an Additional Adjustment Appropriation Bill.

## Expenditure trends

The spending focus over the MTEF period will be on maintaining road infrastructure, upgrading rail infrastructure and services, constructing municipal public transportation infrastructure, and subsidising provincial public transport operations.

Expenditure increased from R28.2 billion in 2008/09 to R41.5 billion in 2011/12, at an average annual rate of 13.8 per cent, due mainly to additional allocations over the period. The allocations grew as follows: from R2.9 billion in 2008/09 to R4.8 billion in 2011/12 for public transport infrastructure and systems; from R1.9 billion in 2008/09 to R11.5 billion in 2011/12 for national road infrastructure, including allocation for coal haulage and R5.8 billion in 2011/12 for the Gauteng Freeway Improvement Project; and from R3.3 billion in 2008/09 to R6.4 billion in 2011/12 for the provincial road network. This growth was offset by declining allocations for the Gautrain rapid rail link project, which decreased from R3.3 billion in 2008/09 to R5.3 million in 2011/12, as the project was completed and the national contribution to the development phase of this project ended in 2011/12. Growth in spending was further enabled by the once-off transfer of R2.5 billion to the Road Accident Fund in 2008/09 to allow it to continue operations. The public transport infrastructure and systems grant, a conditional grant to municipalities, is the main funding source for the introduction of the bus rapid transit systems in Johannesburg, Cape Town and the other cities to follow.

Expenditure is expected to increase from R41.5 billion in 2011/12 to R48.1 billion in 2014/15, at an average annual rate of 5 per cent. This strong growth is attributable to additional allocations of: R893 million for the conditional grant made to provinces for disaster relief funding for provincial road investment and maintenance, R4 billion for rail rolling stock, and R1 billion for the upgrade of signalling and the procurement of depots ahead of the arrival of the new rolling stock. The only other additional allocation is R20.7 million for improved conditions of service over the MTEF period. Expenditure also grew due to inflation related adjustments to spending on road infrastructure and maintenance, rail infrastructure and operations, and the public transport infrastructure and systems. Higher expenditure through the provincial roads maintenance grant is primarily responsible for an improvement in road conditions and is expected to decrease the number of kilometres of the secondary road network in poor or very poor condition to 51 000 kilometres by 2014/15.

Cabinet approved a baseline cut of R1.1 billion over the MTEF period, of which R257.5 million is effected in 2012/13, R331.7 million in 2013/14 and R497.2 million in 2014/15. The detail is discussed under the relevant subprogrammes.

The major transfers made by the department are as follows:

- operational and capital contributions to the South African National Roads Agency for the non-toll network, which increased from R4.1 billion in 2008/09 to R8.7 billion in 2011/12, at an average annual rate of 28.7 per cent, and are expected to increase to R11 billion in 2014/15 at a rate of 8.2 per cent, to accelerate the maintenance, refurbishment and upgrade of the growing national roads network. Additionally, R5.8 billion is allocated to the Gauteng Freeway Improvement project in 2011/12
- operational and capital contributions to the Passenger Rail Agency of South Africa, which increased from R5.4 billion in 2008/09 to R9.5 billion in 2011/12, at an average annual rate of 20.5 per cent, and are expected to increase to R15.7 billion, at a rate of 18.4 per cent, to better maintain and upgrade the rail infrastructure
- the provincial road maintenance grant, which increases from R4.4 billion in 2008/09 to R6.7 billion in 2011/12, at an average annual rate of 15.4 per cent, and is expected to reach R9 billion, growing at an average annual rate of 10.2 per cent, to improve the maintenance of the provincial roads network
- the public transport infrastructure and systems grant, which increased from R2.9 billion in 2008/09 to R4.8 billion in 2011/12, at an average annual rate of 18 per cent, and is expected to further increase to R5.9 billion in 2014/15, at an average annual rate of 6.9 per cent, to build infrastructure in support of integrated public transport networks in municipalities
- the public transport operations grant, which subsidises provincial commuter bus operations, increased from R3.8 billion in 2008/09 to R4.2 billion in 2011/12, at an average annual rate of 2.6 per cent, and is expected to increase to R4.8 billion at a rate of 4.8 per cent

Expenditure on consultants and professional services increased from R643.3 million in 2008/09 to R850.3 million in 2011/12, at an average annual rate of 9.7 per cent, as the department relied heavily on consultants to provide business and advisory services. In 2011/12, expenditure on consultants and professional services accounted for 66.7 per cent of the department's expenditure. Over the medium term, spending on consultants is expected to decrease to R359.4 million, at an average annual rate of 25 per cent, as a result of savings measures implemented.

### Infrastructure spending

The department transfers funds to entities, provinces and municipalities for infrastructure development. Between 2008/09 and 2011/12, these transfers increased from R13.9 billion to R28.9 billion, at an average annual rate of 27.6 per cent. Over the medium term, transfers for infrastructure investment are expected to grow to R34.1 billion, increasing at an average annual rate of 5.7 per cent. The increases are largely due to allocations for national and provincial road maintenance, passenger rail infrastructure, the procurement of new rolling stock and the construction of municipal public transport infrastructure and systems.

## Personnel information

**Table 37.3 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

	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 <sup>2</sup>	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
<b>Department</b>	<b>677</b>	<b>677</b>	<b>101</b>	<b>520</b>	<b>529</b>	<b>529</b>	<b>501</b>	<b>737</b>	<b>737</b>	<b>737</b>
Salary level 1 – 6	132	132	58	106	127	127	117	142	142	142
Salary level 7 – 10	263	263	20	213	182	182	180	284	284	284
Salary level 11 – 12	145	145	7	99	115	115	104	169	169	169
Salary level 13 – 16	137	137	16	102	105	105	100	142	142	142
<b>Administration</b>	<b>306</b>	<b>306</b>	<b>58</b>	<b>237</b>	<b>250</b>	<b>250</b>	<b>249</b>	<b>358</b>	<b>358</b>	<b>358</b>
Salary level 1 – 6	79	79	32	61	84	84	84	90	90	90
Salary level 7 – 10	126	126	13	101	83	83	82	142	142	142
Salary level 11 – 12	56	56	4	38	41	41	41	70	70	70
Salary level 13 – 16	45	45	9	37	42	42	42	56	56	56
<b>Integrated Transport Planning</b>	<b>67</b>	<b>67</b>	<b>12</b>	<b>52</b>	<b>55</b>	<b>55</b>	<b>45</b>	<b>58</b>	<b>58</b>	<b>58</b>
Salary level 1 – 6	14	14	10	14	13	13	4	5	5	5
Salary level 7 – 10	14	14	1	16	10	10	14	16	16	16
Salary level 11 – 12	18	18	–	7	18	18	9	16	16	16
Salary level 13 – 16	21	21	1	15	14	14	18	21	21	21
<b>Rail Transport</b>	<b>18</b>	<b>18</b>	<b>3</b>	<b>14</b>	<b>11</b>	<b>11</b>	<b>22</b>	<b>36</b>	<b>36</b>	<b>36</b>
Salary level 1 – 6	3	3	2	3	2	2	5	6	6	6
Salary level 7 – 10	5	5	–	3	2	2	7	12	12	12
Salary level 11 – 12	3	3	1	3	3	3	5	8	8	8
Salary level 13 – 16	7	7	–	5	4	4	5	10	10	10
<b>Road Transport</b>	<b>117</b>	<b>117</b>	<b>6</b>	<b>97</b>	<b>95</b>	<b>95</b>	<b>68</b>	<b>102</b>	<b>102</b>	<b>102</b>
Salary level 1 – 6	14	14	1	10	10	10	9	13	13	13
Salary level 7 – 10	62	62	2	54	50	50	35	47	47	47
Salary level 11 – 12	23	23	1	20	22	22	16	29	29	29
Salary level 13 – 16	18	18	2	13	13	13	8	13	13	13
<b>Civil Aviation</b>	<b>85</b>	<b>85</b>	<b>13</b>	<b>62</b>	<b>58</b>	<b>58</b>	<b>50</b>	<b>70</b>	<b>70</b>	<b>70</b>
Salary level 1 – 6	10	10	8	9	6	6	7	13	13	13
Salary level 7 – 10	28	28	4	20	19	19	19	29	29	29
Salary level 11 – 12	28	28	–	19	19	19	14	15	15	15
Salary level 13 – 16	19	19	1	14	14	14	10	13	13	13
<b>Maritime Transport</b>	<b>34</b>	<b>34</b>	<b>3</b>	<b>21</b>	<b>24</b>	<b>24</b>	<b>17</b>	<b>36</b>	<b>36</b>	<b>36</b>
Salary level 1 – 6	2	2	3	–	2	2	–	3	3	3
Salary level 7 – 10	15	15	–	10	10	10	8	15	15	15
Salary level 11 – 12	7	7	–	4	4	4	5	8	8	8
Salary level 13 – 16	10	10	–	7	8	8	4	10	10	10
<b>Public Transport</b>	<b>50</b>	<b>50</b>	<b>6</b>	<b>37</b>	<b>36</b>	<b>36</b>	<b>50</b>	<b>77</b>	<b>77</b>	<b>77</b>
Salary level 1 – 6	10	10	2	9	10	10	8	12	12	12
Salary level 7 – 10	13	13	–	9	8	8	15	23	23	23
Salary level 11 – 12	10	10	1	8	8	8	14	23	23	23
Salary level 13 – 16	17	17	3	11	10	10	13	19	19	19

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

2. As at 30 September 2011.



As at 30 September 2011, the department had an establishment of 677 posts, all of which were funded. 101 posts were additional to the approved establishment. The number of posts filled decreased from 520 in 2008/09 to 501 in 2011/12, as a result of the restructuring of the department undertaken in 2010/11 and 2011/12, when it was reorganised around the different transport modes. This will allow for the drafting of legislation, regulation and oversight of public entities within a sector to be overseen in the relevant sectoral branch. It is expected that the number of posts filled will increase to 737 over the medium term, of which 48.6 per cent will be in the *Administration* programme in 2011/12. There were 176 vacancies within the department distributed as follows: 37 between salary levels 13 and 16, 93 posts fall between salary levels 1 and 10 and another 41 between salary levels 11 and 12. Most of these vacancies are in the *Administration and Road Transport* programmes. Apart from the permanent staff, there were 101 contract employees employed by the department.

The ratio of support to line staff was 3:1. The expenditure on consultants in 2011/12 was R850.3 million, while expenditure on compensation of employees was R297.2 million. Expenditure on consultants constituted 286.1 per cent of total spending on compensation of employees.

## Departmental receipts

**Table 37.4 Receipts**

	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2008/09	2009/10	2010/11	2011/12		2012/13	2013/14	2014/15
R thousand								
<b>Departmental receipts</b>	<b>215 806</b>	<b>106 074</b>	<b>408 844</b>	<b>362 611</b>	<b>424 619</b>	<b>237 676</b>	<b>504 221</b>	<b>697 766</b>
<b>Sales of goods and services produced by department</b>	<b>200 089</b>	<b>98 714</b>	<b>406 176</b>	<b>237 766</b>	<b>418 077</b>	<b>230 474</b>	<b>245 509</b>	<b>260 544</b>
Sales by market establishments	18	18	21	–	30	30	30	30
of which:								
<i>Rental parking: Covered and open</i>	18	18	21	–	30	30	30	30
Administrative fees	188 029	98 521	406 035	225 189	417 970	230 350	245 385	260 420
of which:								
<i>Foreign operating permits</i>	343	402	474	–	330	350	385	420
<i>E-Natis fees</i>	187 686	98 119	405 561	225 189	417 640	230 000	245 000	260 000
Other sales	12 042	175	120	12 577	77	94	94	94
of which:								
<i>Commission on insurance</i>	56	70	77	–	66	70	70	70
<i>Approval of security plans</i>	–	5	2	–	–	–	–	–
<i>Replacement of security cards and tender documents</i>	124	64	26	–	3	14	14	14
<i>Departmental publications</i>	29	36	15	–	8	10	10	10
<i>Salvage tugs</i>	11 833	–	–	12 577	–	–	–	–
<b>Sales of scrap, waste, arms and other used current goods</b>	<b>3</b>	<b>3</b>	<b>1</b>	<b>–</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>
of which:								
<i>Waste paper</i>	3	3	1	–	2	2	2	2
<b>Fines, penalties and forfeits</b>	<b>7</b>	<b>(5)</b>	<b>(1)</b>	<b>–</b>	<b>70</b>	<b>50</b>	<b>60</b>	<b>70</b>
<b>Interest, dividends and rent on land</b>	<b>368</b>	<b>137</b>	<b>264</b>	<b>124 430</b>	<b>120</b>	<b>150</b>	<b>251 150</b>	<b>429 150</b>
Interest	368	137	264	430	120	150	150	150
Dividends	–	–	–	124 000	–	–	251 000	429 000
of which:								
<i>Special restructuring proceeds from Airports Company of South Africa</i>	–	–	–	124 000	–	–	251 000	429 000
<b>Transactions in financial assets and liabilities</b>	<b>15 339</b>	<b>7 225</b>	<b>2 404</b>	<b>415</b>	<b>6 350</b>	<b>7 000</b>	<b>7 500</b>	<b>8 000</b>
<b>Total</b>	<b>215 806</b>	<b>106 074</b>	<b>408 844</b>	<b>362 611</b>	<b>424 619</b>	<b>237 676</b>	<b>504 221</b>	<b>697 766</b>

Revenue collected is mainly derived from transaction fees relating to the electronic national traffic information system, which grew from R187.7 million in 2008/09 to R417.6 million in 2011/12, at an average annual rate of 30.6 per cent. This was the result of increasing fees from R30 to R36 per transaction in 2008/09, and an increase in the volume of licensed vehicles from 9.3 million in 2008/09 to 10.3 million in 2011/12. Over the medium term, revenue is projected to decline, as fees are received by the department as an adjusted appropriation, and not recognised as income. Between 2008/09 and 2011/12, no dividends were received from Airports Company of South Africa.

# Programme 1: Administration

## Expenditure estimates

Table 37.5 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R thousand							
Ministry	16 641	34 306	45 816	28 491	29 477	30 713	32 489
Management	32 067	24 215	25 441	52 919	48 256	52 547	55 177
Corporate Services	137 566	146 201	129 762	134 732	151 941	157 821	167 173
Communications	54 145	65 057	35 507	18 191	28 119	29 239	30 912
Office Accomodation	12 296	19 086	9 584	57 836	59 680	62 435	66 181
<b>Total</b>	<b>252 715</b>	<b>288 865</b>	<b>246 110</b>	<b>292 169</b>	<b>317 473</b>	<b>332 755</b>	<b>351 932</b>
Change to 2011 Budget estimate				19 187	32 823	32 793	33 972

### Economic classification

	240 285	274 702	234 873	280 688	305 419	320 036	338 450
<b>Current payments</b>							
Compensation of employees	85 806	97 404	112 654	117 072	143 858	151 718	161 040
Goods and services	154 479	177 298	122 219	163 616	161 561	168 318	177 410
<i>of which:</i>							
Administrative fees	682	632	632	612	855	944	979
Advertising	17 760	6 376	1 096	2 809	6 174	6 361	6 709
Assets less than the capitalisation threshold	666	427	280	351	735	770	809
Audit cost: External	4 238	5 466	7 175	5 076	5 995	6 077	6 406
Bursaries: Employees	2 498	1 690	462	1 200	1 200	1 210	1 277
Catering: Departmental activities	865	327	935	692	1 052	1 129	1 179
Communication	7 397	7 373	4 132	2 967	4 501	4 723	4 953
Computer services	10 320	5 703	4 643	3 469	5 748	5 821	6 137
Consultants and professional services: Business and advisory services	50 331	50 021	64 307	59 548	38 208	39 703	41 701
Consultants and professional services: Legal costs	830	5 348	48	–	–	–	–
Contractors	15 881	41 958	3 053	6 876	4 511	4 800	5 016
Agency and support / outsourced services	1 510	714	48	–	–	–	–
Entertainment	319	373	861	666	875	886	935
Inventory: Fuel, oil and gas	–	–	2	2	1	1	1
Inventory: Materials and supplies	–	3	21	16	69	69	73
Inventory: Medical supplies	–	–	57	44	25	25	26
Inventory: Other consumables	1 052	47	105	79	136	141	149
Inventory: Stationery and printing	4 303	2 585	3 774	2 966	2 461	2 632	2 751
Lease payments	14 683	21 224	11 001	59 288	61 577	64 442	68 281
Property payments	–	–	205	159	3 262	3 290	3 472
Travel and subsistence	16 814	19 010	15 302	11 931	17 818	18 770	19 691
Training and development	3 136	3 287	1 914	3 890	4 102	4 137	4 366
Operating expenditure	301	1 156	338	169	756	788	829
Venues and facilities	893	3 578	1 828	806	1 500	1 599	1 670
<b>Transfers and subsidies</b>	<b>8 385</b>	<b>8 825</b>	<b>9 775</b>	<b>9 523</b>	<b>9 999</b>	<b>10 549</b>	<b>11 182</b>
Departmental agencies and accounts	30	–	–	197	207	218	231
Higher education institutions	7 798	8 178	8 695	9 189	9 648	10 179	10 790
Households	557	647	1 080	137	144	152	161
<b>Payments for capital assets</b>	<b>3 701</b>	<b>5 020</b>	<b>1 304</b>	<b>1 958</b>	<b>2 055</b>	<b>2 170</b>	<b>2 300</b>
Machinery and equipment	3 701	5 020	1 304	1 958	2 055	2 170	2 300
<b>Payments for financial assets</b>	<b>344</b>	<b>318</b>	<b>158</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total</b>	<b>252 715</b>	<b>288 865</b>	<b>246 110</b>	<b>292 169</b>	<b>317 473</b>	<b>332 755</b>	<b>351 932</b>

Table 37.5 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
<b>Details of transfers and subsidies</b>							
<b>Departmental agencies and accounts</b>							
<b>Departmental agencies (non-business entities)</b>							
<b>Current</b>	<b>30</b>	<b>–</b>	<b>–</b>	<b>197</b>	<b>207</b>	<b>218</b>	<b>231</b>
Transport Education and Training Authority	30	–	–	197	207	218	231
<b>Households</b>							
<b>Social benefits</b>							
<b>Current</b>	<b>557</b>	<b>647</b>	<b>1 080</b>	<b>137</b>	<b>144</b>	<b>152</b>	<b>161</b>
Employee social benefits	557	647	1 080	137	144	152	161
<b>Higher education institutions</b>							
<b>Current</b>	<b>7 798</b>	<b>8 178</b>	<b>8 695</b>	<b>9 189</b>	<b>9 648</b>	<b>10 179</b>	<b>10 790</b>
Universities of Pretoria, KwaZulu-Natal and Stellenbosch	7 798	8 178	8 695	9 189	9 648	10 179	10 790

## Expenditure trends

Expenditure grew from R252.7 million in 2008/09 to R292.2 million in 2011/12, at an average annual rate of 5 per cent. The increase was largely due to funds shifting to this programme from other programmes in 2009/10 to cater for the expansion of internal audit staff, skills development costs and preparations for the 2010 FIFA World Cup.

Over the MTEF period, spending is expected to increase to R351.9 million, at an average annual rate of 6.4 per cent. The increase is mainly in spending in the *Office Accommodation* subprogramme, which is expected to grow to R66.2 million in 2014/15, at an average annual rate of 4.6 per cent, as a result of increases in annual rental costs. The office rental expenditure will not be as high as expected in 2011/12, due to delays in occupying the expanded office space. The department is expected to start using the expanded space over the medium term.

R7.5 million over the medium term is shifted from the *Integrated Transport Planning* programme to this programme for the operations of the programme management unit.

Spending on consultants and professional services increased from R51.2 million in 2008/09 to R59.5 million in 2011/12, at an average annual rate of 5.2 per cent, and is expected to decrease to R41.7 million over the medium term, at an average annual rate of 11.2 per cent. Consultants are appointed mainly to support corporate services within this programme to provide advisory services.

## Programme 2: Integrated Transport Planning

### Objectives and measures

- Lower the cost of transport logistics within South Africa by developing appropriate corridor mapping tools by 2014 to optimise modal and investment decisions.
- Improve inter and intra governmental transport planning by establishing a national planning forum in 2012/13 that integrates planning across all spheres of government, and develop a master planning framework to guide the work of the forum.
- Support an effective and efficient transport system by developing and continuously updating transport performance indicators and establishing a central transport industry databank, to enable planning and analysis of all modes of transport and land use by 2013/14.
- Ensure evidence based transport planning and policy making by conducting a household travel survey in 2012 to support public transport and infrastructure investments.
- Develop appropriate institutional and regulatory frameworks that will enhance and promote the participation of second economy players in the mainstream economy by 2014.

## Subprogrammes

- *Macro Sector Planning* examines land use for transport in all spheres of government from a multimodal perspective, to provide guidance on future investment. It manages, coordinates and facilitates the implementation of the planning provisions contained in the National Land Transport Act (2009), and also develops planning guidelines and a national five-year strategic framework to inform provincial and municipal planning. This subprogramme had a staff complement of 11 and a total budget of R39.5 million in 2011/12, of which 52.7 per cent was used for compensation of employees. In 2011/12, the subprogramme completed the national transport master plan. The focus over the medium term will be on getting the national transport master plan approved by Cabinet by 2012/13 at a cost of R79 million, updating the micro planning framework, drafting the National Planning and Implementation Bill and establishing the national transport planning forum. R22.2 million in 2012/13 has been reprioritised to other subprogrammes, as the restructuring of the department has been completed and some items have been moved to subprogrammes where they fit best.
- *Logistics* develops and coordinates the implementation of freight logistics strategies aimed at unblocking bottlenecks in the freight logistics system and the related supply chains, with particular emphasis on integrating elements of the system across modes. This subprogramme had a staff complement of 11 and a total budget of R14.2 million in 2011/12, which was used in full on compensation of employees. In 2011/12, the freight movement optimisation plan was developed and the status quo report on 6 border posts was approved by the steering committee for further consultation with neighbouring countries. R13 million is budgeted over the medium term to review and implement the national freight logistics strategy, develop and update the national transport database, and finalise the branch line strategy following the development of the rail policy. There is a baseline reduction of R3.6 million in 2012/13 in this subprogramme, which will be used to support departmental priorities.
- *Modelling and Economic Analysis* undertakes economic studies, develops models, and applies economic analysis tools to the context of the transport sector policy development. This subprogramme had a staff complement of 17 and a total budget of R31.1 million in 2011/12, of which 61.1 per cent was used for goods and services. In 2011/12, a study on the macroeconomic impact of transport to the economy was initiated and a paper on South Africa's global competitiveness was completed. In the same year, a greenhouse gas inventory was established and a model to reduce emissions in the transport sector was devised. Responsibilities over the medium term include: the conceptual design and modelling of projects in close collaboration with the environmental coordination unit and line functions; the provision of support for selected public private partnership projects; and development of financial models for transport infrastructure investment, specifically in the rail sector. A baseline reduction of R3.6 million in 2012/13 was effected and will be used to support departmental priorities.
- *Regional Integration* manages, coordinates and facilitates the development of strategies for engagement in the Southern African Development Community (SADC) region and the continent. This subprogramme had a staff complement of 2 and total budget of R5.2 million in 2011/12, of which 84.7 per cent was used for compensation of employees. In 2011/12, working relationships with all regional institutions were developed and regional corridors clusters were established. Over the medium term, the focus will be on conducting studies on the harmonisation of the transport standards in the SADC region and the state of regional infrastructure. Over the medium term, African integration will be promoted and regional corridors will be developed. There is a baseline reduction of R9.4 million in 2012/13 in this subprogramme, which will be reprioritised to provide support for departmental priorities.
- *Research and Innovation* manages and conducts research for the various modes of transport, participates in transport innovation and technology activities, formulates and implements sectors' environmental policies and strategies, and monitors and evaluates the impact of transport programmes and projects. The subprogramme developed a draft target setting framework document and terms of reference for the development of a multi-deprivation index. This subprogramme had a staff complement of 9 and a total budget of R3.6 million in 2011/12, of which 59.6 per cent was used for goods and services procured, such as to support the conversion of public transport vehicles to use compressed natural gas, for climate change mitigation purposes. In 2012/13, the subprogramme's activities will include conducting a baseline study to

ascertain levels of aggregate energy consumption along the major corridors in South Africa, developing a monitoring and evaluation framework in line with moderation principles for the department of performance monitoring and evaluation, constructing a transport accessibility/multi-deprivation index for 12 rural districts, and updating the transport innovation and technology research strategy. There is no increase or baseline reduction in 2012/13 in this subprogramme.

- *Integrated Transport Planning Administration Support* provides administrative support services to the entire programme. It is responsible for budget control, performance reporting and project administration. This subprogramme had a staff complement of 8 and a total budget of R8.2 million in 2011/12, of which 63.6 per cent was used for compensation of employees. A baseline reprioritisation of R1.2 million in 2012/13 has been effected in this subprogramme.

## Expenditure estimates

**Table 37.6 Integrated Transport Planning**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R thousand							
Macro Sector Planning	17 972	16 784	18 101	39 456	29 278	29 364	32 332
Logistics	6 781	8 791	14 209	14 207	9 749	10 153	10 773
Modeling and Economic Analysis	6 424	12 835	12 767	31 077	34 905	29 393	29 970
Regional Integration	4 893	5 065	7 662	5 181	4 021	4 241	4 501
Research and Innovation	6 626	5 946	3 385	3 623	6 220	7 000	7 427
Integrated Transport Planning Administration Support	6 827	11 134	2 601	8 246	4 369	4 450	4 402
<b>Total</b>	<b>49 523</b>	<b>60 555</b>	<b>58 725</b>	<b>101 790</b>	<b>88 542</b>	<b>84 601</b>	<b>89 405</b>
Change to 2011 Budget estimate				(49 518)	(47 259)	(51 158)	(54 500)

### Economic classification

	48 694	59 574	58 518	101 029	87 743	83 757	88 511
<b>Current payments</b>							
Compensation of employees	26 338	43 788	43 730	59 431	32 157	33 915	35 999
Goods and services	22 356	15 786	14 788	41 598	55 586	49 842	52 512
<i>of which:</i>							
Administrative fees	–	9	–	165	–	–	–
Advertising	500	976	934	121	–	–	–
Assets less than the capitalisation threshold	287	281	242	138	393	456	440
Catering: Departmental activities	122	16	31	52	140	142	127
Communication	293	601	847	331	150	158	146
Computer services	252	336	406	510	–	–	–
Consultants and professional services: Business and advisory services	13 387	5 118	3 431	37 788	53 286	47 354	50 194
Consultants and professional services: Infrastructure and planning	–	463	2 105	–	–	–	–
Consultants and professional services: Legal costs	–	–	486	–	–	–	–
Contractors	1 002	413	847	(10)	15	22	23
Agency and support / outsourced services	440	57	–	–	–	–	–
Inventory: Other consumables	18	7	1	–	7	10	11
Inventory: Stationery and printing	1 270	1 477	1 285	394	45	65	69
Lease payments	192	321	399	95	75	84	80
Travel and subsistence	3 937	3 162	1 556	1 690	1 125	1 214	1 130
Training and development	20	20	2 165	284	–	–	–
Operating expenditure	545	68	51	30	–	–	–
Venues and facilities	91	2 461	2	10	350	337	292
<b>Transfers and subsidies</b>	<b>27</b>	<b>42</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Households	27	42	–	–	–	–	–
<b>Payments for capital assets</b>	<b>802</b>	<b>902</b>	<b>191</b>	<b>761</b>	<b>799</b>	<b>844</b>	<b>894</b>
Machinery and equipment	802	902	191	761	799	844	894
<b>Payments for financial assets</b>	<b>–</b>	<b>37</b>	<b>16</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total</b>	<b>49 523</b>	<b>60 555</b>	<b>58 725</b>	<b>101 790</b>	<b>88 542</b>	<b>84 601</b>	<b>89 405</b>

Table 37.6 Integrated Transport Planning (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
<b>Details of transfers and subsidies</b>							
<b>Households</b>							
<b>Social benefits</b>							
<b>Current</b>	27	42	-	-	-	-	-
Employee social benefits	27	42	-	-	-	-	-

## Expenditure trends

Expenditure grew from R49.5 million in 2008/09 to R101.8 million 2011/12, at an average annual rate of 27.1 per cent. This growth is attributable to higher spending on the development of an updated national household survey to improve public transport planning, and the establishment of economic regulatory capacity within the transport sector to respond to regulatory, access and competition challenges. The allocations to *Macro Sector Planning* subprogramme were used, among other things, to develop the national transport master plan.

