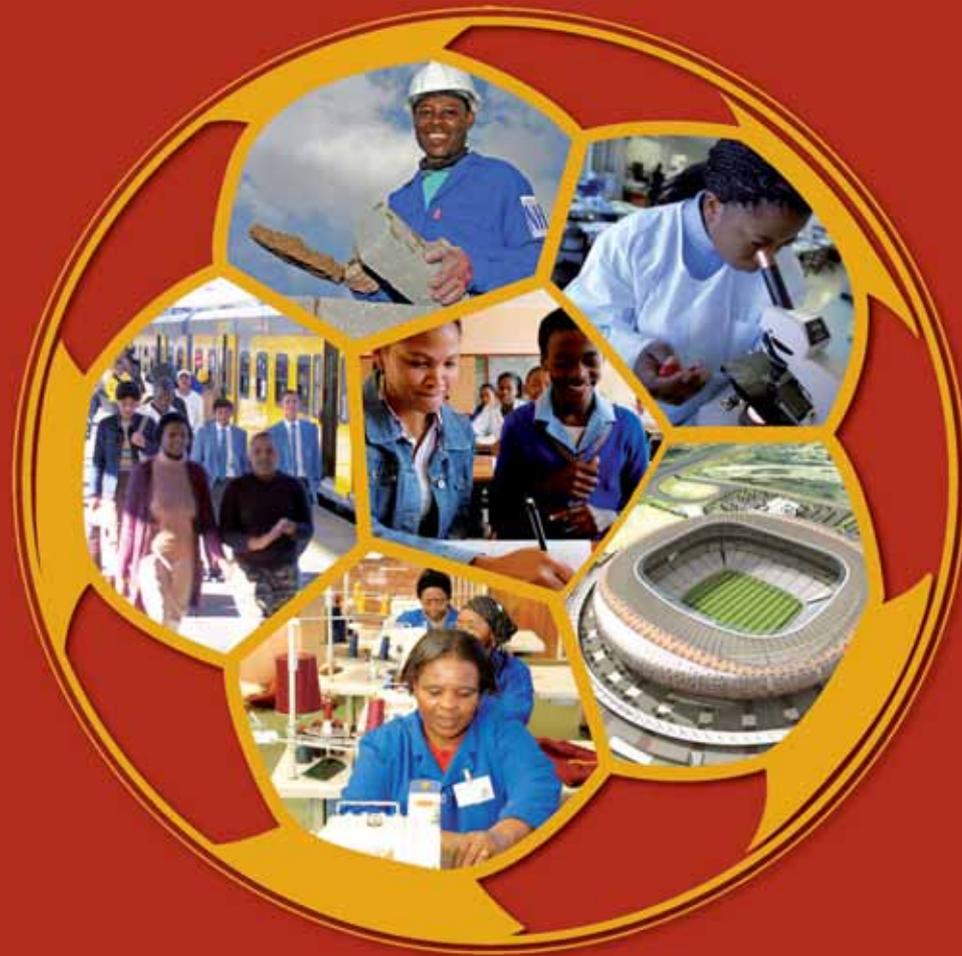


# Vote 9

## National Treasury



# Estimates of National Expenditure 2010



**national treasury**

Department:  
National Treasury  
REPUBLIC OF SOUTH AFRICA





# **Estimates of National Expenditure**

## **2010**

**National Treasury**

**Republic of South Africa**

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The *Estimates of National Expenditure 2010* booklet for each vote is compiled with the latest available information from departmental and other sources. Some of this information is unaudited or subject to revision. In this booklet, more comprehensive coverage of goods and services, transfers, public entities and lower level institutional information is provided where applicable.

The *Estimates of National Expenditure 2010* as well as the *Estimates of National Expenditure 2010* booklets are also available on [www.treasury.gov.za](http://www.treasury.gov.za)

# Foreword

The Estimates of National Expenditure publication provides Parliament, departments and public entities, ministers, the media, civil society and the public with information about how tax payers' money is being spent: what it buys and for what purpose. Do not be concerned regarding the magnitude of this publication. Instead, let us use this unique reference tool to keep departments and agencies accountable and ensure that the expenditure of public funds achieves its intended policy outcomes, ultimately improving the welfare of our people.

Budgets link the policy choices that government makes with the services that are delivered to people – better budgeting plays an important role in improving service delivery. In line with the 2009 Medium Term Strategic Framework, government has adopted 12 desirable outcomes. At the output level, departments and agencies continue to set targets; for the first time these are in support of the attainment of officially stated outcomes. Budgeted spending on outputs and activities will increasingly reflect this.

Following the 2009 elections, a re-organisation of departments was proclaimed to give effect to the required government policy shifts and to accommodate the necessary changes in the programmes and activities of departments and entities. Several new national departments were created; some functions were transferred between departments. This also resulted in certain national departments being re-named to better capture the content of their new responsibilities. In terms of the new structure of government there are now 37 votes in the Estimates of National Expenditure publication, whereas in 2009 there were 34 votes.

This consolidated publication provides extensive vote level information on strategies and objectives. Legislation, policy developments and other factors affecting these are also noted. Information is presented in a format that aligns government's performance commitments with resource allocations. As with the 2009 Budget, we will publish booklets for individual votes that will provide full coverage of public entities and more detail on transfers and lower level institutional information.

Given the current economic climate, there are greater trade-offs in choosing between spending priorities or in the sequencing of programme implementation. Outputs and activities are constantly being re-evaluated to determine if more effective and cost efficient options are available. As a result, some programmes have to be delayed. Alongside the additions to spending, this publication also indicates details per national vote of savings amounting to R23 billion over the period ahead. These savings have been reallocated to other departments in order to augment funding for government's priorities.

All the figures, targets and outputs result from a wide ranging intergovernmental consultative process, leading to executive approval of additional spending allocations and savings. Many people have contributed to making this publication possible, especially my colleagues in national departments and agencies. Their collaboration and understanding during the allocation and publication processes has been invaluable. Thanks are also due to the dedicated National Treasury team for the publication of this useful resource.



**Lesetja Kganyago**

**Director-General: National Treasury**



# Introduction

Transparent and accountable governance is strengthened when comprehensive budget documents are tabled for public scrutiny and legislative oversight. The Estimates of National Expenditure provides relevant public sector financial information in a timely and systematic manner, linking performance targets to budgeted expenditure. Specifically, it serves to:

- provide members of Parliament with detailed information on how departments and public entities plan to spend the money that is to be authorised by the legislature
- enable Parliament and society to keep departments and agencies accountable for service delivery commitments that are set out in each chapter
- provide parliamentary committees with a valuable source of information that can assist them in performing their oversight functions.

Although it contains a large volume of information, the 2010 Estimates of National Expenditure presents a summarised account of the spending plans of all national departments and agencies for the next three financial years (2010/11 to 2012/13), expenditure outcomes for the past three years (2006/07 to 2008/09) and revised estimates for the current year (2009/10). Newly formed departments are covered in the same way. Information is also provided on legislation and mandates, policy, strategies, objectives and performance targets over the seven-year period – as well as any changes in these, particularly as they relate to trends in planned expenditure. This provides a platform for review that could result in new policy options or operational alternatives in the achievement of government's objectives.

In keeping with ongoing improvements in the way that public finances are managed and reported, both the quality of information and presentation of the 2010 Estimates of National Expenditure have been enhanced. Information on new departments is mostly covered by way of a separate chapter, although in some cases departments are accommodated within a shared vote and discussed together in the same chapter. Information on savings and cost effective service delivery is included under a separate heading following the strategic overview section. Spending on selected key mega infrastructure projects is discussed in text boxes in the expenditure trends sections of relevant votes. For some votes a new personnel table has been included, showing personnel numbers in relation to the different salary levels and other information, such as the number and type of posts on funded establishment and posts filled. The 2010 Estimates of National Expenditure booklets, which are published separately for each vote, provide more extensive coverage on transfers, public entities, goods and services and lower level institutional information.

## Value for money

Budget accountability has historically focused mainly on targeting the performance of government departments and agencies at the output level. Government has now adopted an approach which provides a new methodology that is focused on the attainment of 12 desirable outcomes, using measurable outputs and well defined activities to achieve better value, as well as better value for money. The medium term expenditure framework (MTEF) for the next three years targets spending on government's official outcomes and simultaneously seeks to change the culture in the public service towards greater prudence and efficiency in order to obtain better value for money.

The Ministry for the National Planning Commission and the Ministry for Performance Evaluation and Monitoring are to ensure that planning and implementation in government institutions are focused on the achievement of outcomes and the improvement of performance. In line with this service delivery orientation, new functions and a reconfiguration of existing functions have led to a new national government structure. Taking account of the creation of new departments, 37 votes are now contained in the 2010 Estimates of National Expenditure. The table below provides a list of the new votes and alongside each, the department/s from which functions have been shifted in order to form the basis of the new department.

<b>Newly created vote</b>	<b>Department/s from which all or some functions have been shifted</b>
Agriculture, Forestry and Fisheries	Agriculture Water Affairs and Forestry Environmental Affairs and Tourism
Water Affairs	Water Affairs and Forestry
Human Settlements	Housing Water Affairs and Forestry
Environmental Affairs	Environmental Affairs and Tourism
Tourism	Environmental Affairs and Tourism
Basic Education	Education
Higher Education and Training	Education Labour (still exists)
Cooperative Governance and Traditional Affairs	Provincial and Local Government
Defence and Military Veterans	Defence
Economic Development	Trade and Industry (still exists)
Energy	Minerals and Energy
Mineral Resources	Minerals and Energy
International Relations and Cooperation	Foreign Affairs
Police	Safety and Security
Rural Development and Land Reform	Land Affairs Provincial and Local Government
Women, Children and People with Disabilities	The Presidency (still exists) Justice and Constitutional Development (still exists)

## Savings

Given the shortfall in government revenue collection and the pressure on the available resources of the fiscus, this year's budget preparation has focused extensively on finding savings within departmental and agency baselines and on redirecting expenditure towards key priorities within these institutions. Savings arise from effecting changes in public sector spending habits and instituting cost-cutting measures. Over the period ahead, government is to reform procurement systems, rationalise public entities and review a range of programmes – in order to accommodate increased spending on government's priorities in the attainment of its desired outcomes.

During the Budget process, judgements on value for money in achieving outcomes are made by examining funding requests in relation to the implementation plans and costings presented, among other considerations. There is extensive consultation with departments, agencies and intergovernmental forums before proposals are presented to the ministers' committee on the budget<sup>1</sup>, approved by Cabinet and then tabled in Parliament.

National departments undertook a rigorous budget baseline savings exercise, and identified R23 billion in savings over the medium term: R6.5 billion in 2010/11, R8.6 billion in 2011/12 and R7.9 billion in 2012/13.

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1. A committee of cabinet ministers tasked with considering budgetary issues before they are presented to Cabinet.

About R2.6 billion in savings has been identified over the three years at local government level. Every endeavour was made to decrease spending on non-core goods and services, reschedule expenditure over time in the case of delays, effect exchange rate savings in respect of payments to foreigners, reduce transfers to certain public entities, improve financial management, reduce expenditure on administration in favour of frontline services and find alternative sources of financing.

Major savings amounts over the medium term expenditure framework period are:

- Defence and Military Veterans: R4.5 billion (cancellation of the A400M military aircraft contract)
- Social Development: R1.2 billion (slower uptake of social grants than anticipated and rationalisation of the South African Social Security Agency payments system)
- International Relations and Cooperation: R1.5 billion (revision of foreign costs and deferral of the building of the Pan African Parliament)
- Correctional Services: R4.8 billion (rescheduling of prison building plans)
- Transport: R3.4 billion (deferral of public transport infrastructure projects where planning and design have been delayed).

## Additional allocations

The revised national Budget framework provides for additional expenditure by departments of R20.7 billion in 2010/11, R26 billion in 2011/12 and R39.9 billion in 2012/13. Including the government savings of R25.6 billion identified across all spheres, in total an additional R112.2 billion is allocated to government institutions to fund government's key priorities over the next three years. Of the R112.2 billion, national departments receive R56.2 billion (50.1 per cent): R13.1 billion in 2010/11, R18.2 billion in 2011/12 and R24.8 billion in 2012/13. Provinces and municipalities receive the remainder. Conditional grants to provinces and municipalities are reflected in both national budgets and the budgets of provinces or municipalities.

A summary of additional funding by national vote is provided below. Information on direct charges against the National Revenue Fund and the amounts for the provincial and local equitable shares are excluded. Adjustments to provincial and local conditional grants have been included. Details are only noted for national votes receiving relatively large additional allocations for implementing new programmes or extending existing programmes. The total amounts per vote in the discussion below represent the gross additional allocations, before the deduction of savings. This means that these total amounts are all bigger than the overall net change in the budget of a particular vote and therefore they do not balance to the amounts reflected in table 2. In the discussion that follows, these vote totals will be referred to as the *gross total allocation*, received over the MTEF period. In some instances, the savings on a specific vote exceed the *gross total allocation* to that vote and the overall net change in the budget is actually negative.

### Central government and financial and administrative services

An amount of R448 million is the gross total allocation to **Parliament's** vote. This is mainly to enhance the capacity of the Office of the Speaker, including provision for the establishment of a budget office in terms of the Money Bills Amendment Procedure and Related Matters Act (2009). Also included is provision for increasing the capacity of the Parliamentary oversight committees.

**National Treasury** receives an addition of R1.1 billion for the neighbourhood development partnership grant for the regeneration of townships through the development of social and economic infrastructure. An amount of R1.5 billion is allocated in the first two years of the MTEF period for the recapitalisation of the Land Bank.

### Social services

The gross total allocation to **Health** amounts to R8.8 billion, most of which is for transfers to the provinces. R8.4 billion is provided for the broadening of HIV and AIDS treatment programmes, in support of the rapid expansion of the antiretroviral treatment rollout. R50 million has been set aside for a mass immunisation campaign to combat measles and polio.

**Social Development's** gross total allocation is R12.5 billion, mainly this is for the extension of the child support grant up to 18 years of age, as a major intervention against child poverty.

Most of the gross total allocation of R3.1 billion to **Basic Education** is for transfers to provinces. An amount of R2.7 billion is allocated for the provision of workbooks in all official languages for grades R to 9, and R28 million is provided for national numeracy and literacy assessments for grades 3, 6 and 9. An additional R120 million is allocated for the national school nutrition programme.

A gross total allocation of R2.4 billion is set aside for **Higher Education and Training**, of which R1 billion is for subsidies for higher education institutions and R1.3 billion is a provincial conditional grant for further education and training colleges.

### **Justice, crime prevention and security**

**Police** is allocated additional funding of R1.5 billion for an increase in police officers, the establishment of the Directorate for Priority Crime Investigation (the Hawks) and police station property management.

Gross total allocations to **Defence and Military Veterans** amount to R4.7 billion. R2.2 billion is for improving the South African National Defence Force remuneration system. R220 million is provided for expanding the military skills development system intake and R600 million for upgrading the *Landward Defence* programme.

**Correctional Services** is to receive gross total additional funding amounting to R2.8 billion. This covers the cost of the occupation specific salary dispensation for correctional officials and the impact of the general government employee wage increase.

### **Economic services and infrastructure**

**Human Settlements** is to receive a R1 billion allocation for upgrading informal settlements and establishing community settlements. The rural household infrastructure grant is allocated R1.2 billion, specifically to support rural communities.

Funds for **Rural Development and Land Reform** are mostly for the rural development programme. An additional allocation of R860 million is for improving the quality of life within rural communities and broadening the base of agricultural production.

**Energy** receives a gross total allocation of R4.6 billion. R4.5 billion is to provide for part of the capital costs of building a pipeline for fuel from Durban to the Highveld. This allocation will be financed through the fuel levy imposed for this purpose.

**Cooperative Governance and Traditional Affairs** has a gross total allocation of R10.7 billion. The biggest vote allocation provides for an increase of R2.5 billion for the municipal infrastructure grant, to enable the further expansion of basic services infrastructure delivery aligned to government's 2014 universal access goals. R1.5 billion is allocated for the community work programme, within the expanded public works programme, which enables the non-governmental sector to assist government in providing guaranteed employment on a project basis.

A gross total allocation of R3.8 billion is set aside for **Trade and Industry**. Of this, R3.5 billion is shared equally by the clothing and textile sector and the automotive industry. A further R274 million is allocated for critical infrastructure and regulatory institutions such as the Competition Commission, the Companies and Intellectual Property Commission and other consumer orientated institutions.

**Transport's** R2.9 billion gross total addition includes funding for the secondary strategic road network, the Passenger Rail Agency of South Africa and the procurement of buses for the 2010 FIFA World Cup.

The main allocation of R500 million for the **Water Affairs** vote is for regional bulk infrastructure to roll out the basic services and water supply in support of human settlement development, in line with government's commitment to universal access by 2014. R498 million is also allocated for the working for water and working on fire programmes, within the expanded public works programme.

## **Overview of expenditure**

The main Budget provides for total expenditure of R818.1 billion in 2010/11, increasing to R888.3 billion in 2011/12 and R964.3 billion in 2012/13. Non-interest expenditure comprises on average 90.1 per cent of total main Budget expenditure, and grows at an average annual rate of 7.6 per cent over the MTEF period. These budgeted estimates provide for a contingency reserve set aside to deal with unanticipated events, amounting to R6 billion in 2010/11, R12 billion in 2011/12 and R24 billion in 2012/13.

The allocations in the main Budget are detailed in the pages of this publication, with a consolidated account provided in the summary tables below.



## Summary tables

Table 1: Main budget framework

Table 2: Additional allocation to national votes

Table 3: Expenditure by national vote

Table 4: Expenditure by economic classification

Table 5: Amounts to be appropriated from the National Revenue Fund

Table 6a: Conditional grants to provinces

Table 6b: Conditional grants to municipalities

Table 7: Training expenditure per vote

Table 8: Infrastructure expenditure per vote

Table 9: Personnel expenditure per vote

Table 10: Departmental receipts per vote

**Table 1. Main budget framework 2006/07 to 2012/13**

R million	Audited outcome			Revised estimate	Medium-term estimates		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
<b>Revenue (National Revenue Fund)</b>							
Tax revenue (gross)	495 548.6	572 814.6	625 100.2	590 425.0	647 850.0	721 477.0	818 298.0
Departmental and other receipts, and repayments	10 843.3	11 671.7	12 616.2	8 982.6	10 380.3	11 483.2	12 379.4
Less: Southern Africa Customs Union payments	-25 194.9	-24 712.6	-28 920.6	-27 915.4	-14 991.3	-11 211.0	-22 781.0
<b>Total revenue</b>	<b>481 197.0</b>	<b>559 773.8</b>	<b>608 795.7</b>	<b>571 492.1</b>	<b>643 239.0</b>	<b>721 749.2</b>	<b>807 896.4</b>
<i>Percentage of GDP</i>	26.2%	26.9%	26.2%	23.3%	23.8%	24.3%	24.5%
<b>Expenditure</b>							
State debt cost	52 192.2	52 877.1	54 393.7	57 599.8	71 357.6	88 462.7	104 022.0
<i>Percentage of GDP</i>	2.8%	2.5%	2.3%	2.4%	2.6%	3.0%	3.2%
Current payments <sup>1</sup>	77 911.5	88 599.8	103 563.2	119 215.8	130 938.5	141 636.6	148 890.9
Transfers and subsidies	332 685.1	391 023.5	458 352.8	530 553.1	579 667.8	634 811.7	674 058.0
Payments for capital assets <sup>1</sup>	6 067.8	7 182.9	8 780.8	8 687.9	9 290.5	10 676.6	13 342.9
Payments for financial assets	1 335.8	1 812.5	10 972.9	32 760.0	20 888.6	750.0	-
Contingency reserve	-	-	-	-	6 000.0	12 000.0	24 000.0
<b>Total expenditure</b>	<b>470 192.5</b>	<b>541 495.7</b>	<b>636 063.5</b>	<b>748 816.5</b>	<b>818 142.9</b>	<b>888 337.6</b>	<b>964 313.8</b>
<i>Percentage of GDP</i>	25.6%	26.0%	27.4%	30.6%	30.3%	29.9%	29.3%
<b>Budget deficit<sup>2</sup></b>	<b>11 004.5</b>	<b>18 278.1</b>	<b>-27 267.7</b>	<b>-177 324.3</b>	<b>-174 904.0</b>	<b>-166 588.4</b>	<b>-156 417.4</b>
<i>Percentage of GDP</i>	0.6%	0.9%	-1.2%	-7.2%	-6.5%	-5.6%	-4.7%
<b>GDP</b>	<b>1 833 191.0</b>	<b>2 081 626.0</b>	<b>2 320 117.0</b>	<b>2 449 857.9</b>	<b>2 699 888.0</b>	<b>2 967 560.3</b>	<b>3 295 748.7</b>

1. Excludes conditional grants to provinces and local government, which are included in transfers and subsidies.

2. A positive number reflects a surplus and a negative number a deficit.

**Table 2. Additional allocation to national votes 2010/11 to 2012/13<sup>1</sup>**

R million	Medium term expenditure estimates			Total
	2010/11	2011/12	2012/13	
<b>Central Government Administration</b>	<b>1 882.8</b>	<b>3 072.3</b>	<b>7 510.5</b>	<b>12 465.6</b>
1 The Presidency	85.6	106.5	117.1	309.1
2 Parliament	145.9	150.0	152.5	448.4
3 Cooperative Governance and Traditional Affairs	1 206.7	2 557.8	6 958.5	10 723.1
4 Home Affairs	224.0	80.7	87.3	392.1
5 International Relations and Cooperation	92.6	105.6	115.4	313.5
6 Public Works	97.1	35.5	38.5	171.1
7 Women, Children and People with Disabilities	31.0	36.1	41.2	108.3
<b>Financial and Administrative Services</b>	<b>1 826.9</b>	<b>1 837.5</b>	<b>1 381.0</b>	<b>5 045.4</b>
8 Government Communication and Information System	24.5	25.3	25.7	75.4
9 National Treasury	1 721.7	1 660.0	1 298.6	4 680.3
10 Public Enterprises	38.7	3.2	3.5	45.4
11 Public Service and Administration	10.2	11.9	12.9	35.0
12 Statistics South Africa	31.9	137.2	40.3	209.4
<b>Social Services</b>	<b>5 143.8</b>	<b>8 479.1</b>	<b>13 507.1</b>	<b>27 130.0</b>
13 Arts and Culture	15.3	18.1	19.4	52.8
14 Basic Education	800.8	1 052.5	1 278.0	3 131.3
15 Health	1 930.7	2 896.1	3 998.8	8 825.6
16 Higher Education and Training	421.1	761.3	1 249.0	2 431.4
17 Labour	59.2	49.1	51.9	160.3
18 Social Development	1 910.3	3 694.0	6 900.6	12 505.0
19 Sport and Recreation South Africa	6.3	7.9	9.3	23.6
<b>Justice, Crime Prevention and Security</b>	<b>3 899.4</b>	<b>4 730.2</b>	<b>6 437.0</b>	<b>15 066.6</b>
20 Correctional Services	883.1	919.4	952.8	2 755.3
21 Defence and Military Veterans	1 092.7	1 400.3	2 190.1	4 683.2
22 Independent Complaints Directorate	2.2	4.6	5.8	12.7
23 Justice and Constitutional Development	358.9	529.2	686.1	1 574.1
24 Police	1 562.5	1 876.7	2 602.1	6 041.3
<b>Economic Services and Infrastructure</b>	<b>4 296.7</b>	<b>5 684.4</b>	<b>8 184.8</b>	<b>18 166.0</b>
25 Agriculture, Forestry and Fisheries	57.2	195.8	310.8	563.8
26 Communications	5.1	5.9	6.4	17.4
27 Economic Development	115.0	160.0	175.0	450.0
28 Energy	1 528.8	1 544.4	1 546.8	4 620.0
29 Environmental Affairs	88.8	111.3	216.6	416.7
30 Human Settlements	242.9	360.5	1 761.3	2 364.7
31 Mineral Resources	20.3	33.2	43.0	96.5
32 Rural Development and Land Reform	301.2	348.1	352.1	1 001.4
33 Science and Technology	34.7	40.8	93.7	169.2
34 Tourism	47.7	63.3	74.9	185.9
35 Trade and Industry	905.6	1 294.0	1 638.8	3 838.3
36 Transport	495.8	1 081.6	1 359.3	2 936.7
37 Water Affairs	453.7	445.6	606.1	1 505.4
<b>Total</b>	<b>17 049.6</b>	<b>23 803.6</b>	<b>37 020.3</b>	<b>77 873.6</b>

1. Excludes additional allocations on provincial equitable share and other direct charges against the National Revenue Fund.

**Table 3. Expenditure by national vote 2006/07 to 2012/13**

R million	Audited Outcome			Adjusted appropriation
	2006/07	2007/08	2008/09	2009/10
<b>Central Government Administration</b>				
1 The Presidency	224.4	651.4	312.4	694.8
2 Parliament	755.1	902.1	1 135.1	1 108.0
3 Cooperative Governance and Traditional Affairs	24 571.6	30 026.2	35 343.2	36 683.5
4 Home Affairs	2 546.9	3 241.7	4 666.6	5 263.8
5 International Relations and Cooperation	2 944.7	4 069.7	5 472.3	5 553.0
6 Public Works	3 025.8	3 402.3	4 197.0	5 890.1
7 Women, Children and People with Disabilities	49.6	52.5	61.9	68.2
<b>Financial and Administrative Services</b>				
8 Government Communication and Information System	293.1	380.9	427.5	496.8
9 National Treasury	16 171.0	18 966.2	31 312.1	62 845.6
10 Public Enterprises	2 589.8	4 604.0	3 265.1	3 991.2
11 Public Service and Administration	583.7	609.6	630.6	682.8
12 Statistics South Africa	1 096.6	1 054.3	1 323.1	1 715.2
<b>Social Services</b>				
13 Arts and Culture	1 329.9	1 585.8	2 114.5	2 632.1
14 Basic Education	1 571.6	2 165.3	3 284.4	4 474.4
15 Health	11 338.0	12 762.7	15 464.5	18 423.5
16 Higher Education and Training	14 292.2	15 997.3	18 765.9	20 696.6
17 Labour	1 343.3	1 431.5	1 507.2	1 709.2
18 Social Development	61 676.1	67 191.4	76 096.7	86 508.2
19 Sport and Recreation South Africa	886.5	5 048.0	4 871.4	2 883.9
<b>Justice, Crime Prevention and Security</b>				
20 Correctional Services	9 251.2	11 122.4	12 822.6	13 834.5
21 Defence and Military Veterans	23 817.6	25 180.1	27 801.3	31 325.3
22 Independent Complaints Directorate	65.3	80.9	99.3	116.5
23 Justice and Constitutional Development	5 853.8	7 194.0	8 244.4	9 721.0
24 Police	32 634.9	36 525.9	41 635.2	47 622.0
<b>Economic Services and Infrastructure</b>				
25 Agriculture, Forestry and Fisheries	2 711.0	3 858.6	3 465.0	3 874.5
26 Communications	1 319.6	1 911.8	2 328.6	2 470.5
27 Economic Development	238.7	245.1	220.4	316.2
28 Energy	1 930.8	2 189.1	2 918.4	3 756.9
29 Environmental Affairs	1 164.2	1 654.1	1 882.7	2 244.2
30 Human Settlements	7 178.2	8 716.1	11 147.4	14 036.2
31 Mineral Resources	676.8	758.2	811.6	925.1
32 Rural Development and Land Reform	3 724.6	5 896.6	6 663.7	6 401.4
33 Science and Technology	2 613.0	3 127.3	3 703.5	4 261.7
34 Tourism	853.5	1 065.1	1 211.8	1 155.7
35 Trade and Industry	3 566.1	5 050.2	4 836.6	6 085.9
36 Transport	13 360.4	16 331.6	24 838.6	24 238.5
37 Water Affairs	3 851.9	4 802.9	5 795.3	7 342.6
<b>Total appropriation by vote</b>	<b>262 101.6</b>	<b>309 853.1</b>	<b>370 678.0</b>	<b>442 049.4</b>
Plus:				
<b>Direct charges against the National Revenue Fund</b>				
President and Deputy President salary (The Presidency)	2.2	2.3	4.0	4.3
Members remuneration (Parliament)	223.3	240.7	356.9	376.7
State debt costs (National Treasury)	52 192.2	52 877.1	54 393.7	59 995.0
Provincial equitable share (National Treasury)	149 245.6	171 053.7	201 795.6	236 877.8
General fuel levy sharing with metros (National Treasury)	-	-	-	6 800.1
Skills levy and Setas (Higher Education and Training)	5 328.4	6 284.3	7 234.1	7 750.0
Judges and magistrates salaries (Justice and Constitutional Development)	1 099.3	1 184.5	1 601.1	1 669.7
<b>Total direct charges against the National Revenue Fund</b>	<b>208 090.9</b>	<b>231 642.6</b>	<b>265 385.4</b>	<b>313 473.5</b>
Contingency reserve	-	-	-	-
Projected underspending	-	-	-	-3 000.0
<b>Total</b>	<b>470 192.5</b>	<b>541 495.7</b>	<b>636 063.5</b>	<b>752 522.9</b>

Table 3. Expenditure by national vote 2006/07 to 2012/13

Revised estimate	Medium-term expenditure estimates			R million
	2009/10	2010/11	2011/12	
				<b>Central Government Administration</b>
691.8	722.6	772.2	810.5	The Presidency
1 108.0	1 179.2	1 238.6	1 288.4	Parliament
36 629.6	43 921.5	50 449.1	57 238.3	Cooperative Governance and Traditional Affairs
5 159.4	5 719.6	5 003.5	5 144.8	Home Affairs
5 508.0	4 824.4	5 087.0	5 393.0	International Relations and Cooperation
5 740.1	6 446.3	7 984.1	8 246.2	Public Works
68.2	97.8	108.3	114.9	Women, Children and People with Disabilities
				<b>Financial and Administrative Services</b>
496.8	546.2	507.1	515.4	Government Communication and Information System
62 512.7	50 219.9	33 127.9	34 265.6	National Treasury
3 991.2	350.6	186.8	196.2	Public Enterprises
681.0	651.5	657.1	684.1	Public Service and Administration
1 715.2	1 973.4	2 845.9	1 769.6	Statistics South Africa
				<b>Social Services</b>
2 440.1	2 406.7	2 417.4	2 562.7	Arts and Culture
4 197.9	6 166.2	7 549.8	8 099.3	Basic Education
18 025.5	21 497.0	23 707.9	25 844.7	Health
20 681.8	23 720.7	26 104.6	27 856.1	Higher Education and Training
1 674.4	1 783.9	1 866.6	1 942.5	Labour
86 108.2	95 929.1	105 715.4	114 023.7	Social Development
2 872.4	1 245.6	760.5	793.7	Sport and Recreation South Africa
				<b>Justice, Crime Prevention and Security</b>
13 834.5	15 129.0	16 027.4	18 277.2	Correctional Services
30 325.3	30 715.3	33 931.4	36 386.5	Defence and Military Veterans
116.5	129.3	144.1	152.4	Independent Complaints Directorate
9 673.3	10 250.5	11 083.7	11 730.6	Justice and Constitutional Development
47 622.0	52 556.4	56 916.6	60 390.8	Police
				<b>Economic Services and Infrastructure</b>
3 305.5	3 658.0	4 361.4	4 740.5	Agriculture, Forestry and Fisheries
2 354.5	2 114.0	1 814.1	1 630.4	Communications
316.2	418.6	494.4	520.3	Economic Development
3 740.2	5 535.4	5 739.6	5 538.7	Energy
2 244.2	2 607.8	2 817.5	3 058.7	Environmental Affairs
14 036.2	16 201.5	18 483.0	19 603.8	Human Settlements
924.0	1 030.0	1 112.1	1 168.0	Mineral Resources
6 401.4	6 769.6	7 972.9	8 360.1	Rural Development and Land Reform
4 261.7	4 615.5	4 968.8	4 560.2	Science and Technology
1 155.7	1 151.8	1 223.2	1 291.2	Tourism
5 988.8	6 150.1	6 757.4	7 264.0	Trade and Industry
24 164.1	25 086.3	27 960.1	29 169.5	Transport
6 969.8	7 996.6	9 090.2	9 628.2	Water Affairs
<b>437 736.1</b>	<b>461 517.9</b>	<b>486 987.8</b>	<b>520 261.0</b>	<b>Total appropriation by vote</b>
				Plus:
				<b>Direct charges against the National Revenue Fund</b>
4.3	4.6	4.8	5.1	President and Deputy President salary (The Presidency)
376.7	392.7	409.6	430.1	Members remuneration (Parliament)
57 599.8	71 357.6	88 462.7	104 022.0	State debt costs (National Treasury)
236 877.8	260 973.7	280 688.7	294 780.0	Provincial equitable share (National Treasury)
6 800.1	7 542.4	8 531.1	8 957.7	General fuel levy sharing with metros (National Treasury)
7 750.0	8 424.2	9 148.7	9 606.1	Skills levy and Setas (Higher Education and Training)
1 671.7	1 929.9	2 104.2	2 251.9	Judges and magistrates salaries (Justice and Constitutional Development)
<b>311 080.3</b>	<b>350 625.0</b>	<b>389 349.8</b>	<b>420 052.9</b>	<b>Total direct charges against the National Revenue Fund</b>
-	6 000.0	12 000.0	24 000.0	Contingency reserve
-	-	-	-	Projected underspending
<b>748 816.5</b>	<b>818 142.9</b>	<b>888 337.6</b>	<b>964 313.8</b>	<b>Total</b>

**Table 4. Expenditure by economic classification 2006/07 to 2012/13**

R million	Audited outcome			Adjusted appropriation
	2006/07	2007/08	2008/09	2009/10
<b>Current payments</b>				
<b>Compensation of employees</b>	<b>49 574.2</b>	<b>56 243.2</b>	<b>64 973.4</b>	<b>76 392.8</b>
Salaries and wages	41 022.9	46 738.9	53 788.3	63 755.1
Social contributions	8 551.3	9 504.3	11 185.1	12 637.7
<b>Goods and services</b>	<b>28 335.8</b>	<b>32 354.3</b>	<b>38 587.4</b>	<b>44 065.4</b>
<b>Interest and rent on land</b>	<b>52 193.7</b>	<b>52 879.3</b>	<b>54 396.1</b>	<b>59 995.8</b>
Interest (including interest on finance leases)	52 193.0	52 878.6	54 395.9	59 995.0
Rent on land	0.7	0.7	0.2	0.8
<b>Total current payments</b>	<b>130 103.7</b>	<b>141 476.8</b>	<b>157 956.9</b>	<b>180 454.0</b>
<b>Transfers and subsidies to:</b>				
<b>Provinces and municipalities</b>	<b>205 438.3</b>	<b>243 233.9</b>	<b>289 397.3</b>	<b>345 879.0</b>
<b>Provinces</b>	<b>178 867.2</b>	<b>205 829.6</b>	<b>245 302.3</b>	<b>295 353.2</b>
Provincial revenue funds	178 867.2	205 829.6	245 302.3	295 353.2
<b>Municipalities</b>	<b>26 571.1</b>	<b>37 404.3</b>	<b>44 095.1</b>	<b>50 525.8</b>
Municipal bank accounts	26 571.1	37 404.3	44 095.1	50 525.8
<b>Departmental agencies and accounts</b>	<b>38 102.1</b>	<b>44 531.2</b>	<b>53 572.4</b>	<b>58 512.9</b>
Social security funds	7.0	8.5	2 508.7	12.7
Departmental agencies (non-business entities)	38 095.0	44 522.7	51 063.6	58 500.3
<b>Universities and technikons</b>	<b>11 056.0</b>	<b>12 003.8</b>	<b>13 897.7</b>	<b>15 437.4</b>
<b>Foreign governments and international organisations</b>	<b>919.3</b>	<b>936.0</b>	<b>1 010.6</b>	<b>1 266.8</b>
<b>Public corporations and private enterprises</b>	<b>13 424.4</b>	<b>18 764.3</b>	<b>20 170.1</b>	<b>20 061.4</b>
<b>Public corporations</b>	<b>9 872.3</b>	<b>14 155.2</b>	<b>14 694.3</b>	<b>17 851.2</b>
Subsidies on products or production	4 101.1	3 691.7	4 676.1	5 188.9
Other transfers to public corporations	5 771.2	10 463.5	10 018.2	12 662.3
<b>Private enterprises</b>	<b>3 552.1</b>	<b>4 609.0</b>	<b>5 475.8</b>	<b>2 210.2</b>
Subsidies on products or production	3 339.6	4 111.4	5 193.5	1 855.1
Other transfers to private enterprises	212.5	497.6	282.3	355.1
<b>Non-profit institutions</b>	<b>882.1</b>	<b>1 002.8</b>	<b>1 220.2</b>	<b>1 225.3</b>
<b>Households</b>	<b>62 862.9</b>	<b>70 551.4</b>	<b>79 084.5</b>	<b>91 029.5</b>
Social benefits	59 569.1	65 170.5	73 611.2	85 989.9
Other transfers to households	3 293.8	5 381.0	5 473.3	5 039.6
<b>Total transfers and subsidies</b>	<b>332 685.1</b>	<b>391 023.5</b>	<b>458 352.8</b>	<b>533 412.3</b>
<b>Payments for capital assets</b>				
<b>Buildings and other fixed structures</b>	<b>2 481.5</b>	<b>3 838.2</b>	<b>5 566.8</b>	<b>5 961.3</b>
Buildings	2 376.9	3 325.7	4 893.8	4 843.3
Other fixed structures	104.6	512.5	673.0	1 118.0
<b>Machinery and equipment</b>	<b>3 322.8</b>	<b>3 210.7</b>	<b>2 965.0</b>	<b>2 741.0</b>
Transport equipment	1 522.3	1 528.0	1 419.6	1 467.8
Other machinery and equipment	1 800.5	1 682.7	1 545.4	1 273.1
Specialised military assets	-	-	-	27.6
Biological assets	0.7	11.2	2.7	1.1
Land and subsoil assets	31.5	27.4	49.0	-
Software and other intangible assets	231.4	95.5	197.4	167.4
<b>Total payments for capital assets</b>	<b>6 067.8</b>	<b>7 182.9</b>	<b>8 780.8</b>	<b>8 898.3</b>
<b>Payments for financial assets</b>	<b>1 335.8</b>	<b>1 812.5</b>	<b>10 972.9</b>	<b>32 758.3</b>
<b>Total</b>	<b>470 192.5</b>	<b>541 495.7</b>	<b>636 063.5</b>	<b>755 522.9</b>
Contingency reserve	-	-	-	-
Projected underspending	-	-	-	-3 000.0
<b>Total</b>	<b>470 192.5</b>	<b>541 495.7</b>	<b>636 063.5</b>	<b>752 522.9</b>

