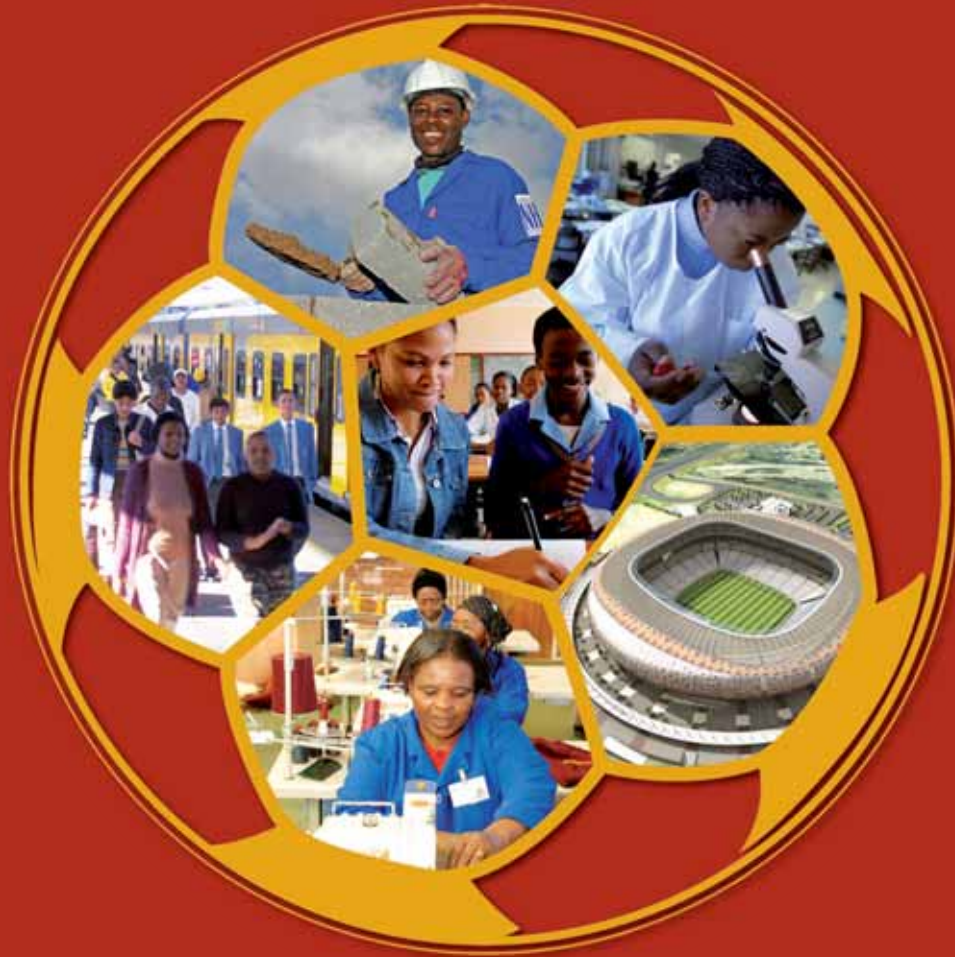


# Vote 28 Energy



# 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<br>Water Affairs and Forestry<br>Environmental Affairs and Tourism         |
| Water Affairs                                  | Water Affairs and Forestry   |
| Human Settlements                              | Housing<br>Water Affairs and Forestry  |
| Environmental Affairs                          | Environmental Affairs and Tourism  |
| Tourism  | Environmental Affairs and Tourism  |
| Basic Education                                | Education  |
| Higher Education and Training                  | Education<br>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<br>Provincial and Local Government  |
| Women, Children and People with Disabilities   | The Presidency (still exists)<br>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>                                    |
|                  |                                   |                  |                  | <b>Compensation of employees</b>                           |
| 63 383.4         | 69 171.6                          | 74 337.1         | 78 539.2         | Salaries and wages   |
| 12 625.3         | 14 921.6                          | 15 830.2         | 16 693.2         | Social contributions                                       |
| <b>43 205.8</b>  | <b>46 843.3</b>                   | <b>51 466.9</b>  | <b>53 656.0</b>  | <b>Goods and services</b>                                  |
| <b>57 601.0</b>  | <b>71 359.6</b>                   | <b>88 465.0</b>  | <b>104 024.5</b> | <b>Interest and rent on land</b>                           |
| 57 600.2         | 71 358.7                          | 88 464.1         | 104 023.5        | Interest (including interest on finance leases)            |
| 0.8              | 0.8                               | 0.9              | 1.0              | 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>Transfers and subsidies to:</b>                         |
|                  |                                   |                  |                  | Provinces and municipalities                               |
| <b>345 167.9</b> | <b>381 726.9</b>                  | <b>417 237.3</b> | <b>442 587.4</b> | <b>Provinces</b>   |
| <b>294 968.2</b> | <b>322 858.2</b>                  | <b>350 547.1</b> | <b>369 348.4</b> | <b>Provincial revenue funds</b>                            |
| 294 968.2        | 322 858.2                         | 350 547.1        | 369 348.4        |  |
| <b>50 199.7</b>  | <b>58 868.7</b>                   | <b>66 690.2</b>  | <b>73 239.0</b>  | <b>Municipalities</b>                                      |
| 50 199.7         | 58 868.7                          | 66 690.2         | 73 239.0         | Municipal bank accounts                                    |
| <b>57 114.3</b>  | <b>58 456.5</b>                   | <b>65 123.0</b>  | <b>68 388.7</b>  | <b>Departmental agencies and accounts</b>                  |
| 12.7             | 11.6                              | 12.4             | 13.0             | Social security funds                                      |
| 57 101.6         | 58 445.0                          | 65 110.6         | 68 375.7         | Departmental agencies (non-business entities)              |
| <b>15 437.4</b>  | <b>17 532.0</b>                   | <b>19 318.5</b>  | <b>20 669.2</b>  | <b>Universities and technikons</b>                         |
| <b>1 260.9</b>   | <b>1 313.9</b>                    | <b>1 288.8</b>   | <b>1 380.3</b>   | <b>Foreign governments and international organisations</b> |
| <b>19 725.2</b>  | <b>20 129.1</b>                   | <b>20 700.1</b>  | <b>21 489.8</b>  | <b>Public corporations and private enterprises</b>         |
| <b>17 555.0</b>  | <b>16 988.4</b>                   | <b>17 034.7</b>  | <b>17 355.7</b>  | <b>Public corporations</b>                                 |
| 5 198.9          | 5 180.8                           | 5 262.0          | 5 499.9          | Subsidies on products or production                        |
| 12 356.1         | 11 807.6                          | 11 772.7         | 11 855.7         | Other transfers to public corporations                     |
| <b>2 170.1</b>   | <b>3 140.7</b>                    | <b>3 665.4</b>   | <b>4 134.1</b>   | <b>Private enterprises</b>                                 |
| 1 795.1          | 2 778.8                           | 3 255.0          | 3 629.1          | Subsidies on products or production                        |
| 375.1            | 362.0                             | 410.3            | 505.0            | Other transfers to private enterprises                     |
| <b>1 225.1</b>   | <b>2 275.2</b>                    | <b>2 339.0</b>   | <b>1 894.0</b>   | <b>Non-profit institutions</b>                             |
| <b>90 622.4</b>  | <b>98 234.2</b>                   | <b>108 805.0</b> | <b>117 648.6</b> | <b>Households</b>  |
| 85 620.3         | 92 792.8                          | 102 213.6        | 110 636.4        | Social benefits  |
| 5 002.1          | 5 441.4                           | 6 591.5          | 7 012.1          | 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>Payments for capital assets</b>                         |
| <b>5 862.9</b>   | <b>5 994.9</b>                    | <b>7 237.3</b>   | <b>9 660.6</b>   | <b>Buildings and other fixed structures</b>                |
| 4 743.8          | 4 537.4                           | 4 836.4          | 6 935.7          | Buildings  |
| 1 119.2          | 1 457.5                           | 2 400.9          | 2 725.0          | Other fixed structures                                     |
| <b>2 735.2</b>   | <b>3 236.9</b>                    | <b>3 381.4</b>   | <b>3 525.6</b>   | <b>Machinery and equipment</b>                             |
| 1 467.8          | 1 352.7                           | 1 474.3          | 1 690.0          | Transport equipment  |
| 1 267.4          | 1 884.2                           | 1 907.2          | 1 835.6          | Other machinery and equipment                              |
| 27.6             | 19.6                              | 24.5             | 122.0            | Specialised military assets                                |
| 1.1              | 1.6                               | 0.7              | 0.7              | Biological assets  |
| –                | –                                 | –                | –                | Land and subsoil assets                                    |
| 61.0             | 37.5                              | 32.7             | 33.8             | Software and other intangible assets                       |
| <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>                   |
| <b>32 760.0</b>  | <b>20 888.6</b>                   | <b>750.0</b>     | <b>0.0</b>       | <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<br>(including<br>direct<br>charges) | Current<br>payments | Transfers<br>and<br>subsidies | Payments for<br>capital<br>assets | Payments for<br>financial<br>assets | To be<br>appropriated | Increase/<br>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.**

# Energy

**National Treasury**  
**Republic of South Africa**



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# Vote 28

## Energy

### Budget summary

| R thousand                            | 2010/11                  |                  |                         |                             | 2011/12          | 2012/13          |
|---------------------------------------|--------------------------|------------------|-------------------------|-----------------------------|------------------|------------------|
|                                       | Total to be appropriated | Current payments | Transfers and subsidies | Payments for capital assets | Total            | Total            |
| <b>MTEF allocation</b>                |                          |                  |                         |                             |                  |                  |
| Administration                        | 104 205                  | 99 276           | 329                     | 4 600                       | 127 689          | 106 947          |
| Hydrocarbons and Energy Planning      | 1 558 608                | 58 608           | 1 500 000               | -                           | 1 564 636        | 1 571 231        |
| Electricity, Nuclear and Clean Energy | 408 817                  | 44 239           | 364 578                 | -                           | 513 670          | 116 473          |
| Associated Services                   | 3 463 760                | -                | 3 463 760               | -                           | 3 533 598        | 3 744 048        |
| <b>Total expenditure estimates</b>    | <b>5 535 390</b>         | <b>202 123</b>   | <b>5 328 667</b>        | <b>4 600</b>                | <b>5 739 593</b> | <b>5 538 699</b> |

Executive authority Minister of Energy  
Accounting officer Director-General of Energy  
Website address [www.dme.gov.za](http://www.dme.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 the Department of Energy is to formulate and exercise oversight regarding the implementation of overall energy policies to ensure access to affordable and reliable energy by all South Africans and to promote environmentally friendly energy carriers.*

### Programme purposes

#### Programme 1: Administration

**Purpose:** Strategic support and management services to the ministry and the department.

#### Programme 2: Hydrocarbons and Energy Planning

**Purpose:** Integrated energy planning to promote the sustainable use of energy resources by developing appropriate policies and regulations that promote the efficient use of petroleum products, coal, gas and renewable energy sources.

#### Programme 3: Electricity, Nuclear and Clean Energy

**Purpose:** Monitor developments in the electricity, nuclear and clean energy sectors. Improve and implement appropriate policies governing these sectors. Oversee relevant public entities. Promote universal access to electricity by the broader South African population.

#### Programme 4: Associated Services

**Purpose:** Transfer, manage and monitor funds in support of the department's mandates to funded and non-funded statutory bodies and organisations.

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

The Department of Energy was established in May 2009, as a result of the separation of the energy and minerals mandates of its predecessor, the Department of Minerals and Energy. The restructuring was informed by the increasing recognition of the importance of energy in achieving government priorities as well as the particular challenges faced by the sector. The Department of Energy is responsible for ensuring the security of energy supply within the country. It does this by undertaking integrated energy planning, regulating energy industries, and promoting universal access to electricity and the use of clean energy.

Between 2006/07 and 2009/10, emphasis was placed on developing and strengthening the legislative and regulatory framework governing the energy sector. In November 2008, the National Energy Act (2008) was promulgated. The act allows for improved coordination within the energy sector, and integrates the various energy planning initiatives. In relation to the hydrocarbons sector, the petroleum pipeline regulations were promulgated in 2007 and the licensing criteria for biofuels were published in 2008.

The department continues with the implementation of the Electricity Regulation Act (2006) by instituting appropriate interventions such as the drafting of regulations on the new generation capacity in August 2009. These regulations are aimed at creating an enabling environment for independent power producers to enter the electricity market.

### **Ensuring a security of energy supply**

The department is planning to develop a draft integrated energy planning strategy by September 2010. The strategy is expected to outline the requisite processes, systems and structures that will lead to the development of a comprehensive integrated energy plan. A national integrated energy modelling system, which is required to provide statistical information for the integrated energy planning strategy, is planned for completion by 2012/13. The department is also planning to review the 1998 White Paper on the Energy Policy of the Republic of South Africa over the medium term.

### *Integrated resource plan*

In September 2009, the department drafted the integrated resource plan and submitted it for Cabinet approval. However, Cabinet recommended that the department continue to engage in an extensive consultation process to ensure that all interested and affected parties are given ample opportunity to contribute in the finalisation of a comprehensive integrated resource plan. The department expects to finalise the plan and have it ready for implementation by June 2010. The aim of the plan is to develop an electricity generation matrix that outlines the energy mix from a combination of diverse sources, by also factoring in the implications of each source for the overall carbon footprint of the country.

### *National strategic fuel stocks policy*

The energy security master plan for liquid fuel identified a number of capacity constraints and challenges faced by the petroleum sector in meeting energy demand. In responding to these challenges, the department plans to publish the national strategic fuel stocks policy for public comment by the end of 2010. This policy sets out the framework for the storage of fuel stocks by government as well as industry, to guide the necessary investment decisions within the liquid fuels sector. The department will continue to promote the expansion of refining capacity in the petroleum sector by engaging the relevant stakeholders.

### *Promoting clean and renewable energy sources*

Promoting the development and usage of clean and renewable energy resources remains a key priority for the department. The renewable energy feed-in tariffs incentivise producers to invest in renewable energy by setting a tariff that covers the cost of generation plus a reasonable profit. The tariffs are set for a diverse array of renewable energy sources including wind, solar, biomass and small scale hydro.

Energy efficiency programmes are initiated based on the understanding that demand side management is generally less costly than supply side interventions within the electricity industry. The department has developed a solar water heating framework, which consolidates all solar water heating programmes currently run by various municipalities, public entities and the private sector. This framework also proposes a viable funding mechanism that will allow for the accelerated installation of 1 million solar water heaters by 2014. A

standard offer framework that provides incentives for interventions that improve energy efficiency in the domestic, industrial and commercial sectors is being developed and will be published in April 2010.

The department plans to embark on a process of reviewing the South African fuel specifications and standards to align them with global vehicle technology trends and environmental requirements. This will allow vehicle manufacturers to introduce engine technologies that are more fuel efficient and result in lower carbon emissions. The new fuel specifications will then be promulgated before the end of 2010/11 and guide the investment decision of companies in the motor industry.

#### Accelerated access to electricity

In terms of the 2007 community survey carried out by Statistics South Africa, out of the 9.2 million households, approximately 80 per cent are already electrified. The highest percentage of electrified households is found in Western Cape (86 per cent) and the lowest is in Eastern Cape (60 per cent). All existing clinics in the country have already been electrified. Since 2001/02, 4 957 schools have been electrified. The school electrification programme is planned for completion by 2010/11.

#### Nuclear energy

The department continues with the implementation of the 2008 nuclear energy policy. The implementation of the nuclear energy policy requires a coordinated approach due to the multifaceted nature and complexities of deploying nuclear energy. These include the decision relating to the deployment of new nuclear power stations, determining the funding and procurement frameworks, and the industrialisation and localisation strategy. The nuclear energy policy implementation committee, comprising of government departments and organisations in the nuclear sector, was established in 2009.

#### Regional electricity distributors

The department submitted its proposed amendments to the Constitution Seventeenth Amendment Bill to Cabinet in May 2009. The amendments contained in the bill are regarded as the key enabler in the establishment of regional electricity distributors.

#### Review of the liquid fuels charter

During this current financial year, the department will be conducting a comprehensive review, to determine the status of compliance with empowerment commitments that were made 10 years ago when the charter was agreed to. Following the outcome of the review a new empowerment framework will be developed and will be concluded during this financial year.

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

The department will implement cost containment initiatives over the MTEF period, having identified efficiency savings of R79.8 million in 2010/11, R137.7 million in 2011/12 and R146.1 million in 2012/13. These cost savings are mainly driven by reductions in expected expenditure on travel, consulting services, and venue and facilities hire. Over the MTEF period, significant savings of R320.3 million are derived from the *Associated Services* programme, which transfers funds to public entities. Transfer payments to the Electricity Distribution Holdings Company are reduced by R44 million and R31 million in 2011/12 and 2012/13 as the allocations from government are being phased out.

