

20 YEARS OF FREEDOM



BUDGET 2014 ESTIMATES OF NATIONAL EXPENDITURE

VOTE 10 NATIONAL TREASURY



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA



Estimates of National Expenditure 2014

National Treasury

Republic of South Africa

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The Estimates of National Expenditure 2014 e-publications are compiled with the latest available information from departmental and other sources. Some of this information is unaudited or subject to revision.

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

Compared to the abridged version of the Estimates of National Expenditure, which includes all national government budget votes, in respect of individual votes these e-publications contain more comprehensive coverage of goods and services, transfers and subsidies, and public entities. Additional tables are also 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.



"We know it well that none of us acting alone can achieve success. We must therefore act together as a united people, for national reconciliation, for nation building, for the birth of a new world. Let there be justice for all. Let there be peace for all. Let there be work, bread, water and salt for all. Let each know that for each the body, the mind and the soul have been freed to fulfil themselves."

UNION BUILDINGS, PRETORIA, 10 MAY 1994



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Foreword

The national development plan, Vision 2030 of the government of South Africa, states that ‘Alongside hard work and effort, capabilities and the opportunities that flow from development enable individuals to live the lives to which they aspire.’ The 2014 Budget has been prepared in the spirit of this statement.

While the medium term expenditure framework (MTEF) contained in the 2014 Budget ushers in the new administration after the May elections, the country faces a markedly different situation from that of 2009. In 2006/07 and 2007/08, South Africa achieved budget surpluses. In 2008, however, the worldwide economic crisis meant budget deficit forecasts were inevitable. It is now clear that the recovery in real economic growth has been less robust than initially anticipated. Despite this, the economy is growing and government revenue collection is broadly on target. The 2009 Budget announced a ‘haircut’ and reprioritisation within budget baselines. At that stage, the reassignment of R19 billion comprised 12 per cent of the total monetary value of amendments to budgets made, of R160.6 billion. By contrast, the reassignment of the R19.6 billion in the 2014 Budget comprises 51 per cent of the total of R38.8 billion in amendments to budgets. The quantum of amendments to the total budget that can be made has clearly decreased substantially over time.

Despite the fiscal environment becoming increasingly constrained, National Treasury has been able to sustain the intensity of the pursuit for budget efficiencies, with most of the fiscal space for improvements to service delivery being made through reprioritisation. This will be reinforced by procurement reform and expenditure review initiatives. While the current fiscal position no longer automatically creates room by making additional funding available, progress towards our country objectives of inclusive economic growth and employment creation must be made in the face of a tough fiscal environment. Therefore the main budget non-interest aggregate expenditure ceiling established in the 2013 Budget remains intact. New priorities and the expansion of existing programmes must be achieved through reprioritisation within the existing resource envelope.

The current fiscal context is necessitating hard trade-offs: difficult choices will need to be made in choosing between spending priorities and in deciding on the sequencing of programme implementation. Given the constraints brought to bear by the expenditure ceiling, all government institutions need to manage any cost pressures that may be related to changes in the inflation rate, exchange rate or any other factors affecting input prices with great efficiency. This means that not everything that we believe must be done, can be done at once. In the reprioritisation of existing funds, certain outputs will have to be delayed, or discontinued.

The issue is what goods and services tax-payers’ monies ‘buy’. In keeping with the ongoing endeavour to improve transparency and reinforce accountability, the focus of the sections on budget programme expenditure trends within each vote in the 2014 Estimates of National Expenditure (ENE) publications has shifted, to an explanation of the interrelationship between the significant changes in spending, performance outputs and outcomes, and in personnel.

National Treasury teams have worked closely with policy and budget teams of national and provincial departments, as well as with public entities and local government, ensuring the alignment of policy developments with the national development plan and scrutinising spending trends and cost drivers, ever mindful of service delivery. Without this cooperation and commitment across government, it would not be possible to submit the credible and comprehensive institutional budgets contained in this publication. The political guidance of the Minister of Finance, his Deputy and the members of the ministers’ committee on the budget, has been indispensable to the medium term expenditure committee of accounting officers of departments at the centre of government, in its task of providing the strategic direction in formulating the budget. I thank you all for your assistance.



Lungisa Fuzile
Director-General: National Treasury

Introduction

The Estimates of National Expenditure publications

The Estimates of National Expenditure (ENE) publications are important accountability documents, which set out the details of planned expenditure and planned performance at the time the Budget is tabled. The 2014 ENE publications largely retain the same layout of information as presented in previous years' publications. This allows information to be easily compared across publications and financial years. As in the past, information is presented for a seven-year period and contains details of all national departmental programmes and subprogrammes. Information is presented in a similar way for the national public entities related to each department. For the first time in the ENE publications, in 2014, information on changes in finances, personnel and performance is brought together with the focus on the significant interrelationships between these changes. This discussion, in the expenditure trends sections of the budget programmes in each chapter, allows the reader to assess the effectiveness of past, as well as of planned, spending.

When compared to the abridged version of the ENE, which includes all national government votes, the ENE e-publications provide more detailed expenditure information for individual votes on goods and services as well as transfers and subsidies. While the abridged version of the ENE contains one additional table at the end of each vote which has information on infrastructure spending, the ENE e-publications' additional tables also contain summaries of: the budgeted expenditure and revised estimate for 2013/14, and the audited outcome for 2012/13, by programme and economic classification; expenditure on training; conditional grants to provinces and municipalities; departmental public private partnerships; and donor funding. In selected cases more detailed information at the level of the site of service delivery is included. Budget information is also provided for the public entities that are simply listed in the abridged publication.

A separate ENE Overview e-publication is also available, which contains a description at the main budget non-interest level, summarising the Estimates of National Expenditure publication information across votes. The Overview contains this narrative explanation and summary tables; and also has a write-up on interpreting the information that is contained in each section of the publications.

National Treasury

**National Treasury
Republic of South Africa**



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Vote 10

National Treasury

Budget summary

R million	2014/15					2015/16	2016/17
	Total	Current payments	Transfers and subsidies	Payments for capital assets	Payments for financial assets	Total	Total
MTEF allocation							
Administration	343.1	335.9	2.1	5.2	–	360.5	382.2
Economic Policy, Tax, Financial Regulation and Research	138.9	110.9	27.6	0.4	–	146.3	155.7
Public Finance and Budget Management	262.8	221.9	39.5	1.4	–	276.7	295.1
Asset and Liability Management	3 342.1	89.9	–	0.2	3 252.0	3 117.9	99.6
Financial Accounting and Supply Chain Management Systems	761.6	497.9	86.0	177.7	–	790.5	865.8
International Financial Relations	1 179.8	35.1	826.1	0.1	318.5	1 235.2	1 302.3
Civil and Military Pensions, Contributions to Funds and Other Benefits	3 717.8	55.6	3 662.2	–	–	3 962.9	4 173.2
Technical Support and Development Finance	3 712.2	223.7	3 488.0	0.5	–	3 206.9	3 384.0
Revenue Administration	9 440.3	–	9 440.3	–	–	9 898.7	10 508.9
Financial Intelligence and State Security	4 366.3	–	4 366.3	–	–	4 524.8	4 773.0
Subtotal	27 265.0	1 570.9	21 938.1	185.5	3 570.5	27 520.5	25 939.8
Direct charge against the National Revenue Fund							
Provincial equitable share	362 468.1	–	362 468.1	–	–	387 967.5	412 038.8
State debt costs	114 900.5	114 900.5	–	–	–	126 646.8	139 200.6
General fuel levy sharing with metropolitan municipalities	10 190.2	–	10 190.2	–	–	10 658.9	11 223.8
Total expenditure estimates	514 823.8	116 471.4	394 596.3	185.5	3 570.5	552 793.7	588 403.1
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. 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 financial management, infrastructure development, and public sector planning and organisation through various technical assistance and skills development programmes
- 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
- promote public private partnerships as a financing alternative for development, where feasible
- enhance supply chain management in government through the chief procurement office, which will provide a blueprint for addressing supply chain principles in order to reduce waste and maximise value in the public sector.

Programme purposes

Programme 1: Administration

Purpose: Provide strategic management, leadership and 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, 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, 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 Accounting and Supply Chain Management Systems

Purpose: Facilitate governance and accountability by promoting and enforcing transparent, economic and effective management of revenue, expenditure, assets, liabilities and supply chain processes 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 purpose of national security, defence and combating crime.

Selected performance indicators

Table 10.1 National Treasury

Indicator	Programme	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Net loan debt as a percentage of gross domestic product	Asset and Liability Management	Outcome 4: Decent employment through inclusive economic growth	29.8% (R820.4bn)	33.2% (R989.7bn)	36.9% (R1 181.5bn)	39.5% (R1 376.7bn)	41.9% (R1 589.2bn)	43.5% (R1 804.8bn)	44.4% (R2 019.4bn)
Value of government gross annual borrowing	Asset and Liability Management		R149.5bn	R163.7bn	R209.8bn	R211bn	R230bn	R207.8bn	R222.8bn
Cost to service debt as a percentage of GDP	Asset and Liability Management		2.4% (R66.2bn)	2.6% (R76.5bn)	2.8% (R88.1bn)	2.9% (R100.5bn)	3.0% (R114.9bn)	3.1% (R126.6bn)	3.1% (R139.2bn)
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 oriented public service and an empowered and fair, inclusive citizenship	100	46	72	40	40	43	45
Number of individuals trained per year to assist with the implementation of financial management reforms	Financial Systems and Accounting		2 000	3 142	3 547	700 ²	700	760	750
Percentage of identified transversal contracts with strategic sourcing principles introduced per year	Financial Systems and Accounting		100% (20)	59% (19)	70% (14)	100% (19)	100% (15)	100% (20)	100% (15)
Total number of neighbourhood development partnership grant projects under construction	Technical Support and Development Finance	Outcome 9: A responsive, accountable, effective and efficient local government system	67	70	86	90	40	40	50
Total third party investment leveraged	Technical Support and Development Finance	Outcome 8: Sustainable human settlements and improved quality of household life	— ¹	— ¹	R1.5bn	R2bn	R2.5bn	R3bn	R3.5bn

Table 10.1 National Treasury

Indicator	Programme	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Total number of projects approved	Technical Support and Development Finance	Outcome 4: Decent employment through inclusive economic growth	— ¹	— ¹	54	90	120	150	150
Number of training placements contracted with private companies per year	Technical Support and Development Finance		— ¹	— ¹	105 499	120 000	150 000	180 000	180 000
New jobs contracted for with projects per year	Technical Support and Development Finance		— ¹	— ¹	65 121	24 879	30 000	30 000	— ³

1. No past data as investments and projects began in 2012/13.

2. The target decreases from 2013/14 as fewer finance officials will require training over the medium term.

3. The future support for these projects will only be agreed upon as the department nears the completion of the current engagements.

The national development plan

The national development plan aims to reduce poverty and inequality, and to build a capable state that is able to play a developmental and transformative role. The plan aims to achieve these goals through investment in infrastructure development, job creation, transforming urban and rural spaces, education and training, fighting corruption, providing quality health care, transforming the country to a low-carbon economy and through effecting transformation and unity. National Treasury plays a critical role in actively managing the financial resources of South Africa to ensure that funds are directed towards the achievement of the goals of the national development plan.

The plan requires a stable and enabling macroeconomic platform in order to realise its objectives of sustainable growth and employment creation. In support, National Treasury conducts and administers research work to assess the country's economic environment and evaluate strategic options that can be implemented to manage the economic risks to the country and take advantage of the economic growth opportunities. Such work includes researching the effects of the employment tax incentive and publishing discussion papers on economic growth, job creation and various other micro and macroeconomic studies. The department's financial sector policy unit will finalise policy proposals on deposit insurance and dedicated banks, and enact legislation through a parliamentary process to increase access to financial services to promote inclusive growth. Substantial resources are being earmarked for the implementation of the twin peaks model of regulatory reform for regulatory oversight of the financial sector.

The proposals for carbon tax policies and the expected implementation of tax reforms towards environmental sustainability over the medium term will chart the country's transition to a low carbon economy. This is aligned with goals of the environment component of the national development plan.

The Jobs Fund gives effect to the national development plan by facilitating and supporting innovative approaches and initiatives that contribute to the development of the South African economy, and enable job creation. Working on a partnership funding model, by contributing funds at a ratio of funds invested by the private sector on each project, the fund provides support for projects that create sustainable employment. It is estimated that about 150 000 new sustainable jobs will be contracted for by 2015/16 through this intervention. In 2013/14, cumulative grants had been allocated to 90 projects.

- The national development plan emphasises the need to address the country's distorted spatial legacy. To this end, the neighbourhood development partnership programme through its grant funding has provided support to projects that have delivered transport infrastructure that connects rural and urban spaces to facilitate an environment for improved economic activity.
- Newly established as a unit within National Treasury, the government technical assistance centre will play a critical role in providing technical skills to deliver the infrastructure projects in provinces mainly for the departments of health, education and public works. In support of the *Technical Support and Development Finance* programme's objectives, medium term outputs will include the provision of technical implementation support to cities and relevant national departments as part of rolling out of the cities support

programme. The programme aims to enable cities to manage their built environment and ensure that all member departments of the infrastructure development improvement programme implement the principles of sound infrastructure lifestyle of planning and maintenance. These activities contribute to the national development plan's aim of infrastructure development.

- The newly established office of the chief procurement officer, a division within National Treasury, aims to improve and modernise the procurement system across government and related organs to make the system fair, equitable, transparent, competitive and cost effective. The office also participates in the interdepartmental anti-corruption task team and plays an instrumental role in enforcing compliance with government's supply chain management strategies. These activities bolster the national development plan's intention of combating corruption in the public sector.

Expenditure estimates

Table 10.2 National Treasury

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
R million	2010/11	2011/12	2012/13	2013/14		2010/11 - 2013/14		2014/15	2015/16	2016/17	2013/14 - 2016/17	
Administration	248.7	254.5	296.7	356.4	335.8	10.5%	0.1%	343.1	360.5	382.2	4.4%	0.1%
Economic Policy, Tax, Financial Regulation and Research	86.1	140.5	111.2	133.9	128.4	14.3%	0.0%	138.9	146.3	155.7	6.6%	0.0%
Public Finance and Budget Management	175.4	205.4	232.8	246.2	243.4	11.5%	0.1%	262.8	276.7	295.1	6.6%	0.1%
Asset and Liability Management	20 813.9	821.9	278.2	2 994.0	2 992.7	-47.6%	1.5%	3 342.1	3 117.9	99.6	-67.8%	0.4%
Financial Accounting and Supply Chain Management Systems	559.1	504.9	639.3	734.7	725.3	9.1%	0.1%	761.6	790.5	865.8	6.1%	0.1%
International Financial Relations	558.7	857.8	1 003.1	1 092.0	1 094.9	25.1%	0.2%	1 179.8	1 235.2	1 302.3	5.9%	0.2%
Civil and Military Pensions, Contributions to Funds and Other Benefits	2 697.8	3 313.2	3 343.6	3 497.0	3 497.0	9.0%	0.8%	3 717.8	3 962.9	4 173.2	6.1%	0.7%
Technical Support and Development Finance	1 456.1	2 855.3	1 982.6	2 469.1	2 465.3	19.2%	0.5%	3 712.2	3 206.9	3 384.0	11.1%	0.6%
Revenue Administration	8 142.2	8 653.6	9 149.4	9 534.4	9 534.4	5.4%	2.1%	9 440.3	9 898.7	10 508.9	3.3%	1.8%
Financial Intelligence and State Security	3 488.2	3 755.0	3 982.1	4 174.6	4 174.6	6.2%	0.9%	4 366.3	4 524.8	4 773.0	4.6%	0.8%
Subtotal	38 226.2	21 362.0	21 019.0	25 232.3	25 191.8	-13.0%	6.3%	27 265.0	27 520.5	25 939.8	1.0%	5.0%
Direct charge against the National Revenue Fund	339 747.3	378 156.9	412 763.8	449 234.7	450 288.0	9.8%	93.7%	487 558.8	525 273.2	562 463.3	7.7%	95.0%
Provincial equitable share	265 139.4	291 735.5	313 015.8	338 936.8	338 936.8	8.5%	71.7%	362 468.1	387 967.5	412 038.8	6.7%	70.4%
State debt costs	66 226.8	76 460.0	88 121.1	100 484.5	101 255.9	15.2%	19.7%	114 900.5	126 646.8	139 200.6	11.2%	22.6%
General fuel levy sharing with metropolitan municipalities	7 542.4	8 573.1	9 039.7	9 613.4	9 613.4	8.4%	2.1%	10 190.2	10 658.9	11 223.8	5.3%	2.0%
National revenue fund payments	838.6	1 388.3	2 587.2	200.0	482.0	-16.9%	0.3%	–	–	–	-100.0%	–
Total	377 973.4	399 519.0	433 782.8	474 466.9	475 479.9	8.0%	100.0%	514 823.8	552 793.7	588 403.1	7.4%	100.0%
Change to 2013 Budget estimate				1 053.8	2 066.7			8 249.3	12 405.3	16 733.2		

Economic classification

	67 227.2	77 653.4	89 378.8	101 940.4	102 669.8	15.2%	20.0%	116 471.4	128 274.7	140 932.1	11.1%	22.9%
Current payments												
Compensation of employees	476.2	537.1	589.7	659.5	639.0	10.3%	0.1%	764.9	809.9	863.2	10.5%	0.1%
Goods and services	524.2	656.3	667.9	796.4	774.9	13.9%	0.2%	806.0	817.9	868.3	3.9%	0.2%
of which:												
Administration fees	6.2	49.3	5.0	6.3	5.0	-6.7%	0.0%	5.1	5.9	6.4	8.4%	0.0%
Advertising	2.2	2.1	2.4	4.2	3.1	12.3%	0.0%	4.9	4.6	5.1	18.5%	0.0%
Assets less than the capitalisation threshold	0.4	0.3	0.8	1.9	0.7	17.0%	0.0%	1.8	1.5	2.3	49.6%	0.0%
Audit costs: External	9.2	8.8	11.0	13.4	12.7	11.1%	0.0%	15.5	15.2	14.9	5.6%	0.0%
Bursaries: Employees	2.7	3.0	3.6	5.0	4.3	16.1%	0.0%	6.8	6.6	6.5	15.1%	0.0%
Catering: Departmental activities	1.6	2.1	1.8	2.3	2.2	12.3%	0.0%	2.5	2.7	2.8	8.2%	0.0%
Communication	6.6	7.7	8.5	9.0	9.1	11.3%	0.0%	9.8	10.3	10.6	5.3%	0.0%
Computer services	201.7	208.9	227.7	272.5	274.3	10.8%	0.1%	264.0	267.0	285.0	1.3%	0.1%
Consultants and professional services: Business and advisory services	151.9	226.0	243.8	271.2	262.3	20.0%	0.1%	287.2	292.9	303.2	4.9%	0.1%
Consultants and professional services: Legal costs	6.8	7.3	11.0	12.6	8.7	8.6%	0.0%	12.8	13.0	13.9	16.7%	0.0%
Contractors	1.4	1.6	1.5	4.4	2.8	27.1%	0.0%	3.8	4.0	4.1	13.9%	0.0%
Agency and support / outsourced services	8.0	13.0	10.3	19.4	20.7	37.2%	0.0%	28.4	22.8	30.7	14.1%	0.0%
Entertainment	0.2	0.2	0.2	0.6	0.5	38.6%	0.0%	0.5	0.6	0.6	5.4%	0.0%

Table 10.2 National Treasury

Economic classification				Adjusted appropriation	Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
Audited outcome								2014/15	2015/16	2016/17		
R million	2010/11	2011/12	2012/13	2013/14		2010/11 - 2013/14		2014/15	2015/16	2016/17	2013/14 - 2016/17	
Fleet services (including government motor transport)	1.3	0.3	0.8	2.2	1.9	14.2%	0.0%	2.3	2.4	2.5	9.8%	0.0%
Consumable supplies	2.4	2.6	2.5	5.0	3.7	15.4%	0.0%	4.0	4.3	4.6	7.8%	0.0%
Consumable: Stationery, printing and office supplies	12.2	11.8	13.0	17.7	14.7	6.4%	0.0%	15.0	15.8	16.5	3.8%	0.0%
Operating leases	42.4	38.6	41.0	47.7	47.4	3.8%	0.0%	48.8	52.6	55.7	5.5%	0.0%
Property payments	8.6	11.3	11.4	20.3	20.3	33.3%	0.0%	18.6	20.3	23.5	5.0%	0.0%
Travel and subsistence	37.0	40.1	48.1	56.3	56.8	15.4%	0.0%	50.9	52.5	55.6	-0.7%	0.0%
Training and development	8.4	10.9	10.5	9.4	7.9	-1.7%	0.0%	9.3	9.4	9.7	7.1%	0.0%
Operating payments	4.6	2.6	4.8	5.4	4.1	-3.7%	0.0%	4.2	3.8	4.1	0.2%	0.0%
Venues and facilities	8.6	7.6	8.1	9.5	11.8	11.2%	0.0%	9.9	9.9	9.9	-5.6%	0.0%
Interest and rent on land	66 226.8	76 460.0	88 121.1	100 484.5	101 255.9	15.2%	19.7%	114 900.5	126 646.8	139 200.6	11.2%	22.6%
Transfers and subsidies	288 949.5	319 389.5	340 972.7	368 941.5	368 942.5	8.5%	78.2%	394 596.3	421 007.6	446 938.5	6.6%	76.5%
Provinces and municipalities	273 878.2	302 560.4	323 111.8	349 711.5	349 711.5	8.5%	74.1%	374 058.0	400 091.4	424 820.8	6.7%	72.7%
Departmental agencies and accounts	11 804.4	12 742.7	13 396.8	13 977.2	13 977.2	5.8%	3.1%	14 069.4	14 699.0	15 566.4	3.7%	2.7%
Higher education institutions	–	–	9.0	10.0	10.0		0.0%	5.8	6.2	–	-100.0%	0.0%
Foreign governments and international organisations	501.1	585.8	628.2	771.5	771.6	15.5%	0.1%	828.3	904.3	963.1	7.7%	0.2%
Public corporations and private enterprises	106.0	250.7	655.5	1 024.6	1 024.6	113.0%	0.1%	1 973.3	1 395.1	1 469.1	12.8%	0.3%
Non-profit institutions	–	0.1	–	–	–		0.0%	–	–	–	–	–
Households	2 659.8	3 249.9	3 171.4	3 446.7	3 447.6	9.0%	0.7%	3 661.6	3 911.6	4 119.1	6.1%	0.7%
Payments for capital assets	178.3	88.6	172.5	199.5	195.9	3.2%	0.0%	185.5	191.0	229.7	5.4%	0.0%
Buildings and other fixed structures	–	–	0.6	5.0	–		0.0%	–	–	–		
Machinery and equipment	8.6	9.1	19.3	28.3	29.7	51.3%	0.0%	11.4	10.7	12.4	-25.3%	0.0%
Software and other intangible assets	169.7	79.6	152.6	166.2	166.2	-0.7%	0.0%	174.1	180.3	217.3	9.3%	0.0%
Payments for financial assets	21 618.4	2 387.5	3 258.9	3 385.5	3 671.7	-44.6%	1.8%	3 570.5	3 320.4	302.8	-56.5%	0.5%
Total	377 973.4	399 519.0	433 782.8	474 466.9	475 479.9	8.0%	100.0%	514 823.8	552 793.7	588 403.1	7.4%	100.0%

Personnel information

Table 10.3 Details of approved establishment and personnel numbers according to salary level¹

Number of posts estimated for 31 March 2014			Number and cost ² of personnel posts filled / planned for on funded establishment														Number		
Number of funded posts	Number of posts additional to the establishment		Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13			2013/14			2014/15		2015/16		2016/17				2013/14 - 2016/17		
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost				Number	Cost
National Treasury			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost		
Salary level	1 347	71	1 189	589.7	0.5	1 350	639.0	0.5	1 371	764.9	0.6	1 371	809.9	0.6	1 371	863.2	0.6	0.5%	100.0%
1 – 6	81	6	77	5.8	0.1	79	14.1	0.2	77	15.9	0.2	77	16.9	0.2	77	17.9	0.2	-0.9%	5.7%
7 – 10	552	22	507	142.3	0.3	563	168.3	0.3	577	190.2	0.3	577	201.6	0.3	577	214.7	0.4	0.8%	42.0%
11 – 12	388	21	325	142.5	0.4	375	189.9	0.5	374	230.7	0.6	374	244.2	0.7	374	260.6	0.7	-0.1%	27.4%
13 – 16	324	22	278	294.2	1.1	331	263.3	0.8	341	324.0	1.0	341	342.9	1.0	341	365.5	1.1	1.0%	24.8%
Other	2	–	2	5.0	2.5	2	3.4	1.7	2	4.0	2.0	2	4.2	2.1	2	4.5	2.3	–	0.1%

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

2. Rand million.

Expenditure trends

The department is responsible for the main statutory transfers to provincial governments, the details of which can be found in chapter 7 and annexure E of the 2014 Budget Review and the 2014 Division of Revenue Bill. The department provides for the servicing of government debt and is responsible for the distribution of the general fuel levy to metropolitan municipalities. Recorded as a direct charge against the National Revenue Fund, the transfer of the provincial equitable share, provision for servicing government debt and the general fuel levy to metropolitan municipalities together account for 94.4 per cent of the department's allocation across the seven-year period. The department receives Cabinet approved additional allocations of R1.7 billion in 2014/15, R4 billion in 2015/16 and R8 billion in 2016/17 for higher state debt costs.

Excluding the direct charges, most of the department's budget over the medium term is allocated to transfers and subsidies, including those to: fund the operations of the South African Revenue Service in the *Revenue Administration* programme, and the Financial Intelligence Centre and the South African Secret Services in the *Financial Intelligence and State Security* programme; pay pensions and medical benefits to retired, injured or disabled civil servants and their beneficiaries in the *Civil and Military Pensions* contributions to funds and other benefits programmes; provide funds for the Jobs Fund and the neighbourhood development partnership grant in the *Technical Support and Development Finance* programme; and recapitalise state owned companies through the *Asset and Liability Management* programme. The department receives additional Cabinet approved allocations over the medium term for transfers and subsidies as follows:

- R20 million in 2014/15, R30 million in 2015/16 and R40 million in 2016/17 to augment the Financial Intelligence Centre's budget for a move to new premises and the filling of positions to enhance capacity to combat money laundering and financial criminal activity
- R105 million in 2014/15, R116 million in 2015/16 and R135 million in 2016/17 for the integrated cities development grant for the initiation of the grant to assist metropolitan municipalities to develop more inclusive and productive built environments.

Cabinet also approved the following budget reductions to transfers and subsidies, which are not expected to adversely affect service delivery:

- R5 million per year over the medium term from transfers in the *Civil and Military Pensions, Contributions to Funds and Other Benefits* programme
- R601.8 million in 2014/15, R495.4 million in 2015/16 and R408.2 million in 2016/17 from the South African Revenue Service, as the entity was assessed to have sufficient cash surpluses as at March 2013 to enable it to continue its modernisation agenda
- R19 million in 2014/15, R18.7 million in 2015/16 and R18.4 million in 2016/17 from the common monetary area compensation due to anticipated lower Rand circulation in the participating countries
- R6 million in 2014/15, R6.3 million in 2015/16 and R6.6 million in 2016/17 from the former *Financial and Technical Support* subprogramme in order to bring its operations to a close
- R28.3 million in 2014/15, R28.4 million in 2015/16 and R3.7 million in 2016/17 from the department's operational expenditure for goods and services.

Over the medium term, the department will continue to manage national debt and liquidity by ensuring that government's borrowing needs of R660 billion are met annually by sourcing funds from the domestic and international markets through the activities of the *Assets and Liability Management* programme. The reductions of R20 billion in expenditure between 2010/11 and 2011/12 and R539.1 million between 2011/12 and 2012/13 in this programme were mainly due to the R20 billion final tranche payment in 2010/11 for the provision of a R60 billion subordinated loan to Eskom to support its expansion plans, as well as a reduction in payments to the Land and Agricultural Development Bank of South Africa as the capital injection of R3.5 billion between 2009/10 to 2014/15 to support the emerging farmer support facility ends.

Excluding direct charges and transfers and subsidies, expenditure is mainly on compensation of employees, particularly in the *Administration, Public Finance and Budget Management* and *Financial Accounting and Supply Chain Management Systems* programmes. The department's funded establishment is anticipated to increase to 1 371 posts in 2016/17, which is expected to increase spending on compensation of employees to R863.2 million in that year. These posts were mainly created for the *Employment Creation Facilitation* subprogramme, the chief procurement office and the infrastructure development improvement programme. At the end of November 2013, there were 153 vacancies in the department due to natural attrition.

The department utilises consultants where it lacks capacity. Between 2010/11 and 2013/14, spending on consultants grew at an average annual rate of 20 per cent due to the specialised audit services required to combat fraud and corruption, and the interventions to assist with the administration of the provincial departments in Limpopo. However, as a result of the department's effort to control expenditure on consultants and build internal capacity, and the conclusion of the intervention in Limpopo, spending on consultants is set to increase at a lesser rate over the medium term.

Infrastructure spending

Mega project: Neighbourhood development partnership grant projects

The neighbourhood development partnership grant is directed at eradicating spatial inequality and creating liveable, sustainable, resilient, efficient and integrated towns and cities. It is driven by the principle that public investment and funding can be used to attract third party public and private sector investment to unlock the social and economic potential in targeted underserved neighbourhoods, which are generally townships. In 2011/12, the neighbourhood development partnership unit formulated a new approach, known as the urban networks strategy. This strategy shifts infrastructure investments towards the creation of efficient and effective urban centres to increase economic growth, create employment and increase access to urban amenities, especially for the poor located in marginalised settlement areas. The new approach locates township development as part of wider integrated city planning, which includes the spatial prioritisation and targeting of public sector capital investments. The grant supports the city wide and precinct level planning, as well as provides the capital for catalytic infrastructure projects. These catalytic projects, such as public transport facilities, social facilities, public spaces and landscaping, aim to transform the identified and prioritised nodes in townships into vibrant, sustainable urban hubs that are connected to other strategic locations within the townships and the wider urban network.

The grant's capital investment reached R3.5 billion by 31 March 2014. This is 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. In 2013/14, the neighbourhood development partnership had more than 280 approved project plans valued at R3.2 billion. By 2012/13, the partnership had completed 129 catalytic projects valued at R988 million.

The urban networks strategy model requires a transit orientated approach that integrates the townships with the wider urban fabric. In the Bridge City project in the Phoenix, Inanda, Ntuzuma and KwaMashu townships, the department worked closely with the Ethekwini metropolitan municipality. Between 2010 and 2013, the grant contributed R80.3 million for the implementation of the Bridge City inter-modal facility. The value of Bridge City project is estimated at R5 billion.

The department also has a portfolio of existing non-urban projects that it continues to support, including: the KwaDukuza local municipality intermodal transport facility, in which the grant's R36 million contribution has resulted in a planned R500 million shopping mall development; and the Nongoma local municipality taxi and bus ranks, which are under construction for completion by May 2014 and to which the grant contributed R38.2 million.

Large projects

The department continues to develop the integrated financial management system, which will replace its existing legacy systems. Since inception, R768.8 million has been expended on developing the financial management, supply chain management, human resource management, payroll and related business intelligence modules, which have been piloted at lead sites, including National Treasury, the Free State Department of Education and Limpopo Department of Health. A revised approach on the solution architecture of the system was endorsed by Cabinet in 2013/14. This is aimed at fast tracking completion of the project and may call for an increase in expenditure in the future. However, spending on the project is expected to remain within the R3.2 billion allocated to it.

