

Estimates of Public Expenditure

2009

Transport

**National Treasury
Republic of South Africa**



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Vote 33

Transport

Budget summary

R thousand	2009/10				2010/11	2011/12
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	231 023	220 925	8 475	1 623	230 753	235 291
Transport Policy and Economic Regulation	51 592	51 102	–	490	52 083	54 766
Transport Regulation and Accident and Incident Investigation	195 580	183 447	11 507	626	207 997	224 190
Integrated Planning and Inter-sphere Coordination	8 855 424	116 120	8 738 696	608	11 908 301	13 444 044
Transport Logistics and Corridor Development	31 809	31 755	–	54	38 992	40 288
Public Transport	14 191 689	164 604	14 026 952	133	12 953 416	13 829 382
Public Entity Oversight and Border Operations and Control	177 712	26 411	151 143	158	88 755	92 980
Total expenditure estimates	23 734 829	794 364	22 936 773	3 692	25 480 297	27 920 941
Executive authority	Minister of Transport					
Accounting officer	Director-General of Transport					
Website address	www.transport.gov.za					

Aim

The aim of the Department of Transport is to lead the provision of an integrated, sustainable, reliable and safe transport system, through safety and economic regulation, planning, development, coordination, promotion and the implementation of transport policies and strategies.

Programme purposes

Programme 1: Administration

Purpose: Coordinate and provide an effective and efficient strategic support and administrative service to the Minister, Director-General and department.

Programme 2: Transport Policy and Economic Regulation

Purpose: Develop integrated transport policies and appropriate legislation, ensure regulatory efficiency and manage research and development.

Programme 3: Transport Regulation and Accident and Incident Investigation

Purpose: Create an enabling regulatory environment in the areas of safety and security and environmental compliance, and manage accident and incident investigations in all modes of transport.

Programme 4: Integrated Planning and Inter-sphere Coordination

Purpose: Manage integrated planning and facilitate inter-sphere coordination for transport infrastructure and operations.

Programme 5: Transport Logistics and Corridor Development

Purpose: Manage the implementation of the transport logistics strategy using intelligent information to promote the development of freight corridors and ensure efficient operations and regional integration.

Programme 6: Public Transport

Purpose: Develop practices and norms that will increase access to appropriate and quality public transport that meets the socioeconomic needs of both rural and urban passengers.

Programme 7: Public Entity Oversight and Border Operations and Control

Purpose: Develop appropriate mandates and monitoring and evaluation mechanisms to oversee public entities and border operations and control.

Strategic overview: 2005/06 – 2011/12

The Department of Transport plays a pivotal role in optimising the contribution of transport to the economic and social development goals of the country by providing fully integrated transport operations and infrastructure.

Strategic objectives over the medium term

In support of these goals, over the medium term, the department will prioritise the following strategic objectives: improve access to affordable public transport; streamline the freight logistics network along key corridors by promoting infrastructure investment and improved operational efficiency; develop the regulatory system and capacity required to ensure that operators in the transport sector meet the required safety and security standards; reduce road accident fatalities; optimise resources and promote efficiencies within the transport sector; ensure a balance between the role of rail and road both for passengers and freight; promote the role of ports in international trade and economic development, thus reducing the carbon footprint of the transport sector.

Key focus areas

The public transport strategy

Approved by Cabinet in 2007, the public transport strategy calls for the development of integrated public transport networks to increase transport efficiencies generally and make improvements to existing services. The strategy highlights the need for a decisive and phased shift from the current operator controlled, route based system to integrated rapid transport networks, supported by scheduled feeder and distribution services. Implementing the taxi recapitalisation project and the national passenger rail plan, and transforming and optimising current bus subsidised services, are key to achieving this new model of transport. The public transport operations grant has been created to clarify intergovernmental responsibilities towards public transport operational support.

In support of the public transport strategy, in 2008, the department tabled the National Land Transport Bill in Parliament. The aim of the bill is to ensure intergovernmental functional alignment between the planning, regulation and management functions of public transport road and rail services.

Streamlining freight transport

To facilitate greater efficiencies and reduced costs for freight transport, the department is updating the freight logistics database. A key area of focus is the Durban-Gauteng corridor, which will enhance the cost-efficient movement of consumer and export goods between Gauteng and KwaZulu-Natal.

Reducing road fatalities

The department continues to focus its efforts on reducing road fatalities by 50 per cent by 2014, and expects the already improving trend to continue over the medium term. The national road safety strategy of 2006 was reviewed in November 2008 in preparation for the 2015 road safety strategy. The overarching objective of the strategy is to coordinate diverse interventions to reduce road accidents, through intensified and integrated law enforcement, road safety education and communication programmes.

The Road Accident Fund

The Road Accident Fund Amendment Act (2005) was promulgated with effect from August 2008. The department developed a draft no-fault based framework, in preparation of the necessary legislative changes and alignment to the comprehensive social security framework.

Road infrastructure strategic framework

The implementation of the road infrastructure strategic framework and its action plan will be intensified over the medium term to assess, prioritise and reclassify the road network, transfer roads to the South African National Roads Agency, and roll out the programme for labour intensive road construction and maintenance in partnership with the Department of Public Works.

Long distance passenger services

The Legal Succession to the South African Transport Services Amendment Act (2008) provides for the incorporation of Autopax and Shosholozza Meyl into the South African Rail Commuter Corporation and the creation of a new company called the Passenger Rail Agency of South Africa. The new structure will allow for integrated long distance and rural passenger services.

Air and sea transport

The draft maritime policy, which provides a framework for maritime regulation and ship registration legislation, has been approved for consultation. The Civil Aviation Bill (2008) was submitted to Parliament to ensure compliance with the International Civil Aviation Organisation and the Federal Aviation Authority safety standards.

Selected performance and operations indicators

Table 33.1 Transport

Indicator	Programme	Past			Current	Projections		
		2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Total number of integrated rapid public transport networks and operational plans developed in metros and large cities	Public Transport	0	0	0	5	9	12	12
Number of taxis scrapped each year	Public Transport	–	2 000	11 400	9 180	11 901	8 807	7 858
Number of fatal road accidents each year	Transport Regulation and Accident and Incident Investigation	11 826	12 577	11 653	10 488	9 439	8 495	7 646
Number of credit card format driving licences manufactured and delivered each year	Transport Regulation and Accident and Incident Investigation	1.5 million	1.6 million	1.6 million	1.6 million	1.7 million	1.8 million	1.9 million
Number of bicycles procured and distributed each year	Integrated Planning and Inter-sphere Coordination	9 100	10 690	5 980	21 600	12 338	12 331	12 305
Total number of districts with improved rural transport in 15 integrated sustainable rural development nodes	Integrated Planning and Inter-sphere Coordination	–	3	6	10	11	13	15

Expenditure estimates

Table 33.2 Transport

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
R thousand								
1. Administration	115 079	156 045	182 284	245 165	236 666	231 023	230 753	235 291
2. Transport Policy and Economic Regulation	33 269	19 052	17 586	47 211	24 425	51 592	52 083	54 766
3. Transport Regulation and Accident and Incident Investigation	207 670	187 577	209 589	432 563	428 563	195 580	207 997	224 190
4. Integrated Planning and Inter-sphere Coordination	2 038 722	3 103 543	5 226 216	8 767 012	8 459 970	8 855 424	11 908 301	13 444 044
5. Transport Logistics and Corridor Development	7 710	17 918	12 983	35 076	25 489	31 809	38 992	40 288
6. Public Transport	5 186 498	9 745 224	10 516 590	12 277 229	12 281 729	14 191 689	12 953 416	13 829 382
7. Public Entity Oversight and Border Operations and Control	2 820 944	131 083	166 379	2 688 584	2 685 464	177 712	88 755	92 980
Total	10 409 892	13 360 442	16 331 627	24 492 840	24 142 306	23 734 829	25 480 297	27 920 941
Change to 2008 Budget estimate				3 984 312	3 633 778	1 322 855	1 749 938	3 123 583

Economic classification

Current payments	412 747	558 949	580 111	1 044 394	984 974	794 364	775 464	815 664
Compensation of employees	96 852	111 192	131 323	230 190	186 039	212 798	208 867	221 272
Goods and services	314 538	447 697	441 710	814 204	798 923	581 566	566 597	594 392
<i>of which:</i>								
Administrative fees	555	288	1 427	1 503	1 503	2 010	2 109	2 149
Advertising	7 737	35 927	19 676	22 391	22 391	31 859	31 516	31 954
Assets less than R5 000	680	2 119	1 532	2 917	2 917	3 725	3 659	3 798
Audit costs: External	3 338	3 514	4 578	3 347	3 347	5 830	5 901	5 863
Bursaries: Employees	304	400	436	319	319	555	562	558
Catering: Departmental activities	916	1 112	780	1 175	1 175	1 410	1 384	1 436
Communication	5 132	5 427	7 064	6 752	4 752	10 522	10 677	10 737
Computer services	4 959	4 693	7 631	8 208	6 208	9 744	9 811	10 187
Consultants and professional services: Business and advisory services	187 736	300 271	339 535	692 837	690 556	415 191	400 041	424 221
Consultants and professional services: Infrastructure and planning	2	2	–	–	–	–	–	–
Consultants and professional services: Legal costs	1 541	831	1 707	1 258	1 258	2 166	2 194	2 183
Contractors	8 236	8 775	–	–	–	–	–	–
Agency and support / outsourced services	37 989	32 652	–	–	–	–	–	–
Entertainment	247	353	347	254	254	442	447	444
Inventory: Materials and supplies	155	2	16	24	24	41	42	43
Inventory: Other consumables	235	761	589	522	522	828	835	839
Inventory: Stationery and printing	6 754	5 296	5 845	9 622	9 622	13 408	13 357	13 819
Lease payments	2 666	13 730	14 228	11 803	7 803	20 078	20 267	20 267
Owned and leasehold property expenditure	563	616	1	1	1	1	1	1
Transport provided: Departmental activities	–	–	4 079	4 546	4 546	6 520	6 574	6 684
Travel and subsistence	28 755	22 436	26 836	40 638	35 638	48 039	48 067	49 942
Training and development	1 799	2 000	3 147	2 301	2 301	4 007	4 057	4 029
Operating expenditure	2 415	3 523	949	958	958	1 470	1 500	1 522
Venues and facilities	11 824	2 969	1 307	2 828	2 828	3 720	3 596	3 716
Financial transactions in assets and liabilities	1 357	60	7 078	–	12	–	–	–

Table 33.2 Transport (continued)

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
R thousand								
Economic classification								
Transfers and subsidies	9 973 457	12 763 978	15 748 279	23 444 952	23 151 335	22 936 773	24 663 269	27 048 730
Provinces and municipalities	242 016	3 759 102	4 203 411	7 519 162	7 219 162	8 836 993	8 514 906	9 313 340
Departmental agencies and accounts	4 567 732	2 459 508	3 688 879	6 828 493	6 834 493	5 958 099	7 032 311	8 199 894
Universities and technikons	6 684	10 085	9 165	7 796	7 796	8 178	8 669	9 189
Public corporations and private enterprises	5 142 430	6 420 207	7 267 194	8 611 421	8 611 421	7 482 393	8 588 206	9 031 979
Foreign governments and international organisations	2 754	2 846	3 580	4 871	4 871	5 114	5 420	5 745
Non-profit institutions	11 305	12 186	3 830	14 093	14 093	15 109	16 017	16 978
Households	536	100 044	572 220	459 116	459 499	630 887	497 740	471 605
Payments for capital assets	23 688	37 515	3 237	3 494	5 997	3 692	41 564	56 547
Buildings and other fixed structures	10 323	–	–	–	–	–	37 650	52 399
Machinery and equipment	13 365	37 515	3 237	3 494	5 997	3 692	3 914	4 148
Total	10 409 892	13 360 442	16 331 627	24 492 840	24 142 306	23 734 829	25 480 297	27 920 941

Expenditure trends

Departmental expenditure increased from R10.4 billion in 2005/06 to R24.1 billion in 2008/09, at an average annual rate of 32.4 per cent. This growth was mainly driven by the introduction of the public transport infrastructure and systems grant and the Gautrain rapid rail link grant, once-off transfers to the Road Accident Fund of R2.7 billion in 2005/06 and R2.5 billion in 2008/09, and increased allocations for passenger rail infrastructure. In addition, infrastructure spending increased as a result of the maintenance and upgrading of the national road network, from R1.8 billion in 2005/06 to R4.2 billion in 2008/09, at an average annual rate of 33.4 per cent. In 2008/09, disaster management funding was allocated to KwaZulu-Natal and Western Cape for roads, bridges and stormwater damage caused by floods.

These once-off allocations and extraordinary transfers to the Road Accident Fund, the disaster management grants, and the introduction and phasing out of the grant for the Gautrain rapid rail link in 2011/12 distort the trends in expenditure growth, reflecting an average annual increase of only 4.5 per cent over the MTEF period. Expenditure excluding these transfers, is expected to increase by 16.7 per cent from 2008/09 to 2011/12.

Allocations to the South African National Roads Agency continue over the medium term at an average annual growth rate of 24.9 per cent, as do investments in public transport infrastructure and rail infrastructure at an average annual growth rate of 17.5 per cent and 17.1 per cent respectively.

Additional allocations over the medium term include:

- R100 million in 2010/11 and R800 million in 2011/12 to the South African National Roads Agency for road maintenance and infrastructure
- R200 million, R212 million and R224.7 million for the public transport operations grant towards bus subsidies
- R100 million in 2010/11 and R500 million in 2011/12 to the South African Rail Commuter Corporation for passenger rail infrastructure
- R225 million in 2009/10 for the Gautrain rapid rail link
- R200 million, R100 million and R50 million for the scrapping of old taxi vehicles
- R13 million over the MTEF period for the Railway Safety Regulator to strengthen its regulatory function.

Inflationary adjustments for the South African National Roads Agency, the South African Rail Commuter Corporation, the public transport operations grant, the public transport infrastructure grant and the Gautrain rapid rail link grant amount to R4 billion over the MTEF period. Over the same period, additional allocations of R21.3 million and R10 million are made for compensation of employees and payments for capital assets respectively.

Efficiency savings of R557.1 million have been identified over the MTEF period. Expenditure in goods and services comprises 24.3 per cent of savings, while the remaining 75.7 per cent relates to savings in transfers to the following entities: the Ports Regulator, the Road Traffic Management Corporation, the South African Civil Aviation Authority, the South African Maritime Safety Authority, the South African National Roads Agency and the South African Rail Commuter Corporation.

Departmental receipts

Departmental receipts are mainly derived from dividends received from the Airports Company of South Africa, and share revenue from salvage tugs that provide oil pollution prevention services. The department received dividends of R100.7 million from the Airports Company of South Africa in 2007/08. No dividends have been declared for 2008/09.

In 2008/09, the department received R140.9 million in the form of transaction fees from the driving licence testing centres for maintenance of the electronic national traffic information system.

Table 33.3 Departmental receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
Departmental receipts	235 673	330 424	362 450	186 528	153 654	122 076	127 797	137 425
Sales of goods and services produced by department	12 370	9 662	9 906	10 688	12 342	11 303	11 982	12 580
Sales of scrap, waste, arms and other used current goods	1	–	–	–	–	–	–	–
Fines, penalties and forfeits	36	46	16	–	–	–	–	–
Interest, dividends and rent on land	221 763	231 617	109 069	150 340	405	110 400	115 420	124 430
Sales of capital assets	87	–	–	–	–	–	–	–
Financial transactions in assets and liabilities	1 416	89 099	243 459	25 500	140 907	373	395	415
Extraordinary receipts	–	667 661	–	–	–	–	–	–
Special restructuring proceeds from Airports Company of South Africa	–	667 661	–	–	–	–	–	–
Total	235 673	998 085	362 450	186 528	153 654	122 076	127 797	137 425

Programme 1: Administration

Table 33.4 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R thousand							
Minister ¹	843	1 297	1 050	1 019	1 735	1 832	1 936
Management	43 601	72 318	81 572	87 993	94 751	91 277	94 531
Corporate Services	59 284	70 777	87 235	141 911	119 653	121 272	121 468
Property Management	11 351	11 653	12 427	14 242	14 884	16 372	17 356
Total	115 079	156 045	182 284	245 165	231 023	230 753	235 291
Change to 2008 Budget estimate				60 328	(8 007)	(6 496)	(12 905)

1. From 2008/09, the current payments relating to the total remuneration package of political office bearers are shown, before this, only salary and car allowance are included. Administrative and other subprogramme expenditure may in addition include payments for capital assets as well as transfers and subsidies.

Table 33.4 Administration (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Economic classification							
Current payments	106 231	144 440	170 583	235 544	220 925	220 048	223 944
Compensation of employees	37 726	46 569	55 679	93 996	83 496	80 926	85 725
Goods and services	68 133	97 856	113 604	141 548	137 429	139 122	138 219
of which:							
Administrative fees	152	108	918	671	1 169	1 183	1 176
Advertising	4 925	26 439	16 095	11 765	20 495	20 748	20 613
Assets less than R5 000	99	910	411	300	523	530	526
Audit costs: External	3 338	3 514	4 578	3 347	5 830	5 901	5 863
Bursaries: Employees	304	400	436	319	555	562	558
Catering: Departmental activities	267	870	363	265	462	468	465
Communication	3 553	4 289	6 175	4 514	7 863	7 960	7 908
Computer services	1 427	2 153	2 893	2 115	3 684	3 729	3 705
Consultants and professional services: Business and advisory services	30 592	22 236	44 764	91 224	49 769	50 382	50 056
Consultants and professional services: Legal costs	311	826	1 687	1 233	2 148	2 175	2 161
Contractors	4 376	6 150	–	–	–	–	–
Agency and support / outsourced services	1 124	150	–	–	–	–	–
Entertainment	246	353	347	254	442	447	444
Inventory: Materials and supplies	–	2	6	4	8	8	8
Inventory: Other consumables	172	747	537	393	684	692	688
Inventory: Stationery and printing	1 833	2 308	2 668	1 950	3 397	3 439	3 417
Lease payments	1 197	12 885	13 508	9 875	17 201	17 413	17 300
Owned and leasehold property expenditure	409	416	–	–	–	–	–
Transport provided: Departmental activities	–	–	3 053	2 232	3 888	3 936	3 910
Travel and subsistence	10 836	8 467	10 673	7 802	13 591	13 758	13 669
Training and development	1 745	1 750	3 147	2 301	4 007	4 057	4 029
Operating expenditure	694	1 956	723	529	921	932	926
Venues and facilities	533	927	622	455	792	802	797
Financial transactions in assets and liabilities	372	15	1 300	–	–	–	–
Transfers and subsidies	7 185	10 580	9 626	8 078	8 475	8 984	9 523
Provinces and municipalities	139	36	–	–	–	–	–
Departmental agencies and accounts	105	105	135	166	175	186	197
Universities and technikons	6 684	10 085	9 165	7 796	8 178	8 669	9 189
Households	257	354	326	116	122	129	137
Payments for capital assets	1 663	1 025	2 075	1 543	1 623	1 721	1 824
Machinery and equipment	1 663	1 025	2 075	1 543	1 623	1 721	1 824
Total	115 079	156 045	182 284	245 165	231 023	230 753	235 291
Details of transfers and subsidies							
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	139	36	–	–	–	–	–
Regional Services Council levies	139	36	–	–	–	–	–
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	105	105	135	166	175	186	197
Transport Education and Training Authority	105	105	135	166	175	186	197
Universities and technikons							
Current	6 684	10 085	9 165	7 796	8 178	8 669	9 189
Universities of Pretoria, KwaZulu-Natal and Stellenbosch	6 684	10 085	9 165	7 796	8 178	8 669	9 189
Households							
Social benefits							
Current	257	354	326	116	122	129	137
Leave gratuity	257	354	326	116	122	129	137

Expenditure trends

Expenditure grew at an average annual rate of 28.7 per cent between 2005/06 and 2008/09, increasing from R156 million in 2006/07 to R182.3 million in 2007/08 due to the reprioritisation of funds from other programmes to cater for October Transport Month, World Remembrance Day, Arrive Alive campaigns and national land transport infrastructure system maintenance. Expenditure in goods and services increased by 16.1 per cent from R97.9 million in 2006/07 to R113.6 million in 2007/08, mainly due to payments made to organisers of these events.

