Vote 33

Transport

R thousand	2007/08 To be appropriated	2008/09	2009/10
MTEF allocations			
Administration	144 408	151 465	158 649
Transport Policy, Research and Economic Analysis	31 536	33 186	36 082
Transport Regulation and Accident and Incident Investigation	243 805	262 964	272 795
Integrated Planning and Inter-sphere Co-ordination	5 379 934	7 759 615	8 722 845
Freight Logistics and Corridor Development	18 488	19 627	18 019
Public Transport	9 895 225	11 197 862	12 089 300
Public Entity Oversight and Economic Regulation	144 527	151 645	156 868
Total	**15 857 923**	**19 576 364**	**21 454 558**
Direct charges against the National Revenue Fund	–	–	–
Total expenditure estimates	**15 857 923**	**19 576 364**	**21 454 558**
Economic classification			
Current payments	722 666	749 491	789 327
Transfers and subsidies	15 093 723	18 784 583	20 618 977
Payments for capital assets	41 534	42 290	46 254
Total expenditure estimates	**15 857 923**	**19 576 364**	**21 454 558**

Executive authority	Minister of Transport
Accounting officer	Director-General of Transport

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, co-ordination, promotion and the implementation of transport policies and strategies.

Programme purposes

Programme 1: Administration

Co-ordinate and provide an effective, efficient strategic support and administrative service to the minister, director-general and department.

Programme 2: Transport Policy, Research and Economic Analysis

Effectively manage a national innovative research and development programme, develop and analyse strategic policies, develop appropriate legislation, and provide economic advice and analysis for all modes of transport.

Programme 3: Transport Regulation and Accident and Incident Investigation

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

Programme 4: Integrated Planning and Inter-sphere Co-ordination

Manage and facilitate integrated planning and inter-sphere co-ordination for transport infrastructure and operations.

Programme 5: Freight Logistics and Corridor Development

Manage the implementation of the transport logistics strategy and the development of freight movement corridors.

Programme 6: Public Transport

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

Programme 7: Public Entity Oversight and Economic Regulation

Develop appropriate mandates and monitoring mechanisms for public entities. Develop and oversee transport economic regulation in line with broad economic and transport policies.

Strategic overview: 2003/04 – 2009/10

The mission of the Department of Transport is to lead the development of integrated, efficient transport systems by creating a framework of sustainable policies, regulations and viable models to support government strategies for economic and social development. As an enabler of economic growth, poverty alleviation and social inclusion, the transport system is important to South Africa's development. The affordable and efficient movement of people fosters more participation in socio-economic activities, while the efficient and cost effective movement of goods is critical to the growth and development of the economy and broadened access to markets.

The recent strong growth in the South African economy has led to a greater need for transport capacity. The department has developed strategies to address the need for safe, reliable and affordable public transport. This includes a review of the powers, functions and funding of municipal public transport to allow for the introduction of mass rapid transit networks that will address commuter needs and relieve congestion in major cities. Economic growth has also placed strain on the logistics systems supporting freight transportation systems. Some of the main challenges faced in the freight sector include an unreliable rail network, over-reliance on costly road freight transport and poor throughput at most ports.

Also, safety and security within the transport sector has become a global concern. International safety and security standards require stronger co-operation between different government departments, which in turn demands sufficient capacity on their part.

Key policy developments and legislative changes

Public transport

The draft public transport strategy highlights the need to make a decisive and phased shift away from the current operator-controlled, route-based system to municipal controlled, user-friendly and integrated rapid transit networks, which include high quality feeder, distributor and trunk line networks.

The consolidated national passenger rail plan, as approved by Cabinet, will place emphasis on improving rail services by addressing the rolling stock backlog and improving infrastructure. The National Land Transport Transition Act (2000) was amended with the objective of simplifying transport planning in the municipal sphere and addressing the key issues that are hindering implementation.

Transport infrastructure and systems for the 2010 FIFA World Cup

The public transport infrastructure and systems grant was introduced in 2005 to increase investment in public transport. The MTEF allocations are specifically focused on the transport infrastructure requirements for host cities. Improving public transport infrastructure in host cities was prioritised to concentrate resources on developing catalytic public transport projects that will be used during the event and afterwards.

Road Accident Fund

The Road Accident Fund Amendment Act (2005) has been promulgated by the president. Provisions for an equitable and affordable compensation system will be promulgated once the regulations have been finalised. The strategy for restructuring the Road Accident Fund into a no-fault benefit scheme in relation to the comprehensive social security system was published in the Government Gazette for public comment in September 2006.

Outcomes

The outcomes of the Department of Transport over the short and medium term include:

- Improving the quality of public transport operations and broadening access to affordable public transport. Subsidised transport services will be aligned with municipal integrated transport plans. The public transport strategy supports this objective and addresses the constraint of high transport costs for labour identified in the Accelerated and Shared Growth Initiative for South Africa (ASGISA). The department will be responsible for overseeing that the transport services and infrastructure provided are designed to meet all the efficiency and safety requirements of the 2010 FIFA World Cup.
- Streamlining the freight logistics network along key corridors by promoting infrastructure investment and improved operational efficiency. The implementation of the freight logistics strategy and establishment of the Independent Ports Regulator is expected to have a positive impact on the efficiency of freight movement and it will also reduce the cost of doing business in South Africa.
- Developing the regulatory systems and capacity required to ensure that operators in the transport sector meet the required safety and security standards. The Rail Economic Regulator is in the process of being set up and will be a key instrument in the regulatory regime for overseeing the operation, growth and optimisation of the rail system in South Africa.
- Reducing road accident fatalities. To meet the Millennium Development Goal of halving road accident fatalities by 2015, the department has developed the 2006 road safety strategy and will co-ordinate several interventions to reduce road accidents through intensified and integrated enforcement, road safety education and communication programmes.
- Completing the strategic framework for road infrastructure. In support of ASGISA's infrastructure investment drive, the department has finalised the road infrastructure strategic framework to guide the planning and development of road infrastructure in South Africa. Infrastructure investment over the past 18 months included the extension of the primary road network by 4 838 km, resurfacing 1 969 km and strengthening 368 km.

Science and technology expenditure

The transport innovation and technology research strategy, approved by the minister in June 2006, guides the Department of Transport's budget for science and technology activities. The strategy provides a platform for effectively managing a national innovative research and development programme, analysing strategic policies, developing appropriate legislation and providing economic advice and analysis for all modes of transport. The strategic objectives for the next three years in science and technology include:

- optimising resources and promoting efficiencies within the transport sector
- promoting and improving safety and security in the transport sector
- ensuring a balance between the role of rail and road both for passengers and freight
- promoting the role of ports in international trade and economic development
- reducing transport's contribution to environmental pollution.

The Department of Transport developed a scientific and technological services programme for the next three years in close co-operation with the Department of Science and Technology and the Council for Scientific and Industrial Research (CSIR). The programme aims to strengthen the science and technology base in transport research in South Africa, establish advanced research infrastructure for quality research in transport, develop human resources, and conduct cross-cutting science and technology research in transport.

The scientific and technological innovation programme includes applied research that will be focused on specific strategic problem solving areas, focused policy development, as well as knowledge application. An advisory board for research, a transport research committee and centres of excellence will be set up to provide strategic advice, and manage and monitor research grants and programmes in close co-operation with the department.

The scientific, technical and education training programme will include the development of professionals at Masters and PHD levels through the CSIR. The department has already set up three centres of development that assist with post-graduate human capacity development in research. The department uses the Transport Education and Training Authority as a mechanism for addressing scarce skills in the transport sector.

Expenditure on science and technology projects

VOTE 33 : Transport R'000	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
S&T services					50 000	55 000	62 000
Training				7 085	7 439	7 796	8 185
S&T Innovation				5 627	25 000	30 000	35 000
STAs Total*	**2 319**	**5 783**	**6 200**	**12 712**	**82 439**	**92 796**	**105 185**

** The total reflects allocations to the research and development directorate.*

Expenditure estimates

Table 33.1 Transport

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
R thousand	2003/04	2004/05	2005/06	2006/07		2007/08	2008/09	2009/10
1. Administration	74 422	90 734	115 079	136 849	139 930	144 408	151 465	158 649
2. Transport Policy, Research and Economic Analysis	15 822	16 574	33 269	27 590	21 090	31 536	33 186	36 082
3. Transport Regulation and Accident and Incident Investigation	233 182	281 641	204 152	214 829	221 829	243 805	262 964	272 795
4. Integrated Planning and Inter-sphere Co-ordination	1 356 068	1 509 911	2 038 722	3 159 594	2 784 084	5 379 934	7 759 615	8 722 845
5. Freight Logistics and Corridor Development	29 942	3 755	7 710	26 394	17 651	18 488	19 627	18 019
6. Public Transport	4 447 197	4 694 267	5 186 498	10 032 998	9 783 519	9 895 225	11 197 862	12 089 300
7. Public Entity Oversight and Economic Regulation	75 910	82 986	2 824 462	148 536	133 536	144 527	151 645	156 868
Total	**6 232 543**	**6 679 868**	**10 409 892**	**13 746 790**	**13 101 639**	**15 857 923**	**19 576 364**	**21 454 558**
Change to 2006 Budget estimate				876 332	231 181	2 258 611	4 063 293	
Economic classification								
Current payments	**370 915**	**450 837**	**412 747**	**724 802**	**676 140**	**722 666**	**749 491**	**789 327**
Compensation of employees	64 073	82 934	96 852	143 678	126 678	180 826	190 001	199 375
Goods and services	305 959	341 340	314 538	581 124	549 462	541 840	559 490	589 952
of which:								
Communication	*3 771*	*7 421*	*4 601*	*8 463*	*8 463*	*9 683*	*10 743*	*11 453*
Computer services	*1 914*	*1 293*	*2 320*	*1 547*	*1 547*	*1 629*	*1 761*	*1 853*
Consultants, contractors and special services	*258 875*	*286 720*	*238 371*	*496 148*	*461 405*	*451 705*	*457 086*	*481 561*
Inventory	*4 716*	*6 763*	*10 358*	*14 009*	*14 009*	*15 807*	*17 314*	*18 376*
Maintenance, repairs and running costs	*86*	*1 168*	*494*	*1 361*	*1 361*	*1 591*	*1 885*	*1 982*
Operating leases	*7 969*	*9 753*	*10 844*	*11 249*	*11 249*	*13 189*	*15 325*	*16 157*
Travel and subsistence	*12 114*	*17 534*	*21 365*	*25 867*	*28 867*	*28 488*	*33 409*	*35 606*
Municipal services	*1 271*	*1 334*	*1 440*	*1 687*	*1 687*	*1 831*	*1 946*	*2 047*
Financial transactions in assets and liabilities	883	26 563	1 357	–	–	–	–	–

Table 33.1 Transport (continued)

R thousand	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2003/04	2004/05	2005/06	2006/07		2007/08	2008/09	2009/10
Transfers and subsidies	**5 827 968**	**6 214 956**	**9 973 457**	**12 984 052**	**12 387 563**	**15 093 723**	**18 784 583**	**20 618 977**
Provinces and municipalities	21 194	1 830	242 016	3 760 086	3 411 076	4 203 411	6 435 993	4 832 211
Departmental agencies and accounts	1 353 033	1 519 616	4 567 732	2 423 953	2 423 953	3 667 152	4 310 401	5 860 869
Universities and technikons	9 475	8 106	6 684	10 085	10 085	7 439	7 796	8 178
Public corporations and private enterprises	4 428 648	4 671 290	5 142 430	6 421 207	6 421 207	6 967 194	7 752 313	9 616 609
Foreign governments and international organisations	4 902	3 316	2 754	4 420	4 420	4 641	4 871	5 114
Non-profit institutions	10 542	10 524	11 305	12 195	12 195	12 775	14 093	15 109
Households	174	274	536	352 106	104 627	231 111	259 116	280 887
Payments for capital assets	**33 660**	**14 075**	**23 688**	**37 936**	**37 936**	**41 534**	**42 290**	**46 254**
Buildings and other fixed structures	28 000	–	10 323	34 779	34 779	38 221	38 796	42 562
Machinery and equipment	5 660	14 075	13 365	3 157	3 157	3 313	3 494	3 692
Total	**6 232 543**	**6 679 868**	**10 409 892**	**13 746 790**	**13 101 639**	**15 857 923**	**19 576 364**	**21 454 558**

Expenditure trends

Overall expenditure continues to increase rapidly from R6,2 billion in 2003/04 to R21,5 billion in 2009/10, at an average annual rate of 22,9 per cent. This high growth rate does not reflect the once-off transfer of R2,7 billion to the Road Accident Fund (RAF) during 2005/06. When the Gautrain Rapid Rail Link allocation is excluded, the average annual growth is 20,4 per cent.

Expenditure over the medium term is expected to rise at an average annual rate of 16 per cent, from R13,7 billion in 2006/07 to R21,5 billion in 2009/10. This includes additional allocations over the MTEF period for national road infrastructure of R350 million, R550 million and R1,2 billion. Additional allocations from the public transport infrastructure systems grant of R800 million, R1,7 billion and R3 billion are given for priority infrastructure transport projects for the 2010 FIFA World Cup. Further allocations are given for passenger rail infrastructure projects amounting to R200 million in 2007/08, R250 million in 2008/09 and R656 million in 2009/10. The Gautrain Rapid Rail Link receives an additional allocation of R3,6 billion over the medium term.

The department receives additional allocations of R30,2 million in 2007/08, R33,3 million in 2008/09 and R25,3 million in 2009/10, for internal restructuring, implementing legislation on road traffic infringements, setting up the Independent Ports Regulator, and for the Railway Safety Regulator.

Departmental receipts

Departmental receipts arise mainly from dividend payments received from the Airports Company of South Africa (ACSA), in which the department is a shareholder, and shared revenue from salvage tugs, which are responsible for providing oil pollution prevention services.

In 2003/04, a higher than normal dividend was received from ACSA and R49 million was recovered from a bus operator, resulting in revenue received of R330,8 million. Earnings from the shared revenue from salvage tugs decreased in 2004/05 when a new contract was awarded for one tug instead of two.

In 2006/07, dividends received from ACSA were R898,9 million, which included a special dividend of R667,6 million as part of a correction to ACSA's finance structure. Normal dividends from ACSA are expected to drop to R181,1 million in 2007/08 compared to R231,3 million in 2006/07. Total revenue is forecast to grow steadily over the next three years to reach R226,7 million.