Departmental receipts

Table 10.4 Receipts

	Audited outcome			Adjusted estimate	Revised estimate	Average growth rate (%)	Receipt/ total: Average (%)	Medium-term receipts estimate			Average growth rate (%)	Receipt/ total: Average (%)
R thousand	2010/11	2011/12	2012/13	2013/14		2010/11 - 2013/14		2014/15	2015/16	2016/17	2013/14 - 2016/17	
Departmental receipts	3 340 611	3 409 060	4 201 708	3 395 908	3 812 110	4.5%	32.0%	3 872 467	3 415 458	3 582 003	-2.1%	43.3%
Sales of goods and services produced by department	50 955	71 687	53 840	152 220	104 957	27.2%	0.6%	111 178	94 559	94 560	-3.4%	1.2%
Sales by market establishments	92	91	99	100	180	25.1%	–	90	100	110	-15.1%	–
of which:												
Rental parking: Covered and open	92	91	96	100	180	25.1%	–	90	100	110	-15.1%	–
Access to information	–	–	3	–	–	–	–	–	–	–	–	–
Administration fees	13	5	4	10	10	-8.4%	–	10	10	10	–	–
of which:												
Required information: Duplicate certificate	13	5	4	10	10	-8.4%	–	10	10	10	–	–
Other sales	50 850	71 591	53 737	152 110	104 767	27.2%	0.6%	111 078	94 449	94 440	-3.4%	1.2%
of which:												
Commission: Insurance	55	63	68	73	10	-43.3%	–	70	60	50	71.0%	–
Directors fees	196	196	176	216	10	-62.9%	–	200	200	200	171.4%	–
Replacement of security cards	3	2	2	4	2	-12.6%	–	5	3	3	14.5%	–
Fees for government guarantee insurance	50 529	71 274	53 429	151 767	104 745	27.5%	0.6%	110 803	94 186	94 187	-3.5%	1.2%
Sales of assets less than R5 000	67	56	62	50	–	-100.0%	–	–	–	–	–	–
Sales of scrap, waste, arms and other used current goods	5	26	26	9	10	26.0%	–	12	10	11	3.2%	–
of which:												
Waste paper	5	14	11	9	10	26.0%	–	12	10	11	3.2%	–
Departmental publications	–	12	15	–	–	–	–	–	–	–	–	–
Interest, dividends and rent on land	2 609 482	2 861 771	3 245 937	2 163 139	2 547 103	-0.8%	24.4%	2 691 277	2 240 889	2 397 432	-2.0%	29.1%
Interest	2 456 183	2 735 115	3 089 037	2 027 158	2 340 500	-1.6%	23.0%	2 501 500	2 028 500	2 176 500	-2.4%	26.7%
Dividends	153 299	126 656	156 900	135 981	206 603	10.5%	1.4%	189 777	212 389	220 932	2.3%	2.4%
of which:												
South African Reserve Bank	–	126 656	156 900	–	86 909	–	0.8%	70 000	70 000	70 000	-7.0%	0.9%
South African Special Risks Insurance Association	153 299	–	–	135 981	119 694	-7.9%	0.6%	119 777	142 389	150 932	8.0%	1.6%
Sales of capital assets	86	–	261	40	40	-22.5%	–	–	–	–	-100.0%	–
Transactions in financial assets and liabilities	680 083	475 576	901 644	1 080 500	1 160 000	19.5%	7.0%	1 070 000	1 080 000	1 090 000	-2.1%	13.0%
National Revenue Fund receipts	2 647 405	5 200 951	11 533 610	11 011 428	11 362 320	62.5%	66.7%	2 850 000	1 600 000	3 400 000	-33.1%	56.7%
of which:												
Revaluation profits on foreign currency transactions	86 524	640 938	939 005	5 003 000	5 664 542	303.0%	15.9%	2 850 000	1 600 000	3 400 000	-15.6%	39.9%
Premiums on loan transactions	1 689 646	3 483 031	10 541 967	5 932 000	5 615 035	49.2%	46.3%	–	–	–	-100.0%	16.6%
Liquidation of South African Special Risks Insurance Association investment	150 000	227 987	50 000	75 000	75 000	-20.6%	1.1%	–	–	–	-100.0%	0.2%
Saambou Bank curatorship	20 000	30 000	–	–	–	-100.0%	0.1%	–	–	–	–	–
Profits on the Gold and Foreign Exchange Contingency Reserve Account	–	794 283	–	–	–	–	1.7%	–	–	–	–	–
Equalisation Fund account transfer	700 000	–	–	–	–	-100.0%	1.5%	–	–	–	–	–
Other	1 235	24 712	2 638	1 428	7 743	84.4%	0.1%	–	–	–	-100.0%	–
National Revenue Fund receipts	600 000	–	–	–	–	-100.0%	1.3%	–	–	–	–	–
of which:												
Rand block levy account	600 000	–	–	–	–	-100.0%	1.3%	–	–	–	–	–
Total	6 588 016	8 610 011	15 735 318	14 407 336	15 174 430	32.1%	100.0%	6 722 467	5 015 458	6 982 003	-22.8%	100.0%

Programme 1: Administration

Expenditure estimates

Table 10.5 Administration

Subprogramme				Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
Audited outcome											
R thousand	2010/11	2011/12	2012/13	2013/14	2010/11 - 2013/14		2014/15	2015/16	2016/17	2013/14 - 2016/17	
Ministry	2 835	2 976	3 143	3 796	10.2%	1.1%	4 005	4 225	4 504	5.9%	1.1%
Departmental Management	29 716	31 148	37 823	40 193	10.6%	12.0%	40 853	42 737	44 868	3.7%	11.7%
Corporate Services	77 423	80 327	89 032	102 006	9.6%	30.2%	104 556	108 287	112 938	3.5%	29.7%
Enterprise Wide Risk Management	15 332	17 529	25 637	32 539	28.5%	7.9%	23 892	25 020	26 490	-6.6%	7.5%
Financial Administration	28 716	30 089	32 181	38 938	10.7%	11.2%	41 898	44 165	46 264	5.9%	11.9%
Legal Services	11 744	12 437	15 656	16 896	12.9%	4.9%	18 127	19 138	20 294	6.3%	5.2%
Internal Audit	9 315	9 470	15 674	21 890	32.9%	4.9%	14 846	15 633	17 338	-7.5%	4.8%
Communications	7 473	7 134	9 586	9 331	7.7%	2.9%	10 146	10 463	11 112	6.0%	2.8%
Office Accommodation	66 107	63 424	68 011	90 840	11.2%	24.9%	84 812	90 784	98 387	2.7%	25.3%
Total	248 661	254 534	296 743	356 429	12.8%	100.0%	343 135	360 452	382 195	2.4%	100.0%
Change to 2013 Budget estimate				14 738			(5 512)	3 931	4 118		
Economic classification											
Current payments	242 715	245 623	279 812	327 086	10.5%	94.7%	335 860	353 615	375 183	4.7%	96.5%
Compensation of employees	108 788	116 546	132 490	146 765	10.5%	43.6%	168 833	178 838	190 537	9.1%	47.5%
Goods and services	133 927	129 077	147 322	180 321	10.4%	51.1%	167 027	174 777	184 646	0.8%	49.0%
of which:											
Administration fees	2 271	1 833	1 306	1 710	-9.0%	0.6%	1 474	1 698	1 822	2.1%	0.5%
Advertising	563	624	713	1 164	27.4%	0.3%	945	955	978	-5.6%	0.3%
Assets less than the capitalisation threshold	156	178	555	939	81.9%	0.2%	992	601	777	-6.1%	0.2%
Audit costs: External	6 466	5 463	6 387	8 389	9.1%	2.3%	8 170	8 614	9 093	2.7%	2.4%
Bursaries: Employees	413	456	530	1 060	36.9%	0.2%	1 402	1 370	1 509	12.5%	0.4%
Catering: Departmental activities	435	832	562	778	21.4%	0.2%	753	877	928	6.1%	0.2%
Communication	3 757	4 806	5 215	5 395	12.8%	1.7%	5 515	5 712	5 839	2.7%	1.6%
Computer services	20 321	21 200	23 087	19 576	-1.2%	7.3%	22 114	19 789	17 859	-3.0%	5.5%
Consultants and professional services:	10 528	7 248	12 011	21 586	27.0%	4.4%	10 042	12 322	13 657	-14.2%	4.0%
Business and advisory services											
Consultants and professional services:	6 814	7 324	9 891	12 270	21.7%	3.1%	11 815	12 558	13 435	3.1%	3.5%
Legal costs											
Contractors	1 224	1 570	1 404	4 219	51.1%	0.7%	3 631	3 838	3 931	-2.3%	1.1%
Agency and support / outsourced services	7 837	6 808	8 825	10 167	9.1%	2.9%	9 487	9 970	10 460	1.0%	2.8%
Entertainment	79	42	66	141	21.3%	—	142	148	155	3.2%	—
Fleet services (including government motor transport)	1 288	295	356	1 938	14.6%	0.3%	2 130	2 266	2 388	7.2%	0.6%
Consumable supplies	2 345	2 560	2 429	3 824	17.7%	1.0%	2 996	3 156	3 360	-4.2%	0.9%
Consumable: Stationery, printing and office supplies	3 557	3 403	3 113	4 433	7.6%	1.3%	3 892	3 927	3 871	-4.4%	1.1%
Operating leases	41 240	37 454	39 555	45 363	3.2%	14.1%	46 420	50 060	53 271	5.5%	13.5%
Property payments	8 568	11 306	11 420	20 282	33.3%	4.5%	18 550	20 262	23 452	5.0%	5.7%
Travel and subsistence	11 874	11 449	15 806	12 300	1.2%	4.4%	11 908	12 166	12 904	1.6%	3.4%
Training and development	2 550	3 222	2 612	3 178	7.6%	1.0%	3 396	3 222	3 496	3.2%	0.9%
Operating payments	1 505	730	885	971	-13.6%	0.4%	637	647	724	-9.3%	0.2%
Venues and facilities	136	274	594	638	67.4%	0.1%	616	619	737	4.9%	0.2%
Transfers and subsidies	1 534	2 417	2 635	3 916	36.7%	0.9%	2 081	2 116	2 189	-17.6%	0.7%
Departmental agencies and accounts	425	482	533	2 140	71.4%	0.3%	513	516	554	-36.3%	0.3%
Households	1 109	1 935	2 102	1 776	17.0%	0.6%	1 568	1 600	1 635	-2.7%	0.5%
Payments for capital assets	4 244	6 470	14 292	25 427	81.6%	4.4%	5 194	4 721	4 823	-42.5%	2.8%
Buildings and other fixed structures	—	—	615	5 000	—	0.5%	—	—	—	-100.0%	0.3%
Machinery and equipment	4 244	6 470	13 677	20 427	68.8%	3.9%	5 194	4 721	4 823	-38.2%	2.4%
Payments for financial assets	168	24	4	—	-100.0%	—	—	—	—	—	—
Total	248 661	254 534	296 743	356 429	12.8%	100.0%	343 135	360 452	382 195	2.4%	100.0%
Proportion of total programme expenditure to vote expenditure	0.7%	1.2%	1.4%	1.4%			1.3%	1.3%	1.5%		

Table 10.5 Administration

Table 10: Administration

Details of transfers and subsidies				Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
Audited outcome											
R thousand	2010/11	2011/12	2012/13	2013/14	2010/11 - 2013/14		2014/15	2015/16	2016/17	2013/14 - 2016/17	
Households											
Social benefits											
Current	68	557	320	192	41.3%	0.1%	–	–	–	-100.0%	–
Employee social benefits	68	557	320	192	41.3%	0.1%	–	–	–	-100.0%	–
Households											
Other transfers to households											
Current	1 041	1 378	1 782	1 584	15.0%	0.5%	1 568	1 600	1 635	1.1%	0.4%
Bursaries for non-employees	1 041	1 378	1 532	1 584	15.0%	0.5%	1 568	1 600	1 635	1.1%	0.4%
Advocate Zubeida Barmania	–	–	250	–	–	–	–	–	–	–	–
Departmental agencies and accounts											
Departmental agencies (non-business entities)											
Current	425	482	533	2 140	71.4%	0.3%	513	516	554	-36.3%	0.3%
Finance, accounting, management, consulting and other financial services	425	482	527	2 132	71.2%	0.3%	498	500	537	-36.8%	0.3%
sector education and training authority											
Communication	–	–	6	8	–	–	15	16	17	28.6%	–

Personnel information

Table 10.6 Details of approved establishment and personnel numbers according to salary level¹

Number of posts estimated for 31 March 2014			Number and cost ² of personnel posts filled / planned for on funded establishment															Number	
Number of funded posts	Number of posts additional to the establishment		Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13			2013/14			2014/15		2015/16		2016/17						
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number		Cost	Unit Cost	2013/14 - 2016/17
Administration			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost		
Salary level	405	12	362	132.5	0.4	405	137.9	0.3	405	168.8	0.4	405	178.8	0.4	405	190.5	0.5	-	100.0%
1 – 6	58	–	56	2.8	0.1	55	9.4	0.2	53	11.0	0.2	53	11.7	0.2	53	12.4	0.2	-1.2%	13.2%
7 – 10	232	7	207	56.7	0.3	238	56.7	0.2	242	69.2	0.3	242	73.3	0.3	242	78.2	0.3	0.6%	59.5%
11 – 12	64	1	54	35.2	0.7	59	27.2	0.5	58	35.2	0.6	58	37.3	0.6	58	39.8	0.7	-0.6%	14.4%
13 – 16	49	4	43	32.8	0.8	51	41.3	0.8	50	49.4	1.0	50	52.4	1.0	50	55.6	1.1	-0.7%	12.4%
Other	2	–	2	5.0	2.5	2	3.4	1.7	2	4.0	2.0	2	4.2	2.1	2	4.5	2.3	–	0.5%

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

2. Rand million.

Expenditure trends

Most of the programme's allocation over the medium term is spent on compensation of employees in the *Corporate Services*, *Financial Administration* and *Departmental Management* subprogrammes, and on operating leases in the *Office Accommodation* subprogrammes. This supports the department's objective of providing strategic, financial and human resource management to improve governance and attain unqualified audit reports.

With regard to personnel, over the medium term the department will continue to focus on building capacity in the internal audit, ICT and human resource functions. Consequently, the 59 posts that were vacant at the end of November 2013 due to natural attrition are to be filled over the medium term, and this is expected to bring the programme up to its full capacity of 405 posts and increase spending on compensation of employees. The additional capacity will allow the department to complete the vetting of employees, perform 75 compliance, performance and IT audits each year, and ensure 95 per cent compliance with service level agreements.

However, the increase in capacity in the internal audit and risk management functions is expected to decrease spending in the *Internal Audit* and *Enterprise Risk Management* subprogrammes over the medium term as a result of the savings of approximately R10 million to be realised from using internal personnel, who are to take over the functions previously performed by consultants. This is also the reason for the decrease in expenditure on consultants and professional services expected over the medium term. These consultants have been contracted on a short term basis to provide auditing, ICT support and legal services as the department builds its

capacity.

With regard to office accommodation and related costs, over the medium term the department will focus on upgrading its ICT and security infrastructure, particularly for the 38 Church Square building, which is currently being refurbished. The project to refurbish the building, which began in 2010/11, is running behind schedule and is expected to be completed in 2014/15. Once the project is complete, expenditure in the *Office Accommodation* subprogramme is expected to decrease in 2014/15, as is expenditure for capital assets over the medium term. This project was also the reason for the significant increase in spending in the *Office Accommodation* subprogramme and on payments for capital assets between 2010/11 and 2013/14.

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 tax legislation for the annual budget
 - monitoring the collection of revenue through ongoing consultation with relevant stakeholders and the consideration of contributing factors that determine tax collection.

Subprogrammes

- *Programme Management for Economic Policy, Tax, 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 and 2013/14, transfers and subsidies in this subprogramme accounted for R10 million (51.7 per cent) and R9.9 million (39.4 per cent) of the total budget, with the bulk of the transfer payments allocated to Economic Research Southern Africa to conduct economic research. In 2013/14, legislation was published in the Government Gazette, the Taxation Laws Amendment Bill was published and electronic subscriptions to the Financial Times publication were managed. This subprogramme had a staff complement of 9 at the end of November 2013.
- *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 for ad-hoc economic research related projects. In 2012/13, R7.5 million was spent towards 61 Economic Research Southern Africa papers, which included research on the trade and industry policy, economic impacts of carbon taxation, the integrated resource plan and electricity pricing policy, and economic drivers of tax revenue. By the end of December 2013, 58 Economic Research Southern Africa papers had been published on topics such as the changes in South African retirement funds, with spending to support these activities amounting to R7.9 million. The subprogramme aims to publish a minimum of 44 papers on economic growth, job creation and various micro and macroeconomic subjects each year over the medium term.
- *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, in its focus on increasing access to financial services, the unit spent R21.4 million and successfully hosted the 2012 Alliance for Financial Inclusion's global policy forum. Enabling legislation for the twin peaks model for regulation and oversight in the financial sector was introduced in 2013/14. Under the twin-peaks model, the financial services industry and related structures will have two regulators: a prudential regulator, which will operate within the Reserve Bank; and a new market conduct regulator, which

will be established from within a restructured Financial Services Board. The draft financial sector regulation bill was released for comment in December 2013, which, once promulgated as expected in 2014/15, will establish a prudential authority and a market conduct authority over the medium term. Policy papers on savings and retirement policies that will lead to increased levels of national savings were also published, with public consultations held in September 2013. The aim is to implement the legislation in 2014/15. The budget allocation for 2013/14 was R24.9 million. This subprogramme had a staff complement of 36 at the end of November 2013.

- *Tax Policy* is responsible for drafting annual tax legislation as part of the national budget to promote an effective, equitable and efficient tax policy framework and tax administrative system that ensures 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 2012/13, R24.2 million was spent on publishing tax proposals in the annual Budget Review and finalising the revised carbon tax policy. The unit will have spent R23.7 million by the end of 2013/14 and has prepared draft legislation on the carbon tax policy, which is expected to be implemented by January 2015. In addition, the Tax Laws Amendment Act (2013) and the Employment Tax Incentive Act (2013) were promulgated in December 2013 and took effect in January 2014. This subprogramme had a staff complement of 28 at the end of November 2013.
- *Economic Policy* provides macroeconomic and microeconomic forecasts, policy analysis on microeconomic and regulatory issues, economic impact assessments 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; industrial policy; small, medium and micro enterprise (SMME) policy; and the exchange rate. In 2012/13, R22.8 million was spent and the development of the 2005 South African general equilibrium model was supported to allow for the mining sector impact assessment. The estimated expenditure of R25.3 million in 2013/14 has facilitated the development of the GDP model and the updating of the consumer price index model, among other regular deliverables, including providing economic forecasts for the 2014 medium term expenditure framework. 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 29 at the end of November 2013.
- *Cooperative Banks Development Agency* facilitates the transfer payment to the Cooperative Banks 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. The unit transferred R16 million in 2012/13 and R16.2 million in 2013/14 to the agency for operational expenditure. Over the medium term, transfers to the agency are expected to increase to provide for inflationary increases to operational costs.

Expenditure estimates

Table 10.7 Economic Policy, Tax, Financial Regulation and Research

Subprogramme	Audited outcome			Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
R thousand											
Programme Management for Economic Policy, Tax, Financial Regulation and Research	12 058	19 736	19 351	21 028	20.4%	15.3%	21 311	22 727	24 142	4.7%	15.5%
Research	11 217	9 749	7 493	16 764	14.3%	9.6%	12 000	12 648	13 318	-7.4%	9.5%
Financial Sector Policy	17 673	61 487	21 393	26 287	14.2%	26.9%	30 060	31 742	33 768	8.7%	21.2%
Tax Policy	19 244	23 026	24 233	24 152	7.9%	19.2%	29 828	31 490	33 835	11.9%	20.8%
Economic Policy	17 668	17 159	22 764	29 457	18.6%	18.5%	28 883	30 297	32 270	3.1%	21.0%
Cooperative Banking Development Agency	8 200	9 310	16 000	16 236	25.6%	10.5%	16 838	17 433	18 357	4.2%	12.0%
Total	86 060	140 467	111 234	133 924	15.9%	100.0%	138 920	146 337	155 690	5.1%	100.0%
Change to 2013 Budget estimate				(11 935)			(5 745)	(5 976)	(5 909)		

Table 10.7 Economic Policy, Tax, Financial Regulation and Research

Economic classification				Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
Audited outcome											
R thousand	2010/11	2011/12	2012/13	2013/14	2010/11 - 2013/14		2014/15	2015/16	2016/17	2013/14 - 2016/17	
Current payments	72 203	119 550	84 521	106 839	14.0%	81.2%	110 868	116 813	124 525	5.2%	79.9%
Compensation of employees	51 039	56 188	62 226	72 419	12.4%	51.3%	83 283	88 163	94 257	9.2%	58.8%
Goods and services	21 164	63 362	22 295	34 420	17.6%	29.9%	27 585	28 650	30 268	-4.2%	21.0%
of which:											
Administration fees	713	43 377	714	1 240	20.3%	9.8%	470	558	655	-19.2%	0.5%
Advertising	214	363	384	547	36.7%	0.3%	520	483	549	0.1%	0.4%
Assets less than the capitalisation threshold	40	18	23	92	32.0%	—	82	79	95	1.1%	0.1%
Bursaries: Employees	147	182	299	406	40.3%	0.2%	528	438	338	-5.9%	0.3%
Catering: Departmental activities	215	154	151	179	-5.9%	0.1%	150	175	187	1.5%	0.1%
Communication	367	317	424	429	5.3%	0.3%	452	481	509	5.9%	0.3%
Computer services	212	40	102	94	-23.7%	0.1%	54	26	30	-31.7%	—
Consultants and professional services: Business and advisory services	11 217	11 083	8 330	18 769	18.7%	10.5%	13 801	14 558	15 261	-6.7%	10.9%
Contractors	11	3	54	18	17.8%	—	13	18	12	-12.6%	—
Entertainment	19	15	26	67	52.2%	—	58	63	65	-1.0%	—
Fleet services (including government motor transport)	—	—	410	1	—	0.1%	—	—	—	-100.0%	—
Consumable supplies	4	—	6	147	232.5%	—	163	183	198	10.4%	0.1%
Consumable: Stationery, printing and office supplies	905	687	859	1 611	21.2%	0.9%	1 073	1 244	1 285	-7.3%	0.9%
Operating leases	132	98	133	283	28.9%	0.1%	276	244	256	-3.3%	0.2%
Travel and subsistence	4 404	5 091	5 652	6 619	14.5%	4.6%	6 643	6 996	7 384	3.7%	4.8%
Training and development	467	550	618	629	10.4%	0.5%	678	666	712	4.2%	0.5%
Operating payments	1 779	1 284	3 117	2 979	18.7%	1.9%	2 345	2 179	2 494	-5.8%	1.7%
Venues and facilities	318	100	993	310	-0.8%	0.4%	279	259	238	-8.4%	0.2%
Transfers and subsidies	13 500	20 498	26 191	26 231	24.8%	18.3%	27 618	29 073	30 614	5.3%	19.7%
Departmental agencies and accounts	8 200	9 310	16 000	16 236	25.6%	10.5%	16 838	17 433	18 357	4.2%	12.0%
Public corporations and private enterprises	5 300	11 000	10 000	9 900	23.2%	7.7%	10 780	11 640	12 257	7.4%	7.8%
Households	—	188	191	95	—	0.1%	—	—	—	-100.0%	—
Payments for capital assets	351	408	522	854	34.5%	0.5%	434	451	551	-13.6%	0.4%
Machinery and equipment	351	408	522	854	34.5%	0.5%	434	451	551	-13.6%	0.4%
Payments for financial assets	6	11	—	—	-100.0%	—	—	—	—	—	—
Total	86 060	140 467	111 234	133 924	15.9%	100.0%	138 920	146 337	155 690	5.1%	100.0%
Proportion of total programme expenditure to vote expenditure	0.2%	0.7%	0.5%	0.5%			0.5%	0.5%	0.6%		
Details of transfers and subsidies											
Households											
Social benefits											
Current	—	188	191	95	—	0.1%	—	—	—	-100.0%	—
Employee social benefits	—	188	191	95	—	0.1%	—	—	—	-100.0%	—
Departmental agencies and accounts											
Departmental agencies (non-business entities)											
Current	8 200	9 310	16 000	16 236	25.6%	10.5%	16 838	17 433	18 357	4.2%	12.0%
Cooperative Banks Development Agency	8 200	9 310	16 000	16 236	25.6%	10.5%	16 838	17 433	18 357	4.2%	12.0%
Public corporations and private enterprises											
Private enterprises											
Other transfers to private enterprises											
Current	5 300	11 000	10 000	9 900	23.2%	7.7%	10 780	11 640	12 257	7.4%	7.8%
Economic Research Southern Africa	5 300	11 000	10 000	9 900	23.2%	7.7%	10 780	11 640	12 257	7.4%	7.8%

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

- monitoring and analysing progress on the implementation of the appropriated budget on a quarterly and annual basis.
- Contribute to public policy and programme development by promoting sound planning, budgeting and project management, and providing 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.
- 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 programme's planning, monitoring and delivery functions. 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, with spending of R33.8 million in 2012/13 and an allocated budget of R18.6 million in 2013/14. This subprogramme had a staff complement of 10 at the end of November 2013.
- *Public Finance* provides financial and budgetary analysis of government programmes, advises on policy and service delivery trends, and manages National Treasury's relations with other national departments. The division will continue to provide recommendations annually to the medium term expenditure committee based on engagements with departments. Other outputs and activities include the phased implementation of contributory social security reforms over the medium term, the evaluation and monitoring of major infrastructure projects, and funding recommendations on the projects. R46.6 million was spent in 2012/13. In 2013/14, the subprogramme was allocated R51 million and its outputs and activities included presentations made on research on nuclear and liquid fuels electricity supply options, and the establishment of a functional group approach to prepare a national budget that is aligned with national priorities. This subprogramme had a staff complement of 72 at the end of November 2013.
- *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 its 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. A governance monitoring system will be designed and implemented over the medium term. R47.6 million was spent in 2012/13. In 2013/14, the budget allocation was R57.5 million and a debt sustainability analysis was completed together with the International Monetary Fund to ensure that current fiscal plans are sustainable as part of the division's contribution to the national budgeting process. This subprogramme had a staff complement of 80 at the end of November 2013.
- *Intergovernmental Relations* coordinates fiscal relations between national, provincial and local government; promotes sound provincial and municipal budgetary planning, reporting and financial management; and provides infrastructure support for government with the aim of promoting improved planning and management of the service delivery targets for the spheres. Key outputs and activities in 2012/13 included publishing the Division of Revenue Act (2013); publishing quality non-financial performance information for the 278 municipalities; performing benchmark assessments for all municipalities; running 7 division of revenue workshops; and providing business planning training courses, and other training for officials. R67.5 million was spent in 2012/13. In 2013/14, the budget allocation was R79.4 million. A new local government equitable share formula was introduced and phased in and an infrastructure conditional grant system based on new data sets from Census 2011 was reviewed. In addition, the final built environment performance plans for all 8 metropolitan municipalities were assessed to ensure the delivery of the infrastructure targets. This subprogramme had a staff complement of 91 at the end of November 2013.

- *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. In 2012/13, R37.3 million was transferred to the commission, while in 2013/14, R39.6 million was budgeted to support the commission's activities.

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 (%)
R thousand	2010/11	2011/12	2012/13	2013/14	2010/11 - 2013/14	2010/11 - 2013/14	2014/15	2015/16	2016/17	2013/14 - 2016/17	2013/14 - 2016/17
Programme Management for Public Finance and Budget Management	12 185	14 626	33 781	18 642	15.2%	9.2%	21 416	22 656	24 092	8.9%	8.0%
Public Finance	39 536	45 092	46 601	51 014	8.9%	21.2%	56 493	59 822	64 115	7.9%	21.4%
Budget Office and Coordination	36 137	43 283	47 593	57 510	16.8%	21.5%	63 943	66 929	71 098	7.3%	24.0%
Intergovernmental Relations	56 166	69 373	67 515	79 421	12.2%	31.7%	81 485	86 443	92 718	5.3%	31.5%
Financial and Fiscal Commission	31 391	33 036	37 268	39 567	8.0%	16.4%	39 488	40 884	43 051	2.9%	15.1%
Total	175 415	205 410	232 758	246 154	12.0%	100.0%	262 825	276 734	295 074	6.2%	100.0%
Change to 2013 Budget estimate				(19 298)			(12 268)	(7 503)	(7 281)		

Economic classification

Current payments	143 089	171 369	193 157	203 862	12.5%	82.8%	221 935	234 545	250 559	7.1%	84.3%
Compensation of employees	121 875	142 774	152 151	164 046	10.4%	67.6%	189 502	200 690	214 019	9.3%	71.1%
Goods and services	21 214	28 595	41 006	39 816	23.4%	15.2%	32 433	33 855	36 540	-2.8%	13.2%
of which:											
Administration fees	432	887	759	606	11.9%	0.3%	775	806	912	14.6%	0.3%
Advertising	596	346	570	719	6.5%	0.3%	737	581	679	-1.9%	0.3%
Assets less than the capitalisation threshold	50	71	56	161	47.7%	-	202	216	272	19.1%	0.1%
Bursaries: Employees	453	409	664	769	19.3%	0.3%	831	920	918	6.1%	0.3%
Catering: Departmental activities	401	431	462	546	10.8%	0.2%	624	668	715	9.4%	0.2%
Communication	581	656	757	755	9.1%	0.3%	747	791	832	3.3%	0.3%
Computer services	1 027	603	244	1 918	23.1%	0.4%	1 468	1 439	1 527	-7.3%	0.6%
Consultants and professional services:	5 059	7 243	19 702	12 946	36.8%	5.2%	6 974	7 199	8 314	-13.7%	3.3%
Business and advisory services											
Contractors	63	5	17	57	-3.3%	-	53	56	65	4.5%	-
Agency and support / outsourced services	-	-	-	-	-	-	74	-	-	-	-
Entertainment	32	46	49	138	62.8%	-	156	177	193	11.8%	0.1%
Fleet services (including government motor transport)	4	-	8	29	93.5%	-	15	18	23	-7.4%	-
Consumable supplies	2	3	9	575	560.0%	0.1%	401	484	527	-2.9%	0.2%
Consumable: Stationery, printing and office supplies	5 821	5 864	7 171	8 555	13.7%	3.2%	7 563	8 054	8 570	0.1%	3.0%
Operating leases	240	250	352	530	30.2%	0.2%	556	849	692	9.3%	0.2%
Travel and subsistence	5 225	8 771	9 581	9 325	21.3%	3.8%	9 643	9 832	10 447	3.9%	3.6%
Training and development	646	2 452	318	926	12.8%	0.5%	864	977	1 015	3.1%	0.3%
Operating payments	372	153	40	271	-10.0%	0.1%	134	154	172	-14.1%	0.1%
Venues and facilities	210	405	247	990	67.7%	0.2%	616	634	667	-12.3%	0.3%
Transfers and subsidies	31 391	33 341	38 093	40 828	9.2%	16.7%	39 488	40 884	43 051	1.8%	15.2%
Departmental agencies and accounts	31 391	33 036	37 268	39 567	8.0%	16.4%	39 488	40 884	43 051	2.9%	15.1%
Households	-	305	825	1 261	-	0.3%	-	-	-	-100.0%	0.1%
Payments for capital assets	857	682	1 398	1 464	19.5%	0.5%	1 402	1 305	1 464	-	0.5%
Machinery and equipment	857	682	1 398	1 464	19.5%	0.5%	1 402	1 305	1 464	-	0.5%
Payments for financial assets	78	18	110	-	-100.0%	-	-	-	-	-	-
Total	175 415	205 410	232 758	246 154	12.0%	100.0%	262 825	276 734	295 074	6.2%	100.0%
Proportion of total programme expenditure to vote expenditure	0.5%	1.0%	1.1%	1.0%			1.0%	1.0%	1.1%		

Details of transfers and subsidies

Households											
Social benefits											
Current	-	305	825	1 261	-	0.3%	-	-	-	-100.0%	0.1%
Employee social benefits	-	305	825	1 261	-	0.3%	-	-	-	-100.0%	0.1%
Departmental agencies and accounts											
Departmental agencies (non-business entities)											
Current	31 391	33 036	37 268	39 567	8.0%	16.4%	39 488	40 884	43 051	2.9%	15.1%
Financial and Fiscal Commission	31 391	33 036	37 268	39 567	8.0%	16.4%	39 488	40 884	43 051	2.9%	15.1%

Personnel information

Table 10.10 Details of approved establishment and personnel numbers according to salary level¹

Number of posts estimated for 31 March 2014			Number and cost ² of personnel posts filled / planned for on funded establishment															Number	
Public Finance and Budget Management	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13			2013/14			2014/15		2015/16		2016/17				2013/14 - 2016/17		
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost				Number	Cost
Salary level	300	23	250	152.2	0.6	300	164.4	0.5	304	189.5	0.6	304	200.7	0.7	304	214.0	0.7	0.4%	100.0%
1 – 6	2	–	2	0.2	0.1	2	0.4	0.2	2	0.4	0.2	2	0.4	0.2	2	0.5	0.2	–	0.7%
7 – 10	100	5	94	13.9	0.1	97	33.5	0.3	97	33.2	0.3	97	35.3	0.4	97	37.7	0.4	–	32.0%
11 – 12	106	10	79	17.2	0.2	105	54.6	0.5	112	67.3	0.6	112	71.0	0.6	112	75.6	0.7	2.2%	36.4%
13 – 16	92	8	75	120.8	1.6	96	75.9	0.8	93	88.6	1.0	93	93.9	1.0	93	100.3	1.1	-1.1%	30.9%

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

2. Rand million.

Expenditure trends

The spending focus over the medium term will be on improving the provision of financial management, budgeting and expenditure management support, including the oversight of civil pension reforms, to the national, provincial and local spheres of government by building capacity within the programme, mainly at the senior management level. As a result, the number of posts filled is expected to grow from 250 in 2012/13 to 304 over the medium term. This programme had 47 vacant positions at the end of November 2013 as the department was gradually building capacity in the public service pensions and benefits unit, which was established late in 2011/12. Over the medium term, expenditure on compensation of employees is expected to increase as the department accelerates its recruitment to build the programme to full capacity. This will allow the programme to continue enhancing the reporting of non-financial performance information, and develop and implement a standard chart of accounts for all municipalities by 2015/16. To this end, the programme circulated the first quarter reporting requirements for non-financial performance information in June 2013, which municipalities submitted in December 2013. The programme also selected municipalities to pilot the newly developed standard chart of accounts and assessed final built environment performance plans for all 8 metros.

Over the medium term, the department expects to use consultants to support various projects, including for editing publications, actuarial valuations, conducting the local government survey, carrying out research, completing the multi-agent transport simulation toolkit project, and supporting the drafting of the Public Administration Management Bill, which will standardise the remuneration for departments and local government. The department has no internal staff to perform these as the assignments are specialised and short term.

However, spending on consultants is projected to decrease over the medium term as the programme gives effect to Cabinet approved reductions. The phasing out of the multi-agent transport simulation toolkit in the *Public Finance* subprogramme and the conclusion of the national government intervention in Limpopo in the *Programme Management for Public Finance and Budget Management* subprogramme are also expected to contribute to the decrease in spending on consultants over the medium term. The intervention in Limpopo, which has since been paid for by the province, had previously increased expenditure on consultants in 2012/13.

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 on an ongoing basis
 - tracking progress on capital expenditure programmes on an ongoing basis

- 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 R230 billion by March 2015 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 flow 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 ensure 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. Key activities that are supported and monitored include the management of the government debt, financial assets and investments. R14.9 million was spent in 2012/13 and an estimated R16.3 million will be spent by the end of 2013/14. In 2013/14, the core development of the retail debt module of the new treasury management system was delivered for quality assurance testing and the migration of retail debt from the mainframe to the new back office system had been completed. This subprogramme had a staff complement of 4 at the end of November 2013.
- *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. In 2012/13, the remuneration trends of nine public entities were analysed against the state owned entities remuneration guide and the findings were shared with shareholder departments to ensure continued governance of the entities. These activities resulted in spending of R23.7 million in 2012/13. In 2013/14, the budget allocation was R27.4 million. By September 2013, 33 state owned companies' annual reports were analysed, and borrowing, infrastructure spending and funding progress data for state owned companies responsible for 97 per cent of the infrastructure expenditure were collated and consolidated. Over the medium term, the unit will continue to compile submissions and review applications for borrowing limits in state owned companies. In order to strengthen regulatory compliance, the unit will report on the compliance of major state owned companies with the Public Finance Management Act (1999), the Companies Act (2008), National Treasury regulations and the King III code of corporate governance. This subprogramme had a staff complement of 42 at the end of November 2013.
- *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 R209 billion: R61.1 million was from international export credit agencies, R180.2 billion was from the domestic market, R3.7 billion was from retail bond investors and R29 billion was on cash balances. R15.7 million was spent in the subprogramme in 2012/13. In 2013/14, the budget allocation was R17.7 million. An investment road show was conducted in Pretoria, Johannesburg and Cape Town as a strategy to retain and attract investors in that year. By the end of December 2013, R179.4 billion had been raised to meet government's borrowing requirements. To maintain a diversified funding portfolio, 76 per cent was borrowed at a fixed rate and 24 per cent was linked to inflation. This subprogramme had a staff complement of 31 at the end of November 2013.
- *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. By the end of the third quarter of 2012/13, Treasury bills of R293.6 billion had been issued and R278.3 billion repaid, resulting in net issuance of R15.3 billion. Over the same period, government borrowed R22.5 billion of the R40.9 billion public sector cash, which was available at the Corporation for Public Deposits for bridging finance for government. R15.9 million was spent in 2012/13. In 2013/14, the budget allocation was R18.2 million. The retail bond module on the new treasury management system was developed, the business requirement for the money market module was finalised, and payments of domestic and foreign debt were switched to the Society for Worldwide Interbank Financial Telecommunication system. This subprogramme had a staff complement of 18 at the end of November 2013.