Expenditure increased to R245.2 million in 2008/09 due to the reprioritisation of funds amounting to R51.4 million for communication campaigns, the development of information systems, security, recruitment campaigns and capacity development within the transport sector. An amount of R5 million was rolled over to fund commitments relating to the Arrive Alive campaign, and an additional R18.3 million was allocated to fund increases in compensation of employees. Over the MTEF period, expenditure decreases at an average annual rate of 1.4 per cent due to these shifts, additions and rollovers in 2008/09.

Programme 2: Transport Policy and Economic Regulation

- *Transport Policy Analysis* ensures that transport policy is developed, analysed and implemented, and monitors the impact and performance of the transport system.
- *Transport Economic Analysis* collates and analyses critical supply and demand data for all modes of transport, and provides economic data for the department's priority areas.
- *Legislation* collates and converts information from policies into legislation.
- *Research and Development* promotes innovation and technology and the advancement of transport services and operations through research and knowledge management.
- *Administration Support*.
- *Economic Regulation* develops and refines regulatory strategies on competition, pricing and investment to improve the overall performance of the transport system.

Funding in all subprogrammes is disbursed in accordance with supply chain management principles.

Objectives and measures

- Monitor the impact and efficiency of the transport system by developing a performance indicator database by March 2011.
- Improve research and development in the transport sector by implementing the national innovative research and development programme and creating centres of excellence by November 2009.

Service delivery and spending focus

The department focused on strengthening policy outcomes by developing specific policies for maritime transport, rail economic regulation and non-motorised transport, as well as preliminary policy work on scholar transport. The Integrated Transport Sector Broad Based Black Economic Empowerment Charter was launched in October 2008 and submitted to the Department of Trade and Industry for gazetting under the Broad Based Black Economic Empowerment Act (2003).

Research studies were commissioned on the reduction of transport costs, the socioeconomic impact of the 2010 FIFA World Cup, and the impact of transport subsidies on the economy. A transport performance indicators framework was approved by the minister in 2007. The first draft of the baseline study has been developed.

The following pieces of legislation have been drafted: the Cross Border Amendment Act (2008), the Air Services Licensing Amendment Act (2008), the Legal Succession to the South African Transport Services Amendment Act (2008), the National Road Traffic Amendment Bill (2008), the National Land Transport Bill (2008), the Civil Aviation Bill (2008) and the National Railway Safety Regulator Amendment Bill (2008).

Over the MTEF period, the department aims to update the national household travel survey, review the National White Paper on Transport and various policy issues relating to non-motorised transport, rail infrastructure standards and emissions policy. The programme will also develop a framework for the creation of a single transport economic regulator.

Expenditure estimates

Table 33.5 Transport Policy and Economic Regulation

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R thousand							
Transport Policy Analysis	6 622	3 650	5 634	7 733	8 061	8 106	8 592
Transport Economic Analysis	4 042	8 048	5 852	10 849	10 821	10 855	11 506
Legislation	3 791	1 171	1 602	3 491	3 624	3 642	3 860
Research and Development	4 418	4 470	2 927	8 530	8 126	8 168	8 658
Administration Support	14 396	1 552	1 571	6 684	6 128	6 272	6 635
Economic Regulation	–	161	–	9 924	14 832	15 040	15 515
Total	33 269	19 052	17 586	47 211	51 592	52 083	54 766
Change to 2008 Budget estimate				9 478	(632)	(640)	(5 689)

Economic classification

	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Current payments	32 563	18 843	17 308	46 775	51 102	51 563	54 215
Compensation of employees	14 215	12 676	12 507	24 894	24 404	24 099	25 532
Goods and services	18 346	6 166	4 799	21 881	26 698	27 464	28 683
<i>of which:</i>							
Administrative fees	38	–	7	22	41	42	44
Advertising	957	190	451	1 409	2 641	2 717	2 837
Assets less than R5 000	28	368	35	109	205	211	220
Catering: Departmental activities	109	19	50	156	293	301	315
Communication	253	90	92	287	539	554	579
Computer services	859	152	153	478	896	922	963
Consultants and professional services: Business and advisory services	3 302	2 092	1 372	11 173	6 629	6 820	7 122
Contractors	1 119	206	–	–	–	–	–
Entertainment	1	–	–	–	–	–	–
Inventory: Materials and supplies	148	–	–	–	–	–	–
Inventory: Other consumables	48	–	13	41	76	78	81
Inventory: Stationery and printing	1 299	275	719	2 248	4 210	4 331	4 524
Lease payments	87	123	113	353	662	681	711
Owned and leasehold property expenditure	16	9	–	–	–	–	–
Transport provided: Departmental activities	–	–	124	387	726	747	780
Travel and subsistence	1 736	1 671	1 531	4 784	8 966	9 223	9 632
Training and development	–	143	–	–	–	–	–
Operating expenditure	71	230	48	150	281	289	302
Venues and facilities	8 275	598	91	284	533	548	573
Financial transactions in assets and liabilities	2	1	2	–	–	–	–
Transfers and subsidies	86	72	176	–	–	–	–
Provinces and municipalities	39	21	–	–	–	–	–
Households	47	51	176	–	–	–	–
Payments for capital assets	620	137	102	436	490	520	551
Machinery and equipment	620	137	102	436	490	520	551
Total	33 269	19 052	17 586	47 211	51 592	52 083	54 766

Table 33.5 Transport Policy and Economic Regulation (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Details of transfers and subsidies							
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	39	21	-	-	-	-	-
Regional Services Council levies	39	21	-	-	-	-	-
Households							
Social benefits							
Current	47	51	176	-	-	-	-
Leave gratuity	47	51	176	-	-	-	-

Expenditure trends

Expenditure in the *Transport Policy and Economic Regulation* programme grew at an average annual rate of 12.4 per cent between 2005/06 and 2008/09 due to a restructuring exercise that entailed shifting the *Economic Regulation* subprogramme to the *Transport Policy and Economic Regulation* programme.

In 2005/06, expenditure in administration support was higher than the norm as a result of a R13.4 million rollover and the reprioritisation of savings from other programmes to fund goods and services expenditure for the air transport conference of the African Union hosted by South Africa in May 2005.

Expenditure within the programme decreased from R19.1 million in 2006/07 to R17.6 million in 2007/08, as less outsourcing was needed for policy development than initially anticipated. Low expenditure in 2006/07 and 2007/08 was also due to underspending, particularly in the goods and services budget. Underspending increased from 2005/06 to 2007/08 at 19.5 per cent, 31.5 per cent and 39.4 per cent respectively.

Expenditure over the medium term is expected to stabilise at an average annual rate of 5.1 per cent from R47.2 million in 2008/09 to R54.8 million in 2011/12. Expenditure growth from 2008/09 onwards is mainly due to the reprioritisation of funds for the development of the Rail Economic Regulator, and increased expenditure on consultants.

Programme 3: Transport Regulation and Accident and Incident Investigation

- *Road Transport Regulation* enables, coordinates and promotes activities that include: the review and development of road transport legislation; the development of standards and guidelines; the management of safety information systems and programmes; the management of the national traffic information system; and the oversight of the national driving licence and vehicle testing centres, as well as the transport of dangerous goods inspectorates.
- *Civil Aviation Regulation* facilitates the development of an economically viable air transport industry that is safe, secure, efficient, environmentally friendly and compliant with international standards. It creates an enabling regulatory environment for promoting and developing domestic and international air transport for passengers and freight.
- *Maritime Regulation* facilitates the development of an economically viable maritime industry that is safe, secure, efficient, environmentally friendly and compliant with international standards. It creates an enabling environment for promoting and developing international and domestic maritime transport for passengers and freight and an oil pollution prevention service.
- *Rail Transport Regulation* develops, implements and maintains strategies and regulatory frameworks to ensure improved safety and efficiency in rail passenger and freight transport.
- *Accident and Incident Investigation* collects, maintains and analyses data, and distributes regular reports on accidents and incidents in all modes of transport. It further facilitates search and rescue services.

- *Administration Support.*

Funding for the maintenance and upgrading of the national traffic information system is allocated during the adjusted Budget based on transaction fees collected by registering authorities and vehicle licencing centres and surrendered to the National Revenue Fund. The Road Traffic Management Corporation monitors and reconciles these transactions.

Funding for goods and services in the regulation subprogrammes is allocated in accordance with supply chain management principles, while service level agreements guide the allocation of funds for search and rescue services in the *Accident and Incident Investigation* subprogramme.

Objectives and measures

- Reduce road accident fatalities and serious injuries by 50 per cent in line with the millennium development goals by implementing the 2006 road safety strategy and managing the national traffic information system.
- Develop a safe, secure, and environmentally friendly aviation industry by developing regulations aimed at ensuring compliance with International Civil Aviation Organisation standards.
- Develop a safe, secure, environmentally friendly, and efficient maritime industry by developing regulations aimed at ensuring compliance with International Maritime Organisation mandatory instruments, and national legislation.

Service delivery and spending focus

A ministerial task team was appointed in 2007 to ensure the integrity of the aviation safety oversight system. It managed to retain the Category 1 status for the Civil Aviation Authority, conferred by the United States Federal Aviation Authority, and exceed standards set by the International Civil Aviation Organisation. In line with the national airlift strategy, approved by Cabinet in 2006, there has been a substantial increase in air traffic frequency capacity, mainly to support the tourism industry. At the third India-Brazil-South Africa Dialogue Forum that took place in October 2008, a 5-year action plan on civil aviation was signed, aimed at greater cooperation in the sector.

In 2007 the department drafted legislation and regulations in support of the International Maritime Organisation's conventions on oil pollution preparedness, response and cooperation, and the control and management of ships' ballast water and sediments. The department is in the process of developing maritime transport security legislation. New port limits were published for public comment in November 2008.

The department has supported the drafting of the Railway Safety Regulator Amendment Act by the Railway Safety Regulator. Moreover, an updated safety permit schedule of fees for 2009/10 was published in December 2008.

The functionality of the national traffic information system has been improved with the introduction of a computerised learner licence test system, and the national contravention register, which is now operational in the Tshwane metropolitan municipality. Training has been provided to registering authorities, drivers licence testing centres and vehicle testing centres.

Over the MTEF period, the programme will continue its focus on improving maritime safety and security, supporting the airlift strategy to ensure greater capacity in meeting regional demand, improving monitoring of compliance with dangerous goods regulations, and improving online capabilities of the electronic national traffic information system.

Expenditure estimates

Table 33.6 Transport Regulation and Accident and Incident Investigation

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R thousand							
Road Transport Regulation	106 973	78 523	94 958	283 751	56 730	62 662	70 155
Civil Aviation Regulation	12 130	12 916	20 534	18 539	19 392	19 668	20 847
Maritime Regulation	52 292	60 359	56 041	72 858	67 131	70 461	74 688
Rail Transport Regulation	350	342	635	5 757	6 001	6 275	6 652
Accident and Incident Investigation	26 055	30 391	34 935	39 115	40 134	42 280	44 817
Administration Support	9 870	5 046	2 486	12 543	6 192	6 651	7 031
Total	207 670	187 577	209 589	432 563	195 580	207 997	224 190
Change to 2008 Budget estimate				176 700	(6 905)	(7 534)	(2 966)

Economic classification

	199 305	178 548	199 645	420 982	183 447	195 153	210 575
Current payments							
Compensation of employees	21 522	22 575	26 645	39 777	35 084	34 890	36 963
Goods and services	176 800	155 929	169 177	381 205	148 363	160 263	173 612
<i>of which:</i>							
Administrative fees	204	180	226	283	209	225	244
Advertising	684	603	923	1 157	852	920	997
Assets less than R5 000	268	236	592	742	546	590	639
Catering: Departmental activities	171	151	215	269	198	214	232
Communication	531	468	389	488	359	388	420
Computer services	2 641	2 329	3 067	3 844	2 831	3 058	3 313
Consultants and professional services: Business and advisory services	124 249	109 582	151 873	359 515	132 389	143 008	154 920
Consultants and professional services: Infrastructure and planning	2	2	–	–	–	–	–
Consultants and professional services: Legal costs	–	–	20	25	18	19	22
Contractors	1 003	885	–	–	–	–	–
Agency and support / outsourced services	35 809	31 582	–	–	–	–	–
Inventory: Materials and supplies	–	–	9	11	8	9	10
Inventory: Other consumables	2	2	14	18	13	14	15
Inventory: Stationery and printing	1 784	1 573	1 404	1 760	1 297	1 401	1 517
Lease payments	537	474	302	379	279	301	326
Owned and leasehold property expenditure	92	81	1	1	1	1	1
Transport provided: Departmental activities	–	–	461	578	426	460	498
Travel and subsistence	7 400	6 526	9 482	11 886	8 754	9 455	10 243
Training and development	53	47	–	–	–	–	–
Operating expenditure	322	284	151	189	139	152	163
Venues and facilities	1 048	924	48	60	44	48	52
Financial transactions in assets and liabilities	983	44	3 823	–	–	–	–
Transfers and subsidies	7 938	8 407	9 464	11 009	11 507	12 181	12 912
Provinces and municipalities	57	5	–	–	–	–	–
Departmental agencies and accounts	4 300	4 558	4 786	5 023	5 236	5 533	5 865
Foreign governments and international organisations	2 754	2 846	3 580	4 871	5 114	5 420	5 745
Non-profit institutions	705	950	977	1 115	1 157	1 228	1 302
Households	122	48	121	–	–	–	–
Payments for capital assets	427	622	480	572	626	663	703
Machinery and equipment	427	622	480	572	626	663	703
Total	207 670	187 577	209 589	432 563	195 580	207 997	224 190

Table 33.6 Transport Regulation and Accident and Incident Investigation (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Details of transfers and subsidies							
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	57	5	-	-	-	-	-
Regional Services Council Levies	57	5	-	-	-	-	-
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	4 300	4 558	4 786	5 023	5 236	5 533	5 865
South African Maritime Safety Authority: Maritime Rescue Coordination Centre	4 300	4 558	4 786	5 023	5 236	5 533	5 865
Foreign governments and international organisations							
Current	2 754	2 846	3 580	4 871	5 114	5 420	5 745
Membership Fees: African Civil Aviation Commission	-	-	556	701	736	780	827
Membership Fees: Cospas Sarsat Contribution	242	259	298	315	331	351	372
Membership Fees: Indian Ocean Memorandum of Understanding	155	177	569	211	222	235	249
Membership Fees: International Civil Aviation Organisation	2 079	1 986	2 153	2 687	2 821	2 990	3 169
Membership Fees: International Maritime Organisation	278	424	4	957	1 004	1 064	1 128
Non-profit institutions							
Current	705	950	977	1 115	1 157	1 228	1 302
Hamnet	50	50	53	55	58	62	65
Mountain Club of South Africa	50	50	53	55	58	62	66
National Sea Rescue Institute	555	800	818	950	983	1 042	1 105
Off Road Rescue	50	50	53	55	58	62	66
Households							
Social benefits							
Current	122	48	121	-	-	-	-
Leave gratuity	122	48	121	-	-	-	-

Expenditure trends

Expenditure in this programme grew at an average annual rate of 27.7 per cent, from R207.7 million in 2005/06 to R432.6 million in 2008/09, due to increased expenditure on consultants, contractors and special services, as well as the rollover of funds of R8.3 million for oil pollution prevention services in 2008/09. Part of the expenditure on consultants, contractors and special services included a self-financing amount of R165 million generated from the electronic national traffic information system transaction fees on vehicle registrations, aimed at further developing and maintaining the new national traffic information system.

Expenditure on the previous national traffic information system was significantly higher in 2005/06, due to the combined expenditure related to the maintenance of the old system and the development of the new system, resulting in the reprioritisation of R18 million in 2005/06 to fund the shortfall.

The increase of 49.3 per cent in compensation of employees from 2007/08 to 2008/09 was due to substantial capacity building in the restructured *Rail Transport Regulation* subprogramme.

Total expenditure is expected to decrease at an average annual rate of 19.7 per cent from 2008/09 to 2011/12. This contraction is due to lower allocations for current payments. Expenditure on goods and services is expected to decrease at an average annual rate of 23.1 per cent from R381.2 million in 2008/09 to R173.6 million in 2011/12, at an average annual rate of 7.1 per cent, excluding the self-financing amount of R165 million in 2008/09. The reason for the decrease is the reprioritisation of the previous budget for the maintenance of the electronic national traffic information system of R65.5 million per year over the medium term to priorities in other programmes.

Expenditure recorded under financial transactions in assets and liabilities in 2007/08 was due to the write-off of irregular expenditure that could not be recovered.

Programme 4: Integrated Planning and Inter-sphere Coordination

- *Transport Planning* is responsible for: implementing the National Land Transport Transition Act (2000); providing planning support for and facilitating municipal and provincial transport plans; ensuring the restructuring of transport operations; and ensuring that transport plans are integrated across the three spheres of government. Support in the form of personnel is provided to municipalities based on memorandums of understanding with district municipalities.
- *Integrated Delivery Programme* supports key national programmes, such as the integrated sustainable rural development programme, the urban renewal programme, the rural transport programme, and the expanded public works programme. It is also responsible for establishing transport authorities and managing the Transport Appeal Tribunal. Funding for rural infrastructure is currently disbursed to district municipalities which have been identified as integrated sustainable rural development programme nodes.
- *Integrated Infrastructure and Network Development* reviews transport infrastructure plans, provides infrastructure planning support, develops frameworks and strategies for infrastructure development, implements support for infrastructure projects, coordinates and implements infrastructure provision, develop systems and processes for infrastructure management, and contributes to regional transport infrastructure development for all modes of transport. The subprogramme also oversees the South African National Roads Agency and funding for national non-toll roads is transferred to this entity. Funding for regional roads is transferred to provinces on the basis of international commitments through a conditional grant created for this purpose.
- *2010 Soccer World Cup Coordination* facilitates coordinated planning for transport infrastructure operations for the 2010 FIFA World Cup and beyond. This includes administering the public transport infrastructure and system grant to host cities. Allocations towards municipalities are project based and managed through memorandums of understanding.
- *Administration Support*

Objectives and measures

- Ensure integrated transport planning and operations by providing technical, financial and regulatory support to municipalities and provinces through monitoring and evaluation of urban and rural transport plans, including the implementation of the 2010 FIFA World Cup action plan.
- Improve infrastructure planning and management by implementing the road infrastructure strategic framework for South Africa, aimed at improving the condition of the road network in accordance with the framework's action plan, by March 2010.

Service delivery and spending focus

A number of reports were completed in 2008, including phase 1 status quo reports on the transport master plan, phase 2 reports on the estimation of travel demand, and land use reports. The provincial reports on the analysis of land use and transportation will be consolidated and released in 2009. The 3rd phase, which provides for the 2050 plan, will be finalised over the MTEF period.

A request for proposal on rural development mapping overlay on the geographic information system platform was completed and submitted to service providers in May 2008.

The National Land Transport Bill was tabled in Parliament in 2008. Minimum requirements for integrated transport planning have been developed in terms of the National Land Transport Transition Amendment Act (2000). These planning guidelines are formulated to assist municipalities and provinces in developing their respective plans. To capacitate municipalities, the department initiated a programme to locate transport planning coordinators at assistant director level within district municipalities.

The Gauteng Management Transport Authority was established by the province in terms of the relevant enabling provincial legislation.

As part of the implementation of the road infrastructure strategic framework, the following studies have been initiated: a direct impact of investment in key economic transport infrastructure, and the OR Tambo International Airport road transportation study. A pilot study on the Eastern Cape road network was concluded as a milestone within the reclassification of the road network project, and will be finalised over the medium term.

To achieve the objectives of the national overload control strategy, a 3-year grant has been developed in conjunction with National Treasury. Grant funds are currently being used for upgrading the weighbridge infrastructure facilities in Mpumalanga and Limpopo. In Mpumalanga, a project for the upgrade of weighbridge infrastructure was completed in October 2008. In Limpopo, the detailed design, planning and bill of quantities have been compiled, and construction works are set to begin in 2009/10.

Phase 1 A of the City of Johannesburg's Rea Vaya bus rapid transit system is currently under construction. It is expected to be operational by May 2009. The City of Cape Town has completed its detailed public transport operational plan, and is currently implementing phase 1A of its bus rapid transit system. Nelson Mandela Bay, Mbombela and eThekweni have developed integrated public transport plans in line with the public transport strategy.

A consolidated transport operations plan for 2010 was submitted to FIFA in June 2008, and options in terms of the business model will be finalised in the near future.