## Selected performance indicators

Table 28.1 Energy

| Indicator   | Programme                             | Past    | Current | Projections |         |         |         |         |
|---|---------------------------------------|---------|---------|-------------|---------|---------|---------|---------|
|   |                                       | 2006/07 | 2007/08 | 2008/09     | 2009/10 | 2010/11 | 2011/12 | 2012/13 |
| Number of new petroleum retail site inspections per year                          | Hydrocarbons and Energy Planning      | –       | 360     | 1 200       | 1 200   | 1 200   | 1 200   | 1 200   |
| Number of additional petroleum licence applications accepted per year             | Hydrocarbons and Energy Planning      | 13 300  | 13 300  | 13 580      | 13 800  | 15 000  | 15 150  | 15 300  |
| Number of new operational integrated energy centres established per year          | Hydrocarbons and Energy Planning      | 5       | 5       | 3           | 2       | 2       | 2       | 2       |
| Number of additional households electrified per year                              | Associated Services                   | 122 711 | 187 925 | 123 364     | 150 000 | 150 000 | 180 000 | 180 000 |
| Number of additional schools electrified per year                                 | Associated Services                   | 372     | 948     | 712         | 1 313   | –       | –       | –       |
| Number of additional clinics electrified per year                                 | Associated Services                   | 10      | 112     | –           | –       | –       | –       | –       |
| Number of new bulk substations built per year                                     | Associated Services                   | 4       | 7       | 6           | 10      | 6       | 6       | 6       |
| Number of additional substations upgraded per year                                | Associated Services                   | –       | 2       | 13          | 10      | 10      | 10      | 10      |
| Amount of new medium voltage power lines constructed per year (km)                | Associated Services                   | –       | 95      | 140         | 310     | 350     | 350     | 350     |
| Amount of existing medium voltage power lines upgraded per year (km)              | Associated Services                   | –       | 132     | 92          | 241     | 200     | 200     | 200     |
| Number of additional temporary jobs created per year                              | Associated Services                   | 4 729   | 5 035   | 5 298       | 4 500   | 4 500   | 4 500   | 4 500   |
| Number of additional full time jobs created per year                              | Associated Services                   | 526     | 559     | 589         | 500     | 500     | 500     | 500     |
| Number of new learners working on electrification projects per year               | Associated Services                   | 1 389   | 1 599   | 2 368       | 800     | 800     | 800     | 800     |
| Amount of expenditure on BEE and black women owned enterprises and SMMEs per year | Electricity, Nuclear and Clean Energy | R560m   | R894m   | R924m       | R933m   | R933m   | R933m   | R933m   |
| Number of new renewable energy projects subsidised per year                       | Electricity, Nuclear and Clean Energy | 1       | 2       | 2           | 1       | 2       | 3       | 3       |
| Number of new green certificates issued per year                                  | Electricity, Nuclear and Clean Energy | –       | –       | –           | –       | 2       | 5       | 5       |
| Reduction in electricity demand per year (MW)                                     | Electricity, Nuclear and Clean Energy | –       | –       | –           | 100     | 100     | 100     | 100     |

## Expenditure estimates

Table 28.2 Energy

| 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                        | 34 804           | 40 138           | 53 413           | 68 206                 | 68 206           | 104 205                          | 127 689          | 106 947          |
| 2. Hydrocarbons and Energy Planning      | 31 205           | 35 632           | 44 199           | 55 285                 | 54 372           | 1 558 608                        | 1 564 636        | 1 571 231        |
| 3. Electricity, Nuclear and Clean Energy | 65 026           | 86 662           | 262 575          | 339 963                | 327 524          | 408 817                          | 513 670          | 116 473          |
| 4. Associated Services                   | 1 799 811        | 2 026 712        | 2 558 205        | 3 293 423              | 3 290 100        | 3 463 760                        | 3 533 598        | 3 744 048        |
| <b>Total</b>                             | <b>1 930 846</b> | <b>2 189 144</b> | <b>2 918 392</b> | <b>3 756 877</b>       | <b>3 740 202</b> | <b>5 535 390</b>                 | <b>5 739 593</b> | <b>5 538 699</b> |
| Change to 2009 Budget estimate           |                  |                  |                  | 14 589                 | (2 086)          | 1 400 177                        | 1 279 077        | 1 571 536        |



Table 28.2 Energy (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>   |                  |                  |                  |                        |                  |                                  |                  |                  |
| <b>Current payments</b>  | <b>128 539</b>   | <b>157 260</b>   | <b>170 600</b>   | <b>195 427</b>         | <b>194 514</b>   | <b>202 123</b>                   | <b>235 568</b>   | <b>220 654</b>   |
| Compensation of employees  | 49 744           | 68 223           | 84 581           | 113 053                | 112 140          | 132 994                          | 140 442          | 142 796          |
| Goods and services   | 78 795           | 89 037           | 86 019           | 82 374                 | 82 374           | 69 129                           | 95 126           | 77 858           |
| <i>of which:</i>   |                  |                  |                  |                        |                  |                                  |                  |                  |
| <i>Administrative fees</i>   | 983              | 572              | 718              | 13 692                 | 13 692           | 3 735                            | 4 577            | 4 538            |
| <i>Advertising</i>   | 1 902            | 2 330            | 2 551            | 1 719                  | 1 719            | 3 410                            | 3 854            | 3 619            |
| <i>Assets less than the capitalisation threshold</i>                         | 615              | 508              | 620              | 672                    | 672              | 1 600                            | 6 771            | 1 961            |
| <i>Audit cost: External</i>  | 494              | 532              | 825              | 627                    | 627              | 1 800                            | 1 999            | 2 000            |
| <i>Bursaries: Employees</i>  | 242              | 330              | 332              | 513                    | 513              | 2 116                            | 2 690            | 2 462            |
| <i>Catering: Departmental activities</i>                                     | 862              | 927              | 1 198            | 1 342                  | 1 342            | 3 174                            | 3 459            | 3 407            |
| <i>Communication</i>   | 1 937            | 2 037            | 3 164            | 2 506                  | 2 506            | 5 226                            | 5 540            | 5 190            |
| <i>Computer services</i>   | 2 279            | 2 033            | 4 780            | 9 288                  | 9 288            | 6 997                            | 13 345           | 9 974            |
| <i>Consultants and professional services: Business and advisory services</i> | 32 828           | 29 422           | 8 236            | 1 745                  | 1 745            | 7 320                            | 7 193            | 6 416            |
| <i>Consultants and professional services: Infrastructure and planning</i>    | –                | 900              | 7 635            | 6 033                  | 6 033            | 1 080                            | 1 395            | 1 720            |
| <i>Consultants and professional services: Legal costs</i>                    | 236              | 375              | 839              | 1 074                  | 1 074            | 1 247                            | 1 539            | 1 923            |
| <i>Contractors</i>   | 583              | 1 551            | 2 934            | 1 735                  | 1 735            | 785                              | 1 714            | 774              |
| <i>Agency and support / outsourced services</i>                              | 68               | 185              | 7 252            | 9 003                  | 9 003            | 4 356                            | 5 127            | 5 171            |
| <i>Entertainment</i>   | 93               | –                | 10               | 65                     | 65               | 487                              | 618              | 692              |
| <i>Inventory: Food and food supplies</i>                                     | 1                | –                | –                | –                      | –                | 237                              | 523              | 245              |
| <i>Inventory: Fuel, oil and gas</i>  | 1                | 3                | 5                | 7                      | 7                | 139                              | 285              | 295              |
| <i>Inventory: Learner and teacher support material</i>                       | –                | –                | 407              | 407                    | 407              | 217                              | 528              | 585              |
| <i>Inventory: Materials and supplies</i>                                     | 6                | 9                | 42               | 11                     | 11               | 173                              | 408              | 483              |
| <i>Inventory: Medical supplies</i>   | –                | 7                | 9                | 30                     | 30               | 57                               | 215              | 250              |
| <i>Inventory: Other consumables</i>  | 41               | 10               | 257              | 156                    | 156              | 564                              | 398              | 428              |
| <i>Inventory: Stationery and printing</i>                                    | 1 134            | 1 070            | 2 099            | 2 085                  | 2 085            | 1 369                            | 996              | 1 524            |
| <i>Lease payments</i>  | 5 627            | 4 985            | 4 528            | 679                    | 679              | 7 167                            | 10 688           | 6 123            |
| <i>Property payments</i>   | 202              | 728              | 849              | 239                    | 239              | 800                              | 900              | 1 000            |
| <i>Transport provided: Departmental activity</i>                             | –                | 26               | 3                | 3                      | 3                | 98                               | 164              | 187              |
| <i>Travel and subsistence</i>  | 19 939           | 22 499           | 20 599           | 13 018                 | 13 018           | 8 961                            | 11 243           | 8 713            |
| <i>Training and development</i>  | 474              | 1 021            | 1 067            | 1 745                  | 1 745            | 2 103                            | 4 302            | 2 522            |
| <i>Operating expenditure</i>   | 6 926            | 11 864           | 10 717           | 10 589                 | 10 589           | 2 492                            | 2 919            | 3 365            |
| <i>Venues and facilities</i>   | 1 322            | 5 113            | 4 343            | 3 391                  | 3 391            | 1 419                            | 1 736            | 2 291            |
| <b>Transfers and subsidies</b>   | <b>1 800 398</b> | <b>2 030 261</b> | <b>2 744 146</b> | <b>3 558 881</b>       | <b>3 543 119</b> | <b>5 328 667</b>                 | <b>5 499 067</b> | <b>5 312 789</b> |
| Provinces and municipalities   | 390 767          | 462 495          | 589 138          | 1 107 957              | 1 092 195        | 1 240 104                        | 1 376 612        | 1 151 443        |
| Departmental agencies and accounts   | 77 536           | 83 963           | 99 583           | 96 007                 | 96 007           | 81 536                           | 26 382           | 34 400           |
| Public corporations and private enterprises                                  | 1 331 834        | 1 483 585        | 2 054 890        | 2 354 612              | 2 354 612        | 4 006 698                        | 4 095 724        | 4 126 580        |
| <b>Payments for capital assets</b>   | <b>1 868</b>     | <b>1 623</b>     | <b>3 423</b>     | <b>2 569</b>           | <b>2 569</b>     | <b>4 600</b>                     | <b>4 958</b>     | <b>5 256</b>     |
| Machinery and equipment  | 1 786            | 1 145            | 2 873            | 2 212                  | 2 212            | 4 600                            | 4 958            | 5 256            |
| Land and sub-soil assets   | 52               | –                | –                | –                      | –                | –                                | –                | –                |
| Software and other intangible assets   | 30               | 478              | 550              | 357                    | 357              | –                                | –                | –                |
| <b>Payments for financial assets</b>   | <b>41</b>        | <b>–</b>         | <b>223</b>       | <b>–</b>               | <b>–</b>         | <b>–</b>                         | <b>–</b>         | <b>–</b>         |
| <b>Total</b>   | <b>1 930 846</b> | <b>2 189 144</b> | <b>2 918 392</b> | <b>3 756 877</b>       | <b>3 740 202</b> | <b>5 535 390</b>                 | <b>5 739 593</b> | <b>5 538 699</b> |

## Expenditure trends

Expenditure increased significantly from R1.9 billion in 2006/07 to R3.8 billion in 2009/10, at an average rate of 24.8 per cent. This is mainly due to the restructuring of the department and the need to build capacity to respond to challenging developments within the energy sector.

The *Associated Services* programme, which includes transfer payments to public entities and other organisations, accounts for 71 per cent of total departmental expenditure. Transfer payments increased substantially from R1.8 billion in 2006/07 to R3.3 billion in 2009/10, at an average annual rate of 22.5 per cent. This increase is attributable to the additional funding of R180 million allocated through the 2008/09 adjusted estimates process to cover costs related to the implementation of a dedicated programme to roll out compact fluorescent light bulbs. The funds are earmarked for transfers to Eskom and municipalities to roll out energy efficiency initiatives, including the demand side management programme. Additional funding was also allocated towards the integrated national electrification programme, the demand side management programme and the South African National Nuclear Energy Corporation in previous budget cycles.

An additional R4.5 billion has been allocated to Transnet Pipelines, spread as R1.5 billion per year over the MTEF period. These funds are earmarked for the construction of the national multipurpose petroleum pipelines to ensure the secure supply of petroleum products.

Expenditure on goods and services increased marginally from R78.8 million in 2006/07 to R82.4 million in 2009/10, at an average annual rate of 1.5 per cent compared to a projected decrease at an average annual rate of 1.9 per cent over the MTEF period.

Over the medium term, overall spending for the department is projected to grow from R3.8 billion in 2009/10 to R5.5 billion in 2012/13, at an average annual rate of 13.8 per cent. This strong growth is largely driven by an increase in transfer payments to public entities and the integrated national electrification programme. Additional funding of R27 million has been provided over the MTEF period to build organisational capacity building in the department to cater for expenditure for the new ministry and support staff, and to strengthen the department's support service structure, including the appointment of staff in key positions such as the chief financial officer, and internal audit and human resources managers.

Spending in compensation of employees increased significantly from R49.7 million in 2006/07 to R113.1 million in 2009/10, at an average annual rate of 31.5 per cent. Over the same period, the total number of employees grew by 18.1 per cent, from 302 to 497, mainly due to the recruitment of senior management personnel. The *Hydrocarbons and Energy Planning* programme accounts for 36 per cent of all employees in the department. Over the MTEF period, expenditure in compensation of employees is expected to grow at an average annual rate of 8.1 per cent, driven by additional staff recruited for the corporate services function.

### Infrastructure spending

The Department of Energy does not undertake the construction of infrastructure itself. It makes transfer payments to Eskom and municipalities through the integrated national electrification programme, which are used to fund infrastructure for the electrification of households, schools and clinics. Between 2006/07 and 2009/10, R6.9 billion was spent on the integrated national electrification programme. Of this, R4.5 billion was allocated to Eskom while the remaining R2.4 billion was transferred to municipalities.

In 2008/09, electricity was provided to an additional 123 364 households and 712 schools. By October 2009, 65 339 additional households and 340 new schools were connected to the national grid. A further 190 schools have been connected using non-grid (mainly solar) technology. Additional funding of R150 million was made available in 2009/10 for the eradication of backlogs in electrifying schools. The department has projected that the electrification of the remaining backlog of 1 313 schools will be eradicated by the end of 2009/10.

R586 million and R698 million were used for bulk infrastructure in 2008/09 and 2009/10. In 2009/10, 7 bulk substations were completed and ready for operation. The remaining substations are all at different stages of construction and will be completed by the end of June 2010.

Over the MTEF period, expenditure on the integrated national electrification programme is expected to increase from R2.4 billion in 2009/10 to R3.1 billion in 2012/13, at an average annual rate of 6.6 per cent.

## Departmental receipts

Departmental revenue is derived from the receipt of administration fees for licence applications processed in terms of the Petroleum Products Amendment Act (2003). Revenue has grown from R1.2 million in 2007/08 to R3.5 million 2009/10, at an average annual rate of 71 per cent as a result of the increase in licensee fees. Revenue is expected to increase marginally over the MTEF period to an estimated R4.1 million, at an average annual rate of 5 per cent.

Table 28.3 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      |
| Departmental receipts                                  | 58              | 1 201        | 3 343        | 3 510             | 3 510            | 3 684                         | 3 867        | 4 058        |
| Sales of goods and services produced by the department | 58              | 1 201        | 3 343        | 3 510             | 3 510            | 3 684                         | 3 867        | 4 058        |
| <b>Total</b>   | <b>58</b>       | <b>1 201</b> | <b>3 343</b> | <b>3 510</b>      | <b>3 510</b>     | <b>3 684</b>                  | <b>3 867</b> | <b>4 058</b> |

## Programme 1: Administration

### Expenditure estimates

Table 28.4 Administration

| Subprogramme                   | Audited outcome |               |               | Adjusted appropriation | Medium-term expenditure estimate |                |                |
|--------------------------------|-----------------|---------------|---------------|------------------------|----------------------------------|----------------|----------------|
|                                | 2006/07         | 2007/08       | 2008/09       | 2009/10                | 2010/11                          | 2011/12        | 2012/13        |
| Minister <sup>1</sup>          | -               | -             | -             | 1 725                  | 1 816                            | 1 916          | 2 012          |
| Management                     | 2 826           | 3 147         | 4 198         | 7 650                  | 15 663                           | 33 508         | 18 170         |
| Corporate Services             | 27 243          | 32 537        | 44 316        | 52 423                 | 79 656                           | 84 741         | 78 828         |
| Office Accommodation           | 4 735           | 4 454         | 4 899         | 6 408                  | 7 070                            | 7 524          | 7 937          |
| <b>Total</b>                   | <b>34 804</b>   | <b>40 138</b> | <b>53 413</b> | <b>68 206</b>          | <b>104 205</b>                   | <b>127 689</b> | <b>106 947</b> |
| Change to 2009 Budget estimate |                 |               |               | 12 989                 | 43 555                           | 63 339         | 52 689         |

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

|   |        |        |        |        |        |         |         |
|---|--------|--------|--------|--------|--------|---------|---------|
| Current payments  | 33 154 | 38 325 | 49 533 | 65 332 | 99 276 | 122 382 | 101 325 |
| Compensation of employees   | 11 536 | 14 730 | 20 097 | 29 186 | 46 790 | 49 411  | 51 881  |
| Goods and services  | 21 618 | 23 595 | 29 436 | 36 146 | 52 486 | 72 971  | 49 444  |
| <i>of which:</i>  |        |        |        |        |        |         |         |
| Administrative fees   | 385    | 96     | 566    | 6 908  | 2 449  | 2 900   | 2 500   |
| Advertising   | 203    | 266    | 351    | 335    | 3 000  | 3 300   | 2 946   |
| Assets less than the capitalisation threshold                         | 460    | 462    | 569    | 655    | 1 500  | 6 600   | 1 700   |
| Audit cost: External  | 494    | 532    | 825    | 627    | 1 800  | 1 999   | 2 000   |
| Bursaries: Employees  | 232    | 205    | 262    | 417    | 2 000  | 2 500   | 2 200   |
| Catering: Departmental activities                                     | 290    | 305    | 260    | 911    | 3 000  | 3 200   | 3 100   |
| Communication   | 1 387  | 1 420  | 2 439  | 1 807  | 5 000  | 5 216   | 4 803   |
| Computer services   | 2 279  | 2 033  | 2 295  | 9 011  | 3 800  | 9 000   | 4 000   |
| Consultants and professional services: Business and advisory services | 1 390  | 1 642  | 1 601  | 707    | 4 913  | 4 005   | 2 500   |
| Consultants and professional services: Legal costs                    | 148    | 324    | 789    | 206    | 1 000  | 1 200   | 1 500   |
| Contractors   | 576    | 1 534  | 2 853  | 1 654  | 674    | 1 534   | 565     |
| Agency and support / outsourced services                              | 66     | 185    | 46     | 1 136  | 3 000  | 3 300   | 2 800   |
| Entertainment   | 44     | -      | 2      | 47     | 387    | 450     | 500     |
| Inventory: Food and food supplies                                     | 1      | -      | -      | -      | 237    | 523     | 245     |
| Inventory: Fuel, oil and gas  | 1      | 2      | 5      | 7      | 139    | 285     | 295     |