- *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. At the end of December 2013, the domestic debt portfolio was at a 64 per cent fixed rate and a 36 per cent non-fixed rate, and the government had a 9.2 per cent foreign debt exposure, which is well below the internationally acceptable maximum of 20 to 25 per cent. Net debt, provisions plus contingent liabilities, as a percentage of GDP, is estimated to increase from 52.1 per cent in 2012/13 to 54 per cent at the end of 2013/14. South Africa's sovereign credit rating remained at Baa1 in the second quarter of 2013/14, since being downgraded in 2012/13 by Moody's Investor Services. In the third quarter, ratings review visits by Standard & Poor's and Fitch were conducted and coordinated and a forward looking sovereign risk analysis and credit rating report, based on the Moody's report, was compiled. According to the analysis, South Africa's overall credit risk profile has deteriorated for both 2013 and 2014. The activities conducted resulted in spending of R8 million in 2012/13 and a budget allocation of R9.3 million in 2013/14. This subprogramme had a staff complement of 13 at the end of November 2013.
- *Financial Investments* provides for funding needs of state owned entities, such as the recapitalisation of the Land and Agricultural Development Bank of South Africa, Postbank, as well as the Development Bank of Southern Africa. The Land and Agricultural Development Bank of South Africa was recapitalised with R300 million in April 2013, while R205.5 million was allocated for the Postbank recapitalisation and R2.4 billion went towards the Development Bank of South Africa's recapitalisation. To enhance the Development Bank of Southern Africa's capital structure and to deliver on its new mandate to focus on lending for infrastructure projects with maximum socioeconomic impact within the Southern African region, government has committed R7.9 billion in support over the medium term.

Expenditure estimates

Table 10.11 Asset and Liability Management

Subprogramme	Audited outcome			Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
R thousand	2010/11	2011/12	2012/13	2013/14	2010/11 - 2013/14		2014/15	2015/16	2016/17	2013/14 - 2016/17	
Programme Management for Asset and Liability Management	13 252	12 883	14 882	16 307	7.2%	0.2%	14 009	14 373	13 555	-6.0%	0.6%
State Owned Entity Financial Management and Governance	19 059	21 815	23 691	27 403	12.9%	0.4%	29 024	30 719	32 696	6.1%	1.3%
Government Debt Management	13 746	14 943	15 708	17 734	8.9%	0.2%	18 666	19 667	20 873	5.6%	0.8%
Financial Operations	13 887	14 770	15 875	18 237	9.5%	0.3%	18 324	18 490	21 196	5.1%	0.8%
Strategy and Risk Management	7 260	7 496	8 049	9 313	8.7%	0.1%	10 077	10 640	11 318	6.7%	0.4%
Financial Investments	20 746 700	750 000	200 000	2 905 000	-48.1%	98.8%	3 252 000	3 024 000	–	-100.0%	96.1%
Total	20 813 904	821 907	278 205	2 993 994	-47.6%	100.0%	3 342 100	3 117 889	99 638	-67.8%	100.0%
Change to 2013 Budget estimate				(1 202)			(511)	168	(1)		

Economic classification	66 543	71 515	77 684	88 317	9.9%	1.2%	89 875	93 279	98 996	3.9%	3.9%
Current payments											
Compensation of employees	47 478	53 497	58 183	64 803	10.9%	0.9%	69 635	73 770	78 447	6.6%	3.0%
Goods and services	19 065	18 018	19 501	23 514							
of which:											
Administration fees	337	172	79	67	-41.6%	–	48	51	53	-7.5%	–
Advertising	126	198	198	216	19.7%	–	224	234	246	4.4%	–
Assets less than the capitalisation threshold	30	10	15	20	-12.6%	–	51	53	56	40.9%	–
Audit costs: External	428	551	585	580	10.7%	–	600	625	658	4.3%	–
Bursaries: Employees	207	271	309	790	56.3%	–	823	837	800	0.4%	–
Catering: Departmental activities	83	97	100	125	14.6%	–	125	125	130	1.3%	–
Communication	370	371	280	404	3.0%	–	465	476	498	7.2%	–
Computer services	6 583	5 166	8 102	10 168	15.6%	0.1%	6 931	5 252	8 467	-5.9%	0.3%
Consultants and professional services:	7 731	8 128	6 463	5 980	-8.2%	0.1%	5 820	6 563	3 952	-12.9%	0.2%
Business and advisory services											
Contractors	11	1	2	32	42.8%	–	34	35	36	4.0%	–
Entertainment	16	28	33	41	36.8%	–	45	45	46	3.9%	–
Fleet services (including government motor transport)	–	3	9	22	–	–	20	15	16	-10.1%	–
Consumable supplies	–	2	3	1	–	–	–	–	–	-100.0%	–
Consumable: Stationery, printing and office supplies	461	418	462	607	9.6%	–	572	599	630	1.2%	–
Operating leases	162	108	267	421	37.5%	–	457	468	498	5.8%	–

Table 10.11 Asset and Liability Management

Economic classification				Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
Audited outcome											
R thousand	2010/11	2011/12	2012/13	2013/14	2010/11 - 2013/14		2014/15	2015/16	2016/17	2013/14 - 2016/17	
Travel and subsistence	2 352	2 024	1 800	2 906	7.3%	–	2 991	3 105	3 275	4.1%	0.1%
Training and development	112	401	463	719	85.9%	–	830	819	971	10.5%	–
Operating payments	56	23	4	80	12.6%	–	80	83	87	2.8%	–
Venues and facilities	–	46	327	335	–	–	124	124	130	-27.1%	–
Transfers and subsidies	34	95	44	41	6.4%	–	–	–	–	-100.0%	–
Households	34	95	44	41	6.4%	–	–	–	–	-100.0%	–
Payments for capital assets	598	289	474	636	2.1%	–	225	610	642	0.3%	–
Machinery and equipment	598	289	474	636	2.1%	–	225	610	642	0.3%	–
Payments for financial assets	20 746 729	750 008	200 003	2 905 000	-48.1%	98.8%	3 252 000	3 024 000	–	-100.0%	96.1%
Total	20 813 904	821 907	278 205	2 993 994	-47.6%	100.0%	3 342 100	3 117 889	99 638	-67.8%	100.0%
Proportion of total programme expenditure to vote expenditure	54.4%	3.8%	1.3%	11.9%			12.3%	11.3%	0.4%		

Details of transfers and subsidies

Households											
Social benefits											
Current											
	34	95	44	41	6.4%	–	–	–	–	-100.0%	–
Employee social benefits	34	95	44	41	6.4%	–	–	–	–	-100.0%	–

Personnel information**Table 10.12 Details of approved establishment and personnel numbers according to salary level¹**

Number of posts estimated for 31 March 2014			Number and cost ² of personnel posts filled / planned for on funded establishment												Number				
Asset and Liability Management	Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13			2013/14			2014/15		2015/16		2016/17				2013/14 - 2016/17		
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number			Cost	Unit Cost
Salary level	117	1	110	58.2	0.5	117	63.6	0.5	117	69.6	0.6	117	73.8	0.6	117	78.4	0.7	-	100.0%
1 – 6	4	-	3	0.6	0.2	4	0.9	0.2	4	0.8	0.2	4	0.9	0.2	4	0.9	0.2	-	3.4%
7 – 10	50	1	47	15.8	0.3	46	17.9	0.4	49	19.5	0.4	49	20.7	0.4	49	21.9	0.4	2.1%	41.2%
11 – 12	39	-	37	31.9	0.9	41	23.6	0.6	37	26.1	0.7	37	27.6	0.7	37	29.4	0.8	-3.4%	32.5%
13 – 16	24	-	23	9.9	0.4	26	21.1	0.8	27	23.2	0.9	27	24.6	0.9	27	26.2	1.0	1.3%	22.9%

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

2. Rand million.

Expenditure trends

Most of the programme's allocation across the seven-year period is spent on providing capital to the state owned companies over which the department exercises oversight. This is done through the *Financial Investments* subprogramme, which is set to provide R800 million over the medium term 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. The recapitalisation of these corporations is expected to end in 2015/16, which is the reason for the significant decrease projected in programme expenditure.

Excluding the capitalisation of state owned companies, spending on compensation of employees is the largest spending item. Along with spending on computer services and consultants, spending on this item over the medium term will focus on: supporting the financing of government's gross borrowing requirement; supporting the sound management of cash resources; managing government's financial risks and oversight responsibilities with regard to state owned companies; and continuing to manage the assets and liabilities of the country to ensure optimal debt portfolio and a manageable credit risk profile. The programme's staff complement is expected to remain at 117 posts over the medium term. The main reason for the increase in spending on compensation of employees over this period relates to the adjustments to be made for improvements in conditions of service. Over the same period, spending on consultants is set to decrease once the project to develop and implement the treasury management system concludes.

Programme 5: Financial Accounting and Supply Chain Management Systems

Objectives

- Ensure compliance with and the implementation of the Public Finance Management Act (1999) and the Municipal Finance Management Act (2003) across the three spheres of government on an ongoing basis, by:
 - working with relevant officials in national and provincial departments and entities, as well as municipalities and municipal entities, to address implementation challenges
 - establishing a structured process of issuing frameworks, guidelines and treasury instructions to enable proper implementation of the Public Finance Management Act (1999) and the Municipal Finance Management Act (2003)
 - developing and maintaining financial management assessment tools for national and provincial departments and entities, as well as municipalities and municipal entities
 - facilitating and undertaking special investigations and performance audits to improve financial management practices and support enforcement of the acts.
- Ensure sound financial management systems in the implementation of the Public Finance Management Act (1999) and the Municipal Finance Management Act (2003) by:
 - providing capacity and support to municipalities 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 system's payroll modules, core financial management and inventory management, and begin the rollout over the medium term.
- Support government's financial management capacity building efforts across the three 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:
 - implementing the revised Treasury Regulations by 2014/15
 - developing and implementing financial recovery plans and providing technical assistance in 2014/15.

Subprogrammes

- *Programme Management for Financial Accounting and Supply Chain Management Systems* 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. In 2012/13, R7.3 million was spent and the 2013/14 budget allocation was R15.1 million, due to the establishment of the office of the chief procurement officer. This subprogramme had a staff complement of 9 at the end of November 2013.
- *Office of the Chief Procurement Officer* aims to: modernise the state procurement system to be fair, equitable, transparent, competitive and cost-effective; enable the efficient, economic, effective and transparent utilisation of financial and other resources, including state assets, for improved service delivery; and promote, support and enforce the transparent and effective management of state procurement and the sound stewardship of government assets and resources. This subprogramme absorbed the *Supply Chain Policy* subprogramme in 2013/14. Staff members were then appointed to carry out the refined mandates of the office of the chief procurement officer. In the first half of 2014/15, the office plans to develop a national supplier database, identify and list the top 40 commodities that government spends money on, review and amend the Preferential Procurement Policy Framework Act (2000), and provide operational support to government entities. The subprogramme spent R34.1 million in 2012/13 and was allocated R43.1 million in 2013/14. This subprogramme had a staff complement of 54 at the end of November 2013.

- *Financial Systems* is discussed in more detail below.
- *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 to all spheres of government in implementing financial reporting frameworks and preparing consolidated financial statements. In 2012/13, the consolidated annual financial statements for the national departments and public entities and the annual financial statements of the Reconstruction and Development Programme Fund were prepared and tabled. In 2013/14, the budget allocation was R88.5 million. All the monthly monitoring of state budgets and expenditure reports according to section 32 of the Public Finance Management Act (1999) and bank reconciliation of the National Revenue Fund were published timeously. In addition, the 2012/13 consolidated annual financial statements for both the national departments and public entities were audited and presented to Parliament. This subprogramme had a staff complement of 48 at the end of November 2013.
- *Financial Management Policy and Compliance Improvement* is discussed in more detail below.
- *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 to fund municipalities that are unable to pay for audit services. In 2013/14, R40.8 million was allocated and transferred to municipalities, an increase of R10.5 million from 2012/13.
- *Service Charges: Commercial Banks* is a transfer payment that provides for bank service charges for all departments' deposit accounts. In 2012/13, R155 000 was paid for the charges and in 2013/14, R280 000 was budgeted for this purpose.

Expenditure estimates

Table 10.13 Financial Accounting and Supply Chain Management Systems

Subprogramme	Audited outcome			Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
R thousand	2010/11	2011/12	2012/13	2013/14	2010/11 - 2013/14	2010/11 - 2013/14	2014/15	2015/16	2016/17	2013/14 - 2016/17	2013/14 - 2016/17
Programme Management for Financial Accounting and Supply Chain Management Systems	7 177	8 312	7 262	15 088	28.1%	1.6%	17 063	20 954	21 679	12.8%	2.4%
Office of the Chief Procurement Officer	31 558	34 078	34 082	43 148	11.0%	5.9%	50 836	50 118	53 892	7.7%	6.3%
Financial Systems	362 027	279 094	369 593	428 840	5.8%	59.0%	435 028	449 959	506 679	5.7%	57.7%
Financial Reporting for National Accounts	71 106	78 069	79 393	88 465	7.6%	13.0%	90 412	94 385	99 738	4.1%	11.8%
Financial Management Policy and Compliance Improvement	65 689	75 394	118 553	118 090	21.6%	15.5%	126 778	132 942	139 396	5.7%	16.4%
Audit Statutory Bodies	21 444	29 914	30 308	40 812	23.9%	5.0%	41 218	41 856	44 075	2.6%	5.3%
Service Charges: Commercial Banks	124	–	155	280	31.2%	–	297	304	315	4.0%	–
Total	559 125	504 861	639 346	734 723	9.5%	100.0%	761 632	790 518	865 774	5.6%	100.0%
Change to 2013 Budget estimate				10 134			(1 095)	(7 217)	23 681		
Economic classification											
Current payments	325 059	350 149	411 043	480 245	13.9%	64.3%	497 904	518 985	551 515	4.7%	65.0%
Compensation of employees	108 480	125 708	135 606	158 013	13.4%	21.6%	184 081	194 929	207 823	9.6%	23.6%
Goods and services	216 579	224 441	275 437	322 232							
of which:											
Administration fees	1 322	1 302	998	1 331	0.2%	0.2%	1 050	1 234	1 378	1.2%	0.2%
Advertising	393	292	400	900	31.8%	0.1%	980	823	1 094	6.7%	0.1%
Assets less than the capitalisation threshold	101	60	165	542	75.1%	–	322	358	902	18.5%	0.1%
Audit costs: External	2 337	2 812	4 064	4 470	24.1%	0.6%	4 761	4 894	5 164	4.9%	0.6%
Bursaries: Employees	1 242	1 236	1 644	1 500	6.5%	0.2%	2 743	2 652	2 521	18.9%	0.3%
Catering: Departmental activities	254	366	363	429	19.1%	0.1%	534	578	540	8.0%	0.1%
Communication	843	868	1 046	1 163	11.3%	0.2%	1 340	1 667	1 429	7.1%	0.2%
Computer services	173 495	181 897	195 882	240 697	11.5%	32.5%	232 363	239 861	256 473	2.1%	30.7%
Consultants and professional services:	18 915	18 866	50 560	47 056	35.5%	5.6%	47 141	48 628	49 836	1.9%	6.1%
Business and advisory services											
Consultants and professional services:	–	–	–	200	–	–	50	108	30	-46.9%	–
Legal costs											
Contractors	39	14	6	69	20.9%	–	47	46	51	-9.6%	–
Agency and support / outsourced services	–	–	–	270	–	–	–	–	–	-100.0%	–
Entertainment	35	41	41	117	49.5%	–	80	76	88	-9.1%	–
Fleet services (including government motor transport)	–	8	–	245	–	–	120	120	120	-21.2%	–

Table 10.13 Financial Accounting and Supply Chain Management Systems

Economic classification				Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
Audited outcome											
R thousand	2010/11	2011/12	2012/13	2013/14	2010/11 - 2013/14		2014/15	2015/16	2016/17	2013/14 - 2016/17	
Consumable supplies	59	3	10	244	60.5%	—	234	257	284	5.2%	—
Consumable: Stationery, printing and office supplies	1 134	1 053	1 142	1 887	18.5%	0.2%	1 291	1 374	1 439	-8.6%	0.2%
Operating leases	401	381	422	722	21.7%	0.1%	614	814	695	-1.3%	0.1%
Travel and subsistence	6 182	6 304	6 803	10 267	18.4%	1.2%	10 336	10 464	11 409	3.6%	1.3%
Training and development	4 164	3 928	6 099	3 435	-6.2%	0.7%	2 883	3 161	2 952	-4.9%	0.4%
Operating payments	729	399	376	674	-2.6%	0.1%	658	673	522	-8.2%	0.1%
Venues and facilities	4 934	4 611	5 416	6 014	6.8%	0.9%	6 276	6 268	6 765	4.0%	0.8%
Transfers and subsidies	62 164	73 407	72 881	84 170	10.6%	12.0%	86 045	88 306	92 986	3.4%	11.1%
Departmental agencies and accounts	61 678	73 199	71 985	83 806	10.8%	11.9%	86 045	88 306	92 986	3.5%	11.1%
Households	486	208	896	364	-9.2%	0.1%	—	—	—	-100.0%	—
Payments for capital assets	171 866	80 359	155 417	170 308	-0.3%	23.7%	177 683	183 227	221 273	9.1%	23.9%
Machinery and equipment	2 161	807	2 833	4 077	23.6%	0.4%	3 534	2 926	3 971	-0.9%	0.5%
Software and other intangible assets	169 705	79 552	152 584	166 231	-0.7%	23.3%	174 149	180 301	217 302	9.3%	23.4%
Payments for financial assets	36	946	5	—	-100.0%	—	—	—	—	—	—
Total	559 125	504 861	639 346	734 723	9.5%	100.0%	761 632	790 518	865 774	5.6%	100.0%
Proportion of total programme expenditure to vote expenditure	1.5%	2.4%	3.0%	2.9%			2.8%	2.9%	3.3%		

Details of transfers and subsidies

Households											
Social benefits											
Current	486	208	896	364	-9.2%	0.1%	–	–	–	-100.0%	–
Employee social benefits	486	208	896	364	-9.2%	0.1%	–	–	–	-100.0%	–
Departmental agencies and accounts											
Departmental agencies (non-business entities)											
Current	61 678	73 199	71 985	83 806	10.8%	11.9%	86 045	88 306	92 986	3.5%	11.1%
Accounting Standards Board	7 538	8 561	9 469	10 061	10.1%	1.5%	10 250	10 612	11 174	3.6%	1.3%
Independent Regulatory Board for Auditors	29 296	34 724	32 208	32 933	4.0%	5.3%	34 577	35 838	37 737	4.6%	4.5%
Auditor-General of South Africa	21 444	29 914	30 308	40 812	23.9%	5.0%	41 218	41 856	44 075	2.6%	5.3%
Public Administration Leadership and Management Academy	3 400	–	–	–	-100.0%	0.1%	–	–	–	–	–

Personnel information**Table 10.14 Details of approved establishment and personnel numbers according to salary level¹**

Number of posts estimated for 31 March 2014			Number and cost ² of personnel posts filled / planned for on funded establishment															Number				
			Actual			Revised estimate			Medium-term expenditure estimate											Average growth rate (%)	Salary level/total: Average (%)	
									2012/13			2013/14			2014/15			2015/16				2016/17
			Number of funded posts	Number of posts additional to the establishment		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost		
Financial Accounting and Supply Chain Management Systems			300	16		268	135.6	0.5	300	153.1	0.5	313	184.1	0.6	313	194.9	0.6	313	207.8	0.7	1.4%	100.0%
Salary level																						
1 – 6	13	6	12	1.3	0.1	14	2.6	0.2	14	2.7	0.2	14	2.9	0.2	14	3.1	0.2			–	4.5%	
7 – 10	118	3	116	29.8	0.3	123	41.6	0.3	128	47.2	0.4	128	50.0	0.4	128	53.2	0.4			1.3%	40.9%	
11 – 12	90	2	73	25.1	0.3	84	45.4	0.5	83	50.8	0.6	83	53.9	0.6	83	57.3	0.7			-0.4%	26.9%	
13 – 16	79	5	67	79.4	1.2	79	63.4	0.8	88	83.3	0.9	88	88.2	1.0	88	94.2	1.1			3.7%	27.7%	

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

2. Rand million.

Expenditure trends

Most of the programme's allocation over the medium term is to be spent in the *Financial Systems* and *Financial Management Policy and Compliance Improvement* subprogrammes, which are discussed in further detail below. Excluding these subprogrammes, the rest of the allocation over the medium term is mainly spent on compensation of employees and consultants in the *Financial Reporting for National Accounts* and *Office of the Chief Procurement Officer* subprogrammes, and transfers to statutory bodies and municipalities in the *Audit Statutory Bodies* subprogramme. Spending on these items and in these subprogrammes over the medium term is focused on the tabling of consolidated annual financial statements, the timely and accurate publication of

monthly statements of actual revenue and actual expenditure for the National Revenue Fund, the undertaking of special investigations to improve financial management practices and support enforcement, and the capacitation of the office of the chief procurement officer.

The *Office of the Chief Procurement Officer* subprogramme was established in 2013/14 to improve procurement systems in government and combat fraud, corruption, wasteful expenditure and to bring about efficiency and cost effectiveness of procurement across government. This subprogramme will be capacitated gradually over the medium term due to budgetary constraints, which the department plans to manage by reprioritising funds where possible. Expenditure on compensation of employees is thus expected to increase to provide for the growth in establishment, from 300 positions at the end of November 2013 to 313 over the medium term.

Subprogramme: Financial Systems

This subprogramme maintains and improves existing financial management systems and develops and implements the new integrated financial management system, which aims to replace ageing and fragmented financial, supply chain and human resource management systems across national and provincial departments. In September 2013, the integrated financial management system steering committee decided on a different direction in strategy to deliver the system as a single, commercial, over the shelf package. This decision was endorsed by Cabinet and is expected to fast track the delivery of the complete system. The lead sites that were used for the piloting of the developed modules continued to use the systems in 2012/13 and 2013/14. The unit will enter into new contracts in early 2014/15 that will support the new direction taken and is anticipating that the project will not be extended beyond what was originally planned. The unit effectively maintained the transversal systems and achieved 99 per cent availability for 2012/13 at a cost of R217 million. The cost for achieving the same results in 2013/14 was R262.3 million. This subprogramme had a staff complement of 39 at the end of November 2013.

Expenditure estimates

Table 10.15 Financial Systems

Economic classification				Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
Audited outcome							2014/15	2015/16	2016/17		
R thousand	2010/11	2011/12	2012/13	2013/14	2010/11 - 2013/14	2014/15	2015/16	2016/17	2013/14 - 2016/17		
Current payments	191 457	199 503	215 156	260 612	10.8%	60.2%	259 114	268 239	287 075	3.3%	59.1%
Compensation of employees	15 868	16 945	17 967	18 955	6.1%	4.8%	21 009	22 263	23 654	7.7%	4.7%
Goods and services	175 589	182 558	197 189	241 657	11.2%	55.4%	238 105	245 976	263 421	2.9%	54.3%
of which:											
Administration fees	76	13	18	38	-20.6%	—	33	39	50	9.6%	—
Assets less than the capitalisation threshold	21	—	93	209	115.1%	—	152	166	673	47.7%	0.1%
Audit costs: External	247	79	450	360	13.4%	0.1%	458	373	393	3.0%	0.1%
Bursaries: Employees	6	8	77	25	60.9%	—	78	87	92	54.4%	—
Catering: Departmental activities	51	55	49	50	-0.7%	—	56	60	63	8.0%	—
Communication	352	362	406	537	15.1%	0.1%	473	506	526	-0.7%	0.1%
Computer services	168 673	177 236	190 496	233 845	11.5%	53.5%	230 481	238 016	254 509	2.9%	52.6%
Contractors	10	8	2	55	76.5%	—	33	36	42	-8.6%	—
Entertainment	3	4	2	5	18.6%	—	6	6	3	-15.7%	—
Fleet services (including government motor transport)	—	7	—	240	—	—	120	120	120	-20.6%	—
Consumable supplies	52	1	3	23	-23.8%	—	18	19	22	-1.5%	—
Consumable: Stationery, printing and office supplies	364	154	265	368	0.4%	0.1%	321	341	360	-0.7%	0.1%
Operating leases	118	108	123	169	12.7%	—	153	160	170	0.2%	—
Travel and subsistence	1 118	327	456	721	-13.6%	0.2%	607	652	716	-0.2%	0.1%
Training and development	52	70	128	268	72.7%	—	241	255	268	—	0.1%
Operating payments	3	—	3	4	10.1%	—	5	5	6	14.5%	—
Venues and facilities	4 443	4 126	4 618	4 740	2.2%	1.2%	4 870	5 135	5 408	4.5%	1.1%
Payments for capital assets	170 570	79 591	154 435	168 228	-0.5%	39.8%	175 914	181 720	219 604	9.3%	40.9%
Machinery and equipment	865	39	1 851	1 997	32.2%	0.3%	1 765	1 419	2 302	4.9%	0.4%
Software and other intangible assets	169 705	79 552	152 584	166 231	-0.7%	39.5%	174 149	180 301	217 302	9.3%	40.5%
Payments for financial assets	—	—	2	—	—	—	—	—	—	—	—
Total	362 027	279 094	369 593	428 840	5.8%	100.0%	435 028	449 959	506 679	5.7%	100.0%
Proportion of total subprogramme expenditure to programme expenditure	64.7%	55.3%	57.8%	58.4%			57.1%	56.9%	58.5%		

Personnel information

Table 10.16 Details of approved establishment and personnel numbers according to salary level¹

Number of posts estimated for 31 March 2014			Number and cost ² of personnel posts filled / planned for on funded establishment															Number		
Number of funded posts	Number of posts additional to the establishment		Actual			Revised estimate			Medium-term expenditure estimate									Average growth rate (%)	Salary level/total: Average (%)	
			2012/13			2013/14			2014/15			2015/16			2016/17					2013/14 - 2016/17
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			
Financial Systems			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			
Salary level	42	–	39	18.0	0.5	42	19.0	0.5	42	21.0	0.5	42	22.3	0.5	42	23.7	0.6	–	100.0%	
1 – 6	4	–	5	0.5	0.1	5	0.8	0.2	5	0.9	0.2	5	1.0	0.2	5	1.0	0.2	–	11.9%	
7 – 10	27	–	23	9.8	0.4	26	10.7	0.4	26	11.0	0.4	26	11.5	0.4	26	12.2	0.5	–	61.9%	
11 – 12	8	–	7	3.0	0.4	7	4.1	0.6	7	5.1	0.7	7	5.5	0.8	7	5.9	0.9	–	16.7%	
13 – 16	3	–	4	4.7	1.2	4	3.3	0.8	4	4.0	1.0	4	4.3	1.1	4	4.5	1.1	–	9.5%	

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

2. Rand million.

Expenditure trends

The spending focus over the medium term will be on achieving at least 98 per cent systems availability by maintaining the current financial systems; and developing and implementing the revised approach for the integrated financial management system. Thus, computer services and software are the largest spending items in this subprogramme. To date, the department has developed and piloted the system's human resource management, procurement management and asset management modules at lead departments. However, in 2013/14 Cabinet approved that the development and rollout of the system be fast tracked to the rest of government. The department expects to enter into new contracts that support this decision to fast track the delivery of the system, which is expected to increase spending on software significantly over the medium term.

With the funds allocated to spending on computer services and employees between 2010/11 and 2013/14, the subprogramme achieved a systems availability rate of 99 per cent in 2012/13 and 2013/14 by using the expenditure to maintain the current financial system. As the integrated financial management system is rolled out over the medium term, the rate of growth in spending on computer services is projected to decrease as fewer maintenance costs will be incurred in maintaining legacy systems. Over the same period, expenditure on compensation of employees is expected to increase, driven by adjustments for improved conditions of service. The subprogramme's funded establishment is expected to remain at 42 over the medium term. At the end of November 2013, 3 posts on the funded establishment were vacant due to natural attrition.

Subprogramme: Financial Management Policy and Compliance Improvement

This subprogramme 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 providing assistance in investigations of malpractice in all spheres of government. 12 fraud and corruption cases were investigated across departments and municipalities in 2013/14, with some leading to arrests, among other compliance measures the department is undertaking to enforce compliance with public sector financial management legislation. R118.6 million was spent in 2012/13 and the subprogramme had a budget allocation of R118.1 million in 2013/14. This subprogramme had a staff complement of 118 at the end of November 2013.

Expenditure estimates

Table 10.17 Financial Management Policy and Compliance Improvement

Economic classification				Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
Audited outcome											
R thousand	2010/11	2011/12	2012/13	2013/14	2010/11 - 2013/14	2013/14	2014/15	2015/16	2016/17	2013/14 - 2016/17	
Current payments	61 163	74 750	117 971	117 062	24.2%	98.2%	125 932	132 146	138 601	5.8%	28.2%
Compensation of employees	41 372	52 640	59 627	70 440	19.4%	59.3%	79 881	84 619	90 000	8.5%	17.8%
Goods and services	19 791	22 110	58 344	46 622	33.1%	38.9%	46 051	47 527	48 601	1.4%	10.4%
of which:											
Administration fees	302	205	363	627	27.6%	0.4%	228	249	297	-22.0%	0.1%
Advertising	218	169	274	205	-2.0%	0.2%	324	302	363	21.0%	0.1%
Assets less than the capitalisation threshold	35	42	46	160	66.0%	0.1%	99	88	102	-13.9%	–
Bursaries: Employees	453	292	1 457	360	-7.4%	0.7%	1 126	1 210	1 072	43.9%	0.2%
Catering: Departmental activities	103	182	205	239	32.4%	0.2%	258	283	235	-0.6%	0.1%
Communication	193	230	285	259	10.3%	0.3%	298	318	339	9.4%	0.1%
Computer services	358	254	305	290	-6.8%	0.3%	423	455	461	16.7%	0.1%
Consultants and professional services: Business and advisory services	10 207	12 839	45 725	35 096	50.9%	27.5%	35 201	36 087	36 945	1.7%	7.9%
Consultants and professional services: Legal costs	–	–	–	200	–	0.1%	50	108	30	-46.9%	–
Contractors	13	6	4	5	-27.3%	–	14	10	9	21.6%	–
Entertainment	18	23	24	52	42.4%	–	32	32	48	-2.6%	–
Consumable supplies	2	2	6	88	253.0%	–	63	70	85	-1.1%	–
Consumable: Stationery, printing and office supplies	256	454	419	739	42.4%	0.5%	330	339	322	-24.2%	0.1%
Operating leases	35	53	42	80	31.7%	0.1%	91	220	72	-3.5%	–
Travel and subsistence	2 914	3 370	3 703	5 315	22.2%	4.1%	5 038	5 450	5 813	3.0%	1.2%
Training and development	3 834	3 698	5 117	2 319	-15.4%	4.0%	1 587	1 807	1 875	-6.8%	0.4%
Operating payments	512	180	157	304	-16.0%	0.3%	372	252	261	-5.0%	0.1%
Venues and facilities	338	111	212	284	-5.6%	0.3%	517	247	272	-1.4%	0.1%
Transfers and subsidies	3 838	107	80	100	-70.4%	1.1%	–	–	–	-100.0%	–
Departmental agencies and accounts	3 400	–	–	–	-100.0%	0.9%	–	–	–	–	–
Households	438	107	80	100	-38.9%	0.2%	–	–	–	-100.0%	–
Payments for capital assets	687	532	501	928	10.5%	0.7%	846	796	795	-5.0%	0.2%
Machinery and equipment	687	532	501	928	10.5%	0.7%	846	796	795	-5.0%	0.2%
Payments for financial assets	1	5	1	–	-100.0%	–	–	–	–	–	–
Total	65 689	75 394	118 553	118 090	21.6%	100.0%	126 778	132 942	139 396	5.7%	28.4%
Proportion of total subprogramme expenditure to programme expenditure	11.7%	14.9%	18.5%	16.1%			16.6%	16.8%	16.1%		

Personnel information

Table 10.18 Details of approved establishment and personnel numbers according to salary level¹

Number of posts estimated for 31 March 2014			Number and cost ² of personnel posts filled / planned for on funded establishment														Number		
Number of funded posts	Number of posts additional to the establishment		Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13			2013/14			2014/15		2015/16		2016/17				2013/14 - 2016/17		
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number			Cost	Unit Cost
Financial Management Policy and Compliance Improvement			123	59.6	0.5	123	70.4	0.57	128	79.9	0.6	128	84.6	0.7	128	90.0	0.7	1.3%	100.0%
Salary level		12	121	59.6	0.5	123	70.4	0.57	128	79.9	0.6	128	84.6	0.7	128	90.0	0.7	1.3%	100.0%
7 – 10	48	4	53	16.2	0.3	48	18.3	0.38	50	23.0	0.5	50	24.3	0.5	50	25.3	0.5	1.4%	39.1%
11 – 12	41	1	36	17.5	0.5	41	23.0	0.56	41	27.2	0.7	41	28.2	0.7	41	30.4	0.7	–	32.3%
13 – 16	34	7	32	25.9	0.8	34	29.1	0.85	37	29.7	0.8	37	32.1	0.9	37	34.3	0.9	2.9%	28.6%

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

2. Rand million.

Expenditure trends

The spending focus over the medium term will be on continuing to assist public sector institutions to adopt the public sector risk management framework by training relevant structures to perform their monitoring and oversight functions in the risk management process. These activities are carried out by the department's funded establishment, which stood at 118 posts at the end of November 2013, and is supported by spending on

consultants. The number of personnel in the subprogramme is expected to increase to 128 over the medium term, and this will drive the increase in spending on compensation of employees.

Consultants are used to provide high end audit skills, build financial reporting templates and conduct forensic investigations. In 2012/13, expenditure on consultants increased significantly to provide for the forensic audits required in response to the need to combat corruption. In 2012/13, there were 23 forensic investigations based on reported allegations of fraud and corruption and performance audits were conducted in 5 government departments by the second quarter of 2013/14, some of which have led to investigations that are yet to be concluded.

To enhance the financial management and compliance skills and competency levels in government over the medium term, the capacity building unit will develop and implement the public finance management talent pipeline policy, framework and practice notes, and the knowledge management framework. By the end of December 2013, 3 230 learners were registered for attaining minimum competency levels for municipalities and 2 500 learners received training opportunities through the local government sector training authority in 2013/14. Over the medium term, the governance monitoring and compliance unit expects to support the anti-corruption task team targets to refer 20 cases for criminal proceedings, where appropriate, and review 4 to 8 cases per year of identified breakdowns in internal controls in procurement processes and transversal systems. The unit that supports the implementation of the Municipal Finance Management Act (2003) expects to continue to support local government by convening meetings and workshops to address implementation challenges, issuing circulars and rendering technical assistance to municipalities requiring assistance. This includes the development and implementation of the financial management capability maturity model for the assessment of municipalities' capacity in 2014/15.