Table 33.2 Departmental receipts

R thousand	Audited outcome 2003/04	2004/05	2005/06	Adjusted appropriation 2006/07	Medium-term receipts estimate 2007/08	2008/09	2009/10
Departmental receipts	**330 787**	**183 596**	**235 673**	**908 755**	**191 244**	**208 226**	**226 717**
Sales of goods and services produced by department	34 063	12 460	12 370	9 522	9 814	10 685	11 635
Sales of scrap, waste and other used current goods	–	–	1	3	3	3	4
Transfers received	–	70	–	–	–	–	–
Fines, penalties and forfeits	–	610	36	–	–	–	–
Interest, dividends and rent on land	246 180	170 093	221 763	898 930	181 112	197 195	214 705
Sales of capital assets	–	–	87	–	–	–	–
Financial transactions in assets and liabilities	50 544	363	1 416	300	315	343	373
Total	**330 787**	**183 596**	**235 673**	**908 755**	**191 244**	**208 226**	**226 717**

Programme 1: Administration

The *Administration* programme conducts the overall management of the department and provides centralised support services.

Expenditure estimates

Table 33.3 Administration

Subprogramme R thousand	Audited outcome 2003/04	2004/05	2005/06	Adjusted appropriation 2006/07	Medium-term expenditure estimate 2007/08	2008/09	2009/10
Minister [1]	875	709	843	885	938	985	1 034
Management	15 819	25 267	43 601	50 196	41 312	43 460	45 763
Corporate Services	48 515	54 269	59 284	73 538	88 935	92 778	96 869
Property Management	9 213	10 489	11 351	12 230	13 223	14 242	14 983
Total	**74 422**	**90 734**	**115 079**	**136 849**	**144 408**	**151 465**	**158 649**
Change to 2006 Budget estimate				10 811	12 101	12 427	

1. Payable as from 1 April 2006. Salary: R707 956. Car allowance: R176 988.

Economic classification	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Current payments	**62 661**	**80 362**	**106 231**	**125 069**	**135 228**	**141 844**	**148 551**
Compensation of employees	25 990	33 843	37 726	59 276	80 864	84 508	88 232
Goods and services	35 809	43 206	68 133	65 793	54 364	57 336	60 319
of which:							
Communication	*3 041*	*4 574*	*3 552*	*4 956*	*5 117*	*5 384*	*5 664*
Computer services	*1 914*	*1 293*	*1 429*	*1 547*	*1 629*	*1 761*	*1 853*
Consultants, contractors and special services	*10 559*	*11 379*	*35 331*	*32 823*	*19 471*	*19 895*	*20 930*
Inventory	*1 363*	*1 668*	*2 006*	*2 255*	*2 483*	*2 675*	*2 814*
Maintenance, repairs and running costs	*86*	*905*	*385*	*1 159*	*1 349*	*1 582*	*1 664*
Operating leases	*7 942*	*9 155*	*9 911*	*10 543*	*12 372*	*13 335*	*14 029*
Travel and subsistence	*5 473*	*9 945*	*10 846*	*7 592*	*8 106*	*8 541*	*8 985*
Municipal services	*1 271*	*1 334*	*1 440*	*1 687*	*1 831*	*1 946*	*2 047*
Financial transactions in assets and liabilities	862	3 313	372	–	–	–	–
Transfers and subsidies	**9 661**	**8 389**	**7 185**	**10 376**	**7 708**	**8 078**	**8 475**
Provinces and municipalities	129	112	139	35	–	–	–
Departmental agencies and accounts	–	65	105	150	158	166	175
Universities and technikons	9 475	8 106	6 684	10 085	7 439	7 796	8 178
Households	57	106	257	106	111	116	122

Table 33.3 Administration (continued)

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R thousand	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Payments for capital assets	**2 100**	**1 983**	**1 663**	**1 404**	**1 472**	**1 543**	**1 623**
Machinery and equipment	2 100	1 983	1 663	1 404	1 472	1 543	1 623
Total	**74 422**	**90 734**	**115 079**	**136 849**	**144 408**	**151 465**	**158 649**

Details of major transfers and subsidies:

Departmental agencies and accounts							
Public entities							
Current	**–**	**65**	**105**	**150**	**158**	**166**	**175**
Transport Education and Training Authority	–	65	105	150	158	166	175
Universities and technikons							
Current	**9 475**	**8 106**	**6 684**	**10 085**	**7 439**	**7 796**	**8 178**
Universities of Pretoria, KwaZulu-Natal and Stellenbosch	9 475	8 106	6 684	10 085	7 439	7 796	8 178

Expenditure trends

Expenditure has grown rapidly, rising from R74,4 million in 2003/04 to R136,8 million in 2006/07, an average annual increase of 22,5 per cent. The growth is driven by the creation of additional subdivisions such as the legal section, internal audit and secretarial services; increases in senior management posts; and additional amounts allocated for communication services and fraud prevention. Current payments increase by 17,7 per cent between 2005/06 and 2006/07 due to the increase in consultancy fees for the October Transport Month.

Over the medium term, expenditure is expected to grow at a slower rate of 5,1 per cent, reaching R158,6 million in 2009/10.

From 1 April 2006, costs for leases and accommodation charges were devolved from the Department of Public Works to individual departments. The Department of Transport received the following amounts: R12,2 million in 2006/07, R13,2 million in 2007/08, R14,2 million in 2008/09 and R15,7 million in 2009/10. Expenditure has been adjusted for 2003/04 to 2005/06.

Programme 2: Transport Policy, Research and Economic Analysis

In line with the objectives of the New Partnership for Africa's Development (NEPAD), ASGISA and the Millennium Development Goals, the *Transport Policy, Research and Economic Analysis* programme develops, analyses and monitors transport policies and leads the department and its agencies in regional and international transport integration activities. Multiple data sources are used to inform policy development, and monitor and refine existing policies and implementation programmes. Policy informs the development of regional transport infrastructure networks and strategic decision-making.

Apart from the administration support component, there are four subprogrammes:

- *Policy Analysis* ensures transport policy development, analysis and implementation of transport policy, and monitors the impact and performance of the transport system.
- *Transport Economic Analysis* collates and analyses critical supply and demand side 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.

Expenditure estimates

Table 33.4 Transport Policy, Research and Economic Analysis

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R thousand	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Transport Policy Analysis	8 218	4 311	6 622	6 649	7 173	7 527	8 186
Transport Economic Analysis	1 860	4 060	4 042	7 047	9 399	9 955	10 787
Legislation	856	714	3 791	3 709	4 019	4 219	4 558
Research and Development	4 888	4 301	4 418	5 525	5 924	6 218	6 807
Administration Support	–	3 188	14 396	4 660	5 021	5 267	5 744
Total	**15 822**	**16 574**	**33 269**	**27 590**	**31 536**	**33 186**	**36 082**
Change to 2006 Budget estimate				(722)	(158)	(75)	
Economic classification							
Current payments	**11 772**	**16 245**	**32 563**	**27 187**	**31 121**	**32 750**	**35 592**
Compensation of employees	5 850	9 255	14 215	14 095	15 486	16 343	17 218
Goods and services	5 922	6 987	18 346	13 092	15 635	16 407	18 374
of which:							
Communication	–	*672*	*253*	*410*	*503*	*587*	*657*
Consultants, contractors and special services	*3 838*	*1 865*	*3 241*	*7 562*	*9 123*	*9 722*	*10 888*
Inventory	–	*419*	*1 496*	*734*	*782*	*813*	*910*
Maintenance, repairs and running costs	–	*18*	*21*	*65*	*75*	*88*	*99*
Operating leases	–	*32*	*87*	*71*	*91*	*1 103*	*1 235*
Travel and subsistence	*497*	*1 241*	*1 736*	*1 375*	*1 672*	*1 759*	*1 970*
Financial transactions in assets and liabilities	–	3	2	–	–	–	–
Transfers and subsidies	**3 328**	**21**	**86**	**8**	**–**	**–**	**–**
Provinces and municipalities	28	21	39	8	–	–	–
Departmental agencies and accounts	3 300	–	–	–	–	–	–
Households	–	–	47	–	–	–	–
Payments for capital assets	**722**	**308**	**620**	**395**	**415**	**436**	**490**
Machinery and equipment	722	308	620	395	415	436	490
Total	**15 822**	**16 574**	**33 269**	**27 590**	**31 536**	**33 186**	**36 082**
Details of major transfers and subsidies:							
Departmental agencies and accounts							
Current	**3 300**	**–**	**–**	**–**	**–**	**–**	**–**
South African National Roads Agency Ltd (NMT)	3 300	–	–	–	–	–	–

Expenditure trends

Expenditure grew from R15,8 million in 2003/04 to R27,6 million in 2006/07, at an average annual rate of 20,4 per cent. This rapid increase is because of the department's restructuring and the resulting expansion of the policy analysis and research functions, and additional expenditure on consultants, contracts and special services.

Over the medium term, expenditure is expected to level out and grow at an average annual rate of 9,4 per cent to reach R36,1 million in 2009/10. Growth is driven by the expansion of economic analysis functions and the associated increases in compensation of employees.

In 2005/06, expenditure in administration support was unusually high, as a result of a R13,4 million rollover and the reprioritisation of savings from other programmes to fund the air transport conference of African Union (AU) ministers of transport, hosted by South Africa in May 2005.

Service delivery objectives and indicators

Recent outputs

The White Paper on National Maritime Transport Policy was developed in 2006. An environmental implementation plan has been developed in consultation with the Department of Environmental Affairs and Tourism and will be finalised in 2007.

The department has focused on developing the following policies to improve the regulatory framework of the transport industry: the South African national cycling strategy; the policy on intelligent transport systems for South Africa; the environment and health charter; the international rail gauge width policy; and the policy on transporting asbestos in South Africa.

A technical consultation process on the draft performance indicator framework, which helps determine the measurability of the various indicators, was completed together with Statistics South Africa in July 2006. In May 2006, the unit started to put in place a memorandum of understanding between the Department of Transport and Statistics South Africa, to formalise the partnership between the department and the parties in the national statistics system.

In August 2006, a study was initiated to identify the necessary interventions for reducing transport costs. The study's main objective is to quantify transport costs and assess whether they hinder the competitiveness and growth prospects of the South African economy. The study was completed in December 2006.

The Transport Picture document is a quarterly analysis detailing the state of the transport sector and the benefits yielded by improved transport infrastructural investment. The Economic Report is a bi-annual publication, giving an analysis of the South African economy with a focus on the transport sector.

The finalisation of the integrated transport sector BEE charter, approved by Cabinet in January 2006, needs to be aligned with the Department of Trade and Industry's codes of good practice for BEE. The department's BEE directorate has developed the first draft of the sector's BEE charter implementation, monitoring and evaluation framework.

The National Land Transport Transitional Amendment Bill (2005) was passed by both houses of Parliament and referred to the president for promulgation.

The Cape Town convention on international interest in mobile equipment on matters specific to aircraft equipment supported by the International Civil Aviation Organisation was ratified by both houses of Parliament.

The National Ports Act (2005) was approved and promulgated by the president.

The Carriage by Air Amendment Act (2005) has been approved by both houses of Parliament and was referred to the president for promulgation.

The transport innovation and technology research strategy was approved by the minister for submission to Cabinet. The implementation process will start in March 2007 and will focus on setting up the relevant governance structures and finalising a detailed research programme.

A draft research and development plan has been completed and submitted to the Department of Science and Technology. The plan focuses on broad identified research themes with specific topics in line with the department's strategic objectives.

The minister approved the research and innovation strategy in 2006. The strategy has been discussed with stakeholders and a forum was set up with the departments of transport, and science and technology, and the CSIR to take it further. The strategy and action plan will be forwarded to Cabinet for approval.

The Approved National Household Travel Survey Technical Report was completed. The results of this survey are used to provide accurate data on South Africans' travel patterns and behaviour and have been distributed to all provinces and municipalities. The department has completed draft technical reports for all provinces and will publish them during 2007/08.

Selected medium-term output targets

Transport Policy, Research and Economic Analysis

Measurable Objective: Create an efficient transport system by developing policies that improve safety and travel times, reduce delays, and increase predictability, reliability and quality for local, regional and international services, and provide economic analysis and advice on the various modes of transport.

Sub-programme	Output	Measure/Indicator	Target
Transport Policy Analysis	Review of the White Paper on Transport Policy	White Paper approved by Cabinet	June 2007
	Environmental policy framework	Framework completed and approved	March 2007
	Anti train surfing policy	Policy approved by Cabinet	May 2007
	• Policy on transportation of hazardous substances	Policy approved by Cabinet	December 2007
	• Scholar transportation policy	Policy approved by Cabinet	December 2007
Transport Economic Analysis	Integrated transport sector BEE charter	Charter approved by Cabinet	December 2007
	Implementation, monitoring and evaluation framework	Framework approved by minister	December 2007
	Economic performance indicators	Performance indicator database	September 2007
	Baseline studies on the economic performance of the transport sector	Baseline study completed	September 2008
Legislation	Department's legislative programme implemented: • Transport Agencies General Laws Amendment Bill • Convention on international interest in mobile equipment • Cross-Border Road Transport Amendment Bill • Merchant shipping bills • National Road Traffic Amendment Bill • Legal Succession to South African Transport Services Amendment Bill	Passing of priority legislation	March 2008
Research and Development	Implementation of the transport innovation and technology research strategy	A sustainable transport research and innovation programme	January 2008
	Research and information management on department's strategic projects	Co-ordinated research in support of the airlift strategy, freight logistics, public and rural transport	January 2008
	National household travel survey	9 provincial visits completed	March 2007
		Planning for 2009 survey completed	March 2008

Programme 3: Transport Regulation and Accident and Incident Investigation

In response to the growing importance of regulation in the transport sector, this programme creates an enabling environment for safety and economic regulation across all transport modes.

Apart from *Administration*, there are five subprogrammes:

- *Road Transport Regulation* through its road traffic management oversight role, enables, co-ordinates and promotes activities that include: policy development, regulation, quality and safety in road transport; safety information systems and programmes; legislation; national inspectorates; and standards and guidelines.
- *Civil Aviation Regulation* facilitates the development of an economical viable air transport industry that is safe, efficient, environmentally friendly and compliant with international standards. It creates an enabling 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 domestic and international maritime transport for passengers and freight and also provides an oil pollution prevention service.
- *Rail Transport Regulation* develops, implements and maintains strategies and regulatory frameworks to ensure improved safety and efficiency in rail transport, including freight logistics.

- *Accident and Incident Investigation* collects, maintains and analyses data, and distributes regular reports on accidents and incidents in all modes of transport to help with strategic planning and measuring the success of policies implemented. It creates an enabling environment for the provision of search and rescue services within South Africa and the Southern African region.