Table 28.4 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>                         |                 |               |               |                        |                                  |                |                |
| <b>Current payments</b>                                |                 |               |               |                        |                                  |                |                |
| <i>Inventory: Learner and teacher support material</i> | –               | –             | 25            | 5                      | 51                               | 284            | 290            |
| <i>Inventory: Materials and supplies</i>               | 4               | 8             | 36            | 4                      | 75                               | 243            | 295            |
| <i>Inventory: Medical supplies</i>                     | –               | 6             | 9             | 30                     | 57                               | 215            | 250            |
| <i>Inventory: Other consumables</i>                    | 41              | 10            | 126           | 4                      | 441                              | 203            | 200            |
| <i>Inventory: Stationery and printing</i>              | 1 003           | 888           | 1 558         | 1 681                  | 1 200                            | 747            | 1 225          |
| <i>Lease payments</i>                                  | 5 563           | 4 985         | 4 526         | 678                    | 7 070                            | 10 524         | 5 937          |
| <i>Property payments</i>                               | 202             | 728           | 849           | 239                    | 800                              | 900            | 1 000          |
| <i>Travel and subsistence</i>                          | 5 355           | 5 524         | 6 975         | 5 317                  | 6 500                            | 8 000          | 4 300          |
| <i>Training and development</i>                        | 474             | 670           | 733           | 1 236                  | 1 906                            | 4 013          | 2 043          |
| <i>Operating expenditure</i>                           | 821             | 802           | 762           | 1 387                  | 589                              | 780            | 920            |
| <i>Venues and facilities</i>                           | 199             | 968           | 974           | 1 137                  | 898                              | 1 050          | 1 330          |
| <b>Transfers and subsidies</b>                         | <b>269</b>      | <b>213</b>    | <b>395</b>    | <b>305</b>             | <b>329</b>                       | <b>349</b>     | <b>366</b>     |
| Provinces and municipalities                           | 8               | 3             | –             | –                      | –                                | –              | –              |
| Households   | 261             | 210           | 395           | 305                    | 329                              | 349            | 366            |
| <b>Payments for capital assets</b>                     | <b>1 340</b>    | <b>1 600</b>  | <b>3 416</b>  | <b>2 569</b>           | <b>4 600</b>                     | <b>4 958</b>   | <b>5 256</b>   |
| Machinery and equipment                                | 1 258           | 1 122         | 2 866         | 2 212                  | 4 600                            | 4 958          | 5 256          |
| Land and sub-soil assets                               | 52              | –             | –             | –                      | –                                | –              | –              |
| Software and other intangible assets                   | 30              | 478           | 550           | 357                    | –                                | –              | –              |
| <b>Payments for financial assets</b>                   | <b>41</b>       | <b>–</b>      | <b>69</b>     | <b>–</b>               | <b>–</b>                         | <b>–</b>       | <b>–</b>       |
| <b>Total</b>   | <b>34 804</b>   | <b>40 138</b> | <b>53 413</b> | <b>68 206</b>          | <b>104 205</b>                   | <b>127 689</b> | <b>106 947</b> |

**Details of transfers and subsidies**

|                                     |     |     |     |     |     |     |     |
|-------------------------------------|-----|-----|-----|-----|-----|-----|-----|
| <b>Provinces and municipalities</b> |     |     |     |     |     |     |     |
| <b>Municipalities</b>               |     |     |     |     |     |     |     |
| <b>Municipal bank accounts</b>      |     |     |     |     |     |     |     |
| Current                             | 8   | 3   | –   | –   | –   | –   | –   |
| Regional Services Council levies    | 8   | 3   | –   | –   | –   | –   | –   |
| <b>Households</b>                   |     |     |     |     |     |     |     |
| <b>Social benefits</b>              |     |     |     |     |     |     |     |
| Current                             | 261 | 210 | 395 | 305 | 329 | 349 | 366 |
| Leave Payments                      | 261 | 210 | 395 | 305 | 329 | 349 | 366 |

**Expenditure trends**

Spending in the *Administration* programme increased from R34.8 million in 2006/07 to R68.2 million in 2009/10, at an average annual rate of 25.1 per cent. This was mainly due to the expansion of the corporate services function to provide support services to the higher number of employees recruited within the core programmes of the department. Expenditure in compensation of employees in the *Administration* programme increased significantly, from R11.5 million in 2006/07 to R29.2 million in 2009/10, at an average annual rate of 36.3 per cent. Over the same period, expenditure on goods and services increased from R21.6 million to R36.1 million at an average annual rate of 18.7 per cent to cater for additional equipment and related expenses for the new staff.

Expenditure is expected to rise further over the medium term from R68.2 million in 2009/10 to R106.9 million in 2012/13, at an average annual rate of 16.2 per cent. This is partly due to a reprioritisation of R96 million from the *Associated Services* programme to the *Administration* programme to expand the staff complement to enable the newly established department to carry out its mandate effectively. Over the medium term, the department will develop organisational capacity to cater for expenditure for the new ministry and strengthen the

department's support service structure. This includes appointing new staff in key positions, such as the chief financial officer, and internal audit and human resources managers.

## Programme 2: Hydrocarbons and Energy Planning

- *Hydrocarbons and Energy Planning Management* provides for the overall management of the programme.
- *Energy Planning* promotes the sustainable use of energy resources through integrated energy planning.
- *Hydrocarbons* develops policy and regulations to manage petroleum, coal, and natural gas. The Controller of Petroleum Products is currently included in this subprogramme and is responsible for the implementation of the Petroleum Product Amendments Act (2003).

### Objectives and measures

- Ensure the sustainable supply and demand of energy by developing the integrated energy planning strategy by September 2010, which will guide the development of a national integrated energy plan.
- Improve the security of energy supply through fostering investments in storage for liquid fuels by developing the national strategic fuel stocks policy by March 2010.
- Provide oversight over the construction of the national multipurpose petroleum pipeline and capital transfers specifically allocated for the pipeline over the MTEF period by regularly publishing progress reports.
- Encourage research and development for energy related technologies with a key focus on energy efficiency and mitigating greenhouse gases by establishing the South African National Energy Development Institute by March 2011.
- Strengthen the regulatory framework in the petroleum products industry by implementing the regulatory accounting system before March 2011.
- Improve the countrywide availability of petroleum products by licensing retail, manufacturing and wholesale operators within 90 days of receiving confirmation of the publication of licensee applications.
- Facilitate the participation of historically disadvantaged individuals in the petroleum sector by licensing 25 per cent of all licence applications by historically disadvantaged individuals in each year of the MTEF period.

### Service delivery focus

As at 30 November 2009, the petroleum licence applications database revealed that 14 890 applications were received and processed by the Controller of Petroleum Products and 11 575 licences were granted, with the remaining applications not approved as they did not meet the legislative requirements. A licence was granted to PetroSA for Project Mthombo, an initiative to build a world class crude refinery in the Coega industrial development zone in Eastern Cape. In 2008, a licence was issued to Rainbow National Renewable Fuels to manufacture biodiesel.

In collaboration with oil companies, local municipalities and other development agencies, the department is establishing integrated energy centres countrywide as part of implementing government's mandate to promote access to clean and affordable energy services. 6 centres have been established thus far and 4 additional sites in Qunu, Bizana, Ulundi and Qamatha are at advanced stages of development and expected to be operational in 2010.

The National Energy Act (2008) makes provision for the establishment of the South African National Energy Development Institute with the aim of promoting energy efficiency and research within the sector. A business case for listing the institute as a public entity was developed and submitted to National Treasury in November 2009 and the listing is expected to take place in 2010/11.

Given the hazardous nature of illuminating paraffin, in 2008, in collaboration with the Central Energy Fund, the department initiated a pilot programme to assess the efficacy of new, safer illuminating paraffin appliances in township areas previously devastated by paraffin related fires.

## Expenditure estimates

Table 28.5 Hydrocarbons and Energy Planning

| 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                                  |                 |               |               |                        |                                  |                  |                  |
| Hydrocarbons and Energy Planning Management | 4 833           | 5 218         | 4 551         | 4 477                  | 1 691                            | 1 793            | 1 987            |
| Energy Planning                             | 6 475           | 8 655         | 8 935         | 14 867                 | 20 754                           | 24 584           | 27 927           |
| Hydrocarbons                                | 19 897          | 21 759        | 30 713        | 35 941                 | 1 536 163                        | 1 538 259        | 1 541 317        |
| <b>Total</b>                                | <b>31 205</b>   | <b>35 632</b> | <b>44 199</b> | <b>55 285</b>          | <b>1 558 608</b>                 | <b>1 564 636</b> | <b>1 571 231</b> |
| Change to 2009 Budget estimate              |                 |               |               | -                      | 1 498 086                        | 1 500 506        | 1 503 894        |

## Economic classification

|   |               |               |               |               |                  |                  |                  |
|---|---------------|---------------|---------------|---------------|------------------|------------------|------------------|
| <b>Current payments</b>   | <b>30 757</b> | <b>35 604</b> | <b>44 042</b> | <b>55 285</b> | <b>58 608</b>    | <b>64 636</b>    | <b>71 231</b>    |
| Compensation of employees   | 14 147        | 20 400        | 29 266        | 46 957        | 50 754           | 53 596           | 56 276           |
| Goods and services  | 16 610        | 15 204        | 14 776        | 8 328         | 7 854            | 11 040           | 14 955           |
| <i>of which:</i>  |               |               |               |               |                  |                  |                  |
| Administrative fees   | 210           | 52            | 20            | 21            | 133              | 212              | 246              |
| Advertising   | 381           | 350           | 583           | 318           | 199              | 287              | 349              |
| Assets less than the capitalisation threshold                         | 139           | 26            | 2             | 2             | 97               | 167              | 257              |
| Bursaries: Employees  | -             | 2             | -             | -             | 97               | 166              | 233              |
| Catering: Departmental activities                                     | 145           | 253           | 304           | 298           | 148              | 226              | 267              |
| Communication   | 119           | 261           | 370           | 358           | 158              | 238              | 283              |
| Computer services   | -             | -             | 192           | 203           | 3 182            | 4 326            | 5 951            |
| Consultants and professional services: Business and advisory services | 9 204         | 2 333         | 2 202         | 772           | 407              | 427              | 482              |
| Consultants and professional services: Infrastructure and planning    | -             | 900           | 835           | 685           | 246              | 338              | 423              |
| Consultants and professional services: Legal costs                    | -             | -             | -             | 815           | 236              | 326              | 407              |
| Contractors   | 4             | 12            | 72            | 76            | 110              | 179              | 207              |
| Agency and support / outsourced services                              | 2             | -             | 2 875         | 780           | 186              | 281              | 480              |
| Entertainment   | -             | -             | 2             | 2             | 97               | 164              | 187              |
| Inventory: Learner and teacher support material                       | -             | -             | 364           | 386           | 163              | 240              | 290              |
| Inventory: Materials and supplies                                     | -             | 1             | -             | 7             | 98               | 165              | 188              |
| Inventory: Medical supplies   | -             | 1             | -             | -             | -                | -                | -                |
| Inventory: Other consumables  | -             | -             | 130           | 137           | 120              | 191              | 224              |
| Inventory: Stationery and printing                                    | 124           | 3             | 293           | 310           | 150              | 225              | 270              |
| Lease payments  | -             | -             | 1             | 1             | 97               | 164              | 186              |
| Transport provided: Departmental activity                             | -             | -             | 3             | 3             | 98               | 164              | 187              |
| Travel and subsistence  | 5 359         | 6 030         | 4 599         | 1 609         | 1 278            | 1 755            | 2 605            |
| Training and development  | -             | 171           | 40            | 42            | 104              | 172              | 337              |
| Operating expenditure   | 567           | 4 044         | 641           | 680           | 213              | 299              | 370              |
| Venues and facilities   | 356           | 765           | 1 248         | 823           | 237              | 328              | 526              |
| <b>Transfers and subsidies</b>  | <b>9</b>      | <b>5</b>      | <b>100</b>    | <b>-</b>      | <b>1 500 000</b> | <b>1 500 000</b> | <b>1 500 000</b> |
| Provinces and municipalities  | 9             | -             | -             | -             | -                | -                | -                |
| Public corporations and private enterprises                           | -             | -             | -             | -             | 1 500 000        | 1 500 000        | 1 500 000        |
| Households  | -             | 5             | 100           | -             | -                | -                | -                |
| <b>Payments for capital assets</b>                                    | <b>439</b>    | <b>23</b>     | <b>-</b>      | <b>-</b>      | <b>-</b>         | <b>-</b>         | <b>-</b>         |
| Machinery and equipment   | 439           | 23            | -             | -             | -                | -                | -                |
| <b>Payments for financial assets</b>                                  | <b>-</b>      | <b>-</b>      | <b>57</b>     | <b>-</b>      | <b>-</b>         | <b>-</b>         | <b>-</b>         |
| <b>Total</b>  | <b>31 205</b> | <b>35 632</b> | <b>44 199</b> | <b>55 285</b> | <b>1 558 608</b> | <b>1 564 636</b> | <b>1 571 231</b> |

Table 28.5 Hydrocarbons and Energy Planning (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          |                 |         |         |                        |                                  |           |           |
| Provinces and municipalities                |                 |         |         |                        |                                  |           |           |
| Municipalities                              |                 |         |         |                        |                                  |           |           |
| Municipal bank accounts                     |                 |         |         |                        |                                  |           |           |
| Current                                     | 9               | -       | -       | -                      | -                                | -         | -         |
| Regional Services Council levies            | 9               | -       | -       | -                      | -                                | -         | -         |
| Public corporations and private enterprises |                 |         |         |                        |                                  |           |           |
| Public corporations                         |                 |         |         |                        |                                  |           |           |
| Other transfers                             |                 |         |         |                        |                                  |           |           |
| Capital                                     | -               | -       | -       | -                      | 1 500 000                        | 1 500 000 | 1 500 000 |
| Transnet Pipelines                          | -               | -       | -       | -                      | 1 500 000                        | 1 500 000 | 1 500 000 |
| Households                                  |                 |         |         |                        |                                  |           |           |
| Social benefits                             |                 |         |         |                        |                                  |           |           |
| Current                                     | -               | 5       | 100     | -                      | -                                | -         | -         |
| Leave payments                              | -               | 5       | 100     | -                      | -                                | -         | -         |

### Expenditure trends

Spending in the *Hydrocarbons and Energy Planning* programme increased from R31.2 million in 2006/07 to R55.3 million in 2009/10, at an average annual rate of 21 per cent. The increase is mostly due to the restructuring of the programme to implement the Petroleum Products Amendment Act (2003). Spending in the *Hydrocarbons* subprogramme increased significantly from R19.9 million in 2006/07 to R35.9 million in 2009/10, at an average annual rate of 21.8 per cent, partly due to the establishment of the Controller of Petroleum Products, which is responsible for issuing licences for the liquid fuels industry.

Expenditure is expected to increase substantially over the MTEF period, from R55.3 million to R1.6 billion, at an average annual rate of 205.2 per cent. This is mainly due to the transfer payments of R1.5 billion in each year of the MTEF period allocated to Transnet for the construction of the national multipurpose petroleum pipeline.

Spending in the *Energy Planning* subprogramme is also expected to increase significantly, at an average annual rate of 23.4 per cent over the medium term, as a result of the procurement of a national integrated energy modelling system. Additional allocations of R20 million in 2010/11, R30 million in 2011/12 and R30 million in 2012/13 are made for this modelling system. The development of the system is expected to increase expenditure on computer services. This results in an increase in expenditure on goods and services over the medium term at an average annual rate of 21.5 per cent.

In 2009/10, expenditure in compensation of employees for this programme increased significantly, from R29.4 million to R40 million, because of the additional personnel recruited to strengthen the department's capacity to carry out integrated planning functions and fill vacancies in the Controller of Petroleum Products.

### Programme 3: Electricity, Nuclear and Clean Energy

- *Electricity and Nuclear Management* provides overall management of the programme.
- *Electricity* develops, implements and monitors electricity policy and programmes. The integrated national electrification programme business planning unit manages the electrification planning, funding and implementation process, including the addressing of electrification backlogs in the quest to achieve universal access to electricity.
- *Nuclear* aims to improve the governance of the nuclear sector, specifically in relation to nuclear safety, nuclear non-proliferation and nuclear technology.
- *Clean Energy* facilitates the implementation of renewable energy and energy efficiency technologies and also regulates and promotes the clean development mechanism activities.

Funding in these subprogrammes will mainly be used for compensation of employees and the acquisition of related goods and services.

## Objectives and measures

- Ensure well managed, efficient and safe electricity, nuclear and clean energy industries by:
  - implementing the nuclear energy policy through developing an implementation strategy by June 2010
  - implementing energy efficiency policies and issuing regulations and strategies to achieve electricity savings of 12 per cent by 2015, based on forecast energy demand
  - regulating the security of nuclear material and facilities by developing appropriate regulations for the physical protection of nuclear material by March 2011.
- Promote the sustainable use of electricity to achieve a 100MW saving in each year of the MTEF period by:
  - publishing the solar water heating framework by June 2010
  - ensuring the use of compact fluorescent light bulbs in public buildings and reducing the power used for domestic and street lighting
  - facilitating the development and implementation of energy efficiency technologies and programmes by developing the energy efficiency standards for appliances and publishing them by 2010/11.
- Increase access to electricity by monitoring the implementation of the integrated national electrification programme, which aims to connect 3.2 million households by 2012.
- Facilitate the implementation and adoption of new and renewable energy technologies to meet the 2013 target of 10 000GWh generation from clean energy sources by providing increased support through the renewable energy finance and subsidy scheme and other support programmes.