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 and South Africa's influence in multilateral international institutions such as 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 2014.
- 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 2014 in collaboration with the South African Revenue Service, and the departments of International Relations and Cooperation, Police, and Home Affairs
 - 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 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. R9 million was spent on these activities in 2012/13. In 2013/14, R16.4 million was the budget allocated. This subprogramme had a staff complement of 6 at the end of November 2013.

- *International Economic Cooperation* focuses on improving South Africa's participation in international and regional economic institutions. This entails working through key economic institutions and forums such as the African Development Bank, the United Nations Economic Commission for Africa, the New Partnership for Africa's Development (NEPAD), the G20, and the Brazil-India-China-South Africa (BRICS) group of countries. Key outputs include: the Collaborative Africa Budget Reform Initiative that was successfully established as an independent regional organisation in 2012/13, and the World Economic Forum Africa 2013 conference, which was held in May 2013. R21 million was spent in 2012/13. In 2013/14, this subprogramme had a budget allocation of R25.7 million. This subprogramme had a staff complement of 31 at the end of November 2013.
- *African Integration and Support* is mainly for transfers towards National Treasury's participation in African interventions and arrangements that are mainly to bring about support and integration between African states and institutions. The subprogramme facilitates the transfer of funds to Lesotho, Namibia and Swaziland for the common monetary area compensation. Under this agreement, South Africa compensates the member countries for the use of the Rand currency within their respective borders. In 2013/14, R613.9 million was paid to the member countries compared to R490.7 million in 2012/13. The subprogramme also makes contributions to the African Institute for Economic Development and Planning, a subsidiary body of the Economic Commission for Africa, with the objective of providing formal training to policy-makers and advisory services to African governments and regional organisations. South Africa will start paying its assessed contribution of \$80 000 per year to the African Institute for Economic Development and Planning in 2013/14. R492.3 million was incurred in 2012/13, while in 2013/14, this subprogramme had a budget allocation of R619 million.
- *International Development Funding Institutions* provides for subscriptions and contributions to international development funding institutions and banks. The subprogramme transfers funds to the African Development Bank and the African Development Fund to buy shares and subscriptions, and for accelerated encashment schedules to support African development; and the World Bank Group for providing concessional loans and grants to low income countries and contributes to the general and selective capital increases of the bank. The subprogramme transferred R121.1 million to the organisations in 2012/13 and transferred R346.4 million for the subscription of shares in the African Development Bank and World Bank. The World Bank country partnership strategy for South Africa was presented and approved by Cabinet in September 2013. South Africa has been allocated 3 560 shares in the African Development Bank that were offered from the bank's fourth, fifth and sixth general capital increases. These will contribute to the strategic objective of increasing influence within the bank in order to facilitate the developmental agenda of Africa. R467.5 million was spent in 2012/13, while in 2013/14 this subprogramme had a budget allocation of R415.9 million.
- *International Projects* transfers funds to international projects and interventions for various causes such as building capacity, and providing medical support to disaster and impoverished areas. To this end, National Treasury contributes to the Commonwealth Fund for Technical Cooperation and the International Funding Facility for Immunisation. The facility transfers funds to the GAVI Alliance, a public-private global health partnership, to support health care, particularly the provision of vaccines to reduce the number of vaccine preventable deaths among children in low income countries. The United Kingdom, France, Italy, Norway, Australia, Spain, the Netherlands, Sweden and South Africa have committed \$6.3 billion to the facility over 23 years. Every year, 22 million children miss out on vaccines against common diseases and 1.5 million children die from easily preventable diseases. In 12 years, the GAVI Alliance has prevented over 5.5 million future deaths. R13.227 million was spent in 2012/13, while in 2013/14, this subprogramme had a budget allocation of R14.991 million. R10 million was contributed towards the International Funding Facility for Immunisation in 2013/14.

Expenditure estimates

Table 10.19 International Financial Relations

Subprogramme	Audited outcome			Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13	2013/14	2010/11 - 2013/14		2014/15	2015/16	2016/17	2013/14 - 2016/17	
R thousand											
Programme Management for International Financial Relations	6 171	6 586	9 007	16 384	38.5%	1.1%	8 911	8 999	9 340	-17.1%	0.9%
International Economic Cooperation	20 416	19 344	20 961	25 712	8.0%	2.5%	26 282	27 714	29 452	4.6%	2.3%
African Integration and Support	398 901	451 527	492 340	618 977	15.8%	55.9%	636 401	717 609	775 934	7.8%	57.2%
International Development Funding Institutions	123 080	369 028	467 516	415 921	50.1%	39.2%	491 923	463 849	470 240	4.2%	38.3%
International Projects	10 115	11 302	13 227	14 991	14.0%	1.4%	16 290	16 993	17 286	4.9%	1.4%
Total	558 683	857 787	1 003 051	1 091 985	25.0%	100.0%	1 179 807	1 235 164	1 302 252	6.0%	100.0%
Change to 2013 Budget estimate				(20 544)			(26 385)	(26 116)	(26 234)		

Economic classification

Current payments	26 463	25 763	29 771	41 750	16.4%	3.5%	35 089	36 618	38 667	-2.5%	3.2%
Compensation of employees	16 480	17 619	20 824	22 816	11.5%	2.2%	25 542	27 062	28 768	8.0%	2.2%
Goods and services	9 983	8 144	8 947	18 934	23.8%	1.3%	9 547	9 556	9 899	-19.4%	1.0%
of which:											
Administration fees	84	219	141	157	23.2%	—	139	160	168	2.3%	—
Advertising	122	46	71	145	5.9%	—	80	83	90	-14.7%	—
Assets less than the capitalisation threshold	26	5	13	61	32.9%	—	15	9	13	-40.3%	—
Bursaries: Employees	200	290	129	370	22.8%	—	145	218	225	-15.3%	—
Catering: Departmental activities	43	48	60	79	22.5%	—	70	76	78	-0.4%	—
Communication	510	522	567	631	7.4%	0.1%	559	652	724	4.7%	0.1%
Computer services	14	5	4	14	—	—	11	11	11	-7.7%	—
Consultants and professional services:	546	170	334	4 002	94.3%	0.1%	392	359	1 009	-36.8%	0.1%
Business and advisory services											
Contractors	2	1	—	3	14.5%	—	3	3	3	—	—
Agency and support / outsourced services	172	—	—	10	-61.3%	—	10	10	10	—	—
Entertainment	5	6	8	19	56.0%	—	19	19	14	-9.7%	—
Fleet services (including government motor transport)	—	—	1	1	—	—	—	—	—	-100.0%	—
Consumable supplies	5	—	1	105	175.9%	—	60	68	68	-13.5%	—
Consumable: Stationery, printing and office supplies	115	138	60	126	3.1%	—	142	130	141	3.8%	—
Operating leases	24	44	36	40	18.6%	—	—	—	—	-100.0%	—
Travel and subsistence	5 263	4 504	6 770	11 614	30.2%	0.8%	6 347	6 523	6 756	-16.5%	0.6%
Training and development	94	85	63	200	28.6%	—	120	120	125	-14.5%	—
Operating payments	131	—	321	364	40.6%	—	328	30	30	-56.5%	—
Venues and facilities	2 627	2 061	368	993	-27.7%	0.2%	1 107	1 085	434	-24.1%	0.1%
Transfers and subsidies	499 486	583 967	626 704	769 478	15.5%	70.6%	826 105	902 024	960 642	7.7%	71.9%
Foreign governments and international organisations	499 486	583 898	626 636	769 376	15.5%	70.6%	826 105	902 024	960 642	7.7%	71.9%
Households	—	69	68	102	—	—	—	—	—	-100.0%	—
Payments for capital assets	116	98	129	244	28.1%	—	104	95	125	-20.0%	—
Machinery and equipment	116	98	129	244	28.1%	—	104	95	125	-20.0%	—
Payments for financial assets	32 618	247 959	346 447	280 513	104.9%	25.8%	318 509	296 427	302 818	2.6%	24.9%
Total	558 683	857 787	1 003 051	1 091 985	25.0%	100.0%	1 179 807	1 235 164	1 302 252	6.0%	100.0%
Proportion of total programme expenditure to vote expenditure	1.5%	4.0%	4.8%	4.3%			4.3%	4.5%	5.0%		

Details of transfers and subsidies

Households											
Social benefits											
Current	—	69	68	102	—	—	—	—	—	-100.0%	—
Employee social benefits	—	69	68	102	—	—	—	—	—	-100.0%	—
Foreign governments and international organisations											
Current	409 016	462 829	505 567	633 199	15.7%	57.3%	658 683	734 602	793 220	7.8%	58.6%
Common monetary area compensation	397 792	450 327	490 719	613 854	15.6%	55.6%	622 843	704 970	763 198	7.5%	56.2%
Collaborative Africa Budget Reform Initiative	1 109	1 200	1 260	1 329	6.2%	0.1%	1 409	1 474	1 552	5.3%	0.1%
Commonwealth Fund for Technical Cooperation	3 029	3 838	4 469	4 991	18.1%	0.5%	5 290	5 533	5 826	5.3%	0.4%
International Funding Facility for Immunisation	7 086	7 464	8 758	10 000	12.2%	0.9%	11 000	11 460	11 460	4.6%	0.9%
African Regional Technical Assistance Centre for Southern Africa	—	—	361	350	—	—	350	366	385	3.2%	—
Infrastructure Consortium for Africa	—	—	—	1 000	—	—	1 000	—	—	-100.0%	—
African Export Import Bank	—	—	—	—	—	—	5 992	—	—	—	0.1%
African Risk Capacity	—	—	—	—	—	—	10 000	10 000	10 000	—	0.6%
African Institute for Development and Economic Planning	—	—	—	1 675	—	—	799	799	799	-21.9%	0.1%
Capital	90 470	121 069	121 069	136 177	14.6%	13.3%	167 422	167 422	167 422	7.1%	13.3%
Financial and technical support	—	—	—	769	—	—	—	—	—	-100.0%	—
African Development Bank and African Development Fund	22 470	40 169	40 169	40 169	21.4%	4.1%	76 762	76 762	76 762	24.1%	5.6%
World Bank Group	68 000	80 900	80 900	95 239	11.9%	9.3%	90 660	90 660	90 660	-1.6%	7.6%

Personnel information

Table 10.20 Details of approved establishment and personnel numbers according to salary level¹

Number of posts estimated for 31 March 2014			Number and cost ² of personnel posts filled / planned for on funded establishment															Number		
Number of funded posts	Number of posts additional to the establishment		Actual			Revised estimate			Medium-term expenditure estimate									Average growth rate (%)	Salary level/total: Average (%)	
			2012/13			2013/14			2014/15			2015/16			2016/17					2013/14 - 2016/17
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			
International Financial Relations			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			
Salary level	41	3	33	20.8	0.6	41	21.5	0.5	41	25.5	0.6	41	27.1	0.7	41	28.8	0.7	-	100.0%	
1 – 6	1	-	1	0.0	0.0	1	0.2	0.2	1	0.2	0.2	1	0.2	0.2	1	0.3	0.3	-	2.4%	
7 – 10	12	-	9	7.7	0.9	12	3.1	0.3	12	4.0	0.3	12	4.3	0.4	12	4.6	0.4	-	29.3%	
11 – 12	14	-	12	6.3	0.5	14	6.0	0.4	14	8.2	0.6	14	8.7	0.6	14	9.2	0.7	-	34.1%	
13 – 16	14	3	11	6.7	0.6	14	12.2	0.9	14	13.1	0.9	14	13.9	1.0	14	14.7	1.0	-	34.1%	

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

² Rand million.

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. Thus, transfer payments and payments for financial assets for the equity purchase of shares constitute more than 95 per cent of this programme's expenditure. Most of the allocation for transfer payments is to the common monetary area compensation to pay for Rand circulation in neighbouring countries, the African Development Bank and African Development Fund to recapitalise the entities and buy shares, and the replenishment of the African Development Fund.

Spending is expected to increase over the medium term, as a result of the allocation for the African risk capacity in the *African Integration and Support* subprogramme. The increase is due to the department's commitments to the African Union to assist member states develop and improve their planning for and responses to extreme weather events and natural disasters. Expenditure on compensation of employees is set to increase over the medium term due to cost of living adjustments to salaries and the programme increasing its establishment, especially for research capacity, from 37 filled positions at the end of November 2013 to 41 positions over the medium term. Spending on goods and services is expected to decrease significantly, specifically on travel and subsistence, as the department supports the call for reduction in costs. As part of Cabinet approved reductions, the department cut R25 million, mainly from the common monetary area compensation allocation due to lower than expected Rand circulation in neighbouring countries, as well as to close the financial and technical support function in the *African Integration and Support* subprogramme, which had not incurred spending since 2006/07. The department does not expect that this will affect its ability to carry out its mandate.

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

Objectives

- Ensure the effective administration of pension and retirement policies 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.
- Provide good services to clients 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
 - activating and tracing all redundant claimants of about 1 200 members for the Special Pensions Amendment Act (2008) by the end of March 2015, 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

- *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), 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. By the third quarter of 2013/14, 100 per cent of the benefits were paid accurately by the agency and 88.3 per cent of these were paid within 60 days. The department will transfer R51.8 million to the agency to administer the pensions and benefits by the end of 2013/14.
- *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 pensions, and post-retirement medical subsidies, which makes bulk payments and other benefit payments. R2.6 billion was transferred in 2012/13. By the third quarter of 2013/14, R2.2 billion had been transferred to beneficiaries.
- *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. These include payments to former members of the legislative assembly of the former Venda, Transkei, Ciskei and Bophuthatswana governments; judges or their widows in terms of the Judges' Remuneration and Conditions of Employment Act (1989); and former state presidents, among other benefits. In 2012/13, 67.7 per cent (R370 million) of the subprogramme's spending was towards the payment for the debt obligation of the non-statutory forces transfer payment, and 23.2 per cent of the allocation was for the South African Citizen Force. By December 2013, R154.7 million had been transferred, mainly for the South African Citizen Force.

Expenditure estimates

Table 10.21 Civil and Military Pensions, Contributions to Funds and Other Benefits

Subprogramme	Audited outcome			Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
R thousand	2010/11	2011/12	2012/13	2013/14	2010/11 - 2013/14	2014/15	2015/16	2016/17	2013/14 - 2016/17		
Government Pensions Administration Agency	38 047	63 937	174 836	51 857	10.9%	2.6%	55 633	50 659	53 344	0.9%	1.4%
Civil Pensions and Contributions to Funds	2 495 219	3 068 301	2 621 679	2 871 697	4.8%	86.0%	3 022 064	3 345 559	3 524 568	7.1%	83.1%
Military Pensions and Other Benefits	164 581	180 921	547 088	573 477	51.6%	11.4%	640 141	566 723	595 330	1.3%	15.5%
Total	2 697 847	3 313 159	3 343 603	3 497 031	9.0%	100.0%	3 717 838	3 962 941	4 173 242	6.1%	100.0%
Change to 2013 Budget estimate				–			(5 000)	(5 000)	(5 000)		
Economic classification											
Current payments	37 904	63 937	49 741	51 857	11.0%	1.6%	55 633	50 659	53 344	0.9%	1.4%
Goods and services	37 904	63 937	49 741	51 857	11.0%	1.6%	55 633	50 659	53 344	0.9%	1.4%
of which:											
Consultants and professional services:	37 904	63 937	49 741	51 857	11.0%	1.6%	55 633	50 659	53 344	0.9%	1.4%
Business and advisory services											
Transfers and subsidies	2 659 787	3 249 072	3 168 767	3 445 174	9.0%	97.4%	3 662 205	3 912 282	4 119 898	6.1%	98.6%
Foreign governments and international organisations	1 633	1 951	1 543	2 127	9.2%	0.1%	2 219	2 322	2 445	4.8%	0.1%
Non-profit institutions	–	71	–	–	–	–	–	–	–	–	–
Households	2 658 154	3 247 050	3 167 224	3 443 047	9.0%	97.4%	3 659 986	3 909 960	4 117 453	6.1%	98.6%
Payments for financial assets	156	150	125 095	–	-100.0%	1.0%	–	–	–	–	–
Total	2 697 847	3 313 159	3 343 603	3 497 031	9.0%	100.0%	3 717 838	3 962 941	4 173 242	6.1%	100.0%
Proportion of total programme expenditure to vote expenditure	7.1%	15.5%	15.9%	13.9%			13.6%	14.4%	16.1%		

Table 10.21 Civil and Military Pensions, Contributions to Funds and Other Benefits

Details of transfers and subsidies				Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
Audited outcome							2014/15	2015/16	2016/17		
R thousand	2010/11	2011/12	2012/13	2013/14	2010/11 - 2013/14		2014/15	2015/16	2016/17	2013/14 - 2016/17	
Households											
Social benefits											
Current	2 658 154	3 247 050	3 167 224	3 443 047	9.0%	97.4%	3 659 986	3 909 960	4 117 453	6.1%	98.6%
Contribution to provident funds for associated institutions	452	464	425	522	4.9%	–	423	443	472	-3.3%	–
Parliamentary awards	17	18	18	20	5.6%	–	21	22	23	4.8%	–
Other benefits	67 973	69 844	74 999	88 754	9.3%	2.3%	89 070	93 712	98 300	3.5%	2.4%
Injury on duty	399 959	498 856	478 650	542 678	10.8%	14.9%	532 950	560 172	591 664	2.9%	14.5%
Post-retirement medical scheme contributions	1 589 725	1 785 677	1 412 987	1 528 033	-1.3%	49.1%	1 646 400	1 860 139	1 958 991	8.6%	45.6%
Special Pensions	402 120	480 705	434 834	489 121	6.7%	14.1%	524 460	550 582	579 763	5.8%	14.0%
Political Officer Bearers Pension Fund	29 549	224 710	211 105	210 998	92.6%	5.3%	217 953	268 821	283 069	10.3%	6.4%
Pension benefits: President of South Africa	4 678	5 926	7 118	9 444	26.4%	0.2%	8 568	9 346	9 841	1.4%	0.2%
Military pensions: Ex-servicemen	33 874	31 440	28 563	30 060	-3.9%	1.0%	27 597	29 255	31 410	1.5%	0.8%
South African citizen force	109 106	122 779	126 754	142 800	9.4%	3.9%	146 790	155 697	169 154	5.8%	4.0%
Civil protection	19	19	19	24	8.1%	–	20	20	20	-5.9%	–
Other benefits: Ex-servicemen	21 582	26 612	21 752	29 693	11.2%	0.8%	38 130	41 943	46 137	15.8%	1.0%
Non-statutory forces	–	–	370 000	370 900	–	5.8%	427 604	339 808	348 609	-2.0%	9.7%
Foreign governments and international organisations											
Current	1 633	1 951	1 543	2 127	9.2%	0.1%	2 219	2 322	2 445	4.8%	0.1%
United Kingdom tax	1 633	1 951	1 543	2 127	9.2%	0.1%	2 219	2 322	2 445	4.8%	0.1%
Non-profit institutions											
Current	–	71	–	–	–	–	–	–	–	–	–
South African Legion	–	71	–	–	–	–	–	–	–	–	–

Expenditure trends

Spending in the *Military Pensions and Other Benefits* subprogramme increased between 2010/11 and 2013/14 mainly due to the extension of payment for the revised non-statutory forces dispensation to include all former members who entered into employment contracts with other government departments and institutions that contribute to the Government Employees Pension Fund. The bulk of the programme's expenditure over this period was in the form of transfer payments to households, which goes mainly towards post-retirement medical scheme contributions, the political office-bearers' pension fund, injury on duty payments and special pensions.

The spending between 2010/11 and 2013/14 reduced the backlog of applications for benefits, such as the injury on duty benefits, by 78.3 per cent. It also increased compliance with stakeholder service level agreements by 95.5 per cent. As the Government Pensions Administrations Agency administers the pensions and contributions payments on behalf of the department, spending on goods and services and on the *Government Pensions Administrations Agency* subprogramme grew at an average rate of 10.9 per cent between 2010/11 and 2013/14, in line with the improved performance.

Over the medium term, the spending focus will continue to be on: providing administrative support to the department in terms of managing the post-retirement pension payout, medical subsidies and other benefits including special pensions; the automation of core processes to enhance service delivery; and the reduction of backlogs on the different benefits such as the injury on duty and special pensions. Thus far, the modernisation project has automated 30 per cent of the core processes and has a total project cost of R614 million, including the contribution from the Government Employees Pension Fund.

R15 million has been reduced from the programme's post-retirement medical benefits over the medium term to give effect to Cabinet's call for cost containment. The department does not expect that this reduction will have an adverse effect on the programme's service delivery.

Programme 8: Technical Support and Development Finance

Objectives

- Build public sector capacity by offering a combination of diagnostic services, organisational development and programme and project implementation support over the medium term 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 over the medium term
- facilitating adherence of state organs to National Treasury’s financial management frameworks and infrastructure planning and implementation frameworks as and when requested
- building 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
- strengthening 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 financial management graduate interns over the medium term to support them
- promoting and mobilising 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
- improving 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 with an expected 150 000 sustainable job opportunities created.

Subprogrammes

- *Programme Management for Technical Support and Development Finance* provides project management support on major national infrastructure projects and administrative support to the inter-departmental task team on social security and retirement reform. In 2012/13, a project appraisal methodology for capital projects was finalised and was supported by training in cost-benefit analysis, studies in various aspects of project costing and the development of a framework for financing public infrastructure. In 2013/14, the unit continued to monitor major infrastructure projects such as the renewable energy independent power producer procurement programme and the Eskom build programme to ensure delivery of the required power infrastructure. This subprogramme had a staff complement of 9 at the end of November 2013.
- *Local Government Financial Management Support* provides for transfers to municipalities and assists them with building financial management capacity regulated in terms of the Municipal Finance Management Act (2003). This includes providing technical assistance and support to provincial treasuries and municipalities through the placement of financial experts in these areas to facilitate skills and capacity transfers. 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 to implement the act, the improved overall compliance with the act, and improved financial management performance. There were 78 municipalities and 8 provinces receiving support in 2013/14. The phasing in of the reporting template for the financial management grant, first introduced in 2012/13, is progressing well. The subprogramme activities are performed by the Office of the Accountant-General, using staff from the Municipal Finance Management Act (2003) implementation unit.
- *Urban Development and Support* incorporates the neighbourhood development partnership grant and the integrated cities development grant. Through the neighbourhood development partnership grant, the subprogramme aims to improve the quality of life of people living and working in townships to eradicate spatial inequality and to facilitate the creation of liveable, sustainable, resilient, efficient and integrated towns and cities. By the second quarter of 2013/14, the programme had cumulatively approved 260 catalytic projects against a target of 300, and 8 projects were under construction. The integrated cities development grant has been introduced to respond to the implementation support needs of cities in four 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. In addition, the 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. This subprogramme had a total budget of R693 million in 2013/14.
- *Employment Creation Facilitation* is discussed in more detail below.

- *Government Technical Advisory Centre* provides technical assistance to the different spheres of government through 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. This is being fed into the process of establishing a government component for the provision of advisory services. The establishment of the Government Technical Advisory Centre component was finalised in 2013/14 and appointments are in progress to facilitate the administration process. The government component will be effective in early 2014/15. This subprogramme had a staff complement of 38 at the end of November 2013.
- *Infrastructure Development Support* provides technical support on infrastructure development planning and implementation to local and provincial government by providing technical expertise, advisory services and skills training, including placement of graduate interns in local government. In 2012/13, 120 officials from provincial and national departments were enrolled in the foundation course for infrastructure planning and maintenance lifecycle. In 2013/14, officials from infrastructure departments were trained in the intricacies of the course and 70 per cent of those trained have implemented the initiative. In addition, 37 technical assistants were deployed to the provincial departments of basic education and health to assist with the delivery of infrastructure projects.

Expenditure estimates

Table 10.22 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 (%)
R thousand	2010/11	2011/12	2012/13	2013/14	2010/11 - 2013/14	2013/14	2014/15	2015/16	2016/17	2013/14 - 2016/17	2016/17
Programme Management for Technical Support and Development Finance	6 569	13 338	10 221	12 040	22.4%	0.5%	12 730	12 777	13 615	4.2%	0.4%
Local Government Financial Management Support	465 294	523 667	512 715	546 296	5.5%	23.4%	577 926	604 511	636 550	5.2%	18.5%
Urban Development and Support	881 789	808 393	658 132	693 041	-7.7%	34.7%	904 479	921 000	976 750	12.1%	27.4%
Employment Creation Facilitation	–	272 493	589 868	954 874	–	20.7%	1 900 000	1 318 000	1 387 883	13.3%	43.5%
Government Technical Advisory Centre	49 444	48 755	51 189	65 328	9.7%	2.5%	67 022	70 831	74 914	4.7%	2.2%
Infrastructure Development Support	53 000	1 188 683	160 460	197 500	55.0%	18.3%	250 025	279 826	294 325	14.2%	8.0%
Total	1 456 096	2 855 329	1 982 585	2 469 079	19.2%	100.0%	3 712 182	3 206 945	3 384 037	11.1%	100.0%
Change to 2013 Budget estimate				(295 587)			103 175	105 265	117 909		
Economic classification											
Current payments	86 407	145 477	131 922	155 970	21.8%	5.9%	223 727	223 293	238 705	15.2%	6.6%
Compensation of employees	22 033	24 769	28 267	30 625	11.6%	1.2%	44 015	46 438	49 359	17.2%	1.3%
Goods and services	64 374	120 708	103 655	125 345	24.9%	4.7%	179 712	176 855	189 346	14.7%	5.3%
of which:											
Administration fees	1 031	1 507	1 009	1 196	5.1%	0.1%	1 165	1 381	1 418	5.8%	–
Advertising	163	236	47	495	44.8%	–	1 412	1 428	1 492	44.5%	–
Assets less than the capitalisation threshold	20	4	5	122	82.7%	–	152	163	153	7.8%	–
Audit costs: External	–	–	–	–	–	–	2 000	1 060	–	–	–
Bursaries: Employees	64	199	32	143	30.7%	–	294	180	191	10.1%	–
Catering: Departmental activities	135	142	137	140	1.2%	–	220	197	233	18.5%	–
Communication	177	148	167	236	10.1%	–	761	471	787	49.4%	–
Computer services	2	4	299	77	237.7%	–	1 073	601	628	101.3%	–
Consultants and professional services: Business and advisory services	60 038	109 304	96 669	108 962	22.0%	4.3%	147 385	152 611	157 818	13.1%	4.4%
Consultants and professional services: Legal costs	–	–	1 125	88	–	–	905	366	385	63.6%	–
Contractors	8	7	–	46	79.2%	–	40	25	26	-17.3%	–
Agency and support / outsourced services	–	6 192	1 468	8 979	–	0.2%	18 858	12 780	20 269	31.2%	0.5%
Entertainment	5	9	8	28	77.6%	–	31	33	35	7.7%	–
Fleet services (including government motor transport)	–	–	5	–	–	–	–	–	–	–	–
Consumable supplies	–	–	–	134	–	–	165	169	210	16.2%	–
Consumable: Stationery, printing and office supplies	227	230	152	524	32.2%	–	419	436	565	2.5%	–
Operating leases	179	281	273	309	20.0%	–	433	141	253	-6.4%	–
Travel and subsistence	1 657	2 004	1 732	3 224	24.8%	0.1%	2 988	3 389	3 395	1.7%	0.1%
Training and development	334	255	375	324	-1.0%	–	520	471	478	13.8%	–
Operating payments	8	39	37	54	89.0%	–	33	48	81	14.5%	–
Venues and facilities	326	147	115	264	-6.8%	–	858	905	929	52.1%	–

Table 10.22 Technical Support and Development Finance

Economic classification	Audited outcome			Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
R thousand											
Transfers and subsidies	1 369 446	2 709 494	1 850 410	2 312 504	19.1%	94.1%	3 487 980	2 983 057	3 144 547	10.8%	93.4%
Provinces and municipalities	1 196 378	2 251 717	1 056 345	1 161 339	-1.0%	64.7%	1 399 742	1 465 025	1 558 173	10.3%	43.7%
Departmental agencies and accounts	72 363	218 034	139 505	126 462	20.5%	6.3%	119 898	128 349	129 522	0.8%	3.9%
Higher education institutions	—	—	9 000	10 000	—	0.2%	5 800	6 200	—	-100.0%	0.2%
Public corporations and private enterprises	100 705	239 712	645 502	1 014 703	116.0%	22.8%	1 962 540	1 383 483	1 456 852	12.8%	45.5%
Households	—	31	58	—	—	—	—	—	—	—	—
Payments for capital assets	241	307	249	605	35.9%	—	475	595	785	9.1%	—
Machinery and equipment	241	307	249	605	35.9%	—	475	595	785	9.1%	—
Payments for financial assets	2	51	4	—	-100.0%	—	—	—	—	—	—
Total	1 456 096	2 855 329	1 982 585	2 469 079	19.2%	100.0%	3 712 182	3 206 945	3 384 037	11.1%	100.0%
Proportion of total programme expenditure to vote expenditure	3.8%	13.4%	9.4%	9.8%			13.6%	11.7%	13.0%		

Details of transfers and subsidies

Provinces and municipalities											
Municipalities											
Municipal bank accounts											
Current	364 589	423 641	478 213	523 298	12.8%	20.4%	553 563	599 025	633 423	6.6%	18.1%
Local government financial management grant	364 589	423 641	402 753	424 798	5.2%	18.4%	449 138	469 799	494 698	5.2%	14.4%
Infrastructure skills development grant	—	—	75 460	98 500	—	2.0%	104 425	129 226	138 725	12.1%	3.7%
Capital	831 789	738 393	578 132	638 041	-8.5%	31.8%	846 179	866 000	924 750	13.2%	25.6%
Neighbourhood development partnership grant	831 789	738 393	578 132	598 041	-10.4%	31.3%	591 179	600 000	631 800	1.8%	19.0%
Integrated city development grant	—	—	—	40 000	—	0.5%	255 000	266 000	292 950	94.2%	6.7%
Households											
Social benefits											
Current	—	31	58	—	—	—	—	—	—	—	—
Employee social benefits	—	31	58	—	—	—	—	—	—	—	—
Departmental agencies and accounts											
Departmental agencies (non-business entities)											
Current	72 363	218 034	139 505	126 462	20.5%	6.3%	119 898	128 349	129 522	0.8%	3.9%
Project development facility trading account	3 000	11 600	35 000	29 250	113.6%	0.9%	21 330	31 106	33 376	4.5%	0.9%
Technical assistance unit trading entity	19 363	136 434	24 505	42 212	29.7%	2.5%	40 268	42 243	44 146	1.5%	1.3%
Neighbourhood development partnership grant	50 000	70 000	80 000	55 000	3.2%	2.9%	58 300	55 000	52 000	-1.9%	1.7%
Higher education institutions											
Current	—	—	9 000	10 000	—	0.2%	5 800	6 200	—	-100.0%	0.2%
University of Cape Town	—	—	9 000	10 000	—	0.2%	5 800	6 200	—	-100.0%	0.2%
Public corporations and private enterprises											
Public corporations											
Public corporations - subsidies on products and production											
Current	100 705	100 026	109 962	121 498	6.5%	4.9%	128 788	134 712	141 852	5.3%	4.1%
Municipal finance improvement programme	100 705	100 026	109 962	121 498	6.5%	4.9%	128 788	134 712	141 852	5.3%	4.1%
Public corporations and private enterprises											
Public corporations											
Other transfers to public corporations											
Current	—	139 686	535 540	893 205	—	17.9%	1 833 752	1 248 771	1 315 000	13.8%	41.4%
Development Bank of Southern Africa	—	139 686	535 540	893 205	—	17.9%	1 833 752	1 248 771	1 315 000	13.8%	41.4%
Provinces and municipalities											
Provinces											
Provincial Revenue Funds											
Capital	—	1 089 683	—	—	—	12.4%	—	—	—	—	—
Infrastructure grant to provinces	—	1 089 683	—	—	—	12.4%	—	—	—	—	—

Expenditure estimates

Table 10.24 Employment Creation Facilitation

Economic classification				Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
Audited outcome											
R thousand	2010/11	2011/12	2012/13	2013/14	2010/11 - 2013/14		2014/15	2015/16	2016/17	2013/14 - 2016/17	
Current payments	–	6 207	8 267	11 709	–	1.4%	32 045	24 458	31 929	39.7%	5.5%
Compensation of employees	–	–	–	1 484	–	0.1%	6 152	6 485	6 970	67.5%	1.2%
Goods and services	–	6 207	8 267	10 225	–	1.4%	25 893	17 973	24 959	34.6%	4.3%
of which:											
Administration fees	–	–	171	295	–	–	442	469	474	17.1%	0.1%
Advertising	–	–	–	185	–	–	1 150	1 113	1 169	84.9%	0.2%
Assets less than the capitalisation threshold	–	–	–	–	–	–	32	23	32	–	–
Audit costs: External	–	–	–	–	–	–	2 000	1 060	–	–	0.2%
Catering: Departmental activities	–	–	11	16	–	–	47	20	50	46.2%	–
Communication	–	–	–	18	–	–	532	234	536	210.0%	0.1%
Computer services	–	–	–	24	–	–	1 013	520	545	183.2%	0.1%
Consultants and professional services: Business and advisory services	–	–	6 429	–	–	0.4%	–	–	–	–	–
Consultants and professional services: Legal costs	–	–	–	–	–	–	500	300	310	–	0.1%
Agency and support / outsourced services	–	6 192	1 468	8 864	–	0.9%	18 705	12 700	20 187	31.6%	3.3%
Entertainment	–	–	–	2	–	–	2	2	2	–	–
Consumable supplies	–	–	–	24	–	–	49	51	52	29.4%	–
Consumable: Stationery, printing and office supplies	–	–	16	29	–	–	30	32	112	56.9%	–
Operating leases	–	–	10	–	–	–	30	31	34	–	–
Travel and subsistence	–	7	89	624	–	–	635	673	703	4.1%	0.1%
Training and development	–	8	73	22	–	–	100	105	102	66.7%	–
Operating payments	–	–	–	10	–	–	18	20	21	28.1%	–
Venues and facilities	–	–	–	112	–	–	608	620	630	77.8%	0.1%
Transfers and subsidies	–	266 286	581 540	943 105	–	98.6%	1 867 855	1 293 494	1 355 876	12.9%	299.9%
Departmental agencies and accounts	–	126 600	37 000	39 900	–	11.2%	28 303	38 523	40 876	0.8%	8.1%
Higher education institutions	–	–	9 000	10 000	–	1.0%	5 800	6 200	–	-100.0%	1.2%
Public corporations and private enterprises	–	139 686	535 540	893 205	–	86.3%	1 833 752	1 248 771	1 315 000	13.8%	290.6%
Payments for capital assets	–	–	61	60	–	–	100	48	78	9.1%	–
Machinery and equipment	–	–	61	60	–	–	100	48	78	9.1%	–
Total	–	272 493	589 868	954 874	–	100.0%	1 900 000	1 318 000	1 387 883	13.3%	305.5%
Proportion of total subprogramme expenditure to programme expenditure	–	9.5%	29.8%	38.7%			51.2%	41.1%	41.0%		

Personnel information

Table 10.25 Details of approved establishment and personnel numbers according to salary level¹

Number of posts estimated for 31 March 2014		Number and cost ² of personnel posts filled / planned for on funded establishment															Number	
Number of funded posts	Number of posts additional to the establishment	Actual			Revised estimate			Medium-term expenditure estimate									Average growth rate (%)	Salary level/total: Average (%)
		2012/13			2013/14			2014/15			2015/16			2016/17				
		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost		
Employment Creation Facilitation		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost		
Salary level	-	-	-	-	3	1.5	0.5	8	6.2	0.8	8	6.5	0.81	8	7.0	0.9	38.7%	100.0%
7 – 10	-	-	-	-	-	-	-	1	0.3	0.3	1	0.4	0.36	1	0.4	0.4	-	11.1%
11 – 12	-	-	-	-	-	-	-	3	2.0	0.7	3	2.1	0.70	3	2.3	0.8	-	33.3%
13 – 16	-	-	-	-	3	1.5	0.5	4	3.8	1.0	4	4.0	1.00	4	4.3	1.1	10.1%	55.6%

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

2. Rand million.

Expenditure trends

The spending focus over the medium term will be on continuing to support initiatives that support sustainable job creation. The subprogramme will strive to enhance administrative processes by the implementing agent, the Development Bank of Southern Africa, and ensure that approved projects are supported to derive the social and economic value and jobs anticipated to be created. The subprogramme aims to leverage R10 billion from third party participation through the investment of R9 billion over the life of the Jobs Fund. By 2012/13, R3.4 billion had been allocated to 66 projects and this had potentially raised R3.5 billion in matched contributions towards

job creation initiatives. By the third quarter of 2013/14, 93 941 new jobs were contracted by the fund to 89 approved projects, with approved grant funding of R4.5 billion.