Expenditure estimates

Table 33.5 Transport Regulation and Accident and Incident Investigation

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R thousand	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Road Transport Regulation	131 886	177 221	106 973	95 093	112 254	122 091	120 541
Civil Aviation Regulation	10 141	10 533	12 130	15 263	15 396	16 205	17 234
Maritime Regulation	59 808	57 107	52 292	52 975	61 242	64 751	70 044
Rail Transport Regulation	3 253	3 583	350	4 008	6 060	10 132	11 016
Accident and Incident Investigation	23 871	26 210	26 055	43 998	44 201	44 891	48 693
Administration Support	4 223	6 987	6 352	3 492	4 652	4 894	5 267
Total	**233 182**	**281 641**	**204 152**	**214 829**	**243 805**	**262 964**	**272 795**
Change to 2006 Budget estimate				62 970	78 617	84 282	
Economic classification							
Current payments	**221 572**	**264 514**	**195 787**	**204 353**	**227 855**	**246 383**	**255 625**
Compensation of employees	17 914	21 395	21 522	22 861	29 876	31 529	33 218
Goods and services	203 655	220 790	173 282	181 492	197 979	214 854	222 407
of which:							
Communication	*425*	*1 241*	*461*	*610*	*705*	*763*	*835*
Consultants, contractors and special services	*191 070*	*208 516*	*159 682*	*168 398*	*186 777*	*202 855*	*209 283*
Inventory	*1 055*	*4 053*	*2 306*	*1 328*	*1 490*	*1 566*	*1 713*
Operating leases	*–*	*358*	*583*	*280*	*310*	*405*	*443*
Travel and subsistence	*4 285*	*4 084*	*5 079*	*5 813*	*6 781*	*7 213*	*7 889*
Financial transactions in assets and liabilities	3	22 329	983	–	–	–	–
Transfers and subsidies	**10 218**	**9 916**	**7 938**	**9 956**	**15 404**	**16 009**	**16 544**
Provinces and municipalities	1	46	57	19	–	–	–
Departmental agencies and accounts	4 554	5 874	4 300	4 558	9 786	10 023	10 273
Foreign governments and international organisations	4 902	3 316	2 754	4 420	4 641	4 871	5 114
Non-profit institutions	644	524	705	959	977	1 115	1 157
Households	117	156	122	–	–	–	–
Payments for capital assets	**1 392**	**7 211**	**427**	**520**	**546**	**572**	**626**
Machinery and equipment	1 392	7 211	427	520	546	572	626
Total	**233 182**	**281 641**	**204 152**	**214 829**	**243 805**	**262 964**	**272 795**
Details of major transfers and subsidies:							
Departmental agencies and accounts							
Current	**4 554**	**5 874**	**4 300**	**4 558**	**9 786**	**10 023**	**10 273**
Cross Border Agency	1 000	2 000	–	–	–	–	–
South African Maritime Safety Authority - Maritime Rescue Co-ordination Centre	3 554	3 874	4 300	4 558	4 786	5 023	5 273
Independent Port Regulator	–	–	–	–	5 000	5 000	5 000

Table 33.5 Transport Regulation and Accident and Incident Investigation (continued)

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R thousand	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Foreign governments and international organisations							
Current	**4 902**	**3 316**	**2 754**	**4 420**	**4 641**	**4 871**	**5 114**
Membership Fees: African Civil Aviation Commission	1 719	–	–	636	668	701	736
Membership Fees: International Civil Aviation Organisation	2 197	2 169	2 079	2 438	2 560	2 687	2 821
Membership Fees: International Maritime Organisation	533	869	278	869	912	957	1 004
Membership Fees: Indian Ocean Memorandum of Understanding	172	–	155	191	201	211	222
Membership fees: Cospas Sarsat contribution	281	278	242	286	300	315	331
Non-profit institutions							
Current	**644**	**524**	**705**	**959**	**977**	**1 115**	**1 157**
National Sea Rescue Institute	494	524	555	809	818	950	983
Mountain Club of South Africa	50	–	50	50	53	55	58
Hamnet	50	–	50	50	53	55	58
Off Road Rescue	50	–	50	50	53	55	58

Expenditure trends

Between 2003/04 and 2006/07, expenditure decreased at an average annual rate of 2,7 per cent. Excluding expenditure on the national traffic information system (NaTIS), and increases in the 2006 Adjusted Estimates of R3,5 million attributable to rollovers, expenditure grows at an average annual growth rate of 8,3 per cent from 2006/07 to 2009/10.

In 2003/04, expenditure on the NaTIS system amounted to R112,8 million, under the *Transport Regulation and Accident and Incident Investigation* programme. The function was transferred to the Road Traffic Management Corporation in 2005/06, but because of capacity constraints in the corporation, the NaTIS function was reintroduced into this programme in 2006/07, and expenditure for the year amounted to R59,4 million in 2005/06.

The sharp increase in expenditure between 2003/04 and 2004/05 was due to rollovers of R8,9 million, the introduction of funding for special investigations into driver's licence testing centres and for NaTIS, at R16,6 million per year; the establishment of a maritime security co-ordination centre at R5,2 million per year; and the introduction of funding for new offices for permanent South African representatives at the International Civil Aviation Organisation in Canada and the International Maritime Organisation in the UK.

Over the medium term, expenditure grows from R214,8 million in 2006/07 to R272,8 million in 2009/10. This includes the shifting of R194,4 million from programme 7 (*Public Entity Oversight)* to fund the development of NaTIS. Additional allocations include R5 million per year for the establishment of the Independent Ports Regulator and R30 million allocated in the 2006 budget for transferring the function of the commissioner for civil aviation from the Civil Aviation Authority to the department and for setting up the rail economic regulator.

Service delivery objectives and indicators

Recent outputs

This programme's achievements have shown a clear focus on regulating transport operations, in response to the strategic priority of improving safety and efficiency in all modes of transport.

The K53 Practical Driving Test manual was published in 2006 and forms the basis for training driving licence examiners. It is also used as a training manual by driving schools and other training institutions. Information sessions on the manual were conducted throughout the country.

The national road safety 2006 strategy was approved by the transport lekgotla and Cabinet to support a safer environment for public transport and to improve enforcement visibility and co-ordination.

The *Road Transport Regulation* subprogramme is responsible for the redesigned national traffic information system (eNaTIS) that will provide the back-up data for a national contravention register and implement a booking system to prevent fraud in driver's licence testing. The system's design was completed in 2006 and the migration to eNATIS will take place by March 2007.

In relation to the regulation of civil aviation, in July 2006 Cabinet approved the five-year airlift strategy for increasing the air transport sector's contribution to sustainable growth. The strategy promotes greater alignment with the tourism strategy in particular, and was developed on the basis of aviation policy directives and as a specific contribution to ASGISA. The department has entered into formal negotiations with France, Mozambique and Oman. In terms of the agreement, South Africa - France weekly commercial flights were increased from 10 to 14, South Africa to Oman from two to four, and additional secondary routes and increased availability of seats were negotiated with Mozambique.

The National Ports Act (2005) was promulgated in November 2006. The draft regulations were completed and published in the Government Gazette in November 2006 for comment and the final regulations are awaiting approval. The National Ports Regulator Board was appointed in December 2006.

The draft merchant shipping (national small vessels safety) regulations were published for public comment in July 2006. The draft regulations were adopted by the working group and referred to the state law advisor for legal opinion.

In June 2006, on behalf of government, the department volunteered to be audited within the framework of the voluntary International Maritime Organisation (IMO) member state audit scheme and the process to appoint IMO auditors has begun.

Since the adoption of the international code for ship and port facility security, the Department of Transport approved security plans for ports and ships and appointed staff to monitor the implementation of these plans. The department has put out a tender to appoint a service provider to help develop comprehensive maritime security legislation, and to strengthen the role of the minister and other government departments in this initiative.

In Geneva in 2006, the International Labour Conference (Maritime) 94^{th} Session adopted the Consolidated Maritime Labour Convention. The convention introduces regulatory requirements for seafarers regarding conditions of employment and social security. The department has begun to ratify the convention by consulting with relevant stakeholders including the departments of labour and health, and industry.

A strategic document on search and rescue was developed and will be revisited to integrate the latest developments in the search and rescue field during its implementation. In December 2006, a multilateral agreement on co-ordinating maritime search and rescue services was negotiated and concluded between five countries (the Comoros, Madagascar, Mozambique, Namibia and South Africa). The manual on national search and rescue policy was developed and adopted by the South African Search and Rescue (SASAR) executive committee in November 2006. A public relations strategy and search and rescue regulations for the SASAR organisation were drafted for consultation. A memorandum of understanding between the department and the South African Maritime Safety Authority on the management and running of the maritime rescue co-ordination centre was signed.

Selected medium-term output targets

Transport Regulation and Accident and Incident Investigation

Measurable objective: Develop, implement and maintain regulatory frameworks to ensure improved safety, security and environmental sustainability across the transport sector and to ensure efficient transport and search and rescue services.

Subprogramme	Output	Measure/Indicator	Target
Road Transport Regulation	Complete migration to eNaTIS	Successful migration of system	March 2007
	Introduction of periodic vehicle testing	Feasibility study	June 2007
	Implementation of security improvement processes at vehicle testing stations and driver's licence testing stations	Installation of security systems and processes	March 2009
Civil Aviation Regulation	Airlift strategy implementation	Air service negotiations with 10 states on implementation of key liberalisation elements	March 2008
Maritime Regulation	Setting up Independent Ports Regulator	Approval of the final regulations in terms of the National Ports Act	March 2007
		Independent Ports Regulator assumes duties	September 2007
	Redefining the port limits for South Africa	New port limits proclaimed, reflecting true status of the current port limits	December 2008
	Marine environmental protection	Renegotiation of the oil pollution prevention standby tug contract	December 2008
	Maritime transport security legislation	Maritime transport security bill and regulations completed	September 2007
Accident and Incident Investigation	Towards regional integration strategy	Expand the sub-regional arrangement for search and rescue structures, processes and infrastructure within the sub-region	March 2007
	Public relations strategy	Draft public relations strategy	June 2007

Programme 4: Integrated Planning and Inter-sphere Co-ordination

The *Integrated Planning and Inter-sphere Co-ordination* programme promotes and monitors integrated transport planning and co-ordinates the development and maintenance of transport infrastructure for all transport modes. This includes roads, railways, airports, harbours, pipeline interchange facilities, and the associated power and communications systems. The programme will play an important role in promoting a sustainable transport infrastructure that meets the economic development goals of NEPAD and the SADC region. The programme emphasises rural transport development, accessible transport development, and the promotion of feasible non-motorised transport.

Apart from *Administration*, there are four subprogrammes:

- *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 spheres of government.
- *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.
- *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, co-ordinates and implements infrastructure provision, develops systems and processes for infrastructure management, contributes to regional transport infrastructure development for all modes of transport, and oversees the South African National Roads Agency.
- *2010 Soccer World Cup Co-ordination* facilitates co-ordinated planning for transport infrastructure operations for the 2010 Soccer World Cup and beyond. This includes administering the public transport infrastructure and systems grant to host cities.

Expenditure estimates

Table 33.6 Integrated Planning and Inter-sphere Co-ordination

Subprogramme				Adjusted			
	Audited outcome			appropriation	Medium-term expenditure estimate		
R thousand	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Transport Planning	53 383	45 915	6 381	22 299	25 327	27 094	29 429
Integrated Delivery Programme	645	1 128	5 919	47 825	47 751	48 950	53 450
Integrated Infrastructure and Network Development	1 293 047	1 450 037	1 783 154	2 381 853	3 498 382	4 174 594	5 630 343
2010 Soccer World Cup Co-ordination	–	–	241 710	702 062	1 802 469	3 502 606	3 002 746
Administration Support	8 993	12 831	1 558	5 555	6 005	6 371	6 877
Total	**1 356 068**	**1 509 911**	**2 038 722**	**3 159 594**	**5 379 934**	**7 759 615**	**8 722 845**
Change to 2006 Budget estimate				(1 659)	1 148 773	2 248 456	
Economic classification							
Current payments	**11 412**	**18 407**	**19 760**	**132 239**	**169 266**	**180 301**	**199 764**
Compensation of employees	6 649	9 745	11 611	21 231	24 074	25 406	26 767
Goods and services	4 757	8 661	8 149	111 008	145 192	154 895	172 997
of which:							
Consultants, contractors and special services	*1 983*	*5 729*	*4 081*	*86 786*	*117 856*	*120 442*	*135 198*
Inventory	*1 173*	*380*	*447*	*7 498*	*8 561*	*9 631*	*10 566*
Operating leases	*–*	*123*	*98*	*86*	*95*	*112*	*123*
Travel and subsistence	*695*	*1 307*	*1 837*	*8 564*	*9 067*	*12 673*	*13 904*
Financial transactions in assets and liabilities	6	1	–	–	–	–	–
Transfers and subsidies	**1 343 958**	**1 487 389**	**1 998 239**	**2 992 083**	**5 171 929**	**7 539 964**	**8 479 911**
Provinces and municipalities	20 970	1 627	241 745	519 008	1 174 000	3 170 000	2 325 000
Departmental agencies and accounts	1 322 988	1 485 755	1 756 479	2 293 075	3 521 929	4 159 964	5 704 911
Public corporations and private enterprises	–	–	–	180 000	476 000	210 000	450 000
Households	–	7	15	–	–	–	–
Payments for capital assets	**698**	**4 115**	**20 723**	**35 272**	**38 739**	**39 350**	**43 170**
Buildings and other fixed structures	–	–	10 323	34 779	38 221	38 796	42 562
Machinery and equipment	698	4 115	10 400	493	518	554	608
Total	**1 356 068**	**1 509 911**	**2 038 722**	**3 159 594**	**5 379 934**	**7 759 615**	**8 722 845**

Details of major transfers and subsidies:

Municipalities							
Current	**11 870**	**1 627**	**35**	**8**	**–**	**–**	**–**
National Land Transport Transition Act	11 851	1 600	–	–	–	–	–
Capital	**9 100**	**–**	**241 710**	**519 000**	**1 174 000**	**3 170 000**	**2 325 000**
Urban transport fund	9 100	–	–	–	–	–	–
Public transport infrastructure and systems grant	–	–	241 710	519 000	1 174 000	3 170 000	2 325 000
Departmental agencies and accounts							
Current	**825 862**	**937 455**	**1 191 146**	**1 494 123**	**1 962 579**	**2 253 020**	**2 772 929**
South African National Roads Agency Ltd	825 862	937 455	1 187 387	1 494 123	1 962 579	2 253 020	2 772 929
South African National Roads Agency Ltd: NMT (bicycle)	–	–	3 759	–	–	–	–
Capital	**497 126**	**548 300**	**565 333**	**798 952**	**1 559 350**	**1 906 944**	**2 931 982**
Urban transport fund	32 432	44 024	–	–	–	–	–
South African National Roads Agency Ltd	464 694	504 276	565 333	797 952	1 429 350	1 806 944	2 731 982
South African National Roads Agency Ltd: Public transport infrastructure and systems fund	–	–	–	–	130 000	100 000	200 000
Cross Border Road Transportation Agency: Public transport infrastructure and systems fund	–	–	–	1 000	–	–	–
Public corporations							
Other transfers							
Capital	**–**	**–**	**–**	**180 000**	**476 000**	**210 000**	**450 000**
South African Rail Commuter Corporation: Public transport infrastructure and systems fund	–	–	–	180 000	476 000	210 000	450 000

Expenditure trends

Expenditure for this programme grows at an average annual rate of 32,6 per cent from R1,4 billion in 2003/04 to R3,2 billion in 2006/07. Over the medium term, this growth rate will increase by 40,3 per cent in 2009/10.