## Service delivery focus

In 2009/10, contracts awarded to broad based black economic empowerment (BEE) companies, black women owned firms and small, medium and micro enterprises amounted to R261.1 million. 3 954 temporary and 371 permanent jobs were created through the integrated national electrification programme. In 2009/10, 741 learners took part in electrification projects against a targeted 800.

Since its inception in 2005, the Renewable Energy Finance and Subsidy Office has subsidised 6 projects with a power generation capacity of 23.9MW. However, in 2009/10, the office subsidised 2 projects worth 9MW involving landfill gas in KwaZulu-Natal and a small scale hydro project in Free State. Collectively, these projects amount to 45 per cent of subsidised renewable energy production, lower than the targeted 20MW in 2009/10. In 2009, the department completed the institutional arrangements to prepare for the launch of the Working for Energy programme.

A national target of 400MW in electricity savings was set in 2009/10, based on the possible implementation of energy efficiency and demand side management programmes and the national power conservation programme. Estimates for 2009/10 indicate that 100MW savings were achieved through fiscal funding to Eskom and the municipality energy efficiency and demand side management programme, which was allocated R250 million. In 2009, the department established necessary systems for monitoring and managing the municipal and Eskom energy efficiency and demand side management programme. 17 contracts with municipalities to the value of R100 million were signed and funds have been transferred.

The nuclear energy policy implementation committee was established in March 2009 to conduct a review of nuclear energy policy implementation readiness to evaluate the country's readiness to implement or expand its nuclear programme, enhance implementation planning, and ensure a holistic understanding by all involved in the nuclear programme. The department is in the process of finalising the national nuclear energy communication strategy and the national nuclear fuel supply strategy for implementation in 2010/11.

In 2009, 32 authorisations were issued for the acquisition, possession, transport, use, and import and export of nuclear material. All exports of nuclear material were to countries that are Nuclear Non-Proliferation Treaty states and have safeguard agreements with the International Atomic Energy Agency. The radioactive waste management policy and strategy is currently being implemented and the establishment of the National



Radioactive Waste Disposal Institute should be completed by March 2011. The department is developing the national nuclear skills development, acquisition, and retention strategy for the sector and an analysis of skills requirements until 2030 was performed to inform the basis for engagement with education authorities. In 2009, the directorate of nuclear non-proliferation continued to host training sessions related to nuclear security in cooperation with the International Atomic Energy Agency.

## Expenditure estimates

Table 28.6 Electricity, Nuclear and Clean Energy

| Subprogramme   | Audited outcome |               |                | Adjusted appropriation | Medium-term expenditure estimate |                |                |
|--|-----------------|---------------|----------------|------------------------|----------------------------------|----------------|----------------|
|  | 2006/07         | 2007/08       | 2008/09        |                        | 2009/10                          | 2010/11        | 2011/12        |
| R thousand   |                 |               |                |                        |                                  |                |                |
| Electricity and Nuclear Management   | 4 386           | 5 148         | 4 679          | 6 226                  | 1 514                            | 1 653          | 1 793          |
| Electricity  | 41 781          | 53 633        | 43 010         | 38 109                 | 25 103                           | 27 372         | 24 907         |
| Nuclear  | 9 699           | 11 060        | 18 213         | 17 204                 | 7 481                            | 8 560          | 9 673          |
| Clean Energy   | 9 160           | 16 821        | 196 673        | 278 424                | 374 719                          | 476 085        | 80 100         |
| <b>Total</b>   | <b>65 026</b>   | <b>86 662</b> | <b>262 575</b> | <b>339 963</b>         | <b>408 817</b>                   | <b>513 670</b> | <b>116 473</b> |
| Change to 2009 Budget estimate   |                 |               |                | 1 600                  | (49 217)                         | (50 190)       | (55 580)       |
| <b>Economic classification</b>   |                 |               |                |                        |                                  |                |                |
| <b>Current payments</b>  | <b>64 628</b>   | <b>83 331</b> | <b>77 025</b>  | <b>74 810</b>          | <b>44 239</b>                    | <b>48 550</b>  | <b>48 098</b>  |
| Compensation of employees  | 24 061          | 33 093        | 35 218         | 36 910                 | 35 450                           | 37 435         | 34 639         |
| Goods and services   | 40 567          | 50 238        | 41 807         | 37 900                 | 8 789                            | 11 115         | 13 459         |
| <i>of which:</i>   |                 |               |                |                        |                                  |                |                |
| <i>Administrative fees</i>   | 388             | 424           | 132            | 6 763                  | 1 153                            | 1 465          | 1 792          |
| <i>Advertising</i>   | 1 318           | 1 714         | 1 617          | 1 066                  | 211                              | 267            | 324            |
| <i>Assets less than the capitalisation threshold</i>                         | 16              | 20            | 49             | 15                     | 3                                | 4              | 4              |
| <i>Bursaries: Employees</i>  | 10              | 123           | 70             | 96                     | 19                               | 24             | 29             |
| <i>Catering: Departmental activities</i>                                     | 427             | 369           | 634            | 133                    | 26                               | 33             | 40             |
| <i>Communication</i>   | 431             | 356           | 355            | 341                    | 68                               | 86             | 104            |
| <i>Computer services</i>   | –               | –             | 2 293          | 74                     | 15                               | 19             | 23             |
| <i>Consultants and professional services: Business and advisory services</i> | 22 234          | 25 447        | 4 433          | 266                    | 2 000                            | 2 761          | 3 434          |
| <i>Consultants and professional services: Infrastructure and planning</i>    | –               | –             | 6 800          | 5 348                  | 834                              | 1 057          | 1 297          |
| <i>Consultants and professional services: Legal costs</i>                    | 88              | 51            | 50             | 53                     | 11                               | 13             | 16             |
| <i>Contractors</i>   | 3               | 5             | 9              | 5                      | 1                                | 1              | 2              |
| <i>Agency and support / outsourced services</i>                              | –               | –             | 4 331          | 7 087                  | 1 170                            | 1 546          | 1 891          |
| <i>Entertainment</i>   | 49              | –             | 6              | 16                     | 3                                | 4              | 5              |
| <i>Inventory: Fuel, oil and gas</i>  | –               | 1             | –              | –                      | –                                | –              | –              |
| <i>Inventory: Learner and teacher support material</i>                       | –               | –             | 18             | 16                     | 3                                | 4              | 5              |
| <i>Inventory: Materials and supplies</i>                                     | 2               | –             | 6              | –                      | –                                | –              | –              |
| <i>Inventory: Other consumables</i>  | –               | –             | 1              | 15                     | 3                                | 4              | 4              |
| <i>Inventory: Stationery and printing</i>                                    | 7               | 179           | 248            | 94                     | 19                               | 24             | 29             |
| <i>Lease payments</i>  | 64              | –             | 1              | –                      | –                                | –              | –              |
| <i>Transport provided: Departmental activity</i>                             | –               | 26            | –              | –                      | –                                | –              | –              |
| <i>Travel and subsistence</i>  | 9 225           | 10 945        | 9 025          | 6 092                  | 1 183                            | 1 488          | 1 808          |
| <i>Training and development</i>  | –               | 180           | 294            | 467                    | 93                               | 117            | 142            |
| <i>Operating expenditure</i>   | 5 538           | 7 018         | 9 314          | 8 522                  | 1 690                            | 1 840          | 2 075          |
| <i>Venues and facilities</i>   | 767             | 3 380         | 2 121          | 1 431                  | 284                              | 358            | 435            |
| <b>Transfers and subsidies</b>   | <b>309</b>      | <b>3 331</b>  | <b>185 446</b> | <b>265 153</b>         | <b>364 578</b>                   | <b>465 120</b> | <b>68 375</b>  |
| Provinces and municipalities   | 16              | –             | –              | 175 000                | 220 000                          | 280 000        | –              |
| Departmental agencies and accounts   | –               | –             | 10 000         | –                      | –                                | –              | –              |
| Public corporations and private enterprises                                  | 293             | 3 328         | 175 406        | 90 153                 | 144 578                          | 185 120        | 68 375         |
| Households   | –               | 3             | 40             | –                      | –                                | –              | –              |

Table 28.6 Electricity, Nuclear and Clean Energy (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        |
| Payments for capital assets   | 89              | -             | 7              | -                      | -                                | -              | -              |
| Machinery and equipment       | 89              | -             | 7              | -                      | -                                | -              | -              |
| Payments for financial assets | -               | -             | 97             | -                      | -                                | -              | -              |
| <b>Total</b>                  | <b>65 026</b>   | <b>86 662</b> | <b>262 575</b> | <b>339 963</b>         | <b>408 817</b>                   | <b>513 670</b> | <b>116 473</b> |

## Details of transfers and subsidies

|   |            |              |                |                |                |                |               |
|---|------------|--------------|----------------|----------------|----------------|----------------|---------------|
| <b>Provinces and municipalities</b>                                 |            |              |                |                |                |                |               |
| <b>Municipalities</b>   |            |              |                |                |                |                |               |
| <b>Municipal bank accounts</b>                                      |            |              |                |                |                |                |               |
| <b>Current</b>  | <b>16</b>  | <b>-</b>     | <b>-</b>       | <b>175 000</b> | <b>220 000</b> | <b>280 000</b> | <b>-</b>      |
| Regional Services Council levies                                    | 16         | -            | -              | -              | -              | -              | -             |
| Electricity Demand Side Management                                  | -          | -            | -              | 175 000        | 220 000        | 280 000        | -             |
| <b>Departmental agencies and accounts</b>                           |            |              |                |                |                |                |               |
| <b>Departmental agencies (non-business entities)</b>                |            |              |                |                |                |                |               |
| <b>Current</b>  | <b>-</b>   | <b>-</b>     | <b>10 000</b>  | <b>-</b>       | <b>-</b>       | <b>-</b>       | <b>-</b>      |
| Electricity Distribution Industry Holdings Company                  | -          | -            | 10 000         | -              | -              | -              | -             |
| <b>Public corporations and private enterprises</b>                  |            |              |                |                |                |                |               |
| <b>Public corporations</b>  |            |              |                |                |                |                |               |
| <b>Other transfers</b>  |            |              |                |                |                |                |               |
| <b>Capital</b>  | <b>-</b>   | <b>-</b>     | <b>170 000</b> | <b>74 475</b>  | <b>108 900</b> | <b>118 800</b> | <b>-</b>      |
| National Energy Efficiency and Demand Side Management (Eskom) Grant | -          | -            | 170 000        | 74 475         | 108 900        | 118 800        | -             |
| <b>Public corporations and private enterprises</b>                  |            |              |                |                |                |                |               |
| <b>Private enterprises</b>  |            |              |                |                |                |                |               |
| <b>Other transfers</b>  |            |              |                |                |                |                |               |
| <b>Current</b>  | <b>293</b> | <b>3 328</b> | <b>5 406</b>   | <b>15 678</b>  | <b>35 678</b>  | <b>66 320</b>  | <b>68 375</b> |
| Donations to Private Enterprises                                    | -          | 20           | -              | -              | -              | -              | -             |
| Renewable Energy: Subsidy Scheme                                    | 293        | 3 308        | 5 406          | 10 678         | 20 678         | 41 320         | 68 375        |
| Renewable Energy: Working for Energy                                | -          | -            | -              | 5 000          | 15 000         | 25 000         | -             |
| <b>Households</b>   |            |              |                |                |                |                |               |
| <b>Other transfers to households</b>                                |            |              |                |                |                |                |               |
| <b>Current</b>  | <b>-</b>   | <b>3</b>     | <b>40</b>      | <b>-</b>       | <b>-</b>       | <b>-</b>       | <b>-</b>      |
| Gifts and Donations   | -          | 3            | 40             | -              | -              | -              | -             |

**Expenditure trends**

Spending in the *Electricity, Nuclear and Clean Energy* programme increased significantly from R65 million in 2006/07 to R340 million in 2009/10, at an average annual rate of 73.6 per cent. This is mainly due to the allocation of additional funding of R175.4 million in 2008/09 and R90.2 million in 2009/10 to cover the costs related to the electricity demand side management programme located within the *Clean Energy* subprogramme. The funds are earmarked for a transfer to Eskom to implement the rollout of compact fluorescent light bulbs.

The increase in spending in the *Nuclear* subprogramme, from R9.7 million in 2006/07 to R17.2 million in 2009/10, is attributable to expenditure on activities related to the development and implementation of the nuclear energy policy.

Expenditure in compensation of employees grew strongly between 2006/07 and 2009/10, at an average annual rate of 15.3 per cent due to salary adjustments. It is projected to decline at an average annual rate of 2.1 per cent per year over the MTEF period.

Expenditure is projected to decrease over the MTEF period, from R340 million to R116.5 million, at an average annual rate of 30 per cent. This is mainly due to the phasing out of additional allocations for the demand side management programme for Eskom in 2012/13.

## Programme 4: Associated Services

- *National Nuclear Regulator* provides for the protection of persons, property and the environment against nuclear damage through establishing safety standards and regulatory practices. Funding is used for compensation of employees and the procurement of goods and services.
- *South African Nuclear Energy Corporation* undertakes and promotes research and development in the field of nuclear energy and radiation science. The corporation is also responsible for various institutional obligations on nuclear matters on behalf of the state.
- *Electricity Distribution Industry Holdings Company* is mandated to restructure the electricity distribution industry as outlined in the 1998 White Paper on the Energy Policy of the Republic of South Africa.
- *The Integrated National Electrification Programme* manages the electrification planning, funding and implementation process with the aim of addressing the electrification backlog in the quest to attain universal access to electricity.

## Expenditure estimates

Table 28.7 Associated Services

| 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   |                  |                  |                  |                        |                                  |                  |                  |
| South African Nuclear Energy Corporation           | 356 353          | 388 256          | 554 726          | 564 144                | 574 110                          | 601 901          | 589 749          |
| National Nuclear Regulator                         | 14 742           | 18 029           | 20 333           | 23 793                 | 19 954                           | 14 624           | 11 355           |
| Electricity Distribution Industry Holdings Company | 62 794           | 65 934           | 69 250           | 72 214                 | 61 582                           | 11 758           | 23 044           |
| National Electrification Programme                 | 1 365 922        | 1 554 493        | 1 913 896        | 2 633 272              | 2 808 114                        | 2 905 315        | 3 119 900        |
| <b>Total</b>                                       | <b>1 799 811</b> | <b>2 026 712</b> | <b>2 558 205</b> | <b>3 293 423</b>       | <b>3 463 760</b>                 | <b>3 533 598</b> | <b>3 744 048</b> |
| Change to 2009 Budget estimate                     |                  |                  |                  | -                      | (92 247)                         | (234 578)        | 70 533           |

### Economic classification

|   |                  |                  |                  |                  |                  |                  |                  |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| <b>Transfers and subsidies</b>              | <b>1 799 811</b> | <b>2 026 712</b> | <b>2 558 205</b> | <b>3 293 423</b> | <b>3 463 760</b> | <b>3 533 598</b> | <b>3 744 048</b> |
| Provinces and municipalities                | 390 734          | 462 492          | 589 138          | 932 957          | 1 020 104        | 1 096 612        | 1 151 443        |
| Departmental agencies and accounts          | 77 536           | 83 963           | 89 583           | 96 007           | 81 536           | 26 382           | 34 400           |
| Public corporations and private enterprises | 1 331 541        | 1 480 257        | 1 879 484        | 2 264 459        | 2 362 120        | 2 410 604        | 2 558 205        |
| <b>Total</b>                                | <b>1 799 811</b> | <b>2 026 712</b> | <b>2 558 205</b> | <b>3 293 423</b> | <b>3 463 760</b> | <b>3 533 598</b> | <b>3 744 048</b> |

### Details of transfers and subsidies

|   |         |         |         |         |           |           |           |
|---|---------|---------|---------|---------|-----------|-----------|-----------|
| Provinces and municipalities                        |         |         |         |         |           |           |           |
| Municipalities                                      |         |         |         |         |           |           |           |
| Municipal bank accounts                             |         |         |         |         |           |           |           |
| Capital   | 390 734 | 462 492 | 589 138 | 932 957 | 1 020 104 | 1 096 612 | 1 151 443 |
| Integrated National Electrification Programme Grant | 390 734 | 462 492 | 589 138 | 932 957 | 1 020 104 | 1 096 612 | 1 151 443 |
| Departmental agencies and accounts                  |         |         |         |         |           |           |           |
| Departmental agencies (non-business entities)       |         |         |         |         |           |           |           |
| Current   | 76 450  | 82 952  | 88 521  | 94 690  | 80 183    | 25 249    | 33 210    |
| Electricity Distribution Industry Holdings Company  | 62 393  | 65 513  | 68 808  | 71 750  | 61 090    | 11 377    | 22 644    |
| National Nuclear Regulator                          | 14 057  | 17 439  | 19 713  | 22 940  | 19 093    | 13 872    | 10 566    |
| Capital   | 1 086   | 1 011   | 1 062   | 1 317   | 1 353     | 1 133     | 1 190     |
| Electricity Distribution Industry Holdings Company  | 401     | 421     | 442     | 464     | 492       | 381       | 400       |
| National Nuclear Regulator                          | 685     | 590     | 620     | 853     | 861       | 752       | 790       |
| Public corporations and private enterprises         |         |         |         |         |           |           |           |
| Public corporations                                 |         |         |         |         |           |           |           |
| Subsidies on production or products                 |         |         |         |         |           |           |           |