Over the MTEF period, expenditure is expected to decrease to R89.4 million, at an average annual rate of 4.2 per cent, largely due to the reallocation of funds from the *Macro Sector Planning, Logistics and Integrated Transport Planning Administration Support* subprogrammes to align the budget with the department's strategic plan. In addition, expenditure on compensation of employees is projected to decline from 58.4 per cent of total expenditure in 2011/12 to 40.7 per cent in 2014/15, due to the realignment and the related changes in the budget structure.

Expenditure on consultants and professional services increased from R13.4 million in 2008/09 to R37.8 million in 2011/12, at an average annual rate of 41.3 per cent, due to the development of the national transport master plan in the *Macro Sector Planning* subprogramme and the national household travel survey in the *Modelling and Economic Analysis* subprogramme. Over the medium term, expenditure on consultants is expected to increase to R50.2 million, at an average annual rate of 9.9 per cent, due to the development of the national household travel survey and the establishment of the transport sector economic regulator.

## Programme 3: Rail Transport

### Objectives and measures

- Direct effective and sustainable urban rail transport and freight rail movement based on competition and private sector participation by developing a rail transport policy and setting up a rail economic regulator through close collaboration with relevant stakeholders by 2012/13, resulting in a 2.5 per cent annual increase in commuter numbers and an increase in cargo being moved by branch lines to 8 million tons by 2015.
- Increase the accountability of rail commuter transport by facilitating the devolution of rail operational subsidies to local government and the signing of service level agreements with metropolitan municipalities and the Passenger Rail Agency of South Africa by December 2012.
- Enhance the contribution of the rail sector to socioeconomic development by providing institutional clarity and policy guidance to the rail sector through the publication of the green paper on rail transport by 2012/13.

### Subprogrammes

- *Rail Regulation* develops rail policy, safety and economic regulations to ensure improved safety and efficiency in rail transport. This subprogramme had a staff complement of 9 and a total budget of R12.2 million in 2011/12, of which 69.4 per cent was used for goods and services, such as the development of the rail policy and research on the rail economic regulator. In 2011/12, the development of the rail transport policy was initiated, and will be followed by an act of Parliament, after the policy has been

approved in 2012/13. Over the medium term, the focus will be on developing the rail policy and legislation and establishing the rail economic regulator. A green paper on rail transport will be published in 2012/13, at a cost of R2.5 million. Thereafter the white paper on rail transport will be submitted to Cabinet for adoption. R3.1 million in 2012/13 has been reprioritised to this subprogramme.

- *Rail Infrastructure and Industry Development* coordinates the development, maintenance of and investment in rail infrastructure. This subprogramme had a staff complement of 10 and a total budget of R8.8 million in 2011/12, of which 77.2 per cent was used for goods and services. In 2011/12, the subprogramme led the interdepartmental steering committee in reviewing and approving the Passenger Rail Agency of South Africa's feasibility study, conducted at a cost of R20 million, which analysed the engineering, economic, legal and financial aspects of rolling stock procurement. The study's findings were approved by the agency's board of directors, and concluded that the purchase of rolling stock was necessary, could be carried out over a 20-year period and provided cost estimates. Over the medium term, the focus will be on facilitating the agency's rolling stock procurement process. A baseline reduction of R3.2 million in 2012/13 is made in this subprogramme and will be used to support departmental priorities, including strengthening rail regulation.
- *Rail Operations* coordinates the implementation of integrated rail services, and monitors and analyses service delivery challenges facing the rail industry. Over the medium term, a key function will be to coordinate and facilitate the phased devolution of rail operational subsidies to metropolitan authorities. The initial step, from 2013/14, will be to re-allocate to municipalities the operational funding that is presently transferred to the Passenger Rail Agency of South Africa. This subprogramme had a staff complement of 7 and a total budget of R6.6 million in 2011/12, of which 58.5 per cent was used for goods and services. R1.2 million in 2012/13 has been identified as a baseline reduction in this subprogramme and will be used to support departmental priorities, including rail regulation.
- *Rail Oversight* transfers allocations to the rail public entities, the Passenger Rail Agency of South Africa and the Railway Safety Regulator, and monitors their performance against approved plans. R9.5 billion was budgeted in 2011/12 and was transferred in full to the Passenger Rail Agency of South Africa and the Railway Safety Regulator. A baseline reduction of R13.6 million in 2012/13 is made in this subprogramme to provide support to departmental priorities, including rail regulation.
- *Rail Administration Support* provides support services to the entire programme, such as the preparation of submissions, the facilitation of departmental meetings, business planning and project implementation. This subprogramme had a staff complement of 10 and a total budget of R5.3 million in 2011/12, of which 62.1 per cent was used for compensation of employees. R1.3 million in 2012/13 is reprioritised to this subprogramme.

## Expenditure estimates

**Table 37.7 Rail Transport**

Subprogramme	Audited outcome			Adjusted appropriation 2011/12	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R thousand							
Rail Regulation	2 546	2 007	5 930	12 245	14 401	15 202	16 114
Rail Infrastructure and Industry Development	14 890	5 331	4 264	8 784	7 441	7 852	8 337
Rail Operations	4 345	21 548	5 472	6 589	4 660	4 917	5 221
Rail Oversight	8 716 644	10 496 373	9 239 200	9 516 873	10 267 254	11 104 683	15 788 623
Rail Administration Support	957	2 401	4 822	5 281	5 137	5 044	5 268
<b>Total</b>	<b>8 739 382</b>	<b>10 527 660</b>	<b>9 259 688</b>	<b>9 549 772</b>	<b>10 298 893</b>	<b>11 137 698</b>	<b>15 823 563</b>
Change to 2011 Budget estimate				7 099	269 962	297 479	4 332 931

Table 37.7 Rail Transport (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
<b>Economic classification</b>							
<b>Current payments</b>	<b>22 594</b>	<b>31 213</b>	<b>20 438</b>	<b>32 838</b>	<b>31 574</b>	<b>32 946</b>	<b>34 867</b>
Compensation of employees	4 445	6 571	8 962	11 712	16 266	17 154	18 209
Goods and services	18 149	24 642	11 476	21 126	15 308	15 792	16 658
of which:							
Advertising	38	89	315	223	20	17	17
Assets less than the capitalisation threshold	96	28	102	50	165	143	145
Catering: Departmental activities	16	4	20	49	50	44	45
Communication	89	113	218	113	110	96	97
Computer services	43	–	28	295	–	–	–
Consultants and professional services: Business and advisory services	16 095	22 696	5 557	10 773	4 260	4 500	4 780
Consultants and professional services: Infrastructure and planning	–	–	2 098	8 039	9 010	9 516	10 079
Consultants and professional services: Legal costs	–	24	–	–	–	–	–
Contractors	141	112	308	102	10	9	9
Agency and support / outsourced services	30	4	–	–	–	–	–
Entertainment	–	–	–	–	20	17	17
Inventory: Other consumables	21	–	6	10	–	–	–
Inventory: Stationery and printing	571	136	348	225	680	593	601
Lease payments	69	85	218	126	50	44	45
Travel and subsistence	771	1 317	2 143	1 105	830	723	732
Operating expenditure	–	3	3	1	3	3	3
Venues and facilities	169	31	112	15	100	87	88
<b>Transfers and subsidies</b>	<b>8 716 644</b>	<b>10 496 373</b>	<b>9 239 200</b>	<b>9 516 873</b>	<b>10 267 254</b>	<b>11 104 683</b>	<b>15 788 623</b>
Provinces and municipalities	3 265 993	2 976 720	438 360	5 300	–	–	–
Departmental agencies and accounts	33 361	37 260	35 634	37 475	39 349	41 513	44 004
Public corporations and private enterprises	5 417 290	7 482 393	8 765 206	9 474 098	10 227 905	11 063 170	15 744 619
<b>Payments for capital assets</b>	<b>144</b>	<b>74</b>	<b>50</b>	<b>61</b>	<b>65</b>	<b>69</b>	<b>73</b>
Machinery and equipment	144	74	50	61	65	69	73
<b>Total</b>	<b>8 739 382</b>	<b>10 527 660</b>	<b>9 259 688</b>	<b>9 549 772</b>	<b>10 298 893</b>	<b>11 137 698</b>	<b>15 823 563</b>

## Details of transfers and subsidies

<b>Departmental agencies and accounts</b>							
<b>Departmental agencies (non-business entities)</b>							
<b>Current</b>	<b>33 361</b>	<b>37 260</b>	<b>35 634</b>	<b>37 475</b>	<b>39 349</b>	<b>41 513</b>	<b>44 004</b>
Railway Safety Regulator	33 361	37 260	35 634	37 475	39 349	41 513	44 004
<b>Public corporations and private enterprises</b>							
<b>Public corporations</b>							
<b>Public corporations - subsidies on products and production</b>							
<b>Current</b>	<b>3 049 604</b>	<b>3 185 844</b>	<b>3 154 933</b>	<b>3 339 330</b>	<b>3 526 799</b>	<b>3 678 003</b>	<b>3 887 342</b>
Passenger Rail Agency of South Africa	3 049 604	3 185 844	3 154 933	3 339 330	3 526 799	3 678 003	3 887 342
<b>Public corporations and private enterprises</b>							
<b>Public corporations</b>							
<b>Other transfers to public corporations</b>							
<b>Capital</b>	<b>2 367 686</b>	<b>4 296 549</b>	<b>5 610 273</b>	<b>6 134 768</b>	<b>6 701 106</b>	<b>7 385 167</b>	<b>11 857 277</b>
Passenger Rail Agency of South Africa	2 367 686	3 831 791	5 110 273	6 134 768	6 701 106	7 385 167	11 857 277
Passenger Rail Agency of South Africa (Public transport infrastructure and systems grant)	–	464 758	500 000	–	–	–	–
<b>Provinces and municipalities</b>							
<b>Provinces</b>							
<b>Provincial Revenue Funds</b>							
<b>Capital</b>	<b>3 265 993</b>	<b>2 976 720</b>	<b>4 38 360</b>	<b>5 300</b>	<b>–</b>	<b>–</b>	<b>–</b>
Gautrain rapid rail link	3 265 993	2 976 720	4 38 360	5 300	–	–	–

## Expenditure trends

Expenditure increased from R8.7 billion in 2008/09 to R9.5 billion in 2011/12, at an average annual rate of 3 per cent. This growth was mainly attributed to increased allocations for capital and operational expenditure to



allow the Passenger Rail Agency of South Africa to accelerate the upgrading and rehabilitation of rolling stock and signalling infrastructure to enhance the reliability of rail services.

Over the medium term, spending is expected to increase to R15.8 billion, at an average annual rate of 18.3 per cent, due to continued allocations to the Passenger Rail Agency of South Africa. These allocations are expected to grow from R9.5 billion in 2011/12 to R15.8 billion in 2014/15, at an average annual rate of 18.4 per cent. The additional allocation of R5 billion over the MTEF period is specifically to procure new rolling stock, continue upgrading signalling infrastructure and construct new depots in anticipation of the new fleet. The investments will improve the service levels for rail commuters. Additional funds for the establishment of a rail economic regulator were identified through budget reprioritisation over the medium term.

Spending on consultants and professional services increased from R16.1 million in 2008/09 to R18.8 million in 2011/12, at an average annual rate of 5.3 per cent. The increase between 2008/09 and 2011/12 is due to the reprioritisation of expenditure towards the *Rail Regulation* subprogramme. Spending on this item is expected to decrease over the medium term to R14.9 million, at an average annual rate of 7.6 per cent. The decrease over the medium term is due to the reprioritisation of expenditure in the *Rail Infrastructure and Industry Development* and the *Rail Operations* subprogrammes.

## Programme 4: Road Transport

### Objectives and measures

- Provide a well maintained coal haulage road network by supporting the upgrading of 2 156 kilometres of coal haulage roads through the quarterly monitoring of spending by the South African National Roads Agency, and Mpumalanga and Gauteng provinces by 2014.
- Provide a safe and reliable road network by reducing those roads in poor and very poor condition from 59 674 kilometres in 2011/12 to 51 000 kilometres by 2014/15 through preventative, routine and emergency maintenance on the provincial secondary road network.
- Support the implementation of the road infrastructure strategic framework by ensuring the use of updated road asset management systems in all provinces by 2013/14 and at local government level for the initial 22 municipalities by 2014/15.
- Improve rural access and mobility by assisting 21 district municipalities in developing non-motorised transport infrastructure and facilities by developing plans and guidelines for non-motorised infrastructure design, and monitoring their implementation by 2014.
- Support the United Nations (UN) Decade of Action for Road Safety by reviewing the existing road safety strategy to halve road deaths by 50 per cent by 2020.

### Subprogrammes

- *Road Regulation* regulates road safety and traffic management, manages the relevant information systems and programmes, and exercises oversight over the inspectorate for driving licences and vehicle testing stations. This subprogramme had a staff complement of 46 and a total budget of R455.9 million in 2011/12, of which 95.7 per cent was used for goods and services. Responsibilities include the maintenance and upgrading of the electronic national traffic information system. In 2011/12, workshops were held to promote the transport management system, a strategy that focuses on load management, driver wellness, vehicle fitness and operating safety of heavy vehicles. Comments were also received on draft regulations with regard to the capacity of testing stations to cope with the additional motor vehicle testing required. Over the medium term, learner and driving licence instructions will be provided at high school level at an approximate cost of R6 million. The subprogramme expects to train 2 250 students in driving skills by 2013/14. To achieve a reduction of accidents, drivers' driving skills will be enhanced by regulating the driving school industry through a review of the drivers' training manual. A baseline reduction of R23.8 million in 2012/13 in this subprogramme will be reprioritised to support departmental priorities, including road infrastructure and industry development.
- *Road Infrastructure and Industry Development* facilitates and coordinates the planning, development, and management and maintenance of road infrastructure and asset management systems. This subprogramme

had a staff complement of 25 and a total budget of R42.1 million in 2011/12, of which 66.2 per cent was used for goods and services. In 2011/12, guidelines were developed for road maintenance regarding the provincial roads maintenance grant. Over the medium term, responsibilities include developing and managing the framework for maintenance of the secondary road network. This entails monitoring and evaluating the performance of provinces and municipalities in maintaining the road network and upgrading the coal haulage road network. The target is to reduce provincial roads which are in poor to very poor condition from 65 966 kilometres in 2008/09 to 51 000 kilometres by 2014/15, by implementing a targeted maintenance programme across the provinces and rehabilitating 2 156 kilometres of coal haulage roads by 2014/15. A baseline reprioritisation of R24 million in 2012/13 is effected in this subprogramme.

- *Road Oversight* exercises functional oversight over public entities whose mandates cover road based transport, and transfer payments to these entities, where applicable. In 2011/12, this subprogramme had a staff complement of 4 to administer the grant management function, and a total budget of R21.2 billion which was transferred to the South African National Roads Agency and to provinces and municipalities, for road infrastructure and systems for roads maintenance and upgrading. Over the medium term, the department will continue to monitor progress and expenditure by provinces and the South African National Roads Agency on a monthly, quarterly and annual basis. A baseline reduction of R344 000 in 2012/13 has been effected in this subprogramme.
- *Road Administration Support* provides administrative support services to the programme, such as the preparation of submissions, facilitation of departmental meetings, business planning and project implementation. This subprogramme had a staff complement of 10 and a total budget of R7.4 million in 2011/12, of which 65.2 per cent was used for compensation of employees. A baseline reduction of R275 000 in 2012/13 has been identified in this subprogramme and will be reprioritised to departmental priorities.
- *Road Engineering Standards* develops and ensures the implementation of road engineering standards to provide a safe and reliable transportation system and to preserve, protect and improve road infrastructure. Work includes the development and updating of road engineering norms and standards, road asset management system policy and guidelines, and performance indicators. Road infrastructure audits and quality assurance, road disaster management and environmental management are also managed and coordinated. In 2011/12, all engineers presented a new standards document on highways aligned with international highway standards to the Committee of Transport Officials. This subprogramme had a staff complement of 17 and a total budget of R9.6 million in 2011/12, of which 86.1 per cent was used for compensation of employees. No baseline increase or reduction has been effected in this subprogramme in 2012/13. The targets are to update the digitised road traffic signs manual and route numbering document by 2012/13, at a projected cost of R7.4 million.

## Expenditure estimates

**Table 37.8 Road Transport**

Subprogramme	Audited outcome			Adjusted appropriation 2011/12	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R thousand							
Road Regulation	283 439	243 023	237 988	455 934	37 897	39 983	42 420
Road Infrastructure and Industry Development	55 595	25 299	52 468	42 141	38 102	40 641	43 321
Road Oversight	11 155 740	10 133 966	11 019 662	21 218 638	17 835 933	19 013 872	20 054 469
Road Administration Support	4 941	12 314	38 533	7 427	7 810	6 861	7 122
Road Engineering Standards	9 244	7 529	12 049	9 584	9 067	9 623	10 211
<b>Total</b>	<b>11 508 959</b>	<b>10 422 131</b>	<b>11 360 700</b>	<b>21 733 724</b>	<b>17 928 809</b>	<b>19 110 980</b>	<b>20 157 543</b>
Change to 2011 Budget estimate				6 410 771	406 521	271 960	188 183

Table 37.8 Road Transport (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
<b>Economic classification</b>							
<b>Current payments</b>	<b>338 976</b>	<b>287 940</b>	<b>339 532</b>	<b>515 828</b>	<b>93 617</b>	<b>97 818</b>	<b>103 828</b>
Compensation of employees	22 876	28 612	34 774	41 043	42 787	45 124	47 897
Goods and services	316 100	259 328	304 758	474 785	50 830	52 694	55 931
<i>of which:</i>							
<i>Administrative fees</i>	7	8	14	4	10	5	5
<i>Advertising</i>	531	11 648	763	147	250	113	102
<i>Assets less than the capitalisation threshold</i>	219	109	209	78	76	41	39
<i>Catering: Departmental activities</i>	179	96	244	39	74	33	30
<i>Communication</i>	519	883	483	106	819	797	836
<i>Computer services</i>	2 615	2 438	396	63	–	–	–
<i>Consultants and professional services: Business and advisory services</i>	297 208	234 206	146 674	470 453	43 300	46 129	49 134
<i>Consultants and professional services: Infrastructure and planning</i>	–	–	140 326	–	–	–	–
<i>Consultants and professional services: Legal costs</i>	313	–	45	–	–	–	–
<i>Contractors</i>	2 326	1 487	2 371	347	400	380	397
<i>Agency and support / outsourced services</i>	43	–	–	–	–	–	–
<i>Inventory: Materials and supplies</i>	–	–	–	–	6	3	3
<i>Inventory: Other consumables</i>	14	14	10	8	–	–	–
<i>Inventory: Stationery and printing</i>	1 537	1 290	2 741	317	400	264	262
<i>Lease payments</i>	397	419	1 250	103	350	303	313
<i>Travel and subsistence</i>	8 217	5 632	7 390	1 967	4 609	4 332	4 529
<i>Training and development</i>	24	–	52	15	–	–	–
<i>Operating expenditure</i>	1 524	436	1 302	974	236	159	159
<i>Venues and facilities</i>	427	661	488	165	300	135	122
<b>Transfers and subsidies</b>	<b>11 155 777</b>	<b>10 133 977</b>	<b>11 019 662</b>	<b>21 217 338</b>	<b>17 834 607</b>	<b>19 012 545</b>	<b>20 053 061</b>
Provinces and municipalities	4 406 188	4 336 277	4 101 542	6 732 793	8 019 140	8 579 633	8 994 248
Departmental agencies and accounts	6 749 552	5 797 689	6 918 120	14 484 545	9 815 467	10 432 912	11 058 813
Households	37	11	–	–	–	–	–
<b>Payments for capital assets</b>	<b>429</b>	<b>167</b>	<b>203</b>	<b>558</b>	<b>585</b>	<b>617</b>	<b>654</b>
Machinery and equipment	429	167	203	558	585	617	654
<b>Payments for financial assets</b>	<b>13 777</b>	<b>47</b>	<b>1 303</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total</b>	<b>11 508 959</b>	<b>10 422 131</b>	<b>11 360 700</b>	<b>21 733 724</b>	<b>17 928 809</b>	<b>19 110 980</b>	<b>20 157 543</b>

**Details of transfers and subsidies**

<b>Departmental agencies and accounts</b>							
<b>Social security funds</b>							
<b>Current</b>	<b>2 500 000</b>	–	–	–	–	–	–
Road Accident Fund	2 500 000	–	–	–	–	–	–
<b>Departmental agencies and accounts</b>							
<b>Departmental agencies (non-business entities)</b>							
<b>Current</b>	<b>2 249 552</b>	<b>2 844 153</b>	<b>2 852 943</b>	<b>3 007 197</b>	<b>3 212 872</b>	<b>3 389 461</b>	<b>3 592 755</b>
Road Traffic Management Corporation	89 588	83 603	73 619	77 949	82 412	86 946	92 088
South African National Roads Agency	2 159 964	2 760 550	2 779 324	2 924 248	3 125 460	3 297 515	3 495 367
Road Traffic Infringement Agency	–	–	–	5 000	5 000	5 000	5 300

Table 37.8 Road Transport (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
<b>Details of transfers and subsidies</b>							
<b>Departmental agencies and accounts</b>							
<b>Departmental agencies (non-business entities)</b>							
<b>Capital</b>							
South African National Roads Agency	–	–	–	5 750 000	–	–	–
South African National Roads Agency	1 900 000	2 847 536	4 065 177	5 262 566	5 934 636	6 394 541	6 800 560
South African National Roads Agency (coal haulage road network)	–	–	–	464 782	667 959	648 910	665 498
South African National Roads Agency (Public transport infrastructure and systems grant)	100 000	106 000	–	–	–	–	–
<b>Households</b>							
<b>Social benefits</b>							
<b>Current</b>							
Employee social benefits	37	11	–	–	–	–	–
	37	11	–	–	–	–	–
<b>Provinces and municipalities</b>							
<b>Provinces</b>							
<b>Provincial Revenue Funds</b>							
<b>Capital</b>							
	<b>4 397 288</b>	<b>4 323 477</b>	<b>4 091 142</b>	<b>6 697 354</b>	<b>7 981 845</b>	<b>8 540 479</b>	<b>8 952 830</b>
Overload control grant	8 796	10 069	11 038	–	–	–	–
Provincial roads maintenance grant: Roads maintenance	3 323 019	4 162 161	4 080 104	5 872 354	6 828 533	7 363 757	7 782 885
Sani Pass roads grant	30 000	34 347	–	–	–	–	–
Provincial roads maintenance grant: Disaster relief	1 035 473	116 900	–	240 000	489 912	367 822	366 943
Provincial roads maintenance grant: Coal haulage road network maintenance	–	–	–	585 000	663 400	808 900	803 002
<b>Provinces and municipalities</b>							
<b>Municipalities</b>							
<b>Municipal bank accounts</b>							
<b>Current</b>							
	<b>8 900</b>	<b>12 800</b>	<b>10 400</b>	<b>35 439</b>	<b>37 295</b>	<b>39 154</b>	<b>41 418</b>
Rural roads asset management grant	8 900	12 800	10 400	35 439	37 295	39 154	41 418

## Expenditure trends

Allocations in this programme are mainly for road maintenance. Transfers are made to the South African National Roads Agency or to provinces through the provincial roads maintenance grant. These allocations contribute to providing a reliable road network by reducing the kilometres of secondary roads in a poor to very poor condition, from 65 966 in 2008/09 to 59 674 in 2011/12, and to 51 000 in 2014/15.

Expenditure increased from R11.5 billion in 2008/09 to R21.7 billion in 2011/12, at an average annual rate of 23.6 per cent. This increase is mainly due to transfers to provinces from the provincial road maintenance grant for roads affected by floods, coal haulage road maintenance and general road maintenance, as well as capital allocations to the South African National Road Agency, including R5.8 billion in 2011/12 for the Gauteng Freeway Improvement Project. Expenditure in 2008/09 included once-off allocations of R1 billion for the disaster management grant to repair storm water damage to roads and bridges caused by floods in KwaZulu-Natal and Western Cape, and R2.5 billion to the Road Accident Fund to ease its liquidity crisis and assist with payments to claimants.

Spending on goods and services grew from R316.1 million in 2008/09 to R474.8 million in 2011/12, at an average annual rate of 14.5 per cent, due to the maintenance and upgrade of the electronic national traffic information system, which is accounted for under the *Road Regulation* subprogramme. Transfer payments to

municipalities increased by 43.8 per cent in 2011/12, due to the shifting of funds from goods and services to the rural transport service and infrastructure grant.

Expenditure on consultants and professional services increased from R297.5 million in 2008/09 to R470.5 million in 2011/12, at an average annual rate of 16.5 per cent. Expenditure is expected to decrease over the medium term to R49.1 million, at an average annual rate of 52.9 per cent. Spending on consultants and professional services is mainly to maintain and upgrade the electronic national administration traffic information system.

Over the medium term, expenditure is expected to decrease to R20.2 billion, at an average annual rate of 2.5 per cent, due to the once-off allocation to the South African National Roads Agency of R5.8 billion in 2011/12 for the Gauteng Freeway Improvement Project. Funding earmarked for provincial road maintenance, including the coal haulage network for road upgrades, increases from R6.7 billion in 2011/12 to R9 billion in 2014/15, at an average annual rate of 10.2 per cent. The budget provides for an additional allocation of R1.2 billion over the medium term for road infrastructure affected by floods. The South African National Road Agency receives an allocation for infrastructure and road maintenance, which decreases from R14.4 billion in 2011/12 to R11 billion in 2014/15, due to the once-off transfer in 2011/12. Transfers over the medium term to the agency include R1.9 billion for the coal haulage network.

The allocations for the coal haulage network over the MTEF period are:

- South African National Road Agency: R668 million, R648.9 million and R665.5 million
- Mpumalanga: R659 million, R808 million and R803 million
- Gauteng: R4.4 million in 2012/13 and R900 000 in 2013/14.

## **Programme 5: Civil Aviation**

### **Objectives and measures**

- Enhance safety within the aviation sector by improving the quality and credibility of accident and incident investigations through the establishment of an independent accident and incident investigation body by the end of 2012 /13, and the amendment of the Civil Aviation Act (2009) by the second quarter of 2012/13.
- Ensure compliance with the International Civil Aviation Organisation and the Federal Aviation Administration's international aviation safety assessment criteria through ongoing effective oversight of the South African Civil Aviation Authority, the Air Traffic and Navigational Services and the Airports Company of South Africa.
- Ensure effective and integrated economic infrastructure through continued consultative processes in 2012/13 for the finalisation and implementation of the national airport development plan in 2013/14.
- Ensure efficiency and safety in the aviation industry by consulting on, concluding and finalising the approval of the national civil aviation policy by 2012/13.

### **Subprogrammes**

- *Aviation Regulation* develops and maintains a robust and effective civil aviation regulatory regime, which is fully responsive to national imperatives and international standards, norms and protocols. This subprogramme had a staff complement of 28 and a total budget of R22.4 million in 2011/12, of which 57 per cent was used for goods and services. Over the medium term, major cost drivers will be the International Civil Aviation Organisation office, the development of operational safety and continuing airworthiness programmes, activities undertaken by the regulatory committee and the implementation of the airlift strategy. In 2011/12, an International Civil Aviation Organisation security audit took place, with no major findings in the preliminary report. Over the medium term, responsibilities include developing, maintaining and exercising oversight over the implementation of the airlift strategy by 2013/14; reviewing the airport infrastructure funding model by 2013/14; and developing regulations for the Airports Company South Africa and the Air Traffic and Navigation Services Company. In 2012/13, the regulating committee will begin the 2013/14-2017/18 permission application process for the Airports Company South Africa and the Air Traffic and Navigation Services Company. A baseline reduction of R2.6 million in 2012/13 is

effected in this subprogramme, and will be reprioritised to provide support to departmental priorities, including increasing the transfer to the Civil Aviation Authority.