Programme spending is still dominated by allocations for the development, upgrading and maintenance of national roads through transfers to the South African National Roads Agency (SANRAL) and allocations for public transport infrastructure through the public transport infrastructure and systems grant. Additional allocations for the grant in the 2006 and 2007 budgets bring the total allocations to over R9 billion from its inception up to 2009/10. Additional allocations for the public transport infrastructure grant over the MTEF period amount to R5,5 billion, allocated to municipalities (R4,3 billion), the SARCC (R750 million), SANRAL (R430 million), and monitoring and evaluation by the department (R65 million).

SANRAL transfers, excluding the allocations to SANRAL from the public transport infrastructure and systems grant, rise from R1,3 billion in 2003/04, to R2,3 billion in 2006/07, and are expected to rise to R5,5 billion in 2009/10. Additional amounts of R400 million, R600 million and R900 million were allocated over last year's MTEF period, from 2006/07 to 2008/09. Additional allocations of R350 million, R550 million and R1,2 billion over the current MTEF period are for strategic road infrastructure.

Expenditure on goods and services jumps from R8,1 million in 2005/06 to R111 million in 2006/07, largely due to: additional allocations in 2006 for overseeing the implementation of a strategic framework for roads (R25 million); a special overload control unit (R15 million); rural transport (R30 million per year); the reprioritisation of funds for a rural transport strategy (R8 million); the shifting of allocations for non-motorised transport from transfers (R4 million); and under-expenditure in the previous year mainly on transport planning projects.

Expenditure on compensation of employees has grown especially rapidly, rising from R6,6 million in 2003/04 to R21,2 million in 2006/07, an average annual increase of 47,3 per cent, as a result of the department's restructuring in 2004.

Service delivery objectives and indicators

Recent outputs

Parliament has passed the amendment to the National Land Transport Transition Act (2000), which focuses on the planning regime. The bill has been referred to the president for promulgation. The new amendments will reduce the burden borne by the smaller municipalities in the previous planning provisions. A training programme was developed and training was conducted in all provinces.

The first round of all municipal and provincial transport plans has been completed and appraised in line with the legislative and regulatory requirements. The department provided technical, financial and managerial support for the process.

The draft rural transport strategy was approved by the transport lekgotla, together with the principles to test the delivery concept. The Cabinet committee on the social sector cluster supported the strategy and asked for it to be revised in line with recent sector developments. The outcomes of the revised rural transport strategy will contribute to the overall government objective of having a single comprehensive and integrated service delivery plan. This will strengthen other programmes such as sustainable human settlements, the acceleration of rural infrastructure backlogs particularly regarding the maintenance of rural access roads, and the social sector's priorities of making essential basic services more accessible and mobile.

Detailed implementation plans for the integrated rural mobility and access project (IRMA) were developed and approved by provinces, district municipalities and affected municipalities in the three integrated sustainable rural development programme (ISRDP) nodes: Sekhukhune, OR Tambo and Umkhanyakude. Project implementation has started in the three nodal municipalities. Projects include the upgrading of key rural access roads, designing a transport brokerage system to co-ordinate passenger transport and rural freight services, improving public transport facilities, designing non-motorised transport infrastructure, supplying bicycles to schools, designing SABS approved animal drawn carts, new bicycles designs, and developing intermodal facilities in Bakenberg, Limpopo.

With regard to EPWP projects, with specific reference to rural access roads and feeder roads, a detailed audit was undertaken in the two ISRDP nodes where the IRMA concept is being tested. A detailed report on the maintenance and conditions of rural access roads has been developed to prioritise certain rural roads for routine management to ensure a linked road transport network.

Monitoring the performance of the current pilot project at the eThekwini transport authority continued. A study tour has been planned to benchmark the South African model with international best practice, particularly with reference to funding models for the transport authorities.

The strategic framework and action plan for roads were approved by Cabinet in October 2006 and are being implemented under the guidance of the roads co-ordinating body. Road network integration is being intensified in accordance with the strategic framework and action plan. The main purpose is to totally eliminate unclassified roads and increase road maintenance and improvement. The strategic transfer of selected primary roads from provinces to SANRAL to complete the planned 20 000 km strategic national road network is progressing well. A total of 4 838 km of provincial roads was transferred to the SANRAL in 2005/06 and a further 2 700 km have been earmarked for transfer in 2006/07.

The refinancing agreement for the Maputo Development Corridor was concluded in 2006. The Platinum Highway is part of the Trans-Kalahari Corridor, which together with the Maputo Development Corridor, form the coast-to-coast road link from Walvis Bay in Namibia to Maputo in Mozambique.

A five-year strategy was developed for the rollout of the road transport management system to provide national standard under the SABS for compliance by all industries in South Africa. This approach will give the broadest coverage of industries in the shortest time, and clients will now be able to stipulate compliance with the standard as a requirement.

A new programme for labour intensive road construction and maintenance has been initiated for rollout at provincial level in 2007/08 to support road infrastructure development and maintenance, encourage income generation for poor communities and improve worker skills and employability through training.

In October 2006, Cabinet approved the release of the 2010 transport action plan to the public for information. The plan articulates the vision for the transport sector's preparations for hosting the 2010 FIFA World Cup. The sector aims to improve the transport infrastructure and systems in a sustainable way so that the improvements can benefit the whole country after 2010.

The action plan is supported by the public transport infrastructure and systems grant. A dedicated team and a monitoring and evaluation framework have been put in place to ensure these funds are properly used. The essential aspect of the legacy vision is to accelerate the implementation of transport improvements that will both support the success of the FIFA 2010 events, and improve South Africa's mobility and transport efficiency. Improvements in public transport will be among the event's most significant legacy achievements.

Selected medium-term output targets

Integrated Planning and Inter-sphere Co-ordination

Measurable objective: Fully established, integrated transport plans that will incrementally improve public transport and related infrastructure for social and regional development.

Subprogramme	Output	Measure/Indicator	Target
Transport Planning	Development of the National Land Transport Bill	National Land Transport Bill approved by Cabinet	March 2008
Integrated Delivery Programme	Rural transport strategy: final strategy document	Approved by Cabinet	July 2007
	Integrated rural transport development programme with geographical information systems (GIS) mapping	Rural accessibility profile and programme mapping	July 2007
	Calendar for non-motorised transport marketing and communication plan	Approval by transport MinMEC	September 2007
	Best practice study on transport authorities	Study tour report on best practice	March 2008

Subprogramme	Output	Measure/Indicator	Target
Integrated Infrastructure and Network Development	Road infrastructure strategic framework: road quality assessment	Action plan on road quality assessment, classification and monitoring and evaluation of road infrastructure strategic framework approved by minister	August 2007
	National overload control strategy	Road transport management system formally registered as a national standard with SABS	December 2007
2010 Soccer World Cup Co-ordination	Infrastructure rollout monitoring and evaluation	Quarterly reports and site visits	Quarterly
	2010 transport operational planning framework	Completed operational planning framework	June 2007
	Reporting on municipal progress regarding infrastructure delivery	Division of Revenue Act compliance reporting	Quarterly

Programme 5: Freight Logistics and Corridor Development

The *Freight Logistics and Corridor Development* programme aims to reduce the cost of doing business in South Africa by making the freight logistics sector more efficient, reliable and cost effective.

Apart from the administration component, there are four subprogrammes:

- *National Logistics Strategy* is responsible for developing strategies to unblock bottlenecks in the freight logistics system. It will oversee the implementation of a national freight logistics strategy by co-ordinating integrated infrastructure planning, forecasting demand and undertaking scenario planning.
- *Eastern Corridor and Western Corridor* implements projects in the freight corridors. These will aim to improve the efficiency of the corridors and integrate secondary and tertiary corridors into a seamless logistics system that supports the geographic expansion of economic activity in the country and in the Southern African Development Community region.
- *Border Operations and Control* is responsible for co-ordinating the development of integration systems and transport infrastructure at border posts.

Expenditure estimates

Table 33.7 Freight Logistics and Corridor Development

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R thousand	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
National Logistics Strategy	29 942	3 755	1 351	13 138	4 865	5 183	4 661
Eastern Corridor	–	–	4 973	5 121	4 796	5 095	4 591
Western Corridor	–	–	1 293	4 604	4 260	4 522	4 148
Border Operations and Control	–	–	–	1 377	2 047	2 156	2 120
Administration Support	–	–	93	2 154	2 520	2 671	2 499
Total	**29 942**	**3 755**	**7 710**	**26 394**	**18 488**	**19 627**	**18 019**
Change to 2006 Budget estimate				(1 452)	(251)	(356)	
Economic classification							
Current payments	**1 803**	**3 714**	**7 657**	**26 327**	**18 423**	**19 557**	**17 965**
Compensation of employees	1 335	544	2 514	7 790	9 455	9 978	10 512
Goods and services	468	3 170	5 143	18 537	8 968	9 579	7 453
of which:							
Consultants, contractors and special services	*399*	*3 170*	*3 338*	*17 354*	*7 568*	*8 031*	*6 248*
Inventory	–	–	*185*	*176*	*197*	*204*	*159*
Operating leases	–	–	*2*	*46*	*65*	*81*	*63*
Travel and subsistence	–	–	*1 010*	*563*	*596*	*643*	*500*
Transfers and subsidies	**54**	**1**	**44**	**5**	**–**	**–**	**–**
Provinces and municipalities	54	1	9	5	–	–	–
Households	–	–	35	–	–	–	–
Payments for capital assets	**28 085**	**40**	**9**	**62**	**65**	**70**	**54**
Buildings and other fixed structures	28 000	–	–	–	–	–	–
Machinery and equipment	85	40	9	62	65	70	54
Total	**29 942**	**3 755**	**7 710**	**26 394**	**18 488**	**19 627**	**18 019**

Expenditure trends

Excluding a once-off allocation of R28 million in 2003/04 for reviving railway branch lines in Umtata, Eastern Cape, expenditure grew from R1,9 million in 2003/04 to R26,4 million in 2006/07. This was due to additional allocations of R5 million in 2005/06 and R10 million in 2006/07 for developing freight logistics strategies and pilot implementation projects which allowed for the introduction of the *Eastern Corridor* and *Western Corridor* subprogrammes in 2005/06 and *Border Operations and Control* in 2006/07.

The expenditure increase in 2006/07 is due to the inception of the national freight logistics strategy. Expenditure stabilises over the medium term and the baseline for 2009/10 is reduced by 8,2 per cent, as implementation and further development of the freight logistics strategy will be co-funded by provinces.

Service delivery objectives and indicators

Recent outputs

Since the launch of the national freight logistics strategy in September 2005, various projects have been undertaken to ensure the strategy is implemented over the short, medium and long term, to guide investment in infrastructure, and to eliminate bottlenecks in freight logistics operations.

The department has appointed consultants to develop the Durban freight plan, through which the department will monitor integrated implementation of the national strategy by the province, the city and the Transnet entities operating in the port of Durban.

A draft report on the Harrismith hub was completed. The project aims to reduce transit times and the cost of freight transport.

The City Deep project aims to achieve synergies between the Durban container terminal and the City Deep inland port. The project will provide a platform for dealing with the current congestion in the City Deep precinct, inadequate transport infrastructure and poorly integrated transport service providers. The department has published the tender for the project.

The department has also started setting up corridor forums in each province to oversee the development of corridor strategies to respond to the evolving freight environment and to provide the department with a way to engage stakeholders about competitiveness. Forums have been established in KwaZulu-Natal, Mpumalanga and Western Cape.

The department has supported the KwaZulu-Natal provincial government on the Dube Trade Port and construction will begin in April 2007. Support for the design and integration of the new international airport, freight air platform, cyberport and agricultural zone will be provided over the MTEF period.

The department has embarked on a number of projects that are key to implementing the national freight logistics strategy. The national freight databank project collects, collates and consolidates all available statistics on the movement of goods and services. Eight out of nine provinces have completed collecting freight flow statistics.

The national freight information systems project integrates information on the movement of goods and services across various systems and generates reports customised to users' needs. Assisted by the State Information Technology Agency, the department has completed drafting user requirement specifications.

Three railway branchlines have been revitalised so far: Mthatha-Amabele (Kei Rail) in Eastern Cape; Nkwalini in KwaZulu-Natal; and Belmont-Douglas in Northern Cape. The second phase of the Belmont-Douglas line upgrade has begun.

The customs management subcommittee of the Trans-Kalahari Corridor has piloted shorter customs processes for freight between Gauteng, Walvis Bay and Botswana. The Maputo Corridor forum has committed to implementing a one-stop border post between South Africa and Mozambique at the Lebombo/Ressano Garcia border post.

Selected medium-term output targets

Freight Logistics and Corridor Development

Measurable objective: Efficient freight logistic operations that ensure the speedy, cost effective and reliable movement of goods along a regional network of freight movement corridors, supported by integrated freight infrastructure planning, adequate infrastructure investment, and a national freight information system.

Subprogramme	Output	Measure/indicator	Target
National Freight Logistics Strategy	National freight databanks	National freight databanks completed	March 2007
	National freight information system	National freight information system operational	March 2008
	Sub-sectoral strategies	Industry consultation on desirable industry structures	March 2008
Eastern Corridor and Western Corridor	Corridor mapping	Freight information and statistics collected and collated	March 2007
		Frameworks and tools developed to enable corridor mapping, mapping of freight movements, and monitoring of corridor and nodal performance	March 2008
		Map of physical and virtual flows in the corridors	March 2010
	Modelling of customs and other processes on key corridors for movement of cargo	Consultation with key stakeholders on models	June 2008
	Support on design and integration of Dube Trade Port	Frequency of reports	Quarterly
Border Operations and Control	Report on system inefficiencies in movement of goods and passengers in all ports of entry	Report released for consultation	March 2008
	Operational improvements in public entities responsible for oversight of cross border movement of goods and passengers	Improvements in operational and oversight targets agreed with cross border entities	September 2007

Programme 6: Public Transport

The role of the *Public Transport* programme is to bring about change in the public transport system by developing a system that will ensure the provision of safe, reliable, affordable and accessible public transport.