Table 4. Expenditure by economic classification 2006/07 to 2012/13

Revised estimate	Medium-term expenditure estimates			R million
	2009/10	2010/11	2011/12	
<b>76 008.7</b>	<b>84 093.2</b>	<b>90 167.3</b>	<b>95 232.5</b>	<b>Current payments</b>
63 383.4	69 171.6	74 337.1	78 539.2	<b>Compensation of employees</b>
12 625.3	14 921.6	15 830.2	16 693.2	Salaries and wages
43 205.8	46 843.3	51 466.9	53 656.0	Social contributions
<b>57 601.0</b>	<b>71 359.6</b>	<b>88 465.0</b>	<b>104 024.5</b>	<b>Goods and services</b>
57 600.2	71 358.7	88 464.1	104 023.5	<b>Interest and rent on land</b>
0.8	0.8	0.9	1.0	Interest (including interest on finance leases)
				Rent on land
<b>176 815.6</b>	<b>202 296.0</b>	<b>230 099.3</b>	<b>252 913.0</b>	<b>Total current payments</b>
<b>345 167.9</b>	<b>381 726.9</b>	<b>417 237.3</b>	<b>442 587.4</b>	<b>Transfers and subsidies to:</b>
294 968.2	322 858.2	350 547.1	369 348.4	Provinces and municipalities
294 968.2	322 858.2	350 547.1	369 348.4	<b>Provinces</b>
50 199.7	58 868.7	66 690.2	73 239.0	Provincial revenue funds
50 199.7	58 868.7	66 690.2	73 239.0	<b>Municipalities</b>
57 114.3	58 456.5	65 123.0	68 388.7	Municipal bank accounts
12.7	11.6	12.4	13.0	<b>Departmental agencies and accounts</b>
57 101.6	58 445.0	65 110.6	68 375.7	Social security funds
15 437.4	17 532.0	19 318.5	20 669.2	Departmental agencies (non-business entities)
1 260.9	1 313.9	1 288.8	1 380.3	<b>Universities and technikons</b>
19 725.2	20 129.1	20 700.1	21 489.8	<b>Foreign governments and international organisations</b>
17 555.0	16 988.4	17 034.7	17 355.7	<b>Public corporations and private enterprises</b>
5 198.9	5 180.8	5 262.0	5 499.9	<b>Public corporations</b>
12 356.1	11 807.6	11 772.7	11 855.7	Subsidies on products or production
2 170.1	3 140.7	3 665.4	4 134.1	Other transfers to public corporations
1 795.1	2 778.8	3 255.0	3 629.1	<b>Private enterprises</b>
375.1	362.0	410.3	505.0	Subsidies on products or production
1 225.1	2 275.2	2 339.0	1 894.0	Other transfers to private enterprises
90 622.4	98 234.2	108 805.0	117 648.6	<b>Non-profit institutions</b>
85 620.3	92 792.8	102 213.6	110 636.4	<b>Households</b>
5 002.1	5 441.4	6 591.5	7 012.1	Social benefits
				Other transfers to households
<b>530 553.1</b>	<b>579 667.8</b>	<b>634 811.7</b>	<b>674 058.0</b>	<b>Total transfers and subsidies</b>
<b>5 862.9</b>	<b>5 994.9</b>	<b>7 237.3</b>	<b>9 660.6</b>	<b>Payments for capital assets</b>
4 743.8	4 537.4	4 836.4	6 935.7	<b>Buildings and other fixed structures</b>
1 119.2	1 457.5	2 400.9	2 725.0	Buildings
2 735.2	3 236.9	3 381.4	3 525.6	Other fixed structures
1 467.8	1 352.7	1 474.3	1 690.0	<b>Machinery and equipment</b>
1 267.4	1 884.2	1 907.2	1 835.6	Transport equipment
27.6	19.6	24.5	122.0	Other machinery and equipment
1.1	1.6	0.7	0.7	<b>Specialised military assets</b>
–	–	–	–	<b>Biological assets</b>
61.0	37.5	32.7	33.8	<b>Land and subsoil assets</b>
				<b>Software and other intangible assets</b>
<b>8 687.9</b>	<b>9 290.5</b>	<b>10 676.6</b>	<b>13 342.9</b>	<b>Total payments for capital assets</b>
32 760.0	20 888.6	750.0	0.0	<b>Payments for financial assets</b>
<b>748 816.5</b>	<b>812 142.9</b>	<b>876 337.6</b>	<b>940 313.8</b>	<b>Total</b>
–	6 000.0	12 000.0	24 000.0	Contingency reserve
–	–	–	–	Projected underspending
<b>748 816.5</b>	<b>818 142.9</b>	<b>888 337.6</b>	<b>964 313.8</b>	<b>Total</b>

**Table 5. Amounts to be appropriated from the National Revenue Fund for 2010/11**

	Appropriated (including direct charges)	Current payments	Transfers and subsidies	Payments for capital assets	Payments for financial assets	To be appropriated	Increase/ Decrease <sup>1</sup>	
R million	2009/10	2010/11						
<b>Central Government Administration</b>								
1	The Presidency	609.6	343.0	371.9	12.2	-	727.2	117.6
2	Parliament	1 350.7	1 275.4	284.8	11.7	-	1 571.9	221.2
3	Cooperative Governance and Traditional Affairs	35 604.4	619.7	43 288.5	13.3	-	43 921.5	8 317.0
4	Home Affairs	5 050.6	3 992.4	1 587.8	139.3	-	5 719.6	669.0
5	International Relations and Cooperation	5 337.0	3 688.6	820.2	315.7	-	4 824.4	-512.6
6	Public Works	5 298.0	2 042.8	3 029.6	1 373.9	-	6 446.3	1 148.3
7	Women, Children and People with Disabilities	64.0	39.3	51.9	6.6	-	97.8	33.8
<b>Financial and Administrative Services</b>								
8	Government Communication and Information System	482.0	355.5	187.4	3.4	-	546.2	64.2
9	National Treasury	354 795.2	72 806.9	296 522.2	14.5	20 750.0	390 093.6	35 298.4
10	Public Enterprises	3 797.3	174.7	36.7	0.6	138.6	350.6	-3 446.8
11	Public Service and Administration	596.3	376.9	271.6	2.9	-	651.5	55.2
12	Statistics South Africa	1 608.6	1 871.5	3.8	98.1	-	1 973.4	364.8
<b>Social Services</b>								
13	Arts and Culture	2 623.5	311.1	2 089.1	6.6	-	2 406.7	-216.7
14	Basic Education	3 929.9	1 777.1	4 385.1	4.1	-	6 166.2	2 236.3
15	Health	17 058.1	1 063.0	20 403.3	30.7	-	21 497.0	4 438.9
16	Higher Education and Training	25 259.6	382.4	31 752.7	9.8	-	32 144.9	6 885.3
17	Labour	1 671.0	1 259.9	515.2	8.8	-	1 783.9	112.9
18	Social Development	86 408.3	543.0	95 376.0	10.1	-	95 929.1	9 520.7
19	Sport and Recreation South Africa	2 859.9	192.9	1 047.6	5.1	-	1 245.6	-1 614.3
<b>Justice, Crime Prevention and Security</b>								
20	Correctional Services	13 238.6	14 007.7	13.1	1 108.3	-	15 129.0	1 890.5
21	Defence and Military Veterans	32 024.4	23 099.0	6 830.1	786.2	-	30 715.3	-1 309.1
22	Independent Complaints Directorate	114.9	126.0	0.1	3.3	-	129.3	14.5
23	Justice and Constitutional Development	11 278.6	9 984.8	1 567.9	627.7	-	12 180.4	901.8
24	Police	46 409.7	49 336.4	438.4	2 781.7	-	52 556.4	6 146.7
<b>Economic Services and Infrastructure</b>								
25	Agriculture, Forestry and Fisheries	2 903.5	1 773.5	1 836.5	47.9	-	3 658.0	754.5
26	Communications	2 266.9	483.2	1 626.7	4.1	-	2 114.0	-152.9
27	Economic Development	292.5	95.2	318.6	4.8	-	418.6	126.1
28	Energy	3 742.3	202.1	5 328.7	4.6	-	5 535.4	1 793.1
29	Environmental Affairs	2 261.0	910.2	1 224.3	473.3	-	2 607.8	346.8
30	Human Settlements	14 020.0	599.5	15 442.8	159.3	-	16 201.5	2 181.5
31	Mineral Resources	904.9	607.3	408.7	14.1	-	1 030.0	125.1
32	Rural Development and Land Reform	6 109.4	1 878.1	4 871.6	19.8	-	6 769.6	660.2
33	Science and Technology	4 234.1	362.0	4 249.5	4.1	-	4 615.5	381.4
34	Tourism	1 109.1	196.1	953.3	2.4	-	1 151.8	42.8
35	Trade and Industry	6 051.7	1 142.9	4 992.6	14.7	-	6 150.1	98.4
36	Transport	23 734.8	743.4	24 301.3	41.6	-	25 086.3	1 351.4
37	Water Affairs	7 462.4	3 632.8	3 238.5	1 125.3	-	7 996.6	534.2
<b>Total</b>	<b>732 562.8</b>	<b>202 296.0</b>	<b>579 667.8</b>	<b>9 290.5</b>	<b>20 888.6</b>	<b>812 142.9</b>	<b>79 580.2</b>	

1. A positive number reflects an increase and a negative number a decrease.

**Table 6a. Conditional grants to provinces 2006/07 to 2012/13 <sup>1</sup>**

R million	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimates			
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13	
<b>Central Government Administration</b>									
3	Cooperative Governance and Traditional Affairs	–	–	29.7	–	–	–	–	
6	Public Works	710.1	836.6	889.3	1 501.2	1 401.2	1 483.8	1 962.0	2 060.1
<b>Financial and Administrative Services</b>									
9	National Treasury	4 983.5	6 276.2	7 384.5	13 449.2	13 449.2	11 314.9	13 091.2	14 007.6
<b>Social Services</b>									
13	Arts and Culture	–	163.2	344.6	440.6	440.6	512.7	543.4	570.8
14	Basic Education	1 242.5	1 376.9	2 114.1	2 575.4	2 575.4	3 931.4	5 048.1	5 447.4
15	Health	10 206.5	11 552.7	14 028.7	16 702.5	16 417.5	19 852.8	21 971.8	24 030.4
16	Higher Education and Training	1 973.7	2 435.3	3 005.8	3 168.3	3 168.3	3 772.7	3 972.0	4 169.1
19	Sport and Recreation South Africa	119.0	194.0	293.7	402.3	402.3	426.4	452.0	474.6
<b>Economic Services and Infrastructure</b>									
25	Agriculture, Forestry and Fisheries	401.1	761.7	898.0	973.7	973.7	1 116.9	1 437.1	1 508.9
30	Human Settlements	6 677.8	8 149.9	10 177.9	12 592.3	12 592.3	15 160.6	17 222.4	17 938.7
32	Rural Development and Land Reform	8.0	–	–	–	–	–	–	–
35	Trade and Industry	58.2	–	–	–	–	–	–	–
36	Transport	3 241.0	3 029.4	4 340.3	6 669.9	6 669.9	4 312.4	4 158.5	4 360.9
<b>Total</b>		<b>29 621.6</b>	<b>34 775.9</b>	<b>43 506.6</b>	<b>58 475.4</b>	<b>58 090.4</b>	<b>61 884.5</b>	<b>69 858.4</b>	<b>74 568.4</b>

1. Detail provided in the Division of Revenue Act (2010).

**Table 6b. Conditional grants to municipalities 2006/07 to 2012/13 <sup>1</sup>**

R million	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimates			
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13	
<b>Central Government Administration</b>									
3	Cooperative Governance and Traditional Affairs	6 138.4	8 954.1	9 308.4	11 633.5	11 633.5	12 740.9	15 293.3	18 557.9
6	Public Works	–	–	–	201.7	201.7	623.0	1 108.0	1 163.4
<b>Financial and Administrative Services</b>									
9	National Treasury	410.3	716.5	361.5	851.4	611.4	1 394.6	1 575.1	1 586.3
<b>Social Services</b>									
19	Sport and Recreation South Africa	600.0	4 605.0	4 295.0	2 168.7	2 168.7	512.6	–	–
<b>Economic Services and Infrastructure</b>									
28	Energy	390.7	462.5	589.1	1 108.0	1 092.2	1 240.1	1 376.6	1 151.4
36	Transport	518.0	1 174.0	2 928.7	2 428.0	2 428.0	3 709.9	4 436.1	4 136.7
37	Water Affairs	385.7	732.9	994.6	925.0	854.6	890.1	380.0	399.0
<b>Total</b>		<b>8 443.1</b>	<b>16 645.0</b>	<b>18 477.3</b>	<b>19 316.2</b>	<b>18 990.1</b>	<b>21 111.1</b>	<b>24 169.1</b>	<b>26 994.8</b>

1. Detail provided in the Division of Revenue Act (2010).

Table 7. Training expenditure per vote 2006/07 to 2012/13

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimates		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
<b>Central Government Administration</b>							
1	1.5	2.3	1.4	1.9	2.2	2.4	2.6
2	10.7	10.6	11.9	10.1	10.4	14.2	15.0
3	1.7	2.3	1.7	1.8	2.4	2.6	2.7
4	35.6	32.4	34.0	35.1	30.9	28.2	28.5
5	4.0	13.1	8.1	12.4	14.4	14.1	14.1
6	12.8	15.2	22.0	26.1	27.5	28.5	29.9
<b>Financial and Administrative Services</b>							
8	2.4	4.7	4.2	3.7	4.4	4.2	4.4
9	9.3	16.1	16.9	33.6	19.8	20.4	21.2
10	0.8	1.6	1.7	2.2	1.9	2.0	2.0
11	2.0	2.2	3.7	2.6	3.6	3.5	3.7
12	7.7	11.9	14.0	21.2	45.1	42.1	40.0
<b>Social Services</b>							
13	2.4	3.1	4.5	2.1	2.3	2.4	2.5
14	1.6	2.8	6.5	1.7	2.5	2.4	2.5
15	5.5	9.5	1.8	4.5	5.5	6.1	6.6
16	1.8	2.5	2.9	1.9	2.6	2.8	2.9
17	8.9	6.5	8.9	8.3	8.9	9.3	9.8
18	2.2	1.7	1.8	2.3	2.5	2.6	2.8
19	0.5	0.9	0.9	1.1	1.1	1.1	1.1
<b>Justice, Crime Prevention and Security</b>							
20	111.4	125.6	76.0	89.5	64.0	100.5	105.6
21	85.6	87.4	117.7	113.6	145.6	151.0	167.0
22	0.5	0.6	0.6	0.7	0.7	0.8	0.8
23	12.4	18.3	37.5	86.4	78.9	83.6	89.4
24	807.5	966.0	1 124.0	1 006.5	1 386.6	1 449.0	1 514.2
<b>Economic Services and Infrastructure</b>							
25	27.3	20.3	24.2	16.4	20.0	21.8	23.3
26	3.1	3.7	6.0	9.0	9.4	9.9	10.4
27	-	-	-	-	0.1	0.2	0.2
28	0.6	0.7	1.6	2.1	3.5	3.9	4.1
29	2.3	2.1	2.2	2.3	2.5	2.7	2.9
30	2.0	1.2	2.9	12.9	14.1	15.2	16.1
31	1.5	1.7	3.8	9.1	3.5	3.9	4.1
32	11.6	9.0	9.4	11.9	12.6	13.3	13.9
33	1.0	3.6	5.2	6.5	5.1	5.4	5.6
34	1.5	1.4	1.5	1.0	1.0	1.0	1.1
35	3.2	1.0	2.5	9.3	11.0	11.5	12.0
36	3.0	3.2	1.8	3.9	4.0	4.0	4.1
37	37.0	38.9	40.8	63.1	65.7	67.3	70.7
<b>Total</b>	<b>1 223.1</b>	<b>1 424.2</b>	<b>1 604.9</b>	<b>1 616.8</b>	<b>2 016.3</b>	<b>2 133.7</b>	<b>2 237.8</b>

**Table 8. Infrastructure expenditure per vote 2006/07 to 2012/13 <sup>1</sup>**

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimates		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
<b>Central Government Administration</b>							
2 Parliament	–	5.1	40.5	–	–	–	–
3 Cooperative Governance and Traditional Affairs	6 138.4	8 754.1	9 138.1	11 433.5	12 528.9	15 068.6	18 322.0
4 Home Affairs	45.1	61.4	68.0	56.1	67.2	132.5	129.8
5 International Relations and Cooperation	119.4	649.9	926.7	423.2	231.5	249.8	317.0
6 Public Works	414.1	488.0	988.4	1 220.6	1 303.9	1 603.9	1 634.7
<b>Financial and Administrative Services</b>							
9 National Treasury	5 035.7	6 327.3	7 768.0	9 910.6	12 569.9	14 486.6	15 405.0
<b>Social Services</b>							
13 Arts and Culture	312.1	281.2	448.6	801.4	557.8	455.6	483.0
14 Basic Education	–	–	–	–	80.0	200.0	210.0
15 Health	1 498.7	2 118.5	1 884.8	3 495.2	3 939.6	3 789.7	3 805.0
16 Higher Education and Training	90.5	77.5	54.8	37.0	32.0	26.0	22.0
17 Labour	78.5	64.4	37.6	56.8	25.9	34.6	0.0
19 Sport and Recreation South Africa	600.0	4 605.0	4 295.0	1 661.1	302.3	–	–
<b>Justice, Crime Prevention and Security</b>							
20 Correctional Services	794.8	1 087.0	1 035.5	1 012.5	1 108.3	1 163.1	2 675.6
21 Defence and Military Veterans	49.2	93.4	476.5	452.0	1 120.7	841.1	1 218.3
23 Justice and Constitutional Development	323.7	361.1	479.5	515.5	631.5	759.4	865.0
24 Police	510.5	727.0	843.3	1 049.7	1 118.2	1 235.3	1 544.6
<b>Economic Services and Infrastructure</b>							
25 Agriculture, Forestry and Fisheries	120.0	112.0	108.6	115.0	172.9	270.8	253.5
26 Communications	100.0	646.0	950.0	810.0	420.9	279.0	167.0
28 Energy	1 328.9	1 525.6	1 888.8	2 400.3	4 271.9	4 366.4	4 565.5
29 Environmental Affairs	199.8	405.7	437.4	512.3	656.7	664.8	693.0
30 Human Settlements	–	3 829.9	1 885.1	1 674.3	2 014.8	2 248.4	2 341.9
32 Rural Development and Land Reform	14.4	5.6	6.3	11.8	17.4	18.3	44.7
33 Science and Technology	175.0	272.0	408.0	699.3	745.7	801.0	254.4
35 Trade and Industry	468.0	911.0	967.5	1 283.3	769.9	721.4	758.6
36 Transport	5 801.6	7 934.8	10 601.2	12 799.8	14 131.7	16 038.7	16 542.4
37 Water Affairs	85.9	644.4	1 467.1	1 976.8	2 279.9	3 358.1	3 805.1
<b>Total</b>	<b>24 304.4</b>	<b>41 988.0</b>	<b>47 205.2</b>	<b>54 408.3</b>	<b>61 099.7</b>	<b>68 813.1</b>	<b>76 057.9</b>

1. Amounts include mega infrastructure projects and programmes (over R300 million per year for a minimum of three years, or R900 million total project cost), large projects and programmes (between R300 million and R50 million per year within a given MTEF period), small projects and programmes (less than R50 million per year). Infrastructure transfers to other spheres, agencies and entities, fixed installations transferred to households and maintenance and repair projects are also included. Details are provided in the additional tables in each vote.

**Table 9. Personnel expenditure per vote 2006/07 to 2012/13**

R million	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimates			
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13	
<b>Central Government Administration</b>									
1	The Presidency	100.5	118.7	144.3	187.4	184.4	218.1	242.4	258.2
2	Parliament	446.6	521.0	708.6	780.1	780.1	856.1	905.7	951.2
3	Cooperative Governance and Traditional Affairs	116.2	128.1	153.8	172.3	164.8	241.9	255.3	268.1
4	Home Affairs	844.7	1 087.0	1 296.0	1 659.1	1 659.1	1 896.2	2 134.8	2 243.7
5	International Relations and Cooperation	1 136.5	1 293.2	1 683.4	2 062.6	2 062.6	2 017.1	2 101.4	2 203.1
6	Public Works	613.6	746.4	916.6	1 012.2	1 012.2	1 121.4	1 201.7	1 249.6
7	Women, Children and People with Disabilities	3.8	4.8	5.9	10.0	10.0	15.7	27.5	29.9
<b>Financial and Administrative Services</b>									
8	Government Communication and Information System	84.1	116.2	114.0	137.1	136.9	147.0	157.5	166.3
9	National Treasury	230.9	272.7	321.0	438.5	408.5	538.5	573.0	598.6
10	Public Enterprises	47.2	56.0	70.4	81.4	81.4	88.0	93.5	98.3
11	Public Service and Administration	92.5	115.8	129.1	153.4	153.4	174.4	183.4	193.4
12	Statistics South Africa	414.9	472.0	700.7	1 015.8	1 015.8	891.0	1 065.1	992.5
<b>Social Services</b>									
13	Arts and Culture	95.1	107.2	126.8	146.3	141.3	149.0	159.4	168.7
14	Basic Education	117.0	150.4	186.3	229.9	251.4	255.4	273.8	288.1
15	Health	231.7	258.6	292.5	329.1	329.1	369.7	403.4	442.4
16	Higher Education and Training	131.7	146.2	174.8	203.3	203.6	228.9	245.8	261.1
17	Labour	435.4	497.9	491.3	632.6	611.2	738.4	760.6	811.4
18	Social Development	111.1	133.6	184.1	225.4	225.4	245.1	260.6	277.7
19	Sport and Recreation South Africa	30.1	43.4	54.5	67.6	59.6	75.3	73.7	77.4
<b>Justice, Crime Prevention and Security</b>									
20	Correctional Services	5 606.6	6 799.2	8 077.8	9 313.0	9 313.0	10 483.8	11 058.5	11 611.2
21	Defence and Military Veterans	9 037.6	9 735.9	10 620.0	12 223.2	12 223.2	13 450.4	14 630.1	15 686.9
22	Independent Complaints Directorate	36.8	45.7	58.0	66.5	66.5	74.1	85.5	90.4
23	Justice and Constitutional Development	3 619.7	4 250.9	5 326.2	6 277.1	6 233.7	6 834.7	7 375.3	7 846.8
24	Police	22 730.2	25 610.6	29 147.4	33 770.2	33 770.2	37 148.8	39 660.3	41 777.4
<b>Economic Services and Infrastructure</b>									
25	Agriculture, Forestry and Fisheries	717.4	778.8	908.8	1 138.5	938.5	1 144.2	1 244.2	1 380.2
26	Communications	99.0	97.7	108.0	147.4	147.4	160.4	169.2	177.9
27	Economic Development	-	-	-	12.6	12.6	59.5	78.0	89.8
28	Energy	49.7	68.2	84.6	113.1	112.1	133.0	140.4	142.8
29	Environmental Affairs	156.7	196.3	212.3	260.3	260.3	324.9	351.5	368.9
30	Human Settlements	81.4	107.3	136.9	217.4	217.4	290.2	313.4	328.9
31	Mineral Resources	196.4	222.3	245.5	287.6	287.0	352.3	392.1	414.7
32	Rural Development and Land Reform	406.0	476.4	614.2	954.8	954.8	1 072.2	1 141.5	1 199.8
33	Science and Technology	83.7	104.1	144.9	200.2	200.2	215.0	227.3	239.1
34	Tourism	102.8	130.8	106.4	89.6	89.6	98.5	112.1	160.6
35	Trade and Industry	283.6	327.5	383.1	513.0	469.0	557.8	590.4	628.5
36	Transport	111.2	131.3	182.6	221.0	221.0	259.4	282.2	296.6
37	Water Affairs	972.0	890.7	862.5	1 043.1	1 001.4	1 166.5	1 196.7	1 212.4
<b>Total</b>		<b>49 574.2</b>	<b>56 243.2</b>	<b>64 973.4</b>	<b>76 392.8</b>	<b>76 008.7</b>	<b>84 093.2</b>	<b>90 167.3</b>	<b>95 232.5</b>

Table 10. Departmental receipts per vote 2006/07 to 2012/13 <sup>1</sup>

R million	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimates			
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13	
<b>Central Government Administration</b>									
1	The Presidency	1.7	0.3	0.2	0.5	0.5	0.3	0.3	0.3
2	Parliament	41.9	51.7	55.2	16.3	17.8	15.5	11.9	11.5
3	Cooperative Governance and Traditional Affairs	6.8	0.7	0.8	0.6	0.6	0.6	0.6	0.6
4	Home Affairs	468.2	421.1	355.7	429.5	429.5	455.3	482.6	506.7
5	International Relations and Cooperation	46.3	65.1	43.6	39.2	18.4	31.2	33.3	33.2
6	Public Works	79.9	95.8	28.5	25.6	31.5	26.6	27.7	29.4
<b>Financial and Administrative Services</b>									
8	Government Communication and Information System	3.1	3.1	3.3	2.9	2.9	3.0	3.0	3.0
9	National Treasury	4 355.1	6 116.7	5 270.4	4 148.5	3 839.0	2 354.2	2 544.8	2 602.9
10	Public Enterprises	0.1	0.1	0.8	0.1	0.1	0.1	0.1	0.1
11	Public Service and Administration	1.8	2.7	1.0	0.9	0.9	0.7	0.7	0.7
12	Statistics South Africa	1.5	17.7	2.8	6.9	6.9	2.2	2.5	2.6
<b>Social Services</b>									
13	Arts and Culture	3.2	0.4	3.6	1.0	1.0	0.6	0.6	0.7
14	Basic Education	0.6	1.9	1.5	0.9	0.9	1.1	1.2	1.2
15	Health	33.3	41.2	31.2	33.7	33.7	31.5	32.8	32.9
16	Higher Education and Training	6.2	6.9	6.7	6.5	6.6	6.9	7.0	7.0
17	Labour	6.1	8.4	28.9	12.9	12.9	16.1	22.4	24.3
18	Social Development	865.3	237.0	16.5	0.2	20.2	510.2	10.2	10.2
19	Sport and Recreation South Africa	5.6	0.0	0.3	0.6	5.7	0.3	0.4	0.4
<b>Justice, Crime Prevention and Security</b>									
20	Correctional Services	100.0	136.3	80.5	131.2	136.7	143.4	152.0	161.0
21	Defence and Military Veterans	492.8	551.9	629.4	676.7	676.7	702.5	729.2	756.9
22	Independent Complaints Directorate	0.0	0.4	0.1	0.1	0.1	0.1	0.1	0.1
23	Justice and Constitutional Development	319.5	317.0	356.8	358.9	358.9	377.6	399.8	422.5
24	Police	251.9	345.1	376.5	332.6	332.6	341.7	321.3	324.5
<b>Economic Services and Infrastructure</b>									
25	Agriculture, Forestry and Fisheries	141.1	121.1	254.0	219.7	216.7	119.3	121.5	118.2
26	Communications	2 613.8	3 007.4	3 520.1	933.0	1 160.8	925.0	959.4	993.4
27	Economic Development	177.5	229.3	244.4	484.8	420.0	230.0	243.8	250.0
28	Energy	0.1	1.2	3.3	3.5	3.5	3.7	3.9	4.1
29	Environmental Affairs	4.9	4.7	8.5	2.7	2.7	0.8	0.8	0.8
30	Human Settlements	1.9	0.7	2.4	0.5	2.8	0.5	0.5	0.6
31	Mineral Resources	191.0	267.1	261.3	161.8	161.8	205.6	211.8	213.9
32	Rural Development and Land Reform	158.8	176.4	64.2	231.2	61.1	68.4	69.0	64.5
33	Science and Technology	1.0	0.2	0.3	1.0	1.0	0.1	0.1	0.1
35	Trade and Industry	66.6	94.2	64.9	66.7	67.0	108.3	114.9	120.2
36	Transport	330.4	362.5	215.8	231.7	116.6	127.8	137.4	144.3
37	Water Affairs	137.2	0.1	26.6	72.6	39.8	41.2	44.0	44.0
Total departmental receipts as per Estimates of National Expenditure		10 915.2	12 686.3	11 960.0	8 635.5	8 188.0	6 852.2	6 691.4	6 887.0
Less: Parliament (retained departmental receipts)		41.9	51.7	55.2	16.3	17.8	15.5	11.9	11.5
Plus: South African Revenue Service departmental receipts collection		-30.0	58.0	711.4	1 205.8	812.4	3 543.6	4 803.7	5 503.9
<b>Total departmental receipts as per Budget Review</b>		<b>10 843.3</b>	<b>12 692.6</b>	<b>12 616.2</b>	<b>9 825.0</b>	<b>8 982.6</b>	<b>10 380.3</b>	<b>11 483.2</b>	<b>12 379.4</b>

1. Departmental receipts exclude extraordinary receipts which are deposited into the National Revenue Fund. Extraordinary receipts are included in the Budget Review.



# Information contained in each chapter

The Estimates of National Expenditure publication describes in detail the planned spending of all national government departments for three years going forward: that is, the years of the medium term expenditure framework (MTEF). The Estimates of National Expenditure is tabled in Parliament by the Minister of Finance on the day the main Budget is tabled. It provides details about the allocation of expenditure to all national departments set out in the appropriation bill, which is tabled on the same day.

The appropriation bill is divided into votes. A vote generally specifies the total amount appropriated per department. Each chapter in the Estimates of National Expenditure relates to a vote. By appropriating funds from the National Revenue Fund through the approval of the appropriation bill, Parliament authorises expenditure.

Votes are arranged into the following functional groupings to facilitate analysis of interdepartmental initiatives and service delivery.

- central government administration
- financial and administrative services
- social services
- justice, crime prevention and security
- economic services and infrastructure.

These functional groupings are informal and are not the same as either the government's cluster system groupings or the standard chart of accounts' more rigorous classification of government functions.

The Estimates of National Expenditure booklets for individual votes are available on [www.treasury.gov.za](http://www.treasury.gov.za). They provide more comprehensive coverage of vote specific information, particularly about goods and services, transfers, public entities and lower level institutional information.

The chapter for each vote contains the following information:

## Budget summary

This table shows the budgeted expenditure for the vote for the MTEF period.

R million	2010/11					2011/12	2012/13
	Total to be Appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Payments for financial assets	Total	Total
<b>MTEF allocation</b>							
Programme name							
Programme name							
Programme name							
<b>Subtotal</b>							
<b>Direct charge against the National Revenue Fund</b>							
Item							
Item							
<b>Total expenditure estimates</b>							
Executive authority	Minister						
Accounting officer	Director-General / Chief Operating Officer						
Website address							

*Due to rounding off, the figures do not necessarily add up to the total. Figures are mostly denoted in rand million unless otherwise indicated.*

The **2010/11 total to be appropriated** shows the expenditure allocation for 2010/11 and corresponds with the information in the 2010 Appropriation Bill.

The totals to be appropriated by Parliament are categorised by economic classification into **current payments, transfers and subsidies, payments for capital assets** and **payments for financial assets**.

**Current payments** are payments made by the department for its operational requirements.

**Transfers and subsidies** are payments made by the department for which the department does not directly receive anything in return.

**Payments for capital assets** are payments made by a department for an asset that can be used for more than one year and from which future economic benefits or service potential are expected to flow.

**Payments for financial assets** mainly consist of payments made by departments as loans to public corporations or as equity investments in public corporations. The reason for expensing the payments rather than treating them as financing is that, unlike other financial transactions, the purpose of the transaction is not profit oriented. This column is only shown in departments where such payments have been budgeted for. Payments for theft and losses are included in this category; however, these payments are not budgeted for and will thus only appear in the historical information, which can be seen in the expenditure estimates table.

Estimates for the two outer years of the expenditure framework, **2011/12** and **2012/13**, are also shown. These estimates are not included in the 2010 Appropriation Bill as they are still only indicative of actual expenditure levels in the outer years of the MTEF period. Parliament typically only appropriates or authorises expenditure for one financial year at a time. These forward estimates or indicative allocations do, however, form the basis for the planning of the 2011 Budget.

**Direct charges against the National Revenue Fund** are amounts appropriated in terms of statutes and do not require parliamentary approval. They are not budgeted for in terms of a programme on a particular vote and include, for example, state debt costs.

The last lines of the table provide accountability information: the department's executive authority, accounting officer and website address.

## Aim

*The aim of the vote captures the department's mandate, strategic objectives or its administrative functions, and corresponds with the aim stated in the appropriation bill.*

## Programme purposes

Each vote is comprised of several programmes. The activities and functions performed by a department are typically divided into these programmes. Programme 1 is the *Administration* programme, which houses the administrative activities and functions required to keep the department operating. Each vote programme is listed individually with its purpose, as stated in the appropriation bill. The programme purpose outlines the activities and functions of the particular programme as per the approved budget programme structure, in terms of the Public Finance Management Act (1999).

## Strategic overview: 2006/07 – 2012/13

This section describes the department's strategic direction over the period under review. It includes policy and mandate developments and legislative changes as well as a table of selected quantitative and trendable performance indicators.

## Savings and cost effective service delivery

In this section, departments discuss details of the cost savings measures and reprioritisation of budgets effected in the 2009/10 financial year and to be effected over the MTEF period ahead.

Savings typically emanate from reduced expenditure on non-core goods and services, the rescheduling of expenditure over time in the case of delays, reduced transfers to certain public entities, improved financial management, reduced expenditure on administration in favour of frontline services and through seeking alternative sources of financing.

## Selected performance indicators

Indicator	Programme	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13

The table presents only a selected set of a department or entity's performance information and is not intended to provide a comprehensive view of performance.

An **indicator** is a numerical measure that tracks a department's or entity's progress towards its goal. An indicator may measure inputs, activities, outputs, outcomes or in certain instances explanatory information relating to the internal or external environment.

The **programme** column links the indicator to the programme associated with it.

## Expenditure estimates

This table shows expenditure outcomes and estimates over a seven-year period, by vote programme and by economic classification item.