Expenditure estimates

Table 33.7 Integrated Planning and Inter-sphere Coordination

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R thousand							
Transport Planning	6 381	7 412	13 703	28 343	26 974	27 350	29 042
Integrated Delivery Programme	5 919	13 996	12 138	49 432	54 825	57 364	60 781
Integrated Infrastructure and Network Development	1 783 154	2 380 420	3 402 814	5 176 344	5 649 439	7 022 743	8 193 497
2010 Soccer World Cup Coordination	241 710	699 266	1 795 700	3 503 246	3 116 652	4 793 122	5 152 556
Administration Support	1 558	2 449	1 861	9 647	7 534	7 722	8 168
Total	2 038 722	3 103 543	5 226 216	8 767 012	8 855 424	11 908 301	13 444 044
Change to 2008 Budget estimate				997 559	167 172	606 967	1 481 416

Economic classification

	19 760	43 169	53 919	130 315	116 120	94 292	102 539
Current payments							
Compensation of employees	11 611	14 817	17 292	32 079	31 171	30 667	32 490
Goods and services	8 149	28 352	36 620	98 236	84 949	63 625	70 049
<i>of which:</i>							
Administrative fees	–	–	66	267	161	121	133
Advertising	429	1 560	1 555	6 301	3 797	2 844	3 131
Assets less than R5 000	19	267	243	985	593	444	489
Catering: Departmental activities	51	42	91	369	222	166	183
Communication	85	171	113	458	276	207	228
Computer services	14	32	24	97	59	44	48
Consultants and professional services: Business and advisory services	4 081	21 242	30 381	72 954	69 714	52 214	57 486
Contractors	855	670	–	–	–	–	–
Inventory: Other consumables	9	8	14	57	34	26	28
Inventory: Stationery and printing	440	446	573	2 322	1 399	1 048	1 154
Lease payments	98	121	135	547	330	247	273
Owned and leasehold property expenditure	9	104	–	–	–	–	–

Table 33.7 Integrated Planning and Inter-sphere Coordination (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Economic classification							
Current payments	19 760	43 169	53 919	130 315	116 120	94 292	102 539
<i>Transport provided: Departmental activities</i>	–	–	225	912	549	411	453
<i>Travel and subsistence</i>	1 837	3 171	2 842	11 516	6 940	5 198	5 722
<i>Training and development</i>	–	41	–	–	–	–	–
<i>Operating expenditure</i>	97	92	12	49	30	22	24
<i>Venues and facilities</i>	125	385	346	1 402	845	633	697
Financial transactions in assets and liabilities	–	–	7	–	–	–	–
Transfers and subsidies	1 998 239	3 025 153	5 171 970	8 636 143	8 738 696	11 775 714	13 288 422
Provinces and municipalities	241 745	518 030	1 174 000	4 253 169	2 472 393	4 311 213	5 160 108
Departmental agencies and accounts	1 756 479	2 328 075	3 521 929	4 172 974	5 801 545	6 964 501	8 128 314
Public corporations and private enterprises	–	179 000	476 000	210 000	464 758	500 000	–
Households	15	48	41	–	–	–	–
Payments for capital assets	20 723	35 221	327	554	608	38 295	53 083
Buildings and other fixed structures	10 323	–	–	–	–	37 650	52 399
Machinery and equipment	10 400	35 221	327	554	608	645	684
Total	2 038 722	3 103 543	5 226 216	8 767 012	8 855 424	11 908 301	13 444 044
Details of transfers and subsidies							
Provinces and municipalities							
Provinces							
Provincial revenue funds							
Capital	–	–	–	1 074 269	44 416	11 038	–
Sani pass roads grant	–	–	–	30 000	34 347	–	–
Overload control grant	–	–	–	8 796	10 069	11 038	–
Transport disaster management grant	–	–	–	1 035 473	–	–	–
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	35	10	–	–	–	–	–
Regional Services Council levies	35	10	–	–	–	–	–
Capital	241 710	518 020	1 174 000	3 178 900	2 427 977	4 300 175	5 160 108
Public transport infrastructure and systems grant	241 710	518 020	1 174 000	3 170 000	2 418 177	4 289 775	5 149 008
Rural transport grant	–	–	–	8 900	9 800	10 400	11 100
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	1 191 146	1 494 123	1 962 579	2 266 030	2 753 516	2 899 324	3 065 748
South African National Roads Agency Ltd	1 187 387	1 494 123	1 962 579	2 266 030	2 753 516	2 899 324	3 065 748
South African National Roads Agency Ltd: Non motorised transport (bicycle)	3 759	–	–	–	–	–	–
Capital	565 333	833 952	1 559 350	1 906 944	3 048 029	4 065 177	5 062 566
South African National Roads Agency Ltd	565 333	832 952	1 429 350	1 806 944	2 841 470	4 065 177	5 062 566
South African National Roads Agency Ltd: Public transport infrastructure and systems fund	–	–	130 000	100 000	206 559	–	–
Cross Border Road Transportation Agency: Public transport infrastructure and systems fund	–	1 000	–	–	–	–	–
Public corporations and private enterprises							
Public corporations							
Other transfers							
Capital	–	179 000	476 000	210 000	464 758	500 000	–
South African Rail Commuter Corporation: Public transport infrastructure and systems fund	–	179 000	476 000	210 000	464 758	500 000	–
Households							
Social benefits							
Current	15	48	41	–	–	–	–
Leave gratuity	15	48	41	–	–	–	–

Expenditure trends

Programme expenditure is dominated by transfer payments to the South African National Roads Agency in the *Integrated Infrastructure and Network Development* subprogramme and by the public transport infrastructure and systems grant in the *2010 Soccer World Cup Coordination* subprogramme.

Expenditure increased rapidly from R2 billion in 2005/06 to R8.8 billion in 2008/09, at an average annual rate of 62.6 per cent. The high growth rate was due to the introduction of the public transport infrastructure grant in 2005/06, a once-off allocation of R1 billion in 2008/09 from the disaster management grant for roads, bridges and stormwater damage caused by floods in KwaZulu-Natal and the Western Cape, and increases in allocations to the South African National Roads Agency. Allocations to the South African National Roads Agency increased from R1.8 billion to R4.2 billion at an annual average rate of 33.4 per cent. The public transport infrastructure grant increased from R241.7 million to R3.2 billion at an average annual rate of 136 per cent.

Over the medium term, expenditure in this programme grows from R8.8 billion in 2008/09 to R13.4 billion in 2011/12, at an average annual rate of 15.3 per cent (or 20.2 per cent if the once-off allocation from the disaster management grant is excluded). This strong growth is due to additional allocations to the South African National Roads Agency of R109.5 million, R269.3 million and R344.9 million for inflation related adjustments, and a further R900 million over the MTEF period for national roads. The public transport infrastructure and systems grant receives additional allocations of R119.2 million, R325.3 million and R416.6 million over the same period for inflation related adjustments. An allocation of R500 million towards the provision of intercity busses for the 2010 FIFA World Cup was shifted from local government to the South African Rail Commuter Corporation in 2010/11.

Expenditure on goods and services grew from R8.1 million in 2005/06 to R98.2 million in 2008/09 due to increased expenditure in 2008/09 on: the rural transport strategy at R29.3 million; the implementation of the road infrastructure strategic framework at R15.3 million; and the monitoring and evaluation of public transport infrastructure and systems projects for the 2010 FIFA World Cup at R20 million.

Expenditure on goods and services decreases in 2009/10 because of the re-allocation of R9.8 million to a rural transport grant under transfer payments; and declines further in 2010/11 as allocations for the monitoring and evaluation of public transport infrastructure and systems grants in relation to the 2010 FIFA World Cup (R25 million in 2009/10) will be discontinued from 2010/11 onwards.

Grant funding is transferred and monitored through this programme, while the policy oversight function is provided for in the *Public Transport* programme.

Underspending in compensation of employees between 2005/06 and 2008/09 was due to posts not being filled.

Public entities

The South African National Roads Agency

Strategic overview: 2005/06 - 2011/12

The South African National Roads Agency was established in terms of the Companies Act (1973), and is listed as a schedule 3A public entity in terms of the Public Finance Management Act (1999).

The agency's main activities relate to the financing, management, control, planning, development, maintenance and rehabilitation of the South African national road network, as provided for by the South African National Roads Agency Limited and National Roads Act (1998). The South African National Roads Agency is a corporate entity operating at arm's length from government, with the Minister of Transport being its sole shareholder. The agency is responsible for the existing national road network of 16 170 km at an estimated asset value of over R140 billion.

As part of ongoing efforts to upgrade, maintain and improve South Africa's national road network, the agency has initiated a number of significant projects:

- The Gauteng freeway improvement scheme: the first phase of 185 km will be completed over the MTEF period, followed by a further 376 km scheduled to start in 2011

- A number of new toll projects, including on the N17, N1, N2, R30, R512/N4 and the N3, as well as at Dube Trade Port and the Huguenot Tunnel.

Selected performance and operations indicators

Table 33.8 The South African National Roads Agency Ltd

Indicator	Past			Current 2008/09	Projections		
	2005/06	2006/07	2007/08		2009/10	2010/11	2011/12
Smooth travel exposure index: percentage travel on roads with low roughness	95%	98%	97%	95%	95%	95%	95%
Low rut exposure index: percentage travel on road with low rut exposure	98%	100%	100%	95%	95%	95%	95%
High texture exposure index: percentage travel on road providing sufficient surface friction for wet conditions	97%	98%	97%	95%	95%	95%	95%
Bridge condition exposure index: percentage of travel under or over bridges with high overall condition	91%	96%	97%	90%	90%	90%	90%

Service delivery and spending focus

The South African National Roads Agency continues to maintain the national road network of 16 170 km. Current road maintenance contracts include resurfacing 2 376 km of roads, strengthening 711 km and improving 231 km. During 2008/09, significant progress was made with the toll road development programme, with construction work initiated on the N17 from Springs to Ermelo, the R30 from Bloemfontein to Kroonstad, and phase 1 of the Gauteng freeway improvement project (185 km). It is estimated that 29 300 direct employment opportunities and 138 000 indirect employment opportunities will be created during the construction phase of the project, and 1 800 direct and 9 200 indirect employment opportunities once it is completed.

The total rand value of work allocated to small, medium and micro enterprises (SMMEs) in 2007/08 amounted to R895 million, of which 90 per cent was carried out by black owned companies. The agency created jobs amounting to 24 333 555 person hours, equating to 12 673 full time jobs.

Through the public private partnership model, the South African National Roads Agency has proactively sought alternative sources of finance for road infrastructure and opportunities to reduce dependence on tax based revenues. In 2008/09, concessionaires spent R677 million on the maintenance, rehabilitation and reinforcement of 1 374 km of toll roads. The accumulated expenditure to date is R6.9 billion. The agency retained its Moody's Aa2.Za/P-1.za national scale credit issue rating for non-guaranteed funds. As a result of this, it launched its domestic medium term note programme, through which financing options for new and upgraded toll routes are increased.

A key focus over the MTEF period will be the Gauteng freeway improvement scheme. The scheme comprises lane additions and interchange upgrades. Interchange improvements include the provision of auxiliary lanes at on- and off-ramps, additional bridges or bridge widening, converting interchanges and adding on-ramps. At some interchanges, improvements to the crossroads or crossroad intersections will be required. The substantial upgrading of approximately 185 km of freeway will be completed in 2010. This includes sections of the N1, N3, and the N12.

The upgrading of the R21 (35 km) is subject to its declaration as a national road. Upgrading of a further 65 km of freeways and less intensive upgrading of other freeways in Gauteng will be completed by 2012. This includes the proposed PWV14 between Johannesburg and the O.R. Tambo International Airport. The estimated construction cost for these upgrades is R14.3 billion. Once completed, the scheme will comprise 403 km of existing freeways, of which 230 km are set to have lane additions, and approximately 10 km of new freeways.

Expenditure estimates

Table 33.9 South African National Roads Agency: Programme information

R thousand	Audited outcome			Revised estimate 2008/09	Medium-term estimate		
	2005/06	2006/07	2007/08		2009/10	2010/11	2011/12
Strengthening	264 419	505 640	984 756	1 612 880	3 022 086	4 068 267	3 913 321
Improvements	115 834	349 336	1 186 881	6 201 202	10 179 166	5 543 231	1 402 981
New facilities	87 215	213 214	296 969	1 763 940	3 456 832	1 899 673	1 524 297
Other programmes	1 718 399	2 104 277	2 305 429	2 285 661	2 900 788	3 604 819	2 945 313
Total expense¹	2 185 867	3 172 467	4 774 035	11 863 683	19 558 872	15 115 990	9 785 912

1. Includes expenditure on both toll and non-toll roads, excludes expenditure on personnel

Table 33.10 South African National Roads Agency Limited: Financial information

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2005/06	2006/07	2007/08		2008/09	2009/10	2010/11
Statement of financial performance							
Revenue							
Non-tax revenue	1 227 813	1 410 859	1 817 242	1 600 339	1 688 592	3 230 543	4 716 086
Sale of goods and services other than capital assets <i>of which:</i>	981 915	1 117 077	1 226 715	1 429 651	1 507 738	3 164 744	4 594 679
<i>Sales by market establishments</i>	981 915	1 117 077	1 226 715	1 429 651	1 507 738	3 164 744	4 594 679
<i>Other non-tax revenue</i>	245 898	293 782	590 527	170 688	180 854	65 799	121 407
Transfers received	1 324 603	1 578 922	1 841 842	1 602 894	1 363 125	2 096 492	3 627 026
Total revenue	2 552 416	2 989 781	3 659 084	3 203 233	3 051 717	5 327 035	8 343 112
Expenses							
Current expense	2 774 277	3 020 526	3 381 012	3 369 367	4 878 189	6 978 426	7 063 739
Compensation of employees	41 913	50 542	65 698	72 715	116 402	115 607	117 426
Goods and services	1 718 399	2 104 277	2 305 429	2 285 660	2 900 787	3 604 819	2 945 313
Depreciation	230 670	236 000	290 684	317 530	340 000	355 000	370 000
Interest, dividends and rent on land	783 295	629 707	719 201	693 462	1 521 000	2 903 000	3 631 000
Total expenses	2 774 277	3 020 526	3 381 012	3 369 367	4 878 189	6 978 426	7 063 739
Surplus / (Deficit)	(221 861)	(30 745)	278 072	(166 134)	(1 826 472)	(1 651 391)	1 279 373
Statement of financial position							
Carrying value of assets	7 192 046	8 026 679	10 140 169	19 472 571	35 790 656	46 946 827	53 417 426
<i>of which: Acquisition of assets</i>	467 468	1 068 190	2 468 606	9 578 023	16 658 085	11 511 171	6 840 599
Investments	1 564 285	318 643	294 155	350 000	350 000	350 000	350 000
Receivables and prepayments	45 732	167 661	548 034	550 000	580 000	590 000	600 000
Cash and cash equivalents	468 146	1 313 349	1 462 137	1 300 000	1 400 000	1 500 000	1 600 000
Total assets	9 270 209	9 826 332	12 444 495	21 672 571	38 120 656	49 386 827	55 967 426
Accumulated surplus / deficit	(2 133 963)	(3 252 822)	(2 974 750)	(3 140 884)	(5 063 990)	(6 832 677)	(6 286 636)
Capital and reserves	–	1 091 044	1 091 044	1 091 044	1 091 044	1 091 044	1 091 044
Borrowings	10 535 481	6 199 955	6 718 839	12 748 458	26 561 129	34 617 878	35 940 948
Post-retirement benefits	7 035	7 133	6 773	6 800	6 900	7 000	7 200
Trade and other payables	547 522	868 434	1 104 716	1 900 000	2 000 000	2 100 000	2 300 000
Provisions	2 851	–	–	–	–	–	–
Managed funds	311 283	277 577	239 352	200 000	220 000	230 000	240 000
Liabilities not classified elsewhere	–	4 635 011	6 258 522	8 867 153	13 305 573	18 173 582	22 674 870
Total equity and liabilities	9 270 209	9 826 332	12 444 496	21 672 571	38 120 656	49 386 827	55 967 426

Expenditure trends

The South African National Roads Agency finances its operations from a number of revenue sources and only receives about one third of its income in the form of government transfers. Over the MTEF period, the following transfers are allocated for non-toll national road infrastructure: R5.8 billion, R7 billion and R8.2 billion. Other sources of revenue include loans raised by the agency in the capital markets, toll revenue, and private sector investment through public private partnership agreements. The 41.3 per cent increase in borrowings over the medium term relates to the expansion and upgrade of toll routes, also reflected in the increase in toll revenue (sales by market establishment) at 47.6 per cent.

Expenditure increased from R2.8 billion in 2005/06 to R3.4 billion in 2007/08 at an annual average rate of 10.4 per cent reflecting increases in the cost of road maintenance and strengthening. Expenditure is projected to increase from R3.4 billion in 2008/09 to R7.1 billion in 2011/12, at an average annual rate of 27.8 per cent, mainly due to significant increases in toll capital expenditure.

The increase in cash and cash equivalents between 2005/06 and 2006/07 was due to the introduction of a liquidity buffer of three months' expenditure, resulting in higher cash investments to be retained at any given time.

Programme 5: Transport Logistics and Corridor Development

- *National Freight Logistics Strategy* is responsible for developing strategies to unblock bottlenecks in the freight logistics system. It will also oversee the implementation of the national freight logistics strategy by coordinating integrated infrastructure planning, forecasting demand and undertaking scenario planning. Financial support to provincial freight forums are based on memorandums of understanding between the department and provincial departments.
- *Eastern Corridor and Western Corridor* implements projects in the freight corridors. These are aimed at improving the efficiency of the corridors and integrating secondary and tertiary corridors into a seamless logistics system that supports the geographic expansion of economic activity in South Africa and the Southern African Development Community (SADC) region.
- *Administration Support*.

Funding for goods and services in these subprogrammes is based on supply chain management principles.

Objectives and measures

- Promote seamless and integrated movement of cargo across all transport modes by developing the national freight information system and appropriate corridor mapping tools by March 2010.
- Improve and promote the participation of second economy players in the mainstream economy and encourage private sector participation and investment by developing appropriate institutional and regulatory frameworks by August 2009.

Service delivery and spending focus

The appointment of the service provider responsible for finalising the Eastern Cape freight databank was concluded in 2008/09. KwaZulu-Natal updated its databank, and terms of reference for the national update have been completed.

Freight logistics forums were established in all provinces in 2007/08 to support integrated planning between stakeholders. Host cities were requested to ensure the incorporation of freight plans into the integrated national transport operational plan submitted to FIFA in October 2008.

The department completed the assessment report on land ports of entry infrastructure, the status quo report for the freight movement optimisation plan, as well as inception and landscape reports. These reports will inform the national freight monitoring framework and corridor mapping exercise. Further progress has been made in reviewing and developing the areas of rail restructuring options, airfreight and ports reform. Pilot projects for revitalising rail branch lines have been evaluated.

Over the MTEF period, the programme will aim to enhance logistics efficiencies by improving the national freight information system and developing norms and standards for industry information and tracking systems. The development of the national integrated border control strategy will be supported through participation in the border control and operations coordinating committee.