- *Aviation Infrastructure and Industry Development* coordinates the planning and development of an integrated aviation infrastructure. The development and promotion of the aviation industry and air freight logistics activities are also managed. This subprogramme had a staff complement of 13 and a total budget of R7.1 million in 2011/12, of which 69.1 per cent was used for compensation of employees. In 2011/12, the subprogramme was scheduled to develop a slot coordination framework aimed at improving efficiencies at slot coordinated airports. The subprogramme has now embarked on drafting regulations to govern the use and management of slots at airports. This document should be ready for submission to the civil aviation regulations committee for consultation, and promulgation by April 2012. Over the medium term, the implementation of the national airport development plan and national airspace master plan will be monitored. The national airspace master plan provides the strategic view and direction of airspace organisation and management within South Africa. A baseline reduction of R6.3 million in 2012/13 is effected in this subprogramme and will be used, amongst others to increase the transfers to the Civil Aviation Authority.
- *Aviation Safety and Security* develops and monitors South Africa's aviation safety and security regime. This is done by developing relevant legislation, and continually monitoring and evaluating implementation by the industry. The investigation of aviation accidents and serious incidents for the purposes of identifying deficiencies is also managed and recommendations on mechanisms to address these deficiencies are made. This subprogramme had a staff complement of 16 and a total budget of R12.1 million in 2011/12, of which 50.4 per cent was used for compensation of employees. In 2011/12, the subprogramme planned to establish the appeals committee to adjudicate appeals brought against the decisions of the South African Civil Aviation Authority. An attempt at establishing an aviation safety board was made in 2011/12 but this did not materialise as all potential candidates had a conflict of interest. Therefore, a review of the Civil Aviation Act (2009) may have to be undertaken. Over the medium term, the spending focus will be on setting up and operating the Aviation Safety Investigation Board, after section 24 of the Civil Aviation Act (2009) has been reviewed. It is envisaged that the amended act will be promulgated in June 2012 and that the accident and investigation function will be removed from the scope of work of the regulator. As a result, transfers to the South African Civil Aviation Authority for the accident and investigation function will be terminated. R499 000 in 2012/13 is reprioritised to this subprogramme.
- *Aviation Oversight* transfers allocations to the South African Civil Aviation Authority, the Air Traffic and Navigation Services company and the Airports Company of South Africa. This entails ensuring full compliance with the relevant prescripts, providing technical support to permanent representatives and making transfers to the African Civil Aviation Commission and the International Civil Aviation Organisation. This subprogramme had a total budget of R19.2 million in 2011/12, all of which was transferred to the South African Civil Aviation Authority, the International Civil Aviation Organisation and the African Civil Aviation Commission. R4.7 million in 2012/13 is reprioritised to this subprogramme.
- *Aviation Administration Support* provides project and financial administration support to the entire programme, such as the preparation of submissions, the facilitation of departmental meetings, business planning and project implementation. This subprogramme had a staff complement of 13 and a total budget of R6.3 million in 2011/12, of which 57.6 per cent was used for goods and services. R2.3 million in 2012/13 is reprioritised to this subprogramme.

## Expenditure estimates

Table 37.9 Civil Aviation

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R thousand							
Aviation Regulation	46 434	29 156	14 386	22 366	24 411	25 293	26 350
Aviation Infrastructure and Industry Development	5 919	5 989	8 412	7 101	6 472	6 822	7 246
Aviation Safety and Security	7 885	4 298	8 634	12 086	13 325	14 023	14 875
Aviation Oversight	10 922	11 233	12 115	19 212	20 220	21 327	22 608
Aviation Administration Support	3 149	2 474	9 582	6 320	5 594	5 144	5 795
<b>Total</b>	<b>74 309</b>	<b>53 150</b>	<b>53 129</b>	<b>67 085</b>	<b>70 022</b>	<b>72 609</b>	<b>76 874</b>
Change to 2011 Budget estimate				9 470	9 735	9 164	9 622

## Economic classification

	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
<b>Current payments</b>	<b>62 970</b>	<b>41 712</b>	<b>40 978</b>	<b>47 510</b>	<b>49 420</b>	<b>50 879</b>	<b>53 839</b>
Compensation of employees	18 182	19 494	22 704	23 114	28 429	29 982	31 824
Goods and services	44 788	22 218	18 274	24 396	20 991	20 897	22 015
<i>of which:</i>							
Advertising	1 382	95	418	278	–	–	–
Assets less than the capitalisation threshold	69	23	45	34	60	42	54
Bursaries: Employees	1 746	–	207	155	–	–	–
Catering: Departmental activities	73	75	69	77	170	169	184
Communication	261	263	350	293	380	370	404
Computer services	21	25	10	10	–	–	–
Consultants and professional services: Business and advisory services	25 946	15 821	11 542	18 933	13 150	13 408	13 733
Contractors	563	391	412	441	400	384	424
Agency and support / outsourced services	150	1 737	–	–	–	–	–
Inventory: Other consumables	7	9	31	12	–	–	–
Inventory: Stationery and printing	1 099	430	1 591	413	1 157	963	1 138
Lease payments	843	627	795	332	979	855	985
Travel and subsistence	9 487	2 524	2 408	2 842	4 645	4 671	5 048
Training and development	2	–	–	–	–	–	–
Operating expenditure	106	50	19	30	–	–	–
Venues and facilities	3 033	148	377	546	50	35	45
<b>Transfers and subsidies</b>	<b>10 957</b>	<b>11 236</b>	<b>12 115</b>	<b>19 212</b>	<b>20 220</b>	<b>21 327</b>	<b>22 608</b>
Departmental agencies and accounts	7 464	7 781	8 223	15 216	16 025	16 901	17 916
Foreign governments and international organizations	3 458	3 452	3 892	3 996	4 195	4 426	4 692
Households	35	3	–	–	–	–	–
<b>Payments for capital assets</b>	<b>369</b>	<b>202</b>	<b>36</b>	<b>363</b>	<b>382</b>	<b>403</b>	<b>427</b>
Machinery and equipment	369	202	36	363	382	403	427
<b>Payments for financial assets</b>	<b>13</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total</b>	<b>74 309</b>	<b>53 150</b>	<b>53 129</b>	<b>67 085</b>	<b>70 022</b>	<b>72 609</b>	<b>76 874</b>

## Details of transfers and subsidies

<b>Departmental agencies and accounts</b>							
<b>Departmental agencies (non-business entities)</b>							
<b>Current</b>	<b>7 464</b>	<b>7 781</b>	<b>8 223</b>	<b>15 216</b>	<b>16 025</b>	<b>16 901</b>	<b>17 916</b>
South African Civil Aviation Authority	7 464	7 781	8 223	15 216	16 025	16 901	17 916
<b>Foreign governments and international organisations</b>							
<b>Current</b>	<b>3 458</b>	<b>3 452</b>	<b>3 892</b>	<b>3 996</b>	<b>4 195</b>	<b>4 426</b>	<b>4 692</b>
African Civil Aviation Commission	728	970	1 367	827	868	916	971
International Civil Aviation Organisation	2 730	2 482	2 525	3 169	3 327	3 510	3 721
<b>Households</b>							
<b>Social benefits</b>							
<b>Current</b>	<b>35</b>	<b>3</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Employee social benefits	35	3	–	–	–	–	–

## Expenditure trends

The allocations in this programme are mainly used for the development of policies, plans, legislation and regulations, and as a result the allocations for the *Aviation Regulation* subprogramme are the main source of expenditure. The transfer to the South African Civil Aviation Authority was increased from R8.2 million in 2010/11 to R15.2 million in 2011/12, to improve the accident and incident investigation function to achieve better aviation safety.

Expenditure in this programme declined from R74.3 million in 2008/09 to R67.1 million in 2011/12, at an average annual rate of 3.4 per cent, due mainly to the reprioritisation of funds in 2008/09 to host the African-Indian Ocean regional aviation navigation conference. An additional R4.5 million was allocated to the South African Civil Aviation Authority in 2011/12 for aircraft accident investigation and a further R1 million for International Civil Aviation Day.

Over the medium term, expenditure is expected to increase at an average annual rate of 4.6 per cent to R76.9 million in 2014/15. The increase will largely be for the appointment of consultants to support the accident and incident investigation function, which will be moved from the Civil Aviation Authority in line with the proposed amendments to the Civil Aviation Act (2009). Consultants will also be used to assist in establishing the aviation appeals committee.

Additional funds of R2 million over the medium term are allocated to establish and operate an aviation safety investigation board and an appeal committee.

## Programme 6: Maritime Transport

### Objectives and measures

- Contribute to a safe, secure, environmentally friendly and efficient maritime transport industry by:
  - developing legislation and updating regulations on an ongoing basis, aimed at ensuring compliance with the International Maritime Organisation mandatory instruments and national legislation
  - finalising the maritime policy by the end of 2012/13, which will outline the requirements in the maritime transport sector regarding safety, security, environmental protection and job creation.
- Enhance economic development by developing a maritime shipping policy by the end of 2014 that will provide a framework for promoting businesses within the maritime transport industry such as ship recycling and ship repair.
- Ensure opportunities for the adequate training and skilling of seafarers by completing relevant bilateral and multilateral agreements on the use of training ships for the South African trainees and drafting legislation on the working conditions and protection of rights of seafarers in international waters by March 2014.
- Reduce the number of accidents and incidents by developing a safety plan and a security strategy by March 2014 that will also assist in managing safety and security incidents in the sector at large.

### Subprogrammes

- *Maritime Policy Development* develops and maintains a maritime regulatory regime that is responsive to national imperatives and international standards, norms and protocols. This subprogramme had a staff complement of 8 and a total budget of R7.9 million in 2011/12, of which 58.9 per cent was used for goods and services. In 2011/12, the process of implementing a ship clearance system was started. Over the medium term, the consultation process with the stakeholders will be finalised and approval of the draft maritime policy will be sought from Cabinet, at a projected budget of R1.6 million. The development of a ship clearance system will also be overseen. R3 million in 2012/13 is reprioritised to this subprogramme.
- *Maritime Infrastructure and Industry Development* coordinates, plans and develops an integrated maritime infrastructure and maritime industry in line with South Africa's industrial policy action plan, black economic empowerment and job creation. This subprogramme monitors and evaluates the South African Maritime Safety Authority and Ports Regulator's performance in order to determine whether these entities are carrying out their mandates in terms of their performance agreements with the minister. The



subprogramme had a staff complement of 11 and a total budget of R46.7 million in 2011/12, of which 86.2 per cent was used for goods and services. A first draft of the skills development study and the maritime transport policy were developed. Over the medium term, the focus will be on developing an integrated skills development programme; obtaining Cabinet approval for the maritime policy; developing, maintaining and monitoring the implementation of a coastal shipping plan supported by the development of a South African shipping register; training seafarers; and developing the policy framework for ship building and maintenance. Inputs will also be provided for the maritime transport policy. R33.5 million in 2012/13 has been effected as a baseline reduction in this subprogramme, and will be used to support departmental priorities, including increasing the transfer to the Ports Regulator.

- *Implementation, Monitoring and Evaluations* ensures that maritime safety, security and environmental protection legislation and regulation are being implemented by the relevant public entities, namely the South African Maritime Safety Authority and the Ports Regulator. Regulator audits are also coordinated to determine whether the South African Maritime Safety Authority is carrying out its safety and security administration and inspection functions as per its mandate. This unit also evaluates, based on audit results, the efficiency and effectiveness of the relevant maritime transport legislation, including the draft International Oil Pollution Fund Bill. This subprogramme had a staff complement of 15 and a total budget of R54.5 million in 2011/12, of which 88.9 per cent was used for goods and services. A significant portion of the subprogramme's budget is spent on oil pollution prevention. R14.1 million in 2012/13 is reprioritised to this subprogramme.
- *Maritime Oversight* transfers allocations to public entities in the maritime field, the South African Maritime Safety Authority and the Ports Regulator. This subprogramme had a total budget of R30.9 million in 2011/12, which was used in full for transfers: R14.4 million to the Ports Regulator, R13.5 million to the South African Maritime Safety Authority and the rest for international membership fees and search and rescue organisations. R1.6 million in 2012/13 is reprioritised to this subprogramme to increase the transfer to the Ports Regulator.
- *Maritime Administration Support* provides project and financial administration support to the entire programme, such as the preparation of submissions, the facilitation of departmental meetings, business planning and project implementation. This subprogramme had a staff complement of 2 and a total budget of R6.4 million in 2011/12, of which 61.3 per cent was used for goods and services. R2.6 million in 2012/13 is reprioritised to this subprogramme.

## Expenditure estimates

**Table 37.10 Maritime Transport**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
R thousand							
Maritime Policy Development	1 167	3 192	5 653	7 893	16 893	17 757	18 822
Maritime Infrastructure and Industry Development	72 776	49 175	62 347	46 655	8 103	8 532	9 052
Implementation, Monitoring and Evaluations	39 433	47 817	40 115	54 494	82 333	84 480	88 993
Maritime Oversight	26 223	32 889	25 800	30 876	27 561	32 246	34 069
Maritime Administration Support	3 147	2 469	9 581	6 386	3 653	3 844	4 084
<b>Total</b>	<b>142 746</b>	<b>135 542</b>	<b>143 496</b>	<b>146 304</b>	<b>138 543</b>	<b>146 859</b>	<b>155 020</b>
Change to 2011 Budget estimate				(5 821)	(13 240)	(13 191)	(14 633)

### Economic classification

	116 338	102 359	117 600	115 133	110 672	114 286	120 604
<b>Current payments</b>							
Compensation of employees	10 760	12 481	15 109	17 896	17 338	18 286	19 410
Goods and services	105 578	89 878	102 491	97 237	93 334	96 000	101 194
<i>of which:</i>							
Advertising	645	869	1 241	61	200	209	221
Assets less than the capitalisation threshold	33	15	32	11	349	365	387
Catering: Departmental activities	34	28	53	12	170	178	189
Communication	99	111	242	72	35 603	36 446	38 367

Table 37.10 Maritime Transport (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
<b>Economic classification</b>							
<b>Current payments</b>							
Computer services	5	203	10	4	–	–	–
Consultants and professional services: Business and advisory services	30 808	39 785	66 073	93 645	43 642	44 777	47 167
Consultants and professional services: Infrastructure and planning	66 989	42 699	26 837	–	–	–	–
Contractors	565	740	962	464	240	251	266
Inventory: Other consumables	4	7	21	7	–	–	–
Inventory: Stationery and printing	786	461	1 258	306	1 419	1 488	1 583
Lease payments	805	657	535	78	500	525	557
Travel and subsistence	3 737	3 098	3 647	1 948	5 898	6 181	6 544
Training and development	–	–	403	–	–	–	–
Operating expenditure	91	81	97	119	950	998	1 058
Venues and facilities	977	1 124	1 080	510	4 363	4 582	4 855
<b>Transfers and subsidies</b>	<b>26 258</b>	<b>33 006</b>	<b>25 800</b>	<b>30 876</b>	<b>27 561</b>	<b>32 246</b>	<b>34 069</b>
Departmental agencies and accounts	23 731	30 935	23 767	27 825	24 357	28 866	30 486
Foreign governments and international organisations	1 392	871	841	1 749	1 837	1 938	2 054
Non-profit institutions	1 100	1 083	1 192	1 302	1 367	1 442	1 529
Households	35	117	–	–	–	–	–
<b>Payments for capital assets</b>	<b>150</b>	<b>177</b>	<b>75</b>	<b>295</b>	<b>310</b>	<b>327</b>	<b>347</b>
Machinery and equipment	150	177	75	295	310	327	347
<b>Payments for financial assets</b>	<b>–</b>	<b>–</b>	<b>21</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total</b>	<b>142 746</b>	<b>135 542</b>	<b>143 496</b>	<b>146 304</b>	<b>138 543</b>	<b>146 859</b>	<b>155 020</b>

**Details of transfers and subsidies**

<b>Departmental agencies and accounts</b>							
<b>Departmental agencies (non-business entities)</b>							
<b>Current</b>	<b>23 731</b>	<b>30 935</b>	<b>23 767</b>	<b>27 825</b>	<b>24 357</b>	<b>28 866</b>	<b>30 486</b>
Ports Regulator	10 173	13 603	8 832	14 361	15 069	15 900	16 852
South African Maritime Safety Authority	8 535	12 096	9 402	7 599	3 130	6 469	6 747
South African Maritime Safety Authority (Maritime Rescue Coordination Centre)	5 023	5 236	5 533	5 865	6 158	6 497	6 887
<b>Foreign governments and international organisations</b>							
<b>Current</b>	<b>1 392</b>	<b>871</b>	<b>841</b>	<b>1 749</b>	<b>1 837</b>	<b>1 938</b>	<b>2 054</b>
International Maritime Organisation	405	562	341	1 128	1 184	1 249	1 324
Indian Ocean memorandum of understanding	658	–	186	249	262	276	292
Cospas search and rescue satellite aided tracking	329	309	314	372	391	413	438
<b>Non-profit institutions</b>							
<b>Current</b>	<b>1 100</b>	<b>1 083</b>	<b>1 192</b>	<b>1 302</b>	<b>1 367</b>	<b>1 442</b>	<b>1 529</b>
National Sea Rescue Institute	950	983	1 042	1 105	1 160	1 223	1 298
Mountain Club of South Africa	50	50	50	66	69	73	77
Off Road Rescue	50	–	50	66	69	73	77
National emergency communications division of the South African Radio League	50	50	50	65	69	73	77
<b>Households</b>							
<b>Social benefits</b>							
<b>Current</b>	<b>35</b>	<b>117</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Employee social benefits	35	117	–	–	–	–	–

**Expenditure trends**

The allocations in this programme are mainly for the development of policies, legislation and regulations, which are produced on an ongoing basis. As a result, expenditure growth in the programme is only marginal. The

allocations to the Ports Regulator were increased from R8.8 million in 2010/11 to R14.4 million in 2011/12 by reprioritisation, to allow the entity to be better staffed and to fulfil its economic regulation mandate.

Expenditure grew from R142.7 million in 2008/09 to R146.3 million in 2011/12, at an average annual rate of 0.8 per cent, driven largely by the business and advisory consultant expenditure. Spending on compensation of employees grew significantly, from R10.8 million in 2008/09 to R17.9 million in 2011/12, at an annual average rate of 18.5 per cent, due to the realignment of the budget. Expenditure in the *Maritime Infrastructure and Industry Development* subprogramme decreased from R72.8 million in 2011/12 to R46.7 million in 2014/15, due to reprioritisation.

Over the medium term, total expenditure is expected to increase to R155 million, at an average annual rate of 1.9 per cent, due to the projected increase in the use of consultants for the development of maritime industry policies, maritime safety and infrastructure. In addition, growth is driven by substantial increases in the allocation for communication services, which is projected to rise to R38.4 million over the medium term, at an average annual rate of 710.7 per cent, due to the support provided to oil pollution prevention campaigns.

Expenditure on consultants and professional services decreased from R97.8 million in 2008/09 to R93.6 million in 2011/12, at an average annual rate of 1.4 per cent. Over the medium term, spending on this item is expected to decrease to R47.2 million, at an average annual rate of 20.4 per cent. Expenditure on consultants is targeted at maritime infrastructure and industry development, and implementation, monitoring and evaluation of subprogrammes.

## Programme 7: Public Transport

### Objectives and measures

- Improve public transport access and reliability by developing norms and standards over the MTEF period to support the development of integrated public transport networks in 5 cities by 2014/15, and monitor and evaluate progress on an ongoing basis by engaging with the cities on the progress with regard to the implementation of the operational plan.
- Ensure efficient and effective public and tourism transport by establishing the National Public Transport Regulator as required by the National Land Transport Act (2009) by 2012/13.
- Increase the equity ownership and broad based black empowerment in the public transport sector by implementing the industry development model to empower 20 per cent of taxi operators and 20 per cent of small bus operators by 2014/15.
- Align and integrate the taxi recapitalisation programme with national and provincial rail services, metropolitan rapid public transport corridor services and provincial bus services by reviewing the taxi recapitalisation project by 2013/14 to assess its alignment with the public transport strategy.
- Ensure integrated and optimised public transport services through facilitating the development of integrated rapid public transport networks and feeder and distribution systems in 5 municipalities by 2014/15.

### Subprogrammes

- *Public Transport Regulation* manages the development and maintenance of policy, legislation and regulation, and coordinates and facilitates implementation. Responsibilities include the management of public transport information, including public transport systems developed in terms of the National Land Transport Act (2009). This subprogramme had a staff complement of 22 and a total budget of R24 million in 2011/12, of which 53.2 per cent was used for goods and services, such as stakeholder engagements carried out by the National Public Transport Regulator. In 2011/12, R1.5 million was used to engage stakeholders in identifying the challenges encountered in relation to the National Land Transport Act (2009) and to determine whether changes to the act are necessary. Over the medium term, responsibilities include facilitating and coordinating the implementation of the planning provision of the National Land Transport Act (2009), which requires integrated transport plans and provincial and national transport frameworks to be developed, at a projected budget of R8.2 million. In this subprogramme the baseline reprioritisation is R5.2 million in 2012/13.

- *Rural and Scholar Transport* develops and reviews the rural, scholar and non-motorised transport strategies, and coordinates and evaluates their implementation. This subprogramme had a staff complement of 13 and total budget of R13 million in 2011/12, of which 89.7 per cent was spent on goods and services such as the draft scholar transport policy. An incremental implementation plan is being developed and will intensify transport services delivery in 6 rural district municipalities. Over the medium term, the focus will be on finalising the scholar transport policy and developing scholar transport safety standards, operations guidelines and the implementation of the rural mobility transportation programme. In this subprogramme the baseline reprioritisation is R4.8 million in 2012/13.
- *Public Transport Industry Development* oversees and facilitates the implementation of public transport policy, legislation and strategy. Public transport empowerment schemes are also developed, the taxi recapitalisation programme is managed and the public transport subsidy system is overseen. This subprogramme had a staff complement of 21 and a total budget of R130.1 million in 2011/12, of which 93.6 per cent was used for goods and services, such as the development of the bus subsidy reform strategy. In 2011/12, the subprogramme developed a draft strategy on bus subsidy reforms and 7 923 taxis were scrapped. Over the medium term, the conventional bus subsidy system will be reviewed for purposes of incorporation into the mainstream public transport system, and different public transport provision and subsidisation solutions will be defined for different types of municipalities. It is projected that 23 498 taxis will be scrapped over the medium term. In this subprogramme the baseline reprioritisation is R3.7 million in 2012/13.
- *Public Transport Oversight* oversees the use of public transport subsidies and grants. It monitors compliance with the Division of Revenue Act in terms of the transferring of money, reporting and reallocation. This subprogramme, which is responsible for grant management, had a staff complement of 4 and a total budget of R9.4 billion in 2011/12, of which 50.9 per cent was transferred to local government for public transport infrastructure and systems, while 44 per cent was transferred to provinces for bus subsidies. A baseline reduction of R55.3 million in 2012/13 was effected in this subprogramme from the public transport infrastructure and systems grant, and the public transport operations grant.
- *Public Transport Administration Support* renders an administrative and financial support service to the programme, such as the preparation of submissions, the facilitation of departmental meetings, business planning and project implementation. This subprogramme had a staff complement of 11 and a total budget of R7.3 million in 2011/12, of which 57.1 per cent was used for compensation of employees. R86 000 in 2012/13 is reprioritised to this subprogramme.
- *Public Transport Network Development* develops norms and standards for integrated public transport systems to assist in the provision of accessible, reliable and affordable integrated public transport network services in municipalities. Monitoring the operation of the first phase services of MyCiti in Cape Town and Rea Vaya in Johannesburg is also carried out. This subprogramme had a staff complement of 6 and a total budget of R7.2 million in 2011/12, of which 90.8 per cent was used for goods and services, such as engaging with municipalities on their operational plans for their public transport networks. In 2011/12, assistance was provided to cities at a cost of R2 million in developing operational plans and a discussion paper for a set of rural public transport network planning guidelines was drafted. In 2012/13, R2 million will be used to retain a service provider to assist with benchmarking, quality control, monitoring and oversight of integrated rapid public transport network plans, and their design and implementation. Over the medium term, the focus will be on assisting 3 cities with the completion of operational plans at an amount of R7.1 million. No baseline cuts in 2012/13 have been effected for this subprogramme.

## Expenditure estimates

Table 37.11 Public Transport

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Public Transport Regulation	15 363	20 725	5 928	24 047	18 248	19 135	20 298
Rural and Scholar Transport	5 277	4 418	7 508	12 984	7 474	7 883	8 365
Public Transport Industry Development	105 611	97 255	99 748	130 108	129 365	133 727	141 129
Public Transport Oversight	7 234 227	6 957 427	7 916 161	9 444 923	9 818 097	10 643 360	11 226 866
Public Transport Administration Support	1 016	2 860	3 060	7 281	7 157	7 705	8 174
Public Transport Network Development	32 535	93 410	896	7 233	6 329	6 675	7 081
<b>Total</b>	<b>7 394 029</b>	<b>7 176 095</b>	<b>8 033 301</b>	<b>9 626 576</b>	<b>9 986 670</b>	<b>10 818 485</b>	<b>11 411 913</b>
Change to 2011 Budget estimate				42 219	(34 000)	(41 949)	(100 147)

## Economic classification

	159 738	218 369	117 111	182 701	169 638	176 184	186 171
<b>Current payments</b>							
Compensation of employees	14 225	19 771	12 825	26 924	35 294	37 222	39 507
Goods and services	145 513	198 598	104 286	155 777	134 344	138 962	146 664
<i>of which:</i>							
Advertising	105	651	664	784	90	103	109
Assets less than the capitalisation threshold	155	49	49	78	215	236	251
Catering: Departmental activities	46	47	18	28	25	28	30
Communication	145	278	140	126	216	228	242
Computer services	779	1	2	4	–	–	–
Consultants and professional services: Business and advisory services	141 391	192 296	101 120	151 153	130 728	135 129	142 603
Contractors	221	677	590	1 206	–	–	–
Inventory: Other consumables	2	8	5	11	11	12	13
Inventory: Stationery and printing	307	168	122	232	223	241	255
Lease payments	87	79	31	62	40	44	47
Travel and subsistence	1 668	3 166	1 163	1 559	2 556	2 687	2 847
Training and development	–	–	240	324	–	–	–
Operating expenditure	120	48	35	43	–	–	–
Venues and facilities	487	1 130	107	167	240	254	267
<b>Transfers and subsidies</b>	<b>7 234 234</b>	<b>6 957 483</b>	<b>7 916 161</b>	<b>9 443 723</b>	<b>9 816 873</b>	<b>10 642 135</b>	<b>11 225 566</b>
Provinces and municipalities	2 919 830	5 950 086	7 562 495	8 956 579	9 305 372	10 102 502	10 653 555
Public corporations and private enterprises	3 840 873	367 734	–	–	–	–	–
Non-profit institutions	12 975	13 952	14 789	15 676	16 460	17 365	18 407
Households	460 556	625 711	338 877	471 468	495 041	522 268	553 604
<b>Payments for capital assets</b>	<b>57</b>	<b>220</b>	<b>29</b>	<b>152</b>	<b>159</b>	<b>166</b>	<b>176</b>
Machinery and equipment	57	220	29	152	159	166	176
<b>Payments for financial assets</b>	<b>–</b>	<b>23</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total</b>	<b>7 394 029</b>	<b>7 176 095</b>	<b>8 033 301</b>	<b>9 626 576</b>	<b>9 986 670</b>	<b>10 818 485</b>	<b>11 411 913</b>

## Details of transfers and subsidies

<b>Non-profit institutions</b>							
<b>Current</b>	<b>12 975</b>	<b>13 952</b>	<b>14 789</b>	<b>15 676</b>	<b>16 460</b>	<b>17 365</b>	<b>18 407</b>
South African National Taxi Council	12 975	13 952	14 789	15 676	16 460	17 365	18 407
<b>Households</b>							
<b>Social benefits</b>							
<b>Current</b>	<b>7</b>	<b>56</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Employee social benefits	7	56	–	–	–	–	–
<b>Households</b>							
<b>Other transfers to households</b>							
<b>Current</b>	<b>460 549</b>	<b>625 655</b>	<b>338 877</b>	<b>471 468</b>	<b>495 041</b>	<b>522 268</b>	<b>553 604</b>
Taxi recapitalisation	460 549	625 655	338 877	471 468	495 041	522 268	553 604

Table 37.11 Public Transport (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
<b>Details of transfers and subsidies</b>							
<b>Provinces and municipalities</b>							
<b>Provinces</b>							
<b>Provincial Revenue Funds</b>							
<b>Current</b>	-	3 531 909	3 863 033	4 153 232	4 317 269	4 552 521	4 782 709
Public transport operations grant	-	3 531 909	3 863 033	4 153 232	4 317 269	4 552 521	4 782 709
<b>Provinces and municipalities</b>							
<b>Municipalities</b>							
<b>Municipal bank accounts</b>							
<b>Capital</b>	2 919 830	2 418 177	3 699 462	4 803 347	4 988 103	5 549 981	5 870 846
Public transport infrastructure and systems grant	2 919 830	2 418 177	3 699 462	4 803 347	4 988 103	5 549 981	5 870 846
<b>Public corporations and private enterprises</b>							
<b>Private enterprises</b>							
<b>Private enterprises - subsidies on products and production</b>							
<b>Current</b>	3 840 873	367 734	-	-	-	-	-
Bus subsidies	3 840 873	367 734	-	-	-	-	-

## Expenditure trends

This programme is geared towards the development of integrated public transport networks and services. The allocations of the programme are made through the public transport infrastructure and systems grant, the public transport operations grant and the taxi recapitalisation programme. The implementation of bus rapid transit systems has been accelerated, through the disbursement of the public transport infrastructure and the transit system grants, and will spread to other cities over the medium term.