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
R million								
1. Programme name								
2. Programme name								
3. Programme name								
<b>Subtotal</b>								
Direct charge against the National Revenue Fund								
Item								
Item								
<b>Total</b>								
Change to 2009 Budget estimate								

### Economic classification

<b>Current payments</b>			
Economic classification item			
Economic classification item			
<b>Transfers and subsidies</b>			
Economic classification item			
Economic classification item			
<b>Payments for capital assets</b>			
Economic classification item			
Economic classification item			
<b>Payments for financial assets</b>			
<b>Total</b>			

Expenditure is set out first by **programme** and then by **economic classification** over a seven-year period.

For comparability, where programme structures have been changed in recent years, expenditure has, where possible, been reallocated to the new approved programme structure for all seven years. The president's appointment of ministers and deputy ministers after the 2009 general elections has necessitated a reorganisation of national departments, including renaming departments and establishing new departments. As a result, functions may have shifted between departments as a whole or in part, and new functions may have been defined.

**Audited outcomes** are presented as they appear in the department or entity's annual financial statements, with amounts reallocated for any subsequent approved budget programme structure changes.

**Adjusted appropriation** includes the changes made to the appropriation voted in the 2009 main Budget for the financial year, with amounts reallocated for any subsequent approved programme structure changes. Changes are generally made mid-year at the time of the adjustments budget. These adjustments can only be made in terms of the circumstances listed in section 30 of the Public Finance Management Act (1999). Adjustments are included in the adjustments appropriation bill, which Parliament approves before expenditure can take place, and the details are published in the Adjusted Estimates of National Expenditure publication.

The **revised estimate** for 2009/10 represents National Treasury's current estimate, in consultation with the department, of expenditure outcomes. This does not imply a change in the amounts voted to departments in the 2009/10 adjusted appropriation; it is merely a more recent estimate of what the department will indeed spend.

The **medium-term expenditure estimates** are shown for 2010/11, 2011/12 and 2012/13. The spending figures for 2010/11 constitute the proposed appropriation to be funded from the National Revenue Fund that is contained in the main appropriation bill, which has to be considered by Parliament after it has been tabled. The medium-term expenditure estimates for 2011/12 and 2012/13 are indicative allocations, and will form the basis for planning the 2011 Budget.

**Direct charges against the National Revenue Fund** are amounts appropriated in terms of statutes and do not require parliamentary approval. They are not budgeted for in terms of a programme on a particular vote and include, for example, state debt costs.

The **totals**, which are the sum of the expenditure on programmes and direct charges, are also classified into current payments, transfers and subsidies, payments for capital assets and payments for financial assets.

## Expenditure trends

The main expenditure trends and vote programme structure changes from 2006/07 to 2012/13 are described. Trends are generally represented over the MTEF period between 2009/10 and 2012/13, or over the entire period between 2006/07 and 2012/13.

An explanation of the spending focus over the MTEF period in relation to the strategic objectives and the performance targets that will be achieved over the period is given. Expenditure growth in the historical period is also typically compared to expenditure anticipated over the MTEF period. Reasons are given for trends that are identified, and the significant increases or decreases in expenditure are explained in terms of the underlying policies and service delivery objectives that inform the trends. A summary of the new (additional) allocations to the vote programme's baseline budget is given. The baseline is derived from the previous year's forward estimates. Expenditure on existing and new infrastructure is discussed.

Generally, unless otherwise indicated, average annual growth rates are reflected in nominal, not real, terms. Where inflationary growth has been excluded from the calculation and real growth estimates are provided, the consumer price index has been used to deflate the growth rate.

## Departmental receipts

Departmental (non-tax) receipts for 2009/10 are described, as well as the anticipated receipts for the MTEF period.

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
Departmental receipts								
Economic classification item								
Economic classification item								
<b>Total</b>								

## Information on each programme

Each programme section (with the exception of the *Administration* programme) opens with the purposes of the subprogrammes that form that programme. The details of functions performed within subprogrammes and the principle for distributing funds across spending areas within subprogrammes are also described.

Programme 1 is always *Administration*, which includes spending on the ministry, the director-general's office and central corporate services.

## Objectives and measures

Objectives and measures are indicated for each programme. Objectives should include an explanation of strategic intent as well as specific interventions and progress measures. (Programme 1 (*Administration*) is generally exempt from providing objectives and measures.)

For example: Improve service to eligible citizens and residents (objective) by reducing the time taken to issue passports and travel documents (specific intervention) from 10 days in 2008/09 to 5 days in 2011/12 (progress measure).

## Service delivery focus

Information is provided on recent achievements for each programme, including service delivery and operational achievements for the previous year and for the current financial year to date. Reports are given relative to the targets that were presented in previous Estimates of National Expenditure and Adjusted Estimates of National Expenditure publications.

## Expenditure estimates (per programme)

Tables for each programme set out expenditure by subprogramme and economic classification over a seven-year period.

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Subprogramme name							
Subprogramme name							
Subprogramme name							
<b>Total</b>							
Change to 2009 Budget estimate							

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
<b>Economic classification</b>							
<b>Current payments</b>							
Economic classification item							
Economic classification item							
<b>Transfers and subsidies</b>							
Economic classification item							
Economic classification item							
<b>Payments for capital assets</b>							
Economic classification item							
Economic classification item							
<b>Payments for financial assets</b>							
<b>Total</b>							

## Expenditure trends (per programme)

Important expenditure trends for each programme are explained. The scope of the information provided in this section is similar to what is provided for the entire vote.

## Public entities and other agencies

Where appropriate, the discussion of an entity is linked to a specific vote programme and is shown directly after the discussion of that programme.

The scope of information contained in the write-up on public entities is similar to what is reported for the department.

Information on each of the public entities generally consists of the following:

- key legislative mandates in terms of which the entity was established and within which it operates
- selected performance indicators relating to the entity's mandate
- planned deliverables for the next MTEF period
- key objectives achieved during the previous reporting periods
- financial data tables for the entity, focusing on the sources of funding for the entity, key spending areas and expenditure trends, and if applicable an analysis of some of the more important items on the entity's balance sheet
- reprioritisation and savings measures implemented.

## Additional tables

Additional tables appear at the end of the vote. These include:

### Summary of expenditure trends and estimates per programme and economic classification

This table shows the budgeted expenditure as well as the audited outcome and revised estimate for 2008/09 and 2009/10 respectively.

### Summary of personnel numbers and compensation of employees

Employment information is provided in respect of the department. The amount spent by a department on compensation of employees is shown.

Information is provided on different categories of employees.

The **unit cost** refers to the average cost per person employed by the department. It is calculated by dividing the compensation figure by the personnel numbers.

**Personnel numbers** refers to the physical number (head count) of people employed by the department.

### Details of establishment and personnel numbers per salary level

Employment information is provided in respect of the department. The amount spent by a department on compensation of employees is shown.

Information is provided on the number of posts in the department at different salary levels **per programme** as at 30 September 2009.

**Number of posts on approved establishment** refers to the number of departmental employment positions approved by the Department of Public Service and Administration.

**Number of funded posts** refers to the number of departmental employment positions which are provided within the budget.

**Number of posts additional to the establishment** typically refers to additional employment positions that have been allocated on an ad hoc basis and that do not form part of the approved departmental establishment.

### Summary of expenditure on training

Information is provided on the funds spent on training, and the number of people trained by the department.

### Summary of conditional grants to provinces and municipalities

A conditional grant refers to an allocation made by the national government, from its nationally raised revenue, to a province, local government or municipality, on condition that certain requirements or services are met.

### Summary of departmental public private partnerships projects

Disclosure notes with additional details are provided for the projects signed in terms of Treasury Regulation 16.

Public private partnerships refer to contractual arrangements in which a private party performs part of a government function and assumes the associated risks. In return, the private party receives a fee according to predefined performance criteria. A public private partnership may also be a project in which a private party uses state assets for its own commercial purposes, and government benefits from the profits generated by the enterprise.

**Unitary fee** refers to the total payment made to the private party for the provision of all types of services.

A **signed** project is a public private partnership project which has reached financial close and is being implemented.

**Projects in preparation** are in some stage of inception, feasibility or procurement, but have not yet reached financial close.

**Project monitoring costs** are associated with the ongoing evaluation and monitoring of public private partnerships in operation.

**Advisory fees** are costs related to the hiring of transaction advisors who assist government with feasibility studies and procurement in the public private partnership project process.

**Revenue generated** is shown in cases where public private partnership projects have revenue generating potential such as tourism projects or toll roads.

### **Summary of donor funding**

Donor funding is funding received by departments over and above the allocations provided in the South African government's appropriation legislation.

Donor funding comprises official development assistance and other local and international donations.

Official development assistance is an official resource flow from the international donor community to the South African government in the form of grants, technical cooperation and financial cooperation.

The **programme** column links the donor funding to the vote programme that is associated with it.

The **spending focus** shows what the department aims to achieve by using the funding.

### **Summary of expenditure on infrastructure**

The infrastructure table includes new and replacement assets, maintenance and repairs, upgrades and additions, and rehabilitation, renovation and refurbishment of assets.

**Infrastructure transfers to other spheres, agencies and departments** refers to transfers and grants to other government components for expenditure on infrastructure.

**Fixed installations transferred to households** shows the transfer of funds to individual South Africans to be used for the construction of fixed 'on-site' structures that enhance the welfare of households.

**Maintenance on infrastructure** refers to all maintenance, repairs and refurbishment expenditure on infrastructure that prolongs the life and retains the value of the infrastructure asset. This item does not include day-to-day maintenance.

**In all tables a dash ( - ) indicates that information is unavailable or zero.**

# National Treasury

National Treasury  
Republic of South Africa



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# Vote 9

## National Treasury

### Budget summary

R thousand	2010/11					2011/12	2012/13
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Payments for financial assets	Total	Total
<b>MTEF allocation</b>							
Administration	243 734	234 528	1 880	7 326	–	253 195	261 781
Public Finance and Budget Management	341 765	320 638	19 863	1 264	–	352 696	363 775
Asset and Liability Management	67 106	66 317	–	789	–	72 439	76 126
Financial Management and Systems	498 707	497 865	–	842	–	508 803	516 657
Financial Accounting and Reporting	228 381	172 267	52 589	3 525	–	238 618	248 738
Economic Policy and International Financial Relations	124 721	118 931	5 000	790	–	135 296	141 948
Provincial and Local Government Transfers	12 834 500	–	12 834 500	–	–	14 766 271	15 698 885
Civil and Military Pensions, Contributions to Funds and Other Benefits	2 590 949	38 771	2 552 178	–	–	2 668 374	2 751 925
Fiscal Transfers	33 290 053	–	12 540 053	–	20 750 000	14 132 195	14 205 720
<b>Subtotal</b>	<b>50 219 916</b>	<b>1 449 317</b>	<b>28 006 063</b>	<b>14 536</b>	<b>20 750 000</b>	<b>33 127 887</b>	<b>34 265 555</b>
<b>Direct charge against the National Revenue Fund</b>							
Provincial Equitable Share	260 973 745	–	260 973 745	–	–	280 688 678	294 779 975
State Debt Costs	71 357 578	71 357 578	–	–	–	88 462 693	104 022 016
General fuel levy sharing with metros	7 542 361	–	7 542 361	–	–	8 531 130	8 957 687
<b>Total expenditure estimates</b>	<b>390 093 600</b>	<b>72 806 895</b>	<b>296 522 169</b>	<b>14 536</b>	<b>20 750 000</b>	<b>410 810 388</b>	<b>442 025 233</b>

Executive authority

Minister of Finance

Accounting officer

Director-General of the National Treasury

Website address

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

*The Estimates of National Expenditure booklets for individual votes are available on [www.treasury.gov.za](http://www.treasury.gov.za). They provide more comprehensive coverage of vote specific information, particularly about goods and services, transfers, public entities and lower level institutional information.*

## Aim

*The aim of National Treasury is to promote economic development, good governance, social progress and rising living standards through the accountable, economical, equitable and sustainable management of public finances.*

## Programme purposes

### Programme 1: Administration

**Purpose:** Strategic management and administrative support to National Treasury, providing managerial leadership to the work of the department.

### Programme 2: Public Finance and Budget Management

**Purpose:** Analysis and advice on fiscal policy and public finances, intergovernmental financial relations and expenditure planning and priorities. Manage the annual budget process and provide public finance management support.

### **Programme 3: Asset and Liability Management**

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

### **Programme 4: Financial Management and Systems**

**Purpose:** Manage and regulate government's supply chain processes and implement and maintain standardised financial systems.

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

**Purpose:** Promote and enforce transparency and effective management in respect of revenue, expenditure and assets and liabilities of departments, public entities, constitutional institutions and local government thus facilitating accountability and governance.

### **Programme 6: Economic Policy and International Financial Relations**

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

### **Programme 7: Provincial and Local Government Transfers**

**Purpose:** Manage conditional grants to the provincial and local spheres of government.

### **Programme 8: Civil and Military Pensions, Contributions to Funds and Other Benefits**

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

### **Programme 9: Fiscal Transfers**

**Purpose:** Transfer funds to other countries and multilateral and domestic institutions and public entities, including international development institutions of which South Africa is a member.

## **Strategic overview: 2006/07 – 2012/13**

The legislative mandate of National Treasury is documented in chapter 2 of the Public Finance Management Act (1999). Chapter 13 of the Constitution defines the role of National Treasury as that of ensuring transparency, accountability and sound financial controls in the management of the country's public finances.

As the custodian of public funds, National Treasury continues to: promote government's fiscal policy framework; coordinate intergovernmental financial and fiscal relations; manage the budget preparation process which includes revenue, expenditure, assets and liability management; exercise control over the implementation of the national budget, including any adjustment budgets; facilitate the implementation of the Division of Revenue Act; monitor the implementation of provincial budgets, enforce effective financial management; and contribute to employment creation.

#### **Fiscal reform, public finances and budget management**

Government has committed itself to rooting out waste, promoting cost efficiency and phasing out ineffective programmes, and much of National Treasury's work in this area will give effect to this.

Provision for strong growth in infrastructure spending and public employment programmes has mitigated some of the worst effects of the prevailing economic downturn. In addition, the budget for the 2009 – 2013 medium term expenditure framework makes significant provision for priorities such as education, health and social assistance, and other programmes directly impacting on the poor. Investing in the people of the country will make a positive contribution to the South African economy in the longer term and will assist in economic growth and development initiatives.

The budget office is continuously improving the quality and usability of budget documents such as the Budget Review and the Estimates of National Expenditure.

There is a need to improve the structure of departmental votes to make objectives measurable. A project will be initiated to work closely with other departments to improve the monitoring of measurable objectives and indicators, to make it easier to monitor both financial and non-financial information.

Ensuring that government provides and receives value for money is a necessary focus in the prevailing economic climate. A comprehensive expenditure review will be conducted jointly with The Presidency to identify opportunities for future improvements in public spending. The aim is to improve the quality of spending and to free up resources to fund new government priorities. Capacity is also being developed to evaluate capital projects and support departments.

#### *Strengthening intergovernmental fiscal relations*

Intergovernmental fiscal relations are an important component in the governmental system. With the legal and policy frameworks now firmly in place, the focus can shift to efficient coordination between the relevant spheres of government, especially in the areas of capacity building and improved service delivery.

Siyenza Manje, the capacity building and support programme being implemented in municipalities since 2007/08, is being undertaken by the Development Bank of Southern Africa. The project aims to build capacity and sustainability in under capacitated municipalities. National Treasury co-funds the rollout while the Development Bank of Southern Africa employs the necessary expertise. Additional funds have been allocated to this important initiative to speed up the hiring of experts and young professionals with academic qualifications and expertise in the areas where there are skills shortages in the local government sphere.

#### *Managing public sector debt and government assets*

National Treasury is responsible for the prudent management of government's financial assets and liabilities, including the domestic and foreign debt portfolios. Government's debt management policies remain focused on financing government's gross borrowing requirements at the lowest possible cost and within market risk benchmarks, while also supporting the broader macroeconomic objectives and enhanced coordination of borrowing by state owned entities. National Treasury also seeks to improve the operational efficiency of state owned entities through financial analysis and oversight, and ensuring their alignment with key policy imperatives in the relevant sector. Major interventions and restructuring, particularly of Eskom, Telkom, the South African Broadcasting Corporation, South African Airways, Denel and Transnet are needed, as these are key economic contributors.

#### *Financial and regulatory management reform*

Development finance institutions have an important role to play in the delivery of infrastructure. Government will be guided by the review of development finance institutions to provide strategic direction to this sector in the period ahead. This will further assist in optimising the allocation of government's financial resources.

#### *Organisational capacity building*

The attraction and retention of skills continues to be a challenge in spite of improvements in the already successful internship programme to add to the talent pool. The sourcing and retention of scarce skills in particular remains problematic. The recently launched training outside of public practice programme that provides a way for prospective chartered accountants to receive training suggests that there is real potential for more collaboration between National Treasury, the South African Institute of Chartered Accountants and the local government metros to expand the programme to a wider public sector base.

## Key policy developments

### *Social security and retirement reform*

Recent global economic events have indicated that government needs to play a more prominent role in addressing rising income inequality, which could have negative effects, including economic, social and political instability. Government's policy must therefore focus on reducing this imbalance through sustained job creation, combating the abuse of market power and ensuring greater income security.

Over the MTEF period, National Treasury will be advancing the work currently in progress on social security and retirement reform to increase adequate coverage of all citizens when they retire. A public consultative process will be undertaken to ensure maximum participation in the process. Combating income inequality alone will not provide adequate security in a volatile economic climate, which exacerbates unemployment and whose impacts are more strongly felt among poorer communities. In South Africa, only 42 per cent of the population between the ages of 15 and 64 are employed. This compares unfavourably with other emerging economies such as Brazil and China, where two-thirds of the population in the same age range are employed. According to Statistics South Africa's quarterly labour force survey, almost half of young South Africans have never worked and less than 30 per cent of the adult population is employed. Reforms are thus envisaged in the areas of education, health, retirement and social security to provide the required balancing mechanisms as part of the reform process.

### *Strengthening global financial regulation*

In response to the global economic downturn, the G20 established the Financial Stability Board in 2009, as a coordinated effort to improve the regulation of the financial services industry globally. In 2010, work will be undertaken to align South Africa's financial sector policy and regulations with the recommendations of the G20 process.

The intention is to improve and strengthen regulation in key areas by: developing a systemic risk approach to financial regulation to reduce risks posed by hedge funds and over the counter derivatives; raising the quality and level of capital held by banks to improve their resilience to market volatility; strengthening adherence to international standards through a transparent peer review process; and improving global accounting standards.

### *Review of the Division of Revenue Bill*

Continuing to implement the Municipal Finance Management Act (2003), finalising the regulatory framework for the transfer of assets of municipalities and budget preparation remains a priority. The annual Division of Revenue Bill is constantly being reviewed to ensure that the grant system contributes to better and quicker decision making, improved accountability and accelerated service delivery.

### *Monitoring compliance with the Public Finance Management Act and the Municipal Finance Management Act*

The financial management capability maturity model has highlighted the areas needing further attention for maintaining the momentum in implementing the two acts. The model involves a survey instrument to evaluate the financial management capability of departments.

The results of these assessments will provide National Treasury, provincial treasuries and accounting officers with a clear indication of what strategies need to be developed to improve financial management within departments. These results will also be analysed and detailed reports will be provided to the standing committee on public accounts and to the standing committees on finance and appropriations. National Treasury will assist provincial and municipal accounting officers and develop plans that are aimed at addressing financial management in accordance with the results of these assessments, thus ensuring a structured and focused approach.

### *Regional integration in the Southern African Development Community and support for the development of African countries*

National Treasury's engagement in Africa will continue to promote integration and development through the Southern African Development Community (SADC) and promoting new partnerships. The regional integration process of deliberations in the political, social and economic spheres is a priority and it is expected that the

requisite strategic plans will soon be implemented. This applies specifically to the southern and eastern parts of the continent, and the Common Market for Eastern and Southern Africa.

## Savings and cost effective service delivery

The department will realise efficiency savings on its operational budget of R45.5 million, R53.5 million and R30 million for 2010/11, 2011/12 and 2012/13. This can be attributed to efficient allocations for consultants, cellular phones, catering, external venues and facilities, accommodation and travelling. The implementation of austerity measures has been enhanced with an increase in the utilisation of internal capacity in terms of personnel, and venues and facilities for workshops. Further cuts of R51.4 million, R66.4 million and R110.7 million for 2010/11, 2011/12 and 2012/13 were also made to the department's public entities to enforce the implementation of efficiency savings.

## Selected performance indicators

Table 9.1 National Treasury

Indicator	Programme	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Value of government gross annual borrowing	Asset and Liability Management	R34.8bn	R16.1bn	R49.7bn	R193.5bn	R191.7bn	R184.1bn	R195.6bn
Cost to service debt as a percentage of GDP	Asset and Liability Management	2.8%	2.5%	2.3%	2.4%	2.6%	3.0%	3.2%
Net loan debt as a percentage of GDP	Asset and Liability Management	26.1%	23.2%	22.7%	28.2%	33.1%	37.3%	39.8%
Number of training courses and workshops presented on the implementation of financial management reforms per year	Financial Accounting and Reporting	81	217	128	80	100	150	200
Number of individuals trained per year to assist with the implementation of financial management reforms	Financial Accounting and Reporting	2 084	4 204	3 200	1 600	2 000	3 000	4 000
Percentage of identified transversal contracts with strategic sourcing principles introduced per year	Financial Management and Systems	72% (42)	80% (47)	85% (35)	100% (20)	100% (37)	100% (59)	100% (59)
Number of beneficiaries receiving special pension payments per year	Civil and Military Pensions, Contributions to Funds and Other Benefits	6 112	6 234	6 359	6 486	6 616	7 200	7 400
Number of beneficiaries receiving post-retirement medical benefits per year	Civil and Military Pensions, Contributions to Funds and Other Benefits	67 141	68 417	69 767	71 117	72 467	72 467	73 817
Number of contributions to medical aid schemes paid on behalf of members per year	Civil and Military Pensions, Contributions to Funds and Other Benefits	72 799	67 780	71 169	74 627	76 119	79 500	82 881
Number of military pension benefits paid to beneficiaries per year	Civil and Military Pensions, Contributions to Funds and Other Benefits	6 885	4 630	6 468	7 024	7 054	7 054	7 244
Number of technical assistants assigned to each province per year to assist in building infrastructure delivery capacity through the infrastructure delivery improvement programme	Public Finance and Budget Management	23	30	34	34	34	34	34
Number of municipalities receiving allocations from the financial management grant per year	Provincial and Local Government Transfers	41	44	283	283	283	283	283
Total number of neighbourhood development partnership grant projects granted award status	Provincial and Local Government Transfers	33	72	80	90	96	100	90
Total number of neighbourhood development partnership grant projects under construction	Provincial and Local Government Transfers	–	4	7	15	40	50	45
Real growth in consolidated national and provincial public spending (excluding interest costs)	Public Finance and Budget Management	10.2%	9.2%	9.4%	10.3%	1.0%	1.1%	1.7%

## Expenditure estimates

Table 9.2 National Treasury

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	
R thousand								
1. Administration	161 639	177 602	203 663	238 339	230 401	243 734	253 195	261 781
2. Public Finance and Budget Management	138 532	211 997	244 056	253 650	252 107	341 765	352 696	363 775
3. Asset and Liability Management	41 272	57 827	62 503	66 174	57 718	67 106	72 439	76 126
4. Financial Management and Systems	190 772	261 447	272 720	499 379	466 379	498 707	508 803	516 657
5. Financial Accounting and Reporting	71 391	105 249	202 987	149 808	138 871	228 381	238 618	248 738
6. Economic Policy and International Financial Relations	68 938	93 194	90 294	103 462	91 462	124 721	135 296	141 948
7. Provincial and Local Government Transfers	5 443 748	6 992 736	7 826 044	14 410 631	14 170 631	12 834 500	14 766 271	15 698 885
8. Civil and Military Pensions, Contributions to Funds and Other Benefits	2 048 703	2 176 826	2 331 262	4 920 302	4 901 302	2 590 949	2 668 374	2 751 925
9. Fiscal Transfers	8 006 023	8 889 290	20 078 580	42 203 825	42 203 825	33 290 053	14 132 195	14 205 720
<b>Subtotal</b>	<b>16 171 018</b>	<b>18 966 168</b>	<b>31 312 109</b>	<b>62 845 570</b>	<b>62 512 696</b>	<b>50 219 916</b>	<b>33 127 887</b>	<b>34 265 555</b>
<b>Direct charge against the National Revenue Fund</b>	<b>201 437 779</b>	<b>223 930 771</b>	<b>256 189 332</b>	<b>303 672 821</b>	<b>301 277 684</b>	<b>339 873 684</b>	<b>377 682 501</b>	<b>407 759 678</b>
Provincial Equitable Share	149 245 620	171 053 710	201 795 648	236 877 763	236 877 763	260 973 745	280 688 678	294 779 975
State Debt Costs	52 192 159	52 877 061	54 393 684	59 994 954	57 599 817	71 357 578	88 462 693	104 022 016
General fuel levy sharing with metros	–	–	–	6 800 104	6 800 104	7 542 361	8 531 130	8 957 687
<b>Total</b>	<b>217 608 797</b>	<b>242 896 939</b>	<b>287 501 441</b>	<b>366 518 391</b>	<b>363 790 380</b>	<b>390 093 600</b>	<b>410 810 388</b>	<b>442 025 233</b>
Change to 2009 Budget estimate				11 723 176	8 995 165	20 145 602	30 931 349	(807 555)

### Economic classification

	52 838 628	53 738 162	55 317 221	61 249 077	58 761 066	72 806 895	89 967 818	105 575 860
<b>Current payments</b>								
Compensation of employees	230 897	272 740	321 000	438 472	408 472	538 467	573 022	598 615
Goods and services	415 572	588 361	602 537	815 651	752 777	910 850	932 103	955 229
<i>of which:</i>								
Administrative fees	7 621	9 744	14 975	8 964	15 564	7 218	7 110	7 575
Advertising	3 543	3 268	4 451	4 294	3 944	6 754	6 635	4 941
Assets less than the capitalisation threshold	3 405	1 542	1 059	1 574	1 574	2 192	2 208	2 185
Audit cost: External	9 467	9 453	7 580	10 965	10 965	12 208	13 094	15 994
Bursaries: Employees	777	1 202	2 188	3 078	3 078	4 096	4 334	4 547
Catering: Departmental activities	2 130	2 557	2 506	3 186	3 186	3 580	3 697	3 868
Communication	5 635	6 164	5 473	7 201	7 201	6 824	6 830	6 734
Computer services	167 951	245 108	253 392	472 743	436 596	462 751	463 986	467 036
Consultants and professional services: Business and advisory services	112 081	176 527	134 883	152 492	124 515	222 014	236 402	246 264
Consultants and professional services: Legal costs	11 049	11 521	12 323	11 093	11 093	10 600	11 500	11 915
Contractors	2 824	1 473	3 711	2 292	2 292	3 245	3 353	3 636
Agency and support / outsourced services	–	–	32 852	10 919	10 919	12 615	11 929	10 529
Entertainment	247	310	246	511	511	543	543	544
Inventory: Food and food supplies	354	532	654	288	288	707	864	892
Inventory: Fuel, oil and gas	146	195	802	245	245	840	912	765
Inventory: Materials and supplies	764	1 126	53	53	53	58	60	65
Inventory: Medical supplies	–	–	–	–	–	4	4	4
Inventory: Other consumables	747	868	889	956	956	1 094	1 289	1 087
Inventory: Stationery and printing	12 718	12 810	14 306	12 926	12 926	16 775	17 688	19 006

Table 9.2 National Treasury (continued)

R thousand	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
<b>Economic classification</b>								
<i>Lease payments</i>	18 304	25 614	19 586	23 451	23 451	23 621	25 038	24 336
<i>Property payments</i>	–	4 313	13 917	16 926	16 926	14 749	15 929	19 183
<i>Travel and subsistence</i>	26 401	38 704	43 915	37 322	36 322	58 068	59 312	62 301
<i>Training and development</i>	9 327	12 321	9 909	17 681	13 681	19 766	20 389	21 152
<i>Operating expenditure</i>	9 549	5 426	5 440	5 627	5 627	5 138	5 348	5 501
<i>Venues and facilities</i>	10 532	17 583	17 427	10 864	10 864	15 390	13 649	15 169
Interest and rent on land	52 192 159	52 877 061	54 393 684	59 994 954	57 599 817	71 357 578	88 462 693	104 022 016
<b>Transfers and subsidies</b>	<b>164 752 461</b>	<b>189 141 005</b>	<b>222 174 333</b>	<b>274 253 027</b>	<b>274 013 027</b>	<b>296 522 169</b>	<b>320 080 424</b>	<b>336 436 375</b>
Provinces and municipalities	154 639 573	178 046 446	209 541 592	257 978 498	257 738 498	281 225 606	303 886 079	319 331 547
Departmental agencies and accounts	7 203 082	8 218 629	9 518 441	10 568 722	10 568 722	11 891 399	12 673 803	13 416 343
Universities and technikons	3 500	2 285	5 456	5 456	5 456	5 500	5 500	5 500
Foreign governments and international organisations	576 614	503 820	550 501	549 045	549 045	566 764	592 955	667 794
Public corporations and private enterprises	312 215	222 297	246 809	267 407	267 407	282 595	296 726	311 562
Non-profit institutions	–	127	–	71	71	75	80	84
Households	2 017 477	2 147 401	2 311 534	4 883 828	4 883 828	2 550 230	2 625 281	2 703 545
<b>Payments for capital assets</b>	<b>11 394</b>	<b>13 038</b>	<b>9 431</b>	<b>16 287</b>	<b>16 287</b>	<b>14 536</b>	<b>12 146</b>	<b>12 998</b>
Machinery and equipment	11 394	13 038	9 431	16 287	16 287	14 536	12 146	12 998
<b>Payments for financial assets</b>	<b>6 314</b>	<b>4 734</b>	<b>10 000 456</b>	<b>31 000 000</b>	<b>31 000 000</b>	<b>20 750 000</b>	<b>750 000</b>	<b>–</b>
<b>Total</b>	<b>217 608 797</b>	<b>242 896 939</b>	<b>287 501 441</b>	<b>366 518 391</b>	<b>363 790 380</b>	<b>390 093 600</b>	<b>410 810 388</b>	<b>442 025 233</b>

## Expenditure trends

Between 2006/07 and 2009/10, non-statutory expenditure increased significantly from R16.2 billion to R62.5 billion, at an average annual rate of 57.2 per cent, mainly due to payments to Eskom for the subordinated loan of R10 billion in 2008/09 and R30 billion in 2009/10. Most of National Treasury's direct expenditure goes towards transfer payments. These include provincial and local government transfers, civil and military pension payments, and transfers to the South African Revenue Service and the South African Secret Service.

Expenditure is expected to decrease substantially over the MTEF period, from R62.8 billion to R34.3 billion, at an average annual rate of 18.3 per cent. This is mainly due to the phasing out of the Eskom subordinated loan. The marginal increase in spending on the operational budget is mainly due to the annual effect of adjustments to expenditure in compensation of employees, enhancement of the infrastructure delivery implementation programme and implementation of a fraud prevention plan.

The department is responsible for the main statutory transfers to provincial governments. More information on these transfers can be found in chapter 7 and annexure E of the 2010 Budget Review and the 2010 Division of Revenue Bill. The National Treasury vote also includes a provision for servicing government's debt obligations, which are a direct charge against the National Revenue Fund in terms of section 73 of the Public Finance Management Act (1999).

The personnel establishment expanded from 767 in 2006/07 to 1 167 in 2009/10. This is due to the filling of vacant posts and structural changes made to enhance service delivery focus. Over the MTEF period, the number of personnel will increase marginally from 1 167 in 2009/10 to 1 211 in 2012/13.

## Departmental revenue

The main items of revenue are the interest on government deposits and dividends received from the South African Reserve Bank. Over the medium term, revenue is expected to decrease from R3.8 billion to R2.6 billion

mainly due to a once-off receipt in 2009/10 on asset forfeits. Interest on exchequer investments is affected by domestic and international interest rates, exchange rates and the level of government's cash balances.

Table 9.3 Departmental receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
<b>Departmental receipts</b>	<b>4 355 125</b>	<b>5 095 776</b>	<b>5 270 354</b>	<b>4 148 462</b>	<b>2 839 024</b>	<b>2 354 152</b>	<b>2 544 833</b>	<b>2 602 918</b>
Sales of goods and services produced by department	36 274	45 215	49 273	123 615	88 554	84 903	60 151	40 400
Sales of scrap, waste, arms and other used current goods	–	–	7	–	–	6	5	18
Interest, dividends and rent on land	4 281 186	4 884 243	4 953 175	3 394 377	2 120 000	2 012 000	2 212 000	2 312 000
Sales of capital assets	309	–	324	2	2	–	–	–
Transactions in financial assets and liabilities	37 356	166 318	267 575	630 468	630 468	257 243	272 677	250 500
<b>National Revenue Fund receipts</b>	<b>–</b>	<b>1 020 877</b>	<b>–</b>	<b>–</b>	<b>1 000 000</b>	<b>–</b>	<b>–</b>	<b>–</b>
Levy Accounts from SARB	–	1 020 877	–	–	1 000 000	–	–	–
<b>Total</b>	<b>4 355 125</b>	<b>6 116 653</b>	<b>5 270 354</b>	<b>4 148 462</b>	<b>3 839 024</b>	<b>2 354 152</b>	<b>2 544 833</b>	<b>2 602 918</b>

## Programme 1: Administration

### Expenditure estimates

Table 9.4 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R thousand							
Minister <sup>1</sup>	883	952	1 364	1 709	1 816	1 916	2 012
Deputy Minister <sup>1</sup>	718	773	1 000	1 407	1 496	1 578	1 657
Management	35 038	43 661	47 555	53 910	52 418	55 213	58 355
Corporate Services	87 971	95 756	106 056	130 142	136 307	141 239	144 182
Office Accommodation	37 029	36 460	47 688	51 171	51 697	53 249	55 575
<b>Total</b>	<b>161 639</b>	<b>177 602</b>	<b>203 663</b>	<b>238 339</b>	<b>243 734</b>	<b>253 195</b>	<b>261 781</b>
Change to 2009 Budget estimate				49 570	43 774	41 413	–

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

#### Economic classification

<b>Current payments</b>	<b>154 067</b>	<b>167 388</b>	<b>198 983</b>	<b>226 445</b>	<b>234 528</b>	<b>244 447</b>	<b>252 377</b>
Compensation of employees	51 960	61 073	69 819	101 436	120 086	126 630	134 301
Goods and services	102 107	106 315	129 164	125 009	114 442	117 817	118 076
<i>of which:</i>							
<i>Administrative fees</i>	<i>3 023</i>	<i>3 440</i>	<i>5 910</i>	<i>3 252</i>	<i>2 522</i>	<i>2 361</i>	<i>2 452</i>
<i>Advertising</i>	<i>687</i>	<i>675</i>	<i>1 806</i>	<i>1 597</i>	<i>3 461</i>	<i>3 303</i>	<i>1 518</i>
<i>Assets less than the capitalisation threshold</i>	<i>2 889</i>	<i>1 120</i>	<i>711</i>	<i>497</i>	<i>897</i>	<i>875</i>	<i>993</i>
<i>Audit cost: External</i>	<i>4 896</i>	<i>3 263</i>	<i>3 794</i>	<i>3 524</i>	<i>3 948</i>	<i>4 343</i>	<i>4 277</i>
<i>Bursaries: Employees</i>	<i>104</i>	<i>262</i>	<i>429</i>	<i>511</i>	<i>1 054</i>	<i>1 165</i>	<i>1 294</i>
<i>Catering: Departmental activities</i>	<i>597</i>	<i>696</i>	<i>875</i>	<i>892</i>	<i>1 032</i>	<i>1 094</i>	<i>1 169</i>
<i>Communication</i>	<i>3 781</i>	<i>3 778</i>	<i>2 992</i>	<i>4 146</i>	<i>3 541</i>	<i>3 341</i>	<i>3 079</i>
<i>Computer services</i>	<i>13 903</i>	<i>18 266</i>	<i>21 001</i>	<i>19 219</i>	<i>11 772</i>	<i>12 364</i>	<i>11 781</i>
<i>Consultants and professional services: Business and advisory services</i>	<i>22 020</i>	<i>19 587</i>	<i>11 171</i>	<i>10 706</i>	<i>4 044</i>	<i>3 554</i>	<i>2 497</i>
<i>Consultants and professional services: Legal costs</i>	<i>10 635</i>	<i>10 799</i>	<i>12 023</i>	<i>9 819</i>	<i>10 010</i>	<i>10 910</i>	<i>11 325</i>

Table 9.4 Administration (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
<b>Economic classification</b>							
Contractors	1 160	1 339	3 191	1 803	2 579	2 696	2 938
Agency and support / outsourced services	–	–	9 393	8 864	9 205	8 625	7 269
Entertainment	101	183	92	195	186	186	186
Inventory: Food and food supplies	354	511	654	288	707	740	820
Inventory: Fuel, oil and gas	146	195	802	243	840	912	765
Inventory: Materials and supplies	737	1 118	52	33	44	46	50
Inventory: Medical supplies	–	–	–	–	4	4	4
Inventory: Other consumables	740	867	884	937	1 083	1 278	1 075
Inventory: Stationery and printing	2 846	3 376	4 202	3 958	4 468	4 918	5 455
Lease payments	17 108	17 804	18 166	21 636	19 922	20 780	19 440
Property payments	–	4 312	13 917	16 926	14 749	15 929	19 183
Travel and subsistence	6 694	9 880	12 044	10 858	12 191	11 849	13 086
Training and development	2 893	3 925	2 081	3 207	3 326	3 474	4 130
Operating expenditure	6 239	429	1 653	1 232	1 055	1 084	1 123
Venues and facilities	554	490	1 321	666	1 802	1 986	2 167
<b>Transfers and subsidies</b>	<b>813</b>	<b>2 638</b>	<b>1 464</b>	<b>1 388</b>	<b>1 880</b>	<b>1 900</b>	<b>1 920</b>
Provinces and municipalities	43	–	–	–	–	–	–
Departmental agencies and accounts	206	243	284	388	280	300	320
Households	564	2 395	1 180	1 000	1 600	1 600	1 600
<b>Payments for capital assets</b>	<b>4 133</b>	<b>7 447</b>	<b>3 101</b>	<b>10 506</b>	<b>7 326</b>	<b>6 848</b>	<b>7 484</b>
Machinery and equipment	4 133	7 447	3 101	10 506	7 326	6 848	7 484
<b>Payments for financial assets</b>	<b>2 626</b>	<b>129</b>	<b>115</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total</b>	<b>161 639</b>	<b>177 602</b>	<b>203 663</b>	<b>238 339</b>	<b>243 734</b>	<b>253 195</b>	<b>261 781</b>

## Details of transfers and subsidies

<b>Provinces and municipalities</b>							
<b>Municipalities</b>							
<b>Municipal bank accounts</b>							
Current	43	–	–	–	–	–	–
Regional Services Council levies	43	–	–	–	–	–	–
<b>Departmental agencies and accounts</b>							
<b>Departmental agencies (non-business entities)</b>							
Current	206	243	284	388	280	300	320
Finance, Accounting, Management, Consulting and other Financial Services (Fasset) Sector Education and Training Authority	206	243	284	388	280	300	320
<b>Households</b>							
<b>Social benefits</b>							
Current	564	2 395	1 180	1 000	1 600	1 600	1 600
Bursaries: Non-employees	540	176	392	1 000	1 600	1 600	1 600
Severance packages	24	2 219	788	–	–	–	–

## Expenditure trends

Between 2006/07 and 2009/10, expenditure increased from R161.6 million to R238.3 million, at an average annual rate of 13.8 per cent, mainly due to the rollout of the integrated document management system, recruitment drive initiatives, capacitating of the internal audit unit, increased legal costs and the centralisation of internship intakes.