Expenditure estimates

Table 33.11 Transport Logistics and Corridor Development

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R thousand							
National Freight Logistics Strategy	1 351	7 189	1 364	20 404	17 990	24 806	25 257
Eastern Corridor	4 973	7 536	7 694	5 175	4 506	4 587	4 862
Western Corridor	1 293	2 552	2 224	6 422	6 603	6 861	7 272
Administration Support	93	641	1 701	3 075	2 710	2 738	2 897
Total	7 710	17 918	12 983	35 076	31 809	38 992	40 288
Change to 2008 Budget estimate				12 851	(713)	(1 084)	(1 020)

Economic classification

	7 657	17 780	12 936	35 006	31 755	38 935	40 228
Current payments							
Compensation of employees	2 514	3 913	4 344	11 242	12 334	12 399	13 137
Goods and services	5 143	13 867	8 590	23 764	19 421	26 536	27 091
<i>of which:</i>							
Administrative fees	7	–	137	181	326	445	454
Advertising	171	172	250	331	595	813	830
Assets less than R5 000	12	74	36	48	86	117	120
Catering: Departmental activities	28	5	6	8	14	20	20
Communication	72	146	100	132	238	325	332
Computer services	–	8	4	5	10	13	13
Consultants and professional services: Business and advisory services	3 339	11 142	6 926	21 563	15 461	21 125	21 567
Contractors	231	278	–	–	–	–	–
Inventory: Other consumables	–	3	6	8	14	19	20
Inventory: Stationery and printing	184	31	59	78	140	192	196
Lease payments	2	27	18	24	43	59	60
Owned and leasehold property expenditure	–	1	–	–	–	–	–
Transport provided: Departmental activities	–	–	109	144	259	354	362
Travel and subsistence	1 010	1 462	866	1 146	2 061	2 816	2 875
Training and development	–	19	–	–	–	–	–
Operating expenditure	–	484	7	9	17	23	23
Venues and facilities	87	15	66	87	157	215	219
Financial transactions in assets and liabilities	–	–	2	–	–	–	–
Transfers and subsidies	44	7	–	–	–	–	–
Provinces and municipalities	9	3	–	–	–	–	–
Households	35	4	–	–	–	–	–
Payments for capital assets	9	131	47	70	54	57	60
Machinery and equipment	9	131	47	70	54	57	60
Total	7 710	17 918	12 983	35 076	31 809	38 992	40 288

Details of transfers and subsidies

Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	9	3	–	–	–	–	–
Regional Services Council levies	9	3	–	–	–	–	–
Households							
Social benefits							
Current	35	4	–	–	–	–	–
Leave gratuity	35	4	–	–	–	–	–

Expenditure trends

Underspending of appropriated funds declined from 58 per cent in 2005/06 to 51.8 per cent in 2007/08. This trend is set to continue in 2008/09, with an anticipated underspending of R4.6 million. However, expenditure in the programme increased from R7.7 million in 2005/06 to R35.1 million in 2008/09, at an average annual rate of 65.7 per cent. This was due to additional allocations of R10 million for the development of freight logistics strategies and information systems from 2007/08 onwards, and the reprioritisation of R12.4 million for the same purpose in 2008/09. Over the medium term, funds are reprioritised from other programmes to augment the programme's budget by R11.2 million, R18.2 million and R18.2 million. The average annual increase stabilises at 4.7 per cent over the medium term, mainly due to inflation related adjustments.

Expenditure on compensation of employees is expected to increase from R2.5 million in 2005/06 to R13.1 million in 2011/12 at an average annual rate of 31.7 per cent, due to the expansion of the programme and filling of vacant posts. The large increase is partly due to the programme only being initiated in 2005 and a vacancy rate of close to 50 per cent in 2007/08 which had to be addressed in 2008/09.

Over the MTEF period, expenditure on goods and services stabilises at an average annual rate of 4.5 per cent, as additional funds become available to develop strategies and information systems, and to fund costs associated with the increase in personnel.

Programme 6: Public Transport

- *Public Transport Strategy and Monitoring* develops public transport strategies and leads the initiation of related implementation projects. Its main priority is to oversee the implementation of the public transport strategy. Funding for goods and services is based on supply chain management principles.
- *Public Transport Management* oversees the payment of public transport subsidies and facilitates the transformation of the industry. Bus subsidies, transferred to provincial departments based on annual agreements, will from April 2009 be allocated through the public transport operations grant. The subprogramme oversees the payment of rail commuter subsidies and capital transfers to the South African Rail Commuter Corporation and manages the passenger rail integration process.
- *Taxi Recapitalisation Project Office* manages taxi related matters, liaises with the taxi industry, intervenes to ensure that the formalisation process is on track, facilitates training and development in the taxi industry, and develops the regulatory framework for the taxi sector. The implementation of the taxi recapitalisation project is a key priority and funds for scrapping taxis are paid in accordance with the contract with the taxi scrapping agency.
- *Public Transport Business Development* develops the business case for public transport and focuses on the integration of public transport operations to maximise the subsidy. It also develops the business case and analysis for new public transport developments. Funding for goods and services is based on supply chain management principles.
- *Administration Support*.

Objectives and measures

- Improve access to safe, reliable and affordable public transport by implementing the public transport strategy in accordance with the targets set out in the action plan.
- Ensure integrated and optimised public transport services by facilitating the development of integrated rapid public transport networks and feeder and distribution systems in metropolitan and large municipalities by 2012.
- Improve service efficiencies in integrated rapid transport networks by facilitating the integration of public transport operations and services on an ongoing basis.

Service delivery and spending focus

The Legal Succession to the South African Transport Services Amendment Act (2008) provides for the incorporation of the passenger long distance road and rail services into the South African Rail Commuter Corporation. The consolidation of Metrorail was finalised in 2006 and the incorporation of Shohsoloza Meyl

and Authopax is expected to be finalised in 2009. The current policy environment is being reviewed by the department to develop an investment strategy for rail.

A monitoring strategy was developed for the taxi recapitalisation project to determine the progress being made in terms of the scrapping process. By November 2008, 2 220 operators had received scrapping allowances to the value of R1.1 billion. The department concluded a turnaround strategy for dealing with scrapping capacity issues in provinces. Funding for capacity building is based on memorandums of understanding between all provinces and the department.

Since Cabinet's approval of the public transport strategy and action plan in 2007, the focus has been on developing phase one operational plans in the identified cities. To date, Johannesburg, Nelson Mandela Bay, Cape Town, Tshwane and Mbombela have developed these plans. Scoping plans have been completed for metropolitan and large municipalities.

Over the medium term, the programme will support the implementation of the national passenger rail plan, the expansion of rail capacity, and the transfer of Shosholozza Meyl and Autopax to the South African Rail Commuter Corporation. Support of road based public transport will include the rollout of the public transport strategy to Msunduzi and Ekurhuleni, the alignment of the taxi recapitalisation programme, and the implementation of the land transport legislation, which provides for the planning, regulation and management of integrated rapid public transport networks in urban areas. The implementation of the rural transport strategy will be supported to improve planning for appropriate services.

Expenditure estimates

Table 33.12 Public Transport

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R thousand							
Public Transport Strategy and Monitoring	2 043	4 663	2 826	9 369	32 796	11 733	11 981
Public Transport Management ¹	5 150 417	9 505 130	9 831 405	11 681 947	13 396 140	12 306 016	13 200 176
Taxi Recapitalisation Project Office	28 408	231 784	679 783	574 702	754 852	627 642	608 730
Public Transport Business Development	380	–	382	1 970	1 918	1 935	2 050
Administration Support	5 250	3 647	2 194	9 241	5 983	6 090	6 445
Total	5 186 498	9 745 224	10 516 590	12 277 229	14 191 689	12 953 416	13 829 382
Change to 2008 Budget estimate				203 766	1 170 805	1 155 167	1 661 129

Economic classification

	33 176	152 110	121 456	137 691	164 604	148 976	156 878
Current payments							
Compensation of employees	7 523	8 566	11 366	20 090	18 301	18 007	19 077
Goods and services	25 653	143 544	108 147	117 601	146 303	130 969	137 801
<i>of which:</i>							
Administrative fees	85	–	73	79	104	93	98
Advertising	137	6 843	279	303	397	356	374
Assets less than R5 000	23	175	153	166	218	195	205
Catering: Departmental activities	35	25	49	53	70	63	66
Communication	156	180	113	123	161	144	152
Computer services	10	18	1 484	1 614	2 113	1 892	1 990
Consultants and professional services: Business and advisory services	20 844	132 763	104 197	113 307	140 678	125 934	132 503
Consultants and professional services: Legal costs	758	5	–	–	–	–	–
Contractors	588	577	–	–	–	–	–
Agency and support / outsourced services	677	920	–	–	–	–	–
Inventory: Other consumables	2	1	5	5	7	6	7
Inventory: Stationery and printing	397	414	322	350	459	411	432
Lease payments	149	72	95	104	135	121	127

Table 33.12 Public Transport (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Economic classification							
Current payments	33 176	152 110	121 456	137 691	164 604	148 976	156 878
<i>Owned and leasehold property expenditure</i>	14	2	–	–	–	–	–
<i>Transport provided: Departmental activities</i>	–	–	85	92	121	108	114
<i>Travel and subsistence</i>	691	992	1 202	1 308	1 712	1 532	1 612
<i>Operating expenditure</i>	79	473	5	5	7	6	7
<i>Venues and facilities</i>	1 008	84	85	92	121	108	114
Financial transactions in assets and liabilities	–	–	1 943	–	–	–	–
Transfers and subsidies	5 153 112	9 592 958	10 395 010	12 139 392	14 026 952	12 804 299	13 672 355
Provinces and municipalities	22	3 241 007	3 029 411	3 265 993	6 364 600	4 203 693	4 153 232
Public corporations and private enterprises	5 142 430	6 241 207	6 791 194	8 401 421	7 017 635	8 088 206	9 031 979
Non-profit institutions	10 600	11 236	2 853	12 978	13 952	14 789	15 676
Households	60	99 508	571 552	459 000	630 765	497 611	471 468
Payments for capital assets	210	156	124	146	133	141	149
Machinery and equipment	210	156	124	146	133	141	149
Total	5 186 498	9 745 224	10 516 590	12 277 229	14 191 689	12 953 416	13 829 382
Details of transfers and subsidies							
Provinces and municipalities							
Provinces							
Provincial revenue funds							
Current	–	–	–	–	3 531 909	3 863 033	4 153 232
Public transport operations grant	–	–	–	–	3 531 909	3 863 033	4 153 232
Capital	–	3 241 000	3 029 411	3 265 993	2 832 691	340 660	–
Gautrain rapid rail link grant	–	3 241 000	3 029 411	3 265 993	2 832 691	340 660	–
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	22	7	–	–	–	–	–
Regional Services Council levies	22	7	–	–	–	–	–
Public corporations and private enterprises							
Public corporations							
Subsidies on production or products							
Current	2 156 377	2 751 274	2 259 119	3 049 604	3 185 844	3 274 933	3 465 211
South African Rail Commuter Corporation	2 156 377	2 751 274	2 259 119	3 049 604	3 185 844	3 274 933	3 465 211
Capital	688 300	1 029 598	1 696 078	2 367 686	3 831 791	4 813 273	5 566 768
South African Rail Commuter Corporation	688 300	1 029 598	1 696 078	2 367 686	3 831 791	4 813 273	5 566 768
Public corporations and private enterprises							
Private enterprises							
Subsidies on production or products							
Current	2 297 753	2 460 335	2 835 997	2 984 131	–	–	–
Bus subsidies	2 297 753	2 460 335	2 835 997	2 984 131	–	–	–
Non-profit institutions							
Current	10 600	11 236	2 853	12 978	13 952	14 789	15 676
Taxi : South African National Taxi Council	10 600	11 236	2 853	12 978	13 952	14 789	15 676
Households							
Social benefits							
Current	60	8	–	–	–	–	–
Leave gratuity	60	8	–	–	–	–	–
Households							
Other transfers to households							
Current	–	99 500	571 552	459 000	630 765	497 611	471 468
Taxi recapitalisation	–	99 500	571 552	459 000	630 765	497 611	471 468

1. The programme expenditure is expected to exceed the appropriated allocation by R1.2 billion in 2008/09 due to legal action relating to bus subsidies.

Expenditure trends

Programme expenditure is dominated by transfers in the *Public Transport Management* subprogramme for the Gautrain rapid rail link, the South African Rail Commuter Corporation, and bus subsidies. Taxi recapitalisation is a key expenditure item in the *Taxi Recapitalisation Project Office* subprogramme.

Between 2006/07 and 2008/09, government's contribution to the Gautrain rapid rail link amounted to R9.5 billion, with a total estimated contribution of R12.7 billion towards the development phase over the MTEF period.

The taxi recapitalisation programme started in 2006/07. Expenditure is set to peak in 2009/10, followed by a decrease as the demand for taxi scrapping is expected to slow down. The projected average annual growth rate over the MTEF period is 0.9 per cent.

Transfers to the South African Rail Commuter Corporation grew at an average annual rate of 24 per cent over the past three years, and are expected to increase at an average annual rate of 17.1 per cent over the medium term.

Bus subsidies increased at an average annual rate of 9.1 per cent in the first three-year period and are expected to increase at an average annual rate of 11.6 per cent over the next three years.

Overall expenditure increased at an average annual rate of 33.3 per cent from 2005/06 to 2008/09 and is expected to increase at a further 4.0 per cent from 2008/09 to 2011/12. Excluding the transfers to Gautrain, the South African Rail Commuter Corporation, bus subsidies and transfers to households for taxi recapitalisation, the average annual growth rate for the programme was 50.7 per cent between 2005/06 and 2008/9. The high growth in the first three-year period is due to a 66.1 per cent average annual increase in the goods and services budget. This trend is dominated by an increase in expenditure for consultants from R20.8 million to R113.3 million, equating to an average annual growth rate of 75.9 per cent.

Expenditure on goods and services increased in 2006/07 as a result of additional allocations and rollovers for taxi operating license conversions, assistance given to provinces with taxi permit conversions, planning and systems development, and service providers assisting the department with the rollout and implementation of the taxi recapitalisation programme. Expenditure on goods and services increases in 2009/10 due to R25 million reprioritised to assist the South African Rail Commuter Corporation with the acquisition of Autopax, and because R10 million per annum was also reprioritised for law enforcement of the taxi industry.

While overall growth slows down over the MTEF period, mainly due to the discontinuation of Gautrain and decrease in taxi scrapping transfers, there are several additional allocations:

- R1 190.1 million over the medium term for inflation related to fuel price increases affecting the provision of bus services as well as R200 million, R212 million and R224.7 million for increases related to the cost of such services over the MTEF period
- R600 million over the MTEF period for improving passenger rail infrastructure in the SARCC and a further R219 million, R395.9 million and R488.8 million for inflation related adjustments.
- R100.5 million in 2009/10 and R23.1 million in 2010/11 as inflation related adjustments for the Gautrain rapid rail link and a further R225 million in 2009/10 for exchange rate related adjustments
- R200 million, R100 million and R50 million for the scrapping of old taxi vehicles.

Public entities

South African Rail Commuter Corporation

Strategic overview: 2005/06 - 2011/12

In December 2004, Cabinet resolved that the South African Rail Commuter Corporation, Metrorail and Shosholozza Meyl should be consolidated to form a single passenger rail entity called the Passenger Rail Agency of South Africa. The Legal Succession to the South African Transport Services Amendment Act (2008) provides the legislative framework for the new strategic decision to be implemented by March 2009. The Passenger Rail Agency will incorporate the operations, personnel and assets of the South African Rail

Commuter Corporation, Metrorail and Shosholozza Meyl, Autopax, the long distance bus company, and the wholly owned subsidiary, Intersite Property Management Services. It will position itself as the provider of both urban commuter rail services and long distance and rural public passenger transport solutions, which may include the operation and delivery of essential transport feeder and distribution services where suitable and necessary.

Selected performance and operations indicators

Table 33.13 South African Rail Commuter Corporation

Indicator	Past			Current	Projections		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Total number of coaches overhauled and upgraded	375	310	489	680	700	700	500
Percentage of Metrorail trains on time (A corridors)	89%	87%	86%	88%	90%	92%	93%
Percentage of Metrorail trains cancelled (A corridors)	3.5%	2.3%	1.8%	1.4%	1.5%	1.3%	1%
Metrorail: Passenger trips (number of commuters in the system)	512m	530m	592m	385m	677m	745m	815m
Metrorail: Fare revenue (R million)	R1 020	R1 060	R1 191	R787	R1 347	R1 465	R1 610
Metrorail: Accidents per million train km	–	1.2	1.2	1.7	1.6	1.5	1.5
Metrorail: Fatalities per million passenger trips	0.4	0.4	0.3	0.3	0.3	0.3	0.3
Metrorail: Injuries per million passenger trips	3.67	2.89	2.51	2.10	2.00	1.90	1.80
Metrorail: Crime index (serious crime incidents per 100 000 passenger trips)	0.4	0.5	0.3	0.3	0.4	0.4	0.3
Disabling injuries (per 200 000 hours worked)	1.7	1.3	1.1	1.1	1.1	1	1
Metrorail: Customer satisfaction index	–	0.7	0.7	0.7	0.8	0.8	0.8
Service efficiency index (R): Subsidy per passenger km	–	0.17	0.14	0.15	0.15	0.15	0.15
South African Rail Commuter Corporation and Metrorail: Learnerships and internships	–	–	493	603	770	650	600

Service delivery and spending focus

The Tshwane Business Express, which transports commuters from Tshwane to Johannesburg, was launched in May 2008. The number of passengers using the service has increased significantly and a second train is being prepared for introduction in 2009/10. The average monthly income derived from this service is R500 000.

The safety permit for the Rail Safety Regulator to operate the service for three years was awarded in August 2008.

The women in rail programme was launched in November 2008. Applying BEE criteria, the programme aims to provide opportunities in the sector for women. Open days will be held in all provinces to promote this initiative.

In 2007/08, the South African Rail Commuter Corporation launched its station improvement programme. To date, 19 stations in the KwaZulu-Natal and Tshwane regions have been refurbished. It is anticipated that a further 86 stations will be upgraded by the end of 2008/09.

The corporation's key objectives over the MTEF period include: ensuring the successful incorporation of long distance rail and road passenger services; aligning services to the rural transport strategy; providing for the acquisition of new rolling stock; and managing demand for the expansion of the rail network and alignment to integrated rapid public transport networks in urban areas.

Expenditure estimates

Table 33.14 South African Rail Commuter Corporation: Activity information

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Personnel costs	458 497	1 620 381	1 997 469	2 095 663	2 577 052	2 847 869	3 046 212
Material	29 361	137 163	161 179	189 571	235 041	230 413	246 473
Energy	41 950	202 583	243 331	380 534	620 690	651 106	721 404
Maintenance	230 052	540 282	440 803	493 584	943 243	994 501	1 053 878
Rental and Leases	–	24 328	29 921	202 747	648 080	663 977	690 536
Other activities	2 274 375	1 776 503	1 931 954	2 344 976	2 553 364	2 872 214	3 212 552
Total expense	3 034 235	4 301 240	4 804 657	5 707 075	7 577 470	8 260 080	8 971 055

Table 33.15 South African Rail Commuter Corporation: Financial information

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2005/06	2006/07	2007/08		2008/09	2009/10	2010/11
Statement of financial performance							
Revenue							
Non-tax revenue	883 803	1 813 580	2 030 919	2 229 911	3 329 571	3 807 777	4 336 326
Sale of goods and services other than capital assets <i>of which:</i>	563 332	1 325 618	1 471 150	1 593 861	2 542 936	2 756 752	2 997 271
<i>Sales by market establishments</i>	563 332	1 325 618	1 471 150	1 593 861	2 542 936	2 756 752	2 997 271
<i>Other non-tax revenue</i>	320 471	487 962	559 769	636 050	786 635	1 051 025	1 339 055
Transfers received	1 619 466	2 751 274	2 259 119	3 049 604	3 185 844	3 274 933	3 465 211
Total revenue	2 503 269	4 564 854	4 290 038	5 279 515	6 515 415	7 082 710	7 801 537
Expenses							
Current expense	1 945 255	4 301 240	4 624 113	5 707 075	7 577 470	8 260 080	8 971 055
Compensation of employees	458 497	1 620 381	2 013 264	2 095 662	2 527 582	2 807 020	3 000 596
Goods and services	1 004 869	2 101 118	1 939 921	2 813 908	3 855 560	4 092 143	4 361 140
Depreciation	446 327	545 147	643 183	763 500	1 116 287	1 272 591	1 506 606
Interest, dividends and rent on land	35 562	34 594	27 745	34 005	78 041	88 326	102 713
Transfers and subsidies	1 088 156	-	176 715	-	-	-	-
Total expenses	3 034 235	4 301 240	4 804 657	5 707 075	7 577 470	8 260 080	8 971 055
Surplus / (Deficit)	(530 966)	263 614	(514 619)	(427 560)	(1 062 055)	(1 177 370)	(1 169 518)
Statement of financial position							
Carrying value of assets	6 638 567	7 082 292	8 650 810	10 323 215	13 615 874	18 157 968	22 262 194
<i>of which: Acquisition of assets</i>	1 058 874	1 104 148	2 231 437	2 464 200	4 408 946	5 346 740	5 610 832
Investments	49 682	-	-	-	-	-	-
Inventory	42 263	56 420	104 273	134 513	188 222	244 617	293 492
Receivables and prepayments	359 635	360 182	319 580	307 001	257 001	237 001	207 000
Cash and cash equivalents	1 069 467	1 870 750	2 015 345	1 841 493	2 351 678	2 459 012	2 788 702
Total assets	8 159 614	9 369 644	11 090 008	12 606 222	16 412 775	21 098 598	25 551 388
Accumulated surplus / deficit	3 040 261	3 303 874	2 789 254	2 288 994	2 102 752	1 772 051	1 470 252
Capital and reserves	3 711 204	4 727 967	6 645 637	8 650 699	11 942 346	16 933 429	22 040 853
Borrowings	184 885	160 595	132 900	138 025	138 025	138 025	138 025
Post-retirement benefits	70 850	75 737	44 508	75 737	75 737	75 737	75 737
Trade and other payables	951 396	848 767	990 475	1 093 417	1 724 064	1 679 003	1 279 636
Provisions	201 018	252 704	487 234	359 350	429 851	500 353	546 884
Total equity and liabilities	8 159 614	9 369 644	11 090 008	12 606 222	16 412 775	21 098 598	25 551 388

Expenditure trends

The consolidation of the South African Rail Commuter Corporation and Metrorail in 2006 resulted in significant changes in expenditure patterns between 2005/06 and 2006/07, mainly due to the reallocation of expenses that were previously reported as contract payments to Metrorail.

