



# BUDGET 2013



ESTIMATES OF NATIONAL EXPENDITURE

**VOTE 10: National Treasury**



**national treasury**

Department:  
National Treasury  
**REPUBLIC OF SOUTH AFRICA**



# **Estimates of National Expenditure**

## **2013**

**National Treasury**

**Republic of South Africa**

27 February 2013



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The Estimates of National Expenditure 2013 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 2013 Budget is set within the context of a prolonged and slow economic recovery globally and domestically; arising as an overhang from the global financial crisis of 2008, domestic structural constraints and recent supply side disruptions emanating from the mining sector. The fiscal stance underpinning this year's Budget balances support for the economy in the short term with the objective of rebuilding fiscal space in the medium to long term. This approach is informed by a growing belief that some of the slowdown in growth and revenue is in fact structural. Accordingly, strong measures have been instituted to contain government's consumption expenditure.

The 2012 medium term budget policy statement (MTBPS) presented an expenditure framework that kept the budget baselines for the first two years of the 2013 medium term expenditure framework (MTEF) unchanged since their publication in February 2012. Spending agencies had been advised to reprioritise spending within their baseline allocations to accommodate new priorities or the expansion of existing programmes. However, in response to the cumulative effects of the slowdown in growth and revenue, government has appropriately decided to reduce aggregate spending by R10.4 billion relative to the 2013 MTEF announced in the 2012 MTBPS. In addition, R52.1 billion has been shifted from within institutional baselines for reprioritisation to key government priority programmes. All of this has been done in a manner that does not compromise the attainment of the priorities set out in the MTBPS.

In guiding departments on how to approach the 2013 Budget, the Ministers' Committee on the Budget stated: 'In response to difficult global economic circumstances, we have expanded government's contribution to the economy. ... Financing this expansion at the same time as declining government income has meant a significant increase in borrowing. Since 2008/09, our stock of debt has more than doubled, and with it, the cost of servicing our debt has also accelerated. Higher borrowing and interest costs have meant that fiscal space is being eroded and our economy will have to finance a relatively larger government interest bill for many years. This means less money will be available for other purposes.' (2012 Medium Term Expenditure Framework Guidelines)

Indeed, departments and spending agencies do have to learn to do more with less. In the period ahead, improvements in outcomes have to come from qualitative improvements in the use of available budgets and other inputs. All institutions need to increase their efficiency and effectiveness in terms of service delivery, particularly in relation to infrastructure development. The National Development Plan 2030 sets out the planning framework for improving delivery in the public sector. The National Development Plan is the first long term plan for South Africa. Future budgets will therefore facilitate stronger alignment of institutional planning with the National Development Plan.

With our well established budgeting processes and practices, we have a good basis for the changes we need to make into the future in order to continue to ensure fiscal sustainability, while simultaneously increasing government performance in line with the expectations of South Africans. In the 2012 Open Budget Index Survey, conducted independently by the International Budget Partnership, South Africa was rated second out of the 100 countries participating in this assessment of budget transparency. South Africans can be proud of the comprehensiveness of the budget information that is available and should strive to make good use of the information in discussions with government regarding its policies and practices.

The expenditure estimates on the votes are the product of extensive consultative processes of policy review at the technical and executive level, designed to ensure the efficient allocation of public funds. These took place under difficult economic circumstances. I am grateful to our colleagues in national departments and agencies for their partnership, contributions and advice, during both the budget process and the finalisation of this publication. Special appreciation goes out to the team at National Treasury, who worked tirelessly to produce a document, the substance and quality of which are a source of great pride.



**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. In pursuit of an ever-improving representation of information, many changes have been introduced in the 2013 ENE publications. In terms of the non-financial information, it is noted in these publications how vote activities are envisaged to align with the National Development Plan 2030 over the long term, and how they are contributing to government's 12 outcomes and other key service delivery goals. Performance information has been further emphasised and in the 2013 ENE publications forms an integral part of the discussion of the financial information in the expenditure trends section of every programme within each of the votes. The personnel information has also been disaggregated and moved to the programme level. This allows for a more holistic discussion of budget plans at the programme level and gives greater effect to South Africa's Programme Budgeting by function approach.

Essentially, performance, personnel and finances are discussed together in respect of the impact they have on the programme plans. The analyses of the average growth of different categories of personnel and expenditure over time, as well as the magnitude this represents relative to the total, are now shown in the publication tables. This makes the narrative in the text less cluttered and more specifically focused on performance and related discussions. Expenditure information is in addition now shown for selected subprogrammes by economic classification, together with tables showing personnel numbers according to salary level for these subprogrammes. Progress made on the implementation of key existing and new infrastructure projects is discussed with all infrastructure projects shown in an additional table.

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; 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).



# **National Treasury**

**National Treasury  
Republic of South Africa**



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# Vote 10

## National Treasury

### Budget summary

R million	2013/14					2014/15	2015/16
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Payments for financial assets	Total	Total
<b>MTEF allocation</b>							
Administration	341.7	324.2	2.2	15.3	–	348.6	368.7
Economic Policy, Tax, Financial Regulation and Research	145.9	119.2	26.1	0.6	–	151.2	158.0
Public Finance and Budget Management	252.3	212.3	38.8	1.2	–	260.8	270.2
Asset and Liability Management	2 995.2	89.6	–	0.6	2 905.0	3 342.6	3 117.7
Financial Systems and Accounting	724.6	471.8	83.6	169.2	–	756.2	779.8
International Financial Relations	1 112.5	37.2	1 075.3	0.1	–	1 206.2	1 261.3
Civil and Military Pensions, Contributions to Funds and Other Benefits	3 497.0	51.9	3 445.2	–	–	3 722.8	3 967.9
Technical Support and Development Finance	2 777.8	161.4	2 615.7	0.8	–	3 623.3	3 115.8
Revenue Administration	9 534.4	–	9 534.4	–	–	9 983.7	10 335.6
Financial Intelligence and State Security	4 174.6	–	4 174.6	–	–	4 346.3	4 494.8
<b>Subtotal</b>	<b>25 556.0</b>	<b>1 467.4</b>	<b>20 995.7</b>	<b>187.9</b>	<b>2 905.0</b>	<b>27 741.8</b>	<b>27 869.9</b>
<b>Direct charge against the National Revenue Fund</b>							
Provincial Equitable Share	337 572.4	–	337 572.4	–	–	359 924.2	383 697.2
State Debt Costs	99 741.4	99 741.4	–	–	–	108 718.4	118 162.5
General Fuel Levy Sharing with Metropolitan Municipalities	9 613.4	–	9 613.4	–	–	10 190.2	10 658.9
<b>Total expenditure estimates</b>	<b>472 483.2</b>	<b>101 208.8</b>	<b>368 181.5</b>	<b>187.9</b>	<b>2 905.0</b>	<b>506 574.5</b>	<b>540 388.5</b>
Executive authority	Minister of Finance						
Accounting officer	Director General of the National Treasury						
Website address	www.treasury.gov.za						

The Estimates of National Expenditure e-publications for individual votes are available on [www.treasury.gov.za](http://www.treasury.gov.za). These publications provide more comprehensive coverage of vote specific information, particularly about goods and services, transfers and subsidies, public entities, donor funding, public private partnerships, conditional grants to provinces and municipalities, expenditure on skills training, a revised spending estimate for the current financial year, and expenditure information at the level of service delivery, where appropriate.

### Aim

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

### Mandate

The National Treasury's legislative mandate is based on chapter 13, section 216 (1) of the Constitution, which calls for the establishment of a national treasury to ensure transparency, accountability and sound financial controls in the management of the country's public finances. This role is further elaborated in the Public Finance Management Act (1999).

The department is mandated to:

- promote the national government's fiscal policy and the coordination of its macroeconomic policy
- ensure the stability and soundness of the financial system and financial services
- coordinate intergovernmental financial and fiscal relations
- manage the budget preparation process
- enforce transparency and effective management in respect of revenue and expenditure, assets and liabilities, public entities and constitutional institutions.

### Strategic goals

The department's strategic goals over the medium term are to:

- prepare, finance, publish and monitor the execution of the annual national budget to provide accurate and clear financial information and associated indicators of service delivery and performance
- improve techniques employed to monitor and analyse public expenditure by further refining applicable financial management frameworks and policies to ensure the appropriate use of available public financial resources for social and economic development, and infrastructure investment
- contribute to improved capacity in the areas of financial management and resource planning in government through various skills development programmes tailored for these purposes
- contribute to the development of a stable and robust financial sector that leads to continued economic stability and growth by continuing to monitor financial sector performance and developing financial sector policies and regulatory frameworks
- support infrastructure and urban development through various programmes including the infrastructure development improvement programme, the neighbourhood development partnership programme and the cities support programme, among others
- promote public private partnerships as a financing alternative for development, where feasible
- enhance supply chain management in government through the establishment of the chief procurement office which will provide a blueprint in addressing supply chain principles in order to reduce wastage and maximise value in the public sector.

## **Programme purposes**

### **Programme 1: Administration**

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

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

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

### **Programme 3: Public Finance and Budget Management**

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

### **Programme 4: Asset and Liability Management**

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

### **Programme 5: Financial Systems and Accounting**

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

### **Programme 6: International Financial Relations**

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

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

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

## Programme 8: Technical Support and Development Finance

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

## Programme 9: Revenue Administration

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

## Programme 10: Financial Intelligence and State Security

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

## Selected performance indicators

Table 10.1 National Treasury

Indicator	Programme	Outcome to which it contributes	Past			Current	Projections		
			2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Net loan debt as percentage of GDP	Asset and Liability Management	Outcome 4: Decent employment through inclusive economic growth	27.4% (R673.1bn)	30.0% (R820.4bn)	33.3% (R989.7bn)	36.3% (R1 165bn)	38.6% (R1 357.2bn)	39.8% (R1 544.4bn)	40.3% (R1 719.7bn)
Number of hospital public private partnership projects reaching financial close per year <sup>1</sup>	Technical Support and Development Finance	Outcome 2: A long and healthy life for all South Africans	- <sup>1</sup>	- <sup>1</sup>	- <sup>1</sup>	2	3	2	4
Value of government gross annual borrowing	Asset and Liability Management	Outcome 4: Decent employment through inclusive economic growth	R183.7bn	R149.5bn	R163.7bn	R219.2bn	R215.5bn	R211.7bn	R182.9bn
Cost to service debt as a percentage of GDP	Asset and Liability Management	Outcome 4: Decent employment through inclusive economic growth	2.3% (R57.1bn)	2.4% (R66.2bn)	2.6% (R76.5bn)	2.8% (R88.3bn)	2.8% (R99.7)	2.8% (R108.7bn)	2.8% (R118.2bn)
Number of training courses and workshops presented on the implementation of financial management reforms per year	Financial Systems and Accounting	Outcome 12: An efficient, effective and development orientated public service and an empowered fair and inclusive citizenship	80	100	46	90	40	40	43
Number of individuals trained per year to assist with the implementation of financial management reforms	Financial Systems and Accounting		1 600	2 000	3 142	2 500	700	700	760
Percentage of identified transversal contracts with strategic sourcing principles introduced per year	Financial Systems and Accounting		100% (20)	100% (20)	59% (19)	100% (35)	100% (19)	100% (34)	100% (18)
Total number of neighbourhood development partnership grant projects granted award status	Technical Support and Development Finance	Outcome 4: Decent employment through inclusive economic growth	90	90	95	90	95	95	95
Total number of neighbourhood development partnership grant projects under construction	Technical Support and Development Finance	Outcome 4: Decent employment through inclusive economic growth	15	67	70	85	90	95	95
Number of support programmes and projects related to government priorities to improve the efficacy of government institutions implemented per year <sup>1</sup>	Technical Support and Development Finance	Outcome 12: An efficient, effective and development oriented public service and an empowered and fair, inclusive citizenship	- <sup>1</sup>	- <sup>1</sup>	- <sup>1</sup>	90	100	100	100
Percentage of support plans and Municipal Finance Management Act (2003) implementation plans implemented per year	Technical Support and Development Finance	Outcome 9: A responsive, accountable, effective And efficient local government system	- <sup>1</sup>	- <sup>1</sup>	100% (278)	100% (278)	100% (278)	100% (278)	100% (278)
Number of long term township regeneration programmes implemented per year	Technical Support and Development Finance	Outcome 4: Decent employment through inclusive economic growth	27	35	50	52	55	58	58
Third party investment leverage per year <sup>1</sup>	Technical Support and Development Finance		- <sup>1</sup>	- <sup>1</sup>	- <sup>1</sup>	R1.5bn	R2bn	R2.5bn	R3bn
Number of jobs created per year <sup>1</sup>	Technical Support and Development Finance		- <sup>1</sup>	- <sup>1</sup>	- <sup>1</sup>	25 000	25 000	50 000	50 000

1. No past data as investments and projects either commenced in 2012/13, or will be commencing over the medium term.

## The national development plan

The national development plan requires a stable and enabling macroeconomic platform in order to realise its key objectives of sustainable growth and employment creation. In accordance with this, National Treasury aims to promote a macroeconomic environment in which the financial system provides both economic stability and growth. For the plan's targets to be met, high levels of investment are required. Ensuring this will involve partnerships with the private sector, and economic policies that encourage investor confidence by minimising shocks to the economy and ensuring relative stability in prices, interest and exchange rates. The National Treasury will continue to promote public private partnerships as a financing alternative for development, and to focus on monitoring the financial sector performance and markets, developing policies and regulatory frameworks, and maintaining stable economic growth at aggressive yet sustainable levels in order to enable the country's developmental agenda and create jobs.

The plan prioritises the development of infrastructure for economic growth and employment. The Treasury has set targets to provide grants to projects for sustainable infrastructure development. Several initiatives, including the neighbourhood development partnership programme, the recently introduced cities support programme and the infrastructure development improvement programme exist for these purposes. The neighbourhood development partnership grant has committed funds to projects with the aim of attracting added investments from the private sector to sustainably improve township infrastructure and capacity for economic growth.

The Jobs Fund has been established by the National Treasury to facilitate sustainable job creation on a large scale. This fund is a co-financing initiative whereby government will match funds spent by project owners on projects approved by the fund.

National Treasury's contribution to building a capable state will comprise a multipronged approach including guidance, capacity building initiatives, direct support and the dissemination of information to improve approaches to financial management in the public sector and to address the skills shortage. This will be enhanced through the establishment of a chief procurement office in order to streamline supply chain management principles. This will go a long way in ensuring that the recognised principles of supply chain and strategic sourcing are applied consistently and will also target the reduction of wastage and corruption so as to improve the value government realises from spent funds.

## Expenditure estimates

**Table 10.2 National Treasury**

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Average growth rate (%)		Medium-term expenditure estimate			Average growth rate (%)		Expenditure/total: Average (%)
	2009/10	2010/11	2011/12			2012/13	2009/10 - 2012/13	Expenditure/total: Average (%)	2013/14	2014/15	2015/16	2012/13 - 2015/16	
R million													
Administration	242.8	248.7	254.5	321.1	315.2	9.1%	0.1%	341.7	348.6	368.7	5.4%	0.1%	
Economic Policy, Tax, Financial Regulation and Research	71.9	86.1	140.5	122.5	116.5	17.4%	0.0%	145.9	151.2	158.0	10.7%	0.0%	
Public Finance and Budget Management	145.4	160.3	196.4	247.3	241.4	18.4%	0.0%	252.3	260.8	270.2	3.8%	0.1%	
Asset and Liability Management	31 053.2	20 813.9	821.9	282.8	280.5	-79.2%	3.4%	2 995.2	3 342.6	3 117.7	123.2%	0.5%	
Financial Systems and Accounting	542.7	559.1	504.9	686.3	664.7	7.0%	0.1%	724.6	756.2	779.8	5.5%	0.1%	
International Financial Relations	576.4	558.7	857.8	1 040.5	1 039.1	21.7%	0.2%	1 112.5	1 206.2	1 261.3	6.7%	0.2%	
Civil and Military Pensions, Contributions to Funds and Other Benefits	4 955.1	2 697.8	3 314.2	3 345.9	3 266.6	-13.0%	0.9%	3 497.0	3 722.8	3 967.9	6.7%	0.7%	
Technical Support and Development Finance	5 310.7	1 471.3	2 863.3	1 999.6	1 998.1	-27.8%	0.7%	2 777.8	3 623.3	3 115.8	16.0%	0.6%	
Revenue Administration	7 148.4	8 142.2	8 653.6	9 149.4	9 149.4	8.6%	2.1%	9 534.4	9 983.7	10 335.6	4.1%	2.0%	
Financial Intelligence and State Security	3 193.9	3 488.2	3 755.0	3 982.1	3 982.1	7.6%	0.9%	4 174.6	4 346.3	4 494.8	4.1%	0.9%	
<b>Subtotal</b>	<b>53 240.6</b>	<b>38 226.2</b>	<b>21 362.0</b>	<b>21 177.6</b>	<b>21 053.7</b>	<b>-26.6%</b>	<b>8.6%</b>	<b>25 556.0</b>	<b>27 741.8</b>	<b>27 869.9</b>	<b>9.8%</b>	<b>5.2%</b>	
<b>Direct charge against the National Revenue Fund</b>	<b>300 820.1</b>	<b>338 908.7</b>	<b>376 768.6</b>	<b>410 850.0</b>	<b>410 380.6</b>	<b>10.9%</b>	<b>91.4%</b>	<b>446 927.2</b>	<b>478 832.7</b>	<b>512 518.6</b>	<b>7.7%</b>	<b>94.8%</b>	
Provincial Equitable Share	236 890.8	265 139.4	291 735.5	313 015.8	313 015.8	9.7%	70.9%	337 572.4	359 924.2	383 697.2	7.0%	71.5%	
State Debt Costs	57 129.2	66 226.8	76 460.0	88 794.5	88 325.1	15.6%	18.5%	99 741.4	108 718.4	118 162.5	10.2%	21.3%	
General Fuel Levy Sharing with Metros	6 800.1	7 542.4	8 573.1	9 039.7	9 039.7	10.0%	2.0%	9 613.4	10 190.2	10 658.9	5.6%	2.0%	
<b>Total</b>	<b>354 060.7</b>	<b>377 134.8</b>	<b>398 130.7</b>	<b>432 027.6</b>	<b>431 434.3</b>	<b>6.8%</b>	<b>100.0%</b>	<b>472 483.2</b>	<b>506 574.5</b>	<b>540 388.5</b>	<b>7.8%</b>	<b>100.0%</b>	
Change to 2012 Budget estimate				2 991.3	2 398.1			8 827.2	12 781.3	25 013.4			

Table 10.2 National Treasury (continued)

Economic classification	Audited outcome			Adjusted appropriation	Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)	
	2009/10	2010/11	2011/12					2012/13	2013/14	2014/15			2015/16
R million													
<b>Current payments</b>	<b>58 082.0</b>	<b>67 227.2</b>	<b>77 651.4</b>	<b>90 127.8</b>	<b>89 591.4</b>	<b>15.5%</b>	<b>18.7%</b>	<b>101 208.8</b>	<b>110 247.0</b>	<b>119 745.8</b>	<b>10.2%</b>	<b>21.6%</b>	
Compensation of employees	402.1	476.2	537.1	616.1	600.2	14.3%	0.1%	710.5	755.6	800.2	10.1%	0.1%	
Goods and services	550.7	524.2	654.3	717.2	666.0	6.5%	0.2%	756.8	773.0	783.0	5.5%	0.2%	
of which:													
Administration fees	11.6	6.2	49.3	6.6	6.0	-19.9%	0.0%	5.7	5.5	6.1	0.9%	0.0%	
Advertising	1.9	2.2	2.1	3.1	2.4	8.5%	0.0%	3.3	2.9	3.3	10.6%	0.0%	
Assets less than the capitalisation threshold	1.5	0.4	0.3	2.5	2.2	13.1%	0.0%	3.6	3.5	3.6	16.7%	0.0%	
Audit cost: External	8.5	9.2	8.8	11.6	12.7	14.4%	0.0%	11.3	12.7	12.1	-1.6%	0.0%	
Bursaries: Employees	2.0	2.7	3.0	5.3	4.6	32.2%	0.0%	5.8	5.6	6.1	10.2%	0.0%	
Catering: Departmental activities	2.0	1.6	2.1	2.4	1.9	-0.5%	0.0%	2.7	2.8	2.9	14.0%	0.0%	
Communication	7.4	6.6	7.7	7.9	7.7	1.5%	0.0%	8.9	9.2	9.5	7.0%	0.0%	
Computer services	209.2	201.7	208.9	242.2	221.6	1.9%	0.1%	271.1	275.8	279.7	8.1%	0.1%	
Consultants and professional services: Business and advisory services	161.6	151.9	226.0	253.7	228.9	12.3%	0.0%	246.1	247.7	246.1	2.4%	0.0%	
Consultants and professional services: Legal costs	10.5	6.8	7.3	12.3	11.3	2.4%	0.0%	12.7	13.6	14.5	8.8%	0.0%	
Contractors	2.0	1.4	1.6	3.4	2.3	4.4%	0.0%	2.3	2.6	2.7	5.0%	0.0%	
Agency and support / outsourced services	9.3	8.0	13.0	16.1	16.5	21.3%	0.0%	17.5	17.8	18.1	3.0%	0.0%	
Entertainment	0.1	0.2	0.2	0.5	0.4	38.4%	0.0%	0.5	0.5	0.6	15.8%	0.0%	
Inventory: Food and food supplies	0.8	0.8	0.9	1.3	1.3	15.9%	0.0%	1.2	1.2	1.3	-0.1%	0.0%	
Inventory: Fuel, oil and gas	0.3	0.5	0.6	0.5	0.5	11.6%	0.0%	0.4	0.4	0.4	-6.2%	0.0%	
Inventory: Materials and supplies	0.2	0.1	0.1	0.2	0.2	-2.7%	0.0%	0.2	0.2	0.2	-0.9%	0.0%	
Inventory: Medical supplies	-	0.0	0.0	0.0	0.0	0.0%	0.0%	0.0	0.0	0.0	35.7%	0.0%	
Inventory: Other consumables	0.8	1.0	0.9	1.4	1.4	18.8%	0.0%	1.4	1.3	1.3	-0.8%	0.0%	
Inventory: Stationery and printing	14.6	12.2	11.8	16.2	14.5	-0.3%	0.0%	16.2	16.6	18.1	7.8%	0.0%	
Operating leases	30.7	42.4	38.6	34.7	35.9	5.4%	0.0%	48.7	52.5	51.4	12.7%	0.0%	
Property payments	13.4	8.6	11.3	14.5	14.1	1.9%	0.0%	21.6	23.3	25.1	21.1%	0.0%	
Travel and subsistence	36.2	38.1	40.5	50.4	52.9	13.4%	0.0%	49.9	51.7	53.7	0.5%	0.0%	
Training and development	10.0	8.4	8.9	12.3	11.0	3.4%	0.0%	10.4	10.1	10.5	-1.5%	0.0%	
Operating payments	7.5	4.7	2.6	6.5	5.8	-8.3%	0.0%	5.5	5.5	5.5	-1.7%	0.0%	
Venues and facilities	8.5	8.6	7.6	11.7	10.1	6.2%	0.0%	10.0	10.1	10.3	0.6%	0.0%	
Rental and hiring	-	-	-	-	(0.2)	0.0%	0.0%	-	-	-	-100.0%	0.0%	
Interest and rent on land	57 129.2	66 226.8	76 460.0	88 794.5	88 325.2	15.6%	18.5%	99 741.4	108 718.4	118 162.5	10.2%	21.3%	
<b>Transfers and subsidies</b>	<b>264 789.2</b>	<b>288 982.1</b>	<b>319 639.5</b>	<b>341 488.4</b>	<b>341 429.2</b>	<b>8.8%</b>	<b>77.8%</b>	<b>368 181.5</b>	<b>392 890.4</b>	<b>417 427.1</b>	<b>6.9%</b>	<b>77.9%</b>	
Provinces and municipalities	248 699.1	273 878.2	302 560.4	323 111.8	323 111.8	9.1%	73.6%	348 347.1	371 459.1	395 755.1	7.0%	73.7%	
Departmental agencies and accounts	10 511.0	11 804.4	12 744.7	13 396.8	13 390.9	8.4%	3.1%	13 974.6	14 606.5	15 121.3	4.1%	2.9%	
Higher education institutions	5.5	-	-	9.0	9.0	18.2%	0.0%	10.0	12.0	12.5	11.7%	0.0%	
Foreign governments and international organisations	555.2	533.7	833.8	1 012.7	1 012.2	22.2%	0.2%	1 077.4	1 173.0	1 226.5	6.6%	0.2%	
Public corporations and private enterprises	88.5	106.0	250.7	655.5	655.5	94.9%	0.1%	1 327.8	1 973.3	1 395.1	28.6%	0.3%	
Non-profit institutions	0.1	-	0.1	0.1	0.1	7.7%	0.0%	-	-	-	-100.0%	0.0%	
Households	4 930.0	2 659.8	3 249.9	3 302.5	3 249.6	-13.0%	0.9%	3 444.6	3 666.6	3 916.5	6.4%	0.7%	
<b>Payments for capital assets</b>	<b>189.1</b>	<b>178.3</b>	<b>88.6</b>	<b>211.4</b>	<b>213.8</b>	<b>4.2%</b>	<b>0.0%</b>	<b>187.9</b>	<b>185.1</b>	<b>191.6</b>	<b>-3.6%</b>	<b>0.0%</b>	
Buildings and other fixed structures	-	-	-	5.0	5.0	0.0%	0.0%	5.0	-	-	-100.0%	0.0%	
Machinery and equipment	11.7	8.6	9.1	29.3	19.5	18.7%	0.0%	16.6	10.9	11.3	-16.7%	0.0%	
Software and other intangible assets	177.5	169.7	79.6	177.1	189.3	2.2%	0.0%	166.2	174.1	180.3	-1.6%	0.0%	
<b>Payments for financial assets</b>	<b>31 000.4</b>	<b>20 747.2</b>	<b>751.2</b>	<b>200.0</b>	<b>200.0</b>	<b>-81.4%</b>	<b>3.4%</b>	<b>2 905.0</b>	<b>3 252.0</b>	<b>3 024.0</b>	<b>147.3%</b>	<b>0.5%</b>	
<b>Total</b>	<b>354 060.7</b>	<b>377 134.8</b>	<b>398 130.7</b>	<b>432 027.6</b>	<b>431 434.3</b>	<b>6.8%</b>	<b>100.0%</b>	<b>472 483.2</b>	<b>506 574.5</b>	<b>540 388.5</b>	<b>7.8%</b>	<b>100.0%</b>	

## Personnel information

**Table 10.3 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Post status as at 30 September 2012		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment												Number					
Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate <sup>3</sup>			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)				
		2011/12			2012/13			2013/14		2014/15		2015/16							
		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			Number	Cost	Unit Cost	
<b>National Treasury</b>																			
Salary level	1 272	33	1 148	537.1	0.5	1 326	600.1	0.5	1 337	709.5	0.5	1 337	754.5	0.6	1 337	799.1	0.6	0.3%	100.0%
1 – 6	74	2	72	11.1	0.2	80	13.6	0.2	81	14.8	0.2	81	16.2	0.2	81	16.9	0.2	0.4%	6.1%
7 – 10	520	16	479	141.9	0.3	579	163.5	0.3	580	186.6	0.3	580	200.2	0.3	580	212.6	0.4	0.1%	43.5%
11 – 12	371	9	328	157.3	0.5	356	176.6	0.5	359	216.6	0.6	359	229.2	0.6	359	240.7	0.7	0.3%	26.9%
13 – 16	307	6	269	226.8	0.8	311	246.4	0.8	317	291.6	0.9	317	309.0	1.0	317	329.0	1.0	0.6%	23.6%

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

2. Rand million.

3. As at 30 September 2012.

## Expenditure trends

The spending focus over the medium term will continue to be on: enhancing the support provided by the infrastructure delivery improvement programme, neighbourhood development partnership grant to provincial departments and supporting the initiatives of the Jobs Fund through the Technical Support and Development Finance programme; supporting robust fiscal management and improving procurement management to reduce fraud and corruption through the Financial Systems and Accounting, Revenue Administration and Financial Intelligence and State Security programmes; and maintaining financial regulation stability by implementing the Public Finance Management Act (1999) through the Public Finance and Budget Management and Economic Policy, Tax, Financial Regulation and Research programmes.

The department will also support the recapitalisation initiatives of the Development Bank of Southern Africa and the Postbank facilitated through the Asset and Liability Management programme.

The department is responsible for the main statutory transfers to provincial governments. More information on these transfers can be found in chapter 7 and annexure E of the 2013 Budget Review and the 2013 Division of Revenue Bill. The National Treasury vote also includes a provision for servicing government's debt obligations, which are a direct charge against the National Revenue Fund in terms of section 73 of the Public Finance Management Act (1999).

Direct charges account for 93.0 per cent of the department's allocation over the seven-year period. Between 2009/10 and 2012/13, spending increased by R77.4 billion, mainly due to annual increases to the provincial equitable share and the state debt cost as part of statutory direct charges. Conversely, non-statutory expenditure decreased by R32.2 billion over the same period, mainly due to the finalisation of the R60 billion Eskom subordinated loan payments in 2010/11, as well as the tapering off of the R3.5 billion in payments to the Land and Agricultural Development Bank of South Africa, which were allocated to the payments for financial assets expenditure item.

The once-off R4.2 billion Gautrain loan transfer in 2009/10, as well as a once-off R2.5 billion transfer payment to the political office bearers pension fund for the pensions of officials retiring from public office after the 2009 general elections also contributed to the peak in this year. Excluding the impact of these financial investments from non-statutory allocations, departmental spending over this period increased from R15.5 billion to R21 billion, primarily due to a R2 billion increase in the transfer payment to the South African Revenue Service. At over two-thirds of total non-statutory spending, transfer payments contribute significantly to departmental spending, as the department relies on entities and external agencies to deliver key functions that fall under its legislative mandate.

Spending on operational current payments and payments for capital assets increased by R402.8 million between 2009/10 and 2012/13, mainly due to: the department increasing filled posts by 253; the effects of annual adjustments to expenditure on compensation of employees; improvements to office buildings; the upgrading of security systems and ICT equipment; and expenditure on consultancy services for the various projects undertaken, such as the integrated financial management system, the enhancement of the infrastructure delivery

implementation programme, and the implementation of procurement management reforms, economic research and fraud prevention plans. As a result, 84.5 per cent of spending over this period went towards compensation of employees, computer services, software and other intangible assets, other machinery and equipment, and consultants and professional services for business and advisory services. The increased spending on consultants has allowed the department to develop and implement the completed integrated financial management system's procurement management module, and roll out the procurement management and asset management modules, as detailed in the section on infrastructure spending.

Over the medium term, total non-statutory, non-investment expenditure is expected to increase to R24.9 billion, largely due to the continued funding of the employment creation facilitation fund, which aims to create 150 000 job opportunities by 2016. Spending in the Revenue Administration programme is expected to increase by R1.2 billion over the medium term, due to an increase in the transfer payment to the South African Revenue Service to fund the entity's implementation of enforcement mechanisms and the continuation of IT enhancements.

Spending on non-statutory operational current payments and payments for capital assets is projected to increase by R230.7 million, to R1.8 billion over the medium term. The bulk of this increase is in spending on compensation of employees, which is expected to increase by R184.1 million to R800.2 million, mainly because of adjustments made for improved conditions of service and the filling of 11 positions in 2013/14. Expenditure on goods and services accounts for 28.6 per cent of this increase and is projected to increase by R65.9 million over the medium term. This increase is mainly due to the maintenance of the transversal systems, the intensification of the implementation of the integrated financial management system, and an expected increase in lease payments owing to the devolution of funds for buildings in relation to property management. The increase due to the maintenance of transversal systems is caused by the renewal of software licences and contracts, and small maintenance in the legacy systems, while the development of the integrated financial management system project yields high costs before it is implemented. Spending on payments for capital assets is projected to decrease by R19.9 million over the medium term, mainly because the infrastructure upgrade for the security and ICT systems will be completed, as well as the anticipated completion of the refurbishment works to office buildings.

R50 million in 2014/15 and R70 million in 2015/16 has been reprioritised to the infrastructure skills development grant to municipalities, while R40 million in 2013/14, R150 million in 2014/15 and R150 million in 2015/16 has been reprioritised to the new integrated cities development grant. These funds have been reprioritised to the local government, housing and community amenities function from a pool of funds that was identified after the 1 per cent, 2 per cent and 3 per cent baseline reductions during the 2013 MTEF process. They are essentially increases to the Treasury's baseline through an executive allocation of resources mechanism and can be regarded as additional allocations to the department.

The 2013 Budget sets out the following additional allocations over the medium term:

- R50 million, R90 million and R160 million for post-retirement medical benefits
- R33.1 million, R34.6 million and R36.2 million for improved conditions of service to Secret Services
- R10.7 million, R13.8 million and R25.5 million for improved conditions of service to the department
- R2.4 billion, R2.5 billion and R3 billion for the recapitalisation of the Development Bank of Southern Africa
- R205 million, R252 million and R24 million for the recapitalisation of Postbank.

To give effect to Cabinet approved budget reductions of R1.8 billion over the medium term, the department has implemented cost cutting measures. These include a general reduction in travelling costs, travelling economy class instead of business class when travel is necessary, using restricted tickets and lowering catering costs, introducing bulk buying of ICT equipment, rescheduling the rollout of projects such as employment creation initiatives and restricting to internal instead of external venues, and holding meetings internally instead of hiring external venues. Most cost cutting measures have been implemented in the Revenue Administration, Technical Support and Development Finance and Financial Intelligence and State Security programmes.

The department has a funded establishment of 1 272 posts and 33 posts are filled additional to the establishment. As at 30 September 2012, the department had 136 vacancies, mainly due to the time taken to attract appropriate

people with the level of skills and experience required for these posts at the remuneration offered. The skill requirements for these vacant posts relate mainly to IT, financial markets, banking, forensics and economic research. The ratio of support staff to line function staff is 1:4.

The use of consultants in focused areas where there is a need for critical skills and technical expertise. This includes specialised audit services, economic research support, legal expertise, engineering capacity support for the infrastructure delivery implementation programme, technical support for public private partnerships, and support for the development and implementation of social reforms, retirement reforms and Jobs Fund initiatives.

### Infrastructure spending

#### Mega project: Neighbourhood development partnership grant projects

The neighbourhood development partnership programme aims to eradicate spatial inequality towards the creation of habitable, sustainable, resilient, efficient and integrated human settlements. This is achieved through the funding of programme and project planning activities, and infrastructure projects that advance the grant's aims. Programme planning and project prioritisation are aimed at optimising third party investments by other public sector departments, public entities and the private sector.

The projects funded are for a wide range of public infrastructure development, such as public transport facilities, roads, small and medium enterprises and community facilities, and public spaces and landscaping. The projects are located within prioritised strategic nodes in townships and the transport linkages that connect these nodes to other strategic locations within and outside of townships.

The neighbourhood development partnership programme's capital investment will have reached R2.7 billion by 31 March 2013. This was allocated to projects as follows: 20.1 per cent to community facilities, 1.6 per cent to utility infrastructure, 1.6 per cent for green efficiencies, 37.5 per cent for nodal and corridor upgrading, 13.5 per cent for small and medium enterprise facilities, and 25.7 per cent for transport infrastructure. R2 billion has been allocated over the medium term for spending on neighbourhood development partnership infrastructure grants.

The neighbourhood development partnership also facilitates the employment of local labour and supports the expanded public works programmes in local government. In 2011/12, more than 6 000 jobs were created through neighbourhood development partnership projects. In 2012/13, the neighbourhood development partnership had more than 280 approved project plans valued at R2.9 billion. The partnership has completed 57 catalytic projects valued at R606 million by 2011/12.

The Thulamela gateway project entails the establishment of a primary, integrated transport orientated node with 2 secondary nodes linking new retail and community service centres. The secondary nodes consist of link roads and public transport facilities supporting these proposed new developments. The primary node is an extension of the existing central business district of Thohoyandou in Limpopo, while the secondary nodes are within Sibasa and Malamulele. The project seeks to provide enabling infrastructure to facilitate the provision of modern commercial activities as well as a range of public institutions. The project's grant contribution is approximately R245 million, with more than R2.3 billion leveraged off third party investors. R100 million of the grant's funds were invested in the project by 2012/13. The project is scheduled to conclude in 2013/14.

Kuyasa and various other nodes in Khayelitsha in Western Cape fall within a presidential urban renewal node, which consists of the Khayelitsha rail extension, the upgrading to Walter Sisulu Road, the upgrading of Harare Square, the establishment of Ntlazane work-live units, a library, and health facilities. The contribution to the project is approximately R200 million, with an additional R320 million sourced from third party investors.

The neighbourhood development partnership grant projects also involve the Diepsloot South local government development node in Gauteng. This project entails the upgrading of Ngonyama Road as well as public facilities such as a taxi rank and a linear informal trading market. It also focuses on the improvement of the interface of the existing social facilities, an activity street and the development of a primary node. The financial contribution is estimated at R16.7 million and R26 million has been leveraged off the municipality.

### Large projects

Annual spending on infrastructure for the integrated financial management system has remained stable at approximately R177 million and is expected to increase marginally to R180.3 million over the medium term.

The main purpose of the integrated financial management system is to replace the existing legacy financial management systems. The project has already spent R603.9 million on the development and implementation of the business intelligence, human resources management, procurement management and asset management modules by 2012/13.

The first phase of the business intelligence module has been completed and the module is currently undergoing testing before being rolled out. The rollout of the human resources management module has progressed well at the Department of Public Service and Administration lead site, while the progress at the Free State department of education has been hampered by delays in the development of the payroll module.

The rollout of the procurement management module at the lead sites, National Treasury and the Department of Defence, has progressed although there are systems integration issues at the Department of Defence. This module automates the procurement process and correctly classifies commodities to ensure appropriate and effective demand planning.

The asset management module had been successfully implemented at 5 departments in the Limpopo provincial government by the end of 2012 and these departments can now account for all their assets. However, capacity challenges within the province are likely to impact negatively on its ability to adequately maintain this positive outcome. The cost of this rollout up to March 2012 was R150.4 million, which included software licences and maintenance. The development of the financial management, payroll management and inventory management modules is estimated to cost R650 million.

### Refurbishment of buildings

The following refurbishment works relate to Treasury office accommodation: There will be ICT and security upgrades in all Treasury office accommodation in Pretoria and Cape Town, and this will be completed in 2013/14. However, for the purposes of managing the budget, spending on this will only start once the refurbishment at the building at 38 Church Square in Pretoria is completed. This is slightly behind schedule and is now expected to be completed by the end of March 2013.