Between 2008/09 and 2011/12, expenditure grew from R7.4 billion to R9.6 billion, at an average annual rate of 9.2 per cent. The strong growth was predominantly due to the increase in the public transport infrastructure and systems grants ahead of the 2010 FIFA World Cup, which grew from R2.9 billion in 2008/09 to R4.8 billion in 2011/12, at an average annual rate of 18 per cent.

Over the medium term, expenditure is expected to grow to R11.4 billion, at an average annual rate of 5.8 per cent. The growth is due to continued investment, driven by the public transport infrastructure and systems grant, the public transport operations grant, and the taxi recapitalisation programme. Between 2011/12 and 2014/15, the *Public Transport Industry Development* subprogramme is expected to grow from R130.1 million to R141.1 million, at an average annual rate of 2.7 per cent to fund the public transport strategy.

Spending on consultants and professional services increased from R141.4 million in 2008/09 to R151.2 million in 2011/12, at an average annual rate of 2.3 per cent. Expenditure on this item is expected to decrease over the medium term to R142.6 million, at an average annual rate of 1.9 per cent. Consultants are mainly used to administer the taxi scrapping programme in the *Public Transport Industry Development* subprogramme.

## Public entities and other agencies

### Airports Company of South Africa

#### Overview: 2008/09 – 2014/15

The Airports Company of South Africa Limited is regulated in terms of the Airports Company Act (1993) and the Companies Act (1973), and is listed as a schedule 2 public entity in terms of the Public Finance Management Act (1999). Its core function is to facilitate the movement of air passengers and goods at South Africa's airports.

The company focuses on airports maintenance and engineering, security and safety, airports management, and financial planning and management concerned with its statutory, legal, specialist and administrative obligations.

In terms of the Airports Company Act (1993), the company is required to submit a five-year business plan and a three-yearly budget. Charges for aeronautical services are regulated by a statutory committee established in terms of the act. Delays in gazetting the 2011 to 2015 permission have posed a challenge for the company, created uncertainty and negatively impacted on the company's liquidity. As a result, the company reported a loss in 2010/11 and 2011/12. On 1 October 2011, following extensive engagements between the committee and the company, a tariff increase of 34.8 per cent was promulgated and implemented.

The company's excellence in operating airport infrastructure has been recognised through numerous awards in 2010/11, including Cape Town International Airport winning the accolade of best airport in Africa.

Over the past three years, the company has made significant investments in the refurbishment and expansion of airport infrastructure to meet aviation industry needs while promoting investments in key public infrastructure. In preparation for the 2010 FIFA World Cup, the company undertook significant capital investment updating and refurbishment projects to airports throughout South Africa to accommodate increased passenger volumes. Major refurbishments and upgrades were completed at the OR Tambo International Airport and Cape Town International Airport in 2010. The Durban International Airport was decommissioned and operations were successfully moved to the recently built King Shaka International Airport.

## Performance

The number of passengers accommodated at national airports grew from 16.8 million in 2008/09 to 18.3 million in 2011/12, at an average annual rate of 3 per cent, and is expected to grow to 23 million in 2014/15 at a rate of 7.7 per cent. The number of aircraft landing at airports throughout South Africa increased from 279 515 in 2008/09 to 290 648 in 2011/12, at an average annual rate of 1 per cent and is expected to increase to 340 285 in 2014/15, growing at an average annual rate of 5.7 per cent.

Aeronautical and non-aeronautical revenue per passenger increased between 2008/09 and 2011/12. Aeronautical revenue per passenger increased from R160 in 2008/09 to R184 in 2011/12, at an average annual rate of 4.8 per cent. Non-aeronautical revenue grew strongly from R20 per passenger departing in 2008/09 to R122 in 2011/12, at an average rate of 88.7 per cent. Over the same period, employee costs per passenger increased from R31 in 2008/09 to R40 in 2011/12, at an average annual rate of 8.9 per cent.

Over the medium term, the company will focus on airport maintenance and engineering, airport security and safety, and airport management. Aeronautical revenue is expected to grow to R211 per passenger departing in 2014/15 at a rate of 4.7 per cent, while non-aeronautical revenue is expected to increase to R156 per passenger departing in 2014/15, at a rate of 8.5 per cent. This demonstrates the growing importance of non-aeronautical revenue for the airports company, which includes income from renting out airport retail space and providing parking. Over the medium term, employee cost per passenger is expected to increase to R51 in 2014/15 at a rate of 8.4 per cent.

## Selected performance indicators

Table 37.12 Airports Company of South Africa

Indicator	Activity/Objective/ Programme/Project	Past			Current	Projected		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Cost revenue efficiency ratio per year – excludes depreciation	Airport management	51%	54%	40%	54%	55%	55%	53%
Number of passengers accommodated at national airports per year	Airport management	16 795 332	16 510 642	17 251 145	18 345 281	19 780 140	21 306 722	22 912 235
Number of aircraft landed at all airports per year	Airport management	279 515	274 292	283 991	290 648	306 427	323 333	340 285
Cost of an employee per departing passenger (rands)	Airport management	R31	R38	R38	R40	R43	R43	R51
Aeronautical revenue per departing passenger per year (average rand tariffs)	Airport management	R160	R103	R141	R184	R192	R201	R211
Non-aeronautical revenue per departing passenger per year	Airport management	R20	R111	R129	R122	R141	R148	R156

## Programmes/activities/objectives

**Table 37.13 Airports Company of South Africa**

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Airport maintenance and engineering	279 065	399 944	567 095	693 428	617 641	621 030	635 492
Airport security and safety	113 338	162 431	230 316	281 624	250 844	252 221	258 094
Airport management	296 083	424 333	601 677	735 713	655 305	658 901	674 245
Airport statutory, legal, specialist and administration	1 964 874	2 660 628	3 678 184	4 449 614	4 321 480	4 595 022	4 939 740
<b>Total expense</b>	<b>2 653 359</b>	<b>3 647 335</b>	<b>5 077 272</b>	<b>6 160 379</b>	<b>5 845 270</b>	<b>6 127 174</b>	<b>6 507 572</b>

The Airports Company of South Africa had a total budget of R6.2 billion in 2011/12, of which 72.2 per cent was used for airport statutory, legal, specialist and administration functions.

### Savings and cost effectiveness measures

The biggest reductions in spending are on consultants, contractors and lease payments. These reductions will be due to knowledge and skills transfer from consultants to permanent personnel, the permanent employment of the correct expert skills, the conversion of contractors into permanent positions, and, in the near future, the use of company-owned land, which will help to reduce the need for leased office space. Expenditure on these areas is expected to decrease from R137.1 million in 2011/12 to R80.3 million in 2014/15, at an average annual rate of 16.3 per cent. Over the same period, expenditure on goods and services is expected to decrease, at an average annual rate of 4.6 per cent, as the company implements cost cutting measures.

### Expenditure estimates

**Table 37.14 Airports Company of South Africa**

Statement of financial performance				Revised estimate	Medium-term estimate		
R thousand	Audited outcome			2011/12	2012/13	2013/14	2014/15
	2008/09	2009/10	2010/11				
<b>Revenue</b>							
<b>Non-tax revenue</b>	<b>3 052 441</b>	<b>4 547 621</b>	<b>4 856 743</b>	<b>5 648 123</b>	<b>6 681 024</b>	<b>7 550 446</b>	<b>8 518 818</b>
Sale of goods and services other than capital assets	3 007 684	3 530 825	4 658 239	5 609 367	6 579 578	7 444 333	8 407 824
<i>of which:</i>							
<i>Airline charges</i>	3 007 684	3 530 825	4 658 239	5 609 367	6 579 578	7 444 333	8 407 824
<i>Other non-tax revenue</i>	44 757	1 016 796	198 504	38 756	101 446	106 113	110 994
<b>Total revenue</b>	<b>3 052 441</b>	<b>4 547 621</b>	<b>4 856 743</b>	<b>5 648 123</b>	<b>6 681 024</b>	<b>7 550 446</b>	<b>8 518 818</b>
<b>Expenses</b>							
<b>Current expenses</b>	<b>2 479 201</b>	<b>3 553 083</b>	<b>5 038 046</b>	<b>6 012 379</b>	<b>5 487 090</b>	<b>5 517 201</b>	<b>5 645 682</b>
Compensation of employees	521 334	656 958	701 198	739 971	854 469	923 735	1 158 595
Goods and services	868 257	1 085 611	1 352 982	1 993 603	1 508 576	1 612 318	1 728 333
Depreciation	746 154	1 077 449	1 445 228	1 553 000	1 590 757	1 610 181	1 587 028
Interest, dividends and rent on land	343 456	733 066	1 538 638	1 725 805	1 533 288	1 370 967	1 171 725
<b>Total expenses</b>	<b>2 479 201</b>	<b>3 553 083</b>	<b>5 038 046</b>	<b>6 012 379</b>	<b>5 487 090</b>	<b>5 517 201</b>	<b>5 645 682</b>
<b>Surplus / (Deficit)</b>	<b>399 082</b>	<b>900 286</b>	<b>(220 530)</b>	<b>(512 255)</b>	<b>835 754</b>	<b>1 423 271</b>	<b>2 011 247</b>
<b>Statement of financial position</b>							
Carrying value of assets	20 258 517	25 812 861	26 560 667	25 880 263	25 380 646	24 679 254	24 112 022
<i>of which:</i>							
<i>Acquisition of assets</i>	5 946 301	5 848 267	536 698	965 596	1 091 140	908 789	1 019 796
Investments	250 400	661 327	797 244	797 243	797 243	797 243	797 243
Inventory	502	908	916	916	916	916	916
Receivables and prepayments	1 066 501	868 361	1 118 870	745 840	871 899	878 512	867 299
Cash and cash equivalents	828 029	433 997	678 881	863 172	875 351	1 849 548	1 797 721
Non-current assets held for sale	–	113 725	–	–	–	–	–
<b>Total assets</b>	<b>22 403 949</b>	<b>27 891 179</b>	<b>29 156 578</b>	<b>28 287 434</b>	<b>27 926 054</b>	<b>28 205 473</b>	<b>27 575 202</b>



**Table 37.14 Airports Company of South Africa (continued)**

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
<b>Statement of financial position</b>							
Accumulated surplus / (deficit)	6 954 899	8 290 669	8 848 238	8 335 983	9 171 737	10 595 008	12 606 255
Capital and reserves	732 070	683 463	750 000	750 000	750 000	750 000	750 000
Borrowings	11 271 294	15 501 130	14 882 720	15 287 512	14 087 512	12 826 102	10 680 095
Finance lease	–	–	1 143 854	–	–	–	–
Deferred income	511 810	79 525	79 022	79 022	128 332	128 332	128 332
Trade and other payables	2 796 417	3 165 092	3 249 898	3 484 069	3 432 708	3 315 150	3 019 638
Taxation	–	–	–	148 000	250 722	485 838	285 837
Provisions	137 459	171 300	202 848	202 848	105 043	105 043	105 043
<b>Total equity and liabilities</b>	<b>22 403 949</b>	<b>27 891 179</b>	<b>29 156 580</b>	<b>28 287 434</b>	<b>27 926 054</b>	<b>28 205 473</b>	<b>27 575 201</b>

## Expenditure trends

The spending focus of the company over the medium term will continue to be on airport maintenance and airport management.

The company derives its revenue from aeronautical and non-aeronautical services. Aeronautical revenue consists of landing fees, passenger service charges and aircraft parking fees. Non-aeronautical revenue is derived from advertising, retail rental, property rental and parking receipts. Revenue increased from R3.1 billion in 2008/09 to R5.6 billion in 2011/12, at an average annual rate of 22.8 per cent, due to tariff increases approved by the regulator to cover the cost of new infrastructure brought into use. Over the MTEF period, total revenue is expected to continue to increase to R8.5 billion, at an average annual rate of 14.7 per cent. Non-aeronautical revenue is projected to increase from R2.2 billion to R3.6 billion, at an average annual rate of 16.9 per cent, and aeronautical revenue from R3.4 billion to R4.8 billion, at an average annual rate of 12.7 per cent, due to regulated tariff increases and the renewal of commercial contracts at higher rates.

Expenditure increased from R2.7 billion in 2008/09 to R6.2 billion in 2011/12, at an average annual rate of 32.4 per cent to provide for the upgrade of facilities at the OR Tambo International and Cape Town International airports, and the construction of the new King Shaka International Airport. Depreciation and amortisation increased from R746.2 million in 2008/09 to R1.6 billion in 2011/12, at an average annual rate of 27.7 per cent. In addition, higher interest expenses were incurred as a result of the debts associated with borrowing to finance the infrastructure programme being serviced. Interest costs increased from R343.5 million in 2008/09 to R1.7 billion in 2011/12, at an average annual rate of 71.3 per cent. Over the medium term, expenditure is expected to grow to R6.5 billion in 2014/15, at an average annual rate of 1.8 per cent, driven mainly by increases in expenditure on compensation of employees. Expenditure on this item is expected to grow from R740 million in 2011/12 to R1.2 billion in 2014/15, at an average annual rate of 16.1 per cent. Interest payments over this period are expected to decline from R1.7 billion in 2011/12 to R1.2 billion in 2014/15, at an average annual rate of 12.1 per cent.

Expenditure on consultants increased from R63.3 million in 2008/09 to R92.2 million in 2011/12, at an average annual rate of 13.3 per cent, due to the extensive construction work in that period. It is expected to decrease at an average annual rate of 11.8 per cent, to reach R63.3 million in 2014/15, due to the termination of the infrastructure development programme, and as the entity effects expenditure cuts.

The high increase in expenditure between 2008/09 and 2011/12 is predominantly due to the increased capacity at airports. This is evident in the indicators, specifically the cost benefit efficiency ratio.

## Personnel information

**Table 37.15 Airports Company 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 <sup>1</sup>	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Executive board members	10	–	8	10	10	10	2	10	10	10
Executive management	14	–	5	14	14	14	9	14	14	14
Senior management	39	–	–	28	31	36	39	38	39	39
Middle management	240	–	16	221	230	253	224	233	240	241
Professionals	205	–	–	188	188	188	205	199	205	206
Skilled	1 950	–	257	1 587	1 667	1 792	1 693	1 890	1 949	1 956
Semi-skilled	312	–	50	184	202	249	262	302	312	313
<b>Total</b>	<b>2 770</b>	<b>–</b>	<b>336</b>	<b>2 232</b>	<b>2 342</b>	<b>2 542</b>	<b>2 434</b>	<b>2 685</b>	<b>2 768</b>	<b>2 778</b>
Compensation (R thousand)				521 334	656 958	701 198	739 971	854 469	923 735	1 158 595
Unit cost (R thousand)				234	281	276	304	318	334	417

1. As at 30 September 2011.

As at 30 September 2011, the airport company had an establishment of 2 770 posts. The increase in the number of personnel from 2 232 in 2008/09 to 2 542 in 2010/11 was driven by the need to hire additional staff to operate and maintain the refurbished and upgraded OR Tambo International and Cape Town International airports. Additional staff was needed for the King Shaka International Airport, which is significantly larger than its predecessor. There were 336 vacancies. Expenditure on consultants in 2011/12 was equivalent to 12.5 per cent of expenditure on compensation of employees.

## Air Traffic and Navigation Services Company Limited

### Overview: 2008/09-2014/15

The Air Traffic and Navigation Services Company was established in terms of the Air Traffic and Navigation Services Act (1993). Its mandate is to provide safe, orderly and efficient air traffic, navigational and associated services to the air traffic management community on behalf of the state, and in accordance with the International Civil Authority Organisation standards and recommended practices, and the South African civil aviation regulations and technical standards. The company is responsible for regulating 10 per cent of the world's airspace, serving the South African and African markets.

The company's strategic objectives are to: continually improve the safety performance of air traffic management services; develop, market and distribute air traffic management solutions; develop a reliable and pervasive network of navigational information and data; provide an enhanced air traffic management service; expedite the company's expansion into Africa; and attract and retain skilled and experienced personnel.

In 2011, the company participated in the development of the national airspace master plan, which directs and organises the management of airspace. An air traffic management roadmap was subsequently developed, which outlines the company's plans and direction in air traffic management for the period to 2025. A centralised aeronautical database is currently being developed that will consolidate data from the company, the Civil Aviation Authority and operators.

The aviation training academy has begun partnering with universities to develop an advanced management leadership development programme. The programme will combine business management and aviation training, in order to develop leadership skills and capacity in the aviation sector. The initial intake was planned for January 2012.

Over the medium term, the company will focus on delivering continuous improvement of safety performance, providing efficient air traffic management solutions and associated services, and using leading technologies to the benefit of the air traffic management community.

## Performance

The benchmarks against which the company measures itself include the number of aircraft that can use the runway per hour, and safety indicators: the number of safety events per 100 000 air traffic movements, air space capacity increases, and average equipment availability. It successfully introduced the central airspace management unit and air traffic flow management tool in May 2010. This unit and these tools aim to improve efficiency by ensuring that available capacity within airports is used optimally and that airborne delays are minimised.

The company has improved its safety performance by reducing safety events from 3.74 safety events per 100 000 air traffic movements in 2008/2009, to 2.2 in 2010/11.

Among other accomplishments, the company contributed to the staging of a seamless 2010 FIFA World Cup and started operations at the new King Shaka International Airport in Durban without interruption. Over the medium term, safety performance is expected to remain impressive.

The variation in the number of air traffic controller vacancies between 2011/12 and the projections to 2014/15 take into account the need for the company to respond quickly to new business opportunities without affecting existing operations, levels of traffic growth and associated increase in demand for services, the need to retain staff in the face of an international skills shortage, historical staff shortages in this field, and normal attrition and staff turnover.

## Selected performance indicators

**Table 37.16 Air Traffic and Navigation Services Company**

Indicator	Activity/Objective/Programme/Project	Past			Current	Projected		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Number of air traffic controller vacancies per year <sup>1</sup>	Communication	22	30	(31)	(25)	(87)	(69)	(50)
Number of aircraft on OR Tambo International Airport's runway per hour	Communication	56	60	60	60	60	60	60
Safety Performance (measured in terms of the number of incidents per 100 000 movements) <sup>2</sup>	Navigation	2	2	2	2	2	2	2

1. In 2008/09 and 2009/10, the positive number shows that there was under capacity. Since then, not only have vacancies been filled, but an excess capacity has been built (and is expected to be built further), illustrated by the negative numbers. This is a key target for the entity due to the high staff turnover rate and long training times. It ensures this important function is never understaffed. Therefore, continuously decreasing (negative) numbers shows an improving performance.

2. The industry best practice benchmark is 2.

## Programmes/activities/objectives

**Table 37.17 Air Traffic and Navigation Services Company**

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Communication	305 960	347 326	445 749	508 439	549 598	637 698	681 036
Navigation	32 169	36 518	46 866	53 457	57 785	67 048	71 604
Surveillance	50 653	57 501	73 795	84 174	90 988	105 573	112 748
Display systems	6 856	7 783	9 988	11 393	12 315	14 289	15 260
Simulator and systems	102 330	116 165	149 083	170 050	183 816	213 282	227 776
Software	17 139	19 456	24 970	28 481	30 787	35 722	38 150
Administration	96 337	115 819	141 821	159 663	170 600	197 947	211 400
<b>Total expense</b>	<b>611 443</b>	<b>700 568</b>	<b>892 273</b>	<b>1 015 658</b>	<b>1 095 888</b>	<b>1 271 558</b>	<b>1 357 974</b>

The Air Traffic Navigation Services Company had a total budget of R1 billion in 2011/12, of which 50.1 per cent was used for communication.

## Savings and cost effectiveness measures

While no savings have been effected, the company will continuously monitor cost performance on a monthly basis to identify costs that can be reduced.

## Expenditure estimates

**Table 37.18 Air Traffic and Navigation Services Company**

Statement of financial performance				Revised estimate 2011/12	Medium-term estimate		
R thousand	Audited outcome		2012/13		2013/14	2014/15	
	2008/09	2009/10	2010/11				
<b>Revenue</b>							
<b>Non-tax revenue</b>	<b>672 580</b>	<b>747 710</b>	<b>1 074 640</b>	<b>1 126 899</b>	<b>1 213 430</b>	<b>1 367 742</b>	<b>1 522 245</b>
Sale of goods and services other than capital assets	635 986	713 089	1 030 205	1 092 942	1 176 006	1 336 131	1 487 826
<i>of which:</i>							
Tariff revenue	635 986	713 089	1 030 205	1 092 942	1 176 006	1 336 131	1 487 826
Other non-tax revenue	36 594	34 621	44 435	33 957	37 424	31 611	34 419
<b>Total revenue</b>	<b>672 580</b>	<b>747 710</b>	<b>1 074 640</b>	<b>1 126 899</b>	<b>1 213 430</b>	<b>1 367 742</b>	<b>1 522 245</b>
<b>Expenses</b>							
<b>Current expenses</b>	<b>576 256</b>	<b>667 985</b>	<b>814 245</b>	<b>964 237</b>	<b>1 050 177</b>	<b>1 210 161</b>	<b>1 277 161</b>
Compensation of employees	327 240	389 626	487 242	554 010	648 243	693 620	742 173
Goods and services	143 313	154 263	182 452	227 607	259 469	289 622	317 923
Depreciation	83 795	99 990	121 880	149 665	127 560	157 633	183 299
Interest, dividends and rent on land	21 908	24 106	22 671	32 956	14 905	69 286	33 766
<b>Transfers and subsidies</b>	<b>12 538</b>	<b>13 849</b>	<b>7 135</b>	<b>8 160</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total expenses</b>	<b>611 443</b>	<b>700 568</b>	<b>892 273</b>	<b>1 015 658</b>	<b>1 095 888</b>	<b>1 271 558</b>	<b>1 357 974</b>
<b>Surplus / (Deficit)</b>	<b>61 137</b>	<b>47 142</b>	<b>182 367</b>	<b>111 241</b>	<b>117 542</b>	<b>96 184</b>	<b>164 271</b>
<b>Statement of financial position</b>							
Carrying value of assets	1 016 306	1 067 807	978 889	1 080 724	1 115 286	1 268 101	1 302 484
<i>of which:</i>							
Acquisition of assets	147 737	147 020	32 919	251 500	162 122	310 448	217 682
Investments	14 202	11 011	10 210	10 210	10 210	10 210	10 210
Inventory	742	923	506	1 330	1 760	1 916	2 217
Receivables and prepayments	99 871	88 125	124 286	129 375	139 544	157 290	175 058
Cash and cash equivalents	40 790	86 118	304 485	256 558	357 002	394 312	532 659
Taxation	-	10 035	716	753	756	486	-
Derivatives financial instruments	-	10 035	716	753	756	486	-
<b>Total assets</b>	<b>1 171 911</b>	<b>1 274 054</b>	<b>1 419 808</b>	<b>1 479 703</b>	<b>1 625 315</b>	<b>1 832 802</b>	<b>2 022 628</b>
Accumulated surplus / (deficit)	557 418	604 559	786 927	898 168	1 015 710	1 111 894	1 276 165
Capital and reserves	190 646	190 646	190 646	190 646	190 646	190 646	190 646
Borrowings	322 574	326 493	258 239	227 468	276 068	361 988	389 428
Trade and other payables	77 758	44 472	45 465	115 027	96 025	90 401	62 540
Taxation	-	55 185	71 322	-	9 221	33 597	62 171
Provisions	23 515	42 664	66 494	47 642	36 889	43 790	41 679
<b>Total equity and liabilities</b>	<b>1 171 911</b>	<b>1 264 019</b>	<b>1 419 093</b>	<b>1 478 950</b>	<b>1 624 559</b>	<b>1 832 316</b>	<b>2 022 628</b>

## Expenditure trends

Over the medium term, the entity will focus on enhancing communication and simulator systems. Collectively, expenditure on these two objectives has been the largest contributor to spending, and will continue to grow at an average annual rate of 10.2 per cent between 2011/12 and 2014/15. Communication and simulator systems are essential to ensuring safety and enhancing utilisation capacity at airports.

The company's revenue is generated by providing aeronautical services to the aviation industry. Revenue increases from R672.6 million in 2008/09 to R1.1 billion in 2011/12, at an average annual rate of 18.8 per cent, and is expected to increase to R1.5 billion in 2014/15, at an average annual rate of 10.5 per cent. The major contributors to income in both periods are en-route and approach fees. This revenue source increased from R595.9 million in 2008/09 to R1 billion in 2011/12, at an average annual rate 20.5 per cent. The increase is attributable to a larger than anticipated increase in air traffic ahead of the 2010 FIFA World Cup. The en-route and approach fees, which are regulated by the regulating committee, are expected to increase to R1.4 billion in

2014/15, at a rate of 10.6 per cent, as the entity recovers the cost of infrastructure invested between 2008/09 and 2011/12 from operators.

Expenditure is expected to grow from R611.4 million in 2008/09 to R1.4 billion in 2014/15, at an average annual rate of 18.4 per cent, due to the entity increasing capacity in line with airport expansions. Between 2008/09 and 2011/12, compensation of employees grew from R327.2 million to R554 million, at an average annual rate of 19.2 per cent, due to incentive bonuses and other salary related costs. Over the medium term, expenditure on goods and services is expected to increase from R227.6 million to R317.9 million, at an average annual rate of 11.8 per cent, driven by the electronic maintenance costs of the radars and other equipment.

Expenditure on consultants increased from R2.8 million in 2008/09 to R12.2 million in 2011/12, at an average annual rate of 64.2 per cent, and is expected to decline to R7.6 million in 2014/15, at a rate of 14.7 per cent as more work will be done in-house.

## Personnel information

**Table 37.19 Air Traffic and Navigation Services Company**

	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 <sup>1</sup>	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Executive management	9	9	–	8	10	8	9	9	9	9
Senior management	13	13	–	11	12	12	13	13	14	14
Middle management	107	107	5	47	51	55	107	61	62	62
Professionals	573	573	10	622	626	645	573	712	729	747
Skilled	158	158	20	96	100	102	158	112	115	116
Semi-skilled	20	20	19	33	30	28	20	31	32	32
Very low skilled	140	140	–	124	122	98	140	108	110	112
<b>Total</b>	<b>1 020</b>	<b>1 020</b>	<b>54</b>	<b>941</b>	<b>951</b>	<b>948</b>	<b>1 020</b>	<b>1 045</b>	<b>1 071</b>	<b>1 092</b>
Compensation (R thousand)				327 240	389 626	487 242	554 010	648 243	693 620	742 173
Unit cost (R thousand)				348	410	514	543	620	648	680

1. As at 30 September 2011.

As at 30 September 2011, the entity's establishment was projected to increase to 1 092 in 2014/15. The increase over the medium term is driven by the need for more air traffic controllers as air traffic volumes increase. The entity will make a concerted effort to reduce the air traffic controller vacancy rate by recruiting school leavers for its air traffic control programme, building internal capacity within its training academy and implementing measures to retain air traffic controllers. Expenditure on consultants in 2011/12 was equivalent to 2.2 per cent of compensation of employees.

## Passenger Rail Agency of South Africa

### Overview: 2008/09 – 2014/15

The Passenger Rail Agency of South Africa was established in March 2009 to streamline and consolidate rail passenger entities. The agency's overarching aim is to ensure efficient and safe rail commuter services in South Africa. In consultation with the department, the agency also provides for long haul passenger rail and bus services.