Over the medium term, expenditure is expected to increase to R1.9 billion in 2014/15 and decrease in the following years to cater for funded projects requirements in 2014/15, winding down in following years as the fund and its projects reach their maturity and completion. Expenditure is expected to increase to cater for increased monitoring of the projects' performance and provision of support, reflected by the increase in spending on compensation of employees and goods and services. To this end, the unit aims to recruit for 5 positions to assist in the administering and evaluation of the fund. The current programme has been managed by the project management unit of the department and the implementation agency, the Development Bank of Southern Africa. It has been deemed prudent to recruit for dedicated staff to support the increasing administration and monitoring requirements in relation to the fund.

Programme 9: Revenue Administration

Objectives

- Centralise registration, accreditation and licensing capabilities over the medium term 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 debtors book of R11 billion per year over the medium term.
- Improve the processing of payments and the 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 the 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* receives transfers 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 transferred to the entity. R9.5 billion was allocated to support these activities in 2013/14.

Expenditure estimates

Table 10.26 Revenue Administration

Subprogramme	Audited outcome			Adjusted appropriation	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
R thousand	2010/11	2011/12	2012/13	2013/14	2010/11 - 2013/14		2014/15	2015/16	2016/17	2013/14 - 2016/17	
South African Revenue Service	8 142 208	8 653 573	9 149 374	9 534 393	5.4%	100.0%	9 440 321	9 898 708	10 508 911	3.3%	100.0%
Total	8 142 208	8 653 573	9 149 374	9 534 393	5.4%	100.0%	9 440 321	9 898 708	10 508 911	3.3%	100.0%
Change to 2013 Budget estimate				–			(543 414)	(436 925)	(374 511)		
Economic classification											
Transfers and subsidies	8 142 208	8 653 573	9 149 374	9 534 393	5.4%	100.0%	9 440 321	9 898 708	10 508 911	3.3%	100.0%
Departmental agencies and accounts	8 142 208	8 653 573	9 149 374	9 534 393	5.4%	100.0%	9 440 321	9 898 708	10 508 911	3.3%	100.0%
Total	8 142 208	8 653 573	9 149 374	9 534 393	5.4%	100.0%	9 440 321	9 898 708	10 508 911	3.3%	100.0%
Proportion of total programme expenditure to vote expenditure	21.3%	40.5%	43.5%	37.8%			34.6%	36.0%	40.5%		
Details of transfers and subsidies											
Departmental agencies and accounts											
Departmental agencies (non-business entities)											
Current	7 972 036	7 855 011	9 149 374	8 676 298	2.9%	94.9%	8 596 216	9 012 193	9 566 854	3.3%	91.0%
South African Revenue Service	7 972 036	7 855 011	9 149 374	8 676 298	2.9%	94.9%	8 596 216	9 012 193	9 566 854	3.3%	91.0%
Capital	170 172	798 562	–	858 095	71.5%	5.1%	844 105	886 515	942 057	3.2%	9.0%
South African Revenue Service	170 172	798 562	–	858 095	71.5%	5.1%	844 105	886 515	942 057	3.2%	9.0%

Expenditure trends

This programme makes transfer payments to the South African Revenue Service to fund the entity's mandate as encompassed in the South African Revenue Service Act (1997). Spending by the entity is mainly on compensation of employees, goods and services, and capital assets in its endeavour to continue implementing heightened border control activities and other customs projects, and the modernisation of ICT systems. The South African Revenue Service's ongoing modernisation of ICT systems was the reason for the 71.5 per cent increase in the capital transfer to the entity between 2010/11 and 2013/14. This enabled the entity to enhance its revenue collection efforts through: the improvement of on-time filing in personal income tax through e-filing; the rollout of the re-engineered customs front end solution, which has improved turnaround time at the border posts; the implementation of the new debt management case solution; and changes to the value added tax refund process.

Over the medium term, expenditure on the transfer payment to the South African Revenue Service is expected to increase to R10.5 billion, mainly to fund its operational activities. This growth is marginal due to a Cabinet approved baseline reduction of R1.4 billion on the transfer over the medium term. The reduction is to be effected against the operational transfer to the entity and is not expected to have a negative impact on performance as the entity has an adequate accumulated surplus to cover its operations.

Programme 10: Financial Intelligence and State Security

Objectives

- Combat money laundering and terror financing activities by continuously monitoring and ensuring compliance with 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 intelligence reports on suspected money laundering 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 action task force, which reports to the G20 summit processes and several standards setting bodies on an ongoing basis

- processing 3 568 intelligence information 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 financial criminal activity. This subprogramme's total budget is transferred in full to the centre. In 2012/13, R197.3 million was transferred to the centre. R241 million was allocated for transfer in 2013/14.
- *Secret Services* facilitates the transfer payment to the South African Secret Services account, in order to provide 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 account. In 2012/13, R3.784 billion was transferred to the Secret Services' account. R3.934 billion was allocated for transfer in 2013/14.

Expenditure estimates

Table 10.27 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 (%)
R thousand	2010/11	2011/12	2012/13	2013/14	2010/11 - 2013/14	2010/11 - 2013/14	2010/11 - 2013/14	2014/15	2015/16	2016/17	2013/14 - 2016/17	2013/14 - 2016/17
Financial Intelligence Centre	181 414	136 500	197 314	241 000	9.9%	4.9%	198 080	216 488	236 372		-0.6%	5.0%
Secret Services	3 306 753	3 618 521	3 784 807	3 933 554	6.0%	95.1%	4 168 170	4 308 317	4 536 658		4.9%	95.0%
Total	3 488 167	3 755 021	3 982 121	4 174 554	6.2%	100.0%	4 366 250	4 524 805	4 773 030		4.6%	100.0%
Change to 2013 Budget estimate				–			20 000	30 000	40 000			
Economic classification												
Transfers and subsidies	3 488 167	3 755 021	3 982 121	4 174 554	6.2%	100.0%	4 366 250	4 524 805	4 773 030		4.6%	100.0%
Departmental agencies and accounts	3 488 167	3 755 021	3 982 121	4 174 554	6.2%	100.0%	4 366 250	4 524 805	4 773 030		4.6%	100.0%
Total	3 488 167	3 755 021	3 982 121	4 174 554	6.2%	100.0%	4 366 250	4 524 805	4 773 030		4.6%	100.0%
Proportion of total programme expenditure to vote expenditure	9.1%	17.6%	18.9%	16.5%			16.0%	16.4%	18.4%			
Details of transfers and subsidies												
Departmental agencies and accounts												
Departmental agencies (non-business entities)												
Current	3 075 891	3 401 051	3 982 121	3 660 309	6.0%	91.7%	4 089 277	4 235 190	4 466 383		6.9%	92.2%
Financial Intelligence Centre	108 619	85 700	197 314	175 041	17.2%	3.7%	186 651	201 764	219 186		7.8%	4.4%
Secret Services	2 967 272	3 315 351	3 784 807	3 485 268	5.5%	88.0%	3 902 626	4 033 426	4 247 197		6.8%	87.8%
Capital	412 276	353 970	–	514 245	7.6%	8.3%	276 973	289 615	306 647		-15.8%	7.8%
Financial Intelligence Centre	72 795	50 800	–	65 959	-3.2%	1.2%	11 429	14 724	17 186		-36.1%	0.6%
Secret Services	339 481	303 170	–	448 286	9.7%	7.1%	265 544	274 891	289 461		-13.6%	7.2%

Expenditure trends

This programme's entire allocation is transferred to the Financial Intelligence Centre to combat financial crime and corruption, and the South African Secret Services' account in terms of the Secret Services Act (1978). The increases in transfers to the Financial Intelligence Centre between 2010/11 and 2013/14 were mainly for the enhancement of ICT systems to improve the centre's capacity to monitor and detect money laundering and other activities. The growth in the transfer to the South African Secret Services' account mainly funded growth in operational expenditure.

Over the medium term, expenditure on capital transfers to the Financial Intelligence Centre is expected to decrease marginally. This is mainly because of the completion of the ICT enhancements. An additional R90 million has been allocated to the centre over the medium term to provide for the entity's move to its new premises and the expansion of personnel resources. The increase in the transfer to the South African Secret Services' account provides for the modernisation of its systems over the medium term.

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 with the primary purpose of promoting economic development and growth. The bank also promotes human resource development and institutional capacity building by mobilising financial and other resources from the national and international private and public sectors for sustainable development projects and programmes in South Africa and regions in the rest of southern Africa.

The bank aims to provide financial and non-financial support to the social and economic infrastructure sectors in South Africa and the Southern African Development Community region. In 2012/13, the bank embarked on an extensive organisational review process, which focused on improving the impact and effectiveness of the bank, with the express intent of accelerating and deepening delivery in the key priority sectors of energy, transport and logistics, water, ICT, health, and education. As a result, the bank was restructured and the new strategy was adopted. The bank aims to accelerate infrastructure financing in South Africa that is targeted at municipalities, state owned companies, independent power producers, public private partnerships, and the rest of Africa. Furthermore, 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 bank's strategic goals over the medium term are to:

- present the Development Bank of Southern Africa Amendment Bill to Parliament to enable the provision of infrastructure support to the rest of Africa
- 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 international, national, regional and provincial initiatives to achieve an integrated finance system for development
- provide project preparation funds to support infrastructure deal pipeline flow in favour of, among others, public-private and public-public partnerships and regional projects, such as the North-South corridor fund operations with the focus on supporting economic infrastructure development and maintaining financial sustainability with the objective of generating and sustaining inflation linked growth.

Selected performance indicators

Table 10.28 Development Bank of Southern Africa

Indicator	Programme/Activity/Objective	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13		2014/15	2015/16	2016/17
Cost-to-income ratio (bank wide)	Administration	Outcome 12: An efficient, effective and development oriented public service and an empowered, fair, and inclusive citizenship	41.2%	40%	49%	56%	49%	42%	39%
Total value of disbursements ¹ to infrastructure related projects	Development finance		R8.3bn	R8bn	R9.2bn	R11bn	R14.3bn	R16.1bn	R19bn
Bank wide net profit/(loss)	Non-financing development activities		R29.4m	R370.8m	R825.9m	R22m	R198m	R467 m	R647m

Table 10.28 Development Bank of Southern Africa

Indicator	Programme/Activity/Objective	Outcome	Past			Current 2013/14	Projections		
			2010/11	2011/12	2012/13		2014/15	2015/16	2016/17
Number of schools completed where the bank has provided financial support (Accelerated schools infrastructure delivery initiative) per year ²	Non-financing development activities	Outcome 1: Improved quality of basic education	–	–	17	20	50	–	–
Number of houses completed where the bank has provided financial support (Elliotdale housing scheme) ²	Non-financing development activities	Outcome 8: Sustainable human settlements and improved quality of household life	–	200	110	770	–	–	–
Value of funds disbursed (Jobs Fund) ²	Non-financing development activities	Outcome 4: Decent employment through inclusive economic growth	–	–	R249m	R1.6bn	R2.1bn	R2.1bn	–

1. Excluding disbursements outside South Africa.

2. These are support initiatives that are short-term in nature, and begin and end in these specific years. Future support will only be agreed on towards the end of these current projects.

Programmes/activities/objectives

Table 10.29 Development Bank of Southern Africa

	Audited outcome			Revised estimate 2013/14	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
R thousand											
Administration	987 542	1 319 976	1 691 147	1 364 396	11.4%	28.8%	1 419 837	1 497 117	1 599 748	5.4%	28.8%
Development finance	2 722 738	3 463 177	3 861 854	3 021 148	3.5%	70.7%	3 304 761	3 711 020	4 226 069	11.8%	69.3%
Non-financing development activities	–	–	–	88 360	–	0.5%	93 267	98 454	103 933	5.6%	1.9%
Total expense	3 710 280	4 783 153	5 553 001	4 473 904	6.4%	100.0%	4 817 865	5 306 591	5 929 750	9.8%	100.0%

Expenditure estimates

Table 10.30 Development Bank of Southern Africa

Statement of financial performance	Audited outcome			Revised estimate 2013/14	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
R thousand											
Revenue											
Non-tax revenue	3 739 719	4 412 330	4 727 087	4 717 294	8.0%	100.0%	5 261 335	6 085 601	6 796 948	12.9%	100.0%
Sale of goods and services other than capital assets	68 467	41 237	188 010	127 691	23.1%	2.4%	163 470	201 768	242 122	23.8%	3.2%
of which:											
Sales by market establishment	68 467	41 237	188 010	127 691	23.1%	2.4%	163 470	201 768	242 122	23.8%	3.2%
Other non-tax revenue	3 671 252	4 371 093	4 539 077	4 589 603	7.7%	97.6%	5 097 865	5 883 833	6 554 826	12.6%	96.8%
Total revenue	3 739 719	4 412 330	4 727 087	4 717 294	8.0%	100.0%	5 261 335	6 085 601	6 796 948	12.9%	100.0%
Expenses											
Current expenses	3 388 088	4 458 846	5 398 393	4 403 904	9.1%	95.0%	4 700 576	5 166 122	5 779 067	9.5%	97.7%
Compensation of employees	566 059	580 863	654 307	594 925	1.7%	13.1%	628 241	663 422	700 574	5.6%	12.7%
Goods and services	861 022	1 572 773	2 282 800	1 050 178	6.8%	30.2%	1 132 943	1 202 634	1 271 348	6.6%	22.8%
Depreciation	15 525	19 647	19 378	23 847	15.4%	0.4%	23 847	23 847	23 847	–	0.5%
Interest, dividends and rent on land	1 945 482	2 285 563	2 441 908	2 734 954	12.0%	51.3%	2 915 545	3 276 219	3 783 298	11.4%	61.8%
Transfers and subsidies	322 192	324 307	154 608	70 000	-39.9%	5.0%	117 289	140 469	150 682	29.1%	2.3%
Total expenses	3 710 280	4 783 153	5 553 001	4 473 904	6.4%	100.0%	4 817 865	5 306 591	5 929 749	9.8%	100.0%
Surplus/(Deficit)	29 439	(370 823)	(825 914)	243 390	102.2%		443 470	779 010	867 199	52.7%	
Statement of financial position											
Carrying value of assets	546 617	567 719	556 797	578 352	1.9%	1.1%	578 352	578 352	578 352	–	0.8%
of which:											
Acquisition of assets	–	–	–	–	–	–	–	–	–	–	–
Investments	7 717 782	8 932 389	9 388 142	8 314 899	2.5%	16.2%	8 190 298	8 064 604	7 956 531	-1.5%	11.5%
Loans	37 845 148	40 418 255	42 619 769	49 002 414	9.0%	79.7%	56 862 588	64 768 071	76 188 209	15.8%	85.3%
Receivables and prepayments	108 007	305 731	123 443	305 731	41.5%	0.4%	305 731	305 731	305 731	–	0.4%
Cash and cash equivalents	1 179 562	2 113 154	1 252 142	961 499	-6.6%	2.6%	796 884	1 691 673	2 101 854	29.8%	1.9%
Total assets	47 397 116	52 337 248	53 940 293	59 162 895	7.7%	100.0%	66 733 853	75 408 431	87 130 677	13.8%	100.0%

Table 10.30 Development Bank of Southern Africa

Statement of financial position	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)
R thousand	2010/11	2011/12	2012/13	2013/14	2010/11 - 2013/14		2014/15	2015/16	2016/17	2013/14 - 2016/17	
Accumulated surplus/(deficit)	12 480 267	11 967 245	11 031 631	11 237 621	-3.4%	22.2%	11 681 090	12 460 101	13 327 301	5.8%	17.1%
Capital and reserves	5 371 014	5 560 327	5 674 094	5 360 327	-0.1%	10.4%	5 360 327	5 360 327	5 360 327	—	7.6%
Capital reserve fund	—	—	—	2 600 000	—	1.1%	5 100 000	8 100 000	8 100 000	46.1%	8.0%
Borrowings	28 588 360	33 611 799	36 159 187	38 969 950	10.9%	64.4%	43 597 439	48 493 006	59 348 052	15.1%	65.9%
Trade and other payables	690 161	837 836	771 651	837 836	6.7%	1.5%	837 836	837 836	837 836	—	1.2%
Provisions	262 788	354 880	299 430	152 000	-16.7%	0.5%	152 000	152 000	152 000	—	0.2%
Derivatives financial instruments	4 526	5 161	4 300	5 161	4.5%	0.0%	5 161	5 161	5 161	—	0.0%
Total equity and liabilities	47 397 116	52 337 248	53 940 293	59 162 895	7.7%	100.0%	66 733 853	75 408 431	87 130 677	13.8%	100.0%

Personnel information

Table 10.31 Development Bank of Southern Africa

Number of posts estimated for 31 March 2014			Number and cost ¹ of personnel posts filled / planned for on funded establishment															Number		
Number of funded posts	Number of posts on approved establishment		Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)				
			2012/13			2013/14			2014/15			2015/16					2016/17			2013/14 - 2016/17
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			Number	Cost	Unit Cost	
Salary level	496	496	667	654.3	1.0	496	594.9	1.2	496	628.2	1.3	496	663.4	1.3	496	700.6	1.4	5.6%	100.0%	
7 – 10	106	106	149	56.4	0.4	106	47.2	0.4	106	49.9	0.5	106	52.6	0.5	106	55.6	0.5	5.6%	21.4%	
13 – 16	382	382	503	561.5	1.1	382	516.1	1.4	382	545.0	1.4	382	575.6	1.5	382	607.8	1.6	5.6%	77.0%	
17 – 22	8	8	12	35.9	3.0	8	31.6	3.9	8	33.4	4.2	8	35.2	4.4	8	37.2	4.6	5.6%	1.6%	

1. Rand million.

Expenditure trends

The Development Bank of Southern Africa generated 97.6 per cent of its total revenue between 2010/11 and 2013/14, mainly from interest income from loans and borrowing. Interest income is largely derived from the development loan book, with loans mainly made to municipalities, state owned companies, independent power producers, public private partnerships and the rest of Africa for infrastructure development. 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.

Before the implementation of the organisational and strategic review conducted by the bank from 2012/13 to 2013/14, interest payments related to funding debt securities, lines of credit, and funding under repurchase agreements accounted for over half of the bank's spending. Losses due to impairments of loan and equity investments, which resulted in revaluations being effected on these items in spending on goods and services, also contributed to the significant spending.

Expenditure increases between 2010/11 and 2013/14 were due to the revaluation of impairment on loans and equity investments, and revaluation losses on financial instruments. These factors contributed to the net loss of R826 million in 2012/13. National Treasury has recapitalised the bank with R7.9 billion over the medium term, of which R2.4 billion was transferred in 2013/14 to facilitate the bank's development impact and to bridge the infrastructure gap.

At the end of November 2013, the bank had an establishment of 496 funded posts, of which 401 were filled. The number of posts decreased from 839 in 2010/11 to 496 in 2013/14 as a result of the restructuring and phasing out of the development fund, and the transfer of the Siyenza Manje project to the Department of Cooperative Governance and Traditional Affairs. The number of filled posts is expected to increase to 496 over the medium term. The bank used consultants to perform the organisational review process and to assist management with the implementation of the revised strategy, as these skills could not be sourced from within the bank.

Building on the results of the organisational and strategic review, the bank's spending focus over the medium term will be on supporting its development finance objective by providing financial support to the infrastructure sectors. This financial support will expand and enable the delivery of basic and social services; provide and

build human and institutional capacity; and promote broad based economic growth, efficiency, fixed capital formation and regional integration.

The bank's spending focus over the medium term will also be on financing initiatives across South Africa and other SADC countries, mainly in energy, roads and drainage, water and sanitation, and ICT, with the aim of creating jobs and building capacity for economic growth. Thus, the projected increase in loan disbursements over the medium term of over R1 billion is expected to accelerate the bank's delivery on its development mandate. A general impairment provision based on funding activities is included in the forecast for the period 2014/15 to 2016/17. This will rebuild the bank's asset base and allow loan disbursements to increase.

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 Fund 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 also provides pensions administration services on behalf of the National Treasury. It is mandated to ensure that benefits are paid on time, maintain accurate information on benefits 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 that customers and clients are satisfied
- modernise benefit administration to improve efficiency
- ensure that employees are satisfied, efficient and effective
- transform the agency's operational effectiveness by modernising systems
- build mutually beneficial partnerships with employer departments.

Selected performance indicators

Table 10.32 Government Pensions Administration Agency

Indicator	Programme/Activity/Objective	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Number of members receiving special pensions per year	Civil and military pension	Outcome 12: An efficient, effective and development oriented public service and an empowered and fair, inclusive citizenship	6 764	7 559	7 752	7 800	7 900	8 050	8 150
Number of beneficiaries receiving post-retirement medical benefits per year	Civil and military pension		71 606	79 738	80 582	85 086	88 086	91 086	94 086
Amounts of contribution to medical aid scheme paid on behalf of members per year	Civil and military pension		R1.6bn	R1.8bn	R1.4bn	R1.6bn	R1.7bn	R1.9bn	R2bn
Amounts of military pension benefit paid to beneficiaries per year	Civil and military pension		R182m	R188m	R547m	R563m	R597m	R633m	R671m
Number of beneficiaries paid due to withdrawal from Fund per year	Employee benefit		54 830	61 174	54 607	58 850	59 000	59 000	60 000
Number of beneficiaries paid for funeral benefits per year	Employee benefit		16 785	17 260	18 417	23 500	24 500	26 000	27 000
Value of benefits paid due to withdrawal from Fund per year	Employee benefit		R31.5m	R39.1m	R44.5m	R5.8m	R57.9m	R66m	R75.2m

Programmes/activities/objectives

Table 10.33 Government Pensions Administration Agency

Statement of financial Performance				Revised estimate	Average growth rate (%)	Expenditure/ total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/ total: Average (%)
Audited outcome											
R thousand	2010/11	2011/12	2012/13	2013/14	2010/11 - 2013/14		2014/15	2015/16	2016/17	2013/14 - 2016/17	
Administration	228 052	271 564	286 875	246 536	2.6%	46.9%	367 675	388 712	393 023	16.8%	31.5%
Civil and military pension	39 013	39 336	44 237	51 858	10.0%	7.7%	57 878	52 904	55 589	2.3%	4.9%
Employee benefit	54 330	60 264	62 394	74 161	10.9%	11.0%	81 319	85 565	90 020	6.7%	7.5%
Client relationship management	109 003	108 062	120 924	153 529	12.1%	21.4%	168 503	177 241	186 494	6.7%	15.6%
Business enablement	2 119	6 764	13 694	477 011	508.3%	13.0%	614 227	446 796	283 849	-15.9%	40.5%
Total expense	432 517	485 990	528 124	1 003 095	32.4%	100.0%	1 289 602	1 151 218	1 008 975	0.2%	100.0%

Expenditure estimates

Table 10.34 Government Pensions Administration Agency

Statement of financial performance				Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)
Audited outcome											
R thousand	2010/11	2011/12	2012/13	2013/14	2010/11 - 2013/14		2014/15	2015/16	2016/17	2013/14 - 2016/17	
Revenue											
Non-tax revenue	463 866	481 609	522 445	1 003 095	29.3%	100.0%	1 289 602	1 151 218	1 008 975	0.2%	100.0%
Sale of goods and services other than capital assets	429 696	481 348	521 566	1 003 095	32.7%	98.1%	1 289 602	1 151 218	1 008 975	0.2%	100.0%
of which:											
Administrative fees	429 696	481 348	521 566	1 003 095	32.7%	98.1%	1 289 602	1 151 218	1 008 975	0.2%	100.0%
Other non-tax revenue	34 170	261	879	—	-100.0%	1.9%	—	—	—	—	—
Total revenue	463 866	481 609	522 445	1 003 095	29.3%	100.0%	1 289 602	1 151 218	1 008 975	0.2%	100.0%
Expenses											
Current expenses	432 517	485 990	528 124	1 003 095	32.4%	100.0%	1 289 602	1 151 218	1 008 975	0.2%	100.0%
Compensation of employees	241 358	272 334	295 547	390 061	17.4%	51.7%	465 684	478 156	503 133	8.9%	41.6%
Goods and services	178 086	200 347	217 994	408 788	31.9%	41.1%	730 770	574 884	401 861	-0.6%	46.8%
Depreciation	13 073	13 309	14 583	204 246	150.0%	7.2%	93 148	98 178	103 981	-20.2%	11.6%
Total expenses	432 517	485 990	528 124	1 003 095	32.4%	100.0%	1 289 602	1 151 218	1 008 975	0.2%	100.0%
Surplus/(Deficit)	31 349	(4 381)	(5 679)	—	-100.0%		—	—	—	—	
Statement of financial position											
Carrying value of assets	37 009	33 088	27 597	45 952	7.5%	46.2%	93 148	98 178	103 981	31.3%	71.4%
of which:											
Acquisition of assets	50 138	9 392	9 170	47 924	-1.5%	39.2%	93 147	98 178	103 980	29.5%	71.9%
Inventory	636	494	388	500	-7.7%	0.7%	1 168	1 368	1 100	30.1%	0.9%
Receivables and prepayments	25 374	15 960	13 078	16 500	-13.4%	23.5%	15 300	15 800	14 487	-4.2%	13.8%
Cash and cash equivalents	625	28 824	48 199	23 200	233.6%	29.7%	12 352	12 622	12 000	-19.7%	14.0%
Total assets	63 644	78 366	89 262	86 152	10.6%	100.0%	121 968	127 968	131 568	15.2%	100.0%
Accumulated surplus/(deficit)	31 349	26 968	21 289	26 968	-4.9%	34.7%	26 968	26 968	26 968	—	23.7%
Trade and other payables	15 575	31 324	45 651	32 500	27.8%	38.3%	70 000	74 000	75 000	32.1%	52.5%
Provisions	16 720	20 074	22 322	26 684	16.9%	27.0%	25 000	27 000	29 600	3.5%	23.8%
Total equity and liabilities	63 644	78 366	89 262	86 152	10.6%	100.0%	121 968	127 968	131 568	15.2%	100.0%

Personnel information

Table 10.35 Government Pensions Administration Agency

Number of posts estimated for 31 March 2014		Number and cost ¹ of personnel posts filled / planned for on funded establishment															Number		
Salary level	Number of funded posts	Number of posts on approved establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13			2013/14			2014/15			2015/16					2016/17		
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			Number	Cost	Unit Cost
	1 305	1 026	1 023	295.5	0.3	1 075	390.1	0.4	1 497	465.7	0.3	1 497	478.2	0.3	1 497	503.1	0.3	8.9%	100.0%
1 – 6	739	607	612	113.4	0.2	648	149.7	0.2	851	178.7	0.2	851	183.5	0.2	851	193.1	0.2	8.9%	57.7%
7 – 10	243	149	182	51.7	0.3	188	68.2	0.4	267	81.4	0.3	267	83.6	0.3	267	87.9	0.3	8.9%	17.7%
11 – 12	276	226	196	96.4	0.5	208	127.2	0.6	324	151.9	0.5	324	155.9	0.5	324	164.1	0.5	8.9%	21.1%
13 – 16	47	44	33	34.1	1.0	31	45.0	1.5	55	53.7	1.0	55	55.2	1.0	55	58.1	1.1	8.9%	3.5%

1. Rand million.

Expenditure trends

The Government Pensions Administration Agency receives 93 per cent of its revenue from the Government Employees Pension Fund and 7 per cent from National Treasury as a transfer. Revenue increases across the seven-year period due to the allocation of funds to the agency for the modernisation programme.

The agency's spending in 2013/14 increased significantly due to the modernisation projects in the business enablement programme. The projects aim to improve service delivery by enhancing the agency's information technology infrastructure, optimising its office space and employing 44 new personnel as client service agents. The project allowed the agency to deploy mobile offices to remote areas of the country in order to reach those fund members, pensioners and beneficiaries who had to travel long distances to the agency's offices. It also automated the payment of benefits, which reduced errors and turnaround times. 27 employer departments were signed on to the e-channel system.

The agency's spending focus over the medium term will be on finalising the modernisation programme by rolling out the retiring member campaign, which aims to raise awareness about the process for exiting the pension fund process. The agency intends to appoint an additional 422 employees over the medium term to support the modernisation programme's new business processes, capacitate the agency's mobile offices, and run the retiring member campaign. Expenditure on compensation of employees is projected to increase over the medium term as a result.

The modernisation programme also increased spending on computer services and consultants between 2010/11 and 2013/14. However, as the programme is set to come to an end over the medium term, expenditure on these items is expected to decrease accordingly. The agency also plans to control increases in expenditure on goods and services by implementing cost saving measures. These include installing video conferencing facilities to reduce the cost of travel and accommodation, and implementing voice over internet protocol to reduce communication costs.

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 expected to play a pivotal role in advancing agricultural and rural development.