## Departmental receipts

Table 10.4 Receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Average growth rate (%)	Receipt/ total: Average (%)	Medium-term receipts estimate			Average growth rate (%)	Receipt/ total: Average (%)
	2009/10	2010/11	2011/12					2012/13	2009/10 - 2012/13	2013/14		
<b>Departmental receipts</b>	<b>2 543 597</b>	<b>3 340 611</b>	<b>3 409 060</b>	<b>3 400 539</b>	<b>3 564 539</b>	<b>11.9%</b>	<b>37.6%</b>	<b>3 709 646</b>	<b>3 531 619</b>	<b>3 475 114</b>	<b>-0.8%</b>	<b>39.9%</b>
<b>Sales of goods and services produced by department</b>	<b>300 418</b>	<b>50 955</b>	<b>71 687</b>	<b>40 450</b>	<b>40 450</b>	<b>-48.7%</b>	<b>1.4%</b>	<b>104 957</b>	<b>51 330</b>	<b>52 215</b>	<b>8.9%</b>	<b>0.7%</b>
Sales by market establishments of which:	85	92	91	200	200	33.0%	-	180	90	100	-20.6%	-
Rental parking: Covered and open	85	92	91	200	200	33.0%	-	180	90	100	-20.6%	-
Administration fees of which:	25	13	5	10	10	-26.3%	-	10	10	10	-	-
Required information: Duplicate certificate	25	13	5	10	10	-26.3%	-	10	10	10	-	-
Other sales of which:	300 308	50 850	71 591	40 240	40 240	-48.8%	1.4%	104 767	51 230	52 105	9.0%	0.7%
Commission: Insurance	46	55	63	80	80	20.3%	-	10	70	60	-9.1%	-
Directors fees	175	196	196	50	50	-34.1%	-	10	200	200	58.7%	-
Replacement of security cards	2	3	2	2	2	-	-	2	5	3	14.5%	-
Fees for government guarantee insurance	299 987	50 529	71 274	40 058	40 058	-48.9%	1.4%	104 745	50 955	51 842	9.0%	0.7%
Sales of assets less than R5 000	98	67	56	50	50	-20.1%	-	-	-	-	-100.0%	-
<b>Sales of scrap, waste, arms and other used current goods</b>	<b>13</b>	<b>5</b>	<b>26</b>	<b>8</b>	<b>8</b>	<b>-14.9%</b>	<b>-</b>	<b>10</b>	<b>12</b>	<b>10</b>	<b>7.7%</b>	<b>-</b>
of which:												
Waste paper	3	5	14	8	8	38.7%	-	10	12	10	7.7%	-
Scrap	10	-	-	-	-	-100.0%	-	-	-	-	-	-
Departmental publications	-	-	12	-	-	-	-	-	-	-	-	-

Table 10.4 Receipts (continued)

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Average growth rate (%)	Receipt/ total: Average (%)	Medium-term receipts estimate			Average growth rate (%)	Receipt/ total: Average (%)
	2009/10	2010/11	2011/12					2012/13	2013/14	2014/15		
<b>Interest, dividends and rent on land</b>	<b>2 085 054</b>	<b>2 609 482</b>	<b>2 861 771</b>	<b>3 109 481</b>	<b>3 273 481</b>	<b>16.2%</b>	<b>31.7%</b>	<b>2 524 139</b>	<b>2 410 277</b>	<b>2 342 889</b>	<b>-10.5%</b>	<b>29.4%</b>
Interest	2 006 143	2 456 183	2 735 115	2 973 500	3 137 500	16.1%	30.2%	2 381 500	2 290 500	2 200 500	-11.2%	27.9%
Dividends	78 911	153 299	126 656	135 981	135 981	19.9%	1.4%	142 639	119 777	142 389	1.5%	1.5%
of which:												
South African Reserve Bank	–	–	126 656	–	–	–	0.4%	–	–	–	–	–
Public Investment Corporation	78 911	–	–	–	–	-100.0%	0.2%	–	–	–	–	–
South African Special Risks Insurance Association	–	153 299	–	135 981	135 981	–	0.8%	142 639	119 777	142 389	1.5%	1.5%
<b>Sales of capital assets</b>	<b>202</b>	<b>86</b>	<b>–</b>	<b>100</b>	<b>100</b>	<b>-20.9%</b>	<b>–</b>	<b>40</b>	<b>–</b>	<b>–</b>	<b>-100.0%</b>	<b>–</b>
<b>Transactions in financial assets and liabilities</b>	<b>157 910</b>	<b>680 083</b>	<b>475 576</b>	<b>250 500</b>	<b>250 500</b>	<b>16.6%</b>	<b>4.6%</b>	<b>1 080 500</b>	<b>1 070 000</b>	<b>1 080 000</b>	<b>62.8%</b>	<b>9.7%</b>
<b>Extraordinary receipts</b>	<b>1 948 093</b>	<b>1 947 457</b>	<b>5 200 949</b>	<b>1 200 000</b>	<b>10 650 000</b>	<b>76.2%</b>	<b>57.7%</b>	<b>4 400 000</b>	<b>3 300 000</b>	<b>3 200 000</b>	<b>-33.0%</b>	<b>60.1%</b>
of which:												
Revaluation profits on foreign currency transactions	212 136	86 526	640 935	–	100 000	-22.2%	3.0%	–	–	–	-100.0%	0.3%
Debt portfolio restructuring	–	131 113	694 520	–	6 200 000	–	20.5%	1 100 000	–	–	-100.0%	20.4%
Premiums on loan transactions	1 631 126	1 558 533	2 788 511	1 200 000	4 300 000	38.1%	30.0%	3 300 000	3 300 000	3 200 000	-9.4%	39.4%
Liquidation of South African Special Risks Insurance Association investment	103 595	150 000	227 987	–	50 000	-21.6%	1.6%	–	–	–	-100.0%	0.1%
Saambou Bank liability	–	20 000	30 000	–	–	–	0.1%	–	–	–	–	–
Other	1 236	1 285	24 713	–	–	-100.0%	0.1%	–	–	–	–	–
Gold and foreign exchange contingency reserve account profits	–	–	794 283	–	–	–	2.3%	–	–	–	–	–
<b>National Revenue Fund receipts</b>	<b>1 000 000</b>	<b>600 000</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>-100.0%</b>	<b>4.7%</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
of which:												
Rand block levy account	1 000 000	600 000	–	–	–	-100.0%	4.7%	–	–	–	–	–
<b>Total</b>	<b>5 491 690</b>	<b>5 888 068</b>	<b>8 610 009</b>	<b>4 600 539</b>	<b>14 214 539</b>	<b>37.3%</b>	<b>100.0%</b>	<b>8 109 646</b>	<b>6 831 619</b>	<b>6 675 114</b>	<b>-22.3%</b>	<b>100.0%</b>

## Programme 1: Administration

### Expenditure estimates

Table 10.5 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Average growth rate (%)	Expenditure/ total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/ total: Average (%)
	2009/10	2010/11	2011/12				2012/13	2013/14	2014/15		
R thousand											
Ministry	2 750	2 835	2 976	3 599	9.4%	1.1%	3 796	4 005	4 225	5.5%	1.1%
Departmental Management	28 144	29 716	31 148	37 271	9.8%	11.8%	39 099	40 352	41 815	3.9%	11.5%
Corporate Services	85 907	77 423	80 327	103 786	6.5%	32.6%	105 524	106 567	107 209	1.1%	30.7%
Enterprise Wide Risk Management	11 795	15 332	17 529	27 437	32.5%	6.8%	21 775	22 654	23 486	-5.1%	6.9%
Financial Administration	25 277	28 716	30 089	37 060	13.6%	11.4%	40 279	42 327	56 362	15.0%	12.8%
Legal Services	11 856	11 744	12 437	15 226	8.7%	4.8%	16 733	17 648	18 539	6.8%	4.9%
Internal Audit	11 718	9 315	9 470	15 027	8.6%	4.3%	12 822	12 406	12 896	-5.0%	3.9%
Communications	7 349	7 473	7 134	9 473	8.8%	2.9%	9 941	10 221	10 403	3.2%	2.9%
Office Accommodation	57 994	66 107	63 424	72 259	7.6%	24.3%	91 722	92 467	93 753	9.1%	25.4%
<b>Total</b>	<b>242 790</b>	<b>248 661</b>	<b>254 534</b>	<b>321 138</b>	<b>9.8%</b>	<b>100.0%</b>	<b>341 691</b>	<b>348 647</b>	<b>368 688</b>	<b>4.7%</b>	<b>100.0%</b>
Change to 2012 Budget estimate				2 814			21 418	15 944	368 688		
<b>Economic classification</b>											
<b>Current payments</b>	<b>233 796</b>	<b>242 715</b>	<b>245 623</b>	<b>292 070</b>	<b>7.7%</b>	<b>95.0%</b>	<b>324 173</b>	<b>341 473</b>	<b>361 864</b>	<b>7.4%</b>	<b>95.6%</b>
Compensation of employees	91 802	108 788	116 546	137 411	14.4%	42.6%	159 141	171 130	187 790	11.0%	47.5%
Goods and services	141 994	133 927	129 077	154 659	2.9%	52.4%	165 032	170 343	174 074	4.0%	48.1%
of which:											
Administration fees	5 734	2 271	1 833	1 867	-31.2%	1.1%	1 734	1 754	1 861	-0.1%	0.5%
Advertising	571	563	624	814	12.5%	0.2%	872	679	692	-5.3%	0.2%
Assets less than the capitalisation threshold	997	156	178	1 368	11.1%	0.3%	912	583	592	-24.4%	0.3%
Audit cost: External	5 343	6 466	5 463	7 392	11.4%	2.3%	7 619	7 747	7 876	2.1%	2.2%
Bursaries: Employees	224	413	456	1 003	64.8%	0.2%	1 082	1 148	1 198	6.1%	0.3%
Catering: Departmental activities	657	435	832	746	4.3%	0.3%	738	783	847	4.3%	0.2%
Communication	4 618	3 757	4 806	4 354	-1.9%	1.6%	5 342	5 432	5 516	8.2%	1.5%
Computer services	23 181	20 321	21 200	24 721	2.2%	8.4%	20 162	19 737	19 613	-7.4%	6.1%
Consultants and professional services: Business and advisory services	13 873	10 528	7 248	11 916	-4.9%	4.1%	8 232	7 332	8 186	-11.8%	2.6%

Table 10.5 Administration (continued)

Economic classification	Audited outcome			Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)			
	2009/10	2010/11	2011/12				2012/13	2009/10 - 2012/13	2013/14			2014/15	2015/16	2012/13 - 2015/16
	R thousand													
Consultants and professional services:	9 602	6 814	7 324	10 787	4.0%	3.2%	11 872	12 724	13 538	7.9%	3.5%			
Legal costs														
Contractors	1 876	1 224	1 570	3 159	19.0%	0.7%	2 055	2 352	2 365	-9.2%	0.7%			
Agency and support / outsourced services	8 981	7 837	6 808	8 038	-3.6%	3.0%	8 207	8 251	8 420	1.6%	2.4%			
Entertainment	35	79	42	144	60.2%	-	141	142	145	0.2%	-			
Inventory: Food and food supplies	810	824	913	1 227	14.8%	0.4%	1 131	1 171	1 191	-1.0%	0.3%			
Inventory: Fuel, oil and gas	341	493	607	474	11.6%	0.2%	372	386	391	-6.2%	0.1%			
Inventory: Materials and supplies	221	57	124	200	-3.3%	0.1%	193	191	194	-1.0%	0.1%			
Inventory: Medical supplies	-	2	1	2	-	-	4	4	5	35.7%	-			
Inventory: Other consumables	807	969	915	1 351	18.7%	0.4%	1 319	1 158	1 219	-3.4%	0.4%			
Inventory: Stationery and printing	4 351	3 557	3 403	4 577	1.7%	1.5%	5 072	4 902	4 934	2.5%	1.4%			
Operating leases	29 511	41 240	37 454	33 045	3.8%	13.2%	46 744	50 399	49 374	14.3%	13.0%			
Property payments	13 358	8 568	11 306	14 465	2.7%	4.5%	21 606	23 299	25 071	20.1%	6.1%			
Travel and subsistence	12 246	13 028	11 744	16 918	11.4%	5.1%	14 457	14 577	14 848	-4.3%	4.4%			
Training and development	2 227	2 550	3 222	4 050	22.1%	1.1%	3 646	3 936	4 276	1.8%	1.2%			
Operating payments	1 699	1 639	730	1 466	-4.8%	0.5%	998	1 052	1 080	-9.7%	0.3%			
Venues and facilities	731	136	274	575	-7.7%	0.2%	522	604	642	3.7%	0.2%			
<b>Transfers and subsidies</b>	<b>1 335</b>	<b>1 534</b>	<b>2 417</b>	<b>2 587</b>	<b>24.7%</b>	<b>0.7%</b>	<b>2 170</b>	<b>2 182</b>	<b>2 186</b>	<b>-5.5%</b>	<b>0.7%</b>			
Departmental agencies and accounts	358	425	482	621	20.2%	0.2%	586	614	634	0.7%	0.2%			
Households	977	1 109	1 935	1 966	26.2%	0.6%	1 584	1 568	1 552	-7.6%	0.5%			
<b>Payments for capital assets</b>	<b>7 615</b>	<b>4 244</b>	<b>6 470</b>	<b>26 481</b>	<b>51.5%</b>	<b>4.2%</b>	<b>15 348</b>	<b>4 992</b>	<b>4 638</b>	<b>-44.1%</b>	<b>3.7%</b>			
Buildings and other fixed structures	-	-	-	5 002	-	0.5%	5 000	-	-	-100.0%	0.7%			
Machinery and equipment	7 615	4 244	6 470	21 479	41.3%	3.7%	10 348	4 992	4 638	-40.0%	3.0%			
<b>Payments for financial assets</b>	<b>44</b>	<b>168</b>	<b>24</b>	<b>-</b>	<b>-100.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>			
<b>Total</b>	<b>242 790</b>	<b>248 661</b>	<b>254 534</b>	<b>321 138</b>	<b>9.8%</b>	<b>100.0%</b>	<b>341 691</b>	<b>348 647</b>	<b>368 688</b>	<b>4.7%</b>	<b>100.0%</b>			
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>0.5%</b>	<b>0.7%</b>	<b>1.2%</b>	<b>1.5%</b>			<b>1.3%</b>	<b>1.3%</b>	<b>1.3%</b>					

## Details of transfers and subsidies

Departmental agencies and accounts											
Departmental agencies (non-business entities)											
Current	358	425	482	621	20.2%	0.2%	586	614	634	0.7%	0.2%
Communication	-	-	-	98	-	-	112	116	119	6.7%	-
Finance, accounting, management, consulting and other financial services sector education and training authority	358	425	482	523	13.5%	0.2%	474	498	515	-0.5%	0.1%
Households											
Social benefits											
Current	69	68	557	116	18.9%	0.1%	-	-	-	-100.0%	-
Employee social benefits	69	68	557	116	18.9%	0.1%	-	-	-	-100.0%	-
Households											
Other transfers to households											
Current	908	1 041	1 378	1 850	26.8%	0.5%	1 584	1 568	1 552	-5.7%	0.5%
Bursaries for non-employees	908	1 041	1 378	1 600	20.8%	0.5%	1 584	1 568	1 552	-1.0%	0.5%
Advocate Zubeida Barmania	-	-	-	250	-	-	-	-	-	-100.0%	-

## Personnel information

Table 10.6 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>

Post status as at 30 September 2012		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment										Number								
Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate <sup>3</sup>			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)					
		2011/12		2012/13		2013/14		2014/15		2015/16		2012/13 - 2015/16								
		Number	Unit Cost	Number	Unit Cost	Number	Unit Cost	Number	Unit Cost	Number	Unit Cost									
<b>Administration</b>		370	10	338	116.5	0.3	403	137.9	0.3	403	159.1	0.4	403	171.1	0.4	403	187.8	0.5	-	100.0%
Salary level																				
1 - 6		55	-	53	7.6	0.1	55	9.1	0.2	55	9.7	0.2	55	10.1	0.2	55	10.6	0.2	-	13.6%
7 - 10		210	9	192	48.4	0.3	235	55.2	0.2	235	63.0	0.3	235	68.4	0.3	235	74.8	0.3	-	58.3%
11 - 12		60	1	54	25.8	0.5	66	32.3	0.5	63	37.8	0.6	63	41.5	0.7	63	44.5	0.7	-1.5%	15.8%
13 - 16		45	-	39	34.8	0.9	47	41.3	0.9	50	48.7	1.0	50	51.1	1.0	50	57.8	1.2	2.1%	12.2%

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

2. Rand million.

3. As at 30 September 2012.

## Expenditure trends

The spending focus over the medium term will be on ensuring improved governance by increasing the capacity of the internal audit function, IT and communications, and upgrading the infrastructure for ICT and security. Thus, spending in the Corporate Services and Office Accommodation subprogrammes together accounts for more than half of this programme's expenditure and budget allocations, mostly for spending on compensation of employees and goods and services.

Between 2009/10 and 2012/13, expenditure increased by R78.3 million, mainly in the Corporate Services, Enterprise Wide Risk Management, Office Accommodation and Financial Administration subprogrammes to: build capacity in the enterprise risk management and internal audit functions; upgrade the security system and provide infrastructure for ICT, including upgrading networks and old servers, providing storage and implementing security across the entire network architecture; and facilitate the improvements to office accommodation.

Over the medium term, expenditure is expected to increase to R368.7 million, mainly in the Office Accommodation and Financial Administration subprogrammes. The increase is to provide for the continued commitments for office accommodation, as well as the installation of an uninterrupted power supply system, a generator and a public announcement system. In addition, spending on compensation of employees is projected to increase by R50.4 million, primarily due to an additional allocation of R24.5 million for improved conditions of service. Over the same period, spending on goods and services is expected to increase by R19.4 million, mainly because of the devolution of funds from the Department of Public Works and an increase in audit fees. Payments for capital assets are expected to decrease to R4.6 million in 2015/16, primarily due to the completion of the project to enhance ICT infrastructure and the security system, as well as the completion of refurbishment works to office buildings. The programme receives an additional R24.5 million over the medium term for improved conditions of service.

To give effect to the Cabinet approved budget reductions of R20.3 million over the medium term, the department has implemented cost cutting measures, including the introduction of demand management to facilitate bulk buying and take advantage of economies of scale. The reductions have been mainly effected in the Corporate Services and Office Accommodation subprogrammes in spending on consultants, operating leases, and travel and subsistence.

The programme has a funded establishment of 370 posts and 10 posts are filled additional to the establishment. As at September 2012, the programme had 33 vacancies, which were expected to be filled by March 2013. Of these vacancies, 3 were internship positions that were filled in January 2013, 17 were due to attrition of employees and became vacant within the past 12 months, with the balance in specialised areas such as ICT. Consequently, the number of posts filled grew from 338 in 2011/12 to 403 in 2012/13 to provide mainly for ICT capacity requirements, and the higher intake of interns. Personnel numbers are expected to remain at this level over the medium term.

Most of the consultancy services are procured through the Corporate Services and Legal Services subprogrammes. Consultants mainly provide specialised ICT skills and legal services. Spending on consultants decreased by R772 000 between 2009/10 and 2012/13, and is projected to decrease further by R979 000 over the medium term as internal capacity to provide ICT and internal audit services grows.

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

### Objectives

- Improve South Africa's macroeconomic and microeconomic framework by:
  - conducting ongoing analytical work and research, and developing policy advisory services.
- Support the promotion of economic growth, employment and macroeconomic stability and retirement reform by:
  - developing tax policy proposals and supporting legislation for the annual budget
  - monitoring the collection of revenue through ongoing consultation with relevant stakeholders and the consideration of contributing factors.

## Subprogrammes

- *Programme Management for Economic Policy, Financial Regulation and Research* provides overall programme management and policy advice to government relating to the promotion of economic growth, employment, and microeconomic and macroeconomic stability. In 2012/13, transfers and subsidies in this subprogramme accounted for 51.6 per cent of the subprogramme's total budget, with the bulk of the transfer payments allocated to Economic Research Southern Africa for conducting economic research. This subprogramme had a staff complement of 8 at 30 September 2012.
- *Research* promotes economic research institutions through the funding of economic research in the public interest, as well as more dedicated research on behalf of the department. This includes promoting the research capacity of local academic researchers in areas such as economic growth, job creation, macroeconomic stability, poverty alleviation, retirement reform and financial sector development. Most funding is for longer term agreements with institutions such as the Centre for Research into Economics and Finance in Southern Africa, and also for ad-hoc economic research related projects. In 2012/13, a total adjusted budget adjusted for research of R12.7 million was used mainly for funding a number of economic and policy research initiatives. Key outputs in 2012/13 included the development of a discussion paper on youth unemployment through the Centre for Research into Economics and Finance in Southern Africa, research on a single payer and multiple payer national health insurance model, policy research towards the reform of pensions, and policy research towards the implementation of a twin peak model for reforming regulation and oversight in the financial sector. This regulatory structure involves separate prudential and market conduct regulators, aimed at creating a more resilient and stable financial system. This subprogramme has no staff complement as all work is undertaken by consultants under the supervision of the *Programme Management for Economic Policy, Financial Regulation and Research* subprogramme.
- *Financial Sector Policy* is responsible for developing policy on the regulation of the financial sector in South Africa, developing policies to broaden access to financial services by all South Africans, and developing policies to improve the national savings rate through reforms to the legislative framework governing the savings industry, including work being undertaken towards the implementation of retirement reform proposals. In 2012/13, the unit finalised and released a policy paper for public comment that involved an overview of proposals for strengthening retirement savings that were made in the 2012 Budget. Over the medium term, the unit intends to fully implement the twin peak model for reforming regulation and oversight in the financial sector. This will entail creating a prudential regulator housed in the South African Reserve Bank; and transforming the Financial Services Board into a dedicated market conduct regulator. This subprogramme had a staff complement of 30 as at 30 September 2012.
- *Tax Policy* is responsible for drafting annual tax proposals and legislation as part of the national budget as an effective, equitable and efficient tax policy framework and tax administrative system to ensure sustainable growth and delivery on government's mandate to address the needs of all South Africans. This includes providing tax proposals towards improved environmental sustainability. In 2011/12, the unit implemented the new dividend tax as part of the 2012 Budget, which replaced the secondary tax on companies. In 2012/13, the unit's outputs included considerations of public comments received on the carbon tax policy paper and finalised proposals for a carbon tax over the medium term. This subprogramme had a staff complement of 33 as at 30 September 2012.
- *Economic Policy* provides macroeconomic and microeconomic forecasts, regulatory technical and policy analysis, and scenario modelling to provide sound policy advice on the economic environment for the annual budget and other government processes. Policy advice is mainly focused on creating decent employment through inclusive economic growth. The subprogramme also provides analytical work and policy advice on a wide range of issues including inflation management, electricity pricing, economic growth, structural budget balances, and the exchange rate. In 2012/13, economic policies and plans that are focused on achieving higher sustainable economic growth and job creation were assessed, analyses and monitoring of capital flows and capital account management issues were conducted, as were global trends analyses in capital flows and policy. Activities over the medium term include reviewing the electricity pricing methodology, and providing advice on the economic impacts of alternative models for restructuring the energy sector and freight logistics systems to improve economic efficiency. This subprogramme had a staff complement of 31 as at 30 September 2012.

- *Cooperative Banking Development Agency* facilitates the transfer payment to the Cooperative Banking Development Agency, which provides for the registration, supervision and regulation of cooperative banks and the development of cooperative financial institutions such as savings and credit cooperatives, community banks, village banks and financial services cooperatives into cooperative banks. Over the medium term, transfers to the agency are expected to increase to support the agency's services. This subprogramme has no staff complement.

## Expenditure estimates

**Table 10.7 Economic Policy, Tax, Financial Regulation and Research**

Subprogramme	Audited outcome			Adjusted appropriation	Average growth rate (%)		Medium-term expenditure estimate			Average growth rate (%)	
	2009/10	2010/11	2011/12		2012/13	2009/10 - 2012/13	Average	2013/14	2014/15	2015/16	2012/13 - 2015/16
R thousand											
Programme Management for Economic Policy, Financial Regulation and Research	13 269	12 058	19 736	19 363	13.4%	15.3%	21 244	22 511	23 784	7.1%	15.0%
Research	8 504	11 217	9 749	12 707	14.3%	10.0%	17 394	16 136	16 620	9.4%	10.9%
Financial Sector Policy	17 535	17 673	61 487	23 268	9.9%	28.5%	29 305	30 485	32 655	12.0%	20.0%
Tax Policy	17 334	19 244	23 026	26 926	15.8%	20.6%	31 548	33 527	34 439	8.5%	21.9%
Economic Policy	15 251	17 668	17 159	24 244	16.7%	17.7%	30 132	31 696	33 113	11.0%	20.6%
Cooperative Banking Development Agency	-	8 200	9 310	16 000	-	8.0%	16 236	16 838	17 433	2.9%	11.5%
<b>Total</b>	<b>71 893</b>	<b>86 060</b>	<b>140 467</b>	<b>122 508</b>	<b>19.4%</b>	<b>100.0%</b>	<b>145 859</b>	<b>151 193</b>	<b>158 044</b>	<b>8.9%</b>	<b>100.0%</b>
Change to 2012 Budget estimate				(26 450)			(3 033)	(4 666)	158 044		
<b>Economic classification</b>											
<b>Current payments</b>	<b>66 389</b>	<b>72 203</b>	<b>119 550</b>	<b>95 819</b>	<b>13.0%</b>	<b>84.1%</b>	<b>119 155</b>	<b>122 894</b>	<b>128 322</b>	<b>10.2%</b>	<b>80.7%</b>
Compensation of employees	44 832	51 039	56 188	66 820	14.2%	52.0%	84 449	89 188	93 585	11.9%	57.8%
Goods and services	21 557	21 164	63 362	28 999	10.4%	32.1%	34 706	33 706	34 737	6.2%	22.9%
of which:											
Administration fees	1 131	713	43 377	1 009	-3.7%	11.0%	1 235	419	852	-5.5%	0.6%
Advertising	222	214	363	398	21.5%	0.3%	446	496	541	10.8%	0.3%
Assets less than the capitalisation threshold	70	40	18	83	5.8%	0.1%	60	70	68	-6.4%	-
Bursaries: Employees	239	147	182	300	7.9%	0.2%	331	375	383	8.5%	0.2%
Catering: Departmental activities	209	215	154	225	2.5%	0.2%	149	155	158	-11.1%	0.1%
Communication	400	367	317	363	-3.2%	0.3%	436	463	497	11.0%	0.3%
Computer services	37	212	40	24	-13.4%	0.1%	44	36	37	15.5%	-
Consultants and professional services: Business and advisory services	8 504	11 217	11 083	13 343	16.2%	10.5%	20 417	19 521	20 203	14.8%	12.7%
Contractors	26	11	3	15	-16.8%	-	6	18	18	6.3%	-
Agency and support / outsourced services	14	-	-	-	-100.0%	-	-	-	-	-	-
Entertainment	15	19	15	53	52.3%	-	46	42	45	-5.3%	-
Inventory: Materials and supplies	5	4	-	-	-100.0%	-	-	-	-	-	-
Inventory: Other consumables	-	-	-	5	-	-	4	3	4	-7.2%	-
Inventory: Stationery and printing	1 047	905	687	1 710	17.8%	1.0%	800	860	973	-17.1%	0.8%
Operating leases	126	132	98	213	19.1%	0.1%	329	309	247	5.1%	0.2%
Travel and subsistence	4 429	4 404	5 091	6 401	13.1%	4.8%	6 544	6 974	6 921	2.6%	4.6%
Training and development	539	467	550	857	16.7%	0.6%	621	784	804	-2.1%	0.5%
Operating payments	4 294	1 779	1 284	3 150	-9.8%	2.5%	3 056	2 936	2 692	-5.1%	2.0%
Venues and facilities	250	318	100	850	50.4%	0.4%	182	245	294	-29.8%	0.3%
<b>Transfers and subsidies</b>	<b>5 010</b>	<b>13 500</b>	<b>20 498</b>	<b>26 029</b>	<b>73.2%</b>	<b>15.5%</b>	<b>26 136</b>	<b>27 618</b>	<b>29 073</b>	<b>3.8%</b>	<b>18.8%</b>
Departmental agencies and accounts	-	8 200	9 310	16 000	-	8.0%	16 236	16 838	17 433	2.9%	11.5%
Higher education institutions	5 000	-	-	-	-100.0%	1.2%	-	-	-	-	-
Public corporations and private enterprises	-	5 300	11 000	10 000	-	6.2%	9 900	10 780	11 640	5.2%	7.3%
Households	10	-	188	29	42.6%	0.1%	-	-	-	-100.0%	-
<b>Payments for capital assets</b>	<b>463</b>	<b>351</b>	<b>408</b>	<b>660</b>	<b>12.5%</b>	<b>0.4%</b>	<b>568</b>	<b>681</b>	<b>649</b>	<b>-0.6%</b>	<b>0.4%</b>
Machinery and equipment	463	351	408	660	12.5%	0.4%	568	681	649	-0.6%	0.4%
<b>Payments for financial assets</b>	<b>31</b>	<b>6</b>	<b>11</b>	<b>-</b>	<b>-100.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>71 893</b>	<b>86 060</b>	<b>140 467</b>	<b>122 508</b>	<b>19.4%</b>	<b>100.0%</b>	<b>145 859</b>	<b>151 193</b>	<b>158 044</b>	<b>8.9%</b>	<b>100.0%</b>
Proportion of total programme expenditure to vote expenditure	0.1%	0.2%	0.7%	0.6%			0.6%	0.5%	0.6%		

**Table 10.7 Economic Policy, Tax, Financial Regulation and Research (continued)**

R thousand	Audited outcome			Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2009/10	2010/11	2011/12				2012/13	2009/10 - 2012/13	2013/14		
<b>Details of transfers and subsidies</b>											
<b>Departmental agencies and accounts</b>											
<b>Departmental agencies (non-business entities)</b>											
<b>Current</b>	-	8 200	9 310	16 000	-	8.0%	16 236	16 838	17 433	2.9%	11.5%
Cooperative Banking Development Agency	-	8 200	9 310	16 000	-	8.0%	16 236	16 838	17 433	2.9%	11.5%
<b>Households</b>											
<b>Social benefits</b>											
<b>Current</b>	10	-	188	29	42.6%	0.1%	-	-	-	-100.0%	-
Employee social benefits	10	-	188	29	42.6%	0.1%	-	-	-	-100.0%	-
<b>Public corporations and private enterprises</b>											
<b>Private enterprises</b>											
<b>Other transfers to private enterprises</b>											
<b>Current</b>	-	5 300	11 000	10 000	-	6.2%	9 900	10 780	11 640	5.2%	7.3%
Economic Research Southern Africa	-	5 300	11 000	10 000	-	6.2%	9 900	10 780	11 640	5.2%	7.3%
<b>Higher education institutions</b>											
<b>Current</b>	5 000	-	-	-	-100.0%	1.2%	-	-	-	-	-
University of Cape Town	5 000	-	-	-	-100.0%	1.2%	-	-	-	-	-

## Personnel information

**Table 10.8 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Post status as at 30 September 2012	Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number			
	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate <sup>3</sup>			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2011/12	2012/13	2013/14	2014/15	2015/16	2012/13 - 2015/16											
Economic Policy, Tax, Financial Regulation and Research			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost		
Salary level	129	1	104	56.2	0.5	129	61.8	0.5	131	84.4	0.6	131	89.2	0.7	131	93.6	0.7	0.5%	100.0%
1 - 6	1	-	1	0.1	0.1	1	0.2	0.2	1	0.2	0.2	1	0.2	0.2	1	0.2	0.2	-	0.8%
7 - 10	22	-	20	8.2	0.4	35	10.2	0.3	35	12.0	0.3	35	12.8	0.4	35	13.4	0.4	-	26.8%
11 - 12	56	1	47	20.4	0.4	46	20.7	0.4	47	28.6	0.6	47	30.2	0.6	47	31.7	0.7	0.7%	35.8%
13 - 16	50	-	36	27.5	0.8	47	30.7	0.7	48	43.7	0.9	48	46.0	1.0	48	48.3	1.0	0.7%	36.6%

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

2. Rand million.

3. As at 30 September 2012.

## Expenditure trends

The spending focus over the medium term will continue to be on directing funds and resources towards the analysis of the country's economic and financial environment through the research and development of economic policies and financial frameworks in order to enable economic growth and financial stability. The Financial Sector Policy, Tax Policy and Economic Policy subprogrammes take up more than 60 per cent of this programme's expenditure and budget allocations. More than half of the programme's medium term spending is on compensation of employees; 22.9 per cent is on goods and services, which is mainly for consultants and travel and subsistence; and 18.8 per cent is on transfer payments to the Cooperative Banking Development Agency and Economic Research Southern Africa.

Between 2009/10 and 2012/13, expenditure increased by R50.6 million, mainly due to the introduction of transfer payments in 2010/11 to the Economic Research Southern Africa enterprise for economic research work as well as to the Cooperative Banking Development Agency. In addition, spending on compensation of employees increased by R22 million over the period due to the filling of 27 vacancies in the economic policy, tax policy and financial sector policy units. A once-off payment of R43 million in 2011/12 to the South African Reserve Bank to finance a voluntary disclosure programme relating to transgressions of exchange control measures also contributed to increased spending between 2009/10 and 2012/13. The R7.4 million increase in spending on goods and services was mainly due to: spending on consultants to provide economic research on topics such as the twin peak regulatory structure for South Africa and tax policies; and increased spending on

travel and subsistence for international stakeholder engagements, including the G20 and summits involving the Brazil-Russia-India-China-South Africa (BRICS) group of countries.

Over the medium term, expenditure is expected to increase by R35.5 million, mainly due to economic research projects to be undertaken. The research projects include economic and financial sector research work on youth unemployment; mining tax royalties; the development of the financial sector market conduct as part of the twin peak model; retirement reforms, including savings and modelling forecasting through the dynamic stochastic general equilibrium macroeconomic policy analysis tool. The research projects have necessitated increasing the department's capacity in economic modelling and forecasting, and financial and tax sector policy development, which is projected to increase spending on compensation of employees by R26.8 million over the medium term. In addition, spending on consultants is projected to increase by R6.9 million over the same period to provide specialist and expert skills and knowledge within the research projects. The department expects to implement the twin peak model of regulating the financial sector by the end of the medium term. Spending on consultants accounts for 43.8 per cent of total spending on goods and services over the seven-year period, and increased by R4.8 million between 2009/10 and 2012/13.

To give effect to the Cabinet approved budget reductions of R9.5 million, the department has implemented cost saving measures in administrative costs and bank charges owed to the South African Reserve Bank; and reduced spending on consultants, travel and subsistence and operating payments with no adverse effect on the programme's core functions.

The programme has a funded establishment of 129 posts and 1 post is filled additional to the establishment. The number of posts filled is anticipated to increase from 104 in 2011/12 to 129 over the medium term to fully build capacity in the programme for the development and monitoring of various policies and regulatory frameworks such as tax policies, the twin peak oversight model, retirement reforms and youth employment. The programme receives an additional R8.1 million over the medium term for improved conditions of service. As at 30 September 2012, the department had 25 vacancies, mainly due to natural attrition as all 25 positions have been vacant for less than 12 months.

## **Programme 3: Public Finance and Budget Management**

### **Objectives**

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

- promoting public private partnerships
- providing a mechanism for accessing private sector finance and expertise
- assessing major infrastructure initiatives in order to deploy appropriate financing mechanisms.
- Ensure the appropriate use of public and private financial resources for social and economic development and infrastructure investment by continuously improving the monitoring and analysis of public expenditure monthly, quarterly and annually.

## Subprogrammes

- *Programme Management for Public Finance and Budget Management* provides support to the planning, monitoring and delivery of the programme's strategy. Key activities include oversight and managing the processes related to the annual publication of the Medium Term Budget Policy Statement, the coordination of the Budget, and the production of the Division of Revenue Bill for the three spheres of government. This subprogramme had a staff complement of 10 as at 30 September 2012.
- *Public Finance* provides financial and budgetary analysis of government programmes, advises on policy and service delivery trends, and manages the National Treasury's relations with other national departments. Outputs include the phased implementation of contributory social security reforms and retirement industry legislative amendments; expenditure analysis, evaluation, monitoring, policy development as well as assess financing of major infrastructure projects in the energy and transport sectors. This subprogramme had a staff complement of 89 as at 30 September 2012.
- *Budget Office and Coordination* is responsible for the provision of fiscal policy advice and the alignment of government's medium term spending and revenue plans with government's longer term fiscal policy and strategic priorities. The unit leads the budget reform programme, coordinates international technical assistance and donor finance, provides advice on public service remuneration and pension arrangements, and compiles public finance statistics. It is also responsible for a coherent regulatory framework to promote a consistent approach to governance and the organisational and institutional design of public entities, government agencies and departmental business enterprises. Activities include managing and setting South Africa's annual budget and developing related models for national planning and reporting purposes. This subprogramme had a complement of 80 as at 30 September 2012.
- *Intergovernmental Relations* coordinates fiscal relations between national, provincial and local government; promotes sound provincial and municipal budgetary planning, reporting and financial management; and coordinates the city support programme for government with the aim of promoting improved planning, management of the built environment in cities and completion of infrastructure projects. Key annual outputs include publishing the Division of Revenue Act; implementing the cities support programme; and running 7 division of revenue workshops, 2 business planning training courses, and other training for 400 officials. This subprogramme had a staff complement of 62 as at 30 September 2012.
- *Financial and Fiscal Commission* facilitates the annual transfer payment to the Financial and Fiscal Commission, which provides independent, objective, impartial and unbiased advice to all three spheres of government regarding the division of revenue; as well as advice on the enactment of legislation pertaining to provincial taxes, municipal fiscal powers and functions, and provincial and municipal loans. This subprogramme has no staff complement.

## Expenditure estimates

Table 10.9 Public Finance and Budget Management

Subprogramme	Audited outcome			Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2009/10	2010/11	2011/12				2012/13	2013/14	2014/15		
R thousand											
Programme Management for Public Finance and Budget Management	16 189	12 185	14 626	45 056	40.7%	11.7%	22 685	24 231	25 223	-17.6%	11.4%
Public Finance	39 114	46 105	58 430	63 972	17.8%	27.7%	72 076	75 507	77 891	6.8%	28.1%
Budget Office and Coordination	32 823	36 137	42 269	52 351	16.8%	21.8%	61 624	63 532	66 232	8.2%	23.7%
Intergovernmental Relations	30 736	34 433	48 068	48 668	16.6%	21.6%	57 160	58 007	59 933	7.2%	21.7%
Financial and Fiscal Commission	26 580	31 391	33 036	37 268	11.9%	17.1%	38 767	39 488	40 884	3.1%	15.2%
<b>Total</b>	<b>145 442</b>	<b>160 251</b>	<b>196 429</b>	<b>247 315</b>	<b>19.4%</b>	<b>100.0%</b>	<b>252 312</b>	<b>260 765</b>	<b>270 163</b>	<b>3.0%</b>	<b>100.0%</b>
Change to 2012 Budget estimate				19 834			10 166	6 098	270 163		

## Economic classification

<b>Current payments</b>	<b>116 641</b>	<b>128 077</b>	<b>160 518</b>	<b>208 068</b>	<b>21.3%</b>	<b>81.8%</b>	<b>212 300</b>	<b>220 120</b>	<b>227 982</b>	<b>3.1%</b>	<b>84.3%</b>
Compensation of employees	91 815	109 593	130 836	148 251	17.3%	64.1%	172 763	182 249	190 963	8.8%	67.4%
Goods and services	24 826	18 484	29 682	59 817	34.1%	17.7%	39 537	37 871	37 019	-14.8%	16.9%
of which:											
Administration fees	1 031	369	813	729	-10.9%	0.4%	716	818	876	6.3%	0.3%
Advertising	472	471	336	678	12.8%	0.3%	680	718	781	4.8%	0.3%
Assets less than the capitalisation threshold	83	44	57	253	45.0%	0.1%	176	251	255	0.3%	0.1%
Audit cost: External	6	-	-	-	-100.0%	-	-	-	-	-	-
Bursaries: Employees	266	408	336	927	51.6%	0.3%	786	796	954	1.0%	0.3%
Catering: Departmental activities	376	358	390	516	11.1%	0.2%	640	694	727	12.1%	0.3%
Communication	455	517	584	603	9.8%	0.3%	693	708	752	7.6%	0.3%
Computer services	681	302	598	455	-12.6%	0.3%	1 379	1 149	1 017	30.7%	0.4%
Consultants and professional services: Business and advisory services	8 286	4 719	12 119	38 787	67.3%	8.5%	16 787	14 219	11 708	-32.9%	7.9%
Consultants and professional services: Legal costs	-	-	-	200	-	-	788	835	992	70.5%	0.3%
Contractors	16	63	5	113	91.9%	-	55	77	102	-3.4%	-
Agency and support / outsourced services	5	-	-	61	130.2%	-	30	35	40	-13.1%	-
Entertainment	20	28	41	134	88.5%	-	151	165	178	9.9%	0.1%
Inventory: Food and food supplies	-	-	-	-	-	-	22	23	25	-	-
Inventory: Materials and supplies	3	-	1	7	32.6%	-	7	6	6	-5.0%	-
Inventory: Other consumables	2	-	-	7	51.8%	-	61	84	106	147.4%	-
Inventory: Stationery and printing	6 079	5 743	5 802	6 783	3.7%	3.3%	7 193	7 500	8 561	8.1%	2.9%
Operating leases	269	231	227	358	10.0%	0.1%	356	399	428	6.1%	0.1%
Travel and subsistence	4 633	4 459	7 440	7 371	16.7%	3.2%	7 449	7 539	7 564	0.9%	2.9%
Training and development	1 394	495	425	964	-11.6%	0.4%	848	961	972	0.3%	0.4%
Operating payments	209	178	158	235	4.0%	0.1%	230	213	285	6.6%	0.1%
Venues and facilities	540	99	350	636	5.6%	0.2%	490	681	690	2.8%	0.2%
<b>Transfers and subsidies</b>	<b>27 808</b>	<b>31 391</b>	<b>35 296</b>	<b>37 422</b>	<b>10.4%</b>	<b>17.6%</b>	<b>38 767</b>	<b>39 488</b>	<b>40 884</b>	<b>3.0%</b>	<b>15.2%</b>
Departmental agencies and accounts	26 580	31 391	35 036	37 268	11.9%	17.4%	38 767	39 488	40 884	3.1%	15.2%
Higher education institutions	456	-	-	-	-100.0%	0.1%	-	-	-	-	-
Households	772	-	260	154	-41.6%	0.2%	-	-	-	-100.0%	-
<b>Payments for capital assets</b>	<b>944</b>	<b>759</b>	<b>597</b>	<b>1 825</b>	<b>24.6%</b>	<b>0.6%</b>	<b>1 245</b>	<b>1 157</b>	<b>1 297</b>	<b>-10.8%</b>	<b>0.5%</b>
Machinery and equipment	944	759	597	1 825	24.6%	0.6%	1 245	1 157	1 297	-10.8%	0.5%
Payments for financial assets	49	24	18	-	-100.0%	-	-	-	-	-	-
<b>Total</b>	<b>145 442</b>	<b>160 251</b>	<b>196 429</b>	<b>247 315</b>	<b>19.4%</b>	<b>100.0%</b>	<b>252 312</b>	<b>260 765</b>	<b>270 163</b>	<b>3.0%</b>	<b>100.0%</b>
Proportion of total programme expenditure to vote expenditure	0.3%	0.4%	0.9%	1.2%			1.0%	0.9%	1.0%		

## Details of transfers and subsidies

<b>Departmental agencies and accounts</b>											
<b>Departmental agencies (non-business entities)</b>											
<b>Current</b>	<b>26 580</b>	<b>31 391</b>	<b>35 036</b>	<b>37 268</b>	<b>11.9%</b>	<b>17.4%</b>	<b>38 767</b>	<b>39 488</b>	<b>40 884</b>	<b>3.1%</b>	<b>15.2%</b>
Financial and Fiscal Commission	26 580	31 391	33 036	37 268	11.9%	17.1%	38 767	39 488	40 884	3.1%	15.2%
South African Local Government Association	-	-	2 000	-	-	0.3%	-	-	-	-	-
<b>Households</b>											
<b>Social benefits</b>											
<b>Current</b>	<b>772</b>	<b>-</b>	<b>260</b>	<b>154</b>	<b>-41.6%</b>	<b>0.2%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-100.0%</b>	<b>-</b>
Employee social benefits	772	-	260	154	-41.6%	0.2%	-	-	-	-100.0%	-
<b>Higher education institutions</b>											
<b>Current</b>	<b>456</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-100.0%</b>	<b>0.1%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
University of Pretoria	456	-	-	-	-100.0%	0.1%	-	-	-	-	-

## Personnel information

**Table 10.10 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Post status as at 30 September 2012		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment												Number					
Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate <sup>3</sup>			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)				
		2011/12			2012/13			2013/14		2014/15		2015/16				2012/13 - 2015/16			
		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost						
Public Finance and Budget Management	263	13	243	130.8	0.5	277	144.4	0.5	281	172.8	0.6	281	182.2	0.6	281	191.0	0.7	0.5%	100.0%
Salary level																			
1 – 6	3	–	2	0.3	0.2	3	0.4	0.1	3	0.6	0.2	3	0.6	0.2	3	0.7	0.2	–	1.1%
7 – 10	90	3	84	22.7	0.3	93	28.0	0.3	95	33.7	0.4	95	36.3	0.4	95	38.0	0.4	0.7%	33.8%
11 – 12	87	6	81	39.3	0.5	92	45.6	0.5	94	57.0	0.6	94	59.7	0.6	94	62.5	0.7	0.7%	33.4%
13 – 16	83	4	76	68.4	0.9	89	70.3	0.8	89	81.4	0.9	89	85.6	1.0	89	89.8	1.0	–	31.8%

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

2. Rand million.

3. As at 30 September 2012.

## Expenditure trends

The spending focus over the medium term will be on building capacity within the programme, mainly at the senior management level to provide better support to the national, provincial and local spheres of government with regard to financial management, including budgeting and expenditure management. In support of programme objectives, medium term outputs will include the technical implementation support to cities and relevant national departments as part of the rollout of the cities support programme aimed at enabling cities to manage their built environment and ensuring that all member departments of the infrastructure development improvement programme implement the principles of the infrastructure delivery management toolkit. The *Public Finance, Budget Office and Coordination* and *Intergovernmental Relations* subprogrammes together account for more than 70 per cent of this programme's expenditure and budget allocations, with more than 80 per cent of that budget allocated to spending on compensation of employees and goods and services, mainly for consultants, stationery and printing, and travel and subsistence.

Between 2009/10 and 2012/13, expenditure increased by R101.9 million, mainly to provide for the increase in the establishment by 32 filled posts. This was in line with the changes effected to enhance performance and increase capacity in focal areas such as support to municipalities to improve spending and ensure value for money. Most of these posts were at the senior management level. The increase in the number of posts resulted in an increase in spending on compensation of employees of R56.5 million between 2009/10 and 2012/13. Spending on goods and services over this period increased by R35 million, most of which related to the cost of consultants contracted to provide web based system support; to develop the standard chart of accounts for local government; as well as to provide support for the implementation of the section 100 constitutional interventions, mainly in Limpopo.

The programme has continued to provide high quality budget documentation, including the Budget Review, the Estimates of National Expenditure, and the Medium Term Budget Policy Statement. These annual documents resulted in South Africa being awarded first place in the 2010 open budget index and second place in the 2012 survey, with a score of 90 out of 100 possible points. This affirms the progress the National Treasury has made since introducing the three-year forward planning framework for the planning and management of fiscal resources.