Total expected expenses of the entity increase at an average annual rate of 8.8 per cent from R7.6 billion in 2009/10 to R9 billion in 2011/12, due to additional allocations for the upgrade and overhaul of coaches and infrastructure investments in signalling. Large increases in capital and reserves of 36.6 per cent reflect the deferred capital transfers received by the entity for rolling stock and infrastructure upgrades. The entity also receives funding towards the 2010 World Cup for station and rolling stock upgrades. In 2010/11, an additional R500 million is allocated to support the acquisition of intercity busses in anticipation of Autopax being incorporated.

The 60 per cent increase in fare revenue between 2008/09 and 2009/10 is mainly due to additional revenue that will be generated by Shosholoz Meyl, Autopax and Metrorail fare revenue growth of 7 per cent. Personnel expenditure increases by 20.6 per cent between 2008/09 and 2009/10, and increases at an average annual rate of

12.7 per cent over the MTEF period to cater for increases in personnel for Shosholoza Meyl and Autopax. Expenditure related to haulage and energy costs, as well as maintenance and security, is also set to increase due to the expansion of services.

Programme 7: Public Entity Oversight and Border Operations and Control

- *Public Entity Oversight* oversees public entities' compliance with government policy, corporate governance, financial management and operational plans, through monitoring and evaluation processes. It also manages the reform and development of public entities to improve service delivery.
- *Border Operations and Control* is responsible for the oversight and monitoring of border control activities in line with the oversight framework.
- *Administration Support*.

The programme transfers funds to public entities and monitors expenditure based on a shareholder compact between the entity and the Minister of Transport. Goods and services expenditure is based on supply chain management principles.

Objectives and measures

- Ensure effective oversight over the department's public entities by implementing the electronic performance management system in support of financial and non-financial oversight by March 2010.
- Ensure alignment between legislative mandates and entities' strategic and corporate plans by concluding the shareholder compacts and reviewing performance agreements by April 2009.
- Ensure regulatory compliance by providing ongoing governance and financial oversight and advice to the public entities on their corporate financial proposals and implementation plans.
- Ensure the efficient movement of people and cargo across ports of entry by finalising a border control oversight framework integrating all modes of transport, including land border posts, sea ports and aviation airspace, by March 2010.

Service delivery and spending focus

Shareholder compacts providing key performance areas for public entities have been concluded and are monitored and evaluated based on quarterly and annual reports submitted by the entities.

The Transport Agencies General Laws Amendment Act (2007) was promulgated in April 2008. The Road Accident Fund Amendment Act (2005) was promulgated in August 2008. A draft no-fault based framework was developed in 2008. The turnaround strategy for the Cross Border Road Transport Agency has resulted in the agency realising a profit in 2007/08.

Expenditure estimates

Table 33.16 Public Entity Oversight and Border Operations and Control

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R thousand							
Public Entity Oversight	2 819 444	130 838	165 066	2 682 481	172 353	83 383	87 290
Border Operations and Control	–	–	–	2 282	2 216	2 207	2 339
Administration Support	1 500	245	753	3 821	3 143	3 165	3 351
Economic Regulation	–	–	560	–	–	–	–
Total	2 820 944	131 083	166 379	2 688 584	177 712	88 755	92 980
Change to 2008 Budget estimate				2 523 630	1 135	3 558	3 618

Table 33.16 Public Entity Oversight and Border Operations and Control (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Economic classification							
Current payments	14 055	4 059	4 264	38 081	26 411	26 497	27 285
Compensation of employees	1 741	2 076	3 490	8 112	8 008	7 879	8 348
Goods and services	12 314	1 983	773	29 969	18 403	18 618	18 937
<i>of which:</i>							
Administrative fees	69	–	–	–	–	–	–
Advertising	434	120	123	1 125	3 082	3 118	3 172
Assets less than R5 000	231	89	62	567	1 554	1 572	1 599
Catering: Departmental activities	255	–	6	55	151	152	155
Communication	482	83	82	750	1 086	1 099	1 118
Computer services	8	1	6	55	151	153	155
Consultants and professional services: Business and advisory services	1 329	1 214	22	23 101	551	558	567
Consultants and professional services: Legal costs	472	–	–	–	–	–	–
Contractors	64	9	–	–	–	–	–
Agency and support / outsourced services	379	–	–	–	–	–	–
Inventory: Materials and supplies	7	–	1	9	25	25	25
Inventory: Other consumables	2	–	–	–	–	–	–
Inventory: Stationery and printing	817	249	100	914	2 506	2 535	2 579
Lease payments	596	28	57	521	1 428	1 445	1 470
Owned and leasehold property expenditure	23	3	–	–	–	–	–
Transport provided: Departmental activities	–	–	22	201	551	558	567
Travel and subsistence	5 245	147	240	2 196	6 015	6 085	6 189
Training and development	1	–	–	–	–	–	–
Operating expenditure	1 152	4	3	27	75	76	77
Venues and facilities	748	36	49	448	1 228	1 242	1 264
Financial transactions in assets and liabilities	–	–	1	–	–	–	–
Transfers and subsidies	2 806 853	126 801	162 033	2 650 330	151 143	62 091	65 518
Provinces and municipalities	5	–	–	–	–	–	–
Departmental agencies and accounts	2 806 848	126 770	162 029	2 650 330	151 143	62 091	65 518
Households	–	31	4	–	–	–	–
Payments for capital assets	36	223	82	173	158	167	177
Machinery and equipment	36	223	82	173	158	167	177
Total	2 820 944	131 083	166 379	2 688 584	177 712	88 755	92 980
Details of transfers and subsidies							
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	5	–	–	–	–	–	–
Regional Services Council levies	5	–	–	–	–	–	–
Departmental agencies and accounts							
Social security funds							
Current	2 700 000	–	–	2 500 000	–	–	–
Road Accident Fund	2 700 000	–	–	2 500 000	–	–	–
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	106 848	126 770	162 029	150 330	151 143	62 091	65 518
Railway Safety Regulator	20 000	21 200	27 260	33 361	37 260	35 634	37 475
Road Traffic Management Corporation	73 150	90 450	92 988	89 588	83 603	–	–
South African Maritime Safety Authority	7 308	7 747	12 919	8 535	8 896	9 402	9 966
South African Civil Aviation Authority	6 390	7 373	28 862	7 464	7 781	8 223	8 716
Independent Port Regulator	–	–	–	11 382	13 603	8 832	9 361
Households							
Social benefits							
Current	–	31	4	–	–	–	–
Leave gratuity	–	31	4	–	–	–	–

Expenditure trends

The programme's expenditure includes additional allocations of R2.7 billion in 2005/06 and R2.5 billion in 2008/09 as transfer payments to the Road Accident Fund. These allocations were made to address the liquidity crisis experienced by the Road Accident Fund and to assist in decreasing the outstanding claims.

Transfer payments to the Road Traffic Management Corporation increased at an average annual rate of 7 per cent from R73.2 million in 2005/06 to R89.6 million in 2008/09. In 2008/09 and 2009/10, transfers to the corporation are expected to decline due to some of the allocations for the Arrive Alive communications campaign being re-allocated to the department. Transfers to the Road Traffic Management Corporation will be reviewed from 2010/11 onwards, in light of new services related to the Administrative Adjudication of Road Traffic Offences Act (1998).

Transfer payments to the Ports Regulator were introduced in 2008/09, with an initial amount of R11.4 million. Allocations to the Railway Safety Regulator are set to increase from R33.4 million in 2008/09 to R37.5 million in 2011/12.

Expenditure on goods and services was higher than expected in 2005/06 because it included allocations for functions of the Road Traffic Management Corporation that were performed within the department, as well as an allocation for setting up the Railway Safety Regulator. Expenditure on goods and services increased from 2008/09 due to the rollover of R14 million in 2008/09, and the department reprioritising additional funding for the restructuring of the Road Accident Fund of R6 million in 2008/09, and R14 million per year over the MTEF period.

Public entities

Road Accident Fund

Strategic overview: 2005/06 – 2011/12

The Road Accident Fund (RAF) was established in terms of the Road Accident Fund Act (1996). Its mandate is to provide compensation for personal injury claims arising from the negligent actions of another driver and is funded through a dedicated fuel levy collected by the South African Revenue Service. The Fund has developed a new claims management system and implemented an ICT strategy to improve performance in its core operations. These initiatives are currently being implemented and have resulted in noticeable improvements in operating performance, especially in processing efficiency.

The Road Accident Fund currently stands with a claims processing backlog of around 297 000 claims, an accumulated financial deficit of around R27.8 billion and very poor liquidity. The cost to compensation ratio (claims settlement cost versus compensation paid to victims) has declined to 40 per cent from its peak of 48 per cent in 2005/06.

Over the MTEF period, the RAF will continue to:

- support the reform, enabling the creation of a benefit system for South Africa that is equitable, affordable, sustainable and appropriate for the country and which eliminates wastages, inefficiencies and leakages inherent in the current system
- ensure that the system put in place for the country is appropriately funded and that correct economic models are used to determine the pricing for the fuel levy on a regular basis
- invest in systems and processes that will result in superior service delivery to victims of motor vehicle accidents, their families and service providers.

Selected performance and operations indicators

Table 33.17 Road Accident Fund

Indicator	Past			Current	Projections		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Number of new claims reported each year	190 470	170 418	267 133	309 838	340 822	357 863	350 706
Number of new claims paid each year	188 185	274 954	311 207	270 878	250 699	241 245	241 597
Total number of outstanding claims	445 682	341 146	297 072	336 032	426 155	542 772	651 881
Cost to compensation ratio (percentage)	48%	44%	47%	–	–	–	–
Cost to fuel levy income ratio (percentage)	32%	31%	32%	30%	24%	24%	25%

Service delivery and spending focus

The claims backlog was reduced by 13 per cent in 2007/08 with the Road Accident Fund exceeding the target for 2007/08. A contract to implement a new claims system was concluded. The new system will start operating from April 2009. The cost to compensation ratio improved by 4 per cent in 2007/08.

The fraud prevention strategy prescribes the centralisation of functions to ensure integrity. Its investigative capacity has been increased, and dedicated resources were jointly appointed by the Road Accident Fund, the National Prosecuting Authority and the South African Police Service to identify, investigate and prosecute fraudulent activities. More than 4 500 claims to the value of R363 million have been referred for investigation.

In 2007/08, the Road Accident Fund spent approximately R800 million on own legal costs. In an effort to reduce costs and in turn reduce the cost to compensation ratio, the fund will establish an internal law firm that will provide the necessary legal representation. It is estimated that the annual saving to the Road Accident Fund on managing the litigation of these matters internally will be approximately R110 million. The project will be rolled out in early 2009, and by the end of 2009, all magistrate court litigation will be managed by the internal law firm.

Over the MTEF period, the fund will continue to reduce the backlog of claims, improve efficiencies in the claims management system and provide increased capacity to facilitate the claims process. To support efforts to address the solvency of the Fund, the department will be supported in the shift to a social security system providing benefits based on a no-fault system.

Expenditure estimates

Table 33.18 Road Accident Fund: Project information

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Compensation	3 209 309	3 989 014	6 497 430	10 452 710	8 852 380	9 924 877	7 217 064
Road Accident Fund: Legal and other	505 801	664 466	795 229	892 483	905 061	1 074 164	1 203 112
Claimants: Legal and other	796 664	1 003 067	1 237 352	1 388 677	1 408 247	1 671 366	1 872 006
Supplier claims	341 126	462 912	469 932	527 403	534 836	634 766	710 966
Other projects	1 791 905	3 016 354	6 991 722	8 515 206	6 943 220	7 597 191	4 285 119
Total expense	6 644 805	9 135 813	15 991 666	21 776 479	18 643 744	20 902 363	15 288 267

Table 33.19 Road Accident Fund: Financial information

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
Statement of financial performance	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Revenue							
Non-tax revenue	88 070	264 412	182 693	560 607	56 098	28 764	50 703
<i>Other non-tax revenue</i>	88 070	264 412	182 693	560 607	56 098	28 764	50 703
Transfers received	8 053 906	7 012 774	8 222 048	11 178 563	12 422 476	13 928 702	15 115 669
Total revenue	8 141 976	7 277 186	8 404 741	11 739 170	12 478 575	13 957 466	15 166 372
Expenses							
Current expense	489 632	505 610	587 594	883 398	1 226 466	1 434 488	1 671 469
Compensation of employees	349 562	397 109	426 095	529 001	633 988	724 915	828 882
Goods and services	125 158	104 746	148 846	284 621	479 987	553 368	638 296
Depreciation	14 886	3 737	12 570	69 753	112 466	156 178	204 262
Interest, dividends and rent on land	26	18	83	23	25	27	29
Transfers and subsidies	6 155 173	8 630 203	15 404 072	20 893 081	17 417 278	19 467 875	13 616 798
Total expenses	6 644 805	9 135 813	15 991 666	21 776 479	18 643 744	20 902 363	15 288 267
Surplus / (Deficit)	1 497 171	(1 858 627)	(7 586 925)	(10 037 309)	(6 165 169)	(6 944 898)	(121 894)
Statement of financial position							
Carrying value of assets	57 793	130 954	129 490	258 441	384 530	460 907	499 184
<i>of which: Acquisition of assets</i>	9 989	18 213	97 515	211 000	270 850	294 850	342 335
Inventory	–	–	2 077	2 285	2 513	2 764	3 041
Receivables and prepayments	610 177	1 672 272	1 972 943	2 085 979	2 814 134	3 313 794	3 597 731
Cash and cash equivalents	3 691 705	2 404 363	1 192 406	816 612	134 622	314 291	525 491
Total assets	4 359 675	4 207 589	3 296 916	3 163 317	3 335 799	4 091 755	4 625 447
Accumulated surplus / deficit	(17 905 263)	(20 299 742)	(27 886 667)	(37 923 976)	(44 089 145)	(51 034 043)	(51 155 937)
Capital and reserves	58 916	58 916	58 916	58 916	58 916	58 916	58 916
Post-retirement benefits	–	20 219	21 985	27 295	32 712	37 403	42 767
Trade and other payables	795 656	105 705	381 681	436 169	487 539	516 791	547 798
Provisions	58 916	190 645	271 374	405 880	464 857	534 697	538 810
Provisions for outstanding claims	21 351 450	23 935 366	30 339 494	40 159 034	46 380 921	53 977 991	54 593 092
Liabilities not classified elsewhere	–	196 480	110 133	–	–	–	–
Total equity and liabilities	4 359 675	4 207 589	3 296 916	3 163 317	3 335 799	4 091 755	4 625 447

Expenditure trends

The administration expenditure increases significantly in 2009 as the major portion of the costs relating to the turnaround strategy is incurred. This includes depreciation on new systems acquired. Marketing costs have also increased substantially due to a drive to encourage accident victims to claim directly from the Road Accident Fund, thus saving a substantial portion of the legal costs that are currently being paid to attorneys. Cost relating to compensation of employees is based on the consumer price index of 10.1 per cent plus 2 per cent for 2010/11 to 2011/2012. This includes an increase in staff of around 5 per cent per year for the same period.

The impact of the Road Accident Fund Amendment Act (2005), according to which liabilities are limited, will not immediately reflect in expenditure trends as these claims remain unreported for up to three years. Transfers and subsidies will decrease considerably in 2011/12.

From 2005/06 to 2008/09, expenditure increased at an average annual rate of 48.5 per cent, but is expected to decrease by 11.1 per cent from 2008/09 to 2011/12 due to the impact of the RAF Amendment Act, 2005.

Revenue increases at 13 per cent between 2005/06 and 2008/09 and is expected to increase at 8.9 per cent over the MTEF, the latter due to an increase of 17.5 cents per litre in 2009/10 to the fuel levy.

Airports Company of South Africa

Strategic overview: 2005/06 – 2011/12

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

The act requires the Airports Company to submit a five-year business plan and budget on a three-yearly basis. Permission to levy charges for aeronautical services provided by the company is issued by the regulating committee on the basis of the permission application. The application for 2008 to 2012 has been approved by the industry regulator.

The key focus over the MTEF period is to improve the availability, reliability, safety and security of airport infrastructure and transport services in response to the rapidly growing demand. At the end of 2011/12, the 10 airports in the company's network should be able to provide for 44.4 million passengers, representing a 28.5 per cent increase on 2007/08, and manage 611 631 aircraft landings, representing a 17.8 per cent increase compared with 2007/08.

Selected performance and operations indicators

Table 33.20 Airports Company of South Africa

Indicator	Past			Current 2008/09	Projections		
	2005/06	2006/07	2007/08		2009/10	2010/11	2011/12
Cost to income efficiency ratio	54	54	63	55	49	43	41
Achieve efficiency factor: approved tariff as factor of revenue	2	2	2	2	2	2	2
Corporate social investment	R4.7m	R7.5m	R24.1m	R31.2m	R34.9m	R42.1m	R46.3m

Service delivery and spending focus

The Airports Company of South Africa handled 36.2 million passengers in 2008, representing a 10.3 per cent year-on-year increase. Commercial revenue increased by 18.7 per cent.

Infrastructure investments included the new greenfield airport at La Mercy in KwaZulu-Natal to the value of R6.7 billion, the opening of the central terminal building at OR Tambo International Airport to the value of R2.3 billion, the expansion at George Airport, and the international runway refurbishment at Cape Town International Airport.

A substantial value enhancement has been made in the Airports Company's investment in Mumbai International Airport during 2007/08 through the provision of a quality management system, airports operational control centres and improvements to the operational environment.

The Airports Company of South Africa received the 2007 airports service quality award for best three airports in the Africa region by Airports Council International.