Over the MTEF period, expenditure is expected to increase marginally at an average annual rate of 3.2 per cent, from R238.3 million in 2009/10 to R261.8 million in 2012/13, mainly due to higher than expected salary adjustments.

## **Programme 2: Public Finance and Budget Management**

- *Public Finance* provides financial and budgetary analysis of government programmes, advises on policy and service delivery trends, and manages National Treasury's relations with other national departments.
- *Budget Office* provides fiscal policy advice, oversees expenditure planning and the national budget process, leads the budget reform programme, coordinates international technical assistance and donor finance, supports public private partnership projects, and compiles public finance statistics.
- *Intergovernmental Relations* coordinates fiscal relations between national, provincial and local government, and promotes sound provincial and municipal budgetary planning, reporting and financial management.
- *Technical and Management Support* includes advisory and capacity building initiatives focused on public private partnerships, project management, infrastructure service delivery and public finance information systems. A dedicated unit supports budgetary planning related to the 2010 FIFA World Cup.

Funding for all subprogrammes will mainly be used for compensation of employees and related expenditure in goods and services.

### **Objectives and measures**

- Give effect to government's economic, fiscal, social and development goals by preparing a budget framework and medium term expenditure recommendations annually.
- Contribute to improved financial management by promoting sound planning, budgeting and project management, including support to public finance reforms in provinces and municipalities on an ongoing basis.
- Promote public and private investment in infrastructure and public services by providing ongoing technical support for public private partnerships, advising on financing alternatives for municipal development, and providing technical assistance for neighbourhood development projects.
- Promote transparency and accountability by annually publishing the Budget Review, Estimates of National Expenditure, provincial and local government budget and expenditure reviews, the medium term budget policy statement and appropriation legislation, containing relevant, accurate and clear financial information and associated indicators of service delivery and performance according to the various guidelines.
- Promote improved planning and analysis of public expenditure and service delivery and the appropriate use of public and private financial resources for social and economic development and infrastructure investment by analysing expenditure and performance information and compiling quarterly reports.
- Develop the policy framework for social security, retirement and health insurance arrangements through a dedicated project management unit by the end of 2011.
- Contribute to policy development, planning and improved financial management through advice and technical assistance in support of public service delivery, infrastructure development and improved public administration across all spheres of government by 2011.

### **Service delivery focus**

Improved guidelines on planning, budgeting and programme budget structures and performance information were developed, and will be piloted and rolled out in 2010/11. An in-depth review of government expenditure aimed at improved efficiency and effectiveness of public service delivery to ensure value for money in government programmes and project implementation was proposed in 2009/10. In 2009, a preliminary report by the government task team, including both short and medium term savings proposals to effect savings, was published.

Through the intergovernmental relations division, National Treasury has played a major role in compiling municipal and provincial budgets and quarterly reports. These publications have assisted in building the oversight information base required for political office bearers and public stakeholders to play a more meaningful oversight role.

## Expenditure estimates

Table 9.5 Public Finance and Budget Management

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R thousand							
Public Finance	25 781	31 606	33 445	46 959	58 971	61 713	55 173
Budget Office	28 312	29 898	38 391	42 485	48 091	50 368	53 764
Intergovernmental Relations	26 187	30 436	36 171	35 391	41 272	43 388	46 361
Technical and Management Support	58 252	120 057	136 049	128 815	193 431	197 227	208 477
<b>Total</b>	<b>138 532</b>	<b>211 997</b>	<b>244 056</b>	<b>253 650</b>	<b>341 765</b>	<b>352 696</b>	<b>363 775</b>
Change to 2009 Budget estimate				45 168	131 539	135 247	-

### Economic classification

<b>Current payments</b>	<b>129 677</b>	<b>204 629</b>	<b>221 667</b>	<b>232 304</b>	<b>320 638</b>	<b>330 849</b>	<b>341 339</b>
Compensation of employees	71 927	89 738	107 328	130 560	155 987	163 180	164 523
Goods and services	57 750	114 891	114 339	101 744	164 651	167 669	176 816
<i>of which:</i>							
Administrative fees	2 149	2 469	2 562	1 555	1 655	1 590	1 863
Advertising	1 662	1 241	1 232	1 181	1 197	1 158	1 181
Assets less than the capitalization threshold	311	184	90	266	445	426	300
Audit cost: External	38	58	-	7	220	225	464
Bursaries: Employees	358	314	456	732	751	762	789
Catering: Departmental activities	756	1 035	961	948	1 113	1 127	1 181
Communication	492	600	680	684	833	858	846
Computer services	-	329	1 186	388	451	371	433
Consultants and professional services: Business and advisory services	33 525	90 736	75 007	73 991	132 435	135 657	143 203
Consultants and professional services: Legal costs	-	-	196	1 200	50	50	50
Contractors	71	38	277	115	122	134	143
Agency and support / outsourced services	-	-	11 206	1 610	932	855	953
Entertainment	72	48	64	133	150	149	150
Inventory: Materials and supplies	2	2	-	3	2	1	1
Inventory: Other consumables	2	1	1	13	4	4	5
Inventory: Stationery and printing	6 982	5 848	6 629	5 209	7 163	7 409	7 949
Lease payments	469	581	613	559	807	807	897
Travel and subsistence	7 571	8 040	9 732	8 865	12 379	12 361	12 633
Training and development	1 271	1 739	1 211	2 267	1 741	1 712	1 660
Operating expenditure	819	661	804	497	433	419	413
Venues and facilities	1 200	967	1 432	1 521	1 768	1 594	1 702
<b>Transfers and subsidies</b>	<b>6 566</b>	<b>6 000</b>	<b>20 456</b>	<b>19 634</b>	<b>19 863</b>	<b>20 692</b>	<b>21 223</b>
Provinces and municipalities	66	-	-	-	-	-	-
Departmental agencies and accounts	6 000	6 000	20 000	18 898	19 363	20 192	20 723
Universities and technikons	-	-	456	456	500	500	500
Public corporations and private enterprises	500	-	-	-	-	-	-
Households	-	-	-	280	-	-	-
<b>Payments for capital assets</b>	<b>2 279</b>	<b>1 360</b>	<b>1 908</b>	<b>1 712</b>	<b>1 264</b>	<b>1 155</b>	<b>1 213</b>
Machinery and equipment	2 279	1 360	1 908	1 712	1 264	1 155	1 213
<b>Payments for financial assets</b>	<b>10</b>	<b>8</b>	<b>25</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>138 532</b>	<b>211 997</b>	<b>244 056</b>	<b>253 650</b>	<b>341 765</b>	<b>352 696</b>	<b>363 775</b>

Table 9.5 Public Finance and Budget Management (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
<b>Details of transfers and subsidies</b>							
<b>Provinces and municipalities</b>							
<b>Municipalities</b>							
<b>Municipal bank accounts</b>							
Current	66	-	-	-	-	-	-
Regional Services Council levies	66	-	-	-	-	-	-
<b>Departmental agencies and accounts</b>							
<b>Departmental agencies (non-business entities)</b>							
Current	6 000	6 000	20 000	18 898	19 363	20 192	20 723
Technical Assistance Unit Trading Entity	-	-	20 000	18 898	19 363	20 192	20 723
Project Development Facility Trading Account	6 000	6 000	-	-	-	-	-
<b>Universities and technikons</b>							
Current	-	-	456	456	500	500	500
University of Pretoria: International Public Finance Conference	-	-	456	456	500	500	500
<b>Public corporations and private enterprises</b>							
<b>Private enterprises</b>							
<b>Other transfers</b>							
Current	500	-	-	-	-	-	-
Centre for Development and Enterprises	500	-	-	-	-	-	-
<b>Households</b>							
<b>Social benefits</b>							
Current	-	-	-	280	-	-	-
Severance packages	-	-	-	280	-	-	-

### Expenditure trends

Between 2006/07 and 2009/10, expenditure increased substantially at an average annual rate of 22.3 per cent, from R138.5 million to R253.7 million. This was mainly due to increases in professional and advisory capacity for technical assistance projects and the implementation of the infrastructure delivery improvement programme. Increases are mainly in compensation of employees and consultants.

Over the MTEF period, expenditure is expected to increase from R253.7 million in 2009/10 to R363.8 million in 2012/13, at an average annual rate of 12.8 per cent, due to the continuous enhancement of the implementation of the infrastructure delivery improvement programme to provincial departments. The programme will address problems relating to the planning and project management of infrastructure delivery.

### Programme 3: Asset and Liability Management

- *Management.*
- *Asset Management* promotes the optimal allocation and use of financial resources and sound corporate governance in state owned entities.
- *Liability Management* provides for government's funding needs, manages domestic and foreign debt, and contributes to the development of domestic capital markets.
- *Financial Operations* provides for the prudent management of cash in all spheres of government, efficient accounting of debt and investment transactions, supplying reliable systems and providing quality information.
- *Strategy and Risk Management* develops and maintains a risk management framework.

Funding for all subprogrammes will mainly be used for compensation of employees and related expenditure in goods and services.

## Objectives and measures

- Oversee state owned entities by reviewing corporate plans and annual reports.
- Finance government's gross borrowing requirements of R191.7 billion by March 2011 by borrowing money from domestic and international markets.
- Improve the affordability of government debt by reducing the net loan debt and the cost to service debt to 33.1 per cent and 2.6 per cent of GDP by March 2011.
- Ensure that government's liquidity requirements are met by forecasting R2.3 trillion of annual cash flows and coordinating intergovernmental cash needs.
- Enable government to manage financial risks and attract investment by reviewing credit, debt, country ratings and contingent liability risk benchmarks and ensuring adherence to these standards by March 2011.

## Service delivery focus

National Treasury financed the higher gross borrowing requirement that arose from the weaker fiscal position after the economic recession. A major portion of funding was raised in domestic capital markets through issuing treasury bills and government bonds. In 2009/10, government also secured a US\$2 billion global bond, which matures in 2019. Government and the state owned entities' borrowing programmes were also coordinated effectively in 2009/10.

The Development Bank of Southern Africa's callable capital was approved to increase from R4.8 billion to R20 billion and the Development Bank of Southern Africa Act (1997) will be amended accordingly. To facilitate the bank's borrowing until legislative amendments can be finalised, a R15.2 billion guarantee, which will terminate once the amendment act is promulgated, was granted in 2009/10. In the same year, a memorandum of understanding on the bank's commitment to deepen the developmental impact through callable capital was developed.

## Expenditure estimates

Table 9.6 Asset and Liability Management

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R thousand							
Management	11 293	16 503	22 740	17 573	13 084	14 198	15 429
Asset Management	8 644	16 128	11 878	16 942	19 481	20 883	21 931
Liability Management	9 081	9 171	10 493	11 614	13 253	14 119	14 834
Financial Operations	7 873	11 269	10 957	13 003	13 338	15 024	15 164
Strategy and Risk Management	4 381	4 756	6 435	7 042	7 950	8 215	8 768
<b>Total</b>	<b>41 272</b>	<b>57 827</b>	<b>62 503</b>	<b>66 174</b>	<b>67 106</b>	<b>72 439</b>	<b>76 126</b>
Change to 2009 Budget estimate				1 769	(238)	3 313	-
<b>Economic classification</b>							
Current payments	40 543	55 329	61 930	65 867	66 317	71 614	75 260
Compensation of employees	26 025	30 054	33 413	41 333	48 587	51 744	54 507
Goods and services	14 518	25 275	28 517	24 534	17 730	19 870	20 753
<i>of which:</i>							
Administrative fees	291	515	1 113	596	161	170	180
Advertising	643	379	483	529	526	554	581
Assets less than the capitalisation threshold	32	29	32	56	63	67	70
Audit cost: External	421	418	462	500	527	553	581
Bursaries: Employees	57	291	727	770	811	852	896
Catering: Departmental activities	135	129	169	165	165	165	165
Communication	282	305	329	648	368	386	405
Computer services	2 314	4 070	2 465	6 028	4 902	4 842	4 456

Table 9.6 Asset and Liability Management (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
<b>Economic classification</b>							
<b>Current payments</b>							
<i>Consultants and professional services:</i>	6 233	14 980	16 961	10 111	4 030	5 825	6 670
<i>Business and advisory services</i>							
<i>Consultants and professional services:</i>	296	–	18	74	500	500	500
<i>Legal costs</i>							
<i>Contractors</i>	39	23	23	95	107	111	117
<i>Agency and support / outsourced services</i>	–	–	1 502	30	–	–	–
<i>Entertainment</i>	24	22	25	31	34	34	34
<i>Inventory: Materials and supplies</i>	2	4	1	9	7	7	7
<i>Inventory: Other consumables</i>	–	–	1	1	1	1	1
<i>Inventory: Stationery and printing</i>	544	493	485	452	477	500	528
<i>Lease payments</i>	83	83	126	111	115	121	128
<i>Travel and subsistence</i>	1 453	1 963	2 611	2 774	3 162	3 322	3 485
<i>Training and development</i>	503	452	257	739	908	952	998
<i>Operating expenditure</i>	641	736	431	466	498	521	546
<i>Venues and facilities</i>	525	383	296	349	368	387	405
<b>Transfers and subsidies</b>	24	–	–	–	–	–	–
Provinces and municipalities	24	–	–	–	–	–	–
<b>Payments for capital assets</b>	704	2 498	573	307	789	825	866
Machinery and equipment	704	2 498	573	307	789	825	866
<b>Payments for financial assets</b>	1	–	–	–	–	–	–
<b>Total</b>	<b>41 272</b>	<b>57 827</b>	<b>62 503</b>	<b>66 174</b>	<b>67 106</b>	<b>72 439</b>	<b>76 126</b>
<b>Details of transfers and subsidies</b>							
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	24	–	–	–	–	–	–
Regional Services Council levies	24	–	–	–	–	–	–

## Expenditure trends

Between 2006/07 and 2009/10, expenditure increased from R41.3 million to R66.2 million, at an average annual rate of 17 per cent. This is attributed to the formulation of the state owned entities' capital structure and dividend policies, the reassessment of state owned entities' treasury operations, the release of a report on the Pebble Bed Modular Reactor project and the development of a treasury management system that addresses the needs of the programme.

Over the MTEF period, expenditure is expected to increase from R66.2 million in 2009/10 to R76.1 million in 2012/13, at an average annual rate of 4.8 per cent. The increase is due to the planned completion of the treasury management system in 2012/13.

## Public entities

### The Public Investment Corporation

Strategic overview: 2006/07 – 2012/13

Established to manage investments on behalf of the Government Employees Pension Fund, Unemployment Insurance Fund, Compensation Commissioner, Compensation Commissioner Fund and the Associated Institutions Pension Fund, the Public Investment Corporation is wholly owned by the South African government. The Government Employee Pension Fund is the Public Investment Corporation's largest client, with assets of about R739.7 billion entrusted to the corporation.

The strategic focus of the corporation between 2006/07 and 2008/09 included entrenching a culture of shareholder participation and publishing the corporate governance and proxy voting policy to ensure consistency between these companies, shareholders, the organisation and fund managers that invest on the organisation's behalf. The corporation became a signatory to the United Nations Global Compact as a result of its successful execution of the core satellite equities investment strategy, which led to 75 per cent of equities being managed in-house and 25 per cent externally. The value of properties managed by Advent Asset Management, the organisation's asset manager, reached the R2 billion mark.

The key strategic priorities for the corporation over the medium term are to deliver performance on investment that exceeds the set benchmarks, focus on client retention, increase the quantum invested and also the number of deals for the Isibaya Fund. (The corporation established the Isibaya Fund in 1999 to participate in projects that promote job creation, poverty alleviation and economic transfer.) The corporation aims to achieve greater alignment with the mandates of its clients by reducing the number of deviations resulting from tracking errors, as well as through the restructuring of the funds managed through the equities. It will further consolidate and grow the properties business, invest in the Pan African Infrastructure Development Fund, promote good corporate governance and shareholder activism, and continue to operate to excellent standards.

### Savings and cost effective service delivery

Based on management's thorough review of costs, cost cutting measures have been identified in the areas of rental payments, the use of consultants and IT: the proposed development of the new Public Investment Corporation building, to be completed in 2011/12 pending National Treasury approval, is anticipated to result in annual savings of R8.7 million; the recent increase in the staff complement should result in a decrease in the use of consultants; and a review of the IT costs and methods have been identified to reduce costs in this area.

With the corporation's expenditure set to increase over the medium term, management is trying to entrench a culture of awareness of costs and the necessity to contain them across all business units, without compromising the quality of service delivery. In particular, the procurement division will continue to closely scrutinise the tender process to ensure that there are proper negotiations around pricing.

### Selected performance indicators

Table 9.7 Public Investment Corporation

Indicator	Past			Current	Projections		
	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
Amount of revenue per year	R385m	R436m	R345m	R304m	R319m	R356m	R385m
Amount of operating expenses per year	R485m	R211m	R182m	R238m	R253m	R262m	R156m
Amount of net profit after tax per year	R156m	R158m	R117m	R48m	R48m	R68m	R163m
Total amount of funds under management	R719.8bn	R786.8bn	R739.7bn	- <sup>1</sup>	- <sup>1</sup>	- <sup>1</sup>	- <sup>1</sup>
Number of clients per year	40	40	40	40	40	42	42

1. Due to market sensitivity, forward information on managed funds cannot be made available.

### Service delivery focus

Funds under management have declined from R786.8 billion in 2007/08 to R739.7 billion in 2008/09. However, R377 million of excess returns will be benefiting pensioners over the MTEF period. The Isibaya Fund grew by 23 per cent to R30.9 billion in 2008/09. Due to the reallocation of assets, the total value of the fund will be reduced significantly over the medium term. To ensure that funds within the Isibaya Fund are at the mandated level, the company has set a target of adding R5 billion annually over the MTEF period to fund infrastructure investment that promotes job creation and economic competitiveness. The company will focus on building capacity for the fund by enhancing fund management skills to enable it to deliver on its mandate.

In 2008/09, the properties portfolio grew by R23.4 billion (25.6 per cent) compared to the previous year. This was mainly driven by acquiring Zenprop, with a portfolio of 48 properties, and purchasing the remaining 40 per cent of Advent Asset Management, which manages a portfolio of 26 malls in rural villages and urban townships throughout South Africa. The company's properties businesses have not been optimally configured, so it will be consolidating all its property activities in a single division.

The company's staff complement increased from 105 in 2007/08 to 160 in 2008/09, in line with its growing capacity. The company implemented most key IT systems to make it appropriately competitive.

## Expenditure estimates

**Table 9.8 Public Investment Corporation: Programme information**

R thousand	Audited outcome			Revised estimate 2009/10	Medium-term estimate		
	2006/07	2007/08	2008/09		2010/11	2011/12	2012/13
Investing Funds on behalf of clients	108 866	222 122	278 165	227 487	256 257	271 185	288 686
<b>Total expense</b>	<b>108 866</b>	<b>222 122</b>	<b>278 165</b>	<b>227 487</b>	<b>256 257</b>	<b>271 185</b>	<b>288 686</b>

**Table 9.9 Public Investment Corporation: Financial information**

Statement of financial performance R thousand	Audited outcome			Revised estimate 2009/10	Medium-term estimate		
	2006/07	2007/08	2008/09		2010/11	2011/12	2012/13
<b>Revenue</b>							
<b>Non-tax revenue</b>	<b>121 031</b>	<b>384 976</b>	<b>436 447</b>	<b>344 785</b>	<b>304 006</b>	<b>319 316</b>	<b>356 335</b>
Sale of goods and services other than capital assets <i>of which:</i>	111 956	349 458	390 097	254 888	279 812	292 261	323 135
<i>Sales by market establishments</i>	111 956	349 458	390 097	254 888	279 812	292 261	323 135
<i>Other non-tax revenue</i>	9 075	35 518	46 350	89 897	24 194	27 055	33 200
<b>Total revenue</b>	<b>121 031</b>	<b>384 976</b>	<b>436 447</b>	<b>344 785</b>	<b>304 006</b>	<b>319 316</b>	<b>356 335</b>
<b>Expenses</b>							
<b>Current expense</b>	<b>108 866</b>	<b>222 122</b>	<b>278 165</b>	<b>227 487</b>	<b>256 257</b>	<b>271 185</b>	<b>288 686</b>
Compensation of employees	54 024	84 608	125 619	100 586	143 315	152 354	162 257
Goods and services	37 819	61 130	79 636	67 633	81 024	85 617	93 255
Depreciation	9 136	10 361	5 428	7 296	5 839	6 499	6 847
Interest, dividends and rent on land	155	137	169	6 356	7 510	7 998	19
<b>Total expenses</b>	<b>108 866</b>	<b>222 122</b>	<b>278 165</b>	<b>227 487</b>	<b>256 257</b>	<b>271 185</b>	<b>288 686</b>
<b>Surplus / (Deficit)</b>	<b>12 165</b>	<b>162 854</b>	<b>158 282</b>	<b>117 298</b>	<b>47 750</b>	<b>48 130</b>	<b>67 649</b>
<b>Statement of financial position</b>							
Carrying value of assets	17 645	16 211	19 592	82 563	233 550	232 050	232 203
<i>of which: Acquisition of assets</i>	5 879	11 058	8 913	70 267	156 825	5 000	7 000
Investments	44 701	1 977	1 938	71	71	71	71
Receivables and prepayments	15 242	53 238	46 628	36 454	37 547	38 674	39 834
Cash and cash equivalents	50 718	198 713	339 172	139 518	71 161	97 649	164 624
Assets not classified elsewhere	–	54 706	41 181	119 852	83 263	104 679	103 462
<b>Total assets</b>	<b>128 306</b>	<b>324 845</b>	<b>448 511</b>	<b>378 458</b>	<b>425 592</b>	<b>473 124</b>	<b>540 194</b>
Accumulated surplus/deficit	108 946	261 794	417 974	357 220	404 970	453 101	520 748
Capital and reserves	–	6 236	1	1	1	1	1
Borrowings	910	1 561	1 361	–	–	–	–
Trade and other payables	16 006	49 925	20 067	15 791	15 317	14 858	14 412
Provisions	2 444	5 329	9 108	4 267	4 139	4 015	3 894
Liabilities not classified elsewhere	–	–	–	1 179	1 165	1 149	1 139
<b>Total equity and liabilities</b>	<b>128 306</b>	<b>324 845</b>	<b>448 511</b>	<b>378 458</b>	<b>425 592</b>	<b>473 124</b>	<b>540 194</b>

## Expenditure trends

Expenditure increased from R108.9 million in 2006/07 to R227.5 million in 2009/10. This is due to the acquisition of IT systems and software, and licence and maintenance costs.

Over the MTEF period, expenditure is expected to increase from R256.3 million in 2010/11 to R288.7 million in 2012/13, due to the increase in the staff complement and the introduction of the long term incentive. IT costs

increased due to the increase in licence and maintenance costs, which rise when new software is introduced, and an increase in the staff complement. In 2012/13, expenditure is expected to increase by 4 per cent due to the expected savings in rental charges of R8.9 million. The Public Investment Corporation will acquire a new building in 2010/11, which will result in an increase in capital expenditure.

## South African Special Risks Insurance Association

Strategic overview: 2006/07 – 2012/13

The South African Special Risks Insurance Association was established in 1979 and was registered in terms of section 21 of the Companies Act (1973), but in 1998 the conversion of the South African Special Risk Insurance Association Act (1998) made government the sole shareholder. The goal of the association is to create an environment for positive investment and GDP growth and change, by covering special risks. The association indemnifies the insured against loss of or damage to property directly related to or caused by any riot, strike or public disorder, or any act or activity that is calculated or directed to bring about a riot, strike or public disorder.

The South African Special Risk Insurance Association's strategy for the next five years is focused on ensuring that the association is sustainable beyond the current business model of its monopoly and organic growth. It has four key strategic objectives: optimising shareholder value by providing relevant products and covers; maximising brand and product awareness; optimising customer value through the alignment of processes; and developing human capital and focusing on knowledge retention.

### Selected performance indicators

Table 9.10 South African Special Risks Insurance Association

Indicator	Past			Current	Projections		
	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
Amount of premium income per year	R156.1m	R212.5m	R248.6m	R165m	R228.1m	R281.9m	R362.3m
Amount of investment income per year	R65.2m	R134m	R134.4m	R163.5m	R180.5	R194m	R215.3m
Number of claims per year	33 023	38 972	40 537	42 847	48 130	51 980	57 698
Number of awareness campaigns per year	238	333	367	417	467	504	559
Number of staff members trained per year	88	78	117	133	150	162	180
Number of social responsibility education programmes per year	954	964	1 000	1 167	1 267	1 368	1 522

### Service delivery focus

In 2008/09, the organisation's investments performed satisfactorily, with a 6.8 per cent increase growth in investment income. The bulk of the organisation's investments are placed in money market investments. The organisation also had an exceptional year with written premium growth of 19 per cent and investments also performed well, considering the volatility on the investment market in that year.

The organisation's 5-year rolling strategy is geared to increase income through enhancing products and introducing new products with adequate financial resources, a proven business model, knowledge and expertise, relatively low premium rates and government support.

The organisation will be looking into providing products to the rest of the Africa although restricted by the planned South African Special Risk Insurance Association Act (1998). To address this, a request for reinsurance has been submitted and approval is in its initial stage. The organisation intends to get involved with the Disaster Relief Fund by providing financial assistance to be channelled through its existing administrative structures. The following will be enhanced over the medium term: third party vehicle liability cover for uninsured third party vehicles damaged by an insured vehicle; travel insurance aimed at inbound tourists, leading to exploring new distribution channels such as airlines and travel agents; and events specific covers to cater for events such as the 2010 FIFA World Cup.

Since adopting the policy of providing 1 per cent of its after tax profit to social responsibility projects in 2000, the organisation provided R16.5 million by the end of 2004 with the bulk spent on the South African actuaries development programme. In 2008/09, the organisation produced 39 graduates, including 2 fully qualified actuaries. The organisation also donated R3.8 million to the South African actuaries development programme.

## Expenditure estimates

Table 9.11 South African Special Risks Insurance Association: Programme information

R thousand	Audited outcome			Revised estimate 2009/10	Medium-term estimate		
	2006/07	2007/08	2008/09		2010/11	2011/12	2012/13
Increased Premium Income	156 106	212 454	248 556	165 016	228 073	281 890	362 337
Increased investment income	65 236	133 977	134 436	163 535	180 496	193 957	215 292
Controlled costs	33 023	38 972	40 537	42 847	48 130	51 980	57 698
Improved awareness of company through marketing	238	333	367	417	467	504	559
Improved staff skills through training	88	78	117	133	150	162	180
Other programmes	954	964	1 000	1 167	1 267	1 368	1 522
<b>Total expense</b>	<b>255 644</b>	<b>386 779</b>	<b>425 012</b>	<b>373 114</b>	<b>458 583</b>	<b>529 861</b>	<b>637 588</b>

Table 9.12 South African Special Risks Insurance Association: Financial information

Statement of financial performance R thousand	Audited outcome			Revised estimate 2009/10	Medium-term estimate		
	2006/07	2007/08	2008/09		2010/11	2011/12	2012/13
<b>Revenue</b>							
<b>Non-tax revenue</b>	<b>546 278</b>	<b>675 953</b>	<b>777 231</b>	<b>922 659</b>	<b>1 107 735</b>	<b>1 329 968</b>	<b>1 596 826</b>
Sale of goods and services other than capital assets <i>of which:</i>	333 517	437 840	485 497	611 726	734 071	880 886	1 057 063
<i>Sales by market establishments</i>	333 517	437 840	485 497	611 726	734 071	880 886	1 057 063
<i>Other non-tax revenue</i>	212 761	238 113	291 734	310 933	373 664	449 083	539 763
<b>Total revenue</b>	<b>546 278</b>	<b>675 953</b>	<b>777 231</b>	<b>922 659</b>	<b>1 107 735</b>	<b>1 329 968</b>	<b>1 596 826</b>
<b>Expenses</b>							
<b>Current expense</b>	<b>252 699</b>	<b>383 648</b>	<b>421 720</b>	<b>368 769</b>	<b>452 944</b>	<b>522 539</b>	<b>628 071</b>
Compensation of employees	10 371	10 945	18 722	36 750	40 425	44 468	48 914
Goods and services	132 421	276 604	256 786	182 330	226 606	259 859	327 300
Depreciation	2 671	3 254	4 834	9 160	12 955	19 312	23 120
Transfers and subsidies	2 945	3 131	3 292	4 345	5 638	7 322	9 517
<b>Total expenses</b>	<b>255 644</b>	<b>386 779</b>	<b>425 012</b>	<b>373 114</b>	<b>458 582</b>	<b>529 861</b>	<b>637 588</b>
<b>Surplus / (Deficit)</b>	<b>290 634</b>	<b>289 174</b>	<b>352 219</b>	<b>549 545</b>	<b>649 153</b>	<b>800 107</b>	<b>959 238</b>
<b>Statement of financial position</b>							
Carrying value of assets	32 995	64 379	70 552	74 887	79 817	80 387	79 377
<i>of which: Acquisition of assets</i>	2 106	38 032	7 114	9 213	13 174	14 701	16 410
Investments	629 138	768 966	1 061 661	1 167 827	1 284 610	1 413 071	1 554 378
Receivables and prepayments	189 128	201 017	262 716	288 988	317 886	349 675	384 642
Cash and cash equivalents	1 552 129	1 783 523	1 792 085	1 971 294	2 168 423	2 385 265	2 623 792
<b>Total assets</b>	<b>2 403 390</b>	<b>2 817 885</b>	<b>3 187 014</b>	<b>3 502 995</b>	<b>3 850 736</b>	<b>4 228 398</b>	<b>4 642 189</b>
Accumulated surplus/deficit	2 049 729	2 338 903	2 691 122	2 957 514	3 250 707	3 568 366	3 916 154
Trade and other payables	353 661	478 982	495 892	545 481	600 029	660 032	726 035
<b>Total equity and liabilities</b>	<b>2 403 390</b>	<b>2 817 885</b>	<b>3 187 014</b>	<b>3 502 995</b>	<b>3 850 736</b>	<b>4 228 398</b>	<b>4 642 189</b>

## Expenditure trends

The South African Special Risk Insurance Association receives its revenue from insurance premiums. Between 2006/07 and 2009/10, revenue increased from R546.3 million to R992.7 million, at an average annual rate of 19.1 per cent. This is due to growth in investment income and fewer claims over the years. Over the medium term, revenue is expected to increase to R1.6 billion, at an average annual rate of 20 per cent. This is due to an expected increase in investment income and premium growth over the medium term.

Between 2006/07 and 2009/10, compensation of employees increased from R10.4 million to R36.7 million, at an average rate of 52.2 per cent, due to an increase in the staff complement and structure. Use of goods and

services also increased from R132.4 million to R182.3 million, at an average annual rate of 22.2 per cent, due to the move to the new office building. Transfers and subsidies will continue growing at an average annual rate of 16.3 per cent due to commitments in granting bursaries.

## Programme 4: Financial Management and Systems

- *Management.*
- *Supply Chain Management* develops policy that regulates the supply chain processes in the public sector, monitors policy outcomes, and facilitates and manages transversal term contracts on behalf of government.
- *Financial Systems* maintains and improves existing financial management systems, and replaces outdated systems with those that comply with the Public Finance Management Act (1999) and generally recognised accounting practice.

Funding for all subprogrammes will mainly be used for compensation of employees and related expenditure in goods and services, as well as payments of consultants.

### Objectives and measures

- Improve supply chain management by:
  - rolling out revised preferential procurement regulations at all national and provincial departments, constitutional institutions, public entities and municipalities in 2010/11
  - rolling out a revised supply chain management framework in 2010/11
  - revising and issuing a supply chain management guide for accounting officers in 2010/11
  - monitoring supply chain management compliance by submitting reports in October 2010 to Cabinet and the standing committee on public accounts as an integral component of the capability and maturity framework
  - improving value for money on contracts by quantifying economic benefits for applying strategic sourcing methodologies to 4 strategic transversal term contracts in 2010/11
  - introducing strategic sourcing to 90 per cent of all national and provincial departments, constitutional institutions, public entities and high capacity municipalities in 2010/11
  - attending to grievances about supply chain management processes within 5 working days, unless further research is required.
- Maintain government's current financial systems at a level of 98 per cent availability to users by implementing the third phase of the integrated financial management system, which will focus on rolling out the completed modules (procurement management, human resource management and asset management) and fast tracking the development and implementation of the remaining modules in 2010/11.

### Service delivery focus

While the integrated financial management system project continues, the procurement management and human resource management modules are in the process of being customised and deployed at the selected lead sites. The development of the asset management module was completed in 2009/10 and the module is being implemented at the lead site.

In 2010/11, focus will be on rolling out the asset management module and the procurement management module at small to medium sized national departments and the rollout to large national departments and provinces will be targeted in 2011/12.

The project finalised the specifications of other supply chain management modules to be developed by the time the contracting model is finalised. The focus in 2010/11 will be on contracting development partners to design the remaining integrated financial management system modules to ensure the complete solution is ready for roll-out by 2012/13. The key challenge that remains is the transformation of the State Information Technology Agency into the primary systems integrator, as per the Cabinet directive.