Over the medium term, spending on compensation of employees is expected to increase by R42.7 million to provide for improved conditions of service and increases in filled positions to support the three spheres of government. Over the same period, spending on goods and services is expected to decrease by R22.8 million, mainly because of a R26.3 million reduction in spending on consultants as a result of the anticipated completion of the section 100 interventions.

Consultants are used for short term assignment for the editing of budget documents, including the Estimates of National Expenditure, the Adjusted Estimates of National Expenditure, the Budget Review, the Medium Term Budget Policy Statement and the Medium Term Expenditure Reporting Framework. Consultants also provide services related to social retirement reforms and the multi-agent transport simulator project, which aims to

develop the integrated public transport networks and determine the efficiency and effectiveness of a subsidised public transport system.

Transfers account for an average of 16.4 per cent of this programme's expenditure over the seven-year period, with the largest transfer payments allocated to the *Financial and Fiscal Commission*. The transfer payments to higher education institutions in 2009/10 relate to the annual international public finance conference, which was a public platform for discussing the fiscal reforms, including public spending. The once-off transfer of R2 million in 2011/12 to the South African Local Government Association was made to train new councillors in municipal finances and the budget reforms required by the Municipal Finance Management Act (2003).

To give effect to the Cabinet approved reductions of R15.5 million over the medium term, the department has implemented cost cutting measures, which include: scaling back on the use of consultants, where possible supported by training departmental personnel to fulfil roles usually performed by consultants; reducing spending on travel by flying economy class and using teleconferencing facilities instead of travelling to meeting venues; reducing the transfers to the *Financial and Fiscal Commission* by R2.5 million over the medium term; and conducting a review of personnel needs.

The programme has a funded establishment of 263 posts and 13 posts are filled additional to the establishment. The number of posts filled is expected to grow from 243 in 2011/12 to 281 over the medium term to provide for capacity to the programme for its expanding mandate, which includes the oversight of civil pension reforms as well as the oversight and implementation of the cities support programme.

This programme had 35 vacant positions as at 30 September 2012, all of which will have been filled by March 2013. Most vacancies are due to natural attrition, and only 8 positions have been vacant for more than 12 months because of delays in finding the requisite specialist skills, mainly in economics. Personnel numbers are expected to increase by another 4 positions in 2013/14 and will remain at this level in 2014/15 and 2015/16. This programme receives an additional R671 000 over the medium term for improved conditions of service.

## **Programme 4: Asset and Liability Management**

### **Objectives**

- Exercise oversight of state owned enterprises to enable them to achieve government's policy objectives in a financially sustainable manner by:
  - reviewing the corporate plans and annual financial statements of state owned enterprises regularly
  - coordinating state owned entities' borrowing programmes
  - tracking progress on capital expenditure programmes
  - reviewing applications for funding, guarantees and borrowing limits in terms of the Public Finance Management Act (1999), and monitoring progress on an ongoing basis.
- Finance government's gross borrowing requirement of R215.5 billion by March 2014 by sourcing such funds from the domestic and international markets over the same period.
- Ensure that government's liquidity requirements are consistently met through effective cash management by making sound cash forecasts on an ongoing basis.
- Enable government to manage financial risk and attract investment by reviewing credit, debt, country ratings and contingent liability risk benchmarks, and ensuring adherence to set standards on an ongoing basis.

### **Subprogrammes**

- *Programme Management for Asset and Liability Management* provides support for planning, monitoring and delivering the programme's activities. This subprogramme had a staff complement of 5 as at 30 September 2012.

- *State Owned Entity Financial Management and Governance* is responsible for overseeing and enabling state owned enterprises to meet government's policy objectives in a financially and fiscally sustainable manner. The subprogramme is also responsible for promoting sound corporate governance, which entails exercising financial oversight to ensure that financial resources are applied in accordance with government policy. This subprogramme had a staff complement of 42 as at 30 September 2012.
- *Government Debt Management* is responsible for government's long term funding needs and manages domestic and foreign debt, contributes to the development of financial markets and maintains sound investor relations. In 2012/13, government financed its gross borrowing requirement of R219.2 billion, mainly in the domestic capital and money markets. To meet government's foreign currency commitment, US\$500 million was borrowed in the international market, US\$424 million was purchased in the currency market while US\$420 million worth of currency swap was settled and cash balances with the South African Reserve Bank were utilised for the larger share of the commitment. To reduce refinancing risk, government entered into bond switch transactions, whereby short term local currency bonds were exchanged for long term bonds before their repayment dates. This subprogramme had a staff complement of 30 as at 30 September 2012.
- *Financial Operations* provides for government's short term funding needs, manages cash in all spheres of government, invests government surplus cash, supplies reliable systems and provides information relating to the division's operations. In 2012/13, more than R40 billion of public sector cash was available for bridging finance for government and provinces. The second module (domestic government bonds) of the new treasury management system will be implemented in 2013/14, with the remaining modules to be completed by the end of 2014/15. This subprogramme had a staff complement of 18 as at 30 September 2012.
- *Strategy and Risk Management* develops and maintains a risk management framework for the debt and contingent liabilities of government and state owned entities, and implements debt management strategies that minimise government's exposure to adverse risks. In 2012/13, the domestic debt portfolio was at a 64.5 per cent fixed rate and a 35.5 per cent non-fixed rate, which is slightly below the acceptable deviation of 5 percentage points from the 70:30 fixed to non-fixed rate risk benchmarks. This was mainly due to increasing revaluations on inflation linked bonds and the fact that these instruments generate sufficient cash for government and are highly demand driven. While switch auctions announced in the 2012 Budget will continue as a strategy to reduce refinancing risk, the scenario model for cost risk analysis will be used to review the current strategic risk benchmarks of the 70:30 fixed to non-fixed rate exposure and 80:20 domestic to foreign currency debt exposure. This will provide a better medium to long term portfolio preference for government through testing numerous debt or financing strategies and their associated costs and risks in the government debt horizon, consistent with the revised fiscal framework and macro projections. Based on revised macro projections, foreign debt as a percentage of total gross government debt was 8.7 per cent in 2012/13, below the risk benchmark of 20-25 per cent. In line with government's countercyclical fiscal policy, net debt provisions and contingent liabilities were estimated to reach 51.2 per cent of GDP by the end of 2012/13, compared to the risk benchmark of 50 per cent. In 2012/13, South Africa's sovereign credit rating was downgraded by Moody's Investors Service (to Baa1 from A3), Standard & Poor's (to BBB from BBB+) and Fitch Ratings (to BBB from BBB+). Moody's Investors Service and Standard & Poor's maintained a negative outlook, while Fitch Ratings changed the outlook to stable from negative. Rating and Investment Information was the only ratings agency that affirmed South Africa's rating at A- with a stable outlook. This subprogramme had a staff complement of 18 as at 30 September 2012.
- *Financial Investments* provides funding mainly for the recapitalisation of Eskom, the Land and Agricultural Development Bank of South Africa, Postbank, as well as the Development Bank of Southern Africa. Over the audited period between 2008/09 and 2010/11, Eskom was provided with a subordinated loan of R60 billion to enable it to build energy renewal capacity. In 2009/10, the Land and Agricultural Development Bank of South Africa's balance sheet was augmented with a guarantee of R3.5 billion, which was converted into capital injections of R2.7 billion over the previous three years. The balance of

R800 million is allocated over the medium term, with R300 million in 2013/14 and R500 million in 2014/15 being the last payment. Regarding the implementation of the curatorship and emerging farmer support facility, the bank has (in conjunction with the departments of Rural Development and Land Reform and Agriculture, Forestry and Fisheries) begun a process of assessing 136 farms for inclusion under the facility. The recapitalisation of Postbank is in support of Cabinet's decision to establish a state owned bank that has the mandate of extending banking services to the unbanked. The recapitalisation will allow Postbank to acquire a core banking system and to employ skilled staff to meet the requirements of the registrar of banks. The recapitalisation of the Development Bank of Southern Africa is in support of the bank's refocused mandate on core infrastructure funding by increasing municipal lending, state owned enterprise infrastructure plans, regional lending and private public partnerships. The rebuilding of the bank's capital base will allow it to grow its assets to R91 billion by 2017 and enable loan disbursements of between R8 billion to R21 billion per year. This subprogramme has no staff complement.

## Expenditure estimates

**Table 10.11 Asset and Liability Management**

Subprogramme	Audited outcome			Adjusted appropriation 2012/13	Average growth rate (%)		Medium-term expenditure estimate			Average growth rate (%)	
	2009/10	2010/11	2011/12		2009/10 - 2012/13	2012/13	2013/14	2014/15	2015/16	2012/13 - 2015/16	2015/16
R thousand											
Programme Management for Asset and Liability Management	11 982	13 252	12 883	15 603	9.2%	0.1%	18 266	15 259	14 823	-1.7%	0.7%
State Owned Entity Financial Management and Governance	13 859	19 059	21 815	25 703	22.9%	0.2%	27 346	28 941	30 310	5.6%	1.2%
Government Debt Management	11 247	13 746	14 943	16 628	13.9%	0.1%	17 805	18 754	19 611	5.7%	0.7%
Financial Operations	10 119	13 887	14 770	16 474	17.6%	0.1%	17 110	17 493	18 334	3.6%	0.7%
Strategy and Risk Management	5 967	7 260	7 496	8 399	12.1%	0.1%	9 669	10 164	10 643	8.2%	0.4%
Financial Investments	31 000 000	20 746 700	750 000	200 000	-81.4%	99.5%	2 905 000	3 252 000	3 024 000	147.3%	96.3%
<b>Total</b>	<b>31 053 174</b>	<b>20 813 904</b>	<b>821 907</b>	<b>282 807</b>	<b>-79.1%</b>	<b>100.0%</b>	<b>2 995 196</b>	<b>3 342 611</b>	<b>3 117 721</b>	<b>122.6%</b>	<b>100.0%</b>
Change to 2012 Budget estimate				(3 750)			2 604 912	2 752 338	3 117 721		

### Economic classification

	53 069	66 543	71 515	82 111	15.7%	0.5%	89 560	90 386	93 111	4.3%	3.6%
<b>Current payments</b>											
Compensation of employees	38 070	47 478	53 497	61 496	17.3%	0.4%	66 005	69 746	73 122	5.9%	2.8%
Goods and services	14 999	19 065	18 018	20 615	11.2%	0.1%	23 555	20 640	19 989	-1.0%	0.9%
of which:											
Administration fees	370	337	172	104	-34.5%	-	67	71	75	-10.3%	-
Advertising	212	126	198	200	-1.9%	-	220	220	230	4.8%	-
Assets less than the capitalisation threshold	13	30	10	24	22.7%	-	28	32	33	11.2%	-
Audit cost: External	433	428	551	500	4.9%	-	580	600	625	7.7%	-
Bursaries: Employees	690	207	271	499	-10.2%	-	834	823	843	19.1%	-
Catering: Departmental activities	63	83	97	125	25.7%	-	125	125	125	-	-
Communication	380	370	371	476	7.8%	-	442	465	481	0.3%	-
Computer services	2 129	6 583	5 166	7 692	53.4%	-	8 219	6 966	5 252	-11.9%	0.3%
Consultants and professional services: Business and advisory services	6 511	7 731	8 128	6 748	1.2%	0.1%	7 932	5 785	6 557	-1.0%	0.3%
Contractors	42	11	1	20	-21.9%	-	32	34	35	20.5%	-
Entertainment	14	16	28	42	44.2%	-	45	45	45	2.3%	-
Inventory: Materials and supplies	4	-	3	-	-100.0%	-	-	-	-	-	-
Inventory: Other consumables	1	-	-	-	-100.0%	-	-	-	-	-	-
Inventory: Stationery and printing	1 362	461	417	511	-27.9%	-	545	572	599	5.4%	-
Operating leases	150	162	108	227	14.8%	-	287	307	260	4.6%	-
Travel and subsistence	1 874	2 352	2 027	2 375	8.2%	-	3 155	3 511	3 700	15.9%	0.1%
Training and development	381	112	401	796	27.8%	-	840	880	922	5.0%	-
Operating payments	20	56	23	63	46.6%	-	80	80	83	9.6%	-
Venues and facilities	350	-	46	213	-15.3%	-	124	124	124	-16.5%	-
<b>Transfers and subsidies</b>		<b>34</b>	<b>95</b>								
Households	-	34	95	-	-	-	-	-	-	-	-
<b>Payments for capital assets</b>	<b>104</b>	<b>598</b>	<b>289</b>	<b>696</b>	<b>88.4%</b>		<b>636</b>	<b>225</b>	<b>610</b>	<b>-4.3%</b>	
Machinery and equipment	104	598	289	696	88.4%	-	636	225	610	-4.3%	-
<b>Payments for financial assets</b>	<b>31 000 001</b>	<b>20 746 729</b>	<b>750 008</b>	<b>200 000</b>	<b>-81.4%</b>	<b>99.5%</b>	<b>2 905 000</b>	<b>3 252 000</b>	<b>3 024 000</b>	<b>147.3%</b>	<b>96.3%</b>
<b>Total</b>	<b>31 053 174</b>	<b>20 813 904</b>	<b>821 907</b>	<b>282 807</b>	<b>-79.1%</b>	<b>100.0%</b>	<b>2 995 196</b>	<b>3 342 611</b>	<b>3 117 721</b>	<b>122.6%</b>	<b>100.0%</b>
Proportion of total programme expenditure to vote expenditure	58.3%	54.4%	3.8%	1.3%			11.7%	12.0%	11.2%		

## Personnel information

**Table 10.12 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Post status as at 30 September 2012			Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment												Number				
Number of funded posts	Number of posts additional to the establishment		Actual			Revised estimate <sup>3</sup>			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2011/12			2012/13			2013/14		2014/15		2015/16						
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			Number	Cost	Unit Cost
<b>Asset and Liability Management</b>																			
Salary level	115	-	105	53.5	0.5	116	59.6	0.5	116	66.0	0.6	116	69.7	0.6	116	73.1	0.6	-	100.0%
1-6	4	-	4	0.7	0.2	4	0.8	0.2	5	1.0	0.2	5	1.1	0.2	5	1.1	0.2	7.7%	4.1%
7-10	47	-	41	14.6	0.4	48	16.4	0.3	45	16.3	0.4	45	17.3	0.4	45	18.1	0.4	-2.1%	39.4%
11-12	40	-	37	18.7	0.5	39	22.1	0.6	41	25.6	0.6	41	27.2	0.7	41	28.5	0.7	1.7%	34.9%
13-16	24	-	23	19.5	0.8	25	20.4	0.8	25	23.1	0.9	25	24.2	1.0	25	25.5	1.0	-	21.6%

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

2. Rand million.

3. As at 30 September 2012.

## Expenditure trends

The spending focus over the medium term will be on providing funding of R800 million for the further recapitalisation of the Land and Agricultural Development Bank of South Africa, R481 million for the recapitalisation of Postbank and R7.9 billion for the recapitalisation of the Development Bank of Southern Africa through the Financial Investments subprogramme, which supports the function and objective of oversight of public enterprises. The medium term focus will also be on enhancing the programme's human capital, skills and systems capacity.

Between 2009/10 and 2012/13, expenditure decreased by R30.8 billion, primarily in payments for financial assets. The decrease was due to the phasing out of the allocation for the Eskom subordinated loan, as well as the reduction in payments made to the Land and Agricultural Development Bank of South Africa. Excluding the allocations to Eskom and the Land and Agricultural Development Bank of South Africa, the programme's operational expenditure increased by R29 million over the period, with the bulk of these increases concentrated in spending on compensation of employees, which grew by R23.4 million. This increase was due to the department filling 21 additional posts on this programme's establishment for personnel needed for the formulation of policies for the capital structure and dividend policies of state owned entities, the reassessment of the treasury operations of state owned entities and the development of a treasury management system.

Expenditure on goods and services increased by R5.6 million between 2009/10 and 2012/13, mainly in spending on computer services, because of the upgrade of the treasury management system to manage government debt, and the bond and retail bond systems.

Over the medium term, expenditure is expected to increase by R2.8 billion due to the introduction of initiatives to recapitalise the Development Bank of Southern Africa and Postbank. Excluding the allocations to the Land and Agricultural Development Bank of South Africa, the Development Bank of Southern Africa and Postbank, the programme's operational expenditure is expected to increase marginally by R11 million. The bulk of this projected growth is concentrated in spending on compensation of employees, which is expected to increase by R11.6 million with an additional R967 000 being allocated for improved conditions of service and the 14 posts that are to be filled over the medium term to provide sectoral oversight for state owned entities.

To give effect to the Cabinet approved budget reductions, the department has implemented cost cutting measures of R5.5 million over the medium term. The measures aim to reduce spending on travel and subsistence, and computer services. The programme receives an additional R481 million over the medium term for the recapitalisation of the Postbank, and receives a further R7.9 billion for the recapitalisation of the Development Bank of Southern Africa. The programme also receives an additional R967 000 over the medium term for improved conditions of service.

The programme has a funded establishment of 115 posts. The number of posts filled is expected to increase to 116 over the medium term. As at 30 September 2012, the department had 7 vacancies, mainly due to challenges in sourcing specialist skills in investment analysis.

## Programme 5: Financial Systems and Accounting

### Objectives

- Ensure compliance with and the implementation of the Public Finance Management Act (1999) and the Municipal Finance Management Act (2003) across the 3 spheres of government by:
  - convening regular meetings to address implementation challenges with provincial, local and other government officials from entities
  - facilitating and undertaking special investigations on an ongoing basis as part of government's efforts to improve financial management practices and support enforcement of the acts.
- Ensure sound financial management systems in implementation of the Public Finance Management Act (1999) and the Municipal Finance Management Act (2003) by:
  - providing capacity and support to all spheres of government on policies relating to accounting and reporting, internal auditing and risk management on an ongoing basis
  - developing and implementing government transversal accounting and reporting systems over the medium term
  - maintaining government's current financial systems at a level of 98 per cent availability including providing reliable, efficient and effective support and user training over the medium term
  - completing the development of the remaining integrated financial management systems modules (payroll), core financial management and inventory management, and begin the rollout over the medium term.
- Support government's financial management capacity building efforts across the 3 spheres of government by introducing minimum competency profiles and offering graduate internships in financial management annually.
- Improve financial management in provincial and local government by:
  - reviewing and implementing the revised Treasury Regulations by 2013/14
  - developing and implementing financial recovery plans and technical assistance by 2013/14
  - supporting municipalities to implement financial management reforms and ensuring their compliance with the Municipal Finance Management Act (2003) as required over the medium term.

### Subprogrammes

- *Programme Management for Financial Systems and Accounting* supports the planning, monitoring and coordinating deliverables of the programme plan, such as the development and implementation of the integrated financial management system; and facilitates accountability and governance in the public sector, especially in terms of financial management. This subprogramme had a staff complement of 8 as at 30 September 2012.
- *Supply Chain Policy* develops policy that regulates the supply chain processes in all spheres of government. The unit comprises three sections: supply chain management policy, which regulates the supply chain management processes; norms and standards, which develops supply chain management norms and standards, and monitors compliance with the prescribed procedures; and contract management, which facilitates and manages transversal term contracts in the public sector. Activities include implementing the service procurement module, providing annual reviews and updates of the procurement catalogue, providing annual reports on identified gaps and weaknesses in supply chain policy processes, introducing remedial actions when required, and processing transversal term contracts that need to be renewed. This subprogramme had a staff complement of 56 as at 30 September 2012.
- *Financial Systems* maintains and improves existing financial management systems and develops and implements a new integrated financial management system. In 2012/13, activities included designing, developing and implementing the integrated financial management system in government departments; obtaining a 98 per cent availability of systems and providing training for systems; and maintaining and supporting the current transversal financial management systems. The following outputs were achieved in 2012/13 with regard to the transversal financial management systems: the revised standard chart of accounts

was implemented, systems to provide for improved contract management were enhanced and supply chain management activities on these systems were managed. The following outputs were achieved in 2012/13 with regard to the integrated financial management system: the contract for the development of the core finance management module was concluded and the module was developed. It is to be tested and implemented in 2013/14. The inventory management module was also developed in-house by the State Information Technology Agency and is ready for testing and implementation in 2013/14. Work has also begun on the development of the payroll module, which will be completed in 2013/14. This subprogramme had a staff complement of 38 as at 30 September 2012.

- *Financial Reporting for National Accounts* is responsible for accounting for the National Revenue Fund and the Reconstruction and Development Programme Fund, providing banking services to national government, providing support for all spheres of government in implementing financial reporting frameworks and preparing consolidated financial statements. Activities include managing the National Revenue Fund and tabling the consolidated annual financial statements for national departments and for public entities, as well as tabling annual financial statements for the Reconstruction and Development Programme Fund. This subprogramme had a staff complement of 48 as at 30 September 2012.
- *Financial Management Policy and Compliance Improvement* is responsible for improving financial management; developing financial management regulatory frameworks for each sphere of government; aligning reporting frameworks with local and international best practice; developing and implementing accounting policies; and improving the financial management, risk management and internal audit capacity in government. Activities include reporting on the improvement of financial management in national and provincial institutions, continuously reviewing and rolling out monitoring tools, reporting on progress annually, providing assistance in investigations of malpractice in all spheres of government, and augmenting municipal allocations towards implementation of financial reforms in local government. This subprogramme had a staff complement of 108 as at 30 September 2012.
- *Audit Statutory Bodies* is a transfer payment that provides for compensation for certain shortfalls of statutory bodies and municipalities in terms of the Auditor General Act (1995). This subprogramme's total budget is transferred in full to fund municipalities that are unable to pay for audit services. In 2012/13, R30.2 million was allocated to be transferred to municipalities. This subprogramme has no staff complement.
- *Service Charges: Commercial Banks* is a transfer payment that provides for bank service charges for all departments' deposit accounts. In 2012/13, R180 000 was budgeted for this purpose. This subprogramme has no staff complement.

## Expenditure estimates

**Table 10.13 Financial Systems and Accounting**

Subprogramme	Audited outcome			Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2009/10	2010/11	2011/12				2012/13	2009/10 - 2012/13	2013/14		
R thousand											
Programme Management for Financial Systems and Accounting	11 716	7 177	8 312	10 507	-3.6%	1.6%	9 810	10 231	10 431	-0.2%	1.4%
Supply Chain Policy	30 608	31 558	34 078	35 919	5.5%	5.8%	40 630	44 571	45 174	7.9%	5.6%
Financial Systems	373 449	362 027	279 094	408 570	3.0%	62.1%	430 829	447 393	462 041	4.2%	59.3%
Financial Reporting for National Accounts	64 810	71 106	78 069	80 395	7.4%	12.8%	86 181	91 092	94 813	5.7%	12.0%
Financial Management Policy and Compliance Improvement	42 365	65 689	75 394	120 529	41.7%	13.3%	116 139	121 497	125 318	1.3%	16.4%
Audit Statutory Bodies	19 636	21 444	29 914	30 235	15.5%	4.4%	40 812	41 218	41 856	11.5%	5.2%
Service Charges: Commercial Banks	158	124	-	180	4.4%	-	188	197	204	4.3%	-
<b>Total</b>	<b>542 742</b>	<b>559 125</b>	<b>504 861</b>	<b>686 335</b>	<b>8.1%</b>	<b>100.0%</b>	<b>724 589</b>	<b>756 199</b>	<b>779 837</b>	<b>4.3%</b>	<b>100.0%</b>
Change to 2012 Budget estimate				11			(24 919)	(24 384)	779 837		
<b>Economic classification</b>											
<b>Current payments</b>	<b>310 182</b>	<b>325 059</b>	<b>350 149</b>	<b>433 292</b>	<b>11.8%</b>	<b>61.9%</b>	<b>471 767</b>	<b>492 857</b>	<b>508 092</b>	<b>5.5%</b>	<b>64.7%</b>
Compensation of employees	90 369	108 480	125 708	141 531	16.1%	20.3%	156 659	167 979	176 362	7.6%	21.8%
Goods and services	219 813	216 579	224 441	291 761	9.9%	41.5%	315 108	324 878	331 730	4.4%	42.9%
of which:											
Administration fees	2 029	1 322	1 302	1 499	-9.6%	0.3%	1 469	1 885	1 943	9.0%	0.2%
Advertising	181	393	292	513	41.5%	0.1%	518	401	430	-5.7%	0.1%
Assets less than the capitalisation threshold	340	101	60	587	20.0%	-	2 253	2 397	2 444	60.9%	0.3%

Table 10.13 Financial Systems and Accounting (continued)

Economic classification	Audited outcome			Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2009/10	2010/11	2011/12				2012/13	2009/10 - 2012/13	2013/14		
R thousand											
Audit cost: External	2 686	2 337	2 812	3 688	11.1%	0.5%	3 116	4 326	3 600	-0.8%	0.5%
Bursaries: Employees	221	1 242	1 236	2 239	116.4%	0.2%	2 091	1 900	2 141	-1.5%	0.3%
Catering: Departmental activities	466	254	366	455	-0.8%	0.1%	654	649	686	14.7%	0.1%
Communication	988	843	868	1 185	6.2%	0.2%	1 119	1 266	1 280	2.6%	0.2%
Computer services	183 072	173 495	181 897	208 630	4.5%	32.6%	240 516	247 236	253 105	6.7%	32.2%
Consultants and professional services: Business and advisory services	11 567	18 915	18 866	49 866	62.8%	4.3%	42 059	42 544	42 728	-5.0%	6.0%
Contractors	47	39	14	84	21.4%	-	84	93	87	1.2%	-
Entertainment	30	35	41	104	51.3%	-	88	90	90	-4.7%	-
Inventory: Food and food supplies	-	-	-	10	-	-	-	-	-	-100.0%	-
Inventory: Materials and supplies	1	4	2	10	115.4%	-	10	10	12	6.3%	-
Inventory: Other consumables	-	55	1	3	-	-	3	4	5	18.6%	-
Inventory: Stationery and printing	1 172	1 134	1 053	1 818	15.8%	0.2%	1 684	1 923	2 098	4.9%	0.3%
Operating leases	506	401	381	610	6.4%	0.1%	581	653	663	2.8%	0.1%
Travel and subsistence	5 586	6 182	6 312	8 168	13.5%	1.1%	8 313	9 276	10 179	7.6%	1.2%
Training and development	4 885	4 164	3 928	4 892	-	0.8%	3 704	2 741	2 525	-19.8%	0.5%
Operating payments	837	729	399	1 168	11.7%	0.1%	1 041	1 117	1 182	0.4%	0.2%
Venues and facilities	5 199	4 934	4 611	6 232	6.2%	0.9%	5 805	6 367	6 532	1.6%	0.8%
<b>Transfers and subsidies</b>	<b>52 832</b>	<b>62 164</b>	<b>73 407</b>	<b>72 491</b>	<b>11.1%</b>	<b>11.4%</b>	<b>83 575</b>	<b>86 045</b>	<b>88 306</b>	<b>6.8%</b>	<b>11.2%</b>
Departmental agencies and accounts	52 832	61 678	73 199	71 912	10.8%	11.3%	83 575	86 045	88 306	7.1%	11.2%
Households	-	486	208	579	-	0.1%	-	-	-	-100.0%	-
<b>Payments for capital assets</b>	<b>179 701</b>	<b>171 866</b>	<b>80 359</b>	<b>180 552</b>	<b>0.2%</b>	<b>26.7%</b>	<b>169 247</b>	<b>177 297</b>	<b>183 439</b>	<b>0.5%</b>	<b>24.1%</b>
Machinery and equipment	2 217	2 161	807	3 435	15.7%	0.4%	3 016	3 148	3 138	-3.0%	0.4%
Software and other intangible assets	177 484	169 705	79 552	177 117	-0.1%	26.3%	166 231	174 149	180 301	0.6%	23.7%
<b>Payments for financial assets</b>	<b>27</b>	<b>36</b>	<b>946</b>	<b>-</b>	<b>-100.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>542 742</b>	<b>559 125</b>	<b>504 861</b>	<b>686 335</b>	<b>8.1%</b>	<b>100.0%</b>	<b>724 589</b>	<b>756 199</b>	<b>779 837</b>	<b>4.3%</b>	<b>100.0%</b>
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>1.0%</b>	<b>1.5%</b>	<b>2.4%</b>	<b>3.2%</b>			<b>2.8%</b>	<b>2.7%</b>	<b>2.8%</b>		

## Details of transfers and subsidies

Departmental agencies and accounts	Departmental agencies (non-business entities)			Current		Households			Social benefits		Capital	
	2009/10	2010/11	2011/12	2012/13	Average growth rate (%)	Expenditure/total: Average (%)	2013/14	2014/15	2015/16	Average growth rate (%)	Expenditure/total: Average (%)	
Accounting Standards Board	7 242	7 538	8 561	9 469	9.3%	1.4%	9 830	10 250	10 612	3.9%	1.4%	
Independent Regulatory Board for Auditors	22 018	29 296	34 724	32 208	13.5%	5.2%	32 933	34 577	35 838	3.6%	4.6%	
Institute for Public Finance and Auditing	3 936	-	-	-	-100.0%	0.2%	-	-	-	-	-	
Public Administration Leadership and Management Academy	-	3 400	-	-	-	0.1%	-	-	-	-	-	
Auditor-General of South Africa	19 636	21 444	29 914	30 235	15.5%	4.4%	40 812	41 218	41 856	11.5%	5.2%	
<b>Households</b>												
<b>Social benefits</b>												
<b>Current</b>	<b>-</b>	<b>486</b>	<b>208</b>	<b>579</b>	<b>-</b>	<b>0.1%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-100.0%</b>	<b>-</b>	
Employee social benefits	-	486	208	579	-	0.1%	-	-	-	-100.0%	-	
<b>Capital</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
Bursaries for non-employees	-	-	-	-	-	-	-	-	-	-	-	

## Personnel information

Table 10.14 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>

Post status as at 30 September 2012	Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment												Number						
	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate <sup>3</sup>			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
2011/12			2012/13	2013/14	2014/15	2015/16	2012/13 - 2015/16												
Financial Systems and Accounting																			
Salary level	278	5	256	125.7	0.5	286	139.1	0.5	289	156.7	0.5	289	168.0	0.6	289	176.4	0.6	0.3%	100.0%
1 - 6	9	2	8	1.7	0.2	14	2.5	0.2	14	2.6	0.2	14	3.4	0.2	14	3.6	0.3	-	4.9%
7 - 10	118	3	112	37.4	0.3	130	42.7	0.3	132	48.6	0.4	132	52.0	0.4	132	54.0	0.4	0.5%	45.6%
11 - 12	84	-	73	35.4	0.5	76	38.9	0.5	77	46.4	0.6	77	48.1	0.6	77	50.8	0.7	0.4%	26.6%
13 - 16	67	-	63	51.3	0.8	66	55.0	0.8	66	59.0	0.9	66	64.4	1.0	66	68.0	1.0	-	22.9%

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

2. Rand million.

3. As at 30 September 2012.

## Expenditure trends

The spending focus over the medium term will continue to be on: improving the regulatory framework for national, provincial and local government, and entities; building the capacity to implement and support financial accounting and reporting policies; promoting compliance with the legislation and regulatory frameworks; enhancing financial systems in government; enhancing capacity in the special audit services unit; and developing the integrated financial management system project. Most of these activities are carried out through the Financial Systems subprogramme, which uses the bulk of the programme's budget across the seven-year period. Spending in this subprogramme is mainly on computer services and software, and other intangible assets for the development of the integrated financial management system and the maintenance and operation of legacy systems.

Between 2009/10 and 2012/13, expenditure increased by R143.6 million due to: the increase in the programme's establishment by 20 posts; the chartered accountant training programme; and costs for formulating the financial management capability maturity model, which provides the basis to determine the capability of government institutions to discharge their financial management responsibilities. The phased implementation of the integrated financial management system project and the ongoing maintenance work on the legacy systems also contributed to the increase.

Over the medium term, expenditure is expected to increase moderately due to the capacity of the special audit services unit being enhanced through the department's recruitment processes and the ongoing development of the integrated financial management system. The special audit services unit is allocated R128.3 million over the medium term to support effective governance through measures to reduce corruption in government. In addition, R10.5 million is allocated to this programme for improved conditions of service.

The programme makes transfers to the Independent Regulatory Board for Auditors, Accounting Standards Board and the Auditor-General of South Africa. Transfers to the Independent Regulatory Board for Auditors increased by R10.2 million between 2009/10 and 2012/13 and are expected to increase to R35.8 million in 2015/16 due to the fluctuations in unforeseen legal fees for disciplinary cases and practice reviews. The transfer to the Accounting Standards Board increased by R2.2 million between 2009/10 and 2012/13 and is expected to increase to R10.6 million in 2015/16, mainly in line with inflationary projections. The transfer payments to the Auditor-General of South Africa increase by R22.3 million over the seven-year period, with the fluctuations attributable to the unpredictability of the number of statutory bodies and municipalities that request audit services.

The programme has a funded establishment of 278 posts and 5 posts are filled additional to the establishment. The number of filled posts is anticipated to grow from 256 in 2011/12 to 289 over the medium term. As at 30 September 2012, the programme had 24 vacancies, mainly due to increased capacity in supply chain policy, specialised audit skills and financial management policy and compliance improvement to support financial reforms in government. Expenditure on consultants is expected to decrease by R7.1 million over the medium term. Consultants are used in the development of accounting standards, financial recovery plans, the implementation of financial improvement plans, and investigations undertaken by special audit services to combat fraud and corruption.

## Programme 6: International Financial Relations

### Objectives

- Advance South Africa's national economic interests and those of Africa more generally by undertaking regular strategic analyses, engagements and negotiations at regional and global financial and economic forums on an ongoing basis.
- Increase sub-Saharan Africa's voice in the Bretton Woods institutions, the International Monetary Fund, the World Bank Group, the G20 forum, and other influential global financial and economic forums by:
  - advancing the reform of these institutions on an ongoing basis through the lobbying of regional groupings

- securing the third board chair for the International Monetary Fund for the benefit of sub-Saharan Africa by the end of 2013/14.
- Enhance South Africa's participation in strategic regional, continental and global governance institutions by seconding South Africans into strategic positions of these institutions, informed by government's secondment policy, on an ongoing basis.
- Promote regional economic integration in the Southern African Development Community (SADC) and strengthen economic links within Africa by:
  - developing and implementing a policy of one-stop border posts by 2013
  - providing ongoing support to the SADC committees dealing with economic and financial protocols
  - supporting the Southern African Customs Union to meet regional challenges on an ongoing basis.

## Subprogrammes

- *Programme Management for International Financial Relations* supports the planning, monitoring and delivering of the programme's activities. The unit oversees South Africa's representation in international and regional financial institutions; manages bilateral and multilateral relationships on behalf of the National Treasury; and plans, implements and monitors programmes and activities that advance South Africa's national interests. Activities include supporting the planning, monitoring and delivery of the programme's activities. This subprogramme had a planned staff complement of 7 in 2012/13.
- *International Economic Cooperation* focuses on improving South Africa's participation in international and regional economic institutions, and also facilitates the deepening of South Africa's role in regional integration through processes of the SADC and the Southern African Customs Union. This entails working through key economic institutions and forums such as the African Development Bank, the United Nations Economic Commission for Africa, New Partnership for Africa's Development, the G20, and the India-Brazil-South Africa and BRICS groups of countries. Activities include providing support to the Minister of Finance and the president at the different international economic forums and organisations, with the aim of strengthening South Africa's position in these economic forums, an example of which is the upcoming World Economic Forum on Africa summit, to be held in May 2013 in Cape Town. This subprogramme had a staff complement of 34 as at 30 September 2012.
- *Common Monetary Area Compensation* facilitates the transfer of funds to Lesotho, Namibia and Swaziland for the rand monetary area agreement. In this agreement, South Africa compensates the member countries for the use of the rand currency within their respective borders. This subprogramme's total budget is transferred for the payment of the common monetary area compensation fee. In 2012/13, R602.1 million was budgeted. This subprogramme has no staff complement.
- *Financial and Technical Support* caters for support to programmes specific to Africa, which includes participation in African Development Bank meetings. This subprogramme makes transfer payments related to financial and technical support provided to qualifying African projects and initiatives. As from 2012/13, the subprogramme will fund South Africa's membership to the Infrastructure Consortium for Africa, with a R1 million contribution per year. This subprogramme has no staff complement.
- *African Development Bank and African Development Fund* transfers funds for the purpose of buying shares and subscriptions, and for accelerated encashment schedules to support African development. With a permanent seat on the board of directors of the African Development Bank, South Africa is in a position to shape the bank's policies. In 2011, the board nominated South Africa and Kenya to pilot 2 regional resource centres to represent the southern and eastern regions of the continent. The centres will increase the efficiency and effectiveness of the bank's operations and will bring it closer to its clients. The regional office, which was established in South Africa in 2009, will be upgraded to the regional resource centre. The centres, which are located in Pretoria, cover all the SADC countries but do not replace or result in the closure of the bank's field offices where they currently exist. This subprogramme's total budget is transferred for payments to the African Development Bank and the African Development Fund. In 2012/13, R241.9 million was budgeted. This subprogramme has no staff complement.
- *World Bank Group* transfers funds to the World Bank, including the International Development Association, which provides concessional loans and grants to low income countries. This includes South

Africa's contribution to the general and selective capital increases of the authorised capital of the World Bank, as agreed on by World Bank members in 2010. This subprogramme's total budget is transferred in full to the World Bank Group. In 2012/13, R142.5 million was budgeted. This subprogramme has no staff complement.

- *Collaborative Africa Budget Reform Initiative* transfers funds to the Collaborative Africa Budget Reform Initiative secretariat to provide capacity building in Africa's financial sector management, budget reform and governance. This subprogramme's total budget is transferred in full to the Collaborative Africa Budget Reform Initiative. In 2012/13, R1.3 million was budgeted. This subprogramme has no staff complement.
- *Commonwealth Fund for Technical Cooperation* transfers funds to the Commonwealth Fund for Technical Cooperation to assist developing member countries in acquiring the knowledge and institutional capacity needed to address development priorities. Between 2009 and 2011, beneficiary countries included Gambia, Ghana, the Maldives, Sierra Leone and Swaziland. This subprogramme's total budget is transferred in full to the Commonwealth Fund for Technical Cooperation. In 2012/13, R4.7 million was budgeted. This subprogramme has no staff complement.
- *International Funding Facility for Immunisation* transfers funds to the Global Alliance for Vaccines and Immunisation to support health care, particularly the provision of vaccines to reduce the number of vaccine preventable deaths among children in low income countries. Since 2000, 370 million children have been immunised against leading vaccine preventable diseases in the world's poorest countries. As at 31 August 2012, the alliance had committed US\$7.9 billion in programme support until 2016 to developing countries, of which 80 per cent has been committed towards the purchase of vaccines. This subprogramme's total budget is transferred in full to the Global Alliance for Vaccines and Immunisation for payments to the international funding facility for immunisation. In 2012/13, R10 million was budgeted. This subprogramme has no staff complement.
- *Investment Climate Facility* provides for transfers to the Investment Climate Facility for Africa to support initiatives on climate change. South Africa's contribution, along with several other contributions from other governments and the private sector, supported the facility in making Africa a better place to do business by systematically focusing on areas where practical steps can be taken to remove identified constraints and problems. Focus areas include: property rights and contract enforcement, business registration and licensing, taxation and customs, financial markets, and corruption and crime. The last payment of R7.6 million was processed in 2009/10 in terms of the agreement South Africa had with the facility. This subprogramme has no staff complement.
- *African Regional Technical Assistance Centre for Southern Africa* transfers funds to the Infrastructure Consortium for Africa to improve the generation of data and knowledge products related to infrastructure investment, and the coordination of development policies between the G20 and African countries. This subprogramme's total budget is transferred in full for payments to the African Regional Technical Assistance Centre for Southern Africa. The transfer will begin over the medium term with R350 000 per year. This subprogramme has no staff complement.
- *Infrastructure Consortium for Africa* transfers funds to the Infrastructure Consortium for Africa for advocacy and the coordination of interventions, sharing best practices, capacity building and collecting data for monitoring and evaluation endeavours to support infrastructure development for Africa. This entails generating data and coordinating policies for shared growth. Funding of R1 million per year was initiated in 2012/13 and will continue until 2014/15. This subprogramme has no staff complement.