Expenditure estimates

Table 33.21 Airports Company of South Africa: Activity information

R thousand	Audited outcome			Revised estimate 2008/09	Medium-term estimate		
	2005/06	2006/07	2007/08		2009/10	2010/11	2011/12
Financing activities	135 022	303 704	439 347	852 800	1 495 103	1 761 861	1 391 336
Use of assets: Depreciation	378 125	454 902	581 601	672 719	895 510	1 071 341	1 012 977
Repairs and maintenance activity	101 614	109 848	126 455	147 085	148 612	166 694	175 696
Security services activity	59 250	68 339	83 886	108 082	105 931	122 492	129 106
Payroll, support and other airport operations activities	596 191	687 494	818 394	1 027 272	1 062 608	1 254 228	1 227 096
Other activities	322 780	493 105	342 718	237 614	299 481	559 736	713 829
Total expense	1 592 982	2 117 392	2 392 401	3 045 572	4 007 245	4 936 352	4 650 040

Table 33.22 Airports Company of South Africa: Financial information

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
Statement of financial performance	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Revenue							
Non-tax revenue	2 213 809	2 771 184	2 936 852	3 618 553	4 617 549	6 188 428	6 291 189
Sale of goods and services other than capital assets	2 122 363	2 497 893	2 667 147	3 618 553	4 617 549	6 188 428	6 291 189
<i>of which:</i>							
<i>Sales by market establishments</i>	2 116 487	2 490 410	2 657 906	3 009 622	3 708 910	6 016 409	6 099 154
<i>Other sales</i>	5 876	7 483	9 241	608 931	908 639	172 019	192 035
<i>Other non-tax revenue</i>	91 446	273 291	269 705	–	–	–	–
Total revenue	2 213 809	2 771 184	2 936 852	3 618 553	4 617 549	6 188 428	6 291 189
Expenses							
Current expense	1 286 669	1 644 716	2 126 323	2 851 408	3 753 540	4 425 859	3 988 114
Compensation of employees	313 283	376 020	455 401	583 164	598 350	660 911	696 601
Goods and services	460 239	510 090	649 974	742 725	764 577	931 746	887 200
Depreciation	378 125	454 902	581 601	672 719	895 510	1 071 341	1 012 977
Interest, dividends and rent on land	135 022	303 704	439 347	852 800	1 495 103	1 761 861	1 391 336
Total expenses	1 592 982	2 117 392	2 392 401	3 045 572	4 007 245	4 936 352	4 650 040
Surplus / (Deficit)	620 827	653 792	544 451	572 981	610 304	1 252 076	1 641 149
Statement of financial position							
Carrying value of assets	7 924 830	9 176 105	13 300 422	18 742 125	21 571 978	19 592 799	19 608 246
<i>of which: Acquisition of assets</i>	1 236 927	1 715 434	4 528 021	6 114 422	3 725 363	1 179 827	1 028 424
Investments	169 718	125 243	202 748	546 051	546 051	546 051	546 051
Inventory	1 491	1 883	1 847	3 241	3 241	3 241	3 241
Receivables and prepayments	514 500	494 191	997 972	371 049	508 071	741 749	751 951
Cash and cash equivalents	1 332 048	1 905 083	16 915	150 481	185 446	300 820	304 957
Assets not classified elsewhere	–	–	–	57 451	57 451	57 451	57 451
Total assets	9 942 587	11 702 505	14 519 904	19 870 398	22 872 238	21 242 111	21 271 897
Accumulated surplus / deficit	6 243 287	5 678 561	6 088 857	6 814 631	7 467 014	8 914 630	10 955 719
Borrowings	2 854 565	5 233 610	5 193 691	10 594 471	13 180 388	10 520 297	7 961 418
Post-retirement benefits	38 824	57 812	70 455	70 455	70 455	70 455	70 455
Trade and other payables	774 119	692 148	2 054 646	1 125 518	829 512	102 608	419 388
Provisions	31 792	40 374	47 968	–	–	–	–
Liabilities not classified elsewhere	–	–	1 064 287	1 265 323	1 324 869	1 634 121	1 864 917
Total equity and liabilities	9 942 587	11 702 505	14 519 904	19 870 398	22 872 238	21 242 111	21 271 897

Expenditure trends

From 2005/06 to 2008/09 revenue grew from R2.2 billion to R3.6 billion, at an average annual rate of 17.8 per cent. It is expected to increase from R3.6 billion in 2008/09 to R6.3 billion in 2011/12, at an average annual rate of 20.2 per cent, mostly driven by growth in non-aeronautical revenue such as property, parking, car hire and advertising. The company's main expenditure item in 2008/09 is interest, dividends and rent on land, which increases from R135 million in 2005/06 to R853 million in 2008/09, and is expected to increase at an average annual rate of 17.7 per cent over the MTEF period to R1.4 billion in 2011/12.

Borrowings have increased from R2.9 billion in 2005/06 to R10.6 billion in 2008/09 to provide for the expansion of airport infrastructure. Personnel expenditure increased at an average annual rate of 23 per cent between 2005/06 and 2008/09 to provide for a greater focus on customer service.

In 2006/07, the Airports Company of South Africa paid dividends of R898.9 million to the department, which included a special dividend of R667.6 million to government after the sale of shares to the Public Investment Corporation. This payment is reflected in the decrease in capital and reserves for 2007/08.

The company is expecting to exceed its budgeted profit for the year. Moreover, it will continue its efforts to expand infrastructure through developments at OR Tambo, Cape Town and Durban international airports.

Air Traffic and Navigation Services Company

Strategic overview: 2005/06 - 2011/12

The Air Traffic and Navigation Services Company (ATNSC) was established in terms of the Air Traffic and Navigation Services Act (1993). Its core mandate is to provide safe, orderly and efficient air traffic and navigational and associated services.

Over the MTEF period, the company will prioritise the ongoing improvement of its safety performance. It aims to reduce the safety ratio from 3.5 to 2.5 incidents per 100 000 movements.

Providing efficient air navigation services to meet demand remains a critical component of the company's work. This means exceeding the equipment availability targets set by the International Civil Aviation Organisation and achieving systems availability levels of 99.7 per cent for communication, 99.3 per cent for navigation and 99.4 per cent for surveillance equipment. To meet these requirements, expenditure on maintenance and telecommunication expenses accounted for 46.3 per cent of non-personnel expenditure.

The Air Traffic and Navigation Services Company plays a leading role in the development of air navigation services in Africa. The company will advance human resource development over the MTEF period to ensure sufficient numbers of highly trained personnel in the aviation sector.

Selected performance and operations indicators

Table 33.23 Air Traffic and Navigation Services Company

Indicator	Past			Current	Projections		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Achieve safety performance: Safety incidents / 100 000 movements	3.6	3.5	3.5	3	3	2.5	2.5
Capacity improvement at OR Tambo to increase runway throughput/hour	52	56	56	60	60	60	60
Air traffic controllers vacancy rate (percentage)	13.28%	7.29%	12.5%	16.83%	13.14%	13.47%	12.32%

Service delivery and spending focus

Both SADC Very Small Aperture Terminal (VSAT) II and Nafisat satellites were installed in 2007/08, providing communication between 26 African countries, improving safety and reducing air transport costs.

The retention strategy has led to an increase of 14 air traffic controllers and 24 external recruits.

The civil works for the advanced surface movement guidance and control system were completed and installed in 2008 to reduce weather related delays.

Investments in navigation technology include the Atlantic Ocean routing area, radar systems for East London, Port Elizabeth and the design of the air traffic control centre for La Mercy airport in KwaZulu-Natal.

The average delay per flight was on average 2 seconds per delayed flight. In 2007/08, safety events stabilised at 3.5 events per 100 000 movements and the target over the MTEF remains 2.5 events per 100 000.

Over the MTEF period, the Air Traffic and Navigation Services Company will complete the development of a new high frequency transmitter site, the installation and commissioning of the George radar, and the advance surface movement guidance and control system at both the OR Tambo and Cape Town International Airports. The initial requirements for performance based navigation will be implemented by 2012.

Expenditure estimates

Table 33.24 Air Traffic and Navigation Services Company: Project information

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Air Traffic and Navigation Services	434 603	475 785	555 525	572 375	725 315	804 799	899 021
Aviation Training Academy	20 066	29 995	26 129	35 406	46 146	49 147	49 147
Very Small Apperture Terminal	6 358	10 434	9 843	11 954	19 950	21 654	23 596
Nafisat	–	–	–	10 654	19 134	19 666	21 290
Total expense	461 027	516 214	591 497	630 388	810 545	895 266	993 054

Table 33.25 Air Traffic and Navigation Services Company: Financial information

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Statement of financial performance							
Revenue							
Non-tax revenue	559 012	592 671	637 274	651 809	864 402	1 073 627	1 192 617
Sale of goods and services other than capital assets	536 557	562 311	616 404	614 795	810 835	1 009 960	1 124 368
<i>of which:</i>							
<i>Sales by market establishments</i>	536 557	562 311	616 404	614 795	810 835	1 009 960	1 124 368
<i>Other non-tax revenue</i>	22 455	30 360	20 870	37 014	53 566	63 668	68 249
Total revenue	559 012	592 671	637 274	651 809	864 402	1 073 627	1 192 617
Expenses							
Current expense	413 266	473 268	548 008	630 389	810 545	895 266	993 055
Compensation of employees	211 330	251 311	305 460	360 245	475 572	508 590	546 444
Goods and services	120 960	126 097	132 364	154 854	198 752	210 742	226 919
Depreciation	74 735	83 764	71 825	88 222	105 606	126 280	147 588
Interest, dividends and rent on land	6 241	12 096	38 359	27 068	30 615	49 654	72 104
Transfers and subsidies	10 588	10 908	13 954	–	–	–	–
Total expenses	461 027	516 214	591 497	630 389	810 545	895 266	993 055
Surplus / (Deficit)	97 985	76 457	45 777	21 420	53 857	178 362	199 562
Statement of financial position							
Carrying value of assets	638 111	772 720	937 216	1 001 946	1 107 458	1 254 596	1 383 932
<i>of which: Acquisition of assets</i>	133 459	212 187	223 721	152 952	211 118	273 418	276 924
Investments	10 468	11 943	13 177	13 311	13 381	13 448	13 515
Inventory	649	734	634	734	1 004	1 069	1 131
Receivables and prepayments	71 419	71 711	76 254	95 793	126 410	156 908	173 690
Cash and cash equivalents	171 279	82 233	45 412	9 690	2 377	14 265	62 127
Total assets	891 926	939 341	1 072 693	1 121 474	1 250 630	1 440 287	1 634 395
Accumulated surplus / deficit	564 709	641 167	686 942	702 316	741 093	869 514	1 013 199
Borrowings	228 089	169 168	260 982	309 079	373 990	426 479	472 199
Trade and other payables	65 795	98 141	90 334	75 927	95 381	106 064	113 001
Provisions	33 333	30 865	34 435	34 151	40 167	38 229	35 996
Total equity and liabilities	891 926	939 341	1 072 693	1 121 473	1 250 631	1 440 287	1 634 395

Expenditure trends

Revenue grew from R559 million in 2005/06 to R651.8 million in 2008/09 at an average annual rate of 5.3 per cent. It is expected to increase by a further 22.3 per cent over the MTEF period due to increases in global and national air travel from which the company derives 96 per cent of its revenue. From 2005/06 to 2008/09, expenditure increased by 11% from R461 million to R630.4 million. An average annual growth rate of 16.4 per cent will result in expenditure of R993 million in 2011/12.

Salaries have increased at an average annual rate of 19.5 per cent from 2005/06 to 2008/09 and are expected to increase by 52 per cent over the MTEF period at an average annual rate of 14.9 per cent. The increase in salary cost is a combination of annual salary increases, increases in the number of employees and increase in staff retention packages.

Travelling expenses are expected to increase by 64 per cent over the next three-year period and on average by 16 per cent per year. The increase in travelling expenses is mainly due to an increase in travel for training

purposes. Telecommunication expenses are expected to increase by 53 per cent over the MTEF period. The increase in telecommunication expenses is mainly due to the additional satellite expenses. Electronic maintenance is expected to increase by 77 per cent over the next three years due to an increase in the number of maintenance and support contracts.

Depreciation is expected to increase by 67 per cent over the medium term, mainly due to the increase in capital expenditure over the past years. The increase in total funding is mainly due to additional loans required to fund capital expenditure as well as the higher interest rates.

Credit card driving licences trading account

Strategic overview: 2005/06 – 2011/12

The credit card driving licences trading account was created after National Treasury approval in May 2007 in terms of the Public Finance Management Act (1999). The account generates revenue by selling credit card format driving licences (either new or renewals ordered by the driving licence testing centres) and pays the contractor for the manufactured cards.

The credit card driving licence production facility was established in March 1998 to produce secure credit card format driving licences to minimise fraud. The card production facility stores all the transaction details on the national traffic information system and enables the verification of all features incorporated on the card. The automated system has reduced the waiting time for licences to 14 days, against the targeted 21 days.

Expenditure estimates

Table 33.26 Credit card driving licences trading account: Financial information

R thousand	Audited outcome		Preliminary outcome ¹	Revised estimate	Medium-term estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Statement of financial performance							
Revenue							
Non-tax revenue	84 903	62 043	93 226	97 600	112 000	112 000	112 000
Sale of goods and services other than capital assets	79 011	58 407	91 651	97 000	110 000	110 000	110 000
<i>of which:</i>							
Administrative fees	655	391	415	300	500	500	500
Sales by market establishments	78 356	58 016	91 236	96 700	109 500	109 500	109 500
Other non-tax revenue	5 892	3 636	1 575	600	2 000	2 000	2 000
Total revenue	84 903	62 043	93 226	97 600	112 000	112 000	112 000
Expenses							
Current expense	79 511	158 850	116 536	113 500	111 000	111 000	106 000
Goods and services	65 405	77 441	86 536	108 500	106 000	106 000	106 000
Depreciation	14 106	6 914	–	5 000	5 000	5 000	–
Interest, dividends and rent on land	–	74 495	30 000	–	–	–	–
Total expenses	79 511	158 850	116 536	113 500	111 000	111 000	106 000
Surplus / (Deficit)	5 392	(96 807)	(23 310)	(15 900)	1 000	1 000	6 000
Statement of financial position							
Carrying value of assets	6 915	1	1	10 001	5 001	1	1
<i>of which: Acquisition of assets</i>	–	–	–	15 000	–	–	–
Receivables and prepayments	74 237	42 727	63 096	40 000	42 000	42 000	42 000
Cash and cash equivalents	105 227	51 280	3 621	337	4 337	10 337	16 337
Total assets	186 379	94 008	66 718	50 338	51 338	52 338	58 338
Accumulated surplus / deficit	174 355	77 548	54 238	38 338	39 338	40 338	46 338
Trade and other payables	12 024	16 460	12 480	12 000	12 000	12 000	12 000
Total equity and liabilities	186 379	94 008	66 718	50 338	51 338	52 338	58 338

¹ Annual Financial Statements 2007/08 have not been tabled in Parliament

Expenditure trends

The credit card driving licence trading account receives funds from driving licence testing centres for driving licences ordered, and pays the contractor for the manufacture of the cards. Revenue from the sale of goods and services other than capital assets increased from R79 million to R97 million between 2005/06 and 2008/09, at

average annual growth of 7.1 per cent, which can be attributed to the gradual growth of car ownership and the economy in general. However, the revenue is expected to remain stable over the MTEF period at a projected average annual growth of 4.3 per cent.

Expenditure on goods and services increased by 25.4 per cent between 2007/08 and 2008/09 due to the increased costs of production on credit card format licences. Over the past 10 years, the escalation of costs has not been accompanied by an increase in card fees, which has resulted in cash flow problems. This explains the deficits and the fluctuating trend in cash and cash equivalents. The reduction in total assets between 2005/06 and 2008/09 is due to the settlement of prepayments and receivables by debtors on the monies due to the account. Efforts made in the past to recover funds due to the account were inadequate, resulting in more bad debts on the financials. However, measures in the form of new contracts are in place, which will allow new orders to be placed against available cash, which will minimise the number of bad debts.

Cross Border Road Transport Agency

Strategic overview: 2005/06 – 2011/12

The Cross Border Road Transport Agency provides advice, regulation, facilitation and law enforcement for cross border road transport by both the public and private sectors. It was established in terms of the Cross Border Road Transport Agency Act (1998) and derives its mandate from this legislation, in conjunction with regional and international multilateral and bilateral agreements. The agency conducts inspections countrywide to ensure that carriers operate within legal parameters, including that vehicles and drivers have the required permits and other documents.

The agency has a set of six interdependent medium term strategic objectives to improve its business processes. Corporate governance, better financial and human resource performance, and knowledge management and operational information systems are the key pillars of the agency's strategic path.

Over the medium term, the agency plans to harmonise policies, processes and procedures in the SADC region to reduce operational constraints and standardise regulatory practices. The agency is also planning to initiate bilateral agreements with the Democratic Republic of the Congo, Tanzania and Angola and with each of the states that are party to the Southern African Customs Union memorandum of understanding.

Selected performance and operations indicators

Table 33.27 Cross Border Road Transport Agency

Indicator	Past			Current	Projections		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Number of tourist permits issued each year	2 908	3 532	4 749	5 223	5 746	6 321	6 953
Number of passenger permits issued each year	6 296	7 269	9 553	10 508	11 559	12 715	13 986
Number of freight permits issued each year	48 247	49 104	52 413	57 654	63 419	69 761	76 737
Number of cabotage permits issued each year	1 192	1 887	3 691	2 030	2 233	2 456	2 702
Number of vehicle inspections each year	80 652	72 283	82 283	91 868	102 892	115 239	129 068

Service delivery and spending focus

The Cross Border Road Transport Agency has reduced the time for issuing permits, with temporary permits issued on the same day and renewals issued within 2 weeks. This is an improvement on the average time for permits to be issued up to August 2008, which was 3 months. The agency is aiming to reduce the waiting period for 1-year passenger permits to 2 months, conduct a customer satisfaction survey, and increase the number of fault free permits over the MTEF period. Roadblocks and inspections per inspector have increased, as well as prosecutions for non-compliance.

Improvements over the medium term include strategies to encourage more companies with 10 or more vehicles that do business for more than 3 months to make use of the 1-year permits rather, rather than continuously renewing the 3-month permits, especially for freight operators. The facilitation department will participate more

in relevant forums and interact closely with all stakeholders. Conflict resolution around the Lesotho moratorium will also be intensified.

Expenditure estimates

Table 33.28 Cross Border Road Transport Agency: Project information

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Facilitation	698	404	680	1 353	2 493	2 742	3 017
Law enforcement	17 303	18 175	17 567	20 100	27 986	30 785	33 863
Regulatory	4 179	4 136	4 560	4 476	6 146	6 761	7 437
Advisory	922	–	–	–	–	–	–
Other projects	11 637	11 359	9 912	17 691	14 847	19 428	23 351
Total expense	34 739	34 074	32 719	43 620	51 472	59 716	67 667

Table 33.29 Cross Border Road Transport Agency: Financial information

R thousand	Audited outcome			Preliminary outcome ¹	Revised estimate	Medium-term estimate		
	2005/06	2006/07	2007/08			2008/09	2009/10	2010/11
Statement of financial performance								
Revenue								
Non-tax revenue	30 436	32 246	37 742	43 620	51 536	59 718	67 668	
Sale of goods and services other than capital assets	24 535	27 256	30 252	35 537	42 645	49 548	55 558	
<i>of which:</i>								
Administrative fees	24 535	27 256	30 252	35 537	42 645	49 548	55 558	
Other non-tax revenue	5 901	4 990	7 490	8 083	8 891	10 170	12 110	
Transfers received	2 000	–	–	–	–	–	–	
Total revenue	32 436	32 246	37 742	43 620	51 536	59 718	67 668	
Expenses								
Current expense	34 739	34 074	32 719	43 620	51 472	59 716	67 667	
Compensation of employees	21 758	22 994	21 615	28 614	34 045	39 152	44 210	
Goods and services	12 478	10 593	11 473	12 233	14 068	16 934	19 474	
Depreciation	502	487	(369)	331	626	487	369	
Interest, dividends and rent on land	1	–	–	2 441	2 733	3 143	3 614	
Total expenses	34 739	34 074	32 719	43 620	51 472	59 716	67 667	
Surplus / (Deficit)	(2 303)	(1 828)	5 023	0	63	2	1	

¹ Annual Financial Statements 2007/08 have not been tabled in Parliament

Expenditure trends

Total revenue increased at an average annual rate of 10.4 per cent between 2005/06 and 2008/09, from R32.4 million to R43.6 million, and is projected to increase at an average annual rate of 15.8 per cent over the MTEF period, reaching R67.7 million. The growth in non-tax revenue (permit fees) between 2005/06 and 2008/09 is due to an increase in the number of operators complying with the Cross Border Road Transport Act. The continuing increase in the agency's revenue is because more inspections are performed at all borders and operators are fined for not complying. Expenditure increased at an average annual rate of 7.9 per cent between 2005/06 and 2008/09, from R34.7 million to R43.6 million. Over the MTEF period, it is expected to increase to R67.7 million at an average annual rate of 15.8 per cent, mainly due to more expenditure on new staff and increased travel and subsistence.

The increase in spending on facilitation between 2007/08 and 2009/10 is due to work relating to the bilateral agreements with the Democratic Republic of the Congo, Tanzania and Angola, and with each of the states that are party to the Southern African Customs Union memorandum of understanding. Other increases in expenditure relate to the agreements with the South African National Roads Agency, in terms of which the Cross Border Road Transport Agency will staff the Musina Beit Bridge traffic control centre. 185 law enforcement officials will need to be employed by the end of 2008/09. The average annual increase of

15.6 per cent in compensation of employees between 2008/09 and 2011/12 is due to the plan to recruit new staff over the period, to meet the agency's strategic objectives. Travel and subsistence expenses (reflected under goods and services) are dominated by requirements to attend meetings, including the joint route management group, the Trans-Kalahari corridor committee and the border control operational coordinating committee, with their SADC counterparts. There was an increase of 19 per cent in this expenditure between 2006/07 and 2007/08.

The depreciation on assets that had been fully depreciated was written back because their useful life was extended by a further two to three years.