Table 28.7 Associated Services (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>Capital</b>  | <b>893 165</b>  | <b>1 018 082</b> | <b>1 240 758</b> | <b>1 616 315</b>       | <b>1 719 810</b>                 | <b>1 737 842</b> | <b>1 882 087</b> |
| ESKOM: Integrated National Electrification Programme                                      | 893 165         | 973 082          | 1 150 758        | 1 467 365              | 1 719 810                        | 1 737 842        | 1 882 087        |
| ESKOM: Integrated National Electrification Programme (Backlogs)                           | –               | 45 000           | 90 000           | 148 950                | –                                | –                | –                |
| <b>Public corporations and private enterprises</b>  |                 |                  |                  |                        |                                  |                  |                  |
| <b>Public corporations</b>  |                 |                  |                  |                        |                                  |                  |                  |
| <b>Other transfers</b>  |                 |                  |                  |                        |                                  |                  |                  |
| <b>Current</b>  | <b>300 954</b>  | <b>369 106</b>   | <b>534 736</b>   | <b>540 518</b>         | <b>553 975</b>                   | <b>580 609</b>   | <b>568 750</b>   |
| NECSA: Activities   | 261 203         | 277 464          | 438 570          | 447 340                | 466 145                          | 489 690          | 485 990          |
| NECSA: Decommissioning Projects   | 24 391          | 78 019           | 81 949           | 78 780                 | 75 289                           | 77 952           | 69 972           |
| NECSA: SAFARI Reactor Conversion  | 15 360          | 13 623           | 14 217           | 14 398                 | 12 541                           | 12 967           | 12 788           |
| <b>Capital</b>  | <b>43 879</b>   | <b>8 933</b>     | <b>9 331</b>     | <b>12 833</b>          | <b>10 734</b>                    | <b>11 571</b>    | <b>11 411</b>    |
| NECSA: Activities   | 38 970          | 6 919            | 7 227            | 9 939                  | 8 313                            | 8 962            | 8 839            |
| NECSA: Decommissioning Projects   | 4 909           | 2 014            | 2 104            | 2 894                  | 2 421                            | 2 609            | 2 572            |
| <b>Public corporations and private enterprises</b>  |                 |                  |                  |                        |                                  |                  |                  |
| <b>Private enterprises</b>  |                 |                  |                  |                        |                                  |                  |                  |
| <b>Subsidies on production or products</b>  |                 |                  |                  |                        |                                  |                  |                  |
| <b>Capital</b>  | <b>82 023</b>   | <b>73 919</b>    | <b>84 000</b>    | <b>84 000</b>          | <b>68 200</b>                    | <b>70 861</b>    | <b>86 370</b>    |
| Integrated National Electrification Programme: Non-grid Electrification Service Providers | 82 023          | 73 919           | 84 000           | 84 000                 | 68 200                           | 70 861           | 86 370           |
| <b>Public corporations and private enterprises</b>  |                 |                  |                  |                        |                                  |                  |                  |
| <b>Private enterprises</b>  |                 |                  |                  |                        |                                  |                  |                  |
| <b>Other transfers</b>  |                 |                  |                  |                        |                                  |                  |                  |
| <b>Current</b>  | <b>11 520</b>   | <b>10 217</b>    | <b>10 659</b>    | <b>10 793</b>          | <b>9 401</b>                     | <b>9 721</b>     | <b>9 587</b>     |
| NECSA: Security   | 11 520          | 10 217           | 10 659           | 10 793                 | 9 401                            | 9 721            | 9 587            |

## Expenditure trends

Expenditure in the *Associated Services* programme is dominated by transfers to Eskom and municipalities through the integrated national electrification programme, which accounted for 97.1 per cent of total spending in 2009/10. Between 2006/07 and 2009/10, expenditure increased significantly from R1.8 billion to R3.3 billion, at an average annual rate of 22.3 per cent. This substantial rise is due to additional allocations for the integrated national electrification programme, which rose from R1.4 billion in 2006/07 to R2.6 billion in 2009/10 at an average annual rate of 22.9 per cent. Additional allocations were used to cover costs associated with the rehabilitation of electricity infrastructure and capital inflation adjustments.

In 2008/09, expenditure in the *South African Nuclear Energy Corporation* subprogramme rose sharply by 42.9 per cent, from R388.2 million to R554.7 million, as a result of additional allocations provided to strengthen the corporation's security systems.

Expenditure is expected to increase marginally over the MTEF period, from R3.3 billion to an estimated R3.7 billion, at an average annual rate of 4.4 per cent. This is driven mainly by the integrated national electrification programme, which is expected to grow at an average annual rate of 5.8 per cent over the medium term.

## Public entities and other agencies

### Nuclear Energy Corporation of South Africa

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

The Nuclear Energy Corporation of South Africa was established in terms of the Nuclear Energy Act (1999). Its functions are: to undertake and promote research on nuclear energy, radiation sciences and technology; to

process source, special, and restricted nuclear material, including uranium enrichment; and to collaborate with other entities. The act also delegates specific responsibilities to the corporation, including: the operation of the SAFARI-1 reactor; applying radiation technology for medical and scientific purposes; managing nuclear waste disposal nationally; and implementing and executing national safeguards.

The adoption of the 2008 nuclear energy policy reconfirmed the Nuclear Energy Corporation of South Africa's mandate, and designated the organisation as the lead agency in nuclear research and development. The policy also highlighted the need for the corporation to develop viable nuclear fuel cycle options to support the new nuclear build programme.

Over the MTEF period, the corporation will focus on: radiation products and services; nuclear fuel development and production capabilities and nuclear component manufacturing facilities to support future nuclear programmes and the localisation of nuclear manufacturing. Moreover, as the host of the nuclear programmes cluster, which aims to promote knowledge sharing, capacity building and safety in nuclear industry, the corporation uses its capacity to ensure compliance with the conditions of nuclear authorisations. This is achieved through an approved safety, health, environment and quality management licensing, security and safeguard systems and the Pelindaba campus.

### Savings and cost effective service delivery

Over the MTEF period, savings of R42.3 million will be realised on appropriated funds (R11.1 million, R13.2 million and R18 million) through reductions in expenditure on goods and services. The corporation will implement a number of cost containment measures, with particular emphasis on overhead costs.

### Selected performance indicators

Table 28.8 Nuclear Energy Corporation of South Africa

| Indicator   | Programme/Activity   | Past             |                  |                   | Current           | Projections       |                   |                   |
|---|--|------------------|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
|   |  | 2006/07          | 2007/08          | 2008/09           | 2009/10           | 2010/11           | 2011/12           | 2012/13           |
| Amount of new sales of radiochemical products and services per year   | Commercial exploitation of nuclear and related products and services | R257m            | R313m            | R422m             | R623m             | R795m             | R839m             | R940m             |
| Number of days per year SAFARI-1 reactor is available out of days scheduled   | Research and development   | 286/310<br>(92%) | 305/308<br>(99%) | 304/304<br>(100%) | 305/305<br>(100%) | 307/307<br>(100%) | 304/304<br>(100%) | 305/305<br>(100%) |
| Number of low and intermediate radioactive waste drums received and disposed of at Vaalputs repository per year   | National radioactive waste storage                                   | 818              | 1 409            | 1 420             | 1 500             | 2 660             | 3 260             | 3 500             |
| Number of innovations delivering economic value (3-year moving average)   | Research and development   | 3                | 4                | 4                 | 4                 | 5                 | 6                 | 7                 |
| Number of published scientific articles per researcher per year   | Research and development   | 0.2              | 0.3              | 0.4               | 0.5               | 0.7               | 1                 | 1.2               |
| Amount spent on decommissioning and decontaminating closed down nuclear plants and facilities per year  | Decommissioning and decontamination                                  | R19.8m           | R59.1m           | R73.6m            | R71.6m            | R75.2m            | R79.4m            | R84.1m            |
| Total number of security projects completed out of 338 planned projects (and cumulative percentage completion)  | Security system upgrade  | 87/338<br>26%    | 148/338<br>44%   | 236/338<br>70%    | 287/338<br>85%    | 321/338<br>95%    | 338/338<br>100%   | -                 |
| Percentage of annual safeguards plan activities achieved as per agreed plan with the International Atomic Energy Agency   | Research and development   | 100%             | 100%             | 100%              | 100%              | 100%              | 100%              | 100%              |
| Percentage audited compliance with the 224 elements of the safety, health, environment and quality system and related legal requirements (norm for satisfactory compliance is 80%). | Safety, health, environment and quality management compliance        | 65%              | 76%              | 80%               | 80%               | 81%               | 82%               | 83%               |

## Service delivery focus

In 2009/10, NTP Radioisotopes, a subsidiary of the corporation, played a key role in alleviating the global shortage of Mo-99 (and the imaging agent Tc-99), a key isotope used in medical imaging procedures, caused by outages of reactors and production facilities abroad. NTP Radioisotopes was able to do this due to its ability to increase the productivity and improve the performance of the SAFARI-1 reactor. NTP Radioisotopes achieved sales of R623 million in 2009/10, exceeding its sales target by 21 per cent. NTP Radioisotopes is the global leader in Mo-99 supply and aims to achieve R1 billion in sales in 2013/14. In 2009/10, SAFARI-1 met its operational availability target to convert the reactor to enable it to function with low enriched uranium. The programme was successfully completed with the first full fuel element load, which was started up in June 2009. The fully converted reactor was the first to produce Mo-99 on a commercial scale.

The second round of nuclear fuel cycle pre-feasibility studies was completed and a concept roadmap for establishing fuel cycle facilities in South Africa was defined in 2008/09. This work served as the major input for the department's policy implementation readiness evaluation. Priority has now shifted to establishing a uranium enrichment development programme and uranium processing capability. Skills development in the uranium enrichment development programme has been expanded and work in preparing the fuel processing laboratories is ongoing.

The development of the safety, health and environment quality management system continues and all quality management system requirements for compliance with the RD-0034 standard, set by the South African National Nuclear Regulator, were achieved in 2008/09. The corporation experienced a backlog in the transfer of waste from Pelindaba to Vaalputs due to licensing constraints in 2009/10. The challenges were resolved and the backlog will be eradicated over the MTEF period. Progress continues with planning for the repatriation of SAFARI-1 spent fuel to the United States. The programme will start in the latter part of 2010/11 and will lead to savings in waste management expenditure.

## Expenditure estimates

Table 28.9 Nuclear Energy Corporation of South Africa: Financial information

| Statement of financial performance<br>R thousand     | Audited outcome |                |                  | Revised estimate<br>2009/10 | Medium-term estimate |                  |                  |
|--|-----------------|----------------|------------------|-----------------------------|----------------------|------------------|------------------|
|  | 2006/07         | 2007/08        | 2008/09          |                             | 2010/11              | 2011/12          | 2012/13          |
| <b>Revenue</b>                                       |                 |                |                  |                             |                      |                  |                  |
| Non-tax revenue                                      | 479 786         | 503 557        | 631 572          | 911 607                     | 991 860              | 1 059 322        | 1 187 113        |
| Sale of goods and services other than capital assets | 437 204         | 443 770        | 538 899          | 845 172                     | 922 641              | 1 008 318        | 1 089 355        |
| <i>of which:</i>                                     |                 |                |                  |                             |                      |                  |                  |
| <i>Sales by market establishments</i>                | 437 204         | 443 770        | 538 899          | 845 172                     | 922 641              | 1 008 318        | 1 089 355        |
| <i>Other non-tax revenue</i>                         | 42 582          | 59 787         | 92 673           | 66 435                      | 69 219               | 51 004           | 97 758           |
| Transfers received                                   | 326 589         | 417 076        | 585 147          | 616 262                     | 666 169              | 675 885          | 695 043          |
| <b>Total revenue</b>                                 | <b>806 375</b>  | <b>920 633</b> | <b>1 216 719</b> | <b>1 527 869</b>            | <b>1 658 029</b>     | <b>1 735 207</b> | <b>1 882 156</b> |
| <b>Expenses</b>                                      |                 |                |                  |                             |                      |                  |                  |
| Current expense                                      | 690 944         | 857 422        | 1 066 155        | 1 437 757                   | 1 540 487            | 1 668 533        | 1 789 430        |
| Compensation of employees                            | 335 330         | 376 420        | 423 743          | 580 244                     | 633 915              | 668 066          | 698 789          |
| Goods and services                                   | 301 658         | 412 848        | 517 189          | 749 900                     | 809 278              | 889 551          | 977 428          |
| Depreciation   | 29 309          | 32 187         | 40 192           | 54 973                      | 58 725               | 59 841           | 57 565           |
| Interest, dividends and rent on land                 | 9 396           | 10 076         | 20 864           | 620                         | 2 906                | 5 999            | 10 353           |
| Transfers and subsidies                              | 13 947          | 15 223         | 7 924            | -                           | -                    | -                | -                |
| <b>Total expenses</b>                                | <b>704 891</b>  | <b>872 645</b> | <b>1 074 079</b> | <b>1 437 757</b>            | <b>1 540 487</b>     | <b>1 668 533</b> | <b>1 789 430</b> |
| <b>Surplus / (Deficit)</b>                           | <b>101 484</b>  | <b>47 988</b>  | <b>142 640</b>   | <b>90 112</b>               | <b>117 542</b>       | <b>66 674</b>    | <b>92 726</b>    |

Table 28.9 Nuclear Energy Corporation of South Africa: Financial information (continued)

| R thousand                             | Audited outcome |                |                | Revised estimate | Medium-term estimate |                  |                  |
|--|-----------------|----------------|----------------|------------------|----------------------|------------------|------------------|
|  | 2006/07         | 2007/08        | 2008/09        | 2009/10          | 2010/11              | 2011/12          | 2012/13          |
| <b>Statement of financial position</b> |                 |                |                |                  |                      |                  |                  |
| Carrying value of assets               | 212 647         | 242 814        | 305 014        | 343 115          | 425 647              | 473 596          | 530 451          |
| <i>of which: Acquisition of assets</i> | 58 916          | 63 671         | 113 133        | 99 371           | 141 257              | 107 790          | 116 299          |
| Investments                            | 43 279          | 45 014         | 48 236         | 60 528           | 76 177               | 89 102           | 102 373          |
| Inventory                              | 63 844          | 62 533         | 100 810        | 105 131          | 105 929              | 103 259          | 114 385          |
| Receivables and prepayments            | 94 759          | 150 762        | 182 680        | 236 870          | 265 885              | 298 149          | 317 695          |
| Cash and cash equivalents              | 134 237         | 167 238        | 222 700        | 223 087          | 267 395              | 324 394          | 393 668          |
| Assets not classified elsewhere        | –               | –              | 3 230          | 20 020           | 20 019               | 20 019           | 20 020           |
| <b>Total assets</b>                    | <b>548 766</b>  | <b>668 361</b> | <b>862 670</b> | <b>988 751</b>   | <b>1 161 052</b>     | <b>1 308 519</b> | <b>1 478 592</b> |
| Accumulated surplus/deficit            | (5 067)         | 41 001         | 177 226        | 260 948          | 386 156              | 485 590          | 586 460          |
| Capital and reserves                   | 21 403          | 23 565         | 6 710          | 19 776           | 19 776               | 19 776           | 19 776           |
| Borrowings                             | 14 795          | 10 571         | 9 250          | 10 457           | 39 543               | 71 917           | 113 711          |
| Post-retirement benefits               | 312 230         | 329 555        | 331 162        | 336 306          | 341 347              | 346 598          | 352 118          |
| Trade and other payables               | 177 465         | 179 355        | 232 160        | 240 768          | 244 862              | 246 020          | 258 208          |
| Provisions                             | 27 940          | 84 314         | 106 162        | 120 496          | 129 368              | 138 618          | 148 319          |
| <b>Total equity and liabilities</b>    | <b>548 766</b>  | <b>668 361</b> | <b>862 670</b> | <b>988 751</b>   | <b>1 161 052</b>     | <b>1 308 519</b> | <b>1 478 592</b> |

### Expenditure trends

The South African Nuclear Energy Corporation derives its revenue from the sale of nuclear technology products, chemical products, nuclear engineering services and transfers payments received from government. Sales of isotopes and related products account for 55.3 per cent of total revenue while transfers received from government account for 40.3 per cent in 2009/10.

Revenue increased from R806.3 million in 2006/07 to R1.5 billion in 2009/10, at an average annual rate of 23.7 per cent. The strong increase is driven by increases in the transfers received from government, and rising sales of isotopes and related products. Over the medium term, revenue is expected to grow at an average annual rate of 7.2 per cent to reach R1.9 billion. This growth is mainly driven by increases in the sale of nuclear technology, which is expected to account for 57.9 per cent by 2012/13.

Expenditure increased from R704.9 million in 2006/07 to R1.4 billion in 2009/10, at an average annual rate of 26.8 per cent. This is mainly due to an increase in expenditure on goods and services, which grew at an average annual rate of 35.5 per cent. This is mainly due to the extensive upgrades undertaken by the corporation on its security system as well as rising expenditure in decommissioning activities. Over the medium term, expenditure is expected to grow at an average annual rate of 7.6 per cent, largely driven by the expansion of the corporation to develop viable fuel cycle options.

### Central Energy Fund

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

The Central Energy Fund is a private company, governed by the Central Energy Fund Act (1977). The company researches, finances, develops and exploits appropriate energy solutions across the spectrum of energy sources to meet South Africa's future energy needs. In terms of its governing legislation, the Central Energy Fund is also mandated to manage the Equalisation Fund, which collects levies from the retail sales of petroleum products to eliminate unnecessary fluctuations in the retail price of liquid fuel and to give tariff protection to the synthetic fuel industry. The Central Energy Fund group consists of seven operating subsidiaries: the Petroleum, Oil and Gas Corporation of South Africa, the South African Gas Development Company, the Petroleum Agency South Africa, Oil Pollution Control South Africa, the South African National Energy Institute, the National Energy Efficiency Agency and the Strategic Fuel Fund Association.

In light of the energy constraints faced by the country, the Central Energy Fund will focus on improving the security of energy supply by diversifying sources of energy over the medium term. Greater emphasis will also be placed on supply side interventions by building and managing strategic energy stocks and energy

infrastructure, investing in and developing renewable and alternative energy sources and investing in energy efficiency, developing human capacity and investing in energy research and development activities, managing and exploiting local strategic energy and related resources, and mitigating environmental impacts and maximising sustainable development.

### Savings and cost effective service delivery

The Central Energy Fund group has implemented systems to control and contain operational costs. In 2009/10, all operational costs were successfully held below budget, due to more effective cost management strategies. Costs containment is an ongoing process in the group.