The agency comprises several businesses, including the Metrorail urban commuter rail service, the Shosholoz Meyl long distance passenger rail service, the Intersite property management arm, and its long distance bus company, Autopax.

Over the medium term, key priorities for the agency that arise from its new, approved strategy for 2011/12-2013/14 will be the upgrading of its fleet, promoting operational efficiency, and enhancing passengers' travelling experience by providing more reliable, frequent and safe rail commuter services.

The accelerated rolling stock investment programme will expand community rail capacity and modernise Metrorail coaches over a 20-year period. Preparations for accelerating investment in rolling stock began in 2010/11. A detailed feasibility study for the new rolling stock fleet was completed in 2011. The first delivery of

trains in this 20-year programme is expected in 2015. Work on the modernisation of the signalling system in the Gauteng region started in 2011/12. Modernising the signalling system and maintaining the existing fleet will remain a key focus area over the medium term.

## Performance

The agency measures itself against indicators relating to infrastructure improvements, the number of passengers and customer satisfaction. The number of passengers using Metrorail Shosholoza Meyl and Autopax declined from 646.27 million in 2008/09 to 546.3 million in 2011/12 as a result of poor train availability and the non-operation of the long distance rail service. Over the medium term, passenger numbers are expected to grow from 546.3 million in 2011/12 to 638.7 million in 2014/15. The projected increases in the number of passengers per year over the medium term, in contrast to the historical trend of decreases, is due to the investment in new signalling equipment, the overhaul of coaches, and the upgrade of station precincts, all of which should improve service reliability in the future. Over the medium term, the agency will upgrade 77 railway stations throughout the country. 1 440 Metrorail coaches will be overhauled and upgraded between 2011/12 and 2014/15.

## Selected performance indicators

**Table 37.20 Passenger Rail Agency of South Africa**

Indicator	Activity/Objective/ Programme/ Project	Past			Current 2011/12	Projected		
		2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
Number of signalling interlocking sections completed <sup>1</sup>	The Passenger Rail Agency of South Africa: Corporate	–	–	–	1 interlocking: Gauteng region	Interlocking technology validated	Gauteng nerve centre complete	3 central traffic control centres functional
Number of stations improved per year	The Passenger Rail Agency of South Africa: Corporate real estate solutions	44	111	41	33	70	50	50
Number of stations upgraded per year	The Passenger Rail Agency of South Africa: Corporate real estate solutions	– <sup>2</sup>	4	5	11	27	25	25
Number of Metrorail general overhauls and upgrades of rolling stock per year	The Passenger Rail Agency of South Africa: Rail	709	505	334	539	480	480	480
Number of main line passenger service (Shosholoza Meyl) overhauls and upgrades of rolling stock per year	The Passenger Rail Agency of South Africa: Rail	– <sup>3</sup>	– <sup>3</sup>	22	7	80	80	80
Customer satisfaction index (rail, bus and property) per year <sup>4</sup>	All	73%	71.25%	72%	72%	75%	77%	78%
Number of passengers per year (in millions)	The Passenger Rail Agency of South Africa: Rail and Autopax	646.27 million	639.3 million	475.91 million	546.3 million	565.39 million	593.44 million	638.68 million

1. Programme runs in Gauteng, KwaZulu-Natal and Western Cape, commenced in 2011/12.

2. The programme for station upgrades commenced in 2009/10.

3. Shosholoza Meyl only became part of this agency in 2010/11.

4. 2008/09 was for Metrorail only.

## Programmes/activities/objectives

**Table 37.21 Passenger Rail Agency of South Africa**

R thousand	Audited outcome			Revised estimate 2011/12	Medium-term estimate		
	2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
Rail	5 989 089	6 980 885	5 831 882	6 108 603	6 226 630	6 660 618	7 228 801
Autopax	–	528 067	771 845	888 679	918 375	953 942	989 468
Intersite	–	205 888	100 782	41 460	52 733	58 712	62 406
Corporate real estate solutions	–	138 406	603 780	764 213	843 718	906 330	952 496
Corporate	–	–	629 463	1 032 420	1 156 819	1 212 248	1 265 186
<b>Total expense</b>	<b>5 989 089</b>	<b>7 853 246</b>	<b>7 937 752</b>	<b>8 835 375</b>	<b>9 198 275</b>	<b>9 791 850</b>	<b>10 498 357</b>

The Passenger Rail Agency of South Africa had a total budget of R8.8 billion in 2011/12, of which 69.1 per cent was used for rail.

### Savings and cost effectiveness measures

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

### Expenditure estimates

**Table 37.22 Passenger Rail Agency of South Africa**

Statement of financial performance				Revised estimate	Medium-term estimate		
	Audited outcome						
R thousand	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
<b>Revenue</b>							
<b>Non-tax revenue</b>	<b>2 386 097</b>	<b>2 622 026</b>	<b>2 777 988</b>	<b>3 381 678</b>	<b>3 798 069</b>	<b>4 254 387</b>	<b>4 751 074</b>
Sale of goods and services other than capital assets of which:	1 713 606	2 550 625	2 704 577	3 278 862	3 792 524	4 249 191	4 745 618
Sales by market establishments	1 661 103	2 448 905	2 532 195	3 072 839	3 577 462	3 946 991	4 409 158
Other sales	52 503	101 720	172 382	206 023	215 062	302 200	336 460
Other non-tax revenue	672 491	71 401	73 411	102 816	5 545	5 196	5 456
<b>Transfers received</b>	<b>2 549 604</b>	<b>3 962 089</b>	<b>4 140 613</b>	<b>4 375 335</b>	<b>4 644 973</b>	<b>4 821 570</b>	<b>5 192 055</b>
<b>Total revenue</b>	<b>4 935 701</b>	<b>6 584 115</b>	<b>6 918 601</b>	<b>7 757 013</b>	<b>8 443 042</b>	<b>9 075 957</b>	<b>9 943 129</b>
<b>Expenses</b>							
<b>Current expenses</b>	<b>5 765 403</b>	<b>7 853 277</b>	<b>7 937 752</b>	<b>8 835 375</b>	<b>9 198 275</b>	<b>9 791 850</b>	<b>10 498 357</b>
Compensation of employees	2 333 116	2 827 757	3 130 065	3 458 220	3 549 357	3 826 379	4 070 118
Goods and services	2 663 456	3 925 232	3 386 537	3 931 974	4 102 977	4 395 441	4 646 938
Depreciation	737 681	1 035 511	1 277 970	1 372 403	1 478 776	1 507 156	1 724 928
Interest, dividends and rent on land	31 150	64 777	143 180	72 778	67 165	62 874	56 373
<b>Transfers and subsidies</b>	<b>216 959</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total expenses</b>	<b>5 989 089</b>	<b>7 853 246</b>	<b>7 937 752</b>	<b>8 835 375</b>	<b>9 198 275</b>	<b>9 791 850</b>	<b>10 498 357</b>
<b>Surplus / (Deficit)</b>	<b>(1 053 388)</b>	<b>(1 269 131)</b>	<b>(1 019 151)</b>	<b>(1 078 362)</b>	<b>(755 233)</b>	<b>(715 893)</b>	<b>(555 228)</b>
<b>Statement of financial position</b>							
Carrying value of assets	11 600 410	15 980 437	17 803 821	22 566 186	27 788 516	33 666 528	43 798 877
of which:							
Acquisition of assets	3 767 659	5 027 721	3 127 721	6 134 768	6 701 106	7 385 168	11 857 277
Inventory	129 652	163 450	145 519	205 901	223 047	252 958	265 981
Receivables and prepayments	517 872	259 575	368 540	392 329	400 829	409 329	417 829
Cash and cash equivalents	1 159 908	419 348	2 125 653	1 251 177	775 784	505 974	523 939
Non-current assets held for sale	13 396	11 810	23 670	–	–	–	–
Defined benefit plan assets	–	–	–	8 236	8 236	8 236	8 236
Taxation	–	–	–	126	126	126	126
<b>Total assets</b>	<b>13 421 238</b>	<b>16 834 620</b>	<b>20 467 203</b>	<b>24 423 955</b>	<b>29 196 538</b>	<b>34 843 151</b>	<b>45 014 988</b>
Accumulated surplus / (deficit)	(2 525 475)	(3 415 631)	(4 434 782)	(5 513 145)	(6 268 377)	(6 984 270)	(7 539 497)
Capital and reserves	4 248 258	4 248 258	4 248 258	4 248 258	4 248 258	4 248 258	4 248 258
Capital reserve fund	8 764 446	12 088 048	16 773 489	21 872 252	27 455 183	33 696 784	44 249 347
Borrowings	104 300	944 548	468 390	267 807	211 458	149 548	81 528
Trade and other payables	2 248 108	2 604 878	3 022 679	3 159 614	3 160 847	3 343 662	3 586 183
Provisions	581 601	364 519	389 169	389 169	389 169	389 169	389 169
<b>Total equity and liabilities</b>	<b>13 421 238</b>	<b>16 834 620</b>	<b>20 467 203</b>	<b>24 423 955</b>	<b>29 196 538</b>	<b>34 843 151</b>	<b>45 014 988</b>

### Expenditure trends

The focus over the medium term will be on improving the agency's infrastructure to increase service reliability. This includes the maintenance of existing infrastructure and rolling stock, upgrading signalling and buying new

rolling stock. Thus, the acquisition of assets increases from R6.1 billion in 2011/12 to R11.9 billion in 2014/15, at an average annual rate of 24.6 per cent.

Revenue from passenger services is generated from ticket sales to train or bus commuters for passenger and long distance journeys. Revenue increased from R4.9 billion in 2008/09 to R7.8 billion in 2011/12, at an average annual rate of 16.3 per cent. The increase was largely due to significant increases in sales of tickets as a result of the incorporation of Autopax and Shosholoza Meyl into the agency in 2009/10, and transfers received from the department to support the investment in rail infrastructure. Over the MTEF period, transfers and sales by market establishment continue to drive total revenue to R9.9 billion, at an average annual increase of 8.6 per cent.

Expenditure increased from R6 billion in 2008/09 to R8.8 billion in 2011/12, at an average annual rate of 13.8 per cent, driven largely by robust increases in compensation of employees, from R2.3 billion in 2008/09 to R3.5 billion in 2011/12, at an average annual rate of 14 per cent, and depreciation and amortisation, from R737.7 million in 2008/09 to R1.4 billion in 2011/12, at an average annual rate of 23 per cent. Over the medium term, expenditure is projected to grow to R10.5 billion, at an average annual rate of 5.9 per cent, as the cost of energy, security and maintenance and repairs continues to rise.

Spending on consultants increased from R38.2 million in 2008/09 to R67.7 million in 2011/12, at an average annual rate of 21.1 per cent, due mainly to work done in preparation for the 2010 FIFA World Cup. Over the MTEF period, expenditure is projected to increase to R79 million, at an average annual rate of 5.3 per cent, to provide for the transaction advisors hired to assist with the rolling stock purchase.

The accumulated deficit of the entity is expected to grow from R5.5 billion in 2011/12 to R7.5 billion in 2014/15, as it continues to incur annual deficits. However, these annual deficits are projected to decrease from R1.1 billion in 2011/12 to R555.2 million in 2014/15.

## Personnel information

**Table 37.23 Passenger Rail Agency 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 <sup>1</sup>	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Executive board members	20	20	–	11	15	23	20	20	20	20
Executive management	50	50	–	9	39	46	50	54	54	57
Senior management	109	109	–	115	106	112	114	116	118	121
Middle management	165	165	–	470	156	157	170	178	180	182
Professionals	360	360	–	1 035	384	367	366	412	415	417
Skilled	4 929	4 929	–	2 983	4 183	4 901	5 028	5 128	5 300	5 343
Semi-skilled	5 198	5 198	–	3 923	5 723	5 800	5 572	5 782	5 923	5 991
Very low skilled	2 889	2 889	–	3 724	5 811	3 949	3 991	4 002	4 278	4 378
<b>Total</b>	<b>13 720</b>	<b>13 720</b>	<b>–</b>	<b>12 270</b>	<b>16 417</b>	<b>15 355</b>	<b>15 311</b>	<b>15 692</b>	<b>16 288</b>	<b>16 509</b>
Compensation (R thousand)				2 333 116	2 827 757	3 130 065	3 458 220	3 549 357	3 826 379	4 070 118
Unit cost (R thousand)				190	172	204	226	226	235	247

1. As at 30 September 2011.

As at 30 September 2011, the entity's establishment was 13 720. The structure has been approved by the agency's board. About 1 500 short term contract positions were filled annually as a result of business requirements. Over the medium term, the entity's overall establishment is expected to increase to 16 509. Spending on consultants in 2011/12 was equivalent to 2 per cent of expenditure on compensation of employees.

## South African National Roads Agency

### Overview: 2008/09 – 2014/15

The South African National Roads Agency was established by the South African National Roads Agency and National Roads Act (1998). The agency is responsible for the financing, management, control, planning, development, maintenance and rehabilitation of the South African national road network of some



16 170 kilometres. The network has an asset replacement value of over R250 billion. The agency is a corporate entity, with the minister as its single shareholder.

The agency's activities include maintenance, strengthening, improvements and new facilities, and its current transfer is used for the maintenance of the national non-toll network. Maintenance is done according to a road asset management system, and is undertaken routinely, periodically and on special occasions due to unforeseen circumstances such as floods.

The agency manages programmes to strengthen roads, effect improvements, and build new facilities such as additional or widened lanes to accommodate or relieve traffic congestion.

Over the medium term, the agency aims to roll out the Gauteng e-tolling system, implement additional toll road projects, and continue maintaining the national road network.

## Performance

The entity measures itself against indicators of road quality. As the agency uses a road asset management system, it ensures that regular maintenance is prioritised over other work, as shown by the indicator: Ad hoc maintenance; routine maintenance; periodic and special maintenance as a percentage of total maintenance.

## Selected performance indicators

**Table 37.24 The South African National Roads Agency**

Indicator	Activity/Objective/Programme/Project	Past			Current	Projected		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Ad hoc maintenance; routine maintenance; periodic and special maintenance as a percentage of total maintenance	Maintenance	95%	95%	95%	95%	95%	96%	96%
Smooth travel exposure index: percentage travel on roads with low roughness	Improvements	95%	95%	95%	95%	95%	95%	95%

Notes:

*Smooth travel exposure: Percentage of travel undertaken each year on national roads with roughness less than 4,2 IRI (m/km). Roughness refer to the longitudinal road surface undulations affecting road user comfort, wear and operating costs of vehicles, road safety, and the impact of the vehicle on the road through excitation of vehicle mass.*

*Low rut exposure: Percentage of travel undertaken each year on national roads with rut depth less than 20 mm. Rut depth refers to surface depressions that can hold water and cause a vehicle to aquaplane under wet conditions.*

*High texture exposure: Percentage of travel undertaken each year on national roads with macro-texture higher than 0.4 mm. Macro-texture refers to visual coarseness of the road surface that affects surface friction at high speeds (>60 km/h) for wet conditions.*

*Bridge condition exposure: Percentage of travel over or under bridges on national roads with overall condition index (higher than 80. The index is a weighted defects index that gives an overall indication of the need for maintenance for a bridge.*

## Programmes/activities/objectives

**Table 37.25 The South African National Roads Agency**

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Road maintenance	2 285 661	2 152 633	2 904 849	4 344 249	5 098 965	4 175 410	9 526 522
Strengthening of roads	1 612 880	1 779 965	2 537 333	4 111 440	4 332 167	4 136 582	1 522 536
Improvements	6 201 202	7 436 476	6 224 835	4 853 886	3 357 485	3 097 056	5 156 036
New facilities	1 763 940	2 212 779	2 774 118	2 021 380	2 125 352	2 125 209	747 629
<b>Total expense</b>	<b>11 863 683</b>	<b>13 581 853</b>	<b>14 441 135</b>	<b>15 330 955</b>	<b>14 913 969</b>	<b>13 534 257</b>	<b>16 952 723</b>

The South African National Roads Agency had a total budget of R11.4 billion in 2011/12, of which 55.6 per cent was used for goods and services.

## Savings and cost effectiveness measures

All the entity's project resource allocations are made through the comprehensive asset management system, which ensures that the optimal maintenance strategy is selected for each road section. This ensures that the road

network is maintained at an adequate level of service for the funding available. Savings or effectiveness is therefore already built into the planning of each project as listed in its budget. In addition, the entity has prudent spending policies over administrative and overhead costs, mainly salaries, with a key performance indicator, the expenditure efficiency index, used to ensure that these costs remain less than 7.5 per cent.

## Expenditure estimates

**Table 37.26 The South African National Roads Agency**

Statement of financial performance				Revised estimate 2011/12	Medium-term estimate		
R thousand	Audited outcome				2012/13	2013/14	2014/15
	2008/09	2009/10	2010/11				
<b>Revenue</b>							
<b>Non-tax revenue</b>	<b>3 179 500</b>	<b>147 464 935</b>	<b>26 924 836</b>	<b>2 006 910</b>	<b>3 377 050</b>	<b>4 548 930</b>	<b>5 740 560</b>
Sale of goods and services other than capital assets	1 687 746	2 078 005	2 298 751	2 006 910	3 377 050	4 548 930	5 740 560
<i>of which:</i>							
<i>Tollgate fees</i>	1 329 980	1 513 505	1 791 411	2 006 910	3 377 050	4 548 930	5 740 560
<i>Other sales</i>	357 766	564 500	507 340	–	–	–	–
<i>Other non-tax revenue</i>	1 491 754	145 386 930	24 626 085	–	–	–	–
<b>Transfers received</b>	<b>1 934 410</b>	<b>2 331 442</b>	<b>3 357 565</b>	<b>11 842 836</b>	<b>6 405 795</b>	<b>7 467 869</b>	<b>7 193 366</b>
<b>Total revenue</b>	<b>5 113 910</b>	<b>149 796 377</b>	<b>30 282 401</b>	<b>13 849 746</b>	<b>9 782 845</b>	<b>12 016 799</b>	<b>12 933 926</b>
<b>Expenses</b>							
<b>Current expenses</b>	<b>4 101 057</b>	<b>5 427 425</b>	<b>7 761 276</b>	<b>11 444 095</b>	<b>11 044 960</b>	<b>12 012 953</b>	<b>12 674 325</b>
Compensation of employees	83 623	92 571	111 120	111 120	130 949	142 965	152 189
Goods and services	2 174 811	2 573 841	3 677 203	6 368 228	5 451 302	6 118 317	6 210 503
Depreciation	521 553	704 607	1 357 942	2 350 747	2 570 709	2 790 671	3 010 633
Interest, dividends and rent on land	1 321 070	2 056 406	2 615 011	2 614 000	2 892 000	2 961 000	3 301 000
<b>Total expenses</b>	<b>4 101 057</b>	<b>5 427 425</b>	<b>7 761 276</b>	<b>11 444 095</b>	<b>11 044 960</b>	<b>12 012 953</b>	<b>12 674 325</b>
<b>Surplus / (Deficit)</b>	<b>1 012 853</b>	<b>144 368 952</b>	<b>22 521 125</b>	<b>2 405 651</b>	<b>(1 262 115)</b>	<b>3 846</b>	<b>259 601</b>
<b>Statement of financial position</b>							
Carrying value of assets	23 909 544	180 385 391	214 158 063	222 748 207	229 660 063	237 205 611	243 591 179
<i>of which:</i>							
<i>Acquisition of assets</i>	8 971 629	12 390 561	10 959 733	10 940 891	9 498 000	10 358 847	9 426 201
Investments	290 830	1 324 101	1 703 507	1 333 750	1 703 507	1 703 507	1 703 707
Receivables and prepayments	2 530 446	3 810 556	1 840 802	2 609 487	1 877 618	1 915 170	1 953 474
Cash and cash equivalents	3 872 904	1 564 092	2 788 079	2 377 700	4 950 010	2 244 424	2 528 851
<b>Total assets</b>	<b>30 603 724</b>	<b>187 084 140</b>	<b>220 490 451</b>	<b>229 069 144</b>	<b>238 191 198</b>	<b>243 068 712</b>	<b>249 777 211</b>
Accumulated surplus/(deficit)	(1 889 987)	(2 317 362)	(3 665 314)	(1 259 663)	(2 521 778)	(2 517 932)	(2 258 331)
Capital and reserves	1 091 044	145 887 370	169 756 448	165 202 066	170 967 244	167 091 824	170 801 357
Capital reserve fund	8 475 883	16 606 781	20 107 969	22 666 729	19 344 469	22 217 566	18 449 507
Borrowings	16 205 063	25 150 711	32 594 832	38 821 545	46 730 415	52 500 000	58 926 201
Trade and other payables	6 510 730	1 430 870	1 307 981	3 267 653	3 319 152	3 425 058	3 497 781
Provisions	6 854	8 702	26 917	9 196	9 696	10 196	10 696
Managed funds (e.g. Poverty alleviation fund)	204 137	317 068	361 619	361 619	342 000	342 000	350 000
<b>Total equity and liabilities</b>	<b>30 603 724</b>	<b>187 084 140</b>	<b>220 490 451</b>	<b>229 069 144</b>	<b>238 191 198</b>	<b>243 068 712</b>	<b>249 777 211</b>

## Expenditure trends

Over the medium term, the spending focus will be on road maintenance.

The entity's income is mainly comprised of revenue generated from toll fees for the toll network and government allocations for the upkeep of the non-toll network. Between 2008/09 and 2011/12, total revenue increased from R5.1 billion to R13.8 billion, at an average annual rate of 39.4 per cent. This increase was largely due to increased transfers from the department to allow the entity to continue investing in infrastructure development and the once-off transfer of R5.8 billion in 2011/12 for the Gauteng Freeway Improvement Project. Transfers in this period increased from R1.9 billion to R11.8 billion, at an average annual rate of

82.9 per cent. Over the medium term, total revenue will decrease to R12.9 billion, at an average annual rate of 2.3 per cent. This is due to the once-off transfer in 2011/12. The start of the electronic toll collection from 2012 is reflected in the increase in toll revenue from R2 billion to R5.7 billion over the medium term, at an average annual rate of 42 per cent.

Expenditure increased from R4.1 billion in 2008/09 to R11.4 billion in 2011/12, at an average annual rate of 40.8 per cent. The increase is due to growth in depreciation from R521.6 million in 2008/09 to R2.4 billion in 2011/12, at an average annual rate of 65.2 per cent. Between 2008/09 and 2011/12, contractor expenditure also increased significantly from R1.9 billion to R5.7 billion, at an average annual rate of 44 per cent. This expenditure is for road maintenance. Over the MTEF period, spending is dominated by expenditure incurred in extending the length of the road network from 16 500 to 18 215 kilometres. Expenditure increases as a result, from R11.4 billion in 2011/12 to R12.7 billion in 2014/15, at an average annual rate of 3.5 per cent. This is due to depreciation increasing to R3 billion at an average annual rate of 8.6 per cent and interest payments increasing to R3.3 billion at an average annual rate of 8.1 per cent to fund the capital investment in toll roads.

Expenditure on consultants increased from R9.3 million in 2008/09 to R47.4 million in 2011/12, at an average annual rate of 72.1 per cent, and is expected to increase further to R57.5 million over the medium term, at an average annual rate of 6.7 per cent, due to the investigation and development of the west region branch.

## Personnel information

**Table 37.27 The South African National Roads 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 <sup>1</sup>	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	8	7	1	8	8	8	7	8	8	8
Senior management	76	76	–	66	73	73	76	80	85	95
Professionals	41	41	–	30	30	37	41	65	80	95
Skilled	29	29	–	15	12	23	29	51	55	65
Semi-skilled	68	68	–	54	55	63	68	75	79	76
<b>Total</b>	<b>223</b>	<b>222</b>	<b>1</b>	<b>174</b>	<b>179</b>	<b>205</b>	<b>222</b>	<b>280</b>	<b>308</b>	<b>340</b>
Compensation (R thousand)				83 623	103 207	111 120	111 120	130 949	142 965	152 189
Unit cost (R thousand)				481	577	542	501	468	464	448

1. As at 30 September 2011.

The staff complement increased from 174 in 2008/09 to 222 in 2011/12 and is expected to increase further to 340 over the medium term. The increase in both periods is due to more staff being hired because of the introduction of electronic tolling. There are no vacancies. Expenditure on consultants in 2011/12 was equivalent to 42.6 per cent of compensation of employees.

## Road Accident Fund

### Overview: 2008/09 – 2014/15

The Road Accident Fund was established in terms of the Road Accident Fund Act (1996). The fund is responsible for providing appropriate cover to all road users within the borders of South Africa, rehabilitating and compensating persons injured in motor vehicle accidents, and promoting the safe use of all South African roads. The fund provides compulsory insurance cover to all road users against injuries sustained or death arising from accidents involving motor vehicles. The fund aims to reintegrate victims of road accidents into society from a health and economic perspective, and to protect wrongdoers and their families from financial ruin. Legislative changes introduced through the Road Accident Fund Amendment Act (2005) limit compensation paid to claimants for earnings and loss of support. Under the new dispensation, compensation for pain and suffering is only available to those claimants who are seriously injured.

Despite these legislative amendments, the need for structural reform of the fund to ensure its long term financial sustainability remained critical as the current system remains fault based. Under a fault based system, the fund is obliged to pay out compensation if an injury or death is sustained as the result of negligence or wrongdoing by a driver. This led to long delays in payments as court action and litigation was the way that faults were

determined. In response to these problems, Cabinet approved the road accident benefit scheme policy in 2009, which is based on a no fault fixed principle and aligns with the government wide impetus of implementing a comprehensive social security system. The department is currently drafting new legislation to reform the present compensation system.

These reforms aim to: expand access to the benefit scheme by providing benefits on a no fault basis; optimise limited resources in favour of persons with serious injuries; lessen spending on minor injuries; facilitate access to timely and appropriate medical care; provide financial support to persons affected by injury or the death of an earner; and simplify the claim process, reduce disputes and create certainty by providing defined and structured benefits.

Over the medium term, the fund plans to: assist the department in drafting the Road Accident Benefit Scheme Bill, contribute to establishing a comprehensive social security system, improve accessibility and claim processing for road accident claimants, reduce the payouts to third party legal representatives and explore additional revenue streams to improve its financial position.

### Performance

The number of claims finalised per year declined from 330 453 in 2008/09 to 234 274 in 2011/12, due to constraints experienced by the fund in processing claims. Over the medium term, the fund will strengthen internal systems in an effort to build its claim processing capacity in anticipation of legislative reforms. The compensation component of total claims paid decreased from R8.5 billion in 2008/09 to R8.1 billion in 2011/12, and the average rand value per claim has increased from R25 818 to R34 421.

A surplus in 2011/12 is a result of the delay in implementing the new operating model. This has led the number of claims finalised between 2009/10 and 2010/11 decreasing by 28.6 per cent, and a further decline of 13.3 per cent in claims finalised is expected between 2010/11 and 2011/12. Outstanding claims have increased from 209 186 in 2009/10 to 244 652 in 2010/11. In order to reduce the backlog the focus for claim payouts was changed to those that have been in the system for longer than three years, low value claims below R100 000, loss of support claims, funeral expenses claims and direct claims.

Over the medium term, the number of claims finalised is expected to decrease to 213 007, while the value of claims finalised increases to R15.7 billion in 2014/15. This increases the average claim value to R77 770.

### Selected performance indicators

**Table 37.28 Road Accident Fund**

Indicator	Activity/Objective/Programme/Project	Past			Current	Projected		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Number of claims finalised per year	Payment of claims to accident victims	330 453	262 185	187 486	234 272	226 362	214 206	213 007
Cost to fuel levy income ratio (percentage)	Payment of claims to accident victims	38%	29%	28%	28 %	26%	23%	21%
Amount of claims paid to accident victims per year (including legal cost and provisions R thousand)	Payment of claims to accident victims	R13 716 250 <sup>1</sup>	R14 108 302 <sup>1</sup>	R15 222 198	R12 928 318	R13 898 735	R14 796 919	R15 655 756
- Compensation component per year	Payment of claims to accident victims	R8 531 696 <sup>1</sup>	R8 688 812 <sup>1</sup>	R9 485 088	R8 063 979	R12 192 662	R14 468 693	R16 565 479
- Legal costs per year	Payment of claims to accident victims	R2 599 474	R2 709 745	R3 456 058	R3 357 439	R3 352 376	R3 218 281	R3 057 367
- Increase (decrease) in provision for outstanding claims	Payment of claims to accident victims	R2 585 080	R2 709 745	R2 281 052	R1 506 899	(R1 646 304)	(R2 890 055)	(R3 967 090)

1. These figures are different from those in the 2011 Estimates of National Expenditure as "supplier claims/compensation" and "other claims/compensation" have been combined.