Ports Regulator

Strategic overview: 2005/06 – 2011/12

The Ports Regulator was legally established in terms of the National Ports Act (2005). It was officially set up in 2007, a chief executive officer was appointed in 2008/09 and the entity will only become fully operational in 2009/10. According to the legislation, the regulator's main functions are the economic regulation of the ports system, promoting equity of access to ports and their facilities and services, and monitoring the activities of the Transnet National Ports Authority. One of the ways in which the regulator is supposed to fulfil this mandate is by processing complaints against the Transnet National Ports Authority's activities. For these complaints and for appeals, the regulator is setting up a tribunal and is allowed to charge fees.

In 2009/10, establishing governance arrangements and administrative capability will take precedence. Over the MTEF period, the regulator will focus on establishing appropriate regulatory architecture, staff and systems for the port industry and providing services as mandated in the National Ports Act (2005). The main subsets of the regulatory architecture will be the regulator's quasi-judicial regulatory functions and its mandated institutional reform support function.

Starting in 2009/10, the regulator's economic regulatory interventions will accelerate over the medium term and consolidate in line with the responses of the Department of Transport and Cabinet to the institutional reform recommendations. Industry performance and compliance monitoring will comprise a large part of the regulator's activities, starting from 2010/11 and accelerating in 2011/12.

Due to the delayed establishment and finalisation of the regulatory framework, over the MTEF period the regulator will concentrate on the key objectives that have the largest impact on the industry and the legislative mandates that are clearly defined.

Selected performance and operations indicators

Table 33.30 Ports Regulator

Indicator	Past			Current 2008/09	Projections		
	2005/06	2006/07	2007/08		2009/10	2010/11	2011/12
Tribunal days each year	-	-	-	0	35	18	18
Percentage of complaints and appeals processes within timeframe	-	-	-	0	25% (11/45)	50% (10/20)	90% (18/20)

Service delivery and spending focus

The economic regulation and tariffs, and monitoring and tribunal and regulatory development programmes will be the focus in 2009/10 as they become fully operational. Thereafter, a new programme of industry development will be set up.

The primary cost driver in the regulator's expenditure will be the staffing requirements, as the organisation's mandate is largely internally delivered. As the organisation stabilises and establishment activities form a smaller part of the expenditure and management effort, the shift in spending will move towards tertiary level regulatory development and away from administrative establishment.

The higher level regulatory development will require a range of services that are not core functions of the regulator over the long term, so this expertise will this be procured from external services providers for short periods.

Expenditure estimates

Table 33.31 Ports Regulator: Financial information

R thousand	Audited outcome		Preliminary outcome ¹	Revised estimate	Medium-term estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Statement of financial performance							
Revenue							
Tax revenue	-	-	-	-	-	9 592	20 143
Non-tax revenue	-	-	-	-	-	-	-
Transfers received	-	-	11 144	11 382	13 603	8 832	9 361
Total revenue	-	-	11 144	11 382	13 603	18 424	29 504
Expenses							
Current expense	-	-	2 390	5 906	12 850	17 470	18 131
Compensation of employees	-	-	423	1 885	7 977	12 081	12 655
Goods and services	-	-	1 915	3 623	4 347	4 883	5 313
Depreciation	-	-	52	398	526	506	163
Total expenses	-	-	2 390	5 906	12 850	17 470	18 131
Surplus / (Deficit)	-	-	8 754	5 476	753	954	11 373

¹ Annual Financial Statements 2007/08 have not been tabled in Parliament

Expenditure trends

As the Ports Regulator only started operations in May 2007 out of the offices of the Department of Transport, there are no historical trends available for analysis. While currently the sole source of revenue is in the form of transfers from the department, legislation makes provision for revenue relating to the work of the tribunal. The large increase in tax revenue in 2011/12 is a projection of the fees earned once the regulator is fully established.

Delays in setting up the regulator resulted in significant under-expenditure in 2007/08, which explains the R8.8 million surplus. In 2008/09, 31.9 per cent of total expenditure was on compensation of employees and this is expected to increase to 67.5 per cent over the MTEF period as the regulator increases its human resource capacity. Capital purchases accounted for 38.6 per cent of expenditure in 2007/08 and 2008/09. As the focus over the same period was on infrastructure, this is expected to decrease, relative to expenditure of compensation of employees over the MTEF period.

Total revenue and expenditure are expected to increase by average annual growth rates of 37.4 per cent and 45.3 per cent between 2008/09 and 2011/12.

Railway Safety Regulator

Strategic overview: 2005/06 - 2011/12

The Railway Safety Regulator was established in terms of the National Railway Safety Regulator Act (2002). Its functions are to develop a railway safety regulatory framework by developing appropriate safety standards, conducting safety audits and assessments, inspections and occurrence investigations, and promoting and supporting the regional harmonisation of railway safety standards.

Between 2004/05 and 2006/07, the Railway Safety Regulator was primarily focused on developing its institutional capacity to deliver on its statutory mandate. Over the medium term, the Railway Safety Regulator aims to substantially increase its capacity so that it can intensify the development of the regulatory framework and strengthen its safety monitoring, compliance and enforcement activities.

An assessment of the overall safety performance of the railway industry will be crucial in identifying areas requiring urgent intervention as well as in assessing the impact of the Railway Safety Regulator's work. This will be in the form of the annual report on the state of railway safety, which provides the regulator with a yardstick for measuring the safety performance of railway operators and plays a critical role in identifying interventions to improve safety.

Selected performance and operations indicators

Table 33.32 Railway Safety Regulator

Indicator	Past			Current	Projections		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Number of safety compliance audits conducted	180	–	–	244	75	56	298
Number of safety management permits issued (and number of person hours) required to do this)	–	107	239	302 (7 550)	290 (11 975)	290 (11 975)	290 (11 975)
Number of safety improvement plans*	–	–	–	266	300	316	332

*Operators submit safety improvement plans to the Railway Safety Regulator taking stock of their safety performance and reassessing their risks and controls targets and measures.

Service delivery and spending focus

In 2007/08, the Railway Safety Regulator emphasised auditing railway operators' safety management systems, as these provide a sound basis for managing railway safety. The regulator also focused on conducting technical assessments and reviews on new and modified rail works and improvements to operations. Particular attention was paid to the two major operators, the South African Rail Commuter Corporation and Transnet Freight Rail, whose combined operations are by far the largest. The Railway Safety Regulator continued to conduct occurrence investigations. The second annual state of safety report was produced. Progress was made in strengthening the safety regulatory regime by finalising the general standard on technical requirements for engineering and operational standards and draft standards on rolling stock, and track, civil and electrical infrastructure.

Expenditure estimates

Table 33.33 Railway Safety Regulator: Financial information

R thousand Statement of financial performance	Audited outcome			Revised estimate	Medium-term estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Revenue							
Non-tax revenue	187	208	271	5 600	8 050	7 480	5 480
<i>Other non-tax revenue</i>	187	208	271	5 600	8 050	7 480	5 480
Transfers received	20 041	21 730	28 170	33 361	38 560	36 834	38 555
Total revenue	20 228	21 938	28 441	38 961	46 610	44 314	44 035
Expenses							
Current expense	24 606	30 627	29 672	38 961	46 067	43 800	43 714
Compensation of employees	5 639	16 509	18 576	22 239	27 649	29 748	31 788
Goods and services	18 387	13 010	9 754	15 093	17 118	12 852	10 846
Depreciation	562	1 067	1 273	1 395	1 300	1 200	1 080
Interest, dividends and rent on land	18	41	69	234	–	–	–
Transfers and subsidies	–	–	15	–	–	–	–
Total expenses	24 606	30 627	29 687	38 961	46 067	43 800	43 714
Surplus / (Deficit)	(4 378)	(8 689)	(1 246)	–	543	514	321
Statement of financial position							
Carrying value of assets	3 844	3 931	4 686	4 398	3 641	2 955	2 196
<i>of which: Acquisition of assets</i>	3 864	1 193	770	1 107	543	514	321
Receivables and prepayments	73	9	1	70	–	–	–
Cash and cash equivalents	11 051	2 883	1 716	1 600	1 500	1 350	1 180
Total assets	14 968	6 823	6 403	6 068	5 141	4 305	3 376
Accumulated surplus / deficit	8 389	(300)	(1 546)	(1 546)	(1 003)	(489)	(168)
Borrowings	437	370	1 491	1 179	843	483	99
Trade and other payables	512	2 113	2 729	2 994	1 819	1 452	1 664
Provisions	461	–	–	–	798	861	542
Liabilities not classified elsewhere	5 169	4 640	3 729	3 441	2 684	1 998	1 239
Total equity and liabilities	14 968	6 823	6 403	6 068	5 141	4 305	3 376

Expenditure trends

Total revenue increased at an average annual rate of 24.4 per cent between 2005/06 and 2008/09, from R20.2 million to R39 million in 2008/09. This high growth is because in 2008/09 the regulator started charging

operators for safety permits to cover processing costs. Average annual growth is expected to slow to 4.2 per cent over the MTEF period, with total revenue increasing to R44 million by 2011/2012. The regulator's primary source of revenue is transfers received from the department, with permit fees a secondary source. The regulator will be collecting a projected R5 million in permit fees in 2008/09, which will increase to an estimated R7.6 million in 2009/10 and then decrease to R7 million in 2010/11 and R5 million in 2011/12. The reason for the projected decrease is that operator contracts are for three years. Depending on contracts being renewed, the revenue will increase in the outer years.

Between 2005/06 and 2008/09, total expenditure increased from R24.6 million to R39 million at an average annual rate of 16.6 per cent. This will stabilise to 3.9 per cent over the MTEF period with expenditure in 2011/12 reaching R43.7 million. Compensation of employees accounted for 22.9 per cent of total expenditure in 2005/06 but had increased to 57 percent by 2008/09. Expenditure on goods and services is projected to decline in 2010/11 and 2011/12 as the regulator will be outsourcing inspector functions less, with permanent staff carrying out the inspections. Due to the nature of the regulator's business, estimates over the MTEF period continue to reflect a sizeable percentage of spending in personnel expenditure, peaking at 72.7 per cent in 2011/12.

Road Traffic Management Corporation

Strategic overview: 2005/06 – 2011/12

The Road Traffic Management Corporation was established in terms of the Road Traffic Management Corporation Act (1999) and became operational in September 2005. It is responsible for coordinating road traffic management across the various levels of government.

Its strategic priorities are to:

- coordinate strategic planning on road traffic management with all stakeholders, and ensure monitoring and evaluation of the implementation of identified programmes and interventions nationally
- reduce road fatalities through targeted law enforcement and road safety education and communication, in partnership with national, provincial, local and cross border countries
- develop an integrated road traffic safety management system to collect and analyse data for proper strategic planning and interventions
- identify best practice models on road traffic management through research and interaction with stakeholders, and ensure and facilitate implementation nationally
- facilitate skills development programmes for road traffic personnel.

Over the MTEF period, the Road Traffic Management Corporation will focus on: developing the national traffic law enforcement code; establishing the Traffic Practitioners Council; providing technology driven traffic law enforcement solutions; developing a real time accident information system; developing an integrated governance structure for road traffic management; developing specialised training course at training colleges, a soft skills training programme for traffic officers, and road safety education programmes; and implementing electronic vehicle identification.

Selected performance and operations indicators

Table 33.34 Road Traffic Management Corporation

Indicator	Activity/ Objective/ Programme/ Project	Past			Current	Projections		
		2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Number of accident report forms captured	Collect traffic and crash data	256 602	231 826	387 000	400 000	636 000	674 560	714 600
Number of special fatal accident investigations	Commission forensic investigations	9	9	31	28	57	68	80
Percentage implementation of law enforcement code	Manage enforcement code	50%	60%	70%	80%	90%	95%	100%
Percentage of enforcement operations held	Harmonise enforcement strategies (in terms of law enforcement code)	50	60	70	70	80	90	100
Number of fatal accidents reported	Collect traffic and crash data	12 335	12 862	12 500	12 000	11 900	11 600	10 904

Service delivery and spending focus

In 2007/08, a national law enforcement technical committee was established and meets quarterly. Innovative law enforcement pilot projects were rolled out, such as the N3 highway safety project, 24-hour roadblocks on priority routes, and monthly theme blitzes. The best practice model of multidisciplinary roadblocks was replicated in all authorities. The national road traffic law enforcement code is now 85 per cent complete. Traffic law enforcement will remain an area of high priority over the MTEF period.

Training on enforcing pedestrian, alcohol and seatbelt regulations was conducted for 65 officers. 338 officers were trained as examiners for driving licences and 201 as examiners of vehicles.

Data on fatal road traffic accidents was collected and consolidated. 49 special investigations and reconstructions of major fatal accidents were conducted in 9 provinces. This means that 37 per cent of the 130 major fatal accidents were investigated.

A framework for the national pedestrian plan was developed and each province identified three areas of remediation.

The foundation and intermediate phase multimedia programme that is used in schools to promote safety was monitored quarterly, and resource material on national roads was distributed to schools.

Other key spending areas over the medium term are the development of the regulatory framework and compliance monitoring, which includes safety inspections, audits and occurrence investigations.

Expenditure estimates

Table 33.35 Road Traffic Management Corporation: Project information

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Road and Pedestrian Safety Education	–	122	2 082	25 215	45 822	62 856	78 451
Patrol Car Maintenance	12 213	19 904	5 358	10 906	2 453	1 823	1 984
Special Accident Investigation	–	784	1 480	2 120	3 741	4 156	4 385
Road Traffic Offence Survey	–	959	2 559	1 938	2 184	2 596	31 896
Scholar Patrol Equipment	2 218	–	–	3 100	–	4 582	–
Other projects	20 913	29 190	57 110	108 202	64 308	36 811	5 894
Total expense	35 344	50 959	68 589	151 481	118 508	112 824	122 610

Table 33.36 Road Traffic Management Corporation: Financial information

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Statement of financial performance							
Revenue							
Non-tax revenue	181	1 576	8 858	15 950	6 341	23 908	28 674
<i>Other non-tax revenue</i>	181	1 576	8 858	15 950	6 341	23 908	28 674
Transfers received	43 051	52 488	73 349	138 744	112 167	88 916	93 936
Total revenue	43 232	54 064	82 207	154 694	118 508	112 824	122 610
Expenses							
Current expense	35 344	50 959	68 589	151 481	118 508	112 824	122 610
Compensation of employees	5 247	11 496	28 521	35 188	46 204	64 058	71 086
Goods and services	29 426	36 040	36 412	108 863	66 082	42 312	44 518
Depreciation	671	3 421	3 070	7 429	6 222	6 454	7 006
Interest, dividends and rent on land	–	2	586	1	–	–	–
Total expenses	35 344	50 959	68 589	151 481	118 508	112 824	122 610
Surplus / (Deficit)	7 888	3 105	13 618	3 213	–	–	–

Expenditure trends

Between 2005/06 and 2008/09, total revenue grew from R43.2 million to R154.7 million at an average annual rate of 53 per cent due to the increase in transfers received from the department. Over the MTEF period, growth is expected to decrease at an average annual rate of 7.5 per cent to reach R122.6 million in 2011/12. The

increase in the former period and the decrease in the latter are not due to fluctuating transfers received from the department, but rather to deferred transfer income in previous years that was realised in 2008/09. The strong average annual growth of 132.6 per cent in non-tax revenue over the seven-year-period is caused by the growth of the corporation, particularly in the areas of road and pedestrian safety education, and road traffic offence survey.

In line with revenue trends, expenditure between 2005/06 and 2008/09 rose from R35.3 million to R151.5 million, at an average annual rate of 62.4 per cent, and is expected to decrease at an average annual rate of 6.8 per cent over the MTEF period, to R122.6 million in 2011/12.

South African Civil Aviation Authority

Strategic overview: 2005/06 – 2011/12

The South African Civil Aviation Authority was established in terms of the South African Civil Aviation Act (1998). It is a statutory body whose main function is to promote, regulate and support high levels of safety throughout the civil aviation industry in South Africa. Its core activities relate to aviation safety oversight of operations, aircraft, personnel, airports and airspace.

The authority's strategic focus has been on its technical departments, with other departments playing a supportive role, as it needed to amend various civil aviation technical standard documents relating to regulations administered by the entity. The technical standards were amended by the commissioner in December 2008 and will assist the entity to strengthen its regulatory function and empower the authority's authorised officers and inspectors to assess and impose administrative monetary penalties against anyone who contravenes the regulations.

From 2008/09, the strategic plan focuses on human capacity improvements, which stems from the need to effectively regulate the air safety operations, aircraft worthiness and safety in relation to the industry's ageing fleet. The approval of the amended technical standards means the recruitment of more authority officers and inspectors for the entity to effectively carry out its oversight role in line with its mandate under the act.

Selected performance and operations indicators

Table 33.37 South African Civil Aviation Authority

Indicator	Past			Current 2008/09	Projections		
	2005/06	2006/07	2007/08		2009/10	2010/11	2011/12
Number of inspections conducted each year	522	155	100	100	100	100	100
Number of legal frameworks in line with international best practices each year	11	4	4	4	4	2	2

Service delivery and spending focus

The South African Civil Aviation Authority has been able to fill critical posts and improve its systems and processes.

Priorities for the MTEF period include: developing scarce skills, such as piloting skills, in cooperation with the Department of Transport and other stakeholders; lowering the accident rate by identifying the causes of accidents; intensifying the oversight function; enforcing consistent actions against non-compliant operators and promoting a culture of voluntary compliance; improving joint oversight in the SADC region; and ensuring that ageing aircraft operating in the country are airworthy.

Expenditure estimates

Table 33.38 South African Civil Aviation Authority : Financial information

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Statement of financial performance							
Revenue							
Non-tax revenue	139 544	158 943	190 591	261 426	312 093	347 671	387 654
Sale of goods and services other than capital assets	132 585	144 323	179 216	257 320	303 701	341 938	382 495
<i>Of which:</i>							
Other sales	132 585	144 323	179 216	257 320	303 701	341 938	382 495
Other non-tax revenue	6 959	14 620	11 375	4 106	8 392	5 733	5 159
Transfers received	6 390	–	21 750	7 464	7 836	8 306	8 804
Total revenue	145 934	158 943	212 341	268 890	319 929	355 977	396 458
Expenses							
Current expense	151 255	166 744	211 709	282 236	325 591	341 885	382 604
Compensation of employees	91 197	94 930	112 628	194 612	227 900	250 458	278 008
Goods and services	53 777	65 723	89 934	83 759	86 098	78 573	90 980
Depreciation	6 281	6 091	8 431	3 865	11 593	12 854	13 616
Interest, dividends and rent on land	–	–	716	–	–	–	–
Total expenses	151 255	166 744	211 709	282 236	325 591	341 885	382 604
Surplus / (Deficit)	(5 321)	(7 801)	632	(13 346)	(5 662)	14 092	13 854

Expenditure trends

Total revenue increased from R145.9 million in 2005/06 to R268.9 million in 2008/09 at an average annual rate of 22.6 per cent. It is expected to increase over the MTEF period at an average annual rate of 13.8 per cent to reach R396.5 million in 2011/12. The authority's revenue is generated from charging the industry levies on aircraft passenger safety, user fees and levies on the supply of fuel, which accounted for 72.2 per cent, 26.1 per cent and 1.8 per cent respectively in 2007/08. The aircraft passenger safety charge drives the revenue trend as it increases with the number of passengers arriving to and departing from a domestic aerodrome.

For instance, compensation of employees increased significantly from R112.6 million in 2007/08 to R194.6 million, reflecting a 72.8 per cent growth.

Total expenditure rose from R151.3 million in 2005/06 to R282.2 million in 2008/09, at an average annual rate of 23.1 per cent, and is expected to increase by a further 10.7 per cent over the MTEF period to reach R382.6 million in 2011/12.

The financial plan has been based on the anticipated increase in air passenger volumes in the upcoming soccer events: an increase of 8 per cent for the 2009 FIFA Confederations Cup, 15 per cent for the FIFA 2010 World Cup, and 8 per cent in 2011/12. The deficits in 2008/09 and 2009/10 as a result of increased expenditure in compensation of employees will be offset by anticipated levy hikes in 2010/11 and 2011/12.

South African Maritime Safety Authority

Strategic overview: 2005/06 - 2011/12

The South African Maritime Safety Authority was established under the South African Maritime Safety Authority Act (1998). It is charged with promoting South Africa's maritime interests, including interests protected by international conventions to which South Africa is party, which the authority must protect and promote.