## Expenditure estimates

Table 9.13 Financial Management and Systems

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R thousand							
Management	1 342	1 334	1 510	1 746	1 896	1 958	2 048
<i>Deputy Director-General Specialist Functions</i>	1 342	1 334	1 510	1 746	1 896	1 958	2 048
Supply Chain Management	20 309	28 792	20 752	38 108	38 967	40 485	42 222
<i>Chief Directorate Supply Chain Policy</i>	9 257	14 608	4 370	17 061	16 481	16 712	17 020
<i>Chief Directorate Contract Management</i>	5 473	8 654	10 567	16 192	17 314	18 382	19 488
<i>Chief Directorate Norms and Standards</i>	5 579	5 530	5 815	4 855	5 172	5 391	5 714
Financial Systems	169 121	231 321	250 458	459 525	457 844	466 360	472 387
PERSAL	39 694	41 825	46 242	52 048	53 232	53 354	53 677
Logis	42 025	45 200	50 124	55 157	58 015	58 127	58 352
Vulindlela	16 841	22 808	23 635	26 104	26 722	28 713	30 473
BAS	47 069	48 334	55 917	60 955	62 797	65 939	66 308
<i>Integrated Financial Management System</i>	10 785	59 409	59 689	249 046	239 326	240 894	243 301
<i>Operational Costs</i>	12 707	13 745	14 851	16 215	17 752	19 333	20 276
<b>Total</b>	<b>190 772</b>	<b>261 447</b>	<b>272 720</b>	<b>499 379</b>	<b>498 707</b>	<b>508 803</b>	<b>516 657</b>
Change to 2009 Budget estimate				(112 325)	(145 278)	(160 494)	-
<b>Economic classification</b>							
<b>Current payments</b>	<b>188 827</b>	<b>260 678</b>	<b>270 386</b>	<b>497 181</b>	<b>497 865</b>	<b>507 968</b>	<b>515 780</b>
Compensation of employees	28 666	30 259	33 438	40 836	43 801	46 659	48 972
Goods and services	160 161	230 419	236 948	456 345	454 064	461 309	466 808
<i>of which:</i>							
<i>Administrative fees</i>	323	482	651	141	713	741	774
<i>Advertising</i>	88	46	123	72	194	218	226
<i>Assets less than the capitalisation threshold</i>	35	91	55	99	110	126	124
<i>Audit cost: External</i>	887	580	310	820	1 150	1 222	1 294
<i>Bursaries: Employees</i>	137	69	71	419	448	458	465
<i>Catering: Departmental activities</i>	113	120	106	153	247	259	270
<i>Communication</i>	594	580	630	900	984	1 058	1 145
<i>Computer services</i>	151 468	222 059	228 603	443 677	438 918	444 670	448 622
<i>Consultants and professional services: Business and advisory services</i>	171	695	80	1 100	289	304	308
<i>Contractors</i>	66	40	16	89	83	96	108
<i>Agency and support / outsourced services</i>	-	-	213	-	-	-	-
<i>Entertainment</i>	10	15	14	29	20	20	20
<i>Inventory: Materials and supplies</i>	-	2	-	4	4	5	6
<i>Inventory: Other consumables</i>	2	-	-	-	-	-	-
<i>Inventory: Stationery and printing</i>	637	387	639	714	884	972	1 053
<i>Lease payments</i>	399	461	459	839	2 300	2 828	3 353
<i>Property payments</i>	-	1	-	-	-	-	-
<i>Travel and subsistence</i>	1 207	859	1 369	1 638	2 166	2 415	2 624
<i>Training and development</i>	679	355	82	650	648	586	628
<i>Operating expenditure</i>	66	48	65	93	72	72	73
<i>Venues and facilities</i>	3 279	3 529	3 462	4 908	4 834	5 259	5 715
<b>Transfers and subsidies</b>	<b>27</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Provinces and municipalities	27	-	-	-	-	-	-
<b>Payments for capital assets</b>	<b>1 917</b>	<b>763</b>	<b>2 333</b>	<b>2 198</b>	<b>842</b>	<b>835</b>	<b>877</b>
Machinery and equipment	1 917	763	2 333	2 198	842	835	877
Biological assets	-	-	-	-	-	-	-
<b>Payments for financial assets</b>	<b>1</b>	<b>6</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>190 772</b>	<b>261 447</b>	<b>272 720</b>	<b>499 379</b>	<b>498 707</b>	<b>508 803</b>	<b>516 657</b>

## Expenditure trends

Between 2006/07 and 2009/10, expenditure increased at an average annual rate of 37.8 per cent, from R190.8 million to R499.4 million driven largely by spending on machinery and equipment, which grew by 205.8 per cent in 2008/09. This was mainly due to accelerating the implementation of the integrated financial management systems project and the ongoing maintenance work on the legacy systems, such as the basic accounting system, Logis, Persal and Vulindlela.

Over the MTEF period, expenditure is expected to increase marginally from R499.4 million to R516.7 million, at an average annual rate of 1.1 per cent due to adjustments for inflation. Over the medium term, spending will focus on the implementation of the integrated financial management system.

## Programme 5: Financial Accounting and Reporting

- *Financial Reporting for National Accounts* is responsible for accounting for the National Revenue Fund and the Reconstruction and Development Programme Fund, banking services for national government, providing support to all spheres of government in implementing financial reporting frameworks, and preparing consolidated financial statements.
- *Financial Management Improvement* includes improving financial management, developing the reporting frameworks in line with international and local best practice, developing and implementing accounting policies, and improving the financial management and internal audit capacity within government.
- *Service Charges (Commercial Banks)* provides for bank service charges for all departments' deposit accounts.
- *Audit Statutory Bodies* provides for compensation for certain shortfalls of statutory bodies and municipalities in terms of the Auditor-General Act (1995).

Funding for all subprogrammes will mainly be used for compensation of employees and related expenditure in goods and services, as well as transfer payments.

### Objectives and measures:

- Improve financial management in government by:
  - participating in developing local and international standards in accounting, internal audit and risk management by formulating and publishing accounting standards with the Accounting Standards Board on an ongoing basis
  - establishing a dedicated local government support team in the Office of the Accountant-General to respond to the increasing demand from local governments by March 2010
  - rolling out all generally recognised accounting practice standards, as approved for implementation by the Minister of Finance, as well as the relevant financial reporting frameworks and the revised risk management and internal audit frameworks by July 2010
  - rolling out the financial management capability maturity model for the three spheres of government and using its reports to enhance support initiatives over the MTEF period
  - implementing a capacity building model for financial management over the MTEF period to strengthen financial management skills
  - rolling out capacity building programmes in financial management, internal audit and risk management by March 2011 to improve audit outcomes in all spheres of government.
- Achieve transparency and accountability to the general public by publishing and, where applicable, tabling by October 2010 the monthly statement of the National Revenue Fund, consolidated financial information for national government, and the annual financial statements of the reconstruction and development programme.
- Monitor compliance with the Public Finance Management Act (1999) and the Municipal Financial Management Act (2003) by submitting progress reports in August and November 2010 on the improvement of financial management.

- Enhance the legislative framework by submitting amendments to the Public Finance Management Act (1999) and the Municipal Financial Management Act (2003) to Cabinet by October 2010.
- Build forensic investigative capacity to obtain assurance on systems of financial management, institutional integrity and institutional performance in national, provincial and local government institutions, and investigate fraud and corruption in national, provincial and local government institutions in cooperation with other relevant agencies by March 2011.
- Maintain National Treasury's status as a South African Institute of Chartered Accountants accredited training office for the training outside public practice programme, and expand the programme to 3 metros by March 2011.

## Service delivery focus

Internship programmes such as the training outside public practice programme, which started in 2008/09 with 10 interns and 14 currently in the programme 2009/10, will continue to add to the talent pool, especially in the scarce skills area. There is room for a collaborative effort between National Treasury, the South African Institute of Chartered Accountants and local government metros to expand the programme to a wider public sector base. The proposed new framework for chartered accountants will result in attracting more trainees to the public sector in 2010/11.

A special audit unit aimed at combating fraud and corruption in all government entities will be established in 2010/11 in collaboration with law enforcement agencies, the auditor-general and other relevant stakeholders to ensure that non-compliance with legislation and the undermining of good financial management are curbed. The unit will also lead the supply chain management compliance task team aimed at eliminating fraud and corruption in procuring goods and services by government.

Rolling out the financial management capability model in 2010/11 is aimed at providing an accurate indicator of the weaknesses and the extent of the need for support and capacity building in the different spheres of government, and to focus support in areas where it is most needed, such as training public servants and developing their skills.

## Expenditure estimates

Table 9.14 Financial Accounting and Reporting

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R thousand							
Financial Reporting for National Accounts	46 829	62 973	67 148	82 059	85 997	90 807	95 412
Financial Management Improvement	12 646	18 409	29 324	48 603	120 909	123 703	128 230
Investment of Public Monies	–	–	–	1	1	1	1
Service Charges: Commercial Banks	62	66	87	106	120	130	130
Audit Statutory Bodies	11 854	23 800	106 428	19 038	21 353	23 976	24 964
Contingent Liabilities: Reinsurance Liabilities	–	1	–	1	1	1	1
<b>Total</b>	<b>71 391</b>	<b>105 249</b>	<b>202 987</b>	<b>149 808</b>	<b>228 381</b>	<b>238 618</b>	<b>248 738</b>
Change to 2009 Budget estimate				26 434	91 606	94 334	–
<b>Economic classification</b>							
Current payments	42 488	57 572	68 305	100 273	172 267	179 746	186 972
Compensation of employees	21 405	24 524	30 656	56 613	81 211	86 662	92 891
Goods and services	21 083	33 048	37 649	43 660	91 056	93 084	94 081
<i>of which:</i>							
Administrative fees	830	1 306	2 141	1 748	1 006	1 095	1 109
Advertising	199	393	205	555	875	857	891
Assets less than the capitalisation threshold	58	80	85	529	524	557	536
Audit cost: External	3 225	5 134	3 014	6 114	6 363	6 751	9 378
Bursaries: Employees	61	86	302	221	612	652	634
Catering: Departmental activities	84	128	143	662	458	484	512

Table 9.14 Financial Accounting and Reporting (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
<b>Economic classification</b>							
Current payments	42 488	57 572	68 305	100 273	172 267	179 746	186 972
Communication	167	201	248	281	401	440	459
Computer services	135	58	32	3 279	6 369	1 370	1 372
Consultants and professional services: Business and advisory services	4 807	10 647	4 962	10 918	34 585	42 105	39 238
Consultants and professional services: Legal costs	–	722	–	–	–	–	–
Contractors	1 476	15	190	135	296	255	266
Agency and support / outsourced services	–	–	8 673	170	2 231	2 192	2 035
Entertainment	16	12	24	59	87	87	87
Inventory: Food and food supplies	–	–	–	–	–	124	72
Inventory: Materials and supplies	22	–	–	1	1	1	1
Inventory: Other consumables	3	–	1	2	3	3	3
Inventory: Stationery and printing	747	851	828	1 556	2 025	2 050	2 093
Lease payments	62	53	98	152	142	155	159
Travel and subsistence	2 103	2 949	4 961	4 702	16 963	17 511	18 081
Training and development	3 506	5 199	5 108	9 669	12 141	12 579	12 608
Operating expenditure	148	194	382	227	696	768	802
Venues and facilities	3 434	5 020	6 252	2 680	5 278	3 048	3 745
Transfers and subsidies	27 763	47 438	134 097	48 600	52 589	57 042	59 894
Provinces and municipalities	19	–	–	–	–	–	–
Departmental agencies and accounts	27 494	47 138	134 097	48 300	52 189	56 672	59 543
Households	250	300	–	300	400	370	351
Payments for capital assets	1 139	239	577	935	3 525	1 830	1 872
Machinery and equipment	1 139	239	577	935	3 525	1 830	1 872
Payments for financial assets	1	–	8	–	–	–	–
<b>Total</b>	<b>71 391</b>	<b>105 249</b>	<b>202 987</b>	<b>149 808</b>	<b>228 381</b>	<b>238 618</b>	<b>248 738</b>
<b>Details of transfers and subsidies</b>							
<b>Provinces and municipalities</b>							
<b>Municipalities</b>							
<b>Municipal bank accounts</b>							
Current	19	–	–	–	–	–	–
Regional Services Council levies	19	–	–	–	–	–	–
<b>Departmental agencies and accounts</b>							
<b>Departmental agencies (non-business entities)</b>							
Current	22 735	40 895	126 686	41 058	44 651	48 702	51 174
Auditor-General	11 854	23 800	106 428	19 038	21 353	23 976	24 964
Independent Regulatory Board for Auditors	10 881	17 095	20 258	22 018	23 296	24 724	26 208
Investment of Public Monies	–	–	–	1	1	1	1
Contingent Liabilities: Reinsurance Liabilities	–	–	–	1	1	1	1
Capital	4 759	6 243	7 411	7 242	7 538	7 970	8 369
Accounting Standards Board	4 759	6 243	7 411	7 242	7 538	7 970	8 369
<b>Households</b>							
<b>Social benefits</b>							
Current	250	300	–	300	400	370	351
Bursaries: Non-employees	250	300	–	300	400	370	351

## Expenditure trends

Between 2006/07 and 2009/10, expenditure increased at an average annual rate of 28 per cent, from R71.4 million to R149.8 million, mainly due to the increase in the programme's establishment, the training outside public practice programme and costs for formulating the financial management capability maturity model.

From 2007/08 to 2008/09, expenditure increased by 92.9 per cent, from R105.2 million to R203 million, due to a once-off payment to the auditor-general.

Over the MTEF period, expenditure is expected to increase at an average annual rate of 18.4 per cent, from R149.8 million in 2009/10 to R248.7 million in 2012/13, mainly due to the establishment of the special audit services unit. The unit will intervene to rectify breakdowns in financial management at national, provincial and local government, and investigate fraud and corruption.

## Public entities

### The Accounting Standards Board

#### Strategic overview: 2006/07 – 2012/13

The Accounting Standards Board is a statutory body established in terms of the Public Finance Management Act (1999) to set standards of generally recognised accounting practice for all spheres of government. A further function of the board is to promote the effective management of revenue, expenditure, and assets and liabilities of the entities to which the standards apply, and to ensure that there is transparent reporting on these.

The board has completed the development of a core set of standards for implementation by all spheres of government, and approved generally recognised accounting practice standards for impairment, financial instruments and employee benefits.

For 2010/11, the focus of the board's work programme will be: the completion of generally recognised accounting practice standards for related parties, segment reporting, narrative reporting and service outcomes; international cooperation with the International Public Sector Accounting Standards Board to develop international public sector accounting standards and facilitate the concurrent exposure of the proposed international standards in South Africa, and convergence with the International Accounting Standards Board on standards that are sector neutral; local initiatives to fill public sector gaps, including a guide on public sector specific financial instruments and a generally recognised accounting practice standard on social policy obligations; the development of accounting and reporting guidelines, and undertaking research in identified areas of financial reporting; and initiatives to facilitate the implementation of generally recognised accounting practice standards in all spheres of government.

The implementation of the generally recognised accounting practice standards will lead to improved decision making, allocation of resources and accountability, as all spheres of government will be preparing financial statements that are comparable.

#### Selected performance indicators

Table 9.15 Accounting Standards Board

Indicator	Past			Current	Projections		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Total number of documents completed related to setting generally recognised accounting standards	16	12	12	12	12	21	21

#### Service delivery focus

To date, the board has issued 26 standards of generally recognised accounting practice, written the preface to the Standards of Generally Recognised Accounting Practice and developed a framework for preparing and presenting financial statements. In 2009/10, the standards were ready to be implemented by those entities in the public sector and local government operating on accrual accounting. In 2008/09, the board issued the following

international documents for local comment: agriculture, intangible assets, entity combinations from exchange transactions; 3 standards on financial instruments on presenting, recognising and measurement and disclosure; and concurrent exposure of improvements to international public sector accounting standards.

The board aims to issue standards of generally recognised accounting practices on related parties, segment reporting, narrative reporting and service outcomes in 2010/11. Over the medium term, the board will focus on maintaining a core set of standards and on public sector specific issues such as developing international public sector standards. The board will also concentrate on difficulties experienced in facilitating implementation by spheres other than local government.

## Expenditure estimates

Table 9.16 Accounting Standards Board: Programme information

R thousand	Audited outcome			Revised estimate 2009/10	Medium-term estimate		
	2006/07	2007/08	2008/09		2010/11	20011/12	2012/13
Setting Public Sector Accounting Standards	4 950	6 497	7 625	7 406	7 623	8 055	8 457
<b>Total expense</b>	<b>4 950</b>	<b>6 497</b>	<b>7 625</b>	<b>7 406</b>	<b>7 623</b>	<b>8 055</b>	<b>8 457</b>

Table 9.17 Accounting Standards Board: Financial information

Statement of financial performance R thousand	Audited outcome			Revised estimate 2009/10	Medium-term estimate		
	2006/07	2007/08	2008/09		2010/11	20011/12	2012/13
<b>Revenue</b>							
Non-tax revenue	96	211	112	95	85	85	89
<i>Other non-tax revenue</i>	96	211	112	95	85	85	89
Transfers received	4 759	6 243	7 411	7 242	7 538	7 970	8 369
<b>Total revenue</b>	<b>4 855</b>	<b>6 454</b>	<b>7 523</b>	<b>7 337</b>	<b>7 623</b>	<b>8 055</b>	<b>8 458</b>
<b>Expenses</b>							
Current expense	4 950	6 497	7 625	7 406	7 623	8 055	8 457
Compensation of employees	2 873	3 844	4 316	4 824	5 163	5 448	5 722
Goods and services	1 906	2 492	3 155	2 427	2 377	2 562	2 714
Depreciation	171	161	154	155	83	45	21
<b>Total expenses</b>	<b>4 950</b>	<b>6 497</b>	<b>7 625</b>	<b>7 406</b>	<b>7 623</b>	<b>8 055</b>	<b>8 457</b>
<b>Surplus / (Deficit)</b>	<b>(95)</b>	<b>(43)</b>	<b>(102)</b>	<b>(69)</b>	<b>-</b>	<b>-</b>	<b>1</b>
<b>Statement of financial position</b>							
Carrying value of assets	462	418	314	159	76	31	10
<i>of which: Acquisition of assets</i>	77	133	52	-	-	-	-
Receivables and prepayments	77	158	141	141	141	141	141
Cash and cash equivalents	1 451	995	1 215	471	471	471	471
<b>Total assets</b>	<b>1 990</b>	<b>1 571</b>	<b>1 670</b>	<b>771</b>	<b>688</b>	<b>643</b>	<b>622</b>
Accumulated surplus/deficit	462	418	314	246	96	14	(9)
Trade and other payables	594	551	518	431	498	535	537
Provisions	67	166	94	94	94	94	94
Liabilities not classified elsewhere	867	436	744	-	-	-	-
<b>Total equity and liabilities</b>	<b>1 990</b>	<b>1 571</b>	<b>1 670</b>	<b>771</b>	<b>688</b>	<b>643</b>	<b>622</b>

## Expenditure trends

The Accounting Standards Board is funded by transfers from National Treasury. Transfers increased from R4.8 million in 2006/07 to R7.2 million in 2009/10, at an average annual rate of 15 per cent. Over the MTEF period, the transfer payment is expected to increase to R8.4 million, at an average annual rate of 4.9 per cent.

Total spending is driven by compensation of employees, which comprises 63.1 per cent of the board's expenditure. Spending on compensation of employees grew at an average annual rate of 18.9 per cent between

2006/07 and 2009/10 due to higher spending in compensation of employees. The deficits incurred from 2006/07 to 2009/10 were funded from cash and reserves.

## The Independent Regulatory Board for Auditors

### Strategic overview: 2006/07 – 2012/13

The Independent Regulatory Board for Auditors was established in terms of the Auditing Profession Act (2005), and came into effect in April 2006. The goal of the board is to protect the public that relies on the services of registered auditors and to support registered auditors. The board has strategic influence in the financial services regulatory environment.

In 2005/06 and 2006/07, the board focused on creating and implementing the legislated, regulated and operational structures, frameworks, policy and procedures of the act.

The objectives of the board over the medium term are to develop and maintain auditing and ethical standards that are internationally comparable, provide an appropriate framework for the education and training of properly qualified auditors, inspect and review the work of registered auditors, and investigate and take appropriate action against registered auditors who do not comply with standards and are guilty of improper conduct.

### Savings and cost effective service delivery

Approximately 60 per cent of the board's total operating costs relate to employee costs, where savings are not possible, as the board already has a lean staff complement. Areas where savings have been implemented include changing all local travel to economy class and using teleconferencing instead of physical meetings.

### Selected performance indicators

Table 9.18 Independent Regulatory Board for Auditors

Indicator	Past			Current	Projections		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Number of registered auditors re-registered per year	4 419	4 345	4 260	4 293	4 100	3 800	3 500
Number of new registrations per year	390	300	500	231	108	108	108
Number of disciplinary case files opened per year	149	149	149	140	135	135	135
Number of disciplinary case files disposed of per year	145	145	145	135	130	130	130

### Service delivery focus

In 2008/09, the organisation continued to have discussions with American and European regulators to mutually recognise their regulatory process. It is also a member of the International Forum of Independent Audit Regulators, whose global competitiveness survey placed South Africa fourth out of 134 countries' competitiveness survey.

The board participates in several international projects such as the International Ethics Standards Board for Accounts projects and serves on various international committees such as the Public Company Accounting Oversight Board of the United States of America and the International Federation of Accountants, to fulfil its mandate of issuing auditing and ethics standards that are internationally comparable. The board was also a founding member of the International Forum of Independent Audit Regulators and plays an active role in influencing the regulation of auditors internationally. The board operates with the support of several statutory committees, which means that a considerable portion of its expenses are allocated to travelling costs and attendance fees.

The board invests substantially in technology such as integrated information management systems in its new building to provide services to registered auditors that are effective, efficient and responsive to developments in IT. The board continues to roll out its stakeholder management plan, while growing the number of registered auditors and investing in strategies to raise awareness about the auditing profession. Gaining recognition of the board's inspection processes has been prioritised. In 2009/10, revising the Auditing Profession Act (2005) is a high priority and will result in cost savings once the project is completed.

## Expenditure estimates

Table 9.19 Independent Regulatory Board for Auditors: Programme information

R thousand	Audited outcome			Revised estimate 2009/10	Medium-term estimate		
	2006/07	2007/08	2008/09		2010/11	2011/12	2012/13
Audit Standards	2 242	2 985	3 568	4 380	5 343	5 748	6 179
Practice Review	11 972	15 939	19 053	17 002	17 348	18 678	20 135
Legal - Disciplinary	4 351	5 792	6 924	9 645	11 743	12 694	13 809
Education and training	3 851	5 127	6 129	6 782	7 168	7 897	8 506
Other activities	11 762	14 570	20 980	24 365	20 444	19 834	20 164
<b>Total expense</b>	<b>34 178</b>	<b>44 413</b>	<b>56 654</b>	<b>62 173</b>	<b>62 046</b>	<b>64 850</b>	<b>68 794</b>

Table 9.20 Independent Regulatory Board for Auditors: Financial information

Statement of financial performance R thousand	Audited outcome			Revised estimate 2009/10	Medium-term estimate		
	2006/07	2007/08	2008/09		2010/11	2011/12	2012/13
<b>Revenue</b>							
<b>Non-tax revenue</b>	<b>26 150</b>	<b>31 015</b>	<b>33 996</b>	<b>36 765</b>	<b>38 750</b>	<b>40 126</b>	<b>42 586</b>
Sale of goods and services other than capital assets <i>of which:</i>	25 585	30 584	33 640	36 651	38 590	39 954	42 401
Admin fees	2 028	1 508	724	-	-	-	-
Sales by market establishments	13 053	14 745	17 037	22 813	24 700	26 681	28 762
Other sales	10 504	14 331	15 879	13 838	13 890	13 273	13 639
Other non-tax revenue	565	431	356	114	160	172	185
Transfers received	10 881	17 095	20 258	22 018	23 296	24 724	26 208
<b>Total revenue</b>	<b>37 031</b>	<b>48 110</b>	<b>54 254</b>	<b>58 783</b>	<b>62 046</b>	<b>64 850</b>	<b>68 794</b>
<b>Expenses</b>							
<b>Current expense</b>	<b>34 178</b>	<b>44 413</b>	<b>56 654</b>	<b>62 173</b>	<b>62 046</b>	<b>64 850</b>	<b>68 794</b>
Compensation of employees	17 953	24 723	27 078	32 388	36 385	39 276	42 397
Goods and services	15 360	18 879	28 335	27 731	23 657	23 421	24 081
Depreciation	721	700	1 173	1 871	1 879	1 997	1 817
Interest, dividends and rent on land	144	111	68	183	125	157	499
<b>Total expenses</b>	<b>34 178</b>	<b>44 413</b>	<b>56 654</b>	<b>62 173</b>	<b>62 046</b>	<b>64 850</b>	<b>68 794</b>
<b>Surplus / (Deficit)</b>	<b>2 853</b>	<b>3 697</b>	<b>(2 400)</b>	<b>(3 390)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Statement of financial position</b>							
Carrying value of assets	5 922	5 734	9 676	8 926	8 387	7 890	7 403
<i>of which: Acquisition of assets</i>	1 934	512	9 218	988	1 340	1 500	1 330
Receivables and prepayments	2 563	5 852	6 274	4 650	4 650	4 650	4 650
Cash and cash equivalents	4 870	5 443	1 553	5 662	21	(7 885)	(16 853)
Assets not classified elsewhere	-	-	3 640	-	-	-	-
<b>Total assets</b>	<b>13 355</b>	<b>17 029</b>	<b>21 143</b>	<b>19 238</b>	<b>13 058</b>	<b>4 655</b>	<b>(4 799)</b>
Accumulated surplus/deficit	3 143	6 159	4 018	608	(5 658)	(13 834)	(23 088)
Capital and reserves	6 348	6 671	7 126	13 964	14 294	14 622	14 949
Borrowings	981	695	3 286	3 176	3 054	2 868	2 339
Trade and other payables	2 883	3 504	6 713	1 491	1 368	1 000	1 000
<b>Total equity and liabilities</b>	<b>13 355</b>	<b>17 029</b>	<b>21 143</b>	<b>19 238</b>	<b>13 058</b>	<b>4 655</b>	<b>(4 800)</b>

## Expenditure trends

The operations of the Independent Regulatory Board for Auditors are funded by revenue from exchange transactions and government transfers. The exchange transactions comprise annual licence fees, examination fees, practice review fees, registration fees and revenue derived from the administration of training contracts.

From 2006/07 to 2008/09, the board received about 30 per cent of its funding of its total budget from National Treasury, specifically to assist with the implementation of the Auditing Profession Act (2005).

Revenue increased from R37 million in 2006/07 to R58.8 million in 2009/10, at an average annual rate of 17 per cent, and is expected to increase to R68.8 million over the medium term, at an average annual rate of 5.4 per cent. This is due to a decline in practice review revenue and increased costs for consultants. Over the medium term, the new Companies Act (2008) is expected to result in a decrease in the number of registered auditors, which will reduce the board's revenue.

Expenditure increased from R34.2 million in 2006/07 to R62.2 million in 2009/10, and is expected to increase to R68.8 million over the medium term, at an average annual rate of 3.4 per cent. Operating expenses increased from R34.2 million in 2006/07 to R56.7 million in 2008/09, due to the full implementation of the Auditing Profession Act (2005). This increased operational activity. In December 2008, the board sold its old premises and moved into new premises to cater for the increase in the staff complement, which has nearly doubled. This also increased operational costs as the new premises are leased.

In terms of a ruling issued by the South Africa Revenue Service, the Independent Regulatory Board for Auditors was required to deregister for value added tax with effect from 31 August 2009. Value added tax increases operating costs by R2.4 million in 2009/10 to R4 million in 2012/13. No funding has been obtained for this additional cost.

Over the medium term, the board expects to replace the current database and operating system to comply with the requirements of the Auditing Profession Act (2005).

The board continues to engage with National Treasury to identify options to address the deficits incurred in 2008/09 and the projected deficit for 2009/10. However, this entity has adequate cash and reserves to fund these deficits.

## **Programme 6: Economic Policy and International Financial Relations**

- *Management and Research* funds the department's economic research programme, including promoting the research capacity of local academic researchers in areas such as economic growth, macroeconomic stability, poverty alleviation, retirement reform, financial sector development and regional integration.
- *Financial Sector Policy* provides policy advice on the financial sector, including legislation and the regulatory framework. Key strategic focus areas include retirement reform, financial stability and financial sector access and transformation.
- *Tax Policy* provides advice on the formulation of tax policy. It is also responsible for drafting tax legislation, tax revenue analysis and forecasting.
- *International Economics* focuses on improving South Africa's participation in international economic institutions and debates. It also facilitates the deepening of South Africa's role in regional integration (SADC and the Southern African Customs Union) and works through key economic institutions such as the African Development Bank, the United Nations Economic Commission for Africa and the New Partnership for Africa's Development.
- *Economic Policy* provides macroeconomic, microeconomic, forecasting and regulatory technical and policy analysis for the annual budget and other government processes, and policy review.

Funding for all subprogrammes will be used mainly for compensation of employees, and related expenditure in goods and services.

### **Objectives and measures**

- Improve the country's macroeconomic framework by continuously publishing research papers and proposals on: promoting growth, macroeconomic stability, retirement reform and related policy areas.
- Review and strengthen the regulatory framework for the financial sector by continuing to implement the Basle II capital accord, which came into effect on 1 January 2008.

- Develop tax policy proposals for the annual Budget, prepare legislative changes to support tax proposals, and monitor the collection of revenue through ongoing consultation with relevant stakeholders and consideration of contributing factors.
- Improve South Africa's participation in international economic institutions like the International Monetary Fund, the World Bank, the G20 and the African Development Bank, including the reform of the Bretton Woods institutions.
- Promote regional economic integration in SADC, and strengthen economic links within Africa by:
  - continuing support in SADC forums
  - supporting the Southern African Customs Union to meet regional challenges including the existing revenue sharing formula.

## Service delivery focus

In 2008/09, the final research papers of the International Growth Advisory Panel were released to the public. The Financial Services Laws General Amendment Bill was also presented to Cabinet. A research paper on prudential foreign exposure limits was finalised for institutional investors, and National Treasury's 2008 Tax Statistics, published late in 2008, provides a detailed breakdown of tax revenues by income categories and sectors.

Continuously creating and maintaining a policy and regulatory environment conducive to a regionally and internationally integrated and thriving economy remains a key area of delivery for National Treasury. The Treasury will, over the MTEF period, continue providing high quality quantitative and analytically based policy guidance to develop and maintain growth oriented and sound micro and macroeconomic policies.

An effective, equitable and modern tax policy framework and collection system will be developed to ensure sustainable growth and delivery on government's mandate to address the needs of all South Africans. Continued resources will be dedicated to strengthening financial relations in Southern Africa, and ensuring that the country meets international expectations in its financial leadership role on the continent.

## Expenditure estimates

Table 9.21 Economic Policy and International Financial Relations

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R thousand							
Management and Research	14 766	10 825	16 129	24 621	26 283	27 365	28 300
Financial Sector Policy	14 502	16 087	19 436	21 738	25 949	28 516	29 773
Tax Policy	11 514	12 411	15 548	18 862	24 809	26 695	28 470
International Economics	9 619	13 142	18 826	18 690	20 708	22 489	23 532
Economic Policy	18 537	40 729	20 355	19 551	26 972	30 231	31 873
<b>Total</b>	<b>68 938</b>	<b>93 194</b>	<b>90 294</b>	<b>103 462</b>	<b>124 721</b>	<b>135 296</b>	<b>141 948</b>
Change to 2009 Budget estimate				15 831	30 176	35 964	-
<b>Economic classification</b>							
Current payments	64 185	90 175	84 353	97 833	118 931	129 643	136 262
Compensation of employees	30 914	37 092	46 346	67 694	88 795	98 147	103 421
Goods and services	33 271	53 083	38 007	30 139	30 136	31 496	32 841
<i>of which:</i>							
<i>Administrative fees</i>	1 005	1 532	2 598	1 672	1 161	1 153	1 197
<i>Advertising</i>	264	534	602	360	501	545	544
<i>Assets less than the capitalisation threshold</i>	80	38	86	127	153	157	162
<i>Bursaries: Employees</i>	60	180	203	425	420	445	469
<i>Catering: Departmental activities</i>	445	449	252	366	565	568	571
<i>Communication</i>	319	700	594	542	697	747	800
<i>Computer services</i>	131	326	105	152	339	369	372

Table 9.21 Economic Policy and International Financial Relations (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
<b>Economic classification</b>							
<b>Current payments</b>							
<i>Consultants and professional services:</i>	18 643	14 552	8 789	11 446	7 860	8 099	8 494
<i>Business and advisory services</i>							
<i>Consultants and professional services:</i>	118	–	86	–	40	40	40
<i>Legal costs</i>							
<i>Contractors</i>	12	18	14	55	58	61	64
<i>Agency and support / outsourced services</i>	–	–	1 865	245	247	257	272
<i>Entertainment</i>	24	30	27	64	66	67	67
<i>Inventory: Food and food supplies</i>	–	21	–	–	–	–	–
<i>Inventory: Fuel, oil and gas</i>	–	–	–	2	–	–	–
<i>Inventory: Materials and supplies</i>	1	–	–	3	–	–	–
<i>Inventory: Other consumables</i>	–	–	2	3	3	3	3
<i>Inventory: Stationery and printing</i>	962	1 855	1 523	1 037	1 758	1 839	1 928
<i>Lease payments</i>	183	6 632	124	154	335	347	359
<i>Travel and subsistence</i>	7 373	15 013	13 198	8 485	11 207	11 854	12 392
<i>Training and development</i>	475	651	1 170	1 149	1 002	1 086	1 128
<i>Operating expenditure</i>	1 636	3 358	2 105	3 112	2 384	2 484	2 544
<i>Venues and facilities</i>	1 540	7 194	4 664	740	1 340	1 375	1 435
<b>Transfers and subsidies</b>	<b>3 526</b>	<b>2 285</b>	<b>5 000</b>	<b>5 000</b>	<b>5 000</b>	<b>5 000</b>	<b>5 000</b>
Provinces and municipalities	26	–	–	–	–	–	–
Universities and technikons	3 500	2 285	5 000	5 000	5 000	5 000	5 000
<b>Payments for capital assets</b>	<b>1 222</b>	<b>731</b>	<b>939</b>	<b>629</b>	<b>790</b>	<b>653</b>	<b>686</b>
Machinery and equipment	1 222	731	939	629	790	653	686
<b>Payments for financial assets</b>	<b>5</b>	<b>3</b>	<b>2</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total</b>	<b>68 938</b>	<b>93 194</b>	<b>90 294</b>	<b>103 462</b>	<b>124 721</b>	<b>135 296</b>	<b>141 948</b>
<b>Details of transfers and subsidies</b>							
<b>Provinces and municipalities</b>							
<b>Municipalities</b>							
<b>Municipal bank accounts</b>							
Current	26	–	–	–	–	–	–
Regional Services Council levies	26	–	–	–	–	–	–
<b>Universities and technikons</b>							
Current	3 500	2 285	5 000	5 000	5 000	5 000	5 000
University of Cape Town	3 500	2 285	5 000	5 000	5 000	5 000	5 000

## Expenditure trends

Expenditure increased from R68.9 million in 2006/07 to R103.5 million in 2009/10, at an average annual rate of 14.5 per cent, mainly due to an increase in capacity from 2008/09 onwards to cater for: the international relations economic division, research work including research for regulatory impact analysis and microeconomic analysis; and the implication of policy advice and implementation on legislation, including tax, pensions and banking regulation.

Expenditure over the MTEF period is expected to increase from R103.5 million to R141.9 million, at an average annual rate of 11.1 per cent. This is due to the increase in capacity for the international relations economic division, improvements to the functioning of the financial regulatory system and enhancements to economic policy proposals over the MTEF period.

## Public entity

### Financial Services Board

Strategic overview: 2006/07 – 2012/13

The Financial Services Board is a statutory body established in terms of the Financial Services Board Act (1990) to supervise and regulate the non-banking financial services industry in these areas: long term and short term insurance, retirement funds and friendly societies, financial service providers, collective investment schemes and capital markets. The board is responsible for ensuring that the regulated entities comply with the relevant legislation as well as capital adequacy requirements to promote the financial soundness of these entities and thus the protection of the investment community.