## Expenditure estimates

Table 10.15 International Financial Relations

Subprogramme	Audited outcome			Adjusted appropriation	Average growth rate (%)		Medium-term expenditure estimate			Average growth rate (%)		
	2009/10	2010/11	2011/12		2012/13	2009/10 - 2012/13	Expenditure/total: Average (%)	2013/14	2014/15	2015/16	2012/13 - 2015/16	
R thousand												
Programme Management for International Financial Relations	2 680	6 171	6 586	8 524	47.1%	0.8%	10 292	9 116	9 540	3.8%	0.8%	
International Economic Cooperation	19 914	20 416	19 344	21 500	2.6%	2.7%	26 922	26 324	27 526	8.6%	2.2%	
Common Monetary Area Compensation	409 878	397 792	450 327	602 132	13.7%	61.3%	653 932	706 551	725 054	6.4%	58.2%	
Financial and Technical Support	-	-	-	6 651	-	0.2%	5 651	12 976	28 225	61.9%	1.2%	
African Development Bank and African Development Fund	57 329	55 080	244 298	241 872	61.6%	19.7%	268 562	284 676	297 771	7.2%	23.7%	
World Bank Group	68 000	68 000	124 730	142 500	28.0%	13.3%	129 500	148 500	155 331	2.9%	12.5%	
Collaborative Africa Budget Reform Initiative	-	1 109	1 200	1 260	-	0.1%	1 329	1 409	1 474	5.4%	0.1%	
Commonwealth Fund for Technical Cooperation	3 536	3 029	3 838	4 709	10.0%	0.5%	4 991	5 290	5 533	5.5%	0.4%	
International Funding Facility for Immunisation	7 454	7 086	7 464	10 000	10.3%	1.1%	10 000	10 000	10 460	1.5%	0.9%	
Investment Climate Facility	7 607	-	-	-	-100.0%	0.3%	-	-	-	-	-	
African Regional Technical Assistance Centre for Southern Africa	-	-	-	350	-	-	350	350	366	1.5%	-	
Infrastructure Consortium for Africa	-	-	-	1 000	-	-	1 000	1 000	-	-100.0%	0.1%	
<b>Total</b>	<b>576 398</b>	<b>558 683</b>	<b>857 787</b>	<b>1 040 498</b>	<b>21.8%</b>	<b>100.0%</b>	<b>1 112 529</b>	<b>1 206 192</b>	<b>1 261 280</b>	<b>6.6%</b>	<b>100.0%</b>	
Change to 2012 Budget estimate				2 319			(777)	(3 073)	1 261 280			
<b>Economic classification</b>												
<b>Current payments</b>	<b>22 466</b>	<b>26 463</b>	<b>25 763</b>	<b>29 811</b>	<b>9.9%</b>	<b>3.4%</b>	<b>37 162</b>	<b>35 310</b>	<b>36 939</b>	<b>7.4%</b>	<b>3.0%</b>	
Compensation of employees	14 313	16 480	17 619	19 736	11.3%	2.2%	25 033	26 387	27 638	11.9%	2.1%	
Goods and services	8 153	9 983	8 144	10 075	7.3%	1.2%	12 129	8 923	9 301	-2.6%	0.9%	
of which:												
Administration fees	450	84	219	209	-22.6%	-	157	160	163	-8.0%	-	
Advertising	113	122	46	127	4.0%	-	105	90	90	-10.8%	-	
Assets less than the capitalisation threshold	26	26	5	67	37.1%	-	61	12	13	-42.1%	-	
Bursaries: Employees	256	200	290	182	-10.7%	-	370	290	330	21.9%	-	
Catering: Departmental activities	37	43	48	78	28.2%	-	79	81	82	1.7%	-	
Communication	318	510	522	636	26.0%	0.1%	521	553	584	-2.8%	-	
Computer services	62	14	5	18	-33.8%	-	14	12	12	-12.6%	-	
Consultants and professional services: Business and advisory services	508	546	170	335	-13.0%	0.1%	2 247	259	215	-13.7%	0.1%	
Contractors	6	2	1	6	-	-	3	3	3	-20.6%	-	
Agency and support / outsourced services	137	172	-	35	-36.5%	-	10	10	10	-34.1%	-	
Entertainment	8	5	6	19	33.4%	-	18	19	19	-	-	
Inventory: Food and food supplies	-	2	-	-	-	-	-	-	-	-	-	
Inventory: Materials and supplies	1	2	-	2	26.0%	-	-	-	-	-100.0%	-	
Inventory: Other consumables	5	1	-	-	-100.0%	-	1	2	3	-	-	
Inventory: Stationery and printing	201	115	138	227	4.1%	-	217	194	221	-0.9%	-	
Operating leases	25	24	44	29	5.1%	-	-	-	-	-100.0%	-	
Travel and subsistence	4 769	5 263	4 504	4 853	0.6%	0.6%	5 632	5 427	5 731	5.7%	0.5%	
Training and development	89	94	85	254	41.8%	-	200	210	220	-4.7%	-	
Operating payments	253	131	-	170	-12.4%	-	21	21	25	-47.2%	-	
Venues and facilities	889	2 627	2 061	2 828	47.1%	0.3%	2 473	1 580	1 580	-17.6%	0.2%	
<b>Transfers and subsidies</b>	<b>553 804</b>	<b>532 096</b>	<b>831 926</b>	<b>1 010 497</b>	<b>22.2%</b>	<b>96.5%</b>	<b>1 075 315</b>	<b>1 170 752</b>	<b>1 224 214</b>	<b>6.6%</b>	<b>97.0%</b>	
Foreign governments and international organisations	553 804	532 096	831 857	1 010 474	22.2%	96.5%	1 075 315	1 170 752	1 224 214	6.6%	97.0%	
Households	-	-	69	23	-	-	-	-	-	-100.0%	-	
<b>Payments for capital assets</b>	<b>109</b>	<b>116</b>	<b>98</b>	<b>190</b>	<b>20.3%</b>	<b>-</b>	<b>52</b>	<b>130</b>	<b>127</b>	<b>-12.6%</b>	<b>-</b>	
Machinery and equipment	109	116	98	190	20.3%	-	52	130	127	-12.6%	-	
<b>Payments for financial assets</b>	<b>19</b>	<b>8</b>	<b>-</b>	<b>-</b>	<b>-100.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Total</b>	<b>576 398</b>	<b>558 683</b>	<b>857 787</b>	<b>1 040 498</b>	<b>21.8%</b>	<b>100.0%</b>	<b>1 112 529</b>	<b>1 206 192</b>	<b>1 261 280</b>	<b>6.6%</b>	<b>100.0%</b>	
Proportion of total programme expenditure to vote expenditure	1.1%	1.5%	4.0%	4.9%			4.4%	4.3%	4.5%			

Table 10.15 International Financial Relations (continued)

R thousand	Audited outcome			Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2009/10	2010/11	2011/12				2012/13	2009/10 - 2012/13	2013/14		
<b>Details of transfers and subsidies</b>											
<b>Households</b>											
<b>Social benefits</b>											
<b>Current</b>	-	-	69	23	-	-	-	-	-	-100.0%	-
Employee social benefits	-	-	69	23	-	-	-	-	-	-100.0%	-
<b>Foreign governments and international organisations</b>											
<b>Current</b>	428 475	409 016	462 829	619 451	13.1%	63.3%	671 602	724 600	742 887	6.2%	59.7%
Common Monetary Area Compensation	409 878	397 792	450 327	602 132	13.7%	61.3%	653 932	706 551	725 054	6.4%	58.2%
Collaborative Africa Budget Reform Initiative	-	1 109	1 200	1 260	-	0.1%	1 329	1 409	1 474	5.4%	0.1%
Commonwealth Fund for Technical Cooperation	3 536	3 029	3 838	4 709	10.0%	0.5%	4 991	5 290	5 533	5.5%	0.4%
International Funding Facility for Immunisation	7 454	7 086	7 464	10 000	10.3%	1.1%	10 000	10 000	10 460	1.5%	0.9%
Investment Climate Facility	7 607	-	-	-	-100.0%	0.3%	-	-	-	-	-
African Regional Technical Assistance Centre for Southern Africa	-	-	-	350	-	-	350	350	366	1.5%	-
Infrastructure Consortium for Africa	-	-	-	1 000	-	-	1 000	1 000	-	-100.0%	0.1%
<b>Capital</b>	125 329	123 080	369 028	391 023	46.1%	33.2%	403 713	446 152	481 327	7.2%	37.3%
Financial and technical support	-	-	-	6 651	-	0.2%	5 651	12 976	28 225	61.9%	1.2%
African Development Bank and African Development Fund	57 329	55 080	244 298	241 872	61.6%	19.7%	268 562	284 676	297 771	7.2%	23.7%
World Bank Group	68 000	68 000	124 730	142 500	28.0%	13.3%	129 500	148 500	155 331	2.9%	12.5%

## Personnel information

Table 10.16 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>

Post status as at 30 September 2012	Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment															Number			
	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate <sup>3</sup>			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2011/12		2012/13		2013/14		2014/15		2015/16		2012/13 - 2015/16						
<b>International Financial Relations</b>			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost		
Salary level	39	2	33	17.6	0.5	41	18.3	0.4	41	25.0	0.6	41	26.4	0.6	41	27.6	0.7	-	100.0%
1-6	2	-	2	0.4	0.2	1	0.2	0.2	1	0.2	0.2	1	0.2	0.2	1	0.2	0.2	-	2.4%
7-10	10	-	7	3.2	0.5	12	3.0	0.2	12	3.9	0.3	12	4.1	0.3	12	4.3	0.4	-	29.3%
11-12	15	-	13	5.9	0.5	13	5.8	0.4	13	8.1	0.6	13	8.6	0.7	13	8.9	0.7	-	31.7%
13-16	12	2	11	8.1	0.7	15	9.3	0.6	15	12.9	0.9	15	13.5	0.9	15	14.2	0.9	-	36.6%

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

2. Rand million.

3. As at 30 September 2012.

## Expenditure trends

The spending focus over the medium term will be on directing funds to international obligations to manage South Africa's interests in shaping regional and global policies to advance the economic, financial and developmental objectives of the country and the rest of Africa. This includes enhancing South Africa's membership and shareholding in the Africa Export Import Bank, the permanent management by South Africa of the Southern African Customs Union common revenue pool, and the use of the role within the finance committee to address spending inefficiencies and ensure the alignment of resource allocation with regional priorities.

96.8 per cent of this programme's expenditure over the seven-year period goes towards transfer payments to foreign governments and international organisations to meet the country's international obligations.

Between 2009/10 and 2012/13, expenditure increased by R464.1 million, mainly due to the impact of increased rand circulation in Lesotho, Namibia and Swaziland; and the recapitalisation of the African Development Bank and the World Bank. Spending on compensation of employees, which increased by R5.4 million over the period, also contributed to this increase, as an additional 7 posts were added to the personnel establishment to

provide the capacity to manage the greater role in international commitments such as the BRICS group of countries and to provide needed support for the development of economies of various developing countries.

This programme will complete an evaluation of the World Bank country strategy paper in 2012/13 at a cost of R1 million. The programme's main achievements over this period included issuing a joint statement with the BRICS group of countries and Australia to advocate for the process to select International Monetary Fund senior management to be open and merit based; and the acquisition of shares for R191 million in the African Development Bank in 2011/12, which resulted in an increase in the country's shareholding to 4.6 per cent. This excluded the additional relinquished shares allocated from the African Development Bank's sixth general capital increase.

Over the medium term, expenditure is expected to increase to R1.3 billion, mainly because of the international commitments for the recapitalisation of the African Development Bank and the expected increase in the circulation of rand related to the common monetary area compensation agreement. Spending on compensation of employees is expected to increase by R7.9 million over the medium term due to the filling of 8 funded vacant positions.

The programme has a funded establishment of 39 posts and 2 posts are filled additional to the establishment. Consultants are used to provide research capacity to this programme, including for planned research over the medium term regarding the creation of a development bank institution for the BRICS group of countries.

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

### **Objectives**

- Provide policy analysis and advice on an ongoing basis to National Treasury by completing annual reviews and implementing recommendations in accordance with stakeholder agreements reached on pension reforms, post-retirement medical benefits, political office bearers and pension legislation.
- Ensure good service to eligible applicants and recipients by:
  - processing member applications and making payments as required by applicable legislation punctually
  - processing post-retirement medical benefit applications within 60 days of receipt and paying all medical subsidies within 7 days of receiving a valid and correct claim
  - eliminating the backlog on implementing the Special Pensions Amendment Act (2008) by the end of March 2013/14, and ensuring that the administration deals with applications within 3 months of receipt
  - accurately processing and paying injury on duty benefits to civil servants within 45 days of receiving complete documentation
  - ensuring punctual and accurate payments of military pensions within 45 days of receipt and medical accounts within 30 days of receipt of the claim, while maintaining a zero backlog.

### **Subprogrammes**

- *Programme Management for Civil and Military Pensions, Contributions to Funds and Other Benefits* provides policy analysis or advice and support to the planning, monitoring and deliverables of the programme's activities. Policy analysis or advice is also provided to the Government Employees Pension Fund, and public entity oversight is provided on the Government Pension Administration Agency. This subprogramme has neither a staff complement nor an associated budget as the oversight and management function is undertaken by the *Public Finance and Budget Management* programme.

- *Government Pensions Administration Agency* provides administrative services in accordance with the Temporary Pension Fund Act (1979), the Associated Institution Pension Fund Act (1963); and post-retirement medical subsidies as provided for and regulated by Public Service Coordinating Bargaining Council resolutions, the Military Pensions Act (1976), military pensions in terms of this act, injury on duty payments in terms of the Compensation for Occupational Injuries and Diseases Act (1993) and special pensions in terms of the Special Pensions Act (1996) on behalf of National Treasury. This subprogramme is managed through a service level agreement between the National Treasury and the Government Pensions Administration Agency, and thus has no staff complement.
- *Civil Pensions and Contributions to Funds* provides for the processing and payment of pensions and medical subsidies to retired civil servants; and pension payments to the injured, disabled and the dependants of deceased civil servants and to former struggle veterans in terms of various statutes, collective bargaining agreements and other commitments. The *Government Pensions Administration Agency* subprogramme administers all payments related to this subprogramme. The bulk of this subprogramme's budget is transferred for payments to households in terms of member pension, post retirement medical subsidies which makes bulk payments and other benefit payments. R2.9 billion was budgeted to be transferred in 2012/13. This subprogramme has no staff complement.
- *Military Pensions and Other Benefits* provides for the processing and payment of military pension benefits and medical claims arising from injuries sustained during various wars, including South Africa's liberation wars. This includes payments to former members of the legislative assembly of the former Venda, Transkei, Ciskei and Bophuthatswana governments; judges or their own widows in terms of the Judges' Remuneration and Conditions of Employment Act (1989); and former state presidents, among other benefits. In 2012/13, more than half of the subprogramme's allocation was for the new R200 million non-statutory forces transfer payment, and 32.9 per cent of the allocation was for the South African citizen force. The function of processing the transfer payments to households is administered by the *Government Pensions Administration Agency* subprogramme. This subprogramme has no staff complement.

## Expenditure estimates

**Table 10.17 Civil and Military Pensions, Contributions to Funds and Other Benefits**

Subprogramme	Audited outcome			Adjusted appropriation 2012/13	Average growth rate (%)		Medium-term expenditure estimate			Average growth rate (%)	
	2009/10	2010/11	2011/12		2009/10 - 2012/13	Expenditure/total: Average (%)	2013/14	2014/15	2015/16	2012/13 - 2015/16	Expenditure/total: Average (%)
R thousand											
Programme Management for Civil and Military Pensions, Contributions to Funds and Other Benefits	-	-	1 014	-	-	-	-	-	-	-	-
Government Pensions Administration Agency	25 497	38 047	63 937	43 854	19.8%	1.2%	51 857	55 633	50 659	4.9%	1.4%
Civil Pensions and Contributions to Funds	4 767 721	2 495 219	3 068 301	2 910 913	-15.2%	92.5%	2 936 597	3 143 907	3 377 521	5.1%	85.1%
Military Pensions and Other Benefits	161 922	164 581	180 921	391 105	34.2%	6.3%	508 577	523 298	539 761	11.3%	13.5%
<b>Total</b>	<b>4 955 140</b>	<b>2 697 847</b>	<b>3 314 173</b>	<b>3 345 872</b>	<b>-12.3%</b>	<b>100.0%</b>	<b>3 497 031</b>	<b>3 722 838</b>	<b>3 967 941</b>	<b>5.8%</b>	<b>100.0%</b>
Change to 2012 Budget estimate				(2 438)			(20 202)	(5 378)	3 967 941		
<b>Economic classification</b>											
<b>Current payments</b>	<b>25 254</b>	<b>37 904</b>	<b>64 951</b>	<b>43 854</b>	<b>20.2%</b>	<b>1.2%</b>	<b>51 857</b>	<b>55 633</b>	<b>50 659</b>	<b>4.9%</b>	<b>1.4%</b>
Compensation of employees	-	-	1 014	-	-	-	-	-	-	-	-
Goods and services	25 254	37 904	63 937	43 854	20.2%	1.2%	51 857	55 633	50 659	4.9%	1.4%
of which:											
Consultants and professional services:	25 254	37 904	63 937	43 854	20.2%	1.2%	51 857	55 633	50 659	4.9%	1.4%
Business and advisory services											
<b>Transfers and subsidies</b>	<b>4 929 643</b>	<b>2 659 787</b>	<b>3 249 072</b>	<b>3 302 018</b>	<b>-12.5%</b>	<b>98.8%</b>	<b>3 445 174</b>	<b>3 667 205</b>	<b>3 917 282</b>	<b>5.9%</b>	<b>98.6%</b>
Foreign governments and international organisations	1 382	1 633	1 951	2 239	17.4%	0.1%	2 127	2 219	2 322	1.2%	0.1%
Non-profit institutions	68	-	71	85	7.7%	-	-	-	-	-100.0%	-
Households	4 928 193	2 658 154	3 247 050	3 299 694	-12.5%	98.7%	3 443 047	3 664 986	3 914 960	5.9%	98.5%
<b>Payments for financial assets</b>	<b>243</b>	<b>156</b>	<b>150</b>	<b>-</b>	<b>-100.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>4 955 140</b>	<b>2 697 847</b>	<b>3 314 173</b>	<b>3 345 872</b>	<b>-12.3%</b>	<b>100.0%</b>	<b>3 497 031</b>	<b>3 722 838</b>	<b>3 967 941</b>	<b>5.8%</b>	<b>100.0%</b>
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>9.3%</b>	<b>7.1%</b>	<b>15.5%</b>	<b>15.8%</b>			<b>13.7%</b>	<b>13.4%</b>	<b>14.2%</b>		

**Table 10.17 Civil and Military Pensions, Contributions to Funds and Other Benefits (continued)**

R thousand	Audited outcome			Adjusted appropriation 2012/13	Average growth rate (%) 2009/10 - 2012/13	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%) 2012/13 - 2015/16	Expenditure/total: Average (%)
	2009/10	2010/11	2011/12				2013/14	2014/15	2015/16		
<b>Details of transfers and subsidies</b>											
<b>Households</b>											
<b>Social benefits</b>											
<b>Current</b>	<b>4 928 193</b>	<b>2 658 154</b>	<b>3 247 050</b>	<b>3 299 694</b>	<b>-12.5%</b>	<b>98.7%</b>	<b>3 443 047</b>	<b>3 664 986</b>	<b>3 914 960</b>	<b>5.9%</b>	<b>98.5%</b>
Contribution to provident funds for associated institutions	576	452	464	516	-3.6%	-	522	522	542	1.7%	-
Parliamentary awards	16	17	18	21	9.5%	-	20	21	22	1.6%	-
Other benefits	69 983	67 973	69 844	77 174	3.3%	2.0%	77 754	81 922	86 564	3.9%	2.2%
Injury on Duty	376 191	399 059	498 856	490 211	9.2%	12.3%	542 678	566 961	594 183	6.6%	15.1%
Post-Retirement Medical scheme contributions	1 451 744	1 589 725	1 785 677	1 680 885	5.0%	45.5%	1 558 033	1 702 232	1 865 139	3.5%	46.8%
Special Pensions	337 431	402 120	480 705	428 490	8.3%	11.5%	501 121	524 460	550 582	8.7%	13.8%
Pension benefits: President of South Africa	4 617	4 678	5 926	8 180	21.0%	0.2%	8 544	8 922	9 346	4.5%	0.2%
Military Pensions: Ex-Servicemen	36 077	33 874	31 440	32 400	-3.5%	0.9%	33 060	34 413	35 937	3.5%	0.9%
South African citizen force	103 520	109 106	122 779	128 645	7.5%	3.2%	204 800	214 619	225 597	20.6%	5.3%
Civil protection	19	19	19	22	5.0%	-	24	25	26	5.7%	-
Other benefits: Ex-servicemen	22 238	21 582	26 612	29 953	10.4%	0.7%	70 693	74 241	78 201	37.7%	1.7%
Non-statutory Forces	-	-	-	200 000	-	1.4%	200 000	200 000	200 000	-	5.5%
<b>Foreign governments and international organisations</b>											
<b>Current</b>	<b>1 382</b>	<b>1 633</b>	<b>1 951</b>	<b>2 239</b>	<b>17.4%</b>	<b>0.1%</b>	<b>2 127</b>	<b>2 219</b>	<b>2 322</b>	<b>1.2%</b>	<b>0.1%</b>
United Kingdom tax	1 382	1 633	1 951	2 239	17.4%	0.1%	2 127	2 219	2 322	1.2%	0.1%
<b>Non-profit institutions</b>											
<b>Current</b>	<b>68</b>	<b>-</b>	<b>71</b>	<b>85</b>	<b>7.7%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-100.0%</b>	<b>-</b>
South African Legion	68	-	71	85	7.7%	-	-	-	-	-100.0%	-

## Personnel information

**Table 10.18 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>**

Post status as at 30 September 2012	Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment											Number						
	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate <sup>3</sup>			Medium-term expenditure estimate					Average growth rate (%)	Salary level/total: Average (%)			
			2011/12	2012/13	2013/14	2014/15	2015/16	2012/13 - 2015/16										
<b>Civil and Military Pensions, Contributions to Funds and Other Benefits</b>	<b>Number</b>	<b>Cost</b>	<b>Unit Cost</b>	<b>Number</b>	<b>Cost</b>	<b>Unit Cost</b>	<b>Number</b>	<b>Cost</b>	<b>Unit Cost</b>	<b>Number</b>	<b>Cost</b>	<b>Unit Cost</b>	<b>Number</b>	<b>Cost</b>	<b>Unit Cost</b>			
Salary level	3	-	1.0	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7 - 10	1	-	0.2	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11 - 12	1	-	0.3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13 - 16	1	-	0.6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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

2. Rand million.

3. As at 30 September 2012.

## Expenditure trends

The spending focus over the medium term will be on providing administrative support to the department in terms of managing the post-retirement pension pay out, medical subsidies and other benefits including special pensions. The support will be provided through the automation of core processes to enhance service delivery and, concurrently, the reduction of backlogs on the different benefits such as the injury on duty and special pensions. 98.6 per cent of this programme's expenditure over the seven-year period is in the form of transfer payments to households, 46.2 per cent of which goes towards post-retirement medical scheme contributions, 15 per cent for the political office bearers pension fund, 13.8 per cent for injury on duty payments and 12.8 per cent for special pensions.

Between 2009/10 and 2012/13, government's contributions to pensions, military and other benefits on behalf of retired civil servants decreased by R1.6 million mainly because of a once-off R2.5 billion transfer payment to the political office bearers pension fund for pensions after the 2009 general elections.

Over the medium term, expenditure is expected to increase by R622 million due to additional allocations of R300 million for implementing the benefit equalisation for political office bearers and the eradication of the backlog on injury on duty claims. The backlog has thus far been reduced from 700 to 329 cases, and steps are being taken to appoint a client liaison officer to follow up on documents that employers had not yet submitted, and to develop a system to reduce the processing time of finalised claims payments.

Medium term baseline reprioritisation of R257.4 million was effected in this programme to mitigate the adverse impact of Cabinet approved budget reductions mainly affecting the international commitments and local government conditional grant allocations in the *International Financial Relations* and *Technical Support and Development Finance* programmes respectively.

The Government Pensions Administration Agency, which is contracted as a consultant to the department, provides administrative support to this programme. Expenditure on consultants is therefore expected to increase by R36.8 million over the MTEF period to support the operations of the programme, including the work of actuarial services and health risk assessment experts.

## Programme 8: Technical Support and Development Finance

### Objectives

- Build public sector client capacity by offering a combination of diagnostic services, organisation development and programme and project implementation support over the MTEF period.
- Improve capacity in public private partnership and capital projects planning and oversight by:
  - providing advisory support to all public private partnership and large capital projects in development and implementation
  - Assist National Treasury in its regulatory function as and when requested.
- Build sustainable capacity in selected municipalities and provincial departments of health, education and public works to improve infrastructure delivery through the implementation of the infrastructure delivery improvement programme over the medium term.
- Strengthen the capacity of provincial treasuries and municipalities to fully implement the Municipal Finance Management Act (2003) and associated financial reforms by appointing more than 1 500 graduate financial management interns to support them.
- Promote and mobilise public and private sector investment in community and economic infrastructure by supporting 62 municipalities in planning and implementing integrated neighbourhood development programmes in 150 townships over the medium term.
- Improve the long term employment prospects for unemployed people, particularly youth and women, by promoting innovative and partnership based approaches to job creation and business opportunities, and supporting project development in the implementation of the Jobs Fund over the medium term.

### Subprogrammes

- *Programme Management for Technical Support and Development Finance* provides advisory and capacity building initiatives focused on public private partnerships, project management, infrastructure service delivery and public finance information systems. In 2012/13, the consolidation of technical assistance into a government component began; and a review of the public private partnership advisory and regulatory functions was completed, and this is being fed into the process of establishing a government component for the provision of advisory services. This subprogramme had a staff complement of 67 as at 30 September 2012.
- *Local Government Financial Management and Skills Development Grant* provides for transfers to municipalities and assists them with building financial management capacity regulated in terms of the Municipal Finance Management Act (2003). This entails augmenting municipal budgets allocated towards the implementation of financial reforms in local government. The financial management grant was separated from the other support initiative, which assists municipalities in building capacity in water and other sectors, and is administered by the intergovernmental relations unit. In 2012/13, a new reporting

template for this grant was introduced to improve reporting and management of deliverables, namely, incorporating financial and non-financial information to be phased in over the medium term. This subprogramme has no staff complement.

- *Neighbourhood Development Partnership Grant* aims to improve the quality of life of people living and working in townships through the creation of economically sustainable neighbourhoods. The neighbourhood development partnership also facilitates the employment of local labour and supports the expanded public works programmes in local government. In 2011/12, more than 6 000 jobs were created through neighbourhood development partnership projects. In 2012/13, the neighbourhood development partnership approved more than 280 project plans valued at R2.9 billion for grant funding. The partnership had completed 57 catalytic projects valued at R606 million by 2011/12. This subprogramme had a total adjusted budget of R658.1 million in 2012/13, of which R578.1 million was for grant transfers to qualifying municipalities. This subprogramme has no staff complement.
- *Gautrain Loan* provided for a once-off transfer of R4.2 billion in 2009/10 to fund the shortfall for the Gautrain rapid rail link project. There are no further allocations for this subprogramme and it has no staff complement.
- *Municipal Finance Improvement Programme* renders technical assistance and support to provincial treasuries and municipalities through the placement of financial experts in these areas to facilitate skills and capacity transfers to provincial and municipal officials in all aspects of the Municipal Finance Management Act (2003). Outputs include: the improved capacity of provincial treasuries to undertake their responsibilities in terms of sections 5 and 6 of the act, the improved capacity of municipalities and provincial treasuries to implement the act, the improved overall compliance with the act, and improved financial management performance. This subprogramme's total budget is transferred in full to the Development Bank of Southern Africa, which is the implementing agent for the subprogramme's outputs. 78 municipalities and 8 provinces are currently receiving support. This subprogramme has no staff complement.
- *Employment Creation Facilitation Fund*, including the Jobs Fund, aims to give effect to the new growth path and national development plan by facilitating and supporting innovative approaches and initiatives that contribute to the development of the economy; and aims to provide sustainable new job opportunities. The programme will create 150 000 jobs in its lifespan thus far. By the third quarter of 2012/13, 65 projects had been allocated funding. The Development Bank of Southern Africa is the implementing agency for the fund, which will co-finance successful proposals from government departments, municipalities, the private sector and non-governmental organisations. The fund has initially identified 4 broad funding windows: enterprise development, infrastructure development, support for work seekers and institutional capacity building. Support to winning bidders is being provided by the Development Bank of Southern Africa and the National Treasury for project preparation. In 2010/11, this subprogramme was allocated R9 billion to facilitate the achievement of the Job Fund's objectives over a 3-year period beginning in 2011/12. Subsequently, due to the intensive nature of the preliminary implementation activities and the desired long term impact of the initiative, R9 billion was rescheduled over a 5-year period ending 2015/16, and is expected to go beyond 2016/17. In 2012/13, R535.5 million was budgeted for the payment to the Development Bank of Southern Africa. This subprogramme has no staff complement.
- *Infrastructure Grant to Provinces* provides for transfers to provinces and for monitoring them. The grant supports accelerated infrastructure development and the maintenance of roads, schools, health facilities and rural development. The subprogramme's monitoring and oversight functions were devolved to the provincial sector departments in 2011/12 and unspent funds were rolled over from 2010/11 to 2011/12 for a once-off transfer to the provincial department that had previously defaulted on compliance with the Division of Revenue Act. This subprogramme has no staff complement.
- *Integrated Cities Development Grant* has been introduced to respond to the implementation support needs of cities in 4 critical areas of the built environment: governance and planning, human settlements, public transport, and environmental sustainability and climate resilience. The grant is being implemented through the provision of technical assistance, peer learning and collaborative performance reviews linked to incentives. An integrated city development grant is being introduced to provide incentives for cities to strengthen planning and delivery capacity, and target infrastructure spending to transform the inefficient

spatial form of South African cities so that they are more inclusive, productive and sustainable. The programme also facilitates national policy and regulatory reviews to empower cities to perform their functions effectively. This subprogramme has no staff complement.

## Expenditure estimates

**Table 10.19 Technical Support and Development Finance**

Subprogramme	Audited outcome			Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2009/10	2010/11	2011/12				2012/13	2009/10 - 2012/13	2013/14		
R thousand											
Programme Management for Technical Support and Development Finance	144 054	124 177	169 060	161 437	3.9%	5.1%	181 945	191 505	199 017	7.2%	6.4%
Local Government Financial Management and Skills Development Grant	299 990	364 589	423 641	478 213	16.8%	13.5%	523 298	603 563	649 025	10.7%	19.6%
Neighbourhood Development Partnership Grant	578 135	881 789	808 393	658 132	4.4%	25.1%	653 041	649 479	665 000	0.3%	22.8%
Gautrain Loan	4 200 000	–	–	–	-100.0%	36.1%	–	–	–	–	–
Municipal Finance Improvement Programme	88 517	100 705	100 026	109 962	7.5%	3.4%	121 498	128 788	134 712	7.0%	4.3%
Employment Creation Facilitation Fund	–	–	272 493	591 892	–	7.4%	1 258 024	1 900 000	1 318 000	30.6%	44.0%
Infrastructure Grant to Provinces	–	–	1 089 683	–	–	9.4%	–	–	–	–	–
Integrated Cities Development Grant	–	–	–	–	–	–	40 000	150 000	150 000	–	3.0%
<b>Total</b>	<b>5 310 696</b>	<b>1 471 260</b>	<b>2 863 296</b>	<b>1 999 636</b>	<b>-27.8%</b>	<b>100.0%</b>	<b>2 777 806</b>	<b>3 623 335</b>	<b>3 115 754</b>	<b>15.9%</b>	<b>100.0%</b>
Change to 2012 Budget estimate				(405 137)			(1 203 957)	96 773	3 115 754		
<b>Economic classification</b>											
<b>Current payments</b>	<b>124 952</b>	<b>101 419</b>	<b>153 314</b>	<b>148 243</b>	<b>5.9%</b>	<b>4.5%</b>	<b>161 377</b>	<b>169 953</b>	<b>176 298</b>	<b>5.9%</b>	<b>5.7%</b>
Compensation of employees	30 872	34 315	35 693	40 854	9.8%	1.2%	46 493	48 920	50 771	7.5%	1.6%
Goods and services	94 080	67 104	117 621	107 389	4.5%	3.3%	114 884	121 033	125 527	5.3%	4.1%
of which:											
Administration fees	892	1 094	1 581	1 160	9.2%	–	327	350	372	-31.6%	–
Advertising	126	288	246	374	43.7%	–	465	327	513	11.1%	–
Assets less than the capitalisation threshold	17	26	18	97	78.7%	–	127	142	154	16.7%	–
Bursaries: Employees	89	109	272	187	28.1%	–	290	295	290	15.7%	–
Catering: Departmental activities	165	178	183	239	13.1%	–	276	292	258	2.6%	–
Communication	241	241	220	273	4.2%	–	333	346	361	9.8%	–
Computer services	52	727	9	643	131.2%	–	773	635	647	0.2%	–
Consultants and professional services: Business and advisory services	87 117	60 378	104 428	88 898	0.7%	2.9%	96 526	102 369	105 857	6.0%	3.4%
Consultants and professional services: Legal costs	910	–	–	1 300	12.6%	–	–	–	–	-100.0%	–
Contractors	3	8	7	44	144.8%	–	37	42	47	2.2%	–
Agency and support / outsourced services	116	–	6 192	7 989	309.9%	0.1%	9 214	9 476	9 603	6.3%	0.3%
Entertainment	15	9	14	32	28.7%	–	37	40	42	9.5%	–
Inventory: Food and food supplies	–	–	–	24	–	–	36	40	42	20.5%	–
Inventory: Materials and supplies	6	1	2	3	-20.6%	–	3	3	4	10.1%	–
Inventory: Other consumables	1	1	–	3	44.2%	–	1	1	1	-30.7%	–
Inventory: Stationery and printing	405	305	292	525	9.0%	–	642	684	738	12.0%	–
Operating leases	152	188	304	262	19.9%	–	400	439	462	20.8%	–
Travel and subsistence	2 677	2 427	3 335	4 276	16.9%	0.1%	4 354	4 394	4 748	3.6%	0.2%
Training and development	442	485	282	477	2.6%	–	498	577	792	18.4%	–
Operating payments	155	202	34	262	19.1%	–	100	101	130	-20.8%	–
Venues and facilities	499	437	202	321	-13.7%	–	445	480	466	13.2%	–
<b>Transfers and subsidies</b>	<b>5 185 540</b>	<b>1 369 446</b>	<b>2 709 539</b>	<b>1 850 383</b>	<b>-29.1%</b>	<b>95.4%</b>	<b>2 615 654</b>	<b>3 452 772</b>	<b>2 938 654</b>	<b>16.7%</b>	<b>94.3%</b>
Provinces and municipalities	5 008 125	1 196 378	2 251 717	1 056 345	-40.5%	81.7%	1 161 339	1 344 742	1 399 025	9.8%	43.1%
Departmental agencies and accounts	88 898	72 363	218 034	139 505	16.2%	4.5%	126 462	133 490	143 606	1.0%	4.7%
Higher education institutions	–	–	–	9 000	–	0.1%	10 000	12 000	12 540	11.7%	0.4%
Public corporations and private enterprises	88 517	100 705	239 712	645 502	93.9%	9.2%	1 317 853	1 962 540	1 383 483	28.9%	46.1%
Households	–	–	76	31	–	–	–	–	–	-100.0%	–
<b>Payments for capital assets</b>	<b>200</b>	<b>339</b>	<b>392</b>	<b>1 010</b>	<b>71.6%</b>	<b>–</b>	<b>775</b>	<b>610</b>	<b>802</b>	<b>-7.4%</b>	<b>–</b>
Machinery and equipment	200	339	392	1 010	71.6%	–	775	610	802	-7.4%	–
<b>Payments for financial assets</b>	<b>4</b>	<b>56</b>	<b>51</b>	<b>–</b>	<b>-100.0%</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total</b>	<b>5 310 696</b>	<b>1 471 260</b>	<b>2 863 296</b>	<b>1 999 636</b>	<b>-27.8%</b>	<b>100.0%</b>	<b>2 777 806</b>	<b>3 623 335</b>	<b>3 115 754</b>	<b>15.9%</b>	<b>100.0%</b>
<b>Proportion of total programme expenditure to vote expenditure</b>	<b>10.0%</b>	<b>3.8%</b>	<b>13.4%</b>	<b>9.4%</b>			<b>10.9%</b>	<b>13.1%</b>	<b>11.2%</b>		

Table 10.19 Technical Support and Development Finance (continued)

R thousand	Audited outcome			Adjusted appropriation 2012/13	Average growth rate (%) 2009/10 - 2012/13	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%) 2012/13 - 2015/16	Expenditure/total: Average (%)
	2009/10	2010/11	2011/12				2013/14	2014/15	2015/16		
<b>Details of transfers and subsidies</b>											
<b>Departmental agencies and accounts</b>											
<b>Departmental agencies (non-business entities)</b>											
<b>Current</b>	88 898	72 363	218 034	139 505	16.2%	4.5%	126 462	133 490	143 606	1.0%	4.7%
Project development facility trading account	-	3 000	11 600	35 000	-	0.4%	29 250	30 725	32 106	-2.8%	1.1%
Technical assistance unit trading entity	18 898	19 363	136 434	24 505	9.0%	1.7%	42 212	44 465	46 500	23.8%	1.4%
Neighbourhood development partnership grant	70 000	50 000	70 000	80 000	4.6%	2.3%	55 000	58 300	65 000	-6.7%	2.2%
<b>Households</b>											
<b>Social benefits</b>											
<b>Current</b>	-	-	76	31	-	-	-	-	-	-100.0%	-
Employee social benefits	-	-	76	31	-	-	-	-	-	-100.0%	-
<b>Higher education institutions</b>											
<b>Current</b>	-	-	-	9 000	-	0.1%	10 000	12 000	12 540	11.7%	0.4%
University of Cape Town	-	-	-	9 000	-	0.1%	10 000	12 000	12 540	11.7%	0.4%
<b>Public corporations and private enterprises</b>											
<b>Public corporations</b>											
<b>Public corporations</b>											
<b>Current</b>	-	-	139 686	535 540	-	5.8%	1 196 355	1 833 752	1 248 771	32.6%	41.8%
Development Bank of Southern Africa	-	-	139 686	535 540	-	5.8%	1 196 355	1 833 752	1 248 771	32.6%	41.8%
<b>Provinces and municipalities</b>											
<b>Municipalities</b>											
<b>Municipal bank accounts</b>											
<b>Current</b>	299 990	364 589	423 641	478 213	16.8%	13.5%	523 298	603 563	649 025	10.7%	19.6%
Local government financial management grant	299 990	364 589	423 641	402 753	10.3%	12.8%	424 798	449 138	469 799	5.3%	15.2%
Infrastructure skills development grant	-	-	-	75 460	-	0.6%	98 500	154 425	179 226	33.4%	4.4%
<b>Capital</b>	508 135	831 789	738 393	578 132	4.4%	22.8%	638 041	741 179	750 000	9.1%	23.5%
Neighbourhood development partnership grant	508 135	831 789	738 393	578 132	4.4%	22.8%	598 041	591 179	600 000	1.2%	20.6%
Integrated city development grant	-	-	-	-	-	-	40 000	150 000	150 000	-	3.0%
<b>Provinces and municipalities</b>											
<b>Provincial Revenue Funds</b>											
Gautrain loan	4 200 000	-	-	-	-100.0%	36.1%	-	-	-	-	-
Infrastructure grant to provinces	-	-	1 089 683	-	-	9.4%	-	-	-	-	-

## Personnel information

Table 10.20 Details of approved establishment and personnel numbers according to salary level<sup>1</sup>

Post status as at 30 September 2012		Number and cost <sup>2</sup> of personnel posts filled / planned for on funded establishment												Number					
Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate <sup>3</sup>			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)				
		2011/12		Unit Cost	2012/13		Unit Cost	2013/14		Unit Cost	2014/15		Unit Cost			2015/16		Unit Cost	
		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	2012/13 - 2015/16		
Technical Support and Development Finance																			
Salary level	75	2	68	35.7	0.5	74	38.9	0.5	76	45.5	0.6	76	47.8	0.6	76	49.6	0.7	0.9%	100.0%
1 - 6	-	-	2	0.4	0.2	2	0.4	0.2	2	0.4	0.2	2	0.4	0.2	2	0.5	0.2	-	2.6%
7 - 10	22	1	22	7.3	0.3	26	7.9	0.3	26	9.1	0.3	26	9.4	0.4	26	10.0	0.4	-	34.4%
11 - 12	28	1	23	11.5	0.5	24	11.2	0.5	24	13.1	0.5	24	13.9	0.6	24	13.7	0.6	-	31.8%
13 - 16	25	-	21	16.6	0.8	22	19.4	0.9	24	22.8	1.0	24	24.1	1.0	24	25.4	1.1	2.9%	31.1%

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

2. Rand million.

3. As at 30 September 2012.

## Expenditure trends

The spending focus over the medium term will be on supporting job creation initiatives in the country by funding transfers through the *Employment Creation Facilitation Fund* subprogramme to the Development Bank of Southern Africa for the Jobs Fund, and infrastructure development through the city support programme, the

neighbourhood development partnership grant and the infrastructure delivery improvement programme. Over the medium term, 150 000 job opportunities are to be created through the implementation of projects in the *Employment Creation Facilitation Fund* subprogramme. By providing funding to the neighbourhood development partnership grant and the local financial management and skills development grant, the department expects that capacity will be built to support the financial reforms in local and provincial government, enable infrastructure development and promote public private partnership objectives. The programme receives an additional R462.1 million over the medium term, mainly for the integrated cities development grant and the infrastructure skills development grant.

Between 2009/10 and 2012/13, expenditure decreased by R3.3 billion mainly due to a once-off provincial transfer of R4.2 billion for the Gautrain loan in 2009/10. Excluding the Gautrain loan, expenditure increased by R888.9 million over the period mainly due to the implementation of the Jobs Fund through the *Employment Creation Facilitation Fund* subprogramme.

Over the medium term, expenditure in this programme is expected to increase by R1.1 billion, with a significant portion of the growth occurring in the transfer payments to the Development Bank of Southern Africa and municipalities. These transfers are projected to increase by R713.3 million and R342.7 million over the medium term respectively. These increases are mainly due to the implementation of the local government financial management and infrastructure skills development grants; the introduction and full implementation of the city support programme to enhance governance, especially on infrastructure, for the metropolitan municipalities; as well as the activities of the *Employment Creation Facilitation Fund* subprogramme.

Spending on the local government financial management grant increases by R169.8 million over the seven-year period to allow all municipalities to receive support through initiatives such as the rollout of graduate interns to the municipalities to enhance their finance function capacity. The newly established infrastructure skills development grant, which received its first allocation in 2012/13, is projected to increase by R103.7 million over the medium term. The grant is to provide for approximately 675 graduates and interns training in infrastructure with the intention to be registered as professional artisans, technicians, engineers and other specialists in line with the national development plan of professionalising local government and creating capable staff.

To give effect to the Cabinet approved budget reductions of R685.3 million over the medium term, the department has implemented cost saving measures in this programme. These include reductions in transfers to local government to yield savings of R93.3 million, and the rescheduling of the job creation projects, which amounts to a baseline reduction of R92 million from transfers through the *Employment Creation Facilitation Fund* subprogramme. The R93.3 million reduction in local government transfers was reprioritised back to the programme to mitigate the adverse effects of the reductions on the contracted commitments of technical assistants.

Cabinet approved baseline reductions have been partially reversed through subsequent internal reprioritisation to mitigate any adverse impact on the contracted commitments of technical assistants, with the exception of savings of R592 million for the *Employment Creation Facilitation Fund* subprogramme.

The programme has a funded establishment of 75 posts and 2 posts are filled additional to the establishment. The number of filled posts is expected to increase from 68 in 2011/12 to 76 over the medium term. The programme had 5 vacant positions as at 30 September 2012, which were current due to the natural attrition of employees in that year. The vacancies are expected to be filled by the end of March 2013. Spending on consultants in this programme accounts for 86.6 per cent or R647.8 million of spending on goods and services over the seven-year period. Consultants are used to carry out work at the local level, which involves assisting municipalities and provinces with the implementation of financial reforms, and to provide technical assistance on infrastructure projects.

## Programme 9: Revenue Administration

### Objectives

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

### Subprogrammes

- *South African Revenue Service* transfers funds to the South African Revenue Service to provide core tax administration services and maintain the IT services that support its operations. The entity's operational activities include branch operations, taxpayer audits, call centre operations, processing operations, debt management and IT support. In 2012/13, R9.1 billion was allocated to support these activities. This subprogramme has no staff complement.

### Expenditure estimates

Table 10.21 Revenue Administration

Subprogramme	Audited outcome			Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2009/10	2010/11	2011/12				2012/13	2009/10 - 2012/13	2013/14		
R thousand											
South African Revenue Service	7 148 446	8 142 208	8 653 573	9 149 374	8.6%	100.0%	9 534 393	9 983 735	10 335 633	4.1%	100.0%
<b>Total</b>	<b>7 148 446</b>	<b>8 142 208</b>	<b>8 653 573</b>	<b>9 149 374</b>	<b>8.6%</b>	<b>100.0%</b>	<b>9 534 393</b>	<b>9 983 735</b>	<b>10 335 633</b>	<b>4.1%</b>	<b>100.0%</b>
Change to 2012 Budget estimate				(45 000)			(147 822)	(258 913)	10 335 633		
<b>Economic classification</b>											
Transfers and subsidies	7 148 446	8 142 208	8 653 573	9 149 374	8.6%	100.0%	9 534 393	9 983 735	10 335 633	4.1%	100.0%
Departmental agencies and accounts	7 148 446	8 142 208	8 653 573	9 149 374	8.6%	100.0%	9 534 393	9 983 735	10 335 633	4.1%	100.0%
<b>Total</b>	<b>7 148 446</b>	<b>8 142 208</b>	<b>8 653 573</b>	<b>9 149 374</b>	<b>8.6%</b>	<b>100.0%</b>	<b>9 534 393</b>	<b>9 983 735</b>	<b>10 335 633</b>	<b>4.1%</b>	<b>100.0%</b>
Proportion of total programme expenditure to vote expenditure	13.4%	21.3%	40.5%	43.2%			37.3%	36.0%	37.1%		
<b>Details of transfers and subsidies</b>											
<b>Departmental agencies and accounts</b>											
<b>Departmental agencies (non-business entities)</b>											
Current	6 996 453	7 972 036	7 855 011	8 299 708	5.9%	94.0%	8 676 298	9 085 289	9 405 426	4.3%	90.9%
South African Revenue Service	6 996 453	7 972 036	7 855 011	8 299 708	5.9%	94.0%	8 676 298	9 085 289	9 405 426	4.3%	90.9%
Capital	151 993	170 172	798 562	849 666	77.5%	6.0%	858 095	898 446	930 207	3.1%	9.1%
South African Revenue Service	151 993	170 172	798 562	849 666	77.5%	6.0%	858 095	898 446	930 207	3.1%	9.1%

## Expenditure trends

This programme makes transfer payments to the South African Revenue Service to fund the entity's spending on compensation of employees, goods and services, and capital assets.