The authority's main focus has been on domestic safety and environmental issues. From 2008/09, there has been an additional focus on promoting South Africa's maritime interests internationally. Liaison with other agencies on common interests is central to this. The centre for excellence on maritime matters, which became operational in 2009, has been set up to back the existing policy and legal framework. The centre will undertake maritime research and skills development. Other centres are being set up to increase the authority's capacity to fulfil its mandate, for example the centre for the maritime industry, which will be a platform for highlighting issues

about the industry. The new focus also involves developing the authority's human, technological and financial capacity.

Domestically, the authority will promote, develop, expand and enhance the competitiveness of the maritime and connected industries. Shipping is a key priority. The authority will also strengthen its advisory capacity to government and other national entities. Internationally, the authority is expected to meet the demands of the various conventions on maritime and related areas and champion South Africa's agenda at international forums.

Some strategic issues for the MTEF period are: the ship register; tonnage tax; carbotage; stakeholder engagement; BEE and transformation; maritime awareness, including sponsoring events and increasing awareness about the industry through its corporate social investment division; maritime skills capacity; and role allocation and risk management in relation to similar state owned enterprises.

Selected performance and operations indicators

Table 33.39 South African Maritime Safety Authority

Indicator	Past			Current 2008/09	Projections		
	2005/06	2006/07	2007/08		2009/10	2010/11	2011/12
Number of detentions for pollution at sea	27	34	42	30	50	75	100
Number of responses to rescue alerts	96	236	410	500	700	1 000	1 500

Service delivery and spending focus

The South African Maritime Safety Authority reviewed the tonnage tax policy in conjunction with the South African Revenue Service. The policy has been published for public comment. In conjunction with the Department of Transport, the authority drafted the transport maritime policy. The authority implemented the inland waters regulations in August 2008, and is currently liaising with stakeholders on compliance education. In terms of both delivery and expenditure over the MTEF period, the focus will be the maritime rescue coordination centre and its activities.

Expenditure estimates

Table 33.40 South African Maritime Safety Authority: Financial information

R thousand	Audited outcome		Preliminary outcome ¹	Revised estimate 2008/09	Medium-term estimate		
	2005/06	2006/07	2007/08		2009/10	2010/11	2011/12
Statement of financial performance							
Revenue							
Non-tax revenue	49 800	52 971	57 301	85 846	97 831	107 614	118 375
Sale of goods and services other than capital assets	44 132	45 299	48 106	75 905	86 896	95 585	105 145
<i>of which:</i>							
<i>Sales by market establishments</i>	44 132	45 299	48 106	75 905	86 896	95 585	105 145
<i>Other non-tax revenue</i>	5 668	7 672	9 195	9 941	10 935	12 029	13 230
Transfers received	11 624	12 305	12 937	13 558	14 132	14 935	15 831
Total revenue	61 424	65 276	70 238	99 404	111 963	122 549	134 206
Expenses							
Current expense	54 457	60 074	68 737	126 235	143 051	157 090	172 699
Compensation of employees	32 082	36 233	44 752	51 768	59 183	65 100	71 611
Goods and services	21 711	22 646	22 787	75 198	82 718	90 990	100 088
Depreciation	664	1 195	1 198	(731)	1 150	1 000	1 000
Total expenses	54 457	60 074	68 737	126 235	143 051	157 090	172 699
Surplus / (Deficit)	6 967	5 202	1 501	(26 831)	(31 088)	(34 541)	(38 493)

¹ Annual Financial Statements 2007/08 have not been tabled in Parliament

Expenditure trends

Total revenue increased from R61.4 million in 2005/06 to R99.4 million in 2008/09, at an average annual rate of 17.4 per cent. Growth in revenue slows to an average annual rate of 10.5 per cent over the MTEF period. The major source of revenue for the South African Maritime Safety Authority is levies collected at ports by Transnet

National Ports Authority (for a 2.5 per cent commission fee). The levies from Transnet comprise of 58 per cent of total revenue in 2008/09. The balance is derived from direct user charges for the services the authority provides.

Total expenditure increased from R54.5 million in 2005/06 to R126.2 million in 2008/09 at an average annual rate of 32.3 per cent. It is expected to increase at an average annual rate of 11 per cent over the medium term, reaching R172.7 million in 2011/12. Over the seven-year period, compensation of employees accounts for 50 per cent of total expenditure. Average annual growth in compensation of employees between 2005/06 and 2008/09 was 17.3 per cent, reflecting the gradual filling of key positions to improve the delivering of the entity's mandate. However, the difficulties experienced in filling vacant posts, along with the restructuring process, have resulted in the authority accumulating reserves over the same period.

The authority anticipates deficits of R26.8 million in 2008/09 growing to R38.5 million in 2011/12. This is due to the current expenditure plans being based on higher expected revenue, which is dependent on increases in levies.

Urban Transport Fund

Strategic overview: 2005/06 – 2011/12

The Urban Transport Fund was established in terms of the Urban Transport Act (1977). Its objective was to promote urban transport planning, research and training. Due to the fund not being able to effectively fulfil its mandate, it received its final funding from the Department of Transport in 2004/05. Projects will be completed or transferred, and the fund will be closed in March 2009.

Expenditure estimates

Table 33.41 Urban Transport Fund: Financial information

R thousand							
Statement of financial performance	Audited outcome			Revised estimate	Medium-term estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Revenue							
Non-tax revenue	3 886	3 816	3 033	1 800	–	–	–
<i>Other non-tax revenue</i>	3 886	3 816	3 033	1 800	–	–	–
Transfers received	22 238	14 338	16 646	12 444	–	–	–
Total revenue	26 124	18 154	19 679	14 244	–	–	–
Expenses							
Current expense	22 238	14 338	16 646	14 244	–	–	–
Compensation of employees	314	263	465	500	–	–	–
Goods and services	21 905	14 070	16 175	13 732	–	–	–
Depreciation	19	5	6	12	–	–	–
Total expenses	22 238	14 338	16 646	14 244	–	–	–
Surplus / (Deficit)	3 886	3 816	3 033	–	–	–	–
Statement of financial position							
Carrying value of assets	64	19	16	–	–	–	–
<i>Of which: Acquisition of assets</i>	–	19	3	–	–	–	–
Receivables and prepayments	11	7	–	–	–	–	–
Cash and cash equivalents	55 138	43 652	28 872	–	–	–	–
Total assets	55 213	43 678	28 888	–	–	–	–
Accumulated surplus / deficit	52 409	9 411	12 444	–	–	–	–
Trade and other payables	2 804	1 790	613	–	–	–	–
Liabilities not classified elsewhere	–	32 477	15 831	–	–	–	–
Total equity and liabilities	55 213	43 678	28 888	–	–	–	–

Expenditure trends

Total revenue between 2005/06 and 2008/09 declined by 18.3 per cent due to the planned closure of fund. Over the same period, operating and administrative expenses, under goods and services, focused mainly on key projects such as providing assistance to 2010 FIFA World Cup projects and the transport master plan, for which work was undertaken in Gauteng, Limpopo, KwaZulu-Natal and Western Cape.

Provincial expenditure

Total provincial expenditure increased from R11.6 billion in 2005/06 to R19.5 billion in 2008/09 at an average annual rate of 18.8 per cent. The average annual growth rate over the MTEF period is expected to be 7.1 per cent, as expenditure increases to R23.9 billion in 2011/12. The lower growth over the MTEF period is due to conditional grant funding which will be discontinued. The largest contributor to provincial transport spending is road infrastructure maintenance and upgrading.

Expenditure by province

Table 33.42 Expenditure estimates by province

Provinces	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
R thousand								
Eastern Cape	1 773 007	2 013 129	2 343 161	2 862 921	2 862 921	3 016 428	2 895 670	3 046 875
Free State	507 188	1 008 650	946 668	1 257 350	1 265 922	1 654 977	1 610 664	1 715 279
Gauteng ^{1,2}	1 135 216	1 246 325	1 827 121	2 348 233	2 398 105	3 988 938	2 667 831	2 925 304
KwaZulu-Natal	2 279 024	2 539 187	3 121 798	4 418 055	4 506 659	5 267 985	4 851 461	5 257 569
Limpopo	1 769 682	1 892 434	2 263 170	2 434 115	2 460 872	2 989 565	3 198 684	3 481 940
Mpumalanga	964 676	969 382	1 463 892	1 703 355	1 747 701	2 138 946	2 072 948	2 262 060
Northern Cape ¹	321 736	370 954	526 492	593 360	592 720	672 202	791 631	859 760
North West ¹	1 438 415	1 586 620	1 520 925	1 677 092	1 677 092	1 900 972	2 022 455	2 173 728
Western Cape ¹	1 412 228	1 804 783	1 856 456	2 209 179	1 944 322	2 839 131	2 168 686	2 188 705
Total	11 601 173	13 431 464	15 869 682	19 503 660	19 456 314	24 469 144	22 280 030	23 911 219

1. The Administration programme has been calculated on a pro rata basis as a result of the combination of the roads and transport function with other provincial functions.

2. Excludes the Gautrain Rapid Rail Link.

Source: Estimates of Provincial Expenditure 2009 (2009 Provincial Budget Statements)

The average annual growth in provincial transport expenditure over the MTEF period is 7.1 per cent. During this period the largest growth in expenditure will be in Northern Cape (13.2 per cent), followed by Limpopo (12.3 per cent) and Free State (10.7 per cent). The lowest growth in expenditure is projected for Eastern Cape at 2.1 per cent and Western Cape at 4 per cent.

Expenditure by provincial programme

Table 33.43 Expenditure estimates by provincial programme

Provincial programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
R thousand								
1. Administration ¹	892 695	1 120 878	1 303 561	1 557 589	1 588 108	1 835 789	1 924 272	1 979 513
2. Road Infrastructure	7 612 864	8 844 448	10 618 731	13 327 839	13 217 945	13 901 906	14 964 771	16 284 105
3. Public and Freight Transport ²	1 245 757	1 412 637	1 516 042	1 761 200	1 755 635	5 489 867	2 007 466	2 111 446
4. Traffic Management	1 351 185	1 524 576	1 733 335	1 905 336	1 950 856	2 041 113	2 143 697	2 242 548
5. Community Based Programmes	498 672	528 925	698 013	951 696	943 770	1 200 469	1 239 824	1 293 608
Total	11 601 173	13 431 464	15 869 682	19 503 660	19 456 314	24 469 144	22 280 030	23 911 219

1. The Administration programme has been calculated on a pro rata basis as a result of the combination of the roads and transport function with other provincial functions.

2. Excludes the Gautrain Rapid Rail Link.

Source: Estimates of Provincial Expenditure 2009 (2009 Provincial Budget Statements)

Expenditure in the *Road Infrastructure* programme represents two-thirds of provincial transport expenditure due to capital expenditure on road upgrades and maintenance, which will remain the focus over the MTEF period. Road upgrades and additions account for 38 per cent of total projects, while maintenance and repairs account for

32 per cent in this programme. The 22 per cent increase in *Public and Freight Transport* expenditure between 2008/09 and 2009/10 is partly due to the introduction of the public transport operations grant, introduced in the 2009 Budget to support existing provincial bus services and the alignment of these with the integrated mass rapid public transport network. Details of the allocations to provinces in 2010/11 and 2011/12 are being finalised.

Provincial expenditure by economic classification

Table 33.44 Expenditure estimates by economic classification^{1, 2}

Economic classification	Audited outcome			Adjusted appropriation 2008/09	Revised estimate	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08			2009/10	2010/11	2011/12
R thousand								
Current payments	5 536 932	6 476 377	7 675 535	10 405 403	9 740 617	12 979 518	11 906 175	12 548 139
Compensation of employees	2 481 415	2 736 970	3 147 675	3 674 711	3 703 593	4 172 743	4 435 516	4 714 378
Goods and services	3 050 993	3 736 308	4 524 569	6 730 608	6 020 315	8 806 774	7 470 660	7 833 761
Interest and rent on land	43	26	7	–	10	–	–	–
Financial transactions in assets and liabilities	2 157	2 186	3 284	84	3 494	–	–	–
Unauthorised expenditure	2 324	887	–	–	13 205	–	–	–
Transfers and subsidies	2 167 889	2 225 429	2 372 244	2 341 546	2 360 908	4 319 613	2 732 662	2 980 601
Provinces and municipalities	278 280	223 623	188 420	186 027	186 038	117 011	118 407	123 719
Departmental agencies and accounts	892 124	935 515	1 176 050	1 410 364	1 425 143	1 546 459	1 632 432	1 824 943
Universities and technikons	–	–	1	–	–	–	–	–
Public corporations and private enterprises	768 546	824 955	786 010	683 991	685 009	2 567 674	880 125	917 719
Non-profit institutions	2 179	2 338	2 397	4 528	3 528	3 854	4 075	4 276
Households	226 759	238 998	219 366	56 636	61 190	84 615	97 623	109 944
Payments for capital assets	3 896 352	4 729 658	5 821 904	6 756 710	7 354 789	7 170 014	7 641 193	8 382 480
Buildings and other fixed structures	3 612 964	4 340 460	5 436 528	6 416 002	6 986 520	6 784 825	7 311 891	8 031 898
Machinery and equipment	234 935	330 373	321 777	316 661	348 239	282 308	280 089	295 448
Cultivated assets	–	–	–	–	–	2 527	2 981	3 121
Software and other intangible assets	11 461	48 885	17 376	9 598	9 580	15 354	15 842	16 324
Land and subsoil assets	36 992	9 940	46 223	14 450	10 450	85 000	30 390	35 689
Total	11 601 173	13 431 464	15 869 682	19 503 660	19 456 314	24 469 144	22 280 030	23 911 219

1. The Administration programme has been calculated on a pro rata basis as a result of the combination of the roads and transport function with other provincial functions.

2. Excludes the Gautrain Rapid Rail Link.

Source: Estimates of Provincial Expenditure 2009 (2009 Provincial Budget Statements)

More than one-third of provincial transport budgets are spent on payments for capital assets. Average annual growth in this expenditure is 23.6 per cent between 2005/06 and 2008/09 and 4.5 per cent between 2008/09 and 2011/12. The reduction in provincial budget growth is due to the introduction of several grants in 2008/09, such as the transport disaster management grant, the overload control grant and Sani Pass grants, which increase the growth rate. These new grants are not recurrent and as with the Gautrain Rapid Rail Link conditional grant, no expenditure is projected in 2011/12, reducing the growth rate significantly. The large increase in 2009/10 in transfers to public corporations and private enterprises is for subsidised bus services.

National Department additional tables

Table 33.A Summary of expenditure trends and estimates per programme and economic classification

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R thousand	2007/08		2007/08	2008/09			2008/09
1. Administration	144 408	144 408	182 284	170 537	74 628	245 165	236 666
2. Transport Policy and Economic Regulation	33 344	31 536	17 586	37 733	9 478	47 211	24 425
3. Transport Regulation and Accident and Incident Investigation	243 805	231 374	209 589	255 863	176 700	432 563	428 563
4. Integrated Planning and Inter-sphere Coordination	5 379 934	5 382 034	5 226 216	7 769 453	997 559	8 767 012	8 459 970
5. Transport Logistics and Corridor Development	16 441	20 684	12 983	22 225	12 851	35 076	25 489
6. Public Transport	9 895 225	10 559 225	10 516 590	12 073 463	203 766	12 277 229	12 281 729
7. Public Entity Oversight and Border Operations and Control	144 766	174 671	166 379	179 254	2 509 330	2 688 584	2 685 464
Total	15 857 923	16 543 932	16 331 627	20 508 528	3 984 312	24 492 840	24 142 306

Economic classification

Current payments	722 666	757 062	580 111	790 704	253 690	1 044 394	984 974
Compensation of employees	180 826	180 826	131 323	196 176	34 014	230 190	186 039
Goods and services	541 840	576 236	441 710	594 528	219 676	814 204	798 923
Financial transactions in assets and liabilities	–	–	7 078	–	–	–	12
Transfers and subsidies	15 093 723	15 744 736	15 748 279	19 675 534	3 769 418	23 444 952	23 151 335
Provinces and municipalities	4 203 411	4 203 411	4 203 411	6 435 993	1 083 169	7 519 162	7 219 162
Departmental agencies and accounts	3 667 152	3 678 296	3 688 879	4 342 793	2 485 700	6 828 493	6 834 493
Universities and technikons	7 439	7 439	9 165	7 796	–	7 796	7 796
Public corporations and private enterprises	6 967 194	7 267 194	7 267 194	8 410 872	200 549	8 611 421	8 611 421
Foreign governments and international organisations	4 641	5 510	3 580	4 871	–	4 871	4 871
Non-profit institutions	12 775	12 775	3 830	14 093	–	14 093	14 093
Households	231 111	570 111	572 220	459 116	–	459 116	459 499
Payments for capital assets	41 534	42 134	3 237	42 290	(38 796)	3 494	5 997
Buildings and other fixed structures	38 221	38 221	–	38 796	(38 796)	–	–
Machinery and equipment	3 313	3 913	3 237	3 494	–	3 494	5 997
Total	15 857 923	16 543 932	16 331 627	20 508 528	3 984 312	24 492 840	24 142 306

Table 33.B Summary of personnel numbers and compensation of employees

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Permanent and full time contract employees							
Compensation (R thousand)	96 502	110 821	130 930	229 773	212 356	208 425	220 830
Unit cost (R thousand)	191	193	210	338	317	311	330
Personnel numbers (head count)	504	574	622	679	670	670	670
Interns							
Compensation of interns (R thousand)	350	371	393	417	442	442	442
Unit cost (R thousand)	29	13	13	12	11	11	11
Number of interns	12	28	30	35	40	40	40
Total for department							
Compensation (R thousand)	96 852	111 192	131 323	230 190	212 798	208 867	221 272
Unit cost (R thousand)	188	185	201	322	300	294	312
Personnel numbers (head count)	516	602	652	714	710	710	710

Table 33.C Summary of expenditure on training

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Compensation of employees (R thousand)	96 852	143 678	131 323	230 190	214 199	210 852	223 385
Training expenditure (R thousand)	2 864	3 036	3 218	1 809	3 942	3 991	3 965
Training as percentage of compensation	3.0%	2.1%	2.5%	0.8%	1.8%	1.9%	1.8%
Total number trained in department (head count)	217	240	317	347			
<i>of which:</i>							
Employees receiving bursaries (head count)	132	160	140	28			
Learnerships trained (head count)	14	7	7	6			
Internships trained (head count)	52	55	51	46			
Households receiving bursaries (R thousand)	-	-	-	17	-	-	-
Households receiving bursaries (head count)	-	-	-	2 200			

Table 33.D Summary of conditional grants to provinces and municipalities¹

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Conditional grants to provinces							
4. Integrated Planning and Inter-sphere Coordination							
Sani pass road Grant	-	-	-	30 000	34 347	-	-
Overload control grant	-	-	-	8 796	10 069	11 038	-
Transport disaster management grant	-	-	-	1 035 473	-	-	-
6. Public Transport							
Gautrain rapid rail link grant	-	3 241 000	3 029 411	3 265 993	2 832 691	340 660	-
Public transport operations grant	-	-	-	-	3 531 909	3 863 033	4 153 232
Total	-	3 241 000	3 029 411	4 340 262	6 409 016	4 214 731	4 153 232
Conditional grants to municipalities							
4. Integrated Planning and Inter-sphere Coordination							
Public transport infrastructure and systems grant	241 710	518 020	1 174 000	3 170 000	2 418 177	4 289 775	5 149 008
Rural transport grant	-	-	-	8 900	9 800	10 400	11 100
Total	241 710	518 020	1 174 000	3 178 900	2 427 977	4 300 175	5 160 108

1. Detail provided in the Division of Revenue Act (2009)

Table 33.E Summary of departmental public private partnership projects

Project description: National fleet project	Project annual unitary fee at time of contract	Budgeted expenditure	Medium-term expenditure estimate		
		2008/09	2009/10	2010/11	2011/12
R thousand					
Projects signed in terms of Treasury Regulation 16	-	4 170	4 420	4 700	4 900
PPP unitary charge	-	4 170	4 420	4 700	4 900
Total	-	4 170	4 420	4 700	4 900

Disclosure notes for projects signed in terms of Treasury Regulation 16

Project name	National Fleet Project
Brief description	Provision of Fleet Management Services
Date Public Private Partnership agreement was signed	October 2006
Duration of Public Private Partnership agreement	5 Years
Escalation index for unitary fee	5
Variations / amendments to Public Private Partnership agreement	None
Cost implications of variations / amendments	None. In the event of a material breach by the department of transport, the private party may seek the difference between the value of the vehicle and any finance outstanding.