On the legislative front, the General Financial Services Laws Amendment Act (2008) gave the registrar of the board additional enforcement capabilities, and it has allowed the board to license hedge fund managers. The introduction of the Financial Advisory and Intermediary Services Act (2002) in September 2004 expanded the mandate of the board to include aspects of market conduct in both the banking and non-banking financial services industries. In addition, the Financial Intelligence Centre Act (2001) has added another dimension to the jurisdiction of the board, in terms of monitoring compliance with anti-money laundering and combating the financing of terrorism provisions. The board also advises the Minister of Finance through various advisory committees comprising of industry experts. A further function of the board is to promote programmes and initiatives by financial institutions and bodies representing the financial services industry to inform and educate users and potential users of financial products and services.

The prevailing adverse conditions in South African financial markets in recent years caused a drop in the value of the JSE Securities Exchange, portfolio investments flows reversed and the insurance industry faced important challenges. As a result, the board intensified its regulatory role over the last year through focusing on managing the effects of the financial crisis in the entities it regulates, intensive supervision through on-site visits, consumer education, and efforts to maintain investor confidence.

Over the medium term, the board has identified the following strategic objectives: to facilitate communication processes with clients and partners to enhance performance, accountability and public confidence; to protect all investors by ensuring the integrity of and confidence in financial services; to implement organisational development strategies; and to ensure long term sustainability by improving revenue collection, and investment in the organisation.

### Selected performance indicators

Table 9.22 Financial Services Board

Indicator	Past			Current	Projections		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Amount of revenue from financial service industry per year	R244.5m	R255.3m	R261.8m	R285m	R305m	R325m	R350m
Number of entities supervised per year:	28 268	28 338	26 339	33 309	21 805	20 809	33 264
- financial advisory and intermediary	14 400	14 529	14 500	14 500	14 500	14 500	14 500
- long term insurance	82	82	82	82	82	82	82
- short-term insurance	107	106	107	107	107	107	107
- retirement benefits	13 561	13 500	11 500	8 500	7 600	6 000	5 000
- collective investment schemes	118	121	118	118	118	118	118
Number of entities supervised per year:	26	32	32	32	32	32	32
- financial advisory and intermediary	9	12	9	9	9	9	9
- long term insurance	3	6	6	6	6	6	6
- short-term insurance	12	11	12	12	12	12	12
- retirement benefits	1	1	1	1	1	1	1
- collective investment schemes	1	2	1	1	1	1	1

### Service delivery focus

Parliament's passing of the General Services Financial Laws Amendment Act (2008) gave the board additional enforcement capabilities to allow it to license hedge fund managers. In 2008/09, the board engaged in promoting financial service industry education and potential financial service products and services to fulfil its corporate social responsibilities and will interact with regulatory bodies and other jurisdictions to maintain a

high standard. In 2011, the board will host the annual conference of the International Organisation of Securities Commission. The jurisdiction of the capital markets enforcement committee was extended to all industries regulated by the board and an enforcement unit and extended enforcement committee were appointed to continue to impose administrative penalties for any contravention of the act.

## Expenditure estimates

**Table 9.23 Financial Services Board: Programme information**

R thousand	Audited outcome			Revised estimate 2009/10	Medium-term estimate		
	2006/07	2007/08	2008/09		2010/11	2011/12	2012/13
Supervise the financial advisory and intermediary activities in the financial services sector in terms of the FAIS Act of 2002	72 505	89 259	110 346	126 589	135 745	146 350	157 864
Supervise the long term and short term insurance industries in terms of the Long term Insurance Act of 1998	43 919	49 779	66 221	76 444	82 226	88 650	95 625
Supervise Retirement funds and friendly societies as per the Pension fund Act	61 557	74 207	95 070	105 710	115 248	124 252	134 027
Supervise the South African licensed exchanges, central securities depositories and clearing houses in terms of the Securities Act of 2004	7 923	10 980	13 632	13 453	14 834	15 993	17 251
Supervise collective investment schemes in securities, in property and in participation bonds in terms of the CIS Control Act of 2002 and also approve foreign collective investment schemes to market their products in South Africa	19 055	24 837	29 631	33 443	35 676	38 463	41 489
Other programmes	3 284	4 908	6 090	6 329	6 149	6 629	7 152
<b>Total expense</b>	<b>208 245</b>	<b>253 969</b>	<b>320 991</b>	<b>361 968</b>	<b>389 879</b>	<b>420 336</b>	<b>453 409</b>

**Table 9.24 Financial Services Board: Financial information**

Statement of financial performance R thousand	Audited outcome			Revised estimate 2009/10	Medium-term estimate		
	2006/07	2007/08	2008/09		2010/11	2011/12	2012/13
<b>Revenue</b>							
<b>Non-tax revenue</b>	<b>264 825</b>	<b>289 122</b>	<b>307 372</b>	<b>363 765</b>	<b>392 043</b>	<b>422 554</b>	<b>455 480</b>
Sale of goods and services other than capital assets <i>of which:</i>	224 381	234 491	250 696	318 147	343 599	371 087	400 774
<i>Sales by market establishments</i>	224 381	234 491	250 696	318 147	343 599	371 087	400 774
<i>Other non-tax revenue</i>	40 444	54 631	56 676	45 618	48 444	51 467	54 706
<b>Total revenue</b>	<b>264 825</b>	<b>289 122</b>	<b>307 372</b>	<b>363 765</b>	<b>392 043</b>	<b>422 554</b>	<b>455 480</b>
<b>Expenses</b>							
<b>Current expense</b>	<b>208 245</b>	<b>253 969</b>	<b>320 991</b>	<b>361 968</b>	<b>389 878</b>	<b>420 336</b>	<b>453 408</b>
Compensation of employees	126 250	138 662	169 379	209 069	225 795	243 858	263 367
Goods and services	77 281	110 050	145 976	142 441	157 397	169 989	183 588
Depreciation	4 712	5 256	5 635	10 457	6 685	6 488	6 452
Interest, dividends and rent on land	2	1	1	1	1	1	1
<b>Total expenses</b>	<b>208 245</b>	<b>253 969</b>	<b>320 991</b>	<b>361 968</b>	<b>389 878</b>	<b>420 336</b>	<b>453 408</b>
<b>Surplus / (Deficit)</b>	<b>56 580</b>	<b>35 153</b>	<b>(13 619)</b>	<b>1 797</b>	<b>2 165</b>	<b>2 218</b>	<b>2 072</b>
<b>Statement of financial position</b>							
Carrying value of assets	9 293	9 052	9 015	25 527	23 592	22 109	21 163
<i>of which: Acquisition of assets</i>	5 447	5 202	5 727	26 969	4 750	5 005	5 506
Investments	32 062	31 075	22 525	26 925	28 005	29 091	30 518
Inventory	625	395	355	250	263	276	289
Receivables and prepayments	16 231	20 148	38 733	37 376	35 283	31 814	31 144

Table 9.24 Financial Services Board: Financial information (continued)

Statement of financial performance R thousand	Audited outcome			Revised estimate 2009/10	Medium-term estimate		
	2006/07	2007/08	2008/09		2010/11	2011/12	2012/13
<b>Statement of financial position</b>							
Cash and cash equivalents	122 329	154 587	136 321	124 199	129 968	136 652	139 786
<b>Total assets</b>	<b>180 540</b>	<b>215 257</b>	<b>206 949</b>	<b>214 277</b>	<b>217 111</b>	<b>219 942</b>	<b>222 900</b>
Accumulated surplus/deficit	141 228	124 926	111 375	106 614	107 279	108 297	109 570
Capital and reserves	–	46 044	38 581	47 709	48 172	48 221	48 086
Post-retirement benefits	15 466	15 568	18 250	18 798	19 361	19 942	20 540
Trade and other payables	23 847	16 601	26 932	29 087	29 959	30 858	31 784
Provisions	–	1 400	1 200	1 140	1 083	1 029	977
Liabilities not classified elsewhere	–	10 718	10 611	10 929	11 257	11 595	11 943
<b>Total equity and liabilities</b>	<b>180 541</b>	<b>215 257</b>	<b>206 949</b>	<b>214 277</b>	<b>217 111</b>	<b>219 942</b>	<b>222 900</b>

### Expenditure trends

The Financial Services Board is funded entirely from levies and fees that it charges registered financial institutions. Revenue increased from R264.8 million in 2006/07 to R363.8 million in 2009/10, at an average annual rate of 11.3 per cent, mainly due to the Financial Services Laws General Amendment Act (2008), which aimed to strengthen the enforcement of the registrar. Over the medium term, revenue increased from R392 million in 2010/11 to R455.5 million in 2012/13, at an average annual rate of 7.8 per cent.

In 2009/10, the board's total capital expenditure budget of R27 million includes the purchases of computer equipments, computer software, office equipment and furnisher fitting for its new building. Compensation of employees comprises about 70 per cent of the board's expenditure. In 2006/07, current expenditure increased from R208.2 million to R362 million in 2009/10, mainly due to the increase in the number of staff, and higher operational expenditure and capital expenditure. Over the past 4 years, the board has had to increase its capacity, particularly in financial advisory and intermediary services for registering and supervising financial institutions.

## Programme 7: Provincial and Local Government Transfers

- *Infrastructure Grant to Provinces* provides for the transfers to provinces and for monitoring them. The grant supports accelerated infrastructure development and maintenance for roads, schools, health facilities and rural development.
- *Local Government Financial Management and Restructuring Grants* provides for transfers to municipalities and assists them in building capacity to implement the financial management reforms underpinning the Municipal Finance Management Act (2003).
- *Neighbourhood Development Partnership Grant* provides for the transfer to municipalities for development of high quality social facilities and economic infrastructure platforms in township areas.

Funding will be used for transfers to provinces and municipalities.

### Objectives and measures

- Assist in the design and co-financing of neighbourhood development partnership grant projects by:
  - maintaining the number of awards under management at 90 in 57 municipalities annually
  - increasing the number of capital projects under construction that support township regeneration from 23 to 45 in implementation phases over the MTEF period.
- Build financial skills by improving internal and external reporting on financial management grants as they relate to budget, service delivery and budget implementation plans, in-year-monitoring and annual reports by 2011.
- Manage conditional grants through the transfer of infrastructure grants to provinces according to the payment schedule and the requirements of the Division of Revenue Act.

- Ensure proper planning and implementation of infrastructure maintenance by the provincial departments of education, health and transport through the quarterly monitoring of their delivery of provincial infrastructure.

## Service delivery focus

In 2008/09, the Treasury conducted a study to identify 25 poor municipalities around the country in need of support. All these municipalities submitted proposals on areas of focus and direct implementation. In 2009/10, 729 applications for the neighbourhood development partnership grant were received and 90 awards were made to 57 municipalities against a targeted 100 townships. By November 2009, 35 projects had started construction and spending by the 6 metropolitan municipalities will peak in 2011/12. Capital investments will gain impetus in 39 rural municipalities and 12 secondary cities from 2010/11 onwards, with their expenditure set to exceed R500 million in 2011/12 and 2012/13.

## Expenditure estimates

Table 9.25 Provincial and Local Government Transfers

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R thousand							
Infrastructure Grant to Provinces	4 983 498	6 276 244	7 384 487	9 249 247	11 314 911	13 091 190	14 007 550
Local Government Financial Management and Restructuring Grants	410 250	675 250	180 000	299 990	364 589	384 641	403 873
Neighbourhood Development Partnership Grant	50 000	41 242	261 557	661 394	1 155 000	1 290 440	1 287 462
Gautrain Loan	–	–	–	4 200 000	–	–	–
<b>Total</b>	<b>5 443 748</b>	<b>6 992 736</b>	<b>7 826 044</b>	<b>14 410 631</b>	<b>12 834 500</b>	<b>14 766 271</b>	<b>15 698 885</b>
Change to 2009 Budget estimate				–	401 250	351 000	3 000
<b>Economic classification</b>							
Transfers and subsidies	5 443 748	6 992 736	7 826 044	14 410 631	12 834 500	14 766 271	15 698 885
Provinces and municipalities	5 393 748	6 992 736	7 745 944	14 300 631	12 709 500	14 666 271	15 593 885
Departmental agencies and accounts	50 000	–	80 100	110 000	125 000	100 000	105 000
<b>Total</b>	<b>5 443 748</b>	<b>6 992 736</b>	<b>7 826 044</b>	<b>14 410 631</b>	<b>12 834 500</b>	<b>14 766 271</b>	<b>15 698 885</b>
<b>Details of transfers and subsidies</b>							
<b>Provinces and municipalities</b>							
<b>Provinces</b>							
<b>Provincial Revenue Funds</b>							
Capital	4 983 498	6 276 244	7 384 487	13 449 247	11 314 911	13 091 190	14 007 550
Infrastructure grant to provinces	4 983 498	6 026 244	7 384 487	9 249 247	11 314 911	13 091 190	14 007 550
Transitional grant: North West	–	250 000	–	–	–	–	–
Gautrain Loan	–	–	–	4 200 000	–	–	–
<b>Provinces and municipalities</b>							
<b>Municipalities</b>							
<b>Municipal bank accounts</b>							
Current	410 250	675 250	180 000	299 990	364 589	384 641	403 873
Financial management grant – municipalities	145 250	145 250	180 000	299 990	364 589	384 641	403 873
Local government restructuring grant	265 000	530 000	–	–	–	–	–
Capital	–	41 242	181 457	551 394	1 030 000	1 190 440	1 182 462
Neighbourhood development partnership grant	–	41 242	181 457	551 394	1 030 000	1 190 440	1 182 462

Table 9.25 Provincial and Local Government Transfers (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Details of transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	50 000	-	80 100	110 000	125 000	100 000	105 000
Neighbourhood development partnership grant	50 000	-	80 100	110 000	125 000	100 000	105 000

## Expenditure trends

Spending on provincial infrastructure increased from R5 billion in 2006/07 to R9.2 billion in 2009/10, at an average annual rate of 22.9 per cent. This was mainly due to higher expenditure on education, roads and transport, and increased capital spending. The infrastructure grant to provinces supplements the provincial equitable share. It supports the construction, maintenance and rehabilitation of infrastructure in education, roads, health and agriculture. The Gautrain rapid rail link project was funded through a once-off loan of R4.2 billion in 2009/10.

Expenditure on the grant over the MTEF period is expected to increase from R9.2 billion in 2009/10 to R14 billion in 2012/13, at an average annual rate of 14.8 per cent mainly to fund improvements in the national education infrastructure management system.

Grants to municipalities decreased from R410.3 million in 2006/07 to R300 million in 2009/10, at an average annual rate of 9.9 per cent due to the phasing out of the local government restructuring grant. Over the MTEF period, the grant is expected to increase from R300 million in 2009/10 to R403.9 million in 2012/13, at an average annual rate of 10.4 per cent due to increased capacity support for municipalities. The expenditure for the neighbourhood development partnership grant has increased from R50 million in 2006/07 to R661.4 million in 2009/10, at an average annual rate of 136.5 per cent. This grant to municipalities is for the design of partnership projects, and for co-financing the construction of new and better community facilities and related municipal assets. Expenditure over the MTEF period for this grant is expected to increase to R1.3 billion in 2012/13, at an average annual rate of 24.9 per cent.

## Programme 8: Civil and Military Pensions, Contributions to Funds and Other Benefits

- *Civil Pensions and Contributions to Funds* provides for the payment of benefits out of pension and other funds to the beneficiaries of various public sector bodies in terms of different statutes, collective bargaining agreements and other commitments.
- *Military Pensions and Other Benefits* provides for the payment of military pension benefits and medical claims arising from treatment for disability, medical assistance devices, and other related expenses, in terms of statutory commitments.

Funding is mainly used for transfers to funds and beneficiaries.

## Objectives and measures

- Eliminate the special pensions backlog by improving efficiency and capacity by December 2010.
- Ensure efficiency by developing process mapping and document processes for medical pensions, military pensions and injury on duty by October 2010.
- Contribute to alleviating poverty by ensuring timely and accurate monthly payments of military pension funds on behalf of 7 024 beneficiaries, contributions to medical aid schemes on behalf of 75 400 members, and risk and administrative fees on behalf of 900 members of the Political Office Bearers Pension Fund.

## Service delivery focus

The Special Pensions Amendment Act (2008) extends the right for people who are 30 years' old to claim a pension, but not to people who are 35 years' old, on 31 December 1996. 5 road shows were conducted in 2009/10 to inform the public of the special pensions benefits and more than 50 per cent of backlogs were reduced in post-retirement medical benefits administration from the beginning of 2009/10.

## Expenditure estimates

Table 9.26 Civil and Military Pensions, Contributions to Funds and Other Benefits

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R thousand							
Civil Pensions and Contributions to Funds	1 901 674	2 027 434	2 173 772	4 741 780	2 406 607	2 475 083	2 548 828
<i>PFMI</i>	550	646	692	997	726	900	920
<i>Parliamentary Awards</i>	10	15	15	166	20	25	25
<i>Other Benefits</i>	52 964	56 098	62 820	62 678	89 870	91 358	105 000
<i>Injury on Duty</i>	294 265	337 351	349 322	345 950	356 413	376 413	394 925
<i>Government Contribution to Medical Schemes</i>	1 222 462	1 336 745	1 423 032	1 426 951	1 501 418	1 541 503	1 577 108
<i>United Kingdom Tax</i>	1 688	2 075	2 690	3 763	3 873	4 125	4 393
<i>Special Pensions</i>	302 324	246 442	296 869	348 069	387 722	400 108	400 025
<i>Political Office Bearers</i>	18 680	19 747	21 296	2 522 971	29 987	25 726	26 335
<i>Civil Admin Auxiliary Services</i>	7 972	27 470	15 014	29 304	33 182	31 343	35 897
<i>Pension Benefit RSA President</i>	798	845	2 022	931	3 396	3 582	4 200
Military Pensions and Other Benefits	147 029	149 392	157 490	178 522	184 342	193 291	203 097
<i>Military Pensions Ex-Servicemen</i>	41 097	39 008	37 756	58 645	40 665	53 807	54 726
<i>SA Citizen Force</i>	87 735	91 453	96 886	97 741	112 993	109 528	116 647
<i>Civil Protection</i>	19	19	19	44	20	20	20
<i>Other Benefits Ex-Servicemen</i>	15 670	16 337	19 697	17 105	25 000	20 341	21 663
<i>SA Legion</i>	–	127	–	71	75	80	84
<i>Military Admin Auxiliary Services</i>	2 469	2 448	3 132	4 916	5 589	9 515	9 957
<b>Total</b>	<b>2 048 703</b>	<b>2 176 826</b>	<b>2 331 262</b>	<b>4 920 302</b>	<b>2 590 949</b>	<b>2 668 374</b>	<b>2 751 925</b>
Change to 2009 Budget estimate				–	192 381	125 892	–
<b>Economic classification</b>							
Current payments	26 682	25 330	17 913	34 220	38 771	40 858	45 854
Goods and services	26 682	25 330	17 913	34 220	38 771	40 858	45 854
<i>of which:</i>							
<i>Consultants and professional services:</i>	26 682	25 330	17 913	34 220	38 771	40 858	45 854
<i>Business and advisory services</i>							
Transfers and subsidies	2 018 351	2 146 908	2 313 044	4 886 082	2 552 178	2 627 516	2 706 071
Foreign governments and international organisations	1 688	2 075	2 690	3 763	3 873	4 125	4 393
Non-profit institutions	–	127	–	71	75	80	84
Households	2 016 663	2 144 706	2 310 354.0	4 882 248	2 548 230	2 623 311	2 701 594
Payments for financial assets	3 670	4 588	305.0	–	–	–	–
<b>Total</b>	<b>2 048 703</b>	<b>2 176 826</b>	<b>2 331 262.0</b>	<b>4 920 302</b>	<b>2 590 949</b>	<b>2 668 374</b>	<b>2 751 925</b>
<b>Details of transfers and subsidies</b>							
Foreign governments and international organisations							
Current	1 688	2 075	2 690	3 763	3 873	4 125	4 393
United Kingdom tax	1 688	2 075	2 690	3 763	3 873	4 125	4 393
Non-profit institutions							
Current	–	127	–	71	75	80	84
SA Legion	–	127	–	71	75	80	84
Households							
Social benefits							
Current	2 016 663	2 144 706	2 310 354	4 882 248	2 548 230	2 623 311	2 701 594
Civil Pensions	1 872 131	1 997 889	2 134 772	2 208 713	2 339 565	2 413 889	2 482 203
Military Pensions	144 532	146 817	154 285	173 535	178 678	183 696	193 056
Political Office Bearers Pension Fund	–	–	21 297	2 500 000	29 987	25 726	26 335

## **Expenditure trends**

Government's contributions to pensions and other benefits on behalf of retired civil servants increased from R2 billion in 2006/07 to R4.9 billion in 2009/10, at an average annual rate of 33.9 per cent. This is mainly due to the once-off transfer payment to the Political Office Bearers Pension Fund for pensions after the 2009 general elections. Expenditure for the programme is expected to decrease from R4.9 billion in 2009/10 to R2.8 billion in 2012/13, at an average annual rate of 17.6 per cent. There is an increase in medical and other benefit tariffs, increased spending on injury on duty; and the implementation of the Special Pensions Amendment Act (2008), which will expand benefits to widows and orphans. These increases are offset significantly by the once-off transfer of R2.5 billion in 2009/10 to the Political Office Bearers Pension Fund.

## **Public entities**

### **Government Employee Pension Fund**

#### **Strategic overview: 2006/07 – 2012/13**

The Government Employees Pension Fund was established in terms of the Government Employees Pension Law (1996). The fund is responsible for administering pensions and related benefits on behalf of its members, pensioners and their beneficiaries. The fund's investment portfolio has been affected by the economic downturn and financial market turbulence, with the value of net assets under its management dropping to R639.7 billion at 31 March 2009 from R707 billion in 2007/08. Pension contributions received from active members and employers in 2008/09 amounted to R30.4 billion, which is 17 per cent higher than the R26 billion in 2007/08.

Over the years, the fund has been faced with service delivery challenges, including ensuring that benefits are paid on time, maintaining accurate information on paid and payable pension benefits, communicating with members and building relations with government departments. To start addressing these challenges a process is in place to separate the fund as represented by the board of trustees from the administration. The Government Pension Administration Agency will be listed as a government component. The fund started the implementation of the service delivery improvement programme, a five-year programme aimed at delivering the best service to members and pensioners. The programme recognises the need to improve administrative capacity, investing in an excellent administration system and forging strategic alliances with all current and future partners. Delivering quality services will improve the fund's reputation and public image. The fund's ultimate goal is to achieve greater client satisfaction through improved service delivery based on a service level agreement developed to monitor service delivery targets for the administration and turnaround times for processing and paying benefits.

The fund competes with private sector pension administrators for human resources and it needs to find ways of retaining them, so that it is able to operate at the same level as private sector pension fund administrators. To this end, the fund is continuing to build a knowledge based organisation that empowers employees to deliver valued pension services.

The fund is the largest of its kind in Africa and its clients are spread across South Africa, so measures have been put in place to set up provincial offices to make its services more accessible to clients.

#### **Savings and cost effective service delivery**

The fund is implementing measures to effect savings in its operational costs to increase surplus funds.

## Selected performance indicators

Table 9.27 Government Employees Pension Fund

Indicator	Programme/Activity	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Number of members receiving special pensions	Processing applications for special pension benefit	6 112	6 208	6 359	6 486	6 616	7 200	7 416
Number of beneficiaries receiving post-retirement medical benefits	Payments of post retirement medical benefits	67 141	68 417	69 767	71 117	72 467	72 467	74 641
Amount of contribution to medical aid schemes paid on behalf of members	Payments of medical aid companies	R1.2bn	R1.3bn	R1.4bn	R1.4bn	R1.5bn	R1.5bn	R1.6bn
Amount of military pension benefits paid to beneficiaries	Payment of military pension benefits	R144.5m	R146.9m	R154.3m	R173.6m	R178.8m	R183.8m	R193.1m
Number of beneficiaries paid due to withdrawal from fund	Processing of number of beneficiaries paid	55 845	64 425	65 000	67 500	70 000	75 000	78 745
Number of beneficiaries receiving funeral benefits	Processing of number of beneficiaries paid	17 282	18 715	19 400	20 000	22 000	25 000	30 000
Amount of benefits paid due to withdrawal from fund	Processing of number of beneficiaries paid	R21.1bn	R24.1bn	R24.5bn	R25.8bn	R25.9bn	R26.0bn	R29.5bn

## Service delivery focus

The fund's goal is to pay all claims within the legislated timeframe of 60 days. To achieve this, the service delivery process will be reviewed and technology upgraded. The fund has been strengthening its working relationships with its partners, such as employer departments, which are its major source of management information. Regional offices were strengthened in 2009/10 to provide special pension application and benefit services where its members are located. The 5 regional offices that were opened in Mpumalanga, Pietermaritzburg, Cape Town, Port Elizabeth and Bloemfontein are currently offering pension benefit services.

The challenge of keeping members' records and paying them speedily and accurately will be addressed by the fund's data quality improvement programme in 2009/10. Since 2008/09, the fund's administration has been implementing a 5 year service improvement strategy, which entails improved governance, operational excellence, capital management, stakeholder management and business support systems.

## Expenditure estimates

Table 9.28 Government Employees Pension Fund: Programme information

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Service Delivery Improvement Plan	-	-	6 226	74 500	120 000	75 500	75 500
Consultation and professional services	132 645	166 905	54 968	92 910	151 914	107 425	107 642
Computer services	64 738	38 860	55 834	55 388	79 972	82 684	130 823
Repairs and maintenance	8 089	8 933	21 631	21 328	30 136	33 322	39 578
Call centre – communications	16 679	14 511	15 874	16 357	16 305	17 012	17 577
Other programmes	32 580	50 579	184 966	189 346	239 783	305 121	326 685
<b>Total expense</b>	<b>254 731</b>	<b>279 788</b>	<b>339 499</b>	<b>449 829</b>	<b>638 110</b>	<b>621 064</b>	<b>697 805</b>

Table 9.29 Government Employees Pension Fund: Financial information

Statement of financial performance	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R thousand							
<b>Revenue</b>							
<b>Non-tax revenue</b>	<b>254 731</b>	<b>279 788</b>	<b>339 499</b>	<b>463 748</b>	<b>677 189</b>	<b>653 916</b>	<b>722 805</b>
Sale of goods and services other than capital assets	254 640	279 788	339 499	463 748	677 189	653 916	722 805
<i>of which:</i>							
<i>Admin fees</i>	254 640	279 788	339 499	463 748	677 189	653 916	722 805
<i>Other non-tax revenue</i>	91	-	-	-	-	-	-
<b>Total revenue</b>	<b>254 731</b>	<b>279 788</b>	<b>339 499</b>	<b>463 748</b>	<b>677 189</b>	<b>653 916</b>	<b>722 805</b>
<b>Expenses</b>							
<b>Current expense</b>	<b>234 391</b>	<b>279 788</b>	<b>339 499</b>	<b>449 829</b>	<b>638 110</b>	<b>621 064</b>	<b>697 805</b>
Compensation of employees	58 834	71 545	127 836	183 841	249 023	261 637	273 761

Table 9.29 Government Employees Pension Fund: Financial information (continued)

Statement of financial performance	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R thousand							
<b>Statement of financial position</b>							
Goods and services	171 265	203 471	205 175	259 048	373 111	338 962	400 428
Depreciation	4 292	4 772	6 488	6 940	15 976	20 465	23 616
Transfers and subsidies	20 340	-	-	-	-	-	-
<b>Total expenses</b>	<b>254 731</b>	<b>279 788</b>	<b>339 499</b>	<b>449 829</b>	<b>638 110</b>	<b>621 064</b>	<b>697 805</b>
<b>Surplus / (Deficit)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13 919</b>	<b>39 079</b>	<b>32 852</b>	<b>25 000</b>
Carrying value of assets	11 426	14 527	23 140	31 771	66 398	94 158	113 364
<i>of which: Acquisition of assets</i>	6 480	8 449	15 367	20 859	52 386	50 579	45 808
Inventory	1 302	940	1 263	1 038	1 090	1 145	1 202
<b>Total assets</b>	<b>12 728</b>	<b>15 467</b>	<b>24 403</b>	<b>32 809</b>	<b>67 488</b>	<b>95 303</b>	<b>114 566</b>
Capital and reserves	12 728	15 467	24 403	32 809	67 488	95 303	114 566
<b>Total equity and liabilities</b>	<b>12 728</b>	<b>15 467</b>	<b>24 403</b>	<b>32 809</b>	<b>67 488</b>	<b>95 303</b>	<b>114 566</b>

### Expenditure trends

Revenue increased from R254.7 million in 2006/07 to R463.7 million in 2009/10, at an average annual rate of 22.6 per cent, mainly from administration fees, as approved by the organisation's board of trustees. Over the medium term, revenue is set to increase from R677.2 million in 2010/11 to R722.8 million in 2012/13, at an average annual rate of 17.7 per cent. Expenditure increased from R254.7 million in 2006/07 to R499.8 million in 2009/10 for the implementation of the service delivery improvement programme at an average annual rate of 20.9 per cent.

Expenditure is expected to increase from R449.8 million in 2009/10 to R697.8 million in 2012/13, at an average annual rate of 15.8 per cent. In 2010/11, the increase is due to the service delivery improvement plan and the enhancement of the ICT infrastructure and network services, which will result in increases in spending on computer services and consultants.

## Programme 9: Fiscal Transfers

The subprogrammes reflect the different types of transfers.

Domestic transfers are made to the South African Revenue Service, the Financial and Fiscal Commission, the South African Secret Services account and the Financial Intelligence Centre.

Foreign transfer payments are made to:

- the World Bank, including: the International Development Association, which is part of the World Bank Group and provides debt relief to poor countries in terms of a bilateral agreement between the donor countries
- the African Development Bank, African Development Fund and Collaborative Africa Budget Reform Initiative
- Lesotho, Namibia and Swaziland, under the *Common Monetary Area Compensation* subprogramme, for the rand monetary area agreement
- the African integration and support programmes
- various international programmes supported by government such as the Commonwealth Fund for Technical Cooperation, the Investment Climate Facility, and the Global Alliance for Vaccines and Immunisation.

## Expenditure estimates

Table 9.30 Fiscal Transfers

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R thousand							
Eskom	-	-	10 000 000	30 000 000	20 000 000	-	-
South African Revenue Service	4 874 591	5 511 031	6 302 778	7 148 446	8 066 810	8 743 573	9 324 374
Financial and Fiscal Commission	21 705	27 497	26 125	26 580	31 391	33 036	34 438
Secret Services	2 223 086	2 584 240	2 843 583	3 052 226	3 306 752	3 535 521	3 668 513
Financial Intelligence Centre	-	42 480	111 474	157 884	281 414	169 199	177 356
Cooperative Banking Development Agency	-	-	-	6 000	8 200	15 310	26 076
Development Bank of Southern Africa - Siyenza Manje	258 308	168 890	246 809	267 407	282 595	296 726	311 562
Development Bank of Southern Africa - Financial Management Grant	53 407	53 407	-	-	-	-	-
Land Bank	-	-	-	1 000 000	750 000	750 000	-
Common Monetary Area Compensation	282 755	320 597	362 468	359 393	380 957	403 814	460 863
Regional Integration	-	-	-	1	1	1	1
Financial and Technical Support	-	-	-	20 082	18 087	16 272	29 086
African Development Bank and African Development Fund	104 939	76 945	93 849	76 006	80 567	85 401	89 671
World Bank Group	177 155	86 641	68 000	68 000	68 000	68 000	68 000
Collaborative Africa Budget Reform Initiative	-	-	-	900	1 200	1 200	1 260
Commonwealth Fund for Technical Cooperation	2 858	3 434	3 659	3 500	4 079	4 442	4 820
International Funding Facility for Immunization	7 219	7 363	9 618	8 500	10 000	9 700	9 700
Investment Climate Facility	-	6 765	10 217	8 900	-	-	-
<b>Total</b>	<b>8 006 023</b>	<b>8 889 290</b>	<b>20 078 580</b>	<b>42 203 825</b>	<b>33 290 053</b>	<b>14 132 195</b>	<b>14 205 720</b>
Change to 2009 Budget estimate				1 142 893	879 561	913 363	(20 000)

## Economic classification

<b>Transfers and subsidies</b>	<b>8 006 023</b>	<b>8 889 290</b>	<b>10 078 580</b>	<b>11 203 825</b>	<b>12 540 053</b>	<b>13 382 195</b>	<b>14 205 720</b>
Departmental agencies and accounts	7 119 382	8 165 248	9 283 960	10 391 136	11 694 567	12 496 639	13 230 757
Foreign governments and international organisations	574 926	501 745	547 811	545 282	562 891	588 830	663 401
Public corporations and private enterprises	311 715	222 297	246 809	267 407	282 595	296 726	311 562
<b>Payments for financial assets</b>	<b>-</b>	<b>-</b>	<b>10 000 000</b>	<b>31 000 000</b>	<b>20 750 000</b>	<b>750 000</b>	<b>-</b>
<b>Total</b>	<b>8 006 023</b>	<b>8 889 290</b>	<b>20 078 580</b>	<b>42 203 825</b>	<b>33 290 053</b>	<b>14 132 195</b>	<b>14 205 720</b>

## Details of transfers and subsidies

<b>Departmental agencies and accounts</b>							
<b>Departmental agencies (non-business entities)</b>							
<b>Current</b>	<b>6 754 340</b>	<b>7 308 583</b>	<b>8 640 892</b>	<b>9 779 720</b>	<b>11 092 119</b>	<b>11 941 952</b>	<b>12 647 828</b>
South African Revenue Service	4 788 029	5 255 704	6 021 111	6 996 453	7 896 638	8 552 470	9 125 053
Financial and Fiscal Commission	21 705	27 497	26 125	26 580	31 391	33 036	34 438
Secret Services Account	1 944 606	1 988 556	2 488 101	2 640 424	2 967 271	3 171 937	3 284 905
Financial Intelligence Centre	-	36 826	105 555	110 263	188 619	169 199	177 356
Cooperative Banking Development Agency	-	-	-	6 000	8 200	15 310	26 076
<b>Capital</b>	<b>365 042</b>	<b>856 665</b>	<b>643 068</b>	<b>611 416</b>	<b>602 448</b>	<b>554 687</b>	<b>582 929</b>
South African Revenue Service	86 562	255 327	281 667	151 993	170 172	191 103	199 321

Table 9.30 Fiscal Transfers (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
<b>Details of transfers and subsidies</b>							
<b>Departmental agencies and accounts</b>							
Secret Services Account	278 480	595 684	355 482	411 802	339 481	363 584	383 608
Financial Intelligence Centre	–	5 654	5 919	47 621	92 795	–	–
<b>Public corporations and private enterprises</b>							
<b>Public corporations</b>							
<b>Other transfers</b>							
<b>Current</b>	<b>311 715</b>	<b>222 297</b>	<b>246 809</b>	<b>267 407</b>	<b>282 595</b>	<b>296 726</b>	<b>311 562</b>
Development Bank of Southern Africa - Siyenza Manje	258 308	168 890	246 809	267 407	282 595	296 726	311 562
Development Bank of Southern Africa - Financial Management Grant	53 407	53 407	–	–	–	–	–
<b>Foreign governments and international organisations</b>							
<b>Current</b>	<b>292 832</b>	<b>338 158</b>	<b>385 962</b>	<b>381 194</b>	<b>396 237</b>	<b>419 157</b>	<b>476 644</b>
Common Monetary Area Compensation	282 755	320 596	362 468	359 393	380 957	403 814	460 863
Regional Integration	–	–	–	1	1	1	1
Collaborative Africa Budget Reform Initiative	–	–	–	900	1 200	1 200	1 260
Commonwealth Fund for Technical Cooperation	2 858	3 434	3 659	3 500	4 079	4 442	4 820
International Funding Facility for Immunization	7 219	7 363	9 618	8 500	10 000	9 700	9 700
Investment Climate Facility	–	6 765	10 217	8 900	–	–	–
<b>Capital</b>	<b>282 094</b>	<b>163 587</b>	<b>161 849</b>	<b>164 088</b>	<b>166 654</b>	<b>169 673</b>	<b>186 757</b>
Financial and Technical Support	–	–	–	20 082	18 087	16 272	29 086
Africa Development Bank and African Development Fund	104 939	76 945	93 849	76 006	80 567	85 401	89 671
World Bank	177 155	86 642	68 000	68 000	68 000	68 000	68 000

## Expenditure trends

There is no direct expenditure under this programme, only transfers to various organisations. Transfers increased from R8 billion in 2006/07 to R42.2 billion in 2009/10, at an average annual rate of 74 per cent, mainly due to additional budgetary allocations. In 2009/10, the additional allocations included adjustments for inflation to the South African Revenue Service and the Secret Services account, funding to the Financial Intelligence Centre for capacity building and accommodation, funding to the Land Bank for recapitalisation (2009/10, 2010/11 and 2011/12), and Eskom's subordinated loan (2009/10 and 2010/11) for building infrastructure for sustainable electricity. Transfers are expected to decrease from R42.2 billion in 2009/10 to R14.2 billion in 2012/13, at an average annual rate of 30.4 per cent due as the funding to Eskom and the Land Bank phases out.