### Selected performance indicators

Table 28.10 Central Energy Fund

| Indicator  | Programme/Activity          | Past    |         |         | Current | Projections |         |         |
|--|-----------------------------|---------|---------|---------|---------|-------------|---------|---------|
|  |                             | 2006/07 | 2007/08 | 2008/09 | 2009/10 | 2010/11     | 2011/12 | 2012/13 |
| Number of crude oil barrels maintained as per ministerial directive (measured in millions of barrels (mbl) per year) | Security of supply          | 10.3    | 10.3    | 10.3    | 10.3    | 10.3        | 10.3    | 10.3    |
| Number of biofuel projects investigated per year   | Security of supply          | 4       | 5       | 3       | 2       | -           | -       | -       |
| Number of new biofuels projects developed per year   | Security of supply          | -       | -       | 1       | 1       | 1           | 2       | 2       |
| Number of demonstrations of Basa njengo Magogo method for cleaner coal use in townships per year                     | Diversity of energy sources | -       | 30 000  | 50 000  | 40 000  | 50 000      | 60 000  | -       |
| Number of landfill gas sites developed per year  | Security of Supply          | -       | 4       | 15      | 26      | 24          | -       | -       |
| Number of wind farms developed per year  | Security of supply          | -       | -       | 1       | 1       | 2           | 1       | -       |
| Number of solar water heating units rolled out per year  | Diversity of energy sources | -       | -       | 500     | 500     | 40 000      | 40 000  | 40 000  |

### Service delivery focus

In 2009/10, steady gains were made in a number of key performance deliverables. It is expected that the long term investment investigations, particularly in the biofuels area, will be concluded by March 2011. Multiple studies in the area of renewable energy technology currently undertaken by the department have stimulated investor and private developer interest. Higher electricity tariffs will accelerate growth in the alternative energy industry by allowing the more costly renewable energy products to compete with electricity as a source of energy. Carbon trading initiatives, such as those undertaken by the JSE Securities Exchange, are an indication of the increasing levels of interest in the renewable energy economic space. A carbon hub was established as a joint venture between the Central Energy Fund, Norwegian based Greenstream Network and Carbon SA. Due to the nature of the global carbon industry and the many opportunities it presents, the carbon hub established an office in London in January 2009.

The fund's low smoke fuel project remains its flagship project and it delivered its final bankable report at the end of 2009/10. The project has the potential to supply 1.5 per cent of South Africa's oil requirements.

In 2009/10, the joint venture between the fund and Philips enabled the construction of an assembly line for compact fluorescent lamps in Lesotho. The Cradock ethanol project was implemented after board approval, signalling the potential for the first industrial fuel grade ethanol plant in South Africa. The solar water heating pilot project, sponsored by the fund and the United Nations Development Programme, was completed in 2007 and the fund is now developing a model to deliver 60 000 solar water heaters to Nelson Mandela Bay municipality domestic customers over the next 4 years. In Western Cape, the Darling wind power project was switched on and the photovoltaic project is becoming financially viable. The fund also expects to install 35 000 units of energy efficient street lighting in 2010/11 as part of its energy efficiency initiatives.

The fund's development projects include the paraffin safety project to investigate the safer use of illuminating paraffin in low income households, and the Basa Njengo Magogo project. This project aims to reduce outdoor pollution resulting from low income households burning coal by demonstrating more environmentally friendly ways of keeping fires. The rollout of this project is on schedule in both Soweto and Alexandra townships in Gauteng.



## Expenditure estimates

Table 28.11 Central Energy Fund: Financial information

| Statement of financial performance<br>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>11 756 632</b> | <b>12 744 576</b> | <b>15 131 723</b> | <b>11 824 751</b>  | <b>15 998 967</b>    | <b>17 575 745</b> | <b>18 595 691</b> |
| Sale of goods and services other than capital assets<br><i>of which:</i> | 8 951 756         | 10 425 540        | 12 360 861        | 10 288 996         | 14 895 267           | 15 986 787        | 16 152 822        |
| <i>Admin fees</i>  | –                 | –                 | –                 | 1 193              | 1 246                | 1 255             | 1 252             |
| <i>Sales by market establishments</i>                                    | 8 951 756         | 10 425 540        | 12 360 861        | 10 287 803         | 14 894 021           | 15 985 532        | 16 151 570        |
| <i>Other non-tax revenue</i>   | 2 804 876         | 2 319 036         | 2 770 862         | 1 535 755          | 1 103 700            | 1 588 958         | 2 442 869         |
| <b>Total revenue</b>   | <b>11 756 632</b> | <b>12 744 576</b> | <b>15 131 723</b> | <b>11 824 751</b>  | <b>15 998 967</b>    | <b>17 575 745</b> | <b>18 595 691</b> |
| <b>Expenses</b>  |                   |                   |                   |                    |                      |                   |                   |
| <b>Current expense</b>   | <b>8 747 599</b>  | <b>10 525 844</b> | <b>12 797 754</b> | <b>13 114 084</b>  | <b>12 463 960</b>    | <b>15 481 104</b> | <b>17 939 870</b> |
| Compensation of employees  | 124 445           | 132 703           | 174 185           | 178 804            | 182 418              | 186 136           | 189 126           |
| Goods and services   | 7 023 996         | 8 617 973         | 11 859 147        | 10 020 683         | 12 067 070           | 15 047 309        | 17 404 920        |
| Depreciation   | 924 095           | 862 034           | 441 162           | 2 794 782          | 21 179               | 21 448            | 19 677            |
| Interest, dividends and rent on land                                     | 331 391           | 218 114           | 294 242           | 106 865            | 193 293              | 226 211           | 326 147           |
| <b>Total expenses</b>  | <b>8 747 599</b>  | <b>10 525 844</b> | <b>12 797 754</b> | <b>13 114 084</b>  | <b>12 463 960</b>    | <b>15 481 104</b> | <b>17 939 870</b> |
| <b>Surplus / (Deficit)</b>   | <b>3 009 033</b>  | <b>2 218 732</b>  | <b>2 333 969</b>  | <b>(1 289 333)</b> | <b>3 535 007</b>     | <b>2 094 641</b>  | <b>655 821</b>    |
| <b>Statement of financial position</b>                                   |                   |                   |                   |                    |                      |                   |                   |
| Carrying value of assets   | 4 607 639         | 5 006 582         | 6 299 674         | 11 750 514         | 14 893 503           | 15 905 000        | 16 549 285        |
| <i>of which: Acquisition of assets</i>                                   | 1 253 647         | 1 189 020         | 2 001 490         | 6 590 074          | 4 270 228            | 2 130 233         | 860 265           |
| Investments  | 738 601           | 653 595           | 664 450           | 3 479 791          | 5 387 876            | 7 305 838         | 15 241 931        |
| Inventory  | 3 024 552         | 3 910 140         | 3 562 132         | 3 410 209          | 3 410 548            | 3 411 634         | 3 411 039         |
| Loans  | 82 028            | –                 | –                 | –                  | –                    | –                 | –                 |
| Receivables and prepayments  | 1 698 726         | 2 353 031         | 2 105 274         | 2 666 247          | 3 301 088            | 3 493 677         | 3 762 331         |
| Cash and cash equivalents  | 14 975 177        | 15 987 901        | 16 143 359        | 12 820 834         | 12 979 765           | 14 473 625        | 8 613 403         |
| Assets not classified elsewhere  | 87 167            | 2 512 068         | 3 395 442         | 99 465             | 6 827                | 4 308             | 3 702             |
| <b>Total assets</b>  | <b>25 213 890</b> | <b>30 423 317</b> | <b>32 170 331</b> | <b>34 227 060</b>  | <b>39 979 607</b>    | <b>44 594 082</b> | <b>47 581 691</b> |
| Accumulated surplus/deficit  | 18 802 861        | 21 046 007        | 23 380 314        | 23 177 482         | 26 943 809           | 29 184 893        | 29 779 340        |
| Capital and reserves   | 39 646            | 57 726            | 118 187           | –                  | –                    | –                 | 2 000 000         |
| Borrowings   | 674 500           | 517 467           | 417 132           | 8 062 414          | 10 544 747           | 12 070 451        | 11 980 866        |
| Trade and other payables   | 1 258 281         | 2 357 660         | 1 782 421         | 2 775 363          | 2 277 779            | 3 107 508         | 3 569 848         |
| Provisions   | 3 522 587         | 4 003 843         | 4 234 505         | 184 672            | 195 570              | 216 342           | 236 751           |
| Liabilities not classified elsewhere                                     | 916 015           | 2 440 614         | 2 237 772         | 27 129             | 17 702               | 14 888            | 14 886            |
| <b>Total equity and liabilities</b>                                      | <b>25 213 890</b> | <b>30 423 317</b> | <b>32 170 331</b> | <b>34 227 060</b>  | <b>39 979 607</b>    | <b>44 594 082</b> | <b>47 581 691</b> |

## Expenditure trends

The Central Energy Fund derives its revenue from the sale of energy products, the rendering of services, royalty receipts and tank rentals. Sales of energy products accounted for approximately 86.4 per cent of the fund's total revenue in 2009/10.

Revenue increased marginally from R11.8 billion in 2006/07 to R11.8 billion in 2009/10, at an average annual rate of 0.2 per cent. The net profit of R2.3 billion in 2008/09 was the result of higher oil prices, a weaker exchange rate and the increased demand for crude oil storage facilities. The fund anticipates a net loss of R1.3 billion as a result of the economic downturn in 2009/10 where oil prices fell, the Rand strengthened and demand for storage decreased.

Between 2006/07 and 2009/10, expenditure grew from R8.8 billion to R13.1 billion, at an average annual rate of 14.5 per cent. This strong growth in expenditure is mainly due to the increased cost of feedstock purchases as a result of high international crude oil prices. Additional expenditure was incurred from the exploration activities

by the Petroleum, Oil and Gas Corporation of South Africa, and from developing and financing alternative energy projects. Over the medium term, expenditure is expected to increase from R1.2 billion to R1.9 billion, at an average annual rate of 11 per cent, driven by additional spending on carbon trading activities as well as the funding of renewable energy technology projects.

## South African National Energy Research Institute

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

The mandate of the South African National Energy Research Institute is to stimulate innovation in energy research and development, transform the gender and race profile of researchers in the sector, and improve South Africa's competitiveness in energy research internationally. The institute's key activities are: energy research, targeted skills development, information dissemination, and the promotion of cooperation with key stakeholders. The institute's research agenda has nine themes: energy infrastructure optimisation, energy efficiency and demand side management, productive use of energy, impact of energy use on the environment, renewable energy, alternative sources of energy, cleaner fossil fuels, energy modelling, and energy policy and planning.

To contribute to alleviating skills shortages in the energy sector, the institute supports postgraduate research students, promotes career development, and assists internationally renowned researchers to return to or remain in South Africa. The South African National Energy Research Institute specifically focuses on promoting the participation of historically disadvantaged South Africans and women in the energy sector.

Over the MTEF period, the institute will be restructured into the South African National Energy Development Institute. The new institution, as espoused in the National Energy Act (2008), will not only focus on research but also on promoting energy efficiency initiatives and demand side management. The South African National Energy Development Institute is expected to build on its predecessor's work by continuing to develop an energy research and development knowledge management system. It will also emphasise developing cooperative research and development activities with government, universities, the private sector, non-governmental organisations, other countries, and regional and international organisations.

### Selected performance indicators

Table 28.12 South African National Energy Research Institute

| Indicator   | Programme/Activity       | Past    |         |         | Current | Projections |         |         |
|---|--------------------------|---------|---------|---------|---------|-------------|---------|---------|
|   |                          | 2006/07 | 2007/08 | 2008/09 | 2009/10 | 2010/11     | 2011/12 | 2012/13 |
| Number of new research projects funded per year                                     | Research and development | 42      | 20      | 3       | –       | –           | 15      | 20      |
| Number of new research projects completed per year                                  | Research and development | –       | 8       | 16      | 13      | 13          | 9       | 6       |
| Number of additional research papers published per year                             | Research and development | –       | 3       | 7       | 10      | 15          | 20      | 25      |
| Number of new bursaries provided per year   | Capacity building        | 27      | 27      | 27      | –       | 30          | 35      | 40      |
| Number of new bursaries provided to historically disadvantaged individuals per year | Capacity building        | 15      | 16      | 11      | –       | 25          | 30      | 35      |
| Number of memorandums of understanding signed with institutions per year            | Stakeholder relations    | 4       | 10      | 17      | 13      | 20          | 23      | 26      |

### Service delivery focus

In 2008/09, the institute awarded 17 Masters bursaries, 6 PhD bursaries and 2 postdoctoral bursaries. The bursary amount for masters students was increased from R50 000 to R80 000 per year and the amount allocated to PhD students increased from R65 000 to R100 000 per year. These increases were informed by the results of a benchmarking exercise. Postdoctoral students received bursaries of R150 000 per year. In June 2008, the institute's board approved establishing the Centre for Carbon Capture and Storage, which was launched in 2009 and aims to reduce South Africa's greenhouse gas emissions. Several parties including the Norwegian government have pledged support for the research and development that will be conducted by the centre over the next 5 years.

In September 2008, the institute was awarded the bid to host the South African regional office of the renewable energy and energy efficiency partnership from October 2008 to March 2009, which may be renewed for another year. The host function requires the institute to coordinate the organisation's activities in South Africa, Botswana, Lesotho, Malawi, Mozambique, Swaziland and Angola for which the organisation provided €35 000.

The institute identified energy efficiency and demand side management as a key research and development theme for South Africa, and the University of Pretoria was awarded the bid to host the national hub of energy efficiency and demand side management, which was launched in June 2008. The hub's responsibility is to develop and enhance national capacity in energy efficiency, including fuel switching to renewable technologies and demand side management.

## Expenditure estimates

**Table 28.13 South African National Energy Research Institute: Financial information**

| Statement of financial performance<br>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>   |                 |               |               |                  |                      |          |          |
| Non-tax revenue  | 2 695           | 1 668         | 2 847         | 53 931           | -                    | -        | -        |
| Sale of goods and services other than capital assets<br><i>of which:</i> | -               | -             | -             | 52 760           | -                    | -        | -        |
| Admin fees   | -               | -             | -             | 52 760           | -                    | -        | -        |
| Other non-tax revenue  | 2 695           | 1 668         | 2 847         | 1 171            | -                    | -        | -        |
| Transfers received   | 63 518          | 43 188        | 49 937        | -                | -                    | -        | -        |
| <b>Total revenue</b>   | <b>66 213</b>   | <b>44 856</b> | <b>52 784</b> | <b>53 931</b>    | <b>-</b>             | <b>-</b> | <b>-</b> |
| <b>Expenses</b>  |                 |               |               |                  |                      |          |          |
| Current expense  | 64 482          | 44 134        | 52 783        | 53 931           | -                    | -        | -        |
| Compensation of employees  | 1 469           | 6 273         | 11 324        | -                | -                    | -        | -        |
| Goods and services   | 62 894          | 36 619        | 40 552        | 53 237           | -                    | -        | -        |
| Depreciation   | 119             | 344           | 622           | 694              | -                    | -        | -        |
| Interest, dividends and rent on land                                     | -               | -             | 285           | -                | -                    | -        | -        |
| <b>Total expenses</b>  | <b>64 482</b>   | <b>44 134</b> | <b>52 783</b> | <b>53 931</b>    | <b>-</b>             | <b>-</b> | <b>-</b> |
| <b>Surplus / (Deficit)</b>   | <b>1 731</b>    | <b>722</b>    | <b>1</b>      | <b>-</b>         | <b>-</b>             | <b>-</b> | <b>-</b> |
| <b>Statement of financial position</b>                                   |                 |               |               |                  |                      |          |          |
| Carrying value of assets   | 1 041           | 1 367         | 606           | -                | -                    | -        | -        |
| <i>of which: Acquisition of assets</i>                                   | 1 155           | 670           | 149           | -                | -                    | -        | -        |
| Investments  | -               | -             | -             | 1 025            | -                    | -        | -        |
| Receivables and prepayments  | 259             | 36            | 2 202         | 19               | -                    | -        | -        |
| Cash and cash equivalents  | 55 429          | 21 561        | 29 952        | 16 643           | -                    | -        | -        |
| Assets not classified elsewhere  | -               | -             | 780           | -                | -                    | -        | -        |
| <b>Total assets</b>  | <b>56 729</b>   | <b>22 964</b> | <b>33 540</b> | <b>17 687</b>    | <b>-</b>             | <b>-</b> | <b>-</b> |
| Accumulated surplus/deficit  | 1 938           | 2 659         | 2 660         | -                | -                    | -        | -        |
| Capital and reserves   | -               | -             | -             | 2 659            | -                    | -        | -        |
| Trade and other payables   | 54 791          | 18 494        | 13 265        | 2 469            | -                    | -        | -        |
| Managed funds  | -               | -             | 16 472        | -                | -                    | -        | -        |
| Liabilities not classified elsewhere                                     | -               | 1 811         | 1 143         | 12 559           | -                    | -        | -        |
| <b>Total equity and liabilities</b>                                      | <b>56 729</b>   | <b>22 964</b> | <b>33 540</b> | <b>17 687</b>    | <b>-</b>             | <b>-</b> | <b>-</b> |

## Expenditure trends

The South African Energy Research Institute receives its grant from the Department of Science and Technology. Transfer payments received from the Department of Science and Technology decrease between 2006/07 and 2008/09 from R63.5 million to R49.9 million, at an average annual rate of 11.3 per cent.

Expenditure decreases marginally from R64.5 million in 2006/07 to R53.9 million in 2009/10, at an average annual rate of 5.8 per cent. Over the MTEF period, the institution will be restructured into the South African National Energy Development Institute and no further allocations have been provided until the organisation is listed as a public entity in terms of the Public Finance Management Act (1999).