## Programmes/activities/objectives

**Table 37.29 Road Accident Fund**

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Payment of claims to accident victims <sup>1</sup>	24 080 878	15 176 903	16 197 965	15 495 809	15 180 328	16 157 306	17 143 777
<b>Total expense</b>	<b>24 080 878</b>	<b>15 176 903</b>	<b>16 197 965</b>	<b>15 495 809</b>	<b>15 180 328</b>	<b>16 157 306</b>	<b>17 143 777</b>

<sup>1</sup>The amount includes the provision for outstanding claims.

The Road Accident Fund had a total budget of R15.5 billion in 2011/12, of which 100 per cent was used for the payment of claims to accident victims.

### Savings and cost effectiveness measures

The fund planned to set up an in-house litigation department in 2011 to deal with magistrate court matters and reduce legal costs. The opening of new offices as part of the rollout of the new operating model is expected to increase the number of direct claimants and result in reduced legal costs, by bypassing costly legal representation. Over the medium term, legal costs are expected to decline from R3.4 billion in 2011/12 to R3.1 billion, at an average annual rate of 3.1 per cent.

The implementation of the Road Accident Fund Amendment Act (2005) will result in a decrease in general damages claims and an increase in limited passenger claims as the legislation restricts the amount per claim. Net savings of between 25 per cent and 33 per cent of the personal injury claims are projected.

### Expenditure estimates

**Table 37.30 Road Accident Fund**

Statement of financial performance							
R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
<b>Revenue</b>							
<b>Non-tax revenue</b>	<b>573 679</b>	<b>57 527</b>	<b>52 164</b>	<b>89 864</b>	<b>148 359</b>	<b>181 089</b>	<b>210 585</b>
Other non-tax revenue	573 679	57 527	52 164	89 864	148 359	181 089	210 585
<b>Tax revenue: Fuel levy</b>	<b>11 395 730</b>	<b>12 625 871</b>	<b>14 474 058</b>	<b>15 911 814</b>	<b>17 853 056</b>	<b>19 865 582</b>	<b>21 951 468</b>
<b>Total revenue</b>	<b>11 969 409</b>	<b>12 683 398</b>	<b>14 526 222</b>	<b>16 001 679</b>	<b>18 001 415</b>	<b>20 046 671</b>	<b>22 162 053</b>
<b>Expenses</b>							
<b>Current expenses</b>	<b>800 047</b>	<b>909 037</b>	<b>975 767</b>	<b>1 172 690</b>	<b>1 281 592</b>	<b>1 360 387</b>	<b>1 488 022</b>
Compensation of employees	530 895	591 269	620 803	753 799	828 448	878 227	966 050
Goods and services	217 077	237 931	252 121	329 848	377 137	399 766	423 752
Depreciation	28 120	39 081	59 555	63 802	64 876	72 394	87 221
Interest, dividends and rent on land	23 955	40 756	43 288	25 242	11 132	10 000	11 000
<b>Transfers and subsidies</b>	<b>23 280 831</b>	<b>14 267 866</b>	<b>15 222 198</b>	<b>14 323 119</b>	<b>13 898 735</b>	<b>14 796 919</b>	<b>15 655 756</b>
<b>Total expenses</b>	<b>24 080 878</b>	<b>15 176 903</b>	<b>16 197 965</b>	<b>15 495 809</b>	<b>15 180 327</b>	<b>16 157 306</b>	<b>17 143 777</b>
<b>Surplus / (Deficit)</b>	<b>(12 111 469)</b>	<b>(2 493 505)</b>	<b>(1 671 743)</b>	<b>505 869</b>	<b>2 821 088</b>	<b>3 889 365</b>	<b>5 018 276</b>
<b>Statement of financial position</b>							
Carrying value of assets	274 761	355 144	327 600	330 798	322 922	325 528	320 808
of which:							
Acquisition of assets	67 174	121 561	45 265	67 000	57 000	75 000	82 500
Inventory	2 941	2 508	2 365	2 602	2 862	3 148	3 463
Accrued investment interest	9 770	3 944	4 317	–	–	–	–
Receivables and prepayments	2 017 568	2 861 823	3 094 719	3 399 530	3 803 018	4 221 427	4 655 199
Cash and cash equivalents	1 090 698	655 166	1 137 636	4 372 380	5 286 275	5 990 996	6 763 860
<b>Total assets</b>	<b>3 395 738</b>	<b>3 878 585</b>	<b>4 566 637</b>	<b>8 105 309</b>	<b>9 415 078</b>	<b>10 541 099</b>	<b>11 743 330</b>
Accumulated surplus / (deficit)	(39 915 227)	(42 408 732)	(44 080 475)	(42 148 421)	(39 263 156)	(35 306 725)	(30 218 365)
Capital and reserves	79 850	78 740	65 486	65 486	65 486	65 486	65 486
Deferred income	59 781	–	–	–	–	–	–
Trade and other payables	436 602	539 937	614 979	646 233	678 610	712 628	748 376
Provisions	42 734 732	45 668 640	47 966 647	49 542 012	47 934 138	45 069 710	41 147 832
<b>Total equity and liabilities</b>	<b>3 395 738</b>	<b>3 878 585</b>	<b>4 566 637</b>	<b>8 105 309</b>	<b>9 415 078</b>	<b>10 541 099</b>	<b>11 743 330</b>

## Expenditure trends

The spending focus of the Road Accident Fund is always the payout of claims. The extent to which it is able to do this is dependent on the fuel levy income and administrative capacity.

The entity derives revenue mainly from the fuel levy collected at an approved level of 80 cents per litre, which will increase to 88 cents per litre from April 2012. Revenue increased from R12 billion in 2008/09 to R16 billion in 2011/12, at an average annual rate of 10.2 per cent, and is expected to increase over the medium term to R22.2 billion, at an average annual rate of 11.5 per cent. The growth in revenue is mainly due to the growth in fuel levy income, which increased from R8.8 billion in 2008/09 to R15.9 billion in 2011/12, at an average annual rate of 21.6 per cent, and is expected to increase to R22 billion in 2014/15, at an average annual rate of 11.3 per cent. The fuel levy income is dependent on the volume of fuel purchased and the size of the levy. The fuel levy increased from 46.5 cents a litre in 2008/09 to 80 cents a litre in 2011/12.

Between 2008/09 and 2011/12, expenditure decreased from R24.1 billion to R15.5 billion, at an average annual rate of 13.7 per cent, due to a decline in the amount of outstanding claims paid out. 2008/09 saw an increase in provision of outstanding claims while the fund's ability to process claims decreased in 2011/12. Over the medium term, expenditure is expected to increase to R17.1 billion, at an average annual rate of 3.4 per cent, driven by strong growth in expenditure on compensation of employees, which rises from R753.8 million in 2011/12 to R966.1 million in 2014/15, at an average annual rate of 8.6 per cent, and on goods and services, which increases from R329.8 million in 2011/12 to R423.8 million in 2014/15, at an average annual rate of 8.7 per cent. The increase is mainly due to an expected increase in claims expenditure, from R14.3 billion in 2011/12 to R15.7 billion in 2014/15, at an average annual rate of 3 per cent, as claims handling capacity increases.

Expenditure on consultants decreased from R47.2 million in 2008/09 to R20.5 million in 2011/12, at an average annual rate of 24.3 per cent, and is expected to increase to R44.2 million in 2014/15, at an average annual rate of 29.2 per cent. The rollout of the new operating model is the main reason for using consultants over the MTEF period.

## Personnel information

**Table 37.31 Road Accident Fund**

	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 <sup>1</sup>	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Executive board members	10	10	–	8	6	10	10	10	10	10
Executive management	9	9	–	5	5	6	9	9	9	9
Senior management	26	26	4	19	17	21	22	33	33	33
Middle management	98	98	36	54	60	60	62	102	102	102
Skilled	917	917	48	965	1 004	1 100	869	942	957	957
Semi-skilled	916	916	59	886	852	671	857	935	935	935
Very low skilled	109	109	96	16	16	14	13	78	63	63
<b>Total</b>	<b>2 085</b>	<b>2 085</b>	<b>243</b>	<b>1 953</b>	<b>1 960</b>	<b>1 882</b>	<b>1 842</b>	<b>2 110</b>	<b>2 109</b>	<b>2 109</b>
Compensation (R thousand)				530 895	591 269	620 803	753 799	828 448	878 227	966 050
Unit cost (R thousand)				272	302	330	409	393	416	458

1. As at 30 September 2011.

As at 30 September 2011, the number of filled posts decreased from 1 953 in 2008/09 to 1 842, due to an increase in resignations. Over the medium term, the number of filled posts is expected to reach 2 109 to accommodate the legislative reforms in the sector, which focus on improving claims processing capacity. There were 243 vacancies. Spending on consultants in 2011/12 was equivalent to 2.7 per cent of expenditure on compensation of employees.

## South African Civil Aviation Authority

### Overview: 2008/09 – 2014/15

The South African Civil Aviation Authority was established in terms of the South African Civil Aviation Act (1998). Its main strategic objective is to enforce safety and security regulations in the aviation industry.

The authority regulates and enforces safety and security in the aviation sector in line with applicable national civil aviation standards, as well as standards and recommended practices defined by the International Civil Aviation Organisation. In line with this mandate, the authority has safety oversight over aircraft safety, air safety operations, air safety infrastructure and aviation security.

In addition, the function of conducting aircraft accident and incident investigations is carried out by the authority's accident and incident investigations division. This function is expected to shift to an independent aviation safety board in 2012/13, in line with good regulatory practice.

The authority is responsible for the collection, development and dissemination of the integrated aeronautical information package, which provides flight crew, licensed personnel and certified organisations with technical aviation information. In 2010/11, the authority published aeronautical information, supplements and circulars on a monthly basis through its website.

In 2010/11, the authority revised and updated civil aviation regulations. Consultations were held with key stakeholders within the industry. This culminated in the promulgation of regulations governing passenger safety charges, user fees and security.

Over the medium term, the authority will focus on improving financial sustainability, enhancing corporate governance, promoting industry compliance and transformation, ensuring regulatory compliance with air safety and security and building organisational capacity.

### Performance

To enhance and improve compliance with aviation safety standards, the number of inspections of aircraft maintenance organisations increased from 102 in 2008/09 to 125 in 2011/12, including unannounced inspections carried out to ensure that these organisations abide by regulations at all times. The authority continually reviews operations to ensure that processes are restructured where necessary in an effort to enhance safety. Part of this process includes recruiting and retaining adequate skills within the entity.

### Selected performance indicators

**Table 37.32 South African Civil Aviation Authority**

Indicator	Activity/Objective/Programme/ Project	Past			Current	Projected		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Number of inspections conducted per year	Air safety operations	102	99	100	125	125	125	125
Percentage compliance with International Civil Aviation Organisation audit:	Aviation security, and risk and compliance							
- corrective action plan to address audit findings	Aviation security, and risk and compliance	35%	50%	65%	69%	75%	80%	80%
- primary aviation legislation	Aviation security, and risk and compliance	79%	100%	100%	100%	100%	100%	100%
- specific operating regulations	Aviation security, and risk and compliance	82%	85%	90%	100%	100%	100%	100%
- civil aviation system and safety oversight function	Aviation security, and risk and compliance	90%	93%	95%	97%	99%	100%	100%
- qualification and training of technical staff	Aviation security, and risk and compliance	98%	98%	90%	100%	100%	100%	100%
- procedures and technical guidance	Aviation security, and risk and compliance	89%	94%	98%	100%	100%	100%	100%
- licensing and certification obligations	Aviation security, and risk and compliance	96%	97%	99%	100%	100%	100%	100%
- surveillance obligations	Aviation security, and risk and compliance	94%	95%	98%	100%	100%	100%	100%
- resolution of safety concerns	Aviation security, and risk and compliance	98%	98%	100%	100%	100%	100%	100%

## Programmes/activities/objectives

**Table 37.33 South African Civil Aviation Authority**

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Financial sustainability	8 026	9 319	9 793	10 693	51 733	27 119	39 267
Corporate governance	47 812	51 660	52 232	58 083	72 017	83 964	96 558
Aviation safety and security	161 252	170 913	173 168	185 317	213 754	233 539	253 733
Build organisational capacity	18 542	19 015	20 958	24 600	32 667	34 777	37 482
Industry development and transformation	24 071	26 597	27 694	33 906	38 825	41 385	46 361
<b>Total expense</b>	<b>259 703</b>	<b>277 504</b>	<b>283 845</b>	<b>312 600</b>	<b>408 996</b>	<b>420 784</b>	<b>473 400</b>

The South African Civil Aviation Authority had a total budget of R312.6 million in 2011/12, of which 59.3 per cent was used for aviation safety and security.

### Savings and cost effectiveness measures

The entity continues to attempt to reduce operational expenditure. The authority began a cost cutting exercise in 2010/11, which reduced expenditure on goods and services from R101 million in 2009/10 to R96.1 million in 2010/11. In this period, management implemented tighter controls over spending that were not directly related to the safety oversight mandate, such as travel for conferences, business class travel for executives and certain training. These policies will continue to be enforced over the MTEF period. In 2010/11, no staff bonuses were paid, which resulted in a saving of R18 million.

### Expenditure estimates

**Table 37.34 South African Civil Aviation Authority**

Statement of financial performance				Revised estimate	Medium-term estimate		
R thousand	Audited outcome			2011/12	2012/13	2013/14	2014/15
	2008/09	2009/10	2010/11				
<b>Revenue</b>							
<b>Non-tax revenue</b>	<b>238 629</b>	<b>250 893</b>	<b>279 494</b>	<b>340 316</b>	<b>392 971</b>	<b>403 884</b>	<b>455 483</b>
Sale of goods and services other than capital assets	227 631	244 420	266 507	336 576	391 729	402 639	454 236
<i>of which:</i>							
Other sales	227 631	244 420	266 507	336 576	391 729	402 639	454 236
Other non-tax revenue	10 998	6 473	12 987	3 740	1 242	1 245	1 247
<b>Transfers received</b>	<b>7 464</b>	<b>17 292</b>	<b>8 223</b>	<b>15 216</b>	<b>16 025</b>	<b>16 901</b>	<b>17 916</b>
<b>Total revenue</b>	<b>246 093</b>	<b>268 185</b>	<b>287 717</b>	<b>355 532</b>	<b>408 996</b>	<b>420 785</b>	<b>473 399</b>
<b>Expenses</b>							
<b>Current expenses</b>	<b>259 703</b>	<b>277 504</b>	<b>283 845</b>	<b>312 600</b>	<b>408 996</b>	<b>420 785</b>	<b>473 399</b>
Compensation of employees	147 688	167 929	177 695	216 314	262 815	296 571	332 617
Goods and services	104 374	101 007	98 579	90 476	134 770	111 507	126 952
Depreciation	7 641	8 568	7 571	5 810	11 411	12 707	13 830
<b>Total expenses</b>	<b>259 703</b>	<b>277 504</b>	<b>283 845</b>	<b>312 600</b>	<b>408 996</b>	<b>420 785</b>	<b>473 399</b>
<b>Surplus / (Deficit)</b>	<b>(13 610)</b>	<b>(9 319)</b>	<b>3 872</b>	<b>42 932</b>	<b>-</b>	<b>-</b>	<b>-</b>

### Expenditure trends

The spending focus over the medium term continues to be on aviation safety and security, which is expected to grow from R185.3 million in 2011/12 to R253.7 million in 2014/15, at an average annual rate of 11 per cent, in order to comply with the International Civil Aviation Organisation audit.

The entity derives its revenue from fuel levies, user fees and passenger safety charges. The transfer received is only for the accident and incident investigation function. An increase in the passenger safety charge, which is R12 per departing passenger, was recently approved by the ministers of transport and finance, and will be levied at R16 per departing passenger from April 2012. The fuel levy is capped at 12.2 cents per litre from April 2011.



Between 2008/09 and 2011/12, revenue increased from R246.1 million to R355.5 million, at an average annual rate of 13 per cent. The increase was driven by growth in safety charges levied on users, which grew from R227.6 million in 2008/09 to R336.6 million in 2011/12, at an average annual rate 13.9 per cent. Over the medium term, total revenue is expected to increase to R473.4 million, at an average annual rate of 10 per cent, as further tariff increases are projected in the two outer years.

Expenditure increased from R259.7 million in 2008/09 to R312.6 million in 2011/12, at an average annual rate of 6.4 per cent, due to an increase in the number of audits of aircraft maintenance organisations carried out and inspections on aviation organisations and personnel as the air volumes increase steadily. Between 2008/09 and 2011/12, as a result of the increased regulatory and enforcement activities undertaken by the authority, expenditure on compensation of employees increased from R147.7 million to R216.3 million, at an average annual rate of 13.6 per cent. Over the MTEF period, total expenditure is expected to increase to R473.4 million, at an average annual rate of 14.8 per cent. Expenditure on goods and services is expected to increase from R90.5 million in 2011/12 to R127 million in 2014/15, at an average annual rate of 12 per cent, as the authority focuses on undertaking a capital expenditure programme to procure IT and a safety inspection aircraft.

Expenditure on consultants increased from R3 million in 2008/09 to R14.5 million in 2011/12, at an average annual rate of 70 per cent, due to R7.7 million being spent on overhauls and repairs. Expenditure on consultants is expected to decrease to R13.6 million in 2014/15, at an average annual rate of 2.1 per cent, as the company grows and improves its efficiency levels.

## Personnel information

**Table 37.35 South African Civil Aviation Authority**

	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 <sup>1</sup>	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Executive board members	5	5	–	4	4	5	5	5	5	5
Executive management	11	11	2	10	10	11	9	11	11	11
Senior management	21	21	–	17	9	19	21	21	21	21
Middle management	49	49	5	37	87	45	44	49	49	49
Professionals	213	213	26	197	273	206	187	213	213	214
Skilled	169	169	21	129	60	168	148	169	169	169
Semi-skilled	5	5	–	5	–	5	5	5	5	5
Very low skilled	3	3	–	3	3	3	3	3	3	3
<b>Total</b>	<b>476</b>	<b>476</b>	<b>54</b>	<b>402</b>	<b>446</b>	<b>462</b>	<b>422</b>	<b>476</b>	<b>476</b>	<b>477</b>
Compensation (R thousand)				147 688	167 929	177 695	216 314	262 815	296 571	332 617
Unit cost (R thousand)				367	377	385	513	552	623	697

1. As at 30 September 2011.

As at 30 September 2011, the entity's establishment had decreased to 422 from 462 in 2010/11, due to cost containment measures and the inability to attract adequately skilled personnel. The staff complement was 476, and there were 54 vacancies. Over the medium term, the authority's staff complement is expected to increase to 477 as it fills vacancies in professional and skilled occupational categories. Expenditure on consultants in 2011/12 was equivalent to 6.7 per cent of expenditure on compensation of employees.

## South African Maritime Safety Authority

### Overview: 2008/09 – 2014/15

The South African Maritime Safety Authority was established in 1998. Its mandate is derived from the South African Maritime Safety Authority Act, 1998, as well as international maritime conventions to which South Africa is a signatory. The authority promotes South Africa's maritime interests, ensuring the safety of life and property at sea, and combating pollution of the seas by ships.

In line with its legislative obligations, the authority aims to: maintain a national rescue coordinating capability, develop regional maritime capability, position South Africa as an international maritime centre, and develop the national maritime skills pool.

The authority is responsible for operating the Maritime and Rescue Coordination Centre, ensuring that South Africa's rescue coordination capabilities are at the highest levels possible. The centre also monitors South African waters for incidents of pollution, among other things, and to identify offending sea vessels. This is achieved by ensuring that material and human resources are available to deal with any emergency situation in South African waters. It also involves investing in technologies such as long range identification and tracking systems, which facilitate rescue activities by monitoring traffic movement on South African waters.

Improved protection of life and property at sea is achieved by minimising maritime disasters and their social and economic impact. The funds allocated for this objective go towards financing activities such as ship and boating surveys, by acquiring the materials and resources needed for such work, and to increase the capacity of the authority to monitor activities on the country's waters.

## Performance

The authority's regulatory activities increased significantly between 2008/09 and 2011/12. In this period, the number of safety surveys conducted increased from 10 000 to 20 000, thus promoting compliance with safety standards within the sector. Over the medium term, the number of safety surveys conducted per year increases from 20 000 in 2011/12 to 22 600 in 2014/15.

The number of detentions for pollution at sea increased from 30 to 70 between 2008/09 and 2011/12, demonstrating an improvement in enforcement capacity in the authority. When a vessel is detained, it is required to deposit funds which are commensurate with the nature of offence. The deposit is forfeited if the vessel is proved to have committed the offence and this approach to enforcement has proved to be a very effective deterrent. It is anticipated, as a result, that the number of detentions per year for pollution at sea will decrease over the medium term.

## Selected performance indicators

**Table 37.36 South African Maritime Safety Authority**

Indicator	Activity/Objective/Programme/ Project	Past			Current	Projected		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Number of safety surveys conducted per year	Ensure the safety of life and property at sea	10 000	12 000	15 000	20 000	22 000	22 500	22 600
Number of detentions for pollution at sea per year	Prevent and combat pollution of the marine environment by ships	30	50	56	70	55	40	36
Number of responses to rescue alerts per year	Maintain a national rescue coordinating capability	500	700	552	550	500	450	390

## Programmes/activities/objectives

**Table 37.37 South African Maritime Safety Authority**

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Maintain a national rescue coordinating capability	12 822	12 822	28 619	40 670	53 352	60 454	66 545
Ensure the safety of life and property at sea	10 000	12 000	13 236	14 599	20 000	21 400	23 540
Develop regional capability	4 350	4 350	22 037	23 293	24 706	26 435	29 079
Enhance human capital and develop new business processes	43 820	71 756	59 475	95 061	108 320	115 902	112 693
Develop the maritime skills pool for South Africa	3 843	3 843	17 851	24 835	25 266	26 661	29 327
Upgrade and maintain IT and other infrastructure	4 423	4 423	14 467	14 800	15 016	16 067	17 674
Position South Africa as international maritime centre	5	5	20 094	19 520	18 044	23 118	25 430
Maintain and improve finance system	1 269	1 269	2 730	2 877	3 085	3 301	3 631
Develop, promote and transform the maritime industry in South Africa	5	1 200	1 324	1 459	1 610	1 723	1 895
Other objectives	558	224	370	307	351	376	414
<b>Total expense</b>	<b>81 095</b>	<b>111 892</b>	<b>180 203</b>	<b>237 421</b>	<b>269 750</b>	<b>295 437</b>	<b>310 228</b>

The South African Maritime Safety Authority had a total budget of R237.4 million in 2011/12, of which 40 per cent was used for enhancing human capital and developing new business processes.

### Savings and cost effectiveness measures

The entity continues a cost saving drive implemented in 2010/11 to improve its cost effectiveness, without impacting negatively on its operational efficiencies. As a result, over the medium term, catering costs are expected to decline from R14.1 million to R8.2 million, by improving procurement procedures. Also over the medium term, spending on consultants is projected to decline from R16.9 million to R14.9 million, by improving processes of selection, training and motivation. Between 2012/13 and 2014/15, spending on travel and subsistence is projected to be reduced from R23.5 million to R18.7 million. The major cost effectiveness measure driven by the authority is the sale of materials recovered from ships that have run aground, in order to defray the salvage costs. Funds saved in some areas will be used to finance other projects in order to ensure that mandates are effectively implemented.

### Expenditure estimates

**Table 37.38 South African Maritime Safety Authority**

Statement of financial performance				Revised estimate	Medium-term estimate		
R thousand	Audited outcome			2011/12	2012/13	2013/14	2014/15
	2008/09	2009/10	2010/11				
<b>Revenue</b>							
<b>Non-tax revenue</b>	<b>64 970</b>	<b>146 956</b>	<b>240 557</b>	<b>223 957</b>	<b>260 462</b>	<b>282 471</b>	<b>296 594</b>
Sale of goods and services other than capital assets	54 931	140 015	230 491	216 457	251 851	273 257	286 920
<i>of which:</i>							
<i>Sales by market establishments</i>	44 908	126 589	211 580	196 771	228 461	248 229	260 641
<i>Other sales</i>	10 023	13 426	18 911	19 686	23 390	25 027	26 279
<i>Other non-tax revenue</i>	10 039	6 941	10 066	7 500	8 611	9 214	9 675
<b>Transfers received</b>	<b>13 558</b>	<b>17 332</b>	<b>14 935</b>	<b>13 464</b>	<b>9 288</b>	<b>12 966</b>	<b>13 634</b>
<b>Total revenue</b>	<b>78 528</b>	<b>164 288</b>	<b>255 492</b>	<b>237 421</b>	<b>269 750</b>	<b>295 437</b>	<b>310 228</b>
<b>Expenses</b>							
<b>Current expenses</b>	<b>81 095</b>	<b>111 892</b>	<b>180 203</b>	<b>237 421</b>	<b>269 750</b>	<b>295 437</b>	<b>310 228</b>
Compensation of employees	43 516	59 684	84 737	93 401	98 858	108 744	119 618
Goods and services	36 109	49 771	91 995	137 638	162 782	178 212	181 306
Depreciation	1 470	2 437	3 471	6 382	8 110	8 481	9 304
<b>Total expenses</b>	<b>81 095</b>	<b>111 892</b>	<b>180 203</b>	<b>237 421</b>	<b>269 750</b>	<b>295 437</b>	<b>310 228</b>
<b>Surplus / (Deficit)</b>	<b>(2 567)</b>	<b>52 396</b>	<b>75 289</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

### Expenditure trends

The focus over the medium term is on strengthening safety operations while increasing maritime skills and positioning South Africa as an international maritime centre.

The authority generates its revenue from direct user charges, government transfers for services rendered and levies. Revenue increased from R78.5 million in 2008/09 to in R237.4 million in 2011/12, at an average annual rate of 44.6 per cent, as the revised pricing models came into effect in October 2009. Over the medium term, revenue is expected to increase to R310.2 million, at an average annual rate of 9.3 per cent, due to an anticipated increase in interest revenue resulting from higher cash reserves.

Expenditure is expected to increase from R81.1 million in 2008/09 to R310.2 million in 2014/15, at an average annual rate of 25.1 per cent, due to higher spending on compensation of employees and travel. Compensation of employees is expected to increase from R43.5 million in 2008/09 to R119.6 million in 2014/15, at an average annual rate of 18.4 per cent, as the authority recruits additional staff to reduce reliance on consultants and makes inflation related salary adjustments. Expenditure on travel increases from R5.2 million in 2008/09 to R18.7 million in 2014/15, due to an increase in the number of surveys conducted, necessitating more frequent travel.

Expenditure on consultants increased to R16.9 million in 2011/12, from R5.2 million in 2008/09, at an average annual rate of 47.9 per cent, due to the scale of project implementation requiring expertise that was not available within the authority. Over the medium term, spending on consultants is expected to decline to R14.9 million, at an average annual rate of 4 per cent, as the entity endeavours to increase in-house capabilities through improved training.

## Personnel information

**Table 37.39 South African Maritime Safety Authority**

	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 <sup>1</sup>	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Executive board members	8	8	–	6	6	6	6	6	8	8
Executive management	11	11	2	8	10	11	11	11	11	11
Senior management	18	18	–	12	18	18	18	18	19	20
Middle management	30	30	–	14	21	30	30	30	32	34
Professionals	90	90	3	53	57	70	82	90	90	92
Skilled	28	28	2	23	26	27	30	51	55	65
Semi-skilled	9	9	1	9	9	9	9	9	12	18
<b>Total</b>	<b>194</b>	<b>194</b>	<b>8</b>	<b>125</b>	<b>147</b>	<b>171</b>	<b>186</b>	<b>215</b>	<b>227</b>	<b>248</b>
Compensation (R thousand)				43 516	56 053	84 853	93 401	98 858	108 744	119 619
Unit cost (R thousand)				348	381	496	502	460	479	482

1. As at 30 September 2011.

As at 30 September 2011, the entity had an establishment of 194 posts, all of which were funded. The number of filled posts increased from 125 in 2008/09 to 186 in 2011/12 and is expected to increase to 248 in 2014/15, due to the growing mandate of the entity and its focus on reducing the number of consultants by improving selection, training and the retention of staff. There were 8 vacancies. Expenditure on consultants in 2011/12 was equivalent to 18.1 per cent of compensation of employees.