## Public entities

### South African Revenue Service

#### Strategic overview: 2006/07 – 2012/13

The South African Revenue Service was established in terms of the South African Revenue Service Act (1997) to support government in meeting its key growth developmental objectives by facilitating legitimate trade, protecting South African ports of entry and eliminating illegal trade and tax evasion. By administering an efficient tax system, the service is reducing the compliance burden, ensuring delivery on revenue targets and ensuring good governance and administration. The service is also responsible for ensuring maximum

compliance with tax and customs legislation, providing a customs service that will maximise revenue collection, and protect South Africa's borders and facilitate trade.

The South African Revenue Service has identified seven strategic priorities for the next three years: drive revenue realisation to deliver now and ensure sustainability; drive productivity, service quality and cost savings efficiency; fully deliver on its customs mandate in a way that is aligned with government's stated intention; clarify the operating model, streamline governance and strengthen leadership; fully implement taxpayer and trader segmentation to strengthen the business model; maximise value creation by enabling its staff to perform at their peak; and deepen key external relationships to enhance its reputation and results.

The South African Revenue Service's strategic overview has taken into account the impact of the current economic climate on trade and revenue. While the economy impacts directly on revenues due, the financial pressures experienced by businesses and individuals also influence their compliance behaviour.

The service is continuing its modernisation agenda, in which core processes and systems are streamlined and routine tasks automated. This enables the redirection of resources to facilitating the expansion of the tax base and voluntary compliance through taxpayer and trader education, as well as towards the activities that are necessary for ensuring the accuracy of declarations and the timely payments of revenues due.

In view of the challenges the service faces in relation to achieving revenue targets within a tougher economic environment, there is a need for a deeper analysis of the revenue potential of the economy both by tax type and sector. This requires that the revenue analysis and forecasting capability be improved. Internally, more accurate revenue accounting, improved payment processing and earlier detection of defaults all become critical in the achievement of revenue targets. Expanding the tax base and realising new revenue opportunities is also key to securing revenue.

Extraordinary measures are required to sustain taxpayer and trader compliance levels in the current climate, which, in turn, is essential to realising the collection of revenues due. The South African Revenue Service's approach to promoting compliance entails the use of education and outreach, service and responsible enforcement. Its compliance programme will be further refined from a segmentation perspective. In the light of the economic climate, the service will ensure that audit activities have both a positive impact on compliance and a strong revenue focus.

Over the long term, facilitating taxpayer compliance through better service remains important. The service aims to reduce compliance barriers experienced by taxpayers and traders through ensuring greater accessibility and providing a range of simpler ways of engaging with the organisation. Weaknesses that currently impact negatively on service provision need to be addressed, and service improvements will be based on the requirements of the various taxpayer and trader segments. In addition, the service will, in partnership with other departments, develop a single business registration process to reduce compliance costs for new businesses.

Critical to the South African Revenue Service's success in delivering on its mandate is a blend of skilled and motivated staff, with the highest ethical standards. Rooting out corruption remains a priority. Changes in the operating and leadership models, and the impact of system modernisation reinforce the need to focus on the development of the organisation's people and their capabilities. Capacity is needed to sustain the organisation's achievements over the years, to ensure that it benefits from the re-engineering of processes and more efficient systems. To unlock talent and enthusiasm, a sense of commitment to excellence and public service needs to be nurtured.

## Selected performance indicators

Table 9.31 South African Revenue Service

Indicator	Programme/Activity	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Amount of annual revenue collected	Tax collection and assessment	R495.5bn	R572.8bn	R625.1bn	R589.0bn	R651.0bn	R732.9bn	R816.7bn
Number of personal income tax returns per year	Tax collection and assessment	4 301 865	3 747 376	3 951 534	3 791 873	3 810 832	3 848 941	4 041 388
Number of corporate tax returns per year	Tax collection and assessment	636 270	442 391	587 719	638 026	641 216	647 628	680 009
Number of value added tax returns processed per year	Tax collection and assessment	3 704 194	3 794 204	4 272 620	3 821 856	3 840 965	3 879 375	4 073 343
Number of pay as you earn returns processed per year	Tax collection and assessment	3 995 580	3 977 234	4 273 038	4 029 279	4 049 425	4 089 920	4 294 416
Number of imports bill of entry per year	Tax collection and assessment	2 192 853	2 436 690	2 173 108	2 180 336	2 245 746	2 355 541	2 473 318
Number of exports per year	Tax collection and assessment	2 807 934	3 135 939	2 940 294	2 893 890	2 980 707	3 126 435	3 282 756

## Service delivery focus

Over the past 3 years, the South African Revenue Service has improved the quality and efficiency of service experienced by taxpayers and traders by eliminating much of the documentation required for filing returns and partially filling out their returns. The turnaround time of 34 days for processing returns and refunding taxpayers has decreased, due to the increased use of electronic filing and channels. In 2008/09, the good response to e-filing and the electronic capturing of returns in branch offices, and the modernisation efforts in general, have positively impacted on taxpayer attitudes and behaviour. From 2002/03 to 2007/08, collections increased from 23.6 per cent to 27.7 per cent of GDP, while tax rates had actually been reduced.

By the end of March 2009, the service had collected R625 billion in revenue, representing a collection outcome of 99.6 per cent against the revised revenue target of R627.6 billion. The service will continue its modernisation agenda by investing in programmes that re-engineer methodologies, processes and infrastructure to sustain its revenue performance and support new government priorities.

## Expenditure estimates

Table 9.32 South African Revenue Service: Programme information

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Taxpayers Services and Business Enablement And Delivery	1 703 672	1 722 859	1 861 056	1 568 705	1 688 190	1 848 636	2 031 965
Customs operations	493 796	532 630	630 851	763 241	868 300	936 987	1 029 464
Enforcement, Risk and debt collection	910 629	1 154 551	1 398 459	1 186 438	1 276 678	1 398 014	1 536 655
SARS Administration	1 526 198	1 651 055	1 590 173	3 157 946	3 551 132	3 904 136	4 215 375
Modernisation and Impactful Projects	521 831	554 159	1 054 561	700 682	687 641	700 746	622 442
<b>Total expense</b>	<b>5 156 126</b>	<b>5 615 254</b>	<b>6 535 100</b>	<b>7 377 011</b>	<b>8 071 941</b>	<b>8 788 520</b>	<b>9 435 901</b>

Table 9.33 South African Revenue Service: Financial information

Statement of financial performance	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
R thousand							
<b>Revenue</b>							
Non-tax revenue	281 778	333 054	365 680	325 054	264 190	264 190	264 190
Sale of goods and services other than capital assets	194 901	212 883	226 163	216 054	216 190	216 190	216 190
of which:							
Other sales	194 901	212 883	226 163	216 054	216 190	216 190	216 190
Other non-tax revenue	86 877	120 171	139 517	109 000	48 000	48 000	48 000
Transfers received	4 881 657	5 511 031	6 304 025	7 148 446	8 066 810	8 743 573	9 324 374
<b>Total revenue</b>	<b>5 163 435</b>	<b>5 844 085</b>	<b>6 669 705</b>	<b>7 473 500</b>	<b>8 331 000</b>	<b>9 007 763</b>	<b>9 588 564</b>
<b>Expenses</b>							
Current expense	5 156 126	5 615 254	6 535 100	7 377 011	8 071 941	8 788 520	9 435 901
Compensation of employees	3 123 986	3 500 297	4 011 487	4 393 102	4 849 458	5 299 540	5 773 236
Goods and services	1 712 355	1 865 713	2 222 299	2 595 306	2 779 861	2 990 316	3 127 635
Depreciation	276 345	218 252	276 310	364 955	420 158	477 323	514 756
Interest, dividends and rent on land	43 440	30 992	25 004	23 647	22 465	21 341	20 274
<b>Total expenses</b>	<b>5 156 126</b>	<b>5 615 254</b>	<b>6 535 100</b>	<b>7 377 011</b>	<b>8 071 941</b>	<b>8 788 520</b>	<b>9 435 901</b>
<b>Surplus / (Deficit)</b>	<b>7 309</b>	<b>228 831</b>	<b>134 605</b>	<b>96 489</b>	<b>259 059</b>	<b>219 243</b>	<b>152 663</b>
<b>Statement of financial position</b>							
Carrying value of assets	577 568	818 249	1 108 500	1 400 017	1 657 022	1 873 896	2 023 976
of which: Acquisition of assets	321 806	442 459	633 304	663 696	684 216	701 566	672 419
Receivables and prepayments	87 731	81 411	81 361	81 361	81 361	81 361	81 361
Cash and cash equivalents	911 176	1 072 516	981 670	786 642	788 696	791 065	793 648
<b>Total assets</b>	<b>1 576 475</b>	<b>1 972 176</b>	<b>2 171 531</b>	<b>2 268 020</b>	<b>2 527 079</b>	<b>2 746 322</b>	<b>2 898 985</b>
Accumulated surplus/deficit	437 708	655 538	790 151	886 640	1 145 699	1 364 942	1 517 605
Capital and reserves	–	33 175	61 791	61 791	61 791	61 791	61 791
Borrowings	518 763	422 282	354 739	356 542	356 542	356 542	356 542
Trade and other payables	342 162	440 961	590 943	590 943	590 943	590 943	590 943
Provisions	277 842	334 907	355 633	355 633	355 633	355 633	355 633
Liabilities not classified elsewhere	–	85 313	18 274	16 471	16 471	16 471	16 471
<b>Total equity and liabilities</b>	<b>1 576 475</b>	<b>1 972 176</b>	<b>2 171 531</b>	<b>2 268 020</b>	<b>2 527 079</b>	<b>2 746 322</b>	<b>2 898 985</b>
Contingent liabilities	72 136	45 245	27 145	25 000	23 000	20 000	17 500

### Expenditure trends

The South African Revenue Service is funded by a transfer from National Treasury, commission earned on the collection of skills development levies and unemployment insurance contributions, and interest received on temporary cash balances.

Transfers received increased from R4.9 billion in 2006/07 to R7.1 billion in 2009/10 to provide for additional auditors to improve revenue collection, border control operations and the modernisation programme. Revenue largely funds compensation of employees, and goods and services. Between 2006/7 and 2009/10, expenditure on personnel increased at an average annual rate of 10.9 per cent, and is expected to increase to R4.8 billion in 2010/11 to cover additional capacity for the auditing of taxpayers. Over the MTEF period, South African Revenue Service funding is expected to increase from R8.1 billion in 2010/11 to R9.3 billion in 2012/13, due to the implementation of enforcement initiatives and IT enhancements.

### Development Bank of Southern Africa

#### Strategic overview: 2006/07 – 2012/13

The Development Bank of Southern Africa is one of several development finance institutions in South and Southern Africa. Its purpose is to accelerate sustainable socioeconomic development by funding physical, social and economic infrastructure. The bank's core goal is to improve the quality of life of the people of the Southern African Development Community region through sustainable development projects and programmes.

The bank uses a wide range of intermediaries to support its mandate, including intermediaries from both the public sector (including utilities, state owned enterprises, municipalities and education institutions) and the private sector.

Development and infrastructure funding support is provided in accordance with three broad segments: the social transformation segment, to support the creation of a sustainable living environment and alleviate backlogs in basic services; economic potential and growth segments, to support the growth of the economic base and employment opportunities; and a capacity development segment, to support the upliftment of human capital in the areas where growth and development are constrained by the lack of education and skills.

The priorities of the bank's five-pronged strategy over the medium term are to: co-deliver social and economic infrastructure, with a focus on the public sector; build human and institutional capacity, with a focus on municipalities; promote broad based economic growth, job creation, cooperation, integration and prosperity, with a focus on identified sectors, geographical areas and projects; serve as a centre of excellence for development financing and effectiveness; and promote sustainability, both internally and externally.

Over the medium term, the bank's strategy includes a strong focus on municipal support through the provision of infrastructure funding and capacity building support (especially under resourced municipalities). It will do this through the application of knowledge, skills and institutional resources, to increase delivery capacity and reduce implementation risks in under developed regions. The key capacity building initiatives include Siyenza Manje, the project implementation task force, sustainable communities and the Vulindlela Academy.

The bank's Vulindlela Academy provides critical training in finance, management and planning for improved service delivery in South Africa and the region. Its training programmes include municipal and public finance management, project management, municipal governance and sustainable development. In 2009/10, the bank has projected 3 856 municipal officials and 7 483 learners not employed by the bank. Training over the MTEF period is projected to reach up to 12 000 learners and 9 075 municipal officials.

### Savings and cost effective service delivery

The bank has embarked on both short term and long term cost cutting initiatives. Budget and planning processes will be based on financial sustainability and development impact targets, and a bank wide expense management strategy will provide guidance on cost discipline, promote cost efficiencies, emphasise development expenditure, and engender a spirit of trust, ethics and accountability across the organisation.

### Selected performance indicators

Table 9.34 Development Bank of Southern Africa

Indicator	Past			Current	Projections		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Total value of disbursements (loans and equity) to infrastructure related projects	R3.7bn	R3.9bn	R9.3bn	R5.8bn	R13.5bn	R15.7bn	R7.2bn
Co-funding ratio (other funding as proportion of bank disbursements)	1:5.32	1:1.3	1:1.3	1:1.3	1:1.3	1:1.3	1:1.3
Cost to income ratio	34.%	37%	40%	41%	42%	43%	43%
Total number of learners not employed by the bank trained at Vulindlela Academy	436	2 000	5 259	7 483	10 000	11 000	12 000
Total number of municipal officials trained at Vulindlela Academy	–	–	4 500	3 856	7 500	8 250	9 075
Value of municipality infrastructure grant and other infrastructure expenditure grants implemented in projects	R2bn	R3.8bn	R4bn	R5bn	R6bn	R6bn	R6bn
Total number of municipalities supported	87	155	172	186	172	172	172
Total number of technical projects completed	30	200	769	840	770	847	932
Total number of non-technical projects completed	160	200	300	300	300	300	300

\*For every R1 the bank commits, other organisations commit R5.32 (2006/07).

### Service delivery focus

The bank's flagship intervention is the Siyenza Manje programme, which assists municipalities in implementing infrastructure projects as part of the national drive to accelerate the delivery of basic services to communities. In 2008/09, focus was placed on deploying skilled expertise to municipalities, particularly in the areas of

engineering and technical services, and project and financial and treasury management. Experts are paired with management and technical officials within municipalities to ensure skills are transferred for planning and implementing infrastructure projects. To ensure sustainability, young graduates are assigned to expert mentors and coached with the objective of retaining them in the municipalities.

The Siyenza Manje programme provided on the job training to 384 municipal officials in financial skills and 1 048 in technical skills in 2008/09. The programme deployed 567 specialists and young professionals in 172 municipalities across all provinces, supporting 205 municipalities, compared to 155 municipalities in previous years. For 2009/10, the bank has targeted the provision of support to 186 municipalities in 2009/10, 840 technical support projects and 300 non-technical support projects. Over the medium term, the bank's Siyenza Manje technical support projects will increase to 932, and 300 non-technical support projects will be maintained.

## Expenditure estimates

**Table 9.35 Development Bank of Southern Africa: Programme information**

R thousand	Audited outcome			Revised estimate 2009/10	Medium-term estimate		
	2006/07	2007/08	2008/09		2010/11	2011/12	2012/13
Development loans and grants	1 755 385	3 343 754	3 233 421	3 336 795	3 484 187	4 418 718	5 420 435
Siyenza Manje	42 000	36 300	94 000	135 900	135 000	138 000	144 000
Vulindlela Academy	–	9 000	1 000	28 000	36 000	38 000	40 000
Sustainable Communities	–	13 000	16 000	13 000	14 000	14 000	15 000
Local Economic Development	–	–	–	6 000	7 000	8 000	8 000
Other programmes	–	–	101 000	102 000	102 000	113 000	124 000
<b>Total expense</b>	<b>1 797 385</b>	<b>3 402 054</b>	<b>3 445 421</b>	<b>3 621 695</b>	<b>3 778 187</b>	<b>4 729 718</b>	<b>5 751 435</b>

**Table 9.36 Development Bank of Southern Africa: Financial information**

Statement of financial performance R thousand	Audited outcome			Revised estimate 2009/10	Medium-term estimate		
	2006/07	2007/08	2008/09		2010/11	2011/12	2012/13
<b>Revenue</b>							
<b>Non-tax revenue</b>	<b>3 080 157</b>	<b>4 667 943</b>	<b>4 871 737</b>	<b>4 317 081</b>	<b>4 630 256</b>	<b>5 728 774</b>	<b>6 896 971</b>
Sale of goods and services other than capital assets	46 807	48 973	84 144	75 825	91 872	199 366	243 520
<i>of which:</i>							
<i>Sales by market establishments</i>	46 807	48 973	84 144	75 825	91 872	199 366	243 520
<i>Other non-tax revenue</i>	3 033 350	4 618 970	4 787 593	4 241 256	4 538 384	5 529 408	6 653 451
<b>Total revenue</b>	<b>3 080 157</b>	<b>4 667 943</b>	<b>4 871 737</b>	<b>4 317 081</b>	<b>4 630 256</b>	<b>5 728 774</b>	<b>6 896 971</b>
<b>Expenses</b>							
<b>Current expense</b>	<b>1 763 914</b>	<b>3 355 759</b>	<b>3 362 953</b>	<b>3 223 295</b>	<b>3 400 076</b>	<b>4 320 577</b>	<b>5 308 711</b>
Compensation of employees	346 798	376 045	424 545	489 092	500 552	550 608	608 750
Goods and services	168 044	1 635 822	1 235 232	637 611	556 782	767 670	875 166
Depreciation	5 648	5 777	6 921	11 675	17 682	12 681	14 968
Interest, dividends and rent on land	1 243 424	1 338 115	1 696 255	2 084 917	2 325 060	2 989 618	3 809 827
Transfers and subsidies	33 471	46 295	82 468	398 400	378 111	409 141	442 724
<b>Total expenses</b>	<b>1 797 385</b>	<b>3 402 054</b>	<b>3 445 421</b>	<b>3 621 695</b>	<b>3 778 187</b>	<b>4 729 718</b>	<b>5 751 435</b>
<b>Surplus / (Deficit)</b>	<b>1 282 772</b>	<b>1 265 889</b>	<b>1 426 316</b>	<b>695 386</b>	<b>852 069</b>	<b>999 056</b>	<b>1 145 536</b>
<b>Statement of financial position</b>							
Carrying value of assets	283 712	318 470	388 961	635 971	643 009	658 605	676 579
<i>of which: Acquisition of assets</i>	2 695	30 750	75 569	180 897	24 720	28 277	32 942
Investments	6 316 755	7 191 557	7 931 630	8 145 990	8 964 041	9 982 129	11 234 610
Loans	20 218 239	23 307 537	29 465 454	35 830 093	44 673 713	54 130 136	63 500 150
Receivables and prepayments	168 839	114 930	120 498	145 905	159 037	173 350	188 952
Cash and cash equivalents	890 357	2 313 804	2 475 095	1 682 774	2 587 808	2 432 522	2 512 281
<b>Total assets</b>	<b>27 877 902</b>	<b>33 246 298</b>	<b>40 381 638</b>	<b>46 440 733</b>	<b>57 027 608</b>	<b>67 376 742</b>	<b>78 112 572</b>
Capital and reserves	14 538 231	15 779 874	17 235 504	17 947 219	18 820 668	19 843 417	21 015 379
Borrowings	12 666 637	16 780 517	22 405 374	27 708 809	37 375 538	46 651 910	56 162 185
Post-retirement benefits	172 204	195 769	226 648	248 700	268 597	290 469	314 515
Trade and other payables	500 830	490 138	514 112	536 005	562 805	590 946	620 493
<b>Total equity and liabilities</b>	<b>27 877 902</b>	<b>33 246 298</b>	<b>40 381 638</b>	<b>46 440 733</b>	<b>57 027 608</b>	<b>67 376 742</b>	<b>78 112 572</b>

## Expenditure trends

The bank provides funding to both local and SADC clients and generates its revenue from interest income from both lending and non-lending activities. The key drivers for these income streams are defined by lending activities to corporate clients, income generated through dividends income, account servicing fees, investment management fees, sales commission and syndication fees. The bank also receives income from foreign exchange, and revaluations of financial instruments are non-monetary forms of income.

Revenue increased from R3 billion in 2006/07 to R4.3 billion in 2009/10, mainly due to the good quality of the bank's loan portfolio. Over the medium term, revenue is set to increase from R4.6 billion in 2010/11 to R6.9 billion.

Expenditure increased from R1.8 billion in 2006/07 to R3.6 billion in 2009/10. In 2009/10, expenditure was lower than the approved budget due to cost saving initiatives. Operating costs over the MTEF period are expected to increase to R5.8 billion, at an average annual rate of 17 per cent. This is due to inflation related increases. The cost saving initiatives will continue to be rolled out over this period.

The financial sustainability and development impact targets are used as a guide for the maximum allowable costs. Annually, one of the key indicators is the cost to income ratio, which is expected to be managed at around 40 per cent. (The allowable prudential limit is 45 per cent).

Expenditure over the MTEF period focuses on achieving the higher corporate performance targets, which emanate from the goal to make increased disbursements. This expenditure will include a significant portion of funding for poorly resourced municipalities under the targeted infrastructure programme, research and advisory services, technical assistance grants, and grants to the Development Bank of Southern Africa's development fund.

## The Land and Agricultural Development Bank of Southern Africa

### Strategic overview: 2006/07 – 2012/13

The Land and Agricultural Bank (the Land Bank) is an agricultural development finance institution whose mandate is to support developing farmers by providing them with retail, wholesale, project and micro-finance. The bank tries to promote and develop the agricultural sector in a sustainable manner, which entails developing support structures and mechanisms that enhance agriculture and the related industries without compromising the going concern of the bank. This involves sourcing affordable funding, growing a quality loan book and maintaining a cost to income ratio that supports the operating structure of the institution. The capital adequacy ratio has to be within limits that attract and retain potential investors and sustain the business.

The Land Bank has faced a number of challenges relating to governance and fraud, with a major area of concern being the growth in the development loan book. The previous strategy did not focus on development as the core area of the business. This is highlighted by the fact that the development loan book contributed only around 4 per cent to the total gross loans. However, this will soon change as the bank intends to roll out development projects to the tune of R3.2 billion over the next three years.

In 2008/09, key achievements were that the bank received a clean audit report, profit of R241 million (from a loss of R20 million), a stable loan book and senior personnel were hired. Investor confidence has also improved and this has seen new players coming on board, with some investors increasing their lending periods. Another milestone was the collection on non-performing loans, which amounted to over R500 million in 2008/09. Management is also identifying potential buyers for land for the development finance unit's loan book, which is now a discontinued operation. The bank has also put in place initiatives to improve its liquidity position, lengthen the maturity profile of investments, minimise short term refinancing risks, increase rollovers and issue new funding.

Support to previously disadvantaged communities should assist government in the redistribution of 30 per cent of agricultural land by 2014 and in meeting other land reform objectives.

The increase in the guarantee by National Treasury from R1.5 billion to R3.5 billion in 2008/09 has also bolstered the bank's standing in the market as it saw the capital adequacy ratio shoot up. At the end of 2009, the bank received R1 billion in cash from the National Treasury, which means that the guarantee will be reduced to

R2.5 billion. The cash receipt will put the bank in a strong financing position and should see the loan book grow significantly. Equity (capital contributions and reserves) at the end of November 2009 was at an impressive R2 billion, which excludes the guarantee from National Treasury. Funds under administration remained relatively stagnant at just over R500 million, as there were no new receipts from the Department of Agriculture.

### Selected performance indicators

Table 9.37 Land and Agricultural Development Bank of Southern Africa

Indicator	Past			Current	Projections		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Funds set aside for agricultural development per year	R428m	R432m	R586m	R1.2bn	R2.4bn	R4.8bn	R4.1bn
Ratio of expense to income	81 %	74.2%	129 %	114.8 %	138.1%	145.5%	77%
Loan book quality	15.3 %	17.6%	16.2%	20 %	20%	20%	20%
Net interest margin	2.8 %	3.6%	3.4%	3.3%	2.8%	2.7%	5.4%
Capital adequacy ratio (including guarantee from National Treasury)	18.4 %	24.5%	25.3%	24%	22.7%	21.1%	49%

### Service delivery focus

The bank has made significant progress in regaining investor confidence by refining and stabilising its processes, reflected in longer term funding it is able to obtain in the markets. In 2007/08, the bank faced a range of challenges including low levels of capitalisation and sustainability concerns arising from a high number of non-performing loans and write-offs, damage to its reputation leading to weaker stakeholder confidence, clients migrating to the private sector, and concerns about aligning its mandate with government policy.

In 2008, the asset and liability management division of National Treasury conducted 2 meetings with the bank about progress since its transfer from the Minister of Agriculture and Land Affairs to the Minister of Finance. The meeting resulted in National Treasury agreeing to provide the bank with callable capital and a guarantee.

In 2007/08, the bank focused on 3 areas: restructuring its operations, based on recommendations from the McKinsey and development finance institution review reports; stabilising its financial and operational position including identifying new funding sources and adjusting the funding structure, reducing running costs and boosting human resource capacity and IT systems; and planning the way forward by reworking both its short and long term goals and redeveloping and approving the corporate plan and turnaround strategy.

### Expenditure estimates

Table 9.38 Land and Agricultural Development Bank of South Africa: Programme information

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Financing of development farmers and agri-related businesses	2 113 549	2 087 847	2 607 935	1 554 062	1 591 512	1 763 045	1 898 485
<b>Total expense</b>	<b>2 113 549</b>	<b>2 087 847</b>	<b>2 607 935</b>	<b>1 554 062</b>	<b>1 591 512</b>	<b>1 763 045</b>	<b>1 898 485</b>

Table 9.39 Land and Agricultural Development Bank of South Africa: Financial information

Statement of financial performance R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
<b>Revenue</b>							
<b>Non-tax revenue</b>	<b>2 014 002</b>	<b>2 105 388</b>	<b>2 188 289</b>	<b>1 661 202</b>	<b>1 793 012</b>	<b>2 054 332</b>	<b>2 206 440</b>
Sale of goods and services other than capital assets <i>of which:</i>	49 262	33 414	26 147	25 924	13 479	14 153	14 861
<i>Admin fees</i>	44 185	25 934	23 224	25 924	13 479	14 153	14 861
<i>Sales by market establishments</i>	5 077	7 480	2 923	–	–	–	–
<i>Other non-tax revenue</i>	1 964 740	2 071 974	2 162 142	1 635 279	1 779 533	2 040 179	2 191 579
<b>Total revenue</b>	<b>2 014 002</b>	<b>2 105 388</b>	<b>2 188 289</b>	<b>1 661 202</b>	<b>1 793 012</b>	<b>2 054 332</b>	<b>2 206 440</b>

Table 9.39 Land and Agricultural Development Bank of South Africa: Financial information (continued)

Statement of financial performance	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
R thousand							
<b>Expenses</b>							
<b>Current expense</b>	<b>2 113 549</b>	<b>2 087 847</b>	<b>2 607 935</b>	<b>1 554 062</b>	<b>1 591 512</b>	<b>1 763 045</b>	<b>1 898 485</b>
Compensation of employees	229 003	214 494	193 923	195 592	290 036	351 157	381 005
Goods and services	593 501	483 400	487 920	220 414	213 273	243 702	271 501
Depreciation	12 287	12 258	10 131	6 160	8 420	11 396	8 763
Interest, dividends and rent on land	1 278 758	1 354 703	1 893 984	1 131 896	1 079 783	1 156 790	1 237 216
<b>Total expenses</b>	<b>2 113 549</b>	<b>2 087 847</b>	<b>2 607 935</b>	<b>1 554 062</b>	<b>1 591 512</b>	<b>1 763 045</b>	<b>1 898 485</b>
<b>Surplus / (Deficit)</b>	<b>(99 547)</b>	<b>17 541</b>	<b>(419 646)</b>	<b>107 140</b>	<b>201 500</b>	<b>291 287</b>	<b>307 955</b>
<b>Statement of financial position</b>							
Carrying value of assets	271 183	244 717	239 005	241 665	390 118	375 515	369 219
<i>of which: Acquisition of assets</i>	48 573	4 280	1 319	14 030	11 526	20 211	9 212
Investments	195 537	945 619	868 617	182 306	200 537	220 591	242 650
Inventory	–	385 265	301 424	–	–	–	–
Loans	15 598 898	–	–	–	–	–	–
Receivables and prepayments	17 300	13 891 156	11 901 337	12 343 018	12 701 126	13 266 069	13 862 674
Cash and cash equivalents	1 467 439	1 443 684	4 023 284	2 201 213	2 894 394	3 169 893	2 975 086
Assets not classified elsewhere	424 321	231 670	210 088	233 090	112 810	254 062	311 351
<b>Total assets</b>	<b>17 974 678</b>	<b>17 142 111</b>	<b>17 543 755</b>	<b>15 201 292</b>	<b>16 298 985</b>	<b>17 286 129</b>	<b>17 760 980</b>
Accumulated surplus/deficit	731 514	2 332 205	2 498 811	1 069 409	1 270 908	1 562 195	1 870 150
Capital and reserves	283 008	96 987	106 623	1 997 943	2 997 943	3 997 943	3 997 943
Borrowings	16 002 197	12 965 510	13 211 022	11 246 911	10 917 930	10 622 499	10 862 297
Post-retirement benefits	–	201 940	191 436	–	–	–	–
Trade and other payables	210 703	250 110	234 991	266 616	274 525	282 853	291 338
Provisions	206 964	23 114	84 162	103 731	101 657	99 624	97 631
Managed funds	475 925	752 149	629 012	412 721	604 784	555 382	486 091
Liabilities not classified elsewhere	64 460	520 096	587 698	103 961	131 238	165 632	155 529
<b>Total equity and liabilities</b>	<b>17 974 771</b>	<b>17 142 111</b>	<b>17 543 755</b>	<b>15 201 292</b>	<b>16 298 984</b>	<b>17 286 128</b>	<b>17 760 980</b>

### Expenditure trends

The Land Bank generates its revenue from interest income from lending activities and other non-lending activities. The key drivers for these income streams are defined by lending activities to corporate clients, and commercial and subsistence farmers, and investments.

Revenue decreased from R2 billion in 2006/07 to R1.7 billion in 2009/10, at an average annual rate of 5.2 per cent. The bank's revenue was on a declining trend largely due to decreases in interest income as some clients failed to service their debt. In 2006/07, a slight improvement of 3.1 per cent was recorded in the profit margin. By the end of 2007/08, there was a positive margin of 0.8 per cent when the bank recorded a net profit of R17.5 million. Over the medium term, revenue is expected to increase to R2.2 billion, at an average annual rate of 10 per cent.

Expenditure decreased from R2.1 billion in 2006/07 to R1.6 billion in 2009/10, at an average annual rate of 5.6 per cent. The Land Bank's expenses are mainly driven by personnel costs. These costs make up 43 per cent of total expenses. The significant increase in expenses in 2008/09 is attributable to accrued costs, which included professional fees for the clean-up project, anticipated claims against the bank and employee related expenses. These costs were once-off in nature and are not expected to recur.

Spending over the MTEF period will focus on ensuring that development farmers are assisted and monitored to reduce associated risks.

## Financial and Fiscal Commission

### Strategic overview 2006/07 – 2012/13

The Financial and Fiscal Commission was established in terms of the Financial and Fiscal Commission Act (1997). The commission plays a key role in the evolution of the intergovernmental fiscal relations system. It is also strategically positioned to take cognisance of the financial needs of local, provincial and national government. The execution of the commission's mandate is primarily driven through a research and recommendations programme. A key development in the intergovernmental fiscal relations system that affects the work of the commission relates to the rollout of legislation that has implications for the finances of the three spheres of government. Most of the legislation pertains to the local sphere and has only been promulgated in the last three to five years.

The execution of the commission's mandate is primarily driven through a research and recommendations programme. Since its inception, the programme has been beset by a shortage of qualified and experienced staff, which, in turn, has been a constraint to the commission expanding the coverage of its work.

The Financial and Fiscal Commission's strategic vision and focus for 2006/07 – 2012/13 is to enhance the developmental impact of public resources through the financial and fiscal system in South Africa. Matters that are particularly pertinent to the commission's mandate and that require a substantial investment in specialised and often scarce skills are: the establishment of a planning commission and performance monitoring and evaluation ministry in The Presidency, the promulgation of the Money Bills Amendment Procedures and Related Matters Act (2009) that predicates a more active policy and oversight stance for Parliament in the future, the anticipated review of the local and provincial government systems by the Department of Cooperative Governance and Traditional Affairs, the ongoing reviews of the provincial and local government equitable share formulas, and the impact of the ongoing global economic downturn on the South African economy.

The commission has identified the following strategic areas of focus over the medium term: to provide advice and report to Parliament, provincial legislatures and to organised local government in compliance with the Commission's legislative mandate; to undertake cutting edge research; to manage talent; to enhance stakeholder relationships; and to focus on leadership and the development of a positive organisational culture.

### Savings and cost effective service delivery

Over the medium term, the commission will be taking an aggressive approach to cutting indirect costs by 25 per cent in the first year and stabilise these costs over the rest of the period. Following a thorough review of current costs, various cost cutting measures have been implemented. Negotiations are currently under way with the auditor general to cut audit fees and align the costs with the size and revenue of the entity. Communications costs have been significantly reduced, and entity owned cellular telephones will be replaced with a cellular telephone allowance, which decreases the insurance costs. With the increase in staff, the use of consultants will be significantly reduced, and limited to internal audit and risk management fees. Core publications will be printed for major stakeholders, and any other interested parties will be directed to the internet for a downloadable copy. Insurance costs, especially for laptop computers, will be reduced as the risk will be shared with the user in future. A new procurement division will ensure that goods and services are acquired at competitive prices and bring value for money, and will continuously review where costs can be reduced.

### Selected performance indicators

Table 9.40 Financial and Fiscal Commission

Indicator	Programme / Activity	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Number of public hearings on local government per year	Conduct hearing meetings	9	5	9	5	5	5	5
Number of reports to Parliament to advise on legislation per year	Present reports in Parliament	6	5	4	3	3	3	3

## Service delivery focus

In 2007/08, the commission produced its annual submission on the division of revenue, which was well received by government and the broader stakeholder community. In the same year, the commission dealt with supplementary submissions (the submissions on the Local Government Laws Amendment Bill and the Municipal Fiscal Powers and Functions Bill) and finalised the report on the model for financing constitutionally mandated basic services, which was conducted with the assistance of the Australian government.

In 2009/10, the commission took part in the robust debate on intergovernmental fiscal relation systems and efforts at fiscal decentralisation, published research reports and articles in local and international accredited journals, and contributed book chapters in the field of intergovernmental fiscal relations.

Annually, the commission is required to make recommendations on legislation pertaining to the issuing of loan guarantees by the 3 spheres of government, provincial tax legislation, and municipal fiscal powers and functions. The commission makes annual recommendations to Parliament and provincial legislatures on the vertical and horizontal division of revenue.