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 job opportunities and maintain an average of 250 000 jobs annually through 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 10.36 Land and Agricultural Development Bank of South Africa

Indicator	Programme/Activity/Objective	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Cost to income ratio	Administration	Outcome 7: Vibrant, equitable and sustainable rural communities and food security for all	82.0%	77.1%	67.7%	70.0%	67.4%	64.0%	64.1%
Capital adequacy ratio ¹	Administration		42.6%	30.1%	24.4%	21.4%	19.6%	17.7%	15.4%
Development loan book disbursements	Administration		R172.7m	R752.2m	R654.6m	R850m	R1.1bn	R1.4bn	R1.7bn
Business and corporate banking loans	Financing of agri-related businesses		R11.4m	R17.8m	R22.6m	R24.7m	R27.9m	R31.5m	R35.6m
Retail commercial banking loans	Retail commercial banking		R3.9m	R4.5m	R5m	R5.8m	R6.5m	R7.4m	R8.3m

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

Programmes/activities/objectives

Table 10.37 Land and Agricultural Development Bank of South Africa

	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
R thousand	2010/11	2011/12	2012/13	2013/14	2010/11 - 2013/14		2014/15	2015/16	2016/17	2013/14 - 2016/17	
Administration	427 781	467 953	508 731	392 255	-2.8%	26.4%	412 195	435 258	456 216	5.2%	16.1%
Financing of agri-related businesses	666 958	686 356	1 055 365	1 302 877	25.0%	51.8%	1 552 575	1 827 101	2 106 442	17.4%	63.4%
Retail commercial banking	305 101	333 906	394 210	446 659	13.5%	21.2%	493 472	505 981	617 596	11.4%	19.5%
Retail emerging markets	—	2 890	18 000	23 844	—	0.6%	24 677	27 372	31 236	9.4%	1.0%
Total expense	1 399 840	1 491 105	1 976 306	2 165 634	15.7%	100.0%	2 482 919	2 795 712	3 211 491	14.0%	100.0%

Expenditure estimates

Table 10.38 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 (%)
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
R thousand	2010/11	2011/12	2012/13	2013/14	2010/11 - 2013/14		2014/15	2015/16	2016/17	2013/14 - 2016/17	
Revenue											
Non-tax revenue	1 664 848	1 652 460	2 280 896	2 308 754	11.5%	100.0%	2 641 788	2 967 471	3 396 776	13.7%	100.0%
Sale of goods and services other than capital assets	89 567	54 455	21 753	36 364	-26.0%	2.8%	38 236	40 228	43 176	5.9%	1.4%
of which:											
Administrative fees	33 832	21 957	—	25 587	-8.9%	1.1%	26 867	28 210	30 526	6.1%	1.0%
Sales by market establishment	55 735	32 498	21 753	10 777	-42.2%	1.7%	11 370	12 018	12 651	5.5%	0.4%
Other non-tax revenue	1 575 281	1 598 006	2 259 143	2 272 389	13.0%	97.2%	2 603 551	2 927 243	3 353 599	13.9%	98.6%
Total revenue	1 664 848	1 652 460	2 280 896	2 308 754	11.5%	100.0%	2 641 788	2 967 471	3 396 776	13.7%	100.0%
Expenses											
Current expenses	1 372 961	1 470 047	1 952 948	2 138 940	15.9%	98.6%	2 454 783	2 766 056	3 180 263	14.1%	98.9%
Compensation of employees	307 370	346 603	359 834	380 213	7.3%	20.2%	399 021	422 858	448 130	5.6%	15.7%
Goods and services	260 555	277 008	325 509	213 185	-6.5%	15.9%	201 935	213 643	222 655	1.5%	8.1%
Depreciation	11 164	23 650	25 042	25 472	31.6%	1.2%	26 847	28 297	29 797	5.4%	1.0%
Interest, dividends and rent on land	793 872	822 786	1 242 564	1 520 070	24.2%	61.2%	1 826 979	2 101 259	2 479 682	17.7%	74.0%
Total expenses	1 399 840	1 491 105	1 976 306	2 165 634	15.7%	100.0%	2 482 919	2 795 712	3 211 491	14.0%	100.0%
Surplus/(Deficit)	265 008	161 355	304 590	143 119	-18.6%		158 869	171 759	185 285	9.0%	
Statement of financial position											
Carrying value of assets	214 297	237 497	227 494	238 016	3.6%	0.9%	227 363	225 258	223 388	-2.1%	0.6%
of which:											
Acquisition of assets	29 483	13 309	11 820	12 777	-24.3%	0.1%	6 452	6 801	7 035	-18.0%	0.0%
Investments	1 199 335	1 140 694	1 326 163	1 354 963	4.2%	4.8%	1 428 131	1 505 250	1 585 029	5.4%	3.6%
Inventory	153 890	144 239	143 873	174 109	4.2%	0.6%	183 511	193 420	203 672	5.4%	0.5%
Loans	102 465	83 139	6 265	—	-100.0%	0.2%	—	—	—	—	—
Receivables and prepayments	14 633 798	21 782 934	27 129 258	30 448 931	27.7%	85.3%	33 147 816	37 435 882	41 838 174	11.2%	87.7%
Cash and cash equivalents	2 087 520	1 941 406	1 891 383	2 500 000	6.2%	8.1%	2 898 793	3 332 391	3 799 748	15.0%	7.7%
Non-current assets held for sale	53 383	15 465	52 332	26 166	-21.2%	0.1%	—	—	—	-100.0%	0.0%
Derivatives financial instruments	6 855	6 032	5 238	—	-100.0%	0.0%	—	—	—	—	—
Total assets	18 451 543	25 351 406	30 782 006	34 742 186	23.5%	100.0%	37 885 614	42 692 202	47 650 010	11.1%	100.0%
Accumulated surplus/(deficit)	4 607 607	5 514 231	5 995 615	6 426 147	11.7%	21.2%	6 879 144	7 242 552	7 416 731	4.9%	17.3%
Capital and reserves	107 512	112 243	135 449	135 449	8.0%	0.5%	135 449	135 449	135 449	—	0.3%
Borrowings	12 058 135	18 014 693	23 003 501	27 194 444	31.1%	72.4%	29 824 542	34 200 332	38 913 708	12.7%	79.7%
Trade and other payables	1 047 597	1 018 232	935 280	196 471	-42.8%	3.3%	207 080	218 263	229 831	5.4%	0.5%
Provisions	609 019	676 586	712 161	740 722	6.7%	2.6%	791 662	845 292	901 310	6.8%	2.0%
Derivatives financial instruments	21 673	15 421	—	48 952	31.2%	0.1%	47 737	50 314	52 981	2.7%	0.1%
Total equity and liabilities	18 451 543	25 351 406	30 782 006	34 742 186	23.5%	100.0%	37 885 614	42 692 203	47 650 010	11.1%	100.0%

Personnel information

Table 10.39 Land and Agricultural Development Bank of South Africa

Number of posts estimated for 31 March 2014			Number and cost ¹ of personnel posts filled / planned for on funded establishment															Number		
Salary level	Number of funded posts	Number of posts on approved establishment	Actual			Revised estimate			Medium-term expenditure estimate									Average growth rate (%)	Salary level/total: Average (%)	
			2012/13			2013/14			2014/15			2015/16			2016/17					2013/14 - 2016/17
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			
	594	594	582	359.8	0.6	593	380.2	0.6	594	399.0	0.7	594	422.9	0.7	594	448.1	0.8	5.6%	100.0%	
1 – 6	73	73	73	71.7	1.0	73	74.5	1.0	73	73.4	1.0	73	77.2	1.1	73	66.9	0.9	-3.5%	12.3%	
7 – 10	419	419	408	193.1	0.5	419	204.9	0.5	419	215.5	0.5	419	230.5	0.6	419	258.3	0.6	8.0%	70.6%	
11 – 12	76	76	76	52.5	0.7	76	55.6	0.7	76	59.5	0.8	76	62.0	0.8	76	67.1	0.9	6.4%	12.8%	
13 – 16	25	25	24	39.4	1.6	24	41.8	1.7	25	47.1	1.9	25	49.5	2.0	25	52.1	2.1	7.6%	4.2%	
17 – 22	1	1	1	3.1	3.1	1	3.3	3.3	1	3.4	3.4	1	3.6	3.6	1	3.8	3.8	4.6%	0.2%	

1. Rand million.

Expenditure trends

The Land and Agricultural Development Bank of Southern Africa generated 97.2 per cent of its revenue between 2010/11 and 2013/14 from interest on loans and the provision of support services. Total revenue increased between 2010/11 and 2013/14 due to a well managed borrowing plan, a sustainable loan book strategy that accelerated disbursement loans to emerging markets, the reclassification of suspended income, and a drop in the lending rate. Over the medium term, revenue is expected to increase to enable the bank to deliver on its development projects, such as the disbursing of short, medium and long term loans to the agricultural sector and the provision of support for farmers. An additional R50 million will be received from the Department of Agriculture in 2014/15 to enable the bank to support the implementation of the retail emerging market model.

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.

The bank is making strides in delivering on its development mandate to achieve the target of R6 billion disbursed by 2016/17. Together with the Department of Rural Development and Land Reform, the bank finalised an agreement for the implementation of the curatorship and emerging farmers support structures, which resulted in the National Treasury recapitalising the bank by R3 billion since 2009/10 to maintain its liquidity programme. The balance of R500 million will be transferred in 2014/15.

The improvement in service delivery is exemplified by the R139 million that was disbursed in 2012/13 to fast track the financing of development farmers through intermediaries such as the Department of Agriculture, Forestry and Fisheries. In addition, 16 of the 238 farms that were identified for resuscitation have been resuscitated by the bank's interventions through a partnership with the Department of Rural Development and Land Reform. The bank also directly disbursed R24 million to emerging farmers in 2012/13, which has enabled farmers who are the bank's clients and who defaulted on their loans, to continue farming.

Expenditure on compensation of employees also increased between 2010/11 and 2013/14 due to the growth in the number of professional employees hired to improve service delivery. Spending on this item is expected to grow at an average rate of 5.6 per cent over the medium term mainly to provide for inflation related adjustments to salaries as the number of personnel is expected to remain constant over this period. The bank had a funded establishment of 594 posts, of which 48 were vacant as at 30 November 2013. The vacancies were mainly due to natural attrition. As the bank builds internal capacity across the seven-year period, spending on consultants decreases accordingly as activities previously performed by consultants are taken over by the bank's own staff.

Interest payments were the largest spending item in expenditure on goods and services between 2010/11 and 2013/14 and related to the funding instruments used to fund the loan book. The drop in interest payable between 2010/11 and 2012/13 was attributable to the decline in the prime lending rate and an increase in the loan book of just more than R2 billion over the same period. Interest expenses increased to R822.8 million in 2011/12

because the loan book grew significantly, which saw funding liabilities increase by R6 billion. Over the medium term, interest expenses continue to represent 74.0 per cent of total spending and are expected to increase as the bank continues to expand its operations.

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 as agreed with each client 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 principles into the property investment process
- enhance its management capabilities.

Selected performance indicators

Table 10.40 Public Investment Corporation

Indicator	Programme/Activity/Objective	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Value of revenue per year	Investments	Outcome 11: Create a better south Africa and contributing to a better and safer Africa in a better world	R396m	R446m	R524m	R841m	R918m	R1,001bn	R1,098bn
Value of operating expenses per year	Investments		R285m	R352m	R394m	R757m	R824m	R893m	R971m
Value of net profit after tax per year	Investments		R110m	R94m	R130m	R84m	R93m	R108m	R127m
Total amount of funds under management	Investments		R1.03tr	R1.13tr	R1.4tr	R1.55tr	R1.63tr	R1.76tr	R1.92tr

Programmes/activities/objectives

Table 10.41 Public Investment Corporation

	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
R thousand											
Administration	154 418	172 972	204 383	336 929	29.7%	49.9%	289 351	296 337	317 800	-1.9%	36.4%
Investments	130 950	178 836	189 408	419 979	47.5%	50.1%	534 718	596 568	653 276	15.9%	63.6%
Total expense	285 368	351 808	393 791	756 908	38.4%	100.0%	824 069	892 905	971 076	8.7%	100.0%

Expenditure estimates

Table 10.42 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 (%)
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
R thousand											
Revenue											
Non-tax revenue	395 663	446 025	523 741	840 502	28.5%	100.0%	917 531	1 001 330	1 098 015	9.3%	100.0%
Sale of goods and services other than capital assets	346 644	408 996	482 402	798 097	32.0%	91.6%	867 696	934 739	1 016 209	8.4%	93.9%
of which:											
Sales by market establishment	346 644	408 996	482 402	798 097	32.0%	91.6%	867 696	934 739	1 016 209	8.4%	93.9%
Other non-tax revenue	49 019	37 029	41 339	42 405	-4.7%	8.4%	49 835	66 591	81 806	24.5%	6.1%
Total revenue	395 663	446 025	523 741	840 502	28.5%	100.0%	917 531	1 001 330	1 098 015	9.3%	100.0%

Table 10.42 Public Investment Corporation

Statement of financial performance					Average growth rate (%)	Expenditure/total: Average (%)				Average growth rate (%)	Expenditure/total: Average (%)
	Audited outcome			Revised estimate			Medium-term estimate				
R thousand	2010/11	2011/12	2012/13	2013/14	2010/11 - 2013/14		2014/15	2015/16	2016/17	2013/14 - 2016/17	
Expenses											
Current expenses	247 971	311 523	342 904	662 028	38.7%	87.5%	782 332	845 595	915 445	11.4%	92.8%
Compensation of employees	161 746	205 763	229 850	482 691	44.0%	59.3%	510 966	568 902	617 459	8.6%	63.3%
Goods and services	77 642	92 345	97 380	163 959	28.3%	25.0%	250 598	252 975	268 229	17.8%	27.0%
Depreciation	8 328	13 383	15 669	15 375	22.7%	3.2%	20 768	23 718	29 757	24.6%	2.6%
Interest, dividends and rent on land	255	32	5	3	-77.3%	0.0%	—	—	—	-100.0%	0.0%
Total expenses	285 368	351 808	393 791	756 908	38.4%	100.0%	824 069	892 905	971 076	8.7%	100.0%
Surplus/(Deficit)	110 295	94 217	129 950	83 594	-8.8%		93 462	108 425	126 939	14.9%	
Statement of financial position											
Carrying value of assets of which:	30 284	27 973	15 903	25 514	-5.6%	3.5%	67 085	77 554	61 230	33.9%	4.1%
Acquisition of assets	9 309	14 037	3 647	24 986	39.0%	1.6%	62 338	34 186	13 432	-18.7%	2.5%
Investments	286 840	284 967	346 858	484 196	19.1%	45.2%	658 575	824 260	947 456	25.1%	51.9%
Receivables and prepayments	40 950	56 985	63 115	74 812	22.2%	7.6%	72 308	77 895	84 684	4.2%	5.7%
Cash and cash equivalents	191 401	294 832	370 101	428 397	30.8%	40.7%	489 592	490 513	536 319	7.8%	35.6%
Taxation	12 855	16 987	20 431	50 242	57.5%	3.0%	57 818	13 549	14 960	-33.2%	2.7%
Total assets	562 330	681 744	816 408	1 063 161	23.7%	100.0%	1 345 378	1 483 771	1 644 649	15.7%	100.0%
Accumulated surplus/(deficit)	235 275	329 492	459 442	543 923	32.2%	49.4%	637 386	745 811	872 750	17.1%	50.5%
Capital and reserves	278 001	278 001	278 001	278 000	-0.0%	37.6%	278 000	278 000	278 000	—	20.6%
Finance lease	782	106	704	325	-25.4%	0.1%	—	—	—	-100.0%	0.0%
Trade and other payables	17 533	27 276	20 871	22 190	8.2%	2.9%	23 965	25 882	27 953	8.0%	1.8%
Provisions	30 739	46 869	57 390	218 723	92.3%	10.0%	406 027	434 078	465 946	28.7%	27.1%
Total equity and liabilities	562 330	681 744	816 408	1 063 161	23.7%	100.0%	1 345 378	1 483 771	1 644 649	15.7%	100.0%

Personnel information

Table 10.43 Public Investment Corporation

Number of posts estimated for 31 March 2014			Number and cost ¹ of personnel posts filled / planned for on funded establishment															Number	
Salary level	Number of funded posts	Number of posts on approved establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13			2013/14			2014/15			2015/16					2016/17		
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			Number	Cost	Unit Cost
			2013/14 - 2016/17																
522		522	329	229.8	0.7	522	482.7	0.9	546	511.0	0.9	595	568.9	1.0	601	617.5	1.0	8.6%	100.0%
1 – 6	44	44	37	4.5	0.1	44	5.9	0.1	52	7.3	0.1	56	8.5	0.2	33	4.6	0.1	-8.0%	8.2%
7 – 10	78	78	141	41.6	0.3	78	29.7	0.4	151	49.7	0.3	121	37.0	0.3	122	37.1	0.3	7.7%	20.8%
11 – 12	282	282	80	56.5	0.7	282	190.3	0.7	168	114.2	0.7	183	108.4	0.6	188	116.7	0.6	-15.0%	36.7%
13 – 16	105	105	63	95.1	1.5	105	185.9	1.8	151	235.5	1.6	206	292.6	1.4	228	341.5	1.5	22.5%	30.1%
17 – 22	13	13	8	32.1	4.0	13	70.9	5.5	24	104.3	4.3	29	122.5	4.2	30	117.6	3.9	18.4%	4.2%

1. Rand million.

Expenditure trends

Most of the revenue received by the Public Investment Corporation is generated from fees for managing the assets of clients, including the Government Employees Pension Fund. Revenue increased between 2010/11 and 2013/14 mainly because of an increase in the market value of assets under management, as well as significant growth planned for the unlisted investment model in the Isibaya portfolio. Over the medium term, revenue is expected to rise as management fees are expected to increase in line with the growth in assets under management.

Over the seven-year period, the bulk of the corporation's spending is on compensation of employees, which includes asset managers, investment brokers, property developers and other professionals critical to operations. An increase in funds under management, from R1 trillion in 2010/11 to R1.55 trillion in 2013/14, necessitated a corresponding increase in the establishment, from 329 posts in 2012/13 to 522 in 2013/14. This subsequently increased expenditure on compensation of employees by R320.9 million between 2010/11 and 2013/14, with R252.8 million of this increase taking place in 2013/14 due to the corporation's absorption of the staff from CBS Property Management, which the corporation acquired in 2011, and an increase in the number of asset managers employed. The corporation expects to increase its staff complement to 601 by 2016/17 due to the continued growth on the African continent and the overseas equity and bond markets.

To support the corporation's investment activities, expenditure in the administration programme is mainly on IT upgrades, lease payments for the corporation's offices, and travel and subsistence for site visits to see clients regarding investment and property management issues. Expenditure on goods and services increased from R97.4 million in 2012/13 to R164.0 in 2013/14 and is expected to increase to R250.6 million in 2014/15 due to the corporation's increased mandate to invest in the African continent and overseas, which requires additional spending on travel and other related costs.

The corporation's spending focus over the medium term will be on improving the management of investments outside the country. Personnel numbers will continue to increase significantly over the medium term due to the restructuring of the unlisted investment model programme and growth in the properties business units, which is expected to result in an increase in the number of corporation offices outside the borders of South Africa. This is expected to increase expenditure from R756.9 million in 2013/14 to R971.1 million in 2016/17, mainly on personnel and IT systems. Spending on consultants increased from R16.9 million in 2010/11 to R35.5 million in 2013/14 as the corporation lacked skills relating to computer services, legal advice, certain investment requirements, and specialised audits. Over the medium term, spending on consultants is expected to decrease from R41.3 million in 2014/15 to R29.8 million in 2016/17 when the implementation of the required IT systems will be complete.

The corporation had a funded establishment of 522 posts, of which 329 posts were filled at the end of 2012/13. The majority of vacant positions are newly created positions as a result of the implementation of the new unlisted model and the restructuring of the property division.

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 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 10.44 South African Revenue Service

Indicator	Programme/Activity/Objective	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Revenue collected excluding customs revenue per year ¹	Operations	Outcome 12: An efficient, effective and development oriented public service and an empowered and fair, inclusive citizenship	R651bn	R604.7bn	R672.bn	R714.8bn ¹	— ¹	— ¹	— ¹
Customs revenue collected per year ¹	Operations		R109.2bn	R136bn	R151.1bn	R180.2bn	— ¹	— ¹	— ¹
Percentage of trade audited to obtaining preferred trader status (Percentage of preferred trader declarations as a percentage of total declarations) ³	Operations		— ²	21% (2.8m)	23.7% (20.7m)	20% (20.7m)	25% (20.7m)	30% (20.7m)	35% (20.7m)

Table 10.44 South African Revenue Service

Indicator	Programme/Activity/Objective	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Percentage compliance of personal income tax filing: (number of personal income tax returns submitted in tax year due versus the total number of personal income tax returns required in tax year) ³	Operations	Outcome 12: An efficient, effective and development oriented public service and an empowered and fair, inclusive citizenship	79% (4m)	83% (4.2m)	83% (4.89m)	84% (4.89m)	85% (4.89m)	85% (4.89m)	85% (4.89m)
Uptake in electronic filing, declaration and payment submissions for all tax products (number of electronic filing, declaration and payment submissions versus total filing, declaration and payment submissions) per year ^{2,3}	Modernisation and impactful initiatives		80% ²	94% (2.1 million manual and 32 million electronic)	95.5% (1.6 million manual and 35.7 million electronic)	95.5% (1.6 million manual and 35.7 million electronic)	95% (1.6 million manual and 35.7 million electronic)	95% (1.6 million manual and 35.7 million electronic)	95% (1.6 million manual and 35.7 million electronic)

1. Revenue collected over the term subject to the fiscal framework.

2. The risk engine was implemented in 2010/11 and could come up with manual and electronic figures from 2011/12 onwards.

3. This information is based on the actual performance achievement as at the end of 2012/13.

Programmes/activities/objectives

Table 10.45 South African Revenue Service

	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
R thousand											
Administration	2 357 003	3 750 452	2 677 523	2 901 946	7.2%	33.6%	3 129 000	3 270 624	3 466 762	6.1%	32.2%
Tax and customs enforcement investigations	287 473	314 609	333 402	385 776	10.3%	3.8%	411 151	438 247	467 052	6.6%	4.3%
Operations	4 384 713	4 925 074	5 209 347	5 207 043	5.9%	57.3%	5 597 604	5 876 703	6 317 797	6.7%	58.0%
Large business centre	279 065	305 409	323 652	359 847	8.8%	3.7%	384 466	410 800	438 885	6.8%	4.0%
Projects	117 452	128 539	136 217	166 625	12.4%	1.6%	170 891	118 142	94 786	-17.1%	1.4%
Total expense	7 425 706	9 424 083	8 680 141	9 021 236	6.7%	100.0%	9 693 112	10 114 515	10 785 282	6.1%	100.0%

1. SARS reviewed its programme structure to include administration as a subprogramme.

Expenditure estimates

Table 10.46 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 (%)
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
R thousand											
Revenue											
Non-tax revenue	350 751	427 963	434 988	338 000	-1.2%	4.2%	310 000	310 000	310 000	-2.8%	3.1%
Other non-tax revenue	350 751	427 963	434 988	338 000	-1.2%	4.2%	310 000	310 000	310 000	-2.8%	3.1%
Transfers received	8 138 108	8 653 573	9 149 374	9 534 393	5.4%	95.8%	9 440 321	9 898 708	10 508 911	3.3%	96.9%
Total revenue	8 488 859	9 081 536	9 584 362	9 872 393	5.2%	100.0%	9 750 321	10 208 708	10 818 911	3.1%	100.0%
Expenses											
Current expenses	7 425 707	8 222 148	8 680 076	9 021 236	6.7%	96.8%	9 693 113	10 114 515	10 785 282	6.1%	100.0%
Compensation of employees	4 912 133	5 502 519	5 821 216	5 976 226	6.8%	64.5%	6 442 508	6 746 173	7 274 305	6.8%	66.7%
Goods and services	2 069 417	2 251 436	2 337 192	2 490 952	6.4%	26.6%	2 685 305	2 791 569	2 922 500	5.5%	27.5%
Depreciation	423 091	446 828	506 180	547 376	9.0%	5.6%	558 324	569 490	580 880	2.0%	5.7%
Interest, dividends and rent on land	21 066	21 366	15 487	6 682	-31.8%	0.2%	6 976	7 283	7 596	4.4%	0.1%
Transfers and subsidies	-	1 201 934	66	-	-	3.2%	-	-	-	-	-
Total expenses	7 425 707	9 424 083	8 680 142	9 021 236	6.7%	100.0%	9 693 113	10 114 515	10 785 282	6.1%	100.0%
Surplus/(Deficit)	1 063 152	(342 547)	904 220	851 157	-7.1%		57 208	94 193	33 629	-65.9%	
Statement of financial position											
Carrying value of assets of which:	1 641 104	1 889 048	2 627 199	3 363 904	27.0%	50.5%	3 751 803	4 106 860	4 173 348	7.5%	66.9%
Acquisition of assets	758 432	701 693	1 284 818	1 284 081	19.2%	21.5%	756 827	712 228	656 564	-20.0%	15.0%
Loans	81 554	75 218	66 559	56 559	-11.5%	1.5%	56 559	56 559	56 559	-	1.0%
Receivables and prepayments	110 049	131 984	153 149	154 678	12.0%	3.0%	155 478	155 478	155 478	0.2%	2.7%
Cash and cash equivalents	2 160 625	2 470 377	1 732 375	1 835 428	-5.3%	45.0%	1 684 019	1 629 863	1 586 356	-4.7%	29.4%
Total assets	3 993 332	4 566 627	4 579 282	5 410 569	10.7%	100.0%	5 647 859	5 948 760	5 971 741	3.3%	100.0%

Table 10.46 South African Revenue Service

Statement of financial position	Audited outcome			Revised estimate 2013/14	Average growth rate (%) 2010/11 - 2013/14	Expenditure/total: Average (%) 2010/11 - 2013/14	Medium-term estimate			Average growth rate (%) 2013/14 - 2016/17	Expenditure/total: Average (%) 2013/14 - 2016/17
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
R thousand											
Accumulated surplus/(deficit)	2 276 849	1 977 540	2 881 761	3 732 946	17.9%	58.1%	3 790 154	3 884 347	3 917 976	1.6%	66.8%
Capital and reserves	102 598	61 679	93 468	93 468	-3.1%	1.9%	93 468	93 468	93 468	—	1.6%
Finance lease	159 312	152 046	28 795	17 396	-52.2%	2.1%	7 279	1 667	215	-76.9%	0.1%
Deferred income	481	390	606	606	8.0%	0.0%	606	606	606	—	0.0%
Trade and other payables	855 949	921 074	874 414	816 897	-1.5%	18.9%	953 476	1 108 340	1 037 671	8.3%	17.0%
Provisions	419 301	1 171 207	399 000	749 256	21.3%	14.7%	802 876	860 333	921 806	7.2%	14.5%
Derivatives financial instruments	178 842	282 691	301 239	—	-100.0%	4.3%	—	—	—	—	—
Total equity and liabilities	3 993 332	4 566 627	4 579 283	5 410 569	10.7%	100.0%	5 647 859	5 948 760	5 971 741	3.3%	100.0%

Personnel information**Table 10.47 South African Revenue Service**

Number of posts estimated for 31 March 2014		Number and cost ¹ of personnel posts filled / planned for on funded establishment															Number		
Number of funded posts	Number of posts on approved establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)				
		2012/13			2013/14			2014/15			2015/16					2016/17			
		Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			Number	Cost	Unit Cost	
Salary level	14 928	14 928	14 780	5 821.2	0.4	14 880	5 976.2	0.4	14 875	6 442.5	0.4	14 570	6 746.2	0.5	14 928	7 274.3	0.5	6.8%	100.0%
1 – 6	528	528	540	76.6	0.1	553	67.4	0.1	525	74.0	0.1	485	71.2	0.1	528	71.6	0.1	2.0%	3.5%
7 – 10	9 607	9 607	9 528	2 265.9	0.2	9 698	2 494.9	0.3	9 557	2 757.7	0.3	9 292	2 844.6	0.3	9 607	3 068.3	0.3	7.1%	64.4%
11 – 12	3 188	3 188	3 100	2 331.1	0.8	3 085	1 796.1	0.6	3 188	1 981.7	0.6	3 188	2 044.6	0.6	3 188	2 207.7	0.7	7.1%	21.4%
13 – 16	1 564	1 564	1 570	1 072.4	0.7	1 503	1 541.9	1.0	1 564	1 545.6	1.0	1 564	1 705.6	1.1	1 564	1 846.0	1.2	6.2%	10.5%
17 – 22	41	41	42	75.3	1.8	41	75.9	1.9	41	83.4	2.0	41	80.2	2.0	41	80.6	2.0	2.0%	0.3%

1. Rand million.

Expenditure trends

The operations and administration programmes of the South African Revenue Service together account for over 90 per cent of total spending over the seven-year period. These programmes focus mainly on rolling out importer and exporter solutions by building a new management function for clients that are awarded preferred trader status, strengthening border control and intergovernmental coordination at border posts, and strengthening risk management in customs. This focus has translated to the roll out of the cargo scanners at Beit Bridge border post, the enhancement of the movement control system, and the implementation of the custom risk engine for enhanced compliance with customs legislation.

Approximately two-thirds of this spending is on compensation of employees, mainly for critical skills that the service requires to deliver on its mandate, including audit, IT, and tax administration specialists. The R1.1 billion increase in spending on compensation of employees between 2010/11 and 2013/14 funded an establishment of 14 880 staff, which enabled the entity to: increase border control activities and other customs projects; modernise ICT systems to increase revenue collection efforts through the improvement of on-time filing with e-filing for personal income tax; roll out the re-engineered customs front-end solution, which has improved turnaround time at border posts; implement the new debt management case solution; and effect changes to the value added tax refund process. 571 posts were vacant at the end of November 2013, mainly due to delays in finalising the recruitment process. Where the organisation lacks capacity, consultants are used, mainly for legal, auditing and IT related services. Spending on consultants increased from R111.4 million in 2010/11 to R238.2 million in 2013/14, and is expected to decrease to R205.9 million in 2016/17 as the organisation strives to build internal capacity in these areas.

Operational expenditure over the medium term is reduced by a R1.4 billion Cabinet approval. This reduction in expenditure is not expected to have a negative impact on the performance of the organisation because the entity has an accumulated surplus to continue delivering on its mandate.

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 10.48 Accounting Standards Board

Indicator	Programme/Activity/Objective	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Number of employees working on setting standards for generally recognised accounting practice per year	Administration	Outcome 12: An efficient, effective and development oriented public service and an empowered, fair, and inclusive citizenship	7	7	7	7	9	9	9
Number of documents issued relevant to the setting of standards for generally recognised accounting practice per year	Administration	Outcome 9: A responsive, accountable, effective and efficient local government system	12	12	12	12	12	12	12

Programmes/activities/objectives

Table 10.49 Accounting Standards Board

R thousand	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
Administration	8 220	8 206	9 265	10 838	9.7%	100.0%	10 414	10 843	11 424	1.8%	100.0%
Total expense	8 220	8 206	9 265	10 838	9.7%	100.0%	10 414	10 843	11 424	1.8%	100.0%

Expenditure estimates

Table 10.50 Accounting Standards Board

Statement of financial performance	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
R thousand	2010/11	2011/12	2012/13	2013/14	2010/11 - 2013/14		2014/15	2015/16	2016/17	2013/14 - 2016/17	
Revenue											
Non-tax revenue	113	116	143	110	-0.9%	1.4%	110	110	110	-	1.0%
Other non-tax revenue	113	116	143	110	-0.9%	1.4%	110	110	110	-	1.0%
Transfers received	7 538	7 795	9 096	10 596	12.0%	98.6%	10 250	10 612	11 174	1.8%	99.0%
Total revenue	7 651	7 911	9 239	10 706	11.9%	100.0%	10 360	10 722	11 284	1.8%	100.0%
Expenses											
Current expenses	8 220	8 206	9 265	10 838	9.7%	100.0%	10 414	10 843	11 424	1.8%	100.0%
Compensation of employees	5 455	5 473	6 275	7 021	8.8%	66.4%	7 470	7 919	8 354	6.0%	70.7%
Goods and services	2 656	2 630	2 906	3 761	12.3%	32.6%	2 890	2 880	3 048	-6.8%	28.9%
Depreciation	109	103	84	56	-19.9%	1.0%	54	44	22	-26.8%	0.4%
Total expenses	8 220	8 206	9 265	10 838	9.7%	100.0%	10 414	10 843	11 424	1.8%	100.0%
Surplus/(Deficit)	(569)	(295)	(26)	(132)	-38.6%		(54)	(121)	(140)	2.0%	
Statement of financial position											
Carrying value of assets	206	233	206	150	-10.0%	18.9%	96	52	30	-41.5%	33.6%
of which:											
Acquisition of assets	92	-	58	-	-100.0%	3.0%	-	-	-	-	-
Receivables and prepayments	133	97	99	99	-9.4%	10.9%	99	99	99	-	52.8%
Cash and cash equivalents	640	1 012	1 819	293	-22.9%	70.1%	-	-	-	-100.0%	13.5%
Total assets	979	1 342	2 124	542	-17.9%	100.0%	195	151	129	-38.0%	100.0%
Accumulated surplus/(deficit)	399	233	206	150	-27.8%	23.9%	96	52	30	-41.5%	33.6%
Capital reserve fund	-	766	1 140	374	-	44.9%	-	-	-	-100.0%	17.3%
Trade and other payables	465	158	520	18	-66.2%	21.8%	-	87	134	95.3%	41.2%
Provisions	115	184	258	-	-100.0%	9.4%	-	-	-	-	-
Total equity and liabilities	979	1 342	2 124	542	-17.9%	100.0%	96	139	164	-32.9%	92.1%

Personnel information

Table 10.51 Accounting Standards Board

Number of posts estimated for 31 March 2014			Number and cost ¹ of personnel posts filled / planned for on funded establishment															Number		
Salary level	Number of funded posts	Number of posts on approved establishment	Actual			Revised estimate			Medium-term expenditure estimate									Average growth rate (%)	Salary level/total: Average (%)	
			2012/13			2013/14			2014/15			2015/16			2016/17					2013/14 - 2016/17
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			
8		9	7	6.3	0.9	8	7.0	0.9	8	7.5	0.9	8	7.9	1.0	8	8.4	1.0	6.0%	100.0%	
1 – 6	2	2	2	0.2	0.1	2	0.2	0.1	2	0.2	0.1	2	0.3	0.1	2	0.3	0.1	6.4%	25.0%	
7 – 10	1	1	1	0.4	0.4	1	0.4	0.4	1	0.4	0.4	1	0.4	0.4	1	0.5	0.5	6.0%	12.5%	
11 – 12	2	2	1	0.9	0.9	2	1.3	0.6	2	1.4	0.7	2	1.5	0.7	2	1.6	0.8	7.0%	25.0%	
13 – 16	2	3	2	2.9	1.5	2	3.0	1.5	2	3.2	1.6	2	3.4	1.7	2	3.6	1.8	5.8%	25.0%	
17 – 22	1	1	1	2.0	2.0	1	2.1	2.1	1	2.2	2.2	1	2.4	2.4	1	2.5	2.5	5.5%	12.5%	

1. Rand million.

Expenditure trends

The Accounting Standards Board's main focus between 2010/11 and 2013/14 was to increase the number of outreach programmes for stakeholders to create awareness of generally recognised accounting practice and to encourage participation in the development of the generally recognised accounting practice standards. A second area of focus was staff development. Expenditure on compensation of employees increased due to the appointment of a trainee standard setter in 2012/13 in order to increase capacity for the standard setting function. At the end of November 2013, the board had an establishment of 8 funded posts, which comprised of 4 standards setters, 3 support staff members and a chief executive. The number of funded filled posts is expected to remain constant over the medium term.

Between 2010/13 and 2013/14, the board issued various exposure drafts for comment, including the exposure drafts on reporting on the long term sustainability of government. The board also commented on and co-

published the International Public Sector Accounting Standards Board consultation paper on a conceptual framework for general purpose financial reporting by public sector entities. It also commented on a proposal to extend the application of standards of generally recognised accounting practice to trading entities. Furthermore, the board published a working paper on assets and liabilities arising from non-contractual arrangements that have the features of financial instruments. These activities account for the expenditure on publications, travel and subsistence, and accommodation, which mainly related to attending the International Public Sector Accounting Standards Board's board meetings.

Over the medium term, the board intends to strengthen the implementation of 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.

The board has renegotiated the escalation clause in its lease agreement, which has led to accumulated savings of R330 588 for the five-year period between 2010/11 and 2015/16. As part of the Cabinet approved budget reductions, the board will implement expenditure reductions of R645 000 on goods and services over the medium term period. This reduction is not expected to affect service delivery.

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 legislative 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 10.52 Cooperatives Banks Development Agency

Indicator	Programme/Activity/Objective	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13		2014/15	2015/16	2016/17
Number of onsite inspections conducted on corporative financial institutions	Supervision unit	Outcome 4: Decent employment through inclusive economic growth	-1	-1	-1	15	20	30	40
Number of offsite reports of corporative financial institutions processed	Supervision unit		-1	-1	-1	30	40	60	70
Number of corporative financial institutions applying for registration as cooperative banks	Capacity building and information		0 ²	2	6	3	3	3	3

Table 10.52 Cooperatives Banks Development Agency

Indicator	Programme/Activity/Objective	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Number of managers and board members trained ³	Capacity building and information	Outcome 5: A skilled and capable workforce to support an inclusive growth path	–	20	29	60	80	100	120
Number of new training material developed ^{3,4}	Capacity building and information		–	1	0	3	4	4	4
Number of registered corporative financial institutions producing financial reports and undergoing audits	Capacity building and information	Outcome 4: Decent employment through inclusive economic growth	11	31	35	15	20	30	50

1. The onsite inspection of corporative financial institutions and the processing of offsite reports will begin in 2013/14.