Between 2009/10 and 2012/13, expenditure increased by R2 billion mainly because of heightened border control activities, the start of specific customs projects, the graduate recruitment programme and the modernisation of ICT systems. Over the medium term, expenditure is expected to increase by R1.2 billion due to the implementation of enforcement initiatives and continued IT enhancements.

To give effect to the Cabinet approved budget reductions of R623.1 million over the medium term, the department has implemented cost saving measures in this programme. The measures implemented mainly involve the rescheduling of projects, which is not expected to have an adverse effect on performance.

## Programme 10: Financial Intelligence and State Security

### Objectives

- Combat money laundering and terror financing activities by continuously monitoring and ensuring compliance of the Financial Intelligence Centre Act (2001) and imposing certain duties on institutions and other persons who might be used for money laundering and terror financing.
- Combat crime and financial terrorism by:
  - providing services and products to law enforcement authorities such as the South African Revenue Service and the State Security Agency to ensure compliance with the law and contribute to state crime prevention strategic objectives on an ongoing basis
  - collaborating closely with counterparts in African countries and in international organisations as part of a web of nodal points for information exchange on an ongoing basis
  - collaborating with the financial intelligence centre and the financial action task force which reports to the G20 summit processes and several standards setting bodies on an ongoing basis
  - processing 3 568 requests from national and international law enforcement authority counterparts over the medium term.

### Subprogrammes

- *Financial Intelligence Centre* facilitates the transfer payment to the Financial Intelligence Centre, which enhances the integrity of the South African financial system while creating new means for investigating authorities to combat criminal activity. This subprogramme's total budget is transferred in full to the centre. In 2012/13, R197.3 million was allocated for transfer. This subprogramme has no staff complement.
- *Secret Services* facilitates the transfer payment to the South African Secret Services Account, which provides government with accurate, topical, policy relevant and timeous foreign intelligence to promote, enhance and protect national security and the interests of South Africa and its citizens. This subprogramme's total budget is transferred in full to the agency. In 2012/13, R3.8 billion was allocated for transfer. This subprogramme has no staff complement.

## Expenditure estimates

**Table 10.22 Financial Intelligence and State Security**

Subprogramme	Audited outcome			Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2009/10	2010/11	2011/12				2012/13	2009/10 - 2012/13	2013/14		
R thousand											
Financial Intelligence Centre	141 645	181 414	136 500	197 314	11.7%	4.6%	201 000	178 080	186 488	-1.9%	4.5%
Secret Services	3 052 226	3 306 753	3 618 521	3 784 807	7.4%	95.4%	3 973 554	4 168 170	4 308 317	4.4%	95.5%
<b>Total</b>	<b>3 193 871</b>	<b>3 488 167</b>	<b>3 755 021</b>	<b>3 982 121</b>	<b>7.6%</b>	<b>100.0%</b>	<b>4 174 554</b>	<b>4 346 250</b>	<b>4 494 805</b>	<b>4.1%</b>	<b>100.0%</b>
Change to 2012 Budget estimate				84 283			4 273	(45 668)	4 494 805		
<b>Economic classification</b>											
Transfers and subsidies	3 193 871	3 488 167	3 755 021	3 982 121	7.6%	100.0%	4 174 554	4 346 250	4 494 805	4.1%	100.0%
Departmental agencies and accounts	3 193 871	3 488 167	3 755 021	3 982 121	7.6%	100.0%	4 174 554	4 346 250	4 494 805	4.1%	100.0%
<b>Total</b>	<b>3 193 871</b>	<b>3 488 167</b>	<b>3 755 021</b>	<b>3 982 121</b>	<b>7.6%</b>	<b>100.0%</b>	<b>4 174 554</b>	<b>4 346 250</b>	<b>4 494 805</b>	<b>4.1%</b>	<b>100.0%</b>
Proportion of total programme expenditure to vote expenditure	6.0%	9.1%	17.6%	18.8%			16.3%	15.7%	16.1%		
<b>Details of transfers and subsidies</b>											
<b>Departmental agencies and accounts</b>											
<b>Departmental agencies (non-business entities)</b>											
Current	2 739 888	3 075 891	3 401 051	3 709 958	10.6%	89.6%	3 695 309	3 868 919	4 001 947	2.6%	89.9%
Financial Intelligence Centre	99 464	108 619	85 700	124 814	7.9%	2.9%	170 041	170 651	177 764	12.5%	3.8%
Secret Services	2 640 424	2 967 272	3 315 351	3 585 144	10.7%	86.7%	3 525 268	3 698 268	3 824 183	2.2%	86.1%
Capital	453 983	412 276	353 970	272 163	-15.7%	10.4%	479 245	477 331	492 858	21.9%	10.1%
Financial Intelligence Centre	42 181	72 795	50 800	72 500	19.8%	1.7%	30 959	7 429	8 724	-50.6%	0.7%
Secret Services	411 802	339 481	303 170	199 663	-21.4%	8.7%	448 286	469 902	484 134	34.3%	9.4%

## Expenditure trends

This programme's entire allocation is transferred to the Financial Intelligence Centre, which accounts for 5 per cent of the 2012/13 adjusted budget; and the Secret Services account, as per provisions made by the Secret Services Act (1978), which accounts for 95 per cent of the 2012/13 adjusted budget. Expenditure on transfers to the Financial Intelligence Centre increased by R55.7 million between 2009/10 and 2012/13, mainly due to the enhancement of ICT systems to improve the centre's capacity to monitor and detect money laundering and other activities. Over the same period, expenditure on transfers to the Secret Services account increased by R732.6 million mainly because of the expansion of the agency's operations.

Over the medium term, expenditure on transfers to the Financial Intelligence Centre is expected to decrease by R10.8 million mainly because of the completion of the ICT enhancements, while transfers to the Secret Services account are projected to increase due to allocations for the modernisation of systems and improved conditions of service, for which an additional R103.9 million is allocated over the medium term.

To give effect to the Cabinet approved budget reductions of R256.3 million over the medium term, the department has implemented cost saving measures to reduce the transfer payment to the Secret Services account.

## Public entities and other agencies

### Development Bank of Southern Africa

#### Mandate and goals

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

The bank aims to become a preferred source of innovative, integrated and workable infrastructure solutions, offering a one-stop solution through its multiple roles as financier, adviser, partner, integrator and implementer.

This strategy therefore spans both financing and non-financing developmental activities. The strategy also supports the government outcome of an efficient, effective and development oriented public service and an empowered and fair, inclusive citizenship (outcome 12).

The bank is reorganising itself as a centre of excellence for infrastructure development, complementing its ongoing work in local government with new initiatives and partnerships with various national departments, to accelerate and deepen delivery in the key priority sectors of energy, transport and logistics, water, ICT, health and education.

The bank's strategic goals over the medium term are to:

- appraise, plan and monitor the implementation of development projects and programmes
- facilitate the participation of the private sector and community organisations in development projects and programmes
- provide technical assistance, particularly in respect of human resources development and training with regard to the identification, preparation, evaluation, financing, implementation and management of development projects and programmes
- fund or mobilise wholesale funding, as determined in regulations, for initiatives to minimise or mitigate any adverse effect of development projects or programmes on the environment
- assist other international, national, regional and provincial initiatives to achieve an integrated finance system for development
- assist other institutions in the national or international, public and private sectors with the management of specific funds.

## Selected performance indicators

**Table 10.23 Development Bank of Southern Africa**

Indicator	Programme/Activity/Objective	Past			Current	Projections		
		2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Value of disbursements (loans and equity) to infrastructure related projects per year <sup>1</sup>	Infrastructure development funding	R8.3bn	R8.3bn	R8.1bn	R6.9bn	R11bn	R13.2bn	R15bn
Value of sustainable earnings per year	Development finance	R823m	R853m	R677m	R788m	R327m	R598m	R761m
Co-funding ratio (other funding as proportion of bank disbursements) <sup>1</sup>	Infrastructure development funding	1:1.3	1:1.3	1:1.3	1:1.3	1:1.3	1:1.3	1:1.3
Cost to income ratio	Infrastructure development funding	40.5%	41.2%	39.9%	44.2%	52.4%	45.0%	41.9%
Value of municipality infrastructure grant and other infrastructure expenditure grants implemented in projects per year	Other	R5bn	R5bn	R6bn	R6bn	R6bn	R6bn	R6bn
Number of technical projects completed per year	Siyyenza Manje	840	840	770	847	932	932	932

1. Excluding disbursements outside South Africa.

## Programmes/activities/objectives

**Table 10.24 Development Bank of Southern Africa**

R thousand	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2009/10	2010/11	2011/12				2012/13	2009/10 - 2012/13	2013/14		
Development finance	3 243 380	3 453 280	4 520 153	5 503 418	19.3%	93.4%	4 005 988	4 584 649	5 186 887	-2.0%	97.2%
Non-financing development activities	340 900	257 000	263 000	258 625	-8.8%	6.6%	79 562	108 086	135 831	-19.3%	2.8%
<b>Total expense</b>	<b>3 584 280</b>	<b>3 710 280</b>	<b>4 783 153</b>	<b>5 762 043</b>	<b>17.1%</b>	<b>100.0%</b>	<b>4 085 550</b>	<b>4 692 735</b>	<b>5 322 718</b>	<b>-2.6%</b>	<b>100.0%</b>

## Expenditure estimates

Table 10.25 Development Bank of Southern Africa

Statement of financial performance		Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)
		2009/10	2010/11	2011/12				2012/13	2009/10 - 2012/13	2013/14		
R thousand												
<b>Revenue</b>												
<b>Non-tax revenue</b>		<b>4 118 607</b>	<b>3 739 719</b>	<b>4 412 330</b>	<b>4 143 142</b>	0.2%	100.0%	<b>4 604 964</b>	<b>5 335 819</b>	<b>6 170 958</b>	14.2%	100.0%
Sale of goods and services other than capital assets		88 644	68 467	41 237	154 043	20.2%	2.2%	154 043	154 043	185 043	6.3%	3.2%
of which:												
Sales by market establishment		88 644	68 467	41 237	154 043	20.2%	2.2%	154 043	154 043	185 043	6.3%	3.2%
Other non-tax revenue		4 029 963	3 671 252	4 371 093	3 989 099	-0.3%	97.8%	4 450 921	5 181 776	5 985 915	14.5%	96.8%
<b>Total revenue</b>		<b>4 118 607</b>	<b>3 739 719</b>	<b>4 412 330</b>	<b>4 143 142</b>	<b>0.2%</b>	<b>100.0%</b>	<b>4 604 964</b>	<b>5 335 819</b>	<b>6 170 958</b>	<b>14.2%</b>	<b>100.0%</b>
<b>Expenses</b>												
<b>Current expenses</b>		<b>3 175 928</b>	<b>3 352 067</b>	<b>4 358 294</b>	<b>5 503 418</b>	<b>20.1%</b>	<b>91.4%</b>	<b>4 005 988</b>	<b>4 584 649</b>	<b>5 186 887</b>	<b>-2.0%</b>	<b>97.2%</b>
Compensation of employees		483 585	530 038	480 311	577 236	6.1%	12.0%	564 334	589 729	616 267	2.2%	12.0%
Goods and services		704 039	861 022	1 572 773	2 429 978	51.1%	29.5%	688 292	761 182	836 642	-29.9%	22.7%
Depreciation		16 990	15 525	19 647	19 647	5.0%	0.4%	19 647	19 647	19 647	-	0.4%
Interest, dividends and rent on land		1 971 314	1 945 482	2 285 563	2 476 557	7.9%	49.5%	2 733 715	3 214 091	3 714 331	14.5%	62.0%
<b>Transfers and subsidies</b>		<b>408 352</b>	<b>358 213</b>	<b>424 859</b>	<b>258 625</b>	<b>-14.1%</b>	<b>8.6%</b>	<b>79 562</b>	<b>108 086</b>	<b>135 831</b>	<b>-19.3%</b>	<b>2.8%</b>
<b>Total expenses</b>		<b>3 584 280</b>	<b>3 710 280</b>	<b>4 783 153</b>	<b>5 762 043</b>	<b>17.1%</b>	<b>100.0%</b>	<b>4 085 550</b>	<b>4 692 735</b>	<b>5 322 718</b>	<b>-2.6%</b>	<b>100.0%</b>
<b>Surplus/(Deficit)</b>		<b>534 327</b>	<b>29 439</b>	<b>(370 823)</b>	<b>(1 618 901)</b>	<b>-244.7%</b>		<b>519 414</b>	<b>643 084</b>	<b>848 240</b>	<b>-180.6%</b>	
<b>Statement of financial position</b>												
Carrying value of assets		471 222	546 617	567 719	567 719	6.4%	1.1%	567 719	567 719	567 719	-	0.8%
of which:												
Acquisition of assets		91 567	51 460	31 883	19 647	-40.1%	0.1%	19 647	19 647	19 647	-	0.0%
Investments		8 770 358	7 717 782	8 932 389	8 196 946	-2.2%	16.9%	9 155 809	9 455 809	9 755 809	6.0%	12.6%
Loans		32 968 542	37 845 148	40 418 255	43 100 297	9.3%	76.9%	52 538 200	63 937 934	75 595 303	20.6%	79.1%
Receivables and prepayments		139 043	108 007	305 731	315 871	31.5%	0.4%	314 857	313 945	313 123	-0.3%	0.4%
Cash and cash equivalents		2 706 788	1 179 562	2 113 154	3 665 786	10.6%	4.8%	5 413 899	5 541 975	6 050 591	18.2%	7.0%
<b>Total assets</b>		<b>45 055 953</b>	<b>47 397 116</b>	<b>52 337 248</b>	<b>55 846 619</b>	<b>7.4%</b>	<b>100.0%</b>	<b>67 990 484</b>	<b>79 817 382</b>	<b>92 282 545</b>	<b>18.2%</b>	<b>100.0%</b>
Accumulated surplus/(deficit)		-	12 480 267	11 967 245	10 348 344	-	16.9%	10 867 757	11 510 837	12 359 081	6.1%	15.6%
Capital and reserves		17 802 315	5 371 014	5 560 327	5 360 327	-33.0%	17.8%	5 360 327	5 360 327	5 360 327	-	7.5%
Capital reserve fund		-	-	-	2 577 671	-	1.2%	7 752 186	11 127 926	14 610 127	78.3%	11.4%
Borrowings		26 326 638	28 588 360	33 611 799	36 565 279	11.6%	62.1%	43 015 217	50 823 294	58 958 013	17.3%	64.1%
Trade and other payables		693 087	690 161	837 836	994 998	12.8%	1.6%	994 997	994 998	994 997	-0.0%	1.4%
Provisions		233 913	262 788	354 880	-	-100.0%	0.4%	-	-	-	-	-
Derivatives financial instruments		-	4 526	5 161	-	-	0.0%	-	-	-	-	-
<b>Total equity and liabilities</b>		<b>45 055 953</b>	<b>47 397 116</b>	<b>52 337 248</b>	<b>55 846 619</b>	<b>7.4%</b>	<b>100.0%</b>	<b>67 990 484</b>	<b>79 817 382</b>	<b>92 282 545</b>	<b>18.2%</b>	<b>100.0%</b>

## Personnel information

Table 10.26 Development Bank of Southern Africa

Post status estimated for 31 March 2013		Number and cost <sup>1</sup> of personnel posts filled / planned for on funded establishment											Number						
Number of funded posts	Number of vacant posts	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)				
		2011/12		2012/13		2013/14		2014/15		2015/16		2012/13 - 2015/16							
		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number		Cost			Unit Cost			
Salary level	839	-	785 480.3	0.6	839	577.2	0.7	839	564.3	0.7	839	589.7	0.7	839	616.3	0.7	-	100.0%	
1 - 6	56	-	16	1.6	0.1	56	3.3	0.1	56	3.3	0.1	56	3.4	0.1	56	3.6	0.1	-	6.7%
7 - 10	169	-	198	45.8	0.2	169	44.3	0.3	169	43.3	0.3	169	45.2	0.3	169	47.3	0.3	-	20.1%
11 - 12	170	-	161	71.8	0.4	170	81.0	0.5	170	79.2	0.5	170	82.8	0.5	170	86.5	0.5	-	20.3%
13 - 16	431	-	404	348.9	0.9	431	421.0	1.0	431	411.5	1.0	431	430.1	1.0	431	449.4	1.0	-	51.4%
17 - 22	13	-	6	12.2	2.0	13	27.6	2.1	13	27.0	2.1	13	28.2	2.2	13	29.5	2.3	-	1.5%

1. Rand million.

## Expenditure trends

The Development Bank of Southern Africa generates 97.4 per cent of its total revenue from other non-tax revenue, mainly from interest income from loans and borrowing. Interest income is largely derived from the development loan book. Over the medium term, revenue is expected to increase by a large margin mainly because of increased interest payments on the development loan book, as well as increased payments on disbursement goals.

It is anticipated that approximately 97 per cent of the bank's expenditure over the medium term will be on supporting its development finance objective, with the main performance indicator being the growth in development assets. The spending focus over the medium term will therefore be on expanding and enabling the delivery of basic and social services; providing and building human and institutional capacity; and promoting broad based economic growth, efficiency, fixed capital formation and regional integration. The medium term focus will also be on the bank's recapitalisation initiatives.

Expenditure increased significantly between 2009/10 and 2012/13, mainly because of the appointment of professional employees and advisory services to work on the government's infrastructure development objective, and the higher number of personnel in the risk management function to sustain growth in the loan book. The largest increase in spending in this period was on goods and services, mainly due to impairments on loan and equity investments. The revaluation of equity investments and impairments of loans included in the goods and services expense category had a significant effect on the spending trend of this expense category. A general impairment provision based on funding activities is included in the forecast for 2013/14 to 2015/16, resulting in a slight decrease in expenditure. The decrease relates to the impairment of loans and financial markets asset revaluations between 2012/13 and 2013/14.

Over the medium term, the bank will be recapitalised with R2.4 billion in 2013/14, R2.5 billion in 2014/15 and R3 billion in 2015/16. The recapitalisation is in support of its refocused mandate on its core infrastructure funding by increasing municipal lending, state owned company infrastructure plans, regional lending and private public partnerships. The rebuilding of the bank's capital base will allow it to increase its assets to R91 billion by 2017 and allow loan disbursements from R8 billion to R21 billion per year.

The budget in 2011/12 enabled the bank to record approvals of R27.5 billion and R8.4 billion in commitments and R8.1 billion in disbursements. In the first three quarters of 2012/13, the bank recorded development finance approvals of R13.3 billion, commitments of R10.8 billion and disbursements of R6.6 billion.

Cost saving measures applied within the bank include: a reduction in the number of cell phones in use throughout the organisation, the introduction of a call monitoring system and monthly call limits, and a shared minute bank to improve the effectiveness of call and data usage. Other cost saving measures being explored include reducing entertainment budgets for events hosted, a focus on hosting more events internally to reduce venue costs, and running campaigns on reducing the carbon footprint with the aim of cutting back on printing and energy costs.

As at 30 September 2012, the bank had 839 funded posts in its establishment, all of which were filled. The number of filled posts is expected to remain constant over the medium term. Spending on consultants increased from R21.3 million in 2009/10 to R55.4 million in 2012/13, and is expected to decrease to R53 million in 2015/16. Consultants are mainly used for the organisational review. Due to the ad-hoc nature of an organisational review and to increase the credibility of the process, the board decided to make use of an external service provider to consult on the process and to assist management with the implementation of the revised strategy.

## Government Pensions Administration Agency

### Mandate and goals

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

Pensions Act (1996). The agency is mandated to ensure that benefits are paid on time, maintain accurate information on paid and payable pension benefits, communicate with members and build relationships with employer government departments.

The agency's overarching goal is to achieve greater client satisfaction through improved service delivery, and through service level agreements that have been drawn up to monitor service delivery targets for administering the processing and paying of benefits, including the improvement of turnaround times.

The agency's strategic goals over the medium term are to:

- ensure customer satisfaction through the timely and accurate payment of benefits to members
- honour the service level agreements of National Treasury and the Government Employees Pension Fund
- respond to customer needs and reduce backlogs
- build relationships with employer departments and facilitate the submission of accurate member information at the time of retirement, resignation, death or the transfer of pensions
- ensure stakeholder satisfaction through an efficient corporate governance and financial management framework
- build operational capacity through enabling technologies
- ensure employee satisfaction by developing employees' core skills, enabling culture change and creating a conducive working environment
- transform the agency's operational effectiveness and efficiency by modernising processes and systems
- develop human capital through skills development and wellness programmes.

## Selected performance indicators

**Table 10.27 Government Pensions Administration Agency**

Indicator	Programme/Activity/Objective	Past			Current	Projections		
		2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Number of members receiving special pensions per year	Civil and military pensions	6 486	6 764	7 200	7 650	7 800	7 850	8 000
Number of beneficiaries receiving post-retirement medical benefits per year	Civil and military pensions	71 117	73 459	74 928	77 338	78 955	80 000	81 500
Value of contribution to medical aid scheme paid on behalf of members per year	Civil and military pensions	R1.4bn	R1.7bn	R1.8bn	R1.9bn	R1.6bn	R1.8bn	R1.9bn
Number of beneficiaries paid due to withdrawal from fund per year	Civil and military pensions	67 500	54 830	56 000	60 000	60 000	60 000	60 000
Value of military pension benefits paid to beneficiaries per year	Civil and military pensions	R173.6m	R182m	R187.8m	R200.1m	R310.7m	R327.8m	R346.8m
Number of beneficiaries paid for funeral benefits per year	Employee benefits	20 000	17 000	17 500	18 000	18 000	18 000	18 000
Value of benefits paid due to withdrawal from fund per year	Employee benefits	R25.8m	R 25.9m	R26m	R29.5m	R33.4m	R 35.1m	R36.3m

## Programmes/activities/objectives

**Table 10.28 Government Pensions Administration Agency**

	Audited outcome				Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2009/10	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16		
R thousand												
Civil and military pensions	30 055	39 013	39 336	43 854	13.4%	7.9%	55 013	59 319	54 603	7.6%	7.1%	
Employee benefits	42 322	54 330	60 264	76 029	21.6%	11.9%	87 345	89 518	93 588	7.2%	11.7%	
Customer relationship management	90 361	109 003	108 062	130 859	13.1%	22.7%	153 530	159 687	166 802	8.4%	20.5%	
Auxiliary divisions	222 272	228 052	271 562	354 533	16.8%	55.1%	388 803	406 907	423 339	6.1%	53.0%	
Modernisation	–	2 119	6 764	52 255	–	2.5%	56 435	59 011	61 726	5.7%	7.7%	
<b>Total expense</b>	<b>385 010</b>	<b>432 517</b>	<b>485 988</b>	<b>657 530</b>	<b>19.5%</b>	<b>100.0%</b>	<b>741 126</b>	<b>774 442</b>	<b>800 058</b>	<b>6.8%</b>	<b>100.0%</b>	

## Expenditure estimates

**Table 10.29 Government Pensions Administration Agency**

Statement of financial performance		Audited outcome			Revised estimate 2012/13	Average growth rate (%) 2009/10 - 2012/13	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%) 2012/13 - 2015/16	Expenditure/total: Average (%)
		2009/10	2010/11	2011/12				2013/14	2014/15	2015/16		
R thousand												
<b>Revenue</b>												
<b>Non-tax revenue</b>		<b>385 010</b>	<b>463 866</b>	<b>481 609</b>	<b>657 530</b>	19.5%	100.0%	<b>741 126</b>	<b>774 442</b>	<b>800 058</b>	6.8%	100.0%
Sale of goods and services other than capital assets		384 906	429 696	481 348	657 530	19.5%	98.1%	741 126	774 442	800 058	6.8%	100.0%
of which:												
Administrative fees		384 906	429 696	481 348	657 530	19.5%	98.1%	741 126	774 442	800 058	6.8%	100.0%
Other non-tax revenue		104	34 170	261	-	-100.0%	1.9%	-	-	-	-	-
<b>Total revenue</b>		<b>385 010</b>	<b>463 866</b>	<b>481 609</b>	<b>657 530</b>	<b>19.5%</b>	<b>100.0%</b>	<b>741 126</b>	<b>774 442</b>	<b>800 058</b>	<b>6.8%</b>	<b>100.0%</b>
<b>Expenses</b>												
<b>Current expenses</b>		<b>385 010</b>	<b>432 517</b>	<b>485 988</b>	<b>657 530</b>	<b>19.5%</b>	<b>100.0%</b>	<b>741 126</b>	<b>774 442</b>	<b>800 058</b>	<b>6.8%</b>	<b>100.0%</b>
Compensation of employees		195 166	241 358	272 334	334 643	19.7%	53.4%	399 158	420 295	439 022	9.5%	53.5%
Goods and services		179 694	178 086	200 346	274 182	15.1%	42.7%	310 498	324 229	329 749	6.3%	41.7%
Depreciation		10 150	13 073	13 308	48 705	68.7%	4.0%	31 470	29 918	31 287	-13.7%	4.9%
<b>Total expenses</b>		<b>385 010</b>	<b>432 517</b>	<b>485 988</b>	<b>657 530</b>	<b>19.5%</b>	<b>100.0%</b>	<b>741 126</b>	<b>774 442</b>	<b>800 058</b>	<b>6.8%</b>	<b>100.0%</b>
<b>Surplus/(Deficit)</b>		<b>-</b>	<b>31 349</b>	<b>(4 379)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Statement of financial position</b>												
Carrying value of assets		31 402	37 009	33 088	42 989	11.0%	64.6%	45 952	44 000	46 500	2.7%	55.4%
of which:												
Acquisition of assets		27 217	50 138	9 392	48 705	21.4%	61.1%	31 470	29 918	31 287	-13.7%	44.6%
Inventory		1 109	636	494	830	-9.2%	1.6%	500	1 168	1 368	18.1%	1.2%
Receivables and prepayments		-	25 374	15 960	26 000	-	24.4%	16 500	15 300	15 800	-15.3%	23.2%
Cash and cash equivalents		-	625	28 824	-	-	9.4%	23 200	22 500	23 300	-	20.2%
<b>Total assets</b>		<b>32 511</b>	<b>63 644</b>	<b>78 366</b>	<b>69 819</b>	<b>29.0%</b>	<b>100.0%</b>	<b>86 152</b>	<b>82 968</b>	<b>86 968</b>	<b>7.6%</b>	<b>100.0%</b>
Accumulated surplus/(deficit)		-	31 349	26 968	31 349	-	32.1%	26 968	26 968	26 968	-4.9%	34.9%
Capital and reserves		32 511	-	-	1 696	-62.6%	25.6%	-	-	-	-100.0%	0.6%
Trade and other payables		-	15 575	31 324	18 750	-	22.8%	32 500	31 000	33 000	20.7%	35.0%
Provisions		-	16 720	20 074	18 024	-	19.4%	26 684	25 000	27 000	14.4%	29.5%
<b>Total equity and liabilities</b>		<b>32 511</b>	<b>63 644</b>	<b>78 366</b>	<b>69 819</b>	<b>29.0%</b>	<b>100.0%</b>	<b>86 152</b>	<b>82 968</b>	<b>86 968</b>	<b>7.6%</b>	<b>100.0%</b>

## Personnel information

**Table 10.30 Government Pensions Administration Agency**

Post status estimated for 31 March 2013		Number and cost <sup>1</sup> of personnel posts filled / planned for on funded establishment															Number		
		Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)				
Number of funded posts	Number of vacant posts	2011/12		2012/13			2013/14			2014/15			2015/16			2012/13 - 2015/16			
		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost		Unit Cost		
Salary level	1 026	-	833	272.3	0.3	1 026	334.6	0.3	1 026	399.2	0.4	1 026	420.3	0.4	1 026	439.0	0.4	-	100.0%
1 - 6	149	-	93	50.3	0.5	149	58.2	0.4	149	69.3	0.5	149	75.2	0.5	149	78.9	0.5	-	14.5%
7 - 10	762	-	670	177.8	0.3	762	202.7	0.3	762	252.4	0.3	762	263.8	0.3	762	274.8	0.4	-	74.3%
11 - 12	71	-	52	28.4	0.5	71	39.4	0.6	71	41.4	0.6	71	43.5	0.6	71	45.6	0.6	-	6.9%
13 - 16	44	-	18	15.7	0.9	44	34.3	0.8	44	36.0	0.8	44	37.8	0.9	44	39.7	0.9	-	4.3%

1. Rand million.

## Expenditure trends

The Government Pensions Administration Agency receives the bulk of its revenue from the Government Employees Pension Fund and the balance from the National Treasury in administration fees. Revenue increased

between 2009/10 and 2012/13, mainly because of increases in administration fees as approved by the pension fund's board of trustees. Over the medium term, revenue is expected to increase because of increases in administration fees, which is attributable to the increase in contributors.

The spending focus over the medium term will continue to be on the modernisation project, which began in 2009/10 and is expected to be finalised in 2015/16. The project's purpose is to improve service delivery.

Expenditure increased between 2009/10 and 2012/13 mainly because of activities relating to the modernisation project, which involved increases in personnel, computer support services and consultants. Over the medium term, expenditure is expected to continue to increase due to annual salary adjustments, the addition of 23 posts to the tracing department in finance and 44 additional client service agents for mobile and satellite offices that will be fully operational in 2013/14, and the cost of running these mobile and satellite offices. The budget allocations will enable the agency to administer services to members receiving special pensions and post-retirement medical benefits, and manage the relationships with all stakeholders by providing high quality and responsive client services.

The agency realised savings of R103 million from the reprioritisation of the following activities: the upgrading of the agency's head office building and parking area; and the buying of new furniture and computers, which was delayed. These activities were reprioritised as part of the modernisation programme.

The agency has a funded establishment of 1 026 posts, with no vacancies as at 30 September 2012. Personnel numbers are expected to remain at this level over the medium term. Spending on consultants increased from R23 million in 2009/10 to R62.9 million in 2012/13, and is expected to increase to R72.3 million by 2015/16. Consultants are mainly used for the modernisation project and specialised skills requirements, such as actuarial work.

## Land and Agricultural Development Bank of South Africa

### Mandate and goals

The mandate of the Land and Agricultural Development Bank of South Africa, as a development finance institution, is to address agricultural and rural development in South Africa. The bank operates in the agricultural and agribusiness sectors and is regulated by the Land and Agricultural Development Bank Act (2002) and the Public Finance Management Act (1999). The bank is resuming the development component of its mandate, with a particular focus on addressing the plight of developing farmers.

The bank's strategic goals over the medium term are to:

- continue to increase its development focus by building more support structures for emerging farmers and strengthening the agriculture value chain
- increase the amount of development lending in its loan book by R5 billion
- create 360 000 new jobs and an average of 250 000 jobs maintained annually through its lending activities
- contribute to the equitable ownership of agricultural land, in particular the increase of ownership of agricultural land by historically disadvantaged individuals
- promote agrarian reform, land redistribution and development programmes aimed at historically disadvantaged people.

### Selected performance indicators

**Table 10.31 Land and Agricultural Development Bank of South Africa**

Indicator	Programme/Activity/Objective	Past			Current	Projections		
		2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Cost efficiency	Financing of development farmers and agricultural related businesses	59%	82%	81%	72%	79%	74%	71%
Capital adequacy ratio <sup>1</sup>	Financing of development farmers and agricultural related businesses	42%	42.6%	43%	26%	22%	20%	20%
Gross interest margin	Financing of development farmers and agricultural related businesses	60%	43%	42%	41%	39%	35%	35%

1. Ratio of a bank's capital to its risk.

## Programmes/activities/objectives

**Table 10.32 Land and Agricultural Development Bank of South Africa**

	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2009/10	2010/11	2011/12				2012/13	2013/14	2014/15		
R thousand					2009/10 - 2012/13		2013/14	2014/15	2015/16	2012/13 - 2015/16	
Financing of development farmers and agricultural related businesses	1 766 637	1 399 840	1 503 085	1 760 481	-0.1%	100.0%	1 994 684	2 318 910	2 673 293	14.9%	100.0%
<b>Total expense</b>	<b>1 766 637</b>	<b>1 399 840</b>	<b>1 503 085</b>	<b>1 760 481</b>	<b>-0.1%</b>	<b>100.0%</b>	<b>1 994 684</b>	<b>2 318 910</b>	<b>2 673 293</b>	<b>14.9%</b>	<b>100.0%</b>

## Expenditure estimates

**Table 10.33 Land and Agricultural Development Bank of South Africa**

Statement of financial performance	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2009/10	2010/11	2011/12				2012/13	2009/10 - 2012/13	2013/14		
R thousand					2009/10 - 2012/13		2013/14	2014/15	2015/16	2012/13 - 2015/16	
<b>Revenue</b>											
<b>Non-tax revenue</b>	<b>2 145 726</b>	<b>1 664 848</b>	<b>1 664 470</b>	<b>2 022 322</b>	<b>-2.0%</b>	<b>100.0%</b>	<b>2 247 525</b>	<b>2 587 436</b>	<b>2 966 525</b>	<b>13.6%</b>	<b>100.0%</b>
Sale of goods and services other than capital assets	81 371	89 567	53 892	26 482	-31.2%	3.4%	37 344	41 194	44 159	18.6%	1.5%
<i>of which:</i>											
Administrative fees	61 877	33 832	21 957	15 165	-37.4%	1.7%	26 563	29 219	32 141	28.5%	1.0%
Sales by market establishment	19 494	55 735	31 935	11 317	-16.6%	1.7%	10 781	11 976	12 018	2.0%	0.5%
Other non-tax revenue	2 064 355	1 575 281	1 610 579	1 995 840	-1.1%	96.6%	2 210 181	2 546 242	2 922 366	13.6%	98.5%
<b>Total revenue</b>	<b>2 145 726</b>	<b>1 664 848</b>	<b>1 664 470</b>	<b>2 022 322</b>	<b>-2.0%</b>	<b>100.0%</b>	<b>2 247 525</b>	<b>2 587 436</b>	<b>2 966 525</b>	<b>13.6%</b>	<b>100.0%</b>
<b>Expenses</b>											
<b>Current expenses</b>	<b>1 743 506</b>	<b>1 372 961</b>	<b>1 479 488</b>	<b>1 735 007</b>	<b>-0.2%</b>	<b>98.4%</b>	<b>1 967 226</b>	<b>2 290 235</b>	<b>2 648 932</b>	<b>15.1%</b>	<b>98.8%</b>
Compensation of employees	263 822	307 370	344 062	352 165	10.1%	19.9%	393 715	414 844	411 787	5.4%	18.3%
Goods and services	399 438	260 555	289 024	194 772	-21.3%	17.9%	205 931	214 733	162 014	-6.0%	9.2%
Depreciation	10 021	11 164	23 650	25 519	36.6%	1.1%	25 271	26 392	32 112	8.0%	1.3%
Interest, dividends and rent on land	1 070 225	793 872	822 751	1 162 551	2.8%	59.5%	1 342 309	1 634 266	2 043 020	20.7%	70.1%
<b>Transfers and subsidies</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total expenses</b>	<b>1 766 637</b>	<b>1 399 840</b>	<b>1 503 085</b>	<b>1 760 481</b>	<b>-0.1%</b>	<b>100.0%</b>	<b>1 994 684</b>	<b>2 318 910</b>	<b>2 673 293</b>	<b>14.9%</b>	<b>100.0%</b>
<b>Surplus/(Deficit)</b>	<b>379 089</b>	<b>265 008</b>	<b>161 385</b>	<b>261 842</b>	<b>-11.6%</b>		<b>252 841</b>	<b>268 526</b>	<b>293 231</b>	<b>3.8%</b>	
<b>Statement of financial position</b>											
Carrying value of assets	231 668	214 297	237 497	154 722	-12.6%	1.0%	144 632	135 044	143 436	-2.5%	0.4%
<i>of which:</i>											
Acquisition of assets	20 518	29 483	13 309	31 579	15.5%	0.1%	13 701	13 699	18 810	-15.9%	0.1%
Investments	1 073 879	1 199 335	1 140 694	1 292 038	6.4%	5.6%	332 139	351 071	371 082	-34.0%	1.9%
Inventory	184 701	207 273	159 704	319 560	20.0%	1.0%	181 409	191 749	202 678	-14.1%	0.7%
Loans	66 366	102 465	83 139	-	-100.0%	0.3%	-	-	-	-	-
Receivables and prepayments	12 434 648	14 481 109	21 855 707	24 313 692	25.0%	81.7%	28 355 412	32 494 146	37 296 705	15.3%	90.0%
Cash and cash equivalents	1 934 823	2 087 520	1 941 406	2 584 336	10.1%	10.0%	2 000 000	2 000 000	2 000 000	-8.2%	6.5%
Non-current assets held for sale	-	-	-	162 392	-	0.1%	136 076	120 957	3 325	-72.6%	0.3%
Derivatives financial instruments	29 928	6 855	-	155 185	73.1%	0.2%	-	-	-	-100.0%	0.1%
<b>Total assets</b>	<b>15 956 013</b>	<b>18 298 854</b>	<b>25 418 147</b>	<b>28 981 925</b>	<b>22.0%</b>	<b>100.0%</b>	<b>31 149 668</b>	<b>35 292 966</b>	<b>40 017 227</b>	<b>11.4%</b>	<b>100.0%</b>
Accumulated surplus/(deficit)	3 586 043	4 611 952	5 518 606	6 310 623	20.7%	22.8%	6 155 974	6 420 221	6 700 348	2.0%	19.1%
Capital and reserves	121 713	107 512	112 243	112 243	-2.7%	0.5%	112 242	112 242	112 242	-0.0%	0.3%
Borrowings	10 798 920	12 058 135	18 014 693	20 922 799	24.7%	69.2%	24 000 886	27 902 221	32 297 432	15.6%	77.3%
Trade and other payables	821 312	890 563	1 086 630	680 512	-6.1%	4.2%	185 783	196 373	207 566	-32.7%	1.0%
Provisions	606 376	609 019	676 586	710 512	5.4%	3.1%	685 825	652 442	689 631	-1.0%	2.1%
Derivatives financial instruments	21 649	21 673	15 421	245 236	124.6%	0.3%	8 957	9 468	10 008	-65.6%	0.2%
<b>Total equity and liabilities</b>	<b>15 956 013</b>	<b>18 298 854</b>	<b>25 424 179</b>	<b>28 981 925</b>	<b>22.0%</b>	<b>100.0%</b>	<b>31 149 667</b>	<b>35 292 967</b>	<b>40 017 226</b>	<b>11.4%</b>	<b>100.0%</b>

## Personnel information

Table 10.34 Land and Agricultural Development Bank of South Africa

Post status estimated for 31 March 2013		Number and cost <sup>1</sup> of personnel posts filled / planned for on funded establishment															Number		
Number of funded posts	Number of vacant posts	Actual			Revised estimate			Medium-term expenditure estimate									Average growth rate (%)	Salary level/ total: Average (%)	
		2011/12			2012/13			2013/14			2014/15			2015/16					2012/13 - 2015/16
		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			
Salary level	631	48	592	344.1	0.6	583	352.2	0.6	594	393.7	0.7	594	414.8	0.7	594	411.8	0.7	0.6%	100.0%
1 – 6	53	–	75	107.0	1.4	73	120.7	1.7	73	107.2	1.5	73	120.6	1.7	73	129.6	1.8	–	12.3%
7 – 10	469	41	419	159.8	0.4	408	147.2	0.4	419	196.4	0.5	419	197.7	0.5	419	179.0	0.4	0.9%	70.4%
11 – 12	80	4	72	46.7	0.6	76	52.0	0.7	76	55.6	0.7	76	59.5	0.8	76	63.7	0.8	–	12.9%
13 – 16	28	3	25	27.7	1.1	25	29.4	1.2	25	31.5	1.3	25	33.7	1.3	25	36.0	1.4	–	4.2%
17 – 22	1	–	1	2.8	2.8	1	2.8	2.8	1	3.0	3.0	1	3.3	3.3	1	3.5	3.5	–	0.2%

1. Rand million.

### Expenditure trends

The Land and Agricultural Development Bank of South Africa has generated 96.6 per cent of its revenue from interest on loans and the provision of supporting services. Various financial instruments are issued in order to meet the demands of its growing loan book and market share. Total revenue declined between 2009/10 and 2012/13 due to the reclassification of suspended income and a drop in the lending rate. Over the medium term, revenue is expected to increase due to the African Development Bank's approval of a R1 billion long term loan for the bank to fund existing business as well as development projects.

The spending focus over the medium term will be on: financing emerging farmers; growing the investment portfolio and delivering better performance from investments; promoting equitable ownership of agricultural land, in particular the increase of ownership of agricultural land by historically disadvantaged persons; and agrarian reform through the use of land redistribution and development programmes aimed at historically disadvantaged individuals.

Between 2009/10 and 2012/13, expenditure in compensation of employees increased due to growth in the number of professional employees hired to improve service delivery. Expenditure on goods and services decreased in this period due to a decrease in the payment of interest related to the funding instruments used to fund the loan book. The drop in interest payable between 2009/10 and 2011/12 was attributable to the decline in the prime lending rate, and an increase in the loan book of just more than R2 billion in the same period. Interest expenses increased to R822.8 million in 2011/12 because of significant growth in the loan book that saw funding liabilities increase by R6 billion. Over the medium term, interest expenses are expected to increase as the bank continues to expand its operations.

The budget allocation between 2009/10 and 2012/13 enabled the bank to ensure that its performing loan book increased by 54.4 per cent in 2011/12 and the non-performing loans decreased from R3.2 billion in 2009/10 to R1.4 billion in 2012/13. The wholesale finance facility had approved funding applications valued at R235 million additional to the R100 million already disbursed, thereby benefiting more than 800 farmers.

With the implementation of the Fit for the Future project over the medium term, the bank seeks to address operational efficiencies through restructuring. This is aimed at reducing any of its projects overlapping in their focus. In the same period, the bank will also save on travelling and accommodation costs through planned grouping, where clients will be encouraged to visit the head office or branches as opposed to bank officials going out on visits to clients, as was done in the past.

The bank uses consultants for complex loan transactions that require extensive validation regarding their financial feasibility and economic soundness, resolving legal matters, and to develop and modify ICT systems. Spending on consultants decreased from R58.5 million in 2009/10 to R30.6 million in 2012/13 due to the building of internal capacity to address day-to-day operational matters that had previously been handled by consultants because of capacity constraints. Over the medium term, consulting costs are expected to decline as the bank wraps up its work in the Fit for the Future project.