## Expenditure estimates

**Table 9.41 The Financial and Fiscal Commission: Programme information**

R thousand	Audited outcome			Revised estimate 2009/10	Medium-term estimate		
	2006/07	2007/08	2008/09		2010/11	2011/12	2012/13
Develop and submit annually, recommendations for the MTEF budget cycle as per the Intergovernmental fiscal relations act	1 220	1 015	2 097	1 730	3 038	3 500	4 000
Develop and submit annually recommendations on the Annual Division of Revenue Bill as per the Constitution	400	412	1 147	368	2 011	2 089	2 221
Respond to request from stakeholders, other policy issues and to fulfil the commission's obligation as per the prescripts of the relevant legislation	129	100	434	88	656	670	724
Submit, annually to Parliament and the relevant legislatures and bodies as per the relevant legislation, an annual report and audited financial statements	590	409	346	321	425	435	469
Other programmes	23 186	24 574	23 193	25 797	24 469	25 556	26 704
<b>Total expense</b>	<b>25 525</b>	<b>26 510</b>	<b>27 217</b>	<b>28 304</b>	<b>30 599</b>	<b>32 250</b>	<b>34 118</b>

**Table 9.42 The Financial and Fiscal Commission: Financial information**

Statement of financial performance R thousand	Audited outcome			Revised estimate 2009/10	Medium-term estimate		
	2006/07	2007/08	2008/09		2010/11	2011/12	2012/13
<b>Revenue</b>							
Non-tax revenue	389	144	241	92	125	132	138
Other non-tax revenue	389	144	241	92	125	132	138
Transfers received	22 096	27 851	26 125	26 580	31 391	33 036	34 438
<b>Total revenue</b>	<b>22 485</b>	<b>27 995</b>	<b>26 366</b>	<b>26 672</b>	<b>31 516</b>	<b>33 168</b>	<b>34 576</b>
<b>Expenses</b>							
Current expense	25 525	26 510	27 217	28 304	30 599	32 250	34 118
Compensation of employees	12 750	16 123	15 189	18 290	22 883	24 873	26 517
Goods and services	11 696	9 251	10 911	9 316	6 998	6 982	7 216
Depreciation	1 035	1 079	976	698	718	395	385
Interest, dividends and rent on land	44	57	141	-	-	-	-
<b>Total expenses</b>	<b>25 525</b>	<b>26 510</b>	<b>27 217</b>	<b>28 304</b>	<b>30 599</b>	<b>32 250</b>	<b>34 118</b>
<b>Surplus / (Deficit)</b>	<b>(3 040)</b>	<b>1 485</b>	<b>(851)</b>	<b>(1 632)</b>	<b>917</b>	<b>918</b>	<b>458</b>

Table 9.42 The Financial and Fiscal Commission: Financial information (continued)

Statement of financial performance R thousand	Audited outcome			Revised estimate 2009/10	Medium-term estimate		
	2006/07	2007/08	2008/09		2010/11	2011/12	2012/13
<b>Statement of financial position</b>							
Carrying value of assets	3 133	2 364	1 475	922	904	609	909
<i>of which: Acquisition of assets</i>	2 156	335	94	145	700	100	685
Receivables and prepayments	3	151	117	52	52	52	52
Cash and cash equivalents	19	171	588	100	100	100	100
<b>Total assets</b>	<b>3 155</b>	<b>2 686</b>	<b>2 180</b>	<b>1 074</b>	<b>1 056</b>	<b>761</b>	<b>1 061</b>
Accumulated surplus/deficit	(1 652)	(268)	(1 119)	(2 750)	(1 833)	(917)	(459)
Capital and reserves	919	919	919	919	919	919	919
Borrowings	2 023	–	–	–	–	–	–
Trade and other payables	1 468	1 716	1 843	2 618	1 770	709	551
Provisions	397	204	334	287	200	50	50
Liabilities not classified elsewhere	–	115	203	–	–	–	–
<b>Total equity and liabilities</b>	<b>3 155</b>	<b>2 686</b>	<b>2 180</b>	<b>1 074</b>	<b>1 056</b>	<b>761</b>	<b>1 061</b>

### Expenditure trends

The Financial and Fiscal Commission is funded by a transfer payment from National Treasury. The transfer increased from R22.1 million in 2006/07 to R26.6 million in 2009/10, at an average annual rate of 7.2 per cent.

Total expenditure increased from R25.5 million in 2006/07 to R28.3 million in 2009/10, at an average annual rate of 10.7 per cent, mainly due to increases in personnel, commissioned research, capital expenditure and administration. In 2007/08, compensation of employees spending increased as a result of inflation and the benchmarking of remunerations with the market. Over the medium term, expenditure is expected to increase to R34.1 million, at an average annual rate of 9.2 per cent. In 2008/09, the commission began to capacitate the research and recommendation programme, which is the commission's core division. This entails increasing the staff complement and implementing a retention strategy. This is expected to increase the costs of compensation of employees initially by 25 per cent in 2010/11, and between 8 and 6 per cent in the outer years of the medium term. The increase in staff numbers is also to provide for the extra deliverables required of the commission arising from the establishment of new ministries, and the passing of new legislation and other policy reviews. The total staff complement is anticipated to increase by 26 over the MTEF period. The increase in expenditure over the medium term is also due to increases in commissioners' remuneration in line with public service regulations and the enhancement of research services. Deficits were funded as a result of approved requests to the minister.

### Financial Intelligence Centre

#### Strategic overview: 2006/07 – 2012/13

Over the medium term, the centre's strategic priority is to make information it collects available to investigating authorities, the intelligence services and the South African Revenue Service. The centre will be implementing its information technology system that will assist it in exchanging information with supervisory bodies in other countries.

The following key objectives were met in 2008/09: the centre's own, independent IT system was commissioned and developed; compliance with the Financial Intelligence Centre Act (2001) by accountable institutions and society in general was improved; the centre's internal capacity and competencies were developed.

## Selected performance indicators

Table 9.43 Financial Intelligence Centre

Indicator	Past			Current	Projections		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Number of suspicious transaction reports per year	21 466	24 580	29 554	32 775	36 708	40 378	32 741
Total referrals to law enforcement agencies	549	1 221	1 002	1 150	1 323	549	1 221
Number of compliance audits per year	51	239	234	280	337	51	239
Total number of requests from international counterparts	49	79	102	125	153	188	194

## Service delivery focus

In 2008/09, the centre received 29 554 reports on suspicious transactions at a combined value of around R6 billion, resulting in a 22 per cent increase in referrals to law enforcement authorities. The centre completed 229 joint inspection audits with relevant supervisory bodies for casinos and bookmakers, estate agents, authorised dealers in foreign exchange, members of the Johannesburg stock exchange and branches of the Post Office bank for non-compliance with the Financial Intelligence Centre Act (2001).

In 2009/10, the centre continued the implementation of its new IT system, interacted with various counterparts across government and facilitated workshops and developed working relationships with various supervisory bodies such as the Estate Agency Affairs Board, the National Gambling Board, the Banking Supervision Department of the Reserve Bank, the Law Society of South Africa, the Financial Services Board and the Johannesburg stock exchange.

The centre's focus over the medium term will be on improving the consumption of its products by conducting surveys of law enforcement authorities, identifying priority information that it needs to access, developing and implementing a public awareness strategy that will assist in ensuring that there is improved compliance with the Financial Intelligence Centre Act (2001), and assisting other relevant stakeholders in implementing the recommendations of the mutual evaluation assessment process.

## Expenditure estimates

Table 9.44 Financial Intelligence Centre: Programme information

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Financial Intelligence Centre	-	-	24 000	46 554	82 397	16 913	7 400
Information and Communication Technology Project							
Monitoring and Analysis	5 873	6 830	8 239	16 838	22 364	21 037	24 521
Legal and Policy	3 312	3 680	4 434	5 543	8 662	8 816	10 579
Compliance and Prevention	8 824	10 261	11 931	14 394	23 057	27 952	33 542
Administration and Support	26 899	39 027	50 397	69 837	79 028	81 837	98 204
<b>Total expense</b>	<b>44 908</b>	<b>59 798</b>	<b>99 001</b>	<b>153 166</b>	<b>215 508</b>	<b>156 555</b>	<b>174 247</b>

Table 9.45 Financial Intelligence Centre: Financial information

Statement of financial performance R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
<b>Revenue</b>							
<b>Non-tax revenue</b>	4 577	1 443	516	995	1 197	1 272	1 289
Sale of goods and services other than capital assets <i>of which:</i>	350	–	–	–	–	–	–
<i>Sales by market establishments</i>	350	–	–	–	–	–	–
<i>Other non-tax revenue</i>	4 227	1 443	516	995	1 197	1 272	1 289
<b>Transfers received</b>	–	42 480	111 474	157 884	281 414	169 199	177 356
<b>Total revenue</b>	4 577	43 923	111 990	158 879	282 611	170 471	178 645
<b>Expenses</b>							
<b>Current expense</b>	44 626	59 735	99 001	153 166	215 508	156 555	174 248
Compensation of employees	21 692	34 241	47 363	59 873	73 684	83 254	91 579
Goods and services	21 596	23 806	45 060	75 957	122 327	45 945	54 066
Depreciation	1 324	1 621	6 456	8 091	9 243	15 913	15 912
Interest, dividends and rent on land	14	67	122	9 245	10 254	11 443	12 691
<b>Transfers and subsidies</b>	282	63	–	–	–	–	–
<b>Total expenses</b>	44 908	59 798	99 001	153 166	215 508	156 555	174 248
<b>Surplus / (Deficit)</b>	(40 331)	(15 875)	12 989	5 713	67 103	13 916	4 397
<b>Statement of financial position</b>							
Carrying value of assets	5 994	26 586	35 413	36 388	106 895	122 982	127 070
<i>of which: Acquisition of assets</i>	4 217	22 189	15 484	9 066	80 000	32 000	20 000
Inventory	–	170	166	183	228	274	342
Receivables and prepayments	578	466	1 768	1 100	1 100	1 100	1 100
Cash and cash equivalents	31 767	1 180	1 601	6 187	3 581	2 347	3 857
<b>Total assets</b>	38 339	28 402	38 948	43 858	111 804	126 703	132 369
Accumulated surplus/deficit	32 514	16 639	29 628	35 170	102 273	116 189	120 587
Capital and reserves	–	23	23	23	23	23	–
Trade and other payables	4 782	10 005	7 362	6 548	7 203	8 283	9 526
Provisions	895	1 154	1 261	1 561	1 655	1 754	1 859
Liabilities not classified elsewhere	148	581	674	555	651	454	398
<b>Total equity and liabilities</b>	38 339	28 402	38 948	43 857	111 805	126 703	132 370

### Expenditure trends

The Financial Intelligence Centre is funded mainly by transfers from National Treasury.

Transfers increased from R42.5 million in 2007/08 to R157.9 million in 2009/10. The increase was to fund increased spending on compensation of employees and the centre's relocation to new offices in December 2008. Over the medium term, the transfer is expected to increase at an average annual rate of 4 per cent to reach R177.4 million.

Spending is projected to decrease by 27.4 per cent from R215.5 million in 2010/11 to R156.6 million in 2011/12, due to the implementation of IT infrastructure. In 2006/07 and 2007/08, the commission embarked on a recruitment drive that contributed to the 57.9 per cent increase in personnel costs in 2007/08. The staff complement increased from 59 to 106 as a result of the recruitment drive. This has resulted in a linear increase in all other operating expenditure in 2007/08, forcing the funding requirements to change the historical baseline allocation approved by National Treasury. In 2008/09, capital expenditure reduced as the commission acquired most of the infrastructural assets to accommodate its move to new premises in 2007/08. Personnel costs also increased substantially by 38.3 per cent in 2008/09. The commission's operating costs also increased substantially due to rent and related expenses that were previously not part of its operational expenditure. There were also additional costs relating to communication and related expenditure over the period.

In 2008/09, the commission's baseline was adjusted from R44.6 million to R111.5 million to provide for the ICT project. R281.4 million and R169.2 million has been allocated in 2009/10 and 2010/11 for this. The professional fees incurred by the commission over the seven year period were also mainly for the ICT project. The services ranged from developing system specification to developing and building the IT security system. The increase in expenditure in 2010/11 will be for the completion of the ICT project.

## Cooperative Banks Development Agency

### Strategic overview: 2006/07 – 2012/13

Over the past decade, various forms of cooperative banks have emerged in South Africa, largely facilitated by international organisations or government. Coordinating associations were established to set the rules, promote the establishment of new cooperatives, and support the existing cooperatives. Over time, most of these coordinating associations have failed or disappeared. Cooperative banks are often not sufficiently capacitated to ensure adequate prudential care and the lack of formal coordination and support further undermines them and puts their members at risk. In line with government's responsibility for regulating banking and developments in the cooperative banking sector, National Treasury has begun developing appropriate legislation to supervise and support the sector.

The Co-operative Banks for Development Agency was established in terms of the Co-operative Banks Act (2007) and has been operational from April 2009. The agency provides for savings and access to credit for people who are not served by the formal banking system. The objectives of the agency are to provide for the registration of cooperative banks, which include deposit-taking financial services cooperatives, savings and credit cooperatives, community banks and village banks, and the regulation and supervision of the banks. The agency will also facilitate, promote and fund the education and training of cooperative bank personnel.

One of the ways in which the agency tried to work as efficiently and cost-effectively as possibly is with the development and delivery of its training programmes. Existing learning programmes and technical tools available in the field are assessed first and then formally accredited by the South African Qualifications Authority. The agency will only develop its own programmes if there are gaps.

### Selected performance indicators

Table 9.46 Cooperative Banks Development Agency

Indicator	Programme/Activity	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Number of cooperative banks supervised per year	Bank examinations conducted	-	-	-	35	22	26	35
Number of financial cooperatives in training per year	Training courses provided	-	-	-	35	38	58	75
Number of cooperative banks receiving financial support per year	Liquidity support	-	-	-	35	7	10	15
Number of accredited support organisations per year	Support organisations in the field	-	-	-	35	23	28	35
Total number of financial cooperatives benchmarking performance	Voluntary data provision	-	-	-	5	35	45	63
Total number of publications	Learning for the sector	-	-	-	7	7	15	19

### Service delivery focus

The agency will continue supervising and regulating cooperative banks, with the first banking registrations expected to reach completion by the first half of 2010. Other programmes such as corporative banking development and capacity building will focus on training and development and financial support in accordance with the Cooperative Banks Act (2007).

In 2009/10, the focus was on researching the status of the financial cooperative sector and assessing existing learning programmes and support providers. This will form the basis for programme delivery in 2010/11. Existing service providers that have been accredited will be used to support financial cooperatives which will, in turn, benchmark their progress after learning inputs for monitoring purposes. In 2010/11, the agency will

establish financial support programmes such as liquidity support to cooperative banks and the deposit insurance fund for cooperative banks.

### Expenditure estimates

**Table 9.47 Cooperative Banks for Development Agency: Programme information**

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Initiate and Implement Regulations	-	-	-	676	952	1 640	2 759
Implement Effective Support Programmes	-	-	-	2 240	1 648	2 966	5 043
Implement Financial Support Programmes	-	-	-	1 088	1 680	3 024	5 141
Benchmarking	-	-	-	788	520	936	1 591
Building Sector Networks	-	-	-	-	600	1 080	1 836
Other programmes	-	-	-	1 208	2 836	5 691	9 739
<b>Total expense</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6 000</b>	<b>8 236</b>	<b>15 337</b>	<b>26 109</b>

**Table 9.48 Cooperative Banks for Development Agency: Financial information**

Statement of financial performance	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R thousand							
<b>Revenue</b>							
Non-tax revenue	-	-	-	-	36	28	33
Sale of goods and services other than capital assets	-	-	-	-	36	28	33
of which:							
Admin fees	-	-	-	-	36	28	33
Transfers received	-	-	-	6 000	8 200	15 310	26 076
<b>Total revenue</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6 000</b>	<b>8 236</b>	<b>15 338</b>	<b>26 109</b>
<b>Expenses</b>							
Current expense	-	-	-	6 000	8 236	15 337	26 109

**Table 9.49 Cooperative Banks for Development Agency: Financial information**

Statement of financial performance	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R thousand							
<b>Current expense</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6 000</b>	<b>8 236</b>	<b>15 337</b>	<b>26 109</b>
Compensation of employees	-	-	-	2 900	3 936	7 634	13 028
Goods and services	-	-	-	3 100	4 300	7 703	13 081
<b>Total expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6 000</b>	<b>8 236</b>	<b>15 337</b>	<b>26 109</b>
Surplus / (Deficit)	-	-	-	-	-	1	0

### Expenditure trends

The Cooperative Banks for Development Agency was established in terms of the Cooperative Banks Act, 2007 and started operating in 2009/10 and is funded by transfers from National Treasury. In 2009/10, transfers received were used for capacity building and to set up the agency. An additional R2 million was added to the baseline to facilitate the registration of cooperative banks in 2009/10. Over the MTEF period, transfers are expected to increase from R6 million in 2009/10 to R26.1 million in 2012/13 to fund banking support, which includes supervision, training and benchmark performance of co-operative banks.

## Additional tables

Table 9.A Summary of expenditure trends and estimates per programme and economic classification

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R thousand	2008/09		2008/09	2009/10			2009/10
1. Administration	181 632	199 401	203 663	188 769	49 570	238 339	230 401
2. Public Finance and Budget Management	195 881	227 119	244 056	208 482	45 168	253 650	252 107
3. Asset and Liability Management	61 359	69 343	62 503	64 405	1 769	66 174	57 718
4. Financial Management and Systems	540 854	303 098	272 720	611 704	(112 325)	499 379	466 379
5. Financial Accounting and Reporting	105 687	209 159	202 987	123 374	26 434	149 808	138 871
6. Economic Policy and International Financial Relations	82 548	93 802	90 294	87 631	15 831	103 462	91 462
7. Provincial and Local Government Transfers	7 956 707	7 938 027	7 826 044	14 410 631	–	14 410 631	14 170 631
8. Civil and Military Pensions, Contributions to Funds and Other Benefits	2 352 688	2 313 688	2 331 262	4 920 302	–	4 920 302	4 901 302
9. Fiscal Transfers	9 840 836	20 070 527	20 078 580	41 060 932	1 142 893	42 203 825	42 203 825
<b>Subtotal</b>	<b>21 318 192</b>	<b>31 424 164</b>	<b>31 312 109</b>	<b>61 676 230</b>	<b>1 169 340</b>	<b>62 845 570</b>	<b>62 512 696</b>
<b>Direct charge against the National Revenue Fund</b>	<b>250 612 977</b>	<b>257 935 924</b>	<b>256 189 332</b>	<b>293 118 985</b>	<b>10 553 836</b>	<b>303 672 821</b>	<b>301 277 684</b>
Provincial Equitable Share	199 376 977	204 009 924	201 795 648	231 050 881	5 826 882	236 877 763	236 877 763
State Debt Costs	51 236 000	53 926 000	54 393 684	55 268 000	4 726 954	59 994 954	57 599 817
General fuel levy sharing with metros	–	–	–	6 800 104	–	6 800 104	6 800 104
<b>Total</b>	<b>271 931 169</b>	<b>289 360 088</b>	<b>287 501 441</b>	<b>354 795 215</b>	<b>11 723 176</b>	<b>366 518 391</b>	<b>363 790 380</b>

### Economic classification

<b>Current payments</b>	<b>52 352 923</b>	<b>54 886 944</b>	<b>55 317 221</b>	<b>56 513 712</b>	<b>4 735 365</b>	<b>61 249 077</b>	<b>58 761 066</b>
Compensation of employees	326 807	314 346	321 000	334 221	104 251	438 472	408 472
Goods and services	790 116	646 598	602 537	911 491	(95 840)	815 651	752 777
Interest and rent on land	51 236 000	53 926 000	54 393 684	55 268 000	4 726 954	59 994 954	57 599 817
<b>Transfers and subsidies</b>	<b>219 566 884</b>	<b>234 463 024</b>	<b>222 174 333</b>	<b>268 270 875</b>	<b>5 982 152</b>	<b>274 253 027</b>	<b>274 013 027</b>
Provinces and municipalities	207 210 699	211 862 930	209 541 592	252 182 222	5 796 276	257 978 498	257 738 498
Departmental agencies and accounts	9 192 545	9 526 422	9 518 441	10 352 679	216 043	10 568 722	10 568 722
Universities and technikons	5 456	5 456	5 456	5 456	–	5 456	5 456
Foreign governments and international organisations	527 808	542 396	550 501	579 492	(30 447)	549 045	549 045
Public corporations and private enterprises	296 837	10 246 837	246 809	267 407	–	267 407	267 407
Non-profit institutions	68	68	–	71	–	71	71
Households	2 333 471	2 278 915	2 311 534	4 883 548	280	4 883 828	4 883 828
<b>Payments for capital assets</b>	<b>11 362</b>	<b>10 120</b>	<b>9 431</b>	<b>10 628</b>	<b>5 659</b>	<b>16 287</b>	<b>16 287</b>
Machinery and equipment	10 312	10 120	9 431	10 628	5 659	16 287	16 287
Software and other intangible assets	1 050	–	–	–	–	–	–
<b>Payments for financial assets</b>	<b>–</b>	<b>–</b>	<b>10 000 456</b>	<b>30 000 000</b>	<b>1 000 000</b>	<b>31 000 000</b>	<b>31 000 000</b>
<b>Total</b>	<b>271 931 169</b>	<b>289 360 088</b>	<b>287 501 441</b>	<b>354 795 215</b>	<b>11 723 176</b>	<b>366 518 391</b>	<b>363 790 380</b>

Table 9.B Summary of personnel numbers and compensation of employees

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
<b>Permanent and full time contract employees</b>							
Compensation (R thousand)	226 568	264 522	313 880	433 950	530 900	565 039	590 233
Unit cost (R thousand)	310	338	350	372	438	467	487
<i>Administration</i>	215	237	223	286	340	359	380
<i>Public Finance and Budget Management</i>	251	366	383	437	517	540	545

Table 9.B Summary of personnel numbers and compensation of employees (continued)

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
<b>Permanent and full time contract employees</b>							
<i>Asset and Liability Management</i>	325	295	393	397	476	507	534
<i>Financial Management and Systems</i>	273	369	352	378	395	420	441
<i>Financial Accounting and Reporting</i>	396	389	255	399	483	516	553
<i>Economic Policy and International Financial Relations</i>	–	337	371	426	507	561	591
Personnel numbers (head count)	732	782	897	1 167	1 211	1 211	1 211
<b>Total for department</b>							
Compensation (R thousand)	230 897	272 740	321 000	438 472	538 467	573 022	598 615
Unit cost (R thousand)	293	224	335	357	421	448	468
Personnel numbers (head count)	787	1 217	957	1 227	1 279	1 279	1 279

Table 9.C Detail of approved establishment and personnel numbers according to salary level <sup>1</sup>

	Personnel post status as at 30 September 2009			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid year <sup>2</sup>	Medium-term estimate		
				2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
<b>Department</b>	<b>1 382</b>	<b>1 167</b>	<b>58</b>	<b>767</b>	<b>860</b>	<b>1 018</b>	<b>1 167</b>	<b>1 211</b>	<b>1 211</b>	<b>1 211</b>
Salary level 1 – 6	125	153	12	133	129	150	153	144	144	144
Salary level 7 – 10	490	415	14	248	301	399	415	430	430	430
Salary level 11 – 12	454	308	15	192	196	224	308	334	334	334
Salary level 13 – 16	313	291	17	194	234	245	291	303	303	303
<b>Administration</b>	<b>399</b>	<b>355</b>	<b>17</b>	<b>242</b>	<b>258</b>	<b>313</b>	<b>355</b>	<b>353</b>	<b>353</b>	<b>353</b>
Salary level 1 – 6	103	122	10	99	92	119	122	120	120	120
Salary level 7 – 10	145	124	4	89	106	113	124	127	127	127
Salary level 11 – 12	100	55	1	30	30	36	55	55	55	55
Salary level 13 – 16	51	54	2	24	30	45	54	51	51	51
<b>Public Finance and Budget Management</b>	<b>321</b>	<b>299</b>	<b>28</b>	<b>286</b>	<b>245</b>	<b>280</b>	<b>299</b>	<b>302</b>	<b>302</b>	<b>302</b>
Salary level 1 – 6	4	4	–	10	8	3	4	8	8	8
Salary level 7 – 10	115	105	7	71	75	121	105	105	105	105
Salary level 11 – 12	112	99	8	89	62	70	99	96	96	96
Salary level 13 – 16	90	91	13	116	100	86	91	93	93	93
<b>Asset and Liability Management</b>	<b>122</b>	<b>104</b>	<b>–</b>	<b>80</b>	<b>102</b>	<b>85</b>	<b>104</b>	<b>102</b>	<b>102</b>	<b>102</b>
Salary level 1 – 6	6	5	–	5	5	5	5	5	5	5
Salary level 7 – 10	50	41	–	28	36	36	41	40	40	40
Salary level 11 – 12	41	34	–	25	37	30	34	34	34	34
Salary level 13 – 16	25	24	–	22	24	14	24	23	23	23
<b>Financial Management and Systems</b>	<b>121</b>	<b>108</b>	<b>3</b>	<b>105</b>	<b>82</b>	<b>95</b>	<b>108</b>	<b>111</b>	<b>111</b>	<b>111</b>
Salary level 1 – 6	6	11	2	16	16	16	11	5	5	5
Salary level 7 – 10	58	47	1	44	31	44	47	38	38	38
Salary level 11 – 12	42	35	–	30	18	25	35	43	43	43
Salary level 13 – 16	15	15	–	15	17	10	15	25	25	25
<b>Financial Accounting and Reporting</b>	<b>204</b>	<b>142</b>	<b>5</b>	<b>54</b>	<b>63</b>	<b>120</b>	<b>142</b>	<b>168</b>	<b>168</b>	<b>168</b>
Salary level 1 – 6	3	3	–	3	3	3	3	3	3	3
Salary level 7 – 10	68	54	1	16	22	47	54	65	65	65
Salary level 11 – 12	69	36	3	18	12	25	36	49	49	49
Salary level 13 – 16	64	49	1	17	26	45	49	51	51	51

Table 9.C Detail of approved establishment and personnel numbers according to salary level <sup>1</sup>(continued)

	Personnel post status as at 30 September 2009			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid year <sup>2</sup>	Medium-term estimate		
				2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
<b>Economic Policy and International Financial Relations</b>	215	159	5	–	110	125	159	175	175	175
Salary level 1 – 6	3	8	–	–	5	4	8	3	3	3
Salary level 7 – 10	54	44	1	–	31	38	44	55	55	55
Salary level 11 – 12	90	49	3	–	37	38	49	57	57	57
Salary level 13 – 16	68	58	1	–	37	45	58	60	60	60

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

2. As at 30 September 2009.

Table 9.D Summary of expenditure on training

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Compensation of employees (R thousand)	230 897	272 740	314 346	334 221	535 467	569 022	593 615
Training expenditure (R thousand)	9 328	16 104	16 913	33 573	19 766	20 389	21 152
Training as percentage of compensation	4.0%	5.9%	5.4%	10.0%	3.7%	3.6%	3.6%
Total number trained in department (head count)	884	993	792	–			
<i>of which:</i>							
Employees receiving bursaries (head count)	74	70	46	–			
Internships trained (head count)	55	435	46	–			
Households receiving bursaries (R thousand)	400	600	800	1 000	1 600	1 600	1 600
Households receiving bursaries (head count)	18	20	20	–			

Table 9.E Summary of conditional grants to provinces and municipalities<sup>1</sup>

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R thousand							
<b>Conditional grants to provinces</b>							
<b>7. Provincial and Local Government Transfers</b>							
Infrastructure grant to provinces	4 983 498	6 026 244	7 384 487	9 249 247	11 314 911	13 091 190	14 007 550
Gautrain loan	–	–	–	4 200 000	–	–	–
Infrastructure grant to provinces	–	250 000	–	–	–	–	–
<b>Total</b>	<b>4 983 498</b>	<b>6 276 244</b>	<b>7 384 487</b>	<b>13 449 247</b>	<b>11 314 911</b>	<b>13 091 190</b>	<b>14 007 550</b>
<b>Conditional grants to municipalities</b>							
<b>7. Provincial and Local Government Transfers</b>							
Local government restructuring grant	265 000	530 000	–	–	–	–	–
Financial management grant-municipalities	145 250	145 250	180 000	299 990	364 589	384 641	403 873
Neighbourhood development partnership grant	–	41 242	181 457	551 394	1 030 000	1 190 440	1 182 462
<b>Total</b>	<b>410 250</b>	<b>716 492</b>	<b>361 457</b>	<b>851 384</b>	<b>1 394 589</b>	<b>1 575 081</b>	<b>1 586 335</b>

1. Detail provided in the Division of Revenue Act (2010)

Table 9.F Summary of donor funding

Donor	Project	Departmental programme name	Amount committed	Main economic classification	Spending focus	Audited outcome			Estimate	Medium-term expenditure estimate		
						2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R thousand												
<b>Foreign In cash</b>												
European Union	Technical assistance team phase I	Public Finance and Budget Management	3 054	Goods and services	Provide technical and management support to programmes	3 045	28	-	-	-	-	-
Japan	Establish and operationalise a management information system	Public Finance and Budget Management	302	Goods and services	Development Cooperation Information System upgrade	229	22	-	-	30	12	-
European Union	Technical assistance team phase II	Public Finance and Budget Management	6 834	Goods and services	Provide technical and management support to various donor funded programmes	3 592	-	-	-	-	-	-
Sweden	Collaborative African Budget Reform Initiative	Economic Policy and International Financial Relations	2 428	Goods and services	Organise and participate in annual Africa Budget Reform workshops	344	570	-	-	-	-	-
Norway	Capacity building for aid effectiveness	Public Finance and Budget Management	4 852	Goods and services	Capacity building of officials on management of aid	-	-	-	-	-	-	-
Canada	Capacity building technical assistance facility	Public Finance and Budget Management	67 349	Goods and services	Provide capacity building to all spheres of government to achieve timely, adequate, gender sensitive, pro-poor service delivery	-	8 638	35 762	21 210	1 380	-	-
European Union	Official development assistance programme	Public Finance and Budget Management	110 000	Goods and services	Leveraging the official development assistance programme to improve outcome orientated delivery systems	-	-	-	7 842	4 678	7 900	-
European Union	Strengthening the secretariat of the Collaborative Africa Budget Reform Initiative	Economic Policy and International Financial Relations	2 390	Goods and services	Technical and logistical support personnel recruited	-	-	-	-	-	-	-
African Development Bank	Strengthening budget practices and procedures in Africa	Economic Policy and International Financial Relations	1 007	Goods and services	Establish budget resource centre, conduct research on regional public goods, and publish report on budget practices and procedures	-	-	215	328	1 786	-	-
Ireland	Support of the 5th annual Collaborative Africa Budget Reform Initiative Seminar	Economic Policy and International Financial Relations	896	Goods and services	Seminar held April 2009	-	-	-	-	-	-	-
European Union	Financial management improvement programme (II)	Financial Accounting and Reporting	9 266	Compensation of employees	Salary for project management of the programme	-	-	-	9 077	979	-	-
European Union	Financial management improvement programme (II)	Financial Accounting and Reporting	786	Goods and services	Operational costs to support the rollout of the implementation of the programme	-	-	-	-	-	-	-

Table 9.F Summary of donor funding (continued)

Donor	Project	Departmental programme name	Amount committed	Main economic classification	Spending focus	Audited outcome			Estimate	Medium-term expenditure estimate		
						2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R thousand												
<b>In kind</b>												
Department for International Development	Consolidation of municipal transformation programmes	Public Finance and Budget Management	8 038	Goods and services	Support the implementation of the Municipal Finance Management Act (2003)	3 519	3 519	-	-	-	-	-
Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ)	Strengthening local government programme	Public Finance and Budget Management	10 810	Goods and services	Support the implementation of the Municipal Finance Management Act (2003)	3 355	3 355	-	-	-	-	-
United Nations Development Programme	Sustainable urban development programme	Public Finance and Budget Management	1 800	Goods and services	Technical assistance in developing guidelines for the management of official development assistance	720	360	-	-	-	-	-
United States Agency for International Development	Black economic empowerment review	Economic Policy and International Financial Relations	130	Goods and services	Compiled report on the black economic empowerment review	130	130	-	-	-	-	-
United States Agency for International Development	Housing tax incentives	Economic Policy and International Financial Relations	185	Goods and services	Provide housing tax incentives	185	185	-	-	-	-	-
United States Agency for International Development	Commission for Gender Equality workshop with University of Cape Town	Economic Policy and International Financial Relations	113	Goods and services	Increased capacity and improved Commission for Gender Equality analysis	113	113	-	-	-	-	-
United States Agency for International Development	Labour market vulnerability and social protection	Economic Policy and International Financial Relations	525	Goods and services	Workshops on labour, market vulnerability and social protection	5 255	525	-	-	-	-	-
United States Agency for International Development	Funding of guidelines on consultants and collaboration (public private partnership unit)	Public Finance and Budget Management	10 839	Goods and services	Published guidelines on consultants and collaboration on the public private partnership unit's website	2 839	2 839	-	-	-	-	-
United States Agency for International Development	Support for economic growth and analysis	Economic Policy and International Financial Relations	300	Goods and services	Conducted research	300	300	-	-	-	-	-

Table 9.F Summary of donor funding (continued)

Donor	Project	Departmental programme name	Amount committed	Main economic classification	Spending focus	Audited outcome			Estimate	Medium-term expenditure estimate		
						2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R thousand												
<b>In kind</b>												
United States Agency for International Development	Support for economic growth and analysis	Public Finance and Budget Management	1 262	Goods and services	Research on rural land studies conducted	1 262	1 262	-	-	-	-	-
United States Agency for International Development	Support for economic growth and analysis	Public Finance and Budget Management	988	Goods and services	Conducted primary nutrition survey	988	988	-	-	-	-	-
United States Agency for International Development	Limited scope grant agreement	Public Finance and Budget Management	-	Goods and services	Increased collaboration and joint planning approaches with intervention as identified on a yearly basis	-	377	-	5 076	-	-	-
United States Agency for International Development	Limited scope grant agreement	Public Finance and Budget Management	1 035	Goods and services	Increased collaboration and joint planning approaches with intervention as identified on a yearly basis	-	-	-	2 473	5 527	-	-
United States Agency for International Development	Limited scope grant agreement	Public Finance and Budget Management	10 000	Goods and services	Increased collaboration and joint planning approaches with intervention as identified on a yearly basis	-	-	-	-	5 721	9 654	-
Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ)	Strengthening support to the Collaborative Africa Budget Reform Initiative secretariat	Economic Policy and International Financial Relations	4 482	Goods and services	Hold regular dialogues, develop common African positions and established decision making structures and rules and procedures	-	-	-	1 632	3 802	3 606	3 550
European Union	Financial management improvement programme (II)	Financial Accounting and Reporting	38 833	Compensation of employees	Salaries for advisors to support rollout of Public Finance Management Act and Municipal Finance Management Act implementation as objectives of the financial management improvement programme II	-	-	-	-	-	-	-
European Union	Financial management improvement programme (II)	Financial Accounting and Reporting	3 178	Goods and services	Operational costs to support rollout of Public Finance Management Act and Municipal Finance Management Act implementation as objective of the financial management improvement programme II	-	-	-	-	-	-	-

**Table 9.F Summary of donor funding (continued)**

Donor	Project	Departmental programme name	Amount committed	Main economic classification	Spending focus	Audited outcome			Estimate	Medium-term expenditure estimate		
						2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R thousand												
<b>In kind</b>												
United States Agency for International Development	Economic advice	Public Finance and Budget Management	365	Goods and services	Increased capacity in microeconomic policy analysis	365	365	-	-	-	-	-
<b>Local</b>												
<b>In cash</b>												
University of Cape Town	Modeling and forecasting	Economic Policy and International Financial Relations	33	Goods and services	Increased capacity and improved microeconomic policy analysis	-	-	-	-	-	-	-
<b>Total</b>			<b>302 080</b>			<b>26 241</b>	<b>23 576</b>	<b>35 977</b>	<b>47 638</b>	<b>23 903</b>	<b>21 172</b>	<b>3 550</b>

**Table 9.G Summary of expenditure on infrastructure**

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate			
				2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	
R thousand											
<b>Departmental infrastructure</b>											
Infrastructure Grant to Provinces	Provincial infrastructure projects	Various	38 150 255	4 983 498	6 276 244	7 384 487	9 249 247	11 414 911	13 196 190	14 117 550	
Neighbourhood Development Partnership Grant	Township plan development	Various	3 732 902	50 000	41 242	373 540	661 394	1 155 000	1 290 440	1 287 462	
Refurbishment of 240 Vermuelen Street	Office accommodation	-	-	2 248	3 000	-	-	-	-	-	
Refurbishment of 120 Plein Street	Office accommodation	-	-	-	6 785	-	-	-	-	-	
Refurbishment of 28 Church Square	Office accommodation	-	-	-	-	10 000	-	-	-	-	
<b>Total</b>			<b>41 883 157</b>	<b>5 035 746</b>	<b>6 327 271</b>	<b>7 768 027</b>	<b>9 910 641</b>	<b>12 569 911</b>	<b>14 486 630</b>	<b>15 405 012</b>	