2. No applications were received in 2010/11.

3. Capacity building programme only started in 2011/12.

4. Training materials were not developed in 2012/13 as the agency had change of leadership and strategy.

Programmes/activities/objectives

Table 10.53 Cooperatives Banks Development Agency

	Audited outcome				Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13	2013/14				2014/15	2015/16	2016/17		
R thousand												
Administration	3 137	2 856	4 466	5 277	18.9%	34.6%		4 947	5 161	5 360	0.5%	30.2%
Supervision Unit	2 425	2 067	2 855	4 543	23.3%	25.8%		4 745	5 114	5 423	6.1%	28.8%
Capacity Building and Information	3 114	3 660	5 038	6 336	26.7%	39.6%		7 095	7 157	7 574	6.1%	40.9%
Total expense	8 676	8 583	12 359	16 156	23.0%	100.0%		16 787	17 432	18 357	4.3%	100.0%

Expenditure estimates

Table 10.54 Cooperatives Banks Development Agency

Statement of financial performance	Audited outcome				Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13	2013/14				2014/15	2015/16	2016/17		
R thousand												
Revenue												
Non-tax revenue	78	162	256	–	–100.0%	1.0%		–	–	–	–	–
Sale of goods and services other than capital assets	35	9	21	–	–100.0%	0.2%		–	–	–	–	–
of which:												
Administrative fees	23	9	11	–	–100.0%	0.1%		–	–	–	–	–
Sales by market establishment	12	–	10	–	–100.0%	0.1%		–	–	–	–	–
Other non-tax revenue	43	153	235	–	–100.0%	0.9%		–	–	–	–	–
Transfers received	8 200	9 516	16 894	16 236	25.6%	99.0%		16 838	17 433	18 357	4.2%	100.0%
Total revenue	8 278	9 678	17 150	16 236	25.2%	100.0%		16 838	17 433	18 357	4.2%	100.0%
Expenses												
Current expenses	8 676	8 377	11 465	16 156	23.0%	97.6%		16 787	17 432	18 357	4.3%	100.0%
Compensation of employees	3 947	4 042	5 716	9 005	31.6%	48.6%		8 783	9 637	10 244	4.4%	54.8%
Goods and services	4 677	4 272	5 683	7 151	15.2%	48.5%		8 004	7 795	8 113	4.3%	45.2%
Depreciation	52	63	66	–	–100.0%	0.5%		–	–	–	–	–
Transfers and subsidies	–	206	894	–	–	2.4%		–	–	–	–	–
Total expenses	8 676	8 583	12 359	16 156	23.0%	100.0%		16 787	17 432	18 357	4.3%	100.0%
Surplus/(Deficit)	(398)	1 095	4 791	80	-158.6%			51	1	–	-100.0%	
Total assets	156	1 987	6 935	2 208	141.9%	100.0%		2 309	2 289	2 417	3.1%	100.0%
Statement of financial position												
Carrying value of assets	106	73	142	193	22.1%	20.6%		244	232	301	16.0%	10.5%
of which:												
Acquisition of assets	28	30	135	80	41.9%	6.3%		50	–	95	5.9%	2.4%
Receivables and prepayments	19	44	742	20	1.7%	6.5%		22	23	24	6.3%	1.0%
Cash and cash equivalents	31	1 870	6 051	1 995	300.7%	72.9%		2 043	2 034	2 092	1.6%	88.6%
Accumulated surplus/(deficit)	(781)	314	3 757	159	-158.8%	-105.9%		164	50	50	-32.0%	4.6%
Capital and reserves	–	–	1 151	1 195	–	17.7%		1 242	1 292	1 344	4.0%	55.0%
Deferred income	–	294	580	–	–	5.8%		–	–	–	–	–
Trade and other payables	804	822	1 063	550	-11.9%	149.2%		578	605	668	6.7%	26.0%
Provisions	133	557	384	304	31.7%	33.1%		326	342	355	5.4%	14.4%
Total equity and liabilities	156	1 987	6 935	2 208	141.9%	100.0%		2 309	2 289	2 417	3.1%	100.0%

Personnel information

Table 10.55 Cooperatives Banks Development Agency

Number of posts estimated for 31 March 2014			Number and cost ¹ of personnel posts filled / planned for on funded establishment															Number		
Number of funded posts	Number of posts on approved establishment		Actual			Revised estimate			Medium-term expenditure estimate									Average growth rate (%)	Salary level/total: Average (%)	
			2012/13			2013/14			2014/15			2015/16			2016/17					2013/14 - 2016/17
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			
			14	5.7	0.4	15	9.0	0.6	15	8.8	0.6	15	9.6	0.6	15	10.2	0.7			
Salary level	16	16	14			15			15			15			15			4.4%	100.0%	
7 – 10	2	2	2	0.4	0.2	2	0.5	0.3	3	1.1	0.4	3	0.9	0.3	3	1.0	0.3	24.6%	18.3%	
11 – 12	10	10	9	2.8	0.3	10	4.9	0.5	9	4.4	0.5	9	5.1	0.6	9	5.4	0.6	2.8%	61.7%	
13 – 16	4	4	3	2.6	0.9	3	3.5	1.2	3	3.3	1.1	3	3.6	1.2	3	3.8	1.3	2.9%	20.0%	

1. Rand million.

Expenditure trends

The spending focus of the Cooperatives Banks Development Agency over the medium term 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 to organisations and the registration of representative bodies.

The main cost drivers over the medium term are computer services, consultant services, and training and development in line with the agency's goals of improving: the institutional safety and soundness of existing and operational cooperative financial institutions, and of the financial stability of the sector as a whole. The agency is expected to increase its spending to R18.4 million in 2016/17, mainly to achieve the following: pre-registration assessments of applicant cooperative banks and cooperative financial institutions; on-site visits to registered cooperative financial institutions to examine their operations as part of the supervisory process; facilitating the establishment of the banking platform for cooperative financial institutions that will enable them to link to the national payment system; assist representative bodies to improve their leadership, management and operational capabilities; establish sector specific learning programmes with existing universities, colleges and support organisations; and facilitation of the exemption notice issued by the South African Reserve Bank in 2011/12 that exempts the cooperative financial institutions from complying with the South African Bank Act (1982).

The facilitation of the exemption notice resulted in an increase in the staff complement from 10 in 2011/12 to 15 in 2013/14. As a result, expenditure on compensation of employees also increased over this period. The increase in the staff complement also correlates with the increase in the total number of cooperative financial institution managers and board members trained, which increased from 20 in 2011/12 to 60 in 2013/14. The agency had 1 vacant post at the end of November 2013. The agency's organisational structure will be reviewed annually to ensure the institution has adequate capacity to deliver on its mandate.

Expenditure on compensation of employees and goods and services increased significantly between 2010/11 and 2013/14, mainly due to 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. The agency uses consultants mainly for the banking platform project, to provide training services, and to develop training materials and an online application portal, as it does not have these skills internally. Expenditure on consulting services is expected to increase over the medium term due to the development of an online application portal and the banking platform project.

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 10.56 Financial Advisory and Intermediary Services Ombud

Indicator	Programme/Activity/Objective	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Number of cases registered per year	Resolve complaints in a fair, expeditious and informal manner to the satisfaction of customers	Outcome 11: Create a better South Africa and contributing to a better and safer Africa in a better world	7 944	8 821	9 949	11 441	12 585	13 844	15 228
Number of cases justiciable per year	Resolve complaints in a fair, expeditious and informal manner to the satisfaction of customers		2 764	3 547	4 288	4 931	5 424	5 966	6 563
Number of cases settled on conciliation per year	Resolve complaints in a fair, expeditious and informal manner to the satisfaction of customers		587	781	955	1 098	1 208	1 329	1 462
Number of cases dismissed per year	Resolve complaints in a fair, expeditious and informal manner to the satisfaction of customers		1 997	2 386	2 577	2 964	3 260	3 586	3 945
Number of cases referred to other forums per year	Resolve complaints in a fair, expeditious and informal manner to the satisfaction of customers		4 103	4 180	4 366	5 021	5 523	6 075	6 683
Number of determinations issued (including complaints received in previous years but determined in the financial year)	Resolve complaints in a fair, expeditious and informal manner to the satisfaction of customers		91	25	33	38	42	46	51
Number of cases carried over per year	Resolve complaints in a fair, expeditious and informal manner to the satisfaction of customers		1 257	1 474	2 051	2 359	2 595	2 855	3 141

Programmes/activities/objectives

Table 10.57 Financial Advisory and Intermediary Services Ombud

R thousand	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2010/11 - 2013/14	2014/15	2015/16	2016/17	
Administration	9 135	10 104	10 186	12 221	10.2%	37.8%	14 030	15 004	16 042	9.5%	37.3%
To resolve complaints in a fair, expeditious and informal manner to the satisfaction of customers	12 870	15 539	18 009	18 194	12.2%	58.3%	21 816	24 128	26 626	13.5%	58.8%
Achieve operational excellence	902	1 056	1 163	1 252	11.5%	4.0%	1 456	1 592	1 738	11.6%	3.9%
Enhanced stakeholder management	—	—	—	—	—	—	—	—	—	—	—
Total expense	22 907	26 699	29 358	31 667	11.4%	100.0%	37 302	40 724	44 406	11.9%	100.0%

Expenditure estimates

Table 10.58 Financial Advisory and Intermediary Services Ombud

Statement of financial performance											
	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)
R thousand	2010/11	2011/12	2012/13	2013/14	2010/11 - 2013/14		2014/15	2015/16	2016/17	2013/14 - 2016/17	
Revenue											
Non-tax revenue	256	194	34	–	-100.0%	0.5%	–	–	–	–	–
Sale of goods and services other than capital assets	256	194	34	–	-100.0%	0.5%	–	–	–	–	–
of which:											
Administrative fees	256	194	34	–	-100.0%	0.5%	–	–	–	–	–
Transfers received	25 336	26 615	26 910	29 973	5.8%	99.5%	31 771	33 400	35 100	5.4%	100.0%
Total revenue	25 592	26 809	26 944	29 973	5.4%	100.0%	31 771	33 400	35 100	5.4%	100.0%
Expenses											
Current expenses	22 907	26 699	29 358	31 667	11.4%	100.0%	37 302	40 724	44 406	11.9%	100.0%
Compensation of employees	14 491	17 703	20 253	21 499	14.1%	66.6%	25 820	28 622	31 651	13.8%	69.7%
Goods and services	7 641	8 255	8 374	9 116	6.1%	30.4%	10 427	10 990	11 583	8.3%	27.5%
Depreciation	729	691	680	999	11.1%	2.8%	999	1 053	1 110	3.6%	2.7%
Interest, dividends and rent on land	46	50	51	53	4.8%	0.2%	56	59	62	5.4%	0.2%
Total expenses	22 907	26 699	29 358	31 667	11.4%	100.0%	37 302	40 724	44 406	11.9%	100.0%
Surplus/(Deficit)	2 685	110	(2 414)	(1 694)	-185.8%		(5 531)	(7 324)	(9 306)	76.4%	
Statement of financial position											
Carrying value of assets	2 131	1 727	1 916	2 024	-1.7%	41.5%	2 530	2 462	2 390	5.7%	80.5%
of which:											
Acquisition of assets	902	519	923	1 402	15.8%	22.7%	1 484	964	1 016	-10.2%	42.2%
Receivables and prepayments	5 076	5 195	3 112	447	-55.5%	52.9%	472	497	524	5.4%	16.7%
Cash and cash equivalents	261	539	467	75	-34.0%	5.5%	79	83	87	5.1%	2.8%
Total assets	7 468	7 461	5 495	2 546	-30.1%	100.0%	3 081	3 042	3 001	5.6%	100.0%
Accumulated surplus/(deficit)	6 259	6 368	3 953	1 153	-43.1%	71.6%	1 153	1 153	1 153	–	39.8%
Finance lease	118	553	722	298	36.2%	8.5%	233	157	68	-38.9%	6.7%
Trade and other payables	1 091	126	87	452	-25.5%	8.9%	924	877	835	22.7%	26.1%
Provisions	–	414	609	643	–	10.5%	771	855	945	13.7%	27.5%
Derivatives financial instruments	–	–	124	–	–	0.6%	–	–	–	–	–
Total equity and liabilities	7 468	7 461	5 495	2 546	-30.1%	100.0%	3 081	3 042	3 001	5.6%	100.0%

Personnel information

Table 10.59 Financial Advisory and Intermediary Services Ombud

Number of posts estimated for 31 March 2014			Number and cost ¹ of personnel posts filled / planned for on funded establishment															Number	
Salary level	Number of funded posts	Number of posts on approved establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13			2013/14			2014/15			2015/16					2016/17		
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			Number	Cost	Unit Cost
	57	57	51	20.3	0.4	57	21.5	0.4	61	25.8	0.4	64	28.6	0.4	67	31.7	0.5	13.8%	100.0%
1 – 6	12	12	12	1.2	0.1	12	1.2	0.1	13	1.4	0.1	13	1.5	0.1	13	1.6	0.1	9.8%	20.5%
7 – 10	20	20	17	4.8	0.3	20	4.6	0.2	20	5.1	0.3	20	5.4	0.3	20	5.8	0.3	7.4%	32.2%
11 – 12	18	18	17	7.9	0.5	18	8.0	0.4	21	10.4	0.5	24	12.1	0.5	27	14.1	0.5	20.5%	36.0%
13 – 16	6	6	4	4.1	1.0	6	5.5	0.9	6	6.6	1.1	6	7.2	1.2	6	7.6	1.3	11.5%	9.7%
17 – 22	1	1	1	2.2	2.2	1	2.1	2.1	1	2.3	2.3	1	2.5	2.5	1	2.7	2.7	7.5%	1.6%

1. Rand million.

Expenditure trends

The Financial Services Board collects revenue on behalf of the Financial Advisory and Intermediary Services Ombud. Revenue increased from R25.6 million in 2010/11 to R30 million in 2013/14, and is expected to increase to R35.1 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. Over the medium term, expenditure is expected to increase mainly due to the growth in the establishment from the 57 posts at the end of November 2013 to 67 posts, in order to

strengthen the office's organisational capacity. As a result, spending on compensation of employees is set to increase at an average annual rate of 13.8 per cent over the medium term.

Expenditure increased significantly between 2010/11 and 2013/14 mainly due to the structural reorganisation, which resulted in an increase in staff complement. As a result, expenditure on compensation of employees also increased over the same period. The increase in the establishment is directly linked to the trends in the total number of cases registered, which increased from 7 944 in 2010/11 to 11 441 in 2013/14; and the number of justiciable cases, which increased from 2 764 to 4 931 over the same period. The increased spending allowed the entity to respond to a greater number of increasingly complex customer complaints. In 2012/13, the ombud received 9 949 complaints. 7 898 were resolved and from the 955 cases settled by conciliation, R51 million was recovered for the benefit of the consumer.

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 10.60 Financial and Fiscal Commission

Indicator	Programme/Activity/Objective	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13		2014/15	2015/16	2016/17
Annual submission on the Division of Revenue Bill per year	Research	Outcome 11: Create a better South Africa and contributing to a better and safer Africa in a better world	1	1	1	1	1	1	1
Comments on the Division of Revenue Bill per year	Research		1	1	1	1	1	1	1
Comment on the Medium Term Budget Policy Statement per year	Research		1	1	1	1	1	1	1
Comments on annual reports for departments per year	Research		4	4	4	4	4	4	4
Number of public hearings on local government per year	Research		3	3	3	3	3	3	3

Table 10.61 Financial and Fiscal Commission

Table 10.62 Financial and Fiscal

Statement of financial performance

Statement of financial position

Carrying value of assets

Table 10.63 Financial and Fiscal

Number of posts	
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1. Rand million.

Expenditure trends

The spending focus of the Financial and Fiscal Commission 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.

An insignificant increase in spending over the medium term is expected as a result of inflation related adjustments. The commission also plans to replace obsolete office furniture and equipment as this has raised numerous audit queries due to the items having a life of over 20 years. The commission has been allocated additional funding of R800 000 over the medium term to augment spending on its 20th anniversary conference to be held in 2014.

The budget allocation in 2013/14 allowed the commission to fulfil its mandate by timeously tabling the submission for the 2013/14 Division of Revenue Bill, as well as submissions on the 2013 medium term budget policy statement. The commission had a funded establishment of 34 posts, of which 32 were filled at the end of November 2013. The vacancies were due to resignations. The number of filled posts is expected to increase to 33 over the medium term as the commission is currently in the process of filling the vacancy.

Expenditure increased between 2010/11 and 2013/14 to allow the commission to increase capacity in the research programme. Over the same period, 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 for the commission's services by all spheres of government. In addition, the growing demand for the commission's services entailed increased research and travelling, as advice is provided to all spheres of government across the country. These increases were moderate and within the control of the commission. Spending on consultants also increased from R1.9 million in 2010/11 to R2.4 million in 2013/14, mainly as a result of increased specialised research skills requirements for the commission to deliver on its mandate.

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 term are to:

- improve the collection of information and the enforcement of compliance with the Financial Intelligence Centre Act (2001)
- better utilise financial intelligence
- promote the national interest in maintaining the integrity of South Africa's financial system
- ensure a safe, secure, compliant and efficient operating environment.

Selected performance indicator

Table 10.64 Financial Intelligence Centre

Indicator	Programme/Activity/Objective	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Number of cases disseminated for investigation per year	Delivery of intelligence on financial crimes and Financial Intelligence Centre Act (2001) related regulatory services	Outcome 3: All people in South Africa are and feel safe	697	761	761	837	837	921	1 013
Number of national and international law enforcement investigations contributed to upon request per year	Delivery of intelligence on financial crimes and Financial Intelligence Centre Act (2001) related regulatory services		607	980	980	1 078	1 078	1 186	1 304
Value of funds blocked as suspected proceeds of crime in the financial system per year	Delivery of intelligence on financial crimes and Financial Intelligence Centre Act (2001) related regulatory services		R6.7m	R7.4m	R12m	R13.2m	R13.2m	R14.5m	R16m
Number of Financial Intelligence Centre inspection reports issued	Delivery of intelligence on financial crimes and Financial Intelligence Centre Act (2001) related regulatory services		122	220	220	150	120	120	120
Number of accountable/reporting institutions registered in terms of the Financial Intelligence Centre Act (2001)	Delivery of intelligence on financial crimes and Financial Intelligence Centre Act (2001) related regulatory services		8 661	14 054	21 866	22 959	24 107	25 701	25 823
Number of suspicious transaction reports per year	Enablement of financial intelligence regulatory capabilities		29 411	36 708	29 411	— ¹	— ¹	— ¹	— ¹
Number of referrals to law enforcement agencies per year	Enablement of financial intelligence regulatory capabilities		331	697	761	— ¹	— ¹	— ¹	— ¹
Number of compliance audits per year	Enablement of financial intelligence regulatory capabilities		199	122	220	— ¹	— ¹	— ¹	— ¹
Total number of requests from international counterparts	Enablement of financial intelligence regulatory capabilities		83	112	131	— ¹	— ¹	— ¹	— ¹

1. Some of the centre's key performance indicators were redefined after revisions were made to the strategic plan and annual performance plans, thus these indicators were replaced.

Programmes/activities/objectives

Table 10.65 Financial Intelligence Centre

	Audited outcome			Revised estimate	Average growth rate (%)		Medium-term expenditure estimate			Average growth rate (%)	
	2010/11	2011/12	2012/13		2010/11 - 2013/14	2013/14	2014/15	2015/16	2016/17	2013/14 - 2016/17	2016/17
R thousand											
Administration	23 492	30 338	49 678	37 814	17.2%	19.6%	35 976	41 986	42 348	3.8%	18.7%
Delivery of intelligence on financial crimes and FIC Act-related regulatory services	78 965	98 907	100 865	117 144	14.1%	55.9%	112 470	117 040	120 309	0.9%	55.4%
Enablement of financial intelligence regulatory capabilities	33 689	41 861	49 039	49 405	13.6%	24.5%	50 464	57 362	60 877	7.2%	25.8%
Total expense	136 147	171 107	199 582	204 363	14.5%	100.0%	198 910	216 388	223 533	3.0%	100.0%

Over the medium term, the centre's spending focus will be on strengthening its cooperation with partner agencies nationally and internationally, and improving the levels of compliance with the Financial Intelligence Centre Act (2001). This includes working together with and leading the Eastern and Southern Africa Anti-Money Laundering Group. The centre will also continue working together with local partner agencies such as the South African Revenue Service on the border and ports projects for controlling the movements of goods and people across the country; and the South African Police Service to prevent crimes such as the distribution of narcotics, the production and smuggling of counterfeit goods, the illegal movement of natural resources, the trafficking of people, and fraud and commercial crimes, including money laundering. This will lead to more accountable and reporting institutions being registered in terms of the Financial Intelligence Centre Act (2001), from 22 959 in 2013/14 to 25 823 in 2016/17. In order to achieve these targets, the centre has been allocated an additional R90 million over the medium term as the accumulated surplus is set to be fully spent by 2014/15. The additional funds will enable the centre to finalise the enhancement of ICT systems, and customise the new office with all the required office equipment. This will lead to an increase in spending on computer services and lease and property payments for the new office and subscription costs.

The centre uses consultants mainly for IT related services. Spending on consultants is set to decrease from R5.1 million in 2013/14 to R4.0 million in 2014/15, due to the expected decrease in the number of ICT projects in 2014/15. In 2015/16, the centre will begin to initiate more ICT projects. At the end of November 2013, the centre had an approved establishment of 214 posts, of which 203 were filled. Due to financial constraints, recruitment has been put on hold, resulting in 11 vacant positions at the end of November 2013. Over the medium term, the number of filled posts is expected to remain constant and vacant posts will remain unfilled as the financial constraints are expected to persist.

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 regard 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 10.68 Financial Services Board

Indicator	Programme/Activity/Objective	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Revenue collected from companies in the financial services sector per year	Administration	Outcome 12: An efficient, effective and development oriented public service and an empowered and fair, inclusive citizenship	R 422.7m ¹	R 479.7m	R539.3m	R558.4m	R588.7m	R623.4m	R659.8m
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)	Outcome 11: Create a better South Africa and contributing to a better and safer Africa in a better world	12 051	11 082	10 958	10 100	10 098	10 100	10 100
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)		194 ¹	189	186	187	187	190	190
Number of retirement funds and friendly societies supervised per year	Supervise retirement funds and friendly societies		10 234	9 092	6 056	5 456	5 500	5 500	5 500
Number of collective investment schemes supervised per year	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)		118 ¹	96	103	103	110	110	110

1. The Board has revised past figures in line with the latest reporting standard.

Programmes/activities/objectives

Table 10.69 Financial Services Board

	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
R thousand	2010/11	2011/12	2012/13	2013/14	2010/11 - 2013/14		2014/15	2015/16	2016/17	2013/14 - 2016/17	
Administration	137 197	166 449	178 870	194 061	12.3%	34.0%	200 578	212 566	224 766	5.0%	34.2%
Supervise the financial advisory and intermediary activities in the financial services sector in terms of the Financial Advisory and Intermediary Act (2002)	105 257	112 908	121 785	119 064	4.2%	23.3%	124 837	131 951	139 527	5.4%	21.2%
Supervise the long term and short term insurance industries in terms of the Long Term Insurance Act (1998)	44 518	67 911	76 188	95 327	28.9%	14.0%	99 866	105 812	112 112	5.6%	17.0%
Supervise retirement funds and friendly societies	88 826	93 915	106 843	107 306	6.5%	20.1%	112 515	118 836	125 508	5.4%	19.1%
Supervise the collective investment schemes in securities in terms of Collective Investment Schemes Control Act (2002)	15 078	18 772	18 267	19 212	8.4%	3.6%	20 149	21 408	22 723	5.8%	3.4%
Supervise the South African licensed exchanges, central securities depositories and clearing houses in terms of the Securities Act (2004)	8 371	20 685	10 554	11 394	10.8%	2.6%	11 960	12 693	13 477	5.8%	2.0%
Combating market abuse in terms of Securities Act (2004)	8 452	14 235	10 482	13 906	18.1%	2.4%	14 572	15 457	16 397	5.6%	2.5%
Regulating credit rating agencies	–	–	–	3 046	–	0.1%	3 300	3 619	3 983	9.4%	0.6%
Regulating hedge funds	–	–	–	689	–	0.0%	903	1 073	1 271	22.6%	0.2%
Total expense	407 699	494 875	522 989	564 005	11.4%	100.0%	588 680	623 415	659 764	5.4%	100.0%

Expenditure estimates

Table 10.70 Financial Services Board

Table 10.1 Financial Services Board											
Statement of financial performance				Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)				Average growth rate (%)	Expenditure/total: Average (%)
Audited outcome											
R thousand	2010/11	2011/12	2012/13	2013/14	2010/11 - 2013/14		Medium-term estimate			2013/14 - 2016/17	
Revenue											
Non-tax revenue	422 748	479 724	539 340	558 375	9.7%	100.0%	588 681	623 415	659 763	5.7%	100.0%
Sale of goods and services other than capital assets	371 323	420 387	458 511	511 968	11.3%	88.0%	543 637	574 768	607 224	5.9%	92.1%
of which:											
Sales by market establishment	371 323	420 387	458 511	511 968	11.3%	88.0%	543 637	574 768	607 224	5.9%	92.1%
Other non-tax revenue	51 425	59 337	80 830	46 407	-3.4%	12.0%	45 044	48 647	52 539	4.2%	7.9%
Total revenue	422 748	479 724	539 340	558 375	9.7%	100.0%	588 681	623 415	659 763	5.7%	100.0%
Expenses											
Current expenses	347 049	430 841	455 112	491 834	12.3%	86.6%	512 601	543 492	575 815	5.4%	87.2%
Compensation of employees	218 789	268 872	284 844	322 743	13.8%	54.9%	339 314	361 494	385 133	6.1%	57.8%
Goods and services	122 560	153 361	161 738	157 610	8.7%	30.0%	162 967	171 177	179 825	4.5%	27.6%
Depreciation	5 698	8 608	8 530	11 481	26.3%	1.7%	10 320	10 821	10 857	-1.8%	1.8%
Interest, dividends and rent on land	2	—	—	—	-100.0%	0.0%	—	—	—	—	—
Transfers and subsidies	60 650	64 034	67 877	72 171	6.0%	13.4%	76 079	79 923	83 949	5.2%	12.8%
Total expenses	407 699	494 875	522 989	564 005	11.4%	100.0%	588 680	623 415	659 764	5.4%	100.0%
Surplus/(Deficit)	15 049	(15 151)	16 351	(5 630)	-172.1%		—	—	(1)	-94.4%	
Statement of financial position											
Carrying value of assets	37 206	34 890	29 626	29 423	-7.5%	12.8%	27 881	29 123	28 700	-0.8%	10.7%
of which:											
Acquisition of assets	14 507	6 531	3 459	20 245	11.7%	4.3%	9 800	15 800	15 800	-7.9%	5.7%
Investments	32 288	36 527	47 596	33 863	1.6%	14.6%	33 433	41 247	42 000	7.4%	14.0%
Inventory	77	69	65	30	-27.0%	0.0%	—	—	—	-100.0%	0.0%
Accrued investment interest	—	15	541	550	—	0.1%	450	480	500	-3.1%	0.2%
Receivables and prepayments	31 241	19 869	19 869	16 550	-19.1%	8.6%	17 650	17 920	18 400	3.6%	6.6%
Cash and cash equivalents	144 290	157 515	167 203	188 588	9.3%	63.8%	193 300	188 967	166 215	-4.1%	68.5%
Total assets	245 102	248 885	264 900	269 004	3.2%	100.0%	272 714	277 737	255 815	-1.7%	100.0%
Accumulated surplus/(deficit)	93 724	78 675	93 705	90 000	-1.3%	34.7%	92 000	89 408	78 000	-4.7%	32.5%
Capital and reserves	60 233	60 131	61 451	84 762	12.1%	25.9%	79 231	80 200	69 915	-6.2%	29.2%
Trade and other payables	66 958	51 105	57 156	40 619	-15.3%	21.1%	38 499	37 078	33 500	-6.2%	13.9%
Provisions	24 187	58 975	52 588	53 623	30.4%	18.3%	62 984	71 051	74 400	11.5%	24.4%
Total equity and liabilities	245 102	248 886	264 900	269 004	3.2%	100.0%	272 714	277 737	255 815	-1.7%	100.0%

Personnel information

Table 10.71 Financial Services Board

Number of posts estimated for 31 March 2014			Number and cost ¹ of personnel posts filled / planned for on funded establishment														Number		
Salary level	Number of funded posts	Number of posts on approved establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13			2013/14			2014/15			2015/16					2016/17		
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			Number	Cost	Unit Cost
597	597	597	535	284.8	0.5	537	322.7	0.6	603	339.3	0.6	604	361.5	0.6	604	385.1	0.6	6.1%	100.0%
1 – 6	17	17	31	1.2	0.0	17	1.4	0.1	21	1.4	0.1	22	1.5	0.1	22	1.6	0.1	6.0%	3.5%
7 – 10	102	102	96	23.0	0.2	96	23.4	0.2	102	24.2	0.2	102	25.8	0.3	102	27.5	0.3	5.5%	17.1%
11 – 12	321	321	248	108.4	0.4	288	126.8	0.4	321	133.6	0.4	321	142.3	0.4	321	151.7	0.5	6.2%	53.3%
13 – 16	147	147	152	129.3	0.9	126	144.9	1.2	149	152.9	1.0	149	162.8	1.1	149	173.4	1.2	6.2%	24.4%
17 – 22	10	10	8	23.0	2.9	10	26.3	2.6	10	27.2	2.7	10	29.0	2.9	10	30.9	3.1	5.6%	1.7%

1. Rand million.

Expenditure trends

The Financial Services Board generates its own revenue from levies charged to registered non-banking financial institutions. All registered financial institutions are required to pay levies to maintain their licences in terms of the Financial Services Board Act (1990). Other revenue consists of fees, service charges, and interest earned.

Revenue increased between 2010/11 and 2013/14 and continues to do so over the medium term, due to increased levy rates and the increase in the number of financial institutions regulated.

The board's spending in 2013/14 increased due to the creation of a prudential regulator through the twin peaks process, which focuses solely on protecting consumers of financial services. Another significant development was the promulgation of the Financial Markets Act (2012) and the regulation of credit rating agencies. Over the medium term, the board will ensure that regulated entities comply with legislation and the capital adequacy requirements for financial soundness, thereby protecting the investing community and ensuring long term sustainability.

The expenditure increase between 2010/11 and 2013/14 was primarily because of increases in the board's establishment, as it hired more skilled industry supervisors for financial advisory and intermediary services, and for the long term and short term insurance industries it supervises. These additional staff members enabled the board to improve on the collection of revenue from companies in the financial service sector, from R422.7 million in 2010/11 to R558.4 million in 2013/14. The increase in the establishment also accounts for the increase in expenditure on compensation of employees over this period. The increase in goods and services expenditure over the same period is attributable to increased expenditure on office rentals as a result of the relocation of the board into new offices.

Over the medium term, expenditure on goods and services is expected to increase moderately as the board will implement a three-year ICT strategy, which aims to ensure that ICT service delivery translates into value for the end-customer. The main cost drivers over the medium term are include lease payments, and travel and subsistence. The board uses consultants mainly to implement its ICT, solvency assessment management, legal advice, and customer treatment projects. Expenditure on consultants decreased from R17.3 million in 2010/11 to R16.6 million in 2013/14 as a result of projects being completed. Expenditure on consultants is expected to increase to R17.9 million over the medium term as the board will continue to implement other policy initiatives such as the regulation of credit rating agencies and hedge fund portfolios. The board had a funded establishment of 597 posts, of which 60 were vacant at the end of November 2013, 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, the number of filled posts is set to increase mainly because of the restructuring of the insurance department and the enhancement of ICT infrastructure. This is also expected to increase expenditure on compensation of employees over the period.

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 Black Economic 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 10.72 Independent Regulatory Board for Auditors

Indicator	Programme/Activity/Objective	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Number of complaints initiated per year	Legal	Outcome 11: Create a better South Africa and contributing to a better and safer Africa in a better world	85	87	94	90	95	95	95
Number of complaints closed per year	Legal		65	62	59	60	65	65	65
Number of disciplinary hearings per year	Legal		6	5	2	3	3	3	3
Number of inspections completed and planned - Firms per year	Inspections		22	38	22	25	25	25	25
Number of inspections completed and planned - Engagements per year	Inspections		640	625	440	500	500	500	500
Number of registered auditors per year	Registry		4 375	4 258	4 306	4 133	4 148	4 233	4 318
Number of registered auditors approved to issue broad based black economic empowerment certificates	Registry		-1	-1	36	165	260	370	480

1. The issuing of the certificates began in 2012/13.

Programmes/activities/objectives

Table 10.73 Independent Regulatory Board for Auditors

	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13	2013/14	2010/11 - 2013/14		2014/15	2015/16	2016/17	2013/14 - 2016/17	
R thousand											
Administration	18 724	21 941	22 965	25 896	11.4%	29.3%	27 879	29 265	30 148	5.2%	29.5%
Legal	7 847	13 686	20 099	22 288	41.6%	20.0%	14 993	18 024	20 609	-2.6%	19.7%
Education, training and professional development	7 611	8 279	9 538	11 432	14.5%	12.0%	9 337	6 585	7 012	-15.0%	9.0%
Inspections	14 699	14 289	13 050	15 681	2.2%	19.3%	16 906	18 138	19 529	7.6%	18.3%
Registry	1 089	1 376	1 615	2 152	25.5%	2.0%	2 338	2 505	2 683	7.6%	2.5%
Standards	4 446	6 074	7 105	9 835	30.3%	8.7%	11 133	11 934	12 804	9.2%	11.9%
Executive	5 099	6 018	7 403	8 261	17.4%	8.7%	8 376	8 903	9 522	4.8%	9.1%
Total expense	59 515	71 663	81 775	95 545	17.1%	100.0%	90 962	95 354	102 307	2.3%	100.0%

Expenditure estimates

Table 10.74 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 (%)
	2010/11	2011/12	2012/13	2013/14	2010/11 - 2013/14		2014/15	2015/16	2016/17	2013/14 - 2016/17	
R thousand											
Revenue											
Non-tax revenue	39 324	44 849	59 315	54 238	11.3%	60.2%	56 385	59 516	64 570	6.0%	62.4%
Sale of goods and services other than capital assets	37 824	42 093	55 406	48 741	8.8%	56.1%	49 079	52 068	56 632	5.1%	55.0%
of which:											
Administrative fees	226	255	1 905	500	30.3%	0.8%	1 385	1 474	1 570	46.4%	1.3%
Sales by market establishment	37 598	41 838	53 501	48 241	8.7%	55.3%	47 694	50 594	55 062	4.5%	53.7%
Other non-tax revenue	1 500	2 756	3 909	5 497	54.2%	4.1%	7 306	7 448	7 938	13.0%	7.5%
Transfers received	29 296	34 724	32 208	32 933	4.0%	39.8%	34 577	35 838	37 737	4.6%	37.6%
Total revenue	68 620	79 573	91 523	87 171	8.3%	100.0%	90 962	95 354	102 307	5.5%	100.0%
Expenses											
Current expenses	59 515	71 663	81 775	95 545	17.1%	100.0%	90 962	95 354	102 307	2.3%	100.0%
Compensation of employees	33 254	34 450	37 531	47 415	12.6%	49.9%	51 740	55 425	59 511	7.9%	55.7%
Goods and services	24 316	35 064	42 151	45 842	23.5%	47.3%	36 724	37 431	41 000	-3.7%	41.9%
Depreciation	1 852	2 125	2 093	2 288	7.3%	2.8%	2 498	2 498	1 796	-7.8%	2.4%
Interest, dividends and rent on land	93	24	-	-	-100.0%	0.0%	-	-	-	-	-
Total expenses	59 515	71 663	81 775	95 545	17.1%	100.0%	90 962	95 354	102 307	2.3%	100.0%
Surplus/(Deficit)	9 105	7 910	9 748	(8 374)	-197.2%		-	-	-	-100.0%	

Table 10.74 Independent Regulatory Board for Auditors

Statement of financial position	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
R thousand											
Carrying value of assets	8 722	7 703	6 493	5 569	-13.9%	16.3%	4 979	3 130	1 973	-29.2%	10.3%
of which:											
Acquisition of assets	3 255	1 116	883	1 637	-20.5%	4.2%	1 637	650	640	-26.9%	3.0%
Inventory	132	186	150	158	6.2%	0.4%	150	150	150	-1.7%	0.4%
Receivables and prepayments	4 660	6 592	5 330	1 477	-31.8%	10.0%	2 100	2 606	2 846	24.4%	6.4%
Cash and cash equivalents	13 543	21 741	32 289	24 758	22.3%	50.5%	21 388	18 884	16 736	-12.2%	55.4%
Non-current assets held for sale	70	10 000	10 000	10 000	422.8%	16.0%	10 000	10 000	10 000	–	27.5%
Derivatives financial instruments	10 000	–	–	–	-100.0%	6.7%	–	–	–	–	–
Total assets	37 127	46 222	54 262	41 962	4.2%	100.0%	38 617	34 770	31 705	-8.9%	100.0%
Accumulated surplus/(deficit)	9 223	10 042	16 744	13 270	12.9%	27.3%	7 531	3 033	(323)	-129.0%	14.7%
Capital and reserves	19 658	26 749	29 795	20 615	1.6%	53.7%	26 682	26 745	26 744	9.1%	69.9%
Finance lease	3 558	3 075	2 545	3 426	-1.3%	7.3%	525	–	–	-100.0%	2.4%
Trade and other payables	4 688	6 355	5 177	4 651	-0.3%	11.8%	3 879	4 993	5 283	4.3%	13.0%
Total equity and liabilities	37 127	46 221	54 261	41 962	4.2%	100.0%	38 617	34 771	31 704	-8.9%	100.0%

Personnel information

Table 10.75 Independent Regulatory Board for Auditors

Number of posts estimated for 31 March 2014			Number and cost ¹ of personnel posts filled / planned for on funded establishment															Number	
Salary level	Number of funded posts	Number of posts on approved establishment	Actual			Revised estimate			Medium-term expenditure estimate						Average growth rate (%)	Salary level/total: Average (%)			
			2012/13			2013/14			2014/15			2015/16			2016/17			2013/14 - 2016/17	
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost		
	77	77	68	37.5	0.6	68	47.4	0.7	76	51.7	0.7	76	55.4	0.7	76	59.5	0.8	7.9%	100.0%
1 – 6	10	10	9	0.9	0.1	8	1.1	0.1	10	1.1	0.1	10	1.2	0.1	9	1.2	0.1	1.5%	12.5%
7 – 10	25	25	25	5.3	0.2	22	6.1	0.3	24	6.6	0.3	24	7.0	0.3	23	6.2	0.3	1.0%	31.4%
11 – 12	4	4	4	1.4	0.4	4	1.6	0.4	4	1.7	0.4	4	1.8	0.5	6	2.7	0.4	19.0%	6.1%
13 – 16	32	32	29	27.9	1.0	28	28.8	1.0	36	38.2	1.1	34	37.5	1.1	31	35.7	1.2	7.5%	43.5%
17 – 22	6	6	1	2.0	2.0	6	9.8	1.6	2	4.1	2.0	4	7.9	2.0	7	13.7	2.0	11.6%	6.5%

1. Rand million.

Expenditure trends

The Independent Regulatory Board for Auditors received 39.8 per cent of its revenue from the National Treasury between 2010/11 and 2013/14. The balance was generated from the registration of auditors and trainees, annual renewal charges, and fees for inspections of registered auditors. Transfers received increased between 2010/11 and 2013/14 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 moderately to cover the upgrading of the board's ICT systems.