## Electricity Distribution Industry Holdings Company

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

The Electricity Distribution Industry Holdings Company is responsible for restructuring the electricity distribution industry in South Africa. Numerous policies and frameworks govern the restructuring, including: the 1998 White Paper on Energy Policy of the Republic of South Africa, the electricity distribution industry restructuring blueprint, the 2006 Cabinet decision on the establishment of regional electricity distributors, the asset transfer framework, and exemptions in terms of the Municipal Fiscal Powers and Functions Act (2007).

The outcome of the restructuring process will be the amalgamation of Eskom distribution activities and various municipal electricity utilities into six wall to wall regional electricity distributors. A number of challenges remain. In particular, an amendment of the Constitution is required before the legislation establishing the distributors can be enacted. There is uncertainty surrounding the taxability of the multi-year pricing determination funds collected by Eskom on behalf of the company, and a tripartite agreement must be completed to regulate the principal and agency relationship between Eskom, the National Energy Regulator of South Africa and the company.

### Savings and cost effective service delivery

Savings of R75 million will be realised by the company over the MTEF period. These savings will be derived from reductions in the government transfer to the organisation.

### Selected performance indicators

Table 28.14 Electricity Distribution Industry Holdings Company

| Indicator  | Programme/Activity  | Past    |         |         | Current | Projections |         |         |
|--|---|---------|---------|---------|---------|-------------|---------|---------|
|  |   | 2006/07 | 2007/08 | 2008/09 | 2009/10 | 2010/11     | 2011/12 | 2012/13 |
| Total amount of electricity distribution assets ringfenced | Ring fencing of distribution assets and development of business plans | R5m     | R15.9m  | R163.6m | R421.9m | R310.3m     | R357.2m | R50m    |

### Expenditure estimates

Table 28.15 Electricity Distribution Industry Holdings Company: Financial information

| Statement of financial performance<br>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>                                   |                 |               |                |                  |                      |                |                |
| Non-tax revenue                                  | 1 385           | 17 975        | 27 722         | 22 214           | 15 595               | 18 511         | 3 702          |
| <i>Other non-tax revenue</i>                     | 1 385           | 17 975        | 27 722         | 22 214           | 15 595               | 18 511         | 3 702          |
| Transfers received                               | 67 794          | 81 878        | 232 841        | 576 663          | 522 687              | 515 892        | 157 695        |
| <b>Total revenue</b>                             | <b>69 179</b>   | <b>99 853</b> | <b>260 563</b> | <b>598 877</b>   | <b>538 282</b>       | <b>534 403</b> | <b>161 397</b> |
| <b>Expenses</b>                                  |                 |               |                |                  |                      |                |                |
| Current expense                                  | 71 125          | 97 220        | 258 425        | 621 842          | 533 955              | 525 089        | 158 473        |
| Compensation of employees                        | 33 183          | 44 219        | 63 137         | 47 550           | 49 927               | 32 424         | 25 425         |
| Goods and services                               | 34 465          | 50 974        | 192 066        | 572 676          | 482 767              | 491 677        | 132 269        |
| Depreciation                                     | 3 477           | 2 027         | 3 222          | 1 616            | 1 261                | 988            | 779            |
| <b>Total expenses</b>                            | <b>71 125</b>   | <b>97 220</b> | <b>258 425</b> | <b>621 842</b>   | <b>533 955</b>       | <b>525 089</b> | <b>158 473</b> |
| <b>Surplus / (Deficit)</b>                       | <b>(1 946)</b>  | <b>2 633</b>  | <b>2 138</b>   | <b>(22 965)</b>  | <b>4 327</b>         | <b>9 314</b>   | <b>2 924</b>   |

**Table 28.15 Electricity Distribution Industry Holdings Company: Financial information (continued)**

| Statement of financial position<br>R thousand | Audited outcome |                |                | Revised estimate<br>2009/10 | Medium-term estimate |                |                |
|---|-----------------|----------------|----------------|-----------------------------|----------------------|----------------|----------------|
|   | 2006/07         | 2007/08        | 2008/09        |                             | 2010/11              | 2011/12        | 2012/13        |
| Carrying value of assets                      | 7 069           | 6 805          | 8 025          | 7 797                       | 6 536                | 5 549          | 4 770          |
| <i>of which: Acquisition of assets</i>        | 190             | 1 841          | 3 567          | -                           | -                    | -              | -              |
| Receivables and prepayments                   | 799             | 572            | 605            | -                           | -                    | -              | -              |
| Cash and cash equivalents                     | 91 051          | 272 141        | 245 925        | 233 629                     | 221 947              | 210 850        | 200 307        |
| <b>Total assets</b>                           | <b>98 919</b>   | <b>279 518</b> | <b>254 555</b> | <b>241 426</b>              | <b>228 483</b>       | <b>216 399</b> | <b>205 077</b> |
| Accumulated surplus/deficit                   | 11 454          | 14 087         | 16 225         | -                           | -                    | -              | -              |
| Capital and reserves                          | -               | -              | 1 388          | 1 388                       | 1 388                | 1 388          | 1 388          |
| Trade and other payables                      | 5 436           | 18 012         | 43 608         | 37 037                      | 44 086               | 50 302         | 55 452         |
| Provisions                                    | 3 517           | 2 932          | 1 963          | 2 061                       | 2 164                | 1 948          | 1 753          |
| Liabilities not classified elsewhere          | 78 512          | 244 487        | 191 371        | 200 940                     | 180 846              | 162 761        | 146 485        |
| <b>Total equity and liabilities</b>           | <b>98 919</b>   | <b>279 518</b> | <b>254 555</b> | <b>241 426</b>              | <b>228 484</b>       | <b>216 399</b> | <b>205 078</b> |

### Expenditure trends

Transfers from the department accounted for 96.3 per cent of the total revenue of Electricity Distribution Industry Holdings in 2009/10.

Between 2006/07 and 2009/10, transfers increased significantly from R67.8 million to R576.7 million, at an average annual rate of 104.1 per cent. This significant increase between 2008/09 and 2009/10 is from a component of the electricity tariff earmarked for the restructuring of the electricity distribution sector collected by the National Energy Regulator of South Africa and paid over to Electricity Distribution Industry Holdings. Over the medium term, transfers decline at an average annual rate of 35.4 per cent as a result of the anticipated expiry of the organisation's mandate and the subsequent phasing out of the restructuring component in the electricity tariff.

Over the MTEF period, expenditure is expected to decrease from R621.8 million to R158.5 million, at an average annual rate of 36.6 per cent. This is mainly due to the phasing out of transfers to Electricity Distribution Industry Holdings as the mandate of the entity expires.

## National Energy Regulator of South Africa

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

The National Energy Regulator of South Africa was established in terms of the National Energy Regulator Act (2004). Its mandate is to regulate the electricity, piped gas and petroleum pipelines industries in terms of the Electricity Regulation Act (2006), the Gas Act (2001) and the Petroleum Pipelines Act (2003). As an economic regulator, the primary functions of the organisation are to issue licences with conditions, set and approve tariffs, monitor and enforce industry compliance, and set rules, guidelines and codes for the regulation of all three industries. The National Energy Regulator of South Africa is also empowered by its governing legislation to gather, store and disseminate information, resolve disputes and arbitrate matters, handle complaints, and promote efficiency, competition and BEE. The organisation derives its revenues by, among others, imposing prescribed, legislated levies on the industries it regulates.

Over the medium term, the regulator will focus on the following strategic objectives: developing and implementing any outstanding energy rules as specified in its governing acts; finalising decisions over licence applications; creating awareness of the role of the energy regulator; building internal capacity in economic regulation; and improving compliance monitoring with all regulated industries.

### Savings and cost effective service delivery

The National Energy Regulator of South Africa derives all its revenue from levies from the regulated industries and receives no transfers from government. The organisation has developed a cost allocation methodology to apportion costs equitably to each of the industries. It will implement ongoing cost containment measures in order to reduce the regulatory burden on these industries.

## Selected performance indicators

Table 28.16 National Energy Regulator of South Africa

| Indicator   | Programme/Activity     | Past    |         |         | Current | Projections |         |         |
|---|------------------------|---------|---------|---------|---------|-------------|---------|---------|
|   |                        | 2006/07 | 2007/08 | 2008/09 | 2009/10 | 2010/11     | 2011/12 | 2012/13 |
| Number of new technical distribution and transmission audits completed per year | Electricity regulation | 11      | 17      | -       | 5       | 5           | 5       | 5       |
| Number of new compliance audits completed per year                              | Electricity regulation | 19      | 20      | 20      | 20      | 20          | 20      | 20      |
| Number of new generation audits completed on power stations per year            | Electricity regulation | -       | -       | 12      | 2       | 2           | 2       | 2       |

## Service delivery focus

In the first 3 quarters of 2009/10, the regulator received 12 generation and 6 distribution licence applications from the electricity industry and none of these applications was finalised. The regulator received a total of 26 licence applications for piped gas and has granted 10 construction, 1 operation and 2 trading licences. The regulator also received 4 licence applications from the petroleum pipelines industry and granted 3 construction and 16 operation licences. Over the MTEF period, greater emphasis will be placed on licensing existing and new facilities within the petroleum pipelines and piped gas industries.

124 municipal electricity tariff increases were approved in the first 3 quarters of 2009/10 and the regulator approved the principles to be used in determining the electricity tariff increases and a 31.3 per cent tariff increase to Eskom for 2009/10. The draft multi-year price determination methodology was approved and published for comment in September 2009 and public hearings were held in January 2010. Focus over the MTEF period will be on: completing the Eskom multi-year price determination and implementing the rate of return methodology for large municipalities; producing regulatory reporting manuals to be implemented with Eskom and 6 metropolitan municipalities for collecting relevant information; and implementing approved tariff methodologies such as the renewable energy feed-in tariff, the multi-year price determination and the power purchase agreements.

The following tariffs and guidelines were approved for the piped gas industry: tariff guidelines for piped gas; the Republic of Mozambique Pipeline Investment Company tariff; the reseller's reference price for greenfields customers; the reseller's reference price for distributors and reticulators; maximum prices for distributors, reticulators and for greenfields customers; the landed price at Secunda and Sasol volume weighted average gas price; and the European benchmark price.

The regulator approved the following in the petroleum pipelines industry: a tariff increase for Transnet for 2009/10; the Transnet Tarlton storage tariffs; draft storage and loading facilities tariff methodology; and the fourth amended tariff methodology for petroleum pipelines.

In the first 3 quarters of 2009/10, 214 complaints were received about the electricity industry, and 6 conciliation and 25 mediation meetings took place. 1 complaint was received against the piped gas industry and this was resolved within the same period.

Over the medium term, the regulator's electricity function will be monitoring compliance with licence conditions by visiting municipalities and conducting independent technical audits for generation and distribution facilities. Greater efforts will be directed at improving compliance monitoring within the piped gas industry.

## Expenditure estimates

Table 28.17 National Energy Regulator of South Africa: 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>167 529</b>  | <b>142 435</b> | <b>117 737</b> | <b>139 055</b>   | <b>182 090</b>       | <b>210 952</b> | <b>-</b> |
| Sale of goods and services other than capital assets of which: | 165 270         | 137 193        | 112 876        | 139 055          | 182 090              | 210 952        | -        |
| Sales by market establishments                                 | 165 270         | 137 193        | 112 876        | 139 055          | 182 090              | 210 952        | -        |
| Other non-tax revenue  | 2 259           | 5 242          | 4 861          | -                | -                    | -              | -        |
| <b>Total revenue</b>   | <b>167 529</b>  | <b>142 435</b> | <b>117 737</b> | <b>139 055</b>   | <b>182 090</b>       | <b>210 952</b> | <b>-</b> |
| <b>Expenses</b>  |                 |                |                |                  |                      |                |          |
| <b>Current expense</b>   | <b>87 007</b>   | <b>106 083</b> | <b>112 879</b> | <b>173 651</b>   | <b>185 223</b>       | <b>195 965</b> | <b>-</b> |
| Compensation of employees                                      | 41 004          | 45 926         | 49 166         | -                | -                    | -              | -        |
| Goods and services   | 39 551          | 53 624         | 56 956         | 173 651          | 185 223              | 195 965        | -        |
| Depreciation   | 3 219           | 3 631          | 3 864          | -                | -                    | -              | -        |
| Interest, dividends and rent on land                           | 3 233           | 2 902          | 2 893          | -                | -                    | -              | -        |
| <b>Total expenses</b>  | <b>87 007</b>   | <b>106 083</b> | <b>112 879</b> | <b>173 651</b>   | <b>185 223</b>       | <b>195 965</b> | <b>-</b> |
| <b>Surplus / (Deficit)</b>                                     | <b>80 522</b>   | <b>36 352</b>  | <b>4 858</b>   | <b>(34 596)</b>  | <b>(3 133)</b>       | <b>14 987</b>  | <b>-</b> |
| <b>Statement of financial position</b>                         |                 |                |                |                  |                      |                |          |
| Carrying value of assets                                       | 27 822          | 41 272         | 41 982         | -                | -                    | -              | -        |
| of which: Acquisition of assets                                | 5 350           | 4 547          | 4 654          | -                | -                    | -              | -        |
| Inventory  | 263             | 319            | 400            | -                | -                    | -              | -        |
| Receivables and prepayments                                    | 42 762          | 19 726         | 15 781         | -                | -                    | -              | -        |
| Cash and cash equivalents                                      | 63 147          | 117 804        | 120 814        | -                | -                    | -              | -        |
| <b>Total assets</b>  | <b>133 994</b>  | <b>179 121</b> | <b>178 977</b> | <b>-</b>         | <b>-</b>             | <b>-</b>       | <b>-</b> |
| Accumulated surplus/deficit                                    | 103 656         | 140 276        | 145 134        | -                | -                    | -              | -        |
| Capital and reserves   | 9 205           | 21 590         | 21 590         | -                | -                    | -              | -        |
| Borrowings   | 2 387           | 1 737          | 1 390          | -                | -                    | -              | -        |
| Trade and other payables                                       | 18 746          | 15 518         | 10 863         | -                | -                    | -              | -        |
| <b>Total equity and liabilities</b>                            | <b>133 994</b>  | <b>179 121</b> | <b>178 977</b> | <b>-</b>         | <b>-</b>             | <b>-</b>       | <b>-</b> |

## Expenditure trends

The National Energy Regulator of South Africa derives its revenues from levies from the electricity, petroleum products, and piped gas industries as well as licence fees. Revenue decreased significantly from R167.5 million in 2006/07 to R139.1 million in 2009/10, at an average annual rate of 6 per cent. In 2006/07, the regulator had an accumulated surplus of R80.5 million. Approval from National Treasury was granted to retain some of this surplus on condition that the rest would be refunded to industry. The decline in revenue is mainly due to a refund given to regulated industries by reducing the levies rates over three years beginning in 2008/09 and concluding in 2010/11.

Between 2006/07 and 2009/10, expenditure rose from R87 million to R173.6 million, at an average annual rate of 25.9 per cent. This strong increase is attributable to the increase in expenditure on goods and services, which rose at an average annual rate of 63.7 per cent between 2006/07 and 2009/10. This significant increase is driven by expenditure on consultants to support the implementation of the regulatory framework.

Between 2009/10 and 2011/12, expenditure is expected to grow at an average annual rate of 6.2 per cent due to the rollout of the regulatory reporting manuals.

## National Nuclear Regulator

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

The National Nuclear Regulator was established in terms of the National Nuclear Regulator Act (1999). The facilities and actions regulated by the organisation are diverse, including: the operation of nuclear power reactors, research reactors, nuclear fuel fabrication, nuclear technology applications and the mining and processing of uranium and other radioactive ores. The mandate of the National Nuclear Regulator is to protect people, property and the environment against nuclear damage through safety standards and regulatory practices and regulatory control over nuclear installations and vessels. The organisation does this by issuing nuclear authorisations and ensuring that provisions for nuclear emergency planning are in place, and by acting as the national authority that is competent to enforce the International Atomic Energy Agency's regulations.

There is a growing international resurgence of nuclear power, which is happening in the context of increasingly higher standards for environmental protection. Uranium mining is increasing in the region. Skills in the sector are scarce. Given these developments and challenges, over the medium term, the National Nuclear Regulator will concentrate its efforts on: reducing occurrences of any nuclear related accidents to the workers, public, property and environment; ensuring that risk to the workers, public and the environment is kept as low as reasonably achievable below the regulatory limits; ensuring that the radiation doses to workers and the public are as low as reasonably practicable below the regulatory limits at all regulated facilities; increasing compliance by holders to ensure that the all activities at regulated facilities are carried out safely and timeously; and improving operational excellence in relation to granting and amending nuclear authorisations.

### Savings and cost effective service delivery

Over the MTEF period, the National Nuclear Regulator will realise savings of R13 million (R5 million in 2010/11, R4 million in 2011/12 and R4 million in 2012/13). The organisation will implement cost containment measures, including reducing travel and venue and facilities costs, and other controllable overheads.

### Selected performance indicators

Table 28.18 National Nuclear Regulator

| Indicator  | Programme/Activity         | Past    |         |         | Current | Projections |         |         |
|--|----------------------------|---------|---------|---------|---------|-------------|---------|---------|
|  |                            | 2006/07 | 2007/08 | 2008/09 | 2009/10 | 2010/11     | 2011/12 | 2012/13 |
| Number of cooperative agreements implemented per year  | Stakeholder relations      | 2       | 2       | 2       | 6       | 6           | 8       | 10      |
| Number of nuclear sites inspected per year, including mining and mineral processing facilities       | Compliance and enforcement | –       | 100     | 110     | 120     | 120         | 120     | 120     |
| Number of planned research projects completed on time per year                                       | Research and development   | 6       | 4       | 3       | 5       | 5           | 6       | 5       |
| Average number of days to review safety submissions, excluding major nuclear safety case submissions | Compliance and enforcement | 90      | 90      | 90      | 90      | 90          | 90      | 90      |
| Number of emergency plans for Koeberg and Pelindaba sites  | Compliance and enforcement | 1       | 1       | 1       | 1       | 1           | 1       | 1       |

### Service delivery focus

The South African nuclear industry reported no nuclear accidents or incidents in 2008/09. In the same year, 32 new certifications of registration were granted in the industry, mainly for mining and mineral processing activities. In 2008/09, the regulator inspected all nuclear facilities in South Africa, which were found to be compliant with the required safety standards and conditions of their licences.