## Ports Regulator

### Overview: 2008/09-2014/15

The Ports Regulator was established in terms of the National Ports Act (2005) and exercises economic regulation over the ports industry. Key regulatory activities include hearing complaints and appeals against the National Ports Authority, increasing equity in access to ports and port services, monitoring compliance of all port sector participants with the act, approving tariffs of the National Ports Authority and developing the industry in accordance with policy and legislation.

With respect to its tribunal function, the regulator is preparing amendments to the act to enable it to process complaints and appeals more efficiently. As regards its economic regulation and tariffs function, the regulator has successfully completed the assessment of tariffs for the National Ports Authority each year. The regulator has also completed its global port pricing and benchmarking studies for 2011. Due to its scope, complexity, comprehensiveness and greater level of detail, the study will now be published annually.

The regulator has also started redrafting the regulatory instruments to further respond to factors encountered during the implementation of the original instruments, and create greater certainty in economic regulation interventions. A detailed port performance measurement system will be further developed over the MTEF period.

Over the medium term, the regulator will focus on building capacity for the organisation and recruiting staff as approved on the organogram of July 2011. The regulator has begun developing regulatory tools, and over the medium term will finalise the different methodologies and operational approaches to regulation. The regulator will also place greater emphasis on supporting and monitoring the implementation of the Integrated Transport Sector Broad Based Black Economic Empowerment Charter. The decision to establish a single transport economic regulator will integrate economic regulation for the rail, road, maritime and aviation sectors.

## Performance

As the entity capacitates itself, it is able to introduce and develop all its different objectives that assist in achieving outputs. Tribunal days and functionality of the entity are expected to increase over the medium term, as its revenue from transfer increases. The number of tribunal days increases from 10 in 2011/12 to 30 in 2014/15. The number of complaints and appeals is expected to stay constant at 50 per year, while those heard are projected to increase from 12 in 2011/12 to 16 in 2014/15. The number of complaints processed within the desired timeframe is projected to increase from 10 in 2011/12 to 15 in 2014/15. The regulator should be fully functional by 2013/14.

## Selected performance indicators

**Table 37.40 Ports Regulator of South Africa**

Indicator	Activity/Objective/Programme/Project	Past			Current	Projected		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Number of tribunal days per year	Tribunal	- <sup>1</sup>	- <sup>1</sup>	1	10	30	30	30
Number of complaints and appeals received	Tribunal	- <sup>1</sup>	- <sup>1</sup>	- <sup>1</sup>	50	50	50	50
Number of cases heard	Tribunal	- <sup>1</sup>	- <sup>1</sup>	- <sup>1</sup>	12	15	16	16
Number of cases processed within timeframe	Tribunal	- <sup>1</sup>	- <sup>1</sup>	- <sup>1</sup>	10	13	14	15

1. Tribunal was set up in 2010/11, with a time lag for the process of complaints, appeals and cases to start.

## Programmes/activities/objectives

**Table 37.41 Ports Regulator of South Africa**

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Economic regulation	-	-	1 559	3 242	2 839	3 037	3 403
Monitoring	-	-	458	557	2 211	2 322	3 019
Tribunal	-	-	1 197	1 652	2 398	2 528	3 097
Industry development	-	-	-	-	1 791	2 025	2 912
Corporate services	5 990	10 413	5 608	7 358	6 137	6 301	4 723
<b>Total expense</b>	<b>5 990</b>	<b>10 413</b>	<b>8 822</b>	<b>12 809</b>	<b>15 376</b>	<b>16 213</b>	<b>17 154</b>

The Ports Regulator of South Africa had a total budget of R12.8 million in 2011/12, of which 57.4 per cent was used for corporate services.

## Savings and cost effectiveness measures

Continuing with its drive to reduce operational costs, the regulator has implemented the following cost cutting measures: enforcing economy class travel for all staff members, including the chief executive officer; reducing the use of consultants by developing in-house capacity to undertake specialist work; and monitoring the use of telephones, photocopying and electricity. Over the medium term, spending on consultants and professional services is expected to decrease from R4.3 million in 2011/12 to R0.4 million in 2014/15 as staff numbers increase.

## Expenditure estimates

**Table 37.42 Ports Regulator of South Africa**

Statement of financial performance				Revised estimate	Medium-term estimate		
R thousand	Audited outcome				2011/12	2012/13	2013/14
	2008/09	2009/10	2010/11				
<b>Revenue</b>							
<b>Non-tax revenue</b>	<b>7</b>	<b>79</b>	<b>-</b>	<b>276</b>	<b>307</b>	<b>313</b>	<b>302</b>
Sale of goods and services other than capital assets of which:	7	-	-	-	-	-	-
Other sales	7	-	-	-	-	-	-
Other non-tax revenue	-	79	-	276	307	313	302
<b>Transfers received</b>	<b>6 467</b>	<b>10 707</b>	<b>8 832</b>	<b>14 361</b>	<b>15 069</b>	<b>15 900</b>	<b>16 852</b>
<b>Total revenue</b>	<b>6 474</b>	<b>10 786</b>	<b>8 832</b>	<b>14 637</b>	<b>15 376</b>	<b>16 213</b>	<b>17 154</b>
<b>Expenses</b>							
<b>Current expenses</b>	<b>5 990</b>	<b>10 413</b>	<b>8 822</b>	<b>12 809</b>	<b>15 376</b>	<b>16 213</b>	<b>17 154</b>
Compensation of employees	1 934	3 000	3 655	4 576	9 200	9 744	7 602
Goods and services	3 517	6 787	4 537	8 052	5 249	5 599	9 044
Depreciation	526	620	630	171	927	870	508
Interest, dividends and rent on land	13	6	-	10	-	-	-
<b>Total expenses</b>	<b>5 990</b>	<b>10 413</b>	<b>8 822</b>	<b>12 809</b>	<b>15 376</b>	<b>16 213</b>	<b>17 154</b>
<b>Surplus / (Deficit)</b>	<b>484</b>	<b>373</b>	<b>10</b>	<b>1 828</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Expenditure trends

The focus of the entity over the medium term will continue to be on achieving full operational status in all areas and improving economic regulation outcomes. This includes holding more tribunal days and addressing more complaints within the desired timeframes.

The regulator's principal source of revenue is transfers from the department to fund its operations. Between 2008/09 and 2011/12, revenue increased from R6.5 million to R14.6 million, at an average annual rate of 31.2 per cent, due to an additional allocation of R5 million in 2011/12 for the ports regulator to recruit additional staff and establish governance structures. Over the medium term, revenue is expected to increase to R17.2 million, at an average annual rate of 5.4 per cent as the regulator continues to build organisational capacity.

Expenditure increased from R6 million in 2008/09 to R12.8 million in 2011/12, at an average annual rate of 28.8 per cent, mainly to provide for set-up costs. Between 2008/09 and 2011/12, expenditure on compensation of employees grew from R1.9 million to R4.6 million, at an average annual rate of 33.3 per cent as the regulator recruited staff. Similarly, spending on goods and services grew from R3.5 million in 2008/09 to R8.1 million in 2011/12, at an average annual rate of 31.8 per cent, mainly to purchase equipment for the organisation and its staff.

Over the medium term, expenditure is expected to reach R17.2 million, at an average annual rate of 10.2 per cent. The increase is driven mainly by higher expenditure on compensation of employees, which is expected to increase from R4.6 million in 2011/12 to R7.6 million in 2014/15, at an average annual rate of 18.4 per cent, as the regulator recruits additional staff in accordance with its resource needs.

Expenditure on consultants grew from R1.1 million in 2008/09 to R4.1 million in 2011/12, at an average annual rate of 56.7 per cent, as the entity was not yet fully capacitated. Over the MTEF period, expenditure on consultants is projected to decline sharply to R669 000, at an average annual rate of 45.3 per cent, as the staff complement stabilises at 22.

## Personnel information

Table 37.43 Ports Regulator 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 <sup>1</sup>	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Executive management	5	1	4	1	1	1	1	1	1	1
Senior management	6	1	5	1	1	1	1	6	6	6
Middle management	5	3	2	–	2	3	3	5	5	5
Semi-skilled	11	7	4	–	5	7	7	8	8	8
Very low skilled	2	2	–	1	1	2	2	2	2	2
<b>Total</b>	<b>29</b>	<b>14</b>	<b>15</b>	<b>3</b>	<b>10</b>	<b>14</b>	<b>14</b>	<b>22</b>	<b>22</b>	<b>22</b>
Compensation (R thousand)				1 934	3 000	3 655	4 576	9 200	9 875	7 602
Unit cost (R thousand)				645	300	261	327	418	449	346

1. As at 30 September 2011.

As at 30 September 2011, the regulator's approved staff establishment contained 29 positions. The number of personnel employed had grown from 3 in 2008/09 to 14 in 2011/12. Over the medium term, the number of employees is expected to grow to 22 as the entity continues to recruit staff. Spending on consultants in 2011/12 was equivalent to 50.8 per cent of the total expenditure on compensation of employees.

## Railway Safety Regulator

### Overview: 2008/09 – 2014/15

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

Since 2008/09, the regulator has focused on strengthening the railway safety regulatory framework, consolidating the safety oversight regime, and improving compliance and enforcement. As the regulator consolidates its safety regulatory regime, the assessment of the overall safety performance of the railway industry will be crucial in identifying areas that require urgent intervention, as well as assessing the impact of the regulator's work. The state of railway safety reports published by the regulator provides information to measure safety performance by railway operators in South Africa.

Over the medium term, the regulator will aim for a 15 per cent occurrence reduction on injuries, fatalities and impact on the environment, and seek to develop sustainable railway industry capacity by improving the quality of training and the numbers of skilled persons within the sector.

### Performance

Safety regulation and safety assurance are the regulator's main objectives. This is shown in the budgets allocated to these programmes, and the growth of those budgets from R5.7 million in 2008/09 to R15 million in 2014/15 and R12.8 million to R33.7 million. All indicators relate to safety assurance and improve over time. Between 2008/09 and 2011/12, the number of safety inspections increased from 10 to 25, the number of safety and security audits decreased from 326 to 37, the number of investigations increased from 9 to 12 and the number of technology reviews increased from 32 to 50.

Safety assurance remains the focus over the medium term, with safety and security inspections increasing to 38, safety and security audits increasing to 43, and the number of investigations increasing to 16.

## Selected performance indicators

**Table 37.44 Railway Safety Regulator**

Indicator	Activity/Objective/Programme/ Project	Past			Current	Projected		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Number of safety and security inspections per year	Safety assurance	10	6	24	25	27	28	38
Number of safety and security audits per year	Safety assurance	326	38	36	37	33	42	43
Number of investigations of accidents per year	Safety assurance	9	10	11	12	13	15	16
Number of technology reviews per year	Safety assurance	32	50	50	50	50	50	50

## Programmes/activities/objectives

**Table 37.45 Railway Safety Regulator**

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Research and cooperative governance	–	–	–	1 117	2 124	2 472	2 761
Office of the chief executive officer	4 177	9 831	6 411	10 685	8 897	10 350	11 557
Finance	7 847	6 589	7 169	7 805	8 998	9 194	9 825
Corporate services	6 067	8 087	9 200	12 375	10 902	12 683	14 163
Legal	1 967	3 221	2 500	2 706	4 099	4 769	5 325
Safety regulation	5 722	7 588	6 689	7 640	11 525	13 408	14 971
Safety assurance	12 767	14 075	15 571	15 647	24 659	28 687	33 703
<b>Total expense</b>	<b>38 547</b>	<b>49 391</b>	<b>47 540</b>	<b>57 975</b>	<b>71 204</b>	<b>81 563</b>	<b>92 305</b>

The Railway Safety Regulator had a total budget of R58 million in 2011/12, of which 27 per cent was used for safety assurance and 13.2 per cent for safety regulation.

## Savings and cost effectiveness measures

While no savings were effected, the regulator will monitor cost performance on a monthly basis to identify costs that can be reduced.

## Expenditure estimates

**Table 37.46 Railway Safety Regulator**

Statement of financial performance				Revised estimate	Medium-term estimate		
R thousand	Audited outcome				2011/12	2012/13	2013/14
<b>Revenue</b>							
<b>Non-tax revenue</b>	<b>5 550</b>	<b>9 833</b>	<b>12 220</b>	<b>20 500</b>	<b>31 855</b>	<b>40 050</b>	<b>48 301</b>
Sale of goods and services other than capital assets	5 087	9 701	11 267	20 465	31 761	39 900	47 641
<i>of which:</i>							
Administration fees	5 087	9 701	11 267	20 465	31 761	39 900	47 641
Other non-tax revenue	463	132	953	35	94	150	660
<b>Transfers received</b>	<b>33 861</b>	<b>38 065</b>	<b>35 634</b>	<b>37 475</b>	<b>39 349</b>	<b>41 513</b>	<b>44 004</b>
<b>Total revenue</b>	<b>39 411</b>	<b>47 898</b>	<b>47 854</b>	<b>57 975</b>	<b>71 204</b>	<b>81 563</b>	<b>92 305</b>
<b>Expenses</b>							
<b>Current expenses</b>	<b>38 547</b>	<b>49 391</b>	<b>47 540</b>	<b>57 975</b>	<b>71 204</b>	<b>81 563</b>	<b>92 305</b>
Compensation of employees	23 328	29 429	32 658	38 441	45 769	50 428	56 299
Goods and services	13 593	18 057	12 808	17 680	23 101	29 689	34 831
Depreciation	1 395	1 698	1 906	1 742	2 300	1 446	987
Interest, dividends and rent on land	231	207	168	112	34	–	188
<b>Total expenses</b>	<b>38 547</b>	<b>49 391</b>	<b>47 540</b>	<b>57 975</b>	<b>71 204</b>	<b>81 563</b>	<b>92 305</b>
<b>Surplus / (Deficit)</b>	<b>864</b>	<b>(1 493)</b>	<b>314</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>



## Expenditure trends

The spending focus over the medium term will be on filling vacant posts, particularly those in critical skills, such as appointing technical inspectors to strengthen the regulatory function. This will assist in increasing the number of inspections, investigations and audits.

The regulator generates its revenue from government grants and permit fees. Between 2008/09 and 2011/12, revenue generated increased from R39.4 million to R58 million, at an average annual rate of 13.7 per cent. The growth was due to increases in safety permit fees, which grew from R5.1 million to R20.5 million, at an average annual rate of 59 per cent. Over the medium term, revenue is projected to increase to R92.3 million, at an average annual rate of 16.8 per cent. The increase is the result of an increase in safety permit tariffs, which are expected to grow permit fee revenue to R47.6 million in 2014/15, at an average annual rate of 32.5 per cent.

Expenditure increased from R38.5 million in 2008/09 to R58 million in 2011/12, at an average annual rate of 14.6 per cent, due to higher spending on compensation of employees and goods and services, driven by the need to increase capacity in the inspectorate division. Consequently, the largest increases in goods and services were for computer services, lease payments and training and skills development in order to increase the number of inspections carried out by the regulator. Over the medium term, expenditure is expected to increase to R92.3 million, at an average annual rate of 16.8 per cent, with spending on compensation of employees growing from R38.4 million to R56.3 million, at an average annual rate of 13.6 per cent, and on goods and services growing from R17.7 million to R34.8 million, at an average annual rate of 25.4 per cent. Of the major goods and services items, the biggest growth is in agency and support services, increasing from R4.8 million in 2011/12 to a projected R5.9 million in 2014/15, lease payments increasing from R3.3 million in 2011/12 to an anticipated R6.7 million in 2014/15, and spending on consultants increasing from R439 000 in 2011/12 to an expected R961 000 in 2014/15.

## Personnel information

Table 37.47 Railway Safety Regulator

	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 <sup>1</sup> 2011/12	Medium-term estimate		
				2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
Executive board members	12	12	–	10	10	12	12	12	12	12
Executive management	8	5	3	–	–	7	5	8	8	9
Senior management	21	14	7	12	15	14	14	15	16	18
Middle management	33	17	16	15	17	15	17	19	23	29
Professionals	32	11	21	5	4	7	11	14	24	32
Skilled	54	29	25	12	14	16	29	15	15	20
Semi-skilled	6	4	2	–	–	4	4	4	5	6
Very low skilled	–	–	–	–	–	4	2	5	8	8
<b>Total</b>	<b>166</b>	<b>92</b>	<b>74</b>	<b>54</b>	<b>60</b>	<b>75</b>	<b>92</b>	<b>87</b>	<b>103</b>	<b>126</b>
Compensation (R thousand)				23 328	29 429	32 658	38 441	45 349	49 888	55 699
Unit cost (R thousand)				432	490	435	418	521	484	442

1. As at 30 September 2011.

As at 30 September 2011, the entity had an establishment of 166 posts, 92 of which were funded. Filled posts increased from 54 in 2008/09 to 92 in 2011/12, and are expected to increase to 126 over the medium term, mainly in the professional category, due to the regulator's drive to fill vacancies such as technical inspector posts to strengthen its regulatory capacity. Spending on consultants in 2011/12 was equivalent to 1.1 per cent of expenditure on compensation of employees.

## Road Traffic Management Corporation

### Overview: 2008/09 – 2014/15

The Road Traffic Management Corporation was established in terms of the Road Traffic Management Corporation Act (1999) and became operational in September 2005. It is responsible for coordinating strategic

planning regulation, facilitation and law enforcement in respect of road traffic matters across the three spheres of government.

The corporation aims to improve compliance with traffic law and reduce road fatalities, and supports the achievement of the Millennium Development Goals and the Moscow Convention on Road Safety to reduce the road fatality rate by 50 per cent by the year 2020.

As a member of the UN Road Safety Collaboration, the corporation has adopted best practice models on road safety and customised them for the South African environment. The safe system approach developed by the corporation, which focuses on promoting safe speeds, vehicles and road infrastructure, will inform the corporation's activities over the medium term.

Within the safe system approach, a number of initiatives will be implemented, including enforcing driver and vehicle fitness requirements and coordinating the effective prosecution of transgressions under the national road traffic law enforcement code. In relation to road infrastructure, the corporation will develop and implement the road infrastructure master plan and draft pedestrian, cycling and driver road safety strategies.

### Performance

Due to managerial challenges between 2008/09 and 2011/12, the performance of the entity has been erratic. As a result of deficits in financial and executive management capacity within the entity, the corporation's performance has not been stable. Over the medium term, performance is expected to stabilise as management capacity improves. The number of fatal accidents investigated is expected to increase from 134 in 2011/12 to 140 in 2014/15. The number of schools participating in road safety programmes is expected to decrease slightly from 20 325 in 2011/12 to 20 145 in 2012/13. The number of road blocks carried out by the corporation is expected to increase from 60 in 2011/12 to 240 in 2014/15.

### Selected performance indicators

**Table 37.48 Road Traffic Management Corporation**

Indicator	Activity/Objective/Programme/Project	Past			Current	Projected		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Number of fatal accidents investigated per year <sup>1</sup>	To make roads safe in South Africa	–	–	118	134	140	140	140
Number of schools participating in road safety programmes per year	To make roads safe in South Africa	9 069 schools	10 200	11 300	20 325	20 145	20 145	20 145
Number of Road Traffic Management Corporation road blocks per year <sup>2</sup>	To make road safe in South Africa	–	–	–	60	120	140	240

1. 2008/09 and 2009/10 figures are not measured the same way and are therefore not shown.

2. There was no Road Traffic Management Corporation traffic police until 2010/11.

### Programmes/activities/objectives

**Table 37.49 Road Traffic Management Corporation**

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Make roads safe in South Africa	84 396	134 741	82 830	74 591	80 229	86 198	93 831
Provide corporate support	84 266	130 890	79 064	57 658	58 776	63 198	67 670
Ensure effective stakeholders relations	–	–	–	1 826	1 917	2 070	2 257
<b>Total expense</b>	<b>168 662</b>	<b>265 631</b>	<b>161 894</b>	<b>134 075</b>	<b>140 922</b>	<b>151 466</b>	<b>163 758</b>

The Road Traffic Management Corporation had a total budget of R134.1 million in 2011/12, of which 55.6 per cent was used to make roads safe.

## Savings and cost effectiveness measures

No savings have been identified over the medium term. However, the corporation will implement cost saving measures by reducing spending on catering, printing and stationery, telecommunication costs, travel and accommodation, and conferences.

## Expenditure estimates

**Table 37.50 Road Traffic Management Corporation**

Statement of financial performance				Revised estimate 2011/12	Medium-term estimate		
R thousand	Audited outcome				2012/13	2013/14	2014/15
	2008/09	2009/10	2010/11				
<b>Revenue</b>							
<b>Non-tax revenue</b>	<b>34 648</b>	<b>19 169</b>	<b>7 520</b>	<b>56 126</b>	<b>58 510</b>	<b>64 520</b>	<b>71 670</b>
<i>Other non-tax revenue</i>	34 648	19 169	7 520	56 126	58 510	64 520	71 670
<b>Transfers received</b>	<b>89 588</b>	<b>83 603</b>	<b>73 619</b>	<b>77 949</b>	<b>82 412</b>	<b>86 946</b>	<b>92 088</b>
<b>Total revenue</b>	<b>124 236</b>	<b>102 772</b>	<b>81 139</b>	<b>134 075</b>	<b>140 922</b>	<b>151 466</b>	<b>163 758</b>
<b>Expenses</b>							
<b>Current expenses</b>	<b>168 662</b>	<b>265 631</b>	<b>161 894</b>	<b>134 075</b>	<b>140 922</b>	<b>151 466</b>	<b>163 758</b>
Compensation of employees	36 551	52 252	59 072	107 313	112 973	122 011	132 992
Goods and services	124 930	206 780	94 775	19 559	21 888	23 961	25 159
Depreciation	4 755	6 516	7 884	7 133	6 061	5 494	5 607
Interest, dividends and rent on land	2 426	83	163	70	-	-	-
<b>Total expenses</b>	<b>168 662</b>	<b>265 631</b>	<b>161 894</b>	<b>134 075</b>	<b>140 922</b>	<b>151 466</b>	<b>163 758</b>
<b>Surplus / (Deficit)</b>	<b>(44 426)</b>	<b>(162 859)</b>	<b>(80 755)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Expenditure trends

Over the medium term, the spending focus will be on making South African roads safe, with spending to achieve this objective growing to R93.8 million in 2014/15. The objective will be realised through the higher numbers of schools participating in road safety programmes and an increased number of road blocks per year.

The corporation derives revenue mainly from allocations received from the department and interest earned from deposits. Revenue increased marginally from R124.2 million in 2008/09 to R134.1 million in 2011/12, at an average annual rate of 2.6 per cent, due to an increase of R56.1 million generated from interest in the call account in 2011/12. Over the medium term, revenue is projected to increase to R163.8 million, at an average annual rate of 6.9 per cent, due to increases in interest income as the corporation pursues short term investment options to maximise returns to generate additional funds to roll out projects.

Expenditure decreased from R168.7 million in 2008/09 to R134.1 million in 2011/12, at an average annual rate of 7.4 per cent. Expenditure in 2008/09 and 2009/10 was higher than budgeted for due to overspending. Expenditure declined in 2010/11 and 2011/12 as financial controls improved. Over the MTEF period, expenditure is expected to increase to R163.8 million, at an average annual rate of 6.9 per cent, mainly to appoint an additional 264 national traffic officers to patrol the national road network. This is reflected in the higher than inflationary increase in spending on compensation of employees, from R107.3 million in 2011/12 to R133 million in 2014/15, at an average annual rate of 7.4 per cent.

Spending on consultants declined significantly, from R6 million in 2008/09 to R74 000 in 2011/12, as the entity effected savings. Over the medium term, no expenditure on consultants is expected.

## Personnel information

**Table 37.51 Road Traffic Management 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 <sup>1</sup>	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Executive board members	–	–	–	9	8	–	–	9	9	9
Executive management	11	11	–	8	11	11	12	12	12	12
Senior management	18	18	–	13	11	12	7	7	7	7
Middle management	144	52	92	52	52	50	79	79	79	79
Professionals	164	67	97	67	71	68	64	64	64	64
Skilled	–	–	–	–	–	–	240	240	240	240
Semi-skilled	–	–	–	–	3	3	5	5	5	5
<b>Total</b>	<b>337</b>	<b>148</b>	<b>189</b>	<b>149</b>	<b>156</b>	<b>144</b>	<b>407</b>	<b>416</b>	<b>416</b>	<b>416</b>
Compensation (R thousand)				36 551	52 252	59 072	107 313	112 973	122 011	132 992
Unit cost (R thousand)				245	335	410	264	272	293	320

1. As at 30 September 2011.

As at 30 September 2011, filled posts decreased from 149 in 2008/09 to 144 in 2010/11, due to resignations. The staff complement is expected to increase from 407 in 2011/12 to 416 over the medium term, as 250 national traffic officers are employed to improve traffic compliance and reduce road fatalities on national routes. Spending on consultants in 2011/12 made up 0.1 per cent of expenditure on compensation of employees.

## Road Traffic Infringement Agency

### Overview: 2008/09 – 2014/15

The Road Traffic Infringement Agency derives its mandate from the Administrative Adjudication of Road Traffic Offences Act (1998). The agency was formally established in 2010/11 and is not yet fully operational.

The agency's objectives include: administering the procedures to discourage the contravention of road traffic laws and to execute the adjudication of infringements; enforcing penalties imposed against persons contravening road traffic laws; providing specialised prosecution support services; and undertaking community education and community awareness programmes to ensure that individuals understand their rights and options. The agency also contributes to achieving the road safety target of reducing road deaths and crashes by 50 per cent in 2020.

Over the medium term, the agency will focus on the countrywide implementation of the act. Key activities that will be undertaken to support this implementation include: implementing educational and awareness campaigns detailing the role and mandate of the organisation and the rights and duties of road users; employing at least 25 representation specialists internally, and leveraging strategic partnerships with issuing authorities across the country to use their current resources performing adjudications in terms of the Criminal Procedure Act (1977); reviewing the act and initiating amendments that are expected to be passed in 2012/13 to enable it to address certain restrictions impeding full implementation; and rolling out the points demerit system to enable the easy identification of traffic offenders and suspend or cancel the driving licences of habitual infringers.

### Performance

The number of finalised adjudications is projected to increase from 84 480 in 2011/12 to 633 600 in 2014/15, the number of infringement notices is expected to increase from 1.6 billion in 2011/12 to 10.3 billion in 2014/15 and the revenue collected from unpaid infringements is projected to rise from R290 million to R351 million over the same period, as the agency expects the countrywide rollout of the administrative adjudication system.

## Selected performance indicators

**Table 37.52 Road Traffic Infringement Agency**

Indicator	Activity/Objective/Programme/ Project	Past			Current	Projected		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Total number of vacancies filled per year	Efficient governance framework	- <sup>1</sup>	- <sup>1</sup>	3	14	75	150	200
Number of finalised adjudication of road traffic representations per year	Efficient adjudication processes in line with the Administrative Adjudication of Road Traffic Offences Act (1998)	- <sup>1</sup>	- <sup>1</sup>	- <sup>1</sup>	84 480	211 200	422 400	633 600
Revenue collected from unpaid infringements per year	Revenue collection and accountability	- <sup>1</sup>	- <sup>1</sup>	- <sup>1</sup>	R290m	R319.1m	R351m	R351m
Number of infringement notices issued per year (in thousand)	Effective communication	85 816	976 976	1 342 765	1 599 437	8 600 000	9 400 000	10 340 000

1. The agency was only established in 2010/11, so no historical performance indicators exist.

## Programmes/activities/objectives

**Table 37.53 Road Traffic Infringement Agency**

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Organisational capacitation	-	-	7 404	82 614	98 920	100 830	79 194
Implemented AARTO communication campaigns	-	-	-	-	2 234	7 150	7 579
Implementation of effective adjudication process	-	-	-	208 309	216 771	241 268	265 071
Comprehensive legislative review	-	-	-	-	200	50	-
Full transfer of AARTO function from RTMC to RTIA	-	-	-	-	6 000	6 740	4 494
<b>Total expense</b>	-	-	<b>7 404</b>	<b>290 923</b>	<b>324 125</b>	<b>356 038</b>	<b>356 338</b>

The Road Traffic Infringement Agency had a total budget of R290.9 million in 2011/12, of which 71.6 per cent was used for the implementation of effective adjudication processes.