Apart from the administration component, there are four subprogrammes:

- *Public Transport Strategy and Monitoring* is responsible for developing public transport strategies and leading the initiation of related implementation projects. Its main priority is to oversee the implementation of the public transport strategy.
- *Public Transport Management* oversees the payment of bus subsidies, and facilitates the transformation of the subsidised bus industry. It oversees the payment of rail commuter subsidies, manages the passenger rail integration process, drives projects to improve public transport infrastructure, and facilitates the optimisation of the rail commuter system through the development of rail and bus plans.
- *Taxi Recapitalisation Project Office* manages taxi 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 one of its key priorities.
- *Public Transport Business Development* develops the business case for public transport while concentrating on the commuter rail merger, turnaround strategies for passenger rail, the integration of public transport operations to maximise the subsidy, and developing the business case and analysis for new public transport developments.

Expenditure estimates

Table 33.8 Public Transport

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R thousand	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Public Transport Strategy and Monitoring	–	–	2 043	3 576	3 785	4 038	4 086
Public Transport Management	4 428 648	4 671 683	5 150 417	9 492 956	9 552 788	10 821 417	11 686 666
Taxi Recapitalisation Project Office	9 898	10 000	28 408	529 872	331 809	365 008	391 378
Public Transport Business Development	–	–	380	1 249	1 207	1 301	1 264
Administration Support	8 651	12 584	5 250	5 345	5 636	6 098	5 906
Total	**4 447 197**	**4 694 267**	**5 186 498**	**10 032 998**	**9 895 225**	**11 197 862**	**12 089 300**
Change to 2006 Budget estimate				867 171	1 077 911	1 779 042	

Table 33.8 Public Transport (continued)

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R thousand	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Economic classification							
Current payments	**8 302**	**12 683**	**33 176**	**187 418**	**131 689**	**117 432**	**120 630**
Compensation of employees	4 282	5 864	7 523	12 817	14 712	15 526	16 358
Goods and services	4 008	5 902	25 653	174 601	116 977	101 906	104 272
of which:							
Consultants, contractors and special services	*501*	*4 216*	*21 524*	*166 934*	*108 619*	*92 071*	*95 290*
Inventory	*1 037*	*162*	*399*	*2 015*	*2 289*	*2 419*	*2 209*
Operating leases	*–*	*57*	*149*	*205*	*231*	*264*	*241*
Travel and subsistence	*769*	*560*	*691*	*1 672*	*1 865*	*2 171*	*1 983*
Financial transactions in assets and liabilities	12	917	–	–	–	–	–
Transfers and subsidies	**4 438 558**	**4 681 310**	**5 153 112**	**9 845 453**	**9 763 403**	**11 080 284**	**11 968 537**
Provinces and municipalities	12	15	22	3 241 010	3 029 411	3 265 993	2 507 211
Public corporations and private enterprises	4 428 648	4 671 290	5 142 430	6 241 207	6 491 194	7 542 313	9 166 609
Non-profit institutions	9 898	10 000	10 600	11 236	11 798	12 978	13 952
Households	–	5	60	352 000	231 000	259 000	280 765
Payments for capital assets	**337**	**274**	**210**	**127**	**133**	**146**	**133**
Machinery and equipment	337	274	210	127	133	146	133
Total	**4 447 197**	**4 694 267**	**5 186 498**	**10 032 998**	**9 895 225**	**11 197 862**	**12 089 300**

Details of major transfers and subsidies:

	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Provinces							
Capital	**–**	**–**	**–**	**3 241 000**	**3 029 411**	**3 265 993**	**2 507 211**
Gautrain Rapid Rail Link	–	–	–	3 241 000	3 029 411	3 265 993	2 507 211
Public corporations							
Subsidies on production or products							
Current	**1 695 148**	**1 843 550**	**2 156 377**	**2 751 274**	**2 259 119**	**2 485 031**	**2 683 650**
South African Rail Commuter Corporation	1 695 148	1 843 550	2 156 377	2 751 274	2 259 119	2 485 031	2 683 650
Capital	**665 000**	**655 000**	**688 300**	**1 029 598**	**1 696 078**	**2 267 686**	**3 484 144**
South African Rail Commuter Corporation	665 000	655 000	688 300	1 029 598	1 696 078	2 267 686	3 484 144
Private enterprises							
Subsidies on production or products							
Current	**2 068 500**	**2 172 740**	**2 297 753**	**2 460 335**	**2 535 997**	**2 789 596**	**2 998 815**
Bus subsidies	2 068 500	2 172 740	2 297 753	2 460 335	2 535 997	2 789 596	2 998 815
Non-profit institutions							
Current	**9 898**	**10 000**	**10 600**	**11 236**	**11 798**	**12 978**	**13 952**
Taxi: SANTACO	9 898	10 000	10 600	11 236	11 798	12 978	13 952
Households							
Other transfers							
Current	**–**	**5**	**60**	**352 000**	**231 000**	**259 000**	**280 765**
Taxi recapitalisation	–	–	–	352 000	231 000	259 000	280 765
Leave gratuity	–	5	60	–	–	–	–

Expenditure trends

The *Public Transport* programme accounts for the bulk of the department's budget: 59,7 per cent in 2009/10. Expenditure grows at an average annual rate of 31,2 per cent between 2003/04 and 2006/07, reaching R10 billion in 2006/07. Over the MTEF period the programme grows at an average annual rate of 6,4 per cent, including the Gautrain Rapid Rail Link.

The national contribution to the Gautrain Rapid Rail Link is R12 billion from 2006/07 to 2009/10, which will be paid as a conditional grant to Gauteng and includes additional allocations in the 2007 Budget of R878,4 million, R1,5 billion and R1,2 billion.

Additional allocations in the 2007 Budget of R200 million, R250 million and R656 million are for passenger rail infrastructure. Of these allocations, R20 million has been earmarked in 2007/08 for a feasibility study for a public-private partnership for commuter rail transport and the devolution of this function to the local government sphere.

Bus subsidies are expected to increase at an average annual rate of 6,4 per cent, from R2,1 billion in 2003/04 to R3 billion in 2009/10. Expenditure on rail subsidies and rail capital is expected to increase at an average annual rate of 17,4 per cent, rising from R2,4 billion in 2003/04 to R6,2 billion in 2009/10. In 2006/07, transfers to public corporations and private enterprises (public transport subsidies) grew by 21,4 per cent, due to additional allocations in the 2006 Adjusted Estimates of R619,7 million for operational costs for the South African Rail Commuter Corporation and R45,1 million for bus subsidies, to cover increases in the fuel price.

Transfer payments for the taxi transformation project, which includes legalising and democratising the taxi industry, grow at an average annual rate of 5,9 per cent between 2003/04 and 2009/10, from R9,9 million to R14 million. In 2006/07, however, the focus shifted to implementing the taxi recapitalisation project.

The 2005 Budget provided additional allocations for taxi recapitalisation: R250 million for 2005/06, R315 million for 2006/07 and R320 million for 2007/08. Funding for this project continues and grows by 9,1 per cent to R352 million in 2008/09 and by 6,4 per cent to R376 million in 2009/10. A portion of the funds will be used for planning and systems development, and the rest for paying scrapping allowances to taxi owners who scrap their old vehicles.

Expenditure on goods and services increased from R5,9 million in 2004/05 to R25,7 million in 2005/06, due to the additional amounts provided for the taxi recapitalisation project, of which R17,5 million was to assist provinces with the taxi permit conversion process and the scrapping of old taxi vehicles. In 2006/07, expenditure on goods and services increased sharply to R174,6 million, due to: the shifting of R68 million to goods and services and a rollover of funds used for setting up the taxi scrapping administrator.

Expenditure of R117 million on goods and services in 2007/08 is higher than in the following years, due to the R20 million that was earmarked for the commuter rail feasibility study.

Service delivery objectives and indicators

Recent outputs

In October 2006, Cabinet approved the draft public transport strategy for public consultation. This new vision should be cascaded into robust municipal network visions and plans which facilitate speedy implementation of public transport networks.

The management of the public transport subsidies and the transformation of the bus and rail subsidy system to a public transport system are imperative to improve public transport. The focus is on services in priority corridors, removing duplicated services and providing services on mass rapid public transport networks. The transformation will be phased to bring all modes into the public transport system. The model tender contract document, published in August 2006, prescribes requirements for subsidised service contracts and has enabled some provinces to finalise their subsidised service designs for tendering. The bus rationalisation plan is at an advanced stage and will be finalised in February 2007.

Phase 1 of the rail consolidation process was finalised, and Metrorail has been purchased by the South African Rail Commuter Corporation (SARCC). The integration of Shosholoza Meyl will be completed in March 2008. The national passenger rail plan, which guides investment and improvement in service levels, was approved by Cabinet in December 2006. As part of the turnaround strategy for the SARCC/Metrorail, the accelerated rolling stock investment strategy is being implemented. Construction on the Khayelitsha rail extension will be completed by November 2007.

The taxi recapitalisation project promotes the regulation of the taxi industry into the formal public transport arena. Regulations published in September 2005 introduced compulsory safety requirements vehicle branding. The vehicle safety specifications were improved and published in September 2006, and by the end of October 2006 manufacturers had numerous vehicles available that conform to the safety specifications. The regulations introducing colour coding have since been amended, and were published in January 2007. To date, 13 vehicle models that comply with the requirements, as certified by the South African Bureau of Standards, are on the market.

The taxi scrapping administrator has been established and scrapping and storing facilities were set up in Free State, KwaZulu-Natal, Eastern Cape and Northern Cape. Since October 2006, 1 000 vehicles have been de-registered from the national traffic information system and scrapped, and the R50 000 scrapping allowance has been paid to owners.

Selected medium-term output targets

Public Transport

Measurable objective: Increased provision of safe, reliable and more affordable public transport which aims to benefit the most vulnerable passengers.

Subprogramme	Output	Measure/Indicator	Target
Public Transport Strategy and Monitoring	Oversight of implementation of public transport strategy and phase 1 of implementation/action plan	Integrated rapid public transport network scoping plans completed with a focus on the 6 metro cities and the 9 2010 FIFA World Cup venue cities	July 2007
		Detailed project implementation planning, staffing and resourcing completed	April 2008
		Project implementation and procurement	September 2007 to January 2010
Public Transport Management	Transformation of bus contracts to public transport contracts	Approved bus rationalisation plan	January 2007
		New contracts designed and consulted with industry	July 2007
	Investment strategy for rail	Approval of strategy	March 2008
	Implementation of rail plan turnaround strategy	Upgrading of signalling	2010
		Number of coaches complying with key performance indicators in MoU with SARCC	500 coaches 2007/08 700 coaches 2008/09 700 coaches 2009/10
	Shosholoza Meyl consolidation into SARCC	Agreement with all stakeholders	March 2008
Taxi Recapitalisation Project Office	Monitoring performance of taxi scrapping administrator and support to taxi recapitalisation programme	Frequency of monitoring reports	Quarterly reports

Programme 7: Public Entity Oversight and Economic Regulation

The *Public Entity Oversight and Economic Regulation* programme develops appropriate mandates and monitoring mechanisms for public entities and ensures effective corporate governance. It establishes and oversees transport regulation in line with broad economic and transport policies.

Apart from the administrative component, there are two subprogrammes:

- *Public Entity Oversight* oversees public entities' compliance with government policy in relation to their strategies, business plans, 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.
- *Economic Regulation* is responsible for reviewing and developing regulatory strategies on competition, pricing and investment to improve the performance of the transport system.

Expenditure estimates

Table 33.9 Public Entity Oversight and Economic Regulation

Subprogramme				Adjusted			
	Audited outcome			appropriation	Medium-term expenditure estimate		
R thousand	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Public Entity Oversight	73 974	79 507	2 822 962	144 299	140 217	147 083	152 277
Economic Regulation	–	–	–	1 868	1 808	1 917	1 992
Administration Support	1 936	3 479	1 500	2 369	2 502	2 645	2 599
Total	**75 910**	**82 986**	**2 824 462**	**148 536**	**144 527**	**151 645**	**156 868**
Change to 2006 Budget estimate				(60 787)	(58 382)	(60 483)	
Economic classification							
Current payments	**53 393**	**54 912**	**17 573**	**22 209**	**9 084**	**11 224**	**11 200**
Compensation of employees	2 053	2 288	1 741	5 608	6 359	6 711	7 070
Goods and services	51 340	52 624	15 832	16 601	2 725	4 513	4 130
of which:							
Consultants, contractors and special services	*50 525*	*51 845*	*11 174*	*16 291*	*2 291*	*4 070*	*3 724*
Inventory	*88*	*81*	*3 519*	*3*	*5*	*6*	*5*
Operating leases	*27*	*28*	*14*	*18*	*25*	*25*	*23*
Travel and subsistence	*395*	*397*	*166*	*288*	*401*	*409*	*375*
Transfers and subsidies	**22 191**	**27 930**	**2 806 853**	**126 171**	**135 279**	**140 248**	**145 510**
Provinces and municipalities	–	8	5	1	–	–	–
Departmental agencies and accounts	22 191	27 922	2 806 848	126 170	135 279	140 248	145 510
Payments for capital assets	**326**	**144**	**36**	**156**	**164**	**173**	**158**
Machinery and equipment	326	144	36	156	164	173	158
Total	**75 910**	**82 986**	**2 824 462**	**148 536**	**144 527**	**151 645**	**156 868**
Details of major transfers and subsidies:							
Social security funds							
Current	**–**	**–**	**2 700 000**	**–**	**–**	**–**	**–**
Road Accident Fund	–	–	2 700 000	–	–	–	–
Public entities							
Current	**22 191**	**27 922**	**106 848**	**126 170**	**135 279**	**140 248**	**145 510**
Railway Safety Regulator	10 000	15 000	20 000	21 200	27 260	28 361	29 523
Road Traffic Management Corporation	–	–	73 150	90 450	92 774	95 888	99 192
South African Maritime Safety Authority	6 504	6 894	7 308	7 747	8 133	8 535	8 959
South African Civil Aviation Authority	5 687	6 028	6 390	6 773	7 112	7 464	7 836

Expenditure trends

Expenditure in 2005/06 included a once-off allocation of R2,7 billion as a transfer payment to the Road Accident Fund (RAF) to address its liquidity crisis, resulting largely from the scheduling of payments to claimants and debt associated with the diesel rebate due to the South African Revenue Service.

Excluding the transfer payment to the Road Accident Fund, expenditure grows at an average annual rate of 12,9 per cent from 2003/04 to 2009/10, mainly because of additional allocations over the medium term of R50 million a year from 2004/05 for the Arrive Alive campaign and R5 million per year for the Railway Safety Regulator. Funding for the Railway Safety Regulator was introduced in 2003/04 with expenditure of R10 million growing to R21,2 million in 2006/07.

An additional once-off allocation of R14 million was made in 2006/07 for a new road accident benefit scheme and related legislative amendments towards a no-fault system.