The bank has a funded establishment of 631 posts, of which 48 were vacant as at 30 September 2012, mainly as a result of natural attrition. The number of filled posts is expected to increase to 594 in 2013/14 as vacancies are filled to strengthen the level of skills and expertise among its existing staff.

## Public Investment Corporation

### Mandate and goals

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

The corporation's strategic goals over the medium term are to:

- grow the property assets under its management
- outperform integrated development plan benchmarks
- streamline its property management business
- incorporate environmental social responsibility and governance into the property investment process
- enhance its management capabilities.

### Selected performance indicators

**Table 10.35 Public Investment Corporation**

Indicator	Programme/Activity/Objective	Past			Current	Projections		
		2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Value of revenue per year	Incurring on investing funds on behalf of clients	R345m	R395m	R446m	R558m	R806m	R895m	R967m
Value of operating expenses per year	Incurring on investing funds on behalf of clients	R275m	R285m	R352m	R423m	R638m	R783m	R862m
Value of net profit after tax per year	Incurring on investing funds on behalf of clients	R 72m	R110m	R94m	R96m	R121m	R81m	R76m
Total amount of funds under management	Incurring on investing funds on behalf of clients	R910.9bn	R1 032bn	R1 132bn	R1 166bn	R1 280bn	R1 393bn	R1 477bn
Number of clients per year	Incurring on investing funds on behalf of clients	38	38	40	43	45	48	51

### Programmes/activities/objectives

**Table 10.36 Public Investment Corporation**

	Audited outcome				Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2009/10	2010/11	2011/12	2012/13				2009/10 - 2012/13	2013/14	2014/15		
R thousand												
Incurring on investing funds on behalf of clients	275 327	285 368	351 808	462 600	18.9%	100.0%	685 044	814 503	891 329	24.4%	100.0%	
<b>Total expense</b>	<b>275 327</b>	<b>285 368</b>	<b>351 808</b>	<b>462 600</b>	<b>18.9%</b>	<b>100.0%</b>	<b>685 044</b>	<b>814 503</b>	<b>891 329</b>	<b>24.4%</b>	<b>100.0%</b>	

## Expenditure estimates

Table 10.37 Public Investment Corporation

Statement of financial performance	Audited outcome				Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2009/10	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16		
	R thousand											
<b>Revenue</b>												
<b>Non-tax revenue</b>	346 999	395 663	446 025	566 068	17.7%	100.0%	805 561	895 452	967 356	19.6%	100.0%	
Sale of goods and services other than capital assets	310 247	346 644	408 996	531 657	19.7%	90.7%	767 772	856 728	931 865	20.6%	95.3%	
of which:												
Sales by market establishment	310 247	346 644	408 996	531 657	19.7%	90.7%	767 772	856 728	931 865	20.6%	95.3%	
Other non-tax revenue	36 752	49 019	37 029	34 411	-2.2%	9.3%	37 789	38 724	35 491	1.0%	4.7%	
<b>Total revenue</b>	<b>346 999</b>	<b>395 663</b>	<b>446 025</b>	<b>566 068</b>	<b>17.7%</b>	<b>100.0%</b>	<b>805 561</b>	<b>895 452</b>	<b>967 356</b>	<b>19.6%</b>	<b>100.0%</b>	
<b>Expenses</b>												
<b>Current expenses</b>	229 495	247 971	311 523	423 408	22.6%	87.6%	638 177	783 023	861 763	26.7%	94.4%	
Compensation of employees	134 219	135 546	190 328	268 458	26.0%	52.1%	422 382	556 258	623 388	32.4%	64.5%	
Goods and services	88 658	103 508	107 781	139 980	16.4%	32.3%	193 446	203 737	213 845	15.2%	26.9%	
Depreciation	6 373	8 250	13 383	14 719	32.2%	3.0%	22 349	23 028	24 530	18.6%	3.0%	
Interest, dividends and rent on land	245	667	31	251	0.8%	0.1%	-	-	-	-100.0%	0.0%	
<b>Total expenses</b>	<b>275 327</b>	<b>285 368</b>	<b>351 808</b>	<b>462 600</b>	<b>18.9%</b>	<b>100.0%</b>	<b>685 044</b>	<b>814 503</b>	<b>891 329</b>	<b>24.4%</b>	<b>100.0%</b>	
<b>Surplus/(Deficit)</b>	<b>71 672</b>	<b>110 295</b>	<b>94 217</b>	<b>103 468</b>	<b>13.0%</b>		<b>120 517</b>	<b>80 949</b>	<b>76 027</b>	<b>-9.8%</b>		
<b>Statement of financial position</b>												
Carrying value of assets	31 357	30 284	27 973	80 870	37.1%	7.8%	93 623	130 020	300 972	55.0%	15.3%	
of which:												
Acquisition of assets	20 858	9 309	14 037	34 941	18.8%	3.7%	67 776	59 425	195 482	77.5%	8.9%	
Investments	260 525	26 296	19 155	17 692	-59.2%	17.5%	21 523	22 814	24 183	11.0%	2.3%	
Receivables and prepayments	34 517	40 950	56 985	44 470	8.8%	8.8%	62 054	66 600	68 921	15.7%	6.5%	
Cash and cash equivalents	107 200	191 401	294 831	224 161	27.9%	40.5%	429 463	476 706	377 732	19.0%	39.7%	
Taxation	13 424	12 855	16 987	5 376	-26.3%	2.5%	9 715	14 203	9 622	21.4%	1.0%	
Derivatives financial instruments	-	260 544	4 582	287 653	-	22.7%	315 316	334 235	354 289	7.2%	35.2%	
<b>Total assets</b>	<b>447 023</b>	<b>562 330</b>	<b>420 513</b>	<b>660 222</b>	<b>13.9%</b>	<b>100.0%</b>	<b>931 694</b>	<b>1 044 578</b>	<b>1 135 719</b>	<b>19.8%</b>	<b>100.0%</b>	
Accumulated surplus/(deficit)	136 049	235 275	329 492	323 278	33.4%	42.4%	545 961	626 911	702 936	29.6%	57.4%	
Capital and reserves	278 001	278 001	278 001	278 001	-	48.6%	278 001	278 001	278 001	-	30.8%	
Borrowings	1 558	-	-	-	-100.0%	0.1%	-	-	-	-	-	
Finance lease	-	782	106	-	-	0.0%	-	-	-	-	-	
Trade and other payables	22 229	17 533	27 275	12 737	-16.9%	3.5%	29 632	31 410	33 295	37.8%	2.8%	
Provisions	9 186	30 739	46 869	46 206	71.3%	5.3%	78 100	108 256	121 487	38.0%	9.1%	
<b>Total equity and liabilities</b>	<b>447 023</b>	<b>562 330</b>	<b>681 743</b>	<b>660 222</b>	<b>13.9%</b>	<b>100.0%</b>	<b>931 694</b>	<b>1 044 578</b>	<b>1 135 719</b>	<b>19.8%</b>	<b>100.0%</b>	

## Personnel information

Table 10.38 Public Investment Corporation

Salary level	Post status estimated for 31 March 2013	Number of funded posts	Number of vacant posts	Number and cost <sup>1</sup> of personnel posts filled / planned for on funded establishment															Number	
				Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
				2011/12			2012/13			2013/14		2014/15		2015/16				2012/13 - 2015/16		
				Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost				Number	Cost
	391	-	-	332	190.3	0.6	391	268.5	0.7	519	422.2	0.8	551	556.1	1.0	546	596.0	1.1	11.8%	100.0%
1 - 6	60	-	-	59	5.9	0.1	60	5.5	0.1	21	3.8	0.2	33	4.2	0.1	41	4.5	0.1	-11.9%	8.2%
7 - 10	144	-	-	130	33.9	0.3	144	33.5	0.2	136	37.5	0.3	134	38.5	0.3	107	36.6	0.3	-9.4%	26.7%
11 - 12	97	-	-	69	42.1	0.6	97	61.1	0.6	172	88.9	0.5	176	125.7	0.7	150	115.2	0.8	15.6%	29.3%
13 - 16	85	-	-	67	82.4	1.2	85	135.3	1.6	170	213.0	1.3	190	318.1	1.7	229	367.8	1.6	39.1%	32.7%
17 - 22	5	-	-	7	26.0	3.7	5	33.0	6.6	20	79.2	4.0	18	69.5	3.9	19	71.8	3.8	56.0%	3.0%

1. Rand million.

## Expenditure trends

Most of the revenue received by the Public Investment Corporation is generated from management fees for the management of clients' assets, including those of the Government Employees Pension Fund. Revenue increased between 2009/10 and 2012/13 mainly because of an increase in the market value of assets under management, as well as significant growth planned for the Isibaya portfolio. Over the medium term, revenue is expected to rise due to management fees increasing as the asset value continues to grow.

The spending focus over the medium term will be on ensuring that the restructuring of the Isibaya programme and the property business units is implemented properly, which includes investing in offshore markets.

Expenditure increased between 2009/10 and 2012/13 because of an increase in payroll costs due to an increase in the corporation's staff complement. This increase was due to an increase in property and assets under management, as well as the increase in Government Employees Pension Fund monies in offshore investments in Africa and overseas. The budget allocation in 2011/12 and 2012/13 enabled the corporation to increase assets under management to R1.17 trillion, an increase of 13 per cent over the two financial years.

Over the medium term, the increase in expenditure on goods and services is primarily due to increased expenditure on IT systems as a result of the growth in the number of corporation offices outside the borders of South Africa to be able to better manage its investments outside the country. Personnel numbers continue to increase significantly over the medium term due to the restructuring of the Isibaya programme and growth in the properties business units, including the acquisition of CBS Property Portfolio Limited. This can be seen in an increase in the allocation for compensation of employees in the period to 2015/16.

The corporation has set certain financial sustainability ratios. The aim of the ratios is to ensure that costs are contained within set limits, thereby ensuring that the corporation remains financially sustainable for the foreseeable future.

The corporation has a funded establishment of 391 posts, all of which were filled as at 30 September 2012. Personnel numbers are expected to increase to 546 over the medium term due to the restructuring of the Isibaya programme and the increase in the properties business units. Spending on consultants increased from R7.3 million in 2009/10 to R18.6 million in 2012/13, and is expected to increase to R23.6 million in 2015/16, mainly for IT systems. Consultants are mainly used for information management projects, legal advice, certain investment requirements and specialised audits, as these skills are not available within the corporation.

## South African Revenue Service

### Mandate and goals

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

The organisation's goals over the medium term are to:

- increase customs compliance
- increase tax compliance
- deploy its officers to reach all current and potential taxpayers
- improve the ease and fairness with which it conducts its business
- improve the cost effectiveness and efficiency of its operations
- carry out outreach and education and other compliance activities
- develop and procure mobile registration kits to facilitate the registration of new taxpayers.

## Selected performance indicators

Table 10.39 South African Revenue Service

Indicator	Programme/ Activity/Objective	Past			Current	Projections		
		2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Value of revenue collected excluding customs revenue per year <sup>1</sup>	Operations	R589.bn	R651bn	R604.7bn	R672.bn	- <sup>1</sup>	- <sup>1</sup>	- <sup>1</sup>
Customs revenue collected per year <sup>1</sup>	Operations	R19.6bn	R109.2bn	R136bn	R141.4bn	- <sup>1</sup>	- <sup>1</sup>	- <sup>1</sup>
Trade volume coverage by preferred traders per year	Operations	-	-	21%	5%	12%	25%	30%
Percentage of cargo declarations targeted per year	Operations	-	14%	12%	12%	12%	11%	11%
Uptake in electronic manifest submissions per year	Modernisation and impactful initiatives	-	-	80%	90%	90%	95%	95%
Percentage compliance of personal income tax filing: number of personal income tax returns submitted in tax year due vs. total number of personal income tax returns required in tax year	Operations	-	79%	83%	83%	84%	85%	85%
Cash recovered from debt book	Operations	-	R 9bn	R14.7bn	R11bn	R11bn	R11bn	R11bn
Audit coverage of registered taxpayers (personal income tax, corporate income tax, value added tax/excise and PAYE tax) above the threshold per year	Operations	2%	3%	8%	3%	4%	5%	5%
Uptake in electronic filing, declaration and payment submissions for all tax products (number of electronic filing, declaration and payment submissions vs. total filing, declaration and payment submissions) per year	Modernisation and impactful initiatives	-	80%	94%	94%	94%	95%	95%
Percentage uptake in electronic customs bills/declarations per year	Modernisation and impactful initiatives	-	70%	95%	96%	96%	96%	96%
Average processing turnaround time for personal income tax returns (in working days)	Operations	-	2	1	0.5	0.5	0.5	0.5
Average processing turnaround time for corporate income tax returns (in working days)	Operations	-	3	3	1.5	1.50	1.5	1.5
Average processing turnaround time for value added tax refunds (in working days)	Modernisation and impactful initiatives	-	21	46	21	21	21	21

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

## Programmes/activities/objectives

Table 10.40 South African Revenue Service

	Audited outcome				Revised estimate	Average growth rate (%)	Expenditure/ total: Average (%)	Medium-term estimate			Average growth rate (%)	Expenditure/ total: Average (%)
	2009/10	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16		
R thousand												
Operations	3 983 757	4 556 451	4 872 198	5 180 106		9.1%	56.6%	5 582 827	6 015 757	6 481 140	7.8%	58.4%
Large business centre	208 500	231 286	278 534	353 044		19.2%	3.2%	380 478	410 085	442 043	7.8%	4.0%
Customs border management	132 933	-	-	-		-100.0%	0.5%	-	-	-	-	-
African tax administration forum	-	3 932	7 812	16 176		-	0.1%	17 330	18 569	19 899	7.1%	0.2%
Strategy enablement and enforcement	612 135	-	-	558 706		-3.0%	3.7%	599 924	644 241	691 897	7.4%	6.3%
Support services	1 773 000	2 315 616	2 653 781	2 276 990		8.7%	27.4%	2 379 485	2 582 239	2 802 805	7.2%	25.2%
Modernisation and impactful initiatives	334 326	120 464	107 598	278 539		-5.9%	2.6%	234 300	185 130	123 750	-23.7%	2.1%
Tax and customs enforcement investigations	-	270 999	307 820	347 798		-	2.7%	374 586	403 480	434 650	7.7%	3.9%
Returns to National Treasury	-	-	1 201 934	-		-	3.2%	-	-	-	-	-
<b>Total expense</b>	<b>7 044 651</b>	<b>7 498 749</b>	<b>9 429 676</b>	<b>9 011 359</b>		<b>8.6%</b>	<b>100.0%</b>	<b>9 568 929</b>	<b>10 259 502</b>	<b>10 996 184</b>	<b>6.9%</b>	<b>100.0%</b>

## Expenditure estimates

Table 10.41 South African Revenue Service

Statement of financial performance	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2009/10	2010/11	2011/12				2012/13	2009/10 - 2012/13	2013/14		
	R thousand										
<b>Revenue</b>											
<b>Non-tax revenue</b>	349 276	423 793	428 919	338 000	-1.1%	4.5%	310 000	310 000	310 000	-2.8%	3.2%
<i>Other non-tax revenue</i>	349 276	423 793	428 919	338 000	-1.1%	4.5%	310 000	310 000	310 000	-2.8%	3.2%
<b>Transfers received</b>	7 148 446	8 138 108	8 653 573	9 149 374	8.6%	95.5%	9 534 393	9 983 735	10 335 633	4.1%	96.8%
<b>Total revenue</b>	7 497 722	8 561 901	9 082 492	9 487 374	8.2%	100.0%	9 844 393	10 293 735	10 645 633	3.9%	100.0%
<b>Expenses</b>											
<b>Current expenses</b>	7 044 651	7 498 748	8 227 742	9 011 358	8.6%	96.8%	9 568 929	10 259 502	10 996 184	6.9%	100.0%
Compensation of employees	4 367 226	4 985 540	5 502 519	5 796 654	9.9%	62.8%	6 253 806	6 747 376	7 279 639	7.9%	65.4%
Goods and services	2 273 859	2 069 052	2 252 390	2 715 065	6.1%	28.5%	2 775 753	2 929 862	3 087 972	4.4%	28.9%
Depreciation	382 774	423 090	451 467	487 584	8.4%	5.3%	526 591	568 719	614 215	8.0%	5.5%
Interest, dividends and rent on land	20 792	21 066	21 366	12 055	-16.6%	0.2%	12 779	13 545	14 358	6.0%	0.1%
<b>Transfers and subsidies</b>	-	-	1 201 934	-	-	3.2%	-	-	-	-	-
<b>Total expenses</b>	7 044 651	7 498 748	9 429 677	9 011 358	8.6%	100.0%	9 568 929	10 259 502	10 996 184	6.9%	100.0%
<b>Surplus/(Deficit)</b>	453 071	1 063 153	(347 185)	476 016	1.7%		275 464	34 233	(350 551)	-190.3%	
<b>Statement of financial position</b>											
Carrying value of assets	1 276 440	1 641 104	1 888 897	2 280 790	21.3%	46.1%	2 641 313	3 046 815	3 364 547	13.8%	66.5%
<i>of which:</i>											
<i>Acquisition of assets</i>	536 481	758 432	701 591	1 164 952	29.5%	20.5%	800 939	717 371	609 826	-19.4%	19.4%
Loans	-	81 554	75 218	75 218	-	1.4%	75 218	75 218	75 218	-	1.8%
Receivables and prepayments	81 712	110 049	131 984	135 540	18.4%	3.0%	142 071	144 777	146 000	2.5%	3.3%
Cash and cash equivalents	1 358 927	2 160 625	2 470 377	1 665 138	7.0%	49.6%	1 509 519	1 160 334	517 529	-32.3%	28.4%
<b>Total assets</b>	2 717 079	3 993 332	4 566 476	4 156 686	15.2%	100.0%	4 368 121	4 427 143	4 103 294	-0.4%	100.0%
Accumulated surplus/(deficit)	1 213 696	2 276 849	1 962 029	2 353 921	24.7%	50.3%	2 564 444	2 552 380	2 203 133	-2.2%	56.7%
Capital and reserves	61 768	102 598	77 142	77 142	7.7%	2.1%	77 142	77 142	77 142	-	1.8%
Finance lease	400 813	159 312	152 046	142 331	-29.2%	6.4%	132 616	122 903	113 190	-7.4%	3.0%
Deferred income	1 157	255	244	244	-40.5%	0.0%	244	244	244	-	0.0%
Trade and other payables	693 540	855 949	920 971	916 124	9.7%	22.3%	926 105	1 004 791	1 038 812	4.3%	22.8%
Provisions	346 105	419 301	1 250 609	464 099	10.3%	15.4%	466 166	468 883	470 977	0.5%	11.0%
Derivatives financial instruments	-	179 068	203 435	202 825	-	3.5%	201 405	200 801	199 797	-0.5%	4.7%
<b>Total equity and liabilities</b>	2 717 079	3 993 332	4 566 476	4 156 686	15.2%	100.0%	4 368 121	4 427 143	4 103 294	-0.4%	100.0%

## Personnel information

Table 10.42 South African Revenue Service

Salary level	Post status estimated for 31 March 2013	Number of funded posts	Number of vacant posts	Number and cost <sup>1</sup> of personnel posts filed / planned for on funded establishment															Number	
				Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
				2011/12		Unit Cost	2012/13		Unit Cost	2013/14		2014/15		2015/16				2012/13 - 2015/16		
				Number	Cost		Number	Cost		Number	Cost	Number	Cost	Number	Cost	Number	Cost			
	14 944	571		14 556	5 062.2	0.3	14 373	5 309.0	0.4	15 061	5 729.2	0.4	15 147	6 183.4	0.4	15 147	6 677.1	0.4	1.8%	100.0%
1 - 6	632	-		653	105.5	0.2	632	119.7	0.2	632	128.8	0.2	632	138.5	0.2	632	147.9	0.2	-	4.2%
7 - 10	11 128	284		10 905	3 033.7	0.3	10 844	3 266.3	0.3	11 204	3 513.4	0.3	11 260	3 777.4	0.3	11 260	4 035.5	0.4	1.3%	74.6%
11 - 12	2 057	287		1 969	1 146.6	0.6	1 770	1 059.5	0.6	2 098	1 158.3	0.6	2 128	1 269.0	0.6	2 128	1 426.9	0.7	6.3%	13.6%
13 - 16	1 127	-		1 029	776.4	0.8	1 127	863.4	0.8	1 127	928.7	0.8	1 127	998.5	0.9	1 127	1 066.7	0.9	-	7.6%

1. Rand million.

## **Expenditure trends**

The South African Revenue Service receives a transfer of approximately 96.2 per cent of its total revenue from the National Treasury. Other revenue consists of interest received from the bank and commission income from collecting funds on behalf of the Unemployment Insurance Fund. The increase in revenue over the medium term is mainly due to the enforcement of initiatives and the continuation of IT enhancements as part of the modernisation programme.

The spending focus over the medium term will be on increased deployment of tax field officers to take processes and products to all taxpayers and potential taxpayers, the development and procurement of mobile registration kits to facilitate the registration of new taxpayers, and the modernisation of corporate income tax and customs.

Expenditure increases between 2009/10 and 2012/13 were mainly due to increased spending on compensation of employees and the modernisation of the organisation's tax collection operations. Spending on compensation of employees increased due to the organisation having built capacity in high end specialised audit and tax skills in an effort to strengthen the enforcement level of compliance with tax laws and customs requirements. The workforce plan includes building capability in certain core, critical and scarce roles such as audit transfer pricing, forensic and investigation, compliance risk analysis, border protection, and trade facilitation. The spending increase on goods and services was mainly because of an increase in the number of fixed branches across the country and the lease costs associated with this as well as IT related costs to support the modernisation initiative. These increases in costs have, in turn, resulted in increased tax revenue collection.

The projected spending increase over the medium term is mainly due to the uptake of more skilled tax and audit specialists in the remaining divisions, such as the large business centre for corporate income tax and customs collection, and the inflationary pressures on staff costs. Depreciation also increases because of continued investment in modernisation and the organisation's programme to expand its mobile footprint. The investment for the modernisation initiative is mainly propelled by the requirements of the income and customs tax IT infrastructure, with the resultant increase in IT related expenditure, such as data communication and maintenance. Over the medium term, expenditure on compensation of employees will increase to absorb wage increases greater than the consumer price index, as well as the increase in the headcount.

The budget allocation in 2011/12 and 2012/13 enabled the organisation to collect R742 billion in revenue in 2011/12, register 6 million individual taxpayers, register 420 000 companies for income tax and register 397 000 value added tax vendors. The organisation was able to continue with the modernisation of its customs systems and processes at offices and ports of entry, thereby offering the trade benefits of greater ease of movement of goods, faster turnaround times, and cost savings.

Measures were put in place to effect savings of R646.1 million over the medium term on the following items: an automated telephone management system; support and maintenance costs for networks; and support costs for the maintenance of servers, hardware and printers. These savings were reprioritised to fund the continued implementation of the modernisation programme to improve operational efficiency through automated systems. Expenditure is also reprioritised for the organisation to increase its presence in regions where taxpayers are not accessible.

The organisation has a funded establishment of 14 944 posts, of which 571 were vacant as at 30 September 2012. These vacancies were mainly the result of delays in acquiring high end audit skills. Over the medium term, personnel numbers are expected to increase to 15 147 as a result of the planned deployment of tax field officers to regional offices and areas where taxpayers cannot access the organisation's services. Because the organisation lacks capacity in certain specialised fields, consultants are used for work requiring scarce legal and auditing skills, IT related services, and employee related matters. Spending on consultants increased from R198.9 million in 2009/10 to R234.5 million in 2012/13, and is expected to decrease to R177.2 million in 2015/16 as the organisation strives to build internal capacity in these areas.

## **Accounting Standards Board**

### **Mandate and goals**

The Accounting Standards Board's legislative mandate is to develop standards of generally recognised accounting practice for all spheres of government in terms of section 216(1)(a) of the Constitution and the

Public Finance Management Act (1999). A further function of the board is to promote transparency and the effective management of revenue, expenditure, assets and liabilities of the entities to which the standards apply. The board contributes to all the presidential outcomes, but in particular to the achievement of a responsive, accountable, effective and efficient local government system (outcome 9); and an efficient, effective and development oriented public service (outcome 12).

The board executes its mandate through the implementation of the standards of generally recognised accounting practices, which will lead to improved financial decision making, the informed allocation of financial resources and accountability in all spheres of government. It also aims to ensure that financial statements are comparable for all types of institutions across all spheres of government.

The board's overarching objective is to serve the public interest by setting the standards of generally recognised accounting practice and providing guidance for financial and other performance information reported by the public sector.

The board's strategic goals over the medium term are to:

- continue to be committed to serve the public interest
- respect and encourage input from all its stakeholders
- bring objectivity to the consideration of issues
- respect the ability of its stakeholders to exercise professional judgment
- be committed to timeliness in its responses to stakeholder needs.

## Selected performance indicators

**Table 10.43 Accounting Standards Board**

Indicator	Programme/Activity/Objective	Past			Current	Projections		
		2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Number of employees working on setting standards for generally recognised accounting practice per year	Setting standards of generally recognised accounting standards for all spheres of government	7	7	7	8	8	8	8
Number of documents issued relevant to the setting of standards for generally recognised accounting practice per year	Setting standards of generally recognised accounting standards for all spheres of government	12	12	12	12	12	12	12

## Programmes/activities/objectives

**Table 10.44 Accounting Standards Board**

	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2009/10	2010/11	2011/12				2012/13	2013/14	2014/15		
R thousand					2009/10 - 2012/13		2013/14	2014/15	2015/16	2012/13 - 2015/16	
Setting standards of generally recognised accounting standards for all spheres of government	7 310	8 221	8 199	9 766	10.1%	100.0%	10 040	10 370	10 719	3.2%	100.0%
<b>Total expense</b>	<b>7 310</b>	<b>8 221</b>	<b>8 199</b>	<b>9 766</b>	<b>10.1%</b>	<b>100.0%</b>	<b>10 040</b>	<b>10 370</b>	<b>10 719</b>	<b>3.2%</b>	<b>100.0%</b>

## Expenditure estimates

**Table 10.45 Accounting Standards Board**

Statement of financial performance	Audited outcome			Revised estimate 2012/13	Average growth rate (%) 2009/10 - 2012/13	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%) 2012/13 - 2015/16	Expenditure/total: Average (%)
	2009/10	2010/11	2011/12				2013/14	2014/15	2015/16		
	R thousand										
<b>Revenue</b>											
<b>Non-tax revenue</b>	104	113	117	115	3.4%	1.4%	110	110	110	-1.5%	1.1%
<i>Other non-tax revenue</i>	104	113	117	115	3.4%	1.4%	110	110	110	-1.5%	1.1%
<b>Transfers received</b>	7 859	7 538	7 795	9 469	6.4%	98.6%	9 830	10 250	10 612	3.9%	98.9%
<b>Total revenue</b>	7 963	7 651	7 912	9 584	6.4%	100.0%	9 940	10 360	10 722	3.8%	100.0%
<b>Expenses</b>											
<b>Current expenses</b>	7 310	8 221	8 199	9 766	10.1%	100.0%	10 040	10 371	10 719	3.2%	100.0%
Compensation of employees	4 900	5 455	5 473	6 891	12.0%	67.7%	7 164	7 452	7 745	4.0%	71.5%
Goods and services	2 253	2 657	2 631	2 806	7.6%	31.0%	2 850	2 906	2 974	2.0%	28.2%
Depreciation	157	109	95	69	-24.0%	1.3%	26	13	-	-100.0%	0.3%
<b>Total expenses</b>	7 310	8 221	8 199	9 766	10.1%	100.0%	10 040	10 371	10 719	3.2%	100.0%
<b>Surplus/(Deficit)</b>	653	(570)	(287)	(182)	-165.3%		(100)	(11)	3	-125.4%	
<b>Statement of financial position</b>											
Carrying value of assets	224	206	110	41	-43.2%	18.4%	14	-	-	-100.0%	-
<i>of which:</i>											
<i>Acquisition of assets</i>	71	92	-	-	-100.0%	3.7%	-	-	-	-	-
Receivables and prepayments	51	133	97	62	6.7%	16.4%	62	-	-	-100.0%	-
Cash and cash equivalents	1 058	640	1 012	51	-63.6%	65.2%	-	-	-	-100.0%	-
<b>Total assets</b>	1 333	979	1 219	154	-51.3%	100.0%	76	-	-	-100.0%	-
Accumulated surplus/(deficit)	968	399	110	41	-65.1%	37.3%	-	-	-	-100.0%	-
Capital reserve fund	-	-	766	-	-	15.7%	-	-	-	-	-
Finance lease	126	-	-	-	-100.0%	2.4%	-	-	-	-	-
Trade and other payables	130	465	158	113	-4.6%	35.9%	76	-	-	-100.0%	-
Provisions	109	115	184	-	-100.0%	8.8%	-	-	-	-	-
<b>Total equity and liabilities</b>	1 333	979	1 219	154	-51.3%	100.0%	76	-	-	-100.0%	-

## Personnel information

**Table 10.46 Accounting Standards Board**

Post status estimated for 31 March 2013	Number and cost <sup>1</sup> of personnel posts filled / planned for on funded establishment															Number			
	Number of funded posts	Number of vacant posts	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2011/12			2012/13			2013/14		2014/15		2015/16						
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			Number	Cost	Unit Cost
Salary level	8	-	7	5.5	0.8	8	6.9	0.9	8	7.2	0.9	8	7.5	0.9	8	7.7	1.0	-	100.0%
1-6	2	-	1	0.1	0.1	2	0.2	0.1	2	0.2	0.1	2	0.3	0.1	2	0.3	0.1	-	25.0%
7-10	1	-	-	-	-	1	0.4	0.4	1	0.4	0.4	1	0.4	0.4	1	0.4	0.4	-	12.5%
11-12	2	-	-	-	-	2	1.5	0.7	2	1.5	0.8	2	1.6	0.8	2	1.6	0.8	-	25.0%
13-16	2	-	-	-	-	2	2.8	1.4	2	3.0	1.5	2	3.1	1.5	2	3.2	1.6	-	25.0%
17-22	1	-	6	5.4	0.9	1	2.0	2.0	1	2.1	2.1	1	2.2	2.2	1	2.2	2.2	-	12.5%

1. Rand million.

## Expenditure trends

The Accounting Standards Board's main source of revenue is transfers received from National Treasury. Other revenue consists of remuneration from the sector education training authority and interest received from deposits in a market linked account. Between 2009/10 and 2012/13, revenue increased due to increased interest received from the deposit in a market linked account. The increase over the medium term is mainly due to inflationary adjustments to transfers received.

The spending focus over the medium term will be on implementing a consistent reporting framework that contributes to improved decision making in all spheres of government and improved accountability for the financial resources assigned to each reporting entity. The board plans to issue 12 documents relating to the setting of standards for generally recognised accounting practice for all spheres of government in each year over the medium term.

Between 2009/10 and 2012/13, spending increased significantly due to an increase in the number of outreach programmes to stakeholders to create awareness of generally recognised accounting practice, and to encourage participation in the development of the generally recognised accounting practice standards. The number of personnel also increased by 1 trainee standard setter in 2012/13 in order to increase capacity for the standard setting function. This is evident by the spending increase in compensation of employees in the same period.

Expenditure increases insignificantly at an inflationary rate over the medium term.

The budget allocation in 2011/12 enabled the board to publish 12 exposure drafts on reporting on the long term sustainability of government, the International Public Sector Accounting Standards Board consultation paper on a conceptual framework for general purpose financial reporting by public sector entities, and a proposal to extend the application of standards of generally recognised accounting practice to trading entities. The board also published a working paper on assets and liabilities arising from non-contractual arrangements that have the features of financial instruments.

The board is projecting minimal savings in the training and development line item. The board has also renegotiated the escalation clause in its lease agreement, which has led to accumulated savings of R330 588 for the five-year period from 2010 to 2015. As part of the Cabinet approved budget reductions, the board will implement expenditure reductions of R645 000 over the MTEF period. The board will fund 72 per cent of this from compensation of employees, and will ensure that this reduction does not impact negatively on service delivery.

As at 30 September 2012, the board had an establishment of 8 posts, which comprises 4 standards setters, 3 support staff members and a chief executive. All of these posts were filled. The number of filled posts is expected to remain constant over the medium term to enhance the board's ability to meet its standards setting objective.

## **Cooperative Banks Development Agency**

### **Mandate and goals**

The Cooperative Banks Development Agency was established in terms of the Cooperative Banks Act (2007).

The agency's mandate is to create a strong and vibrant cooperative banking sector.

The agency's overarching objectives are to support, promote and develop cooperative banking; and to register, supervise and regulate deposit taking financial services cooperatives, savings and credit cooperatives, community banks and village banks as cooperative banks.

The agency's strategic goals over the medium term are to:

- facilitate, promote and fund the education and training of cooperative bank personnel
- improve the institutional safety and soundness of existing and operational cooperative financial institutions and of the financial stability of the sector as a whole
- consolidate the cooperative financial institutions sector by managing the growth in their registration
- address failing institutions to ensure improved compliance with the banking regulations
- obtain the Minister of Finance's approval for the repeal of the South African Micro-Finance Apex Fund exemption notice and to move those powers to the agency
- assist representative bodies in improving their leadership, management and operational capability
- establish sector specific learning programmes with existing universities, colleges and support organisations
- facilitate the establishment of an ICT enabled environment for institutions, with linkages to the national payment system
- establish a depositor's insurance fund, to cover the losses of the depositors.

## Selected performance indicators

**Table 10.47 Cooperative Banks Development Agency**

Indicator	Programme/Activity/Objective	Past			Current	Projections		
		2009/10 <sup>1</sup>	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Number of cooperative banks regulated and supervised <sup>2</sup>	Registration and supervisory	- <sup>1</sup>	1	1	3	- <sup>2</sup>	- <sup>2</sup>	- <sup>2</sup>
Total number of cooperative financial institutions producing financial reports	Capacity building	- <sup>1</sup>	11	15	50	60	75	80
Number of combined supervisors' annual reports published	Registration and supervisory	- <sup>1</sup>	1	1	1	1	1	1
Number of cooperative financial institutions with benchmarking best practice performance per year	Registration and supervisory	- <sup>1</sup>	10	4	10	25	50	55
Number of cooperative financial institutions applying for registration as cooperative banks per year	Registration and supervisory	- <sup>1</sup>	-	-	2	3	3	4

1. The agency was established in 2010/11.

2. The regulation of cooperative banks will be taken over by the South African Reserve Bank from 2013/14, hence this indicator will be discontinued.

## Programmes/activities/objectives

**Table 10.48 Cooperatives Banks Development Agency**

	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2009/10	2010/11	2011/12				2012/13	2009/10 - 2012/13	2013/14		
R thousand											
Governance and administration	-	2 994	3 068	4 743	-	-	4 953	4 947	5 099	2.4%	29.8%
Registration and supervisory	-	2 387	2 068	4 364	-	-	4 517	4 746	5 139	5.6%	28.3%
Capacity building	-	3 295	3 447	6 743	-	-	6 686	7 095	7 194	2.2%	41.9%
<b>Total expense</b>	-	<b>8 676</b>	<b>8 583</b>	<b>15 850</b>	-	-	<b>16 156</b>	<b>16 788</b>	<b>17 433</b>	<b>3.2%</b>	<b>100.0%</b>

## Expenditure estimates

Table 10.49 Cooperatives Banks Development Agency

Statement of financial performance		Audited outcome			Revised estimate 2012/13	Average growth rate (%) 2009/10 - 2012/13	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%) 2012/13 - 2015/16	Expenditure/total: Average (%)
		2009/10	2010/11	2011/12				2013/14	2014/15	2015/16		
R thousand												
<b>Revenue</b>												
<b>Non-tax revenue</b>												
Sale of goods and services other than capital assets												
of which:												
Administrative fees												
Sales by market establishment												
Other non-tax revenue												
<b>Transfers received</b>												
<b>Total revenue</b>												
<b>Expenses</b>												
<b>Current expenses</b>												
Compensation of employees												
Goods and services												
Depreciation												
<b>Transfers and subsidies</b>												
<b>Total expenses</b>												
<b>Surplus/(Deficit)</b>												
<b>Statement of financial position</b>												
Carrying value of assets												
of which:												
Acquisition of assets												
Receivables and prepayments												
Cash and cash equivalents												
<b>Total assets</b>												
Accumulated surplus/(deficit)												
Deferred income												
Trade and other payables												
Provisions												
<b>Total equity and liabilities</b>												

## Personnel information

Table 10.50 Cooperatives Banks Development Agency

Post status estimated for 31 March 2013	Number and cost <sup>1</sup> of personnel posts filled / planned for on funded establishment															Number			
	Number of funded posts	Number of vacant posts	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2011/12		2012/13		2013/14		2014/15		2015/16		2012/13 - 2015/16						
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number		Cost			Unit Cost		
Salary level	11	1	9	4.0	0.4	10	6.3	0.6	14	7.6	0.5	14	8.8	0.6	15	9.6	0.6	14.5%	100.0%
7 - 10	4	-	3	0.9	0.3	4	1.4	0.3	6	1.9	0.3	6	2.1	0.3	6	2.3	0.4	14.5%	23.5%
11 - 12	4	1	3	1.4	0.5	3	2.1	0.7	5	2.7	0.5	5	3.4	0.7	6	3.7	0.6	26.0%	36.8%
13 - 16	3	-	3	1.8	0.6	3	2.8	0.9	3	3.0	1.0	3	3.3	1.1	3	3.6	1.2	-	39.7%

1. Rand million.

## **Expenditure Trends**

The Cooperative Banks Development Agency is primarily funded from transfers from National Treasury. The significant increase in transfers received between 2010/11 and 2012/13 was as a result of establishing the stabilisation fund and facilitating capacity building within the agency.

The agency's medium term spending focus will be on establishing an effective promotional strategy and developing a comprehensive set of technical tools for the cooperative financial institutions sector to market its services, while meeting its other statutory obligations, including the accreditation of support organisations and the registration of representative bodies.

Between 2009/10 and 2012/13, expenditure increased to R15.9 million mainly because of the establishment of the stabilisation fund, the implementation of an IT system, the provision of support to secondary intermediary cooperatives, the funding of the training programme for financial cooperatives at universities, and the expansion of the agency's legislative mandate. Over the medium term, expenditure is expected to increase to R17.4 million because of capacity building within the agency and the facilitation of the exemption notice. The budget allocations in 2011/12 and 2012/13 enabled the agency to successfully train 20 managers of cooperative financial institutions each year, and to increase the number of cooperative banks regulated and supervised to 3. Baseline reductions of R1 million have been implemented over the medium term.

The agency has a funded establishment of 11 posts, with 1 vacancy as at 30 September 2012. Over the medium term, the number of posts is expected to increase from 10 in 2012/13 to 15 in 2015/16 as the agency builds capacity to fulfil an additional mandate in terms of the administration of the exemption notice issued by the South African Reserve Bank in 2011/12, which exempts the cooperative institutions from complying with the South African Reserve Bank Act (1982). The increased staff complement will allow the agency to better facilitate this exemption notice, and to build capacity in the sector.

The agency uses consultants mainly for financial management, human resources management, institutional assessment feasibility studies, and the production of annual financial statements for cooperative financial institutions, as it does not have these skills internally. Spending on consultants decreased from R1.8 million in 2010/11 to R1 million in 2012/13 in an effort to lower spending on consultancy services.

## **Financial Advisory and Intermediary Services Ombud**

### **Mandate and goals**

The legislative mandate of the Financial Advisory and Intermediary Services Ombud is stated in the Financial Advisory and Intermediary Services Act (2002), under which the organisation is established. The act gives the ombud the statutory powers to consider and dispose of complaints against financial services providers, primarily intermediaries selling investment products. The ombud is required to process the complaints in a procedurally fair, informal, economical and expeditious way.

The ombud's strategic goals over the medium term are to:

- serve customers by achieving excellent levels of customer satisfaction
- facilitate the communication process with stakeholders to enhance performance, accountability and public confidence
- ensure long term sustainability by strengthening the office's organisational capacity to deliver on its mandate in an economically efficient and effective manner, in accordance with the relevant regulatory framework.