The board will continue to influence developments in auditing and auditing regulation through representation in the international best practice organisations such as the International Accounting Education Standards Board. The board has also been requested by the Department of Trade and Industry to take over the regulation of the broad based black empowerment verification industry.

Over the medium term, 55.7 per cent of the board's spending is on compensation of employees mainly for critical skills that the board requires to deliver on its mandate which include auditing, legal and education who conduct disciplinary hearings, inspections, registration, and issuing broad based black economic empowerment certificates. Spending on compensation of employees increased significantly between 2010/11 and 2013/14, and is set to continue to increase over the medium term to provide for growth in the board's establishment. The costs of disciplinary cases increased from R2.7 million to R11.8 million over the same period and are expected to be approximately R10 million per year over the medium term. There was an increase in computer costs from R1.5 million in 2010/11 million to R4.1 million in 2013/14 due to the implementation of a workflow process system to improve the effectiveness of the board. This also accounts for the increase in expenditure on goods and services in this period. The board has a funded establishment of 77 posts, of which 9 were vacant at the end

of November 2013 as a result of natural attrition. The number of filled posts is expected to increase from 68 in 2013/14 to 76 over the medium term, due to the filling of vacant posts and to provide for the board's expanded mandate to provide broad based black economic empowerment verification assurance services.

Between 2011/12 and 2012/13, the number of registered auditors increased from 4 258 to 4 306. The number of new registrations increased from 296 in 2011/12 to 306 in 2012/13. South Africa has maintained its number 1 position in the World Economic Forum survey for 2012/13 for the strength of its audit and reporting standards for a third time in a row.

The board uses consultants for ICT management services and for legal services, as it employs no ICT personnel of its own. Over the medium term, expenditure on consultants is expected to increase due to ICT upgrades and legal services required for cases against auditing companies charged with misconduct.

In 2012/13, savings of R1.5 million were realised due to the delays of certain appointments of staff. The local travel expenses savings in 2013/14 was R900 000 as a result of low cost airlines being used and flights being booked well in advance. Further costs are saved by carrying out certain inspections from the office instead of visiting the audit firms, which are spread over the country. Savings will be used to provide for the upgrading of the board's ICT systems over the medium term.

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 10.76 Office of the Pension Funds Adjudicator

Indicator	Programme/Activity/Objective	Outcome	Past			Current	Projections		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Number of complaints disposed through determinations, conciliation and settlements per year	Dispose of complaints received	Outcome 12: An efficient, effective and development oriented public service and an empowered, fair, and inclusive citizenship	6 123	2 867	4 127	5 016	3 840	3 840	3 840
Number of complaints resolved per year (complaints received before 31 March 2008)	Dispose of complaints received		1 160	429	2 280	— ¹	— ¹	— ¹	— ¹
Number of complaints resolved per year (complaints received after 1 April 2008) ¹	Dispose of complaints received		4 963	2 438	2 280	— ¹	— ¹	— ¹	— ¹
Percentage of valid complaints resolved within 9 months of lodging complaints	Dispose of complaints received		58% (3 717)	44% (1 827)	65% (1 881)	95% (4 765)	95% (3 648)	95% (3 648)	95% (3 648)

¹. The office has cleared all the backlog cases and will no longer be reporting on these indicators

Programmes/activities/objectives

Table 10.77 Office of the Pension Funds Adjudicator

	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
R thousand											
Administration	4 771	4 445	7 056	6 219	9.2%	14.8%	6 541	6 959	7 403	6.0%	14.3%
Dispose of complaints received	26 887	27 392	33 410	32 874	6.9%	79.9%	36 789	38 461	40 363	7.1%	78.3%
Achieve operational excellence	1 444	2 062	1 505	2 620	22.0%	5.1%	3 447	3 627	3 825	13.4%	7.1%
Effective stakeholder relationship	–	–	427	67	–	0.3%	128	135	143	28.8%	0.2%
Total expense	33 102	33 899	42 398	41 780	8.1%	100.0%	46 905	49 182	51 734	7.4%	100.0%

Expenditure estimates

Table 10.78 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 (%)
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
R thousand											
Revenue											
Non-tax revenue	22	209	216	10	-23.6%	0.3%	10	10	10	–	0.0%
Other non-tax revenue	22	209	216	10	-23.6%	0.3%	10	10	10	–	0.0%
Transfers received	35 314	37 419	40 968	42 198	6.1%	99.7%	44 308	46 523	48 849	5.0%	100.0%
Total revenue	35 336	37 628	41 184	42 208	6.1%	100.0%	44 318	46 533	48 859	5.0%	100.0%
Expenses											
Current expenses	33 102	33 899	42 398	41 780	8.1%	100.0%	46 905	49 182	51 734	7.4%	100.0%
Compensation of employees	20 693	21 157	24 350	23 982	5.0%	59.9%	26 671	28 349	30 276	8.1%	57.6%
Goods and services	11 262	11 750	16 581	14 798	9.5%	35.8%	15 908	16 507	17 132	5.0%	34.0%
Depreciation	1 147	992	1 467	3 000	37.8%	4.3%	4 326	4 326	4 326	13.0%	8.4%
Total expenses	33 102	33 899	42 398	41 780	8.1%	100.0%	46 905	49 182	51 734	7.4%	100.0%
Surplus/(Deficit)	2 234	3 729	(1 214)	428	-42.4%		(2 587)	(2 649)	(2 875)	-288.7%	
Statement of financial position											
Carrying value of assets	1 984	2 944	10 017	10 609	74.9%	46.6%	9 283	6 457	3 930	-28.2%	77.9%
of which:											
Acquisition of assets	361	1 963	8 738	3 593	115.1%	26.1%	3 000	1 500	1 800	-20.6%	26.1%
Receivables and prepayments	3 811	6 334	2 810	2 287	-15.7%	28.3%	629	912	675	-33.4%	11.4%
Cash and cash equivalents	5 853	5 181	1 543	500	-56.0%	25.1%	1 000	1 000	1 000	26.0%	10.7%
Total assets	11 648	14 459	14 370	13 396	4.8%	100.0%	10 912	8 369	5 605	-25.2%	100.0%
Accumulated surplus/(deficit)	8 571	12 301	11 086	11 514	10.3%	80.4%	8 927	6 278	3 403	-33.4%	75.9%
Trade and other payables	3 076	2 158	1 784	747	-37.6%	14.8%	788	830	874	5.4%	9.6%
Provisions	–	–	1 500	1 135	–	4.7%	1 197	1 261	1 328	5.4%	14.6%
Total equity and liabilities	11 647	14 459	14 370	13 396	4.8%	100.0%	10 912	8 369	5 605	-25.2%	100.0%

Personnel information

Table 10.79 Office of the Pension Funds Adjudicator

Number of posts estimated for 31 March 2014			Number and cost ¹ of personnel posts filled / planned for on funded establishment															Number		
Salary level	Number of funded posts	Number of posts on approved establishment	Actual			Revised estimate			Medium-term expenditure estimate									Average growth rate (%)	Salary level/total: Average (%)	
			2012/13			2013/14			2014/15			2015/16			2016/17					2013/14 - 2016/17
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			
54	54	58	53	24.4	0.5	54	24.0	0.4	54	26.7	0.5	54	28.3	0.5	54	30.3	0.6	8.1%	100.0%	
1 – 6	5	–	3	1.1	0.4	6	1.4	0.2	1	1.5	1.5	1	1.6	1.6	–	1.6	–	4.5%	3.7%	
7 – 10	27	31	28	5.9	0.2	25	5.5	0.2	27	6.0	0.2	26	6.0	0.2	26	6.2	0.2	4.0%	48.1%	
11 – 12	9	11	11	5.5	0.5	12	5.5	0.5	12	5.9	0.5	13	6.7	0.5	13	6.8	0.5	7.1%	23.1%	
13 – 16	12	15	11	11.8	1.1	10	9.8	1.0	13	11.4	0.9	13	12.1	0.9	14	13.6	1.0	11.6%	23.1%	
17 – 22	1	1	–	0.0	–	1	1.7	1.7	1	1.8	1.8	1	2.0	2.0	1	2.1	2.1	6.0%	1.9%	

1. Rand million.

Expenditure trends

The Pension Fund Adjudicator's spending increased between 2010/11 and 2013/14 due to an increase in the adjudicator's staff complement to address the backlog in cases, and the introduction of benefits such as basic medical aid and retirement annuity schemes for all existing staff. Expenditure on goods and services decreased between 2012/13 and 2013/14, specifically on lease payments, as a result of savings derived from the relocation of offices from Johannesburg to Pretoria.

The spending focus over the medium term will be on: increasing the efficacy of the office's investigations to resolve complaints through adjudication, arbitration and conciliation; upholding the integrity of the pension fund industry while striving for operational excellence; and collaborating and building relations with stakeholders. Spending on 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. 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 office plans to finalise 80 per cent of complaints within 6 months of receipt, 95 per cent within 9 months of receipt and 100 per cent within 11 months of receipt. A minimum of 320 cases are to be disposed per month over the medium term.

The office uses consultants for legal services and actuarial work as a result of a lack of expertise in these fields. Over the medium term, expenditure on consultants is expected to increase due to the legal and actuarial skills required to continue enabling the office to effectively resolve various complaints lodged within the set periods.

The adjudicator has a funded establishment of 54 posts, of which 4 were vacant at the end of November 2013. The 2 posts of deputy pension funds adjudicators are not expected to be filled over the medium term as doing so is dependent on the demand created by case load volumes. The remaining posts are expected to be filled over the medium term so as to achieve operational excellence in line with the office's strategic goals over the medium term.

South African Special Risk Insurance Association

Mandate and goals

The South African Special Risk Insurance Association was established in 1979 and was registered in terms of section 21 of the Companies Act (1973). In 1998, the conversion of the South African Special Risk Insurance Association Act (1998) made government the sole shareholder. The company 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 has to ensure it is adequately capitalised, as required by the Financial Services Board, and has sufficient liquidity to meet claims obligations. This is achieved by ensuring the company's strategic goals are achieved. The company's strategic goals over the medium term are to:

- ensure sustainable revenue growth
- maintain effective capital management
- be innovative in products and services
- manage costs and infrastructure efficiently and effectively
- invest in the development of people, capacity and capability
- comply with the regulatory environment
- continue to focus on customer-centricity
- develop a trusted and visible brand.

Selected performance indicators

Table 10.80 South African Special Risk Insurance Association

Indicator	Programme/Activity/ Objective	Outcome	Past			Current	Projected		
			2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Value of gross premium income per year	Optimisation of shareholder value: Increase gross written premium	Outcome 11: Create a better south Africa and contributing to a better and safer Africa in a better world	R1bn	R1.1bn	R1.223bn	R1.226bn	R1.3bn	R1.4bn	R1.5bn
Average number of days for processing claims below R250 000	Customer centricity: Provide superior customer service to external stakeholders and reduce the internal claim turnaround time		120 days	90 days	75 days	30 days	30 days	20 days	20 days
Number of staff trained per year	Investment in human capital development: Develop a sustainable employment brand		794	1 220	2 055	2 000	2 120	2 120	2 247
Value spent on social responsibility education programme per year ¹	Customer centricity: Provide superior customer service to external stakeholders		R9.9m	R9.8m	R8.3m	R8.2m	R8.5m	R8.9m	— ¹
Value spent on awareness campaigns per year ¹	Customer centricity: Provide superior customer service to external stakeholders		R6.1m	R3.7m	R3.98m	R3.96m	R4.1m	R4.3m	— ¹
Value of controlled costs per year ¹	Optimisation of shareholder value: Increase net income		R25m	R31.6m	R286m	R28.4m	R29.6m	R30.9m	— ¹

1. The entity is reviewing its performance indicators and the targets for 2016/17 will be determined during the 2015 MTEF period.

Programmes/activities/objectives

Table 10.81 South African Special Risks Insurance Association

	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term expenditure estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
R thousand					2010/11 - 2013/14					2013/14 - 2016/17	
Administration	270 642	390 013	404 449	96 825	-29.0%	37.6%	103 525	107 979	114 458	5.7%	10.2%
Optimisation of shareholder value: Increase gross written premium	200 225	72 899	118 107	288 321	12.9%	20.7%	321 307	357 498	378 947	9.5%	32.3%
Optimisation of shareholder value: Increase net income	167 152	206 855	470 759	605 183	53.6%	41.1%	544 831	582 783	617 750	0.7%	56.6%
Integration and alignment of processes: Ensure good corporate governance	—	1 445	4 938	2 100	—	0.2%	1 000	—	—	-100.0%	0.1%
Customer centricity: Provide superior customer service to external stakeholders: Treating customers fairly project	361	393	2 261	3 086	104.5%	0.2%	3 398	3 509	3 719	6.4%	0.3%
Customer centricity: Provide superior customer service to external stakeholders: Reduce the internal claim turnaround time	—	—	1 988	2 728	—	0.1%	3 124	3 140	3 328	6.9%	0.3%
Investment in human capital development: Develop a sustainable employment brand	794	1 220	2 055	2 000	36.1%	0.2%	2 120	2 120	2 247	4.0%	0.2%
Total expense	639 174	672 825	1 004 557	1 000 243	16.1%	100.0%	979 305	1 057 029	1 120 449	3.9%	100.0%

Expenditure estimates

Table 10.82 South African Special Risks Insurance Association

Statement of financial performance	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
R thousand					2010/11 - 2013/14					2013/14 - 2016/17	
Revenue											
Non-tax revenue	1 061 360	1 195 824	1 362 181	1 532 918	13.0%	100.0%	1 638 513	1 754 218	1 859 471	6.6%	100.0%
Sale of goods and services other than capital assets	760 309	894 777	943 172	1 232 452	17.5%	74.0%	1 318 723	1 411 034	1 495 697	6.7%	80.4%
of which:											
Sales by market establishment	760 309	894 777	943 172	1 232 452	17.5%	74.0%	1 318 723	1 411 034	1 495 697	6.7%	80.4%
Other non-tax revenue	301 051	301 047	419 009	300 466	-0.1%	26.0%	319 790	343 184	363 774	6.6%	19.6%
Total revenue	1 061 360	1 195 824	1 362 181	1 532 918	13.0%	100.0%	1 638 513	1 754 218	1 859 471	6.6%	100.0%
Expenses											
Current expenses	454 356	509 139	860 997	1 000 243	30.1%	83.1%	979 305	1 057 029	1 120 449	3.9%	100.0%
Compensation of employees	31 642	31 626	27 690	37 569	5.9%	4.0%	43 033	43 253	45 847	6.9%	4.1%
Goods and services	417 924	474 682	831 136	955 746	31.7%	78.6%	928 277	1 007 024	1 067 445	3.8%	95.2%
Depreciation	4 790	2 831	2 171	6 928	13.1%	0.5%	7 995	6 752	7 157	1.1%	0.7%
Total expenses	639 174	672 825	1 004 557	1 000 243	16.1%	100.0%	979 305	1 057 029	1 120 449	3.9%	100.0%
Surplus/(Deficit)	422 186	522 999	357 624	532 675	8.1%		659 208	697 189	739 022	11.5%	

Table 10.82 South African Special Risks Insurance Association

Statement of financial position	Audited outcome			Revised estimate	Average growth rate (%)	Expenditure/total: Average (%)	Medium-term estimate			Average growth rate (%)	Expenditure/total: Average (%)
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
	2010/11	2011/12	2012/13				2014/15	2015/16	2016/17		
R thousand											
Carrying value of assets	79 161	29 680	38 476	43 097	-18.3%	1.0%	45 209	45 742	48 486	4.0%	0.8%
of which:											
Acquisition of assets	2 454	4 047	3 654	9 671	58.0%	0.1%	3 850	2 093	2 219	-38.8%	0.1%
Investments	2 845 646	3 234 025	3 510 801	4 152 298	13.4%	73.0%	4 440 045	4 748 277	5 033 173	6.6%	80.8%
Receivables and prepayments	254 069	224 477	298 410	139 897	-18.0%	4.9%	149 689	160 168	169 779	6.7%	2.7%
Cash and cash equivalents	936 507	957 532	1 251 963	721 878	-8.3%	20.7%	858 499	969 153	1 027 302	12.5%	15.7%
Non-current assets held for sale	–	31 802	–	–	–	0.2%	–	–	–	–	–
Taxation	–	9 869	1 715	–	–	0.1%	–	–	–	–	–
Total assets	4 115 383	4 487 385	5 101 365	5 057 170	7.1%	100.0%	5 493 442	5 923 340	6 278 740	7.5%	100.0%
Accumulated surplus/(deficit)	3 397 988	3 646 218	3 822 932	4 151 813	6.9%	80.2%	4 522 713	4 882 301	5 175 239	7.6%	82.3%
Capital and reserves	73 019	221 132	245 142	248 464	50.4%	4.1%	263 372	279 174	295 924	6.0%	4.8%
Deferred income	27 537	10 320	13 127	552	-72.8%	0.3%	591	632	670	6.7%	0.0%
Trade and other payables	538 456	553 511	1 012 879	596 306	3.5%	14.3%	642 771	692 500	734 050	7.2%	11.7%
Taxation	71 653	47 203	6 232	54 035	-9.0%	1.0%	56 995	60 719	64 362	6.0%	1.0%
Provisions	6 730	9 001	1 053	6 000	-3.8%	0.1%	7 000	8 014	8 495	12.3%	0.1%
Total equity and liabilities	4 115 383	4 487 385	5 101 365	5 057 170	7.1%	100.0%	5 493 442	5 923 340	6 278 740	7.5%	100.0%

Personnel information

Table 10.83 South African Special Risks Insurance Association

Number of posts estimated for 31 March 2014		Number and cost ¹ of personnel posts filled / planned for on funded establishment															Number			
Salary level	Number of funded posts	Number of posts on approved establishment	Actual			Revised estimate			Medium-term expenditure estimate									Average growth rate (%)	Salary level/total: Average (%)	
			2012/13			2013/14			2014/15			2015/16			2016/17					2013/14 - 2016/17
			Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost	Number	Cost	Unit Cost			
58	58	58	53	27.7	0.5	58	37.6	0.6	58	43.0	0.7	58	43.3	0.7	58	45.8	0.8	6.9%	100.0%	
1 – 6	13	13	12	2.1	0.2	13	2.7	0.2	13	3.1	0.2	13	3.1	0.2	13	3.3	0.3	6.9%	22.4%	
7 – 10	25	25	23	8.6	0.4	25	11.2	0.4	25	12.9	0.5	25	12.9	0.5	25	13.7	0.5	6.9%	43.1%	
11 – 12	14	14	13	9.2	0.7	14	12.3	0.9	14	14.0	1.0	14	14.1	1.0	14	15.0	1.1	6.9%	24.1%	
13 – 16	6	6	5	7.7	1.5	6	11.4	1.9	6	13.0	2.2	6	13.1	2.2	6	13.9	2.3	6.9%	10.3%	

1. Rand million.

Expenditure trends

The South African Special Risks Insurance Association 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 2010/11 and 2013/14 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.

Approximately one-third of the association's spending is on claims from insurance companies related to strike activities within the mining sector. The bulk of this spending is also for remunerating the staff establishment, which includes critical professionals such as managers, insurance brokers, and legal experts. The funded personnel establishment increased from 53 in 2012/13 to 58 in 2013/14 as a result of the Financial Services Board's requirement that the company implement the solvency assessment management programme, which required additional capacity and resulted in a 5.9 per cent increase in spending on compensation of employees between 2012/13 and 2013/14.

Over the medium term, the company's largest item of spending will be on commissions paid to agent companies as a percentage of premiums received, which are projected to increase mainly as a result of increases in premium collection. Funds have also been reprioritised from: spending on compensation of employees because bonuses were not paid in 2012/13; and legal fees to support corporate social investment, which has increased from 2 per cent to 4 per cent of net profit after tax. The company needs to establish a broader customer base by maximising brand and product awareness, which involves introducing new products and enhancing current

products. This will also require investment in human capital development to create a sustainable employment brand so that the company can achieve its goal of optimising shareholder value by increasing premium and investment income. This will be achieved through improvement of employees' skills by offering staff training and appointing staff with required skills. The company had 58 approved positions, 50 of which were filled as at the end of November 2013. The company is in the process of replacing the employees who have resigned and expects to have filled the vacancies by the beginning of 2014/15.

Spending on goods and services increased significantly between 2011/12 and 2013/14, mainly due to the increase in the use of consultants for the development, design and implementation of the solvency assessment management programme, which requires that all financial institutions appoint specialised professionals to assist with the development and implementation of the solvency assessment management programme. Consultants are mainly used for IT services, insurance broking and legal services. Over the medium term, consulting costs are expected to decrease due to a reduction in the number of consultants employed as the solvency assessment management project nears completion.

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	Adjustments	Adjusted	
R thousand	2012/13		2012/13	2013/14			2013/14
Administration	318 324	321 138	296 743	341 691	14 738	356 429	335 837
Economic Policy, Tax, Financial Regulation and Research	148 958	122 508	111 234	145 859	(11 935)	133 924	128 443
Public Finance and Budget Management	227 481	247 315	221 052	265 452	(19 298)	246 154	243 372
Asset and Liability Management	286 557	282 807	278 205	2 995 196	(1 202)	2 993 994	2 992 710
Financial Accounting and Supply Chain Management Systems	686 324	686 335	639 346	724 589	10 134	734 723	725 284
International Financial Relations	1 038 179	1 040 498	1 003 051	1 112 529	(20 544)	1 091 985	1 094 946
Civil and Military Pensions, Contributions to Funds and Other Benefits	3 348 310	3 345 872	3 343 603	3 497 031	–	3 497 031	3 497 031
Technical Support and Development Finance	2 404 773	1 999 636	1 994 291	2 764 666	(295 587)	2 469 079	2 465 253
Revenue Administration	9 194 374	9 149 374	9 149 374	9 534 393	–	9 534 393	9 534 393
Financial Intelligence and State Security	3 897 838	3 982 121	3 982 121	4 174 554	–	4 174 554	4 174 554
Subtotal	21 551 118	21 177 604	21 019 020	25 555 960	(323 694)	25 232 266	25 191 823
Direct charge against the National Revenue Fund	407 485 142	410 849 972	410 176 618	447 857 221	1 377 456	449 234 677	450 288 040
Provincial equitable share	309 057 382	313 015 798	313 015 798	337 572 412	1 364 405	338 936 817	338 936 817
State debt costs	89 388 073	88 794 487	88 121 133	99 741 449	743 051	100 484 500	101 255 854
General fuel levy sharing with metropolitan municipalities	9 039 687	9 039 687	9 039 687	9 613 360	–	9 613 360	9 613 360
National revenue fund payments	–	–	–	930 000	(730 000)	200 000	482 009
Total	429 036 260	432 027 576	431 195 638	473 413 181	1 053 762	474 466 943	475 479 863

Economic classification							
Current payments	90 586 643	90 127 755	89 378 784	101 208 800	731 626	101 940 426	102 669 801
Compensation of employees	665 898	616 099	589 747	710 543	(51 056)	659 487	639 001
Goods and services	532 672	717 169	667 904	756 808	39 631	796 439	774 946
Interest and rent on land	89 388 073	88 794 487	88 121 133	99 741 449	743 051	100 484 500	101 255 854
Transfers and subsidies	337 889 448	341 488 407	340 972 705	367 904 517	1 036 949	368 941 466	368 942 476
Provinces and municipalities	319 153 414	323 111 830	323 111 830	348 347 111	1 364 405	349 711 516	349 711 516
Departmental agencies and accounts	13 358 332	13 396 801	13 396 786	13 974 573	2 585	13 977 158	13 977 158
Higher education institutions	8 000	9 000	9 000	10 000	–	10 000	10 000
Foreign governments and international organisations	1 004 713	1 012 713	628 179	800 449	(28 946)	771 503	771 638
Public corporations and private enterprises	1 063 610	655 502	655 502	1 327 753	(303 150)	1 024 603	1 024 603
Non-profit institutions	85	85	–	–	–	–	–
Households	3 301 294	3 302 476	3 171 408	3 444 631	2 055	3 446 686	3 447 561
Payments for capital assets	360 169	211 414	172 481	187 871	11 667	199 538	195 924
Buildings and other fixed structures	5 298	5 002	615	5 000	–	5 000	–
Machinery and equipment	189 117	29 295	19 282	16 640	11 667	28 307	29 693
Software and other intangible assets	165 754	177 117	152 584	166 231	–	166 231	166 231
Payments for financial assets	200 000	200 000	3 258 865	4 111 993	(726 480)	3 385 513	3 671 662
Total	429 036 260	432 027 576	433 782 835	473 413 181	1 053 762	474 466 943	475 479 863

Table 10.B Summary of expenditure on training

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2010/11	2011/12	2012/13		2014/15	2015/16	2016/17
Compensation of employees (R thousand)	476 173	537 101	589 747	659 487	764 891	809 890	863 210
Training expenditure (R thousand)	8 367	8 893	10 548	9 411	9 292	9 437	9 766
Training spend as percentage of compensation	1.8%	1.7%	1.8%	1.4%	1.2%	1.2%	1.1%
Total number trained (headcount)	959	1 004	586	559			
of which:							
Employees receiving bursaries (headcount)	25	38	72	69			
Learnerships (headcount)	–	–	19	25			
Internships (headcount)	33	37	35	73			
Households receiving bursaries (R thousand)	1 041	1 378	1 600	1 600	1 600	1 600	1 635
Households receiving bursaries (headcount)	–	14	10	20			

Table 10.C Summary of conditional grants to provinces and municipalities¹

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Conditional grants to provinces							
Technical Support and Development Finance							
Infrastructure grant to provinces	–	1 089 683	–	–	–	–	–
Total	–	1 089 683	–	–	–	–	–
Conditional grants to municipalities							
Technical Support and Development Finance							
Integrated city development grant	–	–	–	40 000	255 000	266 000	292 950
Local government financial management grant	364 589	423 641	402 753	424 798	449 138	469 799	494 698
Neighbourhood development partnership grant	831 789	738 393	578 132	598 041	591 179	600 000	631 800
Infrastructure skills development grant	–	–	75 460	98 500	104 425	129 226	138 725
Total	1 196 378	1 162 034	1 056 345	1 161 339	1 399 742	1 465 025	1 558 173

1. Detail provided in the Division of Revenue Act (2014).

Table 10.D Summary of donor funding

Donor	Project	Departmental programme	Period of commitment	Amount committed	Main economic classification	Spending focus	Audited outcome			Estimate 2013/14	Medium-term expenditure estimate		
							2010/11	2011/12	2012/13		2014/15	2015/16	2016/17
R thousand													
Foreign													
In cash													
Japan	Establish and operationalise a management information system	Public Finance and Budget Management	3 years	302	Goods and services	Development cooperation information system upgrade	80	124	30	20	48	–	–
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	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	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	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	1 413	84	77	–	–	–	–
European Union	Financial management improvement programme (II)	Financial Accounting and Supply Chain Management Systems	2 years	9 266	Compensation of employees	Salaries for project management of the programme	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	10 717	Goods and services	Leverage off the official development assistance programme to improve outcome orientated delivery systems	–	–	2 014	3 280	2 500	1 800	900
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	–	–	–	–
European Union	Capacity building	Financial Accounting and Supply Chain Management Systems	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 Accounting and Supply Chain Management Systems	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	–
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	–	–	–

Table 10.D Summary of donor funding

Donor	Project	Departmental programme	Period of commitment	Amount committed	Main economic classification	Spending focus	Audited outcome			Estimate 2013/14	Medium-term expenditure estimate		
							2010/11	2011/12	2012/13		2014/15	2015/16	2016/17
R thousand													
European Union	Capacity building	Financial Accounting and Supply Chain Management Systems	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 Accounting and Supply Chain Management Systems	3 years	3 150	Goods and services	Audits and evaluations	–	–	150	1 000	1 000	1 000	–
Flanders	Technical and management support programme	Financial Accounting and Supply Chain Management Systems	4 years	24 000	Goods and services	Technical and management support	–	–	2 000	7 000	7 000	8 000	–
Canada	Building a capable state	Public Finance and Budget Management	5 years	65 450	Goods and services	To assist the government of South Africa to improve service delivery and accountability within its administration and its public service	–	–	–	14 400	26 086	6 747	6 747
European Union	General advisory and policy support services	Technical Support and Development Finance	4 years	215 400	Goods and services	To strengthen the capability of Programme 8 to promote public services, by providing technical support for public institutional strengthening. Thereby contributing to an efficient, effective and development-oriented public service (Outcome 12)	–	–	21 800	58 500	74 100	61 000	–
In kind													
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	3 268	–	–	–	–	–	–
Deutsche Gesellschaft für Internationale Zusammenarbeit	Strengthening local government programme	Financial Accounting and Supply Chain Management Systems	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	–	–	–	–
Belgian Technical Cooperation	Public finance management capacity building	Financial Accounting and Supply Chain Management Systems	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 Accounting and Supply Chain Management Systems	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 Accounting and Supply Chain Management Systems	2 years	2 000	Goods and services	Monitoring and evaluation framework for capacity building in public finance management	–	–	1 500	500	–	–	–

Table 10.D Summary of donor funding

Donor	Project	Departmental programme	Period of commitment	Amount committed	Main economic classification	Spending focus	Audited outcome			Estimate 2013/14	Medium-term expenditure estimate		
							2010/11	2011/12	2012/13		2014/15	2015/16	2016/17
R thousand													
The World Bank	Assessment tool for joint supply chain management	Financial Accounting and Supply Chain Management Systems	2 months	250	Goods and services	Assessment tool for joint supply chain management	–	–	250	–	–	–	–
The World Bank	Development of integrated financial management system	Financial Accounting and Supply Chain Management Systems	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	Governance support programme	Financial Accounting and Supply Chain Management Systems	4 years	–	Goods and services	Support the Office of the Accountant General and Office of the Chief Procurement Officer on Public Finance Management	–	–	–	1 000	–	–	–
European Union	Official development assistance programme (II)	Public Finance and Budget Management	3 years	56 283	Goods and services	Leverage off the official development assistance programme to improve outcome orientated delivery systems	–	–	–	–	18 761	18 761	18 761
Total				840 858			22 225	14 106	44 941	168 330	203 025	170 848	26 408

Table 10.E Summary of expenditure on infrastructure

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2010/11	2011/12	2012/13		2013/14	2014/15	2015/16
R thousand										
Departmental infrastructure										
Integrated financial management system	Replace outdated systems with those that comply with the Public Finance Management Act (1999)	Various	4 311 000	169 705	79 552	152 584	166 231	174 149	180 301	217 302
38 Church Square	Refurbishment of office accommodation to create a better working environment	Various	5 000	–	–	–	5 000	–	–	–
Infrastructure transfers to other spheres, agencies and departments										
Neighbourhood development partnership grant	Long term township regeneration planning, catalytic and third party nodal development	Various	9 000 000	831 789	738 393	578 132	598 041	591 179	600 000	631 800
Neighbourhood development partnership grant	Long term township regeneration planning, catalytic and third party nodal development	Various	1 000 000	50 000	70 000	80 000	55 000	58 300	55 000	52 000
Total			14 316 000	1 051 494	887 945	810 716	824 272	823 628	835 301	901 102



BUDGET 2014

ESTIMATES OF NATIONAL EXPENDITURE

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