Service delivery objectives and indicators

Recent outputs

The department uses shareholder compacts and performance agreements as governance instruments to improve public entities to deliver and function in line with government's agenda. Shareholder compacts and performance agreements were signed between the minister and each of the department's public entities.

The Road Accident Fund Amendment Act (2005) was promulgated and the governance provisions have come into effect. Draft regulations were published in May 2006 to provide for the assessment of serious injuries. Consolidated regulations, including those providing for the assessment of serious injuries, were published in December 2006 for public comment. In June 2006, the strategy for restructuring the Road Accident Fund in line with the comprehensive social security system was approved by Cabinet for public consultation.

A draft framework of the economic regulatory requirements for a reformed rail sector, including the introduction of access to new operators, was developed. Economic regulatory capacity will be established to manage interventions in the sector. A fully functional Rail Economic Regulator will be established, with the necessary instruments and mechanisms to undertake it functions effectively.

The capital restructuring for the Airports Company of South Africa was finalised and the first corporate bond is due to be launched before March 2007. The South Africa Rail Commuter Corporation and Metrorail merge was successfully finalised. The Road Traffic Management Corporation Board was established.

Selected medium-term output targets

Public Entity Oversight and Economic Regulation

Measurable objective: Ensure effective governance over the entities to improve service delivery, performance monitoring and alignment with government policies, and develop the economic regulatory framework in the transport sector.

Subprogramme	Output	Measure/Indicator	Target
Public Entity Oversight	Finalisation of performance agreements between government and public entity boards	Performance agreements with measurements signed and translated into implementation plans	Annually
	Financial and non-financial oversight	Frequency of compliance and evaluation reporting	Quarterly reports
	Promulgation of the Road Accident Fund Amendment Act (2005)	Publication of the regulations	June 2007
	New benefit scheme for victims of road accidents	Restructuring of the Road Accident Fund as compulsory social insurance	March 2009
Economic Regulation	Framework of the economic regulatory requirements for a reformed rail sector, including access to new operators	Framework accepted after consultation and input from relevant stakeholders	May 2007
		Rail economic regulatory capacity established	September 2007

Public entities and other agencies

South African Rail Commuter Corporation

The South African Rail Commuter Corporation (SARCC) Ltd was established under the Legal Succession to the South African Transport Services Act (1989). The purpose of the SARCC is to ensure that rail commuter services are provided in the public interest and promote rail as the primary mode of mass transport.

In March 2006, the SARCC and Metrorail were merged into a single entity. The merger process of the rail entities is expected to be finalised in March 2007 with the incorporation of the Shosholoza Meyl. The SARCC has developed a turnaround strategy for passenger rail with the medium-term objective of significantly improving services focusing on high volume corridors. The strategy focuses mainly on operational investment, which will be implemented together with the national/regional rail plan.

All transactions from Metrorail's records from 26 December 2005 to the end of March 2006 have been accounted for in SARCC's financial records.

A part of the subsidy received from the Department of Transport was transferred to Metrorail for the period 1 April 2005 to 25 December 2005 to cover the shortfall for operation of services on Metrorail's side.

From 26 December to 31 March 2006 the subsidy was kept at the SARCC as all income and expenditure was transferred to the SARCC and the shortfall had to be accommodated on the SARCC's side. The loss to Metrorail for the three-month period came to R33, 2 million.

In the 2006 Adjusted Estimates additional funding of R619,7 million for operational costs was transferred to the corporation.

Key outputs and priorities include:

- Generated income, in excess of 14,7 per cent above target, from the exploitation of assets transferred to the SARCC.
- Safety and security measures were undertaken by the SARCC to address poor reliability, safety and financial losses in rail operations. The deployment of officials from the South African Police Services in Cape Town, KwaZulu-Natal and Gauteng has improved the safety and security of commuters, evident in more stable use and an increase in fare collection. The deployment of mobile security units in Tshwane has also been a success. Asset and station upgrades were made to increase safety and security and reduce safety-related incidents. Incidents of derailments decreased from 18 in 2004/05 to 13 in 2005/06 and signals passed at danger incidents went down from 21 to 18.
- Service improvement is evident in the beginning of the extension of the Khayelitsha station starting, and this is expected to run over a period of 18 to 24 months. The line extension should be finished and fully commissioned in the last quarter of 2007. There was a general overhaul of 358 coaches; train punctuality improved by 0,5 per cent from 88,1 per cent in 2005/06 against the acceptable norm of between 90 per cent and 95 per cent. Trains cancelled versus trains scheduled decreased by 1,3 per cent from 2,2 per cent in 2004/05 to 3,5 per cent in 2005/06 against the reliability norm of between 0,3 per cent and 1 per cent.

Table 33.10 Financial summary for the South African Rail Commuter Corporation

	Outcome			Estimated	Medium-term estimate		
	Audited	Audited	Audited	outcome			
R thousand	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Revenue							
Non-tax revenue	**439 758**	**506 598**	**924 206**	**1 572 518**	**1 749 169**	**1 944 041**	**2 207 466**
Sale of goods and services other than capital assets	241 078	261 773	563 332	1 314 900	1 393 794	1 477 422	1 566 067
Of which:							
Rental revenue	*220 100*	*243 498*	*289 778*	*233 500*	*247 510*	*262 361*	*278 102*
Other sales	*20 978*	*18 275*	*273 554*	*1 081 400*	*1 146 284*	*1 215 061*	*1 287 965*
Other non-tax revenue	*198 680*	*244 825*	*360 874*	*257 618*	*355 375*	*466 619*	*641 399*
Transfers received	**1 678 840**	**1 715 910**	**1 619 466**	**2 311 542**	**2 259 119**	**2 485 031**	**2 683 650**
Total revenue	**2 118 598**	**2 222 508**	**2 543 672**	**3 884 060**	**4 008 288**	**4 429 072**	**4 891 116**
Expenses							
Current expense	**934 578**	**1 016 103**	**1 558 626**	**4 382 666**	**4 381 938**	**4 875 794**	**5 810 347**
Compensation of employees	73 895	85 391	88 086	1 553 360	1 571 261	1 666 926	1 849 143
Goods and services	626 540	499 818	988 651	2 280 222	2 114 268	2 334 178	2 802 731
Depreciation	205 488	403 702	446 327	529 084	678 409	859 690	1 145 473
Interest, dividends and rent on land	28 655	27 192	35 562	20 000	18 000	15 000	13 000
Transfers and subsidies	**1 333 026**	**1 429 608**	**1 516 836**	–	–	–	–
Total expenses	**2 264 308**	**2 456 185**	**3 074 638**	**4 385 189**	**4 384 612**	**4 878 629**	**5 813 352**
Surplus / (Deficit)	**(145 710)**	**(233 677)**	**(530 966)**	**(501 128)**	**(376 324)**	**(449 557)**	**(922 236)**

Table 33.10 Financial summary for the South African Rail Commuter Corporation (continued)

	Outcome			Estimated	Medium-term estimate		
	Audited	Audited	Audited	outcome			
R thousand	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Balance sheet data							
Carrying value of assets	6 045 195	6 156 992	6 590 421	7 270 934	8 764 604	10 382 600	13 171 271
Investments	585 692	429 675	49 682	–	–	–	–
Inventory	–	–	42 263	40 000	43 000	45 000	47 000
Receivables and prepayments	79 141	78 755	359 635	302 421	315 931	332 882	350 633
Cash and cash equivalents	398 199	684 988	1 069 467	704 212	812 929	1 231 067	1 899 260
Total assets	**7 108 227**	**7 350 410**	**8 111 468**	**8 317 567**	**9 936 464**	**11 991 549**	**15 468 164**
Capital and reserves	4 124 003	3 660 514	2 992 115	2 485 940	2 104 269	1 649 042	720 796
Borrowings	211 630	197 905	184 885	180 000	175 000	170 000	165 000
Post retirement benefits	–	–	70 850	71 000	73 000	75 000	77 000
Trade and other payables	427 477	471 237	951 396	642 452	756 799	1 175 031	2 202 211
Provisions	111 450	143 088	201 018	219 674	233 555	255 412	277 463
Managed funds	2 233 667	2 877 666	3 711 204	4 718 501	6 593 841	8 667 064	12 025 694
Total equity and liabilities	**7 108 227**	**7 350 410**	**8 111 468**	**8 317 567**	**9 936 464**	**11 991 549**	**15 468 164**
Contingent liabilities	**–**	**–**	**23 839**	**–**	**–**	**–**	**–**

Source: SA Rail Commuter Corporation Limited

South African National Roads Agency

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

SANRAL's main activities are the financing, management, control, planning, development, maintenance and rehabilitation of the South African national roads network, as described by the South African National Roads Agency Limited and National Roads Act (1998). It is a corporate entity operating at arm's length from government, with the Minister of Transport as its single shareholder. SANRAL is responsible for the existing national road network of 15 595 km at an estimated asset value of over R40 billion.

SANRAL finances its operations from various sources, currently earning two-thirds of its income from government transfers. Over the MTEF period, transfers are expected to increase due to additional allocations of R350 million in 2007/08, R550 million in 2008/09 and R1,2 billion in 2009/10. The funding is for non-toll national road infrastructure. Other sources of revenue include loans raised by SANRAL in the capital markets, toll revenue, and private sector investment through public-private partnership agreements.

Key outputs and priorities include:

- Infrastructure investment involving the extension of the primary road network by 4 838 km, resurfacing 1 969 km, strengthening 368 km and the continuous maintenance of the network under road maintenance contracts.
- Together with the Department of Transport (DOT) and with the support of the Transport Education and Training Authority, SANRAL developed and introduced a manual on road traffic incident management. The purpose of this manual is to provide guidelines for the emergency services and law enforcement agencies of the various authorities on the development and operation of road traffic incident management systems.
- The rollout of the initial phases of the intelligent transport systems pilot project along the N1 Ben Schoeman Freeway in Gauteng was completed and officially launched by the at the end of September 2006.
- The total Rand value of work allocated to SMMEs for the year amounted to R487,1 million, of which 86,8 per cent was done by black companies.
- SANRAL created jobs amounting to 15 493 156 person hours, which equates to 7 748 full time jobs.
- SANRAL has proactively sought alternate sources of finance for road infrastructure and opportunities to reduce dependence on tax-based revenues, through public-private partnerships. During the year

concessionaires spent R519 million on 1 374 km for maintenance, rehabilitation and strengthening of the toll roads.

- Over the medium term, SANRAL will ensure that the primary road network under its jurisdiction is efficiently managed and maintained to international standards. SANRAL will also increase capital expenditure as a proportion of the total budget for national roads.

Table 33.11 Financial summary for the South African National Roads Agency

	Outcome			Estimated	Medium-term estimate		
	Audited	Audited	Audited	outcome			
R thousand	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Revenue							
Non-tax revenue	**742 875**	**916 831**	**995 848**	**1 138 349**	**1 252 824**	**1 381 829**	**1 517 448**
Sale of goods and services other than capital assets	741 828	899 313	990 466	1 138 349	1 252 824	1 381 829	1 517 448
Of which:							
Tollgate fees	*740 260*	*896 781*	*981 915*	*1 138 349*	*1 252 824*	*1 381 829*	*1 517 448*
Other sales	*1 568*	*2 532*	*8 551*	–	–	–	–
Other non-tax revenue	*1 047*	*17 518*	*5 382*	–	–	–	–
Transfers received	**574 596**	**1 292 662**	**1 387 016**	**1 383 395**	**1 698 130**	**1 774 757**	**1 951 721**
Total revenue	**1 317 471**	**2 209 493**	**2 382 864**	**2 521 744**	**2 950 954**	**3 156 586**	**3 469 169**
Expenses							
Current expense	**2 439 421**	**1 803 110**	**2 621 303**	**2 774 368**	**2 891 528**	**3 326 398**	**3 742 989**
Compensation of employees	35 744	37 840	35 465	46 640	49 426	50 303	51 380
Goods and services	1 225 981	902 038	1 528 144	2 041 864	1 967 915	2 103 094	2 212 709
Depreciation	233 321	268 659	274 400	280 104	308 187	339 001	372 900
Interest, dividends and rent on land	944 375	594 573	783 294	405 760	566 000	834 000	1 106 000
Total expenses	**2 439 421**	**1 803 110**	**2 621 303**	**2 774 368**	**2 891 528**	**3 326 398**	**3 742 989**
Surplus / (Deficit)	**(1 121 950)**	**406 383**	**(238 439)**	**(252 624)**	**59 426**	**(169 812)**	**(273 820)**
Balance sheet data							
Carrying value of assets	6 446 066	6 685 177	6 993 198	7 921 958	12 934 790	20 531 708	27 240 465
Investments	798 955	1 237 289	440 000	470 000	490 000	510 000	530 000
Receivables and prepayments	141 145	147 074	298 173	79 904	103 950	107 646	112 035
Cash and cash equivalents	394 616	1 006 568	400 010	500 000	550 000	600 000	650 000
Total assets	**7 780 782**	**9 076 108**	**8 131 381**	**8 971 862**	**14 078 740**	**21 749 354**	**28 532 500**
Capital and reserves	(2 306 923)	(2 010 502)	(3 181 083)	(3 433 707)	(3 374 281)	(3 544 093)	(3 817 913)
Borrowings	6 113 076	6 968 015	6 834 614	7 101 525	10 284 443	14 654 839	18 597 542
Post retirement benefits	4 450	5 094	6 500	8 035	9 035	10 000	11 000
Trade and other payables	3 662 803	3 861 240	4 314 455	5 152 252	7 065 543	10 583 608	13 695 871
Provisions	3 757	2 299	3 100	3 757	4 000	5 000	6 000
Managed funds	303 619	249 962	153 795	140 000	90 000	40 000	40 000
Total equity and liabilities	**7 780 782**	**9 076 108**	**8 131 381**	**8 971 862**	**14 078 740**	**21 749 354**	**28 532 500**
Contingent liabilities	**109 962**	–	–	–	–	–	–

Source: SA National Roads Agency

Road Accident Fund

The Road Accident Fund (RAF) is mandated by the Road Accident Fund Act (1996) and provides compensation for personal injury claims arising from negligent actions of another driver. The Road Accident Fund Amendment Act (2005) was promulgated by the president in December 2005. Most sections of the amended act have been promulgated, but the provision for a more equitable and fair compensation system that will provide protection to public transport users and limit personal income and general damage claims has not.

The RAF's income is derived from a special RAF tax levied on petrol and diesel sold. In 2006/07 the levy on diesel and petrol increases from 31,5 cents a litre to 36,5 cents a litre, effective from 1 April 2006. A direct transfer of R2,7 billion was made to the fund in 2005/06 to address outstanding diesel rebate debt to the South African Revenue Service and pay outstanding structured payments to claimants.

An annual increase of 5 cents per litre over the MTEF period was approved by National Treasury.

Key outputs and priorities include:

Improved claims processing capacity: The RAF has exceeded its yearly target of claims processed in the third quarter.