## Selected performance indicators

**Table 10.51 Financial Advisory and Intermediary Services Ombud**

Indicator	Programme/Activity/Objective	Past			Current	Projections		
		2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Number of cases registered per year	Handling complaints in terms of the Financial Advisory and Intermediary Services Act (2002)	7 647	7 944	8 821	10 144	11 158	12 274	13 502
Number of cases registered justiciable per year	Handling complaints in terms of the Financial Advisory and Intermediary Services Act (2002)	2 653	2 764	3 547	4 079	4 487	4 936	5 429
Number of cases settled at conciliation per year	Handling complaints in terms of the Financial Advisory and Intermediary Services Act (2002)	214	587	781	898	988	1 087	1 195
Number of arbitration hearing settled per year	Handling complaints in terms of the Financial Advisory and Intermediary Services Act (2002)	2 431	1 997	2 197	2 416	2 658	2 924	2 924
Number of collective agreements on agreed matters of mutual interest concluded in public education per year	Handling complaints in terms of the Financial Advisory and Intermediary Services Act (2002)	3 051	4 103	4 180	4 807	5 047	5 300	5 565
Number of cases dismissed per year	Handling complaints in terms of the Financial Advisory and Intermediary Services Act (2002)	2 431	1 997	2 386	2 744	3 018	3 320	3 652
Number of cases carried over per year	Handling complaints in terms of the Financial Advisory and Intermediary Services Act (2002)	–	1 257	1 474	1 695	1 780	1 869	1 962

## Programmes/activities/objectives

**Table 10.52 Financial Advisory and Intermediary Services Ombud**

R thousand	Audited outcome			Revised estimate	Average growth rate (%)		Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2009/10	2010/11	2011/12		2009/10 - 2012/13	2012/13 - 2015/16	2013/14	2014/15	2015/16		
Handling complaints in terms of the Financial Advisory and Intermediary Services Act (2002)	21 426	22 906	26 699	33 004	15.5%	100.0%	35 313	36 712	37 921	4.7%	100.0%
<b>Total expense</b>	<b>21 426</b>	<b>22 906</b>	<b>26 699</b>	<b>33 004</b>	<b>15.5%</b>	<b>100.0%</b>	<b>35 313</b>	<b>36 712</b>	<b>37 921</b>	<b>4.7%</b>	<b>100.0%</b>

## Expenditure estimates

**Table 10.53 Financial Advisory and Intermediary Services Ombud**

Statement of financial performance	Audited outcome			Revised estimate	Average growth rate (%)		Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2009/10	2010/11	2011/12		2009/10 - 2012/13	2012/13 - 2015/16	2013/14	2014/15	2015/16		
R thousand											
<b>Revenue</b>											
<b>Non-tax revenue</b>	<b>232</b>	<b>256</b>	<b>194</b>	<b>160</b>	-11.7%	0.8%	<b>165</b>	<b>170</b>	<b>180</b>	4.0%	0.5%
Sale of goods and services other than capital assets	187	256	184	160	-5.1%	0.7%	165	170	180	4.0%	0.5%
of which:											
Administrative fees	187	256	184	160	-5.1%	0.7%	165	170	180	4.0%	0.5%
Other non-tax revenue	45	–	10	–	-100.0%	0.1%	–	–	–	–	–
<b>Transfers received</b>	<b>23 012</b>	<b>25 336</b>	<b>26 615</b>	<b>32 844</b>	<b>12.6%</b>	<b>99.2%</b>	<b>35 751</b>	<b>37 291</b>	<b>38 914</b>	<b>5.8%</b>	<b>99.5%</b>
<b>Total revenue</b>	<b>23 244</b>	<b>25 592</b>	<b>26 809</b>	<b>33 004</b>	<b>12.4%</b>	<b>100.0%</b>	<b>35 916</b>	<b>37 461</b>	<b>39 094</b>	<b>5.8%</b>	<b>100.0%</b>
<b>Expenses</b>											
<b>Current expenses</b>	<b>21 426</b>	<b>22 906</b>	<b>26 699</b>	<b>33 004</b>	<b>15.5%</b>	<b>100.0%</b>	<b>35 313</b>	<b>36 712</b>	<b>37 921</b>	<b>4.7%</b>	<b>100.0%</b>
Compensation of employees	14 271	14 491	17 703	19 564	11.1%	63.9%	21 108	21 271	21 427	3.1%	58.4%
Goods and services	6 395	7 642	8 255	12 790	26.0%	33.2%	13 510	14 698	15 699	7.1%	39.6%
Depreciation	724	728	691	650	-3.5%	2.8%	695	743	794	6.9%	2.0%
Interest, dividends and rent on land	36	46	50	–	-100.0%	0.1%	–	–	–	–	–
<b>Total expenses</b>	<b>21 426</b>	<b>22 906</b>	<b>26 699</b>	<b>33 004</b>	<b>15.5%</b>	<b>100.0%</b>	<b>35 313</b>	<b>36 712</b>	<b>37 921</b>	<b>4.7%</b>	<b>100.0%</b>
<b>Surplus/(Deficit)</b>	<b>1 818</b>	<b>2 686</b>	<b>110</b>	<b>–</b>	<b>-100.0%</b>		<b>603</b>	<b>749</b>	<b>1 173</b>	<b>–</b>	
<b>Statement of financial position</b>											
Carrying value of assets	952	2 131	1 727	2 214	32.5%	32.3%	2 822	3 128	3 525	16.8%	55.9%
of which:											
Acquisition of assets	455	902	519	1 137	35.7%	14.5%	1 137	1 652	1 652	13.3%	26.7%
Receivables and prepayments	1 419	5 076	5 195	1 589	3.8%	53.5%	1 633	1 680	1 732	2.9%	32.2%
Cash and cash equivalents	1 168	262	539	567	-21.4%	14.2%	595	625	656	5.0%	11.8%
<b>Total assets</b>	<b>3 539</b>	<b>7 469</b>	<b>7 461</b>	<b>4 370</b>	<b>7.3%</b>	<b>100.0%</b>	<b>5 050</b>	<b>5 433</b>	<b>5 913</b>	<b>10.6%</b>	<b>100.0%</b>
Accumulated surplus/(deficit)	2 561	6 259	6 368	2 211	-4.8%	73.0%	2 701	2 880	3 139	12.4%	52.5%
Finance lease	156	119	60	50	-31.6%	2.0%	60	69	79	16.6%	1.2%
Trade and other payables	822	1 091	1 033	1 633	25.7%	22.3%	1 775	1 929	2 096	8.7%	35.9%
Provisions	–	–	–	476	–	2.7%	514	555	599	8.0%	10.4%
<b>Total equity and liabilities</b>	<b>3 539</b>	<b>7 469</b>	<b>7 461</b>	<b>4 370</b>	<b>7.3%</b>	<b>100.0%</b>	<b>5 050</b>	<b>5 433</b>	<b>5 913</b>	<b>10.6%</b>	<b>100.0%</b>

## Personnel information

**Table 10.54 Financial Advisory and Intermediary Services Ombud**

Salary level	Post status estimated for 31 March 2013		Number and cost <sup>1</sup> of personnel posts filled / planned for on funded establishment												Number				
	Number of funded posts	Number of vacant posts	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/ total: Average (%)			
			2011/12			2012/13			2013/14		2014/15		2015/16				2012/13 - 2015/16		
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost				Number	Cost
	50	1	50	17.7	0.4	58	19.6	0.3	58	21.1	0.4	61	21.3	0.3	61	21.4	0.4	1.7%	100.0%
1-6	5	-	10	0.6	0.1	11	1.0	0.1	10	1.1	0.1	10	1.1	0.1	11	1.1	0.1	-	17.7%
7-10	21	1	20	4.4	0.2	20	4.8	0.2	24	5.5	0.2	24	5.5	0.2	22	5.6	0.3	3.2%	37.8%
11-12	16	-	14	7.2	0.5	19	6.5	0.3	15	6.4	0.4	18	6.4	0.4	20	6.5	0.3	1.7%	30.2%
13-16	7	-	5	3.8	0.8	7	5.5	0.8	7	5.2	0.7	7	5.2	0.7	7	5.2	0.7	-	11.8%
17-22	1	-	1	1.7	1.7	1	1.7	1.7	2	3.0	1.5	2	3.0	1.5	1	3.0	3.0	-	2.5%

1. Rand million.

## Expenditure trends

The Financial Advisory and Intermediary Services Ombud receives most of its revenue from transfers from the Financial Services Board. Revenue increased from R23.2 million in 2009/10 to R39.1 million in 2012/13, and is expected to increase to R38.9 million over the medium term, mainly due to increased transfers received to improve service levels.

The spending focus over the medium term will be on supporting improvements in customer satisfaction, strengthening organisational capacity to achieve operational excellence, and improving existing business systems and processes and stakeholder relationship management to ensure that the number of cases registered and cases settled meet or exceed targets.

Expenditure increased between 2009/10 and 2012/13 because of a structural reorganisation and an increase in the staff complement. As a result, expenditure on compensation of employees also increased. The increase in the establishment is directly linked to the trends in the total number of complaints received, which increased from 7 647 in 2009/10 to 10 144 in 2012/13; and the number of justiciable cases, which increased from 2 653 to 4 079. The increased spending allowed the entity to respond to a greater number of and increasingly complex customer complaints, and the increase in the number of determinations from 21 in 2009/10 to 29 in 2012/13. Expenditure on goods and services over this period increased due to the implementation of a case management system, professional fees and infrastructure support.

Over the medium term, expenditure is expected to increase mainly due to the filling of the deputy ombud post, 2 assistant ombud posts, and 2 case manager posts. This is also supported by the growth in the establishment, from 50 to 61 posts over the medium term. As at 30 September 2012, the ombud had 50 filled posts, which are expected to increase to 61 over the medium term in line with the ombud's strategy.

The ombud uses consultants mainly for auditing, risk management, assets valuation, IT, legal and labour advisory services. Spending on consultants increased from R593 000 in 2009/10 to R745 000 in 2012/13, and is expected to increase to R911 000 in 2015/16 due to the increases in the number of cases where the ombud's services are required. The ombud requires the services of consultants in these cases as it does not have the necessary adjudication and arbitration skills to pursue the matters without their assistance.

The following cost saving measures were put in place in the 2012/13: telephone and cellular phone call costs were reduced, and printing costs were reduced by encouraging officials to print only when necessary and in black and white instead of colour.

## Financial and Fiscal Commission

### Mandate and goals

The Financial and Fiscal Commission derives its mandate from the Financial and Fiscal Commission Act (1997). The commission's legislative mandate is to advise the relevant legislative authorities on the

financial and fiscal requirements for the national, provincial and local spheres of government in terms of section 220 of the Constitution. Other legislation that informs its mandate includes: the Intergovernmental Fiscal Relations Act (1997), the Money Bills Amendment Procedure and Related Matters Act (2009), the Provincial Tax Regulation Process Act (2001), the Municipal Fiscal Powers and Functions Act (2007), the Borrowing Powers of Provincial Government Act (1995), the Municipal Finance Management Act (2003) and the Municipal Systems Act (2003).

The commission's overarching goal is to provide proactive, expert and independent advice on promoting a sustainable and equitable system of intergovernmental fiscal relations through the formulation and collation of policy relevant analysis. The commission's work is aligned with government's 12 outcomes and other developmental priorities, including the reduction of poverty, the promotion of economic and social development, and the protection of the environment.

The commission's strategic goals over the medium term are to:

- contribute to a sustainable and equitable intergovernmental relations system
- foster a strategic approach that is oriented towards the future and shows foresight
- provide sound and informed policy advice that is evidence based and that results from comprehensive engagement
- generate relevant and valuable knowledge that enhances developmental impact, using internal and external resources as required
- nurture an organisational culture that is dynamic and productive
- achieve a balance in relation to present and future demands, leading to effective performance within the constraints of available resources.

## Selected performance indicators

**Table 10.55 Financial and Fiscal Commission**

Indicator	Programme/Activity/Objective	Past			Current	Projections		
		2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Annual submission on the division of revenue	Research and strategy	1	1	1	1	1	1	1
Annual comments submitted on the Division of Revenue Bill	Research and strategy	1	1	1	1	1	1	1
Annual comments submitted on the medium term budget policy statement and fiscal framework	Research and strategy	1	1	1	1	1	1	1
Comments submitted on annual reports for departments	Research and strategy	4	4	4	4	4	4	4

## Programmes/activities/objectives

**Table 10.56 Financial and Fiscal Commission**

R thousand	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2009/10	2010/11	2011/12				2012/13	2013/14	2014/15		
Research and strategy	16 887	20 661	22 145	25 130	14.2%	64.5%	27 079	28 889	30 446	6.6%	70.8%
Support services	10 302	12 785	10 919	12 263	6.0%	35.5%	11 946	10 864	10 709	-4.4%	29.2%
<b>Total expense</b>	<b>27 189</b>	<b>33 446</b>	<b>33 064</b>	<b>37 393</b>	<b>11.2%</b>	<b>100.0%</b>	<b>39 025</b>	<b>39 753</b>	<b>41 155</b>	<b>3.2%</b>	<b>100.0%</b>

## Expenditure estimate

**Table 10.57 Financial and Fiscal Commission**

Statement of financial performance	Audited outcome			Revised estimate 2012/13	Average growth rate (%) 2009/10 - 2012/13	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%) 2012/13 - 2015/16	Expenditure/total: Average (%)
	2009/10	2010/11	2011/12				2013/14	2014/15	2015/16		
	R thousand										
<b>Revenue</b>											
<b>Non-tax revenue</b>	97	402	136	125	8.8%	0.6%	258	265	271	29.4%	0.6%
<i>Other non-tax revenue</i>	97	402	136	125	8.8%	0.6%	258	265	271	29.4%	0.6%
<b>Transfers received</b>	26 580	31 391	33 036	37 268	11.9%	99.4%	38 767	39 488	40 884	3.1%	99.4%
<b>Total revenue</b>	26 677	31 793	33 172	37 393	11.9%	100.0%	39 025	39 753	41 155	3.2%	100.0%
<b>Expenses</b>											
<b>Current expenses</b>	27 189	33 446	33 064	37 393	11.2%	100.0%	39 025	39 753	41 155	3.2%	100.0%
Compensation of employees	17 158	19 664	19 202	18 596	2.7%	57.4%	19 496	19 666	20 487	3.3%	49.7%
Goods and services	9 093	13 058	13 455	18 483	26.7%	40.7%	19 199	19 740	20 304	3.2%	49.4%
Depreciation	780	584	403	314	-26.2%	1.7%	331	347	364	5.1%	0.9%
Interest, dividends and rent on land	158	140	4	-	-100.0%	0.3%	-	-	-	-	-
<b>Total expenses</b>	27 189	33 446	33 064	37 393	11.2%	100.0%	39 025	39 753	41 155	3.2%	100.0%
<b>Surplus/(Deficit)</b>	(512)	(1 653)	108	-	-100.0%		-	-	-	-	
<b>Statement of financial position</b>											
Carrying value of assets	920	841	711	752	-6.5%	82.1%	790	851	930	7.3%	70.5%
<i>of which:</i>											
<i>Acquisition of assets</i>	225	513	273	340	14.8%	35.3%	354	376	394	5.1%	31.3%
Receivables and prepayments	52	58	140	52	-	7.7%	40	40	40	-8.4%	3.8%
Cash and cash equivalents	130	-	127	150	4.9%	10.1%	200	200	941	84.4%	25.7%
<b>Total assets</b>	1 102	899	978	954	-4.7%	100.0%	1 030	1 091	1 911	26.1%	100.0%
Accumulated surplus/(deficit)	(2 173)	(3 974)	(3 736)	(2 736)	8.0%	-327.0%	(1 736)	(736)	264	-145.9%	-127.2%
Capital and reserves	919	919	919	919	-	94.0%	919	919	919	-	79.5%
Borrowings	-	1	-	-	-	0.0%	-	-	-	-	-
Finance lease	189	154	88	-	-100.0%	10.8%	-	-	-	-	-
Trade and other payables	1 807	3 399	3 157	2 371	9.5%	278.3%	1 447	508	328	-48.3%	113.2%
Provisions	360	400	550	400	3.6%	43.8%	400	400	400	-	34.6%
<b>Total equity and liabilities</b>	1 102	899	978	954	-4.7%	100.0%	1 030	1 091	1 911	26.1%	100.0%

## Personnel information

**Table 10.58 Financial and Fiscal Commission**

Post status estimated for 31 March 2013	Number of funded posts	Number of vacant posts	Number and cost <sup>1</sup> of personnel posts filled / planned for on funded establishment												Number				
			Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%) 2012/13 - 2015/16	Salary level/total: Average (%)			
			2011/12		2012/13		2013/14		2014/15		2015/16								
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost					
Salary level	25	-	25	12.0	0.5	25	11.8	0.5	26	12.3	0.5	26	12.7	0.5	26	13.2	0.5	1.3%	100.0%
1-6	2	-	2	0.2	0.1	2	0.2	0.1	2	0.2	0.1	2	0.2	0.1	2	0.2	0.1	-	7.8%
7-10	11	-	11	3.7	0.3	11	3.4	0.3	11	3.1	0.3	11	3.3	0.3	11	3.2	0.3	-	42.7%
11-12	11	-	11	7.0	0.6	11	7.0	0.6	11	7.8	0.7	11	8.0	0.7	11	8.4	0.8	-	42.7%
13-16	1	-	1	1.1	1.1	1	1.1	1.1	2	1.2	0.6	2	1.3	0.6	2	1.3	0.7	26.0%	6.8%

1. Rand million.

## Expenditure trends

The Financial and Fiscal Commission receives most of its revenue from transfers from National Treasury. Other revenue comprises interest received on cash balances.

The spending focus over the medium term will be on the establishment of a pool of specialised technical advisers to work with a focused research team on multiple research projects that will provide sound financial and fiscal information for parliamentary reports.

Expenditure increased between 2009/10 and 2012/13 to allow the commission to increase capacity for the research programme. Spending on goods and services increased mainly due to increased office rental, audit fees, staff training and printing costs. This was in line with the increase in the demand of the commission's services by all spheres of government. In addition, growing demand for the commission's services entailed increased research and travelling, since advice is provided to all spheres of government across the country. These increases were moderate and within the control of the commission. A insignificant increase in spending over the medium term is expected as a result inflationary adjustments.

The budget allocation in 2011/12 and 2012/13 has enabled the commission to fulfil its mandate by timeously tabling the submission for the 2012/13 division of revenue as well as submissions on the 2011 Medium Term Budget Policy Statement, the 2011 Division of Revenue Bill, the 2012 Fiscal Frameworks and Revenue Proposals, the 2012 Appropriation Bill and the Additional Appropriation Bill, and the Ethekwini municipality local business tax proposal.

The following savings measures were put in place for reprioritisation purposes: a R780 000 reduction on venues and facilities expenditure, and the reduction of office space in Cape Town from 2 000 square metres to 1 275 square metres. These savings will be used to fund other priorities such as research related costs, given the increasing demands for the commission to fulfil its advisory role across all government spheres. As part of the Cabinet approved budget reductions of R2.5 million over the medium term, savings derived from audit costs and expenditure on travel and subsistence will be implemented.

The commission has a funded establishment of 25 posts, all of which were filled as at 30 September 2012. The number of filled posts is expected to increase to 26 over the medium term. Spending on consultants increased from R1.1 million in 2009/10 to R2.3 million in 2012/13, mainly as a result of increased specialised research skills requirements for the commission to deliver on its mandate. There is no significant increase in spending on consultants over the medium term.

## **Financial Intelligence Centre**

### **Mandate and goals**

The Financial Intelligence Centre was established by the Financial Intelligence Centre Act (2001) and began operations in 2003. The act mandates the centre to identify the proceeds of unlawful activities, combat money laundering activities, combat the financing of terrorist and related activities, exchange information with law enforcement and other local and international agencies, supervise and enforce compliance with the act, and facilitate effective supervision and enforcement by supervisory bodies.

To deliver on this mandate and protect the integrity of South Africa's financial system, the act works in conjunction with other legislation, which includes the Prevention of Organised Crime Act (1998), the Protection of Constitutional Democracy Against Terrorist and Related Activities Act (2004) and the South African Police Service Act (1995).

The centre's strategic goals are aligned with government's priorities and outcomes, particularly where it is able to contribute to a financial system that is based on integrity and transparency and thus supports economic growth and social development. The centre's strategic goals over the medium are to:

- improve levels of compliance with the Financial Intelligence Centre Act (2001)
- reduce the compliance burden for organisations that are obliged to comply with the act
- make better use of financial intelligence
- promote the national interest in maintaining the integrity of South Africa's financial system
- increase the efficiency and effectiveness of the organisation.

## Selected performance indicators

**Table 10.59 Financial Intelligence Centre**

Indicator	Programme/Activity/Objective	Past			Current	Projections		
		2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Number of suspicious transaction report per year	Compliance and prevention	29 411	36 708	40 378	-1	-1	-1	-1
Number of referrals to law enforcement agencies per year	Monitoring and analysis	331	697	761	-1	-1	-1	-1
Number of compliance audits per year	Compliance and prevention	199	122	220	-1	-1	-1	-1
Total number of requests from international counterparts	Compliance and prevention	83	112	131	-1	-1	-1	-1
Number of Financial Intelligence Centre inspection reports finalised per year	Compliance and prevention	199	122	220	220	150	220	240
Number of accountable/reporting institutions registered in terms of the Financial Intelligence Centre Act (2001) per year	Compliance and prevention	895	8 661	14 054	14 757	15 495	16 269	17 083
Number of cases disseminated for investigation per year	Monitoring and analysis	331	697	761	761	837	921	1 013
Number of national and international law enforcement investigations contributed to upon request per year	Monitoring and analysis	476	607	980	980	1 078	1 186	1 304
Value of funds blocked as suspected proceeds of crime in the financial system per year	Monitoring and analysis	R6.2m	R6.7m	R7.4m	R12m	R13.2m	R14.5m	R16m
Total staff capacity to sustain the centre's business processes <sup>1</sup>	Business enablement	140	146	188	212	212	212	212

1. The reformulation and updating of the centre's strategic and annual performance plan in July 2012 led to the streamlining of key performance indicators. This means some of the centre's key performance indicators were redefined and all relevant documents from July 2012 onwards (e.g. the ENE, the centre's strategic and annual performance plans and, where possible, all new annual quarterly reports) will show the updated list of the centre's key performance indicators.

## Programmes/activities/objectives

**Table 10.60 Financial Intelligence Centre**

	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2009/10	2010/11	2011/12				2012/13	2009/10 - 2012/13	2013/14		
R thousand											
ICT	28 719	33 070	36 529	119 705	60.9%	31.5%	74 862	35 327	36 854	-32.5%	33.3%
Monitoring and analysis	12 599	15 789	27 914	27 600	29.9%	12.8%	38 836	44 001	46 078	18.6%	20.3%
Legal and policy	6 500	7 680	11 366	9 345	12.9%	5.5%	13 150	14 898	15 602	18.6%	6.9%
Compliance and prevention	16 500	18 325	17 798	33 423	26.5%	13.3%	41 692	47 237	49 468	14.0%	22.3%
Administration and support	57 728	61 283	77 723	20 017	-29.7%	36.8%	33 859	38 072	40 008	26.0%	17.2%
<b>Total expense</b>	<b>122 046</b>	<b>136 147</b>	<b>171 330</b>	<b>210 090</b>	<b>19.8%</b>	<b>100.0%</b>	<b>202 399</b>	<b>179 535</b>	<b>188 010</b>	<b>-3.6%</b>	<b>100.0%</b>

## Expenditure estimates

**Table 10.61 Financial Intelligence Centre**

Statement of financial performance	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2009/10	2010/11	2011/12				2012/13	2009/10 - 2012/13	2013/14		
R thousand											
<b>Revenue</b>											
<b>Non-tax revenue</b>	<b>1 323</b>	<b>1 297</b>	<b>1 521</b>	<b>-</b>	<b>-100.0%</b>	<b>0.7%</b>	<b>1 399</b>	<b>1 455</b>	<b>1 522</b>	<b>-</b>	<b>0.6%</b>
<i>Other non-tax revenue</i>	<i>1 323</i>	<i>1 297</i>	<i>1 521</i>	<i>-</i>	<i>-100.0%</i>	<i>0.7%</i>	<i>1 399</i>	<i>1 455</i>	<i>1 522</i>	<i>-</i>	<i>0.6%</i>
<b>Transfers received</b>	<b>141 645</b>	<b>181 414</b>	<b>136 500</b>	<b>197 314</b>	<b>11.7%</b>	<b>99.3%</b>	<b>201 000</b>	<b>178 080</b>	<b>186 488</b>	<b>-1.9%</b>	<b>99.4%</b>
<b>Total revenue</b>	<b>142 968</b>	<b>182 711</b>	<b>138 021</b>	<b>197 314</b>	<b>11.3%</b>	<b>100.0%</b>	<b>202 399</b>	<b>179 535</b>	<b>188 010</b>	<b>-1.6%</b>	<b>100.0%</b>

Table 10.61 Financial Intelligence Centre (continued)

Statement of financial performance				Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)
Audited outcome			2012/13				2009/10 - 2012/13	2013/14	2014/15		
R thousand	2009/10	2010/11	2011/12	2012/13	2009/10 - 2012/13	2013/14	2014/15	2015/16	2012/13 - 2015/16		
<b>Expenses</b>											
<b>Current expenses</b>	<b>122 046</b>	<b>136 147</b>	<b>171 330</b>	<b>210 090</b>	<b>19.8%</b>	<b>100.0%</b>	<b>202 399</b>	<b>179 534</b>	<b>188 010</b>	<b>-3.6%</b>	<b>100.0%</b>
Compensation of employees	59 936	73 995	93 476	124 653	27.6%	54.3%	128 537	138 820	149 926	6.3%	70.0%
Goods and services	53 836	52 612	65 435	79 369	13.8%	39.7%	67 924	34 776	32 146	-26.0%	27.0%
Depreciation	8 151	9 320	12 245	6 068	-9.4%	5.9%	5 938	5 938	5 938	-0.7%	3.1%
Interest, dividends and rent on land	123	220	174	–	-100.0%	0.1%	–	–	–	–	–
<b>Total expenses</b>	<b>122 046</b>	<b>136 147</b>	<b>171 330</b>	<b>210 090</b>	<b>19.8%</b>	<b>100.0%</b>	<b>202 399</b>	<b>179 534</b>	<b>188 010</b>	<b>-3.6%</b>	<b>100.0%</b>
<b>Surplus/(Deficit)</b>	<b>20 922</b>	<b>46 564</b>	<b>(33 309)</b>	<b>(12 776)</b>	<b>-184.8%</b>		<b>–</b>	<b>–</b>	<b>–</b>	<b>-100.0%</b>	
<b>Statement of financial position</b>											
Carrying value of assets	36 242	42 392	38 415	39 504	2.9%	46.3%	74 732	77 860	80 988	27.0%	83.5%
<i>of which:</i>											
Acquisition of assets	9 189	12 353	8 475	23 528	36.8%	15.6%	58 383	62 058	65 927	41.0%	64.3%
Inventory	222	242	230	242	2.9%	0.3%	242	242	242	–	0.3%
Receivables and prepayments	1 455	2 675	1 780	2 675	22.5%	2.5%	2 675	2 675	2 675	–	3.2%
Cash and cash equivalents	23 554	65 419	47 982	45 965	25.0%	50.9%	–	–	–	-100.0%	13.0%
<b>Total assets</b>	<b>61 473</b>	<b>110 728</b>	<b>88 407</b>	<b>88 386</b>	<b>12.9%</b>	<b>100.0%</b>	<b>77 649</b>	<b>80 777</b>	<b>83 905</b>	<b>-1.7%</b>	<b>100.0%</b>
Accumulated surplus/(deficit)	49 484	96 320	63 011	63 011	8.4%	77.5%	53 505	56 633	59 761	-1.7%	70.4%
Capital and reserves	23	21	21	–	-100.0%	0.0%	–	–	–	–	–
Finance lease	313	2 230	1 280	512	17.8%	1.1%	370	370	370	-10.3%	0.5%
Trade and other payables	11 653	12 157	24 095	24 095	27.4%	21.1%	23 006	23 006	23 006	-1.5%	28.2%
Derivatives financial instruments	–	–	–	768	–	0.2%	768	768	768	–	0.9%
<b>Total equity and liabilities</b>	<b>61 473</b>	<b>110 728</b>	<b>88 407</b>	<b>88 386</b>	<b>12.9%</b>	<b>100.0%</b>	<b>77 649</b>	<b>80 777</b>	<b>83 905</b>	<b>-1.7%</b>	<b>100.0%</b>

## Personnel information

Table 10.62 Financial Intelligence Centre

Post status estimated for 31 March 2013	Number and cost <sup>1</sup> of personnel posts filled / planned for on funded establishment															Number			
	Number of funded posts	Number of vacant posts	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2011/12			2012/13			2013/14		2014/15		2015/16						
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			Number	Cost	Unit Cost
Salary level	214	10	186	93.5	0.5	214	124.7	0.6	214	128.5	0.6	214	138.8	0.6	214	149.9	0.7	–	100.0%
1–6	1	–	1	0.1	0.1	1	0.1	0.1	1	0.2	0.2	1	0.2	0.2	1	0.2	0.2	–	0.5%
11–12	196	9	171	74.8	0.4	196	98.9	0.5	196	102.0	0.5	196	110.2	0.6	196	119.0	0.6	–	91.6%
13–16	17	1	14	18.6	1.3	17	25.6	1.5	17	26.4	1.6	17	28.5	1.7	17	30.8	1.8	–	7.9%

1. Rand million.

## Expenditure trends

The Financial Intelligence Centre receives most of its revenue from National Treasury in the form of a transfer payment. Transfers received increased significantly between 2009/10 and 2012/13 to fund the development of the agency's IT infrastructure. Over the medium term, transfers received are expected to decrease by R10.8 million mainly due to the completion of the ICT enhancements.

The spending focus over the medium term will be on appointing more staff to assist in reducing the number of fraudulent transactions in the banking sector by expanding into other regions to better combat money laundering and financial crime. The increase in staff is therefore required for the Agency's expansion into other regions with an additional 34 employees expected to be appointed for this purpose.

The increase in spending between 2009/10 and 2012/13 was mainly due to the appointment of investigative professionals, as well as related increases on goods and services line items. The budget allocation in 2011/12 and 2012/13 enabled the centre to host 48 public awareness sessions and issue 4 notices to boost the registration of financial service providers.

Spending on consultants decreased from R18.3 million in 2009/10 to R7.1 million in 2012/13, and is expected to decrease to R2.7 million in 2015/16 in an effort to reduce spending on consultancy services. The centre uses consultants mainly for IT related services.

As at 30 September 2012, the centre had an approved establishment of 214 posts, which were all filled because of the need to increase capacity to monitor transactions, and ensure compliance and that regulations are enforced. Over the medium term, the approved establishment is expected to remain constant, and any vacant posts will be filled to allow the centre to deliver on the ICT projects it intends to implement.

## Financial Services Board

### Mandate and goals

The Financial Services Board is an independent institution established by statute to oversee the South African non-banking financial services industry in the public interest.

The board's legislative mandate is primarily derived from the Financial Services Board Act (1990), which requires it to:

- supervise and enforce compliance with laws regulating financial institutions and the provision of financial services
- advise the Minister of Finance on matters concerning financial institutions and financial services
- promote the programmes and initiatives of financial institutions and bodies representing the financial services industry
- inform and educate users and potential users about financial products and services.

The board is also expected to contribute to the relevant strategic outcomes assigned to the Minister of Finance. It is therefore required to contribute to improving the quality of basic education via its financial literacy programme; develop a skilled and capable workforce; improve the economic environment; and be instrumental in the creation of an efficient, effective and development orientated public service and an empowered, fair and inclusive citizenship with particular regards to financial institutions and services.

The board's main strategic goal over the medium term is to supervise and regulate the non-banking financial services industry in the following areas: long term and short term insurance, retirement funds and friendly societies, financial service providers, collective investment schemes, and capital markets. The board will also decide on future regulatory initiatives involving the implementation of G20 commitments.

### Selected performance indicators

**Table 10.63 Financial Services Board**

Indicator	Programme/Activity/Objective	Past			Current	Projections		
		2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Improved revenue collection from companies in the financial services sector per year	Supervise the financial advisory and intermediary activities in the financial services sector in terms of the Financial Advisory and Intermediary Act (2002)	R352.5m	R422.7m	R454.2m	R 506.2m	R531.7m	R563.1m	R588.1m
Number of financial advisory and intermediary industries supervised per year	Supervise the financial advisory and intermediary activities in the financial services sector in terms of the Financial Advisory and Intermediary Act (2002)	14 500	11 868	12 461	12 710	12 965	12 965	13 561
Number of long term and short term insurance industries supervised per year	Supervise the long term and short term insurance industries in terms of the Long Term Insurance Act (1998)	189	199	210	214	220	220	230
Number of retirement funds and friendly societies supervised per year	Supervise retirement funds and friendly societies	8 500	3 446	3 618	3 690	3 675	3 675	3 844
Number of collective investment schemes supervised per year	Supervise the South African licenced exchanges, central securities depositories and clearing houses in terms of the Securities Act (2004) and collective investment schemes in securities in terms of the Collective Investment Schemes Control Act (2002)	118	178	187	190	195	195	204

## Programmes/activities/objectives

Table 10.64 Financial Services Board

	Audited outcome			Revised estimate	Average growth rate (%)		Medium-term estimate			Average growth rate (%)	
	2009/10	2010/11	2011/12		2009/10 - 2012/13	2013/14	2014/15	2015/16	2012/13 - 2015/16		
R thousand											
Supervise the financial advisory and intermediary activities in the financial services sector in terms of the Financial Advisory and Intermediary Act (2002)	127 826	139 323	148 462	154 028	6.4%	32.2%	166 556	171 613	176 053	4.6%	30.6%
Supervise the long term and short term insurance industries in terms of the Long Term Insurance Act (1998)	77 429	85 180	123 719	128 356	18.4%	23.0%	120 349	126 719	146 711	4.6%	23.9%
Supervise retirement funds and friendly societies	108 524	129 894	143 514	148 893	11.1%	29.9%	154 078	168 587	170 184	4.6%	29.4%
Directorate: Market abuse	13 969	11 367	19 795	20 537	13.7%	3.6%	14 269	20 257	23 474	4.6%	3.6%
Supervise the South African licensed exchanges, central securities depositories and clearing houses in terms of the Securities Act (2004) and collective investment schemes in securities in terms of Collective Investment Schemes Control Act (2002)	33 594	33 560	49 488	51 343	15.2%	9.3%	48 418	51 666	58 684	4.6%	9.6%
Other objectives	5 790	8 375	9 898	10 269	21.0%	1.9%	20 753	22 193	11 737	4.6%	3.0%
<b>Total expense</b>	<b>367 132</b>	<b>407 699</b>	<b>494 875</b>	<b>513 425</b>	<b>11.8%</b>	<b>100.0%</b>	<b>524 423</b>	<b>561 035</b>	<b>586 843</b>	<b>4.6%</b>	<b>100.0%</b>

## Expenditure estimates

Table 10.65 Financial Services Board

Statement of financial performance	Audited outcome			Revised estimate	Average growth rate (%)		Medium-term estimate			Average growth rate (%)	
	2009/10	2010/11	2011/12		2009/10 - 2012/13	2013/14	2014/15	2015/16	2012/13 - 2015/16		
R thousand											
<b>Revenue</b>											
<b>Non-tax revenue</b>	<b>352 490</b>	<b>422 748</b>	<b>477 673</b>	<b>503 053</b>	<b>12.6%</b>	<b>100.0%</b>	<b>531 654</b>	<b>563 095</b>	<b>588 998</b>	<b>5.4%</b>	<b>100.0%</b>
Sale of goods and services other than capital assets	316 791	371 323	420 387	462 072	13.4%	89.4%	492 788	522 355	546 383	5.7%	92.5%
<i>of which:</i>											
<i>Sales by market establishment</i>	316 791	371 323	420 387	462 072	13.4%	89.4%	492 788	522 355	546 383	5.7%	92.5%
<i>Other non-tax revenue</i>	35 699	51 425	57 286	40 981	4.7%	10.6%	38 866	40 740	42 614	1.3%	7.5%
<b>Total revenue</b>	<b>352 490</b>	<b>422 748</b>	<b>477 673</b>	<b>503 053</b>	<b>12.6%</b>	<b>100.0%</b>	<b>531 654</b>	<b>563 095</b>	<b>588 998</b>	<b>5.4%</b>	<b>100.0%</b>
<b>Expenses</b>											
<b>Current expenses</b>	<b>367 132</b>	<b>407 699</b>	<b>494 875</b>	<b>445 548</b>	<b>6.7%</b>	<b>96.7%</b>	<b>456 034</b>	<b>489 226</b>	<b>511 731</b>	<b>4.7%</b>	<b>87.0%</b>
Compensation of employees	195 274	218 789	268 872	289 140	14.0%	54.4%	299 848	323 835	338 732	5.4%	57.2%
Goods and services	165 439	183 210	217 395	143 637	-4.6%	40.5%	144 300	152 716	159 741	3.6%	27.5%
Depreciation	6 412	5 698	8 608	12 771	25.8%	1.8%	11 886	12 675	13 258	1.3%	2.3%
Interest, dividends and rent on land	7	2	-	-	-100.0%	0.0%	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>67 877</b>	<b>-</b>	<b>3.3%</b>	<b>68 389</b>	<b>71 809</b>	<b>75 112</b>	<b>3.4%</b>	<b>13.0%</b>
<b>Total expenses</b>	<b>367 132</b>	<b>407 699</b>	<b>494 875</b>	<b>513 425</b>	<b>11.8%</b>	<b>100.0%</b>	<b>524 423</b>	<b>561 035</b>	<b>586 843</b>	<b>4.6%</b>	<b>100.0%</b>
<b>Surplus/(Deficit)</b>	<b>(14 642)</b>	<b>15 049</b>	<b>(17 202)</b>	<b>(10 372)</b>	<b>-10.9%</b>		<b>7 231</b>	<b>2 060</b>	<b>2 155</b>	<b>-159.2%</b>	
<b>Statement of financial position</b>											
Carrying value of assets	28 495	37 206	34 890	46 137	17.4%	14.8%	31 474	28 081	29 373	-14.0%	13.4%
<i>of which:</i>											
<i>Acquisition of assets</i>	26 806	14 507	6 531	21 931	-6.5%	7.2%	9 318	9 382	9 814	-23.5%	5.0%
Investments	29 954	32 288	36 527	38 383	8.6%	13.9%	38 883	39 433	41 247	2.4%	15.8%
Inventory	163	77	69	65	-26.4%	0.0%	30	20	21	-31.5%	0.0%
Receivables and prepayments	29 822	31 241	19 884	22 613	-8.8%	10.7%	36 442	38 265	40 025	21.0%	13.8%
Cash and cash equivalents	133 310	144 290	157 515	160 224	6.3%	60.5%	143 545	131 341	137 383	-5.0%	57.0%
<b>Total assets</b>	<b>221 744</b>	<b>245 102</b>	<b>248 885</b>	<b>267 422</b>	<b>6.4%</b>	<b>100.0%</b>	<b>250 374</b>	<b>237 140</b>	<b>248 048</b>	<b>-2.5%</b>	<b>100.0%</b>
Accumulated surplus/(deficit)	83 659	93 724	67 941	107 281	8.6%	35.8%	100 049	97 989	102 496	-1.5%	40.7%
Capital and reserves	54 816	60 233	70 865	78 534	12.7%	26.8%	65 588	51 411	53 776	-11.9%	24.7%
Finance lease	9 123	-	-	-	-100.0%	1.0%	-	-	-	-	-
Trade and other payables	52 271	66 958	64 191	56 493	2.6%	24.5%	59 601	62 581	65 460	5.0%	24.4%
Provisions	21 875	24 187	45 888	25 114	4.7%	11.9%	25 137	25 159	26 316	1.6%	10.2%
<b>Total equity and liabilities</b>	<b>221 744</b>	<b>245 102</b>	<b>248 885</b>	<b>267 422</b>	<b>6.4%</b>	<b>100.0%</b>	<b>250 374</b>	<b>237 140</b>	<b>248 048</b>	<b>-2.5%</b>	<b>100.0%</b>

## Personnel information

**Table 10.66 Financial Services Board**

Salary level	Post status estimated for 31 March 2013		Number and cost <sup>1</sup> of personnel posts filled / planned for on funded establishment															Number	
	Number of funded posts	Number of vacant posts	Actual			Revised estimate			Medium-term expenditure estimate									Average growth rate (%)	Salary level/ total: Average (%)
			2011/12			2012/13			2013/14			2014/15			2015/16				
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost		
	565	51	540	268.9	0.5	514	289.1	0.6	582	299.8	0.5	613	323.8	0.5	636	338.7	0.5	7.4%	100.0%
1 – 6	17	–	31	1.2	0.0	17	1.2	0.1	17	1.4	0.1	21	1.4	0.1	24	1.5	0.1	12.2%	3.4%
7 – 10	273	18	243	82.7	0.3	255	67.1	0.3	273	77.7	0.3	285	80.9	0.3	295	84.2	0.3	5.0%	47.3%
11 – 12	132	5	108	43.5	0.4	127	66.3	0.5	132	59.9	0.5	140	70.3	0.5	145	73.1	0.5	4.5%	23.3%
13 – 16	133	26	150	123.8	0.8	107	131.6	1.2	150	137.9	0.9	157	148.2	0.9	162	156.9	1.0	14.8%	24.4%
17 – 22	10	2	8	17.7	2.2	8	23.0	2.9	10	23.0	2.3	10	23.0	2.3	10	23.1	2.3	7.7%	1.6%

1. Rand million.

## Expenditure trends

The Financial Services Board generates its own revenue from registration levies charged to companies. Revenue increased between 2009/10 and 2012/13 and continues to do so over the medium term, mainly due to capacity building in the pension, insurance, financial advisory and intermediary service lines.

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

Expenditure increased between 2009/10 and 2012/13, primarily because of increases in the board's establishment, as it hired more skilled industry supervisors. As a result, expenditure on compensation of employees increased. The increase in expenditure over this period is also attributable to increased expenditure on office rentals as a result of the relocation of the board into new offices. The spending increase on goods and services over the medium term is within the inflationary projections. The increase in compensation of employees spending is mainly due to the restructuring of the insurance department and the enhancement of ICT infrastructure, which will result in an increased staff establishment over the medium term. The budget allocation will enable the board to improve the collection of revenue from companies in the financial service sector, as well as to increase the number of financial advisory and intermediary, and long term and short term insurance industries it supervises.

The allocated budget in 2011/12 and 2012/13 enabled the board to better supervise the financial advisory and intermediary activities in the financial services sectors, and to oversee the short term and longer term insurance industries. The allocated budget also enabled the board to supervise retirement funds and friendly societies. This is shown by improved revenue collection and an increased number of financial advisory and intermediary activities supervised in 2011/12.

The board uses consultants mainly to implement its ICT, solvency assessment management, and customer treatment projects. It also uses consultants for legal advice and other services approved by the board. Expenditure on consultants increased from R4.2 million in 2009/10 to R10.2 million in 2011/12, but is expected to decrease over the medium term to R7.5 million in 2015/16 as a result of projects being completed.

The board has a funded establishment of 565 posts, of which 51 were vacant as at 30 September 2012, mainly because of the scarcity of suitably skilled personnel. All vacant positions are being attended to and are at various stages of recruitment. Over the medium term, filled posts will increase mainly because of the restructuring of the insurance department and the enhancement of ICT infrastructure.

## Independent Regulatory Board for Auditors

### Mandate and goals

The Independent Regulatory Board for Auditors was established under the Auditing Profession Act (2005) and became operational in April 2006. The board is mandated to protect the public that relies on the services of registered auditors, and to provide support to registered auditors. The board is required to ensure that only suitably qualified individuals are admitted to the auditing profession and that registered auditors deliver services of the highest quality and adhere to the highest ethical standards.

The board's mandate is being expanded to cover two more areas. The first is in relation to the Department of Trade and Industry's amendments to the Broad Based Black Economic Empowerment Act (2003) that will transfer the regulation of the BEE empowerment verification industry from the South African national accreditation system to the board. The second is that the board is set to be the statutory body recognised by the South African Revenue Service that tax practitioners are obliged to register with.

The board's strategic goals over the medium term are to:

- develop and maintain auditing and ethical standards that are internationally comparable
- provide an appropriate framework for the education and training of adequately qualified auditors
- inspect and review the work of registered auditors
- investigate and take appropriate action against registered auditors who do not comply with standards and are guilty of improper conduct.