The regulator coordinated compiling South Africa's first national report on radioactive waste management and spent fuel management, which was submitted to the International Atomic Energy Agency in October 2008 and presented at a meeting of the joint convention in May 2009. In 2008/09, the regulator participated in the International Atomic Energy Agency's technical cooperation project aimed at promoting self-assessment of regulatory infrastructure and the networking of regulatory bodies in Africa. The regulator hosted the International Atomic Energy Agency's international conference on effective nuclear regulatory systems in December 2009. Over the medium term, the regulator will focus on recruiting and retaining the scarce skills required to effectively regulate the nuclear sector and build public confidence in the nuclear industry.



## Expenditure estimates

Table 28.19 National Nuclear Regulator: 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>                               | 57 817          | 59 892        | 74 268        | 97 099           | 155 462              | 132 678        | 148 660        |
| Sale of goods and services other than capital assets | 53 456          | 53 247        | 65 471        | 90 306           | 151 251              | 128 389        | 144 660        |
| <i>of which:</i>                                     |                 |               |               |                  |                      |                |                |
| Admin fees   | 53 272          | 52 663        | 64 513        | 90 306           | 151 251              | 128 389        | 144 660        |
| Sales by market establishments                       | 184             | 584           | 958           | –                | –                    | –              | –              |
| Other non-tax revenue                                | 4 361           | 6 645         | 8 797         | 6 793            | 4 211                | 4 289          | 4 000          |
| Transfers received                                   | 14 742          | 18 029        | 20 333        | 23 943           | 21 818               | 24 435         | 25 721         |
| <b>Total revenue</b>                                 | <b>72 559</b>   | <b>77 921</b> | <b>94 601</b> | <b>121 042</b>   | <b>177 280</b>       | <b>157 113</b> | <b>174 381</b> |
| <b>Expenses</b>                                      |                 |               |               |                  |                      |                |                |
| <b>Current expense</b>                               | <b>36 677</b>   | <b>72 501</b> | <b>94 157</b> | <b>120 892</b>   | <b>175 166</b>       | <b>154 396</b> | <b>171 664</b> |
| Compensation of employees                            | 35 019          | 42 615        | 58 241        | 79 248           | 95 673               | 103 327        | 114 886        |
| Goods and services                                   | 878             | 28 311        | 33 898        | 39 844           | 74 871               | 45 650         | 51 036         |
| Depreciation   | 780             | 1 417         | 1 744         | 1 800            | 4 622                | 5 419          | 5 742          |
| Interest, dividends and rent on land                 | –               | 158           | 274           | –                | –                    | –              | –              |
| Transfers and subsidies                              | 17 072          | –             | –             | –                | –                    | –              | –              |
| <b>Total expenses</b>                                | <b>53 749</b>   | <b>72 501</b> | <b>94 157</b> | <b>120 892</b>   | <b>175 166</b>       | <b>154 396</b> | <b>171 664</b> |
| <b>Surplus / (Deficit)</b>                           | <b>18 810</b>   | <b>5 420</b>  | <b>444</b>    | <b>150</b>       | <b>2 114</b>         | <b>2 717</b>   | <b>2 717</b>   |
| <b>Statement of financial position</b>               |                 |               |               |                  |                      |                |                |
| Carrying value of assets                             | 2 151           | 5 163         | 5 505         | 9 108            | 46 760               | 54 344         | 53 156         |
| <i>of which: Acquisition of assets</i>               | 628             | 3 478         | 2 280         | 5 500            | 42 274               | 14 919         | 4 508          |
| Receivables and prepayments                          | 7 854           | 7 076         | 6 038         | 6 229            | 2 846                | 2 080          | 1 806          |
| Cash and cash equivalents                            | 65 808          | 75 638        | 76 109        | 72 560           | 39 272               | 41 241         | 38 596         |
| <b>Total assets</b>                                  | <b>75 813</b>   | <b>87 877</b> | <b>87 652</b> | <b>87 897</b>    | <b>88 878</b>        | <b>97 665</b>  | <b>93 558</b>  |
| Accumulated surplus/deficit                          | 24 121          | 29 382        | 29 827        | 29 825           | 28 225               | 28 226         | 28 227         |
| Borrowings   | –               | 938           | 635           | 330              | –                    | –              | –              |
| Post-retirement benefits                             | 29 718          | 28 500        | 29 898        | 29 897           | –                    | –              | –              |
| Trade and other payables                             | 1 568           | 6 406         | 5 257         | 5 257            | 3 500                | 4 560          | 2 680          |
| Provisions   | 2 406           | 4 651         | 4 035         | 4 035            | 4 439                | 4 882          | 5 371          |
| Liabilities not classified elsewhere                 | 18 000          | 18 000        | 18 000        | 18 553           | 52 714               | 59 997         | 57 280         |
| <b>Total equity and liabilities</b>                  | <b>75 813</b>   | <b>87 877</b> | <b>87 652</b> | <b>87 897</b>    | <b>88 878</b>        | <b>97 665</b>  | <b>93 558</b>  |

## Expenditure trends

The National Nuclear Regulator derives its revenue from fees for authorisations and transfers from the Department of Energy. Revenue increased significantly from R72.6 million in 2006/07 to R121 million in 2009/10, at an average annual rate of 18.6 per cent. The increase is mainly due to an increase in the number of authorisation requests received. Over the MTEF period, revenue is expected to increase at an average annual rate of 12.9 per cent due to the growing number of authorisation requests from the nuclear and mining industries.

Between 2006/07 and 2009/10, expenditure rose from R53.7 million to R120.9 million, at an average annual rate of 31 per cent. This strong increase is attributable to the increase in expenditure on compensation of employees, which rose at an average annual rate of 31.3 per cent between 2006/07 and 2009/10. Expenditure on goods and services increased substantially from R878 000 in 2006/07 to R39.8 million in 2009/10 due to costs associated with the rising number of staff, engagements with the International Atomic Energy Agency and other international bodies, and the increasing number of nuclear site inspections. Over the MTEF period, expenditure

is expected to grow strongly to reach R171.7 million, at an average annual rate of 12.4 per cent, driven again by an increase in compensation of employees.

Over the medium term, the regulator will focus on improving its capacity to carry out compliance and enforcement activities. Cash reserves are expected to decline over the medium term from R72.5 million to R38.6 million, at an average annual rate of 19 per cent.

## Additional tables

Table 28.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                        | 62 678           | 63 013           | 53 413           | 55 217           | 12 989        | 68 206           | 68 206           |
| 2. Hydrocarbons and Energy Planning      | 65 097           | 45 911           | 44 199           | 55 285           | –             | 55 285           | 54 372           |
| 3. Electricity, Nuclear and Clean Energy | 61 991           | 261 412          | 262 575          | 338 363          | 1 600         | 339 963          | 327 524          |
| 4. Associated Services                   | 2 564 704        | 2 564 704        | 2 558 205        | 3 293 423        | –             | 3 293 423        | 3 290 100        |
| <b>Total</b>                             | <b>2 754 470</b> | <b>2 935 040</b> | <b>2 918 392</b> | <b>3 742 288</b> | <b>14 589</b> | <b>3 756 877</b> | <b>3 740 202</b> |

### Economic classification

|   |                  |                  |                  |                  |               |                  |                  |
|---|------------------|------------------|------------------|------------------|---------------|------------------|------------------|
| <b>Current payments</b>                     | <b>180 897</b>   | <b>184 431</b>   | <b>170 600</b>   | <b>180 853</b>   | <b>14 574</b> | <b>195 427</b>   | <b>194 514</b>   |
| Compensation of employees                   | 96 061           | 95 963           | 84 581           | 105 184          | 7 869         | 113 053          | 112 140          |
| Goods and services                          | 84 836           | 88 468           | 86 019           | 75 669           | 6 705         | 82 374           | 82 374           |
| <b>Transfers and subsidies</b>              | <b>2 570 477</b> | <b>2 750 609</b> | <b>2 744 146</b> | <b>3 558 881</b> | <b>–</b>      | <b>3 558 881</b> | <b>3 543 119</b> |
| Provinces and municipalities                | 595 637          | 595 637          | 589 138          | 1 107 957        | –             | 1 107 957        | 1 092 195        |
| Departmental agencies and accounts          | 89 583           | 106 761          | 99 583           | 96 007           | –             | 96 007           | 96 007           |
| Public corporations and private enterprises | 1 884 890        | 2 047 812        | 2 054 890        | 2 354 612        | –             | 2 354 612        | 2 354 612        |
| Households                                  | 367              | 399              | 535              | 305              | –             | 305              | 305              |
| <b>Payments for capital assets</b>          | <b>3 096</b>     | <b>–</b>         | <b>3 423</b>     | <b>2 554</b>     | <b>15</b>     | <b>2 569</b>     | <b>2 569</b>     |
| Machinery and equipment                     | 2 873            | –                | 2 873            | 2 197            | 15            | 2 212            | 2 212            |
| Software and other intangible assets        | 223              | –                | 550              | 357              | –             | 357              | 357              |
| <b>Payments for financial assets</b>        | <b>–</b>         | <b>–</b>         | <b>223</b>       | <b>–</b>         | <b>–</b>      | <b>–</b>         | <b>–</b>         |
| <b>Total</b>                                | <b>2 754 470</b> | <b>2 935 040</b> | <b>2 918 392</b> | <b>3 742 288</b> | <b>14 589</b> | <b>3 756 877</b> | <b>3 740 202</b> |

Table 28.B Detail of approved establishment and personnel numbers according to salary level<sup>1</sup>

| Department                                   | 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>361</b>                                    | <b>361</b>             | <b>30</b>                                       | <b>349</b>   | <b>350</b> | <b>350</b> | <b>392</b>            | <b>440</b>           | <b>440</b> | <b>440</b> |
| Salary level 1 – 6                           | 75  | 75                     | 12  | 83   | 148        | 110        | 89                    | 107                  | 107        | 107        |
| Salary level 7 – 10                          | 178   | 178                    | 14  | 192  | 83         | 151        | 192                   | 178                  | 178        | 178        |
| Salary level 11 – 12                         | 60  | 60                     | 1   | 37   | 89         | 46         | 62                    | 86                   | 86         | 86         |
| Salary level 13 – 16                         | 48  | 48                     | 3   | 37   | 30         | 42         | 51                    | 69                   | 69         | 69         |
| <b>Administration</b>                        | <b>117</b>                                    | <b>117</b>             | <b>20</b>                                       | <b>112</b>   | <b>122</b> | <b>138</b> | <b>138</b>            | <b>204</b>           | <b>204</b> | <b>204</b> |
| Salary level 1 – 6                           | 50  | 50                     | 12  | 51   | 68         | 66         | 64                    | 75                   | 75         | 75         |
| Salary level 7 – 10                          | 45  | 45                     | 5   | 43   | 28         | 51         | 50                    | 75                   | 75         | 75         |
| Salary level 11 – 12                         | 12  | 12                     | 1   | 8  | 18         | 9          | 14                    | 26                   | 26         | 26         |
| Salary level 13 – 16                         | 10  | 10                     | 2   | 10   | 8          | 11         | 12                    | 28                   | 28         | 28         |
| <b>Hydrocarbons and Energy Planning</b>      | <b>140</b>                                    | <b>140</b>             | <b>1</b>  | <b>–</b>   | <b>–</b>   | <b>99</b>  | <b>141</b>            | <b>148</b>           | <b>148</b> | <b>148</b> |
| Salary level 1 – 6                           | 14  | 14                     | –   | –  | –          | 26         | 14                    | 14                   | 14         | 14         |
| Salary level 7 – 10                          | 89  | 89                     | –   | –  | –          | 41         | 89                    | 80                   | 80         | 80         |
| Salary level 11 – 12                         | 17  | 17                     | –   | –  | –          | 19         | 17                    | 30                   | 30         | 30         |
| Salary level 13 – 16                         | 20  | 20                     | 1   | –  | –          | 13         | 21                    | 24                   | 24         | 24         |
| <b>Electricity, Nuclear and Clean Energy</b> | <b>104</b>                                    | <b>104</b>             | <b>9</b>  | <b>237</b>   | <b>228</b> | <b>113</b> | <b>113</b>            | <b>88</b>            | <b>88</b>  | <b>88</b>  |
| Salary level 1 – 6                           | 11  | 11                     | –   | 32   | 80         | 18         | 11                    | 18                   | 18         | 18         |
| Salary level 7 – 10                          | 44  | 44                     | 9   | 149  | 55         | 59         | 53                    | 23                   | 23         | 23         |
| Salary level 11 – 12                         | 31  | 31                     | –   | 29   | 71         | 18         | 31                    | 30                   | 30         | 30         |
| Salary level 13 – 16                         | 18  | 18                     | –   | 27   | 22         | 18         | 18                    | 17                   | 17         | 17         |

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 28.C 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)          | 49 744          | 95 236  | 100 107 | 120 205                | 352 344                          | 392 050 | 414 653 |
| Training expenditure (R thousand)               | 625             | 732     | 1 642   | 2 067                  | 3 523                            | 3 921   | 4 147   |
| Training as percentage of compensation          | 1.3%            | 0.8%    | 1.6%    | 1.7%                   | 1.0%                             | 1.0%    | 1.0%    |
| Total number trained in department (head count) | 187             | 84      | 84      | 84                     |                                  |         |         |
| <i>of which:</i>                                |                 |         |         |                        |                                  |         |         |
| Employees receiving bursaries (head count)      | 32              | 20      | 20      | 20                     |                                  |         |         |
| Internships trained (head count)                | 55              | 84      | 84      | 84                     |                                  |         |         |

Table 28.D Summary of conditional grants to provinces and municipalities<sup>1</sup>

| 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>Conditional grants to municipalities</b>                        |                 |                |                |                        |                                  |                  |                  |
| <b>4. Associated Services</b>                                      |                 |                |                |                        |                                  |                  |                  |
| Integrated National Electrification Programme Grant-Municipalities | 390 734         | 462 492        | 589 139        | 932 957                | 1 020 104                        | 1 096 612        | 1 151 443        |
| <b>3. Electricity, Nuclear and Clean Energy</b>                    |                 |                |                |                        |                                  |                  |                  |
| Demand Side management-Municipalities                              | -               | -              | -              | 175 000                | 220 000                          | 280 000          | -                |
| <b>Total</b>   | <b>390 734</b>  | <b>462 492</b> | <b>589 139</b> | <b>1 107 957</b>       | <b>1 240 104</b>                 | <b>1 376 612</b> | <b>1 151 443</b> |

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

**Table 28.E 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> |   |                                       |                  |   |  |                 |              |               |          |                                  |         |         |
| Norway                 | Petroleum sector policy capacity building       | Hydrocarbons and Energy Planning      | -                | Public corporations and private enterprises | Petroleum sector policies developed, further research conducted and capacity building provided | 3 000           | 2 515        | 14 891        | -        | -                                | -       | -       |
| Norway                 | Electricity sector policy capacity building     | Electricity, Nuclear and Clean Energy | -                | Goods and services                          | Training and capacity building in nuclear fields   | 1               | 89           | -             | -        | -                                | -       | -       |
| Denmark                | Designated national authority capacity building | Electricity, Nuclear and Clean Energy | -                | Goods and services                          | Designated national authority established  | 19              | 716          | 285           | -        | -                                | -       | -       |
| Denmark                | Cabeere project support                         | Electricity, Nuclear and Clean Energy | -                | Goods and services                          | Renewable energy and energy efficiency providers database established and maintained           | 262             | -            | -             | -        | -                                | -       | -       |
| Denmark                | Darling wind farm project                       | Electricity, Nuclear and Clean Energy | -                | Goods and services                          | Development of Darling wind farm as part of a pilot project in the fields of energy            | 17 049          | -            | 2 527         | -        | -                                | -       | -       |
| <b>Total</b>           |   |                                       | -                |   |  | <b>20 331</b>   | <b>3 320</b> | <b>17 703</b> | -        | -                                | -       | -       |

**Table 28.F 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>                 |  |                       |                    |                 |         |           |                        |                                  |           |           |
| Eskom national electrification programme           | Address the electrification backlogs of permanently occupied residential dwellings, the installation of bulk infrastructure and rehabilitation of electrification infrastructure   | Various               | -                  | 893 165         | 973 083 | 1 150 758 | 1 467 365              | 1 751 780                        | 1 769 812 | 1 914 057 |
| Municipalities' national electrification programme | To implement the integrated national energy planning by providing capital to Municipalities address the electrification backlogs of permanently occupied residential dwellings, the installation of bulk infrastructure and rehabilitation and refurbishment of electricity infrastructure | Various               | -                  | 390 734         | 462 492 | 589 138   | 932 957                | 1 020 104                        | 1 096 612 | 1 151 443 |

Table 28.F Summary of expenditure on infrastructure (continued)

| 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   |
| R thousand  |   |                       |                    |                 |           |           |                        |                                  |           |           |
| Transnet pipelines  | Construction of petroleum pipeline, branch lines and storage facilities | Construction          | -                  | -               | -         | -         | -                      | 1 500 000                        | 1 500 000 | 1 500 000 |
| Eradication of backlogs in electrification on schools and clinics (as part of the national electrification programme) | Addressing the electrification backlogs of schools and clinics          | Various               | -                  | 45 000          | 90 000    | 148 950   | -                      | -                                | -         | -         |
| <b>Total</b>  |   |                       | -                  | 1 328 899       | 1 525 575 | 1 888 846 | 2 400 322              | 4 271 884                        | 4 366 424 | 4 565 500 |