Costs reduced to one-third of compensation paid: The cost to compensation ratio of 48 per cent has not been brought down and points to an unsustainable business model.

Improved financial health of the RAF: The RAF has reduced its accumulated deficit and reduced short term liabilities, mostly due to the R2,7 billion transfer received in 2005/06.

Reduced levels of fraud: Proactive measures in the form of process and system upgrades, rules based interventions and appropriate investigations are in place.

Table 33.12 Financial summary for the Road Accident Fund

	Outcome			Estimated	Medium-term estimate		
	Audited	Audited	Audited	outcome			
R thousand	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Revenue							
Non-tax revenue	**88 223**	**57 874**	**82 972**	**190 000**	**78 000**	**90 000**	**109 000**
Other non-tax revenue	*88 223*	*57 874*	*82 972*	*190 000*	*78 000*	*90 000*	*109 000*
Transfers received	**3 511 661**	**4 566 034**	**8 053 906**	**6 683 684**	**8 089 894**	**9 313 644**	**10 810 236**
Total revenue	**3 599 884**	**4 623 908**	**8 136 878**	**6 873 684**	**8 167 894**	**9 403 644**	**10 919 236**
Expenses							
Current expense	**400 780**	**498 153**	**494 433**	**2 040 618**	**2 232 735**	**1 797 981**	**1 414 119**
Compensation of employees	302 868	322 113	352 171	385 925	415 061	455 654	501 498
Goods and services	73 640	153 858	127 350	217 366	277 246	293 799	311 492
Depreciation	24 247	22 155	14 886	51 301	64 402	79 502	97 103
Interest, dividends and rent on land	25	27	26	26	26	26	26
Transfers and subsidies	**6 326 351**	**5 425 554**	**6 147 546**	**5 800 414**	**6 641 162**	**7 756 707**	**9 473 487**
Total expenses	**6 727 131**	**5 923 707**	**6 641 979**	**7 841 032**	**8 873 897**	**9 554 688**	**10 887 605**
Surplus / (Deficit)	**(3 127 247)**	**(1 299 799)**	**1 494 899**	**(967 348)**	**(706 003)**	**(151 044)**	**31 631**
Balance sheet data							
Carrying value of assets	79 536	62 689	55 521	–	–	–	–
Receivables and prepayments	400 089	499 820	619 523	–	–	–	–
Cash and cash equivalents	288 377	1 145 134	3 682 359	–	–	–	–
Total assets	**768 002**	**1 707 643**	**4 357 403**	**–**	**–**	**–**	**–**
Capital and reserves	(18 499 509)	(19 865 112)	(18 370 213)	–	–	–	–
Trade and other payables	–	20 892 927	22 108 179	–	–	–	–
Provisions	19 267 511	679 828	619 437	–	–	–	–
Total equity and liabilities	**768 002**	**1 707 643**	**4 357 403**	**–**	**–**	**–**	**–**

Source: Road Accident Fund

Cross-Border Road Transport Agency

The Cross-Border Road Transport Agency (CBTRA) is a statutory juristic entity established in terms of section 4 of the Cross-Border Road Transport Agency Act (1998). The agency began its operations on 1 April 1998. The CBTRA's objective is the regulation of the cross border transport industry, maintenance of law enforcement, and facilitation of good relationships between the public and private sector.

The agency's legislative mandate is to improve the flow of freight and passengers in the region; introduce regulated competition in cross border road transport; reduce operational constraints for the cross border road transport industry as a whole; improve and strengthen the capacity of the public sector in support of its strategic planning, enabling and monitoring functions; and empower the cross border road transport industry to maximise business opportunities and to regulate itself to improve services.

The CBTRA receives most of its revenue from permit fees and penalties. In 2005/06, the agency incurred a net loss of R2 301 209.97 because it failed to enforce the permitting system.

In providing a high standard of service in the permit administration process, the agency managed to hold regulatory meetings. The backlog was cleared except for the Lesotho applications where the moratorium is still in place. Permanent freight permits were issued within the stipulated six-week period and surveillance cameras and credit information were installed. To facilitate the smooth flow of transport in the region, joint committees and joint route management groups were established with Lesotho, Botswana, Namibia, Mozambique, Malawi, Swaziland, Zambia and Zimbabwe. A Beit Bridge task team was established to resolve bottlenecks at the border post.

The agency will continue to provide effective cross border road transport law enforcement through road blocks, inspections, prosecutions, and overloading control at border posts. Key priorities for 200708 will be to improve financial controls, corporate governance and ensure proper management, policies and procedures to deliver on the agency’s mandate.

South African Maritime Safety Authority

The South African Maritime Safety Authority (SAMSA) is established under the South African Maritime Safety Authority Act (1998). Its mandate is to ensure safety of life and property at sea, to prevent and combat pollution from ships, and to promote South Africa's related maritime interests. SAMSA's responsibilities include administering a number of maritime-related statutes covering areas like ship registration, seafarer training and certification, ship safety and security, protecting the marine environment from pollution from ships, and co-ordinating maritime search and rescue.

A major source of funding for SAMSA is the levies raised at the ports, which make up 68,5 per cent of total income. These levies are collected by the National Ports Authority for a 2,5 per cent fee. The major spending area is employee costs, which take up between 60 and 70 per cent of total expenses. In previous years, SAMSA has underspent on its employee budget due to vacant posts and the restructuring process. Restructuring is now complete and SAMSA is filling its vacant positions. Budgeting for filling the vacant positions as well as providing for a performance based bonus system explains the increase in employee costs from 2006/07 to 2007/08. SAMSA budgets for an inflation increase of 4,5 per cent.

SAMSA has accumulated reserves of close to R83,8 million. It has been agreed with industry that these reserves will be reduced to an acceptable level equal to six months operating expenditure over the next few years (around R50 million), coupled with appropriate investment.

1 128 ships (2005: 1 048) with a gross tonnage of 239 440 tons (2005: 197 074) are registered under the South African flag. 95 casualties and incidents occurred; 590 foreign flagged ships were inspected and 16 ships were detained; and 14 oil pollution incidents were investigated. A total of 277 of 438 candidates passed various examinations conducted by SAMSA and 4 888 safety certificates were issued from 6 843 ship surveys.

Key priorities for the MTEF period include strengthening SAMSA's governance systems, particularly through implementing enterprise wide risk management; financial sustainability; better service delivery through investment in human capital and technology; a safer and more secure working environment for seafarers, particularly stevedores and seagoing fishing personnel; strengthened liability and compensation regimes for pollution damage; making an appropriate contribution to growing the ships register; and achieving government's regional and international objectives.

South African Civil Aviation Authority

The South African Civil Aviation Authority (SACAA) was established in terms of the South African Civil Aviation Act (1998). The SACAA is a statutory body with the primary function of controlling and regulating civil aviation in South Africa and overseeing aviation safety and security in the industry.

The authority receives transfers as subsidies and user charges for ministerial directives on aircraft accident investigations. These transfers are projected to decline over the medium term. The authority receives most of its revenue from industry user fees and levies. The authority targets a ratio of 60 per cent of total budget from government and industry user fees, and 40 per cent from levies. Pricing for SACAA services has not increased since 2003 while the cost base has increased year on year. The impact of VAT deregistration of public entities has resulted in diminishing reserves. The organisation is looking at revising its funding model to make sure that the entity remains sustainable.

Key spending areas in the medium term will be the payroll and consultants as these are necessary to prepare the organisation for the International Civil Aviation Organization safety Audit in July 2007. The expected increase in staff numbers will result in higher payroll costs.

During 2005/06 the SACAA:

- improved its oversight function by introducing trend analysis databases, which include organisational surveillance, defect reporting and incident tracking
- carried out safety oversight at 588 flight operations
- conducted 144 flight inspections against a target of 169, fewer flying hours were predicted than were actually flown
- inspected 136 licensed airports
- inspected each of the 19 South African air traffic service units with current approvals twice during the year according to schedule.

The priority for the MTEF period will be implementing the Class A1 project, to prepare the organisation for the ICAO safety audit in July 2007 and respond to previous ICAO findings. In terms of the project the SACAA needs to look at the skills and personnel resources which were neglected in the past. The organisation will grow its skills base by increasing the number of inspectors. Inspectors currently employed also need to be retrained to meet ICAO standards. The regulations need to be updated and outstanding regulations need to be developed, which will involve improving the legal team's capacity and using external resources to prepare the regulations.

Urban Transport Fund

The Urban Transport Fund (UTF) was established in terms of the Urban Transport Act (1977). The fund is responsible for: promoting transport planning; providing, improving and maintaining public transport facilities; assisting suburban railway services; urban transport research; and transport engineering and transport economics training.

Major recent achievements include new projects for developing a plan and implementation of a public interchange management system for Amathole district; developing travel demand management pilot projects for Cape Town, Johannesburg and Ethekwini transport authority; planning the Mndantsane-East London Rail Corridor and the East London inner city bus transport system as part of the integrated transport plan for the city; completing a transport study and implementation plan for the Edendale – Northdale transport corridor; compiling the national transport register for supporting the public transport processes that are linked to the conversion process and the broader taxi recapitalisation project; developing public transport models; assessing the implementation and technical assistance in the review and amendments of the National Land Transport Transition Act; developing an output based tender and negotiated contracts; preparing guidelines for calculating compensation on the withdrawal of operating licences; completing public transport facilities in Inanda, Ntuzuma and KwaMashu; integrating the transport function within the eThekwini municipality; and preparing the integrated transport plan and related projects.

Over the MTEF period, the UTF will be involved in co-funding the national master transport plan and completing current projects.

Road Traffic Management Corporation

The Road Traffic Management Corporation (RTMC) was established in terms of section 3 of the Road Traffic Management Corporation Act (1999) and became operational in September 2005.

The RTMC's main source of income is the transfer payment from the Department of Transport. The corporation also sustains itself by using accumulated funds for the production of credit card driving licences. In terms of the legislative magnate, the corporation should be self-funded. Over the medium term, the key spending areas will be on personnel remuneration, administration, enforcement co-ordination, promotion and support in accordance with the Arrive Alive allocation, and road safety projects.

Since becoming operational in September 2005, the corporation has completed 2005/06 road traffic offence surveys as well as the national road traffic and transport charge book, which will form part of the regulations under the Administrative Adjudication of Road Traffic Offences Act (1998). Contracts were awarded to service providers for developing an organisational model for the corporation; developing a financial model and finalising the national road traffic law enforcement code. The corporation arranged South Africa's participation in the international Driver of the Year competition in Europe, participated in the preparation of the road safety strategy 2006 and prepared a comprehensive rolling annual road traffic law enforcement operational plan. Planned outputs for the MTEF period will be restricted training of traffic officials; road safety marketing and education; and law enforcement operations under the Arrive Alive allocation.

Railway Safety Regulator

The Railway Safety Regulator was established in terms of the National Railway Safety Regulator Act (2002).

The MTEF period will see a significant shift in the organisation's strategic priorities away from institutional development and foundation work to a more focused enforcement of the safety regime.

The regulator's main source of income is government grants. The enabling act makes provision for safety permit fees, which are effectively limited to the processing costs of the safety permits. Although it will start collecting safety permit fees during the MTEF period, this revenue is not substantial and will not make a significant impact on the revenue base.

From the analysis of the previous years' spending, the key spending areas are on the creation/development of a regulatory framework as well as on compliance and monitoring (inspections, audits, and occurrence investigations). Personnel spending will also increase.

Safety management regulations were promulgated in 2004 and the regulator was able to publish the first in a series of railway safety standards, SANS 3000-1, which set the stage for the implementation of a new railway safety management environment. During 2005/06, 197 safety permits were issued to all operators who submitted safety management system reports as required by regulations. The regulator responded effectively to a number of occurrences and is carrying out investigations on an ongoing basis. The railway safety audits and inspections have been conducted and the report on the annual state of safety has been produced. The report will serve as a benchmark for improved railway safety in the country.

Over the medium term, the regulator will focus on consolidating the railway safety regime by: developing more railway safety regulations and safety standards; ensuring improved safety compliance by operators by conducting safety audits and inspections; providing benchmarking tools for improved safety performance; continually assessing the overall safety performance by the industry; deploying integrated safety management information systems to improve monitoring, safety analysis, trend analysis; and ensuring the integrity of information at the regulator's disposal; and strengthening the railway safety model.

Air Traffic and Navigation Services Company

The Air Traffic and Navigation Services Company Limited (ATNS), a public entity listed in schedule 2 of the PFMA, was established in terms of the Air Traffic and Navigation Services Act (1993). The ATNS's core mandate is the provision of safe, orderly and efficient air traffic and navigational and associated services in its area of control.

The ATNS is funded mainly from user charges to aircraft. Revenue increased by 20 per cent over the previous period due to a 12,6 per cent regulated tariff increase and the 4,3 per cent growth in air traffic growth. There was an increase in total operating expenses of 7 per cent. R132 million was spent on capital expenditure, mainly on the terrestrial aeronautical navigation systems and the radar replacement R4SA project. These projects were funded mainly by external borrowings from a commercial financial institution.

There has been a significant improvement in safety ratios and service delivery with an average traffic growth rate of 4,3 per cent largely due to a significant increase in flights by low cost carriers. Collaborative decision making process with the airline clients through the central airspace management unit began and the ATNS managed to implement the risk management system as well as develop a focused human resource strategy. The ATNS's Aviation Training Academy has been successful and the ATNS achieved 75 validations within the air traffic service units.

The R96 million terrestrial radio navigation systems (TeRNS) project, which involves the renewal of terrestrial aeronautical navigation systems throughout South Africa has started; the satellite navigation infrastructure and enabling of the alignment of area navigation routes was completed; and more direct routings between main airports were provided.

The R160 m R4SA project, which involves replacing existing older radar, was started in Johannesburg and Cape Town, with improvements at Port Elizabeth, East London and Sutherland. This initiative will improve service provision and increase the route structure capacity and efficiency by improving individual flight trajectories and accommodating optimal flight level allocations.

Cost recovery agreements were concluded with the SADC member states, North African states and the International Air Transport Association for the provision of satellite based communication networks. The ATNS exceeded the target set for discretionary broad based black economic empowerment (BEE) operating and capital spend.

The entity aims to create a sustainable and improved South African service delivery capability, maintain financial integrity, carry out organisational transformation, focus on regional strategic opportunities, undertake learnerships to address core skills shortages in the air traffic and navigation control industry, and achieve broad based BEE targets.