### Selected performance indicators

**Table 10.67 Independent Regulatory Board for Auditors**

Indicator	Programme/Activity/Objective	Past			Current	Projections		
		2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Number of auditing pronouncements issued per year	Auditing and ethical standards	-	-	-	19	19	19	19
Number of auditors registered per year	Auditing and ethical standards	4 173	4 100	3 800	3 325	3 159	3 000	3 000
Number of reportable irregularities reports received from registered auditors timeously per year	Auditing and ethical standards	-	-	-	275	275	275	275
Number of competent candidates entering the audit profession per year	Education, training and professional development	-	-	-	(2092)	(2197)	(2306)	(2306)
Number of disciplinary case files opened per year	Legal	2 798	1 952	2 400	2280	2166	2058	2000

### Programmes/activities/objectives

**Table 10.68 Independent Regulatory Board for Auditors**

	Audited outcome				Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2009/10	2010/11	2011/12	2012/13				2009/10 - 2012/13	2013/14	2014/15		
R thousand												
Operational effectiveness	20 777	19 592	24 753	24 916	6.2%	32.6%	25 644	26 686	27 174	2.9%	29.6%	
Legal	7 259	7 847	12 692	21 004	42.5%	16.7%	15 812	14 759	16 501	-7.7%	19.3%	
Education, training and professional development	6 864	6 743	6 460	8 205	6.1%	10.3%	9 273	7 374	6 300	-8.4%	8.9%	
Inspections	16 122	14 699	14 289	14 708	-3.0%	22.1%	15 524	16 831	17 937	6.8%	18.4%	
Registration	1 490	1 089	1 376	1 807	6.6%	2.1%	2 130	2 267	2 403	10.0%	2.4%	
Auditing and ethical standards	3 692	4 446	6 074	7 497	26.6%	7.7%	9 737	10 789	11 457	15.2%	11.2%	
Stakeholder relationship and office of the chief executive	3 640	5 099	6 018	9 836	39.3%	8.6%	8 178	8 737	9 244	-2.0%	10.2%	
<b>Total expense</b>	<b>59 844</b>	<b>59 515</b>	<b>71 663</b>	<b>87 973</b>	<b>13.7%</b>	<b>100.0%</b>	<b>86 299</b>	<b>87 441</b>	<b>91 015</b>	<b>1.1%</b>	<b>100.0%</b>	

## Expenditure estimates

Table 10.69 Independent Regulatory Board for Auditors

Statement of financial performance	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)			
	2009/10	2010/11	2011/12				2012/13	2009/10 - 2012/13	2013/14			2014/15	2015/16	2012/13 - 2015/16
	R thousand													
<b>Revenue</b>														
<b>Non-tax revenue</b>	46 459	39 324	44 326	49 772	2.3%	60.5%	54 238	54 649	57 992	5.2%	61.5%			
Sale of goods and services other than capital assets	38 407	36 020	38 144	42 723	3.6%	52.2%	48 741	48 817	51 786	6.6%	54.5%			
<i>of which:</i>														
Administrative fees	1 172	840	905	60	-62.9%	1.0%	500	533	567	111.4%	0.5%			
Sales by market establishment	37 235	35 180	37 239	42 663	4.6%	51.2%	48 241	48 284	51 219	6.3%	54.0%			
Other non-tax revenue	8 052	3 304	6 182	7 050	-4.3%	8.2%	5 497	5 832	6 206	-4.2%	7.0%			
<b>Transfers received</b>	22 018	29 296	34 724	32 208	13.5%	39.5%	32 933	34 577	35 838	3.6%	38.5%			
<b>Total revenue</b>	68 477	68 620	79 050	81 980	6.2%	100.0%	87 171	89 226	93 830	4.6%	100.0%			
<b>Expenses</b>														
<b>Current expenses</b>	59 845	59 515	71 662	87 973	13.7%	100.0%	86 299	87 441	91 015	1.1%	100.0%			
Compensation of employees	31 404	33 688	34 719	37 526	6.1%	50.0%	46 941	50 816	54 011	12.9%	53.6%			
Goods and services	26 386	23 882	34 794	48 323	22.3%	46.9%	37 092	34 382	35 465	-9.8%	44.0%			
Depreciation	1 910	1 852	2 125	2 125	3.6%	2.9%	2 266	2 243	1 539	-10.2%	2.3%			
Interest, dividends and rent on land	144	93	24	-	-100.0%	0.1%	-	-	-	-	-			
<b>Total expenses</b>	59 845	59 515	71 662	87 973	13.7%	100.0%	86 299	87 441	91 015	1.1%	100.0%			
<b>Surplus/(Deficit)</b>	8 632	9 105	7 388	(5 993)	-188.5%		872	1 785	2 815	-177.7%				
<b>Statement of financial position</b>														
Carrying value of assets	7 433	8 722	7 702	8 058	2.7%	23.3%	5 569	5 569	3 930	-21.3%	14.7%			
<i>of which:</i>														
Acquisition of assets	506	3 255	1 123	2 636	73.4%	5.2%	-	-	-	-100.0%	1.7%			
Inventory	129	132	186	169	9.5%	0.4%	158	158	158	-2.3%	0.4%			
Receivables and prepayments	4 353	4 660	6 069	6 756	15.8%	15.8%	1 477	1 477	1 913	-34.3%	7.5%			
Cash and cash equivalents	5 307	13 543	21 741	13 368	36.1%	37.9%	24 758	24 758	19 218	12.9%	51.9%			
Non-current assets held for sale	10 000	70	-	10 000	-	15.7%	10 000	10 000	10 000	-	25.5%			
Derivatives financial instruments	-	10 000	-	-	-	6.7%	-	-	-	-	-			
<b>Total assets</b>	27 223	37 127	35 698	38 350	12.1%	100.0%	41 962	41 962	35 219	-2.8%	100.0%			
Accumulated surplus/(deficit)	1 878	9 223	9 519	9 519	71.8%	19.3%	13 270	13 270	13 269	11.7%	31.4%			
Capital and reserves	17 898	19 658	26 749	21 466	6.2%	58.3%	20 615	20 615	14 482	-12.3%	48.8%			
Finance lease	742	3 214	3 075	3 426	66.5%	6.8%	3 426	3 426	2 897	-5.4%	8.4%			
Trade and other payables	6 705	5 032	6 355	3 939	-16.2%	15.6%	4 651	4 651	4 571	5.1%	11.4%			
<b>Total equity and liabilities</b>	27 223	37 127	45 698	38 350	12.1%	100.0%	41 962	41 962	35 219	-2.8%	100.0%			

## Personnel information

Table 10.70 Independent Regulatory Board for Auditors

Salary level	Post status <sup>1</sup> estimated for 31 March 2013	Number of funded posts	Number of vacant posts	Number and cost <sup>1</sup> of personnel posts filled / planned for on funded establishment												Number			
				Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)		
				2011/12		2012/13		2013/14		2014/15		2015/16		2012/13 - 2015/16					
				Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number		Cost	Unit Cost	Number	Cost	Unit Cost
	71	3	64	34.7	0.5	68	37.5	0.6	71	46.9	0.7	72	50.8	0.7	72	54.0	0.8	1.9%	100.0%
1-6	9	-	9	0.8	0.1	9	0.9	0.1	9	1.1	0.1	9	1.2	0.1	9	1.3	0.1	-	12.7%
7-10	25	-	23	5.0	0.2	25	5.4	0.2	25	6.7	0.3	25	7.3	0.3	25	7.8	0.3	-	35.4%
11-12	7	-	7	2.8	0.4	7	3.1	0.4	7	3.8	0.5	7	4.2	0.6	7	4.4	0.6	-	9.9%
13-16	29	3	24	24.2	1.0	26	26.1	1.0	29	32.7	1.1	30	35.4	1.2	30	37.6	1.3	4.9%	40.6%
17-22	1	-	1	1.9	1.9	1	2.0	2.0	1	2.6	2.6	1	2.8	2.8	1	2.9	2.9	-	1.4%

1. Rand million.

## Expenditure trends

The Independent Regulatory Board for Auditors receives 39 per cent of its revenue from National Treasury, and the balance is generated from the registration of auditors and trainees, annual renewal charges and fees for inspections of registered auditors. Transfers received increased between 2009/10 and 2012/13 mainly because of a once-off allocation to cover a shortfall in legal fees resulting from disciplinary cases in 2011/12. Over the medium term, transfers received are expected to increase to cover the upgrading of the board's ICT systems.

The spending focus over the medium term will be on developing and maintaining auditing and ethical standards that are internationally comparable, providing an appropriate framework for the education and training of properly qualified auditors, inspecting and reviewing the work of registered auditors, and investigating and taking appropriate action against registered auditors who do not comply with standards and are guilty of improper conduct.

Between 2009/10 and 2012/13, expenditure on goods and services increased, mainly because of increased lease payments for new accommodation in Edenvale, east of Johannesburg, as well as expenditure on consultants for auditing and IT services. Over the medium term, expenditure on consultants is expected to increase from R980 000 in 2009/10 to R1.1 million in 2015/16 because of ICT upgrades and legal services required for cases against auditing companies charged with misconduct. The board mainly uses consultants for ICT services since it employs no ICT personnel of its own.

In 2011/12 savings of R1.9 million were achieved mainly because of savings related to recruitment cost due to delays in the appointment of personnel, as well as in local travel expenses due to low cost airlines being used and flights being booked well in advance. Over the medium term the Entity effects baseline reductions of R5.5 million.

The board has a funded establishment of 71 posts, of which 3 were vacant as at 30 September 2012 as a result of natural attrition. The number of filled posts is expected to increase to 72 over the medium term due to the board's increased mandate, among others, to provide broad based black economic empowerment verification assurance services.

## Office of the Pension Funds Adjudicator

### Mandate and goals

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

The office's strategic goals over the medium term are to:

- tackle complaints received
- achieve operational excellence
- maintain effective stakeholder relationships.

### Selected performance indicators

**Table 10.71 Office of the Pension Funds Adjudicator**

Indicator	Programme/Activity/Objective	Past			Current	Projections		
		2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Number of complaints resolved per year (complaints received before 31 March 2008)	Resolve complaints in accordance with mandate	– <sup>1</sup>	1 160	429	2 280	2 508	2 760	3 036
Number of complaints resolved per year (complaints received after 1 April 2008 up to 31 March 2015)	Resolve complaints in accordance with mandate	– <sup>1</sup>	4 963	2 438	2 280	2 508	2 760	3 036
Percentage of valid complaints resolved within 9 months of lodging complaints (complaints received from 1 April 2012)	Resolve complaints in accordance with mandate	– <sup>1</sup>	58% (3 717)	44% (1 827)	65% (1 710)	65% (1 881)	65% (2 070)	65% (2 277)

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

## Programmes/activities/objectives

Table 10.72 Office of the Pension Funds Adjudicator

	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2009/10	2010/11	2011/12				2012/13	2009/10 - 2012/13	2013/14		
R thousand											
Resolve complaints in accordance with mandate	34 899	33 103	33 899	42 700	7.0%	100.0%	42 878	44 433	45 899	2.4%	100.0%
<b>Total expense</b>	<b>34 899</b>	<b>33 103</b>	<b>33 899</b>	<b>42 700</b>	<b>7.0%</b>	<b>100.0%</b>	<b>42 878</b>	<b>44 433</b>	<b>45 899</b>	<b>2.4%</b>	<b>100.0%</b>

## Expenditure estimates

Table 10.73 Office of the Pension Funds Adjudicator

Statement of financial performance	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2009/10	2010/11	2011/12				2012/13	2009/10 - 2012/13	2013/14		
R thousand											
<b>Revenue</b>											
Non-tax revenue	46	22	209	175	56.3%	0.3%	177	180	182	1.2%	0.4%
Other non-tax revenue	46	22	209	175	56.3%	0.3%	177	180	182	1.2%	0.4%
Transfers received	37 924	35 314	37 419	40 967	2.6%	99.7%	43 134	45 160	47 137	4.8%	99.6%
<b>Total revenue</b>	<b>37 970</b>	<b>35 337</b>	<b>37 628</b>	<b>41 142</b>	<b>2.7%</b>	<b>100.0%</b>	<b>43 311</b>	<b>45 340</b>	<b>47 319</b>	<b>4.8%</b>	<b>100.0%</b>
<b>Expenses</b>											
Current expenses	34 899	33 103	33 899	42 700	7.0%	100.0%	42 878	44 433	45 899	2.4%	100.0%
Compensation of employees	18 345	20 693	21 157	26 742	13.4%	60.0%	27 126	28 275	29 358	3.2%	63.4%
Goods and services	15 749	11 262	11 750	14 536	-2.6%	37.0%	14 212	14 639	15 028	1.1%	33.2%
Depreciation	805	1 147	992	1 422	20.9%	3.0%	1 540	1 519	1 513	2.1%	3.4%
<b>Total expenses</b>	<b>34 899</b>	<b>33 103</b>	<b>33 899</b>	<b>42 700</b>	<b>7.0%</b>	<b>100.0%</b>	<b>42 878</b>	<b>44 433</b>	<b>45 899</b>	<b>2.4%</b>	<b>100.0%</b>
Surplus/(Deficit)	3 071	2 234	3 730	(1 558)	-179.8%		433	907	1 420	-197.0%	
<b>Statement of financial position</b>											
Carrying value of assets	2 770	1 983	2 944	6 667	34.0%	34.7%	5 077	4 228	2 624	-26.7%	59.8%
of which:											
Acquisition of assets	2 152	361	1 963	11 358	74.1%	41.7%	475	516	795	-58.8%	39.3%
Receivables and prepayments	7 148	3 811	6 334	1 500	-40.6%	39.4%	1 800	1 450	1 600	2.2%	21.4%
Cash and cash equivalents	1 315	5 853	5 181	513	-26.9%	25.9%	1 723	1 462	1 706	49.3%	18.8%
<b>Total assets</b>	<b>11 233</b>	<b>11 647</b>	<b>14 459</b>	<b>8 680</b>	<b>-8.2%</b>	<b>100.0%</b>	<b>8 600</b>	<b>7 140</b>	<b>5 930</b>	<b>-11.9%</b>	<b>100.0%</b>
Accumulated surplus/(deficit)	6 337	8 571	12 301	2 680	-24.9%	61.5%	4 300	3 570	2 965	3.4%	45.2%
Trade and other payables	4 896	1 922	1 218	5 020	0.8%	31.6%	3 300	2 550	1 925	-27.3%	41.1%
Provisions	-	1 154	940	980	-	6.9%	1 000	1 020	1 040	2.0%	13.7%
<b>Total equity and liabilities</b>	<b>11 233</b>	<b>11 647</b>	<b>14 459</b>	<b>8 680</b>	<b>-8.2%</b>	<b>100.0%</b>	<b>8 600</b>	<b>7 140</b>	<b>5 930</b>	<b>-11.9%</b>	<b>100.0%</b>

## Personnel information

Table 10.74 Office of the Pension Funds Adjudicator

Salary level	Post status estimated for 31 March 2013	Number of funded posts	Number of vacant posts	Number and cost <sup>1</sup> of personnel posts filled / planned for on funded establishment												Number				
				Actual			Revised estimates			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
				2011/12		Unit Cost	2012/13		Unit Cost	2013/14		2014/15		2015/16				2012/13 - 2015/16		
				Number	Cost		Number	Cost		Number	Cost	Number	Cost	Number	Cost	Number	Cost			
	59	5		46	21.2	0.5	54	26.7	0.5	59	27.1	0.5	59	28.3	0.5	59	29.4	0.5	3.0%	100.0%
1-6	1	-		1	0.1	0.1	1	0.2	0.2	1	0.2	0.2	1	0.2	0.2	1	0.2	0.2	-	1.7%
7-10	32	3		23	4.4	0.2	29	7.2	0.2	32	7.3	0.2	32	7.5	0.2	32	7.8	0.2	3.3%	54.1%
11-12	2	-		2	0.9	0.4	2	1.0	0.5	2	1.0	0.5	2	1.1	0.6	2	1.2	0.6	-	3.5%
13-16	21	-		19	14.6	0.8	21	16.8	0.8	21	16.8	0.8	21	17.5	0.8	21	18.0	0.9	-	36.4%
17-22	3	2		1	1.1	1.1	1	1.7	1.7	3	1.8	0.6	3	1.9	0.6	3	2.1	0.7	44.2%	4.3%

1. Rand million.

## **Expenditure trends**

The Office of the Pension Funds Adjudicator receives revenue mainly in the form of transfers from the Financial Services Board. These transfers account for 99.7 per cent of the entity's revenue. Other revenue consists of interest earned and donations received. Revenue increased between 2009/10 and 2012/13, and continues to increase over the medium term, because of increases in the transfer received from the Financial Services Board.

The spending focus over the medium term will be on: increasing the efficacy of the office's investigations to resolve complaints quicker through adjudication and arbitration, upholding the integrity of the pension fund industry, and protecting the interests of pension fund members. Spending in these activities will mainly be on compensation of employees and goods and services, particularly in the professional fees and legal fees line items, as a result of lack of expertise in these fields.

Expenditure increased between 2009/10 and 2012/13 mainly because of an increase in the adjudicator's staff complement to address a backlog in cases and to introduce benefits such as basic medical aid and retirement annuity schemes for all existing staff. Expenditure on goods and services decreased, specifically on agency and support/ outsourced services as well as on lease payments, as a result of savings derived from the relocation of offices from Johannesburg to Pretoria. The spending increase over the medium term is within inflationary adjustments. The budget allocated to the office will enable it to effectively resolve various complaints lodged within the targeted periods.

The budget allocation in 2011/12 and 2012/13 enabled the office's new complaints and backlog teams to dispose of 190 complaints per month. To effect medium term savings of R2.8 million, the office will be relocating from Johannesburg to Pretoria in an effort to reduce rental costs.

The office has a funded establishment of 59 posts, of which 5 were vacant as at 30 September 2012 as a result of natural attrition. Over the medium term, the number of filled posts is expected to increase to 59.

## **South African Special Risks Insurance Association SOC Limited**

### **Mandate and goals**

The South African Special Risks Insurance Association SOC Limited was established in 1979 and was registered in terms of section 21 of the Companies Act (1973). In 1998, the conversion of the South African Special Risk Insurance Association Act (1998) made government the sole shareholder. The association is mandated to support the insurance industry by providing cover for special risks such as riots, strikes, political unrest, terrorist attacks, civil commotion, public disorder and labour disturbances. It is required to cover the following risks as defined in the Reinsurance of Material Damages and Losses Act (1989): any act directed to overthrow the government by means of fear, violence or terrorism; any act directed to bring about damage to achieve political, social or economic change or in protest against any government or for the purpose of inspiring fear in the public; any riot, strike or public disorder including civil commotion, labour disturbances or lockouts; any attempt to perform any act mentioned above; and any act by a lawfully established authority in controlling or suppressing any occurrence referred to above.

The company's strategic goals over the medium term are to:

- optimise shareholder value by increasing premium, investment income and managing operational expenses
- establish a broader customer base by maximising brand and product awareness, introducing new products and enhancing current products
- optimise efficiencies by better integration and alignment of processes to ensure good corporate governance and knowledge management
- invest in human capital development to create a sustainable employment brand
- develop a customer centric culture to provide superior customer service and exceed industry benchmarks.

## Selected performance indicators

**Table 10.75 South African Special Risks Insurance Association SOC Limited**

Indicator	Programme/Activity/Objective	Past			Current	Projections		
		2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Value of premium income per year	Increased premium income	R268 822	R602 712	R607 374	R737 858	R830 470	R 934 634	R1 003 567
Value of investment income per year	Increased investment income	R145 397	R17 190	R19 133	R19 534	R19 425	R20 228	R 21 002
Value of controlled costs per year	Controlled costs	34 555	25 000	31 626	28 567	28 407	29 582	30 862
Number of awareness campaigns per year	Improved awareness of company through marketing	397	6 149	3 711	3 980	3 958	4 122	4 280
Number of staff members trained per year	Improved staff skills through training	126	627	1 220	1 283	1 275	1 328	1 379
Number of social responsibility education programmes per year	Social responsibility programme targeted at education	1 082	9 996	9 761	8 251	8 205	8 545	8 872

## Programmes/activities/objectives

**Table 10.76 South African Special Risks Insurance Association SOC Limited**

	Audited outcome			Revised estimate 2012/13	Average growth rate (%) 2009/10 - 2012/13	Expenditure/total: Average (%) 2009/10 - 2012/13	Medium-term estimate			Average growth rate (%) 2012/13 - 2015/16	Expenditure/total: Average (%) 2012/13 - 2015/16
	2009/10	2010/11	2011/12				2013/14	2014/15	2015/16		
R thousand											
Value of premium income per year	268 822	602 712	607 374	737 858	40.0%	84.1%	830 470	934 634	1 003 568	10.8%	93.2%
Value of investment income per year	145 397	17 190	19 133	19 534	-48.8%	10.1%	19 425	20 228	21 002	2.4%	2.2%
Number of awareness campaigns per year	397	6 149	3 711	3 980	115.6%	0.5%	3 958	4 122	4 280	2.4%	0.4%
Number of staff members trained per year	126	627	1 220	1 283	116.7%	0.1%	1 275	1 328	1 379	2.4%	0.1%
Number of social responsibility education programmes per year	1 082	9 996	9 761	8 251	96.8%	1.1%	8 205	8 545	8 872	2.4%	0.9%
Control costs	34 555	2 500	31 626	28 567	-6.1%	4.1%	28 407	29 582	30 861	2.6%	3.2%
<b>Total expense</b>	<b>450 379</b>	<b>639 174</b>	<b>672 825</b>	<b>799 473</b>	<b>21.1%</b>	<b>100.0%</b>	<b>891 740</b>	<b>998 439</b>	<b>1 069 962</b>	<b>10.2%</b>	<b>100.0%</b>

## Expenditure estimates

**Table 10.77 South African Special Risks Insurance Association SOC Limited**

Statement of financial performance	Audited outcome			Revised estimate 2012/13	Average growth rate (%) 2009/10 - 2012/13	Expenditure/total: Average (%) 2009/10 - 2012/13	Medium-term estimate			Average growth rate (%) 2012/13 - 2015/16	Expenditure/total: Average (%) 2012/13 - 2015/16
	2009/10	2010/11	2011/12				2013/14	2014/15	2015/16		
R thousand											
<b>Revenue</b>											
<b>Non-tax revenue</b>	<b>961 377</b>	<b>1 061 360</b>	<b>1 195 824</b>	<b>1 249 219</b>	9.1%	100.0%	<b>1 404 666</b>	<b>1 578 412</b>	<b>1 777 927</b>	12.5%	100.0%
Sale of goods and services other than capital assets	582 023	760 309	894 777	991 680	19.4%	71.6%	1 126 668	1 278 310	1 454 981	13.6%	80.6%
of which:											
Sales by market establishment	582 023	760 309	894 777	991 680	19.4%	71.6%	1 126 668	1 278 310	1 454 981	13.6%	80.6%
Other non-tax revenue	379 354	301 051	301 047	257 539	-12.1%	28.4%	277 998	300 102	322 946	7.8%	19.4%
<b>Total revenue</b>	<b>961 377</b>	<b>1 061 360</b>	<b>1 195 824</b>	<b>1 249 219</b>	<b>9.1%</b>	<b>100.0%</b>	<b>1 404 666</b>	<b>1 578 412</b>	<b>1 777 927</b>	<b>12.5%</b>	<b>100.0%</b>
<b>Expenses</b>											
<b>Current expenses</b>	<b>234 860</b>	<b>454 356</b>	<b>509 139</b>	<b>624 588</b>	<b>38.5%</b>	<b>69.3%</b>	<b>697 732</b>	<b>785 170</b>	<b>815 385</b>	<b>9.3%</b>	<b>77.8%</b>
Compensation of employees	30 074	31 642	31 626	28 567	-1.7%	5.0%	28 407	29 582	30 862	2.6%	3.2%
Goods and services	200 987	417 264	474 679	591 161	43.3%	63.6%	664 492	750 556	779 298	9.6%	74.1%
Depreciation	3 799	5 450	2 834	4 860	8.6%	0.7%	4 833	5 032	5 225	2.4%	0.5%
<b>Total expenses</b>	<b>450 379</b>	<b>639 174</b>	<b>672 825</b>	<b>799 473</b>	<b>21.1%</b>	<b>100.0%</b>	<b>891 741</b>	<b>998 439</b>	<b>1 069 962</b>	<b>10.2%</b>	<b>100.0%</b>
<b>Surplus/(Deficit)</b>	<b>510 998</b>	<b>422 186</b>	<b>522 999</b>	<b>449 746</b>	<b>-4.2%</b>		<b>512 925</b>	<b>579 973</b>	<b>707 965</b>	<b>16.3%</b>	
<b>Statement of financial position</b>											
Carrying value of assets	80 546	79 161	51 157	75 731	-2.0%	1.7%	72 317	68 254	101 699	10.3%	1.2%
of which:											
Acquisition of assets	6 746	2 454	4 047	2 806	-25.4%	0.1%	1 721	821	204	-58.3%	0.0%
Investments	2 293 165	2 845 646	3 212 548	4 278 781	23.1%	71.9%	4 855 469	5 503 516	8 200 239	24.2%	86.3%
Receivables and prepayments	265 526	254 069	224 477	219 079	-6.2%	5.7%	243 868	277 854	414 003	23.6%	4.4%
Cash and cash equivalents	1 052 756	936 507	957 532	458 721	-24.2%	20.4%	467 129	474 572	707 112	15.5%	8.1%
Non-current assets held for sale	-	-	31 802	-	-	0.2%	-	-	-	-	-
Taxation	-	-	9 869	-	-	0.1%	-	-	-	-	-
Derivatives financial instruments	-	-	9 869	-	-	0.1%	-	-	-	-	-
<b>Total assets</b>	<b>3 691 993</b>	<b>4 115 383</b>	<b>4 497 254</b>	<b>5 032 312</b>	<b>10.9%</b>	<b>100.0%</b>	<b>5 638 783</b>	<b>6 324 196</b>	<b>9 423 053</b>	<b>23.3%</b>	<b>100.0%</b>

**Table 10.77 South African Special Risks Insurance Association SOC Limited (continued)**

Statement of financial performance	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2009/10	2010/11	2011/12				2012/13	2009/10 - 2012/13	2013/14		
R thousand											
Accumulated surplus/(deficit)	3 202 120	3 397 988	3 646 218	4 336 005	10.6%	84.2%	4 839 923	5 399 519	8 045 284	22.9%	85.7%
Capital and reserves	–	73 019	221 132	–	–	1.7%	–	–	–	–	–
Deferred income	–	27 537	21 387	–	–	0.3%	–	–	–	–	–
Trade and other payables	489 873	538 456	542 444	103 605	-40.4%	10.1%	124 774	148 846	221 781	28.9%	2.2%
Taxation	–	71 653	47 203	49 795	–	0.9%	54 694	70 475	105 008	28.2%	1.0%
Provisions	–	6 730	9 001	–	–	0.1%	–	–	–	–	–
Derivatives financial instruments	–	–	–	542 907	–	2.7%	619 392	705 356	1 050 980	24.6%	11.0%
<b>Total equity and liabilities</b>	<b>3 691 993</b>	<b>4 115 383</b>	<b>4 487 385</b>	<b>5 032 312</b>	<b>10.9%</b>	<b>100.0%</b>	<b>5 638 783</b>	<b>6 324 196</b>	<b>9 423 053</b>	<b>23.3%</b>	<b>100.0%</b>

## Personnel information

**Table 10.78 South African Special Risks Insurance Association SOC Limited**

Post status estimated for 31 March 2013	Number and cost <sup>1</sup> of personnel posts filled / planned for on funded establishment															Number			
	Number of funded posts	Number of vacant posts	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2011/12		2012/13		2013/14		2014/15		2015/16		2012/13 - 2015/16						
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number		Cost			Unit Cost		
Salary level	46	–	51	28.5	0.6	46	28.3	0.6	48	28.3	0.6	48	29.5	0.6	48	30.7	0.6	1.4%	100.0%
1 – 6	1	–	9	0.8	0.1	1	0.4	0.4	1	0.4	0.4	1	0.4	0.4	1	0.4	0.4	–	2.1%
7 – 10	22	–	21	7.3	0.3	22	6.8	0.3	22	6.4	0.3	22	6.6	0.3	22	6.9	0.3	–	46.3%
11 – 12	8	–	8	5.1	0.6	8	4.4	0.6	8	4.2	0.5	8	4.3	0.5	8	4.5	0.6	–	16.8%
13 – 16	14	–	12	13.7	1.1	14	14.9	1.1	16	15.6	1.0	16	16.3	1.0	16	17.0	1.1	4.6%	32.6%
17 – 22	1	–	1	1.7	1.7	1	1.7	1.7	1	1.8	1.8	1	1.9	1.9	1	1.9	1.9	–	2.1%

1. Rand million.

## Expenditure trends

The South African Special Risks Insurance Association SOC Limited generates revenue from group schemes, individual cover and large clients. The group scheme cover is usually sold as a coupon attached to another insurance policy, while the other cover is generally sold directly through brokers. Revenue increased between 2009/10 and 2012/13 mainly because of increased insurance collection. Over the medium term, revenue is expected to increase because of the association's monopolisation of riot insurance cover in the country.

The spending focus over the medium term will be on establishing a broader customer base by maximising brand and product awareness, introducing new products and enhancing current products, and the investment in human capital development to create a sustainable employment brand.

A significant increase in spending was evident between 2009/10 and 2012/13 due to an increase in claims related to strike activities. The decrease in spending on compensation of employees is due to delays in the replacement of non-core employees who had resigned, as a strategy to reduce employee expenses. Spending on goods and services increased due to riot claims as well as consulting costs, which were incurred as a result of the Financial Services Board's requirement that the company implement the solvency assessment management programme.

Over the MTEF period, the largest item of spending is on commissions paid to agent companies as a percentage of premiums received, which are projected to increase mainly as a result of increases in labour strikes, social unrest and incidents of public disorder and political unrest. Funds have also been reprioritised to support corporate social investment, which has increased from 1 per cent to 2 per cent of net profit after tax medium term baseline reductions of R62.5 million have been effected.

Spending on consultants increased from R2.8 million in 2009/10 to R9.7 million in 2012/13 mainly because of the development, design and implementation of the solvency assessment management programme, which was a requirement of the Financial Services Board. This is a requirement for all financial institutions and needs specialised professionals to assist with its development and implementation. Part of the consulting fee is to

transfer skills to the company's employees. The company will use consultants for the same programme and the spending on consultants will increase to R10.5 million in 2015/16.

The company had 46 filled posts as at 30 September 2012 and no vacancies were reported during this period.

## Additional tables

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

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R thousand	2011/12		2011/12		2012/13		2012/13
Administration	281 088	281 088	254 534	318 324	2 814	321 138	315 208
Economic Policy, Tax, Financial Regulation and Research	120 364	228 364	140 467	148 958	(26 450)	122 508	116 455
Public Finance and Budget Management	198 938	209 878	196 429	227 481	19 834	247 315	241 423
Asset and Liability Management	822 594	825 860	821 907	286 557	(3 750)	282 807	280 544
Financial Systems and Accounting	658 220	648 205	504 861	686 324	11	686 335	664 706
International Financial Relations	812 380	818 654	857 787	1 038 179	2 319	1 040 498	1 039 146
Civil and Military Pensions, Contributions to Funds and Other Benefits	3 139 833	3 776 909	3 314 173	3 348 310	(2 438)	3 345 872	3 266 593
Technical Support and Development Finance	4 156 180	4 641 919	2 863 296	2 404 773	(405 137)	1 999 636	1 998 112
Revenue Administration	8 653 573	8 653 573	8 653 573	9 194 374	(45 000)	9 149 374	9 149 374
Financial Intelligence and State Security	3 755 021	3 755 021	3 755 021	3 897 838	84 283	3 982 121	3 982 121
<b>Subtotal</b>	<b>22 598 191</b>	<b>23 839 471</b>	<b>21 362 048</b>	<b>21 551 118</b>	<b>(373 514)</b>	<b>21 177 604</b>	<b>21 053 682</b>
<b>Direct charge against the National Revenue Fund</b>	<b>373 644 648</b>	<b>377 172 653</b>	<b>376 768 632</b>	<b>407 485 142</b>	<b>3 364 830</b>	<b>410 849 972</b>	<b>410 380 633</b>
Provincial Equitable Share	288 492 831	291 735 509	291 735 509	309 057 382	3 958 416	313 015 798	313 015 798
State Debt Costs	76 578 687	76 864 014	76 459 993	89 388 073	(593 586)	88 794 487	88 325 148
General Fuel Levy Sharing with Metros	8 573 130	8 573 130	8 573 130	9 039 687	-	9 039 687	9 039 687
<b>Total</b>	<b>396 242 839</b>	<b>401 012 124</b>	<b>398 130 680</b>	<b>429 036 260</b>	<b>2 991 316</b>	<b>432 027 576</b>	<b>431 434 315</b>
<b>Economic classification</b>							
<b>Current payments</b>	<b>77 850 824</b>	<b>78 241 806</b>	<b>77 651 376</b>	<b>90 586 643</b>	<b>(458 888)</b>	<b>90 127 755</b>	<b>89 591 384</b>
Compensation of employees	605 940	602 286	537 101	665 898	(49 799)	616 099	600 208
Goods and services	666 197	775 506	654 282	532 672	184 497	717 169	666 022
Interest and rent on land	76 578 687	76 864 014	76 459 993	89 388 073	(593 586)	88 794 487	88 325 154
<b>Transfers and subsidies</b>	<b>317 463 780</b>	<b>321 835 129</b>	<b>319 639 483</b>	<b>337 889 448</b>	<b>3 598 959</b>	<b>341 488 407</b>	<b>341 429 154</b>
Provinces and municipalities	298 250 602	302 571 963	302 560 356	319 153 414	3 958 416	323 111 830	323 111 830
Departmental agencies and accounts	13 275 383	12 688 017	12 744 655	13 358 332	38 469	13 396 801	13 390 932
Higher education institutions	-	-	-	8 000	1 000	9 000	9 000
Foreign governments and international organisations	781 866	786 415	833 808	1 004 713	8 000	1 012 713	1 012 236
Public corporations and private enterprises	2 060 026	2 060 026	250 712	1 063 610	(408 108)	655 502	655 502
Non-profit institutions	80	71	71	85	-	85	85
Households	3 095 823	3 728 637	3 249 881	3 301 294	1 182	3 302 476	3 249 569
<b>Payments for capital assets</b>	<b>178 235</b>	<b>185 189</b>	<b>88 613</b>	<b>360 169</b>	<b>(148 755)</b>	<b>211 414</b>	<b>213 777</b>
Buildings and other fixed structures	3 600	3 600	-	5 298	(296)	5 002	5 002
Machinery and equipment	10 055	17 009	9 061	189 117	(159 822)	29 295	19 493
Software and other intangible assets	164 580	164 580	79 552	165 754	11 363	177 117	189 282
<b>Payments for financial assets</b>	<b>750 000</b>	<b>750 000</b>	<b>751 208</b>	<b>200 000</b>	<b>-</b>	<b>200 000</b>	<b>200 000</b>
<b>Total</b>	<b>396 242 839</b>	<b>401 012 124</b>	<b>398 130 680</b>	<b>429 036 260</b>	<b>2 991 316</b>	<b>432 027 576</b>	<b>431 434 315</b>

**Table 10.B Summary of expenditure on training**

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2009/10	2010/11	2011/12		2012/13	2013/14	2014/15
Compensation of employees (R thousand)	402 073	476 173	537 101	616 099	710 543	755 599	800 231
Training expenditure (R thousand)	9 957	8 367	8 893	12 290	10 501	10 153	10 614
Training spend as percentage of compensation	2.5%	1.8%	1.7%	2.0%	1.5%	1.3%	1.3%
Total number trained (headcount)	810	959	1 004	586			
<i>of which:</i>							
Employees receiving bursaries (headcount)	11	25	38	72			
Internships (headcount)	52	33	37	35			
Households receiving bursaries (R thousand)	908	1 041	1 378	1 600	1 600	1 600	1 600
Households receiving bursaries (headcount)	11	-	14	10			

Table 10.C Summary of conditional grants to provinces and municipalities<sup>1</sup>

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
<b>Conditional grants to provinces</b>							
<b>Technical Support and Development Finance</b>							
Gautrain loan	4 200 000	–	–	–	–	–	–
Infrastructure grant to provinces	–	–	1 089 683	–	–	–	–
<b>Total</b>	<b>4 200 000</b>	<b>–</b>	<b>1 089 683</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Conditional grants to municipalities</b>							
<b>Technical Support and Development Finance</b>							
Integrated cities development grant	–	–	–	–	40 000	150 000	150 000
Local government financial management grant	299 990	364 589	423 641	402 753	424 798	449 138	469 799
Neighbourhood development partnership grant	508 135	831 789	738 393	578 132	598 041	591 179	600 000
Infrastructure skills development grant	–	–	–	75 460	98 500	154 425	179 226
<b>Total</b>	<b>808 125</b>	<b>1 196 378</b>	<b>1 162 034</b>	<b>1 056 345</b>	<b>1 161 339</b>	<b>1 344 742</b>	<b>1 399 025</b>

1. Detail provided in the Division of Revenue Act (2013).

**Table 10.D Summary of donor funding**

Donor	Project	Departmental programme	Period of commitment	Amount committed	Main economic classification	Spending focus	Audited outcome			Estimate	Medium-term expenditure estimate		
							2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
R thousand													
<b>Foreign In cash</b>													
Japan	Establish and operationalise a management information system	Public Finance and Budget Management	3 years	302	Goods and services	Development cooperation information system upgrade	–	80	124	40	25	25	–
Canada	Capacity building technical assistance facility	Public Finance and Budget Management	3 years	67 349	Goods and services	Provide capacity building to all spheres of government to achieve timely, adequate, gender sensitive, pro-poor service delivery	21 210	1 380	6 460	2 500	–	–	–
European Union	Official development assistance programme	Public Finance and Budget Management	3 years	110 000	Goods and services	Leverage off the official development assistance programme to improve outcome orientated delivery systems	8 989	6 098	2 379	–	–	–	–
African Development Bank	Strengthening budget practices and procedures in Africa	International Financial Relations	3 years	3 007	Goods and services	Establish budget resource centre, conduct research on regional public goods and publish report on budget practices and procedures	328	1 786	–	–	–	–	–
Ireland	Support of the 5th annual Collaborative Africa Budget Reform Initiative seminar	International Financial Relations	3 years	2 127	Goods and services	Seminar held in April 2009	291	1 413	84	77	–	–	–
European Union	Financial management improvement programme (II)	Financial Systems and Accounting	2 years	9 266	Compensation of employees	Salaries for project management of the programme	8 077	979	–	–	–	–	–
European Union	Public finance management assessment in provinces using public expenditure and financial accountability methodology	Public Finance and Budget Management	1 year	8 500	Goods and services	Public finance management assessment in provinces using public expenditure and financial accountability methodology	–	–	–	–	8 500	–	–
Deutsche Gesellschaft für Internationale Zusammenarbeit	Support the financing and administrative function of the Collaborative Africa Budget Reform Initiative secretariat	International Financial Relations	6 months	95	Compensation of employees	Salary for a finance and administrative assistant on the project	–	–	9	–	–	–	–
European Union	Official development assistance programme (II)	Public Finance and Budget Management	3 years	67 100	Goods and services	Leverage off the official development assistance programme to improve outcome orientated delivery systems	–	–	–	2 014	13 317	6 670	–
United States Agency for International Development	African Fiscal Forum	Public Finance and Budget Management	1 year	1 300	Goods and services	Funding for accommodation and conferencing to host the African Fiscal Forum event	–	–	–	1 300	–	–	–

Table 10.D Summary of donor funding (continued)

Donor	Project	Departmental programme	Period of commitment	Amount committed	Main economic classification	Spending focus	Audited outcome			Estimate	Medium-term expenditure estimate		
							2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
R thousand													
European Union	Capacity building	Financial Systems and Accounting	3 years	205 650	Goods and services	Support to institutional transformation and improvement process in the public sector	-	-	-	4 650	67 000	67 000	67 000
European Union	Capacity building	Financial Systems and Accounting	3 years	11 750	Goods and services	Support to institutional transformation and improvement process in the public sector	-	-	-	2 750	3 000	3 000	3 000
European Union	Capacity building	Financial Systems and Accounting	3 years	9 450	Compensation of employees	Support capacity building- in public finance management: Project management and implementation	-	-	-	1 250	2 730	2 730	2 740
European Union	Capacity building	Financial Systems and Accounting	3 years	3 150	Goods and services	Audits and evaluations	-	-	-	150	1 000	1 000	1 000
Flanders	Technical and management support programme	Financial Systems and Accounting	4 years	24 000	Goods and services	Technical and management support	-	-	-	2 000	7 000	7 000	8 000
Deutsche Gesellschaft für Internationale Zusammenarbeit	Technical and advisory support to the Chief Directorate: International Development Cooperation	Public Finance and Budget Management	1 year	670	Goods and services	Technical and advisory support to the Chief Directorate: International Development Cooperation	-	-	-	70	600	-	-
<b>In kind</b>													
United States Agency for International Development	Limited scope grant agreement	Public Finance and Budget Management	2 years	10 000	Goods and services	Increased collaboration and joint planning approaches with intervention as identified on a yearly basis	-	5 721	-	-	-	-	-
Deutsche Gesellschaft für Internationale Zusammenarbeit	Strengthening support to the Collaborative Africa Budget Reform Initiative secretariat	International Financial Relations	2 years	4 482	Goods and services	Hold regular dialogues, develop common African positions and established decision making structures, and rules and procedures	1 132	3 268	-	-	-	-	-
Belgian Technical Cooperation	Public finance management capacity building	Financial Systems and Accounting	2 years	2 400	Goods and services	Technical assistance for public finance management	-	-	1 800	600	-	-	-
United Nations Development Programme	Public finance management capacity building	Financial Systems and Accounting	2 years	4 050	Goods and services	Technical assistance for public finance management	-	-	2 450	1 600	-	-	-
Swiss Development Cooperation	Monitoring and evaluation framework for capacity building in public finance management	Financial Systems and Accounting	2 years	2 000	Goods and services	Monitoring and evaluation framework for capacity building in public finance management	-	-	-	1 500	500	-	-
The World Bank	Assessment tool for joint supply chain management	Financial Systems and Accounting	2 months	250	Goods and services	Assessment tool for joint supply chain management	-	-	-	250	-	-	-

**Table 10.D Summary of donor funding (continued)**

R thousand	Project	Departmental programme	Period of commitment	Amount committed	Main economic classification	Spending focus	Audited outcome			Estimate 2012/13	Medium-term expenditure estimate			
							2009/10	2010/11	2011/12		2013/14	2014/15	2015/16	
	The World Bank	Development of integrated financial management system	Financial Systems and Accounting	2 months	1 200	Goods and services	Development of an implementation strategy for the integrated financial management system for the Office of the Accountant General	-	-	-	1 200	-	-	-
	Deutsche Gesellschaft für Internationale Zusammenarbeit	Strengthening local government programme	Financial Systems and Accounting	4 years	10 810	Goods and services	Support the implementation of the Municipal Finance Management Act (2003)	-	1 500	800	-	800	800	800
	United Nations Development Programme	Technical and advisory support to the Chief Directorate: International Development Cooperation	Public Finance and Budget Management	1 year	1 200	Goods and services	Technical and advisory support to the Chief Directorate: International Development Cooperation	-	-	-	1 200	-	-	-
<b>Total</b>					<b>560 108</b>			<b>40 027</b>	<b>22 225</b>	<b>14 106</b>	<b>23 151</b>	<b>104 472</b>	<b>88 225</b>	<b>82 540</b>

**Table 10.E Summary of expenditure on infrastructure**

Project name	Service delivery outputs	Current project stage	Initial project cost	Audited outcome			Adjusted appropriation 2012/13	Medium-term expenditure estimate		
				2009/10	2010/11	2011/12		2013/14	2014/15	2015/16
<b>Departmental infrastructure</b>										
Integrated financial management system	Replace outdated systems with ones that comply with the Public Finance Management Act (1999)	Various	-	177 484	169 705	79 552	165 754	166 231	174 149	180 301
38 Church Square	Refurbishment of office accommodation to create a better working environment	Various	-	-	-	-	5 298	5 000	-	-
<b>Infrastructure transfers to other spheres, agencies and departments</b>										
Neighbourhood development partnership grant	Long term township regeneration planning, catalytic and third party nodal development	Various	-	508 135	831 789	738 393	578 132	592 061	579 355	581 449
Neighbourhood development partnership grant	Long term township regeneration planning, catalytic and third party nodal development	Various	-	70 000	50 000	70 000	80 000	54 450	57 134	63 171
<b>Total</b>			<b>-</b>	<b>755 619</b>	<b>1 051 494</b>	<b>887 945</b>	<b>829 184</b>	<b>817 742</b>	<b>810 638</b>	<b>824 921</b>





**BUDGET 2013**  
ESTIMATES OF NATIONAL EXPENDITURE

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REPUBLIC OF SOUTH AFRICA