## Savings and cost effectiveness measures

No savings have been identified over the medium term. However, the agency will implement cost saving measures by reducing, where possible, expenditure on goods and services.

## Expenditure estimates

**Table 37.54 Road Traffic Infringement Agency**

Statement of financial performance				Revised estimate	Medium-term estimate		
R thousand	Audited outcome				2011/12	2012/13	2013/14
<b>Revenue</b>							
<b>Non-tax revenue</b>	-	-	<b>292 755</b>	<b>290 114</b>	<b>319 125</b>	<b>351 038</b>	<b>351 038</b>
<i>Other non-tax revenue</i>	-	-	292 755	290 114	319 125	351 038	351 038
<b>Transfers received</b>	-	-	-	5 000	5 000	5 000	5 300
<b>Total revenue</b>	-	-	<b>292 755</b>	<b>295 114</b>	<b>324 125</b>	<b>356 038</b>	<b>356 338</b>
<b>Expenses</b>							
<b>Current expenses</b>	-	-	<b>7 404</b>	<b>261 871</b>	<b>261 429</b>	<b>286 999</b>	<b>316 632</b>
Compensation of employees	-	-	-	7 500	23 966	25 643	28 207
Goods and services	-	-	7 404	253 713	236 805	260 698	288 383
Depreciation	-	-	-	658	658	658	42
<b>Transfers and subsidies</b>	-	-	-	29 052	62 696	69 039	39 706
<b>Total expenses</b>	-	-	<b>7 404</b>	<b>290 923</b>	<b>324 125</b>	<b>356 038</b>	<b>356 338</b>
<b>Surplus / (Deficit)</b>	-	-	<b>285 351</b>	<b>4 191</b>	-	-	-

## Expenditure trends

Over the medium term, the agency will focus on building the necessary capacity to become fully operational and set up the adjudication processes as required by the Administrative Adjudication of Road Traffic Offences Act (1998). The major aim will be to address legislative restrictions and implement the act countrywide.

Revenue is generated mainly from infringement notices issued and not paid within the first 32 days, which is the period within which the discount on fines applies and the revenue accrues to the relevant municipal police department. As the administrative adjudication system is still being rolled out, the revenue from infringement notices is uncertain. The agency received a transfer of R5 million from the department in 2011/12, and will receive R5 million in 2012/13. Revenue is expected to increase from R295.1 million in 2011/12 to R356.3 million in 2014/15, at an average annual rate of 6.5 per cent as the act is rolled out nationwide.

Expenditure is expected to increase from R290.9 million in 2011/12 to R356.3 million in 2014/15, at an average annual rate of 7 per cent, due to the anticipated rollout of the administrative adjudication system. Expenditure on goods and services, which is anticipated to grow from R253.7 million in 2011/12 to R288.4 million in 2014/15 at an average annual rate of 4.4 per cent, is a significant cost driver. Compensation of employees is the fastest growing item and is expected to grow from R7.5 million in 2011/12 to R28.2 million in 2014/15, at an average annual rate of 55.5 per cent, as the number of staff recruited increases due to the national rollout of the administrative adjudication system.

Spending on consultants is expected to increase from R5 million in 2011/12 to R6.7 million in 2014/15, at an average annual rate of 10 per cent, because the entity does not have sufficient in-house capacity yet.

## Personnel information

**Table 37.55 Road Traffic Infringement 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 <sup>1</sup>	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Executive board members	1	-	-	-	-	1	1	3	3	3
Executive management	2	-	-	-	-	2	2	5	5	5
Senior management	5	-	-	-	-	-	-	15	24	24
Middle management	2	-	-	-	-	-	1	15	30	30
Professionals	11	-	-	-	-	-	4	25	68	118
Skilled	-	-	-	-	-	-	6	7	15	15
<b>Total</b>	<b>21</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>14</b>	<b>75</b>	<b>150</b>	<b>200</b>
Compensation (R thousand)				-	-	-	7 500	23 966	25 643	28 207
Unit cost (R thousand)				-	-	-	536	320	171	141

1. As at 30 September 2011.

As at 30 September 2011, the number of filled posts increased from 3 in the previous year to 14. The agency anticipates that the number of filled posts will increase from 75 in 2012/13 to 200 in 2014/15, due to the anticipated national rollout of the administrative adjudication system and the transfer of the enforcement function from the Road Traffic Management Corporation to the agency. This will result in the appointment of additional adjudication staff and the transfer of personnel from the corporation to the agency. Spending on consultants in 2011/12 made up 66.7 per cent of expenditure on compensation of employees.

## Cross Border Road Transport Agency

### Overview: 2008/09 – 2014/15

The Cross Border Road Transport Agency was established by the Cross Border Road Transport Act (1998). The agency facilitates the unimpeded flow of passenger and freight movements by road across the borders of South Africa. It plays an important role in promoting regional integration and progressive market liberalisation by improving the safety, security, reliability and quality of cross border road transport.

Over the medium term, the agency will: develop an industry partnership development plan, outlining its partnerships with key stakeholders that include transport operators, industry sponsors and other border agencies; develop a compliance improvement scheme for cross border operators, supported by an integrated information technology platform, in which the compliance accreditation is ensured through the appropriate mix of incentives and penalties, and encourage higher levels of voluntary compliance by cross border transport operators; and implement a business model for streamlining border management and enhancing operational efficiency. The agency will promote social and economic development by strengthening economic regulation, and will model the flow of cross border trade and analyse route use. This information will provide the basis for issuing permits to regulate market access.

### Performance

The number of roadside inspections carried out between 2008/09 and 2011/12 increased from 56 434 to 67 000 as the agency strengthened its enforcement capacity. Accordingly, fines issued increased from 9 627 in 2008/09 to 16 500 in 2011/12. Over the same period, the agency focused on regulating market access by issuing permits to operators who meet minimum standards. While the validity period of permits may vary, the agency has issued a minimum of 80 000 permits annually since 2008/09.

Over the medium term, the entity emphasises its main objective of promoting safe and reliable cross border transport, which will enable the number of projected roadside inspections to increase from 67 000 in 2011/12 to 99 000 in 2014/15.

### Selected performance indicators

**Table 37.56 Cross Border Road Transport Agency**

Indicator	Activity/Objective/ Programme/ Project	Past			Current 2011/12	Projected		
		2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
Number of roadside inspections per year	Promote safe and reliable cross-border transport	56 434	59 880	65 400	67 000	82 500	99 000	99 000
Number of permits issued per year	Promote regional integration	85 263	104 264	103 251	90 000	75 000	77 000	80 000

### Programmes/activities/objectives

**Table 37.57 Cross Border Road Transport Agency**

R thousand	Audited outcome			Revised estimate 2011/12	Medium-term estimate		
	2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
Enhance organisational performance	12 962	13 166	16 916	26 273	46 095	49 578	52 374
Facilitate unimpeded flow of cross border transport	12 962	6 700	8 609	13 371	23 458	25 231	26 654
Promote safe and reliable cross border transport	12 962	22 637	29 085	45 173	79 254	85 243	90 050
Promote regional integration	–	7 387	9 491	14 741	25 863	27 818	29 386
Strategic positioning to enhance organisational sustainability	–	3 098	3 980	6 183	10 848	11 666	12 324
<b>Total expense</b>	<b>38 887</b>	<b>52 988</b>	<b>68 081</b>	<b>105 741</b>	<b>185 518</b>	<b>199 536</b>	<b>210 788</b>

The Cross Border Road Transport Agency had a total budget of R105.7 million in 2011/12, of which 42.7 per cent was used to promote safe and reliable cross-border transport.

### Savings and cost effectiveness measures

No savings have been identified over the medium term. However, the agency will implement cost saving measures by reducing, where possible, expenditure on goods and services.

## Expenditure estimates

**Table 37.58 Cross Border Road Transport Agency**

Statement of financial performance				Revised estimate	Medium-term estimate		
	Audited outcome						
R thousand	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
<b>Revenue</b>							
<b>Non-tax revenue</b>	<b>47 860</b>	<b>56 034</b>	<b>58 887</b>	<b>182 183</b>	<b>185 518</b>	<b>199 536</b>	<b>210 788</b>
Sale of goods and services other than capital assets	37 874	41 415	42 487	168 632	172 133	185 028	197 660
<i>of which:</i>							
Administration fees	37 874	41 415	42 487	168 632	172 133	185 028	197 660
Other non-tax revenue	9 986	14 619	16 400	13 551	13 385	14 508	13 128
<b>Total revenue</b>	<b>47 860</b>	<b>56 034</b>	<b>58 887</b>	<b>182 183</b>	<b>185 518</b>	<b>199 536</b>	<b>210 788</b>
<b>Expenses</b>							
<b>Current expenses</b>	<b>38 887</b>	<b>52 988</b>	<b>68 081</b>	<b>105 741</b>	<b>185 518</b>	<b>199 536</b>	<b>210 788</b>
Compensation of employees	26 158	34 126	42 612	61 994	88 861	100 783	114 200
Goods and services	12 976	18 579	24 374	39 556	85 050	86 565	82 317
Depreciation	(247)	283	1 095	4 191	11 607	12 188	14 271
<b>Total expenses</b>	<b>38 887</b>	<b>52 988</b>	<b>68 081</b>	<b>105 741</b>	<b>185 518</b>	<b>199 536</b>	<b>210 788</b>
<b>Surplus / (Deficit)</b>	<b>8 973</b>	<b>3 046</b>	<b>(9 194)</b>	<b>76 442</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Expenditure trends

The spending focus of the agency over the medium term is on the safety of cross border transport through the issuing of permits and the conducting of roadside inspections.

Revenue is generated from the application and issuing of permits for cross border freight and passenger movements, money collected from fines and parliamentary appropriations. Between 2008/09 and 2011/12, revenue increased from R47.9 million to R182.2 million, at an average annual rate of 56.1 per cent, attributable largely to the permit tariffs which increased by 33 per cent in April 2011. Over the medium term, revenue is expected to increase to R210.8 million, at an average annual rate of 5 per cent.

Expenditure increased from R38.9 million in 2008/09 to R105.7 million in 2011/12, at an average annual rate of 39.6 per cent, and is expected to increase to R210.8 million over the medium term, at an average annual rate of 25.9 per cent. Spending on goods and services and compensation of employees drives expenditure: compensation of employees is projected to grow from R62 million in 2011/12 to R114.2 million in 2014/15, at an average annual rate of 22.6, and expenditure on goods and services from R39.6 million in 2011/12 to R82.3 million in 2014/15, at an average annual rate of 27.7 per cent. These increases are due to the new strategic focus on enhancing economic regulation in cross border transport, and increasing safety by increasing the number of roadside inspections. Due to the additional skills and increased staff complement needed, the agency went through a restructuring process in 2010/11, resulting in a significant expected increase in the staff complement in 2012/13.

Expenditure on consultants grew from R1.1 million in 2008/09 to R3.7 million in 2011/12, at an average annual rate of 50.9 per cent. The agency procured the services of a consultant to develop a penalty revenue system to ensure completeness of revenue, as recommended by the auditor general. Forensic auditors were also appointed to investigate and determine the level of fraud in all the departments due to the risks involved. Over the MTEF period, spending on consultants is projected to grow to R6.8 million, at an average annual rate of 21.8 per cent. In the medium term, consultants will be used for trade supply chain analysis, research on South African transport corridors and the assessment of route use.



## Personnel information

**Table 37.59 Cross Border Road Transport 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 <sup>1</sup>	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Executive management	7	–	1	5	6	6	7	8	8	8
Senior management	14	–	6	6	6	9	11	15	17	19
Middle management	16	–	10	40	44	6	7	15	16	17
Professionals	259	–	126	72	86	140	132	265	270	275
Skilled	22	–	12	15	15	17	12	13	14	15
Semi-skilled	4	–	–	2	2	3	5	6	7	8
<b>Total</b>	<b>322</b>	<b>–</b>	<b>155</b>	<b>140</b>	<b>159</b>	<b>181</b>	<b>174</b>	<b>322</b>	<b>332</b>	<b>342</b>
Compensation (R thousand)				26 158	34 126	42 612	61 994	88 861	100 783	114 200
Unit cost (R thousand)				187	215	235	356	276	304	334

1. As at 30 September 2011.

As at 30 September 2011, the number of filled posts increased from 140 in 2008/09 to 174 in 2011/12. Over the medium term, the number of filled posts is expected to increase to 342. The biggest increase emanates from the professional occupational category as the entity hires new staff to strengthen its enforcement capability. The entity will recruit additional staff with skills in economic regulation and regional cooperation over the medium term. There were 155 vacancies. Spending on consultants in 2011/12 was equivalent to 6 per cent of expenditure on compensation of employees.

## Driving licence card account

### Overview: 2008/09 – 2014/15

The driving licence card account was approved in 2007 as a trading entity in terms of the Public Finance Management Act (1999). The entity manufactures credit card format driving licences, based on orders received from driving licence testing centres, and generates its own revenue through the sale of credit card format driving licences. In 2013, the entity will enhance driving licence cards with security features to prevent fraud. Live capture units have been placed in various provincial authorities for the purpose of producing cards. However, the entity is responsible for the safeguarding and control of all assets.

Specific priorities over the medium term include: production and delivery of secure driving licence cards; and provision and maintenance of live capture units that are placed at driving licence testing centres of provincial authorities for the purpose of producing cards.

### Performance

The number of driving licences produced decreased from 2 159 684 to 1 964 000 in 2011/12, but is expected to increase over the medium term to 2 001 400 in 2014/15. The number of orders placed at the driving licence testing centres determines the number of licences produced.

## Selected performance indicators

**Table 37.60 Credit Card Driving Licenses**

Indicator	Activity/ Objective/ Programme/ Project	Past			Current	Projected		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Number of driving licences produced per year	Manufacture of driving licence cards	2 159 684	1 885 887	1 999 978	1 964 000	2 001 000	2 001 350	2 001 400

## Programmes/activities/objectives

**Table 37.61 Driving Licence Card Account**

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Manufacture of driving licence cards	109 788	78 945	98 969	118 592	133 730	199 865	203 398
<b>Total expense</b>	<b>109 788</b>	<b>78 945</b>	<b>98 969</b>	<b>118 592</b>	<b>133 730</b>	<b>199 865</b>	<b>203 398</b>

The Driving Licence Card Account had a total budget of R118.6 million in 2011/12, of which 100 per cent was used for the manufacturing of driving licence cards.

### Savings and cost effectiveness measures

There were no savings affected. However, consulting costs in respect of financial management will no longer be incurred as the entity will employ its own personnel. Expenditure on consultants will decrease from R3 million in 2011/12 to R67 000 in 2014/15 as a result. The entity will continuously monitor cost performance on a monthly basis to identify cost that can be reduced.

### Expenditure estimates

**Table 37.62 Driving Licence Card Account**

**Statement of financial performance**

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
<b>Revenue</b>							
<b>Non-tax revenue</b>	<b>100 451</b>	<b>114 414</b>	<b>112 156</b>	<b>148 072</b>	<b>150 886</b>	<b>201 073</b>	<b>221 243</b>
Sale of goods and services other than capital assets	91 844	87 103	111 917	147 300	150 075	200 135	220 154
<i>of which:</i>							
<i>Sales by market establishments</i>	91 844	87 103	111 917	147 300	150 075	200 135	220 154
<i>Other non-tax revenue</i>	8 607	27 311	239	772	811	938	1 089
<b>Total revenue</b>	<b>100 451</b>	<b>114 414</b>	<b>112 156</b>	<b>148 072</b>	<b>150 886</b>	<b>201 073</b>	<b>221 243</b>
<b>Expenses</b>							
<b>Current expenses</b>	<b>109 788</b>	<b>78 945</b>	<b>98 969</b>	<b>118 592</b>	<b>133 730</b>	<b>199 865</b>	<b>203 398</b>
Compensation of employees	–	–	–	1 367	4 363	4 937	5 223
Goods and services	109 784	77 350	88 409	96 918	105 561	170 708	171 746
Depreciation	4	1 595	10 560	20 307	23 806	24 220	26 429
<b>Total expenses</b>	<b>109 788</b>	<b>78 945</b>	<b>98 969</b>	<b>118 592</b>	<b>133 730</b>	<b>199 865</b>	<b>203 398</b>
<b>Surplus / (Deficit)</b>	<b>(9 337)</b>	<b>35 469</b>	<b>13 187</b>	<b>29 480</b>	<b>17 156</b>	<b>1 208</b>	<b>17 845</b>

### Expenditure trends

The medium term spending focus of the trading account continues to be on the manufacturing of driving licences and building internal capacity. Expenditure on compensation of employees increases as staff are recruited to manage the account. The income and performance of the account depend primarily on the number of driving licences ordered.

Revenue is mainly generated from the production of the credit card type driving licence. Between 2008/09 and 2011/12, revenue grew from R100.5 million to R148.1 million, at an average annual rate of 13.8 per cent, mainly due to an increase in the tariff fee from R46 to R75 in 2011/12. Over the medium term, revenue is expected to increase to R221.2 million, at an average annual rate of 14.3 per cent as the number of cards produced stabilises at 2 million a year.

Expenditure increased from R109.8 million in 2008/09 to R118.6 million in 2011/12, at an average annual rate of 2.6 per cent, driven mainly by an increase in depreciation from R4 000 in 2008/09 to R20.3 million in 2011/12, at an average annual rate of 1618.7 per cent, due to the purchase of 278 live capturing units for the

efficient processing of licences. Over the medium term, spending is expected to increase to R203.4 million, at an average annual rate of 19.7 per cent, due to higher expenditure on compensation of employees from 2011/12 onwards as the entity recruits staff.

Spending on consultants declined from R3.2 million in 2008/09 to R3 million in 2011/12, at an average annual rate of 1.9 per cent, due to continued efforts to establish full capacity to manage the contract with the service provider. Expenditure on consultants is expected to decrease to R67 000 in 2014/15, at an average annual rate of 71.9 per cent as the staff complement increases from 3 to 10.

## Personnel information

**Table 37.63 Driving Licence Card Account**

	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 <sup>1</sup> 2011/12	Medium-term estimate		
				2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
Executive management	-	-	-	-	-	-	2	1	1	1
Skilled	-	-	-	-	-	-	1	2	2	2
<b>Total</b>	-	-	-	-	-	-	<b>3</b>	<b>10</b>	<b>10</b>	<b>10</b>
Compensation (R thousand)				-	-	-	1 367	4 363	4 937	5 223
Unit cost (R thousand)				-	-	-	456	436	494	522

1. As at 30 September 2011.

As at 30 September 2011 the trading entity had 3 filled posts, the number of which is expected to grow to 10 in 2012/13, and to then remain constant over the medium term. Spending on consultants in 2011/12 was the equivalent of 220.7 per cent of expenditure on compensation of employees.

## Additional tables

**Table 37.A Summary of expenditure trends and estimates per programme and economic classification**

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R thousand	2010/11		2010/11	2011/12			2011/12
Administration	224 388	246 480	246 110	275 482	16 687	292 169	260 664
Integrated Transport Planning	106 019	93 286	58 725	110 120	(8 330)	101 790	70 890
Rail Transport	8 761 566	9 261 805	9 259 688	9 549 919	(147)	9 549 772	9 549 772
Road Transport	12 189 023	12 362 204	11 360 700	15 333 049	6 400 675	21 733 724	21 733 724
Civil Aviation	50 466	51 581	53 129	58 698	8 387	67 085	62 085
Maritime Transport	137 438	134 730	143 496	157 536	(11 232)	146 304	146 304
Public Transport	8 709 072	8 230 707	8 033 301	9 599 209	27 367	9 626 576	9 626 576
<b>Total</b>	<b>30 177 972</b>	<b>30 380 793</b>	<b>29 155 149</b>	<b>35 084 013</b>	<b>6 433 407</b>	<b>41 517 420</b>	<b>41 450 015</b>

### Economic classification

	743 423	946 244	929 050	841 820	433 907	1 275 727	1 208 322
<b>Current payments</b>							
Compensation of employees	259 365	266 165	250 758	294 400	2 792	297 192	297 192
Goods and services	484 058	680 079	678 292	547 420	431 115	978 535	911 130
<b>Transfers and subsidies</b>	<b>29 392 985</b>	<b>29 392 985</b>	<b>28 222 713</b>	<b>34 238 045</b>	<b>5 999 500</b>	<b>40 237 545</b>	<b>40 237 545</b>
Provinces and municipalities	13 114 003	13 114 003	12 102 397	15 454 672	240 000	15 694 672	15 694 672
Departmental agencies and accounts	6 985 930	6 985 930	6 985 744	8 805 758	5 759 500	14 565 258	14 565 258
Higher education institutions	8 669	8 669	8 695	9 189	–	9 189	9 189
Foreign governments and international organisations	5 420	5 420	4 733	5 745	–	5 745	5 745
Public corporations and private enterprises	8 765 206	8 765 206	8 765 206	9 474 098	–	9 474 098	9 474 098
Non-profit institutions	16 017	16 017	15 981	16 978	–	16 978	16 978
Households	497 740	497 740	339 957	471 605	–	471 605	471 605
<b>Payments for capital assets</b>	<b>41 564</b>	<b>41 564</b>	<b>1 888</b>	<b>4 148</b>	<b>–</b>	<b>4 148</b>	<b>4 148</b>
Buildings and other fixed structures	37 650	37 650	–	–	–	–	–
Machinery and equipment	3 914	3 914	1 888	4 148	–	4 148	4 148
<b>Payments for financial assets</b>	<b>–</b>	<b>–</b>	<b>1 498</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total</b>	<b>30 177 972</b>	<b>30 380 793</b>	<b>29 155 149</b>	<b>35 084 013</b>	<b>6 433 407</b>	<b>41 517 420</b>	<b>41 450 015</b>

**Table 37.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)	182 632	228 121	266 165	297 782	316 129	333 402	353 886
Training expenditure (R thousand)	1 809	3 942	5 384	3 824	4 102	4 137	4 366
Training as percentage of compensation	1.0%	1.7%	2.0%	1.3%	1.3%	1.2%	1.2%
Total number trained in department (headcount)	347	465	373	277			
<i>of which:</i>							
Employees receiving bursaries (headcount)	28	84	93	104			
Learnerships (headcount)	6	8	–	–			
Internships (headcount)	44	46	58	43			
Households receiving bursaries (R thousand)	7 796	8 178	8 669	9 189	9 648	10 179	10 790
Households receiving bursaries (headcount)	116	162	479	467			

Table 37.C Summary of conditional grants to provinces and municipalities<sup>1</sup>

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
<b>Conditional grants to provinces</b>							
<b>Rail Transport</b>							
Gautrain rapid rail link	3 265 993	2 976 720	438 360	5 300	-	-	-
<b>Road Transport</b>							
Overload control grant	8 796	10 069	11 038	-	-	-	-
Provincial roads maintenance grant: Roads maintenance	3 323 019	4 162 161	4 080 104	5 872 354	6 828 533	7 363 757	7 782 885
Sani Pass roads grant	30 000	34 347	-	-	-	-	-
Provincial roads maintenance grant: Disaster relief	1 035 473	116 900	-	240 000	489 912	367 822	366 943
Provincial roads maintenance grant: Coal haulage road network maintenance	-	-	-	585 000	663 400	808 900	803 002
<b>Public Transport</b>							
Public transport operations grant	-	3 531 909	3 863 033	4 153 232	4 317 269	4 552 521	4 782 709
<b>Total</b>	<b>7 663 281</b>	<b>10 832 106</b>	<b>8 392 535</b>	<b>10 855 886</b>	<b>12 299 114</b>	<b>13 093 000</b>	<b>13 735 539</b>
<b>Conditional grants to municipalities</b>							
<b>Road Transport</b>							
Rural roads asset management grant	8 900	12 800	10 400	35 439	37 295	39 154	41 418
<b>Public Transport</b>							
Public transport infrastructure and systems grant	2 919 830	2 418 177	3 699 462	4 803 347	4 988 103	5 549 981	5 870 846
<b>Total</b>	<b>2 928 730</b>	<b>2 430 977</b>	<b>3 709 862</b>	<b>4 838 786</b>	<b>5 025 398</b>	<b>5 589 135</b>	<b>5 912 264</b>

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

Table 37.D Summary of departmental public private partnership projects

Project description: National Fleet Project	Project annual unitary fee at time of contract	Budgeted expenditure	Medium-term expenditure estimate		
		2011/12	2012/13	2013/14	2014/15
R thousand					
<b>Projects signed in terms of Treasury Regulation 16</b>	-	<b>4 900</b>	<b>8 350</b>	<b>9 380</b>	<b>9 925</b>
Public private partnership unitary charge <sup>1</sup>	-	4 900	8 000	9 000	9 500
Advisory fees	-	-	-	-	-
Revenue generated	-	-	-	-	-
Project monitoring cost	-	-	350	380	425
<b>Projects in preparation, registered in terms of Treasury Regulation 16<sup>1</sup></b>	-	-	<b>10 000</b>	-	-
Public private partnership unitary charge	-	-	-	-	-
Advisory fees	-	-	10 000	-	-
Revenue generated	-	-	-	-	-
Project monitoring cost	-	-	-	-	-
<b>Total</b>	-	<b>4 900</b>	<b>18 350</b>	<b>9 380</b>	<b>9 925</b>

1. Phavis fleet services public private partnership.

#### Disclosure notes for projects signed in terms of Treasury Regulation 16

Project name	National fleet project
Brief description	Provision of fleet management services
Date public private partnership agreement was signed	1 October 2006
Duration of public private partnership agreement	5 years, to be extended two year
Escalation index for unitary fee	CPI
Net present value of all payment obligations discounted at appropriate duration government bond yield	0
Variations and amendments to public private partnership agreement	None
Cost implications of variations and amendments	None. In the event of a material breach by the Department of Transport, the private party may seek the difference between the value of the vehicle and any finance outstanding.
Significant contingent fiscal obligations including termination payments, guarantees, warranties and indemnities and maximum estimated value of such liabilities	To be determined by the vehicle at termination

**Table 37.E Summary of donor funding**

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

**Table 37.F Summary of expenditure on infrastructure**

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome		Adjusted appropriation	Medium-term expenditure estimate					
				2008/09	2009/10		2010/11	2012/13	2013/14	2014/15		
R thousand												
<b>Infrastructure transfers to other spheres, agencies and departments</b>												
South African National Roads Agency	Development and upkeep of national road network	Various	-	1 900 000	2 847 636	4 065 177	11 477 348	6 602 595	7 043 451	7 466 058		
Passenger Rail Agency of South Africa	Passenger rail infrastructure maintenance and rehabilitation	Construction	-	2 367 686	3 831 791	5 110 273	6 134 768	6 701 106	7 385 167	11 857 277		
Gautrain rapid rail link	National contribution for construction of Gautrain rapid rail link	Construction	12 951 484	3 265 993	2 976 720	438 360	5 300	-	-	-		
Public transport infrastructure and systems grant	Public transport infrastructure and systems for municipalities	Various	-	2 919 830	2 421 177	3 699 462	4 803 347	4 988 103	5 549 981	5 870 846		
Passenger Rail Agency of South Africa: Public transport infrastructure and systems grant	Improved railway stations	Construction	-	-	464 758	500 000	-	-	-	-		
Provincial roads maintenance grant	Maintenance of provincial road infrastructure	Various	-	3 323 019	4 162 161	5 091 710	6 457 354	7 981 845	8 540 479	8 952 830		
South African National Roads Agency: Public transport infrastructure and systems grant	Road maintenance for 2010 FIFA World Cup projects	Construction	-	100 000	206 559	-	-	-	-	-		
Passenger Rail Agency of South Africa: Public transport infrastructure and systems grant	Purchase of buses	Handed over	-	-	-	797 000	-	-	-	-		
Sani Pass roads grant	Construction of road to Lesotho		-	30 000	34 347	34 347	-	-	-	-		
Overload control grant	Overload control		-	8 796	10 069	11 038	-	-	-	-		
<b>Total</b>			<b>12 951 484</b>	<b>13 915 324</b>	<b>16 955 118</b>	<b>19 747 367</b>	<b>28 878 117</b>	<b>26 273 649</b>	<b>28 519 078</b>	<b>34 147 011</b>		



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**REPUBLIC OF SOUTH AFRICA**