Table 33.13 Financial summary for the Air Traffic and Navigation Services Company

	Outcome			Estimated	Medium-term estimate		
	Audited	Audited	Audited	outcome			
R thousand	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Revenue							
Non-tax revenue	**331 145**	**460 641**	**557 327**	**568 722**	**634 418**	**718 599**	**801 967**
Sale of goods and services other than capital assets	327 839	457 335	549 065	558 925	627 989	712 936	795 450
Of which:							
Tariff revenue	*327 839*	*457 335*	*549 065*	*558 925*	*627 989*	*712 936*	*795 450*
Other non-tax revenue	*3 306*	*3 306*	*8 262*	*9 797*	*6 429*	*5 663*	*6 517*
Total revenue	**331 145**	**460 641**	**557 327**	**568 722**	**634 418**	**718 599**	**801 967**
Expenses							
Current expense	**289 295**	**403 316**	**415 742**	**433 232**	**513 892**	**596 949**	**655 220**
Compensation of employees	133 749	201 549	216 010	242 180	289 196	335 235	378 100
Goods and services	99 246	117 471	118 756	116 510	134 174	154 734	165 214
Depreciation	53 469	80 149	74 735	64 592	76 687	90 808	99 528
Interest, dividends and rent on land	2 830	4 147	6 241	9 950	13 835	16 172	12 378
Transfers and subsidies	**11 972**	**8 663**	**9 428**	**9 441**	**8 582**	**8 614**	**9 208**
Total expenses	**301 266**	**425 032**	**464 465**	**480 109**	**557 288**	**638 675**	**700 906**
Surplus / (Deficit)	**29 878**	**35 609**	**92 862**	**88 613**	**77 130**	**79 924**	**101 061**
Balance sheet data							
Carrying value of assets	306 535	572 431	636 793	783 228	901 488	955 817	1 002 867
Investments	91 650	13 692	125 468	11 044	11 618	12 118	12 748
Inventory	–	195	649	685	720	751	790
Receivables and prepayments	47 960	67 329	69 734	72 946	85 674	100 235	110 867
Cash and cash equivalents	77 950	76 554	56 279	75 165	71 795	77 054	86 285
Total assets	**524 094**	**730 201**	**888 923**	**943 068**	**1 071 295**	**1 145 975**	**1 213 557**
Capital and reserves	245 287	466 723	562 577	652 072	730 942	810 829	908 561
Borrowings	173 001	156 339	228 089	191 511	240 473	235 500	198 055
Trade and other payables	93 738	80 099	64 924	65 923	63 374	59 140	63 182
Provisions	12 069	27 040	33 333	33 562	36 506	40 506	43 759
Total equity and liabilities	**524 094**	**730 201**	**888 923**	**943 068**	**1 071 295**	**1 145 975**	**1 213 557**

Source: Air Traffic and Navigation Services Company

Airports Company of South Africa

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

The Airports Company Act requires ACSA to submit a five-year business plan and budget (permission application) on a three yearly basis. The permission to levy charges relating to aeronautical services provided by the company is issued by the regulating committee on the basis of the permission application. ACSA submitted the next cyclical permission application in mid-2006 in terms of the permission cycle. This requires a review of the next five-year business plans and budgets, and includes the key deliveries for the MTEF period to:

- deliver the capital expenditure programme in terms of the permission
- improve safety and security at all airports within the network
- improve service levels for all stakeholders.

The main sources of revenue continue to be from aeronautical and non-aeronautical commercial activities such as retail, property, advertising and, in the future, airport concessions like India.

The commercial division will continue to create and manage non-aviation and international revenue streams. These are ACSA's retail, property, parking and advertising activities, and managing airports other than those in its current network.

In 2006/07, ACSA paid dividends amounting to R898,9 million, which included a special dividend of R667,6 million as part of a correction of its finance structure. Normal dividends paid are expected to drop to R181,1 million in 2007/08 compared to R231,3 million in 2006/07.

Compared to the last reporting period, ACSA exceeded its budgeted profit for the year, achieved its capital expenditure programme as set by the regulating committee in terms of the permission, and infrastructure developments at OR Tambo and Cape Town international airports.

In terms of broad based black economic empowerment (BEE), ACSA procured 42 per cent of its targeted 50 per cent in supplies from BEE companies, including parastatal spend (41 per cent spent on consultants was made to BEE companies, including parastatal spend).

ACSA's service levels measured through a passenger perception study and a multi-modular quality management system of services study showed that ACSA's international airports achieve service excellence ratings of "good" and "very good" and domestic airports achieve service excellence closer to "very good".

The focus over the MTEF period is to improve the availability, reliability, safety and security of infrastructure and transport services in response to rapidly growing demand. At the end of 2011/2012, the 10 airports in ACSA's network should facilitate 44,4 million passengers (representing a 37,7 per cent increase over the 2006/07 target), while handling 609 537 aircraft landings (representing a 24,1 per cent increase over the 2006/07 target).

Table 33.14 Financial summary for the Airports Company of South Africa

	Outcome			Estimated	Medium-term estimate		
	Audited	Audited	Audited	outcome			
R thousand	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Revenue							
Non-tax revenue	**1 850 674**	**1 935 863**	**2 209 409**	**2 572 595**	**2 783 386**	**3 286 118**	**3 924 662**
Sale of goods and services other than capital assets	1 798 383	1 886 492	2 118 151	2 475 557	2 740 083	3 240 965	3 877 262
Of which:							
Airline charges	*1 797 489*	*1 886 494*	*2 116 487*	*2 474 664*	*2 740 083*	*3 240 965*	*3 877 262*
Other sales	*894*	*(2)*	*1 664*	*893*	*–*	*–*	*–*
Other non-tax revenue	*52 291*	*49 371*	*91 258*	*97 038*	*43 303*	*45 153*	*47 400*
Total revenue	**1 850 674**	**1 935 863**	**2 209 409**	**2 572 595**	**2 783 386**	**3 286 118**	**3 924 662**

Table 33.14 Financial summary for the Airports Company of South Africa (continued)

	Outcome			Estimated	Medium-term estimate		
	Audited	Audited	Audited	outcome			
R thousand	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Expenses							
Current expense	**1 076 324**	**1 158 162**	**1 240 215**	**1 544 406**	**1 644 766**	**2 241 246**	**2 880 029**
Compensation of employees	266 162	306 657	320 151	363 593	422 301	457 335	497 716
Goods and services	486 344	381 759	406 917	481 422	487 749	547 343	618 605
Depreciation	214 560	375 786	378 125	442 035	555 233	727 127	906 604
Interest, dividends and rent on land	109 258	93 960	135 022	257 356	179 483	509 441	857 104
Transfers and subsidies	**76 985**	**68 873**	**43 781**	**109 736**	**99 208**	**117 583**	**146 063**
Total expenses	**1 395 006**	**1 462 993**	**1 589 808**	**2 056 364**	**2 084 381**	**2 662 517**	**3 320 374**
Surplus / (Deficit)	**455 668**	**472 870**	**619 601**	**516 231**	**699 005**	**623 601**	**604 288**
Balance sheet data							
Carrying value of assets	3 739 535	7 066 231	7 924 830	9 240 363	12 406 516	16 173 350	20 278 439
Investments	13 525	53 453	59 078	50 968	59 078	59 078	59 078
Inventory	1 224	1 247	1 491	1 460	1 491	1 491	1 491
Receivables and prepayments	290 197	538 794	563 101	379 802	337 818	399 571	478 019
Cash and cash equivalents	–	58 041	1 332 048	2 412	137 004	162 048	193 863
Total assets	**4 044 481**	**7 717 766**	**9 880 548**	**9 675 005**	**12 941 907**	**16 795 538**	**21 010 890**
Capital and reserves	3 026 350	5 874 638	6 199 239	5 494 373	6 432 294	6 846 196	7 263 402
Borrowings	461 692	1 124 588	2 564 261	2 973 023	4 304 726	7 644 725	11 344 135
Post retirement benefits	23 333	31 122	38 824	40 939	38 824	38 824	38 824
Trade and other payables	533 106	660 218	1 046 432	1 166 670	1 825 656	1 962 106	2 070 247
Provisions	–	27 200	31 792	–	340 407	303 687	294 282
Total equity and liabilities	**4 044 481**	**7 717 766**	**9 880 548**	**9 675 005**	**12 941 907**	**16 795 538**	**21 010 890**
Contingent liabilities	**500**	**102 429**	**–**	**–**	**–**	**–**	**–**

Source: Airport Company of South Africa

Additional tables

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

Programme	Appropriation		Audited	Appropriation			Revised
	Main	Adjusted	outcome	Main	Additional	Adjusted	estimate
R thousand	2005/06		2005/06	2006/07			2006/07
1. Administration	120 532	129 783	115 079	126 038	10 811	136 849	139 930
2. Transport Policy, Research and Economic Analysis	26 770	42 054	33 269	28 312	(722)	27 590	21 090
3. Transport Regulation and Accident and Incident Investigation	126 081	143 681	204 152	151 859	62 970	214 829	221 829
4. Integrated Planning and Inter-sphere Co-ordination	1 833 303	2 079 226	2 038 722	3 161 253	(1 659)	3 159 594	2 784 084
5. Freight Logistics and Corridor Development	19 023	19 023	7 710	27 846	(1 452)	26 394	17 651
6. Public Transport	5 285 580	5 431 431	5 186 498	9 165 827	867 171	10 032 998	9 783 519
7. Public Entity Oversight and Economic Regulation	190 870	2 895 807	2 824 462	209 323	(60 787)	148 536	133 536
Total	**7 602 159**	**10 741 005**	**10 409 892**	**12 870 458**	**876 332**	**13 746 790**	**13 101 639**

Economic classification							
Current payments	**531 975**	**579 047**	**412 747**	**538 852**	**185 950**	**724 802**	**676 140**
Compensation of employees	108 618	114 018	96 852	157 678	(14 000)	143 678	126 678
Goods and services	423 357	465 029	314 538	381 174	199 950	581 124	549 462
Financial transactions in assets and liabilities	–	–	1 357	–	–	–	–
Transfers and subsidies	**7 059 909**	**10 147 470**	**9 973 457**	**12 293 670**	**690 382**	**12 984 052**	**12 387 563**
Provinces and municipalities	350	242 060	242 016	3 760 086	–	3 760 086	3 411 076
Departmental agencies and accounts	1 890 720	4 590 720	4 567 732	2 483 623	(59 670)	2 423 953	2 423 953
Universities and technikons	6 684	6 684	6 684	7 085	3 000	10 085	10 085
Public corporations and private enterprises	4 996 579	5 142 430	5 142 430	5 756 375	664 832	6 421 207	6 421 207
Foreign governments and international organisations	4 170	4 170	2 754	4 420	–	4 420	4 420
Non-profit institutions	11 306	11 306	11 305	11 975	220	12 195	12 195
Households	150 100	150 100	536	270 106	82 000	352 106	104 627
Payments for capital assets	**10 275**	**14 488**	**23 688**	**37 936**	**–**	**37 936**	**37 936**
Buildings and other fixed structures	7 249	11 462	10 323	34 779	–	34 779	34 779
Machinery and equipment	3 026	3 026	13 365	3 157	–	3 157	3 157
Total	**7 602 159**	**10 741 005**	**10 409 892**	**12 870 458**	**876 332**	**13 746 790**	**13 101 639**

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

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimates		
	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
A. Permanent and full-time contract employees							
Compensation (R thousand)	64 073	82 549	96 502	143 307	180 433	189 584	198 933
Unit cost (R thousand)	135	164	191	250	314	330	347
Personnel numbers (head count)	473	504	504	574	574	574	574
C. Interns							
Compensation of interns	–	385	350	371	393	417	442
Unit cost (R thousand)	–	23	29	13	13	12	11
Number of interns	19	17	12	28	30	35	40
Total for department							
Compensation (R thousand)	**64 073**	**82 934**	**96 852**	**143 678**	**180 826**	**190 001**	**199 375**
Unit cost (R thousand)	**130**	**159**	**188**	**239**	**299**	**312**	**325**
Personnel numbers (head count)	**492**	**521**	**516**	**602**	**604**	**609**	**614**

Table 33.C Summary of expenditure on training

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimates		
	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Training and staff development							
Expenditure (R thousand)	2 516	1 337	1 746	3 036	3 218	3 411	3 616
Number of employees trained (head count)	252	260	117	211	250	250	812
Bursaries (employees)							
Expenditure per programme (R thousand)	497	423	303	395	419	444	469
Number of employees (head count)	37	42	28	41	52	60	131
Total	**3 013**	**1 760**	**2 049**	**3 431**	**3 637**	**3 855**	**4 085**
Number of employees	**289**	**302**	**145**	**252**	**302**	**310**	**943**

Table 33.D Summary of conditional grants to provinces and municipalities[1]

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R thousand	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Conditional grants to provinces							
6. Public Transport							
Gautrain Rapid Rail Link	–	–	–	3 241 000	3 029 411	3 265 993	2 507 211
Total	**–**	**–**	**–**	**3 241 000**	**3 029 411**	**3 265 993**	**2 507 211**
Conditional grants to municipalities							
4. Integrated Planning and Inter-sphere Co-ordination							
Urban Transport Fund Grant	9 100	–	–	–	–	–	–
Public Transport Infrastructure and Systems Grant	–	–	241 710	519 000	1 174 000	3 170 000	2 325 000
Total	**9 100**	**–**	**241 710**	**519 000**	**1 174 000**	**3 170 000**	**2 325 000**

1. Detail provided in the Division of Revenue Act (2007).

Table 33.E Summary of expenditure on infrastructure

Description	**Service delivery outputs**	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R thousand		2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Infrastructure transfers to other spheres, agencies and departments								
SARCC Rolling stock, signalling and upgrading		665 000	655 000	688 300	1 029 598	1 696 078	2 267 686	3 484 144
SANRAL Road projects		464 694	504 276	565 333	797 952	1 429 350	1 806 944	2 731 982
Public Transport Infrastructure and Systems Grant		–	–	241 710	700 000	1 780 000	3 480 000	2 975 000
Gautrain Rapid Rail Link		–	–	–	3 241 000	3 029 411	3 265 993	2 507 211
Total		**1 129 694**	**1 159 276**	**1 495 343**	**5 768 550**	**7 934 839**	**10 820 623**	**11 698 337**

Table 33.F Summary of departmental public-private partnership projects

R thousand	Project unitary Fee at time of Contract	Budgeted expenditure 2006/07	Medium-term expenditure estimate 2007/08	2008/09	2009/10
Projects signed in terms of Treasury Regulation 16	**1 935**	**146**	**368**	**386**	**405**
PPP unitary charge	1 935	146	368	386	405
Total	**1 935**	**146**	**368**	**386**	**405**

Disclosure notes for projects signed in terms of Treasury Regulation 16

Project name	National fleet project
Brief description	Provision of fleet management services
Date PPP agreement was signed	October 2006.
Duration of PPP agreement	5 Years.
Escalation index for unitary fee	5
Net present value of all payment obligations discounted at appropriate duration government bond yield	786 182 878.
Variations/amendments to PPP 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.